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C PRIORITY RULES: SEMINAL CASES

Texas v. New Jersey, 379 U.S. 674 (1965) 193

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379 U.S. 674
TEXAS v. NEW JERSEY ET AL.

ON BILL OF COMPLAINT.
No. 13, Original.
Argued November 9, 1964.
Decided February 1, 1965.

Jurisdiction to escheat abandoned intangible personal property lies in the State of the creditor's last known address on the debtor's books and records or, absent such address or an escheat law, in the State of corporate domicile - but subject to later escheat to the former State if it proves such an address to be within its borders and provides for escheat of such property. Pp. 680-683.

W. O. Shultz II, Assistant Attorney General of Texas, argued the cause for plaintiff. With him on the brief was Waggoner Carr, Attorney General of Texas.

Charles J. Kehoe, Deputy Attorney General of New Jersey, argued the cause for the State of New Jersey, defendant. With him on the brief were Arthur J. Sills, Attorney General of New Jersey, and Theodore I. Botter, First Assistant Attorney General.

Fred M. Burns, Assistant Attorney General of Florida, argued the cause for the State of Florida, intervenor. With him on the brief were James W. Kynes, Attorney General of Florida, and Jack W. Harnett, Assistant Attorney General.

Joseph H. Resnick, Assistant Attorney General of Pennsylvania, argued the cause for the State of Pennsylvania, defendant.

Augustus S. Ballard argued the cause for the Sun Oil Company, defendant.

Ralph W. Oman argued the cause for the Life Insurance Association of America, as amicus curiae. On the brief were William B. McElhenny and Warren Elliott. [379 U.S. 674, 675]

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MR. JUSTICE BLACK delivered the opinion of the Court.

Invoking this Court's original jurisdiction under Art. III, 2, of the Constitution, [1] Texas brought this action against New Jersey, Pennsylvania, and the Sun Oil Company for an injunction and declaration of rights to settle a controversy as to which State has jurisdiction to take title to certain abandoned intangible personal property through escheat, a procedure with ancient ori-

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[1] "The judicial Power shall extend . . . to Controversies between two or more States . . . .
"In all Cases . . . in which a State shall be Party, the supreme Court shall have original Jurisdiction."
28 U.S.C. 1251 (a) (1958 ed.) provides in relevant part:
"The Supreme Court shall have original and exclusive jurisdiction of:
"(1) All controversies between two or more States . . . ."

gins [2] whereby a sovereign may acquire title to abandoned property if after a number of years no rightful owner appears. The property in question here consists of various small debts totaling $26,461.65 [3] which the Sun Oil Company for periods of approximately seven to 40 years prior to the bringing of this action has owed to approximately 1,730 small creditors who have never appeared to collect them. The amounts owed, most of them resulting from failure of creditors to claim or cash checks, are either evidenced on the books of Sun's two Texas offices or are owing to persons whose last known address was in Texas, or both. [4] [379 U.S. 674, 676] Texas says that this intangible property should be treated as situated in Texas, so as to permit that State to escheat it. New Jersey claims the right to escheat the same property because Sun is incorporated in New Jersey. Pennsylvania claims power to escheat part or all of the same property on the ground that Sun's principal business offices were in that State. Sun has disclaimed any interest in the property for itself, and asks only to be protected from the possibility of double liability. Since we held in Western Union Tel. Co. v. Pennsylvania, 368 U.S. 71 , that the Due Process Clause of the Fourteenth Amendment prevents more than one State from escheating a given item of property, we granted Texas leave to file this complaint against New Jersey, Pennsylvania and Sun, 371 U.S. 873 , and referred the case to the Honorable Walter A. Huxman to sit as Special Master to take evidence [379 U.S. 674, 677] and make appropriate reports, 372 U.S. 926 . [5] Florida was permitted to intervene since it claimed the right to escheat the portion of Sun's escheatable obligations owing to persons whose last known address was in Florida. 373 U.S. 948 . [6] The Master has filed his report. Texas and New Jersey each have filed exceptions to it, and the case is

[2] See generally Enever, Bona Vacantia Under the Law of England; Note, 61 Col. L. Rev. 1319.

[3] The amount originally reported by Sun to the Treasurer of Texas was $37,853.37, but payments to owners subsequently found reduced the unclaimed amount.

[4] The debts consisted of the following:
(1) Amounts which Sun attempted to pay through its Texas offices owing to creditors some of whose last known addresses were in Texas, [379 U.S. 674, 676] some of whose last known addresses were elsewhere, and some of whom had no last known address indicated:
(a) uncashed checks payable to employees for wages and reimbursable expenses;
(b) uncashed checks payable to suppliers for goods and services;
(c) uncashed checks payable to lessors of oil-and gas-producing land as royalty payments;
(d) unclaimed "mineral proceeds," fractional mineral interests shown as debts on the books of the Texas offices.
(2) Amounts for which various offices of Sun throughout the country attempted to make payment to creditors all of whom had last known addresses in Texas:
(a) uncashed checks payable to shareholders for dividends on common stock;
(b) unclaimed refunds of payroll deductions owing to former employees;
(c) uncashed checks payable to various small creditors for minor obligations;
(d) undelivered fractional stock certificates resulting from stock dividends.

[5] Texas' motion for leave to file the bill of complaint also prayed for temporary injunctions restraining the other States and Sun from taking steps to escheat the property. The other States voluntarily agreed not to act pending determination of this case, and so the motion for injunctions was denied. 370 U.S. 929 .

[6] Illinois, which claims no interest in the property involved in this case, also sought to intervene to urge that jurisdiction to escheat should depend on the laws of the State in which the indebtedness was created. Leave to intervene was denied. 372 U.S. 973 .

now ready for our decision. We agree with the Master's recommendation as to the proper disposition of the property.

With respect to tangible property, real or personal, it has always been the unquestioned rule in all jurisdictions that only the State in which the property is located may escheat. But intangible property, such as a debt which a person is entitled to collect, is not physical matter which can be located on a map. The creditor may live in one State, the debtor in another, and matters may be further complicated if, as in the case before us, the debtor is a corporation which has connections with many States and each creditor is a person who may have had connections with several others and whose present address is unknown. Since the States separately are without constitutional power to provide a rule to settle this interstate controversy and since there is no applicable federal statute, it becomes our responsibility in the exercise of our original jurisdiction to adopt a rule which will settle the question of which State will be allowed to escheat this intangible property. [379 U.S. 674, 678]

Four different possible rules are urged upon us by the respective States which are parties to this case. Texas, relying on numerous recent decisions of state courts dealing with choice of law in private litigation, [7] says that the State with the most significant "contacts" with the debt should be allowed exclusive jurisdiction to escheat it, and that by that test Texas has the best claim to escheat every item of property involved here. Cf. Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306 ; Atkinson v. Superior Court, 49 Cal. 2d 338, 316 P.2d 960, appeals dismissed and cert. denied sub nom. Columbia Broadcasting System, Inc. v. Atkinson, 357 U.S. 569 . But the rule that Texas proposes, we believe, would serve only to leave in permanent turmoil a question which should be settled once and for all by a clear rule which will govern all types of intangible obligations like these and to which all States may refer with confidence. The issue before us is not whether a defendant has had sufficient contact with a State to make him or his property rights subject to the jurisdiction of its courts, a jurisdiction which need not be exclusive. Compare McGee v. International Life Ins. Co., 355 U.S. 220 ; Mullane v. Central Hanover Bank & Trust Co., supra; International Shoe Co. v. Washington, 326 U.S. 310 . [8] Since this Court has held in Western Union Tel. Co. v. Pennsylvania, supra, that the same property cannot constitutionally be escheated [379 U.S. 674, 679] by more than one State, we are faced here with the very different problem of deciding which State's claim to escheat is superior to all others. The "contacts" test as applied in this field is not really any workable test at all - it is simply a phrase suggesting that this Court should examine the circumstances surrounding each particular item of escheatable property on its own peculiar facts and then try to make a difficult, often quite subjective, decision as to which State's claim to those pennies or dollars seems stronger than another's. Under such a doc-

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[7] E. g., Schmidt v. Driscoll Hotel, Inc., 249 Minn. 376, 82 N. W. 2d 365; Auten v. Auten, 308 N. Y. 155, 124 N. E. 2d 99; Haumschild v. Continental Casualty Co., 7 Wis. 2d 130, 95 N. W. 2d 814. See also Clay v. Sun Insurance Office, Ltd., 377 U.S. 179 ; Watson v. Employers Liability Assurance Corp., 348 U.S. 66 ; cf. Richards v. United States, 369 U.S. 1 ; Vanston Bondholders Protective Committee v. Green, 329 U.S. 156 .

[8] Nor, since we are dealing only with escheat, are we concerned with the power of a state legislature to regulate activities affecting the State, power which like court jurisdiction need not be exclusive. Compare Osborn v. Ozlin, 310 U.S. 53 .

trine any State likely would easily convince itself, and hope to convince this Court, that its claim should be given priority - as is shown by Texas' argument that it has a superior claim to every single category of assets involved in this case. Some of them Texas says it should be allowed to escheat because the last known addresses of the creditors were in Texas, others it claims in spite of the fact that the last known addresses were not in Texas. The uncertainty of any test which would require us in effect either to decide each escheat case on the basis of its particular facts or to devise new rules of law to apply to ever-developing new categories of facts, might in the end create so much uncertainty and threaten so much expensive litigation that the States might find that they would lose more in litigation expenses than they might gain in escheats. [9]

New Jersey asks us to hold that the State with power to escheat is the domicile of the debtor - in this case New Jersey, the State of Sun's incorporation. This plan has [379 U.S. 674, 680] the obvious virtues of clarity and ease of application. But it is not the only one which does, and it seems to us that in deciding a question which should be determined primarily on principles of fairness, it would too greatly exalt a minor factor to permit escheat of obligations incurred all over the country by the State in which the debtor happened to incorporate itself.

In some respects the claim of Pennsylvania, where Sun's principal offices are located, is more persuasive, since this State is probably foremost in giving the benefits of its economy and laws to the company whose business activities made the intangible property come into existence. On the other hand, these debts owed by Sun are not property to it, but rather a liability, and it would be strange to convert a liability into an asset when the State decides to escheat. Cf. Case of the State Tax on Foreign-held Bonds, 15 Wall. 300, 320. Moreover, application of the rule Pennsylvania suggests would raise in every case the sometimes difficult question of where a company's "main office" or "principal place of business" or whatever it might be designated is located. Similar uncertainties would result if we were to attempt in each case to determine the State in which the debt was created and allow it to escheat. Any rule leaving so much for decision on a case-by-case basis should not be adopted unless none is available which is more certain and yet still fair. We think the rule proposed by the Master, based on the one suggested by Florida, is.

The rule Florida suggests is that since a debt is property of the creditor, not of the debtor, [10] fairness among the States requires that the right and power to escheat the debt should be accorded to the State of the creditor's [379 U.S. 674, 681] last known address as shown by the debtor's books and records. [11] Such a solution would be in line with one group of cases dealing

[9] Texas argues in particular that at least the part of the intangible obligations here which are royalties, rents, and mineral proceeds derived from land located in Texas should be escheatable only by that State. We do not believe that the fact that an intangible is income from real property with a fixed situs is significant enough to justify treating it as an exception to a general rule concerning escheat of intangibles.

[10] On this point Florida stresses what is essentially a variation of the old concept of "mobilia sequuntur personam," according to which intangible personal property is found at the domicile of its owner. See Blodgett v. Silberman, 277 U.S. 1, 9 -10.

[11] We agree with the Master that since our inquiry here is not concerned with the technical domicile of the creditor, and since ease of administration is important where many small sums of money are involved, the address on the

with intangible property for other purposes in other areas of the law. [12] Adoption of such a rule involves a factual issue simple and easy to resolve, and leaves no legal issue to be decided. It takes account of the fact that if the creditor instead of perhaps leaving behind an uncashed check had negotiated the check and left behind the cash, this State would have been the sole possible escheat claimant; in other words, the rule recognizes that the debt was an asset of the creditor. The rule recommended by the Master will tend to distribute escheats among the States in the proportion of the commercial activities of their residents. And by using a standard of last known address, rather than technical legal concepts of residence and domicile, administration and application of escheat laws should be simplified. It may well be that some addresses left by vanished creditors will be in States other than those in which they lived at the time the obligation arose or at the time of the escheat. But such situations probably will be the exception, and any errors thus created, if indeed they could be called errors, probably will tend to a large extent to cancel each other out. We therefore hold that each item of property [379 U.S. 674, 682] in question in this case is subject to escheat only by the State of the last known address of the creditor, as shown by the debtor's books and records. [13]

This leaves questions as to what is to be done with property owed persons (1) as to whom there is no record of any address at all, or (2) whose last known address is in a State which does not provide for escheat of the property owed them. The Master suggested as to the first situation - where there is no last known address - that the property be subject to escheat by the State of corporate domicile, provided that another State could later escheat upon proof that the last known address of the creditor was within its borders. Although not mentioned by the Master, the same rule could apply to the second situation mentioned above, that is, where the State of the last known address does not, at the time in question, provide for escheat of the property. In such a case the State of corporate domicile could escheat the property, subject to the right of the State of the last known address to recover it if and when its law made provision for escheat of such property. In other words, in both situations the State of corporate domicile should be allowed to cut off the claims of private persons only, retaining the property for itself only until some other State comes forward with proof that it has a superior right to escheat. Such a solution for these problems, likely to arise with comparative infrequency, seems to us conducive to needed certainty and we therefore adopt it. [379 U.S. 674, 683]

records of the debtor, which in most cases will be the only one available, should be the only relevant last-known address.

[12] See, e. g., Baldwin v. Missouri, 281 U.S. 586 ; Farmers Loan & Trust Co. v. Minnesota, 280 U.S. 204 ; Blodgett v. Silberman, 277 U.S. 1 . However, it has been held that a State may allow an unpaid creditor to garnish a debt owing to his debtor wherever the person owing that debt is found. Harris v. Balk, 198 U.S. 215 . But cf. New York Life Ins. Co. v. Dunlevy, 241 U.S. 518 .

[13] Cf. Connecticut Mutual Life Ins. Co. v. Moore, 333 U.S. 541 . As was pointed out in Western Union Tel. Co. v. Pennsylvania, 368 U.S. 71, 77 -78, none of this Court's cases allowing States to escheat intangible property decided the possible effect of conflicting claims of other States. Compare Standard Oil Co. v. New Jersey, 341 U.S. 428, 443 ; Connecticut Mutual Life Ins. Co. v. Moore, supra; Anderson National Bank v. Luckett, 321 U.S. 233 ; Security Savings Bank v. California, 263 U.S. 282 .

We realize that this case could have been resolved otherwise, for the issue here is not controlled by statutory or constitutional provisions or by past decisions, nor is it entirely one of logic. It is fundamentally a question of ease of administration and of equity. We believe that the rule we adopt is the fairest, is easy to apply, and in the long run will be the most generally acceptable to all the States.

The parties may submit a proposed decree applying the principles announced in this opinion.

It is so ordered.

MR. JUSTICE STEWART, dissenting.

I adhere to the view that only the State of the debtor's incorporation has power to "escheat" intangible property when the whereabouts of the creditor are unknown. See Western Union Tel. Co. v. Pennsylvania, 368 U.S. 71, 80 (separate memorandum). The sovereign's power to escheat tangible property has long been recognized as extending only to the limits of its territorial jurisdiction. Intangible property has no spatial existence, but consists of an obligation owed one person by another. The power to escheat such property has traditionally been thought to be lodged in the domiciliary State of one of the parties to the obligation. In a case such as this the domicile of the creditor is by hypothesis unknown; only the domicile of the debtor is known. This Court has thrice ruled that where the creditor has disappeared, the State of the debtor's domicile may escheat the intangible property. Standard Oil Co. v. New Jersey, 341 U.S. 428 ; Anderson Nat. Bank v. Luckett, 321 U.S. 233 ; Security Savings Bank v. California, 263 U.S. 282 . Today the Court overrules all three of those cases. I would not do so. Adherence to settled precedent seems to me far better than giving the property to the State within which is located the one place where we know the creditor is not.

407 U.S. 206
PENNSYLVANIA v. NEW YORK ET AL.

ON BILL OF COMPLAINT
No. 40. Orig. Argued March 29, 1972
Decided June 19, 1972

Pennsylvania brought this original action against New York to determine the authority of States to escheat, or take custody of, unclaimed funds paid to Western Union Telegraph Co. for purchase of money orders. The Special Master, following Texas v. New Jersey, 379 U.S. 674 , recommended that any sum held by Western Union unclaimed for the time period prescribed by state statute may be escheated or taken into custody by the State in which the company's records placed the creditor's address, whether the creditor be the payee of an unpaid draft, the sender of a money order entitled to a refund, or an individual whose claim has been erroneously underpaid; and where the records show no address, or where the State in which the creditor's address falls has no applicable escheat law, the right to escheat or take custody shall be in the debtor's domiciliary State, here New York. The recommended decree is adopted and entered, and the cause is remanded to the Special Master for a proposed supplemental decree with respect to the distribution of the costs to the States of the inquiry as to available addresses. Pp. 208-216.

BRENNAN, J., delivered the opinion of the Court, in which BURGER, C. J., and DOUGLAS, STEWART, WHITE, and MARSHALL, JJ., joined. POWELL, J., filed a dissenting opinion, in which BLACKMUN and REHNQUIST, JJ., joined, post, p. 216.

Herman Rosenberger II, Assistant Attorney General of Pennsylvania, argued on the exceptions to the Report of the Special Master for plaintiff. On the brief were J. Shane Creamer, Attorney General, and Joseph H. Resnick, Assistant Attorney General.

F. Michael Ahern, Assistant Attorney General, argued on the exceptions to the Report of the Special Master for intervenor-plaintiff the State of Connecticut. With him on the brief was Robert K. Killian, Attorney General. Theodore L. Sendak, Attorney General, and Robert [407 U.S. 206, 207] A. Zaban, Deputy Attorney General, filed a brief on exceptions to the Report of the Special Master for intervenor-plaintiff the State of Indiana.

Winifred L. Wentworth, Assistant Attorney General, argued on the exceptions to the Report of the Special Master for defendant the State of Florida. With her on the brief was Robert L. Shevin, Attorney General. Julius Greenfield, Assistant Attorney General, argued in support of the Report of the Special Master for defendant the State of New York. With him on the brief were Louis J. Lefkowitz, Attorney General, Samuel A. Hirshowitz, First Assistant Attorney General, and Gustave Harrow, Assistant Attorney General. Lee Johnson, Attorney General, John W. Osburn, Solicitor General, and Philip J. Engelgau, Assistant Attorney General, filed a brief on exceptions to the Report of the Special Master for defendant the State of Oregon.

MR. JUSTICE BRENNAN delivered the opinion of the Court.

Pennsylvania and other States except to, and New York supports, [1] the Report of the Special Master filed in this original action brought by Pennsylvania against New York for a determination respecting the authority of the several States to escheat, or take custody of, unclaimed funds paid to the Western Union Telegraph Company for the purchase of money orders. [2] We overrule [407 U.S. 206, 208] the exceptions and enter the decree recommended by the Special Master, see post, p. 223. [3]

The nature of Western Union's money order business, and the source of the funds here in dispute, were described by the Court in Western Union Telegraph Co. v. Pennsylvania, 368 U.S. 71 (1961):

> "Western Union is a corporation chartered under New York law with its principal place of business in that State. It also does business and has offices in all the other States except Alaska and Hawaii, [as well as] in the District of Columbia, and in foreign countries, and was from 1916 to 1934 subject to regulation by the I. C. C. and since then by the F. C. C. In addition to sending telegraphic messages throughout its world-wide system, it carries on a telegraphic money order business which commonly works like this. A sender goes to a Western Union office, fills out an application and gives it to the company clerk who waits on him together with the money to be sent and the charges for sending it. A receipt is given the sender and a telegraph message is transmitted to the company's office nearest to the payee directing that office to pay the money order to the payee. The payee is then notified and upon properly identifying himself is given a negotiable draft, which he can either endorse and cash at once or keep for use in the future. If the payee cannot be located for delivery of the notice, or fails to call for the draft within 72 hours, the office of destination notifies the sending office. This office then notifies the original sender of the failure to deliver and makes a refund, as it [407 U.S. 206, 209] makes payments to payees, by way of a negotiable draft which may be either cashed immediately or kept for use in the future.
> "In the thousands of money order transactions carried on by the company, it sometimes happens that it can neither make payment to the payee nor make a refund to the sender. Similarly payees and senders who accept drafts as payment or refund sometimes fail to cash them. For this reason large sums of money due from Western Union for undelivered money orders and unpaid drafts accumulate over the years in the company's offices and bank accounts throughout the country." Id., at 72-73.

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[1] Of the remaining States party to this case, Florida has filed exceptions as defendant, and Connecticut and Indiana as intervening plaintiffs. New Jersey has filed a brief amicus curiae in support of Pennsylvania's position.

[2] We granted leave to file the bill of complaint, 398 U.S. 956 , permitted the State of Connecticut to intervene as a party plaintiff, and appointed Mr. John F. Davis as a Special Master to take evidence and make appropriate reports. 400 U.S. 811 . Thereafter, California and Indiana were permitted to intervene as plaintiffs, and Arizona as a defendant. 400 U.S. 924, 1019 ; 401 U.S. 931 .

[3] The exception of Indiana as to a typographical error in the recommended decree is sustained. The phrase "escheat of custodial taking" in paragraph 2, lines 4-5 of the decree should read "escheat or custodial taking."

In 1953 Pennsylvania began state proceedings under its escheat statute [4] to take custody of those unclaimed funds, held by Western Union, that arose from money order purchases in the company's Pennsylvania offices. The Supreme Court of Pennsylvania affirmed a judgment for the State of about $40,000, Commonwealth v. Western Union, 400 Pa. 337, 162 A. 2d 617 (1960), but this Court reversed, Western Union Telegraph Co. v. Pennsylvania, supra, holding that the state court judgment denied Western Union due process of law because it could not protect the company against rival claims of other States. We noted that controversies among different [407 U.S. 206, 210] States over their right to escheat intangibles could be settled only in a forum "where all the States that want to do so can present their claims for consideration and final, authoritative determination. Our Court has jurisdiction to do that." Id., at 79.

Thereafter, in Texas v. New Jersey, 379 U.S. 674 (1965), the Court was asked to decide which of several States was entitled to escheat intangible property consisting of debts owed by the Sun Oil Co. and left unclaimed by creditors. Four different rules were proposed. Texas argued that the funds should go to the State having the most significant "contacts" with the debt, as measured by a number of factors; New Jersey, that they should go to the State of the debtor company's incorporation; Pennsylvania, to the State where the company had its principal place of business; and Florida, to the State of the creditor's last known address as shown by the debtor's books and records. We rejected Texas' and Pennsylvania's proposals as being too uncertain and difficult to administer, and rejected New Jersey's because "it would too greatly exalt a minor factor to permit escheat of obligations incurred all over the country by the State in which the debtor happened to incorporate itself." Id., at 680. Florida's proposal, on the other hand, was regarded not only as a "simple and easy" standard to follow, but also as one that tended "to distribute escheats among the States in the proportion of the commercial activities of their residents." Id., at 681. We therefore held that the State of the creditor's last known address is entitled to escheat the property owed him, adding that if his address does not appear on the debtor's books or is in a State that does not provide for escheat of intangibles, then the State of the debtor's incorporation may take custody of the funds "until some other [407 U.S. 206, 211] State comes forward with proof that it has a superior right to escheat." Id., at 682. The opinion concluded:

> "We realize that this case could have been resolved otherwise, for the issue here is not controlled by statutory or constitutional provisions or by past decisions, nor is it entirely one of logic. It is fundamentally a question of ease of administration and of equity. We believe that the rule we adopt is the fairest, is easy to apply, and in the long run will be the most generally acceptable to all the States." Id., at 683.

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On March 13, 1970, Pennsylvania filed this original action to renew its efforts to escheat part of

[4] The Pennsylvania statute, Act of July 29, 1953, P. L. 986, 1, (Pa. Stat. Ann., Tit. 27, 333) provides in part:

"(b) Whensoever the . . . person entitled to any . . . personal property within or subject to the control of the Commonwealth or the whereabouts of such . . . person entitled has been or shall be and remain unknown for the period of seven successive years, such . . . personal property . . . shall escheat to the Commonwealth . . . .
"(c) Whensoever any . . . personal property within or subject to the control of this Commonwealth has been or shall be and remain unclaimed for the period of seven successive years, such . . . personal property . . . shall escheat to the Commonwealth . . . ."

Western Union's unclaimed money order proceeds. The complaint alleged that Western Union had accumulated more than $1,500,000 in unclaimed funds "on account of money orders purchased from the company on or before December 31, 1962," and that about $100,000 of that amount, "held by Western Union on account of money orders purchased from it in Pennsylvania," was subject to escheat by that State. Pennsylvania asked for a judgment resolving the conflicting claims of it and the defendant States, and for a temporary injunction against payment of the funds by Western Union or a taking of them by the defendant States, pending disposition of the case. [5]

In their arguments before the Special Master, the parties suggested three different formulas to resolve their conflicting claims. Pennsylvania contended that Western Union's money order records do not identify anyone as a "creditor" of the company and in many instances do [407 U.S. 206, 212] not list an address for either the sender or payee; therefore, strict application of the Texas v. New Jersey rule to this type of intangible would result in the escheat of almost all the funds to the State of incorporation, here New York. To avoid this result, Pennsylvania proposed that the State where the money order was purchased be permitted to take the funds. It claimed that the State where the money orders are bought should be presumed to be the State of the sender's residence. Connecticut, California, and Indiana supported this proposal, as did New Jersey as amicus curiae.

Florida and Arizona also supported Pennsylvania, but argued that where the payee had received but not cashed the money order, his address, if known, should determine escheat, regardless of the sender's address.

New York argued that Texas v. New Jersey should be strictly applied, but that it was not retroactive. Thus, as to money orders purchased between 1930 and 1958 (seven years before the Texas decision) [6] New York asserted its right as the State of incorporation to all unclaimed funds, regardless of the creditor's address. [7] As for money orders drawn after 1958, New York would apply the Texas rule, and take the funds in all cases where the creditor's address did not appear or was located in a State not providing for escheat.

The Special Master has submitted a report recommending that the Texas rule "be applied to all the items involved in this case regardless of the date of the transactions [407 U.S. 206, 213] out of which they arose." Report 21. The Report expresses some doubt about the constitutionality of the suggested alternatives, stating that both the place-of-purchase and place-of-destination rules might permit intangible property rights to be "cut off or adversely affected by state action in an in rem proceeding in a forum having no continuing relationship to any of the parties to the proceedings." Id., at 19. These doubts, however, were not the sole basis for the Special Master's recommendation.

[5] The Court has taken no action on the plea for temporary injunction, and accepts the recommendation of the Special Master that it now "be denied as unnecessary." Report 3 n. 2.

[6] New makes no claim with respect to money orders issued before 1930.

[7] Section 1309 of New York's Abandoned Property Law provides for the custodial taking, not escheat, of uncashed money orders, so that "the rights of a holder of a . . . money order to payment . . . shall be in no wise affected, impaired or enlarged by reason of the provisions of this section or by reason of the payment to the state comptroller of abandoned property hereunder."

He found that "[a]s in the case of the obligations in [Texas v. New Jersey], [the Texas] rule presents an easily administered standard preventing multiple claims and giving all parties a fixed rule on which they can rely." Id., at 20. He concluded that:

> "Any sum now held by Western Union unclaimed for the period of time prescribed by the applicable State statutes may be escheated or taken into custody by the State in which the records of Western Union placed the address of the creditor, whether that creditor be the payee of an unpaid draft, the sender of a money order entitled to a refund, or an individual whose claim has been underpaid through error. . . . [I]f no address is contained in the records of Western Union, or if the State in which the address of the creditor falls has no applicable escheat law, then the right to escheat or take custody shall be in the domiciliary State of the debtor, in this case, New York." Id., at 20-21.

The Report also states that New York would bear the burden of establishing "as to all escheatable items the absence from Western Union's records of an address for the creditor." Id., at 16. Pennsylvania's exceptions argue that where a transaction is of a type that "the obligor does not make entries upon its books and records showing the address of the [407 U.S. 206, 214] obligee," only "the State of origin of the transaction" should be permitted to escheat. Florida and Arizona have abandoned their state-of-destination test, and together with the other participating States save New York, have joined in Pennsylvania's exceptions. Tr. of Oral Arg. 20, 42.

Pennsylvania's proposal has some surface appeal. Because Western Union does not regularly record the addresses of its money order creditors, it is likely that the corporate domicile will receive a much larger share of the unclaimed funds here than in the case of other obligations, like bills for services rendered, where such records are kept as a matter of business practice. In a sense, there is some inconsistency between that result and our refusal in Texas to make the debtor's domicile the primary recipient of unclaimed intangibles. Furthermore, the parties say, the Texas rule is nothing more than a legal presumption that the creditor's residence is in the State of his last known address. A presumption based on the place of purchase is equally valid, they argue, and should be applied in order to prevent New York from gaining this windfall.

Assuming, without resolving the doubts expressed by the Special Master, that the Pennsylvania rule provides a constitutional basis for escheat, we do not regard the likelihood of a "windfall" for New York as a sufficient reason for carving out this exception to the Texas rule. Texas v. New Jersey was not grounded on the assumption that all creditors' addresses are known. Indeed, as to four of the eight classes of debt involved in that case, the Court expressly found that some of the creditors "had no last address indicated." 379 U.S., at 675 -676, n. 4. Thus, the only arguable basis for distinguishing money orders is that they involve a higher percentage of unknown addresses. But we are not told what percentage [407 U.S. 206, 215] is high enough to justify an exception to the Texas rule, nor is it entirely clear that money orders constitute the only form of transaction where the percentage of unknown addresses may run high. In other words, to vary the application of the Texas rule according to the adequacy of the debtor's records would require this Court to do precisely what we said should be avoided - that is, "to decide each escheat case on the basis of its particular facts or to devise new rules of law to apply to everdeveloping new categories of facts." Texas v. New Jersey, 379 U.S., at 679 .

Furthermore, a substantial number of creditors' addresses may in fact be available in this case. Although Western Union has not kept ledger records of addresses, the parties stipulated, and the Special Master found, that money order applications have been retained in the company's records "as far back as 1930 in some instances and are generally available since 1941." Report 9. To the extent that creditor addresses are available from those forms, the "windfall" to New York will, of course, be diminished.

We think that as a matter of fairness the claimant States, and not Western Union, should bear the cost of finding and recording the available addresses, and we shall remand to the Special Master for a hearing and recommendation as to the appropriate formula for distributing those costs. As for future money order transactions, nothing we say here prohibits the States from requiring Western Union to keep adequate address records. The decree recommended by the Special Master is adopted and entered, [8] and the cause is remanded to the [407 U.S. 206, 216] Special Master for further proceedings and the filing of a proposed supplemental decree with respect to the distribution of costs of the inquiry as to available addresses.

It is so ordered.
[For decree adopted and entered by the Court, see post, p. 223.]

MR. JUSTICE POWELL, with whom MR. JUSTICE BLACKMUN and MR. JUSTICE REHNQUIST join, dissenting.

The majority opinion today purports to apply the rule laid down in Texas v. New Jersey, 379 U.S. 674 (1965), to a fact situation not contemplated when that case was decided. In applying that rule to these new facts, it seems to me that the Court exalts the rule but derogates the reasons supporting it.

I

Texas v. New Jersey, a case decided within the Court's original jurisdiction, is a unique precedent. Disposition of that case necessarily required a departure from the Court's usual mode of decision-making. Our role in this country's scheme of government is ordinarily a restricted one, limited in large measure to the resolution of conflicts calling for the interpretation and application either of statutory acts or of provisions of the Federal Constitution. In the performance of this function, an individual Justice's views as to what he might consider "fair" or "equitable" or "expeditious" are largely immaterial. Infrequently, however, we are called on to resolve disputes arising under the original jurisdiction of the Court (Art. III, 2) in which our judgment is unaided by statutory or constitutional directives.

In approaching such cases, we may find, as did the [407 U.S. 206, 217] Court in Texas v. New Jersey, that fairness and expeditiousness provide the guideposts for our decision:

[8] Insofar as the invocation of any provision of the Revised Uniform Disposition of Unclaimed Property Act would be inconsistent with this decree, the decree prevails. See Board of Education v. Swann, 402 U.S. 43, 45 -46 (1971).

> "[T]he issue here is not controlled by statutory or constitutional provisions or by past decisions, nor is it entirely one of logic. It is fundamentally a question of ease of administration and of equity." Id., at 683.

The case before us today requires the application of similar principles, and I agree that Mr. Justice Black's opinion in Texas v. New Jersey points the way to the most desirable result. In my view, however, the majority's application of that precedent to the facts of this case offends both the "fairness" and "ease of administration" bases of that opinion.

The Court in Texas v. New Jersey was asked to decide which States could take title to escheatable intangible personal property in the form of debts owed by Sun Oil Co. to a large number of individual creditors. After rejecting several alternatives offered by the parties, the Court adopted the rule proposed by the State of Florida and approved by the Special Master. Under that rule the power to escheat the debts in question, in the first instance, was to be accorded "to the State of the creditor's last known address as shown by the debtor's books and records." Id., at 680-681. In the "infrequent" case in which no record of last address was available or in which the appropriate State's laws did not provide for the escheat of abandoned intangibles, the property was to go to the State of the debtor's corporate domicile. Id., at 682.

This disposition recommended itself to the Court for several reasons. The rule was generally consistent with the common-law maxim "mobilia sequuntur personam" * [407 U.S. 206, 218] under which intangible personal property may be found to follow the domicile of its owner - here the creditor. Id., at 680 n. 10. In looking to the residence of the creditor, the rule adopted by the Court recognized that the Company's unclaimed debts were assets of the individual creditors rather than assets of the debtor. Id., at 681. Also, in distributing the property among the creditors' States, the rule had the advantage of dividing the property in a manner roughly proportionate to the commercial activities of each State's residents. In using the last-known address as the sole indicator of domicile, the rule would be easy to administer and apply. The Court recognized, of course, that this approach might lead to the escheat of property to a State from which the creditor had removed himself in the period since the debt arose. Yet it concluded that these instances would "tend to a large extent to cancel each other out," and would not disrupt the basic fairness and expeditiousness of the result. Id., at 681.

Paradoxically, the mechanistic application of the Texas v. New Jersey rule to the present case leads ultimately to the defeat of each of the beneficial justifications for that rule. Unlike the records of the numerous debts owed by Sun Oil, Western Union's records may reflect the creditors' addresses for only a relatively small percentage of the transactions. As a consequence, the greater portion of the entire Western Union fund will go to the State of New York - the State of corporate domicile. Effectively then, the obligation of the debtor will be converted into an asset of the debtor's State of domicile to the exclusion of the creditors' States. The Court in Texas v. New Jersey specifically repudiated this result on the ground that it was inconsistent with "principles of fairness." Id., at 680. It would have "exalt[ed] a minor factor to permit escheat of obligations incurred all over the country by the State in which the debtor happened [407 U.S. 206, 219] to incorporate itself." Ibid. The fact that the Court was willing to permit this result in the few cases in which no record of ad-

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dress was available or in which no law of escheat governed, does not diminish the clear view of the Court that this result would be impermissible as a basis for disposing of more than a small minority of the debts. Yet the decision today ignores the Court's unwillingness to "exalt" the largely coincidental domicile of the corporate debtor. It also disregards the Court's clearly expressed intent that the escheatable property be distributed in proportions roughly comparable to the volume of transactions conducted in each State.

Furthermore, the rule today is incompatible with the Court's view in Texas v. New Jersey that an easily and inexpensively discernible mode of allocation be utilized. The majority's rule will require the examination of every available money order application to determine whether the applicant filled out the address blank for his own address, or in the case of money order drafts received but not cashed, whether the holder's address had been preserved. Western Union estimated in the stipulated statement of facts that such an item-by-item examination could be undertaken at a cost of approximately $175,000. Report of the Special Master 16.

In sum, the invocation of the Texas v. New Jersey rule in the manner contemplated by the majority will lead to a result that is neither expeditious nor equitable.

II

The reasons underlying Texas v. New Jersey could best be effectuated by a relatively minor but logical deviation in the manner in which that rule is implemented in this case. Rather than embarking upon a potentially fruitless search for the creditor's last-known address as a rough indicator of domicile, reliance should be placed upon the State where the debtor-creditor relationship was [407 U.S. 206, 220] established. In most cases that State is likely also to be the site of the creditor's domicile. In other words, in the case of money orders sent and then returned to the initiating Western Union office because the sendee failed to claim the money, the State in which the money order was purchased may be presumed to be the State of the purchaser-creditor's domicile. And, where the draft has been received by either the initiating party or by the recipient but not negotiated, the State in which the draft was issued may be assumed to be the State of that creditor's domicile.

This modification is preferable, first, because it preserves the equitable foundation of the Texas v. New Jersey rule. The State of the corporate debtor's domicile is denied a "windfall"; the fund is divided in a proportion approximating the volume of transactions occurring in each State; and the integrity of the notion that these amounts represent assets of the individual purchasers or recipients of money orders is maintained. Secondly, the relevant information would be more easily obtainable. The place of purchase and the office of destination are reflected in Western Union's ledger books and it would, therefore, be unnecessary to examine the innumerable application forms themselves. Since the ledgers are more readily available, the allocation of the fund would be effected at less expense than would be required by the majority's resolution.

Despite these advantages, the Special Master rejected this alternative. He reasoned that an undetermined number of these transactions must have taken place outside the creditors' State of domicile. Specifically, he cited the cases in which a New Jersey or Connecticut resident might purchase a money order in New York, or cases in which a resident of Virginia or Maryland might make his

purchase in the District of Columbia. Report of the Special Master 18. While such cases [407 U.S. 206, 221] certainly exist, they are merely exceptions to a generally reliable rule that money order purchases are likely to have occurred within the State of the purchaser's domicile. That perfection is not achieved is no reason to reject this alternative. The Texas v. New Jersey Court recognized that absolute fairness was not obtainable and that the most that could be expected was a rule providing a reasonable approximation. Id., at 681 n. 11. Certainly this objection should not be allowed to frustrate the better alternative in favor of one that is less fair and more difficult to administer.

III

The majority opinion intimates, as I think it must, that the ultimate consequence of its decision today is inconsistent (ante, at 214) with the result in Texas v. New Jersey. While the opinion appears to recognize that New York will reap the very "windfall" that Texas v. New Jersey sought to avoid, its refusal to bend in the face of this consequence goes largely unexplained. Apparently, the basis for its decision is the conviction that the Court's prior precedent was designed to settle the question of escheat of intangible personal property "once and for all." Id., at 678. The majority adheres to the existing rule because of some apprehension that flexibility in this case will deprive the Court of a satisfactory test for the resolution of future cases. The opinion anticipates that departure from Texas v. New Jersey will leave other cases to be decided on an ad hoc basis, depending in each case on the "adequacy of the debtor's records." Ante, at 215. Although the factual circumstances of future cases cannot be predicted, it is likely that most of such cases can be resolved within the principles of Texas v. New Jersey. The factual range is limited. The debtor either will or will not maintain creditors' addresses in the ordinary course of business. [407 U.S. 206, 222] In some categories of transactions, such as those involving money orders and traveler's checks, adequate address records may not be available. In the case of ordinary corporate debts, however, it is more likely that records will be available. Moreover, as the majority points out, any State is free to require corporations doing business in that State to maintain records of their creditors' addresses. Ante, at 215.

In short, the threat of frequent and complicated cases in this area seems remote. It provides little justification for the majority's Cinderella-like compulsion to accommodate this ill-fitting precedential "slipper." From a result that seems both inflexible and inequitable, I dissent.

[Footnote *] See Blodgett v. Silberman, 277 U.S. 1, 9 -10 (1928). [407 U.S. 206, 223]

507 U.S. 490
DELAWARE v. NEW YORK

ON EXCEPTIONS TO REPORT OF SPECIAL MASTER
No. 111, Orig.
Argued December 9, 1992
Decided March 30, 1993

Most of the funds at issue are unclaimed dividends, interest, and other securities distributions held by intermediary banks, brokers, and depositories in their own names for beneficial owners who cannot be identified or located. New York escheated $360 million in such funds held by intermediaries doing business in that State, without regard to the beneficial owner's last known address or the intermediary's State of incorporation. After Delaware initiated this original action against New York, alleging that certain of the securities were wrongfully escheated, the Special Master filed a report recommending that this Court award the right to escheat to the State in which the principal executive offices of the securities issuer are located. Both Delaware and New York lodged exceptions to the report.

Held:

The State in which the intermediary is incorporated has the right to escheat funds belonging to beneficial owners who cannot be identified or located. Pp. 497-510.

(a) Under the primary and secondary rules adopted in Texas v. New Jersey, 379 U.S. 674, 680 -682, reaffirmed in Pennsylvania v. New York, 407 U.S. 206 and reaffirmed in this case, the Court resolves disputes among States over the right to escheat abandoned intangible personal property in three steps. First, the Court must determine the precise debtor-creditor relationship, as defined by the law that created the property at issue. Second, because the property interest in any debt belongs to the creditor, rather than the debtor, the primary rule gives the first opportunity to escheat to the State of the creditor's last known address, as shown by the debtor's books and records. Third, if the primary rule fails because the debtor's records disclose no address or because the creditor's last known address is in a State whose laws do not provide for escheat, the secondary rule awards the right to escheat to the State in which the debtor is incorporated. Pp. 497-500.

(b) Because the bulk of the abandoned distributions at issue cannot be traced to any identifiable beneficial owner, much less one with a last known address, these funds fall out of the primary rule and into the secondary rule. P. 500.

(c) Intermediaries who hold unclaimed securities distributions in their own names are the relevant "debtors." Issuers cannot be considered "debtors" once they make distributions to intermediaries that are record [507 U.S. 490, 491] owners, since payment to a record owner discharges all of an issuer's obligations to the beneficial owner under the Uniform Commercial Code, which is the law in all 50 States and the District of Columbia. Instead, an intermediary serving as the record owner is the "debtor" insofar as it has a contractual duty to transmit distributions to the beneficial owner. Unlike an issuer, it remains liable should a "lost" beneficial owner reappear to collect distributions due under such a contract. The Master thus erred in concluding that the issuer is the relevant "debtor," and Delaware's and New York's exceptions in this regard are sustained. Pp. 500-505.

(d) Precedent, efficiency, and equity dictate rejection of the second major premise underlying the Master's recommendation: his proposal to locate a corporate debtor in the jurisdiction of its principal domestic executive offices, rather than in the State of its incorporation. This sua sponte proposal would change the Court's longstanding practice under Texas and Pennsylvania. Moreover, as the Court recognized in Texas, supra, at 680, the proposal would leave too much for decision on a case-by-case basis. The mere introduction of any factual controversy over the location of a debtor's principal executive offices needlessly complicates an inquiry made irreducibly simple by Texas's adoption of a test based on the State of incorporation. Finally, the proposal cannot survive independent of the Master's erroneous decision to treat the issuers as the relevant "debtors." The arguably arbitrary decision to incorporate in one jurisdiction bears no less on a company's business activities than the equally arbitrary decision to locate its principal offices in another jurisdiction, and there is no inequity in rewarding a State whose laws prove more attractive to firms that wish to incorporate. Thus, Delaware's exception to the Master's proposal in this regard is sustained. Pp. 505-507.

(e) New York's exception to the Master's application of the primary rule is overruled. New York contends that many of the disputed funds need not be escheated under the secondary rule because a statistical analysis of the relevant transactions on the books of the debtor brokers reveals creditor brokers, virtually all of whom have New York addresses. This proposal rests on the dubious supposition that the relevant "creditors" under the primary rule are other brokers, whereas this Court has already held that "creditors" are the parties to whom the intermediaries are contractually obligated to deliver unclaimed securities distributions. Moreover, the exception must fail because the Court rejected a practically identical proposal in Pennsylvania, supra, at 214-215. On remand, however, if New York or one of the other claimant States can prove on a transaction-by-transaction basis that the creditors who were owed particular distributions had last known addresses within [507 U.S. 490, 492] its borders or can provide some other proper mechanism for ascertaining those addresses, that State will prevail under the primary rule, and the secondary rule will not control. Pp. 507-509.

(f) To depart from the Court's interstate escheat precedent by crafting different rules for the novel facts of each case would generate much uncertainty and threaten much expensive litigation. If the States are dissatisfied with the outcome of a particular case, they may air their grievances before Congress, which may reallocate abandoned property among them without regard to the Court's rules. P. 510.

Exceptions sustained in part and overruled in part, and case remanded.

THOMAS, J., delivered the opinion of the Court, in which REHNQUIST, C.J., and O'CONNOR, SCALIA, KENNEDY, and SOUTER, JJ., joined. WHITE, J., filed a dissenting opinion, in which BLACKMUN and STEVENS, JJ., joined, post, p. 510.

Dennis G. Lyons argued the cause for plaintiff. With him on the briefs were Charles M. Oberly III, Attorney General of Delaware, J. Patrick Hurley, Jr., Deputy Attorney General, and Kent A. Yalowitz.

Jerry Bonne, Solicitor General of New York, argued the cause for defendant. With him on the briefs were Robert Abrams, Attorney General, and Robert A. Forte, Assistant Attorney General.

Bernard Nash argued the cause for intervenors State of Alabama et al. With him on the briefs were Andrew P. Miller, William Bradford Reynolds, Judith E. Schaeffer, Dan Schweitzer, Daniel E. Lungren, Attorney General of California, Roderick E. Walston, Chief Assistant Attorney General, Thomas F. Gede, Special Assistant Attorney General, and Yeoryios C. Apallas, Deputy Attorney General, and by the Attorneys General for their respective States as follows: Jimmy Evans of Alabama, Charles Cole of Alaska, Winston Bryant of Arkansas, Robert A. Butterworth of Florida, Michael J. Bowers of Georgia, Warren Price III of Hawaii, Roland W. Burris of Illinois, Linley E. Pearson of Indiana, Bonnie Campbell of Iowa, Robert T. Stephan of Kansas, Chris Gorman of Kentucky, Richard Ieyoub of Louisiana, [507 U.S. 490, 493] Michael E. Carpenter of Maine, Mike Moore of Mississippi, William L. Webster of Missouri, Marc Racicot of Montana, Frankie Sue Del Papa of Nevada, John P. Arnold of New Hampshire, Robert J. Del Tufo of New Jersey, Nicholas J. Spaeth of North Dakota, Lee Fisher of Ohio, Susan B. Loving of Oklahoma, Ernest D. Preate, Jr., of Pennsylvania, James E. O'Neil of Rhode Island, Mark Barnett of South Dakota, R. Paul Van Dam of Utah, Jeffrey L. Amestoy of Vermont, Kenneth O. Eikenberry of Washington, Mario J. Palumbo of West Virginia, and Joseph B. Meyer of Wyoming.

James F. Flug, Martin Lobel, Frank J. Kelley, Attorney General of Michigan, J. Joseph Curran, Jr., Attorney General of Maryland, John Payton, Corporation Counsel of District of Columbia, Charles L. Reischel, Deputy Corporation Counsel, and Lutz Alexander Prager, Assistant Deputy Corporation Counsel, Don Stenberg, Attorney General of Nebraska, and Dale A. Comer, Assistant Attorney General, filed briefs for intervenors State of Michigan et al.

A brief for intervenors State of Texas et al. was filed by Dan Morales, Attorney General of Texas, Will Pryor, First Assistant Attorney General, Mary R. Keller, Deputy Attorney General, and James A. Thomassen and Jeffrey A. Coryell, Assistant Attorney General, Grant Woods, Attorney General of Arizona, and Gail H. Boyd, Assistant Attorney General, Gale A. Norton, Attorney General of Colorado, Raymond T. Slaughter, Chief Deputy Attorney General, Timothy M. Tymkovich, Solicitor General, and Maurice Knaizer, Assistant Attorney General, Richard Blumenthal, Attorney General of Connecticut, and William J. Prensky, Assistant Attorney General, Larry EchoHawk, Attorney General of Idaho, and Theodore V. Spangler, Jr., and Lawrence G. Sirhall, Jr., Deputy Attorneys General, Hubert H. Humphrey III, Attorney General of Minnesota, and Alan Gilbert, Assistant Attorney General, Tom Udall, Attorney General of New Mexico, and Guru Terath Singh Khalsa, [507 U.S. 490, 494] Assistant Attorney General, Lacy H. Thornburg, Attorney General of North Carolina, Andrew A. Vanore, Jr., Chief Deputy Attorney General, M. Ann Reed, Senior Deputy Attorney General, and Douglas A. Johnston, Assistant Attorney General, Charles S. Crookham, Attorney General of Oregon, Jack L. Landau, Deputy Attorney General, Virginia L. Linder, Solicitor General, and William R. Cook, Assistant Attorney General, T. Travis Medlock, Attorney General of South Carolina, Ray N. Stevens, Chief Deputy Attorney General, and Roland W. Urban, Deputy Attorney General, Charles W. Burson, Attorney General of Tennessee, and Michael W. Catalano, Deputy Attorney General, James E. Doyle, Attorney General of Wisconsin, and Burneatta Bridge, Assistant Attorney General, Mary Sue Terry, Attorney General of Virginia, Stephen D. Rosenthal, Chief Deputy Attorney General, Gail Starling Marshall and Mary Yancey Spencer, Deputy Attorneys General, and E. Suzanne Darling, Assistant Attorney General. *

[Footnote *] Briefs of amici curiae were filed for Midwest Securities Trust Co. et al. by Michael Fischer and Ilene Knable Gotts; and for the Securities Industry Association et al. by Judith Welcom.

JUSTICE THOMAS delivered the opinion of the Court.

In this original action, we resolve another dispute among States that assert competing claims to abandoned intangible personal property. Most of the funds at issue are unclaimed securities distributions held by intermediary banks, brokers, and depositories for beneficial owners who cannot be identified or located. The Special Master proposed awarding the right to escheat such funds to the State in which the principal executive offices of the securities issuer are located. Adhering to the rules announced in Texas v. New Jersey, 379 U.S. 674 (1965), and Pennsylvania v. New York, 407 U.S. 206 (1972), we hold that the State in which the intermediary is incorporated has the right to escheat funds belonging to beneficial owners who cannot be identified or located. [507 U.S. 490, 495]

I

This case involves unclaimed dividends, interest, and other distributions made by issuers of securities. Such payments are often channeled through financial intermediaries such as banks, brokers, and depositories before they reach their beneficial owners. By arrangement with the beneficial owners, these intermediaries frequently hold securities in their own names, rather than in the names of the beneficial owners; as "record owners," the intermediaries are fully entitled to receive distributions based on those securities. [1] This practice of holding securities in "nominee name" or "street name" facilitates the offering of customized financial services such as cash management accounts, [2] brokerage margin accounts, [3] discretionary trusts, [4] and dividend reinvestment programs. [5] Street name accounts also permit changes in beneficial ownership to be effect-

[1] An individual investor who opts to retain record ownership of a security will receive distributions directly from the issuer. This case does not concern transactions of this sort.

[2] In a cash management account, the broker holds, rather than distributes, dividends and interest paid on a customer's securities. The customer withdraws funds through a check-like negotiable instrument, and receives interest on held funds, typically at a rate higher than that offered on passbook savings accounts and negotiable-order-of-withdrawal accounts.

[3] In a brokerage margin account, the broker holds the customer's securities as collateral against any margin debt generated by the customer's stock market transactions. Dividends and other distributions may be credited against a customer's margin debt to the broker.

[4] In a discretionary trust, the financial institution as trustee enjoys the discretion not to distribute current income, but rather to accumulate it for further investment.

[5] In a dividend reinvestment program, the beneficial owner authorizes the broker to use dividends to purchase additional shares and fractional shares.

ed through book entries, rather than the unwieldy physical transfer of securities certificates. See Brown, The Shareholder Communication Rules and the Securities and Exchange Commission: An Exercise in Regulatory [507 U.S. 490, 496] Utility or Futility?, 13 J.Corp.L. 683, 688-691 (1988). The economies of scale attained in the modern financial services industry are epitomized by the securities depository, a large institution that holds only the accounts of "participant" brokers and banks and serves as a clearinghouse for its participants' securities transactions. Because a depository retains record ownership of securities, it effectively "immobilizes" the certificates in its possession by allowing its participants to trade securities without the physical transfer of certificates. Most of the equity securities traded on the New York Stock Exchange are immobilized in this fashion. See App. to Report of the Special Master B-2. Cf. Securities and Exchange Commission, Division of Market Regulation, Progress and Prospects: Depository Immobilization of Securities and Use of Book-Entry Systems 4 (1985).

The intermediaries are unable to distribute a small portion of the securities to their beneficial owners. [6] When an intermediary claims no property interest in funds so held, they become escheatable. [7] Between 1985 and 1989, New York escheated $360 million in funds of abandoned securities held for more than three years by intermediaries doing business in New York, without regard to the last known address of the beneficial owner or the intermediary's State of incorporation. N.Y. Abandoned Property Law 511 (McKinney 1991). See Report of Special Master 10, n. 9. Alleging that certain of these securities were wrongfully escheated, Delaware sought leave in 1988 to initiate an original action in this Court against [507 U.S. 490, 497] New York. We granted leave to file the complaint, 486 U.S. 1030 (1988), and appointed a Special Master, 488 U.S. 990 (1988). We granted Texas' motion to file a complaint as an intervening plaintiff, 489 U.S. 1005 (1989), and every State not already a party to this proceeding and the District of Columbia sought leave to intervene.

On January 28, 199, the Master filed his report and recommendation. Both Delaware and New York have lodged exceptions to the report, as have four other parties whose motions for leave to intervene have not been granted by this Court. [8] We now sustain two of Delaware's exceptions in their entirety, one of Delaware's exceptions in part, and one of New York's exceptions. We also grant all pending motions to intervene and to file briefs as amici curiae, overrule all exceptions not sustained in this opinion, and remand for further proceedings before the Master.

II

[6] Approximately 0.02% of funds distributed through intermediaries cannot be traced to their beneficial owners. This low percentage nevertheless accounts for a very substantial amount of escheatable property. See Report of Special Master 10, n. 9.

[7] Unlike Depository Trust Company, the two other securities depositories in the United States "do claim entitlement to certain securities, interest payments, dividends and distributions that cannot be accounted for." Brief for Midwest Securities Trust Co. and Philadelphia Depository Trust Co. as Amici Curiae 2. The issue of these depositories' "entitlement to the excess funds under their rules" is not before us. Id., at 3.

[8] In a joint brief, Michigan, Maryland, Nebraska, and the District of Columbia filed two exceptions to the Master's report.

States as sovereigns may take custody of or assume title to abandoned personal property as bona vacantia, a process commonly (though somewhat erroneously) called escheat. [9] See, e.g., Christianson v. King County, 239 U.S. 356, 36366 (1915); Cunnius v. Reading School Dist., 198 U.S. 458, 469 -476 (1905); Hamilton v. Brown, 161 U.S. 256, 263 -264 (1896). No serious controversy can arise between States seeking to escheat "tangible property, real or personal," for "it has always been the unquestioned rule in all jurisdictions that only the State in which the property is located may [507 U.S. 490, 498] escheat." Texas v. New Jersey, 379 U.S., at 677 . On the other hand, intangible property "is not physical matter which can be located on a map," ibid., and frequently no single State can claim an uncontested right to escheat such property.

In Texas v. New Jersey, we discharged "our responsibility in the exercise of our original jurisdiction" to resolve escheat disputes that "the States separately are without constitutional power . . . to settle." Ibid. [10] We adopted two rules intended to "settle the question of which State will be allowed to escheat [abandoned] intangible property." Ibid. "[S]ince a debt is property of the creditor, not of the debtor," we reasoned, "fairness among the States requires that the right and power to escheat the debt should be accorded to the State of the creditor's last known address as shown by the debtor's books and records." Id., at 680-681 (footnote omitted). This primary rule had the virtue of "involv[ing] a factual issue simple and easy to resolve," made even simpler by the Court's resort to "last known address, rather than technical legal concepts of residence and domicile." Id., at 681. It also achieved rough equity in that it "tend[ed] to distribute escheats among the States in the proportion of the commercial activities of their residents." Ibid. We recognized, however, that the primary rule could not resolve escheat claims over "property owed persons (1) as to whom there is no record of any address at all, or (2) whose last known address is in a State which does not provide for escheat of the property owed them." Id., at 682. For these situations, we adopted a secondary rule awarding the right to escheat to the debtor's "State of corporate domicile," subject to the claims of the State with "a superior right to escheat" under the primary rule. Ibid. We characterized the Texas scheme as "the fairest, . . . easy to apply, and in the [507 U.S. 490, 499] long run . . . the most generally acceptable to all the States." Id., at 683.

We reaffirmed Texas in Pennsylvania v. New York, 407 U.S. 206 (1972). Texas had involved the relatively simple case of a debtor that "disclaimed any interest" in "various small debts . . . owed to . . . small creditors who ha[d] never appeared to collect them." Texas, supra, at 676, 675. In Pennsylvania, by contrast, the Western Union Company held proceeds left unclaimed because Western Union was unable to locate the payee of a money order or to make a refund to the sender or because drafts issued by Western Union were not negotiated. See 407 U.S., at 208 -209; Western Union Telegraph Co. v. Pennsylvania, 368 U.S. 71, 72 -73 (1961). Because West-

[9] "At common law, abandoned personal property was not the subject of escheat, but was subject only to the right of appropriation by the sovereign as bona vacantia." Anderson Nat. Bank v. Luckett, 321 U.S. 233, 240 (1944). See generally 7 W. Holdsworth, A History of English Law 495-496 (2d ed. 1937). Our opinions, however, have understood "escheat" as encompassing the appropriation of both real and personal property, and we use the term in that broad sense.

[10] See also Western Union Telegraph Co. v. Pennsylvania, 368 U.S. 71, 75 (1961); Standard Oil Co. v. New Jersey, 341 U.S. 428, 443 (1951).

C

ern Union did not "regularly record the addresses of its money order creditors," the primary rule would rarely apply, and the debtor's State of incorporation - Western Union's "corporate domicile" - would "receive a much larger share of the unclaimed funds" under the secondary rule. Pennsylvania, 407 U.S., at 214 . In response to this perceived injustice, other States advocated a rule allowing the State of "the place of purchase" to escheat under the primary rule. We nevertheless adhered to our decision in Texas. The "only arguable" difference between money orders and the obligations at issue in Texas lay in the fact that money orders "involve a higher percentage of unknown addresses." 407 U.S., at 214 . We reasoned that neither this distinction nor the resulting "likelihood of a `windfall'" for the debtor's State of incorporation would justify the "carving out [of an] exception to the Texas rule." Ibid.

We therefore resolve disputes among States over the right to escheat intangible personal property in the following three steps. First, we must determine the precise debtor-creditor relationship as defined by the law that creates the property at issue. Second, because the property interest in any debt belongs to the creditor, rather than the debtor, the primary rule gives the first opportunity to escheat to the [507 U.S. 490, 500] State of "the creditor's last known address as shown by the debtor's books and records." Texas, supra, at 680-681. Finally, if the primary rule fails because the debtor's records disclose no address for a creditor or because the creditor's last known address is in a State whose laws do not provide for escheat, the secondary rule awards the right to escheat to the State in which the debtor is incorporated. These rules arise from our "authority and duty to determine for [ourselves] all questions that pertain" to a controversy between States, Kentucky v. Indiana, 281 U.S. 163, 176 (1930), and no State may supersede them by purporting to prescribe a different priority under state law.

III

None of the parties contests the primary rule or the Master's recommendation that, "where the state of domicile of an unlocatable entitled recipient is known, through finding a last known address, that state may take custody of the unclaimed distributions." Report of Special Master 56-57 (footnote omitted). [11] The bulk of the abandoned distributions at issue, however, cannot be traced to any identifiable beneficial owner, much less one with a last known address. These funds thus fall out of the primary rule and into the secondary rule. Consequently, under Texas and Pennsylvania, the debtor's State of incorporation should be entitled to escheat this unclaimed property. The Master's report concludes, first, that the issuer of securities is the relevant "debtor" and, second, that the State in which the debtor's "principal executive offices" are located should be considered the debtor's State. We reject both of these recommendations.

A

"[W]here the entitled recipient's domicile is undeterminable (no last known address), but the state of domicile of the [507 U.S. 490, 501] originator of the distribution is known," the Master rec-

[11] New York has filed an exception to the Master's application of the primary rule. We address this argument in Part IV below.

ommended that the originator's State be awarded the right to escheat, "whether or not the originator would have been entitled to receive the funds back in its own right." Report of Special Master 57. Because he construed the use of the terms "debtor" and "creditor" in Texas and Pennsylvania as a merely "descriptive . . . attempt to identify the relevant parties," rather than "prescriptive legal commands," Report of Special Master 29, the Master defined "debtor" as "the last owner of the funds, in the sense of the last person who had a claim to the funds as an asset that would appropriately be reflected in the net worth of the entity in question," id., at 32. In its first exception, Delaware argues that "the Report's recommendation in this regard does not comport with the ordinary meaning of the words `debtor' and `creditor,' is inconsistent with universally accepted state and common law and with the principles underlying the Texas rule, and changes the law in an area where the law should be settled." Exceptions and Brief for Plaintiff Delaware E-4. Delaware also objects to the Master's failure to "ascrib[e] . . . legal relevance to [intermediaries'] status as record security holders," a "fundamental factual error" that effectively treats record owners "as if they were paying agents." Id., at E-5. New York's first exception likewise objects to the Master's use of "the term `debtor' as `shorthand' to identify parties with `debtor attributes,' rather than the obligor of the debt." Exceptions of Defendant New York 52. We agree with both States, and sustain their exceptions.

We have not relied on legal definitions of "creditor" and "debtor" merely for descriptive convenience. Rather, we have grounded the concepts of "creditor" and "debtor" in the positive law that gives rise to the property at issue. In framing a State's power of escheat, we must first look to the law that creates property and binds persons to honor property rights. "Property interests, of course, are not created by the Constitution," but rather "by existing rules or understandings [507 U.S. 490, 502] that stem from an independent source such as state law." Board of Regents of State Colleges v. Roth, 408 U.S. 564, 577 (1972). Accord, e.g., Bishop v. Wood, 426 U.S. 341, 344 -347 (1976); Paul v. Davis, 424 U.S. 693, 710 -712 (1976). See also Barnhill v. Johnson, 503 U.S. 393, 398 (1992) ("In the absence of any controlling federal law, `property' and `interests in property' are creatures of state law"). Furthermore, law that creates property necessarily defines the legal relationships under which certain parties ("debtors") must discharge obligations to others ("creditors").

To define "debtor" as "the last person who ha[s] a claim to the funds as an asset that would appropriately be reflected in [his] net worth," Report of Special Master 32, would convert a term rich with prescriptive legal content into little more than a description of bookkeeping phenomena. Funds held by a debtor become subject to escheat because the debtor has no interest in the funds - precisely the opposite of having "a claim to the funds as an asset." We have recognized as much in cases upholding a State's power to escheat neglected bank deposits. Charters, bylaws, and contracts of deposit do not give a bank the right to retain abandoned deposits, and a law requiring the delivery of such deposits to the State affects no property interest belonging to the bank. Security Savings Bank v. California, 263 U.S. 282, 285 -286 (1923); Provident Institution for Savings v. Malone, 221 U.S. 660, 665 -666 (1911). Thus, "deposits are debtor obligations of the bank," and a State may "protect the interests of depositors" as creditors by assuming custody over accounts "inactive so long as to be presumptively abandoned." Anderson Nat. Bank v. Luckett, 321 U.S. 233, 241 (1944) (emphasis added). Such "disposition of abandoned property is a function of the state," a sovereign "exercise of a regulatory power" over property and the private

C

legal obligations inherent in property. Standard Oil Co. v. New Jersey, 341 U.S. 428, 436 (1951). [507 U.S. 490, 503]

Our rules regarding interstate disputes over competing escheat claims cannot be severed from the law that creates the underlying creditor-debtor relationships. In Texas and Pennsylvania, our examination of the holder's legal obligations not only defined the escheatable property at issue, but also carefully identified the relevant "debtors" and "creditors." See Texas, 379 U.S., at 675 -676, n. 4; Pennsylvania, 407 U.S., at 208 -209, 213. In Pennsylvania, we noted that Western Union was a "debtor" insofar as it owed contractual duties to two separate creditors. Western Union was obligated not merely to deliver a negotiable draft to the sender's payee; if Western Union could not locate the payee or if the payee failed to claim his money order, the company was bound to make a refund to the sender. Id., at 208-209. Correspondingly, we recognized that the relevant "creditor" might be either a payee or a sender: "the payee of an unpaid draft, the sender of a money order entitled to a refund," or a payee or sender "whose claim has been underpaid through error." Id., at 213 (internal quotation marks omitted).

Moreover, the rules developed in Texas and Pennsylvania reflect the traditional view of escheat as an exercise of sovereignty over persons and property owned by persons. The primary rule flowed from the common law "concept of `mobilia sequuntur personam,' according to which intangible personal property is found at the domicile of its owner." Texas, supra, at 680, n. 10. Accord, Pennsylvania, supra, at 217-218 (Powell, J., dissenting). See also Blodgett v. Silberman, 277 U.S. 1, 10 (1928) ("[I]ntangible personalty has . . . a situs at the domicile of the owner"). In recognizing that "a debt is property of the creditor," Texas, supra, at 680, the primary rule permits the escheating State to protect the interest of a creditor last known to have resided there. Reasoning that "debts owed by" a holder of unclaimed funds "are not property to it, but rather a liability," we concluded that "it would be strange to convert a liability into an asset when the State decides to escheat." 379 U.S., at 680 . Cognizant of the [507 U.S. 490, 504] creditor's status as owner of intangible personal property, we awarded the primary right to escheat to the creditor's State. Conversely, when a creditor's last known address cannot be determined or the laws of the creditor's State do not provide for escheat, the secondary rule protects the interests of the debtor's State as sovereign over the remaining party to the underlying transaction. Unless we define the terms "creditor" and "debtor" according to positive law, we might "permit intangible property rights to be cut off or adversely affected by state action . . . in a forum having no continuing relationship to any of the parties to the proceedings." Pennsylvania, supra, at 213 (internal quotation marks omitted). Cf. Connecticut Mut. Life Ins. Co. v. Moore, 333 U.S. 541, 549 -550 (1948) (upholding New York's escheat of unclaimed insurance benefits only "as to policies issued for delivery in New York upon the lives of persons then resident therein where the insured continues to be a resident and the beneficiary is a resident at . . . maturity"). Texas and Pennsylvania avoided this conundrum by resolving escheat disputes according to the law that creates debtor-creditor relationships; only a State with a clear connection to the creditor or the debtor may escheat. Because the Master failed to identify the relevant "creditors" and "debtors" by reference to that law, we now perform this task.

We hold that intermediaries who hold unclaimed securities distributions in their own name are the relevant "debtors" under the secondary rule of Texas and Pennsylvania. From an issuer's

perspective, the only creditors are registered shareholders, those whose names appear on the issuer's records. Issuers cannot be considered debtors once they pay dividends, interest, or other distributions to record owners; payment to a record owner discharges all of an issuer's obligations. Under 8-207(1) of the Uniform Commercial Code, which is the law of all 50 States and the District of Columbia, "the issuer . . . may treat the registered owner as the person exclusively . . . to exercise all the rights and [507 U.S. 490, 505] powers of an owner." Payment to an intermediary that is the record owner of securities extinguishes any liability the issuer might have to the beneficial owner. U.C.C. 8-207, comment 1, 2C U.L.A. 341 (1991). The Master acknowledged as much, see Report of Special Master 25, and none of the parties contends otherwise. Instead, an intermediary serving as the record owner of securities is the "debtor" insofar as the intermediary has a contractual duty to transmit distributions to the beneficial owner. Unlike an issuer, which discharges all liabilities upon payment to a record owner, an intermediary remains liable should a "lost" beneficial owner reappear to collect distributions due under a contract with the intermediary. The Master thus erred in equating intermediary banks, brokers, and depositories with the issuers' paying agents, who owe no duty to beneficial owners, but rather bear the contractual obligation to "return . . . unclaimed distributions to the issuer after a certain period of time." App. to Report of Special Master B-6. Intermediaries who hold securities in street name or nominee name are the relevant "debtors," because they alone, and not the issuers, are legally obligated to deliver unclaimed securities distributions to the beneficial owners.

B

The Master's recommended disposition of this case rested on a second major premise: his proposal to locate a corporate debtor in "the jurisdiction of the entity's principal domestic executive offices, rather than the state of incorporation." Report of Special Master 49 (footnote omitted). In Texas and Pennsylvania, however, we explicitly granted the right to escheat under the secondary rule to the State in which the debtor was incorporated. Texas, supra, at 682; Pennsylvania, supra, at 210-211, 212, 223-224. By the Master's own admission, relying on the location of a debtor's principal executive offices "change[s] [this Court's] longstanding practice." Report of Special Master 50. The Master proposed [507 U.S. 490, 506] this innovation sua sponte; no party sought this alteration of our settled law. Delaware excepts to this "[d]epart[ure] from the rule of corporate domicile" as "inconsistent not only with this Court's precedents, but with fundamental principles of jurisprudence defining the relationship between the sovereign and its corporate citizens." Exceptions and Brief for Plaintiff Delaware E-4 to E-5. Finding that the "heavy burden" that attends a request "to reconsider not one but two prior decisions" has not been borne, Walker v. Armco Steel Corp., 446 U.S. 740, 749 (1980), we sustain Delaware's exception.

In Texas, we considered and rejected a proposal to award the primary right to escheat to the State "where [the debtor's] principal offices are located." 379 U.S., at 680 . Although we recognized that "this State is probably foremost in giving the benefits of its economy and laws to the company whose business activities made the intangible property come into existence," we rejected the rule because its application "would raise in every case the sometimes difficult question of where a company's "main office" or "principal place of business" or whatever it might be designated, is located." Ibid. Even when we formulated the secondary rule, we looked instead to the debtor's State of incorporation. Id., at 682. As in Texas, we find that determining the State of incorpora-

tion is the most efficient way to locate a corporate debtor. Exclusive reliance on incorporation permits the disposition of claims under the secondary rule upon the taking of judicial notice. Although "a general inquiry into where the principal executive office is located [may] see[m] neither burdensome [n]or complex," Report of Special Master 49, we cannot embrace a "rule leaving so much for decision on a case-by-case basis," Texas, supra, at 680. The mere introduction of any factual controversy over the location of a debtor's principal executive offices needlessly complicates an inquiry made irreducibly simple by Texas' adoption of a test based on the State of incorporation. [507 U.S. 490, 507]

Even if we were to endorse the Master's redefinition of a debtor's location, we doubt that his proposal could fulfill its promise "to distribute the funds [more] fairly among the various jurisdictions." Report of Special Master 50. The Master sought to counteract the inequity he perceived in the happenstance that "the larger, publicly traded, enterprises that generate the lion's share of the securities distributions . . . are, by any standard, disproportionately incorporated in one state." Id., at 47. His "principal executive offices" initiative, however, cannot survive independent of his erroneous decision to treat the issuers as the relevant "debtors." Because we have already decided that the intermediaries are the proper debtors under the secondary rule, this change would simply transfer the bulk of the disputed funds from Delaware, where many intermediaries are incorporated, to New York, where many intermediaries have located their principal executive offices. A company's arguably arbitrary decision to incorporate in one State bears no less on its business activities than its officers' equally arbitrary decision to locate their principal executive offices in another State. It must be remembered that we refer to a debtor's State of incorporation only when the creditor's last address is unknown or when the creditor's State does not provide for escheat. When the creditor's State cannot assert its predominant interest, we detect no inequity in rewarding a State whose laws prove more attractive to firms that wish to incorporate.

Precedent, efficiency, and equity all dictate the rejection of the Master's "principal executive offices" proposal. We accordingly adhere to Texas and Pennsylvania and award the right to escheat under the secondary rule to the State in which the debtor is incorporated.

IV

We turn, finally, to New York's contention that many of the disputed funds need not be escheated under the [507 U.S. 490, 508] secondary rule at all. New York concedes that "the creditors of unclaimed distributions" held by depositories and custodian banks "are always unknown." Exceptions of Defendant New York 81. It argues, however, that "reconstruct[ion]" of "the debtor brokers' transactions" will lead to "creditor brokers that purchased the underlying securities and were underpaid the distributions." Id., at 80 (emphasis added). Because "the amount of time and resources that would be required to reconstruct the overpayment transactions would be very considerable," however, New York "has suggested the use of statistical sampling to prove that virtually all of the creditor brokers and banks recorded on the books of debtor brokers in New York have New York addresses." Ibid.

We overrule New York's exception. As an initial matter, New York's proposal rests on the dubious supposition that the relevant "creditors" under the primary rule are other brokers. We have al-

ready held that "creditors" are the parties to whom the intermediaries are contractually obligated to deliver unclaimed securities distributions. Accordingly, to the extent that beneficial owners are the relevant "creditors," New York's exception is inapposite.

Even if we indulge New York's premise that most creditors of New York brokers are, in fact, other New York brokers, the exception must fail. As the Master correctly observed: "[N]othing in the Court's jurisprudence . . . suggest[s] that New York can prevail by making a statistical showing that "most" [creditor-brokers'] addresses are in New York." Report of Special Master 67. In Pennsylvania, we rejected a proposal practically identical to New York's. In that case, because Western Union's records frequently did not disclose a creditor's identity or last known address, the debtor's State of incorporation stood to "receive a much larger share of the unclaimed funds" under the secondary rule. 407 U.S., at 214 . The plaintiff States urged us to define the creditor's residence according to a "presumption [507 U.S. 490, 509] based on the place of purchase." Ibid. Like New York's proposal, the rule advocated in Pennsylvania would use a statistical surrogate instead of the debtor's records to locate the last known addresses of creditors. That much is clear from the Pennsylvania dissent's description of the rejected rule as "a reasonable approximation." Id., at 221 (opinion of Powell, J.). New York may object to the cost and difficulty of culling creditors' last known addresses from brokers' records, [12] but, in Pennsylvania, we expressly refused "to vary the application of the [primary] rule according to the adequacy of the debtor's records." Id., at 215. And we decline to do so here.

Despite our refusal to adopt New York's proposal for statistical analysis of creditors' addresses under the primary rule, we decline Delaware's invitation to enter judgment against New York on the basis of the Master's findings. Exceptions and Brief for Plaintiff Delaware 85. On remand, if New York can establish by reference to debtors' records that the creditors who were owed particular securities distributions had last known addresses in New York, New York's right to escheat under the primary rule will supersede Delaware's right under the secondary rule. As we noted in Texas, "the State of corporate domicile should be allowed to . . . retai[n] the property for itself only until some other State comes forward with proof that it has a superior right to escheat." 379 U.S., at 682 . Accord, Pennsylvania, 407 U.S., at 210 -211. If New York or any other claimant State fails to offer such proof on a transaction-by-transaction basis or to provide some other proper mechanism for ascertaining creditors' last known addresses, the creditor's State will not prevail under the primary rule, and the secondary rule will control. Id., at 215. [507 U.S. 490, 510]

V

Only by adhering to our precedent can we resolve escheat disputes between States in a fair and efficient manner. We have repeatedly declared our unwillingness "either to decide each escheat case on the basis of its particular facts or to devise new rules of law to apply to ever-developing new categories of facts." Texas, supra, at 679. Accord, Pennsylvania, supra, at 215. To craft different rules for the novel facts of each case would generate "so much uncertainty and threaten

12 New York and other States could have anticipated and prevented some of the difficulties stemming from incomplete debtor records, for nothing in our decisions "prohibits the States from requiring [debtors] to keep adequate address records." Pennsylvania, 407 U.S., at 215

so much expensive litigation that the States might find that they would lose more in litigation expenses than they might gain in escheats." Texas, supra, at 679. If the States are dissatisfied with the outcome of a particular case, they may air their grievances before Congress. That body may reallocate abandoned property among the States without regard to this Court's interstate escheat rules. Congress overrode Pennsylvania by passing a specific statute concerning abandoned money orders and traveler's checks, 601-603, 88 Stat. 1525, 12 U.S.C. 2501-2503, and it may ultimately settle this dispute through similar legislation.

We remand this case to the Master for further proceedings consistent with this opinion and for the preparation of an appropriate decree.

So ordered.

JUSTICE WHITE, with whom JUSTICE BLACKMUN and JUSTICE STEVENS join, dissenting.

In my view, the Special Master did no violence to our precedents, and has a much superior approach and more equitable result than does the Court. I would overrule all of the exceptions to the Special Master's Report, adopt his recommended findings and conclusions, and issue a decree in accordance therewith. [507 U.S. 490, 511]