

# Best Reporting Practices & Common Errors

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**NAUPA**

National Association of Unclaimed Property Administrators®

Representing State Governments That Actively Find Owners While Protecting Forgotten Funds Until Claimed

# What is Unclaimed Property?

- A fixed and certain interest in intangible property.
  - a) Exception – Safe Deposit Contents



# Holder Reporting Facts

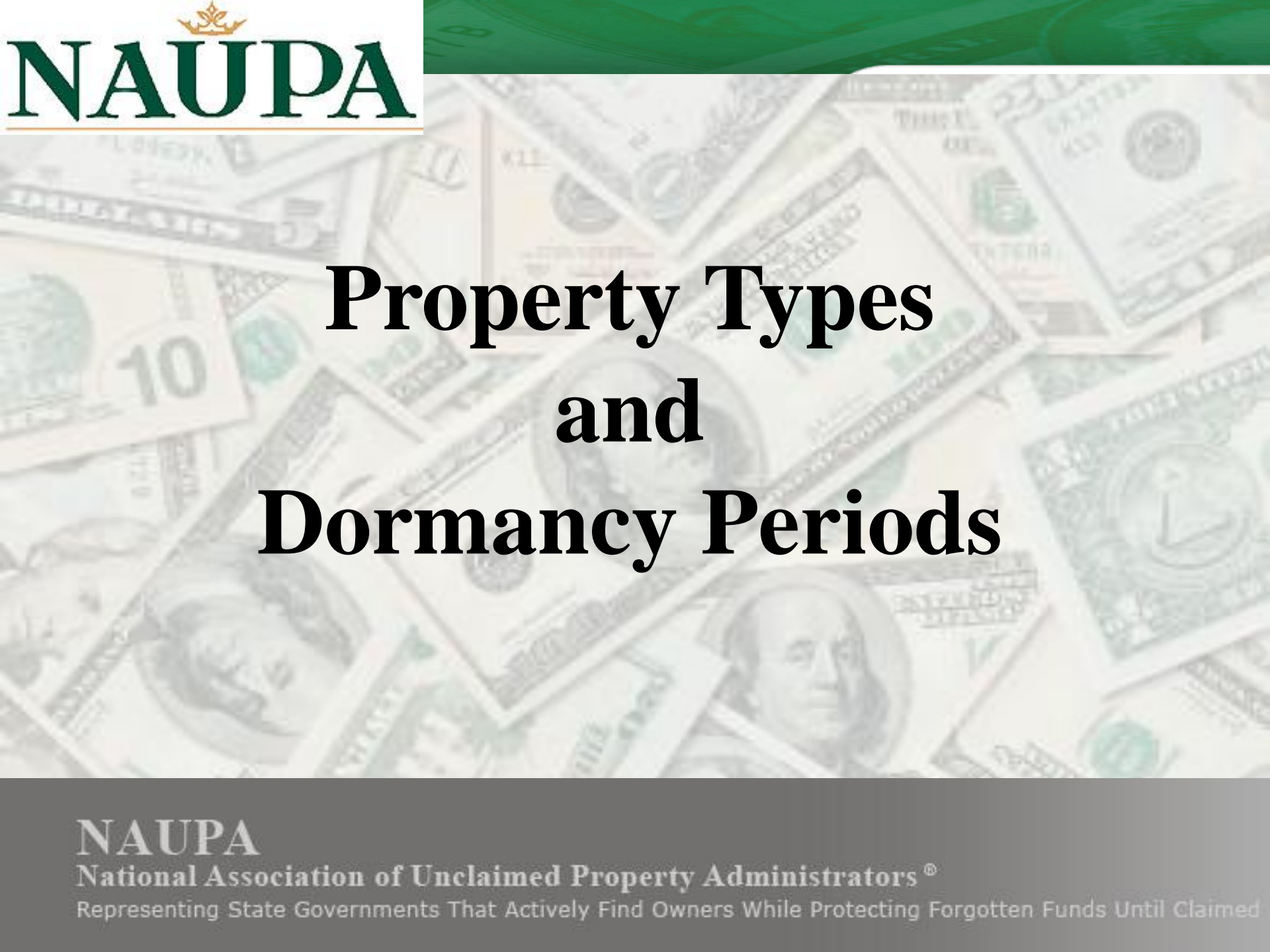
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- What State should the unclaimed property be reported?
  - a) *Texas vs. New Jersey*
    - a) State of last known address of the owner of the property
    - b) If last known address is unknown, then Holder's State of Incorporation
- Can unclaimed property ever be escheated to more than 1 state?
  - a) No, Due Process Clause of 14<sup>th</sup> Amendment prevents more than one state from escheating an item of abandoned property – Texas v. New Jersey
- Can a report/property be filed/reported in one State even though last known owner address of multiple properties is not located in state of filing?
  - a) Most States will receive incidental property of other states. However, states have different abandonment periods and last known address of owner takes priority. Example- State A has abandonment period of 3 years and State B has abandonment period of 5 years. Holder reports all property to State B even though some of the property should have been reported to State A. Holder is out of compliance with State A even though filed on time with State B.
  - b) Receiving State cannot indemnify the Holder for property not belonging to that state

- Must a “Negative Report” be filed?
  - a) Oklahoma and Utah – Not required unless otherwise advised.
  - b) Other States do not want submission of negative reports
- When does unclaimed property become due to be reported and when is Final Report and Remittance Due?
  - a) Check with each state
  - b) Most States follow:
    - a) Period Property becomes due to be reported 7/1/10 – 6/30/11
    - b) Report and Remittance due prior to 11/1/2011
    - c) Exception is Life Insurance Companies
      - a) Property Period becomes due to be reported 3/1/10 – 2/28/11
      - b) Final Report and Remittance Due Prior to 5/1/11



# Property Types and Dormancy Periods

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- Know property types and related codes
  - a) If question, then contact State UP
  - b) Property Codes and Owner Type Codes may vary amongst states
  - c) NAUPA standard property type codes available at: <http://naupa.org/reporting/free-compliance-tools/>
- Dormancy Periods?
  - a) Not all States have the same dormancy periods. If question, then contact State UP.
  - b) States do change dormancy periods.



# Due Diligence

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- Due Diligence requirements?
  - a) Check each state's requirements. Oklahoma and Utah requires Holders to send written notice to the apparent owner not more than 120 days before UP report due date, but is waived if value is less than \$50.
  - b) File maintenance date does not count as member contact.
  - c) A returned mail entry by a staff member starts dormancy period
  - d) If mail has been returned due to incorrect address, then suspend mailings after a few attempts.
  - e) Resources to assist locating owners
    - a. Accurint
    - b. Lexis Nexus
    - c. Minor Accounts
      - a. Can use information of guardian to locate minor

- Are phone contacts with property owner “contact” for account activity purposes?
  - a) Yes, as long as they are documented



# Aggregate Reporting

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- What is reporting in the Aggregate Mean?
  - a) Threshold dollar value of an individual owner's account which requires owner detail on the unclaimed property report and may trigger due diligence efforts. Oklahoma and Utah is \$50
  - b) "Owner" of aggregate property is listed as "Aggregate" on report. However, some states (Utah & Montana) encourage holder to provide all available owner information. The records are easily imported. While Wisconsin has asked holders NOT to report any aggregate.
  - c) Aggregate property counts as a single item on the report, regardless of the total number of aggregate properties
  - d) Aggregate property cannot include property due another state.
  - e) Some states ask that Holders not submit property in the aggregate
  - f) Holders cannot include property due to another state in the aggregate
  - g) Holder must maintain property owner detail



# Safekeeping Reporting

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- Should all Safe Deposit Content be reported to State?
  - a) Yes, with the exception of illegal substances, lethal weapons, revealing photos (Utah will accept photos and destroy after one year)
  - b) Reportable in state of location of property
  - c) Must be of commercial value.
    - a) If one item in box is of value, must send contents of box in its entirety
- Can holders include Safe Deposit property with other types of property on same report?
  - a) No, file separately (Utah and Wisconsin does not require a separate report). Some states want just 1 report.
  - b) When filing, please be legible in your description of property.
  - c) Do not list all miscellaneous papers, just use phrase “miscellaneous paper”
  - d) If reporting on paper forms, do not send small print (difficult to read for input into database)

- Charging Fees
  - a) Know what is allowed and what is not
  - b) Safe deposit Boxes
    - a) Drilling Fees
    - b) Past Due Rent
    - c) Must report fees with property in order to get reimbursed.
    - d) Will receive reimbursement only up to the amount received of property through auction sale.



# Electronic Reporting

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- Is electronic reporting mandatory?
  - a) Most if not all states make it a statutory requirement. More and more are going that way. Oklahoma will have law mandating 15 records or more must file electronically. We are currently working ability to download property report through our website.
  - b) Utah offers online reporting/remitting. We encourage 100% of all holders to file electronically. If you are using a third party vendor you should be able to file electronically.
  - c) NAUPA Format
  - d) Holders sending electronic reports with passwords. Remember to send password along.



# Other Concerns and Comments

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- Where should property be reported if foreign address?
  - a) Reportable to State of incorporation
  - b) Reporting Error
    - a) Foreign address is reported in the electronic file like a US address. System does not recognize the city name or zip code
    - b) Correction – Foreign address detail entered in address field 1 & 2, City, Zip are entered in address field 3 and the 3 letter country code is entered to indicate country
- Must a holder file ERISA governed employee benefit plan property?
  - a) Ok – no due to Federal preemption

- Common Mistakes
  - a) Omission of the date of birth when reporting life insurance properties. Also, SSN of beneficiary if available.
  - b) Lack of SSN
  - c) Information of joint owners including owner type (e.g., JT, JTWRS)
  - d) Reporting property prior to due date requires State authority.
  - e) Issue one check payable to the State not the property owner
  - f) Include check with UP report
  - g) Include proof of securities remittance with UP report
  - h) When submitting electronic file, be sure to include company name in file name.
  - i) Royalties – Do not list the well name as owner. Enter well name under description.
  - j) Do not report negative property values.
  - k) If property owner has multiple accounts, Holder cannot deduct fees from one account and apply it to the other account.

- Questions submitted from holders
  - a) Is there a source which list all the states abandonment periods?
    - a) Each individual state has website which can be accessed through NAUPA site.
  - b) Can Holder seek reimbursement for property reported in error? Or if paid after report was sent to state?
    - a) Yes, states will reimburse for property reported in error or if paid to property owner after submitted to state. Oklahoma requires proof of payment and/or Request for Reimbursement Form.

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