Unclaimed Property
Reporting and Compliance 101

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What is Unclaimed Property?
• Any funds or other intangible property that have remained unclaimed by the owner for a specified number of years

• Tangible property held by a banking or financial institution from an abandoned safe deposit box
Definitions

• **Holder**: An entity who is in possession of property belonging to another, or is indebted to another on an obligation.

• **Owner**: Person who has a legal right or equitable interest in the unclaimed property.

• **Due Diligence**: The use of reasonable and prudent methods under particular circumstances to locate apparent owners of inactive accounts.
Common Types of Unclaimed Property

- Payroll checks
- Accounts payable checks
- Refund checks
- Cashier’s checks
- Insurance proceeds
- Securities
- Money orders
- Accounts receivable credit balances
- Utility deposits
- Bank accounts
- Travelers checks
- Safe deposit contents
Purpose

• Who benefits from Unclaimed Property laws?
• Who *should* benefit from unclaimed money held by a corporation, business, or other entity?
Owners’ Benefit

• Consumer protection
• The States have custody of the property but not ownership
• The States provide a central location for owners to search for their assets
• No time limit for claims
• The States maintain the records indefinitely
Holders’ Benefit

• The obligation is removed from the company’s books and records forever
• The liability is transferred to the state
• The holder is indemnified
Citizens’ Benefit

• The States have use of the funds for the benefit of all citizens
# Dedicated Funds

<table>
<thead>
<tr>
<th>State</th>
<th>Fund Name</th>
<th>State</th>
<th>Fund Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>AZ</td>
<td>Mentally Ill Housing</td>
<td>ND</td>
<td>Schools Trust Fund</td>
</tr>
<tr>
<td>CO</td>
<td>Cover Colorado</td>
<td>NV</td>
<td>Scholarship Trust Fd</td>
</tr>
<tr>
<td>CT</td>
<td>Citizen's Election Fd</td>
<td>NC</td>
<td>Educational Assist</td>
</tr>
<tr>
<td>ID</td>
<td>Public Schools</td>
<td>PA</td>
<td>529 College Savings</td>
</tr>
<tr>
<td>IL</td>
<td>Pension Systems</td>
<td>PR</td>
<td>My New Home</td>
</tr>
<tr>
<td>LA</td>
<td>Highway Construction</td>
<td>TX</td>
<td>Match the Promise</td>
</tr>
<tr>
<td>MI</td>
<td>Respite Care Fund</td>
<td>VA</td>
<td>Literary Fund k-12</td>
</tr>
<tr>
<td>MO</td>
<td>State Schools Fund</td>
<td>WI</td>
<td>School Trust Fund</td>
</tr>
</tbody>
</table>
Most Common Unclaimed Property Myths

• Myth #1 – My organization does not have any unclaimed property.
• Myth #2 – My organization is only required to report to our state of domicile or to states in which we actively conduct business.
• Myth #3 – Unclaimed property reporting is voluntary.
UNCLAIMED PROPERTY REALITY #1

• Practically ALL companies have an unclaimed property liability.
  – Any entity in possession of property belonging to another is potentially a holder of unclaimed property.

UNCLAIMED PROPERTY REALITY #2

• Unclaimed Property is reportable pursuant to the “rules of jurisdiction” as set forth by the U.S. Supreme Court.
UNCLAIMED PROPERTY REALITY # 3

• Unclaimed property compliance is required under all state statutes

• Failure to report and remit unclaimed property liability could result in a material misstatement under FAS 5

• Litigation risks

• Sarbanes-Oxley Act of 2002
What are the Holders’ responsibilities?
Holder Responsibilities

1. Identify potential unclaimed property

2. Perform due diligence

3. Report and remit the property to the appropriate States

4. Know the laws of the entitled States
Identify Potential Unclaimed Property

• Dated/outstanding liability or obligation
  – No owner-generated activity
  – The owner has not otherwise indicated an interest in the account
Where to Report Property

• Unclaimed Property is reportable pursuant to the “rules of jurisdiction” as set forth by the U.S. Supreme Court.
Rules of Jurisdiction

- *Texas v. New Jersey* (1965)
  - State of owner’s last known address, if known
  - State of holder’s incorporation or domicile if address not known
  - Money orders, travelers checks and similar written instruments
  - Upheld previous decisions
Priority Rules

• Primary Rule – State of the owner’s last known address

• Secondary Rule – If no address or owner unknown, the holder’s state of domicile

• Transaction Rule – Traveler’s checks, money orders or similar written instruments, the state where the transaction occurred
Unclaimed Property Laws Vary Between States

- Property dormancy period
- Due diligence requirements
- When to report
- How to report
Property Dormancy Period

• Determines when property becomes unclaimed

• Dormancy periods will vary among states.
Holder Due Diligence

• Reaching out to apparent owners of dormant properties.

• Why?
  – To keep customers.
  – To minimize poor customer service reviews.
  – It’s the law.
Due Diligence Requirement

• Vary by state
• All jurisdictions except Pennsylvania now require due diligence

• Example of the requirement: For property valued at $50 or more, the holder shall send written notice to the owner at the owner’s last known address not more than 120 days and not less than 60 days prior to filing the report
To comply with each state, look for:

- Dollar values – some states require mailing over a minimum dollar value
- Dates – state specifies a date or a time period
- Form and content of notice
  - Letter
  - Certified mail
  - Publication
- Property Types and Industry – some states specify
- Who completes? Holder, State or both
Tips for Effective Due Diligence

• Allow time for a response
• Make it easy to understand and the purpose obvious
• State the purpose clearly
• Include a deadline for the response
• Indicate what will happen if response is not received
• Provide contact information for questions
• Use words on the envelope like: “Action Needed,” or “Response Required”
• Provide multiple ways to contact the company
Due Diligence Checklist

• Verify owner:
  ✓ has not increased or decreased account
  ✓ has not written concerning the property
  ✓ has not indicated an interest in the property
  ✓ does not own other active accounts
  ✓ is not a current employee
  ✓ is not a public figure
Due Diligence Letter Content

- Inform about property, pending dormancy, and reporting to the state
- How to claim or re-establish an account
- Provide a deadline
- Provide contact information to claim or ask questions
- Provide contact information for claiming the funds from the state later
QRP Demo
Reporting Resources

NAUPA Standard Electronic File Format

In the 1990s, NAUPA approved a standard set of codes in a uniform format to make electronic reporting more uniform. Improvements were adopted at the NAUPA annual meeting in St. Louis, Missouri in July 2002 and became effective for the Fall 2003 reporting period. The format was further revised by the membership on December 8, 2010 to add codes for new types of property have been developed and/or enhanced since the original format was adopted, related to individual retirement accounts, health savings accounts and educational savings accounts. New Relationship and Ownership Codes with accompanying definitions were added and became effective on September 26, 2013.

Download a PDF copy of the NAUPA Standard Electronic File Format
NAUPA Standard Electronic File Format

General Information

In the 1990s, NAUPA approved a standard set of codes in a uniform format to make electronic reporting more uniform. Improvements were adopted at the NAUPA annual meeting in St. Louis, Missouri in July 2002 and became effective for the Fall 2003 reporting period. The format was further revised by the membership on December 8, 2010 to add codes for new types of property have been developed and/or enhanced since the original format was adopted, related to individual retirement accounts, health savings accounts and educational savings accounts. New relationship and Ownership Codes with accompanying definitions were added and became effective on September 26, 2013.

Click any of the following topics for information:

- Reporting Media
- Standards
- Record Type Descriptions
- Multiple Holder Records
**Record Type Descriptions**

The NAUPA standard for reporting unclaimed property is based upon seven record types:

1. Holder Records
2. Property Records
3. Property Additional Owners
4. Reserved
5. Securities Additional Information
6. Tangible Property Information
7. Reserved
8. Reserved
9. Summary Information

The records are based upon a 625-byte record layout developed by NAUPA. The first byte of each record contains a TR-CODE that denotes the type of record, and the subsequent 624 bytes are used to store the fields for that particular record. The TR-CODE will be a number between 1 and 9. This number will indicate the type of record as indicated below.
<table>
<thead>
<tr>
<th>Relationship Codes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AO Administrator</td>
<td>The person appointed by the court to handle the estate of someone who died without a will, with a will with no nominated executor, or the executor named in the will has died, has been removed from the case, or does not elect to serve.</td>
</tr>
<tr>
<td>AO Agent For</td>
<td>A person who is authorized to act for another (the agent's principal) through employment, by contract or apparent authority.</td>
</tr>
<tr>
<td>AF Attorney For</td>
<td>A person who has been qualified by a state or Federal court to provide legal services, including appearing in court, and is authorized to act for another.</td>
</tr>
<tr>
<td>AN And (Unspecified Joint Relationship)</td>
<td>Unspecified joint relationship including 'AND'.</td>
</tr>
<tr>
<td>BF Beneficiary</td>
<td>Any person or entity (like a charity) who is to receive assets or profits from an estate, a trust, an insurance policy or any instrument in which there is distribution.</td>
</tr>
<tr>
<td>CP Community Property</td>
<td>Property or earnings received by a husband and wife during marriage, other than by gift, devise, or descent. Separate property is property owned by a spouse before marriage or received during the marriage by gift, devise or descent. In some jurisdictions, earnings from separate property are also separate property and in some jurisdictions, such earnings are community property. Recognized by California, Arizona, New Mexico, Texas, Nevada, Idaho, Washington, Wisconsin, Louisiana and Puerto Rico.</td>
</tr>
<tr>
<td>CN Conservator</td>
<td>A guardian and protector appointed by a judge to protect and manage the financial affairs and/or the personal affairs (due to physical or mental limitations or old age).</td>
</tr>
<tr>
<td>CF Custodian</td>
<td>A person with whom some article is left, usually pursuant to a contract called a &quot;contract of bailment&quot;, who is responsible for the safe return of the article to the owner when the contract is fulfilled.</td>
</tr>
<tr>
<td>DF Defendant</td>
<td>The party sued in a civil lawsuit or the party charged with a crime in a criminal prosecution.</td>
</tr>
<tr>
<td>ES Estate</td>
<td>All the possessions of one who has died and are subject to probate (administration supervised by the court) and distribution to heirs and beneficiaries, all the possessions which are &quot;intangible&quot; includes: personal property, personal effects, personal service, personal easements, personal rights, personal tenancies, personal possession, personal use, personal actions, personal remainder, personal remainder in reversion, personal remainder in possession, personal remainder in use, personal remainder in enjoyment, personal remainder in occupation, personal remainder in profits, personal remainder in possession, personal remainder in use, personal remainder in enjoyment, personal remainder in occupation, personal remainder in profits.</td>
</tr>
<tr>
<td>EX Executor or Executrix</td>
<td>The person appointed to administer the estate of a person who has died leaving a will which nominates that person.</td>
</tr>
<tr>
<td>FB For Benefit of</td>
<td>A person who is entitled to property that is held by another person (typically a custodian or trustee). This is typically used in trust, self-directed, inherited, education and trust property.</td>
</tr>
<tr>
<td>GR Guardian</td>
<td>A person who has been appointed by a judge to take care of a minor child (called a &quot;ward&quot;) or incompetent adult personally and/or manage that person's affairs.</td>
</tr>
</tbody>
</table>
2015 National Holder Workshop Report
NAUPA Standard Electronic File Format

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Download a PDF copy of the NAUPA Standard Electronic File Format
Login is required for this section of the website.

Items with an asterisk are required.

* Email Address: 
* Password: 

log in

forgot password?
QRPA States Monitoring Service

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State unclaimed property programs accept the following free reporting software in a basic version available from:

- HBS Pro Standard Edition from Xerox Finance & Revenue Solutions
- Download a PDF copy of the NAUPA Standard Electronic File Format that was revised that was revised on September 25, 2013

**State Dormancy Periods Database**

Use by property type for all states or all property types for one state

Additional Resources

- Glossary of Unclaimed Property Terms
- Reciprocity Deficits
- Reciprocity State Matrix
- Due Diligence All States with Sample Letter
- Service Charge Procedures All States
- Holder Claims Preparing Guide
- Uniform Holder Reimbursement Form
- Reporting Report Requirements
- Warrant Survey
- States Excavation Permits Survey
- NAUPA Voluntary Disclosure Agreement Survey
- States ID Guides
- Gift Cards and Gift Certificates Standards and Recent Legislation
- How to Build a Corporate Unclaimed Property Department

Search missing unclaimed property records at one in the only combined database exclusively compiled by NAUPA and the participating government agencies.
### QRPL States Monitoring Service

**Dormancy Period**

(Listings in Red have been updated since your last visit)

This page has two display options:

1. Click and then choose a state: **Missouri**
2. or Click and then choose a property type: **ALL**

#### Missouri

<table>
<thead>
<tr>
<th>Property Types</th>
<th>Dormancy Period: Years</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Checking</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Non-bank Money Orders</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Official Bank Checks/MO</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Safe Deposit Orders</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Travelers Checks</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Life Ins Matured</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Otherwise</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>ALL</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Casualty</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
The Foremost Authority On Unclaimed Property

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HR2 Free Standard Edition from Xerox Finance & Revenue Solutions

Download a PDF copy of the NAUPA Standard Electronic File Format that was revised that was revised on September 26, 2013.

State Dormancy Periods Database
Sort by property type for all states or all property types for one state.

Additional Resources

- Dictionary of Unclaimed Property Terms
- Security Safes
- Rogue State Matrix
- Due Diligence All States with Sample Letter
- Service Charge Provisions All States
- Holder Claims Processing Guide
- Uniform Holder Reimbursement Form
- Effective Asset Requirements
- Federal Survey
- States Griffawon Franchisee Survey
- NAUPA Voluntary Disclosure Agreement Survey
- States ID Guide
- Gift Cards and Gift Certificate Statutes and Recent Legislation
- Expanded Unclaimed Property Office Staff Roster
- How to Build a Corporate Unclaimed Property Department

missingmoney.com

Search for unclaimed property in the state of your choice. The site is not endorsed by NAUPA, and the state governments

2016 National Holder Workshop and Forum
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NAUPA Voluntary Disclosure Agreement Survey
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Gift Cards and Gift Certificates Statutes and Recent Legislation
Expanded Unclaimed Property Office Staff Roster
How to Build a Corporate Unclaimed Property Department
Fraud Controls in a Corporate Unclaimed Property Department
Assessing and Reducing the Risk of Fraud

Dormancy Period Reporting & Payment
Electronic Reporting: Capability Schedule
Reporting Filing
Unclaimed Property Offices

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QRP States Monitoring Service

Reporting Payments
(Listings in red have been updated since your last visit)

This page has two display options:
1. Click "" and then choose a state:
   - Oklahoma
2. Click "" and then choose a property type:
   - Report Life Insurance

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Month Due</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report: Life Insurance</td>
<td>May 1</td>
<td></td>
</tr>
<tr>
<td>Report: All Others</td>
<td>November 1</td>
<td></td>
</tr>
<tr>
<td>Payment: Life Insurance</td>
<td>May 1</td>
<td></td>
</tr>
<tr>
<td>Payment: All Others</td>
<td>November 1</td>
<td></td>
</tr>
<tr>
<td>Exceptions</td>
<td>Refer to State law for specific information</td>
<td></td>
</tr>
</tbody>
</table>

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Sort by property type for all states or all property types for one state

Additional Resources
- Glossary of Unclaimed Property Terms
- Completeness Guidelines
- Unclaimed Property Bill
- Unclaimed Property Bill (Bill Version 2006)
- Uniform Holder Reimbursement Form
- Inactive Asset Requirements
- Opposition
- States' Unpublished Franchise Surveys
- NAUPA Voluntary Disclosure Agreement Survey
- States in Guide
- Gift Cards and Gift Certificate Statutes and Recent Legislation
- Expired Unclaimed Property Office Staff Roster
- How to Build a Corporate Unclaimed Property Department
SERVICE CHARGES

The following summaries of individual state service charge provisions are provided for informational and reference purposes only. This synopsis is not to be considered the opinion of the National Association of Unclaimed Property Administrators, or any state’s Unclaimed Property office. The National Association of Unclaimed Property Administrators is not responsible for any misinterpretation, difference in definition, or difference in interpretation of these statutes in state law, federal law, or any court decision.

Alabama
35.12.24. Deposits and refunds by utilities.
(2) Any sum which a utility has been ordered to refund and which was received for utility services rendered in this state, together with an interest thereon, less any lawful deductions, that has remained unclaimed by the person appearing on the records of the utility entitled thereto for more than two years after the date it became payable in accordance with the final determination or order providing for the refund. (Acts 1971, No. 63, p. 101, see 4.)

35.12.29. Miscellaneous personal property not otherwise covered by article.
All tangible and intangible personal property, not otherwise covered by this article, including but not limited to and by way of illustration, money, stocks, bonds, certificates of membership in corporations, income, amounts due and payable under the terms of insurance policies not covered by section 35.12.23, pension trust agreements, profit-sharing plans, security deposits, refunds, funds deposited to redeem stocks, bonds, coupons and other securities, or to make a distribution thereof, together with any income, interest or increment thereon and deducting any lawful charges, that is held or owing in this state in the ordinary course of the holder’s business and has remained unclaimed by the owner for more than five years after it became payable or distributable is presumed
File an annual report & remit property

- How to report
- Best reporting practices
- Common Reporting Errors
- Data Integrity Issues
How to Report

Paper Report

• Property limits – State requirements
• State specific forms
• Limited in most states

Electronic Reporting

• NAUPA format required
• FREE reporting software is available
• CD or Diskette or Online - State requirements
Purpose of Electronic Reporting

- Accepted business practice
- Shorten the time that it takes to process holder reports
- Reduces errors
- Less misspelling
- Mandated by law in most states
How to Report Electronically

• Use the NAUPA format
• Customize your own in-house programs
• Use service providers that are unclaimed property specialists
Reporting Resources

• State unclaimed property programs accept the following free reporting software in a basic version available from:

HRS Pro Standard Edition from Xerox
Finance & Revenue Solutions
Reporting Best Practices

• Provide all required information
  – Full name and last known address (if known) for all owners
  – Social security number or Tax ID
  – Date of birth
  – Last transaction date

• Use correct property, owner and relationship codes

• Review reports thoroughly prior to submission for accuracy and completeness
Reporting Best Practices

• Be sure the amount on the report and the amount on the check match
  - one check for all cash property on the report
  - Make check payable to state

• Provide contact information for the person who can best answer questions about the report

• When filing on cd/diskette do so using the NAUPA format – State Requirements
Common Reporting Errors

• Reporting property too early
  ➢ Learn and stay current on:
    - due dates
    - report cycles
    - dormancy periods

• Incorrect file format
  ➢ Paper report - property limits
  ➢ Not in NAUPA format
  ➢ State reporting requirements
Common Reporting Errors

- Invalid property type codes
- Invalid date of last transaction
- Invalid joint owners/relationship codes
- Lack of social security number
- Not following state specific requirements
Data Integrity Issues

• Incomplete Owner Names
  – Conversion from Internal Applications to Reporting Software
• Business Name Incorrect Format
• Inaccurate Last Address
  – Ex. “DO NOT MAIL”, “P.O. Box 9999”
• Social Security Number Duplicated on Report for Different Owners