

General Unclaimed Property Overview & Reporting for Financial Institutions

Division of Unclaimed Property
Virginia Department of the Treasury



Objectives of this Session

- Understand the Virginia Unclaimed Property Act and its Purpose
- Basic Reporting Requirements and Holder Responsibilities
- Understand Potential Property Types Held by Financial Institutions



Definitions

Abandoned (Unclaimed) Property – Tangible or intangible property for which the owner, as shown by the records of the holder of his property, has failed to make presentment and demand for payment or to do any other act in relation to or concerning such property.

Activity – Action taken on property by the owner which may include making a deposit, a withdrawal, a written memo to the holder.

Aggregate – A line item on a report of unclaimed property grouping all accounts valued at less than \$100.

Custodian – An individual or entity who holds property until it is delivered to the rightful owner (the state).



Definitions (cont.)

Date of Last Activity – The date of last contact or transaction by the owners as evidenced in the records of the holder.

Due Diligence – The effort a holder must perform to find the rightful owner prior to remitting property to the state – includes but is not limited to the mailing of a letter by first-class mail to the last known address of the owner as indicated on the records of the holder.

Dormant Period – The time a property can be held before it must be reported to the Treasurer. It is usually five years.

Holder – An entity that is in possession of property belonging to another, indebted to another on an obligation, or a trustee in the case of a trust.

Owner – A person having a legal or equitable interest in property subject to this chapter.



Objectives of this Session

- Understand the Virginia Unclaimed Property Act and its Purpose



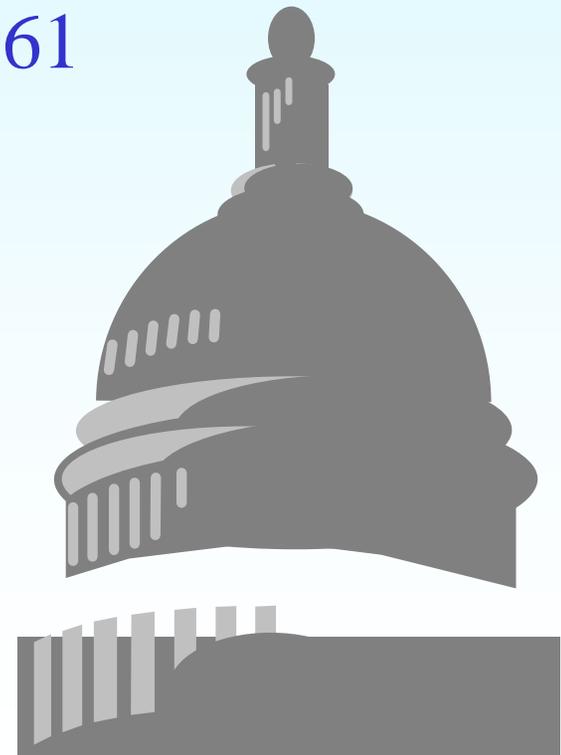
Did you know?

- **It's a law!** The Uniform Disposition of Unclaimed Property Act
- States act as “Custodian” of the property until it is claimed
- All 50 states plus the District of Columbia & Puerto Rico have a program



Virginia Unclaimed Property Act

- Consumer Protection Law
- Virginia adopted in January 1961
- Uniform Law 1981
- Amounts held in perpetuity
for owners or heirs

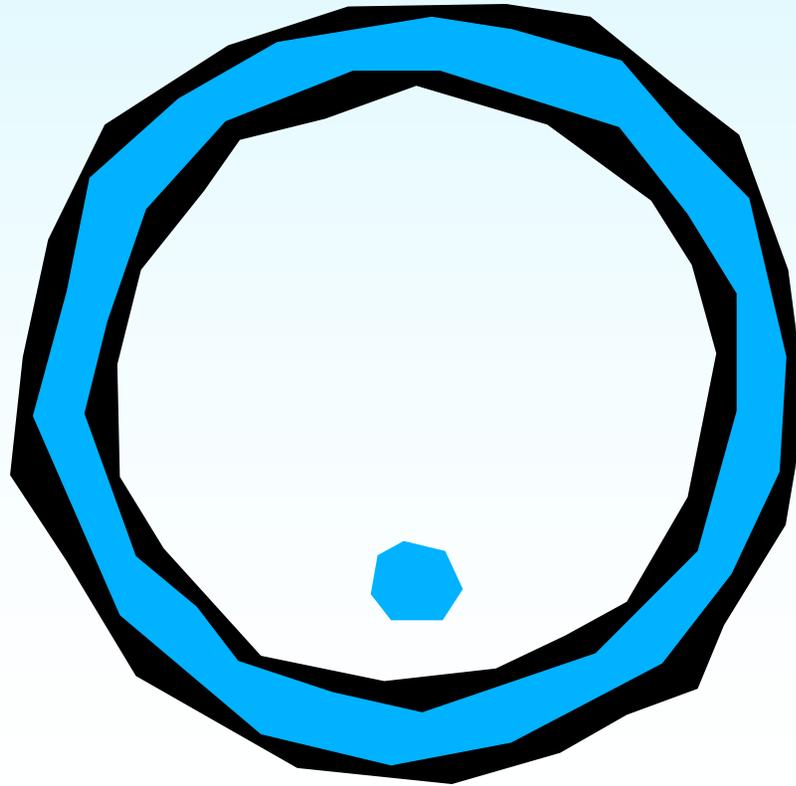


PURPOSE OF THE UNCLAIMED PROPERTY LAW

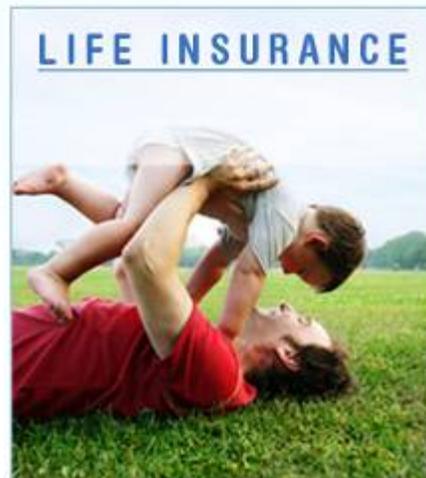
- Threefold purpose:
 1. Protect the interests and property rights of the lost owner
 2. Relieve the holder from the expense and liability associated with the property
 3. Ensure that any economic windfalls benefit the public, not the chance possessor



WHAT IS UNCLAIMED PROPERTY?



Over one BILLION dollars



HOW DOES PROPERTY BECOME “UNCLAIMED”?



Property becomes unclaimed when...

- the holder has not had contact with the owner of the property for a specified period of time.
- there has been no activity generated by the owner.



HOLDERS

- Financial Institutions
- Utilities
- Insurance Companies
- Attorneys and Accountants
- Hospitals, Doctors and Health Care Providers
- Corporations
- Retailers
- Courts/General Receivers
- Local Governments and State Agencies
- Colleges and Universities



Objectives of this Session

- Basic Reporting Requirements and Holder Responsibilities



Holder Responsibilities

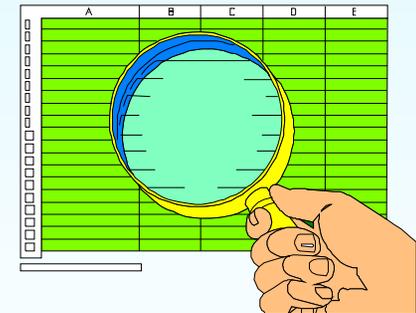


1. Prepare reports and remit payments;
2. Monitor changes in unclaimed property laws;
3. Perform due diligence;
4. Monitor and safeguard dormant, inactive property
5. Retain Supporting Documentation for 10 years



UNCLAIMED PROPERTY REPORT REVIEW

- Generally review the most recent two years filed
- Verify that all categories of property are being reported
- Verify the names/amounts reported to supporting documentation
- Verify that amounts less than \$10, \$25, \$50 & \$100 are being reported
- Review documentation of any service/dormant charges
- Verify performance of due diligence



HOLDING/DORMANCY PERIODS

- Most property is 5 yrs
- Travelers Checks – 15 yrs
- Safe Deposit Boxes – 5 yrs
- Dissolutions/Liquidations – 1 yr
- Wages – 1 yr
- State Agencies & Local Gov't – 1 yr



REMEMBER
THE MAGIC DATE...

6/30/05



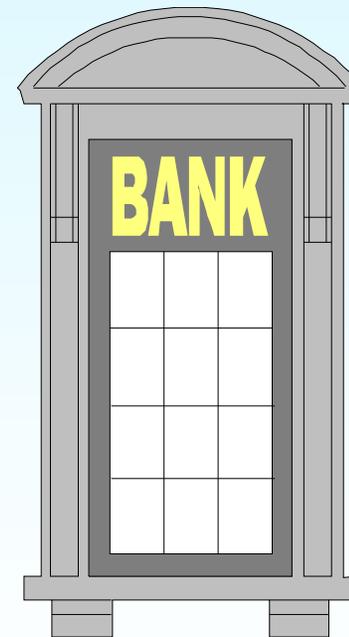
Objectives of this Session

- Property Types Held by Financial Institutions



REVIEW OF FINANCIAL INSTITUTIONS

- Checking/Savings Accounts
- Certificates of Deposit
- Unidentified Deposits
- Safe Deposit Box Contents
- Official Bank Checks
 - Certified Checks
 - Cashier's Checks
 - Money Orders
 - Traveler's Checks



REVIEW OF FINANCIAL INSTITUTIONS

- Loan Collateral/Credit Balance
- Wages/Garnishments
- Accounts Payable Checks
- Personal/Corporate Trust Accounts
- Stock/Dividends
- Suspense Accounts
- Mortgage Escrow Accounts
- IRA/Pension Plans
- Health Benefit Plans



ACTIONS THAT DO NOT PREVENT ABANDONMENT

- Automatic Drafts
- Posting of Interest
- Absence of Returned Mail
- Service Charges
- Awareness of Owner



ACTIONS THAT PREVENT ABANDONMENT

- Account Activity ~ online statement checking counts
IF it is tracked by the institution
- Address Change
- Phone Calls
- Related Account Activity
- Voting Proxy



Depository Accounts

A) Identify:

Savings, checking, Christmas Club, vacation club accounts, certificates of deposit

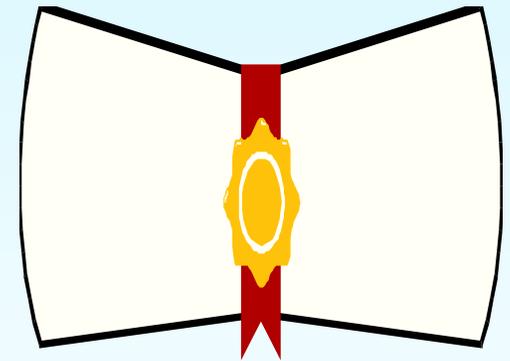
B) Review:

- 1) Run of accounts
- 2) List of all dormant accounts

C) Look for:

a last activity date of 6/30/05 & prior

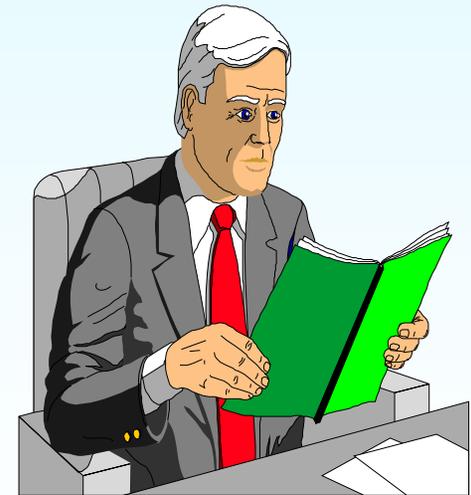
*** (similar dates of last activity – should not be conversion/acquisition dates) ***



Dormant Account Fees

3 Stipulations for Dormant/inactive Fees:

- Must have an enforceable contract and charges must be reasonable,
- For property >\$100, give written notice to the owner no more than 3 months prior to initial imposition of charges, and
- Do not reverse charges other than correction of a documented internal error (recent changes may allow reversals)



Certificates of Deposit

A) Identify:
Single maturity

B) Review:
List of matured

C) Look for:
Matured date of **6/30/05 & prior** with no other active banking relationship



A) Identify:
Auto-renewable

B) Review:
Records of returned mail
IF EXISTING

C) Look For:
Date of bad address of **6/30/05 & prior**
IF NOT EXISTING

C) Look For:
Date of original maturity of **6/30/05 & prior** with no other active banking relationships

Three Ways to Pay Interest on a CD... Interest qualifies as UCP

- 1) Deposited to another account – review to ensure that there are other transactions to that account or other active accounts
- 2) Interest payments paid by official check – review to ensure that interest checks are cashed
- 3) Interest payments rolled into certificate – review for other active accounts



Certificates of Deposit – IRA's

A) Identify:

IRA's

B) Review:

List of IRA's

C) Look for:

those 75 ½ & older with no other activity (Holding period is 5 years after the mandatory disbursement age of 70 ½ or 5 years after death)



IRA Disbursement Waiver

CUNA MUTUAL GROUP IRA SERVICES
Year End Periodic Payment Distribution Report - 2004

12/01/2004 CUID # 5555 CU NAME: Your Ordinary Credit Union FEDERAL TAX #: 5555555555 PAGE #: 4

Member/Beneficiary Account Number SSN and suffix Birthdate	IRA Type Payment Type Delayed Pymt	Payment Election Beneficiary Information	FMV or Bal. Used Adjusted FMV	Years Remaining	Annual Payment	Amt Each Pymt Frequency Months	Federal W/H State W/H & State	Net Payment Amount Pymt Method
Washington, George Account: 111111 SSN-Sfx: 555-55-5555 Birthdate: 1731	TRADITIONAL POST 70.5		388.89	24.7	15.74			
Annual payment amount is for information only. Member is responsible for taking payments.								
Jefferson, Thomas Account: 333333 SSN-Sfx: 555-55-5555 Birthdate: 1743	TRADITIONAL POST 70.5	RMD	34,181.16	25.6	1,335.20	333.80 QUARTERLY MAR JUN SEP DEC	33.38	300.42 CHECK
Madison, James Account: 444444 SSN-Sfx: 555-55-5555 Birthdate: 1751	TRADITIONAL POST 70.5	RMD	33,363.11	21.2	1,573.73	131.14 MONTHLY STARTING JAN	NO	131.14 DIRECT DEPOSIT
Monroe, James Account: 555555 SSN-Sfx: 555-55-5555 Birthdate: 1758	TRADITIONAL POST 70.5	RMD	34,821.83	22.9	1,520.60	1,520.60 ANNUALLY APR	NO	1520.60 DIRECT DEPOSIT
Harrison, William H. Account: 999999 SSN-Sfx: 555-55-5555 Birthdate 1773	TRADITIONAL POST 70.5	RMD	19,339.51	22	879.07	879.07 ANNUALLY NOV	NO	879.07 DIRECT DEPOSIT

Please use a Periodic Payment Change Form to make changes to payments.
* Election or calculation updated. B = Payment for Beneficiary.

Official Items

A) Identify:

Expense checks, dividend checks, bank checks, etc

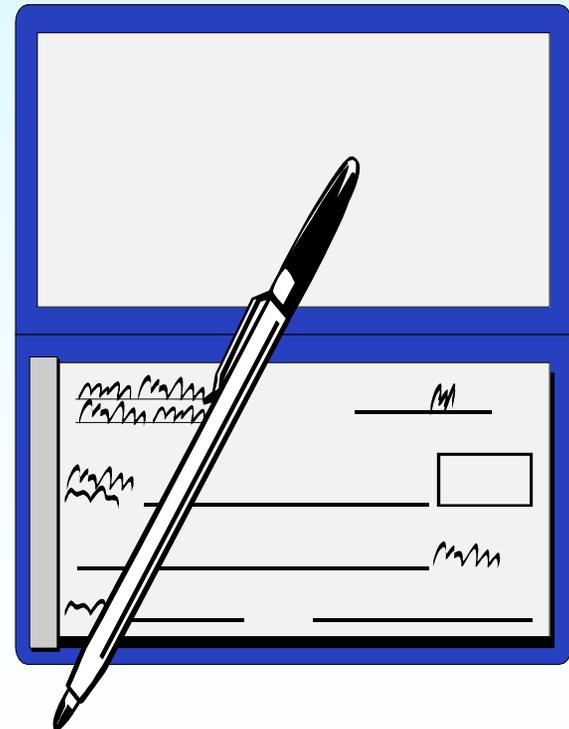
B) Review:

Current outstanding list

C) Look for:

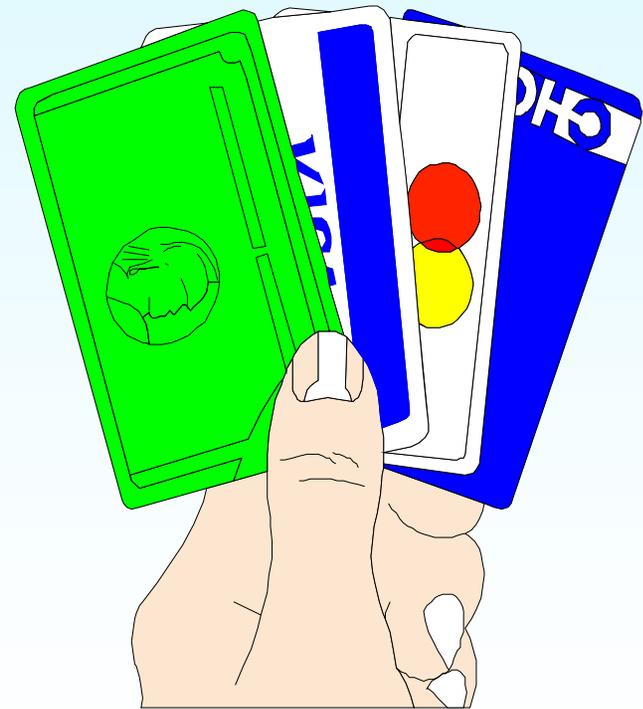
Items dated **6/30/05 and prior**

- Review liability account if applicable



Credit Balances on Loans/Credit Cards

- Obtain listing of overpayments on loans
- Review for items dated *6/30/05 & prior*
- Obtain listing of credit card overpayments dated *6/30/05 & prior*



Collateral on Loans

- Review list or log book of all tangible collateral being held on loans that have been paid in full prior to 6/30/05



Unidentified Deposits/Suspense Accounts

- Review policies and procedures for handling unidentified deposits
- Review applicable suspense accounts for items dated 6/30/2005 & prior



Safe Deposit Boxes

A) Identify:

Unpaid boxes

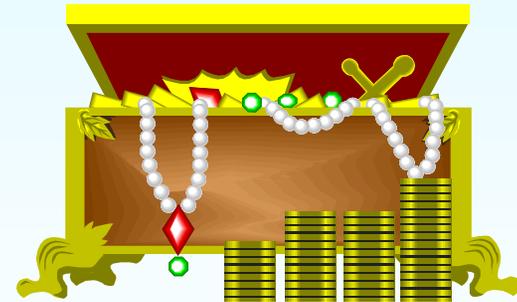
B) Review:

Date of last payment

C) Look For:

where rent has not been paid **6/30/05 & prior**

- Review list/inventory of drilled safe deposit boxes



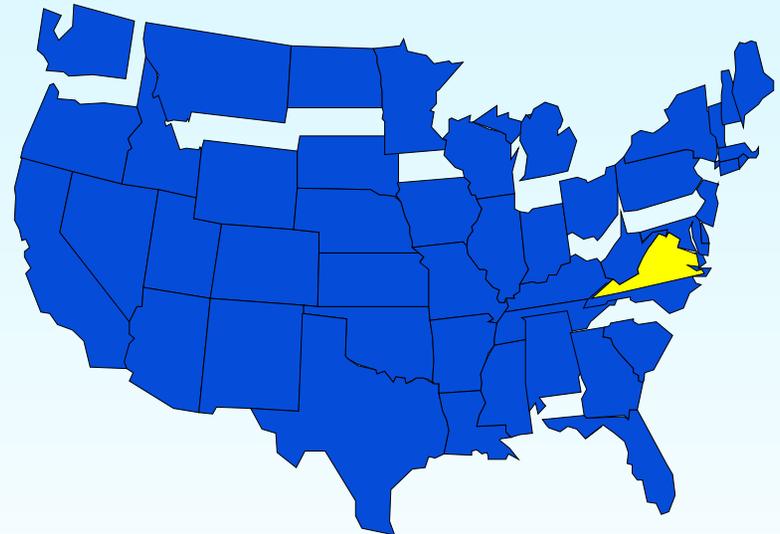
Trust Accounts

- List of all applicable disbursement accounts (dividends/employee benefits)
- List of companies for which bank acts as transfer and/or dividend paying agent
- List of outstanding bond issues
- List of items in suspense account
- List of mergers/acquisitions administered by the Trust dept.
- Items held in safekeeping



WHERE TO REPORT

- To the state of the last known address of the owner
- If the last known address is unknown, the state of domicile/incorporation for the holder (*Texas vs New Jersey*)



When to Report

- Report Due Date - November 1st
- Insurance Companies Report May 1st



How to Report –Go to our website!

- Send it in as a hardcopy, diskette, CD, or upload it directly
- NAUPA Standard Electronic Reporting Format is **REQUIRED** when reporting 25 or more owners



Treasury Web Site Resources

www.trsvirginia.gov

Unclaimed Property Division

To learn more about a topic, click on a picture.



Frequently Asked Questions & general information



See if the Commonwealth is holding your forgotten funds



Check your inquiry status



NVTA claim form & instructions



Resources to Report & Remit Property



Invite a representative to your event to search for funds



Holder & Reporting Information

Not sure where to start? Use this reference to point you in the right direction.



Briefs

Short articles to [educate Holders](#)



**Reporting
Unclaimed Property**

[Forms & Instructions](#), Holder
Reporting Booklet



**Electronic
Reporting**

[Reporting Software](#), [Submit Reports electronically](#), NAUPA
file layouts



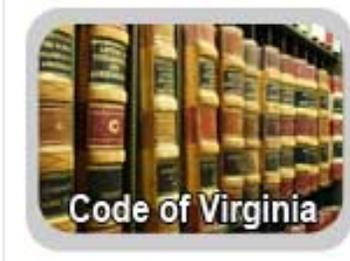
**Reciprocal
Reporting**

Learn about [Reciprocal Reporting](#), Property Exchange
States--List, Special State
Updates--Restrictions



**Voluntary Compliance
Negative Reports
Deadlines**

Voluntary Compliance Program,
Negative Reports Statement,
Charts & Schedules



Code of Virginia

Links to the [Code of Virginia](#)
Unclaimed Property Act

The Three Steps

1. Determine which accounts are ready to be reported as unclaimed
2. Perform due diligence on all accounts valued at \$100 or more at least 60 days prior to reporting
3. Complete the necessary forms and/or create the electronic files required, cut a check and mail report and/or upload file to the website.



Commonwealth of Virginia AP-1 form



**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF THE TREASURY
Division of Unclaimed Property**

**P O Box 2478
Richmond, VA 23218**
(804) 225-2393 FAX (804) 786-4653 TOLL FREE 1-800-468-1088
Attach Mailing Label Below

Holder Name	Holder Number
Address	
City, State Zip Code	

CHECK AMOUNT _____
CHECK # _____
DEPOSIT DATE _____
INITIALS _____
INTEREST PAYMENT AMOUNT
\$ _____

API FORM FOR REPORT OF UNCLAIMED PROPERTY

- Contact person:**
Name: _____
Title: _____
Department: _____
Telephone Number: _____
FAX Number: _____
- If the address above is incorrect, please correct here:

- Please provide e-mail address _____

ABOUT THIS BUSINESS ENTITY:

- Federal Employer Identification Number _____
- Standard Industry Code _____
- State of Incorporation (or locality where business license is filed if not incorporated) _____
- Date of Incorporation _____
- Primary Business Activity _____
- Annual Gross Sales \$ _____ Assets \$ _____ # of Employees _____

ABOUT THIS REPORT:

- Date(s) Due Diligence was Performed _____
- This report is for Report Year _____ and the type of report is **REGULAR** **AUDIT** **NEGATIVE** **OTHER** _____
- This is the first time this business entity has filed an Unclaimed Property Report: **YES** **NO**
- Property types on this report include: **CASH** **SECURITIES** **MUTUAL FUNDS** **TANGIBLE PROPERTY**

IMPORTANT NOTICE: Your remittance *must* accompany this report and an authorized representative of your business must complete the certification that follows. Please complete the summary information on the reverse of this page, and mail your report and remittance to the address at the top of this form. Pursuant to §55-210.26:1 of the Code of Virginia, interest and penalties may be imposed for failure to report and remit as required.

I, _____, CERTIFY THAT I HAVE CAUSED TO BE PREPARED AND HAVE EXAMINED THIS REPORT CONSISTING OF _____ PAGES / DISKETTES / TAPES TOTALING _____ AS TO PROPERTY PRESUMED ABANDONED UNDER THE VIRGINIA UNCLAIMED PROPERTY LAW FOR THE YEAR ENDING AS STATED. THAT I AM DULY AUTHORIZED TO EXECUTE THIS VERIFICATION BY THE HOLDER AND BY LAW AND THAT I BELIEVE THAT SAID REPORT IS TRUE, CORRECT, AND COMPLETE AS OF SAID DATE, EXCEPTING FOR SUCH PROPERTY AS HAS SINCE CEASED TO BE ABANDONED.
SIGNATURE _____
TITLE _____ DATE _____



POSTMARK DATE	BATCH #	HOLDER UPDATED	BALANCED BY	DATE COMPLETED		
# OF OWNERS	# SHARES REPORTED	ENTERED BY	DATE BEGAN	DATE COMPLETED	REPORT VERIFIED	DATE CLOSED

Helpful Items in Reporting Unclaimed Property

- Complete owner name and address information
- SSN
- Interest rate (if applicable)



Not for use
with 25
properties or
more

PAGE ___ OF ___

HOLDER (Name of Business)	REPORT YEAR 19____ REPORT YEAR 20____	TYPE OF REPORT <input type="checkbox"/> CASH <input type="checkbox"/> SECURITIES <input type="checkbox"/> MUTUAL FUNDS <input type="checkbox"/> TANGIBLE Office Use Only
ADDRESS	FED ID#	
CITY, STATE, ZIP	PERIOD COVERED FROM: _____ TO: _____	

COMMONWEALTH OF VIRGINIA
Department of the Treasury
Division of Unclaimed Property
P.O. Box 2478
Richmond, Virginia 23218-2478



REPORT OF UNCLAIMED PROPERTY

MUST BE TYPED

NUMBER THE OWNERS SEQUENTIALLY (1)	PROPERTY CODE (2)	OWNER(S) NAME, ADDRESS, CITY, STATE & ZIP LIST ALPHABETICALLY BY LAST NAME, FIRST AND MIDDLE INITIAL, (IF JOINT OWNER, BENEFICIARY, TRUSTEE, ETC., SPECIFY BY NAME.) (4)	OWNER SOCIAL SECURITY NUMBER (5)	DATE OF LAST TRANSACTION/ DATE PROPERTY BECAME PAYABLE, REDEEMABLE, OR RETURNABLE (6)	AMOUNT DUE OWNER BEFORE DEDUCTION AND WITHHOLDING (7)	DEDUCTION OR WITHHOLDING (SEE INSTRUCTIONS)	AMOUNT/ NUMBER OF SHARES REMITTED AS DUE OWNER (9)	INTEREST RATE (10)	Description of tangible property, mutual funds, securities (to include CUSIP # where applicable) Or comments (see instructions) (11)
	IDENTIFYING NUMBER (3)					TYPE AMOUNT (8a) / (8b)			
EXAMPLE: 1.	AC02 1234567	PUBLIC, JOHN Q. PUBLIC, MARY Z. (co-owner) 1234 Any Street Any City, State and Zip Code	000-00-0000	4/6/86	\$55.00	SC / \$5.00	\$50.00	6%	John Public's Date of Birth is 6/3/42 Account Opened 5/2/72
TOTALS BROUGHT FORWARD FROM PREVIOUS PAGE					\$	\$	\$		
AP-2, 07/2001	SUBMIT YOUR REPORT AND REMITTANCE BY NOVEMBER 1 OF REPORT YEAR (MAY 1 FOR INSURANCE COMPANIES)				\$	\$	\$	TOTALS CARRIED FORWARD TO NEXT PAGE	



Business to Business Exemption

§ 55-210.8:1. Gift certificates and credit balances.

- A. Except as described in subsection B, a gift certificate or credit balance issued in the ordinary course of the issuer's business that has remained unclaimed by the owner for more than five years after becoming payable is presumed abandoned.
- B. The **following property is exempt** from the provisions of this chapter and shall not be assessed by the administrator as unclaimed property: (i) **credit balances payable to a business association**, (ii) **outstanding checks resulting from or attributable to the sale of goods or services to a business association**, (iii) promotional incentives, and (iv) credits, gift certificates, coupons, layaways, and similar items, provided such credits, gift certificates, coupons, layaways, and similar items are redeemable in merchandise, in services, or through future purchases.

(1983, c. 190; 1988, cc. 595, 643; 2000, cc. 733, 745.)



Business to Business Exemption

Pitfalls to watch out for:

- A continuing business relationship is required
- Both businesses must be located in and incorporated in Virginia for this exemption to be guaranteed under Virginia law
- If the payee is an individual, you may be asked to prove the “business” relationship
- There are advantages to reporting. You no longer have to carry the account as a reconciling item, nor do you bear liability for record keeping. You lose that if you take advantage of this exemption



Avoid Penalties



- Penalties may be imposed for failure to:
 - Report and Remit in a timely manner
 - Failure to perform duties or filing a false report
 - Perform Due Diligence
 - Increased penalties result when Holder's acts are willful or fraudulent



Interest

- If a report is filed late, interest is charged from the day the report was originally due

Rate is the same as that Charged for Delinquent Federal and State Income Taxes



Is your business **overdue** to report?!?

Let our Voluntary Compliance Program Save You!

- Allows you to report property you should have reported before **without penalty**
- Go to <http://www.trs.virginia.gov/Ucp/ucpforms.asp> for all forms and directions!



Claims after Property has been Reported to Unclaimed Property

- Refer claimant to the
Division of Unclaimed
Property
(www.vamoneysearch.org)

OR

- Reinstate the member and
file a “Holder Claim Form”
with the Division of
Unclaimed Property



Owner Outreach Efforts



- Accompanied Governor Kaine to the Community Cabinet and Town Hall Meetings
- Publish a list of owners in regional newspapers
- www.VaMoneySearch.org



• www.MissingMoney.com

- Attend public events



- Anyone can look for unclaimed funds in their name online.
- Go to www.VaMoneySearch.org





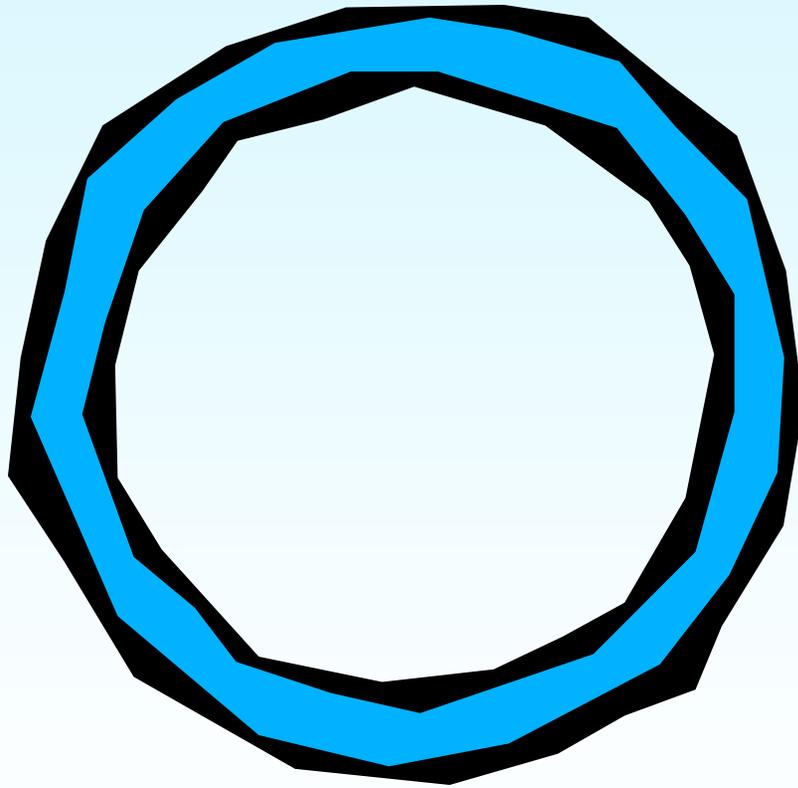
Have you lived in other states? Every state has an unclaimed property program!



Visit:



Questions



Contacts

<p><u>Brooke Bredel</u> PR and Marketing (804) 371-0928</p>	<p><u>Melinda Barbish</u> Audit and Securities (804) 225-2515</p>
<p><u>Bill Dadmun</u> Reporting & Remittance (804) 225-2547</p>	<p><u>Karen Conrad</u> Claims Manager (804) 225-2599</p>

