

# Controller *John Chiang*

## California State Controller's Office



Fall 2012 Newsletter

Unclaimed Property Program

Volume 5, Issue 3

## Tips for Completing the Holder Notice Report

The first report in California's two-step report process is known as the Holder Notice Report. The Holder Notice Report is due annually prior to November 1st (or prior to May 1st for life insurance companies).

This report should include a complete listing of unclaimed properties currently reportable, but should not include the remittance of the properties. The remittances and the Holder Remit Report are due between June 1st and 15th (or between December 1st and 15th for life insurance companies), seven to seven-and-one-half months after the Holder Notice Report. To ensure that reports are approved and to avoid future interest assessments, please verify the following when completing your Holder Notice Report:

### Report "As of" Date

The report "As of" date, used in determining when property becomes reportable, is entered in Section A of the Universal Holder Face Sheet (UFS-1) form found at [http://www.sco.ca.gov/Files-UPD/form\\_rptg\\_ufs-1.pdf](http://www.sco.ca.gov/Files-UPD/form_rptg_ufs-1.pdf).

- The "As of" date can either be June 30 or the company's fiscal year-end date.
- The "As of" date is not the date the report was due, created or submitted.
- A report should not be completed until the "As of" date is determined.
- To determine if a property is due to be reportable to California, add the number of dormancy years required to the property's last transaction date. If the date falls before your "As of" date, it is reportable. For assistance you may refer to the "2012 Property Report Cycle" documents found on our website at [http://www.sco.ca.gov/upd\\_rptg.html](http://www.sco.ca.gov/upd_rptg.html).

### Social Security Numbers

Social Security numbers (SSN) are required on both the Holder Notice Report and the Holder Remit Report.

- If SSN are not being provided due to security reasons, please note, holders may password protect the CD/diskette.
- If SSN for owners are not available, a letter stating so must be provided with justification.

### Contact Information

The contact information must be correct and consistent on both the UFS-1 form and the CD/diskette or it may delay the report approval process.

### Property Remitted with Holder Notice Report

Property included with the Holder Notice Report will be returned to the holder. The due date of the remittance will be provided on the Holder Remit Report reminder letter, which will be issued once the Holder Notice Report is approved.

### CD/Diskettes

The holder should review all CDs/diskettes prior to submission to ensure the file(s) are on the CDs/diskettes. Please write the Tax-ID, amount of report, holder name and report year on the CDs/diskettes. It is highly recommend to send the files via a trackable method with a private delivery service such as FedEx or United Parcel Service. Late reports will result in Code of Civil Procedure (CCP) section 1577 penalties. For more information regarding Holder Notice Report interest assessments please see page 3. If you have additional questions, please contact the Reporting Unit at (916) 464-6284.

## Important News for Holders Who Send Paper Checks

### What Is Changing?

Beginning in August 2012, the State Controller's Office (SCO) Unclaimed Property Division converted to an electronic deposit process for depositing paper checks. Checks are now deposited electronically the same day received using Remote Site Depositing. The funds are also withdrawn from your bank account on the same day your check is received, if the electronic deposit occurs prior to 8 PM PST. Electronic deposits remitted to the bank after 8 PM PST will post the following business day.

### I'm Sending a Paper Check: What is Different?

Nothing. Send your check as usual and we will scan and deposit your check electronically the day we receive it.

### Reminder

Holders are required to remit unclaimed property payments of \$20,000 or greater by electronic funds transfer pursuant to CCP section 1532. Failure to make payment by electronic funds transfer when required will result in the assessment of a 2% penalty.

### For More Information

If you have additional questions regarding this new electronic check deposit process, please call the Financial Accountability Unit at (916) 464-6220.

## Reminder on Properly Determining Property Starting Transaction Dates

The Property Starting Transaction Date (PSTD), also known as the date of last contact/transaction or last activity date, is a mandatory field when completing your Holder Notice Report. This field found within the property record portion of a Holder Notice Report is the date when the last deposit or withdrawal occurred, the date the mail was returned, or the date on which the property became payable, redeemable, or returnable (for example, issue date of a check). It is the date you first lost contact with the owner, not the date the account was opened.

Since the PSTD is the first date of the dormancy period, this date should be used to determine when the property should be reported to California. For example, the PSTD of March 31, 2009, with a three-year dormancy period generally will be reported in the 2012 report cycle (Holder Notice Report due before November 1, 2012). This date also will determine when you perform due diligence. For more information please refer to our Property Reporting Cycles chart at [http://www.sco.ca.gov/Files-UPD/outreach\\_rptg\\_hol\\_cycle2012\\_3yr.pdf](http://www.sco.ca.gov/Files-UPD/outreach_rptg_hol_cycle2012_3yr.pdf).

When completing the PSTD, National Association of Unclaimed Property Administrators' (NAUPA) field "PROP-STARTING-TRANSACTION-DATE," enter as "CCYYMMDD" where "CC" equals the century, "YY" equals the year, "MM" equals the month, and "DD" equals the day. For example, March 31, 2012, would be "20120331". If your records reflect a month and/or year only, enter the available information and use "01" for the unknown data. For example, if only the day is unknown enter the date as "CCYYMM01" or if both the month and date is unknown, enter the date as "CCYY0101".

The Ending Transaction Date, NAUPA field "Ending-Transaction-Date," is not a mandatory field and should only be used if you are reporting property with periodic payments such as dividends, oil and gas royalties, or commission checks. If you do not have periodic properties to report, the Ending Transaction Date field should be filled with zeros. If you have questions about properly determining PSTD, you may contact the Reporting Unit at (916) 464-6284.

## Reporting Property With Joint Owners

When reporting property with joint owners, keep in mind that there are two NAUPA relation codes described for joint tenants: Joint Tenants with Rights of Survivorship (JT) and Joint Tenants in Common (JC).

For JT, when one owner dies, his/ her property passes entirely to the other joint owner. On the other hand, property reported with the NAUPA relation code "Joint Tenants in Common (JC)" is not assumed by California to equate to the legal term "Tenants in Common" because "Joint Tenants in Common" is not a legal term. Property held as "Tenants in Common" requires that when one owner dies, his/her share passes to his/her estate rather than to the other joint owner. As such, if holders are using the relation code "JC" to reflect a "Tenancy in Common," please add information to the description field in the report that reads,

"Tenancy in Common – 50/50 split," or the appropriate percentage if different from a 50/50 split. If this information is not included in the report, we will need to contact the holder for more information. Reporting complete information is a benefit to you, our office, and property owners. The more information we have on a property, the more likely our chance to reunite rightful owners with their property. In addition, more information up front lessens the number of contacts our office has to make to you to request additional information. Please remember that it is the responsibility of every holder to provide complete and accurate owner information relating to accounts being turned over to the State. If you have additional questions, please contact the Reporting Unit at (916) 464-6284.

## Holder Notice Report Interest Assessments

CCP section 1577 requires a holder who fails to report, pay, or deliver unclaimed property within the time prescribed by the law to pay the SCO interest at the rate of 12 percent per annum on that property or value thereof from the date the property should have been reported, paid, or delivered. Interest is determined from information provided by the Holder Notice Report, Holder Remit Report and from the date the properties are received by the SCO. This article will focus on interest assessments triggered from the Holder Notice Report. (See [SCO Summer Newsletter 2012](#) for Holder Remit Report-related interest assessments)

### Interest Calculations

CCP section 1577 interest billings are assessed when the Holder Notice Report is submitted late, and/ or one or more of the properties included in the Holder Notice Report should have been reported in an earlier year (delinquent property). In these cases, Notice billings are automatically calculated through the SCO's Unclaimed Property computer system, applying interest of 12% per annum on the value of

each delinquent property. Delinquent properties are determined by:

- The property dormancy period, which is determined by the property type;
- The property last transaction date; and,
- The "As of" date or fiscal year-end.

### Example:

For the 2012 Report Year, the SCO receives a Holder Notice Report on **October 28, 2012**, listing two unclaimed properties: (please see chart on page 4).

The first property is reported timely on the 2012 Holder Notice Report, which is due before 11/01/2012, because:

- The dormancy period for property type CK01 is 3 years;
- The last transaction date of 12/10/2008 falls between 01/01/2008 and 12/31/2008; and,
- The "As of" date or fiscal year-end is December 31<sup>st</sup>.

*(Continued on page 4)*

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The second property is reported late and subject to an interest assessment. This property should have been included in the 2011 Holder Notice Report, which was due before 11/01/2011, because:

- The dormancy period for property type CK01 is 3 years;
- The last transaction date of 12/10/2007 falls between 01/01/2007 and 12/31/2007; and,
- The “As of” date or fiscal year-end is December 31<sup>st</sup>.

Although in this example the report is submitted timely, the second property was not reported timely and will still accrue interest as follows:

- Daily interest @ 12% per annum =  $\frac{0.12}{365 \text{ days}} =$   
**0.0003287671**
- Property value = **\$5,000.00**
- Daily interest rate = (\$5,000.00) ×  
(0.0003287671) = **\$1.64384**
- Number of days late = (10/28/2012) –  
(11/01/2011) = **362 days**
- Total Interest Due = (\$1.64384) × (362 days) =  
**\$595.07**

## Important Notice

Interest still will be assessed against delinquent property on the Holder Notice Report whether or not the following actions take place:

- The property was **returned** to the rightful owner after the submission of the Holder Notice Report and before the submission of the Holder Remit Report and remittances; and,
- The Remit Report and remittance(s) are delivered to the SCO **timely**.

If you have additional questions, please contact the 1577 Interest Assessment Unit at (916) 464-6092 or email at [1577info@sco.ca.gov](mailto:1577info@sco.ca.gov).

Property Type	Dormancy Period	Last Transaction Date	Property Value	Holder Notice Report Due Before *	Holder Notice Report Received Date	Delinquent Property
CK01 (Cashier's Checks)	3-year dormancy	12/10/2008	\$5,000.00	11/01/2012	10/28/2012	No
CK01 (Cashier's Checks)	3-year dormancy	12/10/2007	\$5,000.00	11/01/2011	10/28/2012	Yes

\*The Property Reporting Cycles can be found at the SCO website [http://www.sco.ca.gov/upd\\_rptg.html](http://www.sco.ca.gov/upd_rptg.html)

## Important Upcoming Dates

**Before November 1:** Holder Notice Reports due

**December 1—15:** Holder Remit Reports and Remittances due for life insurance companies

**California State Controller's Office  
Unclaimed Property Division  
P.O. Box 942850  
Sacramento, CA 94250-5873  
[www.sco.ca.gov](http://www.sco.ca.gov)**

Reporting Assistance: (916) 464-6284

Claims Assistance: (800) 992-4647  
(outside USA): (916) 323-2827

1577 Interest Assessment Unit: (916) 464-6092  
(for CA CCP §1577 inquiries)  
[1577info@sco.ca.gov](mailto:1577info@sco.ca.gov)

Outreach and Compliance Unit: (916) 464-6088  
[UPDcompliance@sco.ca.gov](mailto:UPDcompliance@sco.ca.gov)

Questions regarding securities: (916) 464-6232  
[UPDSecRecon@sco.ca.gov](mailto:UPDSecRecon@sco.ca.gov)

Questions regarding EFT remittance:  
[UPDSCOft@sco.ca.gov](mailto:UPDSCOft@sco.ca.gov)

### **We want your input!**

Please send us your newsletter comments, ideas, or concerns to: [UPDHolderOutreach@sco.ca.gov](mailto:UPDHolderOutreach@sco.ca.gov)

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