Unclaimed Property Law
and
Regulations

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Code of Civil Procedure

Title 10, Chapter 7 – Unclaimed Property Law

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Unclaimed Property Law

Article

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Article 1
Short Title: Definitions; Application

Section

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§1500. How Cited

This chapter may be cited as the Unclaimed Property Law.

§1501. Definitions

As used in this chapter, unless the context otherwise requires:

(a) "Apparent owner" means the person who appears from the records of the holder to be entitled to property held by the holder.

(b) "Banking organization" means any national or state bank, trust company, banking company, land bank, savings bank, safe-deposit company, private banker, or any similar organization.

(c) "Business association" means any private corporation, joint stock company, business trust, partnership, or any association for business purposes of two or more individuals, whether or not for profit, including, but not by way of limitation, a banking organization, financial organization, life insurance corporation, and utility.

(d) "Financial organization" means any federal or state savings and loan association, building and loan association, credit union, investment company, or any similar organization.

(e) "Holder" means any person in possession of property subject to this chapter belonging to another, or who is trustee in case of a trust, or is indebted to another on an obligation subject to this chapter.

(f) "Life insurance corporation" means any association or corporation transacting the business of insurance on the lives of persons or insurance appertaining thereto, including, but not by way of limitation, endowments, and annuities.

(g) "Owner" means a depositor in case of a deposit, a beneficiary in case of a trust, or creditor, claimant, or payee in case of other choses in action, or any person having a legal or equitable interest in property subject to this chapter, or his or her legal representative.

(h) "Person" means any individual, business association, government or governmental subdivision or agency, two or more persons having a joint or common interest, or any other legal or commercial entity, whether that person is acting in his or her own right or in a representative or fiduciary capacity.

(i) "Employee benefit plan distribution" means any money, life insurance, endowment or annuity policy or proceeds thereof, securities or other intangible property, or any tangible property, distributable to a participant, former participant, or the beneficiary or estate or heirs of a participant or former participant or beneficiary, from a trust or custodial fund established under a plan to provide health and welfare, pension, vacation, severance, retirement benefit, death benefit, stock purchase, profit sharing, employee savings, supplemental unemployment insurance benefits or similar benefits, or which is established under a plan by a business association functioning as or in conjunction with a labor union which receives for distribution residuals on behalf of employees working under collective-bargaining agreements.

(j) "Residuals" means payments pursuant to a collective bargaining agreement of additional compensation for domestic and foreign uses of recorded materials.

§1501.5. No Permanent Escheat

(a) Notwithstanding any provision of law to the contrary, property received by the state under this chapter shall not permanently escheat to the state.

(b) The Legislature finds and declares that this section is declaratory of the existing law and sets forth the intent of the Legislature regarding the Uniform Disposition of Unclaimed Property Act (Chapter 1809, Statutes of 1959) and all amendments thereto and revisions thereof. Any opinions, rulings, orders, judgments, or other statements to the contrary by any court are erroneous and inconsistent with the intent of the Legislature.

(c) It is the intent of the Legislature that property owners be reunited with their property. In making changes to the unclaimed property program in conjunction with the Budget Act of 2007, the Legislature intends to adopt a more expansive notification program that will provide all of the following:

(1) Notification by the state to all owners of unclaimed property prior to escheatment.

(2) A more expansive post escheatment policy that takes action to identify those owners of unclaimed property.

(3) A waiting period of not less than 18 months from delivery of property to the state prior to disposal of any unclaimed property deemed to have no commercial value.

§1502. Property Exempt From Chapter

(a) This chapter does not apply to either of the following:

(1) Any property in the official custody of a municipal utility district.

(2) Any property in the official custody of a local agency if such property may be transferred to the General Fund of such agency under the provisions of Sections 50050-50053 of the Government Code.

(b) None of the provisions of this chapter applies to any type of property received by the state under the provisions of Chapter 1 (commencing with Section 1300) to Chapter 6 (commencing with Section 1440), inclusive, of this title.

§1503. Property Not Subject to Old Act

(a) As used in this section

(1) "Old act" means this chapter as it existed prior to January 1, 1969.

(2) "New act" means this chapter as it exists on and after January 1, 1969.

(3) "Property not subject to the old act" means property that was not presumed abandoned under the old act and would never have been presumed abandoned under the old act had the old act continued in existence on and after January 1, 1969, without change.

(b) The holder is not required to file a report concerning, or to pay or deliver to the Controller, any property not subject to the old act if an action by the owner against the holder to recover that property was barred by an applicable statute of limitations prior to January 1, 1969.

(c) The holder is not required to file a report concerning, or to pay or deliver to the Controller, any property not subject to the old act, or any property that was not required to be reported under the old act, unless on January 1, 1969, the property has been held by the holder for less than the escheat period. "Escheat period" means the period referred to in Sections 1513 to 1521, inclusive, of the new act, whichever is applicable to the particular property.

§1504. Property Escheated Under Laws of Another State

(a) As used in this section:

(1) "Old act" means this chapter as it existed prior to January 1, 1969.

(2) "New act" means this chapter as it exists on and after January 1, 1969.

(3) "Property not subject to the old act" means property that was not presumed abandoned under the old act and would never have been presumed abandoned under the old act had the old act continued in existence on and after January 1, 1969, without change.

(b) This chapter does not apply to any property that was escheated under the laws of another state prior to September 18, 1959.

(c) This chapter does not require the holder to pay or deliver any property not subject to the old act to this state if the property was escheated under the laws of another state prior to January 1, 1969, and was delivered to the custody of that state prior to January 1, 1970, in compliance with the laws of that state. Nothing in this subdivision affects or limits the right of the State Controller to recover such property from the other state.

§1505. Continued Existence of Provision of Old Law to File Report With State Controller

This chapter does not affect any duty to file a report with the State Controller or to pay or deliver any property to him that arose prior to January 1, 1969, under the provisions of this chapter as it existed prior to January 1, 1969. Such duties may be enforced by the State Controller, and the penalties for failure to perform such duties may be imposed, under the provisions of this chapter as it existed prior to January 1, 1969. The provisions of this chapter as it existed prior to January 1, 1969, are continued in existence for the purposes of this section.

§1506. Same Subject Matter Construed as Restatements and Continuations

The provisions of this chapter as it exists on and after January 1, 1969, insofar as they are substantially the same as the provisions of this chapter as it existed prior to January 1, 1969, relating to the same subject matter, shall be construed as restatements and continuations thereof and not as new enactments.

Article 2
Escheat of Unclaimed Personal Property

Section

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1515.5 Property distributable in the course of a demutualization or related reorganization of an insurance company is deemed abandoned
1516. When dividends, profits, interest, etc., escheat to state; notice to owner that interest will escheat
1517. Property distributable in course of voluntary or involuntary dissolution
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1519. Property held by government or governmental subdivision or agency
1519.5 Unclaimed sums ordered refunded by court or public agency
1520. Other tangible and intangible property
1520.5. Gift certificates
1521. Employee benefit trust distributions
1522. Deduction of fees
1523. Escheat of Prop. 103 insurance rebates to state; deposit into Insurance Fund for specified disbursement
1528. Non-application to unclaimed funds used for scholarship purposes

§1510. Intangible Personal Property — Conditions for Escheat to State

Unless otherwise provided by statute of this state, intangible personal property escheats to this state under this chapter if the conditions for escheat stated in Sections 1513 through 1521 exist, and if:

(a) The last known address, as shown on the records of the holder, of the apparent owner is in this state.

(b) No address of the apparent owner appears on the records of the holder and:

(1) The last known address of the apparent owner is in this state; or

(2) The holder is domiciled in this state and has not previously paid the property to the state of the last known address of the apparent owner; or

(3) The holder is a government or governmental subdivision or agency of this state and has not previously paid the property to the state of the last known address of the apparent owner.

(c) The last known address, as shown on the records of the holder, of the apparent owner is in a state that does not provide by law for the escheat of such property and the holder is (1) domiciled in this state or (2) a government or governmental subdivision or agency of this state.

(d) The last known address, as shown on the records of the holder, of the apparent owner is in a foreign nation and the holder is (1) domiciled in this state or (2) a government or governmental subdivision or agency of this state.

§1511. When Sum Payable on Money Order, Travelers Check, or Similar Written Instrument on Which Business Association Directly Liable Escheats to State

(a) Any sum payable on a money order, travelers check, or other similar written instrument (other than a third-party bank check) on which a business association is directly liable escheats to this state under this chapter if the conditions for escheat stated in Section 1513 exist and if:

(1) The books and records of such business association show that such money order, travelers check, or similar written instrument was purchased in this state;

(2) The business association has its principal place of business in this state and the books and records of the business association do not show the state in which such money order, travelers check, or similar written instrument was purchased; or

(3) The business association has its principal place of business in this state, the books and records of the business association show the state in which such money order, travelers check, or similar written instrument was purchased, and the laws of the state of purchase do not provide for the escheat of the sum payable on such instrument.

(b) Notwithstanding any other provision of this chapter, this section applies to sums payable on money orders, travelers checks, and similar written instruments deemed abandoned on or after February 1, 1965, except to the extent that such sums have been paid over to a state prior to January 1, 1974. For the purposes of this subdivision, the words "deemed abandoned" have the same meaning as those words have as used in Section 604 of Public Law Number 93-495 (October 28, 1974), 88th Statutes at Large 1500.

§1513. When Property Held by Business Association Escheats to State

(a) Subject to Sections 1510 and 1511, the following property held or owing by a business association escheats to this state:

(1)(A) Except as provided in paragraph (6), any demand, savings, or matured time deposit, or account subject to a negotiable order of withdrawal, made with a banking organization, together with any interest or dividends thereon, excluding, from demand deposits and accounts subject to a negotiable order of withdrawal only, any reasonable service charges that may lawfully be withheld and that do not (where made in this state) exceed those set forth in schedules filed by the banking organization from time to time with the Controller, when the owner, for more than three years, has not done any of the following:

(i) Increased or decreased the amount of the deposit, cashed an interest check, or presented the passbook or other similar evidence of the deposit for the crediting of interest.

(ii) Corresponded electronically or in writing with the banking organization concerning the deposit.

(iii) Otherwise indicated an interest in the deposit as evidenced by a memorandum or other record on file with the banking organization.

(B) A deposit or account shall not, however, escheat to the state if, during the previous three years, the owner has owned another deposit or account with the banking organization or the owner has owned an individual retirement account or funds held by the banking organization under a retirement plan for self employed individuals or a similar account or plan established pursuant to the internal revenue laws of the United States or the laws of this state, as described in paragraph (6), and, with respect to that deposit, account, or plan, the owner has done any of the acts described in clauses (i), (ii) or (iii) of subparagraph (A), and the banking organization has communicated electronically or in writing with the owner, at the address to which communications regarding that deposit, account, or plan are regularly sent, with regard to the deposit, account, or plan that would otherwise escheat under subparagraph (A). For purposes of this subparagraph, "communications" includes account statements or statements required under the internal revenue laws of the United States.

(C) No banking organization may discontinue any interest or dividends on any savings deposit because of the inactivity contemplated by this section.

(2) (A) Except as provided in paragraph (6), any demand, savings, or matured time deposit, or matured investment certificate, or account subject to a negotiable order of withdrawal, or other interest in a financial organization or any deposit made therewith, and any interest or dividends thereon, excluding, from demand deposits and accounts subject to a negotiable order of withdrawal only, any reasonable service charges that may lawfully be withheld and that do not (where made in this state) exceed those set forth in schedules filed by the financial organization from time to time with the Controller, when the owner, for more than three years, has not done any of the following:

(i) Increased or decreased the amount of the funds or deposit, cashed an interest check, or presented an appropriate record for the crediting of interest or dividends.

(ii) Corresponded electronically or in writing with the financial organization concerning the funds or deposit.

(iii) Otherwise indicated an interest in the funds or deposit as evidenced by a memorandum or other record on file with the financial organization.

(B) A deposit or account shall not, however, escheat to the state if, during the previous three years, the owner has owned another deposit or account with the financial organization or the owner has owned an individual retirement account or funds held by the financial organization under a retirement plan for self-employed individuals or a similar account or plan established pursuant to the internal revenue laws of the United States or the laws of this state, as described in paragraph (6), and, with respect to that deposit, account, or plan, the owner has done any of the acts described in clauses (i), (ii) or (iii) of subparagraph (A), and the financial organization has communicated electronically or in writing with the owner, at the address to which communications regarding that deposit, account, or plan are regularly sent, with regard to the deposit, account, or plan that would otherwise escheat under subparagraph (A). For purposes of this subparagraph, "communications" includes account statements or statements required under the internal revenue laws of the United States.

(C) No financial organization may discontinue any interest or dividends on any funds paid toward purchase of shares or other interest, or on any deposit, because of the inactivity contemplated by this section.

(3) Any sum payable on a traveler's check issued by a business association that has been outstanding for more than 15 years from the date of its issuance, when the owner, for more than 15 years, has not corresponded in writing with the business association concerning it, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the association.

(4) Any sum payable on any other written instrument on which a banking or financial organization is directly liable, including, by way of illustration but not of limitation, any draft, cashier's check, teller's check, or certified check, that has been outstanding for more than three years from the date it was payable, or from the date of its issuance if payable on demand, when the owner, for more than three years, has not corresponded electronically or in writing with the banking or financial organization concerning it, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the banking or financial organization.

(5) Any sum payable on a money order issued by a business association (including a banking or financial organization), that has been outstanding for more than seven years from the date it was payable, or from the date of its issuance if payable on demand, excluding any reasonable service charges that may lawfully be withheld and that do not, when made in this state, exceed those set forth in schedules filed by the business association from time to time with the Controller, when the owner, for more than seven years, has not corresponded electronically or in writing with the business association, banking, or financial organization concerning it, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the business association. For the purposes of this subdivision, "reasonable service charge" means a service charge that meets all of the following requirements:

(A) It is uniformly applied to all of the issuer's money orders.

(B) It is clearly disclosed to the purchaser at the time of purchase and to the recipient of the money order.

(C) It does not begin to accrue until three years after the purchase date, and it stops accruing after the value of the money order escheats.

(D) It is permitted by contract between the issuer and the purchaser.

(E) It does not exceed 25 cents ($0.25) per month or the aggregate amount of twenty-one dollars ($21).

(6) (A) Any funds held by a business association in an individual retirement account or under a retirement plan for self-employed individuals or similar account or plan established pursuant to the internal revenue laws of the United States or of this state, when the owner, for more than three years after the funds become payable or distributable, has not done any of the following:

(i) Increased or decreased the principal.

(ii) Accepted payment of principal or income.

(iii) Corresponded electronically or in writing concerning the property or otherwise indicated an interest.

(B) Funds held by a business association in an individual retirement account or under a retirement plan for self-employed individuals or a similar account or plan created pursuant to the internal revenue laws of the United States or the laws of this state shall not escheat to the state if, during the previous three years, the owner has owned another such account or plan with the business association and, with respect to that account or plan, the owner has done any of the acts described in clause (i), (ii), or (iii) of subparagraph (A), and the business association has communicated electronically or in writing with the owner, at the address to which communications regarding that account or plan are regularly sent, with regard to the account or plan that would otherwise escheat under subparagraph (A). For purposes of this subparagraph, "communications" includes account statements or statements required under the internal revenue laws of the United States.

(C) These funds are not payable or distributable within the meaning of this subdivision unless, under the terms of the account or plan, distribution of all or a part of the funds would then be mandatory.

(7) Any wages or salaries that have remained unclaimed by the owner for more than one year after the wages or salaries become payable.

(b) For purposes of this section "service charges" means service charges imposed because of the inactivity contemplated by this section.

§1513.5. Notice of Escheat Given by Banking or Financial Organization

(a) Except as provided in subdivision (c), if the holder has in its records an address for the apparent owner, which the holder's records do not disclose to be inaccurate, every banking or financial organization shall make reasonable efforts to notify any owner by mail or, if the owner has consented to electronic notice, electronically, that the owner's deposit, account, shares, or other interest in the banking or financial organization will escheat to the state pursuant to clause (i), (ii), or (iii) of subparagraph (A) of paragraphs (1), (2), or (6) of subdivision (a) of Section 1513. The holder shall give notice either:

(1) Not less than two years nor more than two and one-half years after the date of last activity by, or communication with, the owner with respect to the account, deposit, shares, or other interest, as shown on the record of the banking or financial organization.

(2) Not less than six nor more than 12 months before the time the account, deposit, shares, or other interest becomes reportable to the Controller in accordance with this chapter.

(b) The notice required by this section shall specify the time that the deposit, account, shares, or other interest will escheat and the effects of escheat, including the necessity for filing a claim for the return of the deposit, account, shares, or other interest. The face of the notice shall contain a heading at the top that reads as follows: "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU

THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language. The notice required by this section shall, in boldface type or in a font a minimum of two points larger than the rest of the notice, exclusive of the heading, (1) specify that since the date of last activity, or for the last two years, there has been no owner activity on the deposit, account, shares, or other interest; (2) identify the deposit, account, shares, or other interest by number or identifier, which need not exceed four digits; (3) indicate that the deposit, account, shares, or other interest is in danger of escheating to the state; and (4) specify that the California Unclaimed Property Law requires banks, banking organizations, and financial organizations to transfer funds of a deposit, account, shares, or other interest if it has been inactive for three years. It shall also include a form, as prescribed by the Controller, by which the owner may declare an intention to maintain the deposit, account, shares, or other interest. If that form is filled out, signed by the owner, and returned to the banking or financial organization, it shall satisfy the requirement of clause (iii) of subparagraph (A) of paragraph (1), clause (iii) of subparagraph (A) of paragraph (2), or clause (iii) of subparagraph (A) of paragraph (6) of subdivision (a) of Section 1513. In lieu of returning the form, the banking or financial organization may provide a telephone number or other electronic means to enable the owner to contact that organization. The contact, as evidenced by a memorandum or other record on file with the banking or financial organization, shall satisfy the requirement of clause (iii) of subparagraph (A) of paragraph (1), clause (iii) of subparagraph (A) of paragraph (2), or clause (iii) of subparagraph (A) of paragraph (6) of subdivision (a) of Section 1513. The banking or financial organization may impose a service charge on the deposit, account, shares, or other interest for this notice in an amount not to exceed the administrative cost of mailing or electronically sending the notice and form and in no case to exceed two dollars ($2).

(c) Notice as provided by subdivisions (a) and (b) shall not be required for deposits, accounts, shares, or other interests of less than fifty dollars ($50), and no service charge may be made for notice on these items.

(d) In addition to the notices required pursuant to subdivision (a), the holder may give additional notice as described in subdivision (b) at any time between the date of last activity by, or communication with, the owner and the date the holder transfers the deposit, account, shares, or other interest to the Controller.

(e) At the time a new account is opened with a banking or financial organization, the organization shall provide a written notice to the person opening the account informing the person that his or her property may be transferred to the appropriate state if no activity occurs in the account within the time period specified by state law. If the person opening the account has consented to electronic notice, that notice may be provided electronically. This subdivision shall become effective on January 1, 2011.

§1514. Safe Deposit Box

(a) The contents of, or the proceeds of sale of the contents of, any safe deposit box or any other safekeeping repository, held in this state by a business association, escheat to this state if unclaimed by the owner for more than three years from the date on which the lease or rental period on the box or other repository expired, or from the date of termination of any agreement because of which the box or other repository was furnished to the owner without cost, whichever last occurs.

(b) If a business association has in its records an address for an apparent owner of the contents of, or the proceeds of sale of the contents of, a safe deposit box or other safekeeping repository described in subdivision (a), and the records of the business association do not disclose the address to be inaccurate, the business association shall make reasonable efforts to notify the owner by mail, or, if the owner has consented to electronic notice, electronically, that the owner's contents, or the proceeds of the sale of the contents, will escheat to the state pursuant to this section. The business association shall give notice not less than six months and not more than 12 months before the time the contents,

or the proceeds of the sale of the contents, become reportable to the Controller in accordance with this chapter.

(c) The face of the notice shall contain a heading at the top that reads as follows: "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language. The notice required by this subdivision shall specify the date that the property will escheat and the effects of escheat, including the necessity for filing a claim for the return of the property. The notice required by this section shall, in boldface type or in a font a minimum of two points larger than the rest of the notice, exclusive of the heading, do all of the following:

(1) Identify the safe deposit box or other safekeeping repository by number or identifier.

(2) State that the lease or rental period on the box or repository has expired or the agreement has terminated.

(3) Indicate that the contents of, or the proceeds of sale of the contents of, the safe deposit box or other safekeeping repository will escheat to the state unless the owner requests the contents or their proceeds.

(4) Specify that the California Unclaimed Property Law requires business associations to transfer the contents of, or the proceeds of sale of the contents of, a safe deposit box or other safekeeping repository to the Controller if they remain unclaimed for more than three years.

(5) Advise the owner to make arrangements with the business association to either obtain possession of the contents of, or the proceeds of sale of the contents of, the safe deposit box or other safekeeping repository, or enter into a new agreement with the business association to establish a leasing or rental arrangement. If an owner fails to establish such an arrangement prior to the end of the period described in subdivision (a), such contents or proceeds shall escheat to this state.

(d) In addition to the notice required pursuant to subdivision (b), the business association may give additional notice in accordance with subdivision (c) at any time between the date on which the lease or rental period for the safe deposit box or repository expired, or from the date of the termination of any agreement, through which the box or other repository was furnished to the owner without cost, whichever is earlier, and the date the business association transfers the contents of, or the proceeds of sale of the contents of, the safe deposit box or other safekeeping repository to the Controller.

(e) The contents of, or the proceeds of sale of the contents of, a safe deposit box or other safekeeping repository shall not escheat to the state if, as of June 30 or the fiscal yearend next preceding the date on which a report is required to be filed under Section 1530, the owner has owned, with a banking organization providing the safe deposit box or other safekeeping repository, any demand, savings, or matured time deposit, or account subject to a negotiable order of withdrawal, which has not escheated under Section 1513 and is not reportable under subdivision (d) of Section 1530.

(f) The contents of, or the proceeds of sale of the contents of, a safe deposit box or other safekeeping repository shall not escheat to the state if, as of June 30 or the fiscal yearend next preceding the date on which a report is required to be filed under Section 1530, the owner has owned, with a financial organization providing the safe deposit box or other safekeeping repository, any demand, savings, or matured time deposit, or matured investment certificate, or account subject to a negotiable order of withdrawal, or other interest in a financial organization or any deposit made therewith, and any interest or dividends thereon, which has not escheated under Section 1513 and is not reportable under subdivision (d) of Section 1530.

(g) The contents of, or the proceeds of sale of the contents of, a safe deposit box or other safekeeping repository shall not escheat to the state if, as of June 30 or the fiscal yearend next preceding the date on which a report is required to be filed under Section 1530, the owner has owned, with a banking or financial organization providing the safe deposit box or other safekeeping repository, any funds in an individual retirement account or under a retirement plan for self-employed individuals or similar account or plan pursuant to the internal revenue laws of the United States or the

income tax laws of this state, which has not escheated under Section 1513 and is not reportable under subdivision (d) of Section 1530.

(h) In the event the owner is in default under the safe deposit box or other safekeeping repository agreement and the owner has owned any demand, savings, or matured time deposit, account, or plan described in subdivisions (e), (f), or (g), the banking or financial organization may pay or deliver the contents of, or the proceeds of sale of the contents of, the safe deposit box or other safekeeping repository to the owner after deducting any amount due and payable from those proceeds under that agreement. Upon making that payment or delivery under these subdivisions, the banking or financial organization shall be relieved of all liability to the extent of the value of those contents or proceeds.

(i) For new accounts opened for a safe deposit box or other safekeeping repository with a business association on and after January 1, 2011, the business association shall provide a written notice to the person leasing the safe deposit box or safekeeping repository informing the person that his or her property, or the proceeds of sale of such property, may be transferred to the appropriate state upon running of the time period specified by state law from the date the lease or rental period on the safe deposit box or repository expired, or from the date of termination of any agreement because of which the box or other repository was furnished to the owner without cost, whichever is earlier.

(j) A business association may directly escheat the contents of a safe deposit box or other safekeeping repository without exercising its rights under Article 2 (commencing with Section 1660) of Chapter 13 of Division 1 of the Financial Code.

§1515. Funds Held by Life Insurance Corporation

(a) Subject to Section 1510, funds held or owing by a life insurance corporation under any life or endowment insurance policy or annuity contract which has matured or terminated escheat to this state if unclaimed and unpaid for more than three years after the funds became due and payable as established from the records of the corporation.

(b) If a person other than the insured or annuitant is entitled to the funds and no address of that person is known to the corporation or if it is not definite and certain from the records of the corporation what person is entitled to the funds, it is presumed that the last known address of the person entitled to the funds is the same as the last known address of the insured or annuitant according to the records of the corporation. This presumption is a presumption affecting the burden of proof.

(c) A life insurance policy not matured by actual proof of the death of the insured according to the records of the corporation is deemed to be matured and the proceeds due and payable if:

(1) The insured has attained, or would have attained if he or she were living, the limiting age under the mortality table on which the reserve is based.

(2) The policy was in force at the time the insured attained, or would have attained, the limiting age specified in paragraph (1).

(3) Neither the insured nor any other person appearing to have an interest in the policy has, within the preceding three years, according to the records of the corporation (i) assigned, readjusted, or paid premiums on the policy, (ii) subjected the policy to loan, or (iii) corresponded in writing with the life insurance corporation concerning the policy.

(d) Any funds otherwise payable according to the records of the corporation are deemed due and payable although the policy or contract has not been surrendered as required.

§1515.5. When Property Distributable in the Course of a Demutualization or Related Reorganization of an Insurance Company is Deemed Abandoned

Property distributable in the course of a demutualization or related reorganization of an insurance company is deemed abandoned as follows:

(a) On the date of the demutualization or reorganization, if the instruments or statements reflecting the distribution are not mailed to the owner because the address on the books and records for the holder is known to be incorrect.

(b) Two years after the date of the demutualization or reorganization, if instruments or statements reflecting the distribution are mailed to the owner and returned by the post office as undeliverable and the owner has done neither of the following:

(1) Communicated in writing with the holder or its agent regarding the property.

(2) Otherwise communicated with the holder or its agent regarding the property as evidenced by a memorandum or other record on file with the holder or its agent.

(c) Three years after the date of the demutualization or reorganization, if instruments or statements reflecting the distribution are mailed to the owner and not returned by the post office as undeliverable and the owner has done neither of the following:

(1) Communicated in writing with the holder or its agent regarding the property.

(2) Otherwise communicated with the holder or its agent regarding the property as evidenced by a memorandum or other record on file with the holder or its agent.

§1516. When Dividends, Profits, Interest, Etc., Escheat to State; Notice to Owner That Interest Will Escheat

(a) Subject to Section 1510, any dividend, profit, distribution, interest, payment on principal, or other sum held or owing by a business association for or to its shareholder, certificate holder, member, bondholder, or other security holder, or a participating patron of a cooperative, who has not claimed it, or corresponded in writing with the business association concerning it, within three years after the date prescribed for payment or delivery, escheats to this state.

(b) Subject to Section 1510, any intangible interest in a business association, as evidenced by the stock records or membership records of the association, escheats to this state if (1) the interest in the association is owned by a person who for more than three years has neither claimed a dividend or other sum referred to in subdivision (a) nor corresponded in writing with the association or otherwise indicated an interest as evidenced by a memorandum or other record on file with the association, and (2) the association does not know the location of the owner at the end of the three-year period. With respect to the interest, the business association shall be deemed the holder.

(c) Subject to Section 1510, any dividends or other distributions held for or owing to a person at the time the stock or other security to which they attach escheats to this state also escheat to this state as of the same time.

(d) If the business association has in its records an address for the apparent owner, which the business association's records do not disclose to be inaccurate, with respect to any interest that may escheat pursuant to subdivision (b), the business association shall make reasonable efforts to notify the owner by mail or, if the owner has consented to electronic notice, electronically, that the owner's interest in the business association will escheat to the state. The notice shall be given not less than 6 nor more than 12 months before the time the interest in the business association becomes reportable to the Controller in accordance with this chapter. The face of the notice shall contain a heading at the top that reads as follows: "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language. The notice required by this subdivision shall specify the time that the interest will escheat and the effects of escheat, including the necessity for filing a claim for the return of the interest. The notice required by this section shall, in boldface type or in a font a minimum of two points larger than the rest of the notice, exclusive of the heading, (1) specify that since the date of last activity, or for the last two years, there has been no customer activity on the deposit, account, shares, or other interest; (2) identify the deposit, account, shares, or other interest by number or identifier, which need not exceed four digits; (3) indicate that the deposit, account, shares, or other interest is in danger of escheating to the state; and (4) specify that the

California Unclaimed Property Law requires banks, banking organizations, and financial organizations to transfer funds of a deposit, account, shares, or other interest if it has been inactive for three years. It shall also include a form, as prescribed by the Controller, by which the owner may confirm the owner's current address. If that form is filled out, signed by the owner, and returned to the holder, it shall be deemed that the business association knows the location of the owner. In lieu of returning the form, the business association may provide a telephone number or other electronic means to enable the owner to contact the association. With that contact, as evidenced by a memorandum or other record on file with the business association, the business association shall be deemed to know the location of the owner. The business association may impose a service charge on the deposit, account, shares, or other interest for this notice and form in an amount not to exceed the administrative cost of mailing or electronically sending the notice and form, and in no case to exceed two dollars ($2).

(e) In addition to the notice required pursuant to subdivision (d), the holder may give additional notice as described in subdivision (d) at any time between the date of last activity by, or communication with, the owner and the date the holder transfers the deposit, shares, or other interest to the Controller.

§1517. Property Distributable in Course of Voluntary or Involuntary Dissolution

(a) All property distributable in the course of a voluntary or involuntary dissolution or liquidation of a business association that is unclaimed by the owner within six months after the date of final distribution or liquidation escheats to this state.

(b) All property distributable in the course of voluntary or involuntary dissolution or liquidation of an insurer or other person brought under Article 14 (commencing with Section 1010) of Chapter 1 of Part 2 of Division 1 of the Insurance Code, that is unclaimed by the owner after six months of the date of final distribution, shall be transferred to the Department of Insurance, with any proceeds of sale of property and other funds to be deposited in the Insurance Fund for expenditure as provided in Section 12937 of the Insurance Code.

(c) This section applies to all tangible personal property located in this state and, subject to Section 1510, to all intangible personal property.

§1518. When Fiduciary Property Escheats to State

(a) All tangible personal property located in this state and, subject to Section 1510, all intangible personal property, and the income or increment on such tangible or intangible property, held in a fiduciary capacity for the benefit of another person escheats to this state if after it becomes payable or distributable, the owner has not, within a period of three years, increased or decreased the principal, accepted payment of principal or income, corresponded in writing concerning the property, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the fiduciary.

(b) Funds in an individual retirement account or a retirement plan for self-employed individuals or similar account or plan established pursuant to the internal revenue laws of the United States or of this state are not payable or distributable within the meaning of subdivision (a) unless, under the terms of the account or plan, distribution of all or part of the funds would then be mandatory.

(c) For the purpose of this section, when a person holds property as an agent for a business association, he or she is deemed to hold the property in a fiduciary capacity for the business association alone, unless the agreement between him or her and the business association clearly provides the contrary. For the purposes of this chapter, if a person holds property in a fiduciary capacity for a business association alone, he or she is the holder of the property only insofar as the interest of the business association in the property is concerned and the association is deemed to be the holder of the property insofar as the interest of any other person in the property is concerned.

§1519. Property Held by Government or Governmental Subdivision or Agency

All tangible personal property located in this state, and, subject to Section 1510, all intangible personal property, held for the owner by any government or governmental subdivision or agency, that has remained unclaimed by the owner for more than three years escheats to this state.

§1519.5. Unclaimed Sums Ordered Refunded by Court or Public Agency

Subject to Section 1510, any sums held by a business association that have been ordered to be refunded by a court or an administrative agency including, but not limited to, the Public Utilities Commission, which have remained unclaimed by the owner for more than one year after becoming payable in accordance with the final determination or order providing for the refund, whether or not the final determination or order requires any person entitled to a refund to make a claim for it, escheats to this state. It is the intent of the Legislature that the provisions of this section shall apply retroactively to all funds held by business associations on or after January 1, 1977, and which remain undistributed by the business association as of the effective date of this act. Further, it is the intent of the Legislature that nothing in this section shall be construed to change the authority of a court or administrative agency to order equitable remedies.

§1520. Other Tangible and Intangible Property

(a) All tangible personal property located in this state and, subject to Section 1510, all intangible personal property, except property of the classes mentioned in Sections 1511, 1513, 1514, 1515, 1515.5, 1516, 1517, 1518, 1519, and 1521, including any income or increment thereon and deducting any lawful charges, that is held or owing in the ordinary course of the holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable escheats to this state.

(b) Except as provided in subdivision (a) of Section 1513.5, subdivision (b) of Section 1514, and subdivision (d) of Section 1516, if the holder has in its records an address for the apparent owner of property valued at fifty dollars ($50) or more, which the holder's records do not disclose to be inaccurate, the holder shall make reasonable efforts to notify the owner by mail or, if the owner has consented to electronic notice, electronically, that the owner's property will escheat to the state pursuant to this chapter. The notice shall be mailed not less than six nor more than 12 months before the time when the owner's property held by the business becomes reportable to the Controller in accordance with this chapter. The face of the notice shall contain a heading at the top that reads as follows: "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language. The notice required by this subdivision shall specify the time when the property will escheat and the effects of escheat, including the need to file a claim in order for the owner's property to be returned to the owner. The notice required by this section shall, in boldface type or in a font a minimum of two points larger than the rest of the notice, exclusive of the heading, (1) specify that since the date of last activity, or for the last two years, there has been no owner activity on the deposit, account, shares, or other interest; (2) identify the deposit, account, shares, or other interest by number or identifier, which need not exceed four digits; (3) indicate that the deposit, account, shares, or other interest is in danger of escheating to the state; and (4) specify that the California Unclaimed Property Law requires banks, banking organizations, and financial organizations to transfer funds of a deposit, account, shares, or other interest if it has been inactive for three years. It shall also include a form, as prescribed by the Controller, by which the owner may confirm the owner's current address. If that form is filled out, signed by the owner, and returned to the holder, it shall be deemed that the account, or other device in which the owner's property is being held, remains currently active and recommences the escheat period. In lieu of returning the form, the holder may provide a telephone number or other electronic means to enable the owner to contact the holder. With that contact, as evidenced by a memorandum or other record on

file with the holder, the account or other device in which the owner's property is being held shall be deemed to remain currently active and shall recommence the escheat period. The holder may impose a service charge on the deposit, account, shares, or other interest for this notice in an amount not to exceed the administrative cost of mailing or electronically sending the notice and form, and in no case to exceed two dollars ($2).

(c) In addition to the notice required pursuant to subdivision (b), the holder may give additional notice as described in subdivision (b) at any time between the date of last activity by, or communication with, the owner and the date the holder transfers the property to the Controller.

(d) For purposes of this section, "lawful charges" means charges which are specifically authorized by statute, other than the Unclaimed Property Law, or by a valid, enforceable contract.

§1520.5. Gift Certificates

Section 1520 does not apply to gift certificates subject to Title 1.4A (commencing with Section 1749.45) of Part 4 of Division 3 of the Civil Code. However, Section 1520 applies to any gift certificate that has an expiration date and that is given in exchange for money or any other thing of value.

§1521. Employee Benefit Trust Distributions

(a) Except as provided in subdivision (b), and subject to Section 1510, all employee benefit plan distributions and any income or other increment thereon escheats to the state if the owner has not, within three years after it becomes payable or distributable, accepted the distribution, corresponded in writing concerning the distribution, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the fiduciary of the trust or custodial fund or administrator of the plan under which the trust or fund is established. As used in this section, "fiduciary" means any person exercising any power, authority, or responsibility of management or disposition with respect to any money or other property of a retirement system or plan, and "administrator" means the person specifically so designated by the plan, trust agreement, contract, or other instrument under which the retirement system or plan is operated, or if none is designated, the employer.

(b) Except as provided in subdivision (c), an employee benefit plan distribution and any income or other increment thereon shall not escheat to this state if, at the time the distribution shall become payable to a participant in an employee benefit plan, the plan contains a provision for forfeiture or expressly authorizes the administrator to declare a forfeiture of a distribution to a beneficiary thereof who cannot be found after a period of time specified in the plan, and the trust or fund established under the plan has not terminated prior to the date on which the distribution would become forfeitable in accordance with the provision.

(c) A participant entitled to an employee benefit plan distribution in the form of residuals shall be relieved from a forfeiture declared under subdivision (b) upon the making of a claim therefore.

§1522. Deduction of Fees

No service, handling, maintenance or other charge or fee of any kind which is imposed because of the inactive or unclaimed status contemplated by this chapter, may be deducted or withheld from any property subject to escheat under this chapter, unless specifically permitted by this chapter.

Even when specifically permitted by this chapter, such charges or fees may not be excluded, withheld or deducted from property subject to this chapter if, under its policy or procedure, the holder would not have excluded, withheld or deducted such charges or fees in the event the property had been claimed by the owner prior to being reported or remitted to the Controller.

§1523. Escheat of Prop. 103 Insurance Rebates to State; Deposit Into Insurance Fund for Specified Disbursement

If an insurer, after a good faith effort to locate and deliver to a policyholder a Proposition 103 rebate ordered or negotiated pursuant to Section 1861.01 of the Insurance Code, determines that a policyholder cannot be located, all funds attributable to that rebate escheat to the state and shall be delivered to the Controller. The funds subject to escheat on or after July 1, 1997, shall be transferred by the Controller to the Department of Insurance for deposit in the Insurance Fund in the following amounts and for the following purposes:

(a) Up to the amount that will repay principal and interest on the General Fund loan authorized by Item 0845-001-0001 of the Budget Act of 1996 for expenditure as provided in Section 12936 of the Insurance Code.

(b) The sum of four million dollars ($4,000,000) for expenditure during the 1998-1999 fiscal year as provided in Section 12967 of the Insurance Code.

§1528. Non-application to Unclaimed Funds Used for Scholarship Purposes

This chapter does not apply to unclaimed funds held by a life insurance corporation which is organized or admitted as a domestic fraternal benefit society under Chapter 10 (commencing with Section 10970) of Part 2 of Division 2 of the Insurance Code, so long as such funds are used for scholarship funds, exclusive of costs of administration thereof.

Article 3
Identification of Escheated Property

Section

1530. Report of escheated funds or property to Controller
1531. Publication, contents, and mailing of notice to owners
1531.5 Notification Program Designed to Inform Owners
1532. Delivery of property to Controller; electronic funds transfer
1532.1. Controller's receipt of escheated contents of safe deposit box
1533. Discretion of Controller to exclude tangible personal property

§1530. Report of Escheated Funds or Property to Controller

(a) Every person holding funds or other property escheated to this state under this chapter shall report to the Controller as provided in this section.

(b)The report shall be on a form prescribed or approved by the Controller and shall include:

(1) Except with respect to traveler's checks and money orders, the name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of any property of value of at least fifty dollars ($50) escheated under this chapter.

(2) In the case of escheated funds of life insurance corporations, the full name of the insured or annuitant, and his or her last known address, according to the life insurance corporation's records.

(3) In the case of the contents of a safe deposit box or other safekeeping repository or in the case of other tangible property, a description of the property and the place where it is held and may be inspected by the Controller. The report shall set forth any amounts owing to the holder for unpaid rent or storage charges and for the cost of opening the safe deposit box or other safekeeping repository, if any, in which the property was contained.

(4) The nature and identifying number, if any, or description of any intangible property and the amount appearing from the records to be due, except that items of value under fifty dollars ($50) each may be reported in aggregate.

(5) Except for any property reported in the aggregate, the date when the property became payable, demandable, or returnable, and the date of the last transaction with the owner with respect to the property.

(6) Other information which the Controller prescribes by rule as necessary for the administration of this chapter.

(c) If the holder is a successor to other persons who previously held the property for the owner, or if the holder has changed his or her name while holding the property, he or she shall file with his or her report all prior known names and addresses of each holder of the property.

(d) The report shall be filed before November 1 of each year as of June 30 or fiscal yearend next preceding, but the report of life insurance corporations, and the report of all insurance corporation demutualization proceeds subject to Section 1515.5, shall be filed before May 1 of each year as of December 31 next preceding. The initial report for property subject to Section 1515.5 shall be filed on or before May 1, 2004, with respect to conditions in effect on December 31, 2003, and all property shall be determined to be reportable under Section 1515.5 as if that section were in effect on the date of the insurance company demutualization or related reorganization. The Controller may postpone the reporting date upon his or her own motion or upon written request by any person required to file a report.

(e) The report, if made by an individual, shall be verified by the individual; if made by a partnership, by a partner; if made by an unincorporated association or private corporation, by an officer; and if made by a public corporation, by its chief fiscal officer or other employee authorized by the holder.

§1531. Publication, Contents, and Mailing of Notice to Owners

(a) Within one year after payment or delivery of escheated property as required by Section 1532, the Controller shall cause a notice to be published, in a newspaper of general circulation which the Controller determines is most likely to give notice to the apparent owner of the property.

(b) Each published notice shall be entitled "notice to owners of unclaimed property."

(c) Each published notice shall also contain a statement that information concerning the amount or description of the property may be obtained by any persons possessing an interest in the property by addressing any inquiry to the Controller.

(d) Within 165 days after the final date for filing the report required by Section 1530, the Controller shall mail a notice to each person having an address listed in the report who appears to be entitled to property of the value of fifty dollars ($50) or more escheated under this chapter. If the report filed pursuant to Section 1530 includes a social security number, the Controller shall request the Franchise Tax Board to provide a current address for the apparent owner on the basis of that number. The Controller shall mail the notice to the apparent owner for whom a current address is obtained if the address is different from the address previously reported to the Controller. If the Franchise Tax Board does not provide an address or a different address, then the Controller shall mail the notice to the address listed in the report required by Section 1530.

(e) The mailed notice shall contain all of the following:

(1) A statement that, according to a report filed with the Controller, property is being held to which the addressee appears entitled.

(2) The name and address of the person holding the property and any necessary information regarding changes of name and address of the holder.

(3) A statement that, if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the notice, the property will be placed in the custody of the Controller and may

be sold or destroyed pursuant to this chapter, and all further claims concerning the property or, if sold, the net proceeds of its sale, must be directed to the Controller.

(f) This section is intended to inform owners about the possible existence of unclaimed property identified pursuant to this chapter.

§1531.5. Notification Program Designed to Inform Owners

(a) The Controller shall establish and conduct a notification program designed to inform owners about the possible existence of unclaimed property received pursuant to this chapter.

(b) Any notice sent pursuant to this section shall not contain a photograph or likeness of an elected official.

(c)(1) Notwithstanding any other law, upon the request of the Controller, a state or local governmental agency may furnish to the Controller from its records the address or other identification or location information that could reasonably be used to locate an owner of unclaimed property.

(2) If the address or other identification or location information requested by the Controller is deemed confidential under any laws or regulations of this state, it shall nevertheless be furnished to the Controller. However, neither the Controller nor any officer, agent, or employee of the Controller shall use or disclose that information except as may be necessary in attempting to locate the owner of unclaimed property.

(3) This subdivision shall not be construed to require disclosure of information in violation of federal law.

(4) If a fee or charge is customarily made for the information requested by the Controller, the Controller shall pay that customary fee or charge.

(d) Costs for administering this section shall be subject to the level of appropriation in the annual Budget Act.

§1532. Delivery of Property to Controller; Electronic Funds Transfer

(a) Every person filing a report as provided by Section 1530 shall, no sooner than seven months and no later than seven months and 15 days after the final date for filing the report, pay or deliver to the Controller all escheated property specified in the report. Any payment of unclaimed cash in an amount of at least twenty thousand dollars ($20,000) shall be made by electronic funds transfer pursuant to regulations adopted by the Controller. The Controller may postpone the date for payment or delivery of the property, and the date for any report required by subdivision (b), upon his or her own motion or upon written request by any person required to pay or deliver the property or file a report as required by this section.

(b) If a person establishes his or her right to receive any property specified in the report to the satisfaction of the holder before that property has been delivered to the Controller, or it appears that, for any other reason, the property may not be subject to escheat under this chapter, the holder shall not pay or deliver the property to the Controller but shall instead file a report with the Controller, on a form and in a format prescribed or approved by the Controller, containing information pertaining to the property not subject to escheat.

(c) Any property not paid or delivered pursuant to subdivision (b) that is later determined by the holder to be subject to escheat under this chapter shall not be subject to the interest provision of Section 1577.

(d) The holder of any interest under subdivision (b) of Section 1516 shall deliver a duplicate certificate to the Controller or shall register the securities in uncertificated form in the name of the Controller. Upon delivering a duplicate certificate or providing evidence of registration of the securities in uncertificated form to the Controller, the holder, any transfer agent, registrar, or other person acting for or on behalf of the holder in executing or delivering the duplicate certificate or registering the uncertificated securities, shall be relieved from all liability of every kind to any person including, but not limited to, any person acquiring the original certificate or the duplicate of the

certificate issued to the Controller for any losses or damages resulting to that person by the issuance and delivery to the Controller of the duplicate certificate or the registration of the uncertificated securities to the Controller.

(e) Payment of any intangible property to the Controller shall be made at the office of the Controller in Sacramento or at another location as the Controller by regulation may designate. Except as otherwise agreed by the Controller and the holder, tangible personal property shall be delivered to the Controller at the place where it is held.

(f) Payment is deemed complete on the date the electronic funds transfer is initiated if the settlement to the state's demand account occurs on or before the banking day following the date the transfer is initiated. If the settlement to the state's demand account does not occur on or before the banking day following the date the transfer is initiated, payment is deemed to occur on the date settlement occurs.

(g) Any person required to pay cash by electronic funds transfer who makes the payment by means other than an authorized electronic funds transfer shall be liable for a civil penalty of 2 percent of the amount of the payment that is due pursuant to this section, in addition to any other penalty provided by law. Penalties are due at the time of payment. If the Controller finds that a holder's failure to make payment by an appropriate electronic funds transfer in accordance with the Controller's procedures is due to reasonable cause and circumstances beyond the holder's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, that holder shall be relieved of the penalties.

(h) An electronic funds transfer shall be accomplished by an automated clearinghouse debit, an automated clearinghouse credit, a Federal Reserve Wire Transfer (Fedwire), or by an international funds transfer. Banking costs incurred for the automated clearinghouse debit transaction by the holder shall be paid by the state. Banking costs incurred by the state for the automated clearinghouse credit transaction may be paid by the holder originating the credit. Banking costs incurred for the Fedwire transaction charged to the holder and the state shall be paid by the person originating the transaction. Banking costs charged to the holder and to the state for an international funds transfer may be charged to the holder.

(i) For purposes of this section:

(1) "Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephonic instrument, modem, computer, or magnetic tape, so as to order, instruct, or authorize a financial institution to credit or debit an account.

(2) "Automated clearinghouse" means any federal reserve bank, or an organization established by agreement with the National Automated Clearing House Association or any similar organization, that operates as a clearinghouse for transmitting or receiving entries between banks or bank accounts and that authorizes an electronic transfer of funds between those banks or bank accounts.

(3) "Automated clearinghouse debit" means a transaction in which the state, through its designated depository bank, originates an automated clearinghouse transaction debiting the holder's bank account and crediting the state's bank account for the amount of payment.

(4) "Automated clearinghouse credit" means an automated clearinghouse transaction in which the holder, through its own bank, originates an entry crediting the state's bank account and debiting the holder's bank account.

(5) "Fedwire" means any transaction originated by the holder and utilizing the national electronic payment system to transfer funds through federal reserve banks, pursuant to which the holder debits its own bank account and credits the state's bank account.

(6) "International funds transfer" means any transaction originated by the holder and utilizing the international electronic payment system to transfer funds, pursuant to which the holder debits its own bank account, and credits the funds to a United States bank that credits the Unclaimed Property Fund.

§1532.1. Controller's Receipt of Escheated Contents of Safe Deposit Box

Notwithstanding Sections 1531 and 1532, property that escheats to the state pursuant to Section 1514 shall not be paid or delivered to the state until the earlier of (a) the time when the holder is requested to do so by the Controller or (b) within one year after the final date for filing the report required by Section 1530 as specified in subdivision (d) of Section 1530. Within one year after receipt of property as provided by this section, the Controller shall cause a notice to be published as provided in Section 1531.

§1533. Discretion of Controller to Exclude Tangible Personal Property

Tangible personal property may be excluded from the notices required by Section 1531, shall not be delivered to the State Controller, and shall not escheat to the state, if the State Controller, in his discretion, determines that it is not in the interest of the state to take custody of the property and notifies the holder in writing, within 120 days from receipt of the report required by Section 1530, of his determination not to take custody of the property.

Article 4
Payment of Claims

Section

1540. Filing of claim — Controller's notice of decision to claimant
1541. Action to review decision of State Controller
1542. Claim of another state to recover escheated property

§1540. Filing of Claim — Controller's Notice of Decision to Claimant

(a) Any person, excluding another state, who claims an interest in property paid or delivered to the Controller under this chapter may file a claim to the property or to the net proceeds from its sale. The claim shall be on a form prescribed by the Controller and shall be verified by the claimant.

(b) The Controller shall consider each claim within 180 days after it is filed and may hold a hearing and receive evidence. The Controller shall give written notice to the claimant if he or she denies the claim in whole or in part. The notice may be given by mailing it to the address, if any, stated in the claim as the address to which notices are to be sent. If no address is stated in the claim, the notice may be mailed to the address, if any, of the claimant as stated in the claim. No notice of denial need be given if the claim fails to state either an address to which notices are to be sent or an address of the claimant.

(c) No interest shall be payable on any claim paid under this chapter.

(d) For the purposes of this section, "owner" means the person who had legal right to the property prior to its escheat, his or her heirs, his or her legal representative, or a public administrator acting pursuant to the authority granted in Sections 7660 and 7661 of the Probate Code.

(e) Following a public hearing, the Controller shall adopt guidelines and forms that shall provide specific instructions to assist owners in filing claims pursuant to this article.

§1541. Action to Review Decision of State Controller

Any person aggrieved by a decision of the Controller or as to whose claim the Controller has failed to make a decision within 180 days after the filing of the claim, may commence an action, naming the Controller as a defendant, to establish his or her claim in the superior court in any county or city and county in which the Attorney General has an office. The action shall be brought within 90

days after the decision of the Controller or within 270 days from the filing of the claim if the Controller fails to make a decision. The summons and a copy of the complaint shall be served upon the Controller and the Attorney General and the Controller shall have 60 days within which to respond by answer. The action shall be tried without a jury.

§1542. Claim of Another State to Recover Escheated Property

(a) At any time after property has been paid or delivered to the Controller under this chapter, another state is entitled to recover the property if:

(1) The property escheated to this state under subdivision (b) of Section 1510 because no address of the apparent owner of the property appeared on the records of the holder when the property was escheated under this chapter, the last known address of the apparent owner was in fact in that other state, and, under the laws of that state, the property escheated to that state.

(2) The last known address of the apparent owner of the property appearing on the records of the holder is in that other state and, under the laws of that state, the property has escheated to that state.

(3) The property is the sum payable on a travelers check, money order, or other similar instrument that escheated to this state under Section 1511, the travelers check, money order, or other similar instrument was in fact purchased in that other state, and, under the laws of that state, the property escheated to that state.

(4) The property is funds held or owing by a life insurance corporation that escheated to this state by application of the presumption provided by subdivision (b) of Section 1515, the last known address of the person entitled to the funds was in fact in that other state, and, under the laws of that state, the property escheated to that state.

(b) The claim of another state to recover escheated property under this section shall be presented in writing to the Controller, who shall consider the claim within 180 days after it is presented. The Controller may hold a hearing and receive evidence. The Controller shall allow the claim upon determination that the other state is entitled to the escheated property.

(c) Paragraphs (1) and (2) of subdivision (a) do not apply to property described in paragraph (3) or (4) of that subdivision.

Article 5
Administration of Unclaimed Property

Section

1560. State assumes custody — Former holder relieved of liability — Reimbursement of holder
1561. Escheated property claimed from holder — Property redelivered on mistake of law or fact
1562. Income or increment subsequent to delivery to state
1563. Sale by Controller
1564. Purposes of expenditures from abandoned property account
1565. Disposition of property of no commercial value
1566. Suit by any other claimant following payment or delivery not permitted
1567. Director of Parks and Recreation may examine property delivered to State Controller to determine if useful to Parks Department

§1560. State Assumes Custody — Former Holder Relieved of Liability — Reimbursement of Holder

(a) Upon the payment or delivery of escheated property to the Controller, the state shall assume custody and shall be responsible for the safekeeping of the property. Any person who pays or delivers escheated property to the Controller under this chapter and who, prior to escheat, if the person's records contain an address for the apparent owner, which the holder's records do not disclose to be inaccurate, has made reasonable efforts to notify the owner by mail or, if the owner has consented to electronic notice, electronically, in substantial compliance with Sections 1513.5, 1514, 1516, and 1520, that the owner's property, deposit, account, shares, or other interest will escheat to the state, is relieved of all liability to the extent of the value of the property so paid or delivered for any claim which then exists or which thereafter may arise or be made in respect to the property. Property removed from a safe deposit box or other safekeeping repository shall be received by the Controller subject to any valid lien of the holder for rent and other charges, such rent and other charges to be paid out of the proceeds remaining after the Controller has deducted there from his or her selling cost.

(b) Any holder who has paid moneys to the State Controller pursuant to this chapter may make payment to any person appearing to such holder to be entitled thereto, and upon filing proof of such payment and proof that the payee was entitled thereto, the Controller shall forthwith reimburse the holder for the payment without deduction of any fee or other charges. Where reimbursement is sought for a payment made on a negotiable instrument (including a traveler's check or money order), the holder shall be reimbursed under this subdivision upon filing proof that the instrument was duly presented to him or her and that payment was made thereon to a person who appeared to the holder to be entitled to payment.

(c) The holder shall be reimbursed under this section even if he made the payment to a person whose claim against him was barred because of the expiration of any such period of time as those described in Section 1570.

(d) Any holder who has delivered personal property, including a certificate of any interest in a business association, to the Controller pursuant to this chapter may reclaim such personal property if still in the possession of the Controller without payment of any fee or other charges upon filing proof that the owner thereof has claimed such personal property from such holder. The Controller may, in his or her discretion, accept an affidavit of the holder stating the facts that entitle the holder to reimbursement under this subdivision as sufficient proof for the purposes of this subdivision.

§1561. Escheated Property Claimed From Holder — Property Redelivered on Mistake of Law or Fact

(a) If the holder pays or delivers escheated property to the State Controller in accordance with this chapter and thereafter any person claims the property from the holder or another state claims the property from the holder under that state's laws relating to escheat, the State Controller shall, upon written notice of such claim, defend the holder against the claim and indemnify him against any liability on the claim.

(b) If any holder, because of mistake of law or fact, pays or delivers any property to the State Controller that has not escheated under this chapter and thereafter claims the property from the State Controller, the State Controller shall, if he has not disposed of the property in accordance with this chapter, refund or redeliver the property to the holder without deduction for any fee or other charge.

(c) As used in this section, "escheated property" means property which this chapter provides escheats to this state, whether or not it is determined that another state had a superior right to escheat such property at the time it was paid or delivered to the State Controller or at some time thereafter.

§1562. Income or Increment Subsequent to Delivery to State

When property other than money is delivered to the State Controller under this chapter, any dividends, interest or other increments realized or accruing on such property at or prior to liquidation

or conversion thereof into money, shall upon receipt be credited to the owner's account by the State Controller. Except for amounts so credited the owner is not entitled to receive income or other increments on money or other property paid or delivered to the State Controller under this chapter. All interest received and other income derived from the investment of moneys deposited in the Unclaimed Property Fund under the provisions of this chapter shall, on order of the State Controller, be transferred to the General Fund.

§1563. Sale by Controller

(a) Except as provided in subdivisions (b) and (c), all escheated property delivered to the Controller under this chapter shall be sold by the Controller to the highest bidder at public sale in whatever city in the state affords in his or her judgment the most favorable market for the property involved, or the Controller may conduct the sale by electronic media, including, but not limited to, the Internet, if in his or her judgment it is cost effective to conduct the sale of the property involved in that manner. However, no sale shall be made pursuant to this subdivision until 18 months after the final date for filing the report required by Section 1530. The Controller may decline the highest bid and reoffer the property for sale if he or she considers the price bid insufficient. The Controller need not offer any property for sale if, in his or her opinion, the probable cost of sale exceeds the value of the property. Any sale of escheated property held under this section shall be preceded by a single publication of notice thereof, at least one week in advance of sale, in an English language newspaper of general circulation in the county where the property is to be sold.

(b) Securities listed on an established stock exchange shall be sold at the prevailing prices on that exchange. Other securities may be sold over the counter at prevailing prices or, with prior approval of the California Victim Compensation and Government Claims Board, by any other method that the Controller may determine to be advisable. These securities shall be sold by the Controller no sooner than 18 months, but no later than 20 months, after the final date for filing the report required by Section 1530. If securities delivered to the Controller by a holder of the securities remain in the custody of the Controller, a person making a valid claim for those securities under this chapter shall be entitled to receive the securities from the Controller. If the securities have been sold, the person shall be entitled to receive the net proceeds received by the Controller from the sale of the securities. United States government savings bonds and United States war bonds shall be presented to the United States for payment. Subdivision (a) does not apply to the property described in this subdivision.

(c)(1) All escheated property consisting of military awards, decorations, equipment, artifacts, memorabilia, documents, photographs, films, literature, and any other item relating to the military history of California and Californians that is delivered to the Controller is exempt from subdivision (a) and shall be held in trust for the Controller at the California State Military Museum and Resource Center. All escheated property held in trust pursuant to this subdivision is subject to the applicable regulations of the United States Army governing Army museum activities as described in Section 179 of the Military and Veterans Code. Any person claiming an interest in the escheated property may file a claim to the property pursuant to Article 4 (commencing with Section 1540).

(2) The California State Military Museum and Resource Center shall be responsible for the costs of storage and maintenance of escheated property delivered by the Controller under this subdivision.

(d) The purchaser at any sale conducted by the Controller pursuant to this chapter shall receive title to the property purchased, free from all claims of the owner or prior holder thereof and of all persons claiming through or under them. The Controller shall execute all documents necessary to complete the transfer of title.

§1564. Purposes of Expenditures From Abandoned Property Account

(a) All money received under this chapter, including the proceeds from the sale of property under Section 1563, shall be deposited in the Unclaimed Property Fund in an account titled "Abandoned Property."

(b) Notwithstanding Section 13340 of the Government Code, all money in the Abandoned Property Account in the Unclaimed Property Fund is hereby continuously appropriated to the Controller, without regard to fiscal years, for expenditure in accordance with law in carrying out and enforcing the provisions of this chapter, including, but not limited to, the following purposes:

(1) For payment of claims allowed by the Controller under the provisions of this chapter.

(2) For refund, to the person making such deposit, of amounts, including overpayments, deposited in error in such fund.

(3) For payment of the cost of appraisals incurred by the Controller covering property held in the name of an account in such fund.

(4) For payment of the cost incurred by the Controller for the purchase of lost instrument indemnity bonds, or for payment to the person entitled thereto, for any unpaid lawful charges or costs which arose from holding any specific property or any specific funds which were delivered or paid to the Controller, or which arose from complying with this chapter with respect to such property or funds.

(5) For payment of amounts required to be paid by the state as trustee, bailee, or successor in interest to the preceding owner.

(6) For payment of costs incurred by the Controller for the repair, maintenance, and upkeep of property held in the name of an account in such fund.

(7) For payment of costs of official advertising in connection with the sale of property held in the name of an account in such fund.

(8) For transfer to the General Fund as provided in subdivision (c).

(9) For transfer to the Inheritance Tax Fund of the amount of any inheritance taxes determined to be due and payable to the state by any claimant with respect to any property claimed by him or her under the provisions of this chapter.

(c) At the end of each month, or more often if he or she deems it advisable, the Controller shall transfer all money in the Abandoned Property Account in excess of fifty thousand dollars ($50,000) to the General Fund. Before making this transfer, the Controller shall record the name and last known address of each person appearing from the holders' report to be entitled to the escheated property and the name and last known address of each insured person or annuitant, and with respect to each policy or contract listed in the report of a life insurance corporation, its number, and the name of the corporation. The record shall be available for public inspection at all reasonable business hours.

§1565. Disposition of Property of No Commercial Value

Any property delivered to the State Controller pursuant to this chapter that has no apparent commercial value shall be retained by the Controller for a period of not less than seven years from the date the property is delivered to the Controller. If the Controller determines that any property delivered to him or her pursuant to this chapter has no apparent commercial value, he or she may at any time thereafter destroy or otherwise dispose of the property, and in that event no action or proceeding shall be brought or maintained against the state or any officer thereof, or against the holder for, or on account of any action taken by, the Controller pursuant to this chapter with respect to the property.

§1566. Suit by Any Other Claimant Following Payment or Delivery Not Permitted

(a) When payment or delivery of money or other property has been made to any claimant under the provisions of this chapter, no suit shall thereafter be maintained by any other claimant against the state or any officer or employee thereof for or on account of such property.

(b) Except as provided in Section 1541, no suit shall be maintained by any person against the state or any officer or employee thereof for or on account of any transaction entered into by the State Controller pursuant to this chapter.

§1567. Director of Parks and Recreation May Examine Property Delivered to State Controller to Determine if Useful to Parks Department

The Director of Parks and Recreation may examine any tangible personal property delivered to the Controller under this chapter for purposes of determining whether such property would be useful under the provisions of Section 512 of the Public Resources Code. If the director makes such a determination with respect to the property, the Controller may deliver the property to the director for use in carrying out the purposes of Section 512 of the Public Resources Code. Upon the termination of any such use, the director shall return the property to the Controller.

Article 6
Compliance and Enforcement

Section

1570. Effect of expiration of time to make claim
1571. Examination of records of holders
1572. Authority of State Controller to bring action in court of appropriate jurisdiction
1573. Agreement to provide information to another state concerning escheatable property
1574. Action brought by Attorney General in behalf of another state
1575. Request by Attorney General to bring action in name of this state
1576. Violation of chapter
1577. Interest payable on property not paid or delivered
1577.5 Amnesty program

§1570. Effect of Expiration of Time to Make Claim

The expiration of any period of time specified by statute or court order, during which an action or proceeding may be commenced or enforced to obtain payment of a claim for money or recovery of property from the holder, does not prevent the money or property from being escheated, nor affect any duty to file a report required by this chapter or to pay or deliver escheated property to the State Controller.

§1571. Examination of Records of Holders

(a) The Controller may at reasonable times and upon reasonable notice examine the records of any person if the Controller has reason to believe that the person is a holder who has failed to report property that should have been reported pursuant to this chapter.

(b) When requested by the Controller, the examination shall be conducted by any licensing or regulating agency otherwise empowered by the laws of this state to examine the records of the holder. For the purpose of determining compliance with this chapter, the Commissioner of Financial Institutions is vested with full authority to examine the records of any banking organization and any savings association doing business within this state but not organized under the laws of or created in this state.

(c) Following a public hearing, the Controller shall adopt guidelines as to the policies and procedures governing the activity of third-party auditors who are hired by the Controller.

(d) Following a public hearing, the Controller shall adopt guidelines, on or before July 1, 1999, establishing forms, policies, and procedures to enable a person to dispute or appeal the results of any record examination conducted pursuant to this section.

§1572. Authority of State Controller to Bring Action in Court of Appropriate Jurisdiction

(a) The State Controller may bring an action in a court of appropriate jurisdiction, as specified in this section, for any of the following purposes:

(1) To enforce the duty of any person under this chapter to permit the examination of the records of such person.

(2) For a judicial determination that particular property is subject to escheat by this state pursuant to this chapter.

(3) To enforce the delivery of any property to the State Controller as required under this chapter.

(b) The State Controller may bring an action under this chapter in any court of this state of appropriate jurisdiction in any of the following cases:

(1) Where the holder is any person domiciled in this state, or is a government or governmental subdivision or agency of this state.

(2) Where the holder is any person engaged in or transacting business in this state, although not domiciled in this state.

(3) Where the property is tangible personal property and is held in this state.

(c) In any case where no court of this state can obtain jurisdiction over the holder, the State Controller may bring an action in any federal or state court with jurisdiction over the holder.

§1573. Agreement to Provide Information to Another State Concerning Escheatable Property

The State Controller may enter into an agreement to provide information needed to enable another state to determine unclaimed property it may be entitled to escheat if such other state or an official thereof agrees to provide this state with information needed to enable this state to determine unclaimed property it may be entitled to escheat. The State Controller may, by regulation, require the reporting of information needed to enable him to comply with agreements made pursuant to this section and may, by regulation, prescribe the form, including verification, of the information to be reported and the times for filing the reports.

§1574. Action Brought by Attorney General in Behalf of Another State

At the request of another state, the Attorney General of this state may bring an action in the name of the other state, in any court of appropriate jurisdiction of this state or federal court within this state, to enforce the unclaimed property laws of the other state against a holder in this state of property subject to escheat by the other state, if:

(a) The courts of the other state cannot obtain jurisdiction over the holder;

(b) The other state has agreed to bring actions in the name of this state at the request of the Attorney General of this state to enforce the provisions of this chapter against any person in the other state believed by the State Controller to hold property subject to escheat under this chapter, where the courts of this state cannot obtain jurisdiction over such person; and

(c) The other state has agreed to pay reasonable costs incurred by the Attorney General in bringing the action.

§1575. Request by Attorney General to Bring Action in Name of This State

(a) If the State Controller believes that a person in another state holds property subject to escheat under this chapter and the courts of this state cannot obtain jurisdiction over that person, the Attorney General of this state may request an officer of the other state to bring an action in the name of this state to enforce the provisions of this chapter against such person.

(b) This state shall pay all reasonable costs incurred by the other state in any action brought under the authority of this section. The State Controller may agree to pay to any state bringing such an

action a reward not to exceed fifteen percent of the value, after deducting reasonable costs, of any property recovered for this state as a direct or indirect result of such action. Any costs or rewards paid pursuant to this section shall be paid from the Abandoned Property Account in the Unclaimed Property Fund and shall not be deducted from the amount that is subject to be claimed by the owner in accordance with this chapter.

§1576. Violation of Chapter

(a) Any person who willfully fails to render any report or perform other duties, including use of the report format described in Section 1530, required under this chapter shall be punished by a fine of one hundred dollars ($100) for each day such report is withheld or such duty is not performed, but not more than ten thousand dollars ($10,000).

(b) Any person who willfully refuses to pay or deliver escheated property to the Controller as required under this chapter shall be punished by a fine of not less than five thousand dollars ($5,000) nor more than fifty thousand dollars ($50,000).

(c) No person shall be considered to have willfully failed to report, pay, or deliver escheated property, or perform other duties unless he or she has failed to respond within a reasonable time after notification by certified mail by the Controller's office of his or her failure to act.

§1577. Interest Payable on Property Not Paid or Delivered

In addition to any damages, penalties, or fines for which a person may be liable under other provisions of law, any person who fails to report, pay, or deliver unclaimed property within the time prescribed by this chapter, unless that failure is due to reasonable cause, shall pay to the Controller 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. If a holder pays or delivers unclaimed property in a timely manner, but files a report that is not in substantial compliance with the requirements of Section 1530, the interest payable shall not exceed ten thousand dollars ($10,000). The holder shall not be subject to any interest payment if the holder's failure to report in substantial compliance with the requirements of Section 1530 is due to reasonable cause.

§1577.5. Amnesty Program

(a) Section 1577 does not apply to, and interest may not be imposed upon, any escheated property paid or delivered to the Controller at any time on or before December 31, 2002.

(b) Subdivision (a) shall apply only if the following requirements are met:

(1) On or before January 1, 2003, the holder of the property was not the subject of an investigation by the Attorney General or a party to litigation with the Controller, relating to the property. "Investigation by the Attorney General" means an investigation being conducted under any law authorizing the investigation, including, but not limited to, investigations authorized by or conducted pursuant to Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code by the office of the Attorney General relating to the escheat of property subject to subdivision (a).

(2) On or before January 3, 2000, the holder of the property was not the subject of an audit by the Controller relating to the property. “Audit by the Controller” means a formal field audit of the property holder’s books and records by audit personnel of the Controller’s office for the purpose of determining compliance with this chapter.

(3) The property was required to be reported on or before November 1, 1999.

(4) The property is surrendered directly to the state or its authorized agent.

(5) Reports respecting the property are reported by electronic media satisfactory to the Controller, provided that paper reports shall be permitted with respect to holders reporting fewer than 50 accounts or other items.

(6) All property reported after the effective date of this act shall be reported on a report separate from property currently reportable, and may not be reported with property not eligible for the amnesty program.

(7) The property is paid or delivered to the Controller at the time the report is made.

(8) Securities are remitted in accordance with Section 1532.

(9) Records shall be maintained in a manner satisfactory to the Controller, to permit verification and compliance audits.

(c) Nothing in subdivision (a) shall create an entitlement to a refund of interest paid to the Controller prior to the effective date of this section.

(d) The Controller shall conduct an outreach and publicity program regarding the provisions of this section.

(e) The Controller shall submit a report to the Legislature on the amnesty program. The report shall include a comprehensive accounting of all unclaimed property surrendered under the amnesty program, the date the property was surrendered, and the identities of the holders of surrendered unclaimed property. The report shall be published no later than July 31, 2003.

(f) Nothing in this section shall preclude liability pursuant to Article 9 (commencing with Section 12650) of Chapter 6 of Title 2 of Division 3 of the Government Code regarding false claims. Reporting or filing extensions shall not be granted for property under this section.

Article 7
Miscellaneous

Section

1580. Rules and regulations
1581. Requirements of business association that sells travelers checks, money orders, or similar written instruments
1582. Agreement to locate, deliver, recover, or assist in recovery of property

§1580. Rules and Regulations

The State Controller is hereby authorized to make necessary rules and regulations to carry out the provisions of this chapter.

§1581. Requirements of Business Association That Sells Travelers Checks, Money Orders, or Similar Written Instruments

(a) Any business association that sells in this state its travelers checks, money orders, or other similar written instruments (other than third-party bank checks) on which such business association is directly liable, or that provides such travelers checks, money orders, or similar written instruments to others for sale in this state, shall maintain a record indicating those travelers checks, money orders, or similar written instruments that are purchased from it in this state.

(b) The record required by this section may be destroyed after it has been retained for such reasonable time as the State Controller shall designate by regulation.

(c) Any business association that willfully fails to comply with this section is liable to the state for a civil penalty of five hundred dollars ($500) for each day of such failure to comply, which penalty may be recovered in an action brought by the State Controller.

§1582. Agreement to Locate, Deliver, Recover, or Assist in Recovery of Property

No agreement to locate, deliver, recover, or assist in the recovery of property reported under Section 1530, entered into between the date a report is filed under subdivision (d) of Section 1530 and the date of publication of notice under Section 1531 is valid. Such an agreement made after publication of notice is valid if the fee or compensation agreed upon is not in excess of 10 percent of the recoverable property and the agreement is in writing and signed by the owner after disclosure in the agreement of the nature and value of the property and the name and address of the person or entity in possession of the property. Nothing in this section shall be construed to prevent an owner from asserting, at any time, that any agreement to locate property is based upon an excessive or unjust consideration.

Notwithstanding any other provision of law, records of the Controller's office pertaining to unclaimed property are not available for public inspection or copying until after publication of notice of the property or, if publication of notice of the property is not required, until one year after delivery of the property to the Controller.

California Administrative Code
Title 2 – Subchapter 8
Unclaimed Property Regulations

Article

1. General. §§1150 – 1154
1.5. Electronic Funds Transfer of Cash Unclaimed Property. §§1155.100 – 1155.550
2. Charges Lawfully Withheld. §§1160 – 1162
3. Reasonable Charges. §1165
4. Interest or Dividends. §§1170 – 1171
4.5. Reporting and Delivering Property That Escheats Pursuant to Code of Civil Procedure Section 1516(b). §§1172.20 – 1172.80
4.7. Reasonable Cause. §§1172.90 – 1172.92
5. Miscellaneous. §§1173 – 1180

Article 1
General

Section

1150. Purpose and statutory authority
1151. Charges
1152. Property
1153. Inactivity
1154. Deducted

§1150. Purpose and Statutory Authority

The rules and regulations contained in this Subchapter are for the purpose of implementing provisions of the Unclaimed Property Law and are authorized by Code of Civil Procedure Section 1580.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Sections 1500-1582, Code of Civil Procedure.

History:

1. Change without regulatory effect amending section filed 7-15-2011 pursuant to section 100, title 1, California Code of Regulations (Register 2011, No. 28).

§1151. Charges

The term "charges" means any type of charge deducted by a holder ("holder" as defined in subdivision (e) of Code of Civil Procedure Section 1501) from property subject to the Unclaimed

Property Law, including, but not limited to, service charges, handling charges, and administrative costs.

§1152. Property

The term "property" means any property that is reportable to the State Controller under the Unclaimed Property Law, or would be reportable if charges had not been deducted therefrom.

§1153. Inactivity

The term "inactivity" means non-occurrence of any of the events or acts described in Code of Civil Procedure Section 1513 (a)(1)(A)(i-iii) or (a)(2)(A)(i-iii). A period of inactivity cannot be terminated by the unilateral act of the holder.

History:

1. Amendment filed 6-15-76; effective thirtieth day thereafter (Register 76, No. 25).

2. Change without regulatory effect amending section filed 7-15-2011 pursuant to section 100, title 1, California Code of Regulations (Register 2011, No. 28).

§1154. Deducted

The term "deducted" is synonymous with the terms "excluded" and "withheld."

Article 1.5
Electronic Funds Transfer of Cash Unclaimed Property

Section

1155.100. Definitions
1155.150. Participation in the electronic funds transfer
1155.200. Liability for civil penalty of 2 percent of the amount of the payment
1155.250. Electronic funds transfer procedure
1155.300. Banking costs
1155.350. ACH debit
1155.400. ACH credit
1155.450. Refunds/reimbursements
1155.500. Due date
1155.550. Proof of transfer

§1155.100. Definitions

For purposes of this article, the following definitions apply:

(a) "Pretest" is a test to validate the holder's routing/transit number and bank account prior to the initiation of the first electronic funds transfer transmittal.

(b) "Reference Number" means the number unique to each holder's remittance that assists the State Controller's Office in matching the electronic funds transfer remittance to the holder's unclaimed property report.

(c) "Proof of Transfer" means the documentation unique to each remitter that will prove that an electronic funds transfer was made to the State Controller's Office for payment of unclaimed property.

(d) "ACH" means Automated Clearing House Association.

Note: Authority cited: Section 1532(a), Code of Civil Procedure. Reference: Section 1532, Code of Civil Procedure.

History:

New article 1.5 (sections 1155.100-1155.550) and section filed 3-26-98; operative 4-25-98 (Register 98, No. 13)

§1155.150. Participation in the Electronic Funds Transfer

(a) Mandatory Participation: A holder of cash unclaimed property in an amount of twenty thousand dollars ($20,000.00) or more is required to deliver the cash unclaimed property to the State Controller's Office through the electronic funds transfer program.

(b) Voluntary Participation: A holder of cash unclaimed property in an amount less than twenty thousand dollars ($20,000.00) may voluntarily pay cash unclaimed property to the State Controller's Office through the electronic funds transfer program, however, participation in the electronic funds transfer process is not mandatory.

Note: Authority cited: Section 1532(a), Code of Civil Procedure. Reference: Section 1532(a), Code of Civil Procedure.

History:

1. New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

§1155.200. Liability for Civil Penalty of 2 Percent of the Amount of the Payment

Holders remitting $20,000 or more of unclaimed property in any form other than electronic funds transfer shall be assessed a 2% penalty of the amount of the payment. A holder seeking relief from the penalty must file a written "Declaration Under Penalty of Perjury" statement espousing the conditions for failing to use one of the authorized electronic funds transfer processes available to them. The holder can be relieved of the penalties if the failure to remit via electronic funds transfer is due to reasonable cause and circumstances beyond the holder's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect.

Note: Authority cited: Section 1532(a), Code of Civil Procedure. Reference: Section 1532(g), Code of Civil Procedure.

History:

1. New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

§1155.250. Electronic Funds Transfer Procedures

(a) Before a holder can utilize electronic funds transfer, the holder must register with the State Controller's Office by completing an "Authorization Agreement for Electronic Funds Transfer" (Form SCO EFT-1 (01/11)), and provide the required account information to the State Controller's Office prior to initiating an electronic funds transfer payment.

(b) After a holder completes and returns an "Authorization Agreement For Electronic Funds Transfer," (Form SCO EFT-1 (01/11)), the holder should contact the State's data collector to conduct a pretest on ACH Debit transactions to validate accounting information.

(c) If a holder wishes to remit unclaimed property funds by Fedwire, an "Authorization for Remittance by Fedwire" (SCO EFT-3 (01/11)), must be completed and returned to the State Controller's Office. The holder is responsible for ensuring that remittance by an approved Fedwire is made timely.

(d) ACH DEBIT and ACH CREDIT remitters of unclaimed property must provide the following information when remitting unclaimed property by electronic funds transfer:

FEIN - This is the Federal Employer Identification Number.

BRANCH NUMBER - For financial institutions this may be a branch or a section within a branch. If the remitter does not have a branch number, one will be supplied by the State Controller's Office specifically for the purposes of remitting via electronic funds transfer.

REMITTER NAME

REMITTER ADDRESS

COMPANY NAME IF DIFFERENT THAN REMITTER NAME

UNCLAIMED PROPERTY REMITTER TYPE CODE - This code will identify the type of holder that is remitting unclaimed property.

REMITTANCE TYPE CODE - This identifies the type of unclaimed property.

REMITTANCE AMOUNT - This is the amount of the unclaimed property remittance.

In addition to the information specified in (d) above, the following information must be provided in the registration and unclaimed property reporting process for ACH Debit transactions:

BANK NAME

BANK ACCOUNT NUMBER

TRANSIT and ROUTING NUMBER

TYPE OF ACCOUNT

METHOD OF COMMUNICATING EFT REMITTANCES

(f) In addition to the information in (d) above, the following information must be provided in the unclaimed property reporting process for ACH Credit transactions:

REMITTING instructions to your bank or other evidence of remittance that connects the remittance to the annual unclaimed property report.

Note: Authority cited: Sections 1532(a) and 1580, Code of Civil Procedure. Reference: Section 1532, Code of Civil Procedure.

History:

1. New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

§1155.300. Banking Costs

(a) Banking costs incurred for an ACH credit shall be paid by the holder originating the credit.

(b) Banking costs incurred for remitting by Fedwire or International Funds Transfer are the responsibility of the holder.

Note: Authority cited: Sections 1532(a) and 1580, Code of Civil Procedure. Reference: Section 1532(f), Code of Civil Procedure.

History:

1. New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

§1155.350. ACH Debit

(a) Payment Contact: The remitter must contact the State's data collector to remit funds by ACH debit. For information on the State's data collector contact the State Controller's Office, Electronic Funds Transfer Unit.

(b) Reference Number: "Reference number" is the number that will assist the holder in verifying that an ACH Debit remittance has been made. The State's data collection service provides the reference number at the end of each completed ACH debit transaction. This reference number must be included in your annual unclaimed property report by entering it on the holder face sheet (UFS-1 (05/12)) that accompanies your annual report.

Note: Authority cited: Sections 1532(a) and 1580, Code of Civil Procedure. Reference: Section 1530 and 1532, Code of Civil Procedure.

History:

1. New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

§1155.400. ACH Credit

(a) Payment Contact: To remit unclaimed property by ACH Credit, your financial institution must originate your payment by using the Cash Concentration or Disbursement plus Tax Payment Addendum (CCD+TXP) format adopted by the National Automated Clearing House Association and endorsed by the Federation of Tax Administrators.

(b) Account Number: Use the State Controller's bank account number when remitting unclaimed property by ACH credit.

(c) Reference Number: A copy of your proof of transfer must be attached to your annual unclaimed property report.

Note: Authority cited: Sections 1532(a) and 1580, Code of Civil Procedure. Reference: Section 1532, Code of Civil Procedure.

History:

New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

§1155.450. Refunds/Reimbursements

Refunds or reimbursements to the holder will not be issued by electronic funds transfer.

Note: Authority cited: Sections 1532(a) and 1580, Code of Civil Procedure. Reference: Section 1532, Code of Civil Procedure.

History:

1. New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

§1155.500. Due Date

When the last day for report, payment, or delivery of escheated property pursuant to Code of Civil Procedure section 1530 or section 1532 falls on a Saturday, Sunday, or state recognized holiday, the last day for report, payment, or delivery will move to the next business day.

Note: Authority cited: Sections 1530(d), 1532(a), and 1580, Code of Civil Procedure. Reference: Sections 1530 and 1532, Code of Civil Procedure.

History:
1. New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

2. Change without regulatory effect amending section and Note filed 7-15-2011 pursuant to section 100, title 1, California Code of Regulations (Register 2011, No. 28).

§1155.550. Proof of Transfer

The holder has the responsibility of proving that an electronic funds transfer has taken place. Acceptable proof is the reference number for ACH Debit remitters or a copy of the transfer documentation for ACH Credit remitters.

Note: Authority cited: Sections 1532(a) and 1580, Code of Civil Procedure. Reference: Section 1532, Code of Civil Procedure.

History:
New section filed 3-26-98; operative 4-25-98 (Register 98, No. 13).

Article 2
Charges Lawfully Withheld

Section

1160. Authority for charges
1161. Substantiation of deductions
1162. Non-enforcement of right

§1160. Authority for Charges

Charges shall not be deducted from property unless:
(a) Expressly permitted by provisions of the Unclaimed Property Law; and
(b) Authorized by a statute other than the Unclaimed Property Law or by a valid, enforceable contract.

§1161. Substantiation of Deductions

If charges are deducted from property, a holder shall include or attach as part of the report filed pursuant to Code of Civil Procedure Section 1530:
(a) The citation of the statute or a copy of the form of contract authorizing such charges.
(b) The value or amount of each item of property, before any charges are deducted therefrom.
(c) The amount of charges deducted from each item and the date or dates on which such charges were deducted.
(d) Such other information or documentation as the State Controller may require after review of the report to substantiate the deduction of charges.

§1162. Non-Enforcement of Right

Charges may not be deducted from property pursuant to a contract or statute if the holder would not have deducted such charges in the event the property had been claimed by the owner prior to being reported or remitted to the State Controller.

Article 3
Reasonable Charges

Section

1165. Substantiation of reasonableness

§1165. Substantiation of Reasonableness

As to any item of property subject to Code of Civil Procedure Section 1513(a)(1)(A) or (a)(2)(A) on which charges have been deducted, other than demand deposits, a bank or financial organization shall include the following information as part of the report filed pursuant to Code of Civil Procedure Section 1530:

(a) An estimate of the gross amount of income earned from use or investment of the property during the period of inactivity;

(b) A description and itemization of all costs directly incurred for purposes of maintaining and safeguarding the property during the period of inactivity and which would not have been incurred except for such inactivity; and

(c) Such other information or documentation pertaining to the reasonableness of the charges as the Controller may require after review of the report.

History:

1. Change without regulatory effect amending first paragraph filed 7-15-2011 pursuant to section 100, title 1, California Code of Regulations (Register 2011, No. 28).

Article 4
Interest or Dividends

Section

1170. Authority for discontinuance
1171. Non-enforcement of right

§1170. Authority for Discontinuance

If payment of interest or dividends on property subject to Code of Civil Procedure Section 1513(a)(1)(A) or (a)(2)(A) is discontinued at any time during the period of inactivity, the holder shall include or attach as part of the report filed pursuant to Code of Civil Procedure Section 1530:

(a) A copy of the form of a valid, enforceable contract which authorized such discontinuance of payment of interest or dividends; or

(b) The citation of the statute which authorized such discontinuance of payment of interest or dividends.

History:

1. Change without regulatory effect amending first paragraph filed 7-15-2011 pursuant to section 100, title 1, California Code of Regulations (Register 2011, No. 28).

§1171. Non-Enforcement of Right

A contract or statute shall not be considered as authorizing discontinuance of payment of interest or dividends if such payment would not have been discontinued, or would otherwise have accrued to the benefit of the owner, in the event the property had been claimed by the owner prior to being reported or remitted to the State Controller.

Article 4.5
Reporting and Delivering Property That Escheats Pursuant to Code of Civil Procedure Section 1516(b)

Section

1172.20. Delivery dates
1172.40. Interest assessment
1172.60. Interest assessment date
1172.80 Security valuation

§1172.20. Delivery Dates

(a) Securities Remitted in Certificate Form

(1) The holder of any intangible interest as evidenced by the stock records or membership records of the business association shall deliver a duplicate certificate to the State Controller's Office, Unclaimed Property Division. The duplicate certificate shall be registered in the name of the: State Controller, State of California. The duplicate certificate replaces the original certificate issued to the original shareholder or member.

(2) For those certificates that can be transferred into the name of the State Controller, State of California, the delivery date is the date the certificate is registered in the name of the State Controller, State of California.

(3) Unless as defined in (b) below, certificates are not delivered unless registered in the name of the State Controller. The delivery date is the date the certificate is registered in the name of the State Controller, State of California.

(b) Securities Not Remitted in Certificate Form and Foreign Securities

(1) Where the holder remits securities in uncertificated form, the delivery date is the date the asset is credited to the account number of the State Controller, State of California maintained by a broker contracting with the State Controller's Office.

(2) The holder must obtain written permission from the State Controller's Office, Unclaimed Property Division, prior to remitting with the method in §1172.20(b)(1), above.

(c) Open-end Mutual Funds: For open-end mutual fund securities, the delivery date is the date the asset is credited to the account number of the State Controller, State of California maintained by a broker contracting with the State Controller's Office.

(d) Certificates That Cannot be Remitted in the Name of the State Controller, State of California For those securities where title cannot be transferred into the name of the State Controller, State of California, but a duplicate certificate is obtained, the delivery date is the postmark date the securities were mailed to the State Controller's Office.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Sections 1516 and 1530, Code of Civil Procedure.

History:

1. New article 4.5 (sections 1172.20-1172.80) and section filed 12-31-97; operative 1-30-98 (Register 98, No. 1).

2. Change without regulatory effect amending subsections (a)-(a)(1), (b)-(b)(2) and (c) filed 7-15-2011 pursuant to section 100, title 1, California Code of Regulations (Register 2011, No. 28).

§1172.40. Interest Assessment

Pursuant to Code of Civil Procedure Section 1577, the State Controller's Office will assess interest against a person who fails to report or pay or deliver, within the time prescribed by the Unclaimed Property Laws, Code of Civil Procedure, Section 1500 et. seq., property that escheats to the state pursuant to Code of Civil Procedure Section 1516(b).

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Sections 1516 and 1577, Code of Civil Procedure.

History:

1. New section filed 12-31-97; operative 1-30-98 (Register 98, No. 1).

§1172.60. Interest Assessment Date

Except for life insurance companies, interest will be assessed from November 1 of the reporting year in which the property was due to the date of delivery of the property. For life insurance companies, interest will be assessed from May 1 of the reporting year in which the property was due to the date of delivery of the property.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Sections 1532 and 1577, Code of Civil Procedure.

History:

1. New section filed 12-31-97; operative 1-30-98 (Register 98, No. 1).

§1172.80. Security Valuation

(a) Securities listed on an established stock exchange will be valued, for the purpose of calculating interest, at the opening bid quote on the interest assessment date of the reporting year the property was due.

(b) Over-the-counter securities will be valued by the latest published quotation within two weeks preceding interest assessment date. If no quotation precedes the interest assessment date, the closest quotation subsequent to that date, but again within two weeks of that date, will be used. If there is no published quotation within that time frame, the stock will be valued as a privately held stock.

(c) Privately-held securities will be valued using the Internal Revenue Service Revenue Ruling 59-60 (1959), hereby incorporated by reference.

(d) There will be no assessment for securities for which the State Controller's Office is unable to obtain a value or estimated value.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Section 1577, Code of Civil Procedure.

History:

New section filed 12-31-97; operative 1-30-98 (Register 98, No. 1).

Article 4.7
Reasonable Cause

Section

1172.90 Reasonable cause – Defined
1172.92. Burden of proof

§1172.90. Reasonable Cause – Defined

(a) If any person fails to report or pay or deliver unclaimed property within the time prescribed by the Unclaimed Property Law (Code of Civil Procedure Section 1500 et seq.), the assessment of interest is mandatory unless there is a showing of "reasonable cause" for the delay.

(b) "Reasonable cause" means the exercise of ordinary business care and prudence. The following specific causes for failure to report or pay or deliver unclaimed property within the time prescribed by law will be accepted as reasonable

(1) Where in the absence of willful neglect, the failure was due to circumstances beyond the holder's control.

(2) Where the delay or failure to file was due to erroneous information given to the holder of unclaimed property by an employee of the Controller's Office.

(c) Generally, the failure to timely report or pay or deliver unclaimed property is not excused by reliance on an agent and such reliance is not reasonable cause for late reporting, payment or delivery.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Section 1577, Code of Civil Procedure.

History:

1. New Article 4.7 (sections 1172.90 – 1172.92) and section filed 7-28-2004; operative 8-27-2004 (Register 2004, No. 31).

§1172.92. Burden of Proof

(a) The holder of unclaimed property has the burden of proving reasonable cause.

(b) The holder of unclaimed property shall set forth any claim of reasonable cause for a delinquent reporting, payment or delivery in an affidavit or declaration under penalty of perjury.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Section 1577, Code of Civil Procedure.

History:

1. New section filed 7-28-2004; operative 8-27-2004 (Register 2004, No. 31).

Article 5
Miscellaneous

Section

1173. Report of no reportable property
1174. Information contained in report
1176. States without unclaimed property laws
1180. Inapplicability of articles

§1173. Report of No Reportable Property

On written request, a holder who does not have property which is reportable under the law shall report that fact.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Sections 1500-1582, Code of Civil Procedure.

History:

1. New section filed 6-15-76; effective thirtieth day thereafter (Register 76, No. 25).

§1174. Information Contained in Report

In addition to the information required by Section 1530 of the Code of Civil Procedure and by other rules of this Subchapter, the report filed pursuant to Section 1530 shall contain the following information on a form prescribed by the State Controller:

(a) The type of organization filing the report (corporation, partnership, etc.).

(b) If the report is filed by a corporation:

(1) The date of incorporation;

(2) The state of incorporation; and

(3) The state in which the corporation has its principal place of business.

(c) The date that the organization filing the report commenced operations.

(d) If the report is prepared by an agent of the holder (for example, a transfer agent), the name and address of the agent.

(e) The name and title of the person who actually prepared, or was directly responsible for preparing, the report.

(f) If the social security number or taxpayer identification number of the owner is contained in the records of the holder, the holder shall list such social security or taxpayer identification number along with the items of property reported. Upon written application of a holder to the State Controller, and for good cause shown, the State Controller, in writing, may relieve the holder of the obligation to report such social security or taxpayer identification numbers.

Note: Authority cited: Sections 1530(b)(6) and 1580, Code of Civil Procedure. Reference: Section 1500, Code of Civil Procedure.

History:

1. New subsection (f) filed 12-22-87; operative 1-21-88 (Register 88, No. 2).

§1176. States Without Unclaimed Property Laws

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Section 1500, Code of Civil Procedure.

History:
1. Repealer filed 12-22-87; operative 1-21-88 (Register 88, No. 2).

§1180. Inapplicability of Articles

Articles 2, 3 and 4 of Subchapter 8, do not apply to property which is first required to be reported after January 1, 1976.

Note: Authority cited: Section 1580, Code of Civil Procedure. Reference: Sections 1500-1582, Code of Civil Procedure.

History:
1. New section filed 6-15-76; effective thirtieth day thereafter (Register 76, No.