



JOHN CHIANG
California State Controller
Notice to Holders – December 1, 2009
New Law Changes –Effective January 1, 2010

This notice is to assist holders in complying with new provisions of the Unclaimed Property Law that take effect on January 1, 2010, unless stated otherwise. The changes from Assembly Bill 1291 are summarized below and links to the actual provisions of the law are included for your convenience.

Revised Notification Requirement

Holders are required to send due diligence notices to owners with property value of fifty dollars (\$50) or more prior to reporting the accounts to the SCO.

To provide clearer notification to owners that their property is in danger of escheatment and to reunite more owners with their property prior to reporting to the SCO, the face of the notice must now contain a heading centered 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.

This amendment also provides that due diligence letters can now be sent electronically with the owner's consent, and owners can respond to due diligence letters by a phone call or electronic communication to stop the property from escheating, and holders can impose up to a \$2.00 service charge for administrative costs of the due diligence letter. Code of Civil Procedure, (CCP) sections [1513.5](#), [1514](#), [1516](#), & [1520](#))

Safe Deposit Box Properties

Safe Deposit Box provisions are amended to provide that safe deposit contents shall not escheat if the owner has a savings or checking account with the holder which is active and not subject to escheat. Holders are required to send a notice to owners of Safe Deposit Boxes prior to reporting the property to the SCO. ([CCP section 1514](#))

Property Held or Owed by Business Associations

This amendment provides that various deposits and accounts held with business associations shall not escheat if the owner has an active Individual Retirement Account (IRA) or similar account established by Internal Revenue laws. ([CCP section 1513](#))

Owner Awareness of Escheat Laws

Effective January 1, 2011, at the time a new account or safe deposit box is opened with a banking or financial organization, the organization shall provide a notice to the person opening the account informing them that their property may be transferred to the appropriate state if no activity occurs in the account within the time period specified by state law. ([CCP sections 1513.5 & 1514](#))

Holder Liability for Property Escheated

This amendment requires that in order for a holder to be relieved of liability for the property escheated to the SCO, the holder must have complied with provisions of sending due diligence letters to the owner. Holders shall not be immune from liability if they have not taken minimum steps to comply with the owner notification provisions of the law. ([CCP section 1560](#))

Holder Extensions for Remit Reports

This amendment provides authority for the Controller to postpone the delivery of unclaimed property and the Remit Report. Prior to this legislation, the authority to extend only applied to a Notice Report. If the Notice Report is extended, the Remit Report is correspondingly extended since it is due 7 to 7.5 months after the Notice Report. This amendment now allows the Controller to postpone the due date for the Remit Report and payment or delivery of property independent of the Notice Report. ([CCP section 1532](#))

Application of Interest to Notice Reports

This amendment clarifies that interest applies when a holder fails to file a Notice Report on time or in the manner required by law. If a holder is non-responsive to SCO requests to correct a problem with the report, they are now subject to interest up to a limit of \$10,000. ([CCP section 1577](#))

Holder Due Diligence

This amendment clarifies that due diligence letters should be sent 6 to 12 months before the property is “reportable” instead of transferable to the SCO, ensuring that due diligence letters are sent by the holder before the property is reported to the SCO. This change gives the owners the opportunity to be reunited with their property before the state ever gets involved. ([CCP section 1520](#))

For complete reporting instructions and forms, go to our website at www.sco.ca.gov. To receive automatic updates related to reporting unclaimed property, the website also features an option to subscribe to our e-mail list.

If you have any questions please call the Unclaimed Property Division, Reporting Unit at (916) 464-6284 or email ucpreporting@sco.ca.gov. You may also email the Holder Outreach Unit at updholderoutreach@sco.ca.gov.