



Controller Betty T. Yee

California State Controller's Office

Unclaimed Property Division

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Holder Newsletter

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Holder Notice Report Tips

The first report in California's two-step reporting process is the Holder Notice Report, due annually before November 1 (before May 1 for life insurance companies). This report includes a complete list of unclaimed properties currently reportable, but does not include actual remittance of the properties. To ensure your report is approved and to avoid potential interest assessments, keep the following tips in mind.

Properties

Holders may only remit properties that have remained unclaimed for the required dormancy period (a specified period of time in which the property owner does not take action). The dormancy period, also known as the escheat period, starts on the date of last transaction. View the State Controller's [Dormancy Periods Table](#) for the most common property types. Depending on the property, the date of last transaction can be the:

- Date of the last owner-initiated transaction or contact;
- Date the mail was returned (e.g., shares of stock); or
- Date on which the property became payable, redeemable, dormant, or returnable (e.g., issue date of check), whichever came first.

"As of" Date

The "As of" date is used to determine when property becomes reportable and it is required in Section A of the Universal Holder Face Sheet ([UFS-1](#)). If printing the UFS-1 from reporting software, note that the software does not always complete mandatory fields such as the report "As of" date.

- The "As of" date can either be June 30 or the company's fiscal year-end date. It is not the date the Holder Notice Report was due, created, or submitted.
- To determine if a property is due to be reported to California, add the number of dormancy years required to the property's last transaction date. If the date falls before your "As of" date, it is reportable. For assistance, refer to the "2016 Property Report Cycle" documents on the Controller's [website](#).
- Do not complete a Holder Notice Report until the "As of" date is determined.

Contact Information

Note the difference between the contact information requested in Section B and Section C of the UFS-1.

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Holder Notice Report Tips *(continued from page 1)*

In Section B, provide complete contact information for the person in the company responsible for completing the Holder Notice Report. This is who the State Controller's staff will contact with questions about the report. If the holder contact information in Section B of the UFS-1 does not match the holder contact information on the electronic file, the Controller will use the information on the electronic file.

In Section C, provide complete contact information for the person in the company responsible for handling inquiries from property owners. The Controller will print this contact information on due diligence notices for property owners. If this section is left blank, the contact information provided in Section B will be printed on notices. If the owner contact information in Section B of the UFS-1 does not match the owner contact information on the electronic file, the Controller will use the latter for both the due diligence letters and the public website listing.

Committee on Uniform Securities Identification Procedures (CUSIP) Number

A CUSIP number is required for each security reported. If there is no CUSIP number, include a letter with the report explaining why the number cannot be provided. The report could be rejected if a CUSIP number is missing or invalid.

Reporting Less Than 10 Properties

Though all holders are encouraged to submit a report in electronic format, paper reports may be submitted by holders reporting less than 10 properties. To do so, use free software on the National Association of Unclaimed Property Administrators [website](#) then copy the data to a disk and submit with your UFS-1 to the State Controller. A paper report must be submitted on the Annual Report of Unclaimed Personal Property Owner Detail Sheet ([UDS-1](#)).

Original Signature

An original signature is required on the UFS-1. The Controller does not accept photocopies or signature stamps.

If you have additional questions, contact the Reporting Unit at (916) 464-6284 or UCPReporting@sco.ca.gov.



Interest on Lawyers' Trust Accounts

Attorneys and law firms must report funds held in an Interest on Lawyers' Trust Account (IOLTA) using a three-year dormancy period and property type code TR89 ([CCP section 1564.5](#)). Holders must send due diligence notices to owners with a property value of \$50 or more prior to reporting these accounts to the State Controller's Office ([CCP section 1520](#)). Properties held in an IOLTA should contain all identifying owner information as it appears in the holder's records and follow California's regular two-report process.

For assistance, contact the Outreach and Compliance Unit at (916) 464-6088 or UPDHolderOutreach@sco.ca.gov.

Interest Assessments

California law requires the assessment of interest for failure to report, pay, or deliver unclaimed property on time, unless there is a showing of reasonable cause for the delay ([CCP section 1577](#)). The State Controller cannot waive any interest for voluntary disclosure unless there is reasonable cause for the failure to report, pay, or deliver unclaimed property on time. For more about reasonable cause, refer to [California Administrative Code section 1172.90](#).

Timely reporting is determined by property type, dormancy period, and reporting year elected by the holder. Find the Dormancy Periods Table and Property Reporting Cycle Tables on the Controller's website [here](#). Interest calculations for each property are automated based on information in reports; details are sent with the interest billings. Failure to timely submit the reports and property may result in one or more of four types of interest assessment.

1. Holder Notice Report Interest Assessment

Holders must identify unclaimed properties and submit the Holder Notice Report before November 1 (before May 1 for life insurance companies) of each year. [Section 1577](#) interest billings are assessed at 12 percent per year when the Holder Notice Report is submitted late and/or properties on the Holder Notice Report should have been reported in an earlier year. Delinquent properties are determined by the:

- Property dormancy period, which is determined by the property type;
- Property last transaction date (also known as date of last contact); and
- Report "As of" date, or holder's fiscal year-end.

See the prior *Holder Notice Report Interest Assessment* [article](#) for Notice Report Billing calculation details. The [Controller's website](#) offers much more information about reporting cycles and requirements.

2. Holder Remit Report and Remittance Interest Assessments

Holders must submit the Holder Remit Report and remittance to the State Controller's Office on time. The Holder Remit Report and remittance is normally due seven to seven-and-a-half months from the Holder Notice Report, typically June 1 to 15 (December 1 to 15 for life insurance companies). The Holder Remit Report and remittance due date is subject to change if the Holder Notice Report is filed late or "off-cycle." The Holder Remit Report must include the remittance of funds and delivery of all cash and securities that remain unclaimed at the time the Holder Remit Report is due.

If the entire Holder Remit Report and/or remittance is not filed or paid within the time prescribed by law, interest will be assessed. A Remit Report Billing is automatically generated at an interest rate of 12 percent per year multiplied by the property value remitted on the Holder Remit Report for the number of days the report is late. Once the Controller's staff receives a late Holder Remit Report and remittance, a Remit Report Billing may be generated based on the date the report was received and the total value of property escheated. If a holder returned all properties reported on the Holder Notice Report prior to the Holder Remit Report due date, the holder should submit a Negative Remit Report (NIL) to prevent a No Remit Billing.

For example, assume a 2015 Holder Notice Report was due and received on November 1, 2015, with a total value of \$5,000. A related Remit Report is due between June 1 and June 15, 2016, for the same amount (assuming the holder has not returned any property to owners and there were no other changes to the valuation), yet the State Controller does not receive the Remit Report until October 25, 2016. Therefore, the Remit Report is assessed interest from the latest date the Holder Remit Report was due to the date received.

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Interest Assessments *(continued from page 3)*

| Remit Report Due Date | Remit Report Received Date | Days Late | Remitted Property Value | Daily Interest | Remit Report Interest Due |
|-----------------------|----------------------------|-----------|-------------------------|----------------|---------------------------|
| 6/15/2016 | 10/25/2016 | 132 | \$5,000.00 | \$1.64385 | \$216.99 |

- **Daily Interest Rate at 12% per year:** 0.0003287671
- **Number of days late:** 10/25/2016 – 06/15/2016 = 132 days
- **Daily interest:** \$5,000 X 0.0003287671 = \$1.64385
- **Interest due:** \$1.64385 X 132 Days = \$216.99

3. No Remit Report Assessment

A No Remit Report Billing is an estimated assessment informing the holder that the Controller did not receive a Holder Remit Report and remittance. Holders should not rely on this assessment billing to be reminded of a late Holder Remit Report because it means they already are late in filing. If a holder returned all properties reported on the Holder Notice Report by the due date, a NIL should be submitted to prevent a No Remit Billing. The No Remit Report Billing is not a final billing. If applicable, a final billing will be assessed when the Controller receives all late items.

4. Late Property Remittance Interest Assessment

A Remittance Billing may occur when remittance of property reported on the Holder Remit Report happens after the report is received and after the final due date. Additional interest will be assessed from the Holder Remit Report received date (if the Remit Report was also late) to the remittance receipt date. To continue with the example above, assume the property remittance is not received until November 15, 2016:

| Remit Report Due Date | Remit Report Received Date | Remittance Received Date | Days Late | Remitted Property Value | Daily Interest | Remittance Billing Interest Due |
|-----------------------|----------------------------|--------------------------|-----------|-------------------------|----------------|---------------------------------|
| 6/15/2016 | 10/25/2016 | 11/15/2016 | 21 | \$5,000.00 | \$1.64385 | \$34.52 |

For more information, contact the 1577 Interest Assessment team at (916) 464-6092 or UPD1577@sco.ca.gov.

How to Report Late Properties

If a property should have been reported in a previous report cycle, holders may report late properties in addition to timely properties on the current Holder Notice Report. There is no need to separate late properties by report year. Holders must send due diligence notices to owners with a property value of \$50 or more prior to reporting these accounts to the State Controller’s Office. If a property should have already been reported, but it requires holder due diligence, the holder should mail the notice not less than six months before the property is reported ([CCP section 1520](#)).

Contact the Outreach and Compliance Unit at (916) 464-6088 or UPDHolderOutreach@sco.ca.gov for assistance.

Holder Reimbursement Requests

If a holder reimburses an owner or reinstates an owner's account for property in the state's possession, the State Controller will reimburse the holder. A reimbursement can be made only after the Controller loads and reconciles the report to the remittance received. To ensure timely processing, keep the following tips in mind while completing the Holder's Claim for Reimbursement (HCR-1).

The Form

- If the HCR-1 form is not signed by an officer of the company, a letter authorizing another representative to claim on behalf of the company is required. The letter must be from an officer, currently dated on holder letterhead. The letter must include the officer's original signature, title, and contact information, as well as the name of the individual(s) or third party authorized to claim on behalf of the holder.
- An HCR-1 for \$1,000 or greater, or containing security property, must be notarized.
- Claim packages may be submitted with a single authorization letter but a separate HCR-1 for each report year must be included in the package. The entire claim package should not contain more than 100 properties. If an individual claim for a single report year contains more than 100 properties, the claim for that year does not need to be split.
- Multiple properties should be listed on the [Excel spreadsheet template](#) available on the Controller's website. Send the completed spreadsheet to CAHCR@sco.ca.gov when you submit your claim package. The Controller's staff will use the electronic spreadsheet to communicate with you about specific properties on your claim for reimbursement.

The Documentation

- Proof is required that payment was made to the owner or that the owner's account has been reinstated. For negotiable instruments, proof is required that the instrument was presented to the holder and paid to the owner. For reinstated life insurance accounts, include proof that the owner consented to the reinstatement of the account.
- Before a holder reimburses a property owner, the holder should search for the property on the [Controller's website](#) to ensure the Controller has not already returned the property to the owner. If the property appears on the Controller's website, make a note of the property ID number and notify the Controller's Office at CAHCR@sco.ca.gov to avoid a duplicate return.
- A copy of the Universal Holder Face Sheet ([UFS-1](#)) from the original Holder Remit Report is required.
- Unless the property was reported in aggregate, a listing of the owner's name, account number, property description, and the State Controller's property ID number must be provided.

Email all documents and questions regarding the claim process to CAHCR@sco.ca.gov or mail to:

California State Controller's Office
Unclaimed Property Division
Attn: Holder Reimbursements
P.O. Box 942850
Sacramento, CA 94250-5873

For requests for property returns for reasons other than owner reimbursement or reinstated accounts, the HCR-1 may still be used; however, such requests require a full explanation. Contact the Reporting Unit at (916) 464-6284 or UCPReporting@sco.ca.gov.

Safe Deposit Call-In Letter

Holders must maintain reported safe deposit box and safekeeping items until contacted by the State Controller with delivery instructions. If you reported safekeeping properties on the 2015 Holder Remit Report and have not yet received a Safe Deposit Call-In Letter, you can expect to receive one in July or August 2016. The holder has 30 days from receipt of the letter to remit properties to the State Controller.

For more information, contact the Safe Deposit Unit at (916) 464-0951 or UPDSafekeeping@sco.ca.gov.



Important Deadlines

June, July, August

Safekeeping remittance letters issued

By November 1

Annual Holder Notice Reports due



All materials and information contained in this newsletter are for informational purposes only and do not constitute legal advice.

Contact Us

California State Controller's Office
Unclaimed Property Division
10600 White Rock Road, Suite 141
Rancho Cordova, CA 95670
www.sco.ca.gov

Reporting Assistance (916) 464-6284
UCPReporting@sco.ca.gov

Claims Assistance (800) 992-4647
(outside USA) (916) 323-2827
www.claimit.ca.gov

1577 Interest Assessment Unit (916) 464-6092
(for CA CCP §1577 inquiries) UPD1577@sco.ca.gov

Outreach and Compliance Unit (916) 464-6088
UPDHolderOutreach@sco.ca.gov

Questions Regarding Securities (916) 464-7123
UPDSecRecon@sco.ca.gov

Questions Regarding EFT Remittance (916) 464-6220
UPDSCOEFT@sco.ca.gov

Please send your newsletter comments, ideas, or concerns to UPDHolderOutreach@sco.ca.gov