Holder Due Diligence

Due diligence is the process a business with unclaimed property must follow to notify owners with unclaimed property valued at $50 or more (and all securities and safe deposit boxes regardless of value) that their property may be transferred to the State of California.

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<td>Perform due diligence 6-12 months prior to the Notice Report due date. Notice reports are due before Nov. 1 (or May 1 for life insurance) each year.</td>
<td>The purpose of due diligence is to reunite property with owners rather than transferring it to the State.</td>
<td>Send the due diligence letter via mail (or electronically with the owner’s prior consent).</td>
<td>Send the due diligence letter to the owner’s address of record (or electronically with the owner’s prior consent).</td>
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Common Due Diligence Questions and Answers

Does California provide holders with a sample due diligence letter?
A sample due diligence letter is available on the State Controller’s website. See the second and third pages of this quick guide and the California Code of Civil Procedure (CCP) for requirements and information.

Can I email rather than mail a due diligence letter?
Yes, if a customer has agreed to receive electronic correspondence from your company, then you can email a due diligence notice.

Do I have to perform due diligence if the property is valued under $50.00?
Due diligence is not required if the property is under $50.00 in value; however, it is required for all safe deposit boxes and shares regardless of value. There is no minimum value for reporting unclaimed property.

Can I charge administrative costs for mailing a due diligence letter?
Under CCP sections 1516 and 1520, holders may deduct service charges for some property types provided the charge does not exceed the administrative cost of mailing the due diligence letter and does not exceed $2.00. Specific rules for financial institutions apply (see CCP section 1513.5).

What if I miss the due diligence window?
If a holder misses the opportunity to contact the owner 6-12 months prior to the property becoming reportable, the holder is encouraged to send a due diligence letter to the owner as soon as possible, then proceed with the reporting process in accordance with reporting deadlines.

What do I do if the owner responds to the due diligence letter?
If an owner responds to a holder confirming interest in the property, prior to the holder remitting the property to the State, the holder should make every effort to reunite the property to the owner and not remit it. Contact with the holder in response to a due diligence notice is considered owner-initiated activity. Depending on the property type, such owner contact will restart the dormancy period.

What if the due diligence letter is returned?
Under the Unclaimed Property Law (UPL), holders are not required to send due diligence letters to owners if the address of record is a known “bad address” or mail has been returned undeliverable. Further, UPL does not require holders to send additional due diligence letters if the first is returned undeliverable.
Due Diligence Letters

The Unclaimed Property Law mandates requirements that must be included in a due diligence letter; see the CCP sections 1513.5, 1514, 1516, and 1520 for the complete requirements.

Include a property reference number, such as an account number.

Include the escheatment date.

Specify that since the identified date of last activity, there has been no owner activity on the property.

Clearly state that the property may be transferred to the state if the owner does not respond by the escheatment date.

Include a heading “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.

Provide valid contact details for owners to contact with questions or to be reunited with their property.

Include a form for owner to indicate interest.

Download a sample due diligence letter from the State Controller’s public website. For due diligence letter requirements regarding the contents of unclaimed safe deposit boxes or safekeeping repositories, see the next page.

We’re Here to Help!

The Outreach and Compliance Unit (OCU) educates holders through webinars, speaking engagements, and more. Visit the events page for up-to-date information or contact the OCU to schedule one-on-one assistance.

Outreach and Compliance Unit
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GoReport.sco.ca.gov • www.claimit.ca.gov
Due Diligence Letters for Safe Deposit Box Contents

CCP section 1514 of the Unclaimed Property Law mandates requirements that must be included in a due diligence letter for the contents of any safe deposit box or any other safekeeping repository.

Include a heading “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.

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

Provide accurate contact information.

Include a reference number or identifier number.

Specify that the law requires businesses to transfer safe deposit boxes or other safekeeping repositories to the Controller if they remain unclaimed for more than three years.

Clearly state that the property may be transferred to the state if the owner does not make the appropriate arrangements in a timely manner.

Download a sample safe deposit box contents due diligence letter from the State Controller’s public website.

Attend a Free Webinar

Visit the training and tutorials page to sign up.

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