UNCLAIMED PROPERTY 101
WHAT HOLDERS NEED TO KNOW!

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What is Unclaimed Property?

Any money or other financial asset that has remained unclaimed by the owner for a specified number of years.

Example: A check that was not cashed or an account that has been accessed by the owner.
COMMON TYPES OF UNCLAIMED PROPERTY

• Payroll checks
• Accounts payable checks
• Refund checks
• Cashier’s checks
• Insurance proceeds
• Securities
• Oil royalties
• Money orders
• Accounts receivable credit balances
• Utility deposits
• Bank accounts
• Travelers checks
• Safe deposit box contents
Business Requirements

• Why are businesses required to report Unclaimed Property?

• The Louisiana Department of Treasury UCP attorney will explain…
All 50 states plus US territories have UCP laws

Louisiana law – property presumed abandoned per 9:154

L.R.S 9:156 describes the rules for taking custody

L.R.S. 9:159 holder “Shall make a report”

L.R.S 9:160 upon filing the report, the holder “Shall pay”
The Purpose of Unclaimed Property

• Who benefits from Unclaimed Property laws?

• Why do these laws exist in every state?
OWNERS OF UNCLAIMED PROPERTY BENEFITS

- Consumer protection
- State have custody of the property but not ownership
- States provide a central location for owners to search for their lost assets
- States make efforts to locate owners
- States maintain the records indefinitely
- In almost all states, there is no time limit for claims

States maintain the records indefinitely. States make efforts to locate owners. In almost all states, there is no time limit for claims. States provide a central location for owners to search for their lost assets. Consumer protection.

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HOLDERS BENEFITS

The obligation is removed from the company’s books and records forever.

The liability is transferred to the state.

The holder is indemnified.
CITIZENS BENEFITS

The State has the use of the funds for the benefit of all citizens until the owners make a claim.

Historically, money not returned to the owner in the first year was deposited in the State General Fund.

Instead of being spent, the money will be invested for the long-term.

The Unclaimed Property Trust Fund was created on July 1, 2021.
Are there any misconceptions about Unclaimed Property?
1. My organization does not have any unclaimed property…

False: practically ALL companies have unclaimed property liability.
Misconceptions

2. Unclaimed property reporting is voluntary…

Reality: Unclaimed property compliance is required under Louisiana law.
INTEREST AND PENALTIES

A. Interest at the rate provided in L.R.S. 13:4202 (judicial interest rate)
B. Penalty of $200 per day up to a maximum of $5000
C. Penalty of $1000 per day up to a maximum of $25,000 if the holder willfully fails to report, plus 25% of the value of property that was not reported
D. Penalty of $1,000 per day up to a maximum of $25,000, if the holder files a fraudulent report, plus 25% of the value of property that was not reported
E. The administrator may waive interest and penalties
Misconceptions

3. My organization is only required to report to our home state...

Reality: You are required to report and remit to the state of the owner’s last known address.
What are your responsibilities?

1. Identify potential items
2. Determine the appropriate jurisdiction
3. Know the laws of the reporting state
4. Apply the appropriate holding period
5. Perform due diligence
6. Report and remit properly
1. Identify potential Unclaimed Property

- Look for dated/outstanding liability or obligation
- No owner-generated activity
- The owner has not otherwise indicated an interest in the item or account
2. Which state? Unclaimed Property laws vary

- Dormancy periods
- Due diligence requirements
- When to report
- How to report
3. Research the laws of the reporting state

• Visit the National Association of Unclaimed Property Administrators (NAUPA) website for links to all states
• Unclaimed.org
4. Property Dormancy Period

- Determines when property becomes unclaimed
- Refer to L.R.S. 9:154
Dormancy Periods

One Year
• Utility deposits
• Wages, payroll, salary
• Court-ordered refunds
• All property held by a government or governmental subdivision

Two Years
• Royalties
• Mineral proceeds
• Insurance demutualization

Three Years
• Life Insurance proceeds
• Money or credits owed from a retail transaction
• Stock and dividends
• Gift certificates
Dormancy Periods

Five Years

• Demand, savings, or matured time deposits

• Bank money orders

• Cashier’s checks

• Gift certificate

• Checks, drafts or other similar instruments

• All other intangible property
When does the dormancy period begin?

• The date of an outstanding check

• The last owner-generated activity on an account
What constitutes activity?

• A customer-generated deposit or withdrawal

• A one-time or recurring ACH transaction that is authorized by the account owner

• The accessing of a deposit account by the owner through the website or other restricted electronic access point of the financial institution

• A phone call from the customer if the customer has properly identified themselves and the call is documented in the holder’s records
What does not count?

- Automatic crediting of interest or dividends
- Unrelated purchases or charges
- Unrelated payments
- An undocumented phone conversation
- A phone conversation with a third party
For bank accounts—tracking returned mail is critical

• Per L.R.S. 9:154 (A) (4), “no property under this Paragraph shall be presumed abandoned if a banking or financial organization has forwarded a statement or other written communication to the owner within the preceding 90 days with regard to the property at the owner’s last known address and the statement or communication has not been returned to the banking or financial organization as undeliverable...”
Subsequent returned mail – does the dormancy clock start over?

• No – the date of last activity remains the same

• The account is immediately reportable upon statements being returned
5. Perform Due Diligence

- Researching out to apparent owners of dormant properties

  - Why?
    - To keep customers
    - To minimize poor customer service reviews
    - Is it the law
Due Diligence requirement

• L.R.S. 9:159 (E) mandates a written notice not more than 120 days nor less than 60 days

• July 1, 2021 – August 31, 2021

• Items $50.00 and greater

• If the address is not known to be inaccurate – returned mail indicates an inaccurate address
Tips for Effective Due Diligence

- Allow time for a response
- Make it easy to understand and the purpose obvious and clear
- Include a deadline for the response
- Indicate what will happen if response is not received
- Provide contact information for questions
- Use words on the envelope like: “Action Needed,” or “Response Required”
- Provide multiple ways to contact the company
Outreach Letter

John Doe
123 Main Street
Anytown, LA 70000

Re: Account Number xxxxx1234 Balance $1000.00

Our records indicate that there has been no activity in the above-referenced account for more than five (5) years. This account is now considered dormant and will be presumed abandoned. If you are the owner of this account, please contact us immediately for instructions on reactivating the account or receiving the funds.

Bank Name:____________________
Bank Address:__________________
Telephone Number: (888) 123-4567

If we do not hear from the owner before (insert response deadline), these funds will be remitted to the Louisiana Unclaimed Property Division on October 31, in accordance with Louisiana law.

Please take a minute to call us at (888) 123-4567 to claim your property or indicate how you wish to handle the account.

If we do not hear from you and the account is transferred to the State, you may file a claim on the State’s website at www.latreasury.com, or by calling (888) 925-4127. Please allow 3-4 weeks processing time after October 31 before contacting the State.

We hope to hear from soon and we would love to retain you as a bank customer.
6. Prepare and submit your report

- An electronic file is required
- NAUPA standard file format
- Many vendors for Unclaimed Property Reporting Software
- Use your own in-house program
Why do we require electronic reports?

**Security**
- No personal identifying information sent by mail
- Secure upload to Treasury’s online portal
- We don’t touch the data

**Accuracy**
- Manual data entry not required
- No opportunity for human error

**Speed**
- Reports load into our system seamlessly
- Payments applied and reports reconciled automatically
- Items available for owners’ to claim within days
What information to include?

• Account number or check number, if applicable
• Date of last activity or check date
• Type of property (list of codes provided)
• Amount
• Interest bearing Y or N and interest rate
• Owner name(s)
• Last known address
• Social Security number
• Date of birth (if known)
• Owner relationship for multi-owner accounts (list of codes provided)
• Is the owner an individual or a business
Social Security Numbers required per L.R.S. 9:159

A. A holder of property presumed abandoned shall make a report to the administrator concerning the property.

B. The report shall be verified and shall include all of the following:

(1) Except with respect to a traveler's check or money order, the name if known, and last known address, if any, and the social security number or taxpayer identification number, if readily ascertainable, of the apparent owner of property of the value of ten dollars or more.
Interest-Bearing Accounts

Critical information

Yes or No question

Provide the current interest rate

L.R.S. 9:163 – state will pay interest to claimants if an account is flagged for interest
VERIFICATION REPORT

OFFICIAL VERIFICATION OF REPORT

I, __________________________________________, hereby declare, under penalty of perjury, that to the best of my knowledge and belief, the following documentation contain a full, true, and complete report consisting of _____ page(s) totaling $_________ regarding to the property presumed abandoned, remitted with this documentation, under the provisions of La. R.S. 9:151-181 as of _________________, ____.

I further declare that this documentation contains complete and accurate information pertaining to the interest-bearing nature of all properties, remitted with this documentation contained therein. Specifically, I acknowledge and declare that this report accurately reflects whether each unit of remitted property, listed in the attached documentation, bears interest or is not interest bearing. I understand and acknowledge that failure to designate a remitted unit of property as bearing interest is equivalent to an express statement that such property is not interest bearing.

______________________________  _________________________  _______________________
Signature of Official              Title                           Date
WE HAVE RETURNED MORE THAN:

$647,177,327

Click below to see if there is any unclaimed property owed to you

GET STARTED
SUBMIT A HOLDER REPORT:

If you have already created your NAUPA report, you simply need to submit it. Click the button below.

**UPLOAD A REPORT**

If you do not have access to reporting software and wish to create a manual report, click the button below. Once you click the button, you will be redirected to another tab to manually enter each owner and property.

**ENTER A MANUAL REPORT**
PAYMENT METHODS

- Check
- Wire – contact us for wire instructions
- Print the online payment voucher or use paper form to submit with the payment
- Pay via ACH online
SUBMITTING A PAYMENT

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GET STARTED

Submit a Report
Submit a Payment
Outreach Response
Reporting Guidelines
PAYER ONLINE IS EASY!

www.latreasury.com
<table>
<thead>
<tr>
<th>COMMON REPORTING ERRORS—FILE WILL REJECT</th>
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<tbody>
<tr>
<td>Incorrect file format – system will not accept</td>
</tr>
<tr>
<td>Blank owner name</td>
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<tr>
<td>Missing date of last transaction</td>
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<tr>
<td>Invalid owner relationship codes</td>
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<td>Invalid property type codes</td>
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<tr>
<td>COMMON DATA INTEGRITY ISSUES</td>
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<tr>
<td>Missing critical data (SSN, last known address)</td>
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<tr>
<td>Incomplete owner name</td>
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<td>Incorrect designation individual or business</td>
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<tr>
<td>Incorrect owner relationship – who can claim (“and” relationship vs. “or” relationship)</td>
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<tr>
<td>Data in wrong fields</td>
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</tbody>
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BEST PRACTICES 1

• Develop and maintain detailed processes and written procedures for tracking and reporting unclaimed property

• Institute a system with dual controls to prevent internal fraud

• Track accounts that become dated throughout the process, don’t wait until the holding period has run (maintain contact with your customers)

• Monitor changes in unclaimed property laws
BEST PRACTICES 2

• Provide all required information
  • Full name and last known address (if known) for all owners
  • Social security number or Tax ID
  • Date of birth
  • Last transaction date

• Use correct property, owner and relationship codes

• Review reports thoroughly prior to submission for accuracy and completeness
BEST PRACTICES 3

• Check your list for known individuals

• Be sure the amount on the report and the amount of the payment match
  • One report for all of the property being reported
  • One check or electronic payment for all cash property on the report

• Provide contact information for the person who can best answer questions about the report
DUE DATE: OCTOBER 31
NEED AN EXTENSION?

Technology Changes or Updates
Natural Disasters
Change in Personnel
Merger or Acquisition
Transfer Agent Change
Reporting Agent Change
Natural Disasters
What if an item is reported by mistake?

- Treasury will reimburse you for two situations:
  1. Reported in error
  2. Owner has been paid – Holder Reimbursement Claim
Property reported in error

- An error is a property that has been improperly reported to the state
  - Item had been voided and reissued in another check
  - It was determined that the payee was not entitled
  - The dormancy period had not expired
Holder Reimbursement Claims

- Check cleared after report filed
- Owner contacts and holder chooses to pay
- Contact Unclaimed Property to prevent double payment
- Holder Reimbursement Claim Form available on website
YOUR COMPANY AS THE OWNER!

We pay claims to businesses

Search the website www.la.treasury.com for your company name
QUESTIONS?