Essentials of Reporting & Compliance

Presented by Sara Withrow
West Virginia State Treasurer’s Office
Common Types of Unclaimed Property

• Accounts Payable Checks
• Credit Balances
• Expense Checks
• Miscellaneous Outstanding Checks
What is Unclaimed Property?

Common Types of Unclaimed Property

- Payments for Goods or Services
- Payroll/Wages
- Refund Checks
- Vendor Checks
What is Unclaimed Property?

Specialty Types of Unclaimed Property

1. Magistrate Clerks Offices
   - Court Ordered Refunds/Restitution
   - Bonds

2. Nursing Homes
   - Funds Held in Fiduciary Capacity

3. Municipalities, PSD’s & Utility Providers
   - Utility Deposits
   - Utility Refunds
Identifying the Liability

- Chart of Accounts
- Organization Chart
- Departmental Work Documents
- Listing of Disbursement Accounts
- Questionnaire
Stages of the UP Lifecycle

- Data Collection
- Consolidation & Analysis
- Due Diligence
- Reporting
- Reconciliations & Adjustments
Unclaimed Property Lifecycle

- Stale Dated Liabilities
  - Dormant Items
    - Due Diligence
      - Payees
      - File
  - Non-Dormant Items
  - Exemptions
    - Remove from Liability Account

Liability Account
How a Payroll Check Becomes Reportable

**Payroll Check Implemented**
- Debit – Payroll Expense
- Credit – A/P Payroll Liability

**Check Goes Stale**
- Debit – Cash
- Credit – Suspense Liability

**Remitted As UP**
- Debit – Unclaimed Liability Acct.
- Credit – Cash

**Payroll Check Issued**
- Debit – A/P Payroll Liability
- Credit – Cash

**Identified As UP**
- Debit – Suspense Liability
- Credit – Unclaimed Property Liability
Identifying the Basics

• Where to report property
• Reporting Dates
• Due Diligence Requirements
• Property Type
• Dormancy Periods
• Relationship Codes
Where Do I Report?

Rules of Jurisdiction as defined by Texas v. New Jersey

- Property is reportable to state of owner’s last known address
- State is entitled to keep the property if the owner’s last known address is in that state
- If no address of record – to the state of incorporation
Reciprocal Risks

- Not all States participate
- Does not release holder liability
- Exposure to Penalties & Interest
- Prolonged time for claimant to locate property
When Do I Report?

Due Date Nov 1st
Filing Period 7/1 – 6/30
Due Diligence

What is it?
Due Diligence is the process of a holder attempting to contact the true owner of dormant property to give them a last opportunity to claim the property from the holder before it is turned over to a State Unclaimed Property Administration.
Why Perform Due Diligence?

Due Diligence is *mandated* by state law

- W. Va. Code 36-8-7
- W. Va. Legislative Rule 112-5-6

Good customer relations

Smart business practice

Penalties for failing to perform due diligence
Due Diligence Requirements

- Send written notice to apparent owner
- Not less than 60 days or more than 120 days before filing the report
- Value of Property is over $50.00
- Address of owner does not appear to be inaccurate
What Is Considered Contact?

Activities that Prevent Abandonment

• Written Communication
• Phone Contact
• Electronic Contact
What Is NOT Considered Contact?

• Recurring, automatic electronic transactions
• Statements or notices mailed to the customer **not returned** as undeliverable (RPO)
• Service Charges applied to the Account
• Unrelated Payments
Owner and Property Details

Receiving “**Good Data**” in both the “Owner Information” and “Property Description” fields of the record:

- Increases the likelihood of locating claimants property
- Significantly eases and expedites the claims process
Owner and Property Details

Provide all Required Information

• Full name and last known address (if known) for all owners
• Social security number or Tax ID
• Date of birth
• Date of Death
• Last transaction date
• Email (if available)
• Drivers License (if available)
Property Types

• What are the choices?
• Why are they important?
• Where can I find them?
• Which one do I use?

Dormancy Periods

- Determine dormancy periods for relevant property types
- Add dormancy periods to Property Type Matrix
- Change in dormancy and effect on reporting
Dormancy Charges

When can a fee be imposed based on inactivity?

- Valid and enforceable written contract
- Not regularly reversed or cancelled
- Limited to amount that is not unconscionable
Relationship Codes

• What are the choices?
• Why are they important?
• Where can I find them?

Extensions – Why & When?

Why?

- Ensure Compliance
- Establishes “good faith”
- Reduces audit risk

When?

- Within 30 days of reporting deadline
Reasons to Request an Extension

• Technology changes or updates
• Change in Personnel
• Transfer Agent change
• Reporting Agent change
• Merger or Acquisition
Filing the Extension

### West Virginia State Treasurer - Unclaimed Property

#### Holder Reporting Extension Request

<table>
<thead>
<tr>
<th>Section 1: Holder Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Street Address</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>State</td>
</tr>
<tr>
<td>Zip Code</td>
</tr>
<tr>
<td>Number</td>
</tr>
</tbody>
</table>

#### Section 2: Request Information

- [ ] Date
- [ ] Time
- [ ] Extension Reason

We are applying for an extension based on the reason(s) below. Please check all appropriate and provide a brief explanation.

- [ ] Issue with Form
- [ ] Office System
- [ ] Transfer Agent Change
- [ ] Personnel Changes
- [ ] Reorganization/Merger
- [ ] Other

Please explain:

- [ ] Agency
- [ ] Holder Identification

Instructions:

1. Complete Section 1 entirely. Please provide an explanation of why the extension is being requested under Section 2. This extension is automatic for the form checked in Section 2, up to 90 days.
2. Submit the form to the State Treasurer’s Office, Unclaimed Property Division, at least 30 days prior to the original filing due date.

Mail to:

Office of the State Treasurer
Unclaimed Property Division
One Martin Luther King Drive
Charleston, WV 25302

Fax: 304-558-2960
Phone: 304-558-2087

All reports, including registers, are required to be submitted online unless an extension.

https://appwv.treasury.state.wv.us/login

If you have any questions regarding this form, please contact Sara Wiltsee at 304-558-1872 or by e-mail at sarawiltsee@wvtt.com

Received: 4/16/2014
Negative Reports

- Are they required?
- Submission format
What is a Holder Reimbursement?

Return (recovery) of monies to the holder after the annual Unclaimed Property Report has been filed and the money as been received by the state.
When should a Holder Reimbursement Form be Submitted?

- Item previously paid out
- Item reported in error
- Item paid out after report was filed
Filing the Claim
Have Questions or Need Help?

Sara E. Withrow
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