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Unclaimed Property

July 17, 2024

Unclaimed Property

Any financial asset, usually intangible, held for a person or entity that cannot be found.

This occurs if there has been no documented transaction or contact between the owner and holder for a period of time.

The period of time is determined by individual state statutes, also referred to as a dormancy period.



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Common Terms

Holder

Any business in possession of unclaimed property is a potential holder

Owner

Person who has a legal and equitable interest in property or the person's legal representative

Due Diligence

Written notice to the owners at their last known address informing them of property that will be reported unless they respond in a timely manner to reclaim the money

Record

Information inscribed on a tangible medium or stored in an electronic or other medium, retrievable in perceivable form



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Property Categories and Dormancy Periods

1-Year	<ul style="list-style-type: none">○ Wages, Commissions○ Utility Deposit or Refund
3-Year	<ul style="list-style-type: none">○ Cashier's Checks○ Customer Overpayments○ Dividends○ Insurance Claim Checks○ Mineral Proceeds○ Vendor Checks
Other	<ul style="list-style-type: none">○ Safe Deposit Boxes (5)○ Money Orders (7)○ Travelers Checks (15)



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Important Dates

Reports to Arkansas are due prior to November 1st each year.

An example, one-year property:

Issue or Last Activity Date	Report Due Date	Status
7/1/20 – 6/30/21	November 1, 2022	Past Due
7/1/21 – 6/30/22	November 1, 2023	Reportable
7/1/22 – 6/30/23	November 1, 2024	Future Due



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Common Law Rulings / Federal Law

- Texas v. New Jersey (1965)
- Pennsylvania v. New York (1972)
- 12 U.S. Code § 2503 - State entitlement to escheat or custody – Money orders, traveler’s check, and other similar
- Delaware v. New York (1994)



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Priority Rules

- **Primary Rule** – State of the owner’s last known address
- **Secondary Rule** – If no address or owner unknown, the holder’s state of domicile
- **Transaction Rule** – Traveler’s checks, money orders or similar written instruments, the state where the transaction occurred

Arkansas Unclaimed Property Statute: A.C.A. § 18-28-201



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Definitions

A.C.A. § 18-28-201(6) “Holder” means a person obligated to hold for the account of, or deliver or pay to, the owner property that is subject to this subchapter.

A.C.A. § 18-28-201(12) “Person” means an individual, business association, financial organization, estate, trust, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

A.C.A. § 18-28-201(13)(A) “Property” means tangible property described in § 18-28-203 or a fixed and certain interest in intangible property that is held, issued, or owed in the course of a holder's business, or by a government, governmental subdivision, agency, or instrumentality, and all income or increments therefrom.



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Do you have Unclaimed Property to claim?

Check by going to
claimitar.gov

Watch the 3-minute video
for a short tutorial on how
to submit your claim!

Call 1-800-CLAIMIT if you
need assistance in
submitting your claim.



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Steps to Reporting



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Scope and Identify

Identify if your business is holding unclaimed property.

- Review general ledgers to determine relevant property categories.
- Identify the source records available.
- Communicate with colleagues to understand processes and procedures.



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Steps to Reporting



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Collect Records

Collect records and information.

- Electronic records will expedite your review.
- Communicate with third parties if records are not maintained in house.
- Review reports as of the point in time you intend to review (e.g., quarterly bank records, voided check reports, etc.).



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Steps to Reporting



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Analyze Transactions

Determine if the property has been inactive or dormant for the abandonment period.

One year abandonment period	
Items that were issued or had a last activity	Must be included on the report received before:
7/1/2019 through 6/30/2020	Monday, November 1, 2021
7/1/2020 through 6/30/2021	Tuesday, November 1, 2022
7/1/2021 through 6/30/2022	Wednesday, November 1, 2023
7/1/2022 through 6/30/2023	Friday, November 1, 2024

Note: Reissuing a check does not reset the dormancy clock.



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Abandonment

When is property held by government presumed abandoned?

A.C.A. 18-28-202(a)(10) property held by a court, government, governmental subdivision, agency, or instrumentality, one year after the property becomes distributable



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Abandonment

What are some examples of dormancy triggers for property held by government offices?

- Checks – court distribution checks, warrants, drafts, vendor checks, juror checks, inmate refund checks, restitution checks, and all other checks – *initial issue date*
- Class action proceeds – *distribution date pursuant to the judgement*
- Court deposits held in escrow – *the date the distribution became demandable pursuant to order of the Court or dismissal*
- Inmate accounts – *last activity on the inmate's account*
- Deposit or refund owed to a subscriber by a utility – *the date the deposit or refund becomes payable*



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Steps to Reporting



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Perform Research

- Was the vendor check reissued and cashed by the owner?
- Was the voided check issued in error (e.g., duplicate payment)?
- Was the customer overpayment applied to a future invoice?



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Perform Due Diligence

- Owners must be provided at least 90 days to respond to due diligence letters before a report is filed.
- Must be performed if the value is greater than \$50 and the address for the owner appears to be accurate.
- Sample due diligence letters provided through the Arkansas Unclaimed Property Reporting Booklet.



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Steps to Reporting



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Prepare the Report

Compile required information for the report.

- Property Type
- Owner name, last known address, social security number/tax ID number, date of birth
- Name and information of any known beneficiary
- Description of the property, including check or account number
- Start Date. This date should be the date in which a property is presumed abandoned, whether by contact, interest, activity, issuance, or otherwise.



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Steps to Reporting



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Submit the Report

Watch the 3-minute video tutorial at <https://auditor.ar.gov/report-property/> for a brief overview of submitting an online report!

- Register and Log In
- Enter Holder Information
- Enter Property Information in a two-step process:
 - Enter the owner information
 - Enter the property details
- Review and agree with the Report Summary
- Submit the report
- Holder reports submitted online in a NAUPA-formatted file



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Remit the Property

- Submit a single remittance as payment for unclaimed property report.
- Payments should be made online at <https://www.claimitar.gov/app/holder/payment/search>
- Payments submitted prior to submission of a report may be returned.
- Receipt of funds does not relieve holder from the obligation to file.
- W-9 may be requested from State (holders@auditor.ar.gov)



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Steps to Reporting



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Record Retention

Save your records and support.

- A holder required to file a report shall maintain the records containing the information required to be included in the report for ten (10) years after the holder files the report



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Questions

How can we help?

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