

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

UNCLAIMED PROPERTY DIVISION

Compliance with Unclaimed Property Regulations

December 7, 2022



Culture of Compliance

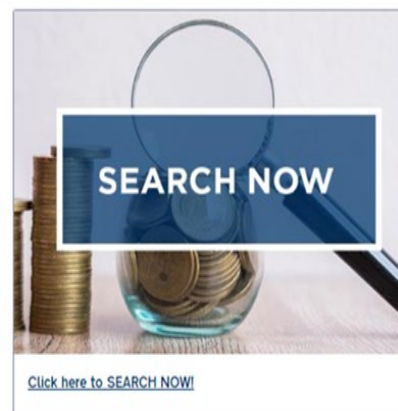
Our vision is to create a “Culture of Compliance”
leading to an increase in holder compliance
in North Carolina.

Purpose of NC's Unclaimed Property Act (Chapter 116B, Article 4)

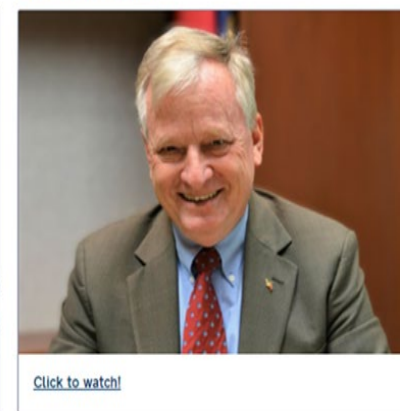
- Recover and take custody of abandoned or unclaimed property.
- Reunite abandoned properties with their rightful owner(s).
- Remit Escheat Fund earnings to the North Carolina State Educational Assistance Authority to provide loans and grants to worthy and needy North Carolina students enrolled in State-supported institutions of higher education.

(North Carolina Constitution, Article IX, Section 10)

Are you owed any of the \$1.02 billion in the unclaimed property fund?



Treasurer Folwell explains the new NCCash Match Program



NCCash Claims

Claims are processed in the order they are received. Normal processing time is approximately 90 days. Once your claim is assigned to a processor, they will contact you if any additional information or documents are needed. You will be notified via email if/when your claim is approved for payment. You may check the progress of your claim by clicking on the "Claim Status" block below.

NCCash Match

NCCash Match is the Department of State Treasurer's new program designed to make it easier for unclaimed property owners to receive their money.

[Click here for details →](#)

\$105,158,116

Money Returned to People
Like You from July 1, 2021
through June 30, 2022



NORTH CAROLINA
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Unclaimed Property Division

STATE TREASURER OF NORTH CAROLINA

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What is Unclaimed Property?

- Unclaimed Property consists of tangible and intangible property that has been abandoned and is not specifically exempt from law.
- According to NCGS §116B-52(11), *“Property means (i) money or tangible personal property held by a holder that is physically located in a safe deposit box or other safekeeping depository held by a financial institution within this State or (ii) a fixed and certain interest in intangible property or money 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.”*





When is a Property Considered Abandoned?

Property is considered abandoned or unclaimed when there has been no documented transaction or contact between the owner and the holder for a period of time known as the “dormancy period”.





Unclaimed Property Terminologies

- **Owner**: A person who has a legal or equitable interest in property including: depositor in case of a deposit, a beneficiary in case of a trust, a creditor, claimant or payee in case of other choices in action, or any person having a legal or equitable interest in property subject to unclaimed property law.
- **Holder**: Any entity in possession of a specific asset/property that is legally owned by and owed to a specific owner.
- **Dormancy period**: The time frame from which property becomes payable or distributable until the time period required to report the property to the state as unclaimed property.



Common Myths

- 1) Our company does not have unclaimed property liability.
 - 2) Unclaimed property compliance is voluntary.
 - 3) We are only required to report to states in which we conduct business.
 - 4) Our business would never be the owner of unclaimed property.
- The truth is: Mostly all businesses will have an unclaimed property liability at some time.



Four Step Reporting Process



IDENTIFYING
UNCLAIMED PROPERTY



ATTEMPTING TO LOCATE
OWNERS



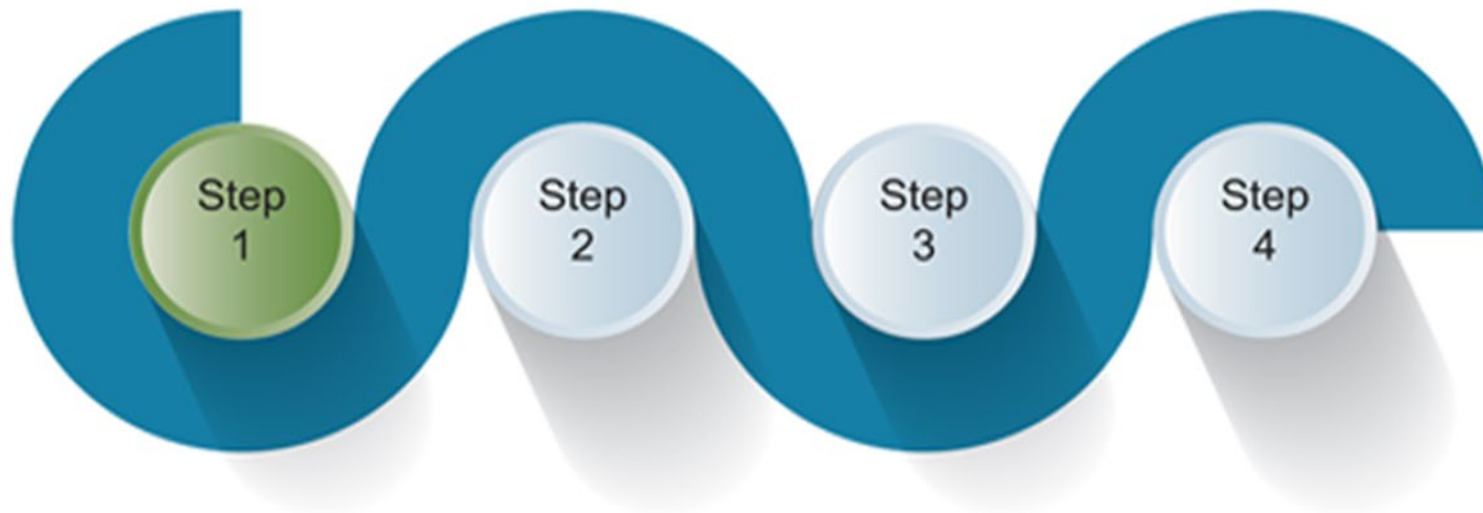
PREPARING THE REPORT



SUBMITTING THE
REPORT AND REMITTING
THE FUNDS



Step 1: Identifying Unclaimed Property





Common Types of Unclaimed Property

- Salary, Wages, and other Compensation for Employment Services
- Overpayments/Refunds Due
- Customer Deposits
- Claim Payments Under an Insurance Policy
- Stocks & Bonds (including Dividend & Interest Payments)
- Bank and other Financial Accounts
- Escrow accounts or Accounts held in fiduciary capacity
- Contents of Safe Deposit Boxes



General Ledger Review

- Accounts Payable
- Accounts Receivable
- Miscellaneous Expense
- Income/Revenues
- Suspense Accounts
- Security Deposits
- Bond Obligations



Journal Entry Reviews

- Entries to the wrong ledger account
- Reversing journal entries
- Year-end adjusting entries
- Ledger account balancing entries



Disbursement Account Review

- Open disbursement accounts
 - Bank account reconciliations
 - Outstanding check listings
- Closed disbursement accounts
 - Disposition of outstanding checks
- Written off or voided checks
- Stale dated checks
- Checks returned by the post office



Exempt Property in North Carolina (NCGS §116B-54)

- Forfeited Reservation Deposit
- Gift Certificate or Electronic Gift Card if it does not bear an expiration date
- Prepaid Calling Card issued by a Public Utility
- Mobile Home Deposits
- Business to Business Credit Balances
- Unclaimed Lottery Prizes
- A Merchandise Credit if it meets all the requirements of an exempted Gift Certificate or Electronic Gift Card



Burden of proof NCGS §116B-58

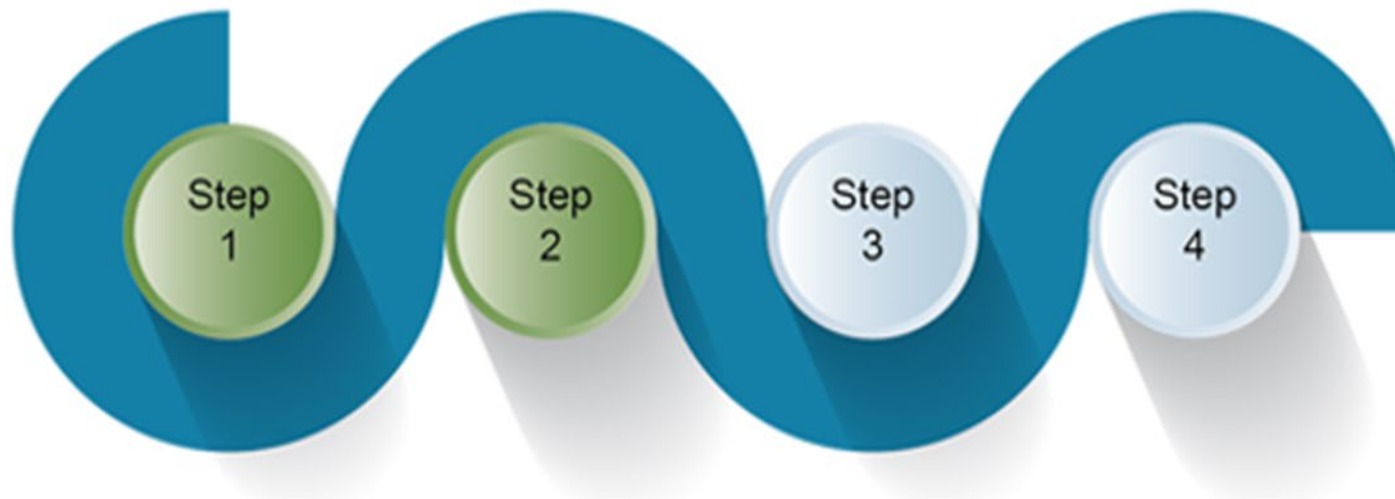
Affirmative defenses established by the holder:

- Payment
- Satisfaction
- Discharge
- Want of consideration

Holder may obtain written acknowledgment from the payee that a particular check is not owed.



Step 2: Attempting to Locate Owners





What is Due Diligence?

Due diligence is the process of attempting to locate apparent owner(s) of unclaimed property on a holder's books and records before remitting the property to the state.



Due Diligence (NCGS §116B-59)

- The owner has not communicated with the holder or indicated interest in the property for a specified period of time.
- The property is a value of \$ 25 or more for security related property and \$50 or greater for all other property.
- Make good faith effort to locate owner.
- Send notice to the owner 60 to 120 days prior to filing.



Due Diligence (NCGS §116B-59)

Make a good faith effort to locate an apparent owner

- Use resources such as LexisNexis (Accurint), Google, etc. to obtain a current address
- Search your own database for current vendors, customers, or employees



When to Perform Due Diligence

❖ Life Insurance Businesses

- Complete due diligence for applicable reportable items which have met their dormancy period as of December 31st
- Mail Due Diligence Letter in February to maintain compliance with NCGS §116B-59(b).

❖ All other Business and Organizations

- Complete due diligence for applicable reportable items which have met their dormancy period as of June 30th
- Mail Due Diligence Letter in August to maintain compliance with NCGS §116B-59(b).



Writing an Effective Letter

- Include a deadline for receipt of response allowing enough time to respond.
- Letter must include an area to indicate interest in the property.
- Provide contact information for customer questions.
- The letter should clearly state that the property will be escheated to the State if a timely response isn't received.



Due Diligence Sample Letter

August 15, 20XX (February 15, 20XX if life insurance company)

Recipient Name
1234 Any Road St. N
Anytown, NC 99999-9999

Our records indicate you appear to be the owner of the funds or property listed below. No transaction or other activity has been noted for a significant period of time.

INSERT: Full description of funds or property type being held, such as check or account number, date of item or last transaction date, dollar amount or estimated value, etc. Please include any additional information which would assist the owner in identifying the property.

If you have an interest in the funds or property, and wish to prevent the funds or property from being reported as unclaimed property to the State of North Carolina, please sign this notice and return it to:

ABC Corporation
1st Avenue S.
Big City, US 99999-9999

If satisfactory proof of claim is not presented by October 1, 20XX (April 1, if holder is a life insurance company), the law requires us to remit these funds or property to the North Carolina Department of State Treasurer –Unclaimed Property Division by November 1st (May 1st for life insurance) to whom all further claims must be directed. If deposited with the State, the funds or property should be available for claim from the North Carolina State Treasurer’s Office –Unclaimed Property Division after January 1st (July 1st for life insurance company).

Once property is placed in the custody of the Treasurer, all interest, dividends, income, and gains earned on the property will remain with the Treasurer, even if the owner subsequently reclaims the property from the Treasurer.

If you have any questions concerning this request, please see the contact information below:

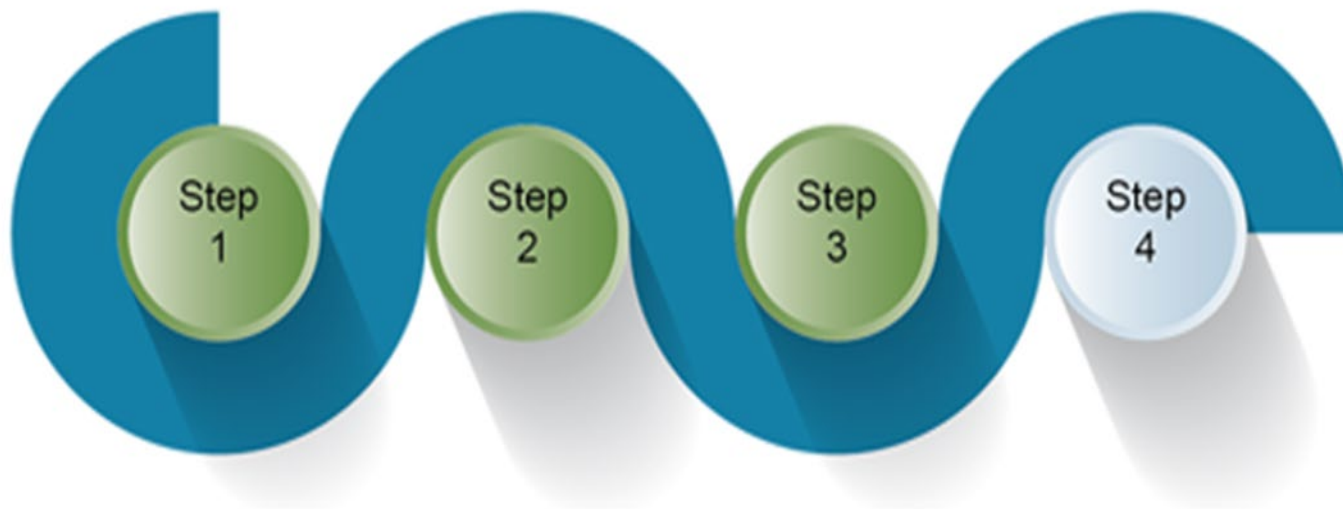
Jane Doe, Controller
(919) 555-1212
Jane.Doe@xxxxx.com

Please sign below to acknowledge ownership of the above listed funds or property.

_____	_____
Signature	Joint Owner Signature
_____	_____
Print Name	Print Joint Owner Name
_____	_____
Print Street Address	Daytime Phone Number
_____	_____
Print City, State, ZIP	Print E-mail Address



Step 3: Preparing the Report





Reporting Unclaimed Property

- Where to Report?



Holder Reporting

Holders submit their National Association of Unclaimed Property Administrators report.



Holder Document Upload

Holders choose upload type (Report, Holder, Audit).



Holder Payment

Holders submit a payment online.



Rules of Custody – NCGS § 116B-56

Unclaimed property is subject to North Carolina laws if:

1. The last known address of the apparent owner is a North Carolina address.
2. The identity and/or last known address of the apparent owner is **unknown**, and the holder is incorporated in North Carolina.
3. The last known address of the apparent owner is in a **foreign country**, and the holder is domiciled in North Carolina.



Rules of Custody - Tangible Property, Traveler's Checks, and Money Orders

- Traveler's checks and money orders are reported to the state in which they were purchased.
- Contents of safe deposit boxes are reported to the state in which the box was drilled.





NAUPA Class Codes and Dormancy Period Charts



UNCLAIMED PROPERTY

NAUPA CLASS CODES AND DORMANCY PERIODS FOR NON-GOVERNMENTAL HOLDERS			
Class Code	Dormant Period	Code	Dormant Period
ACCOUNT BALANCES			
AC01	5	AC01	5
AC02	5	AC02	5
AC03	10	AC03	10
AC04	5	AC04	5
AC05	5	AC05	5
AC06	5	AC06	5
AC07	5	AC07	5
AC08	5	AC08	5
AC99		AC99	
UNCASHED CHECKS			
CK01	7	CK01	7
CK02	7	CK02	7
CK03	7	CK03	7
CK04	5	CK04	5
CK05	5	CK05	5
CK06	5	CK06	5
CK07	7	CK07	7
CK08	15	CK08	15
CK09	5	CK09	5
CK10	5	CK10	5
CK11	3	CK11	3
CK12	5	CK12	5
CK13	5	CK13	5
CK14	5	CK14	5
CK15	5	CK15	5
CK16	5	CK16	5
CK99		CK99	
TRADITIONAL IRA, SEP IRA, SARSEP, and SIMPLE IRA			
IR01	3	IR01	3
IR02	3	IR02	3
IR03	3	IR03	3
ROTH IRA			
IR05	3	IR05	3
IR06	3	IR06	3
IR07	3	IR07	3
SAFE DEPOSIT BOXES & SAFEKEEPING			
SD01	2	SD01	2
SD02	5	SD02	5
SD03	5	SD03	5
DEMUTUALIZATION			
DM01	3	DM01	3
DM02	3	DM02	3
DM99	3	DM99	3
UTILITIES			
UT01	1	UT01	1
UT02	1	UT02	1
UT03	1	UT03	1
UT04	3	UT04	3
UT99		UT99	
INSURANCE			
IN01	5	IN01	5
IN02	5	IN02	5
IN03	3	IN03	3
IN04	3	IN04	3
IN05	5	IN05	5
IN06	5	IN06	5
IN07	5	IN07	5
IN08	5	IN08	5
IN99		IN99	
TRUST, INVESTMENTS, AND ESCROW ACCOUNTS			
TR01	3	TR01	3
TR02	3	TR02	3
TR03	5	TR03	5
TR04	5	TR04	5
TR05	5	TR05	5
TR99		TR99	
MINERAL PROCEEDS & MINERAL INTERESTS			
MI01	5	MI01	5
MI02	5	MI02	5
MI03	5	MI03	5
MI04	5	MI04	5
MI05	5	MI05	5
MI06	5	MI06	5
MI07	5	MI07	5
MI08	5	MI08	5
MI09	5	MI09	5
MI99	5	MI99	5
MISCELLANEOUS CHECKS & INTANGIBLE PERSONAL PROPERTY			
MS01	1	MS01	1
MS02	1	MS02	1
MS03	5	MS03	5
MS04	5	MS04	5
MS05	*3/5	MS05	*3/5
MS06	*3/5	MS06	*3/5
MS07	*3/5	MS07	*3/5
MS08	5	MS08	5
MS09	*3/5	MS09	*3/5
MS10	*3/5	MS10	*3/5
MS11	*3/5	MS11	*3/5
MS12	3	MS12	3
MS13	5	MS13	5
MS14	3	MS14	3
MS15	1	MS15	1
MS16	5	MS16	5
MS17	5	MS17	5
MS18	5	MS18	5
MS19	3	MS19	3
MS20	5	MS20	5
MS99		MS99	
SECURITIES			
SC01	3	SC01	3
SC02	3	SC02	3
SC03	3	SC03	3
SC04	3	SC04	3
SC05	3	SC05	3
SC06	3	SC06	3
SC07	3	SC07	3
SC08	3	SC08	3
SC09	3	SC09	3
SC10	3	SC10	3
SC11	3	SC11	3
SC12	3	SC12	3
SC13	3	SC13	3
SC14	3	SC14	3
SC15	3	SC15	3
SC16	3	SC16	3
SC17	3	SC17	3
SC18	3	SC18	3
SC19	3	SC19	3
SC20	3	SC20	3
SC99	3	SC99	3
MISCELLANEOUS			
ZZZZ	5	ZZZZ	5

* Property should be reported prior to delivery of safe deposit box contents. The UPD will review the report and provide delivery instructions, if applicable.

** 60% of the unredeemed portion of the face value if an expiration period is displayed on the certificate. Gift certificates with no expiration date, or a statement that the expiration date does not apply in North Carolina, do not escheat.

*If as a result of retail business transaction, 3 year dormancy period; otherwise, 5 year dormancy period.



UNCLAIMED PROPERTY

ALLEN MARTIN
DEPUTY TREASURER

Reporting Timetables

North Carolina Unclaimed Property Report Conversion Table Businesses and Organizations Only

Use the tables below to determine specific holding periods, timing of due diligence notices and reporting deadlines for the various unclaimed property types. Refer to the [NAUPA Class Code and Dormancy Period Chart for Non-Governmental Holders](#) to determine the appropriate class code and dormancy period when preparing unclaimed property reports.

Conversion Tables

How to access conversion tables:

Visit <https://www.nccash.com>.

Click on “Holder Information and Reporting” and then click “Reporting Library”.

1 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE
7/1/17 TO 6/30/18	6/30/19	8/15/19	11/1/19
7/1/18 TO 6/30/19	6/30/20	8/15/20	11/1/20
7/1/19 TO 6/30/20	6/30/21	8/15/21	11/1/21
7/1/20 TO 6/30/21	6/30/22	8/15/22	11/1/22
7/1/21 TO 6/30/22	6/30/23	8/15/23	11/1/23
7/1/22 TO 6/30/23	6/30/24	8/15/24	11/1/24

7 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/11 TO 6/30/12	6/30/19	8/15/19	11/1/19
7/1/12 TO 6/30/13	6/30/20	8/15/20	11/1/20
7/1/13 TO 6/30/14	6/30/21	8/15/21	11/1/21
7/1/14 TO 6/30/15	6/30/22	8/15/22	11/1/22
7/1/15 TO 6/30/16	6/30/23	8/15/23	11/1/23
7/1/16 TO 6/30/17	6/30/24	8/15/24	11/1/24

2 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/16 TO 6/30/17	6/30/19	8/15/19	11/1/19
7/1/17 TO 6/30/18	6/30/20	8/15/20	11/1/20
7/1/18 TO 6/30/19	6/30/21	8/15/21	11/1/21
7/1/19 TO 6/30/20	6/30/22	8/15/22	11/1/22
7/1/20 TO 6/30/21	6/30/23	8/15/23	11/1/23
7/1/21 TO 6/30/22	6/30/23	8/15/23	11/1/23

10 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/08 TO 6/30/09	6/30/19	8/15/19	11/1/19
7/1/09 TO 6/30/10	6/30/20	8/15/20	11/1/20
7/1/10 TO 6/30/11	6/30/21	8/15/21	11/1/21
7/1/11 TO 6/30/12	6/30/22	8/15/22	11/1/22
7/1/12 TO 6/30/13	6/30/23	8/15/23	11/1/23
7/1/13 TO 6/30/14	6/30/24	8/15/24	11/1/24

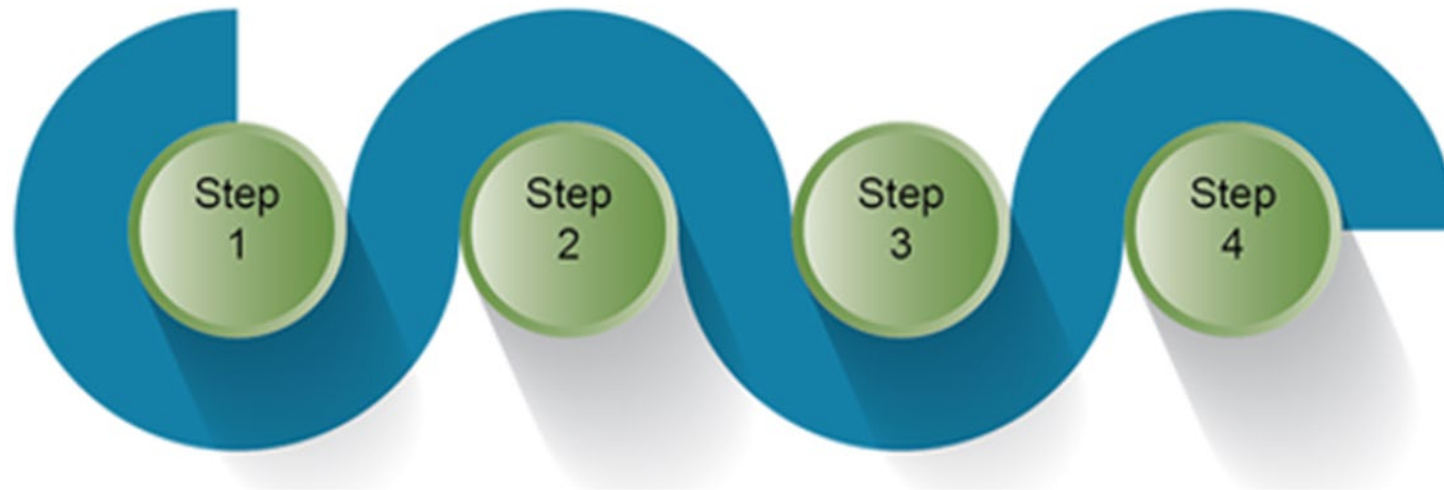
3 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/15 TO 6/30/16	6/30/19	8/15/19	11/1/19
7/1/16 TO 6/30/17	6/30/20	8/15/20	11/1/20
7/1/17 TO 6/30/18	6/30/21	8/15/21	11/1/21
7/1/18 TO 6/30/19	6/30/22	8/15/22	11/1/22
7/1/19 TO 6/30/20	6/30/23	8/15/23	11/1/23
7/1/20 TO 6/30/21	6/30/24	8/15/24	11/1/24

15 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/03 TO 6/30/04	6/30/19	8/15/19	11/1/19
7/1/04 TO 6/30/05	6/30/20	8/15/20	11/1/20
7/1/05 TO 6/30/06	6/30/21	8/15/21	11/1/21
7/1/06 TO 6/30/07	6/30/22	8/15/22	11/1/22
7/1/07 TO 6/30/08	6/30/23	8/15/23	11/1/23
7/1/08 TO 6/30/09	6/30/24	8/15/24	11/1/24

5 YEAR PROPERTY			
ISSUE YEAR	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/13 TO 6/30/14	6/30/19	8/15/19	11/1/19
7/1/14 TO 6/30/15	6/30/20	8/15/20	11/1/20
7/1/15 TO 6/30/16	6/30/21	8/15/21	11/1/21
7/1/16 TO 6/30/17	6/30/22	8/15/22	11/1/22
7/1/17 TO 6/30/18	6/30/23	8/15/23	11/1/23
7/1/18 TO 6/30/19	6/30/24	8/15/24	11/1/24



Step 4: Submitting the Report and Remitting the Funds



Note: ONLY the holder can submit the report and a third party can not do so.
(Please see NCGS §116B-60).



When to Report

❖ Life Insurance Businesses

- Report due by May 1st

❖ All other Business and Organizations

- Report due by November 1st





How to Report Unclaimed Property



I have created my NAUPA report

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

UPLOAD A REPORT

I need to create 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



Electronic Reporting

- Reporting software and services are available to assist holders in reporting via the electronic file format.
- Software created reports must be uploaded via an electronic file format prescribed by the Treasurer (Enhanced NAUPA Format).



Manual Online Reporting

- Holders that do not have access to reporting software should report using North Carolina's Manual Online Reporting Tool.
- This tool allows the holder to create and submit your report directly into our system.
- Register and enter a prescribed secret key to start your manual report.



Information to be included on report

Include for ALL owners of reported unclaimed property, if known:

- First, middle and last name(s), and suffix such as Jr., III
- Last known address(es)
- Date(s) of Birth
- Tax Identification or Social Security Number(s)
- Account Number
- Property type code
- Owner relation code (ex. sole owner, beneficiary, payee)
- Drivers license number(s) and state
- Email address(es)



Extension Request

- Unable to submit report by deadline for “Good Cause”
- Technology Changes or Updates
- Change in Personnel
- Natural Disaster
- Organization Changes
- 30 days before the due date
- Holder Extension Form
- Estimated payment



What if I have past due Unclaimed Property?

Visit our website at WWW.nccash.com and request to participate in NC Voluntary Disclosure Program(VDP).

Complete the VDP form and email it to VoluntaryDisclosureProgram@nctreasurer.com.

Requests are reviewed by a member of the Compliance and Audit Team.

If approved, holder submit report without being assessed interest or penalties.



Questions Holders May Have



If I have no unclaimed property to report, am I required to file a “Negative Report”?

- No, you are not required to file a Negative Report if you have no unclaimed property to report.
- However, holders must be mindful that the absence of a filed report (negative or positive) leaves a “hole” in their filing history.
- If unclaimed property is later found to have been reportable during a period of no report, the five-year statute of limitations provisions per NCGS 116B-71(b) does not apply to that period.



How long must
the supporting
records be
retained after a
report is filed
per NCGS §
116B-73?

- Supporting records must be retained for 5 years from the date the report is filed.



What records should I keep?

- Last known names, social security numbers, addresses, and other owner information
- Proof of due diligence performed
- Notes or Memos related to unclaimed property
- Supporting documentation such as check registers for corresponding checks remitted, receivable records, etc.
- Outstanding checklist and reconciliations
- Information related to void checks or checks issued in error



Do I have to report unclaimed property to other states?

- Yes. Unclaimed Property should be reported based on the Rules of Custody and under the other state's unclaimed property guidelines.
- Contact the compliance staff of the state to which the property is likely reportable.
- NOTE: All property due to California MUST be reported to California.



What are the consequences if I do not file?

- Interest – NCGS §116B-77(a)
 - Statutory Floor = 5% annually;
Statutory Cap = 16% annually
- Civil Penalties – NCGS §116B-77(b) and (c)
 - \$1,000 for each day from the date a report was due, up to a maximum of \$25,000, plus 25% of the value of any property that should have been but was not reported.



What happens if the owner shows up after I have reported the unclaimed property?

- Direct the owner to the state to claim.
or
- Satisfy the owner and request a reimbursement from the state by submitting a Holder Reimbursement form.



What happens if I determine that property was reported in error?

- For property reported in error, Holders may submit a Holder Refund form.
- For incorrect information submitted on a report, Holders should:
 - Submit corrected report by selecting report type “Replacement Report”
 - Send email to upreports@nctreasurer.com with the subject UNCLAIMED PROPERTY REPORTING ERROR





What can I do to prevent unclaimed property?

Reconcile Accounts Timely and Resolve All Exceptions:

- Clear Suspense Accounts
- Avoid Duplicate Payments
- Refund Customer Overpayments
- Research and Resolve Unidentified Payments
- Research Reasons For Stale Dated Checks
- Perform Timely Due Diligence To Find Owners
- Perform customer service efforts to locate owner upon receipt of returned mail



What can I do to prevent unclaimed property?

Stop Payments, Void Checks and Reissue

- Ensure Original Check is not left on outstanding check list, that could become Unclaimed Property.
- Maintain excellent accounting record archives including calendar year end General Ledger Account Reconciliations.
- Keep bank account reconciliations and bank cleared check records.



What can I do to prevent unclaimed property?

- Maintain adequate Internal Controls over unclaimed property
- Create formal written processes for capturing and reporting Unclaimed Property
- Need to get other employees involved
- Train new staff on unclaimed property



How to be prepared for future reporting?

- Consider an Unclaimed Property Liability Account
- Save information in a format that will facilitate reporting

Summary of Holder's Duties

- Identify Potential Unclaimed Property
- Perform Due Diligence
- File Report And Remit
- Keep Adequate Supporting Records





Holder Reporting e-Updates

Sign Up for Holder Reporting e-Updates

If you are an unclaimed property holder in North Carolina, sign up using the form below to stay up-to-date on new laws and legislation, reporting deadlines, upcoming conferences and more!

Email Address*

First Name*

Last Name*

Select your Type of Organization*

- All types of organizations (except life insurance companies)
- Life insurance company

Submit



Contact Us

- Reporting Questions
upreports@nctreasurer.com
- Claims Questions
unclaimed.property@nctreasurer.com





Quick Demo

- www.nccash.com
- Uploading a NAUPA file
- Manual Online reporting



Questions and Answers



WWW.NCCASH.COM/REPORTING

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



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UNCLAIMED PROPERTY DIVISION

Thank you!