



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

UNCLAIMED PROPERTY DIVISION

Compliance with Unclaimed Property Regulations

June 20, 2023

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Culture of Compliance

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

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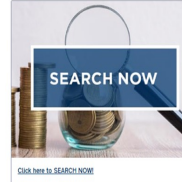
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Purpose of NC's Unclaimed Property Act (Chapter 116B, Article 4)

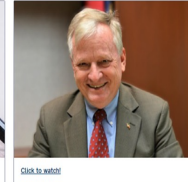
- Recover and take custody of abandoned or unclaimed property.
- Reunite abandoned properties with their rightful owner(s).
- Remit Escheat Fund earnings to the North Carolina State Educational Assistance Authority to provide loans and grants to worthy and needy North Carolina students enrolled in State-supported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

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What is Unclaimed Property?

- According to NCGS §116B-52(11), unclaimed property is property that includes money or tangible personal property or a fixed and certain interest in intangible property that is subject to Chapter 116B.



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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”.



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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.

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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: Most entities will have an unclaimed property liability at some time.

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NCGS 116B – Escheats and Abandoned Property (Unclaimed Property / NCCash Program)

- All business entities, including local units of government, doing business in North Carolina are required to review their financial accounts annually and to determine if they are holding reportable unclaimed property.
- If property is identified, holders are required to submit a Holder Report electronically with the Unclaimed Property Division using NC's Holder Reporting portal found on the [NCCash.com](https://nccash.com) landing page, and to remit or deliver the unclaimed property to the North Carolina Department of State Treasurer.

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Four Step Reporting Process



IDENTIFYING
UNCLAIMED PROPERTY



ATTEMPTING TO LOCATE
OWNERS



PREPARING THE REPORT




SUBMITTING THE
REPORT AND REMITTING
THE FUNDS

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Step 1: Identifying Unclaimed Property



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Common Types of Unclaimed Property

- Accounts Payable
- Salary, Wages, and other Employment Compensations
- Overpayments/Refunds Due
- Customer Deposits

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Reviewing Records for Unclaimed Property

- **Disbursement Accounts – Open and Closed Accounts**
 - Age and Disposition of Outstanding Checks
 - Checks Written Off or Voided
 - Checks Return by the Post Office
- **General Ledger Reviews**
 - Accounts Payable and Accounts Receivable
 - Utility Deposits
 - Miscellaneous Expense or Income Accounts
 - Suspense Accounts
- **Journal Entry Reviews**
 - Year-end Adjusting Entries
 - Reversing Journal Entries

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NCGS 116B – 53(C)12: Property Held by a Governmental Entity - One Year Dormancy Period

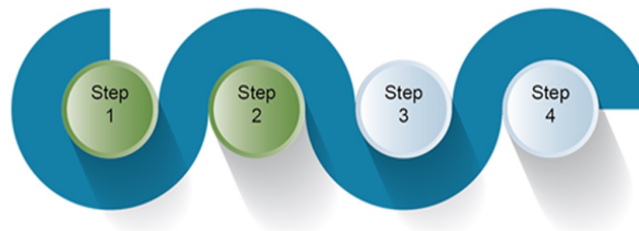
1 YEAR PROPERTY			
PAYABLE OR DISTRIBUTABLE	HOLD PERIOD	NOTICE TO OWNERS	REPORT DUE PRIOR TO
7/1/19 TO 6/30/20	6/30/21	8/15/21	11/1/21
7/1/20 TO 6/30/21	6/30/22	8/15/22	11/1/22
7/1/21 TO 6/30/22	6/30/23	8/15/23	11/1/23

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Step 2: Attempting to Locate Owners



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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.

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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.

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Due Diligence (NCGS §116B-59)

Make a good faith effort to locate an apparent owner

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

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When to Perform Due Diligence

- 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).

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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.

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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 _____

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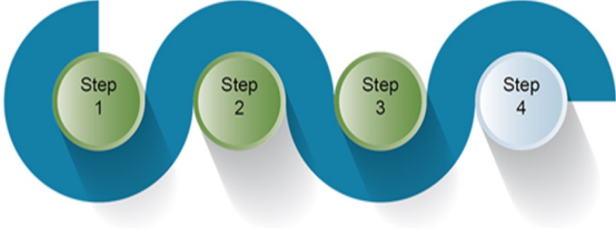


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Step 3: Preparing the Report



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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.

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When to Report


- Report due by November 1st



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How to Report Unclaimed Property

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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

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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).

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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.

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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)

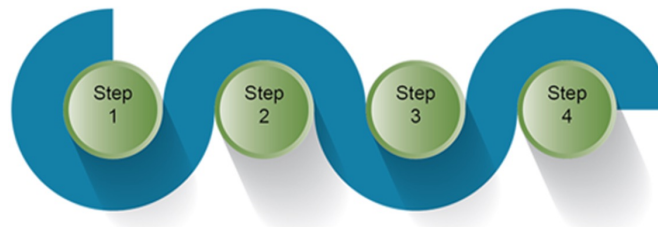
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Step 4: Submitting the Report and Remitting the Funds



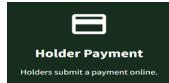
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Remitting The Funds



- **If paying by ACH -**
Company ID/Filter: A561545517 should be added to remitter's ACH Fraud Filter to avoid ACH returns due to a debit or fraud block.
- **If paying by Wire – refer to EFT instructions located in Reporting Library**
Report Summary and confirmation of EFT transfer must be emailed to upreports@nctreasurer.com with the subject: Holder Report Filing
- **If paying by Check – payable to NC Dept of State Treasurer**
A Report Summary and check should be mailed together to:
NC Department of State Treasurer
Unclaimed Property Division
3200 Atlantic Avenue
Raleigh, NC 27604-1668

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Extension Request

Unable to submit report by deadline for “Good Cause”

- Technology Changes or Updates
- Change in Personnel
- Natural Disaster
- Organization Changes




Submit a Holder Extension Request at least 30 days prior to due date

- Include an Estimated Payment

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Questions Holders May Have



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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.

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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.

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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.

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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

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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.

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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.

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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 Request Form**.

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

- For property reported in error, Holders may submit a **Holder Refund Request 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

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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

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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.

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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
- Get other employees involved
- Train new staff on unclaimed property

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How can I Prepare for Future Reporting?

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

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Summary of Holder's Duties

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

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Four Types of Holder Claims

- Holder Reimbursements
- Holder Refunds
- Holder as Owner
- Attachment of Funds

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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

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Questions / Need Assistance with NCGS 116B

- Visit website at [NCCash.com](https://www.nccash.com) for information regarding the reporting, remitting and delivering of unclaimed property.
- Visit the [Reporting Library](#) to locate additional reference materials and guides to assist in compliance with [North Carolina General Statute 116B](#).
- North Carolina's 4-Step Reporting Process located on the [Holder Information and Reporting](#) tab at [NCCash.com](https://www.nccash.com).
- See [Holder FAQs](#) for information on steps to take if you've identified a reporting error after submission, and other frequently asked questions.
- For additional assistance, email upreports@nctreasurer.com or call 919-814-4200, Option 3.

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Quick Demo

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

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Questions and Answers




WWW.NCCASH.COM/REPORTING

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Thank you!

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