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UPDATE

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Rethinking Owner Contact

Modern Activity That May Reset the Unclaimed Property Dormancy Period

Ann Fulmer – Director, Sovos Unclaimed Property Consulting

As customers increasingly manage their accounts through portals and mobile apps, and communicate through secure messages and electronic notices, holders are asking a practical question: which digital interactions are enough to show that an owner is still engaged? The answer is not always limited to activity on the specific check, credit, distribution, or other item at issue. In the right circumstances, authenticated activity may show that the owner remains aware of the broader account or relationship where the property sits.

Holders should carefully review all potential sources for owner-generated activities to help protect client accounts from being wrongfully considered escheatable to the states. Some digital activity may support a dormancy reset, but only when the account structure, authentication, and supporting records line up. Approved reset events should be defined in policy and tied to controlled reason codes to enable validation in the event of an audit.

Emerging Forms of Owner Contact

Below we list a few forms of owner contact that are not necessarily addressed by the unclaimed property laws, but which may be considered owner contact.

- **Authenticated access:** The owner signs into a secure website or mobile app and accesses account information.
- **Owner-initiated updates:** The owner updates contact information, passwords, communication preferences, tax certifications, beneficiary designations, payment instructions, or other account details.
- **Secure messages or support interactions:** The owner sends a portal message, authenticated chat, callback request, or service ticket about the account or property.
- **Electronic acknowledgments:** The owner confirms e-delivery, accepts terms, acknowledges a balance or benefit, responds to an account-specific notice, or confirms continued interest.
- **Account-level engagement:** The owner views a consolidated dashboard, downloads statements, votes a proxy, requests tax forms, completes identity verification, or otherwise engages with the same account relationship.
- **Email read-receipt evidence:** An account-specific email is opened by the owner or an authenticated user, and the holder can tie that event to the owner, account, date and channel, the read receipt demonstrates awareness of the account and may qualify as owner-generated contact in some states. Holders must maintain a system record documenting the event.

What Makes Digital Contact Defensible?

A defensible argument for contact should focus on practical proof. An owner's direct action on the property is still the strongest evidence, but holders should also look for

credible signs of broader account awareness. Useful records generally show who acted, when they acted, how they were authenticated, what account or relationship was involved, what information was presented, and how the activity connects to the property.

With today's rapidly changing technology, holders need to look beyond old-school categories of contact. Opening an account-specific notice, clicking through to a secure page, confirming e-delivery, requesting tax forms, downloading statements, or completing identity verification may all be worth considering. The key is to separate true owner activity from passive system data. Which of these activities qualify can vary by state, and auditors may challenge whether a given form of contact meets the standard for owner-generated activity, particularly where documentation is insufficient. Holders should confirm how each state's dormancy statute treats digital contact before relying on it to reset a dormancy clock.

Building a Sustainable Contact Framework

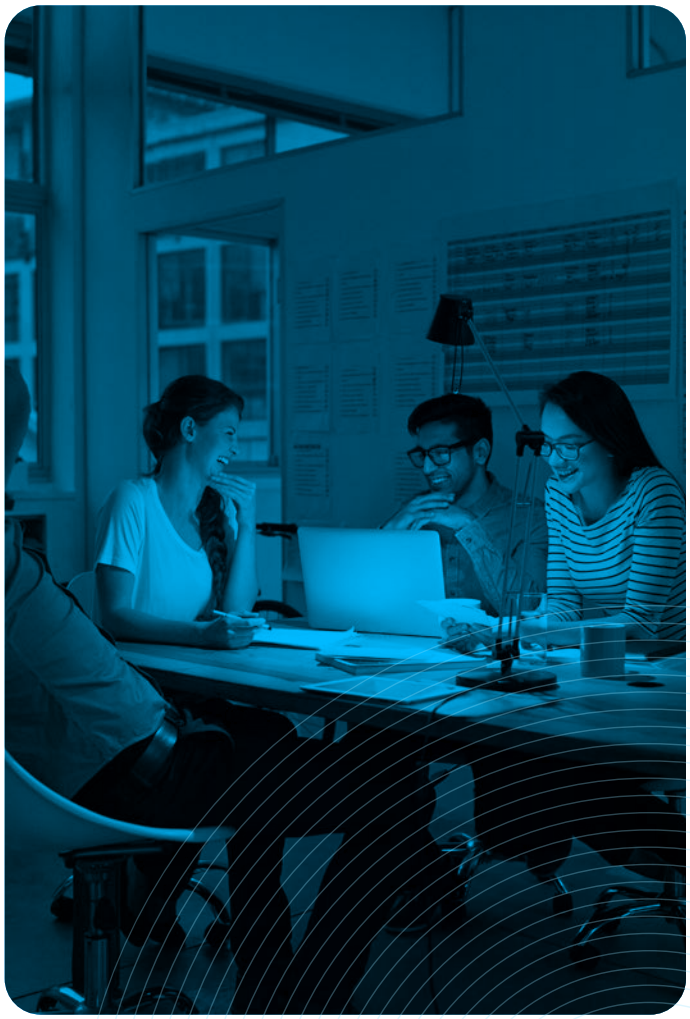
Building a defensible framework requires deliberate mapping of where owner interactions occur, careful analysis of how the activity was generated, and rigorous documentation of the evidence behind every reset. The steps below offer a practical starting point.

1. **Map the activity.** Identify owner interactions across business lines like finance, customer service, treasury, payroll, benefits, securities, loyalty, and the digital platforms through which those interactions occur.
2. **Build a decision matrix.** Work with internal legal teams to separate clear statutory authority from higher-risk interpretations, since what counts as sufficient contact often varies by state, property type, and account structure.
3. **Rank the evidence.** Distinguish direct property activity, authenticated account awareness, relationship-level awareness, and passive system data.
4. **Control the reset.** Use approved reason codes, retain source documentation, and prevent unrelated activity from automatically changing dormancy dates.
5. **Test periodically.** Sample reset events and confirm they can be tied back to the source-system evidence.

Key Takeaways

Modern systems can show more than whether an owner touched a specific item; they can also show whether the owner remained engaged with the broader account relationship. Holders should evaluate the full spectrum of evidence like direct activity, authenticated account engagement, relationship-level awareness, and passive digital traces, while staying grounded in audit-ready documentation. What counts as enough contact can differ from state to state, and auditors may not agree with every case. Holders should plan for that upfront, not treat it as an afterthought. A balanced framework can help avoid premature reporting without relying on activity that is too thin to defend.

This article is intended for general informational purposes and does not constitute legal advice. Unclaimed property statutes, regulations, administrative guidance, and examination practices vary by jurisdiction and property type and may change. Companies should confirm their approach with qualified legal or unclaimed property advisers before resetting a dormancy date.



NAUPA III Update

Freda Pepper, General Counsel, Unclaimed Property

For unclaimed property holders, a significant shift in how annual reports are filed is on the horizon. The National Association of Unclaimed Property Administrators (NAUPA) is transitioning from its decades-old NAUPA II reporting format to a new standard NAUPA III and holders should begin preparing now.

What Is NAUPA?

NAUPA is comprised of the unclaimed property programs of all 50 states, the District of Columbia, Puerto Rico, and several foreign jurisdictions. Among its roles, NAUPA develops property type codes and reporting formats designed to promote uniformity and standardization across state programs. Its Uniformity and Standardization Committee has long overseen the framework that holders use when filing annual unclaimed property reports.

Why NAUPA III?

The current NAUPA II format was finalized around 2005. In the two decades since, technology has advanced considerably, and many new property types have emerged that NAUPA II simply was not designed to accommodate. NAUPA III addresses these gaps by moving from a rigid fixed-width text format to a dynamic XML (Extensible Markup Language) format. The change also introduces a new five-digit property code structure (up from four digits), eliminates outdated codes, adds new property type categories, and provides more detailed code descriptions to guide classification decisions.

What's New in NAUPA III?

The most significant structural change is the format itself. Under NAUPA II, every field occupies a fixed position. NAUPA III's XML format is self-describing and flexible: fields are labeled, lengths are variable, and a companion schema file (the XSD) validates data before it is ever submitted to a state. This means errors are caught earlier in the process, rather than after a state rejects a filing.

Transition Timeline

NAUPA III will roll out in two phases:

- **Phase 1 (Spring 2027):** The first phase focuses on transitioning to the XML infrastructure. The traditional NAUPA II property codes will remain largely intact with only minor "tweaks" and a few new codes added. The goal is to give holders, states, and software vendors time to learn XML reporting and validation before the full code restructuring takes effect.
- **Phase 2 (TBD):** The second phase will introduce more comprehensive property code changes. A cross-walk guide mapping old codes to new ones is expected to accompany this phase.

Adoption: What Holders Should Expect

Individual states must formally adopt NAUPA III as there is no federal mandate requiring all states to do so. Initially, any state that adopts NAUPA III must continue to accept NAUPA II filings as well. Eventually, a mandatory transition is anticipated, though no firm deadline has been announced. While it remains to be seen how many states will adopt, the projection is that all states using Kelmar's KAPS system will make the switch.

What Holders Should Do Now

The new format will contain mandatory fields that may require holders to capture information that previously wasn't required. Be on the lookout for Sovos alerts providing such information.

NAUPA has not communicated with industry for several months. As feedback is continuously shared with NAUPA, it is anticipated there may be changes to the current version of the NAUPA III format. Sovos is actively monitoring all changes and will communicate when necessary. In the meantime, Sovos is working on updating and finalizing its products to support NAUPA III file generation, XSD-validated output, and the updated property code structure.





Arizona Proposes Regulations Formalizing Preliminary Reporting Requirement

Freda Pepper, General Counsel, Unclaimed Property

In June 2026, the Arizona Department of Revenue's Unclaimed Property Unit began requesting holders to submit a preliminary NAUPA II report file by July 4, 2026, approximately 120 days before the November 1 statutory annual reporting deadline. Sovos alerted clients to the request and noted several significant concerns: the request lacked statutory or regulatory authority, required transmission of sensitive owner data via unencrypted email, and gave holders an extremely short turnaround to comply. Because participation was voluntary, many holders elected not to participate.

Arizona has now moved to formalize the process. On September 11, 2026, the Department published proposed regulations (R15-8-101 through R15-8-104) in the Arizona Administrative Register that would impose binding legal obligations on holders. If adopted, Holders must submit the preliminary report to the Department at the same time they send due diligence notices, at least 120 days before the annual filing deadline, for each apparent owner of property valued at $50 or more for whom a mailable address exists. Traveler's checks, money orders, and similar instruments are excluded. The report must include each owner's name and last known address and the holder's name and customer service telephone number. Notably, the proposed rule addresses data security concerns surrounding the June 2026 request by requiring transmission via a secure, encrypted method prescribed by the Department rather than plain email. Submission of the preliminary report does not satisfy the holder's due diligence obligation or the annual reporting requirement.

The proposed rules also give the Department formal authority to send pre-transfer notices to apparent owners. Under the new rules, the Department itself must send written notice by first class mail and, where available, by email, to each apparent owner listed in a preliminary report before property is transferred to State custody. This is the core of the Department's response to a lawsuit entitled, Garza v. Woods, 150 F.4th 1118 (9th Cir. 2025), which called into question whether notice provided solely by a third-party holder rather than the State itself satisfies due process requirements.

The public comment period closes 30 days after the September 11, 2026 publication date



California Notice Period Fraud Alert

What Holders Need to Know About 'Recovery Agent' Solicitations

Laurie Andrews — Director, Unclaimed Property Consulting, Sovos

California's State Controller's Office has often stated that their unclaimed property program is built around a simple goal: reuniting owners with what belongs to them. Transparency is central to that mission. But the same public visibility that helps owners find their property also creates an opening for opportunistic third parties who may not have the owners' best interest at heart. In preparation for the upcoming California outreach season, the Sovos unclaimed property team wanted to alert you that it has seen a noticeable uptick in "recovery agent" solicitations aimed at holders while their property is working its way through California's notice period - and several of these carried real fraud indicators. Here is how the window works, why these solicitations are a problem, and what holders should do when one lands in their inbox.

How California's notice period works

California handles remittance differently from most states, using a two-step process rather than a single report-and-remit filing.

First, the holder files a notice report by October 31, a report of the property that has met the California dormancy criteria that does not include the funds themselves. During the ensuing notice period, the State makes owner-level information available on its website, and the State sends notices encouraging owners to come forward and claim their property directly. Then, the holder files the remit report between June 1 – 15 and transfers any remaining funds to the State.

Publishing owner information during the notice period is intentional. It gives owners the best possible chance to learn about and reclaim their property before it ever escheats to the State. For the overwhelming majority of cases, that visibility works exactly as designed.

Where the risk comes in

Because notice-period information is public, it can also be harvested for other reasons. Third-party firms, acting as Finders or Recovery Agents, can scrape the published data to identify owners with pending property and, by extension, the holders reporting it. Some of those firms then contact the holder directly, presenting themselves as an authorized "recovery agent" for a named owner and asking the holder to reissue the funds. They frequently request that the funds be made payable to the recovery agent and mailed to the recovery agent's own address before the property is ever delivered to the State.

This kind of request should stop a holder in its tracks, for both legal and practical reasons.

Why holders should not engage

California law restricts finder and locator (aka recovery agent) agreements. Under California Code of Civil Procedure § 1582, an agreement to locate or recover reported property is invalid when it is entered into before the property has been paid or delivered to the Controller. Even after delivery,

such agreements are limited and conditioned including a cap on the fee a finder/recovery agent may charge and requirements for written disclosure and the owner's signature.

In plain terms: a recovery agent generally cannot lawfully contract with an owner to recover property that is still sitting in the holder's hands during the notice period. Because the funds cannot be recovered by a finder/recovery agent prior to escheatment, a holder that reissues funds to a third party during the notice period is stepping outside that framework and taking on unnecessary risk. The proper path is for the owner to reach out directly to the holder about its property or the owner should file a claim through the Controller's Office after the property has escheated to the State.

Red flags we have seen

Not every recovery solicitation is fraudulent, but the recent wave revealed warning signs worth recognizing:

- **Payment redirection.** Funds requested payable to the finder/recovery agent rather than to the owner and routed to the firm's own mailing address.
- **Urgency framing.** Pressure to move the funds "before they escheat to the State", manufacturing a deadline that benefits the requester, not the owner.
- **An identity gap.** Documentation related to the firm's identity (for example, its W-9) but nothing that establishes the owner's identity, current address, or entitlement to the specific funds and no evidence of any genuine relationship with the owner beyond the recovery engagement itself.
- **Mismatched property descriptions.** Solicitations that describe the asset inaccurately. For instance, referring to an "account" when the underlying property is actually a different property type.
- **A questionable business footprint.** Contact addresses that appear to be residential locations rather than a bona fide place of business, and out-of-state firms with no registration in the State.
- **Thin or unverifiable authorization.** A "Certified Power of Attorney" that cannot be independently confirmed against the named owner.

Any one of these deserves scrutiny. Several appearing together is a strong signal to decline a request and escalate.

What to do if you receive a third-party claim during the notice period

1. Do not reissue funds to a third party during the notice period, and do not share owner information. Protecting owner data is part of the holder's responsibility.
2. Direct any questionable third-party claimants to the Controller's Office. The legitimate route is a claim filed with the State after the property has escheated.
3. Preserve everything. Keep the emails, powers of attorney, W-9s, and any screenshots. If the State later investigates, it will likely want copies.
4. Report it to the State's unclaimed property division. In a recent engagement, when our team flagged this activity to the appropriate California contact, the Division confirmed that the firms were not registered with the State and that it does not authorize recovery agents, finders, locators or investigators to contract with claimants prior to escheat. The Division routed the information to its fraud and legal teams and welcomed the referral. States generally want to know when this is happening.
5. Coordinate internally and with your advisors. Make sure front-line teams such as AP, payroll, and anyone who touches reissue requests know how to recognize and escalate these solicitations rather than quietly processing them.

The bigger picture

Transparency in the unclaimed property process is a feature, not a bug. However, it puts a verification burden squarely on the holder. As fraud attempts in this space grow more sophisticated, holders benefit from treating an unsolicited reissue request with the same discipline they would apply to a vendor banking-change request: slow down, verify independently, and never let a manufactured deadline override the process. The notice period exists to protect owners. A little scrutiny from holders during that window helps keep it that way.





Pre-Presumption Notice

A Distinct Compliance Obligation for the Digital Age

Joseph Pollock, Jr., Senior Director, Managed Services

As unclaimed property compliance obligations have evolved to keep pace with digital communication practices, one requirement that often catches holders off guard is the Pre-Presumption Notice which is an obligation that is separate from, and often confused with, traditional due diligence.

What Is Pre-Presumption Notice?

The Revised Uniform Unclaimed Property Act of 2016 (RUUPA) introduced a pre-escheatment outreach requirement designed to address a specific gap in the owner notification framework: what happens when a holder communicates with its customers exclusively by electronic means? Traditional due diligence, which is notice sent by first-class U.S. mail after property is presumed abandoned but before the property is reported, may never reach the owner at all because the holder may have no mailing address on file or may not send mail as a matter of course.

The Pre-Presumption Notice fills that gap. Where required, holders who communicate with account owners solely via email must proactively reach out to those owners not later than two years following the last indication of interest regardless of the dormancy period applicable to the property type. The goal is to give the owner an opportunity to confirm interest in or reclaim their property before it ever reaches the presumed-abandoned threshold.

How Is This Different from Due Diligence?

The distinction matters and is worth underscoring. Due diligence is the familiar written notice sent to an owner after the dormancy period has run and the property is on the cusp of being reported. It is a condition precedent to escheatment, aimed at giving owners one last chance to come forward.

Pre-Presumption Notice, by contrast, is triggered before the dormancy period is complete and before due diligence is required. It is not a substitute for due diligence; it is an entirely separate, earlier obligation. Holders must separately track the two-year inactivity period that triggers the Pre-Presumption Notice obligation, and the dormancy period that governs when property must be reported, and those clocks may run concurrently or independently, depending on the property type and state at issue.

If the owner responds to the electronic outreach, the last date of contact is updated, effectively resetting the dormancy clock and preserving the account from escheatment. If the email bounces back, is not delivered, or goes unanswered within 30 days, the holder must follow up with a first-class mail notice pulling the obligation back into more familiar territory. Indeed, if the U.S. mailing is returned an account can be coded “RPO” which is useful when that data element is required for escheatment.

Another difference of note is the value threshold. Unlike

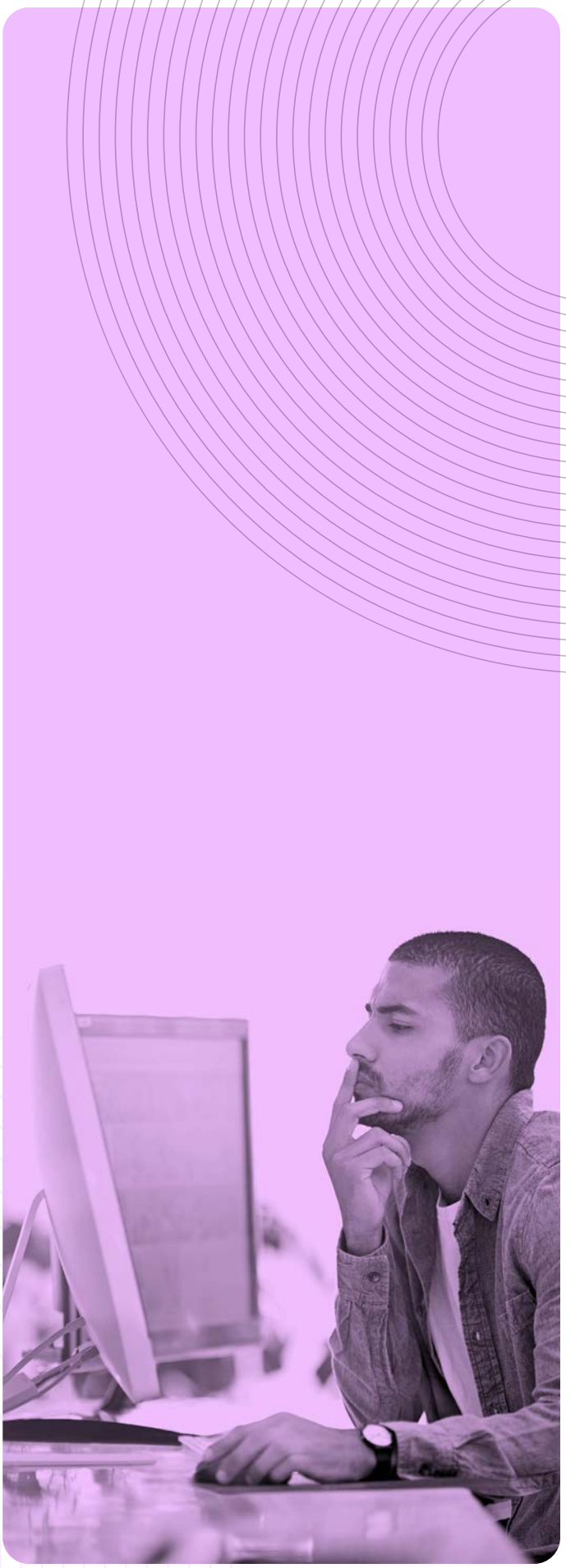
Due Diligence, every qualifying property, regardless of value, requires outreach

Who Needs to Worry About This?

Not every state has adopted the RUUPA pre-presumption language, and among those that have, the variations are meaningful. A minority of states currently impose this requirement, and even within that group, the obligation does not apply uniformly to all property types. It is most commonly tied to retirement accounts, custodial accounts, and securities, though some states take a narrower or broader view. The specific property types covered, the precise trigger for the email outreach, and the conditions requiring a follow-up by mail can all differ from state to state.

The Bottom Line

Pre-Presumption Notice is a targeted but consequential requirement. Understanding how it differs from due diligence and building the processes to track and execute it separately, is an important step in an unclaimed property compliance program. And don't forget-documentation matters. Your records of outreach attempts, delivery, responses, and owner contact directly determine when the dormancy clock starts. If an owner responds, that restarts the clock and preserves the account from escheatment. Keep those records with the account file.





When Inactivity Isn't Abandonment

A Federal Court Ruling with Implications for Unclaimed Securities

Freda Pepper, General Counsel, Unclaimed Property

A recent decision from the U.S. Court of Appeals for the Eleventh Circuit offers a meaningful reminder that owner inactivity alone is not sufficient to establish abandonment under unclaimed property law. While the case arose in a different context than securities reporting, its reasoning has direct relevance for holders who face pressure from the states to treat dormant accounts as abandoned based solely on the passage of time without regard to returned mail.

Background: Warner v. Hillsborough County Clerk of Courts

In Warner v. Hillsborough County Clerk of Courts, No. 24-10748 (11th Cir. Aug. 17, 2026), the Eleventh Circuit considered whether a county clerk violated due process and the Takings Clause after declaring court registry funds "abandoned" and transferring them to its fine-and-forfeiture fund without providing constitutionally adequate notice to the known owner. The Court held that the clerk failed to provide constitutionally valid notice and that the transfer of the owner's funds constituted an unconstitutional taking without just compensation.

In its analysis, the court noted that under Florida law, property can be presumed abandoned only if there is evidence that the owner intended to abandon the property. The court was unambiguous: abandonment is a question of the owner's intent, and nonuse is only evidence that may or may not point to that intent. The government cannot infer an owner's intent to relinquish property from a brief period of inactivity alone. As the court put it, the mere failure to claim funds for a period of time, without more, does not establish that the owner meant to give them up.

Why This Matters for Securities Holders

The analysis in Warner has direct resonance in the securities context. A shareholder who has simply not traded, not updated a mailing address, or not cashed a recent dividend check has not thereby expressed any intention to abandon their shares. Yet many states presume securities abandoned after just three years of owner inactivity—treating that brief window as conclusive evidence of abandonment regardless of whether there are any other indicators that the owner is truly lost. Three years is a short horizon in the life of a long-term investor, and Warner now calls that standard into constitutional question.

Conclusion

Warner is not an unclaimed property case, but its constitutional logic maps directly onto the framework that states use to presume, report, and liquidate abandoned securities. The Eleventh Circuit has now articulated, in a published and precedential opinion, that inactivity alone cannot establish abandonment, that notice efforts known to be ineffective cannot satisfy due process, and that the government cannot take property it has already acknowledged belongs to someone else without paying for it.

For holders who find themselves in disputes with state administrators over dormancy determinations, lost-owner classifications, or the consequences of securities liquidation, Warner offers a federal appellate court decision that takes seriously the constitutional dimensions of the escheatment process.



UP Newsletter Legislative Compilation

Legislative Update for the Period of 5/16/26-9/16/26

AK S 86

INTRODUCED: 2/5/2025
ENACTED: 6/30/2026
EFFECTIVE: 9/28/2026

Alaska Senate Bill 86 was enacted on June 30, 2026, adding virtual currency to the unclaimed property law. The changes are as follows:

- Virtual currency is presumed abandoned five years after the later of::
  - The date the holder last sent a communication to the owner that was returned as undeliverable, or
  - The date the owner last exercised an act of ownership interest, such as performing a transaction, accessing the virtual currency account, or engaging with another account under the same holder.
- The holder's annual report that contains virtual currency must include:
  - The type and quantity of virtual currency,
  - The amount of virtual currency in dollars on the date that it was presumed abandoned, and
  - Whether or not the holder has the private keys necessary to transfer the virtual currency.
- Virtual currency should be remitted in its native form. If unable to deliver, the holder must maintain the virtual currency until they are able to transfer it or the administrative chooses not to accept it. If the administrator is unable to accept the virtual currency, they can postpone the delivery.
- If an owner claims the virtual currency that is still in the possession of the holder, the holder may deliver it directly to the owner after receiving a notice from the administrator.
- If the holder pays or delivers the virtual currency to the claimant in good faith and another person subsequently claims the virtual currency from the holder or another state claims the virtual currency under the laws of the other state relating to escheat or unclaimed property, the department shall defend the holder against the claim and indemnify the holder against liability on the claim upon receiving written notice of the claim.
- Related definitions were added, including:
  - Blockchain includes data that is shared across a peer-to-peer network to create a ledger of verified transactions or information among a network that is linked together using cryptography. It also includes data that is distributed among the network automatically to concurrently update the network.
  - A private key is a unique piece of cryptographic data that is used for signing transactions on a blockchain and is known by the owner.
  - Virtual currency is a digital representation of value used as a medium of exchange, unit of account, or store of value but is not money. It is not a digital representation of value in an online game or a rewards program.

CT S 488

INTRODUCED: 3/11/2026
ENACTED: 6/4/2026
EFFECTIVE: 7/1/2026

The enacted bill changes the following:

- The definition of "Apparent owner" is amended by adding that an apparent owner includes an agent or other owner representative and then explicitly exclude holders acting as owner agents.
- A definition of "Indicated an interest" is added providing the following actions as owner interest:
  - A record communicated by the owner to the holder about the property or the account holding the property.
  - Oral communication by the owner to the holder about the property or the account holding the property, as long as the holder preserves a record of the communication.
  - Presentment of a check or other type of payment of a dividend, interest, payment, or other distribution.
  - Owner directed activity in the account where the property was held, such as accessing the account, increasing, decreasing, or changing the amount or type of property held in the account.
  - Depositing or withdrawing from the account, with the exception of preapproved automatic deposit, withdrawals, or reinvestments.
  - Activity directed on another account owned by the owner under the same holder.
  - Any other action by the owner that proves to the holder that the owner knows the property exists.
  - "Indicated an interest" does not include communication

by the owner to someone other than the holder, unless a record of the communication proves the owner's knowledge of a right to the property.

- The application of an automatic premium loan provision or other nonforfeiture provision contained in an insurance policy does not prevent the policy from being deemed matured or terminated if the insured has died or the insured or a beneficiary of the policy have otherwise become entitled to the proceeds before the depletion of the cash surrender value of a policy subject to such provisions.
- Holders can submit a request to report and deliver early if they believe the property will likely become abandoned. Early reporting requests must include an affidavit by an officer of the holder that describes the efforts made to notify the owner. The affidavit must affirm that the notice was sent at least six months prior to the request and that the holder did not receive any communication from the owner about the property. It is up to the discretion of the Treasurer to approve the early reporting request.

CO Reg 19479 2026

PROPOSED: 8/28/2026

On August 28, 2026, the Colorado Department of Treasury proposed a rule to amend the current unclaimed property regulations, 8 CCR 1508-1, to align them with the current unclaimed property laws. This comes after an identical regulation was terminated. The updates include:

- amending language to reduce the record retention requirements from 10 to 6 years,
- adding a negative reporting section to clarify that negative reports are required, and
- adding an interest and penalty section. Of note, the new interest and penalty section contradicts the current law. The regulation states that there is a maximum of $2,000 for a civil penalty and the law states that there is a maximum of $5,000.

FL S 1452

INTRODUCED: 1/13/2026
ENACTED: 6/26/2026
EFFECTIVE: 6/26/2026

On June 26, 2026, Florida Governor Ron DeSantis signed Senate Bill 1452 into law, enacting sweeping changes to the Florida Disposition of Unclaimed Property Act. The law takes effect immediately. Interestingly, many of the changes are to provisions either added or amended in 2024. The notable changes are as follows:

Definitions and Terminology Changes

- The term "unclaimed" is replaced with "abandoned" throughout the entire chapter of the law.
- A definition of "Abandoned Property" is added and is defined to mean property held by a holder for which all of the following are true:
  - The apparent owner has shown no activity or indication of interest for the duration of the applicable dormancy period.
  - The holder has complied with the due diligence requirements and has received no response or contact sufficient to demonstrate continued interest in the property.
- The definition of "Apparent Owner" has been changed to include owners whose status of ownership may change due to passage of time or other circumstances.
- "Authorized Representative" is added and defined to mean a person or entity with the power to act on behalf of the apparent owner, such as an agent, fiduciary, trustee, or other individual authorized by law or agreement.
- The definition of "Holder" is amended to mean "a person who is in possession of property belonging to another or who owes a debt or an obligation to another person, including, but not limited to, financial institutions, insurance companies, corporations, partnerships, fiduciaries, and government agencies." Current law defines holder as the person in possession, control or custody of property belonging to another and who is indebted to another on an obligation or obligated to holder for the account of or to deliver or pay to the owner of property.
- "Intangible Property" is amended to exclude non-freely transferable securities and securities subject to a lien or legal hold that restricts the ability to sell, transfer, or receive the security.
  - A definition for "Non-Freely Transferable Securities" is added to mean securities that cannot be delivered to the administrator by the DTC Corporation, similar custodian or there is no agent to affect the transfer. This term also includes worthless securities.

Owner interest

- Under the revised language, the general rule is that property is presumed abandoned 5 years after it becomes payable or distributable. Property is considered payable or distributable once the holder's obligation to pay or deliver the property arises, regardless of whether the apparent owner or authorized representative has failed to demand or to present documents required to receive payment.
- The new law makes it clear that routine automatic transactions, including automatic deposits, withdrawals or reinvestments are not considered contact.

Unclaimed Stock, Equity and Debt

- **Presumption of Abandonment**
  - The criteria for presuming stock, equity interests, or debt of a business association to be abandoned has been changed again. Seemingly, after industry feedback a return mail element has been added back into the law. However, reminiscent of the Illinois securities related provision, depending on the trigger for dormancy, a different dormancy period is used. Under the new law such property is presumed abandoned on the date of the earliest of any of the following
    - **Three years** after the account is coded RPO (mail has been returned).
    - **Five years** after the date of last owner generated contact.
    - **Two years** after date of death of the owner, as evidenced by a notice from an authorized representative, receipt of a copy of the owner's death certificate, or confirmation through other means or evidence that leads the holder to reasonably conclude that the owner is deceased.
- **Pre-Escheat Notice**
  - A pre-escheat notice obligation is added for holders that do not annually send owners of securities first class mail. The communication must be by email no later than three years after the owner's last demonstration of interest. If the holder does not have the information needed to email or they believe the email to be invalid, the holder receives notification that the email was not received, or the owner does not respond, then the holder must contact the owner by first-class mail. If the first-class mail is returned as undelivered, then the equity interest is presumed abandoned.
- **Known-Location Exception – 10 Year Dormancy Period**
  - Equity interests in business associations and securities accounts are not presumed abandoned solely due to inactivity if the holder knows the location of the apparent owner.
  - The new law provides what appears to be an exception to the above stated rules related to the presumption of abandonment. If the owner's location is unknown, and certain steps are taken (see below), the equity interest or security is not presumed to be abandoned until ten years after the owner's most recent indication of interest or ten years after the last communication to the owner was returned undelivered.
  - For this exception to apply, holders must perform data matching to ensure that they have the most up to date owner addresses and deceased statuses. The holder can use any commercially available third-party data comparison sources.
  - With this updated information and existing records, the holder is deemed to know the location of the owner if:
    - The holder communicates at least annually with the owner by first-class US mail or electronic means such as email, text message, or mobile app and the communication is successfully delivered; and,
    - One or more account level indicators that demonstrate owner interest occur at least every 10 years. These indicators include:
      - Owner initiated activity, for example: authenticated access to a website, mobile messaging, or other authenticated third-party account servicing
      - Contact information updates received through an authorized financial adviser
      - Responses to account notifications or alerts
      - Negotiation of distributions, including dividends, or
      - Any activity by the owner or authorized representative that demonstrates to the holder that the owner is aware of and has an interest in the property.
  - Recurring transactions cannot independently prove owner interest.
  - If the above conditions are not met and the owner's location is unknown, the equity interest or security is presumed abandoned ten years after the owner's most recent indication of interest or ten years after the last communication to the owner was returned undelivered. Holders must make reasonable efforts to locate the owner and comply with due diligence requirements for the property to be presumed abandoned.

Dormancy Period Changes

- The dormancy period for unmatured or unredeemed debt, other than a bearer bond or an original issue discount bond, is increased from 3 to 5 years after the most recent interest payment is unclaimed by the owner.
- The dormancy period for matured or redeemed debt is increased from 3 to 5 years after the date of maturity or redemption.
- The dormancy period for any dividend, profit, distribution, interest redemption, payment on principal, or other sum held or owing by a business association for or to a shareholder, certificate holder, member, bondholder, or other security holder is increased from 3 to 5 years after the date prescribed for payment or delivery.
- The dormancy period for virtual currency is increased from 5 to 7 years.

Due Diligence

- Property is not considered abandoned for the purpose of reporting and remitting if the holder has not conducted the required due diligence efforts, regardless of the expiration of the dormancy period.
- The timeframe for sending due diligence has changed from 60-120 days to 90-180 days before filing the report. The threshold value remains at $50 or more.
- The option to send the notice by email remains.
- Certified mailing requirement: If the value of the property is greater than $1,000, the holder must send a second written notice by certified mail, return receipt requested, at least 60 days before filing the report. Certified mailing costs may be deducted from the property as a service charge for the holder.
- The required language for due diligence is amended.

Reporting Requirements

- Reports must be signed by or on behalf of the holder and verified for completeness and accuracy, and the holder must state that it has complied with all due diligence requirements.
- Non-freely transferable or worthless securities should not be reported until they become transferable or gain value. If this does happen, report and remit them in the next reporting cycle.

IA Reg 14115 2026

PROPOSED: 8/19/2026

The proposed regulation provides that uncashed distribution checks issued from tax-advantaged accounts are reportable three years from the date the check was issued. The current regulation provides that uncashed distribution checks issued from a tax-advantaged account are reportable three years from the date the property became reportable.

KY Regulations 20 KAR 1:020 through 20 KAR 1:090

PROPOSED: 5/15/2026
STATUS: Amended 8/11/2026

On May 15, 2026, the Kentucky Department of Treasury proposed amendments to existing unclaimed property regulations 20 KAR 1:020 through 20 KAR 1:090. Many of the amendments are technical, updating statutory references within the regulations to reflect the state's adoption of the Revised Uniform Unclaimed Property Act in 2018. The substantive amendments are as follows:

20 KAR 1:050. Unclaimed property; examination of holder records

- Sampling and estimation during an audit are permitted when records are insufficient.

20 KAR 1:060. Unclaimed property; safe deposit boxes or other safekeeping repositories

- Safekeeping codes are added to the regulation to correspond with the safekeeping codes provided in the state handbook.
- Safekeeping reports must include corresponding safekeeping codes.
- Safekeeping items must be sent in a clear envelope, bag, or similar container that is self-sealing.
- Safe deposit box reports must be submitted electronically.
- Holders must notify the department about their delivery 5 days in advance, and the notice must include the method of delivery and anticipated delivery date.
- Holders must properly package the safe deposit property to prevent damage or loss.
- Failure to comply with the regulations may result in rejected reports and required resubmissions.
- Public auction is no longer required; the department may put the contents up for public auction after 3 years.

20 KAR 1:080. - Reports to Be Filed by Holders of Unclaimed Property

- Electronic submission through the online portal is required for annual reports.
- To conform with the statute, the due diligence and aggregate threshold is lowered from $100 to $50, and records are required to be retained for 10 years.

LA H 1256

INTRODUCED: 5/5/2026
ENACTED: 6/9/2026
EFFECTIVE: 1/1/2027

Louisiana House Bill 1256 was enacted on June 9, 2026. The bill provides the criteria for the escheatment of digital asset accounts as follows:

Escheatment of Digital Asset Accounts

- Digital assets are presumed abandoned three years after the owner's last indication of interest.
- Due diligence letters regarding digital assets must inform the owner that the property may be liquidated.
- The administrator may direct the holder to liquidate the digital asset prior to reporting. If the digital asset cannot be liquidated or the holder is unable to liquidate, they must provide written notice to the administrator stating the reasons why. The administrator must then provide alternative directions for the holder regarding the asset.
- If the holder has full control of all necessary private keys, the holder must report and deliver the digital asset in its native form to the states qualified custodian within 30 days of filing the annual report.
- The holder shall provide the administrator with proof of delivery upon request.
- No later than 30 days after reporting, the holder must provide the administrator with a reconciliation of the delivered digital asset.
- The administrator may direct the holder to liquidate the digital asset and remit the proceeds if the administrator determines that a reported digital asset cannot be accepted.
- If the holder possesses only a partial private key to the digital asset or is otherwise unable to transfer the digital asset to the qualified custodian, the holder must report and then maintain the digital asset until the additional keys required to transfer the digital asset become available or the holder is otherwise able to transfer the digital asset. The holder must determine at least annually if the digital asset is able to be transferred.
- The delivery of a digital asset or its liquidated value is considered payment or delivery.
- Digital assets listed on an established exchange cannot be sold or liquidated for less than the price on the exchange at the time of sale. Digital assets not listed on an established exchange may be sold by any commercially reasonable method.
- Holders, the administrator, and the designated custodian cannot be held liable for any loss or gain that would have been obtained if the digital asset had not been transferred, liquidated or sold.

Definitions - New definitions are added as follows:

- A "Digital Asset" is a virtual currency, cryptocurrency, natively electronic asset, or other digital only asset that gives economic benefits, ownership interests, or access rights. This does not include securities, game-related digital content, gift cards, or loyalty cards.
- "Digital Asset Accounts" are accounts or wallets that are maintained by an owner with a holder that contain one or more types of digital assets or other property.
- A "Private Key" is a unique piece of cryptographic data that is used for signing transactions on blockchain.
- A "Designated Custodian" is a banking or business association that works on behalf of the administrator to receive and maintain securities or digital assets from holders pending transfer or liquidation.

Administrator and Custodian Duties

- • The administrator cannot liquidate the digital asset unless directed by the owner, the asset is unable to be maintained in custody, or the cost of custody and maintenance exceeds the value of the asset.
- • The administrator may not sell or liquidate the digital asset for three years after they receive it.
- • Owners may request the administrator sell or liquidate the digital asset and remit the proceeds to the owner upon approval of the claim.
- • Administrative orders to liquidate must be based on at least one of the following: administrator ability to manage the digital asset, the ability of the filing format to support digital assets in their native form, the administrator's database management system's ability to support the asset, or the cost of custody exceeding the value of the digital asset.
- • Any order from the administrator to liquidate or sell a digital asset must include a summary of the factors that lead to the decision. The administrator cannot order the holder to deliver the liquidated value of the digital asset solely based on the lack of a designated custodian.

MN H 4188 & MN S 4365

INTRODUCED: 3/12/2026
ENACTED: 5/27/2026
EFFECTIVE: 8/1/2026

Virtual Currency

- Under the new law, virtual currency is presumed abandoned three years after last indication of owner interest. Owner interest in virtual currency can include:
  - A record communicated by the owner to the holder concerning the property,
  - Oral communication that the holder preserves a record of,
  - A distribution made by electronic or similar means, or
  - Owner directed activity on the account like accessing it or changing the amount or type of virtual currency in the account.
- Holders must liquidate virtual currency within 30 days before filing the report and remit the proceeds to the state.
- A no recourse provision is added purportedly to protect holders and the state against owner actions.
- If the virtual currency cannot be liquidated, the holder must notify the state in writing. The commissioner will direct the holder to either transfer it in its native form or hold on to it until it can be liquidated.

Pre-paid Funeral Funds

- Funds held on deposit or in trust for the prepayment of a funeral or other funeral related expenses are presumed abandoned the earliest of:
  - Three years after date of death of the beneficiary,
  - One year after the beneficiary has or would have turned 105 years old if the holder does not know if the beneficiary has died, or
  - 30 years after the contract for prepayment was executed.

529 Plans are exempt from reporting.

NC H 1126

INTRODUCED: 4/29/2026
ENACTED: 7/7/2026
EFFECTIVE: 12/1/2026

The following changes have been made to North Carolina's unclaimed property law:

- The due diligence threshold for all property has been lowered to $25. Previously, property other than securities and bond related property had a $50 threshold.
- The aggregate reporting threshold has been lowered from $50 to $25 for all property types except securities and bond related property. For securities and bond related property there is no longer any aggregate reporting threshold.
- The prohibition against using contingent fee auditors is removed.

NV Reg 7866 2026

PROPOSED: 8/18/2026

On June 16, 2026, the Nevada Administrator of Unclaimed Property submitted draft amendments to its unclaimed property regulations NAC 120A.003 through 120A.120. The original draft was amended on August 18, 2026. The proposed changes are as follows:

Virtual Currency and Securities

- Unclaimed virtual currency must be liquidated if it cannot be delivered to the Administrator's custodian.
  - This is a curious requirement given that under the current unclaimed property law virtual currency is merely defined as a type of unclaimed property with no requirements related to form in which the virtual currency should be remitted. Indeed, the current guidance as found in the NV handbook is that virtual currency should be liquidated before reporting. Now it appears that the state may have retained a custodian to accept virtual currency in its native form.
- If the unclaimed virtual currency cannot be liquidated due to lack of value or account restrictions, the holder must wait until it gains value or is no longer restricted to report.
- Securities and virtual currency that are not required to be liquidated must be remitted within 60 days after reporting.
- Non-transferable securities are no longer required to be included in the report.

Reporting Changes

- The filing of forms UP-1, UP-2 and UP-4 is no longer required.
- The report must:
  - Comply with current NAUPA standards
  - Include all owner information known to the Holder that NAUPA standards allow for;
  - Contain a summary of the total number of properties, and the sum of the values of reported properties, remitted values, deductions, and additions;
  - Contain the remitter's direct contact information; and
  - Contain the holder's reporting contact's direct contact information.
- Illicit property reports must include documentation to support the decision to deem the property "illicit".

However, properties identified as potentially fraudulent and have an ongoing formal investigation should not be reported until the investigation is resolved.

- The dormancy period for property that is barred from being reported due to legal issues (ex. OFAC restrictions) starts when the bar is lifted.
- For negative reporting purposes, holders that only engage in isolated transactions that are completed within 30 days and are not a part of a series of similar transactions are not considered to be conducting business in Nevada.
- Aggregate reporting is only permitted if authorized by the administrator in writing.
- If a company outsources obligations but remains legally liable to the owner of the property, such as in the case of a payroll processor, the person is deemed the "holder" and is required to be identified in the report as the holder.
- A holder may not submit under their unique tax ID for other holders that do not share their tax ID.
- An entity may submit multiple reports on behalf of holders that do not share their tax ID if the report identifies the holder's tax IDs.
- Property that is issued after an account was already reported, such as royalties or dividends, qualifies for immediate reporting.
- IRAs with a deceased policy holder may be withheld from the reporting until all IRS requirements related to deceased owners are met.
- Holders must document the actions and communications of an owner requesting reissuance of a check and provide them to the administrator along with evidence that the holder reissued the check.
- Any alterations needed after a report is verified and filed must be requested by the person who filed the report. The request must be submitted in writing on a form prescribed by the administrator and include identification of the alteration or correction being requested, evidence that supports the request, and request of permission from the administrator to file the corrected report or other document.

Due Diligence

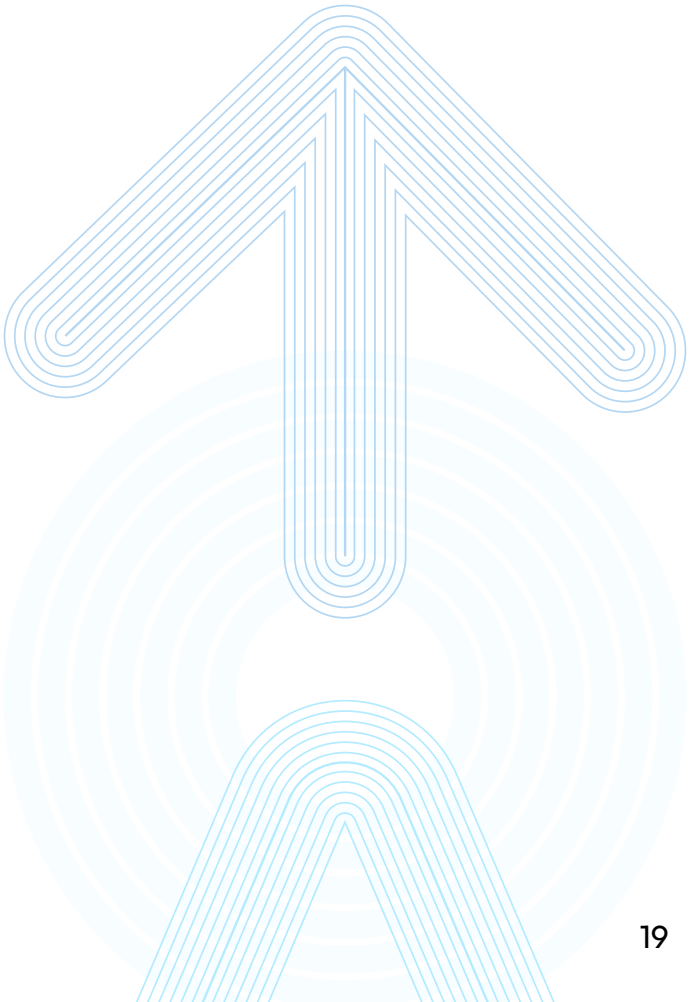
- The required content required in due diligence letters has changed.
- Due diligence letters sent to owners with more than one property identified may be sent on a single letter. However, holders must individually identify account numbers, check numbers and values as required under the law.
- The holder must determine if due diligence is required and in what form, based on the cumulative total of abandoned property due to the owner.

UT Reg 108282 2026

PROPOSED: 7/8/2026
ADOPTED: 9/15/2026

The Utah State Treasurer and Division of Unclaimed Property proposed new rules adding escheat requirements related to preneed funeral and burial arrangements. These rules are effective immediately. The additions are as follows:

- An unutilized preneed funeral arrangement is deemed revoked and the proceeds reportable three years from the earliest of:
  - Date of death of the beneficiary,
  - The date the beneficiary reaches the age of 107, or
  - The 50th anniversary of the preneed funeral arrangement contract.
- Knowledge of the date of death of the beneficiary may be from any source, including: a death certificate, the death master file, or any other equivalent resource.
- The reportable amount of unutilized preneed funeral arrangement proceeds should equal the amount a buyer or beneficiary would receive upon revocation. If the arrangement does not specify an amount, the reportable amount is the entire trust, including principal and interest.
- Regarding due diligence, holders should mail the notice to both the contract buyer and the beneficiary if they are not the same person.



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