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# UPDATE

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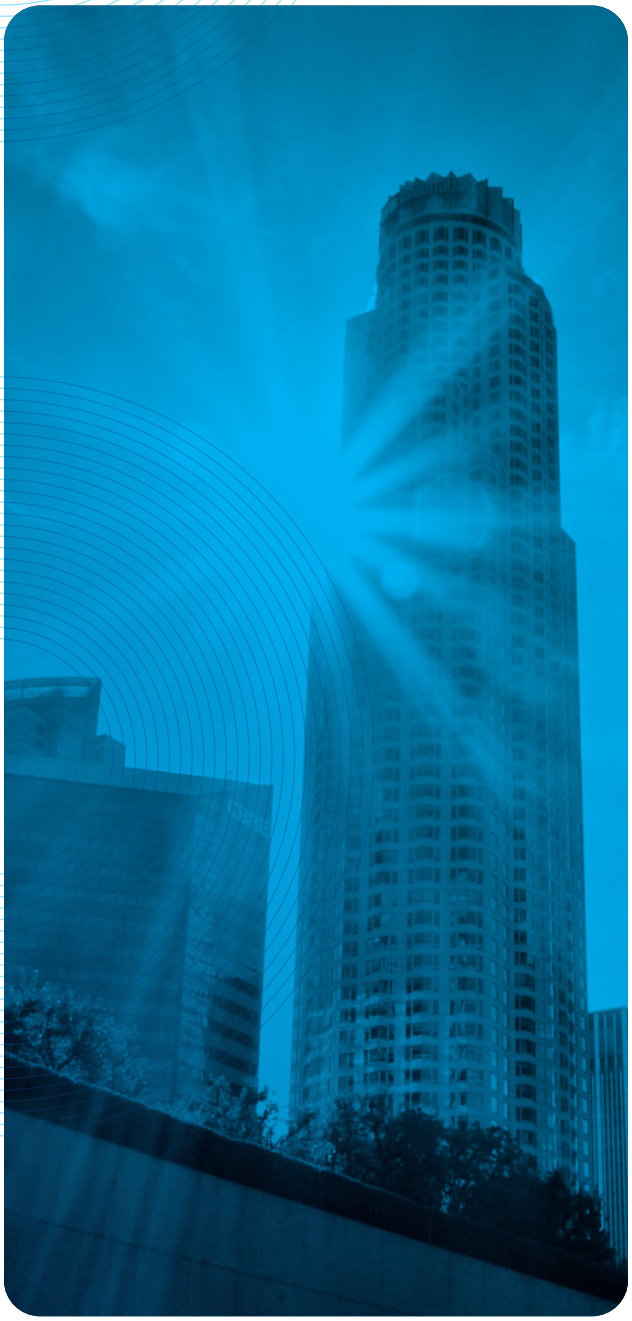
Spring | 2026 Newsletter



# Contents



## UPDATE

**Unclaimed Property**
Tax Information Reporting
Statutory Reporting
Sovos Education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# Federal Action on Unclaimed Property

## A Two-Pronged Approach to Investment Asset Protection

**Freda Pepper, General Counsel, Unclaimed Property, Sovos**

The federal government is taking coordinated action on state unclaimed property practices. In mid-April 2026, Congress launched both legislative and investigative initiatives targeting what lawmakers characterize as the "premature seizure" of investment assets. On April 15, Senator Elizabeth Warren, Ranking Member of the Senate Committee on Banking, Housing, and Urban Affairs, sent a detailed oversight letter to the National Association of Unclaimed Property Administrators (NAUPA) demanding comprehensive data on state escheatment practices. The very next day, Representative Liccardo introduced H.R. 8338, titled, the "Safeguarding Americans' Fairly Earned Retirement Act of 2026" (SAFER Act). The proposed law would establish new federal standards limiting when states can take custody of securities, digital assets, and investment accounts.

While we cannot definitively know Senator Warren's motivation behind the timing of her letter, the simultaneous emergence of both initiatives suggests a coordinated federal strategy to address investor protection concerns. The SAFER Act provides the legislative framework, while Senator Warren's inquiry supplies the data-driven oversight that could inform future policy decisions or support the bill's premises.

### The SAFER Act

The SAFER Act represents the most significant federal intervention in state escheatment authority in decades. The bill creates a two-tier framework on the remission of unclaimed property to the states that is based on account ownership.

1. For accounts owned by natural persons (individuals), financial institutions may not remit covered assets to states unless all of the following conditions are met:
    - The institution has confirmed the account owner's death at least 3 years before escheatment
    - No estate fiduciary has expressed interest in the asset for at least 3 years
    - For jointly owned assets, there is confirmation of death of all owners
2. For accounts owned by entities (non-natural persons), escheatment cannot occur until the financial institution has no record of contact with a representative of the entity for at least 5 years.

This proposed framework would override existing state dormancy criteria and dormancy periods for covered assets.

The bill also imposes mandatory death verification requirements reminiscent of those imposed on life insurers. For accounts owned by individuals who have reached retirement age (currently age 73), financial institutions must conduct comparisons against death databases after five years of no contact, and then every five years thereafter.

The SAFER Act requirements do not apply to all property types, instead its application is limited to the following:

- Securities (as defined under the Securities Exchange Act of 1934)
- Digital assets (digital representations of value on cryptographically secured distributed ledgers)
- Investment accounts (accounts used to hold, manage, buy, sell, or trade securities or digital assets,
  including IRAs)
- Proceeds from sales and related payments (dividends, principal, forks, airdrops)

The bill includes an explicit preemption clause stating it "preempts any State law, regulation, ordinance, or other provision" that conflicts with its requirements. However, a "Sense of Congress" provision seemingly preserves certain state powers. Indeed, the states may maintain due diligence requirements, reporting obligations, and other compliance mandates that don't directly conflict with the custody-yielding restrictions. And owners would retain remedies for mishandling or improper escheatment.

## Senator Warren's NAUPA Inquiry

Senator Warren's letter to NAUPA provides the evidentiary foundation that underscores the need for reform. The inquiry highlights three trends that directly align with the SAFER Act's policy objectives:

1. The Growing State Holdings: While states returned $4.49 billion to rightful owners in 2024, they collectively hold approximately $70 billion in unclaimed property. This is up dramatically from an estimated $20 billion in 2002. Just four states now hold over $34 billion in unclaimed funds. These figures suggest that escheatment has become a significant revenue source for states, raising questions about incentive structures.
2. The Dormancy Period Squeeze: Between 2004 and 2020, seventeen jurisdictions shortened their dormancy periods for banking properties, with many moving from five years to three. This reduction in the time it takes for properties also brings into question the states' motivations.
3. The "Inactivity" Standard Shift: States are increasingly replacing "Returned by Post Office" (RPO) triggers with "inactivity" standards. Under inactivity rules, the dormancy clock starts simply because an account holder hasn't initiated contact, even if mail is being successfully delivered. This creates particular problems for long-term investors following buy-and-hold strategies, precisely the constituency the SAFER Act seeks to protect.

NAUPA was given a response date of May 1, 2026, to respond to eight detailed information requests covering:

- State-by-state dormancy trigger methods and correlation with escheatment volume
- Current dormancy periods and recent shortenings
- Ten-year trends in state escheatment reserves and return rates
- Reunification processes and success rates
- The role of contract auditors and compensation structures
- State motivations for adopting inactivity standards and shortening dormancy periods

If NAUPA provides the requested data, the industry would have unprecedented visibility into state escheatment practices and could supply the foundation for congressional hearings, GAO investigations, or amendments to the SAFER Act as it moves through the legislative process.

## Investor Protection as Common Thread

Both initiatives focus on the same core problem: state escheatment practices that conflict with prudent investment behavior. Senator Warren's letter explicitly notes the escheatment risk under inactivity standards that "buy and hold" strategies now carry. Long-term investors who aren't actively logging into accounts may find their securities escheated and liquidated by states, permanently losing any capital appreciation even if they eventually reclaim the funds.

The SAFER Act addresses this by requiring death confirmation before individual accounts can escheat, effectively protecting living investors who simply haven't contacted their institution. Warren's letter cites recent class action lawsuits in Ohio, Colorado, and Delaware that allege improper seizure of stocks, inadequate notification, and failure to account for appreciation as a result of liquidation practices, all problems the SAFER Act's custody restrictions aim to prevent.

## Looking Ahead

The convergence of Senator Warren's oversight letter, and the SAFER Act marks a potential turning point in the federal-state balance on unclaimed property. For decades, escheatment has been almost exclusively a matter of state law. These initiatives suggest Congress may be ready to assert federal authority over investment assets, prioritizing investor protection over state revenue interests.

While we cannot assume Senator Warren's specific motivations, the alignment between her inquiry and the SAFER Act is unmistakable. Both address the same investor protection concerns, target the same state practices, and emerge at a moment when unclaimed property has become a multi-billion dollar issue affecting retirement savers nationwide.

The coming months will reveal whether these federal actions result in reshaping the unclaimed property landscape. For now, holders should prepare for potential changes while maintaining full compliance with current state requirements.

# The Date You're Missing: Why RPO Tracking is Essential for Unclaimed Property Compliance

**Laurie Andrews, Principal Consulting Director**

In my earlier article, Why Data Matters in Unclaimed Property Reporting, I wrote about how data is the foundation of compliance - and how every field, every date, and every piece of information plays a critical role in accurately identifying, analyzing, and reporting unclaimed property. One of those data points deserves its own spotlight: the returned mail date.

For financial institutions, securities firms, IRA custodians, and now virtual currency platforms, tracking the date that mail is returned by the postal service as undeliverable, commonly referred to as an RPO (return post office) date, is not just good practice, in many states, it is the trigger that starts the dormancy clock. Without it, Sovos cannot perform a complete and accurate unclaimed property analysis on your behalf.

This article explains why RPO tracking matters, how it affects the dormancy calculation across multiple property types, and what happens when that data is missing.

## What Is an RPO Date and Why Does It Matter?

When a financial institution or transfer agent mails a statement, dividend notice, or other correspondence to a customer, and that mail is returned by the U.S. Postal Service as undeliverable, the date of that return is the RPO date. Depending on the state or property type, that date carries significant weight in unclaimed property analysis.

In many jurisdictions, the RPO date is one of the triggers that begins the dormancy period, which is the window of time after which property is presumed abandoned and must be reported and remitted to the state. If a holder cannot provide the RPO date, the analysis cannot be completed accurately.

The impact cuts both ways. Missing RPO data can lead to over-reporting (escheating property that isn't yet due) or under-reporting (missing property that should have been reported years ago). Either outcome creates risk - financial, reputational, and regulatory.

## RPO Dates and Banking Property

A number of states take the position that when a financial institution mails correspondence to an account owner and that mail is not returned as undeliverable, it constitutes contact with the owner - effectively resetting the dormancy clock. This "non-return of mail as contact" concept is a valuable tool for preserving accounts from escheatment, but it requires the holder to track both mailing dates and RPO dates meticulously.

The flip side, however, is just as consequential. Maryland is a prime example where the actual RPO date is a direct component of the dormancy analysis for banking property under its law. Maryland's statute defines the commencement of dormancy as the later of the mandatory distribution date, owner activity or the date a second consecutive communication is returned undeliverable. Without the RPO date in the data provided to Sovos, we simply cannot determine whether Maryland accounts have triggered dormancy under the new rule.

## RPO Dates and IRA Accounts

IRA dormancy analysis is already complex—mandatory distribution ages, last contact with the owner, Roth vs. Traditional distinctions, and varying state approaches create a multi-layered compliance picture. Add the RPO date requirement and the analysis becomes even more data-dependent.

A significant number of states have adopted the Revised Uniform Unclaimed Property Act (RUUPA) framework for IRA dormancy, which ties the start of the dormancy period to the later of (a) the mandatory distribution date or (b) the date a second consecutive communication sent by the holder is returned as undeliverable. Owner contact is woven into this framework as well - if a holder is not sending communications by first-class mail, RUUPA requires an attempt to confirm the owner's interest by email within two years of the owner's last indication of interest. This means that even if an account owner has reached the required minimum distribution age, the property may not be dormant under state law until both the RPO-based lost-address determination has been made and any owner contact or activity has been accounted for. The interplay between returned mail and owner engagement makes complete data on both fronts essential to an accurate analysis.

When clients submit IRA populations for review without RPO dates, Sovos is unable to apply the correct dormancy trigger for these states. The result is an analysis that is either incomplete or based on assumptions that may not reflect the actual facts of the account. Providing RPO data for IRA accounts is not optional if you want an accurate picture of your compliance obligations.

## RPO Dates and Securities

For securities holders such as brokers, transfer agents, and companies maintaining direct registration programs, the RPO date is often the most important date in the dormancy analysis. Unlike banking property, where the last date of owner activity or contact is often the primary clock, securities dormancy in most states is measured from the earlier of three triggers: the date of the last unclaimed distribution, the date of the owner's last contact, or the date a communication was returned as undeliverable.

That third trigger - the RPO date - is codified in the unclaimed property laws of at least 35 states and jurisdictions. In many of these states, dormancy does not begin until the second consecutive mailing is returned undeliverable. That means the RPO date is not just a data point, it is the starting point for the dormancy clock. A securities population submitted without RPO dates is, in many cases, an incomplete dataset. Sovos will flag these gaps and work with clients to develop the best available analysis, but the most accurate results require the data.

Securities holders should be tracking RPO dates for every account that enters a lost or unresponsive status. This includes accounts flagged under SEC Rule 17Ad-17, which establishes federal obligations to search for lost shareholders. The states have built on this framework, and the RPO date is a key element of both the federal and state compliance picture.

## RPO Dates and Virtual Currency

Virtual currency is the newest frontier in unclaimed property compliance, and it is evolving rapidly. Several states have now enacted specific legislation for digital assets, and a pattern is already emerging: the RPO date is becoming a dormancy trigger in this space as well.

Arizona's new digital asset law presumes digital assets abandoned three years after a written or electronic communication is returned to the owner as undeliverable - whether by USPS or by email or other electronic means.

This is a significant development. Virtual currency platforms often have limited traditional mailing practices, but as states bring these assets into the unclaimed property framework, the obligation to track and document returned communications, electronic or otherwise, is growing. Platforms that are not yet tracking these dates should begin doing so now.

## What's at Stake When RPO Dates are Missing?

When clients engage Sovos to perform an unclaimed property analysis, whether as part of a voluntary disclosure, audit support, a self-audit, or annual compliance, the quality of our analysis is directly tied to the quality of the data we receive. The RPO date is one of the most frequently missing fields, and its absence has real consequences.

Depending on the property type and the states involved, missing RPO data may mean:

- We cannot apply the correct dormancy trigger under state law, leading to an incomplete or inaccurate dormancy calculation.
- We cannot determine whether the RPO-based dormancy clock has started, meaning we may understate or overstate the reportable population.
- For states where non-return of mail constitutes contact (resetting dormancy), we cannot give credit for mailings that may have preserved accounts from escheatment. Note that this date needs to be included in the last contact date when providing data to us.
- For Maryland banking and IRA accounts, we cannot complete the dormancy analysis at all without the second-mail RPO date.
- For virtual currency accounts in Arizona, we cannot calculate dormancy under the new statutory frameworks.

In audit contexts, the stakes are even higher. Whether the auditor is from Kelmar, Kroll, EECS, or a state agency, they will ask for RPO data. If a holder cannot produce it, the auditor may apply assumptions that are unfavorable to the holder, potentially expanding the scope of the audit and the estimated liability.

## What Holders Should Do

The message is straightforward: track your mail and share that data with Sovos.

Specifically, Sovos recommends that financial institutions, securities holders, IRA custodians, and virtual currency platforms:

- **Capture and retain RPO dates** for correspondence sent to account owners that is returned by the postal service as undeliverable.
- **Track both the mailing date and the RPO date separately** - both are needed for states where non-return of mail as contact is relevant.
- **Include RPO dates in the data extracts provided to Sovos for any analysis engagement.** This applies to banking populations, IRA populations, securities populations, and virtual currency accounts.
- **Flag accounts with multiple RPO dates** where applicable, as some states (including Maryland and those under the RUUPA framework) require a second consecutive return to trigger dormancy.
- **For virtual currency platforms**, begin tracking returned electronic communications (bounced emails, failed delivery notifications) in addition to postal mail.

## Closing Thoughts

In Why Data Matters, I noted that every field, every date, and every name plays a role in accurate unclaimed property compliance. The RPO date is one of those fields, and for financial institutions and securities holders operating across multiple states, it may be one of the most consequential.

Unclaimed property law is dynamic. Maryland's banking provisions, Arizona's virtual currency laws, and the continued adoption of RUUPA-based IRA frameworks all underscore a trend: the RPO date is important. Holders who are not tracking it today have a gap in their compliance that will only become harder to close over time.

Sovos is here to help you navigate this complexity—but we can only work with the data you provide. Give us the RPO dates, and we can give you the analysis you need.

# Understanding Unclaimed Property Obligations in the Retail Industry

**Jinu Thomas, Senior Manager, Unclaimed Property Consulting**
**Paola A Narez, Senior Manager, Unclaimed Property Consulting**

Evaluating unclaimed property compliance in the retail industry is particularly complex given the nature of retail operations and the volume of customer facing transactions generated daily. On one hand, a retailer's organizational structure and accounting practices can present challenges when determining which state has the right to claim property under applicable priority rules. On the other hand, the lack of uniformity among states in determining whether certain retail specific property types are fully reportable, partially reportable, or exempt adds a further layer of complexity.

While retailers are exposed to common unclaimed property categories such as outstanding accounts payable checks and payroll, they also generate several property types that are unique to retail business models. Gift cards, layaways, merchandise credits, customer deposits, and other forms of stored value can represent material unclaimed property exposure if not properly tracked, classified, and evaluated. As a result, retailers often face compliance considerations that differ significantly from those encountered in other industries.

Below, we highlight several key unclaimed property risk areas specific to the retail industry and the compliance challenges commonly associated with each.

## Gift Cards

Gift cards represent one of the most significant unclaimed property risk areas for retailers due to high transaction volumes, limited owner information, and varying state treatment. Most retailer issued gift cards are closed loop, meaning they are redeemable only with a specific merchant or affiliated brand, as opposed to open loop cards that operate on major payment networks and may be used at unaffiliated merchants. From a compliance perspective, retailers frequently encounter challenges tracking the date of last activity and identifying the ultimate card holder, particularly when gift cards are transferred or gifted to other individuals.

Retailer gift cards that do not carry expiration dates or service fees and are redeemable solely for goods or services, may be considered potentially exempt in many states. However, the presence of expiration dates and inactivity fees greatly impacts this consideration and can reverse a state's position of escheatability. Like other property types, unclaimed property laws governing gift cards are far from uniform and vary significantly by jurisdiction. Depending on the state, gift cards may be fully exempt from reporting, exempt only if specific statutory conditions are met, subject to partial escheatment under statutory percentage models (such as 40% or 60% of the outstanding balance), reportable on a reduced basis through profit margin or cost of goods sold (COGS) deductions, or due as unclaimed property for the full amount of any unused balances.

Taken together, these differing approaches create significant complexity for retailers operating across multiple jurisdictions. A gift card program that is fully exempt in one state may be partially reportable or fully reportable in another. Accordingly, retailers must evaluate gift card programs on a state-by-state basis, considering product design, terms and conditions related to fees and expiration dates, and the availability of addresses and dates of last usage. . Failure to properly apply applicable exemptions or deductions can result in material exposure given the high dollar values often associated with gift card programs.

In addition to the factors that impact potential escheatment, retailers also need to consider how the requirements to report unclaimed property factors into their ability to recognize unused balances as breakage or income. As a general rule, unused balances considered to be reportable as unclaimed property cannot be recognized as breakage revenue.

## Layaways and Customer Deposits

Layaway programs allow consumers to place partial payments on merchandise while the retailer holds the item until the purchase price is paid in full. Similarly, retailers may require customer deposits for special order items or high value purchases. From an unclaimed property perspective, these arrangements create potential liabilities when layaway plans are not completed or when customers cancel transactions and fail to reclaim refundable deposits.

A key challenge for retailers is the collection and retention of customer and transaction data within point of sale (POS) systems. How payment methods, customer identifiers, and transaction history are recorded can directly impact a retailer's ability to issue refunds or support compliance determinations at a later date. While layaway plans are typically short term often lasting 90 days or less and deposits are frequently refunded when records are available, unresolved balances may be transferred to customer refund or liability accounts, where they become subject to unclaimed property review.

Proper classification is critical, as state unclaimed property laws vary in their treatment of layaways and customer deposits. For example, some states, such as Delaware, exempt layaway balances from reporting, while other customer deposits may remain fully reportable. Retailers must therefore clearly distinguish between these property types and evaluate state specific rules to ensure accurate classification and compliance.

## Merchandise Credits and Store Credits

Merchandise credits and store credits represent another important area of unclaimed property compliance for retailers. Unlike traditional gift cards, which are typically purchased for consideration, merchandise credits are commonly issued in connection with returns, exchanges, price adjustments, or customer service resolutions. They may take the form of physical cards, electronic credits, or account based balances redeemable for future purchases.

From a compliance standpoint, merchandise and store credits present unique challenges due to inconsistent treatment under state laws and limitations in available customer data. These credits are often issued at POS without collecting customer address information, complicating reporting and sourcing under priority rules. While some states expressly exempt certain merchandise or store credits particularly when redeemable only for goods or services, other states require unredeemed balances to be reported once dormancy periods are met.

Further complicating matters, not all states explicitly reference "merchandise credits" in their unclaimed property statutes, requiring retailers to evaluate whether such credits fall within broader statutory definitions. Texas provides a notable example. In Texas Comptroller of Public Accounts v. The Neiman Marcus Group, the state challenged the treatment of merchandise credits issued for returns without receipts more than 30 days after purchase, many of which remained unredeemed. The Texas Comptroller has taken the position that these credits should not qualify as exempt stored value cards under the Texas Unclaimed Property Program.

This case underscores critical compliance considerations for retailers, including the importance of how credits are structured, classified, and documented; the impact of statutory definitions; and the risks associated with aggressive state enforcement positions. The lack of uniform statutory treatment highlights the need for retailers to evaluate merchandise and store credit programs on a state by state basis and to maintain adequate transaction and customer data where possible.

## Conclusion

Unclaimed property remains an evolving area of compliance that presents both opportunities and potential pitfalls for retail organizations. Effective unclaimed property compliance in the retail industry requires a nuanced understanding of general accounting principles alongside retail specific practices. Gift cards, merchandise credits, layaways, and customer deposits each present distinct compliance considerations that must be evaluated on a state by state basis.

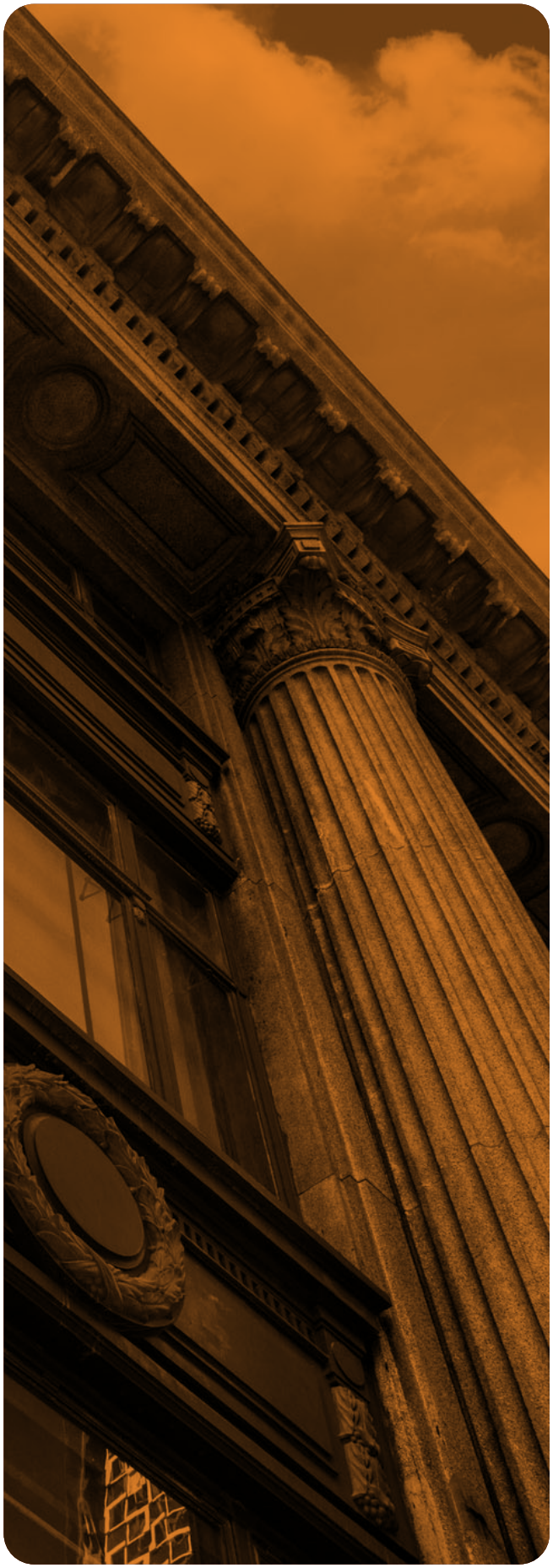
Retailers that proactively assess these areas, align internal practices with statutory requirements, and maintain strong documentation and controls are better positioned to reduce audit exposure and navigate an increasingly active enforcement environment.

At Sovos, we have extensive experience assisting retailers and other consumer facing businesses of all sizes in identifying unclaimed property exposure, strengthening compliance programs, and mitigating risk. Please feel free to reach out to any member of our team to discuss how we can support your organization in this area.

# Delaware Escheat Practices Face Federal Court Challenge

## What Vial v. Mayrack Means for Holders

**Freda Pepper, General Counsel, Unclaimed Property**



On March 23, 2026, the U.S. District Court for the District of Delaware issued a decision that should be on every unclaimed property practitioner's radar. In Vial v. Mayrack, Judge Maryellen Noreika denied Delaware's motion to dismiss a constitutional challenge to the state's escheat and liquidation practices, allowing claims for both takings and due process violations to proceed. While this case is far from over, the court's reasoning could have significant implications for how Delaware administers its unclaimed property program.

### The Facts

Plaintiff Jaime Vial, a Chilean national acting as legal representative for a deceased relative's estate, discovered that shares owned by the decedent had been escheated to Delaware. After years of communication with the state, Delaware paid approximately $2.6 million, which represented the liquidation proceeds from the shares. But Vial claims the estate is entitled to roughly $11 million more, representing the appreciated market value of the shares at the time of his claim. He alleges Delaware's enforcement of its unclaimed property law resulted in property being "seized and taken" without adequate notice or just compensation, violating the Fifth and Fourteenth Amendments.

Vial's complaint goes beyond seeking compensation for past property. He alleges he has purchased additional shares under a buy-and-hold strategy specifically anticipating they will be escheated by Delaware within three years, essentially setting up a test case for future constitutional challenges.

## Delaware's Motion to Dismiss

Delaware moved to dismiss Vial's complaint on multiple grounds, arguing that Vial lacked standing to bring the action, failed to state a takings claim, was barred by the statute of limitations, and was precluded from monetary relief under the Eleventh Amendment. The court rejected each argument.

1. Standing
   The court found Vial's allegation of $11 million in monetary injury sufficient to establish standing, noting that monetary injuries "readily qualify as concrete injuries under Article III." The court also accepted Vial's claim of future injury based on his buy-and-hold strategy, finding a "realistic danger" that those shares will be escheated and liquidated without adequate notice.

2. Takings Claim
   Delaware argued that escheat and takings are separate concepts in that escheat occurs due to an owner's failure to act, not government seizure. The court disagreed. Citing the Supreme Court's recent decision in Tyler v. Hennepin County, the court found that Vial adequately alleged a "pocketbook injury" requiring just compensation. The amended complaint contained a detailed table of shares, their value, and the compensation denied, exactly the kind of specific pleading that invokes takings protections. The court specifically distinguished this case from its own prior ruling in Schramm v. Mayrack, where the takings claim failed because plaintiffs hadn't adequately described their property interest instructing that specificity matters when pleading a takings claim.

3. Statute of Limitations:
   Delaware argued Vial knew about the escheated property years before filing suit, making his claims time-barred under Delaware's two-year statute of limitations for Section 1983 claims. But the court found two problems with this argument. First, for the takings claim, the clock doesn't start until the government takes property without compensation. Vial alleged Delaware issued its final determination refusing full compensation in early 2023, meaning the takings claim accrued at that point, well within the limitations period. Second, Vial alleged discovering additional escheated shares as late as January 2023, keeping the notice claim timely as well.

4. Eleventh Amendment:
   Delaware argued the Eleventh Amendment bars monetary damages from the state treasury under concepts of immunity. But Vial's complaint seeks payment from Delaware's "Escheat Special Fund," which he alleges is composed of set-aside reserve funds specifically designated for escheat claims. Indeed, there is a potential exception to the Eleventh Amendment if damages come from a specially earmarked custodial fund, rather than the general treasury.

   As to this claim, it is not entirely clear how the Escheat Special Fund actually operates. Delaware argues it's not really a "special fund" at all, and that any judgment would ultimately deplete the general fund. The court found the fund's operation "decidedly unclear" and ordered expedited discovery to determine whether the Eleventh Amendment applies. This discovery could be dispositive of the entire case.

## Why The Decision Matters

For holders, this decision doesn't change current compliance obligations, but it does signal increased litigation risk around Delaware's escheat practices. The decision provides a potential roadmap for property owners to challenge states' liquidation of securities and the valuation methodologies used when paying claims. This is particularly true for foreign shareholders who may be more vulnerable to inadequate notice.

The case also highlights Delaware's notice procedures, an issue that caught the attention of Supreme Court Justices Alito and Thomas in 2016. In their concurrence in Taylor v. Yee, they noted that "as advances in technology make it easier and easier to identify and locate property owners, many States appear to be doing less and less to meet their constitutional obligation to provide adequate notice before escheating private property."

For Delaware specifically, the stakes are high. If the Escheat Special Fund is found to be truly separate from the general treasury, the state could face significant monetary liability without Eleventh Amendment protection. If the fund isn't separate, the case may be dismissed on sovereign immunity grounds, but not before the state's escheat fund mechanics are exposed to public scrutiny through discovery.

## The Bottom Line

Vial v. Mayrack represents a rare instance where a federal court has allowed constitutional challenges to state escheat practices to survive the pleading stage. Whether these claims ultimately succeed remains to be seen as the Escheat Special Fund discovery could prove dispositive, and Delaware has multiple opportunities to appeal. But the decision demonstrates that courts may be willing to scrutinize how states administer their unclaimed property laws, particularly when it comes to notice, valuation, and compensation for liquidated securities.

For now, holders should monitor this case closely, particularly if they hold securities that may be subject to Delaware escheatment. The outcome could influence not just Delaware's practices, but how other states approach similar constitutional challenges going forward.

# Unclaimed Property Compliance Enters the AI Era

## How emerging AI tools could change enforcement priorities and compliance playbooks

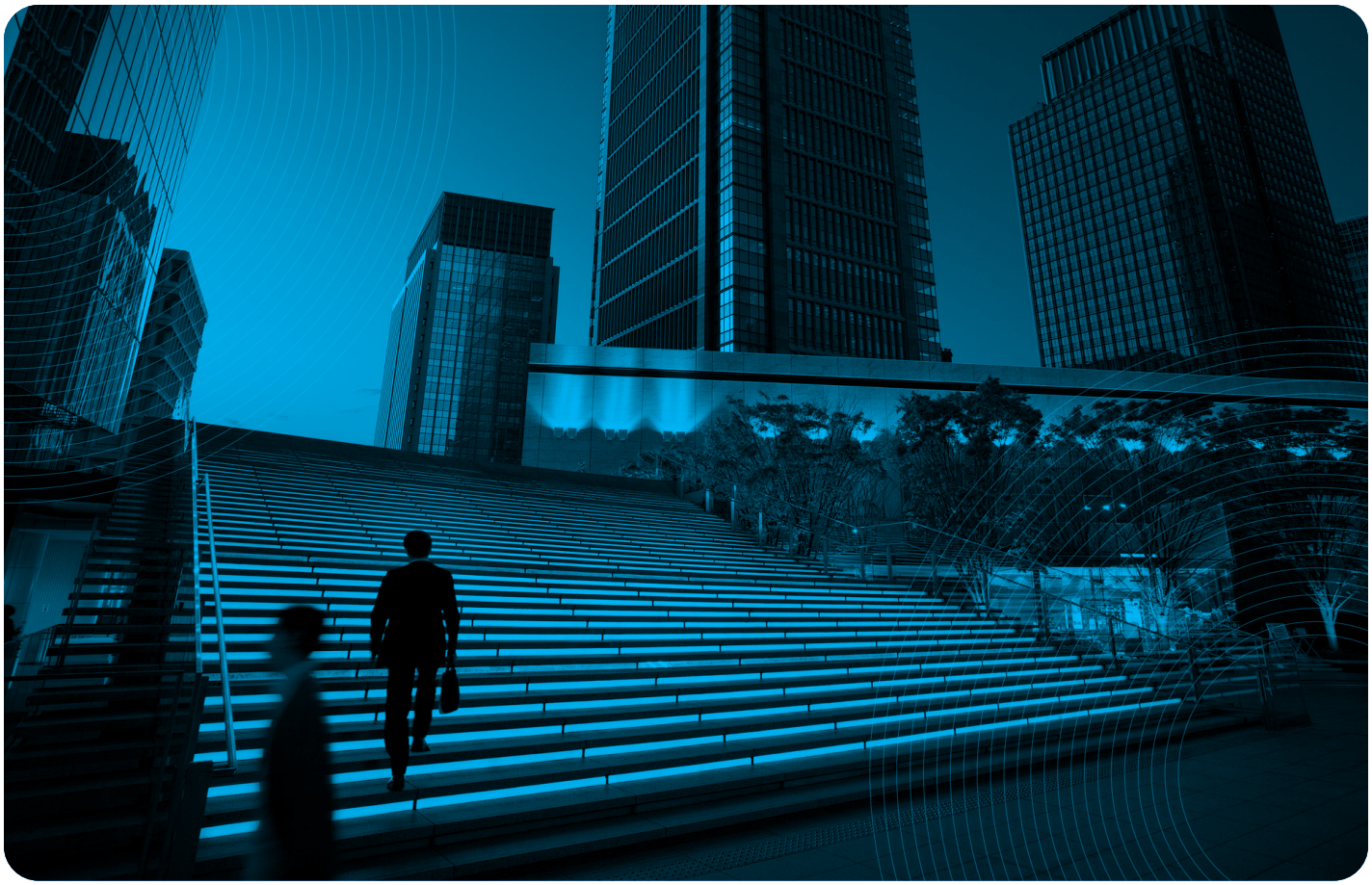
**Ann Fulmer, National Director, Unclaimed Property Consulting**

State unclaimed property programs are entering a period of transformation as regulators explore incorporating artificial intelligence (AI) into compliance and enforcement work. Although adoption appears uneven and still developing, early experiments suggest AI could change how states identify potential non-compliance, conduct audits, and interact with holders over time. As these efforts expand, we can expect to see increased levels of scrutiny applied to unclaimed property reporting and related compliance processes.

One potential use case is identifying holders that appear to be non-compliant. By analyzing large volumes of public and third-party data, AI tools could help states flag businesses that may be holding potential unclaimed property but have not reported or remitted it. For instance, the North Carolina Department of State Treasurer reported preliminary results from a 12-week pilot in which staff used ChatGPT with publicly available information to more efficiently identify and contact business entities that may be holding unclaimed property. The findings were described as initial and subject to further third-party analysis, but the example illustrates how a more targeted approach would allow states to focus outreach efforts, potentially increasing identification of unreported property and improving enforcement efficiency. Source: North Carolina Department of State Treasurer, "Initial Analysis of N.C. Department of State Treasurer and OpenAI: 'Better Outcomes for Taxpayers'" (June 23, 2025).

AI could also affect the efficiency and scope of state audit functions. Some regulators appear to be exploring AI-enabled tools to review audit documentation, summarize filings, and surface inconsistencies across datasets faster than traditional methods. Where deployed, these tools may allow audit teams to process larger volumes of information in less time, which should translate into shorter audit cycles. That said, outcomes will likely vary by state, vendor, and governance model, with many audit teams continuing to rely primarily on conventional techniques.

Another area where AI could be applied is data analytics and anomaly detection. In theory, machine learning models can evaluate filings across multiple years and jurisdictions to highlight trends, gaps, or inconsistencies that signal the risks of compliance issues. If states adopt these capabilities, they may be better positioned to proactively spot potential reporting errors, missing property types, or unusual fluctuations in reported amounts. However, such signals would still require human review and context, and not every anomaly necessarily indicates non-compliance. It will be incumbent on the Holder to maintain documentation to demonstrate the reason for the inconsistency.



Other possibilities that states could consider would be the introduction of AI to support fraud detection in claims processing. AI systems can be trained to look for patterns that are sometimes associated with fraudulent activity, such as repeated claims from the same identifiers, inconsistent documentation, or coordinated behavior across multiple accounts. Where used, these tools could be paired with cross-referencing against public records and historical data to help prioritize reviews. At the same time, any AI-driven screening can produce false positives or miss novel fraud patterns, requiring robust controls and human oversight. While this activity would primarily affect the claims process, it would also indirectly increase expectations around documentation and validation on the Holder's side, further re-enforcing the need for complete and accurate data.

Taken together, these AI-enabled capabilities could align with enforcement trends that some observers have noted in the unclaimed property space, such as greater use of data analytics, targeted outreach, and risk-based selection. In jurisdictions that choose to invest in these tools, AI could be a force multiplier, helping regulators surface potential issues earlier or with greater precision, preventing unnecessary audits of compliant holders. Still, the pace and direction of change will likely differ across states based on budgets, priorities, legal constraints, and technology maturity.

For Holders, the implications may be meaningful even if AI adoption remains uneven. While expanded analytics and automation could increase the likelihood that the risk of potential non-compliance is identified, it could also provide assurance of a holder's compliance efforts, thus reducing the risk of audit. On the other hand, AI might also raise expectations around data quality, documentation, and consistency. Given the opportunities created by AI, companies may want to plan for more frequent inquiries from certain states, more sophisticated audit requests, and a greater emphasis on maintaining accurate, well-documented compliance processes, particularly where regulators have signaled modernization priorities.

As AI experimentation continues, organizations may benefit from evaluating their own data, processes, and controls to determine how resilient they are under a range of plausible regulatory scenarios. Strengthening data governance, documenting key decisions, and pressure-testing reporting assumptions can help companies adapt whether states adopt AI quickly, slowly, or selectively. In that sense, proactive compliance, supported by clear ownership, repeatable procedures, and reliable records, could be a practical way to navigate the next phase of unclaimed property oversight, whatever form it ultimately takes.

# UP Newsletter Legislative Compilation

**Legislative Update for the Period of 1/26/26-5/15/26**

**AL H 104**
INTRODUCED: 1/13/2026
ENACTED: 3/26/2026
EFFECTIVE: 6/1/2026

Alabama House Bill 104 was enacted on March 26, 2026. This bill mostly addresses digital assets and new terms. It appears that Alabama is attempting to address unclaimed digital assets after a similar bill failed last year. The changes are as follows:

Definitions – Three new definitions are added.

- "Last known address" is defined as any address or location of an owner, that at least identifies the state but does not need to be sufficient for first class mailing.
- "Digital asset" is defined as any digital representation used as a medium of exchange or storage of value which is not fiat currency and is recorded in a cryptographically secured, distributed ledger, or any similar technology, regardless of whether each individual transaction is recorded in that ledger. The term does not include any software or protocols governing the transfer of digital representation of value, video game-related digital content, or loyalty or gift cards.
- A "Private Key" is defined as a secret part of an asymmetric pair that is used for digitally signing or decrypting data.

Digital Assets

- Digital Assets are presumed abandoned three years after the last activity by the owner. For digital assets, activity can mean accessing a password protected account, responding to holder outreach, or conducting a transaction such as a withdrawal or deposit. Automatic, recurring, or prescheduled transactions do not count as owner activity.
- Due diligence letters to owners of digital assets, securities, and safe deposit boxes must include a notice that the property may be liquidated if it is not claimed before being remitted to the state.
- If the holder has a private key, credential, or other information necessary to effectuate the transfer of the unclaimed digital assets holders must deliver the digital asset in its native form 30 days after filing their annual report. Within 30 days of the transfer, the holder must also provide a reconciliation of the delivery of the asset with respect to the report that was filed.
- If the holder does not have the information necessary to transfer the digital asset, they must maintain it until they acquire the needed information.
- The state may decline to accept the digital asset if they determine that it is not transferable, of nominal value, or worth less than the cost of maintenance and sale. The state may also decide which types of digital assets are exempt from reporting and liquidation.
- Digital assets that are listed on an established exchange must be sold at the prices given at the time of sale. Digital assets not on an established exchange can be sold by any reasonable method chosen by the State Treasurer.
- The state treasurer may direct holders to liquidate the digital assets, and if so, holders must liquidate the digital assets within 30 days after filing the report. Liquidation orders may be provided in the recording instructions for the year a report is due.

**CA S 1066**

INTRODUCED: 2/12/2026

California Senate Bill 1066 was amended on March 25, 2026, adding holder and claimant-friendly unclaimed property related provisions. The bill proposes the following:

- Most dormancy periods are increased to 7 years, including property that currently has a one-year dormancy period (court ordered refunds and wages).
- Correspondingly, the due diligence timeline has increased from between two to two and a half years to between six to six and a half years.
- The proposed law requires the Controller to maintain reported property in the form in which it was escheated rather than selling it.

The proposed law requires the Controller to add interest to the amount of any claim paid to the owner from the date the rightful owner filed a claim through the date the property is returned

**CT S 215**

INTRODUCED: 2/18/2026

This bill adds a provision regarding linkage of accounts. Activity on a different account under the same banking organization is considered activity. Payments made by an owner to the banking organization for principal or interest due on a loan by the banking organization is considered owner interest on a demand or savings deposit.

**CT S 488**

INTRODUCED: 3/11/2026

This bill proposes the following:

1. 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.
2. A definition of "Indicated an interest" is added providing the following actions as owner interest:
    a. A record communicated by the owner to the holder about the property or the account holding the property.
    b. 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.
    c. Presentment of a check or other type of payment of a dividend, interest, payment, or other distribution.
    d. 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.
    e. Depositing or withdrawing from the account, with the exception of preapproved automatic deposit, withdrawals, or reinvestments.
    f. Any other action by the owner that proves to the holder that the owner knows the property exists.
    g. "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.
3. 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.
4. 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.

**GA S 403**

INTRODUCED: 1/15/2026
ENACTED: 5/5/2026
EFFECTIVE: 7/1/2026

The introduced version of this bill addressed virtual currency. However, the final enacted version of the bill removed the virtual currency provisions. What remains are changes to due diligence as follows:

Due Diligence

- In addition to written due diligence, email due diligence is now required for property where the owner has agreed to receive electronic communications.
- For properties with a value over $10,000, mailed letters must be sent by certified mail.

**IL S 3035**

INTRODUCED: 1/28/2026

Consumer-deposit accounts are considered dormant or inactive if one year has passed since the date of the last recorded transaction and the owner has not corresponded with the holder regarding the account for more than 12 months preceding the determination. The holder may not impose a maintenance fee or service charge in connection with a dormant or inactive account.

**LA H 1256**

INTRODUCED: 5/5/2026

Louisiana House Bill 1256 was introduced on May 5, 2026. This bill substitutes House Bill 947 which was introduced on March 9, 2026. HB 1256 provides different 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.

If enacted, the law will go into effect January 1, 2027.

**ME H 1313**

INTRODUCED: 5/12/2025
ENACTED: 4/13/2026
EFFECTIVE: 7/15/2026

On April 13, 2026, House Bill 1313 was enacted in Maine. The bill makes sweeping changes to Maine's law. Maine's current unclaimed property law was enacted in 2019 and adopted the Revised Uniform Unclaimed Property Act of 2016 (RUUPA). The changes are as follows:

**Individual Retirement Accounts (IRAs)**

- The new law, in reference to tax deferred and tax-exempt retirement accounts, provides that such accounts are presumed abandoned 3 years after the later of the date the account is coded as returned from post office (RPO) or the date of required minimum distribution.
    - The reference to the owner turning 70.5 years old is removed. By doing so, Roth IRAs held by living owners are no longer escheatable.
- The requirement to undertake pre-presumption notification to owners who have elected to receive electronic communication is removed.
- Additionally, a new provision is added providing that funds from terminated retirement plans are presumed abandoned one year after the date of plan termination.

**Other Tax-Deferred Accounts**

The entire provision addressing the escheatment of other tax-deferred accounts is removed. As such, there is no longer a provision that addresses Health Savings Accounts, 529 Plans and Educational Savings Accounts.

**UGMA/ UTMA Accounts**

- The RPO requirement is removed from the UGMA and UTMA accounts criteria for escheatment.
- Such accounts are now presumed abandoned 3 years after the date on which the custodian is required to transfer the property to the minor or the minor's estate in accordance with the UGMA/UTMA laws of the state in which the account was opened. In other words, 3 years after the minor reaches the age of majority.

**Payroll Cards or Demand, Savings or Time Deposits**

- For payroll cards and demand, savings or time deposits, including automatically renewable deposits, the dormancy period is now triggered by the later of maturity and last indication of owner interest
- Previously, such property was escheatable 3 years after the date of last contact only.

**Virtual Currency**

- A definition of virtual currency is added and means a digital representation of value that is not legal tender in the U.S., excluding game-related digital content, software, loyalty programs, and gift obligations.
- Virtual currency will be presumed abandoned 5 years after the last indication of interest. If communication is sent by first class US mail during the regular course of business, the virtual currency is presumed abandoned five years after the date a mailing was returned as undeliverable.
- Due diligence must be sent by certified mail not less than 60 days before reporting with respect to unclaimed virtual currency with a value of $1000 or more.
- If the holder has private keys or other information needed for transfer, the virtual currency must be remitted in its native form within 30 days before reporting. If the holder does not have the information needed for transfer, the holder must hold it until transfer is possible.
- The administrators may direct the holders to liquidate virtual currency. If so, it must be liquidated within 30 days before filing the report. The holder can transfer the virtual currency to a state-owned account held by the holder prior to liquidation.
- The administrator may decline to accept any virtual currency that is not freely transferable, of nominal value, or valued less than the cost of maintenance. The administrator may also decide what type of virtual currency is exempt from reporting and liquidation.
- If a holder cannot liquidate the virtual currency, the holder must contact the administrator in writing to explain why. The administrator will then give the holder alternative instructions for remittance.
- An owner will have no recourse against the administrator or a holder for any loss or gain due to liquidation by the holder for the administrator.
- However, the administrator shall defend and indemnify a holder against liability on any such claim, as long as the holder has acted in good faith and substantially complied with the law.

Indications of Owner Interest

- Receipt of a distribution made by electronic means is no longer considered owner interest.
- Automatic deposits and withdrawals are no longer considered contact.
- Recurring ACH debits or credits previously authorized by the owner are no longer considered owner interest.

Address of Apparent Owner

- A new provision is added to the rules surrounding the address of an owner for purposes of establishing priority.
- The address of the apparent owner of other property for which ownership vests in a beneficiary upon the death of the owner is presumed to be the address of the deceased owner if the address of the beneficiary is not known by the holder and cannot be determined.

Deposit Accounts for Proceeds of an Insurance Policy or Annuity

Such account proceeds are presumed abandoned 3 years after the beneficiary's last indication of interest.

Due Diligence

Due diligence letters regarding retirement accounts, safe deposit boxes and securities must include language indicating that the property may be liquidated.

Escheat Fees

- A provision is added prohibiting Holders from deducting an escheat fee, unclaimed property reporting fee or other similar charge solely by virtue of the property becoming reportable under the law.
- However, the following language remains: A holder may deduct a dormancy charge from property required to be paid and delivered to the administrator if:
    - A valid contract between the holder and the apparent owner authorizes imposition of the charge for the apparent owner's failure to claim the property within a specified time; and
    - The holder regularly imposes the charge and regularly does not reverse or otherwise cancel the charge.
    - The amount of the deduction is limited to an amount that is not unconscionable.

Statute of Limitations

- While the statute of limitations is unchanged, the bill proposes to add that the commencement of an action, proceedings or examination by the administrator or the administrator's agent tolls the running of the period of limitation.
- This new provision is seemingly in direct response to litigation pending in Michigan regarding whether the commencement of an audit tolls the statute of limitations.

Property To Be Held in Trust

- A new provision is added at §2121
- A holder that holds property presumed abandoned holds the property in trust for the benefit of the State on behalf of the missing owner and is liable to the State for the full value of the property, plus any accrued interest and penalty.
- A holder is not required by this section to segregate or establish trust accounts for the property as long as the property is delivered to the administrator timely.

Confidentiality Agreements Regarding Audits

If an audited holder elects not to execute a confidentiality agreement that has been approved for use by the administrator, and the holder is unable to reach agreement on the terms of a confidentiality agreement within 90 days of the administrator's authorization of the examination, the audit must proceed without a confidentiality agreement in place and the person to be examined must rely upon the confidentiality provisions of the unclaimed property law.

Stored Value Cards

- Under the new law, Stored Value Cards are presumed abandoned on the latest of the following:
    - June 30th of the year in which the obligation is issued (previous law used December 31st)
    - The date of last contact; and
    - A verification or review of the balance by or on behalf of the apparent owner.
- Stored value and gift obligations must now be reported by November 1st and are no longer subject to spring reporting with insurance companies.

Record Retention

Holders that pay the estimated amount due to the administrator as a result of lack of records in an audit are not relieved of their obligation to retain records.

**MN H 4188**
**MN S 4365**

INTRODUCED: 3/12/2026

The companion bills provide the following:

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.

**MN H 4120**

INTRODUCED: 3/9/2026

This bill proposes to replace Minnesota's unclaimed property law with a version of the Revised Uniform Unclaimed Property Act (RUUPA), with some notable deviations. Below is detailed information regarding where the Minnesota bills deviate from RUUPA.

**Definitions**

- While RUUPA does not define "cashier's check," the companion bills do, defining them as a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.
- A definition of "Affiliated group of merchants" is added and is defined to mean two or more affiliated merchants that are related by common ownership or corporate control and share a name, mark or logo. It also applies to two or more merchants that agree to redeem cards, codes or other devices bearing the same name, mark, or logo, other than that of a payment network, solely for the purchase of goods or services from the merchants in the agreement.
- Definitions of gift cards and stored value cards are included.

**Presumption of Abandonment**

<u>Safe Deposit Boxes</u>

- Safe deposit boxes are explicitly excluded from unclaimed property and are not reportable.

<u>Securities</u>

- A security is presumed abandoned after the earlier of the following:
    - three years after the date a tax document required by the Internal Revenue Service sent by first-class United States mail to the apparent owner is returned to the holder undelivered by the United States Postal Service or, if the communication is re-sent no later than 30 days after the first communication is returned, the date the second communication is returned undelivered to the holder by the United States Postal Service; or
    - three years after the date of the apparent owner's last indication of interest in the security.

- If the owner is deceased, property subject to this section is presumed abandoned three years after the holder, in the ordinary course of business, receives notice or an indication of the death of an apparent owner. The holder must attempt not later than 90 days after receipt of the notice or indication to confirm the apparent owner is deceased. Knowledge of death regarding an owner's interest in property may be identified through any source, including: a declaration of death, a death certificate, a comparison of the holder's records against the Social Security death master file, or other equivalent resources.
- Under the current laws securities are presumed abandoned after three years after three uncashed dividends and date of last contact.

Virtual Currency

- Virtual currency is presumed abandoned three years after date of last contact.
- Holders must liquidate virtual currency within 30 days before filing the report and remit the proceeds to the state.
- A no recourse provision protecting holders against owners is included.
- 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.

Retirement Accounts

- IRAs are presumed abandoned upon the earlier of the following:
    - three years after the owner's last indication of interest following the Required Minimum Distribution date; or
    - three years after the holder, in the ordinary course of business, receives notice or an indication of the death of an apparent owner.
- The holder must attempt not later than 90 days after receipt of the notice or indication to confirm the apparent owner is deceased. Knowledge of death regarding an owner's interest in property may be identified through any source, including a declaration of death, death certificate, a comparison of the holder's records against the Social Security death master file, or other equivalent resources.
- The first-class United States mailing of a tax document required by the Internal Revenue Service to the apparent owner that is not returned to the holder or the holder's agent by USPS is an indication of owner interest in the property.
- An RPO requirement, as required by RUUPA, is not included.
- Because RMD is contemplated as a trigger and Roth IRAs owned by a living person have no mandatory distribution date, only deceased Roth IRAs can be escheatable.

Gift Cards/Stored Value Card

- A gift card is presumed abandoned three years after the later of the date of purchase or the gift card's most recent use.
- "Gift card is defined to mean a stored-value card:
    - issued on a prepaid basis for a specified amount;
    - the value of which does not expire;
    - that is not subject to a dormancy, inactivity, or service fee;
    - that may be decreased in value only by redemption for merchandise, goods, or services upon presentation at a single merchant or an affiliated group of merchants; and
    - that, unless required by law, may not be redeemed for or converted into money or otherwise monetized by the issuer.
- "Stored-value card" means a record evidencing a promise made for consideration by the seller or issuer of the record that goods, services, or money is provided to the owner of the record to the value or amount shown in the record. Stored value card includes:
    - a record that contains or consists of a microprocessor chip, magnetic strip, or other means to store information that is prefunded and whose value or amount is decreased on each use and increased by payment of additional consideration and a payroll card
- A stored-value card, other than a payroll card or a gift card, is presumed abandoned on the latest of three years after:
    - December 31 of the year in which the card is issued or additional funds are deposited into the card;
    - the most recent indication of interest in the card by the apparent owner; or

- a verification or review of the balance by or on behalf of the apparent owner.

- The amount presumed abandoned in a stored-value card is the net card value at the time the card is presumed abandoned.

- Current law exempts all retail gift cards and calls for the escheatment of all other gift cards three years after the date of last contact. As a result, retail gift cards with expiration dates will be considered escheatable under the new law if enacted.

Minor Accounts

- Accounts held in UGMA/UTMA accounts three years after the later of:

  - the date specified in the income tax laws and regulations of the United States by which distribution of the property must begin to avoid a tax penalty, if no distributions have been made; or

  - the date on which the custodian is required to transfer the property to the minor or the minor's estate in accordance with the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of the state in which the account was opened.

- The RUUPA RPO component is replaced with the date of required minimum distribution.

- If the owner is deceased, property subject to this section is presumed abandoned three years after the holder, in the ordinary course of business, receives notice or an indication of the death of an apparent owner. The holder must attempt not later than 90 days after receipt of the notice or indication to confirm the apparent owner is deceased. Knowledge of death regarding an owner's interest in property may be identified through any source, including a declaration of death, a death certificate, a comparison of the holder's records against the Social Security death master file, or other equivalent resources.

- For purposes of this section, the first-class United States mailing of a tax document required by the Internal Revenue Service to the apparent owner that is not returned to the holder or the holder's agent by the United States Postal Service is an indication of owner interest in the property.

Note: Tax documents sent by first-class mail that are not returned are an indication of owner interest for the following:

- demand, savings, or time deposits,

- tax-deferred retirement accounts,

- other tax-deferred accounts, and

- custodial accounts for minors.

Property Held by Fiduciaries

- All intangible property held in a fiduciary capacity not otherwise addressed in this law are presumed abandoned three years after the property or income becomes payable or distributable if the property is held by a banking or financial organization created in Minnesota, held by a business association doing business in Minnesota and the owner has a last known address in Minnesota, or the property is held in Minnesota by another person. If the owner increases or decreases the principle, accepts payment of principle or income, corresponds in writing regarding the property, or otherwise indicates interest, then the property is not considered abandoned.

- This is not a provision found in RUUPA

Cooperative Property

- Cooperative property, any profit distribution, or other sum held or owed by a cooperative to a patron is presumed abandoned seven years after the property became payable or distributable.

- This provision is not found in RUUPA.

Pre-paid Funeral Funds

- Funds held on deposit or in trust for the prepayment of a funeral or other funeral related expenses is 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.

- This provision is not found in RUUPA.

**Account Linkage**

- An account linkage provision is included. Regarding demand, savings, or time deposits, owner activity on other accounts under the same holder is considered owner interest if:
    - The owner indicates interest on an account listed on the same consolidated statement as the inactive account, the owner increases or decreases the amount of funds in any other account the owner has with the financial organization, or engages in any other relationship with the financial organization, and
    - The mailing address for the owner in the financial organization's records is the same for both the inactive account and an active account.

**Holder Report, Due Diligence, and Other Duties**

- Electronic reporting is required.
- For owners who have consented to receive email, email due diligence is required. It is not optional per RUUPA.
- In the property description, the holder must note if the property was interest bearing, and if so, they must also include the rate of interest at the time of delivery.
- The aggregate limit is $25.
- While no certified mailings are required, the bill states that a signed return receipt from an owner in response to due diligence is considered owner contact.
- Dormancy fees are not permitted.
- The RUUPA provision setting the reporting deadline for insurance companies as May 1st is included. This will be a reporting change for the insurance industry which currently reports in the Fall.

**MN S 4366**
INTRODUCED: 3/10/2026
AMENDED: 4/7/2026

Minnesota Senate Bill 4366 was amended on March 10, 2026. The original bill proposed to incorporate a version of the Revised Uniform Unclaimed Property Act of 2016 into Minnesota's law. However, the amendment removes the majority of the RUUPA provisions. The current version of the bill proposes to add new provisions addressing Virtual Currency, Pre-Paid Funeral Funds and 529 Plans as follows:

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 and 529A Plans

529 and 529A Plans are specifically exempt from reporting.

**NC H 1029**
INTRODUCED: 4/22/2026
AMENDED: 5/12/2026

North Carolina House Bill 1029 was introduced on April 22, 2026, and amended on May 12, 2026. Titled the Digital Asset and Stablecoin Act, the bill provides detailed requirements for entering the digital asset business in North Carolina. Embedded within the Act are amendments to the unclaimed property act relating to unclaimed digital assets as well as due diligence and aggregate thresholds. This alert covers the unclaimed property requirements only. Please refer to the bill text for full information.

With respect to unclaimed property, the bill provides the following:

Digital Asset Escheat Requirements

- Property held in a digital asset account is presumed abandoned five years after the earliest of:
    - The date of the last act of ownership interest,
    - The date a second consecutive communication from the holder is returned as undeliverable,
    - The date the holder discontinued communications with the owner.
- Digital assets should be remitted in their native form to a qualified custodian designated by the Treasurer. The holder must provide proof of delivery upon request.
- If the holder is unable to deliver the digital asset but later transfers the asset, they must report the digital asset in the subsequent reports.
- If the treasurer cannot accept the digital asset, it is of nominal value, or the cost of custody is greater than the value of the asset, the holder may be asked to liquidate the digital asset and remit the proceeds. The treasurer may also identify types of digital assets that are exempt or require liquidation.
- Holders that remit digital assets or their liquidated proceeds in good faith are relieved of all liability after the remittance.
- The treasurer will designate a custodian and provide delivery instructions prior to the first reporting cycle.
- New Definitions related to digital assets are added as follows:
- A “digital asset” is an electronic asset that grants economic, proprietary or access rights and is recorded or stored in a blockchain, cryptographically secured distributed ledge, or similar technology.
- A “digital asset account” is an account, wallet, or other custodial arrangement by an owner with a holder that may hold one or more types of digital assets.
- Regarding digital assets, an “exercise of an act of ownership interest” includes the following actions:
    - Conducting a transaction,
    - Depositing into or withdrawing from a digital asset account, one time or recurring,
    - Electronically accessing the digital asset account, and
    - Conducting activity on another digital asset account held by the same holder
- “Keys” are a pair of cryptographic codes, one public and one private, that allow the receipt and management of digital assets.
- A “qualified custodian” is a person designated by the Treasurer to hold digital assets. The “qualified custodian” must meet specified criteria.

Due Diligence

- The due diligence threshold is lowered to $25 for all property types including digital assets. Current law provides a $25 threshold for security and equity interests, but a $50 threshold for all other property types.
- Due diligence must be sent by first class mail and electronic communication-if the holder regularly communicates via electronic mail.

Reporting

- The aggregate threshold is lowered from $50 to $25
- NOTE: The first report containing digital assets after the enactment of this law must include all digital assets that would have been presumed abandoned within 10 years prior to the effective date of this law.

Effective Dates

If enacted, this will go into effect 18 months after it becomes law. Holders are not required to report or deliver digital assets until the first reporting cycle on or after 18 months after enaction.

**VA H 798**
INTRODUCED: 1/14/2026
ENACTED: 4/13/2026
EFFECTIVE: 7/1/2026

The bill addresses unclaimed digital assets. The changes are as follows:

1. New definitions are added.
    a. "Digital asset account" is an account or wallet that could contain digital financial assets and is maintained by an owner with a holder.
    b. "Digital asset" means a digital representation of value used as a medium of exchange, unit of account, or store of value, but is not legal tender, regardless of if it is denominated in legal tender. This does not include:
        i. digital assets from and within online games,
        ii. securities registered or exempt from registration with the SEC or exempt from qualifications with the SEC, and
        iii. rewards from rewards programs where they cannot be exchanged for legal tender, bank credit, or a digital financial asset.
    c. "Private key" is defined as a unique piece of cryptographic data that is used for signing transactions on a blockchain and only known by the owner.
2. "Last Known Address" now means any description that at least identifies the state of the owner but does not have to be sufficient enough for mailing.
3. A digital financial asset account is presumed abandoned 5 years after the date of the last owner-generated contact.
4. If the holder has full control of the necessary private keys, the property must be reported and delivered in its native form. Proof of delivery must be provided upon request.
5. In the event the holder possesses only a partial private key to the digital financial asset or is otherwise unable to transfer the digital financial asset, the holder must maintain the digital financial asset until the additional private keys required to transfer become available or the holder is otherwise able to transfer the digital financial asset to the administrator.
6. The administrator may liquidate assets after one year. The administrator may also select one or more custodians to manage the safekeeping of remitted digital financial assets.
7. The administrator may direct holders to liquidate digital assets at the time of reporting if the administrator's custodian is unable to accept or administer the digital assets. The administrator may also require the holder to report but not remit the digital assets and after, at minimum, one year request liquidation. Holders may transfer digital assets to the state account before liquidation. Holders must also notify the administrator in writing if they are unable to liquidate and the administrator will provide alternate instructions.

**VT H 567**
INTRODUCED: 1/6/2026
AMENDED: 3/27/2026

Reports for medical, life, or endowment insurance policies or annuities contracts must now also contain an explanation of benefit numbers.

# UPDATE

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