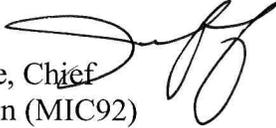


# Memorandum

**To** : Honorable Judy Chu, Ph.D., Chair  
Honorable Betty Yee, Vice Chairwoman  
Honorable Bill Leonard  
Honorable Michelle Steel  
Honorable John Chiang

**Date:** June 9, 2008

**From** : Jeffrey L. McGuire, Chief  
Tax Policy Division (MIC92)



**Subject** : **State Controller's Unclaimed Properties Update**  
**June 24, 2008 Customer Service and Administrative Efficiency Committee**

This is in response to your request for an update on our efforts to resolve the properties that have been escheated to the State Controller's Office (SCO). We have had several meetings with SCO. We have agreed that SCO will provide BOE with electronic files containing all BOE unclaimed properties. The lists will include information that will help match the co-owners of these properties with taxpayers in our database. In exchange, the BOE has agreed to periodically furnish SCO with lists of relinquished joint properties so they may be claimed by the rightful owner.

In March of 2008, the SCO prepared and delivered a file to BOE showing 673 properties valued at approximately \$800,000. The file includes properties that list BOE as either the sole owner of the property or as co-owner of the property. BOE is listed as co-owner on 565 of the properties and sole owner of 108 properties. A preliminary review has determined that 63% of those properties totaling approximately \$509,000 fall into the savings, time deposits and CD's categories. Approximately 7% of the properties totaling \$205,000 are classified as Vendor Payments. The remaining 30% of the properties totaling \$86,000 are classified as garnishments, escrow payments, salaries/wages, IRAs, refunds, liquidated funds, insurance claims, interest checking, description not found and others.

We have worked cooperatively with the SCO and developed procedures for resolving these escheated properties and ensuring that the true owner has access to the funds. There are three different actions BOE may take to resolve these unclaimed properties:

- Claim them
- Release them, or
- Initiate the Holder Reimbursement process.

For properties where we are listed as a co-owner, we are conducting research to determine if the co-owner has a debt with BOE. If the co-owner does have a liability with BOE, we submit a claim form along with required documents certifying ownership to the SCO and

apply the funds to the co-owner's liability. If the co-owner does not have a debt with BOE, we will release our interest in the escheated property to the listed co-owner. The BOE will provide the co-owner with a letter instructing him/her to present it to the SCO at the time of claiming his/her properties.

For properties where there is no co-owner, we conduct research to determine the source of the funds. In some instances, we are able to track the funds and determine that they do not belong to BOE. Preliminary analysis indicates that these properties are duplicate payments or payments intended to other state agencies or municipalities. In these cases, we initiate the Holder Reimbursement process with SCO. As part of the Holder Reimbursement process, SCO sends a claim form to the owner of the funds so that a refund can be issued to the actual owner of the property. To resolve these cases, the BOE manually compares the escheated properties and matches the original payor of the funds with taxpayers in our corporate database. This process requires detailed investigation for each account as the information we receive from SCO lacks the necessary paper trail to efficiently locate the rightful property owner.

Since March 2008, when the escheat project began, the BOE has successfully relinquished properties totaling \$55,841. We are currently reviewing three hundred additional properties in the savings, time deposits and CD's categories where the BOE appears as joint owner and expect to submit a list to the SCO releasing our interest in those properties within the next few weeks.

We will continue taking action to ensure these properties are either claimed by BOE or released to the true owner. If you need additional information or have any questions, please feel free to contact me.

JLM:rs:lsc

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Ms. Barbara Alby	(MIC 78)
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