

Agenda Report

October 24, 2011

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: ESCHEAT POLICY FOR UNCLAIMED MONEY

RECOMMENDATION:

It is recommended that the City Council adopt the recommended City of Pasadena Escheat Policy for Unclaimed Money and authorize the Director of Finance to transfer all unclaimed property, after proper notice, to the General Fund.

BACKGROUND:

Government Section 50050 states that money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury for three years or more becomes the property of the local agency after proper notice is given. These are typically City issued checks and sometimes deposits that have been outstanding and unclaimed for more than three years. Government Code section 50053 further states that if such money becomes the property of a local agency and is in a special fund, the legislative body may transfer it to the General Fund.

In accordance to law, the attached Escheat Policy requires the City to publish on its website or in a local newspaper a notice which shall state the amount, the name of the payee and the date of the check when issued of all unclaimed money. The unclaimed funds shall then become the property of the City on a designated date not less than forty-five days or more than sixty days after the first publication of the notice.

The attached recommended Escheat Policy for Unclaimed Money outlines the detail procedure and authorizes the Director of Finance to annually monitor, review and publish all unclaimed property held in the treasury of the City of Pasadena.

Finance staff goes through a rigorous procedure to find and locate the payees. To date, the Finance Department has been unsuccessful in locating the payees for the below referenced unclaimed amount and reserved those funds in a special unclaimed property liability account. There is currently \$254,864 of unclaimed checks from fiscal year 2005 through 2008 representing a total of 1,040 checks. The City of Pasadena has issued over 200,000 checks during this same period for a total of over \$700 million. The unclaimed portion represents approximately 0.03% or 0.0003 of the total amount of issued checks.

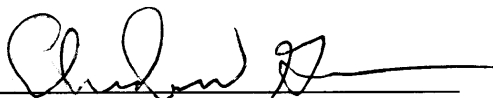
COUNCIL POLICY CONSIDERATION

This action supports the City Council Strategic Goal to maintain fiscal responsibility and stability.

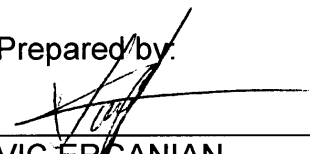
FISCAL IMPACT:

The adoption of the Escheat Policy memorializes the requirements of Section 50050 through 50057 for unclaimed property and authorizes the Director of Finance to take the appropriate action after proper notice is satisfied. The immediate impact of this action will be an increase in the General Fund revenues in account 7023-101-000000 of up to \$254,864 and an adjustment to fund balance in the same amount. Periodically, the Director of Finance will publish on the City's website all unclaimed property held by the City and implement the required actions in accordance to the attached policy.

Respectfully submitted,



ANDREW GREEN
Director of Finance

Prepared by:


VIC ERGANIAN
Deputy Director of Finance/City Treasurer

Approved by:


MICHAEL J. BECK
City Manager

Attachments: Attachment A – Escheat Policy for Unclaimed Money
Attachment B – Instruction to file a Claim Form for Unclaimed Property

City of Pasadena
Escheat Policy for Unclaimed Money

Purpose

To establish a policy for escheatment and accounting of unclaimed money in accordance with California Government Code Sections 50050 through 50057, to provide the proper mechanism to take possession of long standing unclaimed checks and to ensure the propriety of the related accounting transactions.

I. Summary of State Law

- A. Money that is not the property of the City of Pasadena that remains unclaimed for a period of more than three (3) years is the property of the City of Pasadena forty-five (45) days after the initial public notice if not claimed or if no verified complaint is filed and served. (Gov. Code. Sec. 50050 and 50051)
- B. Any time after the expiration of the three (3) year period, the City of Pasadena may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the City of Pasadena or its website (Gov. Code. Sec. 50050)
- C. The notice shall include the following information:
 - 1. The individual or business name as shown on the issued check.
 - 2. The amount of the issued check
 - 3. The type of transaction (Accounts Payable, Payroll, Deposits)
 - 4. A statement announcing that the money shall become the property of the City of Pasadena on a date that is not less than forty-five (45) days after the publication of the notice.
- D. A proof of publication from the newspaper or other forms of notice is to be retained in accordance with the City of Pasadena records retention policy as proof that the City published the required notice for two consecutive weeks.
- E. Before or prior to publication, a party of interest may file a claim which must include the following information and any other information that may be required by the Director of Finance or his designee (Gov. Code Sec. 50052):
 - 1. The claimant's name, address and telephone number
 - 2. Proof of identity such as a copy of a driver's license, military identification card, or passport.
 - 3. Amount of the claim.

4. The grounds on which the claim is founded.
- F. The Director of Finance or his/her designee may release to the depositor of the unclaimed money, their heir, beneficiary, or duly appointed representative, unclaimed money if claimed prior to the date the money becomes the property of the City of Pasadena upon submitting proof satisfactory to the Director of Finance or designee. (Gov. Code. Sec. 50052.5)
- G. When the unclaimed funds become the property of the City of Pasadena, the Director of Finance or his/her designee may transfer them the General Fund or to the fund the money was originally drawn (Section 50053).
- H. Any individual check of less than fifteen dollars (\$15.00) or any amount if the depositor's name is unknown, which remains unclaimed for a period of at least one year, may be transferred to the City of Pasadena General Fund without publication of notice.

I.

II. Procedures

- A. An individual or business may file a claim for funds with the City's Department of Finance- Treasury Division. Claimants will be required to complete a claim form for unclaimed funds, along with supporting documentation. All funds that remain unclaimed based on the timelines will be transferred to the City's General Fund.
 1. **Individual Claimant** – Claims initiated by the owner of the property.
 - a. Completed and signed Claim Form for Unclaimed Funds.
 - b. A copy of the Check (if available).
 - c. Copy of any official form used for identification, such as a driver's license, military identification card, or passport.
 - d. Proof of reported address associated with the unclaimed check. The following documents are acceptable: paystub, tax return, mortgage, telephone or utility bill, bank or credit card statement.
 2. **Business Claimant** – The claim must be made by an officer or official claiming on behalf of the business or corporation, partnership, professional association, for profit organization, government entity, or private organization.
 - a. Completed and signed Claim Form for Unclaimed Funds.
 - b. A copy of the check (if available).
 - c. Copy of any official form used for identification, such as a driver's license, military identification card, or passport.
 - d. Federal tax identification number.

- e. Business card of the authorized officer or official.
 - f. Proof of business's reported address associated with the unclaimed check, such as tax return document, a mortgage, rent, telephone or utility bill, business license, or a bank statement.
 - g. If a company or business has dissolved or changed name additional information may be requested to process the claim.
3. **Heir or Trustee of Deceased Property Owner** – Claims initiated by the authorized lawful heir or trustee of the deceased payee's claim.
- a. Completed and signed Claim Form for Unclaimed Funds.
 - b. A certified copy of the death certificate of the deceased owner or owners of the property.
 - c. Copy of any official form used for identification, such as a driver's license, military identification card, or passport.
 - d. Proof of reported address associated with the unclaimed property. The following documents are acceptable: Pay stub, tax return document, mortgage, telephone, or utility bill, bank or credit card statement.
 - e. All claims made by heirs or trustees of a deceased payee are subject to review.
- B. The City of Pasadena retains the right to reject any claim in which entitlement has not been established to the City's satisfaction.
- C. If a Claim is approved, the check will be reissued and the original check will be removed from the unclaimed check listing.

III. Disbursement and Funds Transfer

Approval

The Director of Finance of the City of Pasadena or designee will review the Claim Forms and approve or reject the claim.

- A. The Director of Finance or his/her designee may release the unclaimed money to the depositor of the unclaimed money, their heir, beneficiary, or duly appointed representative, except as otherwise noted in this policy if:
- 1. Claim is filed prior to the date the funds becomes the property of the City of Pasadena.
 - 2. Proof substantiating the claimed is conveyed in writing, including all items detailed in Section II of this policy.
 - 3. After proper documentation is secured, the Director of Finance or designee will authorized the accounts payable staff to issue a new check based upon the approved Claim Form.

Rejection

- B. Upon rejection of said depositor's claim by the Director of Finance or his designee, the depositor may file a verified complaint seeking to recover all, or a designated part, of the money in a court within Los Angeles County. The Director of Finance or designee shall be served a copy of the complaint and summons which must be served within thirty (30) days of receiving notice that the claim was rejected. The Director of Finance or designee shall withhold the release of the portion of unclaimed money for which a court action has been filed until a decision is rendered by the court.

Funds Transfer

- C. On an annual basis, the unclaimed check list will be reviewed to determine which checks can be transferred to the City's General Fund, as determined by Government Code Sections 50050 through 50056. The Director of Finance or designee will then publish a notice identifying all such money in a local newspaper of general circulation once a week for two successive weeks. The notice shall state the date of issue, payee name, and the amount of money, and state that the money shall become the City property, if not claimed forty-five (45) days after the first publication of the notice. Proof of publication must be retained as proof of notification.
1. Checks under \$15
Checks for less than \$15 that remain unclaimed for a period of at least one year will be transferred to the General Fund. The City Council delegates and authorizes to the Director of Finance to annually transfer all unclaimed checks less than \$15 without the necessity of publication of a notice in a newspaper.
 2. Checks \$15 and Greater
Checks that are greater than \$15 and have remained outstanding for more than three years will be published once a week for two consecutive weeks in a newspaper of general circulations or the City's website stating the date issued, name of payee, and the amount. The notice will also contain the specific date the money will become the property of the City of Pasadena. The date shall not be less than 45 days nor more than 60 days after the first publication
- D. Upon the close of business on the forty-fifth (45) day after publication of the first notice, the unclaimed checks shall become the property of the City of Pasadena. The City Council authorizing and delegated to

the Director of Finance may transfer them to the General Fund or the funds upon which they original checks were drawn.

- E. If there are no claims for the checks by the date identified in the notice, a list of unclaimed checks and dollar amounts will be submitted to the Director of Finance for approval and transfer to the City's General Fund or to special fund as designated by the Finance Director.

City of Pasadena

Instruction to file a Claim Form for Unclaimed Property

- A. **Individual Claimant** – Claims initiated by the owner of the property.
1. Completed and signed Claim Form for Unclaimed Funds.
 2. A copy of the Check (if available).
 3. Copy of any official form used for identification, such as a driver's license, military identification card, or passport.
 4. Proof of reported address associated with the unclaimed check. The following documents are acceptable: paystub, tax return, mortgage, telephone or utility bill, bank or credit card statement.
- B. **Business Claimant** – The claim must be made by an officer or official claiming on behalf of the business or corporation, partnership, professional association, for profit organization, government entity, or private organization.
1. Completed and signed Claim Form for Unclaimed Funds.
 2. A copy of the check (if available).
 3. Copy of any official form used for identification, such as a driver's license, military identification card, or passport.
 4. Federal tax identification number.
 5. Business card of the authorized officer or official.
 6. Proof of business's reported address associated with the unclaimed check, such as tax return documents, a mortgage, rent, telephone or utility bill, business license, or a bank statement.
 7. If a company or business has dissolved or changed names additional information may be requested to process the claim.
- C. **Heir or Trustee of Deceased Property Owner** – Claims initiated by the authorized lawful heir or trustee of the deceased payee's claim.
1. Completed and signed Claim Form for Unclaimed Funds.
 2. Death certificate of the deceased owner or owners of the property.
 3. Copy of any official form used for identification, such as a driver's license, military identification card, or passport.
 4. Proof of reported address associated with the unclaimed property. The following documents are acceptable: Pay

stub, tax return document, mortgage, telephone, or utility bill, bank or credit card statement.

5. All claims made by heirs or trustees of a deceased payee are subject to review.

If you have any question on how to submit a claim, please feel free to contact the City Treasurer's Office at (626) 744-4538.

Please attach all required information for each unclaimed property claim form that is being submitted and mail it to the following address:

City of Pasadena
Department of Finance-Treasury Division
100 N. Garfield Avenue, N123
Pasadena, CA 91109

City of Pasadena

Claim Form for Unclaimed Funds

Type of Claim: ___ Individual Claimant ___ Business Claimant

I, _____, hereby declare that I am the legal owner or custodian of check number _____, issued by the City of Pasadena, in the amount of \$ _____, dated _____ and the name of the payee shown is _____.

Indicate the reason for the claim below:

- The above check was not received _____
- The above check was destroyed _____
- The above check is attached. The check is now void because it was not cashed within six months and became stale dated.

I hereby certify under penalty and perjury that the information contained on this claim is true and correct and is being submitted to the City of Pasadena to substantiate my claim to money held by the City. I further certify that I have the authority and right to claim and receive payment of money and hereby release the City of Pasadena from all liability and further obligation with respect to this claim.

Claimant Signature

Date

Address

City/State/Zip Code

Phone Number

E-Mail Address

Mail Completed Forms with supportive required documentation to:
City of Pasadena
City Treasurer's Office
100 N. Garfield Avenue, N123
Pasadena, CA 91109
626-744-4538

CITY USE ONLY

Payee Name _____

Check No. _____ Check Date _____ Check Amount _____

Accepted _____ Denied _____

Employee Signature _____ Date _____