

# REPORTING UNCLAIMED FUNDS

Business obligations and best practices for complying with Ohio unclaimed funds laws.

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# Ohio Division of Unclaimed Funds Definitions, Laws, & Exemptions

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# Ohio's Unclaimed Funds Law

- Chapter 169 of the Ohio Revised Code, the Ohio Unclaimed Funds Law
- Chapter enacted effective December 11, 1967
- Chapter 169, R.C., is administered by the Ohio Department of Commerce, Division of Unclaimed Funds.
- Chapter 1310:10 of the Ohio Administrative Code, Unclaimed Funds Division



# What are Unclaimed Funds?



Any financial asset for which an owner has not generated activity for an extended period of time. Dormancy triggers are typically a date payable or date of last owner-generated activity.



# What Are Unclaimed Funds?

- Any moneys, rights to moneys or intangible property, described in section 169.02 of the R.C., when, as shown by the records of the holder [company holding the funds], the owner has not, within [specified time periods in the R.C.]
  - Increased, decreased or adjusted the amount;
  - Paid premiums, or encumbered funds;
  - Received payment of funds by check, draft, or otherwise



## What Are Unclaimed Funds?

- Corresponded with the holder concerning the funds;
- Otherwise indicated an interest in or knowledge of funds;
- Transacted business with the company holding the funds

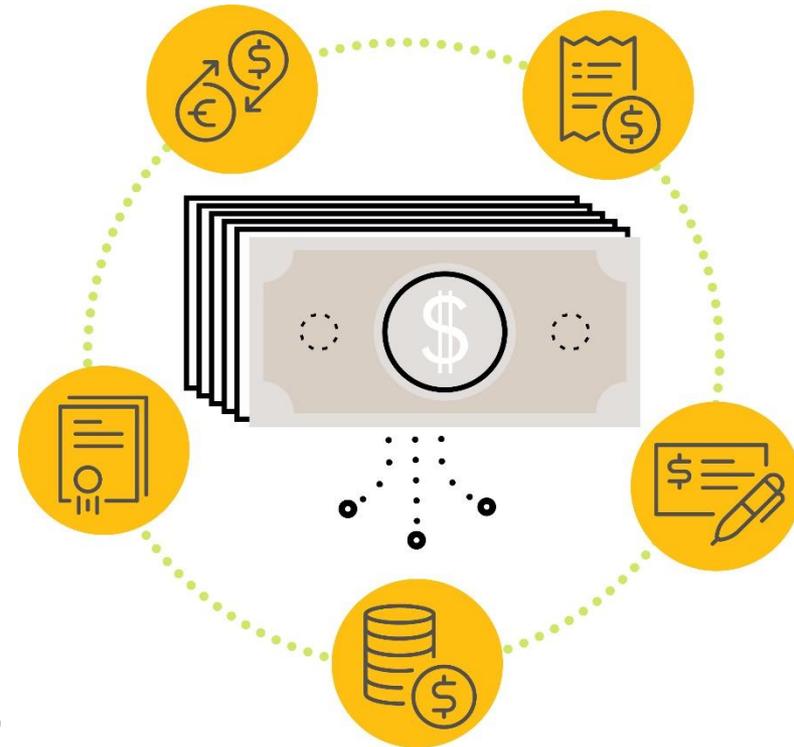
R.C. § 169.01(B)



# What Are Unclaimed Funds?

## Common examples:

- Checking accounts
- Savings accounts
- Rent deposits
- Utility deposits
- Uncashed checks
- Undelivered stock certificates
- Dividends from stock
- Customer overpayments
- Salaries, commissions, wages over \$50
- Expense reimbursement checks





# Who must report unclaimed funds?



“Holders” are private business enterprises, public corporations, financial institutions, non-profit organizations and all other entities that maintain account balances, write checks, or hold funds in escrow for another person or persons.





# Exemptions – Not Unclaimed Funds

Many states have reporting exemptions, including Ohio.

- **Gift Certificate Exemption**
  - AL, AR, AZ, CA, CO, FL, ID, IL, KS, MD, MN, NC, ND, OH, OR, SC, VT, VA, WI
- **Business to Business Exemption**
  - AZ, IL, IN, IA, KS, MD, MA, NC, OH, TN, VA, WI
- **Payroll Checks less than \$50.00**
  - OH, KY



# Records Retention

Holders must retain records for five years beyond the applicable period of dormancy.

Retained records include:

- A copy of the unclaimed funds report that was filed (OUF Forms 1 & 2);
- All signed returned OUF-8 Notice of Unclaimed Funds sent by a holder to the reported owner;
- Undeliverable address mail; and
- All supporting research & documentation used to prepare the unclaimed funds report.



# Exemptions from Reporting

- Political Subdivision Exemption  
R.C. § 9.39
- 501(c)(3) Hospital Exemption  
R.C. § (D)(2)
- Personal Allowance Account  
R.C. § 169.02(R)(2)
- Merchandise Gift Certificate  
R.C. § 169.01(B)(2)(d)





# Business-to Business-Exemption

## O.A.C. 1301:10-1-01(M)

- First effective Sept. 14, 2000
- Eliminates wholesale trade from the jurisdiction of Chapter 169 of R.C.
- Exempts unclaimed funds created from payments to, or receipts from, a business association to a business association evidenced by purchase order and invoice.



# Ohio Division of Unclaimed Funds Reporting

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# Reporting Deadlines

- Non-life Insurance Companies: Nov. 1
  - Dormant as of June 30
- Life Insurance Companies:  
May 1
  - Dormant as of Dec. 31



No funds? A Negative (None) Report is still required



# Due-Diligence



## R.C. § 169.03 (D)

- Send notice (OUF-8) to each owner of each item of unclaimed funds
- Item having value of \$50 or more
- Last known address
- Enclose stamped self addressed envelope
- Allow 30 days to respond



## Due-Diligence (continued)



- Send by certified mail if item has value of \$1,000 or more
- Allow 30 days to respond
- If no response to certified mailing, company may deduct cost of mailing up to \$20 from the reportable amount



# Content of Report

Holders must report the following: (OUF-1, OUf-2)

- Full owner name
- Last known address
- Nature and identifying number for account/funds
- Amount of funds held
- Date when funds became payable or date of last transaction
- Social Security Number of reported owner of funds, if available



# Ways to Report



- Ohio Business Gateway (Gateway) - *Electronically*
- HRS Pro or UPEXchange – *Electronically*
- Paper – *Fax or Mail*
- Diskette – *Mail*



# Ohio Division of Unclaimed Funds Examination Process

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# Unclaimed Funds Examination Compliance Review Process

- Holder Selection
  - Random Selection
  - Follow up examination
  - Tips/Special Audit
- Pre-Audit
  - Audit Entrance Letter
    - Explain process, scope/audit period
    - Initial records request



# Compliance Review Process (continued)

- Initial records request
  - Period general ledger trial balance
  - Credit balance report
  - Policies and procedures for handling credit balances
  - Unclaimed funds reports with back up documentation
  - Monthly bank statements, reconciliation worksheets, outstanding checks





# Compliance Review Process (continued)

- Questionnaire
  - General information on business operations
- Auditor scheduling
- Entrance conference- disclosure document
- Examination of records



# Compliance Review Process (continued)

- Presentation of preliminary findings
  - Provide disclosure document
  - Provide receipt for working papers
  - 120 Days to review, research and provide documents to reduce the findings.
    - Due diligence mailings are included within this period (OUF-8)



# Compliance Review Process (continued)

- Closing review – adjusted findings
  - Options
    - Pay all findings
    - Appeal all findings
    - Appeal part, pay remaining findings
    - 30 days to respond
- Closing letter - final adjusted findings



# Contract Auditors

The contract auditor must agree to:

- Maintain the confidentiality of the records examined
- Conduct the examination in accordance with rules adopted under R.C. § 169.09
- Obtain a corporate surety bond in favor of the director in a sum determined by the director



# Types of Contract Examinations

- The Contract Auditors (CA) perform two types of examinations:
  - Involuntary Examinations – The CA will work as the state’s agent on examinations mandated by a state
    - State initiated: Mandated by Ohio
    - Join-in: Mandated by another state, Ohio joins-in



# Types of Contract Examinations (continued)

- Voluntary Examinations – The CA will independently contract with companies to participate in a voluntary examination of their records for unclaimed funds compliance and then request to engage in a Voluntary Disclosure Agreement (VDA) with the state



# Questions?

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**Thank you for  
your time and attention!**

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