

**DEPARTMENT OF FINANCE**  
**OFFICE OF UNCLAIMED PROPERTY, STATE ESCHEATOR**  
Statutory Authority: 12 Delaware Code, Section 1132 (12 Del.C. §1132)

**PROPOSED**

**PUBLIC NOTICE**

**Department of Finance Abandoned or Unclaimed Property Reporting and Examination Manual**

In compliance with the State's Administrative Procedures Act (Title 29, Chapter 101 of the Delaware Code) and under the authority of 12 Del.C. §1132, the Delaware Department of Finance's Office of Unclaimed Property, State Escheator, proposes to revise and replace its regulations related to its Abandoned or Unclaimed Property Law.

In accordance with 29 Del.C. §10116, persons wishing to submit written comments, suggestions, briefs, and compilations of data or other written materials concerning the proposed regulations should direct them to the following address:

David M. Gregor  
State Escheator  
Department of Finance  
820 N. French St.  
Wilmington, DE 19801

Notice may also be directed via electronic mail to [david.gregor@state.de.us](mailto:david.gregor@state.de.us). Any written submission in response to this notice and relevant to the proposed regulations must be received by the Department of Finance no later than **4:30 p.m. EST, Wednesday, May 3, 2017**.

The action concerning determination of whether to adopt the proposed regulations will be based upon the results of Department analysis and the consideration of the written comments and written materials filed by other interested persons.

**SUMMARY OF PROPOSAL**

The purpose of this notice is to advise the public that the Delaware Department of Finance's Office of Unclaimed Property, State Escheator, in consultation with the Secretary of State, proposes to promulgate rules and regulations to establish instructions and guidelines for the administration of the State of Delaware's Abandoned or Unclaimed Property program. These regulations provide a framework to ensure that Holders of unclaimed property have a basic understanding of the processes available to them as well as the State's expectations. The regulations contained herein are to be implemented consistently, so as to ensure fair and uniform treatment of Holders of unclaimed property.

**Statutory Authority**

Delaware Code, Title 12 §1132

**Background**

On January 29, 2015, the Governor of Delaware signed into law Senate Bill 11 of the 148<sup>th</sup> General Assembly, which directed the Delaware Secretary of Finance to complete the development of a detailed manual containing procedural guidelines for the conduct of Delaware unclaimed property examinations.

On February 2, 2017, the Governor of Delaware signed into law Senate Bill 13 of the 149<sup>th</sup> General Assembly, which revised and updated the Delaware Abandoned and Unclaimed Property Law. Section 1176(b) directed the Secretary of Finance, in consultation with the Secretary of State, to promulgate regulations to create consistency in any examination or voluntary disclosure.

**Department of Finance Abandoned or Unclaimed Property Reporting and Examination Manual**

**Introduction**

On February 2, 2017, the Governor of Delaware signed into law Senate Bill 13 of the 149th General Assembly, which revised and updated the Delaware Abandoned and Unclaimed Property Law. Section 1176(b) states as follows:

The Secretary of Finance, in consultation with the Secretary of State, shall, on or before July 1, 2017, promulgate regulations regarding the method of estimation to create consistency in any examination or voluntary

disclosure. These regulations must include permissible base periods, items to be excluded from the estimation calculation, aging criteria for outstanding and voided checks, and the definition of what constitutes complete and researchable records.

## **Statutory Authority**

### **12 Del C. §1132 Rule-making.**

Except as provided in §§1167, 1173(a), and 1176(b) of this title, the State Escheator may make such rules and regulations as the State Escheator may deem necessary to administer and enforce this chapter.

### **These Regulations replace the following existing provisions in the Delaware Administrative Code:**

12 DE Admin. Code 100, Regulation on Practices and Procedures for Appeals of Determinations of the Audit Manager

12 DE Admin. Code 101, Regulation on Practice and Procedure for Establishing Running of the Full Period of Dormancy for Certain Securities and Related Property

12 DE Admin. Code 102, Regulation on Practices and Procedures for Records Examinations by the State Escheator

12 DE Admin. Code 103, Abandoned or Unclaimed Property Examination Guidelines

### **These Regulations replace the following existing Regulations:**

Abandoned or Unclaimed Property Voluntary Disclosure Agreement and Audit Program, 9 DE Reg. 771 (11/01/05).

Abandoned or Unclaimed Property Voluntary Disclosure Agreement Program, 10 DE Reg. 699 (10/01/06) (Final).

Regulation on Practices and Procedures for Appeals of Determinations of the Audit Manager, 15 DE Reg. 1323 (03/01/12) (Final).

Regulation on Practice and Procedure for Establishing Running of the Full Period of Dormancy for Certain Securities and Related Property, 15 DE Reg. 1330 (03/01/12).

Regulation on Practices and Procedures for Records Examinations by the State Escheator, 16 DE Reg. 530 (11/01/12) (Final).

Abandoned or Unclaimed Property Audit Examination Guidelines, 16 DE Reg. 630 (12/01/12) (Final).

## **Regulations**

### **1.0 General Information**

#### **1.1 Contact Information for Holders**

Mailing Address: Delaware Department of Finance  
Office of Unclaimed Property  
8th Floor  
820 North French Street  
Wilmington, DE 19801

Phone Number: 302-577-8782

Fax Number: 302-577-7179

E-mail: [escheat.holderquestions@state.de.us](mailto:escheat.holderquestions@state.de.us)

Website: <http://revenue.delaware.gov/unclaimedproperty.shtml>

#### **1.2 Contact Information for Owners and Claims**

Mailing Address: Delaware Department of Finance  
Office of Unclaimed Property  
8th Floor  
820 North French Street  
Wilmington, DE 19801

Phone Number: 302-577-8782

E-mail: [escheat.claimquestions@state.de.us](mailto:escheat.claimquestions@state.de.us)

Website: <http://revenue.delaware.gov/unclaimedproperty.shtml>

### **2.0 Delaware Department of Finance Abandoned or Unclaimed Property Program Manual**

#### **2.1 Preface**

The Department of Finance's Office of Unclaimed Property ("DOF" or the "State") is committed to promoting Holder compliance. Holders of abandoned or unclaimed property reportable to Delaware must file annual

reports and remit property to the State of Delaware. To encourage compliance and to enforce the State's Abandoned or Unclaimed Property Law, Title 12, Chapter 11 of the Delaware Code (the "Law"), DOF recognizes the need to conduct examinations. DOF recognizes that each examination is unique. This manual is intended to create a framework so that a Holder undergoing an examination by the State of Delaware will have a basic understanding of the process and the State's expectations. The standards contained in this manual are to be implemented consistently to ensure fair and uniform treatment of Holders. Absent permission from the State Escheator, the standards are not discretionary and third party audit firms ("Auditors") may not develop or utilize their own distinct applications of these standards and instructions.

## **2.2 Guiding Principles**

- 2.2.1 The goal of an unclaimed property examination (the "Examination") shall be to determine whether the Holder is in compliance with the Delaware abandoned or unclaimed property laws. These examination guidelines will relate to all property that may be subject to escheat pursuant to the Abandoned or Unclaimed Property Law of Delaware, Title 12, Chapter 11, of the Delaware Code. Abandoned and unclaimed property is reported to the State of Delaware pursuant to the Abandoned or Unclaimed Property Law and the priority rules and other provisions set forth in the United States Supreme Court case Texas v. New Jersey, 379 U.S. 674 and 380 U.S.518 (1965) and reaffirmed by Delaware v. New York, 507 U.S.490 (1993).
- 2.2.2 Delaware has jurisdiction over the escheatment of property that has met one of three criteria:
- 2.2.2.1 The last known address of the owner is located in the State of Delaware;
- 2.2.2.2 The last known address of the owner is unknown, and the Holder is incorporated or formed under the laws of the State of Delaware; or
- 2.2.2.3 The last known address of the owner is not located in any state of the United States, or the District of Columbia, or any territory or possession of the United States, and the Holder is incorporated or formed under the laws of the State of Delaware
- 2.2.3 The State Escheator shall not use collection goals or quotas during the conduct of an examination to assess a Holder's compliance.
- 2.2.4 The State Escheator shall make available, upon request, copies of all contracts between the State Escheator and any third-party auditor hired to conduct or assist with an examination.
- 2.2.5 The State's goal in every examination is to be predictable, fair, and consistent.
- 2.2.6 The DOF is committed to promoting Holder compliance. In an effort to accomplish this objective, a Voluntary Disclosure Agreement (VDA) program has historically been available through DOF to Holders who may not be presently in compliance but want to comply with the Abandoned or Unclaimed Property Law. Currently, the Secretary of State administers a VDA program for Holders to come forward and report abandoned property liability. The agreement entered into at the conclusion of the VDA program releases Holders from all claims, demands, interest, penalties, actions or causes of action related to all property reported properly under the terms of the VDA.

## **2.3 Effective Date**

The effective date of these Regulations shall be the date they are adopted, and the standards contained therein shall apply to all examinations commenced after that date. To the extent practical, the Regulations shall apply to any ongoing examinations that commenced prior to the effective date of these Regulations, though the failure of the State to have conformed to Manual not-yet-in-existence would not invalidate an examination.

## **2.4 When property presumed abandoned**

- 2.4.1 See Title 12, Chapter 11 of the Delaware Code for applicable dormancy periods for various property types.
- 2.4.2 For a stored value card or gift card, the maximum cost is determined utilizing information from an annual federal income tax return (for example, the 2016 Form 1120 or equivalent) for each applicable year. The State shall consider the cost of goods sold plus total deductions less charitable contributions, depreciation and depletion. For example, for a corporation filing an IRS Form 1120 - U.S. Corporation Income Tax Return, the State shall use the following lines from Form 1120 to calculate maximum cost:

Line 2 COGS

± Line 27 Total Deductions

- Line 19 Charitable Contributions

- Line 20 Depreciation

- Line 21 Depletion

Maximum Cost in Dollars

The Maximum Cost in Dollars divided by Line 1 Gross Receipts equals the Maximum Cost as a Percentage of Gross Receipts.

## **2.5 Indication of Owner Interest in the Property**

- 2.5.1** Section 1136 of Title 12, Delaware Code defines various owner actions which constitute an "indication of owner interest in property."
- 2.5.2** Actions which do not indicate the owner's interest in the property include, but are not limited to, automatic postings, automatic reinvestments, computer system conversion dates and non-return of mail (other than a non-returned IRS Form 1099 for ACH or Dividend Reinvestment accounts).
- 2.5.3** A Holder may cross-reference an indication of interest in one investment or account with another investment or account with the same Holder if the records of the Holder indicate the same name on the account, signature card or contract.

## **2.6 Report Required by Holder**

- 2.6.1** As of November 10, 2015, the State no longer accepted paper reports. The State will continue to accept reports in an electronic format through February 28, 2018. Beginning March 1, 2018, reports will be required to be submitted in a web-based record.
- 2.6.2** Although not required by the Law or regulation, negative reports will be accepted from any person.

## **2.7 When Report to be Filed**

- 2.7.1** Beginning February 1, 2018, to ensure a timely response by the DOF, a Holder's request to extend the date for filings shall be made a minimum of 15 days prior to the date specified for the Holder under 12 Del.C. §1144.
- 2.7.2** The State Escheator may grant an extension of the date of filing for good cause. Good cause includes, but is not limited to, a natural disaster, criminal activity related to the Holder's books and records, recent changes in the form of ownership of the Holder through merger, acquisition or reorganization, and, for a Holder having three or fewer employees, a recent change in management. Beginning February 1, 2018, good cause shall not include a failure to perform a requirement such as due diligence pursuant to §§1148 and 1149 of the Abandoned or Unclaimed Property Law.

## **2.8 Address of owner to establish priority**

The State no longer requires that the Holder retain sufficient information for the delivery of mail. Rather, the Holder may retain a description or code that evidences the state of the owner's last known mailing address. A code or description shall include two of the following three data points, which must not conflict with each other: a City, a State or foreign code, and a zip code. The location of the transaction is not evidence of the last known address of the owner.

## **2.9 Retention of Records by Holder**

Records to be retained by the Holder include sufficient records of items which were not reported as unclaimed property to determine whether the Holder has complied with Law.

## **2.10 Authority to Conduct Abandoned Property Examinations**

- 2.10.1** Section 1171 of Title 12, Delaware Code provides the State Escheator with the authority to examine the records of a person or the records in the possession of an agent, representative, subsidiary, or affiliate of the person under examination in order to determine whether the person complied with the provisions of the Abandoned or Unclaimed Property Law of Delaware.
- 2.10.2** Section 132 of the Epilogue to the State's Budget for Fiscal Year 2017 (ending June 30, 2017) provides the Secretary of Finance or his or her designee with the authority to enter into agreements with organizations to identify abandoned property to be escheated to the State by means of audit, examination or otherwise. Similar, if not identical, language has appeared in the State's budget for decades.

## **2.11 Examination of Holders**

- 2.11.1** The State of Delaware will examine selected Holders' books and records for compliance with the Abandoned or Unclaimed Property Law. The examination will be assigned to an auditor or to a third-party auditing firm that has been retained by the State for such purposes. At the request of a Holder, the State's third party auditor will enter into a confidentiality agreement with the Holder in a form approved by the State Escheator before any of the Holder's confidential records are produced. (See Section 2.14, Confidentiality and Non-Disclosure Agreement, for a form NDA approved by the State.)
- 2.11.2** Pursuant to the State Escheator's authority to conduct an examination of the records of a Holder, the State Escheator possesses the authority to resolve an examination via negotiation and settlement with a Holder or their duly authorized representative. This authorization provides flexibility to both the Holder and the State to resolve issues that could require formal appeal or litigation. A mutually-agreed upon settlement resolves an examination as a whole and does not create any precedent on specific legal issues.

2.11.3 The State's goal in every examination is to be predictable, fair, and consistent while determining the Holder's historical compliance.

## **2.12 Notice of Examination**

2.12.1 All Delaware unclaimed property examinations begin with an official examination letter from the State's Abandoned Property Audit Manager. The letter will notify the Holder that its books and records (including those belonging to subsidiary and related entities) are subject to examination, identify the assigned auditor or third-party auditing firm, and include auditor contact information. The issuance of the official examination letter terminates the Holder's ability to enter into a VDA with the State of Delaware.

2.12.2 Third-party auditors are not authorized to engage in any examination or audit without prior consent from the State of Delaware, Department of Finance.

2.12.3 Effective July 1, 2015, the State Escheator shall not initiate any new examination of records or an investigation of any person pursuant to the Delaware Abandoned or Unclaimed Property Law unless first the person has been notified in writing by the Secretary of State that the person may enter into an unclaimed property voluntary disclosure agreement, or if the person fails to otherwise comply with a requirement imposed on such person pursuant to §1172 of the Delaware Abandoned or Unclaimed Property Law.

2.12.4 Under the Delaware Abandoned or Unclaimed Property Law, the State is permitted to examine a holder for any reason. Notwithstanding the foregoing, when identifying a Holder to be examined, the State may consider several factors. These include, but are not limited to the following:

2.12.4.1 A review of past Holder reports for inconsistencies, omissions or a lack of detail;

2.12.4.2 A comparison of a Holder's past reports to the reports of similar Holders within the same industry and of the same approximate size;

2.12.4.3 Any information available from the State, such as Holder reporting and compliance history; and

2.12.4.4 Available public data regarding the Holder, including annual company reports, and press materials.

2.12.5 Holders selected for examination will be notified by a letter from the DOF's Audit Manager.

### 2.12.5.1 Example of Examination Contact Letter

Dear [Holder Representative]:

Pursuant to §1171 of Title 12 of the Delaware Code, you are hereby notified that the State of Delaware intends to examine the books and records of [Company Name] and all of its Subsidiaries & Related Entities (hereinafter "[Company Name]"), to determine compliance with the Delaware Abandoned or Unclaimed Property Law, Title 12, Chapter 11, of the Delaware Code (the "Law"). The examination will relate to all property that may be subject to escheat pursuant to the Law. Abandoned and unclaimed property is reported to the State of Delaware pursuant to the Law, as well as the priority rules and other provisions set forth in the United States Supreme Court case *Texas v. New Jersey*, 379 U.S. 674 and 380 U.S.518 (1965) and reaffirmed by *Delaware v. New York*, 507 U.S.490 (1993).

The review will be conducted by Assigned Audit Firm ("Firm") on the behalf of the State of Delaware (the "State"). ("Firm") will contact you within the next three weeks to arrange a mutually agreed upon date to commence the examination. It is the State's expectation that an opening conference will be held within ninety days of this notice. In advance of the opening conference, ("Firm") will send you an initial document request seeking routine but necessary material which you are expected to produce at or before the opening conference. If [Company Name] desires ("Firm") to execute a confidentiality agreement, ("Firm") shall be promptly notified. The execution of a standard confidentiality agreement is permitted by Delaware regulations, but not required, and it shall not delay the opening conference. If [Company Name] believes that it cannot accommodate an opening conference within this timeframe, you should contact me immediately. The scope of the examination will be for the period of 10 years prior to when property is presumed abandoned under this chapter from this calendar year through present. See 12 **Del.C.** §1172(h).

The State is hereby requesting that you issue a hold notice so that all records are retained, including, but not limited to, bank statements, bank reconciliations, outstanding check lists, detail general ledgers, aged accounts receivable reports, and if applicable, information surrounding gift certificate issuances and redemptions. The State requests that all records will be retained, notwithstanding any [Company Name] record retention policies to the contrary, until the examination is completed. See 12 **Del.C.** §1145. Your cooperation in making necessary records available for both past and present years for the purposes of determining [Company Name] compliance with the Law will facilitate the completion of the examination. In addition to specific document requests that will be forthcoming, please have available all of [Company Name] prior

years' reports of unclaimed property and supporting documentation for all states, including Delaware. You will be advised throughout the course of the examination of what records will be required to complete the review.

If [Company Name] is presently working with or intends to retain a third-party consultant to assist [Company Name] in the conduct of this examination, please provide me with the name and contact information of the third-party consultant. As expressly stated in the Delaware regulations, the retention of a third party is no basis to delay the examination or the production of records.

In closing, you are specifically requested to have the appropriate individual in your organization contact ("Firm contact") of ("Firm") at (xxx) xxx-xxxx within three weeks of receipt of this notice in order to facilitate the exchange of prefatory information and to discuss scheduling of an opening conference.

If you have any questions about this notice, you may contact me at (302) 577-8776. Please be assured that, although ("Firm") is performing the examination as the State's agent, I am the final arbiter of any disputes that may arise during the course of the examination. I look forward to resolving this examination in an expeditious and cooperative manner.

Sincerely yours,

Audit Manager

### **2.13 Third-Party Advocates**

2.13.1 Holders may retain third party advocates (the "Advocate") to assist them in the examination process. The retention of an Advocate is no basis to delay the commencement of the State's examination and the State will not delay the examination so that the Advocate may conduct a review or its own audit of the Holder's books and records in advance of the State's examination. The State will cooperate with the Holder and its Advocate and keep both of them apprised of records requests, interviews and the progress of the audit in general. All records will be requested directly from the Holder.

2.13.2 The State's examination shall not be limited to a review of work papers, compilations or record summaries prepared by the Holder or the Advocate, but shall include access to the Holder's original books and records deemed by the State to be necessary to ascertain the Holder's compliance with the law. The State shall provide all requests and communications directly to the Holder and, if requested by the Holder, will also direct copies to the Advocate.

2.13.3 The State and its Auditors shall keep Holder representatives directly informed of the progress of the examination. It is the responsibility of the Holder to make available to the State and its Auditors the employees most likely to have first-hand knowledge of the Holder's day-to-day operations. This minimizes the potential for delays caused by miscommunications, ensures the Holder understands its obligations, and aids in furthering future compliance.

### **2.14 Confidentiality and Non-Disclosure Agreement ("NDA")**

2.14.1 Holders are given the opportunity to enter into a NDA with the assigned auditor. The State has approved the proposed NDAs of the auditing firms with which it contracts and will not require the firm to edit language for purposes of the examination. If the Holder opts not to use an NDA approved by the State and the Holder and auditor cannot reach an agreement on the terms, the parties shall rely on the confidentiality provisions of 12 Del.C. §1189.

2.14.2 The State and its agents are prohibited from disclosing the amount of abandoned or unclaimed property that has been reported to and received by the State by any Holder and disclosing the terms of or supporting documentation related to any annual filing, unclaimed property VDA, or settlement agreement resulting from the reporting of any unclaimed property.

2.14.3 The following is an example of a Non-Disclosure Agreement approved by the Department of Finance (section 6 may be tailored to reflect the audit firm's specific security protocols):

#### **CONFIDENTIALITY & NONDISCLOSURE AGREEMENT**

This Confidentiality & Nondisclosure Agreement (the "Agreement") is made and entered this \_\_\_ day of \_\_\_\_\_, 20\_\_\_ by and between \_\_\_ (AUDITOR NAME), a \_\_\_ (STATE OF INC AND CORP FORM) company, ("\_\_\_\_\_") and \_\_\_\_\_, a \_\_\_\_\_, and its subsidiaries and related entities (collectively, the "Holder") (at times "\_\_\_\_\_" or the "Holder" may be referred to as a "Party" and collectively as the "Parties").

1. Introduction. [INSERT AUDITOR NAME] is a contract auditor that has been authorized to conduct an unclaimed property examination (the "Examination") of the Holder by the state(s) identified on Exhibit A (hereinafter a "Participating

State" or collectively, the "Participating States," and shall, upon written consent of the Holder, include any additional state or jurisdiction that may, during the course of the Examination, authorize [INSERT AUDITOR NAME] to act as its agent and to perform an unclaimed property examination of the Holder) to determine the Holder's compliance with the Participating State(s)' unclaimed property laws, rules, and regulations. Upon receipt of any subsequent examination authorization letter, [INSERT AUDITOR NAME] shall obtain written consent from the Holder to add such state to the list of participating states attached hereto at Exhibit A.

2. Confidential Information, defined. During the course of the Examination, [INSERT AUDITOR NAME] may have access to, or receive, confidential and/or proprietary information concerning the Holder including, but not limited to, materials relating to the administration of the Holder's business, operations, unclaimed property procedures and practices; financial information and/or accounting records; information regarding the Holder's current and former shareholders, members or partners, principals, directors, officers, employees, retirees, beneficiaries, customers, consumers, vendors, contractors, agents and other such representatives; and/or any other materials or information disclosed by the Holder or its principals, partners, directors, officers, employees, agents, consultants, advisors, legal counsel, accountants, and other such representatives (collectively "Representatives") to [INSERT AUDITOR NAME] and its Representatives in connection with the Examination. The Parties agree that all such information, including any materials derived therefrom, whether disclosed orally or in written (including electronic) form or otherwise, shall be considered proprietary and confidential and shall hereinafter be referred to as "Confidential Information". Confidential Information shall also include any report filing, voluntary self-disclosure agreement, or settlement agreement resulting from the Holder's reporting of any unclaimed property as well as any settlement, payment(s), or other interim or final resolution of the Examination. Confidential Information shall not include information or materials that are: (i) in the public domain not as a result of the violation of the undertakings herein; (ii) available to [INSERT AUDITOR NAME] on a non-confidential basis prior to the Holder's disclosure of it to [INSERT AUDITOR NAME], or (iii) hereafter made available to [INSERT AUDITOR NAME] on a non-confidential basis from a source other than the Holder, provided that such source in so acting is not violating any duty or agreement of confidentiality.

3. Non-Disclosure. [INSERT AUDITOR NAME], in receiving Confidential Information from the Holder or its Representatives, will preserve the confidentiality of such Confidential Information and shall:

- a. restrict disclosure of such Confidential Information to [INSERT AUDITOR NAME]'s Representatives having a "need to know" in connection with the Examination, and where such Representative is a third-party agent or contractor of [INSERT AUDITOR NAME], ensure that said Representative is either: (a) a party to a non-disclosure agreement sufficient to protect the Holder's legal and equitable right in the Confidential Information; or (b) under a duty of confidentiality with respect to the Confidential Information as a result of a legally binding, regulatory, or statutory prohibition. [INSERT AUDITOR NAME] shall be responsible for any breach of this Agreement by its Representatives;
- b. advise its Representatives of the obligations of confidentiality hereunder with respect to the Confidential Information and ensure that its Representatives comply therewith;
- c. restrict disclosure of such Confidential Information to Representatives of a Participating State(s) having a "need to know" in connection with the Examination, and only disclose that portion of the Confidential Information relative to such Participating State;
- d. use such Confidential Information solely for the purpose of conducting the Examination on behalf of the Participating States, and not otherwise to (a) solicit any state or jurisdiction not listed on Exhibit A to investigate, undertake, initiate or conduct any unclaimed property examination of the Holder or to take any adverse action involving the Holder including, without limitation, any legal, regulatory, administrative, investigatory or any other action that involves the Confidential Information; and (b) appropriate such Confidential Information for [INSERT AUDITOR NAME]'s or its Representatives' own use or the use of any other person or entity;
- e. use commercially reasonable efforts to maintain the confidentiality of the Confidential Information, but in no event less than those efforts [INSERT AUDITOR NAME] uses to maintain the confidentiality of its own Confidential Information of a similar nature and/or those efforts required under applicable federal, state and/or local law; and
- f. not disclose or transfer Confidential Information outside the United States.

4. Records Retention. [INSERT AUDITOR NAME] shall retain the audit work papers (which may include the Confidential Information) in a secure environment for no longer than the period of time specified under the laws, rules or regulations of the Participating State(s) or [INSERT AUDITOR NAME]'s contract with the Participating State(s), whichever is longer, at which time the records (inclusive of any Confidential Information) shall be destroyed; and [INSERT AUDITOR NAME] shall certify in writing as to such destruction to the Holder using the following contact information:

Contact Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
City, State, Zip \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_

**5. Compelled Disclosure.** If [INSERT AUDITOR NAME] shall be under a legal obligation, including but not limited to a subpoena or request by a court or any government entity or required in response to any applicable "freedom of information" request to disclose any Confidential Information to a third party, [INSERT AUDITOR NAME] shall give the Holder prompt notice thereof so that the Holder may timely object to the disclosure of such Confidential Information, seek a protective order, or waive [INSERT AUDITOR NAME]'s duty of non-disclosure. [INSERT AUDITOR NAME] shall reasonably cooperate with the Holder to the extent that it seeks a protective order or to otherwise object to the requested disclosure of the Confidential Information. Furthermore to the extent that the Holder seeks a protective order or objects to the requested disclosure and [INSERT AUDITOR NAME] is subsequently required to disclose by court order or governmental mandate any Confidential Information, or in the event Holder fails to act within a reasonable time period after receipt of [INSERT AUDITOR NAME]'s notice and/or affirmatively waives [INSERT AUDITOR NAME]'s duty of non-disclosure, and [INSERT AUDITOR NAME] is legally required to disclose any Confidential Information pursuant to this Section 5, [INSERT AUDITOR NAME] shall do so without liability under this Agreement.

**6. Compliance With Applicable Laws.** [INSERT AUDITOR NAME] represents and warrants that it has technical and organizational measures in place that (i) comply with all Applicable Laws; and (ii) meet or exceed the ISO/IECC 27002 information security controls standard to ensure the security and confidentiality of the Confidential Information in order to prevent, among other things: (a) accidental, unauthorized or unlawful destruction, alteration, modification or loss of the Confidential Information; and (b) accidental, unauthorized or unlawful disclosure or access to the Confidential Information. [INSERT AUDITOR NAME] warrants and represents that it shall maintain its security measures in accordance with: (i) the Applicable Laws; and (ii) the standards expressly represented in the INFORMATION SYSTEMS CERTIFICATION which is attached hereto and incorporated herein by reference at Exhibit B. For purposes of this Agreement, the term "Applicable Laws" shall mean all applicable state and federal laws, rules, and regulations governing the protection of Confidential Information (inclusive of Personally Identifiable Information) including, without limitation, 12 Del. Code Ann. §1189 and Del. Code Ann. tit. 6 §§ 12B-101 et. seq., as such laws, rules and regulations may be amended from time to time. In the event [INSERT AUDITOR NAME] is required to notify the Holder under any Applicable Law concerning any unauthorized access to, destruction, modification, disclosure or use of any Information (hereinafter a "Security Incident"), [INSERT AUDITOR NAME] shall: (a) provide such written notice promptly and without undue delay in accordance with the applicable legal authority; (b) take all remedial action required under Applicable Law to investigate and remediate any loss of the Information; (c) reasonably cooperate with Holder in promptly responding to all third party inquiries (if any) regarding the Security Incident; and (d) refrain from issuing any press release, providing any breach notification to individuals, or making any other public announcement concerning the Security Incident without the prior written approval of Holder (which approval shall not be unreasonably withheld, conditioned or delayed); provided, however, no written approval from Holder shall be necessary where [INSERT AUDITOR NAME] is required to act at the direction of law enforcement and/or other governmental personnel and such written approval is unreasonable under the circumstances and/or would result in [INSERT AUDITOR NAME]'s non-compliance with the directive.

**7. Remedies.** [INSERT AUDITOR NAME] acknowledges that Holder would suffer irreparable harm if its Confidential Information were disclosed or used in violation of this Agreement, and that monetary damages would be an insufficient remedy for such unauthorized disclosure or use. Accordingly, in addition to whatever right the Holder may have to obtain an award of damages or other relief upon [INSERT AUDITOR NAME]'s breach of this Agreement, the Holder may obtain an injunction or other equitable relief to protect its Confidential Information disclosed or used in violation of this Agreement.

**8. Application of Agreement.** This Agreement shall apply solely to the Examination and shall not be construed to permit the disclosure of any Confidential Information to any other state or jurisdiction not listed on Exhibit A, absent the express written consent of the Holder. This Agreement may not be canceled or modified, nor any of its provisions be waived, except in writing signed by the Parties hereto or, in the case of a waiver, on behalf of the Party making the waiver. This Agreement constitutes the entire agreement and understanding of the Parties hereto and supersedes any and all prior agreements and understandings relating to the subject matter hereof. If it is found in a final judgment by a court of competent jurisdiction that any term or provision hereof is invalid or unenforceable: (i) the remaining terms and provisions hereof shall be unimpaired and shall remain in full force and effect; (ii) the invalid or unenforceable provision or term shall be stricken from this Agreement and the validity, binding effect and enforceability of the remaining provisions of this Agreement shall not be

affected or impaired in any manner.

IN WITNESS WHEREOF, the Parties have caused this Confidentiality & Non-Disclosure Agreement to be executed and delivered the day and year first above written.

[INSERT HOLDER NAME] \_\_\_\_\_ [INSERT AUDITOR NAME]  
its subsidiaries and related entities \_\_\_\_\_

## **2.15 Opening Conference**

2.15.1 Once an examination is assigned, an opening conference will be scheduled with the auditor and representatives of the Holder. Prior to the opening conference, the auditor will provide the Holder a list of documents which the Holder must produce in advance of or at the opening conference. These documents may include but are not limited to the following: tax returns (including consolidated and affiliation schedules), organization charts, charts of accounts, unclaimed property filing history (all states), prior completed and accepted voluntary disclosure agreements (VDAs) and examinations, and policies and procedures related to record retention, accounting, unclaimed property, or any other practices the State deems relevant to the examination. During the opening conference, by way of example and not limitation, the auditor will

2.15.1.1 Advise the Holder of the reporting requirements of the Delaware Abandoned or Unclaimed Property Law;

2.15.1.2 Provide an overview of the examination process to include State approved methodologies, record availability, sampling and the potential for projection and estimation (if applicable);

2.15.1.3 Provide to the Holder an examination work plan;

2.15.1.4 Identify the maximum time-period to be covered by the examination, and discuss potential scoping issues;

2.15.1.5 Request additional records and materials necessary to proceed with the next steps of the examination, which will include, without limitation, the following: tax returns, unclaimed filing history for all states, bank statements, bank reconciliations, outstanding check lists, detail general ledgers, aged accounts receivable reports, and if applicable, information surrounding gift certificate issuances and redemptions.

2.15.2 The State shall have access to the Holder's original books and records and will not limit its examination to a review of work papers, compilations or record summaries created by the Holder. The State expects the Holder's full cooperation and anticipates that, with the Holder's cooperation, the time to complete a typical examination shall not exceed twenty four (24) months.

2.15.3 If an examination lasts longer than 24 months, the Abandoned Property Audit Manager will meet with the Holder to facilitate completion of the examination. Interest and penalty may be assessed pursuant to §§1183 and 1184 of the Abandoned or Unclaimed Property Law on all abandoned property due for all reporting years under examination. Interest and penalties may be abated at the discretion of the State Escheator as provided by the Law.

## **2.16 Scope of Examination**

2.16.1 The scope of the examination may be dependent upon many factors, including but not limited to the following:

2.16.1.1 When an entity was incorporated, formed, or created;

2.16.1.2 When an entity began to engage in a particular line of business that may result in potential unclaimed property;

2.16.1.3 Activity/materiality;

2.16.1.4 Whether an entity was subject to a prior examination; and

2.16.1.5 Whether an entity completed, and the State accepted, a VDA.

2.16.2 Examinations may include all subsidiaries and related entities of the Holder under examination.

2.16.3 Once entity scoping has been determined by the State, no additional entities may be scoped into the examination without the Holder's consent.

2.16.4 At the Holder's discretion and with the consent of the State, legal entities whose acquisition commenced after the conclusion of entity scoping have the option of being added to the existing examination.

## **2.17 Examination**

- 2.17.1 Depending on the facts and circumstances of the examination and in cooperation with the Holder, the auditor may conduct the examination on-site and/or remotely if records are available electronically or can be shipped. When available in electronic format, records shall be produced electronically to maintain efficiency. On-site work may last a few days to several weeks depending on the size and complexity of the Holder, the availability of records, and the availability of Holder personnel necessary to explain and discuss the records. During the examination, the auditor will review all necessary books and records, interview key personnel and review relevant policies and procedures related to abandoned property.
- 2.17.2 During the examination, the auditor may make subsequent requests to the Holder for additional books and records as required to complete the examination.
- 2.17.3 The State and/or its Auditors, shall retain copies of all examination source documents, workpapers, and reports to create a suitable record for the judicial review procedure described in 12 Del.C. §1179.
- 2.17.4 Record requests have reasonable deadlines in order to move the examination forward and avoid unnecessary delays.
- 2.17.5 The auditor shall submit record requests to the Holder in writing, or if the request is made verbally, shall follow up with written documentation of the request. The auditor shall provide a reasonable timeframe for the Holder to respond to the request based on the type and extent of the information requested and other relevant facts and circumstances. The Auditors shall provide confirmation of receipt with projected response times to submissions received from the Holder.
- 2.17.6 During the pendency of the examination, if applicable and practicable, the auditor shall provide to the Holder:
- 2.17.6.1 Explanation of the process used to determine that items are unclaimed property;
  - 2.17.6.2 Explanation of why documentation provided by Holder is not sufficient to remediate an item;
  - 2.17.6.3 Explanation and support for determining the proposed assessment, including electronic copy of assessment and supporting schedules;
  - 2.17.6.4 Explanation of steps Holder can take to remediate the assessment; and
  - 2.17.6.5 The remediation timeline.
- 2.17.7 Holders will be given the opportunity to review, reconcile, remediate and, where applicable under Delaware law, perform due diligence on any items that have been identified as potential unclaimed property. The auditor will verify that the Holder has mailed due diligence letters to the owner's last known address. The auditor will conduct meetings with the Holder in order to provide guidance regarding the due diligence process and to ensure the Holder is performing the outreach within the timelines established by the State. The form of the due diligence letter must be approved by the State, and all due diligence letters shall be submitted to the Auditors for review and approval prior to sending out.
- 2.17.8 The State may, at the Holder's request or with the Holder's agreement, bifurcate or divide the examination by property type and year. Thus, portions of examinations may be concluded while other portions remain ongoing. The State, through its Auditors, shall keep the Holder informed of any potential for such division to expedite the examination.
- 2.17.9 The Holder will be kept informed of the progress of the examination and may contact the State directly to address issues or concerns. The Holder has the right to contact the State directly to address issues arising from or related to the examination, including the right to report alleged misconduct, unethical behavior, or lack of professionalism on the part of the auditor.
- 2.17.10 At the end of any defined portion of the examination, the auditor will present the preliminary findings to the Holder. These findings are not final. The preliminary findings, at that point, identify in detail the work performed, property types reviewed, the time period reviewed, any estimation techniques employed, and a calculation showing the potential amount of unclaimed property due and owing. The auditor will allow the Holder reasonable time to complete required research and gather more records to address matters raised in the preliminary findings.

## **2.18 Estimation**

- 2.18.1 Overview. Section 1145 requires that a Holder, who is required to file a report, retain records for 10 years after the date the report was filed. The record retention requirement corresponds with Section 1172(h) authorizing the State Escheator to conduct an examination for a 10 year period of dormant property. Section 1176 authorizes the State Escheator to estimate the amount of property due using a reasonable method of estimation based on all information available to the State Escheator.
- 2.18.2 Base Periods: The "Base Period" is the period of time for which the holder possesses complete and researchable records. Consistent with a majority of states, Delaware requires that a Holder retain records for a minimum of 10 years plus dormancy (15 years total for most property types). It is expected that the Holder shall possess several years of dormant records even if the Holder does not possess records for the

entire 10 year period. The State may utilize any available dormant records to estimate an unclaimed property liability for the period of time for which the holder does not possess complete and researchable records.

2.18.2.1 If the Holder fails to retain sufficient dormant years of records, the Audit Manager and Holder shall discuss which records are to be utilized for the base period. In the absence of agreement, the State Escheator shall possess the sole authority to make a reasonable determination for the base period in order to prepare an estimate.

2.18.2.2 Base periods shall consist of complete and researchable records. In order to draw a representative error rate, the base periods utilized shall consist of at least three (3) years from the universe of complete and researchable records. Depending on the unique facts and circumstances of each Holder, the State may consider including non-dormant periods in the base periods.

2.18.2.3 At the conclusion of the records production, the Chief Financial Officer or other officer of the Holder shall provide in a form amenable to the State Escheator, a representation of the Holder regarding what records are available, for which property types and what years. The Holder is bound by this representation, absent good cause in the determination of the State Escheator. A determination by the State of a false statement will be considered willful misrepresentation made with intent to mislead the State Escheator.

#### 2.18.3 Items to be Excluded from Estimation Calculation

2.18.3.1 Items payable to an owner that is a United States federal department or agency will be removed from the population subject to estimation prior to preparing the population to review.

2.18.3.2 Funds returned in the normal course of business, prior to the issuance of the examination notice will not be included in the population of potential unclaimed items.

#### 2.18.4 Sampling

2.18.4.1 When it is determined through a documented discussion between the auditor and the Holder that transactions for a particular property type meeting the State's parameters for testing constitute too large of a population to be reasonably tested on an actual basis, a statistical sampling methodology shall be employed.

2.18.4.2 If a Holder would prefer to research the entire population of a given property type and can perform the research in a reasonable time, the Holder shall be permitted to perform research of the entire population.

2.18.4.3 Generally, the population will be divided into strata ("stratified sampling") from which samples will be drawn. For each strata, a sample size will be determined using generally accepted statistical principles such that the sample mean will be within 10% of the population mean for that strata at a 90% confidence interval. However, in the instance of a lower valued stratum where the results are generally immaterial to the overall liability, a relaxed confidence and precision level intervals may be considered for purposes of efficiency, if accuracy is not sacrificed on a material level.

2.18.4.4 In some circumstances where the Holder has not maintained records for the entire examination period, the State may elect to sample a number of entities of a Holder during an examination in lieu of testing all Delaware entities. The Auditors will identify an appropriate sampling of entities based upon factors such as, but not limited to, the following: revenue, line of business, commercial activity, and property types being held. The results of the detailed testing of these entities will be extrapolated, if applicable, to the other appropriate Delaware entities that have not been selected for detailed review to determine the liability due to the State. The Holder will be given the option to use this sampling methodology or to test all entities that fall within the scope of the examination.

2.18.4.5 Delaware's approved sampling process for estimating a Holder's unclaimed property liability includes the following steps:

##### 2.18.4.5.1 Define the population

- : Base period - Period of time where complete and researchable records are available
- : Sampling unit - Examples include aged checks or customer net credit balances
- : Remove potential anomalies - Outliers, duplicate records, error

##### 2.18.4.5.2 Determine appropriate stratification (if necessary)

- : Number of strata
- : Stratum boundaries

##### 2.18.4.5.3 Calculate Sample size

- : Desired confidence
- : Desired precision

##### 2.18.4.5.4 Perform random computerized sample selection

2.18.4.5.5 Verified achieved precision goals

2.18.4.5.6 Evaluate results

**2.18.5 Funds Returned**

2.18.5.1 The State will review the Holder's policies and procedures for treatment of day-to-day operations related to potential unclaimed property.

2.18.5.2 For purposes of representing periods where records do not exist, the State will consider the following:

2.18.5.2.1 Funds returned in the normal course of business, prior to the issuance of the examination notice will not be included in the population of potential unclaimed items.

2.18.5.2.2 Funds returned outside of the normal course of business (i.e. change in process) after issuance of the examination notice, will be included in the population of potential unclaimed items.

**2.18.6 Aging Criteria for Outstanding and Voided Checks**

Checks that remain outstanding less than 90 days after issuance shall be excluded from the population, unless the State, in the sole discretion of the State Escheator, determines that a redefined outstanding period is necessary. A check that is voided within 30 days of issuance shall be excluded from the population, unless the State, in the sole discretion of the State Escheator, determines that a redefined outstanding period is necessary.

**2.19 *Projection***

2.19.1 If for certain periods the amount of reportable property cannot be ascertained from the books and records of the Holder, projection techniques may be used to determine the reportable amounts for such periods. Such determination shall be made by first examining records during periods in which records exist to establish a "base period" of data from which statistical inferences can be made for periods in which records are incomplete or do not exist. To the extent permitted by law, names and addresses identified in the base period shall not be used to determine which state has the priority claim to the abandoned property estimated to be due over periods where records of owners' addresses do not exist.

2.19.2 All sampling, projection and estimation techniques used by the auditor to determine unclaimed property due to Delaware shall be a method approved by Delaware prior to use. The auditor may suggest or the State may request, guidance necessary for the State to make an informed decision as to which estimation technique would be most appropriate for the facts and circumstances at hand. It is the intent of the State that any estimation methodologies used shall result in a reasonable representation of the unclaimed property potentially due for the estimated periods. The State will permit the Holder to comment on or suggest an alternative technique; however, the ultimate decision to employ a particular technique is at the sole discretion of the State. The Holder may challenge this decision at the close of the examination.

2.19.3 The sole purpose of determining an estimated liability in a time period where records exist is for calculating an unclaimed property liability in years where records do not exist. The use of statistical sampling for estimation shall be used, therefore, where (a) prior approval is received by the State; and (b) records are not available and the names and address of rightful owners cannot be identified.

**2.20 *Complete and Researchable Records***

2.20.1 The expectation is that a Holder, at a minimum, may have complete and researchable records for a period that would cover seven to eight (7-8) years from the date of the examination notice. If there are unique circumstances where a Holder does not have 7-8 years of researchable records, the State and the Holder may discuss the circumstances and use an alternative data set with fewer years.

2.20.2 Complete records shall reconcile to the general ledger with the understanding that immaterial differences may occur. Researchable records are records to which the Holder may research the resolution of an item. At a minimum, researchable records shall include those items that contain a last known address of the owners of property.

**2.21 *Reportable Property Types***

Commonly reported types of Unclaimed Property along with the National Association of Unclaimed Property Administrators ("NAUPA") Property Type Codes with Applicable Dormancy Periods are as follows:

**NAUPA Code**

**ACCOUNT BALANCES**

**Property Type**

**Dormancy Period  
(Years)**

AC01

Checking Accounts

5

<u>AC02</u>	<u>Savings Accounts</u>	5
<u>AC03</u>	<u>Mature CD or Save Cert</u>	5
<u>AC04</u>	<u>Christmas Club</u>	5
<u>AC05</u>	<u>Money on deposit to secure fund</u>	5
<u>AC06</u>	<u>Security Deposit</u>	5
<u>AC07</u>	<u>Unidentified Deposit</u>	5
<u>AC08</u>	<u>Suspense Accounts</u>	5

#### **UNCASHED CHECKS**

<u>CK01</u>	<u>Cashier's Checks</u>	5
<u>CK02</u>	<u>Certified Checks</u>	5
<u>CK03</u>	<u>Registered Checks</u>	5
<u>CK04</u>	<u>Treasurer's Checks</u>	5
<u>CK05</u>	<u>Drafts</u>	5
<u>CK06</u>	<u>Warrants</u>	5
<u>CK07</u>	<u>Money Orders</u>	5
<u>CK08</u>	<u>Traveler's Checks</u>	15
<u>CK09</u>	<u>Foreign Exchange Checks</u>	5
<u>CK10</u>	<u>Expense Checks</u>	5
<u>CK11</u>	<u>Pension Checks</u>	5
<u>CK12</u>	<u>Credit Checks or Memos</u>	5
<u>CK13</u>	<u>Vender Checks</u>	5
<u>CK14</u>	<u>Checks Written Off To Income</u>	5
<u>CK15</u>	<u>Other Outstanding Official Checks</u>	5
<u>CK16</u>	<u>CD Interest Checks</u>	5

#### **EDUCATIONAL SAVINGS ACCOUNTS (ESEA)**

<u>CS01</u>	<u>ESA - Cash</u>	5
<u>CS02</u>	<u>ESA - Mutual Funds</u>	5
<u>CS03</u>	<u>ESA - Securities</u>	5

#### **COURT DEPOSITS**

<u>CT01</u>	<u>Escrow Funds</u>	5
<u>CT02</u>	<u>Condemnation Awards</u>	5
<u>CT03</u>	<u>Missing Heir's Funds</u>	5
<u>CT04</u>	<u>Suspense Accounts</u>	5

#### **HEALTH SAVINGS ACCOUNT (HSA)**

<u>HS01</u>	<u>Health Savings Account</u>	5
<u>HS02</u>	<u>Health Savings Account Investment</u>	5

**INSURANCE**

<u>IN01</u>	<u>Individual Policy Benefits or Claim Payments</u>	5
<u>IN02</u>	<u>Group Policy Benefits or Claim Payments</u>	5
<u>IN03</u>	<u>Proceeds Due Beneficiaries</u>	5
<u>IN04</u>	<u>Proceeds from Matured Policies, Endowments or Annuities</u>	5
<u>IN05</u>	<u>Premium Refunds</u>	5
<u>IN06</u>	<u>Unidentified Remittances</u>	5
<u>IN07</u>	<u>Other Amounts Due Under Policy Terms</u>	5
<u>IN08</u>	<u>Agent Credit Balances</u>	5

**MINERAL PROCEEDS**

<u>MI01</u>	<u>Net Revenue Interest</u>	5
<u>MI02</u>	<u>Royalties</u>	5
<u>MI03</u>	<u>Overriding Royalties</u>	5
<u>MI04</u>	<u>Production Payments</u>	5
<u>MI05</u>	<u>Working Interest</u>	5
<u>MI06</u>	<u>Bonuses</u>	5
<u>MI07</u>	<u>Delay Rentals</u>	5
<u>MI08</u>	<u>Shut-in Royalties</u>	5
<u>MI09</u>	<u>Minimum Royalties</u>	5

**MISCELLANEOUS INTANGIBLE PROPERTY**

<u>MS01</u>	<u>Wages, Payroll, Salary (payroll cards)</u>	5
<u>MS02</u>	<u>Commissions</u>	5
<u>MS03</u>	<u>Workers Compensation Benefits</u>	5
<u>MS04</u>	<u>Payments For Goods &amp; Services</u>	5
<u>MS05</u>	<u>Customer Overpayments</u>	5
<u>MS06</u>	<u>Unidentified Remittances</u>	5
<u>MS07</u>	<u>Unrefunded Overcharges</u>	5
<u>MS08</u>	<u>Accounts Payable</u>	5
<u>MS09</u>	<u>Credit Balance - Accounts Receivable</u>	5
<u>MS10</u>	<u>Discounts Due</u>	5
<u>MS11</u>	<u>Refunds Due</u>	5
<u>MS12</u>	<u>Unredeemed Gift Certificates</u>	5
<u>MS13</u>	<u>Unclaimed Loan Collateral</u>	5
<u>MS14</u>	<u>Pension &amp; Profit Sharing</u>	5
<u>MS15</u>	<u>Dissolution or Liquidation</u>	5
<u>MS16</u>	<u>Miscellaneous Outstanding Checks</u>	5

<u>MS17</u>	<u>Miscellaneous Intangible Property</u>	5
<u>MS18</u>	<u>Suspense Liabilities</u>	5

**SECURITIES**

<u>SC01</u>	<u>Dividends</u>	3
<u>SC02</u>	<u>Interest (Bond Coupons)</u>	3
<u>SC03</u>	<u>Principal Payments</u>	3
<u>SC04</u>	<u>Equity Payments</u>	3
<u>SC05</u>	<u>Profits</u>	3
<u>SC06</u>	<u>Funds Paid to Purchase Shares</u>	3
<u>SC07</u>	<u>Funds for Stocks &amp; Bonds</u>	3
<u>SC08</u>	<u>Shares of Stock (Returned by Post Office)</u>	3
<u>SC09</u>	<u>Cash for Fraction Shares</u>	3
<u>SC10</u>	<u>Unexchanged Stock of Successor Corp</u>	3
<u>SC11</u>	<u>Other Certificates of Ownership</u>	3
<u>SC12</u>	<u>Underlying Shares or other Outstanding Certificates</u>	3
<u>SC13</u>	<u>Funds for Liquidation / Redemption of Unsurrendered Stock or Bonds</u>	3
<u>SC14</u>	<u>Debentures</u>	3
<u>SC15</u>	<u>U S Govt Securities</u>	3
<u>SC16</u>	<u>Mutual Fund Shares</u>	3
<u>SC17</u>	<u>Warrant (Rights)</u>	3
<u>SC18</u>	<u>Mature Bond Principal</u>	3
<u>SC19</u>	<u>Dividend Reinvestment Plans</u>	3
<u>SC20</u>	<u>Credit Balances</u>	3

**TANGIBLE PROPERTY**

<u>SD01</u>	<u>SD Box Contents</u>	5
<u>SD02</u>	<u>Other Safekeeping</u>	5
<u>SD03</u>	<u>Other Tangible Property</u>	5

**FIDUCIARIES**

<u>TR01</u>	<u>Paying Agent Account</u>	3
<u>TR02</u>	<u>Undelivered or Uncashed Dividends</u>	3
<u>TR03</u>	<u>Funds held in Fiduciary Capacity</u>	3
<u>TR04</u>	<u>Escrow Accounts</u>	3
<u>TR05</u>	<u>Trust Vouchers</u>	3
<u>IR01</u>	<u>Traditional IRA - Cash</u>	3
<u>IR02</u>	<u>Traditional IRA - Mutual Funds</u>	3

<u>IR03</u>	<u>Traditional IRA - Securities</u>	<u>3</u>
<u>IR05</u>	<u>Roth IRA - Cash</u>	<u>3</u>
<u>IR06</u>	<u>Roth IRA - Mutual Funds</u>	<u>3</u>
<u>IR07</u>	<u>Roth IRA - Securities</u>	<u>3</u>

**UTILITIES**

<u>UT01</u>	<u>Utility Deposits</u>	<u>5</u>
<u>UT02</u>	<u>Membership Fees</u>	<u>5</u>
<u>UT03</u>	<u>Refunds or Rebates</u>	<u>5</u>
<u>UT04</u>	<u>Capital Credit Distributions</u>	<u>5</u>

**2.22 Remediation**

2.22.1 Holders will be given the opportunity to review, reconcile, remediate and perform remediation outreach on any items that have been identified as potential unclaimed property. The form of the outreach letter must be approved by the State, and all letters shall be submitted to the Auditors for review and approval prior to sending out. The Holder must provide confirmation of the date of the outreach mailing to the auditor.

2.22.2 The following is an example of a "remediation outreach" letter approved by the Department of Finance:

<Holder Letterhead>

<Date>

<Owner Name/Address>

Dear <Owner>,

Our records indicate that the check detailed below, issued to <Owner>, has not cleared the bank. In order for us to determine whether this obligation is still due and owing or whether the obligation may have been satisfied, we are requesting that you please review your records and respond back to us as to your findings. After reviewing your records, complete the form below and return it to us within 15 days. If your address has changed, please provide the new address as well as a telephone number.

If a response is not received, state unclaimed property laws may require us to remit the funds to the state of your last known address (i.e. the state listed on the address block of this letter). That state will hold the funds in perpetuity or until you claim the funds from the state.

<u>Check Number</u>	<u>Date Issued</u>	<u>Invoice</u>	<u>Invoice Date</u>	<u>Amount</u>
<u>123456</u>	<u>04/04/2001</u>	<u>Inv 9999</u>	<u>03/15/2001</u>	<u>\$250.00</u>

Check the appropriate box below and return this confirmation to us:

I have reviewed my records and have determined that the check listed above is owed to my Company. Please issue a replacement check.

I have reviewed my records and was unable to determine whether the check listed above is owed to my Company.

I have reviewed my records and have determined that the check listed above is not owed to my Company as it was settled **more than two years prior** to the date of this letter.

I have reviewed my records and have determined that the check listed above is not owed to my Company. Payment was settled **within two years** of the date of this letter by:

receiving a subsequent payment on \_\_\_\_\_, or

through a settlement agreement on \_\_\_\_\_, or

through some other method on \_\_\_\_\_.

If other method, please explain and include all applicable dates: \_\_\_\_\_

\_\_\_\_\_

Please sign here: \_\_\_\_\_

Print name and title here: \_\_\_\_\_

Business telephone number: \_\_\_\_\_

Address (if other than above): \_\_\_\_\_

Sincerely,

<Signature>

<Printed name of holder contact person><Holder Phone Number>

<Holder Name>

<Holder Address>

**2.23 Bankruptcy**

If at any time before or during the course of an examination the Holder files for bankruptcy, the Holder shall give notice of the filing to the auditor. The auditor will, within seven (7) calendar days of the Holder's notice or the discovery of the event, notify the State of the bankruptcy filing. The auditor will assist the Escheator to ensure that a proper proof of claim is filed timely in the bankruptcy action.

**2.24 Statement of Findings and Request for Payment**

2.24.1 If the Audit Manager determines at the conclusion of the examination that the Holder has not reported or has underreported the amount of unclaimed property due to the State, the State will issue a statement of findings and request for payment to the Holder. This letter will outline the findings of the examination and make a formal demand for the property under question. The Holder has ninety (90) days to directly remit to the State of Delaware any abandoned property identified during the examination as owed to the State of Delaware. The Holder's appeal rights to contest all or part of the findings as outlined in 12 Del.C. §1179 are triggered by the statement of findings and request for payment.

2.24.2 The State may, at the Holder's request and/or agreement, bifurcate or divide the examination by property type and year and issue a statement of findings and request for payment for a portion or portions of the examination while other portions of the examination remain ongoing. An examination is deemed to be complete for any category of property as of the date on which the Audit Manager mails the statement of findings and request for payment as described in 12 Del.C. §1156(a) for that category of property and time period.