

MORTON ALAN HAAS & CO.

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
FOUNDED 1949

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MEMORANDUM

To: Our Escrow Clients and Friends

From: Michael C. Haas

Date: July 1, 2010

ESCHEAT UPDATE

We are sending you our annual escheat reminder newsletter. The annual escheat reports are due to the State Controller's office no later than November 1, 2010. The outstanding checks and escrow funds in holding that have been inactive for a period of three years as of June 30, 2010 now are due to the State.

New for this year

Notice is required to be sent to owners of unclaimed funds where the amount due is more than \$50.00. To provide clearer notification to the owners of the funds, the State now requires that the notice you send to the owner that the funds are ready to be escheated must contain a heading centered at the top that reads as follows: "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US."

These due diligence letters now can be sent electronically with the owner's consent, and owners can respond to due diligence letters by a phone call or electronic communication to stop the property from escheating. In addition, you can impose up to a \$2.00 service charge for administrative costs of the due diligence letter.

Holders of unclaimed property are to attempt to contact owners of unclaimed property prior to the escheatment period. This process should take place six to twelve months prior to the time the funds are to be escheated.

Please refer to the accompanying newsletter entitled: "AN UPDATED PRIMER ON ESCHEAT."

As before, those escheating funds are required to pay by electronic debit or wire transfer if transmitting more than \$20,000.00. Also, any escheat report with more than fifty payees is to be sent via magnetic media.

If someone calls looking for a refund of funds already escheated, refer that person to the Controller's website or toll-free number in order to obtain claim forms or other information on how to recover those funds. The website is www.sco.ca.gov and the telephone number is (800) 992-4647.