

AMENDED IN SENATE AUGUST 18, 2016

AMENDED IN SENATE JUNE 20, 2016

AMENDED IN ASSEMBLY MARCH 16, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2258**

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**Introduced by Assembly Member Eggman**

February 18, 2016

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An act to amend Section 1513 of the Code of Civil Procedure, relating to unclaimed property.

LEGISLATIVE COUNSEL'S DIGEST

AB 2258, as amended, Eggman. Unclaimed property.

Existing law prescribes the circumstances under which property held or owing by a business association escheats to the state. Existing law specifies that any demand, savings, or matured time deposit, or account subject to a negotiable order of withdrawal, made with a banking organization escheats to the state if the owner, for more than three years, has not increased or decreased the amount of the deposit. Existing law specifies that any demand, savings, or matured time deposit, or matured investment certificate, or account subject to a negotiable order of withdrawal, or other interest in a financial organization, escheats to the state when the owner, for more than three years, has not increased or decreased the amount of the funds or deposit.

This bill would ~~provide that~~, *require, commencing on or before January 1, 2018*, for purposes of determining whether the above-described property escheats to the state, *that a holder, as defined in existing law, regard* specified transactions that are initiated electronically and are reflected in the books and records of a banking

or financial organization ~~would constitute~~ *as evidence of* an increase or decrease in the amount of the funds or deposit *in an account* held by the banking or financial organization.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1513 of the Code of Civil Procedure is  
2 amended to read:

3 1513. (a) Subject to Sections 1510 and 1511, the following  
4 property held or owing by a business association escheats to this  
5 state:

6 (1) (A) Except as provided in paragraph (6), any demand,  
7 savings, or matured time deposit, or account subject to a negotiable  
8 order of withdrawal, made with a banking organization, together  
9 with any interest or dividends thereon, excluding, from demand  
10 deposits and accounts subject to a negotiable order of withdrawal  
11 only, any reasonable service charges that may lawfully be withheld  
12 and that do not, where made in this state, exceed those set forth in  
13 schedules filed by the banking organization from time to time with  
14 the Controller, if the owner, for more than three years, has not  
15 done any of the following:

16 (i) Increased or decreased the amount of the deposit, cashed an  
17 interest check, or presented the passbook or other similar evidence  
18 of the deposit for the crediting of interest.

19 (ii) Corresponded electronically or in writing with the banking  
20 organization concerning the deposit.

21 (iii) Otherwise indicated an interest in the deposit as evidenced  
22 by a memorandum or other record on file with the banking  
23 organization.

24 (B) A deposit or account shall not, however, escheat to the state  
25 if, during the previous three years, the owner has owned another  
26 deposit or account with the banking organization or the owner has  
27 owned an individual retirement account or funds held by the  
28 banking organization under a retirement plan for self-employed  
29 individuals or a similar account or plan established pursuant to the  
30 internal revenue laws of the United States or the laws of this state,  
31 as described in paragraph (6), and, with respect to that deposit,  
32 account, or plan, the owner has done any of the acts described in

1 clause (i), (ii), or (iii) of subparagraph (A), and the banking  
2 organization has communicated electronically or in writing with  
3 the owner, at the address to which communications regarding that  
4 deposit, account, or plan are regularly sent, with regard to the  
5 deposit or account that would otherwise escheat under  
6 subparagraph (A). For purposes of this subparagraph,  
7 “communications” includes account statements or statements  
8 required under the internal revenue laws of the United States.

9 (C) No banking organization may discontinue any interest or  
10 dividends on any savings deposit because of the inactivity  
11 contemplated by this section.

12 (2) (A) Except as provided in paragraph (6), any demand,  
13 savings, or matured time deposit, or matured investment certificate,  
14 or account subject to a negotiable order of withdrawal, or other  
15 interest in a financial organization or any deposit made therewith,  
16 and any interest or dividends thereon, excluding, from demand  
17 deposits and accounts subject to a negotiable order of withdrawal  
18 only, any reasonable service charges that may lawfully be withheld  
19 and that do not, where made in this state, exceed those set forth in  
20 schedules filed by the financial organization from time to time  
21 with the Controller, if the owner, for more than three years, has  
22 not done any of the following:

23 (i) Increased or decreased the amount of the funds or deposit,  
24 cashed an interest check, or presented an appropriate record for  
25 the crediting of interest or dividends.

26 (ii) Corresponded electronically or in writing with the financial  
27 organization concerning the funds or deposit.

28 (iii) Otherwise indicated an interest in the funds or deposit as  
29 evidenced by a memorandum or other record on file with the  
30 financial organization.

31 (B) A deposit or account shall not, however, escheat to the state  
32 if, during the previous three years, the owner has owned another  
33 deposit or account with the financial organization or the owner  
34 has owned an individual retirement account or funds held by the  
35 financial organization under a retirement plan for self-employed  
36 individuals or a similar account or plan established pursuant to the  
37 internal revenue laws of the United States or the laws of this state,  
38 as described in paragraph (6), and, with respect to that deposit,  
39 account, or plan, the owner has done any of the acts described in  
40 clause (i), (ii), or (iii) of subparagraph (A), and the financial

1 organization has communicated electronically or in writing with  
2 the owner, at the address to which communications regarding that  
3 deposit, account, or plan are regularly sent, with regard to the  
4 deposit or account that would otherwise escheat under  
5 subparagraph (A). For purposes of this subparagraph,  
6 “communications” includes account statements or statements  
7 required under the internal revenue laws of the United States.

8 (C) No financial organization may discontinue any interest or  
9 dividends on any funds paid toward purchase of shares or other  
10 interest, or on any deposit, because of the inactivity contemplated  
11 by this section.

12 (3) Any sum payable on a traveler’s check issued by a business  
13 association that has been outstanding for more than 15 years from  
14 the date of its issuance, if the owner, for more than 15 years, has  
15 not corresponded in writing with the business association  
16 concerning it, or otherwise indicated an interest as evidenced by  
17 a memorandum or other record on file with the association.

18 (4) Any sum payable on any other written instrument on which  
19 a banking or financial organization is directly liable, including, by  
20 way of illustration but not of limitation, any draft, cashier’s check,  
21 teller’s check, or certified check, that has been outstanding for  
22 more than three years from the date it was payable, or from the  
23 date of its issuance if payable on demand, if the owner, for more  
24 than three years, has not corresponded electronically or in writing  
25 with the banking or financial organization concerning it, or  
26 otherwise indicated an interest as evidenced by a memorandum or  
27 other record on file with the banking or financial organization.

28 (5) Any sum payable on a money order issued by a business  
29 association, including a banking or financial organization, that has  
30 been outstanding for more than seven years from the date it was  
31 payable, or from the date of its issuance if payable on demand,  
32 excluding any reasonable service charges that may lawfully be  
33 withheld and that do not, when made in this state, exceed those  
34 set forth in schedules filed by the business association from time  
35 to time with the Controller, if the owner, for more than seven years,  
36 has not corresponded electronically or in writing with the business  
37 association, banking, or financial organization concerning it, or  
38 otherwise indicated an interest as evidenced by a memorandum or  
39 other record on file with the business association. For the purposes

1 of this subdivision, “reasonable service charge” means a service  
2 charge that meets all of the following requirements:

3 (A) It is uniformly applied to all of the issuer’s money orders.

4 (B) It is clearly disclosed to the purchaser at the time of purchase  
5 and to the recipient of the money order.

6 (C) It does not begin to accrue until three years after the  
7 purchase date, and it stops accruing after the value of the money  
8 order escheats.

9 (D) It is permitted by contract between the issuer and the  
10 purchaser.

11 (E) It does not exceed 25 cents (\$0.25) per month or the  
12 aggregate amount of twenty-one dollars (\$21).

13 (6) (A) Any funds held by a business association in an  
14 individual retirement account or under a retirement plan for  
15 self-employed individuals or similar account or plan established  
16 pursuant to the internal revenue laws of the United States or of  
17 this state, if the owner, for more than three years after the funds  
18 become payable or distributable, has not done any of the following:

19 (i) Increased or decreased the principal.

20 (ii) Accepted payment of principal or income.

21 (iii) Corresponded electronically or in writing concerning the  
22 property or otherwise indicated an interest.

23 (B) Funds held by a business association in an individual  
24 retirement account or under a retirement plan for self-employed  
25 individuals or a similar account or plan created pursuant to the  
26 internal revenue laws of the United States or the laws of this state  
27 shall not escheat to the state if, during the previous three years,  
28 the owner has owned another such account, plan, or any other  
29 deposit or account with the business association and, with respect  
30 to that deposit, account, or plan, the owner has done any of the  
31 acts described in clause (i), (ii), or (iii) of subparagraph (A), and  
32 the business association has communicated electronically or in  
33 writing with the owner, at the address to which communications  
34 regarding that deposit, account, or plan are regularly sent, with  
35 regard to the account or plan that would otherwise escheat under  
36 subparagraph (A). For purposes of this subparagraph,  
37 “communications” includes account statements or statements  
38 required under the internal revenue laws of the United States.

39 (C) These funds are not payable or distributable within the  
40 meaning of this subdivision unless either of the following is true:

1 (i) Under the terms of the account or plan, distribution of all or  
2 a part of the funds would then be mandatory.

3 (ii) For an account or plan not subject to mandatory distribution  
4 requirement under the internal revenue laws of the United States  
5 or the laws of this state, the owner has attained 70½ years of age.

6 (7) Any wages or salaries that have remained unclaimed by the  
7 owner for more than one year after the wages or salaries become  
8 payable.

9 ~~(b) For purposes of this section, the following terms have the~~  
10 ~~following meanings:~~

11 ~~(1) “Increased or decreased the amount of the deposit” and~~  
12 ~~“increased or decreased the amount of the funds or deposit”~~  
13 ~~includes the following transactions that are initiated electronically~~  
14 ~~and are reflected in the books and records of the banking or~~  
15 ~~financial organization:~~

16 ~~(A) A single or recurring debit transaction authorized by the~~  
17 ~~owner.~~

18 ~~(B) A single or recurring credit transaction authorized by the~~  
19 ~~owner.~~

20 ~~(C) Recurring transactions authorized by the owner that~~  
21 ~~represent payroll deposits or deductions.~~

22 ~~(D) Recurring credits authorized by the owner or a responsible~~  
23 ~~party that represent the deposit of any federal benefits, including~~  
24 ~~social security benefits, veterans’ benefits, and pension payments.~~

25 ~~(2) “Service charges” means service charges imposed because~~  
26 ~~of the inactivity contemplated by this section.~~

27 ~~(b) For purposes of this section, “service charges” means~~  
28 ~~service charges imposed because of the inactivity contemplated~~  
29 ~~by this section.~~

30 ~~(c) A holder shall, commencing on or before January 1, 2018,~~  
31 ~~regard the following transactions that are initiated electronically~~  
32 ~~and are reflected in the books and records of the banking or~~  
33 ~~financial organization as evidence that an owner has increased~~  
34 ~~or decreased the amount of the funds or deposit in an account, for~~  
35 ~~purposes of paragraphs (1) and (2) of subdivision (a):~~

36 ~~(1) A single or recurring debit transaction authorized by the~~  
37 ~~owner.~~

38 ~~(2) A single or recurring credit transaction authorized by the~~  
39 ~~owner~~

1     (3) *Recurring transactions authorized by the owner that*  
2     *represent payroll deposits or deductions.*

3     (4) *Recurring credits authorized by the owner or a responsible*  
4     *party that represent the deposit of any federal benefits, including*  
5     *social security benefits, veterans' benefits, and pension payments.*

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