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Equisearch Pre-Eschatment Services Alleviates Growing Administrative Headaches for CFO's, Controllers and Companies with Unclaimed Assets

It is not expected to be a happy new year for state governments and their budgets. The global financial crisis is applying great pressure on revenues, creating an urgent need for spending cuts and identification of new sources of cash. In doing so, states are looking at any number of possibilities to recoup lost revenue. And moving into 2009, they have their eye squarely on unclaimed financial property – everything from dormant bank accounts to forgotten 401(k) accounts to unused dollars remaining on expired gift cards.

Companies who have unclaimed assets on their books could be presented with a potentially damaging liability they must address now.

Escheat Laws Equals Real Money

When a financial asset of any kind remains unclaimed for a period of time, the companies that hold these accounts are required to escheat, or forfeit, these assets to the state, which then typically deposits the funds into state coffers for use as it pleases. The amount of time that can elapse before a company must escheat varies from state to state.

In 2006, states controlled more than \$33 billion in revenue derived from escheated assets, and returned only \$1.7 billion, according to a survey by the National Association of Unclaimed Property Administrators. So this is real money. State comptrollers and budget managers believe there is much more revenue from unclaimed assets to be had and they are tightening deadlines, reducing timeframes and ramping up compliance requirements demanding that corporations turn over these dollars or face some potentially harsh consequences.

The pressure, therefore, is applied squarely to the corporate community. Chief financial officers and corporate comptrollers are required to more tightly manage their databases of unclaimed or lost assets. The increase in reporting and compliance requirements will continue to create a resource strain on these executives who should be focusing their time and efforts on managing their core business during these difficult economic times.

Leading Provider of Pre-Eschat Services

Pre-escheat management services from Equisearch can help these companies offload the administrative headache while ensuring they remain in the good graces of state regulators.

Equisearch is a leading provider of asset recovery services using deep search techniques to unite living lost account holders with their assets and decedent accounts with their rightful owners. When assets are unclaimed or lost, Equisearch uses a range of proprietary databases and search capabilities to find the holder or, if the holder is deceased, the next of kin and then manages the process of contacting these individuals for the purpose of ultimately restoring rightful possession of the asset.

For the past twenty years, Equisearch has traditionally helped companies in the financial domain manage their lost accounts in the hopes of avoiding the cumbersome and arduous escheatment process. With state governments targeting the unclaimed property held by states in industry outside the financial industry, such as retail, healthcare and insurance, Equisearch's pre-escheatment capabilities are growing in popularity and demand.

California in Crisis

The state of California is a prime example of a state in fiscal crisis. The state's budget deficit is expected to reach \$42 billion over the next 18 months. The situation is so bad that since the middle of 2008, the state has been mailing out thousands of official letters to doctors, beauty salons, insurance agents and other service providers looking for unpaid state tax revenue. The letters asked these service businesses to check records on their out-of-state purchases for the last three years and pay any back taxes they owe, warning that a failure to do so could lead to an audit of the taxpayer's books going back eight years.

As a result of a 2007 District Court order, the state recently created a new and more aggressive regulatory framework for how it handles unclaimed property. The result is a more onerous and taxing compliance program on companies operating in the state that are now required to provide multiple reports and accountings of their unclaimed holdings.

Equisearch has expanded its range of pre-escheatment services to not only help these companies find lost account holders, as they typically would, but also to provide end-to-end management of a company's unclaimed asset database, from identification to reporting to search. Equisearch also helps companies understand the laws of escheat in their respective state so they can assess their liability and act accordingly. Equisearch's ability to manage a company's lost asset list and create the necessary reports can keep state regulators at bay and help sidestep the threat of a costly and time-consuming audit.

States Eyeing Broken Gift Cards

Gift cards continue to grow in popularity as a gift of choice. Often, gift card recipients do not use the full value of the card prior to the expiration date, a

concept known as card breakage. Breakage used to be a nice enhancement to the bottom line of the retailer, as unused funds were returned to them. State governments are looking more aggressively to capture these funds and require retailers to escheat.

As one might imagine, the labyrinth of laws and regulations pertaining to gift card escheatment can be confusing from one state to the next. Retailers can't possibly know who the holder of a broken gift card might be. Their challenge is knowing what is legally required of them when funds are returned to them from these broken cards. That is where Equisearch advisory services can save significant time and money.

Equisearch can help a retailer in any industry manage its broken gift card database and determine the required course of action depending upon the state in which the company operates. Equisearch will ensure the company maintains compliance, again with the goal of reducing the administrative headaches associated with managing lost assets and avoiding the wrath of regulators.

Why Equisearch

Equisearch has built a long and successful track record in providing pre-escheatment services that benefit both the company involved and the lost account holder. In addition to having the deepest search capabilities in the industry, Equisearch has an extensive in-house team that specializes in approaching and working with lost account holders to speedily and efficiently restore ownership of their property. After all, for any company, the quickest and easiest way to reduce the burden of regulatory compliance related to escheat laws is to find the rightful owner of an asset. And, above all, it's the right thing to do.

Contrary to standard industry practice, Equisearch deals openly and candidly with living lost asset holders, disclosing information about the asset in question so as to reassure the account holder and increase the chances of completing the transfer successfully and quickly. Whereas some companies only concern themselves with sizeable assets, Equisearch does not discriminate based on value due to the fact that it has the capacity and scale to help companies manage lost accounts of all sizes and amounts.

Prognosticators suggest that current global economic malaise is here to stay for some time. State governments are going to get their money somehow and it's likely the burden they place on the corporate community will only grow. Equisearch stands ready to help companies with their pre-escheatment needs, reducing an unneeded pressure during a time when pressures and challenges are not in short supply.