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## **Agency in Charge of State's Unclaimed Property Fund Fails to Collect Money it Owes Itself**

*State's Tax-Collection Agencies Also Leave Nearly \$1 Million Unclaimed*

SACRAMENTO – The agency responsible for notifying the rightful owners of escheated property held by the state has more than \$6,700 of its own money sitting in the Unclaimed Property Fund, according to research released today by the California Taxpayers' Association.

The Bureau of Unclaimed Property is listed on its own website as the owner of \$6,703.50 in unclaimed funds ([property I.D. #018074436](#)), illustrating the type of notification problem that led to intervention by the courts earlier this month.

“It’s unbelievable that the bureaucracy in charge of finding the owners of unclaimed property can’t even manage to find itself,” said Teresa Casazza, acting president of Cal-Tax. “It would be hard to find a more obvious sign that serious reforms are needed to improve the notification process.”

Cal-Tax also found that California’s two primary tax-collection agencies, the Board of Equalization and the Franchise Tax Board, have left nearly \$1 million sitting in the Unclaimed Property Fund.

By searching the unclaimed property database at [www.searchthevault.com](http://www.searchthevault.com), Cal-Tax found \$569,378.91 owned by the BOE, and \$399,722.58 owned by the FTB, totaling \$929,101.49 that could be reclaimed by the two agencies by filing paperwork with the Bureau of Unclaimed Property. The money resides in more than 1,000 individual accounts, ranging in amount from a \$154,056 uncollected vendor payment for the FTB, down to a \$5.01 unclaimed interest check to the BOE. (A spreadsheet with itemized listings of the unclaimed funds is attached, and also is available online. [Click here.](#))

The money is part of \$5 billion in unclaimed property turned over to the state by banks, insurance companies and other businesses, as required by law when assets are owed to someone who can’t be located. Money is held indefinitely, but stocks and other assets – including contents of safe deposit boxes – are sold.

As the Cal-Tax research shows, the state has not done a good job of looking for the rightful owners of escheated property. This problem led a federal judge to issue an order May 7 forbidding the state from selling or destroying unclaimed property until it improves its procedures for notifying the owners. The judge’s decision came just days

after another court said the state appears to be violating property owners' constitutional right to be notified before assets are seized and sold.

Cal-Tax found listings for many easy-to-find government agencies, including the Governor's Office and cities and counties throughout the state. Well-known private businesses like Disneyland and the *Los Angeles Times* also are on the list, as is Schatzi On Main, the Santa Monica restaurant formerly owned by Governor Arnold Schwarzenegger.

State Controller John Chiang, who took office in January, inherited the troubled Bureau of Unclaimed Property program from his predecessors, and has taken steps to protect property owners by extending the length of time that stocks and other non-cash assets are held before they are sold. As controller, Chiang sits on both the FTB and the BOE, and Casazza said she hopes he will use his power on the boards to collect the nearly \$1 million they are owed, and to continue the reform effort. Some needed reforms, such as changing the notification process, require action by the Legislature, along with funding to pay for implementation.

"The state needs to do a much better job of trying to find the rightful owners of the \$5 billion it is holding in the unclaimed property fund," Casazza said. "It appears that much of the property is unclaimed simply because nobody in the state bureaucracy has made a real attempt to contact the owners."

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