EMERGING TRENDS IN UNCLAIMED PROPERTY COMPLIANCE

Considerations to Avoid Post-Pandemic Exposure
With you today

JOE CARR
Partner
Unclaimed Property Practice Leader
312-616-3946
JCarr@bdo.com

ANGIE GEBERT
Managing Director
National Unclaimed Property Compliance Leader
312-233-1848
AGebert@bdo.com

RICARDO GARCIA
Managing Director
West Coast Unclaimed Property Practice Leader
714-668-7308
RiGarcia@bdo.com
EMERGING TRENDS IN UNCLAIMED PROPERTY COMPLIANCE

MIKE KENEHAN
Managing Director
East Coast Unclaimed Property Practice Leader
215-636-5563
MKeneman@bdo.com

DAVID A. HUGHES
Partner
State and Local Tax
312-606-3212
DHughes@hmblaw.com

PATRICK J. REYNOLDS
Senior Tax Counsel
COST
202-484-5218
PRynolds@cost.org

Also
Agenda

- COVID-19 Environment - Disrupter to Effective Escheat Compliance
- Compliance Essentials and Pitfalls
- Unclaimed Property Emerging Topics
- Escheat Compliance Cash Savings Opportunities
- Compliance Process Efficiencies
- Legal Updates
- Conclusion/Q&A
COVID-19 ENVIRONMENT

Disrupters to Effective Escheat Compliance
The New Reality

- Stay-at-home, remote workforce
- Depressed market
- Resource loss - furloughs, RIWFs, Payroll cuts
- Systems may not keep up with new norm of work
- Less Prioritization?
- No or little enforcement of policy and procedures?
- Recipe for Disaster - Post Pandemic Escheat Audits
COST Member Survey:
TOP SALT ISSUES ARISING FROM COVID-19 CRISIS

- 61% Impact on state tax return filings and deadlines
- 48% The SALT implications of the CARES Act
- 39% Uncertainty with future legislation due to predicted state budget shortfalls

- 21% Access to state tax agencies and state courts
- 10% Uncertainty with new and existing tax credits and incentives packages
- 7% Withholding obligations resulting from teleworking
- 6% Changes to nexus and apportionment resulting from teleworking
EMERGING TRENDS IN UNCLAIMED PROPERTY COMPLIANCE

FY 2021 State Budget Enactment Status

*AR, FL, MO: Budget Awaiting Governor’s Action

State Legislative Session: Impact of COVID-19 Outbreak

Legislature in regular session

Session interrupted due to COVID-19

Legislature in COVID-19 special session

Session set to begin session as scheduled

Legislature has adjourned sine die

No regular legislative session in 2020

2020 State and Local Budget Shortfall

COVID-19 IMPACT

Significantly reduced economic activity during the COVID-19 crisis has already resulted in:

- Large unemployment numbers
- Depleted unemployment trust funds

STATE TAX REVENUE IMPACT

- **INCOME TAX**: Expected to decline significantly for the last quarter of FY20 because of filing deadline extensions
- **SALES TAX**: Sharp decline resulting from full and partial business shutdowns
- **SEVERANCE TAXES**: Sharp declines resulting from decreased global oil prices (e.g., AK, LA, NM, ND, OK, TX, WV, and WY)

STATE RAINY DAY FUNDS

- Income States with robust “Rainy Day” funds are expected to better weather any economic crisis
- According to the Pew Charitable Trusts, for FY 2019, WY, AK, ND, NM and TX have the most robust Rainy-Day funds, while KS, IL, PA, NJ and KY have the weakest
2020 State and Local Budget Projected Shortfall

**ALASKA**
$1.3B projected shortfall in next 15 months

**ARIZONA**
$1.6B projected shortfall in FY 2021

**GEORGIA**
$4B projected shortfall in next 15 months (10% of 2021 spending)

**ILLINOIS**
$4.6B projected shortfall in FY 2021

**MASSACHUSETTS**
$1.8B to $3B projected shortfall in next 15 months

**NEW YORK**
$4B to $7B projected shortfall in next 15 months

**PENNSYLVANIA**
$2.7B to $3.9B projected shortfall in FY 2020-2021

**WYOMING**
$255M to $1.4B projected shortfall in next 27 months
What’s Does the Future Hold?

“Will states use unclaimed property enforcement to plug potential budget gaps caused by decrease in income tax, sales and use tax and related taxes, how bad will it be?”
COMPLIANCE ESSENTIALS AND PITFALLS
Unclaimed Property Essentials

COMMON TYPES OF UNCLAIMED PROPERTY:

- Uncashed payroll or commission checks
- Uncashed payable/vendor checks
- Gift certificates/gift cards
- Customer merchandise credits, layaways, deposits, refunds or rebates
- Overpayments/unidentified remittances
- Suspense accounts
- Unused/outstanding benefits (non-ERISA)
- Miscellaneous income/bad debt expense accounts

SOURCING RULES:

- First, to the state of the rightful owner’s last known address, if known, or
- Second, to the state of the holder’s incorporation (commercial domicile for unincorporated entities).
Unclaimed Property Essentials

REPORTING DEADLINE
- Varies by Industry
- Most fall into two filing seasons - Spring/Summer and Fall

DORMANCY PERIOD
- Varies by property type and state
- Need to understand when the dormancy period starts (i.e. - date of creation vs. last activity date)

DUE DILIGENCE
- Each state has a specific dollar threshold
- Must meet certain state guidelines with timing of mailing and language

EXEMPTIONS
- Deferral vs. Exemption
- Deminimus or Administrative Deduction
Sample Escheat Compliance Timeline

See the following sample timeline for Fall and Spring filings. This timeline can be modified accordingly to meet a Company’s needs.

**FALL COMPLIANCE**
- May 15: Data Request
- June 1: Company response to data request
- June 30: Validate data and ID exemptions
- July 1 - August 15: Due diligence letters sent and responses tracked
- August 30: Reissue checks
- Sept 1 - Sept 15: Prepare UP reports & check request
- Sept 16 - Oct 7: Reports and checks processed
- Oct 15: Reports to states

**SPRING COMPLIANCE**
- Nov 1 - Nov 30: Due Diligence
- Dec 1 - Dec 31: Compile DDL Responses
- Jan 1 - Jan 31: Review Spring Data Set
- Feb 1 - Feb 15: Prepare UP reports & check request
- Feb 20: Reissue checks
- Feb 28: Reports and checks processed
- March 1 - July 1: Reports to states
Common Reasons States Reject Annual Reports

Certain states require specific information to be included on their annual reports or be submitted in a certain format or they will reject the reports. The following are some examples:

- California and Florida both require Social Security Numbers be provided for payroll property included on their annual reports.
- Tennessee requires that the NAICS code be included in their upload file for it to be accepted.
- Tennessee, Washington, District of Columbia and Delaware are a few examples of states that will only accept reports that are uploaded to their respective state portals.
- Certain states such as Texas, Arkansas and Oklahoma require well name, well number and well location be included for mineral royalties.
- Several States will Reject a Report if Payment is not made electronically such as Alabama, Nevada, and Tennessee.
## RUUPA Overview

### STATE ADOPTION & CURRENT CONSIDERATION MAP

[Image of a map showing state adoption and current consideration of RUUPA legislation.]

**Courtesy of the Uniform Law Commission**

www.uniformlaws.org/committees/community-home?CommunityKey=4b7c796a-f158-47bc-b5b1-f3f9a6e404fa

## LEGISLATION

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Year</th>
<th>Bill Number</th>
<th>Status</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dist. of Columbia</td>
<td>2020</td>
<td>23-225</td>
<td>Introduced</td>
<td>Evans</td>
</tr>
<tr>
<td>Washington</td>
<td>2020</td>
<td>HB 1179</td>
<td>Introduced</td>
<td>Tarleton</td>
</tr>
<tr>
<td>Washington</td>
<td>2020</td>
<td>HB 2234</td>
<td>Introduced</td>
<td>Tarleton</td>
</tr>
<tr>
<td>Vermont</td>
<td>2020</td>
<td>HB 550</td>
<td>Introduced</td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>2020</td>
<td>SB524/HB4200</td>
<td>Introduced</td>
<td>Goldfinch/Murphy</td>
</tr>
<tr>
<td>Colorado</td>
<td>2019</td>
<td>SBB 88</td>
<td>Enacted</td>
<td>Gardner</td>
</tr>
<tr>
<td>Kentucky</td>
<td>2018</td>
<td>HB 394</td>
<td>Enacted</td>
<td>Miller</td>
</tr>
<tr>
<td>Tennessee</td>
<td>2017</td>
<td>HB 420</td>
<td>Enacted</td>
<td>Farmer</td>
</tr>
<tr>
<td>Utah</td>
<td>2017</td>
<td>SB 175</td>
<td>Enacted</td>
<td>Hillyard</td>
</tr>
</tbody>
</table>

## RUUPA OUTLINES:

- A 10 report year record retention and guidelines
- Extrapolation permitted
- Specifies certain dormancy periods
- Clarifies types of property covered
- Expands remedies for holders
- Adds information security provisions
**RUUPA Effect**

**COLORADO SB 19-088**
Signed by the Governor on April 16, 2019; Effective July 1, 2020

- Repeals Colorado’s current $25 de minimis reporting deduction, which allows holders to deduct and retain 2% of the value or $25 (whichever is greater) per item of unclaimed property reported and delivered to the state treasurer.

- Changes to dormancy period - Property types that previously followed a 5 year dormancy period will now follow a 3 year dormancy period.

- Provides the following exclusions from the definition of ‘property’ subject to escheat: property held in a 529A savings plan, game-related digital content, a loyalty card, and a paper certificate redeemable upon presentation for goods or services, among other items.

- Allows for reasonable estimation if Company does not retain the required records
Gift Certificates/Cards

WASHINGTON HB 1727
For gift certificates/cards issued after July 1, 2020

- Adds additional limitation on when gift certificates and gift cards may have an expiration date.
- May have an expiration date if the recipient of the certificate does not pay money or exchange anything of value for the certificate, and one of the following is true:
  - The certificate is for a loyalty or awards program
  - A business donated the certificate to a charitable organization that uses the certificate solely to provide charitable services. Using the certificate to provide charitable services includes, but is not limited to, auctioning the gift certificate to raise funds for the charitable organization’s charitable purposes.
- The expiration date must be displayed clearly and legibly on the certificate/card.
- Customers may request a cash refund if their gift certificate balance is $5 or less.
- Gift certificates issued after July 1, 2004, are not required to be reported as unclaimed property unless the company dissolves or goes into bankruptcy
Compliance Review Trend

COMMON REQUESTS MADE DURING THESE REVIEWS:

- Written policy and procedures
- Expectations of certain property types
- Deminimus policy
- Filing history for all entities, including acquisitions/divestitures

STATES DOING REVIEWS:

- Delaware
- California
- Florida
- Virginia
- Washington DC
NOTES:

- **NEVADA** - Payment must be made electronically-ACH, Debit or fee assessed
- **NORTH DAKOTA** - Negative Reports only required
- **OKLAHOMA** - Signed cover sheet still required
- **TENNESSEE** - Payment must be made electronically
- **VIRGINIA** - Signed cover sheet still required
- **WASHINGTON** - Payment must be made electronically or 5% penalty

Other Compliance Trends - Online Filing
Reporting of IRAs and Tax Withholding

IRS REVENUE RULING 2018-17
Effective January 1, 2020

- In response, NAUPA issued guidance on how to report the unclaimed IRAs and their tax withholding within the NAUPA II format
- Holders will make use of the NAUPA Standard Deduction and Withholding code (“TW”) to represent “Income Tax Withheld”
- In the event of multiple deductions, the TW code should take priority
- State and federal withholdings should be totaled as only one deduction field is available
- All withheld taxes are to be reflected in UP reports so that claimants may be so advised and address with their tax reporting.

NAUPA File Input

<table>
<thead>
<tr>
<th>Reporting Field</th>
<th>Field #</th>
<th>NAUPA Field ID</th>
<th>Sample Input</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Property before Deductions</td>
<td>23</td>
<td>PROP-AMOUNT-REPORTED</td>
<td>$1,000</td>
</tr>
<tr>
<td>Deduction Type</td>
<td>24</td>
<td>PROP-DEDUCTION-TYPE</td>
<td>TW</td>
</tr>
<tr>
<td>Amount of Federal Tax Withheld</td>
<td>25</td>
<td>PROP-DEDUCTION-AMOUNT</td>
<td>$100</td>
</tr>
<tr>
<td>Amount Remitted to the State after Tax Withholding</td>
<td>31</td>
<td>PROP-AMOUNT-REMITTED</td>
<td>$900</td>
</tr>
</tbody>
</table>
Compliance Best Practices

- UP Liability Account
- Written Policy & Procedures
- Monthly Recon Process
- Early Reach Out
- Deminimus Amounts
- Role Assignments
- Acquisitions and Divestitures
- Centralized Repository
- Record Retention Policy
- Annual Compliance Process
## COVID-19 Impact on Spring Compliance Deadlines
### BUSINESS ASSOCIATION TYPE HOLDERS

<table>
<thead>
<tr>
<th>State</th>
<th>Original Due Date</th>
<th>Extension Granted</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>4/15/2020</td>
<td>N/A - Waiver of P&amp;I only</td>
<td>Will waive all fines, penalties and interest otherwise applicable for all late filed reports and property received by the Department on or before June 15, 2020</td>
</tr>
<tr>
<td>Illinois</td>
<td>4/30/2020</td>
<td>5/30/2020</td>
<td>Interest and late-filing penalties will be waived for up to 60 days after the end of the emergency declaration in Illinois</td>
</tr>
<tr>
<td>Vermont</td>
<td>5/1/2020</td>
<td>Up to 60 day extension</td>
<td>Must send written request to TRE@<a href="mailto:UPCompliance@vermont.gov">UPCompliance@vermont.gov</a></td>
</tr>
<tr>
<td>California</td>
<td>6/15/2020</td>
<td>8/15/2020</td>
<td>Automatic extension. Will accept scanned or electronic signatures as well.</td>
</tr>
<tr>
<td>Michigan</td>
<td>7/1/2020</td>
<td>Up to 60 day extension</td>
<td>Email your request containing the name, address and tax ID number of your business prior to the July 1st deadline to <a href="mailto:TreasUPDReporting@michigan.gov">TreasUPDReporting@michigan.gov</a></td>
</tr>
</tbody>
</table>

**Note:** Other spring states have their statutory extension forms and instructions available if needed. Fall filing states with October 31st/November 1st deadlines may be extended as it gets closer to the deadline.
## COVID-19 Impact on Spring Compliance Deadlines

**INSURANCE HOLDERS**

<table>
<thead>
<tr>
<th>State</th>
<th>Original Due Date</th>
<th>Extension Granted</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>5/1/2020</td>
<td>6/1/2020</td>
<td></td>
</tr>
<tr>
<td>Maryland</td>
<td>4/30/2020</td>
<td>7/31/2020</td>
<td></td>
</tr>
<tr>
<td>Massachusetts</td>
<td>5/1/2020</td>
<td>7/1/2020</td>
<td></td>
</tr>
<tr>
<td>New Jersey</td>
<td>5/1/2020</td>
<td>6/30/2020</td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>5/1/2020</td>
<td>6/1/2020</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Other spring states have their statutory extension forms and instructions available if needed. Fall filing states with October 31st/November 1st deadlines may be extended as it gets closer to the deadline.
UNCLAIMED PROPERTY
EMERGING TOPICS
UNCLAIMED PROPERTY
EMERGING TOPICS

Retirement Savings Accounts
GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

- **GAO:** The U.S. Government Accountability Office is a legislative branch government agency that provides auditing, evaluation, and investigative services for the United States Congress. It is the supreme audit institution of the federal government of the United States.

- **GAO RELEASED A REPORT ON FEBRUARY 19, 2019:** Retirement Accounts: Federal Action Needed to Clarify Tax Treatment of Unclaimed 401(k) Plan Savings Transferred to States

- **PURPOSE OF REPORT:** This report examines (1) how much in retirement savings is transferred to states as unclaimed property and what happens to those savings once transferred and (2) the steps IRS and DOL have taken to oversee these transfers and what improvements are needed. GAO interviewed federal and state officials, industry representatives, and other stakeholders, and surveyed all 50 states and the District of Columbia (and received 22 responses). GAO also surveyed 401(k) plan service providers and IRA trustees regarding the volume of retirement savings transferred to states and their federal tax reporting and withholding practices for those transfers.
GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

FINDINGS:

Retirement Savings inactive for 3 to 5 years after distribution required

Check issued from employer-based plan that is not cashed

STATE UNCLAIMED PROPERTY OFFICE

Owner can generally claim savings at no cost

Source: GAO analysis of survey data and interviews with unclaimed property experts | GAO-19-88
EMERGING TRENDS IN UNCLAIMED PROPERTY COMPLIANCE

GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

FINDINGS:

If an individual does not take mandatory distributions

According to experts, state unclaimed property laws may deem retirement savings abandoned and subject to transfer to the state

Age 70.5

Source: GAO analysis of information from state unclaimed property experts and federal law | GAO-19-88
GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

FINDINGS:

Unclaimed retirement savings from employer-based plans or IRAs (Individual Retirement Accounts)

Cash, securities and mutual fund shares

STATE UNCLAIMED PROPERTY OFFICE

Cash or unsold securities and mutual fund shares

Cash value of securities and mutual fund shares sold

Owner can typically claim savings at any time

Source: GAO analysis of state survey data and information from unclaimed property experts | GAO-19-88
GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

FINDINGS:

Current IRS Guidance:

- When distributions from 401(k) plans and IRAs occur, plan sponsors and IRA administrators are generally required to withhold and remit to the IRS a percentage of the amount distributed from a qualified retirement account to cover anticipated federal income taxes. The amount withheld varies from generally 10 percent for certain traditional IRA and 401(k) plan distributions to 20 percent for eligible rollover distributions. Qualifying Roth IRA and Roth plan account distributions are not subject to federal income taxes.

- If, within 60 days of receipt, an individual deposits eligible rollover distributions into another qualified account—an indirect rollover—the distribution is not treated as income for federal income tax purposes. However, the amount deposited must be the full amount distributed, including the amount of any income tax withheld. Otherwise, the distribution amount not rolled over is taxable and may be subject to additional tax for early distribution if the individual is younger than age 59½.
GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

FINDINGS:

Current IRS Guidance (continued)

- Individuals must take RMDs from their qualified retirement accounts—both 401(k) plan accounts and traditional IRAs—according to a schedule set by the IRS. These distributions, which cannot be rolled over to another qualified account, generally must begin by April 1st of the calendar year following the calendar year in which an individual turns age 70½ or retires.

- Prior to the later of age 62 or normal retirement age, plans are restricted in their ability to take actions with respect to savings left behind by inactive participants if the individuals did not provide distribution instructions. An inactive account owner’s vested balance up to $5,000 can be forced out of an active plan. Without the account owner’s instructions for where to transfer the account, balances greater than $1,000 and less than or equal to $5,000 may only be transferred to an IRA, while smaller balances may be “cashed out” meaning a check is issued to the owner. Generally, balances in excess of $5,000 may not be distributed without the consent of the owners. However, federal law permits plans to exclude rollover contributions from the account balance that they use to determine if the account is small enough to force out.
GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

FINDINGS:

► Current DOL Guidance:

 o DOL’s Employee Benefits Security Administration is generally responsible for issuing guidance to plan sponsors and other plan fiduciaries on compliance with Title I of ERISA. A plan’s decision regarding what to do with unclaimed retirement savings, which can include transferring these savings to the states, is a decision that is subject to ERISA’s fiduciary standards.

 o In Advisory Opinion 1994-41A, DOL expressed its view that ERISA preempted a state unclaimed property law as it related to requiring a plan to transfer amounts held in plan accounts to the state. This means that, in DOL’s view, the state law could not compel the plan to transfer unclaimed retirement savings to the state. DOL has issued guidance for terminating DC plans that specifically permits them to transfer certain participant accounts to state unclaimed property funds, generally small accounts of $1,000 or less, when the participant is missing or fails to respond to notices requesting an election of a form of distribution if certain conditions are met.
GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

FINDINGS:

- The Internal Revenue Service (IRS) and the Department of Labor (DOL) have issued guidance on transferring retirement savings to states; however, IRS has not clarified certain responsibilities or ensured that the retirement savings that owners claim from states can be rolled over into other tax-deferred retirement accounts.

- IRS officials said the agency has not issued guidance to clarify this issue because of competing priorities. As a result, 401(k) plan provider practices vary—some providers withhold taxes when transferring savings to states while others do not.

- IRS also has not taken action to ensure that individuals who claim 401(k) savings from a state can roll over these savings to other tax-deferred retirement accounts after IRS’s 60-day deadline. IRS allows individuals to roll over savings after 60 days for several reasons, none of which include claiming 401(k) savings from a state. Federal law seeks to protect the interests of participants in retirement plans. Account owners who are unable to roll over their reclaimed savings forgo the opportunity to continue investing the funds on a tax-deferred basis.
# GAO Recommends Actions on Escheat & Tax Treatment of Unclaimed Retirement Accounts

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Agency Affected</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>The IRS Commissioner should work with the Department of the Treasury to consider clarifying if transfers of unclaimed savings from employer-based plans (such as 401(k) plans) to states are distributions, what, if any, tax reporting and withholding requirements apply, and when they apply. (Recommendation 1)</td>
<td>IRS; DOT</td>
<td>Open: IRS agreed with this recommendation and stated that it would work with Treasury to consider clarifying the issues raised by this recommendation.</td>
</tr>
<tr>
<td>The IRS Commissioner should work with the Department of the Treasury to consider adding retirement savings transferred to states from terminating DC plans to the list of permitted reasons for rolling over savings after the 60-day rollover period, in a form consistent with the rules adopted on the taxation of transfers of unclaimed retirement savings. (Recommendation 2)</td>
<td>IRS; DOT</td>
<td>Open: IRS agreed with this recommendation and stated that it would work with Treasury to consider addressing the issues outlined in this recommendation.</td>
</tr>
<tr>
<td>The Secretary of Labor should specify the circumstances, if any, under which uncashed distribution checks from active plans can be transferred to the states. (Recommendation 3)</td>
<td>DOL</td>
<td>Open: DOL neither agreed nor disagreed with this recommendation. However, DOL stated it plans to continue to evaluate whether there are circumstances in which the transfer of uncashed distribution checks from an ongoing plan to the states advances the goal of reuniting missing participants with their savings, which is consistent with this recommendation. We commend DOL for recognizing the importance of this issue and will monitor the agency's efforts to address this recommendation.</td>
</tr>
</tbody>
</table>
### Retirement Savings Account - State Examples

<table>
<thead>
<tr>
<th>State</th>
<th>Does the State Pay Interest</th>
<th>Citation</th>
<th>What is the State Holding Period</th>
<th>Citation</th>
<th>What is the Due Process Notice Requirement</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>Yes. Only to the extent paid to the state</td>
<td>Sec.1160 Del. Title 12. Chapter 11</td>
<td>18 months after notification</td>
<td>Sec.1160 Del. Title 12. Chapter 11</td>
<td>Mailing required on amounts over $50 June &amp; December daily newspaper publication Internet searchable database</td>
<td>Sec.1150 Del. Title 12. Chapter 11</td>
</tr>
<tr>
<td>Illinois</td>
<td>Yes. Based on market value</td>
<td>765 ILCS 1026.Title 15.Sec.15-703</td>
<td>3 years - unless in best interest of owner to sell sooner</td>
<td>765 ILCS 1026.Title 15.Sec.15-702</td>
<td>First class mailing or electronic mailing on amounts over $100 Newspaper notification every 6 months Internet searchable database Work with DOR to get update address information for IL taxpayers</td>
<td>765 ILCS 1026.Title 15.Sec.15-702</td>
</tr>
<tr>
<td>California</td>
<td>Yes. Only amounts accrued prior to liquidation</td>
<td>Unclaimed Property Law. Sec.1562</td>
<td>18 months after filed</td>
<td>Unclaimed Property Law. Sec.1563</td>
<td>Mailing to owner within 165 days of prelim report Notification within 1 year after remitted (Controller determines medium for notification)</td>
<td>Unclaimed Property Law. Sec.1531</td>
</tr>
<tr>
<td>Texas</td>
<td>N/A</td>
<td>N/A</td>
<td>None stated</td>
<td>Texas Property Code - Chapter 76. Subchapter G.Sec 76.601</td>
<td>Newspaper or other publication deemed appropriate</td>
<td>Texas Property Code - Chapter 76. Subchapter C.Sec 76.201</td>
</tr>
</tbody>
</table>

The issue of whether state notification procedures are constitutionally sufficient has gained attention at the national level. Although SCOTUS has declined to hear that case, escheatment is on their “radar”. Taylor v. Yee is a case that commenced in 2001 with a case filed in California’s 9th Circuit District Court with SCOTUS denying to hear the case in late 2015. See generally, CHRISS LUSBY TAYLOR, ET AL. v. BETTY YEE, INDIVIDUALLY AND IN HER OFFICIAL CAPACITY AS STATE CONTROLLER OF THE STATE OF CALIFORNIA, ET AL. ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.
UNCLAIMED PROPERTY
EMERGING TOPICS

Change in UP Audits Looming?
State Unclaimed Property look-back periods vary by jurisdiction. In many cases, unclaimed property audit look-back periods are longer than typical record retention policies. As a result, many states employ extrapolation techniques to quantify liability for years where records are incomplete or not fully researchable.

**CURRENT TREND:**

Typical Look-back Period - 10 Report Years (assumes 5 year dormancy)

- Estimation of Liability
- Base Years - Actuals

7-Year Record Retention
Current vs. Potential Future State

Current Trend - Typical UP Allocation by State (GL Audits):
Example for illustration purposes only

Percentage of Liability

- 90% State of Incorporation
- 10% Actual Addressed States
Current vs. Potential Future State

Under this scenario, the landscape of escheat reporting shifts to more of an address property basis.

POTENTIAL FUTURE TREND:

- **7-Year Record Retention**
- **Base Years - Actuals**
- **Typical Look-back Period - 10 Report Years (assumes 5 year dormancy)**
Current vs. Potential Future State

POTENTIAL FUTURE TREND (GL AUDITS):
EXAMPLE FOR ILLUSTRATION PURPOSES ONLY

Percentage of Liability

- 10% State of Incorporation
- 90% Actual Addressed States
### Understanding Estimation

**EXAMPLE OF “GROSS” ESTIMATION**

<table>
<thead>
<tr>
<th>Year</th>
<th>Company Sales</th>
<th>Total Unremdiated Unclaimed Property - All States</th>
<th>Unremiated Unclaimed Property w/ Delaware Address</th>
<th>Extrapolated Liability Sourced to Delaware</th>
<th>Extrapolated Liability Sourced to Delaware</th>
<th>Total Delaware Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$750,000,000.00</td>
<td>$250,000.00</td>
<td>$12,500.00</td>
<td>$12,500.00</td>
<td>$12,500.00</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>2015</td>
<td>$700,000,000.00</td>
<td>$650,000.00</td>
<td>$5,500.00</td>
<td>$5,500.00</td>
<td>$5,500.00</td>
<td>$5,500.00</td>
</tr>
<tr>
<td>2014</td>
<td>$680,000,000.00</td>
<td>$320,000.00</td>
<td>$11,200.00</td>
<td>$11,200.00</td>
<td>$11,200.00</td>
<td>$11,200.00</td>
</tr>
<tr>
<td>2013</td>
<td>$675,000,000.00</td>
<td>$90,000.00</td>
<td>$8,300.00</td>
<td>$8,300.00</td>
<td>$8,300.00</td>
<td>$8,300.00</td>
</tr>
<tr>
<td>2012</td>
<td>$665,000,000.00</td>
<td>$110,000.00</td>
<td>$4,500.00</td>
<td>$4,500.00</td>
<td>$4,500.00</td>
<td>$4,500.00</td>
</tr>
<tr>
<td>2011</td>
<td>$550,000,000.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
</tr>
<tr>
<td>2010</td>
<td>$625,000,000.00</td>
<td>$255,764.00</td>
<td>$255,764.00</td>
<td>$255,764.00</td>
<td>$255,764.00</td>
<td>$255,764.00</td>
</tr>
<tr>
<td>2009</td>
<td>$600,000,000.00</td>
<td>$245,533.00</td>
<td>$245,533.00</td>
<td>$245,533.00</td>
<td>$245,533.00</td>
<td>$245,533.00</td>
</tr>
<tr>
<td>2008</td>
<td>$550,000,000.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
<td>$225,072.00</td>
</tr>
<tr>
<td>2007</td>
<td>$540,000,000.00</td>
<td>$220,980.00</td>
<td>$220,980.00</td>
<td>$220,980.00</td>
<td>$220,980.00</td>
<td>$220,980.00</td>
</tr>
<tr>
<td>2006</td>
<td>$525,000,000.00</td>
<td>$214,841.00</td>
<td>$214,841.00</td>
<td>$214,841.00</td>
<td>$214,841.00</td>
<td>$214,841.00</td>
</tr>
<tr>
<td>2005</td>
<td>$510,000,000.00</td>
<td>$208,703.00</td>
<td>$208,703.00</td>
<td>$208,703.00</td>
<td>$208,703.00</td>
<td>$208,703.00</td>
</tr>
<tr>
<td>2004</td>
<td>$495,000,000.00</td>
<td>$202,565.00</td>
<td>$202,565.00</td>
<td>$202,565.00</td>
<td>$202,565.00</td>
<td>$202,565.00</td>
</tr>
<tr>
<td>2003</td>
<td>$475,000,000.00</td>
<td>$194,380.00</td>
<td>$194,380.00</td>
<td>$194,380.00</td>
<td>$194,380.00</td>
<td>$194,380.00</td>
</tr>
<tr>
<td>2002</td>
<td>$460,000,000.00</td>
<td>$188,242.00</td>
<td>$188,242.00</td>
<td>$188,242.00</td>
<td>$188,242.00</td>
<td>$188,242.00</td>
</tr>
<tr>
<td>Actuals</td>
<td>$8,800,000,000.00</td>
<td>$1,420,000.00</td>
<td>$42,000.00</td>
<td>$42,000.00</td>
<td>$42,000.00</td>
<td>$42,000.00</td>
</tr>
</tbody>
</table>

**Error Rate**: 0.04%

**Application of Penalties and Interest**: 1,116,576

**Total Delaware Assessment**: 3,339,728
### Understanding Estimation

#### Example of “Net” Estimation

<table>
<thead>
<tr>
<th>Year</th>
<th>Company Sales</th>
<th>Total Unremitted Unclaimed Property - All States</th>
<th>Unremitted Unclaimed Property w/ Delaware Address</th>
<th>Extrapolated Liability Sourced to Delaware</th>
<th>Total Delaware Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$790,000,000.00</td>
<td>$650,000,000.00</td>
<td>$90,000.00</td>
<td>$110,000.00</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>2015</td>
<td>$700,000,000.00</td>
<td>$650,000,000.00</td>
<td>$80,000.00</td>
<td>$80,000.00</td>
<td>$8,300.00</td>
</tr>
<tr>
<td>2014</td>
<td>$680,000,000.00</td>
<td>$320,000.00</td>
<td>$11,200.00</td>
<td>$11,200.00</td>
<td>$11,200.00</td>
</tr>
<tr>
<td>2013</td>
<td>$675,000,000.00</td>
<td>$90,000.00</td>
<td>$8,300.00</td>
<td>$8,300.00</td>
<td>$8,300.00</td>
</tr>
<tr>
<td>2012</td>
<td>$665,000,000.00</td>
<td>$110,000.00</td>
<td>$4,500.00</td>
<td>$4,500.00</td>
<td>$4,500.00</td>
</tr>
<tr>
<td>2011</td>
<td>$550,000,000.00</td>
<td>$6,657.06</td>
<td>$6,657.06</td>
<td>$6,657.06</td>
<td>$6,657.06</td>
</tr>
<tr>
<td>2010</td>
<td>$625,000,000.00</td>
<td>$7,564.84</td>
<td>$7,564.84</td>
<td>$7,564.84</td>
<td>$7,564.84</td>
</tr>
<tr>
<td>2009</td>
<td>$600,000,000.00</td>
<td>$7,262.25</td>
<td>$7,262.25</td>
<td>$7,262.25</td>
<td>$7,262.25</td>
</tr>
<tr>
<td>2008</td>
<td>$550,000,000.00</td>
<td>$6,657.06</td>
<td>$6,657.06</td>
<td>$6,657.06</td>
<td>$6,657.06</td>
</tr>
<tr>
<td>2007</td>
<td>$540,000,000.00</td>
<td>$6,536.02</td>
<td>$6,536.02</td>
<td>$6,536.02</td>
<td>$6,536.02</td>
</tr>
<tr>
<td>2006</td>
<td>$525,000,000.00</td>
<td>$6,354.47</td>
<td>$6,354.47</td>
<td>$6,354.47</td>
<td>$6,354.47</td>
</tr>
<tr>
<td>2005</td>
<td>$510,000,000.00</td>
<td>$6,172.91</td>
<td>$6,172.91</td>
<td>$6,172.91</td>
<td>$6,172.91</td>
</tr>
<tr>
<td>2004</td>
<td>$495,000,000.00</td>
<td>$5,991.35</td>
<td>$5,991.35</td>
<td>$5,991.35</td>
<td>$5,991.35</td>
</tr>
<tr>
<td>2003</td>
<td>$475,000,000.00</td>
<td>$5,749.28</td>
<td>$5,749.28</td>
<td>$5,749.28</td>
<td>$5,749.28</td>
</tr>
<tr>
<td>2002</td>
<td>$450,000,000.00</td>
<td>$5,567.72</td>
<td>$5,567.72</td>
<td>$5,567.72</td>
<td>$5,567.72</td>
</tr>
<tr>
<td>2001</td>
<td>$420,000.00</td>
<td>$5,391.52</td>
<td>$5,391.52</td>
<td>$5,391.52</td>
<td>$5,391.52</td>
</tr>
<tr>
<td>2000</td>
<td>$500,000.00</td>
<td>$5,657.06</td>
<td>$5,657.06</td>
<td>$5,657.06</td>
<td>$5,657.06</td>
</tr>
</tbody>
</table>

**Total Delaware Assessment**

- **Actuals**: $8,800,000,000.00
- **Documents Unavailable**: $1,420,000.00
- **Error Rate**: 0.00121%
- **Application of Penalties and Interest**: $16,769.00
Understanding Estimation

DIFFERENCE BETWEEN “NET” VS “GROSS” ESTIMATION

Gross = Total Liability / Total Sales
Applied to Total Sales

Net = State Liability / State or Total Sales
Applied to Total or State Sales (consistency)

What is better? Would you rather pay fifty states estimation or one?
UNCLAIMED PROPERTY
EMERGING TOPICS

GDPR - Impact on Unclaimed Property Reporting
Data Protection Laws - Emerging Trend May Impact UP Reporting

- The European Union’s General Data Protection Regulation (GDPR) governs the processing of “personal data.” It is viewed by many as one of the most significant changes in the EU’s data last 20 years. Although the law EU law may not necessarily impact UP reporting in the US, it may create a global trend in data protection statutes that may impact UP reporting.

- Since the enactment of this law, several U.S. states have proposed or enacted their own consumer data protection laws with some similarities to GDPR.

- Unclaimed property reporting rules and regulations often require companies to report not only amounts owed to consumers, they often require additional information to be reported, for example:
  - Owner full name and address
  - SSN number
  - Driver license information
  - Las known address; etc.
## General Data Protection Regulation (GDPR)

<table>
<thead>
<tr>
<th>States</th>
<th>Record Retention (Transaction Years)</th>
<th>Record Retention (Report Years)</th>
<th>GDPR Type Statute - Recent Updates/Enactments/Introductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>15 years</td>
<td>10 years</td>
<td>An Act to amend Title 6 of the Delaware Code relating to breaches of security involving personal information - Enacted</td>
</tr>
<tr>
<td>California</td>
<td>10 years (most GL property types)</td>
<td>7 years</td>
<td>California Consumer Privacy Act - Enacted</td>
</tr>
<tr>
<td>Illinois</td>
<td>13 years (most GL property types)</td>
<td>10 years</td>
<td>SB2330 - (DTPA) - Enacted</td>
</tr>
<tr>
<td>Texas</td>
<td>13 years (most GL property types)</td>
<td>10 years</td>
<td>HB 4390 - Texas Privacy Protection Act - Enacted</td>
</tr>
<tr>
<td>New York</td>
<td>13 years (most GL property types)</td>
<td>10 years (VDA); 1992 Audit</td>
<td>NY State Senate Bill S5642 - Proposed</td>
</tr>
<tr>
<td>Florida</td>
<td>10 years (most GL property types)</td>
<td>5 report years</td>
<td>HB 963 and SB 1670 - Proposed</td>
</tr>
<tr>
<td>Michigan</td>
<td>13 years (most GL property types)</td>
<td>10 report years</td>
<td>No recent activity</td>
</tr>
<tr>
<td>Washington</td>
<td>9 years (most GL property types)</td>
<td>6 report years</td>
<td>Senate Bill 6281 - WPA - Proposed</td>
</tr>
<tr>
<td>New Jersey</td>
<td>8 years (most GL property types)</td>
<td>5 report years</td>
<td>AB 3283 - Proposed</td>
</tr>
</tbody>
</table>
As states continue to adopt changes to data privacy laws and requirements, it is important to consider these changes and their impact on current unclaimed property reporting procedures to ensure policies and procedures are in line with data privacy law changes.
UNCLAIMED PROPERTY EMERGING TOPICS

Annual Unclaimed Property Accruals
FAS5/ASC 450 - Contingencies

FAS 5 / ASC 450-20 provides that an estimated loss from a loss contingency must be accrued as a charge to income if both of the following conditions are met:

- Information indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and
- The amount of loss can be reasonably estimated.

**ACCURUE THE BEST ESTIMATE IN A RANGE OR LOWEST AMOUNT IN THE RANGE.**

When a loss contingency exists, the likelihood that the future event or events will confirm the loss or impairment of an asset or the incurrence of a liability can range from probable to remote.

- **Probable** - The future event or events are likely to occur
- **Reasonably Possible** - The chance of the future event or events occurring is more than remote but less than likely
- **Remote** - The chance of the future event or events occurring is slight
Quantifying Unclaimed Property Liabilities for Accounting Purposes

- Accounting and tax departments are often required to quantify current and potential future unclaimed property liabilities held by the company.
- Many will face various challenges in calculating an accrual for these types of liabilities. Here are some considerations that should be given prior to embarking on an accrual analysis.
  - Historical unclaimed property policies and procedures
  - Areas of potential risk
  - Accounting and record retention policies for areas that generate unclaimed property
  - Determining records to be reviewed (e.g. outstanding check listings, void reports, aging reports, etc.)
  - Key assumptions and testing methodologies
  - Frequency of analysis (e.g. quarterly, annual, etc.)
  - Proper accounting entries for accrual
ESCHEAT COMPLIANCE
CASH SAVINGS
OPPORTUNITIES
Cash Savings Opportunities

- Refund Review
- Reverse A/P Review
- Settlement Agreements
- Process Automation and Refinement
- VDA and Amnesty in Depressed Markets
- B2B and Deferral Analysis
## Cash Savings Opportunities

<table>
<thead>
<tr>
<th>CASH SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Refund Review</strong></td>
</tr>
<tr>
<td><strong>Reverse A/P Review</strong></td>
</tr>
<tr>
<td><strong>B2B and Deferral Analysis</strong></td>
</tr>
<tr>
<td><strong>VDA &amp; Amnesty in Depressed Markets</strong></td>
</tr>
<tr>
<td><strong>Process Automation and Refinement</strong></td>
</tr>
<tr>
<td><strong>Settlement Agreements</strong></td>
</tr>
</tbody>
</table>
COMPLIANCE PROCESS EFFICIENCIES
Global Mapping Process

- Scoping and Planning
- Functional Interviews
- Analysis and Sample Testing
- Findings and Revisions
**EMERGING TRENDS IN UNCLAIMED PROPERTY COMPLIANCE**

**Heat Map**

**QUICK WINS**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Effort</th>
<th>Higher</th>
<th>Lower</th>
</tr>
</thead>
<tbody>
<tr>
<td>P23-PSA Indemnification</td>
<td>P28-Working Capital Optimization</td>
<td>T7-Check Register Aggregation</td>
<td>T9 &amp; T9a - Customer Credit and A/P Void Documentation &amp; Proofing</td>
</tr>
</tbody>
</table>

---

**BDO**
Top Ten Benefits from Global Mapping

1. Identify escheat and accounting holes/gaps in process
2. Eliminate duplicative processes
3. Maximize deductions and ensure compliance with contracts/terms
4. Optimize working capital / Understand Customer & Vendor Mix & Composition - Buy/Sell patterns
5. Unclaimed property risk mitigation / Training Roadmap
6. Automation of repetitive processes
7. Enhanced reporting and data analytic visibility
8. Optimize latest technology & practices to avoid cyber threats and non-compliance with GDPR & State Regulations
9. Customized enhancements - Current system capabilities, processing & reporting
10. Adequate documentation support and retention
ESCHEAT LEGAL UPDATE
Unclaimed Property Litigation

Univar Inc. v. Geisenberger, et al. (Federal District Court) and State of Delaware Department of Finance v Univar (Delaware Chancery Court)

- Univar brought a procedural due process claim in federal court because Delaware is requiring Univar to submit to an audit by a private firm, Kelmar Associates LLC, with a financial stake in the outcome of the audit—it receives compensation based on the property calculated and escheated.

- At the same time, Delaware filed suit in state Chancery Court seeking to enforce an administrative subpoena requiring Univar to produce books and records as part of the UP audit.

- On September 17, 2019, the District Court held that Univar’s procedural due process and equal protection challenges to its Delaware unclaimed property audit survive the state’s motion to dismiss.
Unclaimed Property Litigation, Cont’d.

*Univar Inc. v. Geisenberger* (continued)

► Univar’s equal protection claim is based on the allegation that Kelmar develops a list of wealthy companies for Delaware to target for audit with the goal of generating revenue.

► Although the district court did not dismiss Univar’s constitutional challenges, the court exercised its discretion to stay the case until the Delaware Chancery court ruled on whether the state’s subpoena of Univar’s records is enforceable.

► On May 21, 2020, the Chancery Court denied Univar’s challenge to dismiss Delaware’s suit to enforce the subpoena to produce books and records. The court held that Delaware’s suit was “ripe” but it still needs to address the merits of the subpoena.

► The Chancery Court also did not address any of Univar’s constitutional arguments and instead will leave it up to the federal district court to address them.
Unclaimed Property Litigation, Cont’d.

**State of Delaware v. AT&T, Inc.,** DE Court of Chancery, Trans ID 64508991, Case# 2019-0985 (December 10, 2019)

- AT&T challenges Delaware’s subpoena of records request through litigation and additionally raises argument made in prior Temple Inland case (due process violation, commerce clause violation, takings violation, etc.)


- Fruit of the Loom quickly followed in filing suit after also being terminated from Delaware’s expedited audit program and similarly alleges certain provisions of Delaware’s unclaimed property law are in violation of numerous federal laws similar to Temple Inland case.
Unclaimed Property Litigation, Cont’d.

**Siemens USA Holdings., et al. v. Geisenberger, et al., Case 1:99-mm-09999-UNA (December 17, 2019)**

Siemens USA Holdings has also followed in filing suit after being terminated from Delaware’s expedited audit program and similarly alleges certain provisions of Delaware’s unclaimed property law are in violation of numerous federal laws similar to Temple Inland case.


Eton, a Delaware incorporated, public, pharmaceutical company filed suit against Delaware after being terminated from Delaware’s expedited audit program that alleges certain provisions of Delaware’s unclaimed property law are in violation of numerous federal laws similar to Temple Inland case.
Unclaimed Property Litigation, Cont’d.

Arkansas v. Delaware, Dkt. No. 22O146 c/w Delaware v. Pennsylvania and Wisconsin, Dkt. No. 22O145 (Money Gram Case)

- Original jurisdiction matter at the Supreme Court; special master appointed to conduct discovery and factfinding.
- Delaware asked other states to produce evidence of financial institutions’ escheat practices as well as identities to determine which states can escheat unclaimed “official checks” issued by MoneyGram.
- Delaware now seeks to expand the scope of the suit to other types of checks.
- Case is pending at U.S. Supreme Court
Unclaimed Property Litigation, Cont’d.


- The Supreme Court of the State of New York held that JP Morgan was not entitled to judgment as a matter of law for its failure to self-assess and pay interest on late-reported unclaimed property.

- New York alleged that JPMorgan illegally waited years to return abandoned property to the state, made false statements about its obligations, and then failed to make required interest payments to the state at a rate of 10 percent annually.

- The Comptroller argued that JPMorgan failed to pay (or underpaid) interest under the New York Abandoned Property law and that New York law requires JPMorgan to self-assess and remit interest payments rather than wait for the comptroller to issue an assessment.
Unclaimed Property Litigation, Cont’d.

**JPMorgan Chase & Co.** (continued)

- JPMorgan argued that the duty to self-assess and pay interest to the state is a flexible obligation subject to interpretation by the comptroller.
- The court ruled that the New York Abandoned Property law clearly states that any person who fails to pay or deliver property to the state shall pay interest for the period of the delay.
- The court’s decision is unusual in that it does not reflect generally implemented policy in New York or other states as most states do not require a holder to self-assess interest.
- JPM appealed on 10/3/19 and we are awaiting the ruling on the appeal.
Unclaimed Property Litigation, Cont’d.

**Delaware ex rel. French v. CVS Health Corporation, et al. (No. N17C-07-313)**

- Whistleblower lawsuit alleging that CVS and other defendants failed to report unredeemed gift cards to Delaware
- Judge dismissed the case against CVS because CVS was under audit by Delaware at the time the lawsuit was filed
- The judge also dismissed the lawsuits against the other defendants even though they were not under audit
Unclaimed Property Litigation, Cont’d.

Yee v. ClubCorp Holdings Inc., et al. (No. 3:19-cv-03953)

- California Controller is claiming that membership initiation deposits constitute unclaimed property.
- Although the judge granted the Controller’s motion to remand the case to state court, the judge made it clear - contrary to the Controller’ argument - that federal common law rules (priority rules) apply.
- Judge rejected the argument that the Controller can use information other than the holder’s records to determine owner last known address.
CONCLUSION / Q&A
BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 65 offices and over 700 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of more than 88,000 people working out of more than 1,600 offices across 167 countries and territories.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. [www.bdo.com](http://www.bdo.com)

Material discussed in this publication is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2020 BDO USA, LLP. All rights reserved.