

AN ALERT FROM THE BDO UNCLAIMED PROPERTY PRACTICE

BDO KNOWS: UNCLAIMED PROPERTY



SUBJECT

DELAWARE SOS VDA PROGRAM INVITATION AND AUDIT NOTICE - MORE LETTERS SENT BY 6/30/16

SUMMARY

Delaware Sends Additional VDA Program & Audit Letters

Delaware reached out to approximately 300 companies in a series of correspondence issued on or around 9/15/15, 2/19/16, 5/1/16 and additional waves are expected here before the close of Delaware's fiscal year end the close of the month. These letters seek to inform holders to participate in the VDA program based on record of non-compliance or they may face being audited by the Department of Finance. Companies that do not act within 60 days are expected to receive audit letters thereafter. Accordingly, Delaware is expected to issue approximately 100 new audit letters by 6/30/16.

Targeted companies now include middle market companies that maintain annual revenues of \$100M and above. [See Sample Reach Out Letter.](#)

DETAILS

What to Do

Given the above, companies that receive this notice should:

1. Determine if your organization has received prior Delaware correspondence;
2. Determine what historical compliance, if any, has been with the state of Delaware - (1986 to current);
3. Determine record retention policy for banking records, A/R records, general ledgers, etc.;
4. Determine if policy and procedures exist around unclaimed property (current and historical);

BDO's National Unclaimed Property Practice has successfully assisted many clients in Delaware and other states with unclaimed property audits and voluntary disclosures, and can assist you. Should you have any questions or would like to discuss escheatment, please contact:

JOSEPH CARR
Partner and National Unclaimed
Property Practice Leader
(312) 616-3946
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5. Evaluate the [VDA Decision Tree](#); and
6. Take action immediately where appropriate.

If your organization has received an “audit notice”, it is important to reach out to us as soon as possible for best practices on blocking other states from joining the audit and mitigate exposures. Even if an organization has not received a notice, the above steps are best practices for addressing escheatment matters and provide for reduced look-back periods for those entering sooner rather than later. Moreover, some companies, especially decentralized organizations, may have received a letter but it was never routed to the appropriate department, which without following the steps above may lead to an audit. For those that have received audit letters, please contact BDO at your earliest convenience for best practices and steps you can take to mitigate additional state exposure if timely addressed.

Companies at Highest Risk

1. Incorporated in the state of Delaware, or
2. Located in other states with significant operations in Delaware who have not addressed or underreported their unclaimed property with the state.

BDO INSIGHTS

BDO has significant experience with Delaware Secretary of State VDA Program and Audit Divisions respectively. BDO has successfully assisted many clients in Delaware VDA program and on audit. Our success is largely attributable to BDO preapproved review process and our relationships, and experience working with Delaware. Please feel free to reach out to us with any questions, request for additional information, etc. We would be happy to address these for you while sharing best practices.

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