

LD1582288

HOUSE BILL NO. 1939

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Corporations, Insurance and Banking
on February 2, 1995)

(Patron Prior to Substitute—Delegate Heilig)

A BILL to amend and reenact §§ 55-210.3:01 and 56-210.6:1 of the Code of Virginia, relating to abandoned property; bank deposits and funds in financial organizations.

Be it enacted by the General Assembly of Virginia:

1. That §§ 55-210.3:01 and 56-210.6:1 of the Code of Virginia are amended and reenacted as follows:

§ 55-210.3:01. Bank deposits and funds in financial organizations.

A. Any demand, savings, or matured time deposit with a banking or financial organization, including deposits that are automatically renewable, and any funds paid toward the purchase of shares, a mutual investment certificate, or any other interest in a banking or financial organization is presumed abandoned unless the owner has, within five years:

1. In the case of a deposit *or ownership of shares*, increased or decreased the amount of the deposit *or the number of shares owned*, or presented the passbook or other similar evidence of the deposit *or ownership of shares* for the crediting of interest *or dividends*, or negotiated a check in payment of interest *or dividends* on a time deposit *or ownership of shares*;

2. Communicated in writing with the banking or financial organization concerning the property;

3. Otherwise indicated an interest in the property as evidenced by a memorandum or other record on file prepared by an employee of the banking or financial organization;

4. Owned other property to which subdivision A 1, A 2, or A 3 is applicable if the banking or financial organization communicated in writing with the owner with regard to the property that would otherwise be presumed abandoned under this paragraph at the address to which communications regarding the other property regularly are sent;

5. Had another relationship with the banking or financial organization concerning which the owner has (i) communicated in writing with the banking or financial organization, or (ii) otherwise indicated an interest as evidenced by a memorandum or other record on file prepared by an employee of the banking or financial organization if the banking or financial organization communicates in writing with the owner with regard to the property that would otherwise be abandoned under this paragraph at the address to which communications regarding the other relationship regularly are sent; or

6. A deposit made with *or purchase of shares in* a banking or financial organization by a court or by a guardian pursuant to order of a court or by any other person for the benefit of a person who was an infant at the time of the making of such deposit *or purchase of shares*, which deposit *or ownership of shares* is subject to withdrawal *or transfer* only upon the further order of such court or such guardian or other person, shall not be subject to the provisions of this chapter until one year after such infant attains the age of eighteen years or until one year after the death of such infant, whichever occurs sooner. These accounts are not subject to dormant service charges.

B. *Notwithstanding any other provision of this section, share accounts of a member of a state or federally chartered credit union that is subject to or covered by life savings insurance provided by the credit union at no additional charge to the member shall be presumed abandoned five years after the date of the second mailing of a statement of account or other notification or communication that was returned as undeliverable, or after the date the credit union discontinued the mailings to the member, whichever is earlier. Funds held or owing under the life savings insurance policy are presumed abandoned pursuant to § 55-210.4:01.*

C. For purposes of this section, "property" includes any interest or dividends thereon. No banking or financial organization may deduct any service charge or cease to accrue interest on any account, from the date the account is declared dormant or inactive by such organization except in conformity with cessation of interest or service charges generally assessed upon active accounts. With respect to any property described in this section, a holder may not impose any charges due to dormancy or inactivity which differ from those imposed on active accounts or cease to pay interest unless:

1. There is an enforceable contract between the holder and the owner of the property pursuant to which the holder may impose those charges or cease payment of interest; and

2. For property in excess of fifty dollars, the holder, no more than three months prior to the initial imposition of those charges or cessation of interest, has given written notice to the owner of the amount of those charges at the last known address of the owner stating that those charges will be imposed or that interest will cease; however, such notice need not be given with respect to charges imposed or interest ceased before July 1, 1984; and

60 3. When the holder imposes those charges or ceases payment of interest, it does not for any reason
61 other than to correct a documented internal error reverse or cancel those charges or retroactively credit
62 interest with respect to such property.

63 C D. Any automatically renewable property to which this section applies is matured upon the
64 expiration of its initial time period. However, in the case of any renewal to which the owner consents at
65 or about the time of renewal by communicating in writing with the banking or financial organization or
66 otherwise indicates consent as specified in subsection A of this section, the property is matured upon the
67 expiration of the last time period for which consent was given. If, at the time provided for delivery in
68 § 55-210.14, a penalty or forfeiture in the payment of interest would result from the delivery of the
69 property, the time for delivery is extended until the time when no penalty or forfeiture would result.

70 § 55-210.6:1. When intangible interest in business association presumed abandoned.

71 A. Any intangible interest in a business association, as evidenced by the stock records or membership
72 records of the association, is presumed abandoned if (i) ~~the interest in the association is owned by a~~
73 ~~person who for more than five years has neither claimed a dividend or other sum nor corresponded in~~
74 ~~writing with the association or otherwise indicated an interest as evidenced by a memorandum or other~~
75 ~~record on file with the association; and (ii) the association does not know the location of the owner at~~
76 ~~the end of such five-year period five years after the date of the most recent dividend or other~~
77 ~~distribution unclaimed by the apparent owner with respect to the stock or other interest, or, if a~~
78 ~~dividend or other distribution has not been paid on the stock or other interest, or the stock or other~~
79 ~~interest is held pursuant to a plan that provides for the automatic reinvestment of dividends or other~~
80 ~~distributions, five years after the date of the second mailing of a statement of account or other~~
81 ~~notification or communication that was returned as undeliverable, or after the date the holder~~
82 ~~discontinued the mailings to the apparent owner, whichever is earlier.~~ With respect to such interest, the
83 business association shall be deemed the holder.

84 B. Any dividend or other distribution held for or owing to a person at the time the stock or other
85 security to which such dividend or other distribution attaches, is considered abandoned at the same time.