



## UNCLAIMED PROPERTY ALERT

### New York Proposes to Amend the Abandoned Property Law – NY A 8314

On June 13, 2019, New York proposed amendments to its abandoned property law. The bill proposes to include virtual currency within the scope of property covered in the law, reduce the dormancy period for wages, and authorize the promulgation of regulations to recognize electronic communications as written contact.

#### Virtual Currency

The bill defines virtual currency as, “any type of digital unit that is used for a medium of exchange or a form of digitally stored value. Virtual currency shall be broadly construed to include digital units of exchange that (A) have a central depository or administrator; (B) are decentralized and have no centralized repository or administrator; or (C) may be created or obtained by computing or manufacturing effort.” Virtual currency does not include digital units that are solely used within online gaming platforms, redeemed for goods, services, discounts or purchases as part of a reward program, or used as part of prepaid cards.

Section 5 of the abandoned property law is amended by adding a new section 1318; the presumption of abandonment. If passed, any virtual currency, “held or owing by any banking organization, corporation or other entity engaged in virtual currency business activity which shall have remained unclaimed by the person entitled thereto for a period of three years shall be deemed abandoned property if,” the last known address is in this state or the holder is incorporated in this state (if the last known address is unknown).

The cutoff date for reporting virtual currency will be June 30; however the report due date will be November 10. The comptroller has the discretion to sell the virtual currency as soon as deemed practicable.

### Wages

Wages payable after July 1, 1963 under Section 3 (corporation other than a broker or dealer) and 4 (broker or dealer) will be reduced from three years to one year.

### Electronic Contact

Section 2 of the abandoned property law is amended by adding a new section 1423 to address electronic contact. This new section provides that the comptroller shall promulgate rules and regulations establishing when an electronic communication from the owner, "of amounts or securities," shall constitute written contact for purposes of tolling the dormancy period.

If passed, this bill will take effect immediately.

### **What does this mean to you?**

If passed, companies that transmit virtual currency will need to ensure systems are in place for the proper tracking and reporting of virtual currency. If this is not already part of the unclaimed process for the business, it could be a rather large undertaking.

Systems will also need to be updated to accommodate the reduction in dormancy period for wages. Companies that outsource to third party vendors may also want to ensure that the vendor has updated their systems as well.

Finally, having the comptroller promulgate rules for establishing when electronic communications can be used as valid contact for tolling the dormancy period will be well overdue guidance and may confirm the business practice of what many holders are already doing today. For others, it may ease the burden of excluding electronic communications from contact for New York owners.

Georgeson will continue to follow this bill and communicate to our subscribers if and when the bill passes. The full text of the bill can be found [here](#).

This article is intended for informational purposes and is not to be considered legal advice. For

additional questions concerning this alert, contact Dana Terry at [dterry@georgeson.com](mailto:dterry@georgeson.com) or 201-539-1998.

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**Georgeson actively tracks legislative changes and periodically reaches out to states for updates. Review previous Unclaimed Property Alerts:**

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