



UNCLAIMED PROPERTY

Guide to Unclaimed Property Uncashed or Unpresented Checks

Refer to [North Carolina General Statute §116B-53](#) - *Presumptions of Abandonment*

Outstanding checks are frequently reported as unclaimed property. An outstanding check is any check that has not cleared your bank for payment. This includes checks that are outstanding, written-off, stale-dated or returned by the post office.

General Checks

Common terms used include accounts payable, expense, drafts, and vendor payments. General checks are presumed abandoned after five years if they remain unclaimed.

Payroll and Wage Checks

This category includes wages, payroll, employee commissions, returnable garnishments, deferred compensation, payroll services and bonuses. Unclaimed property that represent wages or payroll is presumed abandoned one (1) year from the date payable to the employee.

Utility Refund Checks

Refund checks issued by utilities are reportable one year from date issued. A utility includes any entity involved in the storage, transmission, sale, delivery, or furnishing of electricity, water, steam, or gas. See [North Carolina General Statute §116B-52\(15\)](#) for a complete definition of a utility.

Security Related Checks

Any checks issued for dividends, profits, distributions, interests, redemptions, payments on principal, cash compensations, or other sums held or owing a shareholder, certificate holder, policy holder, member, bondholder, or other security holder are presumed abandoned after 3 years if they remain unclaimed.

Traveler Checks and Money Orders

Traveler checks and money orders are unique in that they are reportable to the state in which they are issued. If the state of issue is not available, they are reported to the state of the holder's principal place of business. Traveler checks are presumed abandoned after fifteen years from date payable, and money orders are presumed abandoned after seven years from date payable if instrument has not been negotiated or the owner has not made contact with the issuer.

Financial Checks

Instruments issued by financial institutions for which they are directly liable include cashier checks, certified checks, and registered checks. These types of checks, if used as a third party instrument, are presumed abandoned after seven years from date payable if not negotiated or the owner has not made

contact with the issuer. If financial institutions choose to use such checks for its own purpose of payroll, account close outs, loan overpayments, etc., such checks are presumed abandoned based on the dormancy period of the underlying obligation.

Governmental Checks

Outstanding checks issued by governmental units are reportable one year from date issued. A governmental unit includes a court, government, governmental subdivision, agency, or instrumentality.

“Buried” Checks

Depending on the volume of checks flowing through a checking account and the outstanding check report parameters, unclaimed checks can become “buried” and easily overlooked. It is possible a check number was reused before being cleared off a stale-dated check to a liability account. Or, if an outstanding check report sorts by month and day, but not by year, older checks may move from the top of a report to the middle of a report. In both situations, a reviewer might not expect to find checks “buried” deep in the outstanding check report. Our auditors routinely look for this problem.

Outside Services

Although an outside service may handle a company’s payroll, health, dental or pension account, the company typically remains liable for reporting the unclaimed checks.