

**State of Delaware**

**Department of State**

## Abandoned or Unclaimed Property Voluntary Disclosure Agreement Program SOS VDA Program Guidelines

**As of September 1, 2025**

The purpose of this document is to provide an overview and outline of the procedures related to the Secretary of State Abandoned or Unclaimed Property Voluntary Disclosure Agreement Program (hereinafter referred to as “SOS VDA Program”).

Delaware’s overarching goal for the SOS VDA Program is to increase abandoned or unclaimed property compliance. The SOS VDA Program is structured to be user-friendly, efficient, and predictable. The SOS VDA Program is administered with the use of outside vendors. Additional information related to the SOS VDA Program can be found on the State’s website at [www.VDA.Delaware.gov.](http://www.vda.delaware.gov/)

The following terms are used throughout this document:

* **Administrator** shall refer to the Department of State and/or its outside vendor and vendor’s assignees assisting the Department of State with a review of the SOS VDA Submission packages.
* **Advocate** shall refer to a third-party service provider who represents a Holder in presenting its SOS VDA Submission to Delaware.
* **DOF** shall refer to the Department of Finance.
* **DOS or the State** shall refer to the Department of State.
* **Holder** shall refer to a business entity which may have property reportable to Delaware. Holder may collectively refer to a Holder and its Advocate.
* **SOS VDA Period** shall refer to the report years covered in the SOS VDA Agreement. The SOS VDA Period is generally 10 years plus dormancy from the year the VDA-1 is signed by the Secretary of State.
* **SOS VDA Submission** shall refer to the findings report presented by the Holder to the State.
* **VDA** shall refer to the Delaware Unclaimed Property Voluntary Disclosure Agreement.

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# FREQUENTLY ASKED QUESTIONS

## Who is eligible to enroll in the SOS VDA Program?

The State of Delaware’s Abandoned or Unclaimed Property Law is found in Chapter 11, Title 12 of the Delaware Code. Under 12 *Del. C.* § 1173, the Secretary of State is permitted to settle abandoned or unclaimed property voluntary disclosure agreements with Holders. Subject to the exceptions noted in 12 *Del. C.* § 1173(e), the SOS VDA Program is available to any Holder as defined by 12 *Del. C.* § 1130(11) that may have possession, custody, or control of abandoned or unclaimed property that may be reportable to the State of Delaware.

The following Holders are not eligible to enroll in the SOS VDA Program:

* Holders currently completing a VDA with the Department of Finance, although a Holder that enrolled in the Department of Finance VDA program may transfer into the SOS VDA Program with the consent of the Secretary of State and the Secretary of Finance.
* Holders that received an examination notice from the Department of Finance after July 22, 2015.
* Holders that previously enrolled in but withdrew from the SOS VDA Program.
* Holders that have been dismissed from the SOS VDA Program by the Secretary of State for failure to work in good faith to complete the VDA.

## What are the benefits of the SOS VDA Program?

As detailed in 12 *Del. C.* § 1173, benefits for Holders that enroll in the SOS VDA Program include the following:

* The SOS VDA Program was designed to be a business friendly and efficient means of coming into compliance with a company’s unclaimed property reporting obligations. Holders and the State work together to reach an agreement of the quantification methodology and the amount reported by the Holder.
* Unlike under an examination, the Holder manages the VDA process by conducting a detailed self-review of the entities and property types the Holder determines to be in scope.
* All penalties and interest are waived by the Secretary of State for Holders completing the SOS VDA Program in good faith.
* The SOS VDA Program provides certainty for Holders that complete the process. As part of the final settlement, the State releases the Holder from all claims, demands, interest, penalties, fines, actions or causes of action the State may have from the beginning of time through and including the date of settlement for the property types reviewed and presented in the VDA Program. If another state or person makes a claim on the property reported and remitted to the State in the SOS VDA Program in good faith, the State will defend the Holder against the claim and indemnify the Holder against any liability on the claim. Unlike most other state VDA programs, for Holders that complete the SOS VDA Program, the State waives its right to examine the Holder related to the entities, years, and property types included in the VDA. The waiver and release in this paragraph are effective assuming the Holder fulfills its future annual reporting requirements for the three subsequent reporting cycles after the completion of the VDA.

## Why enroll in the SOS VDA Program?

Holders may enroll in the SOS VDA Program for the following reasons, among others:

* A Holder has never reported and remitted abandoned or unclaimed property to the State of Delaware.
* A Holder with a prior filing history inadvertently neglected to report certain abandoned or unclaimed property.
* A Holder with a prior filing history wishes to conduct a review of its books and records to determine whether it may have neglected to report certain abandoned or unclaimed property.
* A Holder acquired abandoned or unclaimed property liability of another entity in a merger or acquisition.
* A Holder completed a prior VDA or examination and has since had a lapse in annual reporting or may have filed incomplete annual reports.
* A Holder is a trust or other entity holding property due to another.
* A Holder wishes to avoid an examination proactively.

## What are examples of Abandoned or Unclaimed Property?

Abandoned or unclaimed property subject to Delaware’s unclaimed property law includes tangible property described in 12 *Del. C.* § 1134, or a “fixed and certain interest in intangible property held, issued, or owed in the course of a Holder’s business or by a government, governmental subdivision, agency, or instrumentality.” 12 *Del. C*. § 1130 (21). The term includes, but is not limited to, the following common property types:

* **Dormant Bank Accounts:** Accounts that have been inactive for a period of time, usually defined by state law.
* **Uncashed Checks:** Checks that haven't been cashed, such as payroll checks, vendor payments, or dividend checks.
* **Stock Certificates:** Shares of stock held by inactive shareholders.
* **Insurance Payments:** Proceeds from matured or terminated insurance policies.
* **Trust Distributions:** Funds held in trust accounts that haven't been claimed by the beneficiary.
* **Refunds/AR Credits:** Money owed to customers for overpayments, returned goods, or other reasons.
* **Utility Deposits:** Deposits held by utility companies that haven't been refunded.
* **Unused Gift Cards:** Balances on gift cards that haven't been redeemed.
* **Other Examples:** Unclaimed property can also include safe deposit box contents, mineral interests, court deposits, and more.

## Where can additional information be found about the SOS VDA Program?

Additional information can be found on the SOS VDA Program website at [www.VDA.Delaware.gov.](http://www.vda.delaware.gov/)

## Where can questions be directed?

Questions may be directed via email to [SOS.VDA@delaware.gov](mailto:SOS.VDA@state.de.us) or 302-577-5451.

# ENROLLMENT PROCESS

A Holder enrolls in the SOS VDA Program by executing **Form VDA-1 – Disclosure and Notice of Intent to Voluntarily Comply with Abandoned or Unclaimed Property Law** (hereinafter referred to as “**Form VDA-1**”). **Form VDA-1** must be signed by an authorized person, entity representative, or officer of the company. **Form VDA-1** may be submitted electronically or by mail to the following:

**Secretary of State, State of Delaware ATTN: SOS VDA Program**

**Carvel Office Building**

**820 N. French Street, 10th Floor Wilmington, DE 19801** [**SOS.VDA@delaware.gov**](mailto:SOS.VDA@delaware.gov)

**(302) 577-5074**

**Form VDA-1** can be found on the SOS VDA Program website at <https://vda.delaware.gov/forms/> ***Appendix A,*** which can be found on page 18 of this document, details the forms and tools available to the Holder which are posted on the SOS VDA Program website.

Upon receipt of **Form VDA-1**, DOS will confirm the applicant’s eligibility to enroll in the SOS VDA Program. Once eligibility is confirmed, the Secretary of State shall indicate acceptance of the Holder into the SOS VDA Program by signing and returning **Form VDA-1** to the Holder. Thereafter, the Holder will be contacted by the Administrator to commence the VDA process.

## Use of a Third-Party Advocate

While a Holder is not required to retain an Advocate to assist with its SOS VDA Submission, consulting with a professional service firm specializing in unclaimed property is encouraged. Such firms often make the VDA process more efficient because of their knowledge and familiarity with the process and submission requirements.

# THE SOS VDA PROGRAM PROCESS

While the SOS VDA Program is not an examination, a Holder is expected to conduct a comprehensive and detailed self-review of its books and records to determine whether the Holder has past-due abandoned or unclaimed property reportable to Delaware. The VDA process is delineated into four phases:

***Phase 1 – Scoping the VDA***

***Phase 2 – Quantification of Abandoned or Unclaimed Property Reportable to Delaware Phase 3 – SOS VDA Submission and Validation***

***Phase 4 – Closing Process and Documentation***

The following provides an overview of each phase of the SOS VDA Program, the expectations of the Holder and Administrator/State, and associated deliverables.

***Note: Please be aware that while the information below is a guideline, every Holder enrolled in the SOS VDA Program is unique. Consequently, the processes outlined below will be tailored to a specific Holder’s facts and circumstances.***

***Phase 1 - Scoping the VDA***

The purpose of this phase is for the Holder to analyze its organizational history (e.g., entity or corporate history), accounting functions, and records to determine the risk areas for potential unclaimed property.

The following topics should be considered by a Holder during the scoping phase.

## Entity or Corporate Activity

Holders can acquire abandoned or unclaimed property liabilities in a merger or acquisition and may transfer or retain liabilities during a divestiture. Holders are expected to summarize their merger, acquisition, and divestiture history and analyze the related treatment of potential abandoned or unclaimed property liabilities. There should be a separate analysis for each acquired entity. If unclaimed property liabilities were acquired, the Holder will be expected to determine the amount of unclaimed property acquired and may need to estimate any potential unclaimed property liability for periods the acquired entity does not have complete and researchable records. Relevant excerpts of stock or asset purchase or sale agreements should be available, as they may be requested by the Administrator.

If a Holder, or an entity within the Holder’s organizational structure, is claiming that no abandoned or unclaimed property is reportable because the liability was discharged as part of a bankruptcy or similar proceeding, the Holder should provide the relevant court orders and filings that establish the liabilities (i.e., property types) and periods discharged through the bankruptcy.

## Compliance History

A Holder’s compliance history should be presented in the SOS VDA Submission and considered by the Holder when quantifying amounts which may be reportable to Delaware.

* **Annual Compliance** – The Holder should obtain details of its reporting history for each of the legal entities, property types, and years included in the VDA. The Holder should be able to provide support that reports were filed, and payment was made by each legal entity.
* **Examination and VDA** – The Holder should also ascertain and document any examination and VDA history for each legal entity included in the VDA. This information would include legal entities, years, and property types.

## Accounting Records

Trial balances, financial statements, tax returns, and other accounting records may need to be reviewed to understand the nature of accounts and transactions which may generate abandoned or unclaimed property reportable to Delaware. A Holder may need to document general ledger packages utilized and any changes and limitations on data availability. This analysis may include identifying sub-ledgers where detailed accounting records may be maintained.

## Record Availability

During ***Phase 1***, a Holder determines the period when complete and researchable records are available by legal entity and property type for the years included in the VDA.

**Complete Records** shall reconcile to the general ledger with the understanding that immaterial differences may occur. Complete records include, but are not limited to, business tax returns, check registers containing all checks issued and their issue date, disposition (i.e., cashed, voided, or outstanding) and date of disposition, quarterly bank statements, and bank reconciliations (including outstanding checklists and complete void lists), detailed accounts receivable aging reports, and general ledgers.

**Researchable Records** are records which can be researched by the Holder to determine the resolution or remediation of a particular transaction. At a minimum, researchable records shall include transactions that contain a last known address of the owner of the property.

The expectation is that a Holder, at a minimum, has complete and researchable records for a period that would cover seven to eight years from the date the Holder enrolled in the SOS VDA Program. Record availability will impact a Holder’s methodology for the quantification of its abandoned or unclaimed property liabilities and whether estimation is warranted. Therefore, it is important for a Holder to determine the VDA periods with complete and researchable records before reviewing specific transactions.

Information concerning general ledger conversions, mergers and acquisitions, changes in personnel, use of sub-ledgers, availability of supporting documentation, and access to prior period financial statements, general ledgers, and trial balances, etc. may impact record availability. The Scoping Worksheet, available on the SOS VDA Program website, is a good tool for documenting record availability by legal entity, property type, and year: [http://vda.delaware.gov/steps-to-vda/.](http://vda.delaware.gov/steps-to-vda/)

At the conclusion of ***Phase 1***, Holders will determine what entities and property types are in-scope for purposes of the VDA. Property types and entities may be excluded from the scope of review at the Holder’s option; however, Holders are encouraged to include all material property types and entities in the review. At the conclusion of the VDA, the Secretary of State will only provide a release of liability for the entities and property types deemed in-scope. Consequently, any property types or entities excluded from the VDA may be referred to the Delaware Department of Finance for an unclaimed property examination.

***Phase 1 - Deliverables***

The following details the deliverables expected by each party at the end of Phase 1.

At the conclusion of ***Phase 1***, the Administrator and the Holder will confirm the scope of the Holder’s analysis and agree on due dates for deliverables in the other phases. It is important for the Holder to submit and confirm the Scoping Worksheet and Information Request with the Administrator as the in-scope entities, property types, and available records will impact subsequent phases.

## Holder:

* Prepares the Scoping Worksheet and Information Request (which can be found on the SOS VDA Program Website) and submits to the Administrator.
* Determines the entities and property types included in the VDA.

## Administrator:

* Answers the Holder’s questions about the process and the completion of the scoping documents (e.g., Scoping Worksheet, Information Request, etc.).
* Reviews the Scoping Worksheet and Information Request completed by the Holder and addresses any questions with the Holder.

# DOS:

* Communicates with the Administrator regarding the status of the Holder’s VDA.
* Available to address any questions or concerns.

***Phase 2 - Quantification of Abandoned or Unclaimed Property Reportable to Delaware***

During ***Phase 2***, the Holder will review its books and records to identify and quantify past-due abandoned or unclaimed property reportable to Delaware for the in-scope entities and property types.

A Holder’s methodology for quantifying amounts reportable to Delaware will vary based on whether an entity is domiciled in the State of Delaware and the record availability for each entity and property type.

## Entities Domiciled in a Jurisdiction other than Delaware

For entities domiciled in a jurisdiction other than Delaware, with no merger and acquisition history associated with a Delaware domiciled entity**,** abandoned or unclaimed property reportable to Delaware is limited to items for which the last known address of the owner, as defined in 12 *Del. C.* 1130(19), is in Delaware. There is no estimation involved for non-Delaware domiciled entities. A Holder only reports items with a Delaware address which cannot be resolved through research, remediation, or due diligence.

## Delaware Domiciled Entities

For entities domiciled in Delaware at any point during the look-back period, including any entities acquired, reportable property consists of any unaddressed or unknown property, estimated property (for periods with incomplete records as detailed below), foreign-addressed property, and Delaware-addressed property.

## Complete and Researchable Records

For years in which a Holder has records, the Holder should conduct the review by property type as detailed below:

* Identify transactions s for the particular property type with a Delaware, foreign, or unknown address.
* Research and remediate transactions identified as potential abandoned or unclaimed property.
* For items not remediated, Holder will perform due diligence.
* Items identified above and not remediated should be reported to Delaware.

## Incomplete Records

If an entity domiciled in Delaware does not have complete and researchable records for the years and property types in review, the Holder may be required to estimate abandoned or unclaimed property liabilities reportable to Delaware. DOS has issued regulations for estimation which can be found on the SOS VDA Program website: [http://vda.delaware.gov/laws-guidelines/.](http://vda.delaware.gov/laws-guidelines/)

If a Holder deviates from these guidelines or the SOS VDA Program regulations, the Holder should discuss its alternative proposal for estimation with the Administrator prior to commencement.

Holder should consider the following for each property type and legal entity prior to quantification:

## Population

During the Scoping phase, the Holder determines for what periods complete and researchable records are available by legal entity and property type. The entire population of potentially dormant items for each specific property type for the periods when complete and researchable records are available should be scheduled. When available, this schedule should include owner/payee name, address, amount due, date of transaction, and any other information pertinent to the item. It may also include accounting and other codes used by the Holder.

## Remediation

The Holder may research each of the transactions to determine whether the items are truly owed. If the population is too large, the Holder may use a statistically valid sample instead. Documentation supporting the resolution of an item as unclaimed property, referred to as remediation, should be retained. The Administrator will request copies of remediation support during ***Phase 3 – SOS VDA Submission and Validation.***

## Estimation

If the Holder does not have complete and researchable records for the entire look-back period, then estimation for the in-scope Delaware entities will be necessary for the periods with incomplete records. Holders are encouraged to consult the SOS VDA Program regulations for information concerning estimation. This document can be found on [www.VDA.Delaware.gov](http://www.vda.delaware.gov/) under the section entitled “Laws & Guidelines.”

To estimate, an error ratio is calculated using the post remediation results. Holders must select a base period using at least two of the oldest continuous (typically dormant) years with complete and researchable records.

If the population in the base period is greater than 100 items, a statistical sample may be selected for research and remediation. The population shall be divided into strata ("stratified sampling") from which samples shall be drawn. For each stratum, a sample size shall be determined using generally accepted statistical principles such that the sample mean shall be within 10% of the population mean for that stratum at a 90% confidence interval. However, relaxed confidence and precision level intervals may be considered for purposes of efficiency if accuracy is not sacrificed on a material level. All deviations from these sampling standards, including relaxed confidence and precision level intervals, must be discussed with and approved by the Administrator. The Holder should be able to provide relevant source documentation validating the completeness of the entire population, the statistical validity of the sample, and the random sample selection.

The Holder then calculates an error ratio, using all the post-remediation identified unclaimed property (Delaware and non-Delaware items) in the base period, which is then divided by some agreed-upon known surrogate in the base period (e.g., total revenue for accounts receivable, total payroll for payroll, and total cash disbursements for all accounts payable, etc.). That error ratio is then applied to the same surrogate in the error ratio’s denominator for each in-scope year the Holder does not have complete and researchable records. This calculation represents an estimated liability reportable to Delaware as owner unknown property.

***Phase 2 - Deliverables***

## Holder and Administrator:

* Communicate to ensure that the Holder’s deadlines can be reached.
* Schedule periodic status updates, which can be accomplished via conference calls, meetings, and/or emails.

## Holder:

* Discuss any questions or concerns which may arise during the Holder’s review with the Administrator.
* Provides accounts receivable review procedures to Administrator prior to researching or sampling, if applicable.
* Provides sampling parameters for any sampled populations to Administrator prior to researching a sampled population.
* Presents any preliminary quantification schedules or other documentation for review by the Administrator.

## Administrator:

* Reviews Holder documentation and provides feedback.
* Reviews sampling parameters and provides feedback to Holder.
* Reviews accounts receivable review methodology and provides feedback to Holder.

# DOS:

* Communicates with the Administrator regarding the status of the Holder’s VDA.
* Available to address any questions or concerns.

***Phase 3 - SOS VDA Submission and Validation***

The purpose of this phase is for the Administrator to review the Holder’s work, and the conclusions reached. The goal is that Holder and Administrator come to a settlement agreement regarding the amount of property reportable to Delaware. The Administrator will then present the SOS VDA Submission to the Secretary of State for review and approval.

## Holder Narrative

The Holder presents its SOS VDA Submission to the Administrator. The SOS VDA Submission should include the following:

* Entity or Company background information (in narrative form)
* Summary of the work performed (in narrative form)
* Summary of findings (in narrative form)
* Supporting schedules
* Supporting documents
* Other applicable documentation (e.g., legal opinions, management representation letters, etc.) See ***Appendix B*** for a sample table of contents for the Holder’s narrative.

## Quantification Schedules

The Holder is required to provide schedules quantifying the amounts reportable to Delaware, including:

* a schedule detailing the total population for each property type. Source documentation supporting the population should be reconciled to the general ledger to confirm completeness and may be requested by the Administrator to validate the review.
* a schedule detailing the population or sample selected and the results of the research and remediation with an explanation of the supporting documentation showing resolution of an item.
* an extrapolation schedule showing the quantification of the estimated amount by year. Information concerning the quantification of the error ratio must be visible (i.e., calculations and formulas used should be visible for review). When the error ratio is calculated, the errors and denominator should be presented by year (i.e., the total errors should not be included in one consolidated amount).
* a summary schedule should be prepared which details the amounts reportable by legal entity and property type. References to the sub-schedules are appreciated.
* a schedule of the line-item detail to be reported. This should consolidate all the items being reported as unclaimed property in a readable format (e.g., excel), similar to the information to be uploaded via the NAUPA file. NAUPA file will be discussed in greater detail in ***Phase 4***.

Please note the following:

* Schedules should be provided in an unprotected spreadsheet format for Administrator review.
* Extraneous schedules, which are not pertinent to the VDA, should not be provided.

The Administrator may require the Holder to submit additional materials or documentation. Examples of the documentation required to support the SOS VDA Submission are provided in ***Appendix C.***

***Note: Settlement agreements are negotiated between the Secretary of State and a Holder based upon the facts and circumstances presented in the SOS VDA Submission. Consequently, settlements should not be viewed as confirmation of Delaware’s position in the future regarding any issue or matter.***

***Phase 3 - Deliverables***

The following details the deliverables expected by each party at the end of ***Phase 3***.

## Holder:

* Submits the SOS VDA Submission to the Administrator for review. The SOS VDA Submission should include a narrative identifying key issues related to the Holder’s background, the analysis performed, and conclusions reached, accompanied by quantification schedules.
* Responds to the Administrator’s questions, which may include written documentation related to a specific matter, providing supporting source records and documentation or edits and updates to calculation spreadsheets.
* Prepares a management representation letter attesting to the years of available records by property types, signed by Holder’s CFO (or another authorized officer).
* Communicates with Administrator in person, via email, or conference call.

## Administrator:

* Reviews the Holder’s SOS VDA Submission.
* Presents questions and follow-up items to the Holder.
* Communicates in person, via email, or conference call with Holder.
* Makes recommendations to the Secretary of State about whether to close the VDA.

# DOS:

* Reviews the Holder’s SOS VDA Submission and recommendations made by the Administrator.
* Communicates with the Administrator regarding the status of the Holder’s VDA.
* Available to address any questions or concerns.

***Phase 4 - Closing Process and Documentation***

The purpose of this section is to outline the closing process and identify the relevant documents required as attachments to the **Form VDA-2 – Voluntary Self-Disclosure Agreement** (“**Form VDA-2**”) when finalizing a VDA with the State.

Once the State receives the executed **Form VDA-2** along with the associated exhibits, the Secretary of State will countersign the **Form VDA-2** and issue a Demand Letter (or a Closing Letter if no liability is reportable) via email to the Holder contact identified on the **Form VDA-2**.

The Holder will typically have 10 days to make payment of the amount due. Information related to specific payment methods will be provided in the Demand Letter.

## Attachments to the VDA-2

The following documents are required attachments to **Form VDA-2**:

* **Exhibit A – List of Entities** – All entities included in the VDA should be listed along with each entity’s federal employee identification number (FEIN) and date and state of incorporation. Sample Exhibit A provided.
* **Exhibit B.1 – Summary of Amounts Due –** Exhibit B.1 provides a table for the Holder to summarize the amounts reportable under the VDA by property type. The total should tie to the amounts detailed in the SOS VDA Submission and associated supporting schedules. This table can be used or replaced by a Holder-prepared summary spreadsheet.
* **Exhibit B.2** – **Line-Item Detail** – Line-item detail should be provided in a printable format for all property included in the VDA. This data should match the information included in National Association of Unclaimed Property Administrators (“NAUPA”) Standard Electronic File format (“NAUPA file”) (e.g., the name, address, property type, and amount). The NAUPA file will be uploaded by the Holder directly to the DOF website once the Demand Letter is issued. See “Processing of the NAUPA File” below for additional details.
* **Exhibit C – SOS VDA Submission** – This attachment consists of many documents including: (i) narrative written by Holder and/or Advocate summarizing the VDA analysis (required); (ii) summary and detailed schedules quantifying the reported amounts (required); (iii) copy of VDA-1 and any amendments (required); (iv) management representation letter, printed on company letterhead, signed by an authorized entity representative or officer of the company(required); (v) legal opinions/memoranda related to the VDA (if applicable); and (vi) any other relevant documents or attachments to the narrative (if applicable).

***Note: The date on each of the attachments should pre-date the officer’s signature of the VDA-2.***

## Preparation of the NAUPA File

The NAUPA file is used to process the VDA payment. The NAUPA file must adhere to the following DOF formatting:

* **Aggregate Amounts** – These should only be utilized when all account information and any owner detail are truly unknown.
* **Estimated Amounts** – A separate line item in the NAUPA file should be provided for each property type for each year (e.g., Accounts Payable Estimate 2018, Accounts Payable Estimate 2019, Payroll Estimate 2019).
* **Gift Cards, Stored Value Cards, Customer Credits, etc.** – A separate line should be provided for each gift card, etc. even if the owner is unknown. Each line item should include any identifying number (e.g., gift card number) along with the outstanding amount and any reduction taken.
* **Owner Unknown/Address Unknown (including estimated amounts)** – If information is truly unknown, name and address fields should have the word “unknown” input into those fields.

For additional information concerning the NAUPA file, see the DOF’s Delaware Reporting Handbook:

https://unclaimedproperty.delaware.gov/app/reporting-guidelines

## Processing of the NAUPA File

After **Form VDA-2** with attachments has been signed by both the Holder and the Secretary of State, DOS will issue a Demand Letter or Closing Letter. The Demand Letter will request payment and provide instructions for payment and for uploading the NAUPA file via DOF’s secure website. The Holder should use the following website to upload the NAUPA file directly to DOF’s website:

https://unclaimedproperty.delaware.gov/app/submit-a-report

DOF will provide a confirmation to the Holder when the NAUPA file is successfully uploaded (hereinafter referred to as “NAUPA Upload Confirmation”). The Holder should retain the NAUPA Upload Confirmation and provide a copy to DOS as detailed below in the “Processing of the Payment” section.

## Processing of the Payment

Once the demand for payment is made, the Holder should alert DOS when payment will be made pursuant to the instructions in the Demand Letter. At the time payment is made, the NAUPA file should also be uploaded to DOF’s website (see “Processing of the NAUPA File” above). A copy of NAUPA Upload Confirmation must be provided to DOS (preferably via email as instructed in the Demand Letter and Email) along with the payment details.

***Phase 4 - Deliverables***

The following details the deliverables expected by each party at the end of ***Phase 4***.

## Holder:

* **Form VDA-2** executed by an authorized representative or officer of the company with attachments as described above.
* After **Form VDA-2** is countersigned by the Secretary of State and returned to the Holder with the Demand Letter, the following is required of the Holder:
  + NAUPA file uploaded to the DOF website.
  + NAUPA Upload Confirmation sent via email to DOS.
  + Payment of amounts reportable to Delaware.

# DOS:

* **Form VDA-2** signed by the Secretary of State.
* Demand Letter sent via email to the Holder requesting payment of amount reportable to Delaware.
* Answer Holder questions concerning processing of VDA payments and post VDA compliance.

***Post VDA Compliance***

Pursuant to the terms of **Form VDA-2**, the Holder is required to file unclaimed property reports with DOF for the next three report years. The reports should be filed according to the instructions provided by DOF for each of the entities included in the VDA or its successor entities.

DOF requires that all reports be filed electronically. DOF no longer accepts paper reports. Negative reports can be filed online to satisfy the three-year annual compliance requirement pursuant to the terms of **Form VDA-2**. Negative reports are those reports which a Holder claims no abandoned or unclaimed property is due.

***Post VDA Compliance - Deliverables***

The following details the deliverables expected during ***Post VDA Compliance***.

## Holder:

* Annual Unclaimed Property report**.**

## DOS:

* Reminder emails sent at the beginning of each calendar year reminding the Holder of its annual three- year compliance obligation pursuant to the terms of **Form VDA-2**.

***Legal Disclaimer: The materials contained herein are intended to provide information regarding the subject matter covered. The Delaware Department of State is not engaged in rendering legal, accounting, or other professional services. If legal advice or other professional assistance is required, the Holder should seek the services of a qualified professional.***

***Appendix A***

## SOS VDA Program Forms and Tools

A list of the SOS VDA Program Forms and Tools are provided below. These forms can be found on the SOS VDA Program website, [www.VDA.Delaware.gov.](http://www.VDA.Delaware.gov/)

|  |  |
| --- | --- |
| ***Form Name*** | ***Purpose of Form*** |
| Form VDA-1 — Disclosure and Notice of Intent to Voluntarily Comply with Abandoned or Unclaimed Property Law pursuant to 12 *Del. C*. §  1173 | Form to enroll Holders in the SOS VDA Program. |
| Holder Sample Timeline | Sample timeline providing an estimate of due dates for each of the phases during the VDA process. |
| Holder Sample Work Plan | Sample Work Plan demonstrating the State’s  expectation of the VDA process. |
| Information Request | Questionnaire seeking responses for an overview of the Holder’s organization, operations, compliance history, and other relevant information for the VDA process. To be used  during *Phase 1 - Scoping*. |
| Scoping Worksheet | Worksheet is used to document Holder’s available records by legal entity and property type. To be used during *Phase 1 – Scoping*. |
| Form VDA-2 — Voluntary Self Disclosure Agreement | Form VDA-2, executed by an officer of the company, finalizes the Voluntary Self Disclosure Agreement between the Holder and the State. Form VDA-2 will be countersigned by the Secretary of State. |
| SOS Approved VDA AR Procedures | Details SOS approved review methodologies for accounts receivable credit balances. |
| Advocate List | List of Advocates that have represented Holders  in the SOS VDA Program. |
| SOS VDA Program Regulations | SOS VDA Program Regulations became effective on July 11, 2017. Regulations provide an overview of the estimation methodology expected under the SOS VDA Program and other  VDA matters. |
| SOS VDA Program Guidelines | The SOS VDA Program Guidelines define the expectations of the SOS VDA Program. |

***Appendix B***

## Sample Table of Contents for Holder’s SOS VDA Narrative

1. Holder Background
   1. Date, state of incorporation, and EIN for each entity
   2. Description of the various lines of business of the organization for each of the legal entities
   3. Acquisition and divestiture history
   4. Bankruptcies and impact on periods reported
   5. Types of unclaimed property (“UP”) generated by each line of business
   6. Accounting issues (including whether accounting departments are decentralized vs. centralized, and/or bank accounts utilized by more than one legal entity)
   7. Past UP reporting, examination, and/or VDA history
2. Scope of the SOS VDA
   1. Entities included
   2. Property types included and excluded, with reasons for exclusion
   3. Record availability for each in-scope legal entity and property type
3. Quantification – this section should be completed for each applicable property type
   1. Base periods used to estimate liabilities for any period for which there are incomplete records
   2. Explanation of whether the Holder tested the entire population of available records or a sample in calculating the UP liability, including a description of sample techniques
   3. Summary of remediation efforts
   4. Due diligence efforts employed to reunite identified unclaimed property with rightful owners, including a sample due diligence letter
   5. Detail of assumptions used in estimation calculations
   6. Description of any identified unclaimed property amounts excluded from estimation “error rate” calculations – for example, any exemptions and legal positions taken
   7. Definition of the denominator used in estimation calculations for each property type (e.g., total revenues obtained from business tax returns)
   8. Definition of the basis of the cost of goods sold percentage applied to merchandise gift cards/gift certificates
   9. If applicable, discussion of the process of netting past customer bad debt write-offs and/or debits at other Holder divisions against customer A/R credits write-offs
4. Attachments
   1. Revenues by Legal Entity and Year
   2. Legal Opinions
   3. Management Representation Letter
5. Summary of the Total Presumed Liability
   1. Detailed by property type – may be used as Exhibit B.1 as an attachment to Form VDA-2

***Appendix C***

## Administrator Review Sample Document Request

The Administrator may request various supporting documentation during its review of the Holder’s submission. The following list contains common documents requested.

* Information concerning various accounting transactions
* Copies of journal entries
* Copies of trial balances, financial statements, tax returns, etc.
* All unclaimed property identified and disposition of such items through due diligence and mitigation
* Summary of all items identified as escheatable
* Detailed computation of the “error rate” used in computing estimated exposure
* Details of records reviewed and analysis performed on such records and results of such analysis
* Copies of remediation support
* Support for any assumptions or key values relied upon (e.g., cost of goods sold percentage applied to escheatable gift cards)
* Demonstrations of methodologies utilized
* Affidavits signed by management, legal counsel, or advocates regarding the scope of the VDA and record availability
* Legal research and/or regulatory position memoranda