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About the Authors:

Jamie Ryan is a member of the Board of Directors of Bailey Cavaliere LLC, where he focuses his practice on Corporate, Banking, Retail, and Catalog Law.

He can be reached at 614/229-3247, or at jryan@baileycav.com

Jameel Turner is a member of the Board of Directors of Bailey Cavaliere LLC, where he focuses his practice on Corporate, Regulatory Compliance, Transactional and Unclaimed Property.

He can be reached at 614/229-3260, or at jturner@baileycav.com

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**Delaware VDA Invitation Update
February 2021**

This month's Client Alert asks Delaware-incorporated companies to be on the lookout for formal invitations to enter into Delaware's Voluntary Disclosure Program ("VDA Program"). The failure to respond to the VDA Program invitation could result in an unclaimed property audit.

2021 VDA Invitation Schedule – At Least 300 Invitations in 2021

On February 19, 2021, the Delaware Secretary of State's Office mailed 100 invitations ("Invitation" individually and collectively "Invitations") to various companies ("Holder" individually and collectively "Holders") that have been identified as likely being out of compliance with Delaware's unclaimed property law ("UPL"), as it relates to reporting dormant, abandoned, or unclaimed property. Pursuant to the UPL, Delaware cannot initiate new abandoned or unclaimed property examinations unless a company has first been notified in writing by the Secretary of State that it may enter into the VDA Program. The Invitations serve as such notice to the Holders and strongly encourage participation in the VDA Program. If any Holder fails to respond to an Invitation within 60 days, the Delaware Department of Finance will send an audit notice to all such Holders.

The SOS has committed to mailing 100 additional invitations on May 14, 2021 and August 20, 2021.

Companies should put their C-suite executives on notice that Invitations would likely be addressed to them and ignoring the Invitation could have serious consequences.

Holders Pursuing Existing VDAs

During the COVID-19 pandemic, Delaware has been accommodating to Holders that are already in the VDA Program and routinely has provided extensions and other accommodations. Holders in the VDA Program should not expect those accommodations to continue as the SOS' VDA Administrator has indicated it will ramp up its efforts to get stalled VDAs back on track to be completed timely. We expect Holders with existing VDAs to be contacted soon in an effort to get those VDAs back on track.

Notices of Compliance Review

Delaware's UPL also permits the Department of Finance to conduct "compliance reviews" of specific unclaimed property reports filed in Delaware. After an unclaimed property report is filed, the DOF has a short window of time upon which to request a compliance review. The failure of the Holder to timely comply with the requested compliance review could also trigger an unclaimed property audit. Thus, if your company receives a Notice of Compliance Review, swift action should be taken to review and respond to the DOF's request.

Our attorneys and staff are here to assist you with responses to Invitations or requests for compliance reviews. In addition, we can provide guidance regarding all matters unclaimed property related, including the development of internal policies and procedures for unclaimed property compliance, internal audits and exposure assessments, as well as unclaimed property audit defense. Our unclaimed property team has over 50 combined years of experience in helping companies large and small come into compliance with the unclaimed property laws of all 50 states and we can assist your company as well.

If you have any questions or would like to discuss the information provided in this Client Alert in more detail, please do not hesitate to contact us.

For more information, please contact:

Jamie Ryan, at jryan@baileycav.com or (614) 229-3247; or

Jameel Turner, at jturner@baileycav.com or (614) 229-3260.