

Transforming Unclaimed Property: Turning Compliance into a Profit Center, Recovering Assets & Leveraging AI

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Questions to be Answered

- Unclaimed property?? What is that!!
- How can we flip unclaimed property into a profit center?
- Is “asset recovery” something that can benefit me?
- What are ways to mitigate unnecessary time and cost?
- Are there ways to create better enterprise data?
- What are some AI use cases in unclaimed property?

Unclaimed Property Basics

- Unclaimed property is property held or owing in the ordinary course of business that has not been claimed by its rightful “**owner**”
- Originated in feudal England, where property and land would revert (or “**escheat**”) to the Crown
- Today, escheatment refers to the statutory obligation for handling abandoned property
- Upon expiration of a “**dormancy period**,” the property is “**presumed abandoned**” and the “**holder**” must legally report & remit it to the state
- States take custody, not ownership—“step in the shoes” of the owner

Unclaimed Property Basics (cont'd)

- 54 U.S. jurisdictions (plus a few foreign countries) maintain escheat laws
- A 1965 U.S. Supreme Court case (*Texas v. New Jersey*) established jurisdictional “**priority rules**” for where to report unclaimed property:
 1. Owner’s last known address—as reflected in the holder’s books and records
 2. Holder’s state of domicile (e.g. incorporation) if the owner’s address is unknown.
- Typical types of unclaimed property:
 - ✓ **Uncashed checks**
 - ✓ **A/R credits**
 - ✓ Rebates
 - ✓ Gift cards
 - ✓ Insurance proceeds
 - ✓ Benefit plans
 - ✓ Unapplied cash / suspense
 - ✓ Inactive accounts (incl. IRA & CD)
 - ✓ Some tangible property

Why does this matter?

- **It's the law**
- Significant enforcement by the states
 - Increasingly relied upon as a “revenue” generator
 - Proliferation of contract audit firms—**10+ firms paid on a contingency-fee**
- States increasingly sophisticated in detecting non- or under-filers
- Steep penalties and interest
- **Reputational risk / public image concerns**
- Recent uptick in whistleblower cases

Cost/Compliance Center → Profit Center

- **Exemptions**

- 100+ exemptions offered across the states
- Examples: De minimis transactions, business transactions, gift cards, rebates, etc.
- Exercise caution as exemptions vary by state, including scope and conditions

- **Deductions**

- Breakage allowance / cost of escheat
- Administrative fees
- Mailing deductions

- **Preemption**

- ERISA and (much) other federal authority

November 2026 | JW Marriott Austin | Austin, TX

Other Hidden Areas of Financial Benefit

- Administrative exclusions and exceptions
 - Certain types of liability may not qualify as reportable and/or no longer valid obligations
- Reducing your unclaimed property liability
 - Duplicates
 - Unnecessary payments (e.g., applied a credit, an offer to settle, etc.)
 - Unapplied cash
 - Invalid credits
 - Bad debt and/or bankruptcies

Financial Benefit via Cost Reduction

- Aggregate reporting thresholds
 - Not to be confused with an exemption!
- Due diligence letter thresholds
- Electronic outreach (actually, required by law in some states)
- Centralize across the enterprise (also improves compliance/governance)
- Automation to redeploy personnel to higher-priority initiatives, both escheat and non-escheat → more on this shortly

Financial Benefit via Future Cost Avoidance

- Steep state penalties and interest
- Audit preparedness to streamline otherwise protracted examinations
 - Maintain complete and defensible documentation
 - Enterprise-wide policies and procedures (and adherence)
- Unclaimed property is now often a part of M&A diligence... so get your compliance house in order
- Proactive compliance to avoid consumer complaints
 - Increased litigation centered on under- and over-compliance
 - Increased number of whistleblower cases too

Intrinsic Value of Unclaimed Property

- Maintaining assets
- Re-engage customers early and often
- Customer goodwill / positive PR
- View due diligence letters as more than legal notices
- Fraud prevention (including death screening)
- Stronger enterprise data (including address searches)

Direct Financial Benefit via “Asset Recovery”

- Estimated \$70- to \$100-billion in unclaimed amounts being held
- Once compliant, you can claim your slice of the cake and eat it too
- Four flavors to consider:
 - Vanilla – **state recovery**
 - Red velvet – **non-state recovery**
 - No bake – **reverse recovery**
 - Freshly baked – **direct recovery**
- Understand the risks
- Unlike baking, it’s an art not a science

Components of an Asset Recovery Framework

1. DISCOVERY - Internal Data Mining

Compile a list of legal names, FEINs, DBA names, and legacy addresses.

2. SEARCH - External Unclaimed Sources

Conduct systematic searches across state and non-state unclaimed property databases (NAUPA / MissingMoney) for corporate entity names and subsidiaries.

3. FILING - Claim Verification & Docs

Gather required proof of ownership: FEIN documentation, historical invoices, legacy address proof, and authorized officer signatures.

4. RECOVERY - Remittance & Accounting

Track claim status, process state refunds or vendor credits, and apply correct accounting entries to restore cash reserves.

Overcoming Operational Challenges

Common Obstacles & Friction Points

- ✗ Documentation Gaps: Legacy records, missing invoices, or acquisition entity changes make proving ownership difficult.
- ✗ Resource & Time Constraints: A/P teams are often overwhelmed with daily invoice processing and payment runs.
- ✗ Strict State Standards: State unclaimed property offices impose rigorous, slow, and varying claim verification requirements.
- ✗ Cross-Department Silos: Requires coordination between Legal, Tax, Accounting, and Treasury departments.

Practical Solutions & Best Practices

- ✓ Entity Archive Repository: Maintain a centralized digital library of corporate lineage documents, W-9s, and Tax IDs.
- ✓ Targeted High-Value Focus: Prioritize larger claims first to maximize initial cash return per staff hour.
- ✓ Designated Recovery Lead: Assign a specific A/P specialist or internal champion to oversee quarterly recovery reviews.
- ✓ Standardized Claim Templates: Create preapproved legal authorization forms and affidavit templates.

Prompt for Clarity, Challenge & Defined Output

VALUABLE PROMPT STRUCTURE

SEARCH BOX

**“Tell me about
unclaimed property.”**

Broad request
Limited context
First answer wins



1

ROLE

Define the specialist/title/position to direct AI towards its logic/perspective.

2

EXPLAIN SIMPLY

Translate technical requirements into plain language. “Describe this to me as if I were a 5th grader.”

3

CLARIFY FIRST

Instruct AI to ask the questions that materially improve the assignment.

4

SHOW EXAMPLES

Provide an approved email, report, table, slide, or reference a specific style of deliverable

5

SURFACE BLIND SPOTS

Ask what could be wrong, missing, or unsupported.

6

DEFINE DONE

Set the evidence, format and review needed for completion.

Walk-through example

[Role] You are the foremost expert in the U.S. on unclaimed property matters across all 54 jurisdictions. **[Simply]** Explain this unclaimed property requirement as if I am a new accounting manager. Use plain language, one example, and a short list of actions. **[Clarify]** Before completing this assignment, ask me up to five questions that would materially improve the result. Do not ask questions whose answers you can reasonably determine from the provided material. **[Example]** Use the attached summary as the model for structure, level of detail, and tone. Do not copy its facts. Apply the same approach to this assignment. **[Blind Spots]** Review this output as a skeptical CFO, legal reviewer, and operating leader. Identify the strongest argument against this response. **[Outcome]** Continue reviewing until every jurisdiction has a source and summary of requirements. If information cannot be verified, label it as not confirmed rather than filling the gap.

Where AI Helps: Preparing Evidence for Review

Task	AI-assisted output	Human decision
ENTITY HISTORY	Aliases, dates, and cited source pages	Verify identity and succession
LEAD REVIEW	Supporting facts, conflicts and gaps	Determine entitlement
PACKET CHECK	Requirement-to-document crosswalk	Approve, sign and submit

AI: What's Next and Where to Put It to Work

4 AI TRENDS TO WATCH

AI AGENTS

Delegate an outcome, not just a question.

REUSABLE AI SKILLS

Turn repeatable tasks into AI playbooks.

AI IN EVERYDAY WORK

Create and analyze Office work products.

MULTI-AGENT TEAMS

Separate research, preparation and review.

3 UNCLAIMED PROPERTY USE CASES

CLEAN & STANDARDIZE RECORDS

Flag duplicates, inconsistent data and missing fields.

PREPARE COMPLIANCE REVIEW

Apply approved rules; flag potential obligations and exceptions.

IDENTIFY INTERNAL RELATIONSHIPS

Flag possible amounts owed to employees, board members, executives or affiliated entities.

Actionable Takeaways

1. **Unclaimed Property Is Here to Stay**

State enforcement is increasing, making it critical to establish scalable and consistent processes, strengthen governance, and get your compliance house in order now.

2. **Unclaimed Property Is More Than Compliance**

Unlock numerous areas of direct and indirect financial benefit to generate measurable value that offsets compliance costs, turning unclaimed property into a profit engine.

3. **AI and Automation Drive Scalable Compliance**

Embrace AI to streamline data review, identify opportunities and risks, automate manual processes, improve accuracy, and maintain ongoing compliance with fewer resources.

QUESTIONS?



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