

**SUBSTITUTE FOR
HOUSE BILL NO. 4289**

A bill to amend 1995 PA 29, entitled
"Uniform unclaimed property act,"
by amending section 31 (MCL 567.251), as amended by 1997 PA 195.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 31. (1) The administrator may require a person who has
2 not filed a report under this act or a person who the administrator
3 believes has filed an inactive, incomplete, or false report, to
4 file a verified report in a form specified by the administrator.
5 The report shall state whether the person is holding any unclaimed
6 property reportable or deliverable under this act, describe
7 unclaimed property not previously reported or as to which the
8 administrator has made inquiry, and specifically identify and state
9 the amounts of property that may be in issue.
10 (2) The administrator, at reasonable times and upon reasonable

1 notice, may examine the records of a person to determine whether
2 the person has complied with this act. The administrator may
3 conduct the examination even if the person believes he or she is
4 not in possession of any property reportable or deliverable under
5 this act. The administrator may contract with any other person to
6 conduct the examination on behalf of the administrator.

7 (3) If a person is treated under section 13 as the holder of
8 the property only insofar as the interest of the business
9 association in the property is concerned, the administrator,
10 pursuant to subsection (2), may examine the records of the person
11 if the administrator has given the notice required by subsection
12 (2) to both the person and the business association at least 90
13 days before the examination.

14 (4) ANY EXAMINATION PERFORMED BY THE ADMINISTRATOR OR HIS OR
15 HER DULY AUTHORIZED AGENTS MUST BE PERFORMED IN ACCORDANCE WITH THE
16 GENERALLY ACCEPTED AUDITING STANDARDS TO THE EXTENT APPLICABLE TO
17 UNCLAIMED PROPERTY EXAMINATIONS. A PERSON WHO HAS BEEN AUDITED BY
18 THE ADMINISTRATOR OR HIS OR HER DULY AUTHORIZED AGENTS OR A PERSON
19 WHOSE BOOKS, RECORDS, AND PAPERS HAVE BEEN EXAMINED BY THE
20 ADMINISTRATOR OR HIS OR HER DULY AUTHORIZED AGENTS SHALL BE
21 PROVIDED A COMPLETE COPY IN PRINTED OR ELECTRONIC FORMAT OF THE
22 AUDIT REPORT, WHICH SHALL IDENTIFY IN DETAIL THE WORK PERFORMED,
23 THE PROPERTY TYPES REVIEWED, ANY ESTIMATION TECHNIQUES EMPLOYED,
24 CALCULATIONS SHOWING THE POTENTIAL AMOUNT OF PROPERTY DUE, AND A
25 STATEMENT OF FINDINGS AS WELL AS ALL OTHER CORRESPONDENCE AND
26 DOCUMENTATION WHICH FORMED A BASIS FOR THE FINDINGS. THE
27 ADMINISTRATOR SHALL PROMULGATE ADMINISTRATIVE RULES ON AUDIT

1 STANDARDS WITHIN 1 YEAR OF THE DATE OF ENACTMENT OF THE AMENDATORY
2 ACT THAT ADDED THIS SENTENCE.

3 (5) WHEN THE PERSON BEING EXAMINED DOES NOT HAVE SUBSTANTIALLY
4 COMPLETE RECORDS, THE ADMINISTRATOR OR HIS OR HER DULY AUTHORIZED
5 AGENTS MAY DETERMINE THE AMOUNT OF ANY ABANDONED OR UNCLAIMED
6 PROPERTY DUE AND OWING BASED UPON A REASONABLE METHOD OF ESTIMATION
7 CONSISTENT WITH THE STANDARDS DESCRIBED IN SUBSECTION (4). IF THE
8 PERSON BEING EXAMINED HAS FILED ALL THE REQUIRED REPORTS AND HAS
9 MAINTAINED SUBSTANTIALLY COMPLETE RECORDS, THEN ALL OF THE
10 FOLLOWING APPLY TO THE EXAMINATION:

11 (A) THE EXAMINATION SHALL INCLUDE A REVIEW OF THE PERSON'S
12 BOOKS AND RECORDS.

13 (B) THE EXAMINATION SHALL NOT BE BASED ON AN ESTIMATE.

14 (C) THE ADMINISTRATOR OR HIS OR HER DULY AUTHORIZED AGENTS
15 SHALL CONSIDER ALL EVIDENCE PRESENTED BY THE HOLDER TO REMEDIATE
16 THE FINDINGS.

17 (6) ~~(4)~~—If an examination of the records of a person results
18 in the disclosure of property reportable and deliverable under this
19 act, the administrator may assess the cost of the examination
20 against the holder at the rate of \$50.00 a day for each examiner;
21 however, the charges shall not exceed the value of the property
22 **ACTUALLY** found to be reportable and deliverable. The cost of
23 examination made pursuant to subsection (3) shall be imposed only
24 against the business association.

25 (7) ~~(5)~~—If a holder fails after the effective date of this act
26 to maintain the records required by section 32 and the records of
27 the holder available for the periods subject to this act are

1 insufficient to permit the preparation of a report, the
2 administrator may require the holder to report and pay an amount as
3 may reasonably be estimated from any available records.

4 (8) AS USED IN THIS SECTION, "SUBSTANTIALLY COMPLETE RECORDS"
5 MEANS AT LEAST 90% OF THE RECORDS NECESSARY FOR UNCLAIMED PROPERTY
6 EXAMINATION PURPOSES AS DEFINED UNDER THE PRINCIPLES OF INTERNAL
7 CONTROLS. THE DETERMINATION OF SUBSTANTIALLY COMPLETE RECORDS SHALL
8 NOT BE MADE SOLELY AS A PERCENTAGE OF THE TOTAL OVERALL INDIVIDUAL
9 RECORDS TO BE EXAMINED, BUT ALSO ON A MATERIALITY LEVEL OF VALUE OF
10 THE RECORDS. THE LACK OF GREATER THAN 10% OF RECORDS IN 1
11 PARTICULAR PROPERTY CLASS TO BE EXAMINED DOES NOT RESULT IN THE
12 EXTRAPOLATION OF ERROR IN THOSE AREAS IN WHICH A PERSON HAS FILED
13 ALL THE REQUIRED REPORTS AND HAS MAINTAINED AT LEAST 90% OF THE
14 OVERALL RECORDS FOR THAT PARTICULAR PROPERTY CLASS. SUBSTANTIALLY
15 COMPLETE RECORDS ARE NOT MEANT TO BE AN ABSOLUTE MEASUREMENT OF ALL
16 AVAILABLE RECORDS.