

Unclaimed Property:

New York: New Law Addresses Virtual Currency as Potentially Reportable Abandoned Property

S.B. 9360, signed by gov. 11/22/22. Effective immediately, recently enacted legislation updates New York's abandoned property law to include guidance on when "virtual currency" is considered reportable to New York as unclaimed property. Under the new law, virtual currency held by any type of entity (*e.g.*, a corporation, banking organization, etc.) generally is considered abandoned and reportable in New York after five years of no activity so long as the last known address of the owner of the property is in New York, or the entity holding the currency is incorporated in New York and the owner address is foreign or unknown. Similar to unclaimed securities that are reported to New York, once reported to the State, virtual currency is sold at the New York State Comptroller's discretion, and the proceeds are held in the abandoned property fund until they are claimed by the owner entitled to the virtual currency. Additionally, any virtual currency dormant as of June 30th generally is due to New York State the following November.

URL: <https://www.nysenate.gov/legislation/bills/2021/S9360>

Under this new law, companies holding potentially dormant and reportable virtual currency should consider if there is a reporting obligation in New York. Pursuant to N.Y. Comp. Codes R. & Regs. tit. 23 § 200.2(p), virtual currency is defined as "any type of digital unit that is used as a medium of exchange or form of digitally stored value." It does not include digital units used solely within online gaming platforms that cannot be converted into or redeemed for regular or virtual currency. It also does not include digital units earned as part of a customer rewards program or digital units used as part of prepaid cards. Please contact us with any questions.

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