
UNFINISHED BUSINESS

Bill No: SB 822
Author: Becker (D), et al.
Amended: 9/5/25
Vote: 21

SENATE JUDICIARY COMMITTEE: 13-0, 4/22/25

AYES: Umberg, Niello, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Valladares, Wahab, Weber Pierson, Wiener

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25

AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab

NO VOTE RECORDED: Dahle

SENATE FLOOR: 38-0, 5/29/25

AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

NO VOTE RECORDED: Limón, Reyes

ASSEMBLY FLOOR: 80-0, 9/12/25 - See last page for vote

SUBJECT: Unclaimed property: digital financial assets

SOURCE: State Controller Malia M. Cohen

DIGEST: This bill amends the Unclaimed Property Law (UPL) to provide when and how digital financial assets, as defined, escheat to the state.

Assembly Amendments of 9/5/25 provide for circumstances in which the holder of digital financial assets do not have the necessary private keys to transfer possession of digital financial assets to the holder; modify the circumstances under which an owner is deemed to exercise an act of ownership interest, thereby restarting the

escheatment timeline; and clarify when the Controller may sell escheated digital financial assets.

ANALYSIS:

Existing law:

- 1) Establishes the UPL, which establishes when and how intangible property escheats to the state for the state to take custody of, but not own, unclaimed property. (Code of Civil Procedure (Civ. Proc.), pt. 3, tit. 10, ch. 7, §§ 1500 et seq.)
- 2) Provides that property received by the state pursuant to the UPL shall not permanently escheat to the state, and that it is the intent of the Legislature that property owners be reunited with their property. (Code Civ. Proc., § 1501.5.)
- 3) Defines the following relevant terms:
 - a) “Unclaimed property,” unless specifically qualified, means all property (1) which is unclaimed, abandoned, escheated, permanently escheated, or distributed to the state, or (2) which, under any provision of law, will become unclaimed, abandoned, escheated, permanently escheated, or distributed to the state, or (3) to the possession of which the state or will become entitled, if not claimed by the person or persons entitled thereto within the time allowed by law, whether or not there has been a judicial determination that such property is unclaimed, abandoned, escheated, permanently escheated, or distributed to the state. (Code Civ. Proc., § 1300(b).)
 - b) “Escheat,” unless specifically qualified, means the vesting in the state of title to property the whereabouts of whose owner is unknown or whose owner is unknown or which a known owner has refused to accept, whether by judicial determination or by operation of law, subject to the right of claimants to appear and claim the escheated property or any portion thereof. (Code Civ. Proc., § 1300(c).)
 - c) “Apparent owner” means the person who appears from the records of the holder to be entitled to property held by the holder. (Code Civ. Proc., § 1501(a).)
 - d) “Business organization” means any private corporation, joint stock company, business trust, partnership, or any association for business purposes of two or more individuals, whether or not for profit, including, but

not by way of limitation, a banking organization, financial organization, life insurance corporation, and utility. (Code Civ. Proc., § 1501(c).)

- e) “Holder” means any person in possession of property subject to the UPL belonging to another, or who is a trustee in case of a trust, or is indebted to another on an obligation subject to the UPL. (Code Civ. Proc., § 1501(e).)
 - f) “Owner” means a depositor in case of a deposit, a beneficiary in case of a trust, or creditor, claimant, or payee in case of any other choses in action, or any person having a legal or equitable interest in property subject to the UPL, or their legal representative. (Code Civ. Proc., § 1501(g).)
 - g) “Person” means any individual, business association, government or governmental subdivision or agency, two or more persons having a joint or common interest, or any other legal or commercial entity, whether that person is acting in their own right or in a representative fiduciary capacity. (Code Civ. Proc., § 1501(h).)
- 4) Provides that all tangible personal property and, subject to 4)-5), all intangible personal property, except as otherwise specified, that is held or owing in the ordinary course of the holder’s business and has remained unclaimed by the owner for more than three years after it became payable or distributable escheats to the state, as specified. (Code Civ. Proc., § 1520.)
 - 5) Provides that, unless otherwise provided, intangible personal property escheats to this state when specified conditions are met. (Code Civ. Proc., § 1510.)
 - 6) Requires a holder of funds or other personal property to report to the Controller, on a form prescribed by the Controller, specified information relating to the property and the holder. (Code Civ. Proc., § 1530.)
 - 7) Requires the holder, no sooner than 7 months and no later than 7 months and 15 days after filing the report in 6), to pay or deliver to the Controller all escheated property specified in the report. (Code Civ. Proc., § 1532.)
 - 8) Provides that any person, excluding another state, who claims to have been the owner of property paid or delivered to the Controller under the UPL may file a claim to the property or to the net proceeds from its sale. There is no time limit in which an owner may make a claim. The Controller shall consider each claim within 180 days after it is filed to determine if the claimant is the owner. (Code Civ. Proc., §§ 1540, 1541.)

- 9) Defines “digital financial asset” as a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not legal tender, whether or not denominated in legal tender; but “digital financial asset” does not include any of the following:
- a) A transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for legal tender, bank or credit union credit, or a digital financial asset.
 - b) A digital representation of value issued on or behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.
 - c) A security registered with or exempt from registration with the United States Securities and Exchange Commission or a security qualified with or exempt from qualifications with the DFPI. (Fin. Code, § 3102(g).)

This bill:

- 1) Adds the following definitions to the UPL:
 - a) “Private key” means a unique element of cryptographic data used for signing transactions on a blockchain that is known to the owner of the element.
 - b) “Digital financial asset” has the same meaning as in Section 3102(g) of the Financial Code.
- 2) Provides that any digital financial asset held or owing by a business association escheats to the state if unclaimed by the owner for more than three years from either of the following:
 - a) The date a written or electronic communication to the owner is returned undelivered by the United States Postal Service or by electronic mail or other electronic messaging method, as applicable.
 - b) The date of the last exercise of an act of ownership interest by the owner in the digital asset account if the owner does not receive written or electronic communications from the holder or the holder does not have the means of systematically tracking or monitoring the nondelivery of those communications.
- 3) Provides that the running of the three-year period under 2)(a) shall cease immediately upon the exercise of an act of ownership interest in the digital asset

account or written, oral, or electronic communication with the holder as evidenced by a memorandum or other record on file with the holder or its agents.

- 4) Provides that an “exercise of ownership interest” includes any of the following actions by the owner regarding the digital asset account
 - a) Conducting a transaction regarding the digital asset account, including buying or selling digital assets, depositing into or withdrawing from the account fiat currency or other property whether by a one-time transaction or a recurring transaction previously authorized by the owner.
 - b) Electronically accessing the digital asset account.
 - c) Conducting any activity with respect to another digital asset account or any other property owned by the owner with the same holder.
 - d) Taking any other action that reasonably demonstrates to the holder that the owner knows that the property exists.
- 5) Provides that the last known address of an apparent owner, for the purpose of determining jurisdiction over the digital financial assets subject to escheat, is either of the following:
 - a) The address used for purposes of delivering first-class United States mail.
 - b) Any description, code, or other indication of the location of the apparent owner that identifies the state of last known address, even if the description, code, or indication of the location is not sufficient to direct the delivery of first-class United States Postal Service mail to the apparent owner.
- 6) Provides that, if there is a conflict between the address and indication of location in 5), the address identified in 5)(a) shall be deemed as the last known address of the apparent owner.
- 7) Requires the business association to attempt to contact the apparent owner of a digital financial asset as follows:
 - a) If the business association has a mailing address for the apparent owner of a digital financial asset in its records, which is not known to be inaccurate, the business association shall send a notice to the owner via certified mail, return receipt requested.

- b) If the business association does not have a mailing address for the apparent owner of a digital financial asset in its records, and the apparent owner has consented to electronic service, notice may be sent electronically.
 - c) The notice shall be sent not fewer than 6 nor more than 12 months before the time the digital financial asset become reportable to the Controller.
- 8) Requires the notice sent pursuant to 4) to:
- a) State, at the top of the communication, “THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US,” or substantially similar language.
 - b) Specify the time when the digital financial asset will escheat and the effects of the escheat, including the need to file a claim for the return of the digital financial asset.
 - c) Specify the date of the last interest, or state that for the last two years there has been no indication of owner interest in the property.
 - d) Identify the digital financial asset by number or identifier, which need to exceed four digits.
 - e) Indicate that the digital financial asset is in danger of escheating to the state.
 - f) Specify that the UPL requires business associations to transfer the digital financial asset if it has been unclaimed for three years.
 - g) Include a form, prescribed by the Controller, by which the owner may confirm the owner’s current address, and which the owner may return to the holder to avoid escheat.
- 9) Provides that, in addition to the notice required in 3), the holder may give additional notice at any time between the date of last owner interest and the date the holder transfers the digital financial asset to the Controller.
- 10) Provides that the holder of any partial key to any digital financial asset that is subject to escheat shall attempt to obtain the minimum number of keys required to transfer the digital financial assets within 60 days of determining that the digital financial assets are eligible for escheatment.
- 11) Provides that the holder of a digital financial asset subject to escheat shall, no more than 30 days after the final date for filing a report with the Controller

regarding escheated property, transfer the exact digital financial asset type and amount, unliquidated, to the Controller's cryptocurrency custodian or as the Controller designates by regulation.

- 12) Provides that, if a holder possesses only a partial private key to a digital financial asset or is otherwise unable to move the digital financial asset to the Controller under 11), the holder shall maintain the digital financial asset until the additional keys required to transfer the digital financial asset become available to the holder or the holder is otherwise able to transfer the digital financial asset to the Controller.
- 13) Permits the Controller to decline to take property of unclaimed digital financial assets if, in their discretion, they determine that it is not in the best interest of the state to take custody and notify the holder in writing of that determination within 120 days of the receipt of the holder's report.
- 14) Provides that escheated digital financial assets delivered to the Controller shall be sold, and the assets or the value thereof shall be recovered by a person making a valid claim, in the same manner as provided for escheated securities.
- 15) Provides that digital financial assets held by the Controller may be converted to fiat currency at prevailing prices by any method that the Controller may determine to be advisable.
 - a) The Controller shall convert such digital financial assets no sooner than 18 months, but no later than 20 months, after the date the holder files its report.
 - b) If digital financial assets delivered to the Controller remain in the custody of the Controller, a person making a valid claim for those assets shall be entitled to receive the digital financial assets from the Controller; if the assets have been converted, the person shall be entitled to receive the net proceeds received by the Controller from the sale.
- 16) Makes technical and conforming changes to reflect the addition of digital financial assets set forth above.

Comment

Author's Comment. If a financial asset is left untouched for a certain period, it's considered Unclaimed Property under California law. This law already covers a wide range of assets, like bank accounts, stocks, insurance policies, and trusts. That coverage is understood to include virtual currencies as well. SB 822 updates California's Unclaimed Property Law to make that inclusion explicit. While much

of the bill aligns with how other types of property are already handled, it helps clear up any confusion and ensures virtual currencies are treated consistently.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, the fiscal effect is:

- 1) Ongoing costs in the low millions of dollars to the SCO to administer the return of DFAs through the UPL (Unclaimed Property Fund). The SCO anticipates needing \$717,000 in fiscal year (FY) 2026-27 for five positions, \$1.1 million in FY 2027-28 for eight positions, \$1.5 million in FY 2028-29 for 11 positions, and \$1.8 million in FY 2029-30 and annually thereafter for 13 positions to accommodate increased workload, including DFA management, reconciliation, analysis, and payment processes. The SCO notes that the current volume of unclaimed DFAs is unknown, so costs may be higher to the extent this bill results in a substantial increase in the amount of escheated property received and a corresponding increase in owner claims. The SCO may also need additional resources for information technology updates after the scope of the project is determined.
- 2) Negligible costs to DFPI, as DFPI will already be licensing entities under the Digital Financial Assets Law (DFAL) that would likely be selected as a custodian.

SUPPORT: (Verified 9/8/25)

State Controller Malia M. Cohen (source)
California Blockchain Advocacy Coalition

OPPOSITION: (Verified 9/8/25)

None received

ARGUMENTS IN SUPPORT: According to State Controller Malia M. Cohen:

Senate Bill 822 brings clarity and consistency to this area of the law by treating the property in the same manner in which securities are treated. Specifically, the bill achieves the following:

- Clarifies the inclusion of virtual currency in unclaimed property law.
- Aligns notification procedures with existing law.
- Requires in-kind transfer of property to the state.
- Allows the Controller to decline custody if it is not in the state's best interest.

- Mandates the sale of escheated virtual currency following a standard holding period, after which the proceeds remain available for the rightful owner in perpetuity.

This bill also ensures that California implements best practices for managing abandoned digital assets. It will provide necessary consumer protections as well as practical administration, and a clear legal path forward for holders of unclaimed virtual currency.

ASSEMBLY FLOOR: 80-0, 9/12/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

Prepared by: Allison Whitt Meredith / JUD. / (916) 651-4113
7/24/26 14:56:27

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