

AMENDED IN ASSEMBLY JULY 16, 2025

AMENDED IN ASSEMBLY JUNE 23, 2025

AMENDED IN SENATE APRIL 10, 2025

AMENDED IN SENATE MARCH 25, 2025

SENATE BILL

No. 822

Introduced by Senator Becker

February 21, 2025

An act to amend Sections 1501, 1520, 1532, 1533, and 1563 of, and to add ~~Section~~ *Sections 1516.5 and 1568* to, the Code of Civil Procedure, relating to unclaimed property.

LEGISLATIVE COUNSEL'S DIGEST

SB 822, as amended, Becker. Unclaimed property: digital financial assets.

The Unclaimed Property Law (UPL) prescribes the circumstances under which intangible property escheats to the state, including how and when apparent owners must be notified that their property is at risk of escheating and the manner in which escheated property must be delivered to the State Controller. Intangible property is only subject to the UPL if the apparent owner's last known address is within the state or, if that address is unknown, if there is another link to the state, as specified. Existing law provides how and when securities that escheat to the state pursuant to the UPL may be sold and how the securities or funds from their sale may be returned to their owner.

With regard to all types of property, this bill would specify that an apparent owner's last known address need not be a complete mailing address if the address is sufficient to identify that it is within the state. The bill would clarify that digital financial assets are a form of intangible

property subject to the UPL. The bill would prescribe requirements for holders of digital financial assets to notify apparent owners prior to the assets escheating, which would include a form created by the Controller that may be returned to the holder by the apparent owner to restart the escheatment period, as specified. The bill would specify how escheated digital financial assets must be transferred from the holder to the Controller. The bill also would permit the Controller, in their discretion, to determine that it is not in the state's interest to take custody of digital financial assets, as specified. The bill would ~~make the provisions regarding the sale of securities and their return to their owner applicable to digital financial assets, as specified.~~ *authorize the Controller to select one or more custodians for the management and safekeeping of digital financial assets that have escheated to the state, as specified. The bill would authorize the Controller to convert digital financial assets to fiat currency, as specified. The bill would entitle a person who makes a valid claim for a digital financial asset delivered to the Controller to receive that digital financial asset or, if the asset has been converted, to receive the net proceeds received by the Controller from the sale.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the legislature to clarify that
- 2 digital financial assets are intangible property that are subject to
- 3 the unclaimed property law.
- 4 SEC. 2. Section 1501 of the Code of Civil Procedure is
- 5 amended to read:
- 6 1501. As used in this chapter, unless the context otherwise
- 7 requires:
- 8 (a) "Apparent owner" means the person who appears from the
- 9 records of the holder to be entitled to property held by the holder.
- 10 (b) "Banking organization" means any national or state bank,
- 11 trust company, banking company, land bank, savings bank,
- 12 safe-deposit company, private banker, or any similar organization.
- 13 (c) "Business association" means any private corporation, joint
- 14 stock company, business trust, partnership, or any association for
- 15 business purposes of two or more individuals, whether or not for
- 16 profit, including, but not by way of limitation, a banking

1 organization, financial organization, life insurance corporation,
2 and utility.

3 (d) *“Digital financial asset” has the same meaning as in*
4 *subdivision (g) of Section 3102 of the Financial Code.*

5 (e) *“Employee benefit plan distribution” means any money, life*
6 *insurance, endowment or annuity policy or proceeds thereof,*
7 *securities or other intangible property, or any tangible property,*
8 *distributable to a participant, former participant, or the beneficiary*
9 *or estate or heirs of a participant or former participant or*
10 *beneficiary, from a trust or custodial fund established under a*
11 *plan to provide health and welfare, pension, vacation, severance,*
12 *retirement benefit, death benefit, stock purchase, profit sharing,*
13 *employee savings, supplemental unemployment insurance benefits*
14 *or similar benefits, or which is established under a plan by a*
15 *business association functioning as or in conjunction with a labor*
16 *union that receives for distribution residuals on behalf of*
17 *employees working under collective-bargaining agreements.*

18 ~~(f)~~

19 (f) *“Financial organization” means any federal or state savings*
20 *and loan association, building and loan association, credit union,*
21 *investment company, or any similar organization.*

22 ~~(e)~~

23 (g) *“Holder” means any person in possession of property subject*
24 *to this chapter belonging to another, or who is trustee in case of a*
25 *trust, or is indebted to another on an obligation subject to this*
26 *chapter.*

27 (h) *“Last known address” of an apparent owner, for the purpose*
28 *of determining the jurisdiction over property subject to escheat*
29 *pursuant to this chapter, is any description, code, or other*
30 *indication of the location of the apparent owner that identifies the*
31 *state of last known address, even if the description, code, or*
32 *indication of the location is not sufficient to direct the delivery of*
33 *first-class United States Postal Service mail to the apparent owner.*

34 ~~(f)~~

35 (i) *“Life insurance corporation” means any association or*
36 *corporation transacting the business of insurance on the lives of*
37 *persons or insurance appertaining thereto, including, but not by*
38 *way of limitation, endowments, and annuities.*

39 ~~(g)~~

(j) “Owner” means a depositor in case of a deposit, a beneficiary in case of a trust, or creditor, claimant, or payee in case of other choses in action, or any person having a legal or equitable interest in property subject to this chapter, or their legal representative.

(h)

(k) “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 or fiduciary capacity.

(l) “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.

~~(i) “Employee benefit plan distribution” means any money, life insurance, endowment or annuity policy or proceeds thereof, securities or other intangible property, or any tangible property, distributable to a participant, former participant, or the beneficiary or estate or heirs of a participant or former participant or beneficiary, from a trust or custodial fund established under a plan to provide health and welfare, pension, vacation, severance, retirement benefit, death benefit, stock purchase, profit sharing, employee savings, supplemental unemployment insurance benefits or similar benefits, or which is established under a plan by a business association functioning as or in conjunction with a labor union which receives for distribution residuals on behalf of employees working under collective-bargaining agreements.~~

~~(j)~~

(m) “Residuals” means payments pursuant to a collective bargaining agreement of additional compensation for domestic and foreign uses of recorded materials.

~~(k) “Last known address” of an apparent owner, for the purpose of determining the jurisdiction over property subject to escheat pursuant to this chapter, is any description, code, or other indication of the location of the apparent owner which 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 mail to the apparent owner.~~

~~(l) “Digital financial asset” has the same meaning as in subdivision (g) of Section 3102 of the Financial Code.~~

1 SEC. 3. Section 1516.5 is added to the Code of Civil Procedure,
2 to read:

3 1516.5. (a) Pursuant to Section 1510, any digital financial
4 asset held or owing by a business association escheats to the state
5 if unclaimed by the owner for more than three years from ~~the last~~
6 ~~indication of interest in the property by the owner.~~ *either of the*
7 *following:*

8 *(1) The date a written or electronic communication to the owner*
9 *is returned undelivered by the United States Postal Service or by*
10 *electronic mail or other electronic messaging method, as*
11 *applicable.*

12 *(2) The date of the last exercise of ownership interest by the*
13 *owner in the digital asset account if the owner does not receive*
14 *written or electronic communications from the holder or the holder*
15 *does not have the means of systematically tracking or monitoring*
16 *the nondelivery of those communications.*

17 *(b) The running of the three-year period under paragraph (1)*
18 *of subdivision (a) shall cease immediately upon the exercise of an*
19 *act of ownership interest in the digital asset account or written,*
20 *oral, or electronic communication with the holder as evidenced*
21 *by a memorandum or other record on file with the holder or its*
22 *agents.*

23 *(c) For purposes of this section, an “exercise of an act of*
24 *ownership interest” includes any of the following actions by the*
25 *owner regarding the digital asset account:*

26 *(1) Conducting a transaction regarding the digital asset account,*
27 *including buying or selling digital assets, depositing into or*
28 *withdrawing from the account fiat currency or other property*
29 *whether by a one-time transaction or a recurring transaction*
30 *previously authorized by the owner.*

31 *(2) Electronically accessing the digital asset account.*

32 *(3) Conducting any activity with respect to another digital asset*
33 *account or any other property owned by the owner with the same*
34 *holder.*

35 *(4) Taking any other action that reasonably demonstrates to*
36 *the holder that the owner knows that the property exists.*

37 ~~(b)~~

38 *(d) If the business association has a mailing address for the*
39 *apparent owner of a digital financial asset in its records, which is*

1 not known to be inaccurate, the business association shall send a
2 notice to the owner via certified mail, return receipt requested.

3 ~~(e)~~

4 (e) If the business association does not have a mailing address
5 for the apparent owner of a digital financial asset in its records,
6 and the apparent owner has consented to electronic service, the
7 notice may be sent electronically.

8 ~~(d)~~

9 (f) Notice pursuant to *this* subdivision ~~(b) or (e)~~ shall be sent
10 not less than 6 nor more than 12 months before the time the digital
11 financial asset becomes reportable to the Controller under this
12 chapter.

13 (1) The notice shall state at the top of the communication: “THE
14 STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU
15 THAT YOUR UNCLAIMED PROPERTY MAY BE
16 TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT
17 US,” or substantially similar language.

18 (2) The notice shall specify the time when the digital financial
19 asset will escheat and the effects of escheat, including the need to
20 file a claim for the return of the digital financial asset.

21 (3) The notice shall do all of the following, in boldface type or
22 in a font a minimum of two points larger than the rest of the notice,
23 exclusive of the heading:

24 (A) Specify that since the date of last interest, or for the last two
25 years, there has been no indication of owner interest in the digital
26 financial asset.

27 (B) Identify the digital financial asset by number or identifier,
28 which need not exceed four digits.

29 (C) Indicate that the digital financial asset is in danger of
30 escheating to the state.

31 (D) Specify that the Unclaimed Property Law requires business
32 associations to transfer a digital financial asset if it has been
33 unclaimed for three years.

34 (4) The notice shall include a form, prescribed by the Controller,
35 by which the owner may confirm the owner’s current address. If
36 that form is completed, signed by the owner, and returned to the
37 holder of the digital financial asset, or other device in which the
38 owner’s property is being held, it is no longer considered inactive
39 and the escheat period restarts. In lieu of returning the form, the
40 holder may provide a telephone number or electronic means to

1 enable the owner to contact the holder. If a holder is contacted by
2 a presumed owner by telephone or electronic means, the holder
3 shall document that contact in a memorandum which the holder
4 is required to keep on file. That contact serves to indicate owner
5 interest in the digital financial asset and restarts the escheat period.

6 (e)

7 (g) In addition to the notice required pursuant to subdivision
8 (b) or (c), the holder may give additional notice at any time
9 between the date of last owner interest and the date the holder
10 transfers the digital financial asset to the Controller.

11 (h) *The holder of any partial key to any digital financial asset*
12 *that is subject to Section 1516.5 shall attempt to obtain the*
13 *minimum number of keys required to transfer the digital financial*
14 *assets within 60 days of determination that the digital financial*
15 *assets are eligible for escheatment.*

16 SEC. 4. Section 1520 of the Code of Civil Procedure is
17 amended to read:

18 1520. (a) All tangible personal property located in this state
19 and, subject to Section 1510, all intangible personal property,
20 except property of the classes mentioned in Sections 1511, 1513,
21 1514, 1515, 1515.5, 1516, 1516.5, 1517, 1518, 1518.5, 1519, and
22 1521, including any income or increment thereon and deducting
23 any lawful charges, that is held or owing in the ordinary course of
24 the holder's business and has remained unclaimed by the owner
25 for more than three years after it became payable or distributable
26 escheats to this state.

27 (b) Except as provided in subdivision (a) of Section 1513.5,
28 subdivision (b) of Section 1514, subdivision (d) of Section 1516,
29 and subdivisions (b) and (c) of Section 1516.5, if the holder has
30 in its records an address for the apparent owner of property valued
31 at fifty dollars (\$50) or more, which the holder's records do not
32 disclose to be inaccurate, the holder shall make reasonable efforts
33 to notify the owner by mail or, if the owner has consented to
34 electronic notice, electronically, that the owner's property will
35 escheat to the state pursuant to this chapter. The notice shall be
36 mailed not less than 6 nor more than 12 months before the time
37 when the owner's property held by the business becomes reportable
38 to the Controller in accordance with this chapter. The face of the
39 notice shall contain a heading at the top that reads as follows:
40 "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY

1 YOU THAT YOUR UNCLAIMED PROPERTY MAY BE
2 TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT
3 US,” or substantially similar language. The notice required by this
4 subdivision shall specify the time when the property will escheat
5 and the effects of escheat, including the need to file a claim in
6 order for the owner’s property to be returned to the owner. The
7 notice required by this section shall, in boldface type or in a font
8 a minimum of two points larger than the rest of the notice,
9 exclusive of the heading, (1) specify that since the date of last
10 activity, or for the last two years, there has been no owner activity
11 on the deposit, account, shares, or other interest; (2) identify the
12 deposit, account, shares, or other interest by number or identifier,
13 which need not exceed four digits; (3) indicate that the deposit,
14 account, shares, or other interest is in danger of escheating to the
15 state; and (4) specify that the Unclaimed Property Law requires
16 holders to transfer funds of a deposit, account, shares, or other
17 interest if it has been inactive for three years. It shall also include
18 a form, as prescribed by the Controller, by which the owner may
19 confirm the owner’s current address. If that form is filled out,
20 signed by the owner, and returned to the holder, it shall be deemed
21 that the account, or other device in which the owner’s property is
22 being held, remains currently active and recommences the escheat
23 period. In lieu of returning the form, the holder may provide a
24 telephone number or other electronic means to enable the owner
25 to contact the holder. With that contact, as evidenced by a
26 memorandum or other record on file with the holder, the account
27 or other device in which the owner’s property is being held shall
28 be deemed to remain currently active and shall recommence the
29 escheat period. The holder may impose a service charge on the
30 deposit, account, shares, or other interest for this notice in an
31 amount not to exceed the administrative cost of mailing or
32 electronically sending the notice and form, and in no case to exceed
33 two dollars (\$2).

34 (c) In addition to the notice required pursuant to subdivision
35 (b), the holder may give additional notice as described in
36 subdivision (b) at any time between the date of last activity by, or
37 communication with, the owner and the date the holder transfers
38 the property to the Controller.

1 (d) For purposes of this section, “lawful charges” means charges
2 that are specifically authorized by statute, other than the Unclaimed
3 Property Law, or by a valid, enforceable contract.

4 SEC. 5. Section 1532 of the Code of Civil Procedure is
5 amended to read:

6 1532. (a) Every person filing a report as provided by Section
7 1530 shall, no sooner than seven months and no later than seven
8 months and 15 days after the final date for filing the report, pay
9 or deliver to the Controller all escheated property specified in the
10 report. Any payment of unclaimed cash in an amount of at least
11 two thousand dollars (\$2,000) shall be made by electronic funds
12 transfer pursuant to regulations adopted by the Controller. The
13 Controller may postpone the date for payment or delivery of the
14 property, and the date for any report required by subdivision (b),
15 upon the Controller’s own motion or upon written request by any
16 person required to pay or deliver the property or file a report as
17 required by this section.

18 (b) If a person establishes their right to receive any property
19 specified in the report to the satisfaction of the holder before that
20 property has been delivered to the Controller, or it appears that,
21 for any other reason, the property may not be subject to escheat
22 under this chapter, the holder shall not pay or deliver the property
23 to the Controller but shall instead file a report with the Controller,
24 on a form and in a format prescribed or approved by the Controller,
25 containing information pertaining to the property subject to escheat.

26 (c) Any property not paid or delivered pursuant to subdivision
27 (b) that is later determined by the holder to be subject to escheat
28 under this chapter shall not be subject to the interest provision of
29 Section 1577.

30 (d) The holder of any interest under subdivision (b) of Section
31 1516 shall deliver a duplicate certificate to the Controller or shall
32 register the securities in uncertificated form in the name of the
33 Controller. Upon delivering a duplicate certificate or providing
34 evidence of registration of the securities in uncertificated form to
35 the Controller, the holder, any transfer agent, registrar, or other
36 person acting for or on behalf of the holder in executing or
37 delivering the duplicate certificate or registering the uncertificated
38 securities, shall be relieved from all liability of every kind to any
39 person including, but not limited to, any person acquiring the
40 original certificate or the duplicate of the certificate issued to the

1 Controller for any losses or damages resulting to that person by
2 the issuance and delivery to the Controller of the duplicate
3 certificate or the registration of the uncertificated securities to the
4 Controller.

5 (e) (1) The holder of any digital financial asset that is subject
6 to Section 1516.5 shall, no more than 30 days after the final date
7 for filing the report required by this section, transfer the exact
8 digital financial asset—~~type~~ *type*, *private keys*, and amount,
9 unliquidated, to the Controller's ~~crypto-currency~~ *cryptocurrency*
10 custodian or as the Controller by regulation may designate.

11 (2) *If the holder possess only a partial private key to the digital*
12 *financial asset or is otherwise unable to move the digital financial*
13 *asset to the Controller, the holder shall maintain the digital*
14 *financial asset until the additional keys required to transfer the*
15 *digital financial asset become available to the holder or the holder*
16 *is otherwise able to transfer the digital financial asset to the*
17 *Controller.*

18 (f) Payment of any intangible property to the Controller shall
19 be made at the office of the Controller in Sacramento or at another
20 location as the Controller by regulation may designate. Except as
21 otherwise agreed by the Controller and the holder, tangible personal
22 property shall be delivered to the Controller at the place where it
23 is held.

24 (g) Payment is deemed complete on the date the electronic funds
25 transfer is initiated if the settlement to the state's demand account
26 occurs on or before the banking day following the date the transfer
27 is initiated. If the settlement to the state's demand account does
28 not occur on or before the banking day following the date the
29 transfer is initiated, payment is deemed to occur on the date
30 settlement occurs.

31 (h) Any person required to pay cash by electronic funds transfer
32 who makes the payment by means other than an authorized
33 electronic funds transfer shall be liable for a civil penalty of 2
34 percent of the amount of the payment that is due pursuant to this
35 section, in addition to any other penalty provided by law. Penalties
36 are due at the time of payment. If the Controller finds that a
37 holder's failure to make payment by an appropriate electronic
38 funds transfer in accordance with the Controller's procedures is
39 due to reasonable cause and circumstances beyond the holder's
40 control, and occurred notwithstanding the exercise of ordinary

1 care and in the absence of willful neglect, that holder shall be
2 relieved of the penalties.

3 (i) An electronic funds transfer shall be accomplished by an
4 automated clearinghouse debit, an automated clearinghouse credit,
5 a Federal Reserve Wire Transfer (Fedwire), or by an international
6 funds transfer. Banking costs incurred for the automated
7 clearinghouse debit transaction by the holder shall be paid by the
8 state. Banking costs incurred by the state for the automated
9 clearinghouse credit transaction may be paid by the holder
10 originating the credit. Banking costs incurred for the Fedwire
11 transaction charged to the holder and the state shall be paid by the
12 person originating the transaction. Banking costs charged to the
13 holder and to the state for an international funds transfer may be
14 charged to the holder.

15 (j) For purposes of this section:

16 (1) "Electronic funds transfer" means any transfer of funds,
17 other than a transaction originated by check, draft, or similar paper
18 instrument, that is initiated through an electronic terminal,
19 telephonic instrument, modem, computer, or magnetic tape, so as
20 to order, instruct, or authorize a financial institution to credit or
21 debit an account.

22 (2) "Automated clearinghouse" means any federal reserve bank,
23 or an organization established by agreement with the National
24 Automated Clearing House Association or any similar organization,
25 that operates as a clearinghouse for transmitting or receiving entries
26 between banks or bank accounts and that authorizes an electronic
27 transfer of funds between those banks or bank accounts.

28 (3) "Automated clearinghouse debit" means a transaction in
29 which the state, through its designated depository bank, originates
30 an automated clearinghouse transaction debiting the holder's bank
31 account and crediting the state's bank account for the amount of
32 payment.

33 (4) "Automated clearinghouse credit" means an automated
34 clearinghouse transaction in which the holder, through its own
35 bank, originates an entry crediting the state's bank account and
36 debiting the holder's bank account.

37 (5) "Fedwire" means any transaction originated by the holder
38 and utilizing the national electronic payment system to transfer
39 funds through federal reserve banks, pursuant to which the holder
40 debits its own bank account and credits the state's bank account.

1 (6) “International funds transfer” means any transaction
2 originated by the holder and utilizing the international electronic
3 payment system to transfer funds, pursuant to which the holder
4 debits its own bank account, and credits the funds to a United
5 States bank that credits the Unclaimed Property Fund.

6 SEC. 6. Section 1533 of the Code of Civil Procedure is
7 amended to read:

8 1533. (a) Tangible personal property may be excluded from
9 the notices required by Section 1531, shall not be delivered to the
10 Controller, and shall not escheat to the state, if the Controller, in
11 their discretion, determines that it is not in the interest of the state
12 to take custody of the property and notifies the holder in writing,
13 within 120 days from receipt of the report required by Section
14 1530, of their determination not to take custody of the property.

15 ~~(b) Subdivision (a) also applies to a digital financial asset that~~
16 ~~is subject to Section 1516.5.~~

17 SEC. 7. Section 1563 of the Code of Civil Procedure is
18 amended to read:

19 1563. (a) Except as provided in subdivisions (b) and (c), all
20 escheated property delivered to the Controller under this chapter
21 shall be sold by the Controller to the highest bidder at public sale
22 in whatever city in the state affords in the Controller’s judgment
23 the most favorable market for the property involved, or the
24 Controller may conduct the sale by electronic media, including,
25 but not limited to, the internet, if in the Controller’s judgment it
26 is cost effective to conduct the sale of the property involved in that
27 manner. However, no sale shall be made pursuant to this
28 subdivision until 18 months after the final date for filing the report
29 required by Section 1530. The Controller may decline the highest
30 bid and reoffer the property for sale if the Controller considers the
31 price bid insufficient. The Controller need not offer any property
32 for sale if, in the Controller’s opinion, the probable cost of sale
33 exceeds the value of the property. Any sale of escheated property
34 held under this section shall be preceded by a single publication
35 of notice thereof, at least one week in advance of sale, in an English
36 language newspaper of general circulation in the county where the
37 property is to be sold.

38 ~~(b) Securities listed on an established stock exchange and digital~~
39 ~~financial assets on an established digital financial asset exchange~~
40 shall be sold at the prevailing prices on that exchange. Other

securities or digital financial assets may be sold over the counter at prevailing prices or by any other method that the Controller may determine to be advisable. These securities and digital financial assets shall be sold by the Controller no sooner than 18 months, but no later than 20 months, after the actual date of filing of the report required by Section 1530. If securities or digital financial assets delivered to the Controller remain in the custody of the Controller, a person making a valid claim for those securities or digital financial assets under this chapter shall be entitled to receive the securities or digital financial assets from the Controller. If the securities or digital financial assets have been sold, the person shall be entitled to receive the net proceeds received by the Controller from its sale. United States government savings bonds and United States war bonds shall be presented to the United States for payment. Subdivision (a) does not apply to the property described in this subdivision.

(c) 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. The Controller shall convert such digital financial assets no sooner than 18 months, but no later than 20 months, after the actual date of filing of the report required by Section 1530. If digital financial assets delivered to the Controller remain in the custody of the Controller, a person making a valid claim for those assets under this chapter shall be entitled to receive the digital financial assets from the Controller. If the digital financial assets have been converted, the person shall be entitled to receive the net proceeds received by the Controller from its sale.

(e)

(d) (1) All escheated property consisting of military awards, decorations, equipment, artifacts, memorabilia, documents, photographs, films, literature, and any other item relating to the military history of California and Californians that is delivered to the Controller is exempt from subdivision (a) and may, at the discretion of the Controller, be held in trust for the Controller at the California State Military Museum and Resource Center, or successor entity. All escheated property held in trust pursuant to this subdivision is subject to the applicable regulations of the United States Army governing Army museum activities as described in Section 179 of the Military and Veterans Code. A

1 person claiming an interest in the escheated property may file a
2 claim to the property pursuant to Article 4 (commencing with
3 Section 1540).

4 (2) The California State Military Museum and Resource Center,
5 or successor entity, shall be responsible for the costs of storage
6 and maintenance of escheated property delivered by the Controller
7 under this subdivision.

8 ~~(d)~~

9 (e) The purchaser at any sale conducted by the Controller
10 pursuant to this chapter shall receive title to the property purchased,
11 free from all claims of the owner or prior holder thereof and of all
12 persons claiming through or under them. The Controller shall
13 execute all documents necessary to complete the transfer of title.

14 SEC. 8. Section 1568 is added to the Code of Civil Procedure,
15 to read:

16 1568. (a) *The Controller may select one or more custodians*
17 *for the management and safekeeping of digital financial assets*
18 *that have escheated to the state. Any entity selected as a custodian*
19 *shall hold a valid license issued by the Department of Financial*
20 *Protection and Innovation pursuant to Chapter 2 (commencing*
21 *with Section 3201) of Division 1.25 of the Financial Code.*

22 (b) *If the Controller selects a custodian pursuant to subdivision*
23 *(a), the Controller shall consider the following criteria in making*
24 *the selection:*

25 (1) *Storage security to ensure the safekeeping of digital financial*
26 *assets, including robust cybersecurity measures to prevent*
27 *unauthorized access.*

28 (2) *Capability to manage private keys associated with digital*
29 *financial assets and ensure the ability to transfer or transact with*
30 *the assets when required.*

31 (3) *Proven experience in handling digital financial assets.*

32 (4) *Compliance with all applicable federal and state regulations*
33 *related to digital financial asset custody.*

34 (5) *Regular reporting mechanisms to the Controller regarding*
35 *the status and value of the digital financial assets in their custody.*

36 (6) *Processes to reunite owners with their digital financial*
37 *assets, including maintaining updated contact records and issuing*
38 *timely notifications.*

39 (7) *Qualifying as a “financial institution” under Chapter X of*
40 *Title 31 of the Code of Federal Regulations, which subjects the*

- 1 *qualified custodian to the anti-money laundering obligations of*
- 2 *the federal Bank Secrecy Act (31 U.S.C. Sec. 5311 et seq.), in*
- 3 *addition to any state-imposed anti-money laundering obligations.*
- 4 (8) *Any other factor that the Controller deems relevant.*

O