



West Virginia Purchasing Division

2019 Washington Street, East
Charleston, WV 25305
Telephone: 304-558-2306
General Fax: 304-558-6026
Bid Fax: 304-558-3970

The following documentation is an electronically-submitted vendor response to an advertised solicitation from the *West Virginia Purchasing Bulletin* within the Vendor Self-Service portal at ***wvOASIS.gov***. As part of the State of West Virginia's procurement process, and to maintain the transparency of the bid-opening process, this documentation submitted online is publicly posted by the West Virginia Purchasing Division at ***WVPurchasing.gov*** with any other vendor responses to this solicitation submitted to the Purchasing Division in hard copy format.

Header 1



General Information

Contact

Default Values

Discount

Document Information

Procurement Folder: 330243

Procurement Type: Central Master Agreement

Vendor ID:

Legal Name: Discovery Audit Services LLC

Alias/DBA:

Total Bid: \$0.00

Response Date: Response Time:

SO Doc Code: CRFQ

SO Dept: 1300

SO Doc ID: STO1700000006

Published Date: 5/25/17

Close Date: 6/8/17

Close Time: 13:30

Status: Closed

Solicitation Description:

Total of Header Attachments: 1

Total of All Attachments: 1



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

**State of West Virginia
 Solicitation Response**

Proc Folder : 330243

Solicitation Description : Addendum No. 1 - Professional Auditing Services for UP

Proc Type : Central Master Agreement

Date issued	Solicitation Closes	Solicitation Response	Version
	2017-06-08 13:30:00	SR 1300 ESR06071700000006153	1

VENDOR
VS0000005676 Discovery Audit Services LLC

Solicitation Number: CRFQ 1300 STO1700000006

Total Bid : \$0.00 **Response Date:** 2017-06-07 **Response Time:** 16:07:49

Comments:

FOR INFORMATION CONTACT THE BUYER
 Tara Lyle
 (304) 558-2544
 tara.l.lyle@wv.gov

Signature on File	FEIN #	DATE
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All offers subject to all terms and conditions contained in this solicitation

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Audit services	0.00000	LS		

Comm Code	Manufacturer	Specification	Model #
84111600			

Extended Description :	Audit services
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Comments: Fees are set by the state.



Request for Qualification – CRFQ STO1700000006
Professional Auditing Services
State of West Virginia
WV State Treasurer’s Office (“STO”)
Unclaimed Property Division

Respondent:
J. King Woolf, III
Discovery Audit Services, LLC
12012 Bricksome Ave.
Baton Rouge, LA 70816
(225) 928-9175
www.discoveryauditservicesllc.com

May 25, 2017

Ms. Tara L. Lyle
Department of Administration, Purchasing Division
West Virginia State Treasurer's Office
2019 Washington Street East
Charleston, WV 25305-0130

Dear Ms. Lyle:

Thank you for the opportunity to submit this proposal to serve as a vendor for Professional Auditing Services to provide examinations of unclaimed property Holders' records for the West Virginia State Treasurer's Office, Unclaimed Property Division ("STO") in accordance with CRFQ STO1700000006. This proposal is presented by Discovery Audit Services, LLC ("DAS"), a limited liability corporation and sole proprietorship, and sister company to Revenue Recovery Group, Inc.(RRG), both owned by King and Christine Woolf. Main headquarters is located at 12012 Bricksome Avenue, Baton Rouge, Louisiana.

Over the past twenty-seven years, DAS and RRG combined have completed over 51,400 examinations of businesses on behalf of government clients. Audit teams have over 500 combined years of audit experience. The firms have discovered and detailed \$276,836,568 to their government clients. Of the 51,400 examinations completed, 6 have been litigated. The court agreed with us in 5 of the 6 cases. DAS was formed in 2006 in response to numerous states soliciting us to assist in unclaimed property examinations.

The mission of Discovery Audit Services, LLC ("DAS") is to represent Clients in their efforts to identify, document, and receive escheatable property from holders in a professional, accurate, efficient, and sensitive manner.

Discovery Audit Services, LLC personnel have more than 27 years of experience in providing auditing services to state clients. DAS audit teams are led by personnel with advanced degrees in accounting. The Audit Manager has completed the Louisiana State University's Center for Internal Auditing Program (CIA), a program nationally recognized for its excellence.



DAS personnel have education / experience in forensic auditing, computer assisted auditing, and statistical sampling and have been trained in all phases of unclaimed and abandoned property law, including case law, Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), National Association of State Treasurers (NAST), and National Association of Unclaimed Property Administrators (NAUPA) resolutions and commitments on performing audits specifically for unclaimed and abandoned property. Audits are performed in accordance with standards of the American Institute of Certified Public Accountants (AICPA) and the United States General Accounting Office (USGAO).

For over 11 years, Discovery Audit Services has performed abandoned property discovery and auditing services exclusively for state clients. DAS discovery and examinations have detailed \$49,155,607 which has been returned to owners and/or collected and remitted to states. DAS performed five hundred thirteen

(513) total completed audits, with three hundred twenty-seven (327) of those holder examinations occurring in the past 5 years for 24 client states currently under contract – all without one legal challenge or adverse consequence to our clients.

Discovery Audit Services' diverse experience and capabilities facilitate the efficient, effective, and thorough evaluation of compliance in a wide range of industries. In addition to traditional general ledger and securities audits that firms typically perform, DAS believes that Contractor-Assisted Self-Audits (CASA) will also increase compliance with the states' unclaimed property laws.

DAS has performed unclaimed property examinations of financial institutions, oil and gas, insurance, healthcare, manufacturing, construction, and numerous other industries. Audits include mid-size up to the Fortune 100 in these industries. The audit staff's demonstrated experience in understanding and navigating the general ledger has resulted in timely, fair evaluations of holder compliance with zero ("0") unresolved disputes, nor negative ratings from the holder community.

DAS believes its extensive experience in performing examinations of Oil and Gas holders will be of particular interest to West Virginia. DAS has successfully completed Oil and Gas examinations of holders on behalf of Texas, Louisiana, New Mexico, North Dakota, Montana, Wyoming, Maryland, Arkansas, and Mississippi. We believe we are well equipped to impact compliance for those oil and gas holders operating in the southern half of the Marcellus Shale deposits. We have identified the firms operating in the Marcellus Shale and we have experience with many of them.

82% of DAS audits have been completed in 18 months or less. A part of company focus is educating and assisting holders to be compliant in state unclaimed property laws. As a result, total property includes both property returned to owners and property escheated to the state resulting from a DAS audit.

Since DAS was founded in 2006, not one of the 513 examinations completed for our 24 state clients has been litigated by a holder. We believe in fair, uniform, objective, and professional treatment of holders. Our consistent performance, professionalism, attention to detail, and results working with the holder community to resolve issues before they escalate demonstrate that DAS is a responsible choice to meet the Treasurer's objectives and the requirements of CRFQ STO1700000006.

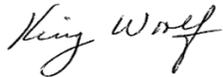
DAS continues to build its audit program and invest in new resources and tools to better serve our clients. DAS' experience in auditing many of the largest global companies evidences its ability to effectively analyze large data sets otherwise known as "big data." The audit staff has been trained, and has demonstrated capability to efficiently analyze large, disparate data sets and manipulate to a more auspicious format. DAS auditors understand how to effectively utilize various automated applications in analyzing large dataset. In addition to Microsoft Office tools such as Excel and Access, our firm utilizes the IDEA software package and MTC estimation software when necessary and only when pre-approved by the client. These tools allow our auditors to efficiently, effectively and practically analyze large datasets thereby minimizing excessive burden on the holder as well as facilitating the timely turnaround of examinations.

Neither DAS or RRG has been subject to any criminal or regulatory investigations resulting in adverse action. DAS has the required professional liability/malpractice/errors and omissions and cyber liability

insurance as required in the RFQ, and has sufficient financial resources to perform over the contract term. We have carefully read the RFQ, fully understand its intent and requirements, and can certify to our compliance in every respect.

Thank for your consideration. We look forward to the opportunity to assist the Treasurer in reuniting property with the citizens of West Virginia. If you should have any questions regarding this response, I am the person legally authorized to bind this company and can personally be reached via email: kingwoolf@aol.com or phone: 225.266.1385.

Respectfully submitted,

A handwritten signature in cursive script that reads "King Woolf".

King Woolf
President, Founder, Owner and Contact Person
Discovery Audit Services, LLC (DAS)
12012 Bricksome Ave.
Baton Rouge, LA 70816
225-266-1385
225-928-9176 fax
kingwoolf@aol.com
www.discoveryauditservicesllc.com

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3. Qualifications

3.1. Organization

Legal Entity:

This proposal is presented by Discovery Audit Services, LLC (“DAS”), a limited liability corporation and sole proprietorship, and sister company to Revenue Recovery Group, Inc.(RRG), both owned by King and Christine Woolf. This WV project will be managed from DAS’ corporate office at 12012 Bricksome Ave., Baton Rouge, LA 70816.

RRG has been engaged in sales and use tax auditing since 1989. The primary area of expertise of RRG is business tax discovery and examination services provided exclusively to state and local tax agencies in Colorado and Louisiana. Although separate legal entities, the two companies share resources and personnel as applicable. The technical audit staffs are separate and only work in their designated sections.

Our unclaimed property program initially began with RRG and the State of Louisiana’s Unclaimed Property Division. In response to repeated solicitations by other states, DAS was formed several years ago to exclusively provide discovery audit services for abandoned and unclaimed property to states. It has never, and has no plans to ever, provide services to Holders. DAS represents roughly one third of the combined RRG/ DAS business. DAS personnel who impact the DAS program total thirteen (13) employees. DAS is expanding its staffing at the time of this proposal, and will continue to expand its personnel resources to include individuals with the same quality that we have provided our 24 other clients for over 11 years.

Proposal / Contract / Project Contacts:

President, owner, and founder, J. King Woolf, III, is the person authorized to answer questions concerning this proposal and conduct contract negotiations. The company’s articles of incorporation set forth the duties and responsibilities of its officers and empower Mr. Woolf to conduct business on behalf of DAS.

Overview

Over the past twenty-seven years, DAS and RRG combined have completed over 51,400 examinations of businesses on behalf of government clients. Audit teams have over 500 combined years of audit experience. The firms have discovered and detailed \$276,836,568 to their government clients. Of the 51,400 examinations completed, 6 have been litigated. The court agreed with us in 5 of the 6 cases. DAS was formed in 2006 in response to numerous states soliciting us to assist in unclaimed property examinations. Due to its geographical location in Louisiana, and its close proximity to Texas, both DAS and RRG have had extensive experience over the past twenty-seven years examining oil and gas firms for unclaimed property, sales/use tax, and severance tax compliance.

Discovery Audit Services, LLC personnel have more than 27 years of experience in providing auditing services to state clients. DAS audit teams are led by personnel with advanced degrees in accounting.

The Audit Manager has completed the Louisiana State University's Center for Internal Auditing Program (CIA), a program nationally recognized for its excellence.

DAS personnel have education / experience in forensic auditing, computer assisted auditing, and statistical sampling and have been trained in all phases of unclaimed and abandoned property law, including case law, Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), National Association of State Treasurers (NAST), and National Association of Unclaimed Property Administrators (NAUPA) resolutions and commitments on performing audits specifically for unclaimed and abandoned property. Audits are performed in accordance with standards of the American Institute of Certified Public Accountants (AICPA) and the United States General Accounting Office (USGAO).

<i>Respondent and Project Contact Information</i>	Mr. King Woolf, President (Principal) Discovery Audit Services, LLC 12021 Bricksome Avenue Baton Rouge, Louisiana 70816 www.discoveryauditservicesllc.com
<i>Website</i>	225.928.9175 (business) 225.266.1385 (cell) 225.928.9176 (fax) kingwoolf@aol.com
<i>Business Focus</i>	Identify, document, and facilitate timely collection and transfer of escheatable property from holders of the property to the state and ultimately to its owner.
<i>Company Information</i>	Limited Liability Company incorporated in the State of Louisiana FEIN: 74-3207240
<i>Services</i>	Professional Auditing Services Firm with over ten (10) years of experience specializing in unclaimed property discovery and audit in multiple industries for 24 governmental entities.
<i>Affiliated Company</i>	Revenue Recovery Group, Inc. (“RRG”) 12012 Bricksome Avenue Baton Rouge, LA 70816 While DAS and RRG are both wholly owned and operated by King and Chris Woolf, they are legally separate entities.
<i>Corporate Location</i>	12012 Bricksome Ave. Baton Rouge, LA 70816
<i>Other Office Locations</i>	29138 Crested Butte Drive Katy, TX 77494 530 Broken Feather Trail Pflugerville, TX 78660
<i>Insurance and Bonding</i>	Arthur J. Gallagher Risk Management Services, Inc. 235 Highlandia Drive, Suite 200 Baton Rouge, LA 70810 Tel: (225) 906-1271 Fax:(225) 292-3893

Corporate Mission Statement

The mission of DAS is to represent state governments in their efforts to identify, document, and receive escheatable property from holders in a professional, accurate, efficient, and sensitive manner.

Written Certification Statement on Minimum Qualifications

Our present system has all the resources necessary to provide unclaimed property examination services to the West Virginia Treasurer as required. Additionally, DAS has demonstrated it has the ability, qualifications, resources, and experience to provide the services requested in this RFQ in a professional manner and to represent the State of West Virginia's State Treasurer's ("Treasurer") office with integrity and unquestionable ethics.

Present System Technical Knowledge

The DAS Audit Managers and staff have developed the experience and expertise, working closely with our existing state clients and legal staff, to apply state and / or federal legislation regarding which state has the right to escheat property and in interpreting applicable laws relating to unclaimed property. Staff is qualified to apply the holdings of the U.S. Supreme Court in Texas v. New Jersey, 379 U.S. 675 (1965), Pennsylvania v. New York, 407 U.S. 206 (1972), and Delaware v. New York, 507 U.S. 490 (1993), to the audit issues that will be encountered. Furthermore, the Audit Managers and staff have reviewed and have knowledge of the West Virginia Statutes relating to all categories of unclaimed property.

The DAS Audit Managers and all audit staff have the technical knowledge of Generally Accepted Accounting Principles (GAAP) and General Accepted Audit Standards (GAAS) and are qualified to apply those as they apply to West Virginia Statutes.

Written Certification Statement Verifying Relevant Practical Experience.

DAS certifies its audit staff has practical experience in auditing, financial statement preparation, and general ledger account review as related to unclaimed property.

DAS personnel have education / experience in forensic auditing, computer assisted auditing, and statistical sampling and have been trained in all phases of unclaimed and abandoned property law, including case law, Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), National Association of State Treasurers (NAST), and National Association of Unclaimed Property Administrators (NAUPA) resolutions and commitments on performing audits specifically for unclaimed and abandoned property. Audits are performed in accordance with standards of the American Institute of Certified Public Accountants (AICPA) and the United States General Accounting Office (USGAO).

Demonstration of Present System Capability and Results

DAS has demonstrated its ability to evaluate holder compliance of all holder types, to include financial institutions, insurance, healthcare, transportation, oil and gas, construction, and manufacturing companies for multiple states. Our firm has examined the records and evaluated compliance of numerous of the largest corporations in the United States and worldwide, including Fortune 100 companies in the oil and gas, insurance, banking, and healthcare industry.

Written Certification Verifying Vendor's Compliance with W.Va. Unclaimed Property Act

DAS certifies it complies with the unclaimed property requirements of W.Va. Code §36-8-1, et seq., effective as of July 1, 1997. DAS provides this same service to 24 state clients and has the knowledge and skill to apply West Virginia's property law to holders subject to West Virginia statutes.

For over 11 years, Discovery Audit Services has performed abandoned property discovery and auditing services for state clients resulting in \$49,155,607 returned to owners and/or collected and remitted to states. The DAS Audit Manager and staff have developed the experience and expertise, working closely with our existing state clients and legal staff, to apply state and / or federal legislation regarding which state has the right to escheat property and in interpreting applicable laws relating to unclaimed property.

Written Certification of Audit Experience.

DAS certifies it has at least three (3) years of audit experience in unclaimed property.

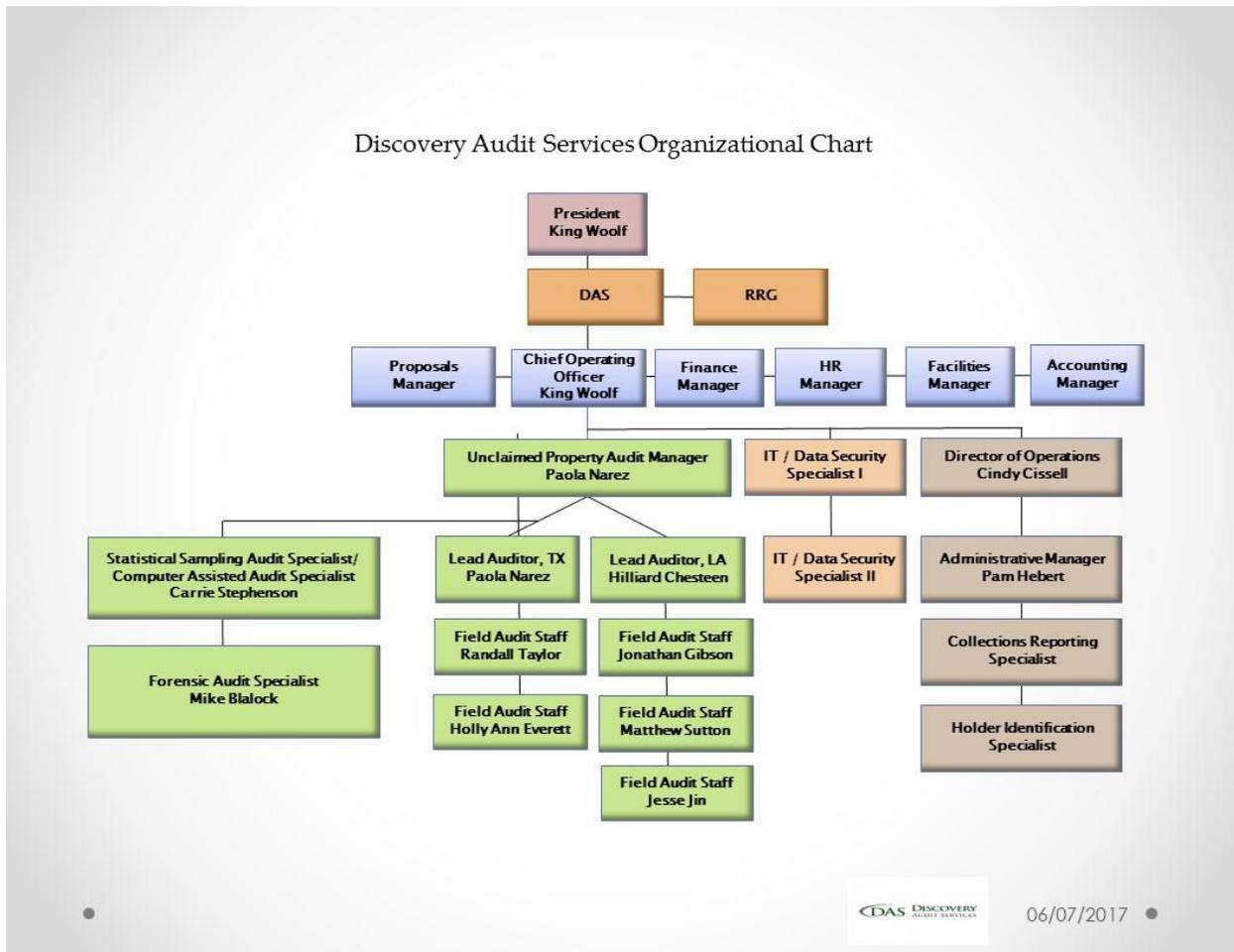
The information provided in this section demonstrates that DAS has over ten (10) years of experience providing unclaimed property discovery and examination services for other state clients. DAS first started performing abandoned and unclaimed property audits with the State of Louisiana in 2006. This relationship has continued as DAS has grown to add 23 more clients over the years.

The requirements by the twenty-four existing states DAS has engaged in are very similar to what is presented in the RFQ. Once a holder has been selected and approved by the holder for audit, other client states are given the opportunity to join the audit. The clients are comfortable participating in coordinated audits for medium and large businesses for compliance. Several of them are at various stages of approving locally domiciled companies for audit. These audits are often smaller in overall scope than large multi-state companies, but the impact on voluntary compliance can be significant.

DAS Current State Unclaimed Property Contracts*			
• Colorado	• Maine	• New Hampshire	• Texas
• Delaware	• Maryland	• New Mexico	• Utah
• Florida	• Massachusetts	• North Dakota	• Virginia
• Idaho	• Minnesota	• Oregon	• Washington
• Kentucky	• Missouri	• South Carolina	• Wisconsin
• Louisiana	• Montana	• Tennessee	• Wyoming

*as of 5/2017

Audit Personnel List: Current organizational chart listing all audit personnel



3.2. Licenses

DAS is properly licensed and in good standing with all regulatory and governmental entities. DAS is a registered vendor with the West Virginia Purchasing Division and has paid the \$125 fee. Upon contract award, DAS will register with all applicable regulatory and governmental entities in West Virginia. A Certificate of Good Standing in the State of Louisiana is in Appendix F.

3.3. Location

DAS is properly licensed and in good standing with all regulatory and governmental entities in which it currently does business. Upon contract award, DAS will be authorized to conduct business in the State of West Virginia. All assets and data relating to the STO will be maintained at a facility located in the State of Louisiana at 12012 Bricksome Avenue in Baton Rouge, LA.

This location also houses DAS' sister company RRG, a company that specializes in professional tax auditing for local and state governmental entities.

3.4. Quality Control Review Litigation

Since DAS was founded in 2006, not one of the 513 examinations completed for our 24 state clients has been litigated by a holder. We believe in fair, uniform, objective, and professional treatment of holders. We have been successful in working with the holders and their advocates in a collaborative manner, the goal being to reach the exit interview in agreement on the examination findings. This approach has been very effective for 27 years. The results speak for themselves. Our consistent performance, professionalism, attention to detail, and results working with the holder community to resolve issues before they escalate demonstrate that DAS is a responsible choice to meet the Treasurer's objectives and the requirements of CRFQ STO1700000006. It is our expectation that clients will review our audit findings and reports prior to assessment. To date, audit findings and reports delivered to states have not resulted in any reports of negative reviews by our state clients. There has been no litigation. We trust these results are sufficient in establishing a positive result with respect to our work. We are available to discuss this in more detail with STO prior to contract award.

3.5. References

COMPANY NAME	CONTACT NAME	EMAIL ADDRESS	TELEPHONE NUMBER
Louisiana State Treasury Office, Dept. of Unclaimed Property	Ms. Kathleen Lobell	klobell@treasury.state.la.us	(225) 219-9377
Texas Comptroller of Public Accounts	Ms. Valerie Davis	Valerie.davis@cpa.texas.gov	(512) 463-4269
North Dakota Dept. of Trust Lands	Ms. Susan Dollinger	sdollinger@nd.gov	(701) 328-2806

Client Characteristics

The information provided in this section demonstrates that DAS has eleven years of experience providing unclaimed property discovery and examination services for other state clients. The requirements by the twenty-four existing states DAS has engaged in are very similar to what is presented in the RFQ.

Once a holder has been selected and approved by the holder for audit, other client states are given the opportunity to join the audit. The clients are comfortable participating in coordinated audits for medium and large businesses for compliance. Several of them are at various stages of approving locally domiciled companies for audit. These audits are often smaller in overall scope than large multi-state companies, but the impact on voluntary compliance can be significant.

DAS Current State Unclaimed Property Contracts*			
• Colorado	• Maine	• New Hampshire	• Texas
• Delaware	• Maryland	• New Mexico	• Utah
• Florida	• Massachusetts	• North Dakota	• Virginia
• Idaho	• Minnesota	• Oregon	• Washington
• Kentucky	• Missouri	• South Carolina	• Wisconsin
• Louisiana	• Montana	• Tennessee	• Wyoming

*as of 5/2017

<u>Client:</u>	<u>Contact/Title:</u>	<u>Email Address/Phone Number:</u>
<u>Colorado</u> Colorado Department of the Treasury, Unclaimed Property Division	Ms. Patty White, Program Director	Patty.white@state.co.us (303) 866-6070
<u>Delaware</u> Delaware Department of Finance, Bureau of Unclaimed Property	Ms. Michelle Sullivan, Unclaimed Audit Manager	MichelleM.Sullivan@state.de.us (302) 577-8776
<u>Florida</u> Department of Financial Services	Mr. Theodore “Barry” Williams, Financial Examiner, Analyst Supervisor	Theodore.williams@myfloridacfo.com (904) 485-9541
<u>Idaho</u> Idaho State Treasurer’s Office, Unclaimed Property	Ms. Cozette Walters, Administrator	Cozette.walters@sto.idaho.gov (208) 332-2979
<u>Kentucky</u> State Treasury Office, Department of Unclaimed Property	Ms. Samara Heavrin Unclaimed Property, Division Director	Samara.heavrin@ky.gov (502) 564-8860
<u>Louisiana</u> State Treasury Office, Department of Unclaimed Property	Ms. Kathleen Lobell, Director of Unclaimed Property	klobell@treasury.state.la.us (225) 219-9377
<u>Maine</u> Office of the State Treasurer, Unclaimed Property	Mr. Timothy Rodriguez, Director of Internal Operations	Timothy.rodriquez@maine.gov (207) 624-7460

<p><u>Maryland</u> Comptroller of Maryland</p>	<p>Mr. Eric Eichler, Manager, Unclaimed Property</p>	<p>eeichler@comp.state.md.us (410) 767-1812</p>
<p><u>Massachusetts</u> Commonwealth of Massachusetts, Office of the Treasurer and Receiver General</p>	<p>Mr. Mark Bracken, Assistant Treasurer and Director of Unclaimed Property Division</p>	<p>mwbracken@tre.state.ma.us (617) 367-0400</p>
<p><u>Minnesota</u> Department of Commerce</p>	<p>Mr. Scott Halvorson, Unclaimed Property Director</p>	<p>scott.t.halvorson@state.mn.us (651) 539-1500</p>
<p><u>Missouri</u> Office of the Missouri State Treasurer Clint Zweifel</p>	<p>Mr. Scott Harper, Director of Unclaimed Property & General Services</p>	<p>Scott.harper@treasurer.mo.gov (573) 751-2082</p>
<p><u>Montana</u> State of Montana, Dept. of Revenue, UP Division</p>	<p>Mr. Mark Schoenfeld, Unit Manager, Miscellaneous Taxes</p>	<p>mschoenfeld@mt.gov (406) 444-7997</p>
<p><u>New Hampshire</u> State of New Hampshire Treasury</p>	<p>Mr. Thomas McAnespie, Abandoned Property Director</p>	<p>tmcanespie@treasury.state.nh.us (603) 271-1499</p>
<p><u>New Mexico</u> NM Taxation & Revenue Department</p>	<p>Ms. Stephanie Dennis, Supervisor of STP&S and UP</p>	<p>Stephanie.dennis@state.nm.us (505) 827-0762</p>
<p><u>North Dakota</u> Department of Trust Lands</p>	<p>Ms. Susan Dollinger, Unclaimed Property Administrator</p>	<p>sdollinger@nd.gov (701) 328-2806</p>

<u>Oregon</u> Department of State Lands	Mr. Patrick Tate, Trust Property Manager	Patrick.tate@state.or.us (503) 986-5200
<u>South Carolina</u> SC Office of the State Treasurer	Ms. Dayle DeLong, Senior Assistant State Treasurer	dayle.delong@sto.sc.gov (803) 734-2683
<u>Tennessee</u> Tennessee Treasury Department, Unclaimed Property Division	Mr. John Gabriel, Director	John.gabriel@tn.gov (615) 253-5354
<u>Texas</u> Texas Comptroller of Public Accounts	Ms. Valerie Davis, Contract Manager, Unclaimed Property	Valerie.davis@cpa.texas.gov (512) 463-4269
<u>Utah</u> Utah State Treasurer's Office	Mr. Scott Healy, Audit Manager	shealy@utah.gov (801) 715-3305
<u>Virginia</u> Virginia Department of the Treasury	Ms. Melinda Barbish, CPA, Auditing-Accounting Manager	Melinda.barbish@trs.virginia.gov (804) 225-2515
<u>Washington</u> Washington State Department of Revenue	Ms. Barbie Proffitt, UCP Audit Manager	barbiep@dor.wa.gov (360) 534-1480
<u>Wisconsin</u> Wisconsin Department of Revenue	Ms. Julie Lawrence, Nexus Specialist	julie.lawrence@revenue.wi.gov (608) 266-8920
<u>Wyoming</u> Wyoming State Treasury Office	Ms. Lachelle Brant, Unclaimed Property Director	lachelle.brant2@wyo.gov (307) 777-5590

3.6. Experience

Technical Approach

Summary of Present System Methodology and Work Plan

AUP Program Overview

DAS is a nationally recognized provider of abandoned and unclaimed property auditing (“AUP”) services. We currently work on behalf of twenty-four (“24”) States and await response from three (“3”). Our firm provides a wide scope of AUP examination options to clients and holders, to include Contractor Assisted Self Audits (“CASA”), desk and field audits, as well as general ledger and securities audits.

In our capacity as a reliable resource for our clients, during the examination process DAS provides holder education and guidance specific to the holder’s circumstances, increasing the likelihood for future compliance post examination. These contributions have positively impacted client relationships and built trust in the holder community.

In our experience of conducting examinations on a wide range of holders, DAS has discovered that while many of the larger holders are reporting and mid- to smaller sized holders are either under-reporting or not reporting at all, a pervasive issue of the holder community is misinterpretation of State Statute and/or incognizance of computer application exceptions that impedes the holder ability to file. Our firm has demonstrated consistently that it has the experience, technology, and resources to evaluate holder compliance in an efficient and effective manner.

In addition to the standard requests of which firms are required to submit to clients for approval, DAS has examined client-identified holders. These holders are generated from anonymous complaints, whistleblowers, and other egregious occurrences. While many of the larger and mid-sized firms lack the capacity and/or willingness to perform such examinations, DAS has demonstrated its ability to take on such requests in addition to approved examinations without compromising its standards and cycle times.

DAS has developed its processes and procedures to accommodate the most demanding of clients’ standards and requirements. Clients often stress different aspects of the service. DAS incorporates the more intense requirements from each client into its delivery of service to all clients. The ultimate result of this activity is a highly comprehensive and thorough evaluation of holder compliance. A description of the varying examination options is delineated throughout our work plan.

Summary of Present System Methodology and Work Plan



Present System Discovery and Audit Process Summary

Following execution of the contract and prior to any action, DAS will request a phone meeting with the appropriate Treasurer staff. This meeting will take no more than one hour. The purpose of that meeting will be to confirm the expectations of the state, policy, procedures, and communication preferences that will drive how DAS proceeds with executing its services. This reinforcement provides clarity to DAS so that it can be sure to continue to proceed in a manner consistent with the expectations of the Treasurer, and to make any needed adjustments.

DAS's examination methodology is designed to reduce interruption to holder's normal operations, minimize cycle time of unclaimed property examinations, educate the holder, deliver a report consistent with the code, and secure understanding and agreement by the holder. We have leveraged over twenty-seven years of auditing experience, and ten years of multi-state / multi-industry unclaimed property examination experience to limit document requests to essential, useful records. The result is a comprehensive data request that is provided to holders by industry and submitted to the holders within fifteen to thirty days of notice of examination receipt. The request of summary, source and referential accounting records minimizes the need to make excessive subsequent requests to the holder, thereby reducing holder interruption. The result of this approach is evident in the fact that, of the 513 completed audits, our firm has never received a negative survey or complaint regarding examination turnaround time.

Upon receiving the audit assignment DAS audit staff will contact the holder within twenty-one days. There will be an agreement between the DAS auditor and the holder as to when the requested data will be made available to DAS. This agreement will occur within forty-five days from the opening conference. In the event the holder misses agreed upon due date for data delivery, the auditor will follow up with the holder within seven days of the agreed upon due date. These elements are tracked for each audit assigned to DAS. They are used for personnel evaluation purposes.

DAS has demonstrated its ability to complete examinations in an efficient cycle time. In our ten-year history of conducting unclaimed property examinations, absent holder or advocate delay and/or reluctance in providing data, our firm has completed examinations of various industries in six to eighteen months. Furthermore, a vast majority of these examinations have resulted in material discoveries of which the holder and auditor agreed upon. Of the 513 audits, we have completed 82% within six to eighteen months. We manage what we control efficiently. Cycle time delay is most often the result of the holder or holder advocate, and includes delays in 1) Confidentiality agreements, 2) Production of the records requested and necessary to complete the report, and 3) Requests to materially extend due diligence deadlines.

The Technical Audit Approach outlines the major activities and comprehensive management plan from initial research and identification to reporting and collection that DAS will use to implement, coordinate, and accomplish the work. From the point of contact, the holder will have a clear understanding of the process, the documentation required, and an adequate and appropriate timeline for delivery. There will be no unexpected surprises. All of these policies and procedure work to ensure minimal disruption to the holder's regular business activities. Each audit will be tracked from assignment to submission of the audit report and transfer of property to the State. The time duration of each milestone for each assigned audit will be measured and managed internally using a Work-In-Process Reporting System also outlined in subsequent paragraphs. Milestones include assignment, initial holder conference, acquisition of data,

audit completion, holder exit conference, revisions, audit review, acquisition of property, and transfer of property to the Treasurer. Standards are established for the time required for attainment of each milestone. Where the standard is exceeded, management will seek to determine the cause of the delay and assist the auditor where necessary to move the file to the next step. This process is systematic and real time. The goal of this structure is to efficiently move each audit in a timely and efficient manner through each step of the process.

Present System Identification of Holders

DAS understands and acknowledges that it will be responsible for identifying entities believed to be holding property due to the citizens of the State of West Virginia. The selection of audit candidates leverages ten years of unclaimed property audit selection experience and twenty-seven years of audit selection experience for state and local clients on the tax and revenue side.

DAS understands the goal of this project is to:

1. Identify holders holding unclaimed property subject to the State's Unclaimed Property Law,
2. Evaluate and examine the holders' records with minimal interruption to the holder's business,
3. Educate the holder to facilitate future timely and voluntary compliance, and
4. Prepare and submit detailed reports of reportable unclaimed property to the State so that it may be reunited with its owner as promptly as possible.

DAS has demonstrated over the past ten years that we have the experience and resources to provide the service by performing in a manner consistent with Treasurer's expectations. We will achieve success by following the systematic work plan as identified in the Technical Audit Approach section which follows later in this section.

DAS shall independently research and identify holders of unclaimed property who have never reported unclaimed property, who have not adequately reported unclaimed property to Treasurer or the State, or who have not been examined within the authorized examination period per State Statute, and perform all of the services according to the expectations, requirements and guidelines of this RFQ.

The selection of audit candidates is a process that is impacted by a number of variables. It is both art and science. It is informed by experience, and continues to improve and shift over time as the economy evolves.

The following is a list of research criteria utilized in, however not limited to, identification of holders:

- State of Corporate Domicile and/or incorporation
- Date of Incorporation and/or inception
- Holder External & Internal Industry Analysis
- Revenues and Sales over sequential periods of time
- Merger & Acquisition history
- Company size and structure
- Geographic location and applicable demographics
- Holder Reporting History
- Previous examinations, if applicable

- Reliable reference publications
- Reliable trade publications
- State's extracted data review

DAS staff also utilizes internet research from various resources such as the holder company websites, Hoovers, and Secretary of State. Report history and previous audit information may be requested from the Treasurer.

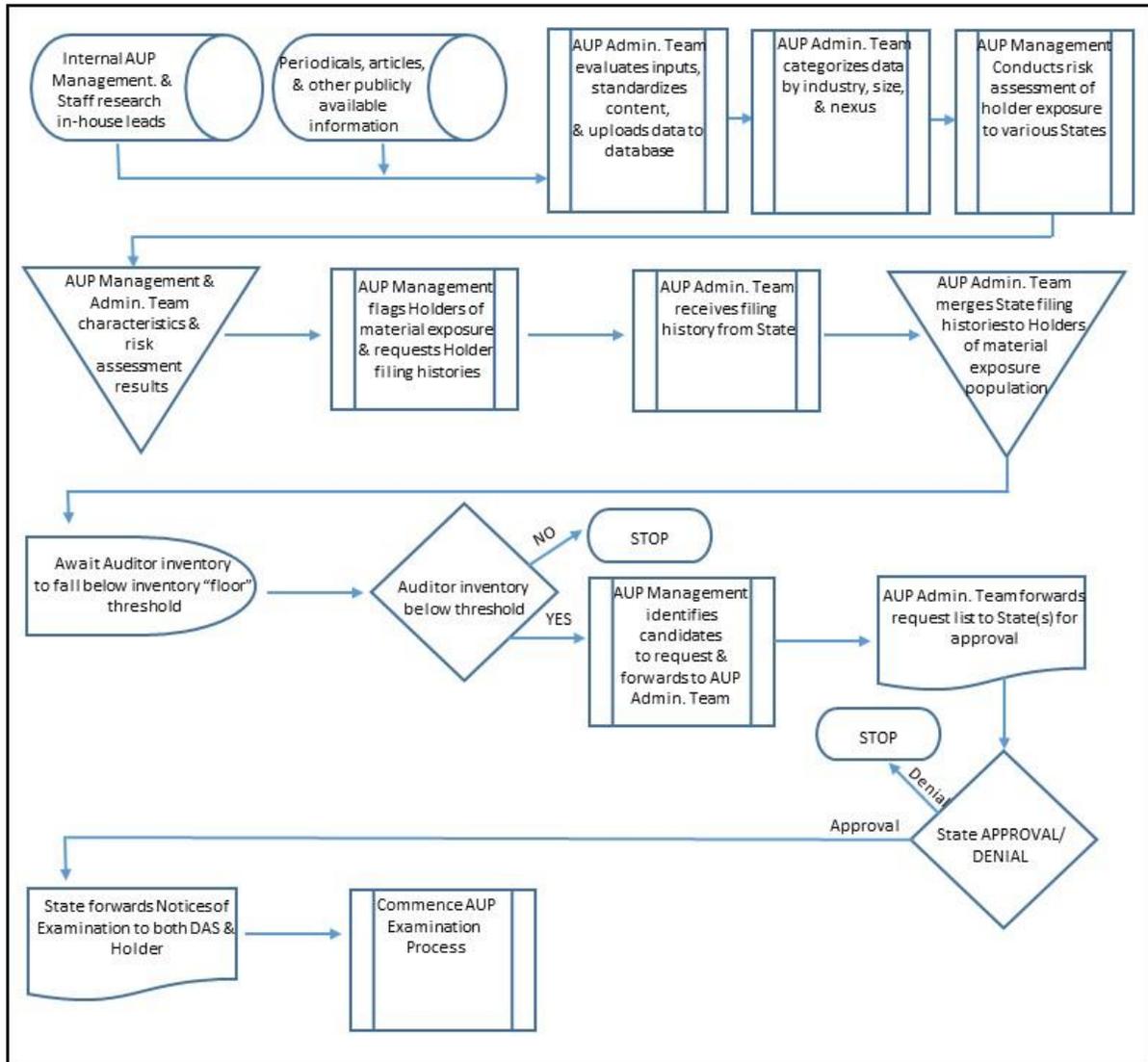
A majority of the information is gathered through reliable resources such as government geographic information systems (GIS), SEC.gov, FDIC.gov and holder regulated filings. Once the aforementioned criteria have been amassed into a central repository, the following steps are taken:

1. Identify and upload the population of potential candidates to the AUP central database.
2. Segregate candidates by industry and property type(s) of which they are highly susceptible to generating.
3. Conduct a detailed risk assessment tabling both holder exposure and variables of impact of which the holder is subject.
4. Request and review holder reporting histories provided by the State, as well as other publicly available data for high exposure candidates.
5. Flag candidates of which have been identified as high risk based upon DAS Risk Assessment, State provided filing histories, and other publicly available data.
6. Extract flagged candidates with high risk of generating and/or under reporting unclaimed property
7. Submit candidates and confer further with State, if necessary, on basis of which holder has been selected.

DAS will not utilize confidential information provided by a holder to solicit other states to participate in an ongoing examination. Once DAS receives confidential information from a holder, DAS will not solicit any additional states to participate in the examination of that holder.

Please see the following for a graphical presentation of our present system identification process:

Holder Identification Process



Present System Audit Request Process

DAS shall work with the Treasurer in gaining an understanding of their authorization and approval schedules and furthermore align our processes with their expectations. While our firm's candidate background is highly extensive and comprehensive, DAS shall modify its deliverable to the meet State expectation where necessary.

After thoroughly evaluating the results of the identification criteria, a list of audit candidates is compiled and presented to the Treasurer for consideration by written request. Written requests will include information and contents related to the property holder including:

- Property holder's contacts
- Transfer agent
- Securities information if applicable
- Property types
- Audit selection criteria
- Methodology and information sources
- Participation of other states
- Timelines
- Internal tracking numbers
- Participation of other states
- Related subsidiary and parent information
- And any other data as required by the treasurer.

Our intent is to avoid the selection of any holder of which there is not a conspicuous, highly probable existence of noncompliance. Furthermore, our firm exhausts every effort in limiting the requests to holders of which noncompliance is of material nature. Some examples of scenarios that fulfill the aforementioned conditions follow:

- Holder does not file unclaimed property reports with the State
- Property types reported by holder are not consistent with its industry
- Holder historically misfiles with various States
- Global industry incognizance of unclaimed property liability of certain property types

Industries of Focus

While the identification and selection of holders of unclaimed property shall not be limited to any particular industry, we have noted over time certain industries appear to have systemic issues of non-compliance. Whether intentional or due to a lack of understanding, or of resources, we note that these systemic issues are material, and the public good is served well by an ethical, efficient, and accurate examination, education, and reporting process.

DAS has demonstrated its ability to evaluate holder compliance of all holder types, to include financial institutions, insurance, healthcare, transportation, oil and gas, construction, and manufacturing companies for multiple states. Our firm has examined the records and evaluated compliance of numerous

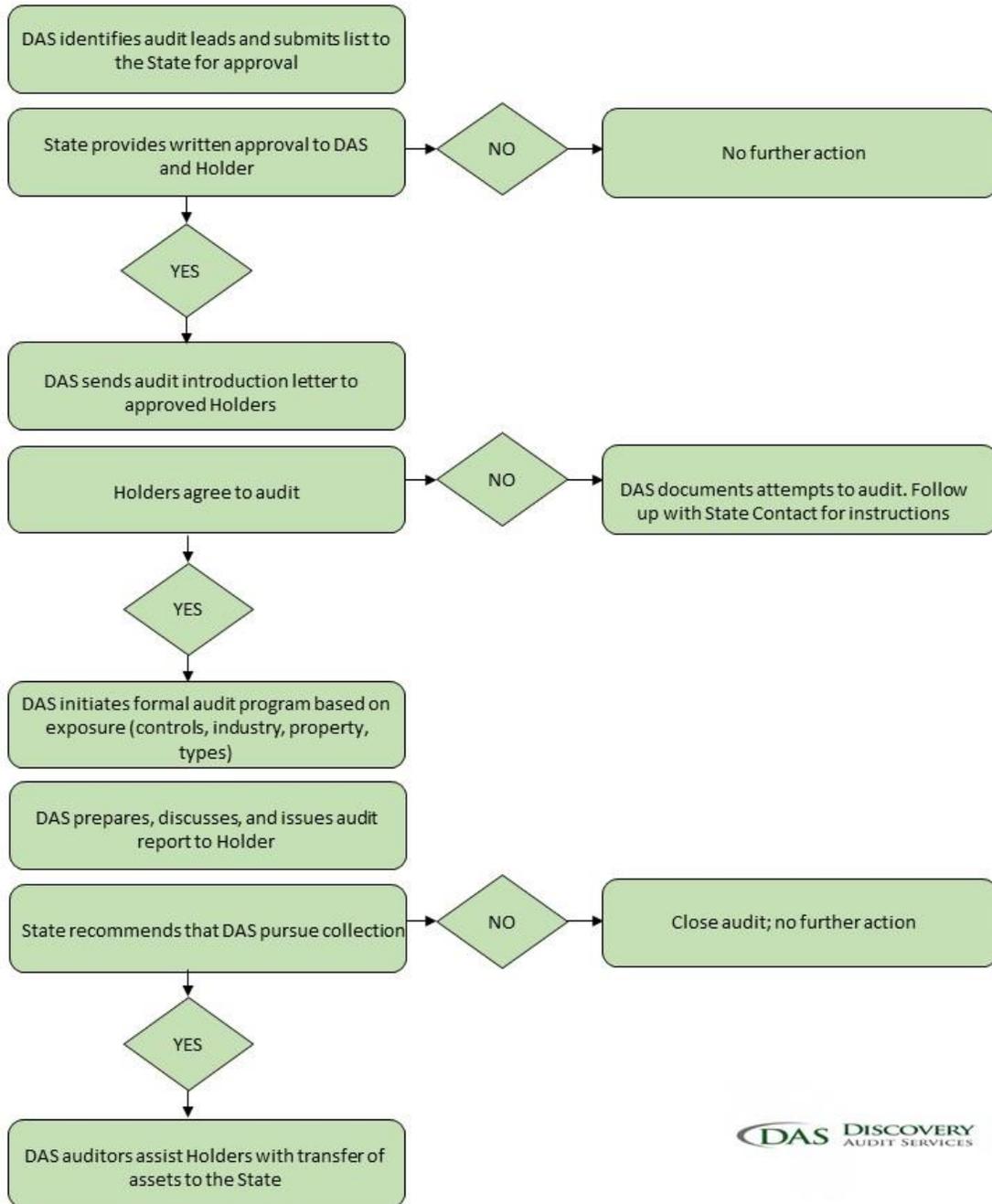
of the largest corporations in the United States and worldwide, including Fortune 100 companies in the oil and gas, insurance, banking, and healthcare industry.

DAS has extensive experience in performing examinations of Oil and Gas holders in a multi-state environment. DAS has successfully completed Oil and Gas examinations of holders on behalf of Texas, Louisiana, New Mexico, North Dakota, Montana, Wyoming, Maryland, Arkansas, and Mississippi. We are well prepared to impact compliance for those oil and gas holders operating in the southern half of the Marcellus Shale deposits located in West Virginia. We have identified the firms operating in the Marcellus Shale and we have direct experience with many of them. Our staff is experienced, and has access to oil and gas knowledge and expertise developed over 27 years of examining Oil and Gas companies. We have identified industry-wide systemic compliance issues.

Upon written approval for audit, a Notice of Examination will be issued to the holder by the State of West Virginia, or by DAS as the Treasurer directs. Examinations will be selected and requested on a multi-state basis. The types of audits will be selected from key industries with holders identified as having operations likely to generate unclaimed property due to multiple states. DAS service staff will conduct a thorough examination of active industries and entities that have nexus with the State of West Virginia.

Present System for Audit of Holders

Discovery Audit Services, LLC (DAS) Audit Process



Present System Pre-Audit Planning Activities

DAS understands the importance of preliminary analysis and audit planning. The AUP Audit Manager and/or Lead Auditor is charged in ensuring that the audit staff has engineered a pre-audit plan. The pre-audit plan initiates when the auditor receives the audit file.

The AUP Administrative Manager compiles the audit file, and includes a vast amount of background information and analysis performed in the initial research. This data includes both publicly available information, as well as any information obtained from the State. An audit checklist applicable to the holder's industry is also provided to the auditor to ensure that standardized procedures are performed in tandem with any organic, uniquely warranted testing.

The auditor establishes contact and schedules the opening conference within seven ("7") days of receipt of the examination file. The point of contact, as well as any other participating parties, are identified in the call. Subsequent to the exchange of contact information, DAS and the holder confer on more constructive matters, such as, however not limited to:

1. Transfer of Documentation
2. Nondisclosure agreements
3. Control environment and structure applicable to AUP
4. Process owners and external source(s) of relevance

The auditor requests and reviews relevant, useful documentation prior to submission of any additional data requests. Annual reports, policies, procedures, and other AUP applicable documentation is also reviewed. An additional call is conducted prior to submission of the preliminary document request to address any inquiries or concerns of significance.

Upon conclusion of the preliminary analysis and audit planning exercise, the auditor generates a preliminary document request and forwards to the holder. The preliminary document request is engineered to encompass both the standardized industry-specific documents as well as documentation unique to the holder's AUP processes.

Present System Management of Process

For over 11 years, DAS has consistently demonstrated it can complete the audit cycle in a timely manner and file automated reports as required by its 24 governmental agency clients. It is DAS' goal to complete each audit and present the findings to the holder for diligence within nine months of receiving the data from the holder.

The Four Disciplines of Execution (4DX) is a flexible operating system that drives the process, including short-term goal setting, peer accountability, timely measurements, and prompt identification of items requiring action. DAS utilizes 4DX as an integral part of its management and operating system. Additionally, DAS has developed a Lean Value Stream Map, to demonstrate audit completion percentages using these disciplines.

Lean Value Stream Map

Management and Administration		
Audit Search	Audit Request	Audit Assignment



Auditors
1. Receive Audit
2. Preliminary Research
3. Entrance Conference/Initial Questionnaire
4. Records Review/Analysis
5. Identify AUP (Abandoned Unclaimed Property)
6. Schedule ARS (Audit Report Summary)
7. Instruct on Remittance/ Waiver Request
8. Forward File to Audit Manager



Management and Administration
9. Receive Audit File
10. Collect Fees / Invoice per Criteria
11. Close Audit

Conduct Examinations

Present System Technical Audit Approach

DAS understands the State's objective is to identify holders holding unclaimed property subject to the provisions of W.Va. Code §36-8-1, relating to all categories of unclaimed property. Our firm has demonstrated its ability to identify, examine, collect, and deliver unclaimed properties to our multiple client States over the past ten (10) years.

DAS is qualified to perform various services to the Treasurer applicable to unclaimed property compliance, to include:

- Evaluation of compliance via General ledger audit of the holder's records
- Securities Audits
- Contractor-Assisted Self Audits (See Appendix D).

DAS shall audit the financial records of unclaimed property holders, ensure compliance of all property types, complete audit reports, conduct on-going due diligence on audit findings during the course of the audit and review period, ensure the holder files the proper reports and remittance with the Treasurer, and identify the holder's state of incorporation and principal place of business.

DAS staff will prepare and submit detailed reports of reportable unclaimed property to the State of West Virginia, Treasurer's Office, so that it may be reunited with its owner as promptly as possible.

DAS shall notify the State in writing if a holder company files for bankruptcy before or during an approved audit. DAS' notification will include the date the bankruptcy was filed, the type of bankruptcy case, the bankruptcy court in which the case was filed, and the unclaimed property amount, if known.

DAS shall be available for in-person meetings with the Treasurer, as well as phone calls, conference calls, emails, and other communications as deemed necessary by the Treasurer. These communications with current state clients have been extremely productive in resolving issues and defining strategy early on in the process.

DAS has demonstrated to current state clients that we will consistently engage the holder community as an extension of the client's staff and that we will perform in a manner that will continue to positively enhance the State's reputation. Our track record with our 24 state clients, experience, capabilities and results are exemplified throughout this response. We will continue to achieve success in our other States, by continuing to follow the systematic work plan identified below.



Demonstration of Present System Capability and Results

DAS has demonstrated its ability to evaluate holder compliance of all holder types, to include financial institutions, insurance, healthcare, transportation, oil and gas, construction, and manufacturing companies for multiple states. Our firm has examined the records and evaluated compliance of numerous of the largest corporations in the United States and worldwide, including Fortune 100 companies in the oil and gas, insurance, banking, and healthcare industry.

Present System Technical Knowledge

The DAS Audit Manager and staff have developed the experience and expertise, working closely with our existing state clients and legal staff, to apply state and / or federal legislation regarding which state has the right to escheat property and in interpreting applicable laws relating to unclaimed property. Staff is qualified to apply the holdings of the U.S. Supreme Court in Texas v. New Jersey, 379 U.S. 675 (1965), Pennsylvania v. New York, 407 U.S. 206 (1972), and Delaware v. New York, 507 U.S. 490 (1993), to the audit issues that will be encountered. Furthermore, the Audit Manager and staff have reviewed and have knowledge of the West Virginia Statutes relating to all categories of unclaimed property.

The DAS Audit Manager and all audit staff have the technical knowledge of Generally Accepted Accounting Principles (GAAP) and General Accepted Audit Standards (GAAS) and are qualified to apply those as they apply to West Virginia Statutes.

Outside Experts.

DAS does not utilize subcontractors, outside experts, or other resources to perform audits. All of the expertise required to provide the services are full time employees.

Present System Examination of Holder Compliance

Subsequent to the identification of holders of which noncompliance is probable, the Treasurer is provided with a holder profile that encapsulates the basis upon which the holder has been submitted. This profile will also include sufficient detail to positively identify the entity being requested. This will aid the State in avoiding duplicate assignments to multiple audit firms.

Provided the Treasurer elects to approve the DAS audit request, DAS will engage the holder timely to review holder records covering the audit period. If holder record retention schedules limit the quality/quantity of data accessible, estimation and extrapolation techniques may be utilized with the knowledge and prior approval of the Treasurer. Property types reviewed are normally dependent on the holder's industry. The examination scope covers any egregious obligations and includes inconspicuous obligations that arise due to provided services, product purchases, contractual provisions, and/or judicial proceedings.

Holders and DAS, concurrently, receive a certified letter from the State advising them of selection for examination. The Treasurer supplies the auditor with a summary of property reported by the holder in previous reportable years. The holder is given fifteen days, or two weeks, to respond to the notice by contacting DAS. Once contact is made, the holder is introduced to the lead auditor for the examination. The holder will then be advised to delegate a point of contact that will be in direct contact with the auditor throughout the examination. The entrance conference is then scheduled with the holder.

Opening Conference. The opening/entrance conference with the holder is conducted subsequent to establishment and introduction of the primary contact(s) of the examination. The holder is informed of the audit plan, and provided a detailed, verbal overview of the audit scope. The audit scope overview covers the look back period, reportable years, and methodology, as well as a list reportable property types and holding periods. Any initial inquiries or concerns of the holder is addressed in this communication. Although reasonable attempts are made in ascertaining the facts pertinent to the holder's structure and organization in this phase of the examination process, the auditor continues to evaluate the holder in order to attain an accurate and complete representation of the holder's "global" makeup.

Questionnaire. The holder will be provided an initial questionnaire. The questionnaire is industry specific, and will inquire on the internal controls of the holder. The questionnaire will inquire on topics such as records retention schedules, unclaimed property policies and procedures, mergers and acquisitions, preference of mail or onsite examination, as well as common practices of the holder. The holder is provided seven days (if reasonable) to complete the questionnaire and submit it to the auditor. A sample questionnaire is provided in **Appendix A**.

Upon receipt of the questionnaire, the auditor will review and inquire on any matters requiring further investigation. Once the auditor has sufficient information to proceed with the audit, a preliminary document request is submitted to the holder. The holder will be provided fifteen to thirty days to assemble the requested documents. If the holder has any pending obligations or obstacles that will delay receipt of requested documents, the auditor needs to be advised. The auditor will then contact the Audit Manager to seek approval in providing an extension for documents requested.

Present System for Reviewing Records of Holders for Unclaimed Property

Discovery Audit Services' ten (10) years' experience in auditing many of the largest global companies evidences its ability to effectively analyze large data sets otherwise known as "big data." The audit staff has been adequately trained, and has demonstrated capability to efficiently analyze large, disparate data sets and manipulate to a more auspicious format. DAS auditors have an understanding and/or appreciation in utilizing various automated applications in analyzing large dataset. In addition to Microsoft Office tools such as Excel and Access, our firm utilizes the IDEA software package and MTC estimation software when necessary and approved in advance by the client. These tools allow our auditors to efficiently, effectively and practically analyze large datasets thereby minimizing excessive burden on the holder as well as facilitating the timely turnaround of examinations.

DAS typically conducts full scope general ledger and securities examinations. Holders employ transfer agents for the management of any liabilities applicable to security-type properties. These transfer agents, known as intermediaries, hold the security liabilities as a debt on their records. Pursuant to DE v. NY, intermediaries whom hold unclaimed securities distributions in their own names are the relevant "debtors."

Brokerage houses may act as both agent and principal in regard to security type properties. Depending on the nature of the business and transaction(s), the brokerage house may take on the same responsibilities of a transfer agent, as they may be responsible for the disbursement of dividend or interest

payables if the contractual obligation exists. Subsequent to the determination of the broker’s responsibilities and obligations, the auditor applies similar procedures as used in the examination of transfer agents.

Examination Methodology. DAS’s examination methodology is designed to reduce interruption to holder’s normal operations, minimize cycle time of unclaimed property examinations, educate the holder, deliver a report consistent with the code, and secure understanding and agreement by the holder. We have leveraged over twenty-seven years of auditing experience, and ten years of multi-state / multi industry unclaimed property examination experience to limit document requests to essential, useful records. The result is a comprehensive data request that is provided to holders by industry and submitted to the holders within fifteen to thirty days of notice of examination receipt. The request of summary, source and referential accounting records minimizes the need to make excessive subsequent requests to the holder, thereby reducing holder interruption. The result of this approach is evident in the fact that, of the 513 completed audits, our firm has never received a negative survey or complaint regarding examination turnaround time.

Fieldwork. Fieldwork will be conducted onsite or offsite (through the mail or electronic file transfer), depending on the holder’s preference and auditor’s judgment. The preliminary documents requested by the auditor in the planning process will be reviewed for compliance discrepancies, and to determine if further investigation is necessary. DAS will also use the preliminary documentation to identify potential conflicts of interest. The likelihood of any conflicts of interest is lessened by the fact that DAS has never offered and does not offer “related services” such as holder reporting, shareholder accounting, or unclaimed property reporting services, and because DAS remains fully independent and works exclusively on the government side of the process. DAS auditors will conduct a thorough examination of the holder’s internal controls pertinent to abandoned and unclaimed property. Policies and procedures are analyzed for adequacy and opportunities to strengthen controls. Holder education is a priority for DAS auditors. Upon conclusion of the examination, the holder is advised of its strengths and weaknesses, and recommendations for future compliance are provided where warranted.

Control documents that will be reviewed without industry specificity will be:

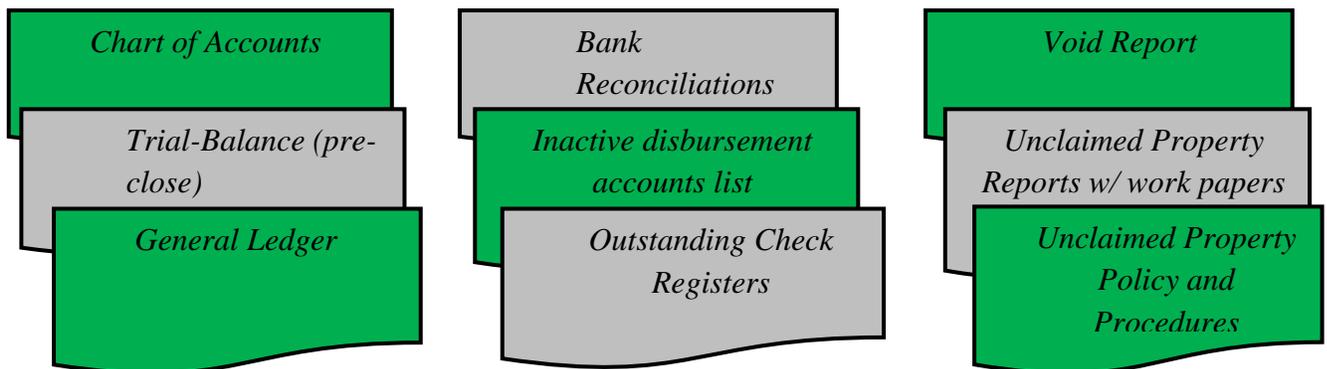


Figure 1

The reports will serve as a basis for initial audit review, and provide the auditor with a population from which to select transactions judgmentally or randomly. The auditor will request additional documents based upon industry type. The auditor will also determine the parameters of reports based upon the holder retention schedules. A standard document request list for financial institutions is provided is below:

1. Chart of Accounts
2. Copy of detailed general ledger (2016)
3. Current General Ledger Trial Balance
4. List of old and new disbursement (operating) accounts the bank uses for check issuance/money orders with last date of usage and balance (bank account map)
5. History of the following:
 - Classes of stock outstanding
 - Stock splits
 - Stock Dividends
 - Mergers & Acquisitions
 - Types of Acquisitions (i.e. stock and/or asset)
 - Spin-offs
6. Flowchart/Process Map of disbursement cycle for the following:
 - Payroll
 - Accounts Payable
 - Employee Benefits
 - Dividends
 - Any other official check disbursement type
7. Current outstanding register for all checking accounts, to include:
 - Accounts Payable
 - Payroll
 - Credit Refunds
 - Deposit Refunds
 - Vendor Checks
 - Money Orders
 - CD Interest
 - Dividends
 - Cashier Checks
 - Christmas Club
 - Unidentified Remittances
 - Any other disbursement checking accounts
8. Outstanding check registers for June and December of 2006 through current year for all checking accounts
9. Bank reconciliation for June and December of 2006 through current year for all old and new checking accounts

10. Check registers for June and December of 2006 through current year for all old and new checking accounts
11. Trial balance of all checking and savings accounts (please include name, address, city/state, zip code, last transaction date, last contact date, account balance)
12. Dormant account report for June and December of 2006 through current year
13. List of write-offs for years 2006 through current
14. List of all flagged safe deposit boxes for June of 2006 through current year
15. Trial balance of all trust accounts, as well as last customer initiated activity
16. Trial balance of all certificates of deposit
17. Trial balance of all individual retirement accounts (please include name, address, city, state, zip code, SSN, last required minimum distribution, birthdate and current balance)
18. List of all checking, savings, and CD accounts flagged for statement hold/do not mail and date placed on list (if applicable)
19. List of all stock, bond and/or other security-type property owners with last contact and activity dates
20. Unclaimed Property Reports with work papers for years 2006 through current year
21. Unclaimed Property policies and procedures (to include returned mail, outstanding check policies)

After review of the reports, the auditor will supply the holder with an actual, or a sample if requested, list of accounts or instruments of which further analysis will be conducted. The documents provided for the requested transactions will serve as a test of holder controls. Documents can be tested either onsite or provided to the auditor at the firm. The auditor will test to confirm whether the current controls are working effectively, and if the holder is and/or has been compliant with the code.

If the evaluation of test data uncovers issues of noncompliance, such as outstanding accounts or instruments exceeding dormancy period, the auditor will place the item on the preliminary schedule. If significant noncompliance is verified by the auditor, and records for previous years are not provided due to retention schedules, the auditor will (with the prior consent of the State) use extrapolation and estimation techniques to account for years of which compliance is unknown. Once compliance issues are identified, the auditor will confirm the findings with the holder prior to the reporting phase. This may include presenting work papers for the holder to review and research. If there is a disagreement on the findings, the auditor will direct the holder to respond in writing and notify the Treasurer no later than sixty (60) days after property holder's dispute of demand amount or type of property, or of property holder's failure to turn over records or property. The auditor will brief the holder on the next phase of the abandoned and unclaimed property examination, as well as provide any recommendations to improve compliance efficiency.

Record Retention. Holders are obliged to comply with a number of regulatory criteria in regard to retaining documentation, such as the IRS, SEC, and other State and Federal regulators. Many of the regulators require holders to retain records for 5 to 7 years. In order to comply with the myriad of criteria of which they are obliged, holders may choose to retain records for periods exceeding 10 years.

Discovery Audit Services' auditors conduct a thorough evaluation of holder record retention policies and procedures. The auditor ascertains an understanding of the manner in which summary and supportive

documentation are retained, whether through tangible storage or electronic archive. Experience suggests that although criteria and controls may be implemented, there may be instances of deviation that obstruct the holder's ability to retain such documentation. These deviations often time result in holder inability to retain information essential in reporting unclaimed property to the State of which the owner, or rightful heir, is likely to search for the property.

Our auditors obtain and confirm records retention practices through inquiry, analysis and observation. These standard audit procedures provide the auditor the ability to identify relevant, reliable documentation at the source level. While subject to circumstance, the auditor is able to modify these tools to accomplish the objective of ascertaining information essential in determining the proper State of which property should be reported.

In circumstances where the address information is nonexistent, insufficient or unavailable, our auditors request permanent, reliable documentation that are generated at the inception of the holder's transacting relationship. These inceptive documents are often periodically reestablished or reaffirmed through written correspondence between the holder and transacting party.

Should auditors encounter scenarios whereas the records are out-of-proof, or exceedingly difficult to obtain, auditors may reference the firm's reliable resources in researching the address information of property owners. DAS utilizes resources that enhance our ability to identify the accurate address of the property owner. The auditor works with the holder in ascertaining, without question, that the property owner of reference is in fact due the identified property. In the event the auditor and holder are unable to identify the accurate address information to satisfy the provisions of the First Priority Rule, the property is reported to the holder's State of corporate domicile as per the Secondary Rule.

Our auditors are experienced in working with holders regarding properties disputed through bankruptcy. While bankruptcy may be a complex, convoluted concept to decipher – our auditors have worked with holders and States in facilitating the transfer of unclaimed funds to either the rightful owner or custodial State. As aforementioned, our auditors reference the original, permanent documents that initiate the business relationship between the holder and creditor, or property owner. This documentation exhibits the original address of association. Once a determination has been made to who has the rights to the property, the auditor works with the holder in determining how the property should be handled, either through remediation with the rightful owner or custodial retainage by the State.

DAS exhausts any available means to ascertain sufficient documents necessary to conduct a thorough examination of the holder records. In the event the holder cannot provide the necessary documents to facilitate the examination, the auditors may be authorized to utilize the available records to estimate the holder's compliance. The estimated amount is subtotaled by property type and extrapolated for years of which data was not available throughout the audit scope.

The auditors are responsible for adhering to the established audit procedures, ensuring that each audit is conducted efficiently, accurately, timely, professionally, and with minimal adverse impact to the holder's normal business operations. The auditors are also responsible for presenting to the Audit Manager a complete audit report in the standard NAUPA format for review, approval, and submission to the client. In the event the auditor encounters a "grey area" or resistance from the holder on a particular issue that may result in holder "friction," the auditor will notify the Audit Manager for support. The Audit Manager

will then contact the State to inform and seek guidance on the client's preference of whether or not the item should be included in the audit.

DAS exerts every effort to ensure the secure transmission and retaining of holder confidential, sensitive information. Our firm has the capability of securely transmitting data via secured transmission medium and data repositories. Holders are offered three options in securely transmitting data:

- DAS creation of secure FTP and repository for the uploading and downloading of data.
- Holder created secure FTP and repository for the uploading and downloading of data
- Holder submission of data via secure, protected instrument such as disk or thumb drive.

DAS employs security and IT staff professionals dedicated in mitigating and in many instances eliminating the risk of breach and/or dissemination of sensitive data.

Present System Security of Records

All records and communications transmitted between the holder and auditor are treated as confidential. DAS staff employ the following processes in the secure transmission and security of holder records:

1. External transmission of schedules and other sensitive holder data should be uploaded/downloaded from a secure shared folder or other encrypted, protected repository.
2. Schedules and/or sensitive holder data transmitted internally shall be password protected.

Holders are provided three means of transmitting data to the auditor:

1. Discovery Audit Services' creation of secure/shared folder via Citrix Sharefile
2. Holder creation of secure/shared folder through their internal, secured network
3. Mailing of secure, password protected USB Flash Drives or CDs

DAS understands and appreciates risk concerns, specifically the risk of data breach, considering that the evaluation of holder compliance with unclaimed property law involves the review of highly sensitive information. Every effort must be exerted to protect holder information and communication throughout, and subsequent to, the audit process. Please see **Appendix B** for DAS' Data Breach Response Policy.

Initial requests to the holder for confidential information do not include personal information. Only when the accounts have been reviewed in detail, and those accounts which appear to have exceptions, is personal information requested. This materially reduces the volume of personal information made available from the holder to DAS.

In addition to the security controls, DAS utilizes L.E.A.N to manage the process, quality, and cycle times of the examination. Moreover, DAS utilizes metrics based process mapping to identify and isolate processes that require modification in order to improve quality, reduce the risk of data breach, and decrease lead and process times. This mapping provides for a mechanism of continuous improvement as well as isolating key metrics for use in goal setting, communicating expectations, risk management, and managing employee performance.

Present System for Collection of property

Cash Management Security Overview

Discovery Audit Services employs clear, concise requirements, responsibilities, standards, and objectives in its internal control over security of funds and records. Cash management internal controls require an application of prudent conduct in the use and proper safeguarding of assets. Guidance is provided to all employees whom have cash management responsibilities. This guidance is regularly updated when applicable, and provides reasonable assurance that intended safeguards are being practiced consistently.

Cash management consists of a diverse group of processes such as billings, collections, deposits, and disbursement. While the burden of internal controls may seem burdensome or restrictive, their value is immeasurable. DAS has documented the segregation of duties and responsibilities of individuals involved in the cash management process.

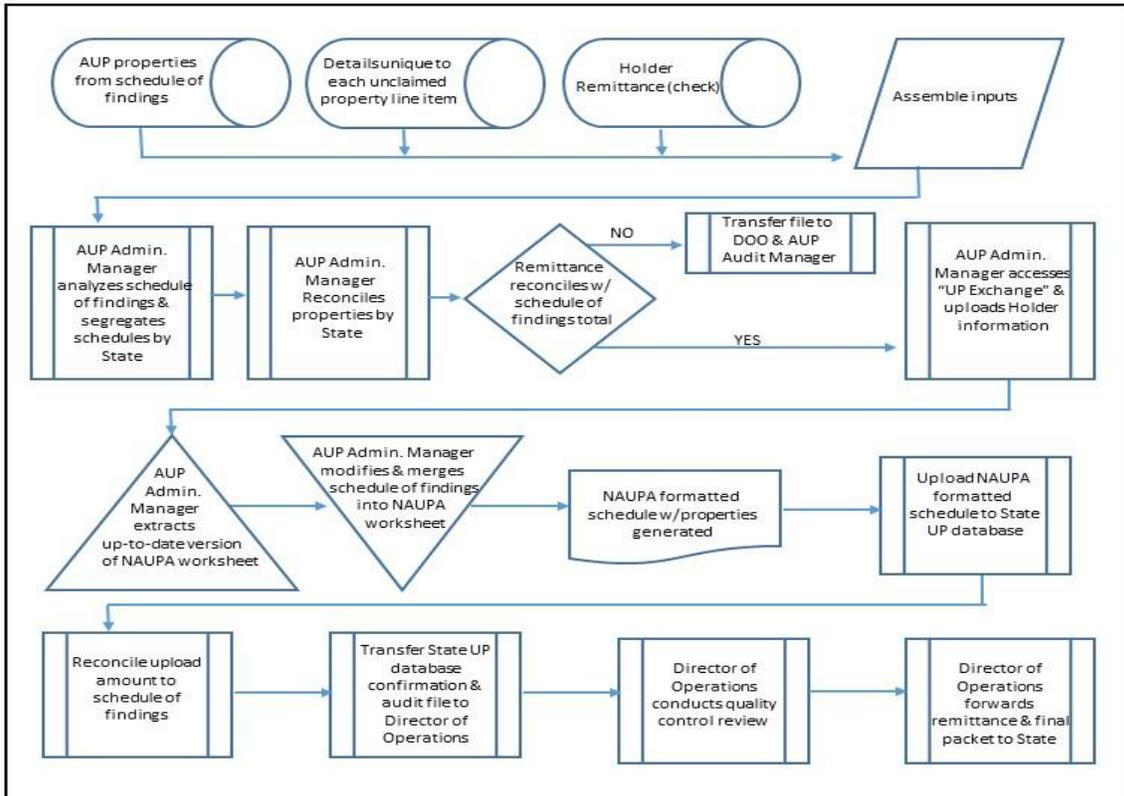
While the Director of Operations (“DOO”) is responsible for the ultimate safekeeping of funds and records received by the firm, the Administrative Manager is responsible for receiving mail and system updates. The Administrative Manager is responsible for logging and updating the database to document receipt of funds and/or records. The DOO is responsible for the repository of any negotiable instruments. The Accounting Manager manages the deposit process, and is the only individual authorized formally and operationally to manage the firm’s bank transactions. The segregation of duties is formally written and reviewed periodically. The attainment of the aforementioned criteria in the cash management area are achieved due to pursuit of the following guidelines:

- a. Cash related transactions shall occur only after the approval of the Accounting Manager
- b. Cash related transactions shall be fully documented so that an undisputable audit trail exists
- c. Cash related transactions shall be recorded promptly during each step of the cash handling function
- d. Documents used in cash related transactions shall be safeguarded against reuse, tampering, or unauthorized disposal
- e. Provisions are made for the regular review and comparison of transaction documentation to detect errors and duplicate payments
- f. Supervision of cash management activities shall be strictly and continually administered
- g. Cash related duties, such as maintenance of accounts receivable, cashiering, accounting, disbursing, and collecting funds shall be segregated
- h. The accessibility to funds and fund records shall be restricted and administratively controlled
- i. Cash derived from collections and cash used for disbursements shall not be commingled

The aforementioned guidelines are by no means all-inclusive.

Present System for Electronic Reporting and Delivery of Property

EHS-Electronic Holder Reporting Process



Monthly Status Reporting

DAS' present systems will provide a monthly status report of all on-going authorized examinations. DAS understands this deliverable requirement can presently meet this obligation.

The feedback provided to the Treasurer is the monthly "Work in Process Report." The firm provides periodic, comprehensive reports and real time updates on assignments to all clients on a monthly basis. Please see **Appendix A** for a sample report.

In addition, DAS will participate in meetings to review progress of specific cases in more detail as requested by Treasurer.

Effective Management

DAS utilizes a work -in-process "WIP" schedule that details the scope and status of each audit, the tasks, subtasks, priorities, audit diary, and timelines. It is the key tool used by DAS to manage each step of each audit to impose scheduling control and accountability. Managing these timelines in effect helps to maintain minimal disruption to a Holder's regular business activities. Auditor performance evaluation is dependent on the accuracy of the report, and how effectively the work in process is managed, including the establishment and real time monitoring of date driven metrics tied to tasks controlled by the auditor that are known to be key influencers of successfully achieving milestones. The WIP is an internal project management document encompassing all aspects of the audit process.

The Work-in-Process (WIP) report is sent monthly and conveyed in accordance with the state's preference for electronically sending and receiving confidential information. In addition, some state clients wish to have regular or periodic telephone calls to review work in process as well as discuss any outstanding issues. DAS will comply with all monthly reporting as required by the Treasurer using state forms as appropriate.

The WIP report allows for tracking of key milestones outlined in the scope of work and performance is measured by how effective the auditor manages these metrics. Auditors do not control each task (for example the holder controls when the data is provided). Consequently, auditors are evaluated on their effectiveness in managing tasks they control. These tasks will influence cycle time even where the holder is in control. Staff is evaluated regularly for performance. Staff meets on a regular basis for cross training, problem solving, goal setting, and reinforcement. Standards are established and communicated to the stakeholders for attainment of each milestone. This process is systematic and real time. The goal of this structure is to efficiently move each audit in a timely and efficient manner through each step of the process. The desired outcome is an accurate report based on state statutes and completed within ten months and a holder in agreement and educated and motivated to voluntarily comply with its obligations moving forward. Clients receive monthly WIP reports via email communication.

These reports will, at a minimum, include the following information:

- Name of Holder
- Address
- State of Incorporation
- FEIN#
- Type of Audit

- Audit Period
- Date Authorization Received
- Date of Opening Conference
- Date Last Contact with Holder
- Records Received
- Records Reviewed
- Date Closing Conference
- Date Property Received
- Date Property Reconciled
- Date Property Delivered
- Audit Comments

Please see Appendix A for a sample monthly status report.

DAS' present systems will provide the Treasurer with a complete report that details all owner information and property information for each holder in the format required by the Administrator. DAS understands this deliverable requirement and can presently meet this obligation.

DAS' current audit personnel have ten years of experience in writing unclaimed property reports and currently reports to 24 state clients in a format that meets all generally accepted auditing principles. DAS has the ability and staff to efficiently and effectively manage the audit process and submit all reports in an all-inclusive secure, and accurate manner that is compatible with the format of the Treasurer. Service reliability is achieved by effectively managing the timely and accurate completion of each milestone in the process, adhering to the defined audit procedures, utilizing the standard NAUPA II report formats, effective technical audit review, timely interaction with the Treasurer as appropriate, and engaging holders in a professional, ethical, and efficient manner. DAS will electronically transmit audit findings via a secure portal using either UP exchange or a state specific site in Standard NAUPA II format. Electronic transmissions include, but are not limited to, a schedule of audit findings, audit report summary, copy of holder remittance, confirmation of property upload, and DAS invoice.

Security of Funds

Discovery Audit Services employs the following process in facilitating the timely and secure transmission to the State of any funds received pertinent to any unclaimed property examination:

1. Once the due date for remittance is set and the Exit Conference has been executed, the AUP Auditor will then forward a confirmation email confirming the due date for the Remittance Receipt.
 - a. The AUP Audit Manager and AUP Administrative Manager are to be included on this email for confirmatory purposes.
 - b. The due date should NOT exceed fourteen days.
2. Upon receipt of remittance from the holder, the AUP Administrative Manager reviews the remittance, makes a copy of it, & provides a COPY of the check to the AUP Auditor.

- a. The AUP Auditor should NEVER handle the actual check.
3. The AUP Administrative Manager then immediately provides the remittance to the AUP Director of Operations, where they will then place the remittance in a secure repository.
4. Once the audit file is reviewed by the AUP Audit Manager, it is then forwarded to the AUP Administrative Manager.
5. The AUP Administrative Manager will then review the file a second time, then creates an invoice for the client, at which time the AUP Director of Operations will forward the actual Remittance instrument, Audit Report Summary, Schedule of Findings, and the Invoice to the client.

Discovery Audit Services has undertaken commercially reasonable measures to ensure that all information obtained in connection with the audit and reporting process is kept confidential and only authorized personnel have access to this information for appropriate purposes. In this regard, Discovery Audit Services applies commercially reasonable controls to protect unauthorized access to data, to eliminate internal and external threats and identify and proactively prevent system security breaches. Our Security Plan is outlined in **Appendix C** including penalties for breach of confidentiality.

Present System for Electronic Reporting and Delivery of Unclaimed Properties

The auditor will submit the audit summary report and preliminary schedule to the AUP Audit Manager for review. This summary presents the auditor's findings and recommendations. The summary provides a narrative of the examination controls, how discoveries were identified, and how it may have hindered holder compliance. All essential and/or critical information is annotated in both the audit diary and the report of examination.

Report of property lists the escheatable items by report year detailing property or identifier, owner information, last activity date or other dormancy trigger, and property type and property, as these are available.

Once the AUP Audit Manager reviews and approves the documents, the auditor submits the preliminary schedule and exit letter to the holder. The exit letter details the statutes governing escheatment of any property types scheduled. The auditor will provide the holder with fifteen to thirty days, depending on the complexity and amount of findings, to provide documents to remediate or remove findings.

The auditor directs the holder's attention to Client Property Law during the exit conference. The auditor recommends processes that would encourage and/or be conducive to complying with client criteria without risking the compromise of auditor objectivity. DAS understands the value of this educational process to owners, the State and holder. The audit is designed to identify escheatable property, but during the course of the audit there are numerous opportunities to educate the holder. This education is essential to the holder for future voluntary compliance. The primary benefit of the audit is that the holder is educated, procedures are corrected, and the holder can voluntarily comply with their obligation to escheat the property timely, and with a proper perspective. This is the primary means by which future compliance will be sought and maintained.

Upon expiration of the provided remediation period, the holder will mail any waiver request letter along with remittance payable to State and mail to the auditor address below:

DAS, LLC
ATTN: (Auditor Name)
12012 Bricksome Ave
Baton Rouge, LA 70816

Once remittance and any waiver request are received, the auditor acknowledges receipt of property and provides holder with the State's website and phone number for assistance with future unclaimed property questions and reporting. The auditor will complete audit file and submit to AUP Audit Manager for final review and processing. The file will then be transmitted to the State. The State is provided a schedule of escheatable property in the NAUPA format at the conclusion of the audit along with a billing invoice. A sample report is provided in **Appendix A**.

The auditor remains available to assist holders with basic information after the examination is complete.

If the holder fails to remit the scheduled property without supporting documentation to remove the item from the list of escheatable property, the AUP Audit Manager will attempt resolution with the holder. If unsuccessful, the State will be advised within 90 days of the failed resolutions and be requested to intervene with the holder.

It is the preference of DAS that property is presented directly from the holder to the State. Where some states wish for us to receive the property in escrow, net our fees, and forward to the State the balance, we would prefer not to touch the property. That is of course the decision of the State. In the event the State instructs DAS to receive the property in escrow and forward it to the State, DAS has an escrow account set up for this purpose with JPMorgan Chase Bank. It is the policy of DAS to receive and transfer to the State these funds from escrow in the same day unless some extraordinary circumstance prevents this. DAS does not wish to hold these funds in escrow overnight.

The designated custodian of DAS is JPMorgan Chase Bank, N.A., a federal or state licensed financial institution. The custodian function is separate from the auditing and compliance function. This interest bearing account is used to receive funds from the holder and send those funds to the state. This account has been more than sufficient to provide DAS with the ability to place funds in a secure account before transmitting them to the state. This transfer will occur within 24 to 48 hours following receipt from the holder.

Mr. Granville Anderson
JPMorgan Chase Bank, N.A.
Town Center – 179
7171 Corporate Blvd.
Baton Rouge, LA 70809
225-216-3707

Present System Electronic Holder Reporting

Upon receipt of schedule of audit findings and other essential information, the AUP Administrative Manager initiates the electronic holder reporting process. The scheduled properties are filtered, and/or segregated, by State. The properties total balance reportable to each participating State is reconciled to its applicable remittance submitted by holder. In the event the scheduled balances do not reconcile with the remittance check amount, the AUP Audit Manager is consulted for further guidance and rectification.

Once reconciliation of findings schedule and remittance is accomplished, the AUP Administrative Manager accesses UPEXchange and extracts the standardized, NAUPA II formatted worksheet in preparation for data upload.

The AUP Administrative Manager uploads the scheduled properties, from the schedule of findings, to the NAUPA worksheet. For validation and verification purposes, the AUP Administrative Manager conducts tests of both “hash” and “batch” totals. These tests mitigate the risk of erroneous reporting.

The AUP Audit Manager then uploads the NAUPA II formatted spreadsheet to the State’s unclaimed property reporting website via UPEXchange. The upload confirmation’s balance output is reconciled to the schedule of findings for validation purposes. The file is then forwarded to the Director of Operations.

The Director of Operations conducts the final quality control review to ensure the examination packet is complete and free from error or omission. The remittance check along with the final packet is forwarded to the applicable State.

Please see **Appendix A** for the sample audit report.

Procedural Manual

DAS’ examination process includes an examination manual identifying uniform examination practices as they relate to: the accuracy (or non-existence) of owners’ addresses, out-of-proof records, underlying shares and the determination of abandonment, bankruptcies, and, when appropriate, release of liability and indemnification. DAS’ manual includes procedures on cooperation with on-going state and multi-state examinations, case law, examination procedures, dormancy periods, reporting methods, the methodology of estimation techniques, and other compliance techniques. A summary of the contents can be found in **Appendix E**.

Training

DAS employs a nine-month training program in facilitating the smooth transition from entry level to independent auditor. The first three months of the program the focus is primarily on developing the auditor’s understanding and/or appreciation for the concepts of compliance auditing and the application of state abandoned and unclaimed property law. The examination process and procedures, commonly used industry terminology as well as analytical tools are introduced. The auditor is assigned single state examinations of any key industry of which DAS or the training auditor specializes.

The second three months of training builds upon the first three months, as the auditor is exposed to additional industries – normally 2 to 3. Auditors are tasked with increased participation in examinations, as well as maturing into a lead auditor role. Entrance conferences, participation in training, and analysis of auditor work papers are emphasized in this training block. The auditor is also charged with evaluating the statutes of multiple states in preparation for increased duties and responsibilities encountered in the final three months of training.

The third, and final, three months of the nine-month training program expands upon what the auditor has learned, and responsibilities increase as the auditor is expected to work independently subsequent to conclusion of the program.

Entry-level audit staff work directly with an experienced auditor to ensure proper foundational procedures and accuracy exists at all levels and industries examined throughout the training program. When entry-level audit staff graduate to an independent working status, they will have been exposed to no less than three different industry-types, as well as multiple states participating in the examinations. While the DAS training process serves to ensure minimum industry standards are exceeded, the Audit Manager and lead auditor supervision will continue to oversee and refine auditor knowledge and experience as it applies to all state client programs. Regardless of the number of years or number of audits completed, each member of our staff is engaged in a continuous learning experience, and this learning is shared on a continuous basis with all technical audit staff.

The majority of examinations performed to date have been multi state. Each examination is a separate project, representing multiple states simultaneously. The team priority is to complete each examination within a nine-month cycle time beginning at the entrance conference and ensure that the findings are consistent with the code, presented to each participating state as prescribed, and the holder is educated as to their ongoing obligations.

Staff will be expanded to address increased volumes driven by audit assignments. The intent is to balance staffing with the desire and capacity of participating states to assign audits. Each individual will be 100% engaged for each state participating in each audit.

DAS is confident that Utah can be added to the audit workflow without placing undue stress on the existing staff or extending audit cycle time.

Security Measures

1. Security Measures

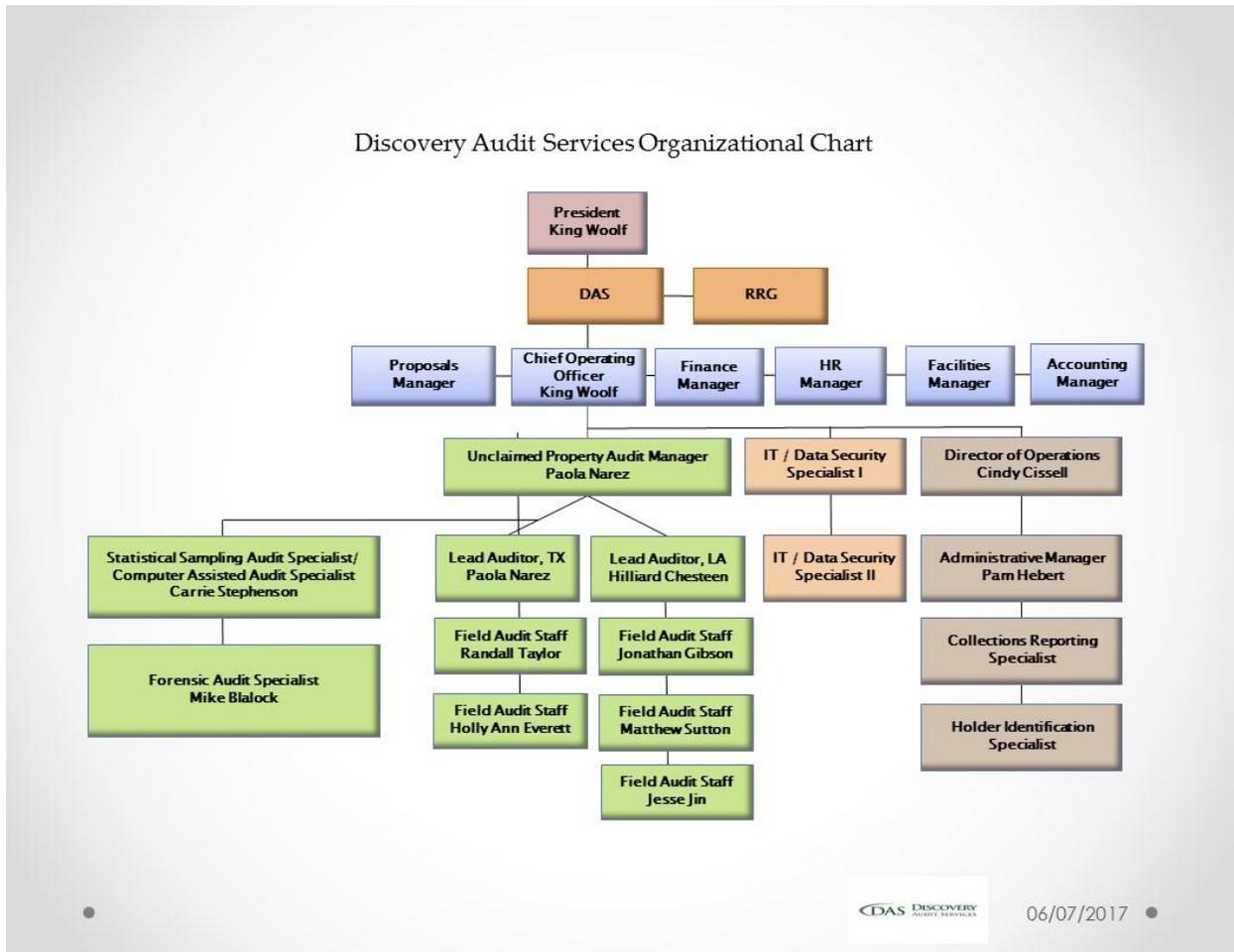
Please see DAS' Security Plan in **Appendix C** for detailed security measures, policies, practices, and training in place to protect confidential information from being improperly released, damaged, altered, or deleted.

2. Data Breach Response Policy.

Please see DAS' Data Breach Response Policy in **Appendix B**. This policy establishes how DAS will respond in the event a data breach, and also outlines an action plan that will be used to investigate potential breaches and to mitigate damage if a breach occurs. This policy is in place to both minimize potential damages that could result from a data breach and to ensure that parties affected by a data breach are properly informed of how to protect themselves.

3.7. Staff Qualifications

Audit Personnel List: Current organizational chart listing all audit personnel



3.7.1 Experienced Staff

Mike Blalock, Forensic Audit Specialist

Audit Experience: 27 years

Mike Blalock is a forensic audit specialist whose duties include:

- *Maintaining current knowledge of the state laws, criminal code, auditing and standard operating procedures*
- *Performing investigative techniques to correctly interpret and apply laws and procedures*
- *Developing work plans establishing scope, objective, methodology, and procedures*
- *Assisting in identifying potential unclaimed property*
- *Performing independent research on public and private companies*

Prior to joining DAS, Mike worked for the Louisiana Department of Revenue.

Auditor Mike Blalock has 27 years of audit experience at the state and local level as a Revenue Auditor, with 11 of those years as a Revenue Special Agent in the Special Investigations Division. His specialized training includes forensic accounting and fraud detection provided by the Federal Law Enforcement Training Center (FLETC), fraud detection techniques using materials provided by the Association of Certified Fraud Examiners, and seminars provided by the Internal Revenue Service. Mike has a B. S. in Accounting from Northwestern LA University and has 18 hours toward a M.B.A.

Matthew Sutton, AUP Auditor

Audit Experience: 4 years

Matthew Sutton is an auditor whose duties include:

- Facilitating and maintaining correspondence documentation between DAS and holders
- Assisting in identifying potential unclaimed property
- Reviewing remediation documentation provided by the holder
- Maintaining work papers for the duration of an audit
- Performing independent research on public and private companies
- Reviewing and documenting internal controls, policies, and procedures
- Analyzing accounting records to quantify reportable unclaimed property

Prior to joining DAS, Matthew worked as a Staff Accountant for Hawthorn, Waymouth & Carroll where he prepared tax returns for all entity types, financial statements and audit reports, and performed audit analytical procedures for a variety of entity types. His previous positions in various industries include Contract Accountant for a mortgage lending service and Staff Accountant for a business venture group.

Matthew received his B.S. in Accounting from Louisiana State University.

Holly Ann Everett, AUP Auditor

Audit Experience: 4 years

Holly Ann Everett is an auditor whose duties include:

- Facilitating and maintaining correspondence documentation between DAS and holders
- Reviewing remediation documentation provided by the holder
- Maintaining work papers for the duration of an audit
- Performing independent research on public and private companies
- Reviewing and documenting internal controls, policies, and procedures
- Analyzing accounting records to quantify reportable unclaimed property

Prior to joining DAS, Holly Ann worked as a Senior Audit Associate with Kelmar Associates where she was an unclaimed property auditor and a team leader. Her previous positions in various industries include Accounting Supervisor for a long-term facility. Holly received a B.A. from Ramapo College of NJ and AAS in Accounting from Middlesex County College.

Jie (Jesse) Jin

Audit Experience: 2 years

Jesse Jin is an auditor whose duties include:

- Facilitating and maintaining correspondence documentation between DAS and holders
- Assisting in identifying potential unclaimed property
- Reviewing remediation documentation provided by the holder
- Maintaining work papers for the duration of an audit
- Performing independent research on public and private companies
- Reviewing and documenting internal controls, policies, and procedures
- Analyzing accounting records to quantify reportable unclaimed property

Prior to joining DAS, Jesse worked with Coduent Inc where she was an unclaimed property auditor. Her previous positions include Human Resources Manager for a leading specialty chemical manufacturer and Financial Analyst for an investment management firm. Jesse received a Master of Science in Accountancy from Bentley University, McCallum Graduate School of Business, and a Bachelor of Commerce in International Business from Shanghai University.

Jonathan L. Gibson, AUP Auditor

Audit Experience: 1 year

Jonathan L. Gibson is an auditor whose duties include:

- Facilitating and maintaining correspondence documentation between DAS and holders
- Industry Research and Holder Identification
- Evaluating Holder compliance with AUP statutes
- Maintaining work papers for the duration of an audit

Prior to joining DAS, Jonathan was an auditor with the Jefferson Parish Sheriff's Office in Harvey, Louisiana where he performed taxpayer examinations to ensure compliance with local tax ordinances. His previous positions include Accounting Assistant for a construction group. Jonathan received his B.S. in Accounting from Nicholls State University.

Christine Woolf, Accounting Manager / HR/ Tier I IT
With DAS since 2007

Christine Woolf is an accounting professional who joined the firm in 2007. Her duties include:

- Obtaining and maintaining all insurance requirements
- Registering with states and maintaining corporation status
- In charge of banking activities
- Security of funds and electronic transfer to state

Prior to joining DAS, Christine worked for the LA State Police Crime Lab as a forensic scientist and the LA District Attorney's Office as a Researcher. Christine has a Bachelor of Medical Technology from Louisiana State University.

3.7.2 Partner & Supervisory Qualifications

1. Resumes / Summary of Qualifications for all Management and Legal Personnel

Business Experience - Relational and Senior Management Contacts

The senior management team at DAS brings a vast array of business experience that includes project planning and implementation, risk management review and development of appropriate internal controls, and conducting audits of medium to large businesses for compliance with unclaimed property or similar law. Most importantly, the senior management team has over a quarter century of experience representing state and local government agencies performing examinations of small, medium, and large companies. This includes identification of potential examination candidates, presentation to the client, engaging the business, detailing the findings in a format acceptable to the client, anticipating potential risk to our client, communicating timely that risk, and overall, engaging the business in a manner that reflects the expectations and values of our agency clients. Names, contact information, and brief biographies of senior management are listed below.

Mr. John King Woolf
President, Founder, Owner
Discovery Audits Services, LLC (DAS)
12012 Bricksome Ave.
Baton Rouge, LA 70816
225-266-1385
225-928-9176 fax
kingwoolf@aol.com

Mr. Woolf is the senior management contact for DAS. He will supervise and work closely with the Audit and Operational Managers in the implementation of this unclaimed property contract. Mr. Woolf's business experience includes founding and managing multiple specialty audit firms representing the public sector. These audit firms are engaged exclusively by state and local government agencies in multiple states to increase compliance of state and local tax and unclaimed property law. Over the past 27 years these engagements have discovered and detailed in excess of \$227,680,961 of delinquent tax revenue and \$49,155,607 unclaimed property. As founder of Discovery Audit Services, he has been successful in facilitating the timely and accurate escheatment of property from the holder of the property to the state and ultimately to its owner.

Since 2006, Mr. Woolf has been serving as the designated principle and primary point of contact for Abandoned and Unclaimed Property audits comparable in size and scope to the requirements of the State of West Virginia. Mr. Woolf's experience includes expert development, preparation of project planning, risk management review, and oversight of auditing services on behalf of twenty-four unclaimed property state clients. Mr. Woolf is accountable for meeting client expectations, working with holders and holder advocates, quality assurance, and resolution of issues that arise during the process, including the non-disclosure agreement process with holders. Mr. Woolf will facilitate and supervise the timely and accurate

escheatment of property from the holder to the Treasurer, and ultimately to its owner. Mr. Woolf's designated back up is Ms. Paola Narez.

Ms. Paola Andrea Narez
Audit Manager / Lead Auditor
Discovery Audits Services, LLC (DAS)
12012 Bricksome Ave.
Baton Rouge, LA 70816
800.927.9175
225-928-9176 fax
pnarez@discoveryauditservicesllc.com

Ms. Narez's experience includes auditing, audit management, audit risk assessment, development and oversight of internal controls, auditor training, and audit analysis for unclaimed property examination services for twenty-four states. As the AUP Audit Manager, she is charged with directing and managing the abandoned and unclaimed property audit division of the firm. Additionally, Ms. Narez assists the President in development and maintenance of the program's infrastructure designed to facilitate the efficient, effective, and thorough progression of examination assignments for multiple states.

A graduate of LSU's Center for Internal Auditing (CIA), Ms. Narez brings a strong computer background and experience in industry standard audits to her role as an Unclaimed Property Auditor and Supervisor for DAS. She is fluent in both Spanish and English, and takes a thorough, detailed approach in preparing for her audits. Since 2014, Paola Narez has performed Abandoned and Unclaimed Property audits comparable in size and scope to the requirements of the State of West Virginia. She successfully manages a diverse inventory of both single and multi-state audits, which include holders in the financial institutions, utility companies, healthcare, property & casualty, and oil and gas industries. Paola is experienced in examining holder compliance on a multitude of industries. She has employed her unique skillset in the evaluation of internal controls to identify inherent issues that may impede holder ability to comply with the State Unclaimed Property Law. She has completed each audit timely, presented progress reports, and delivered a completed a report of examination to the States.

As an audit supervisor, she reviews the status of each audit for each member of her auditor team to verify the audit plan is optimal, and that each audit is progressing in a timely manner, consistent with the expectations of the state. Ms. Narez performs detailed analysis of holder compliance with State Unclaimed Property Statutes. She completes examinations independently by following firm approved audit plans and applies the accounting and internal audit concepts, ensuring that the holder is in compliance with the applicable statutes. She conducts a thorough evaluation of internal controls and accounting processes, researches audit issues, and reviews and organizes financial documents. Ms. Narez uses computer-assisted audit techniques in the analysis of large amounts of data, examines and evaluates the efficiency and effectiveness of internal control, and researches audit leads and changes in industry or jurisdiction criterion.

In addition to the aforementioned responsibilities, she is also responsible for examination quality control and final deliverables to client states. Ms. Narez is the process owner on all technical issues, dispute

resolutions as well as conveyance of all audit related communications, due diligence requirements, correspondence, and work papers to the client state, holder and/or holder advocate. Mr. Randall Taylor serves as back up to Ms. Narez.

Ms. Cynthia Deeds Cissell
Director of Operations
Discovery Audits Services, LLC (DAS)
12012 Bricksome Ave.
Baton Rouge, LA 70816
800.927.9175
225-928-9176 fax
ccissell@discoveryauditservicesllc.com

Ms. Cissell's experience includes auditing and audit analysis for state and local governments as well as other specialized industries identified in her resume. These audits consist of completeness of records in order to identify and determine Unclaimed Property in the custody of the holders.

Since 2009, Ms. Cissell has performed and assisted in Abandoned and Unclaimed Property audits comparable in size and scope to the requirements of the State of West Virginia. Beginning in 2014 she transitioned to Director of Operations where her primary function is to provide oversight of all administrative functions and operational activities including collection and transferring of property, electronic reporting, and support for unclaimed property auditors, clients, and managers. Additionally, Ms. Cissell is responsible for ensuring that internal controls are established and maintained in order to meet the requirements specified in client contracts and to support security, quality control, and records management. Ms. Cissell's designated back up is Ms. Pam Hebert.

Mr. Randall Allen Taylor
Auditor
Discovery Audits Services, LLC (DAS)
12012 Bricksome Ave.
Baton Rouge, LA 70816
800.927.9175
225-928-9176 fax
rtaylor@discoveryauditservicesllc.com

Since 1986 Mr. Taylor has performed Abandoned & Unclaimed Property audits comparable in size and scope to the requirements of the State of West Virginia. He has an in depth understanding of unclaimed property law, audit procedures, collection and remittance, management, training, and state government operations. He performs independent research on public and private companies to identify audit candidates. He is responsible for reviewing and documenting internal controls policies and procedures, analyzing accounting records in order to quantify unclaimed property reportable to the states, and preparing the written reports upon conclusion of the examinations. His inventory of examinations

includes both single and multi-state examinations. He served as the primary trainer in the training of unclaimed property auditors for the Texas Comptroller of Public Accounts in the Dallas, Fort Worth, and Abilene field offices.

Relational Management / Functional Responsibilities

<p>King Woolf Executive Oversight</p>	<p>Mr. Woolf will be responsible for supervision, meeting client expectations, working with holders and holder advocates, quality assurance, and resolution of issues that arise during the process. He will facilitate the timely and accurate escheatment of property from the holder to the Treasurer, and ultimately to its owner.</p>
<p>Paola Narez AUP Audit Manager</p>	<p>Ms. Narez will be responsible for oversight of audit research, selection, review (quality assurance), holder problem resolution, and client technical communications. She has secondary oversight responsibility over all technical and quality functions of the program.</p>
<p>Hilliard Chesteen AUP Lead Audit Supervisor</p>	<p>Mr. Chesteen will assist the AUP Audit Manager in oversight of audit research, selection, review (quality assurance), holder problem resolution, and client technical communications. He will assist with technical and quality functions of the program. Mr. Chesteen will be responsible for reviewing the status of his team's audits to ensure optimal effectiveness and efficiency.</p>
<p>Cynthia Cissell Director of Operations</p>	<p>Ms. Cissell will be responsible for managing all administrative support functions, including non-technical communications between DAS and the Treasurer. This includes all audit requests, letter notices, and administrative communications. She will also be responsible for maintaining all security procedures necessary for protection of confidential data, information, property, and communications. The Director of Operations is responsible for ensuring all data, file sharing, and communications are secure, all technology is functioning efficiently, and for the collection and secure transfer of property, including all phases of electronic holder reporting to the Treasurer.</p>
<p>Chris Woolf Researcher /Accounting Manager</p>	<p>Chris Woolf will provide research and technical analysis of potential audit leads, which she's done since 2008. She will research and evaluate potential audit candidates for further consideration as audit requests. She is solely responsible for the safekeeping and security of all funds and will be transmitting property to the State timely and in accordance with procedures as required by the State. She maintains all insurance requirements, corporation registration with the states, and is in charge of all banking activities.</p>

<p>Pam Hebert AUP Administrative Manager</p>	<p>Pam Hebert has been providing research and technical analysis of potential audit leads since 2007. She will research and evaluate potential audit candidates for further consideration as audit requests. She is also responsible for the collection of remittance, conversion of files to NAUPA II format, and electronic filing. Ms. Hebert also has over nine years' experience working with government agencies, facilitating and maintaining various communications and aspects of the overall workflow. She is the primary contact for administrative workflow with the 24 unclaimed property state clients.</p>
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Key Management Contacts for the duration of the contract with the State of West Virginia:

- King Woolf, President and Founder
- Paola Narez, AUP Audit Manager
- Cindy Cissell, Director of Operations
- Pamela Hebert, Administrative Manager

Please see resumes of Key Management and Personnel on the following pages.

John King Woolf, III
President



Professional Resume

Mr. Woolf's experience includes founding and managing Discovery Audit Services since 2006. Discovery Audit Services engages on behalf of its multiple state clients to identify, document, and facilitate the transfer of escheatable property from holders of the property to the appropriate state. Over the past 27 years, King has founded Discovery Audit Services and Revenue Recovery Group. Both firms represent exclusively state and/or local government agencies and facilitate education and compliance within the business community of business tax and state escheat laws. Combined, these two firms have discovered, documented, and facilitated the transfer of over \$276,836,568 in delinquent tax payments and escheatable property to their government clients.

Specialization

- Services to State and Local Government
- Electronic filing
- Sales/Use Tax
- Escheatment
- Project Planning and Implementation

Education / Certifications

Masters of Business Administration. May, 1989.

Vanderbilt University, Owen Graduate School of Business, Nashville, TN.

Bachelor of Science in Business Administration. May, 1981

Louisiana State University, Baton Rouge, LA.

Experience with contracts of similar size:

Mr. Woolf's experience includes expert development and oversight of auditing services on behalf of all of state unclaimed property clients. Mr. Woolf is accountable for meeting client expectations, quality assurance, and resolution of issues that arise during the process. Mr. Woolf has over ten years of knowledge and skill in managing and supervising the unclaimed property operation. Mr. Woolf will oversee the timely and accurate escheatment of property from the holder to the State.

Other Relevant Experience

Discovery Audit Services LLC

Founder, President

Mr. Woolf founded Discovery Audit Services in 2006 at the request of the Louisiana Treasurer. Discovery Audit Services provides discovery and audit services to state governments to facilitate the timely and accurate escheatment of property from the holder of the property to the state and ultimately to its owner. Mr. Woolf has been successful in securing multiple state contracts to discover and examine unclaimed property, establishing procedures, monitoring delivery, and resolving issues.

Revenue Recovery Group, Inc.

Founder, President

Founded Revenue Recovery Group in 1989 to provide discovery and audit services to state and local governments. The company discovers and details delinquent tax owed to state and local government clients. Over 50,921 audits have been completed. Of the 50,921 audits, six cases have been litigated and of those five supported the firm's findings. Over \$227,680,961 in delinquent tax revenue has been discovered, detailed, and reported to state and local government clients in eight states. Revenue Recovery Group was recognized in 2011 by the National Council of State Legislatures as being a "responsible third party audit firm."

eFileSolutions, Inc., dba Trustfile

Co-Founder, President

Trustfile was founded in 2002 and sold in 2007. Trustfile's mission was to deliver a single point electronic registration, filing, and payment portal to allow a business to file and pay Sales/Use tax into all states and localities in the U.S. When Trustfile was sold it accurately and timely transmitted electronic filing and payment return data to thirteen states. Total annual dollars transmitted through the portal then exceeded ten billion dollars per year.

Speaking Engagements

Mr. Woolf was invited to speak at the 2011 National Conference of State Legislatures annual meeting. A panel had been formed to make recommendations to the state legislatures concerning the use of third party auditors. King was invited to speak based on the firm's track record of excellence since 1989. See

Appendix G.

Other speaking engagements include:

Federation of Tax Administrators:

Electronic Filing partnerships between the States and the Private sector

Western States Association of Tax Administrators:

Nexus Issues

Effective Metrics to Evaluate Audits

Louisiana Association of Tax Administrators:

Nexis, Local Control of Local Taxes, Streamlined Sales Tax issues

Louisiana Multi-Parish Tax Compact:

Impact of Federal Legislation to capture remote Sales Tax

Louisiana Government Finance Officers Association:

Local Control of Local Taxes

Colorado Government Finance Officers Association:

Outsourcing tax discovery and audit services.

Paola Andrea Narez
Abandoned & Unclaimed Property Auditor
AUP Audit Manager



Professional Resume

Mrs. Narez's experience includes audit management, client relations, auditor training and team development, technical conflict resolution, audit risk assessment, development and oversight of internal controls, auditing, and audit analysis for unclaimed property examination services for client states. She has successfully executed a multitude of AUP examinations of holders operating in various industries to include, however is not limited to, the specialized industries identified below. She brings a strong computer analytics background and experience in industry standard audits to her role as the Abandoned & Unclaimed Property Audit Manager for DAS. She is fluent in both Spanish and English, and takes a thorough, detailed approach in preparing for her examinations. With three years' audit experience, Mrs. Narez successfully manages a diverse inventory of both single and multi-state examinations, which include holders in the transportation, healthcare, financial institutions, utility companies, property & casualty, and oil and gas industries.

Specialization

- Understanding of GAAP and GAAS
- Computer Assisted Auditing Techniques
- Tax and Compliance Law
- Microsoft Excel, Access, PowerPoint
- Financial Institutions Laws and Industry
- Healthcare Laws and Industry
- Oil and Gas Industry Analysis and Geographical Information Systems (GIS)
- Understanding of NAUPA criteria and State UP Laws
- Abandoned & Unclaimed Property Auditing
- External & Internal Audit
- SOX Controls
- Leadership & Management
- Manufacturing & Engineering
- Collection and Remittance of Property

Education / Certifications

LSU Certified Internal Audit Program. December, 2012.

Louisiana State University, Baton Rouge, LA

Bachelors, Computer Science. December, 2006.

EAFIT University, Medellin, Colombia

Experience with contracts of similar size:

Since 2014, Mrs. Narez has worked on AUP examinations comparable in size and scope to the requirements of the State of West Virginia. As the AUP Audit Manager, she is charged with directing and managing the AUP audit division of the firm. Mrs. Narez assists the President in development and maintenance of the program's infrastructure designed to facilitate the efficient, effective and thorough progression of examination assignments for multiple states. In addition to the aforementioned responsibilities, she is also responsible for examination quality control and final deliverables to client states. Mrs. Narez is the process owner on all technical issues, dispute resolutions as well as conveyance of all examinations related

communications, correspondence and work papers to the client state, holder and/or holder advocate. She is responsible for project planning and implementation within acceptable time frames for all examinations performed by the audit staff.

As AUP Lead Auditor (Supervisor), Mrs. Narez reviews the status of each examination for each member of her audit team to verify the audit plan is optimal, and that each examination is progressing in a timely manner, consistent with the expectations of the state. DAS' WIP management sets standards and metrics for the time required for each audit milestone. As Lead Auditor, Ms. Narez's evaluates her audit team and team inventory to manage the process, quality, and cycle times of their examinations and each milestone, resulting in 82% of cases being completed in 18 months or less.

Mrs. Narez uses computer-assisted audit techniques in the analysis of large amounts of data, examines and evaluates the efficiency and effectiveness of internal control, and researches audit leads and changes in industry or jurisdiction criterion. She has employed her unique skillset in the evaluation of internal controls to identify inherent issues that may impede holder ability to comply with the State Unclaimed Property Law. She performs detailed analysis of holder compliance with State Unclaimed Property Statutes and keeps abreast of industry developments and their effects on Unclaimed Property Law. She conducts a thorough evaluation accounting processes, researches audit issues, and assists Holders through the due diligence process.

Other Relevant Experience

Discovery Audit Services LLC
Abandoned & Unclaimed Property Auditor /
Assistant AUP Manager
May 2014 to present

Performs detailed analysis of holder compliance with State Unclaimed Property Statutes. Completes examinations independently by following firm approved audit plans. Applies the accounting and internal audit concepts, ensuring that the holder is in compliance with the applicable statutes. Conducts a thorough evaluation of internal controls and accounting processes, researches audit issues, and reviews and organizes financial documents.

Uses computer assisted audit techniques in the analysis of large amounts of data. Examines and evaluates the efficiency and effectiveness of internal controls. Researches audit leads and changes in industry or jurisdiction criterion.

Cleco Corporation
Pineville, LA
Summer 2012 Internship

Ms. Narez worked on SOX 404 audits such as control environment, budgeting, and capital assets. She assisted other internal audit staff in gathering documentation, conducting audit tests, and in preparing work papers, which she documented and reviewed using TeamMate EWP.

Flag Solutions Ltda
Medellin, Colombia
May 2005 to May 2006

Assisted the Manager of Software Development in the temporary/permanent placement of employees to meet the client's outsourcing needs. Gathered, organized, and prepared company documents and developed procedures for ISO 9001:2000 compliance and auditing purposes.

Hilliard Chesteen
Abandoned & Unclaimed Property Auditor
Lead Auditor



Professional Resume

Mr. Chesteen's experience includes auditing, audit management and team leadership, audit training and continuing education updates, technical resolution, and audit review. His incorporation of methodologies obtained from his Environment Studies educational background and internship is a value-add in the firm's primary focus in the oil and gas industry. He has performed unclaimed property examinations within the banking, healthcare, manufacturing, and oil and gas industries. Mr. Chesteen is responsible for reviewing the status of his team's audits to ensure optimal effectiveness and efficiency and serves as a back up to the audit manager.

Specialization

- Abandoned & Unclaimed Property Auditing
- Understanding of GAAP & GAAS
- Tax and Compliance Laws
- Oil & Gas Laws & Industry
- Financial Institutions Laws & Industry
- Healthcare Laws & Industry
- Manufacturing & Engineering
- Transportation Laws & Industry
- Microsoft Excel
- Microsoft Access
- Microsoft PowerPoint

Education

Rhodes College, Memphis, TN
Bachelor of Arts
Major: Environmental Studies; Minor: Economics

Experience with contracts of similar size:

Since January of 2015, Mr. Chesteen has worked on Abandoned and Unclaimed Property audits comparable in size and scope to the requirements of the State of West Virginia. As an auditor, he is responsible for evaluating individual holder's compliance with state unclaimed property statutes. Through thorough analysis, Mr. Chesteen assesses holder's unclaimed property procedures to ensure adequate, effective internal controls are employed in ensuring compliance with State Unclaimed Property law. He processes relevant documents obtained from holder for unclaimed property, identifies unclaimed property, and facilitates escheatment process to the state. He researches unclaimed property audit leads, and maintains intimate knowledge of relevant industry operations that are relevant to generation of unclaimed property.

As a Lead Auditor (Supervisor), Mr. Chesteen reviews the status of each audit for each member of his auditor team to verify the audit plan is optimal, and that each audit is progressing in a timely manner,

consistent with the expectations of the state. Hill performs detailed analysis of holder compliance with State Unclaimed Property Statutes. He completes examinations independently by following firm approved audit plans and applies the accounting and internal audit concepts, ensuring that the holder is in compliance with the applicable statutes. He conducts a thorough evaluation of internal controls and accounting processes, researches audit issues, and reviews and organizes financial documents.

Other Relevant Experience

Discovery Audit Services LLC

Lead Auditor / Auditor – *January 2015 to Present*

Mr. Chesteen performs independent research on public and private companies. He conducts unclaimed property examinations of holder's records to determine compliance with State statutes and is proficient in the examination and evaluation of internal controls.

He performs both single and multi-state examinations while following the prescribed audit plan. He has demonstrated his capability to conduct abandoned and unclaimed property examinations in the banking, healthcare, insurance and oil and gas industries.

Randall Allen Taylor
Abandoned & Unclaimed Property Auditor



Professional Resume

Mr. Taylor joined the firm as an Abandoned & Unclaimed Property Auditor. He has over twenty-nine (29) years of audit experience. Prior to joining DAS, he was an Auditor V with the Texas Comptroller of Public Accounts. In this role, he completed many complex expenditure audits.

Mr. Taylor also has over ten (10) years of abandoned and unclaimed property auditing experience. He was one of the original Unclaimed Property Auditors for the Texas Department of Treasury, prior to the office's consolidation into the Texas Comptroller of Public Accounts. In this role, he assisted in the development of the program. He also trained Unclaimed Property Auditors and oversaw the selection, preparation, and review of audits.

He has completed a substantial number of audits in a variety of industries including healthcare, oil and gas, financial institutions, construction and insurance companies.

Specialization

- Understanding of GAAP & GAAS
- Understanding of NAUPA criteria and State Unclaimed Property Laws
- Interpret and apply legal criterion
- State and Local Government
- Abandoned & Unclaimed Property Auditing
- Risk Analysis
- Financial Institutions examinations
- Healthcare examinations
- Transportation examinations
- Insurance Company examinations
- Construction examinations
- Oil and Gas examinations
- Utility Company examinations
- Manufacturer examinations
- Supervisory responsibility
- Audit Selection
- Collection and Remittance of Property

Education / Certifications

Bachelor of Business Administration in Accounting. December, 1992.
Southwest Texas State University, San Marcos, TX

Applied Science Degree in Accounting. August, 1990.
Wharton County Junior College, Wharton, TX

Experience with contracts of similar size:

Since 1986 Mr. Taylor has worked on Abandoned & Unclaimed Property audits comparable in size and scope to the requirements of the State of West Virginia. He has an in depth understanding of unclaimed property law, audit procedures, management, training, and state government operations. He is responsible for reviewing and documenting internal controls policies and procedures, analyzing accounting records in order to quantify unclaimed property reportable to the states, and preparing the written reports upon conclusion of the examinations. His inventory of examinations includes both single and multi-state examinations. He served as the primary trainer in the training of unclaimed property auditors for the Texas Comptroller of Public Accounts in the Dallas, Fort Worth, and Abilene field offices.

Relevant Experience

**Discovery Audit Services LLC
Auditor. *October 2015 to present***

Mr. Taylor performs independent research on public and private companies. He conducts unclaimed property examinations of holder's records to determine compliance with State statutes and is proficient in the examination and evaluation of internal controls.

He performs both single and multi-state examinations while following the prescribed audit plan. He has demonstrated his capability to conduct abandoned and unclaimed property examinations in the banking, healthcare, insurance and oil and gas industries.

**Texas Comptroller of Public Account
December 1998 – September 2015
Auditor V**

Mr. Taylor conducted Unclaimed Property audits for the Texas State Treasury – Unclaimed Property Division for over 10 years. His audits covered a vast number of industries including oil and gas, manufacturing, construction, healthcare, financial institutions, and insurance. His duties included auditing, supervising, training of new audit staff, and review of work papers.

Cynthia Deeds Cissell

**Director of Operations /
Abandoned & Unclaimed Property Consultant**



Professional Resume

Ms. Cissell’s primary function as Director of Operations for over three years is to provide oversight of all administrative functions and operational activities including support for unclaimed property auditors, clients, and managers. Additionally, Ms. Cissell is responsible for ensuring that internal controls are established and maintained in order to meet the requirements specified in client contracts and to support quality control.

Ms. Cissell’s experience includes five years of unclaimed property auditing and audit analysis. These examinations consisted of completeness of records in order to identify and determine Unclaimed Property in the custody of the holders. She has successfully completed a hundred and eight unclaimed property audits resulting in \$4,483,000 in property returned to owners and/or collected and remitted to clients.

Ms. Cissell actively assists in the training and consultation of abandoned and unclaimed property auditors. Her experience in the banking, manufacturing, healthcare, utility and oil and gas industries has proven invaluable in the development, training and consultation of the firm’s Abandoned & Unclaimed Property Auditors. Furthermore, she actively assists the AUP Audit Manager in program development, client, and staff relations.

Specialization

- Understanding of GAAP & GAAS
- State and Local Government
- Tax and Compliance Law
- Escheatment
- Records Management
- Financial Institutions
- Collection and Remittance of Property
- Health Care
- Oil and Gas
- Utility Companies
- Manufacturers
- Service Companies
- Reporting to Clients

Education / Certifications

Bachelor of Science in Business-Personnel and Labor Relations. May, 1988.

University of Maryland-University College, College Park, MD

Experience with contracts of similar size:

Since 2009, Ms. Cissell has performed as an auditor, Abandoned and Unclaimed Property audits comparable in size and scope to the requirements of the State of West Virginia. As the Director of Operations since 2014, her primary function is to provide oversight of all administrative functions and operational activities including support for AUP auditors, clients and managers. Additionally, Ms. Cissell is responsible for ensuring that internal controls are established and maintained in order to meet the requirements specified in client contracts and to support quality control.

Ms. Cissell assists the Audit Manager with project planning and implementation to ensure the examinations are completed within acceptable time frames.

Other Relevant Experience

Discovery Audit Services LLC Abandoned & Unclaimed Property Auditor *April 2009 – January 2014*

Ms. Cissell's primary function was conducting Unclaimed Property Audits for client jurisdictions as well as researching potential audit leads. She has extensive knowledge in the production of audit summary reports and audit schedules to include the preparation of holder reports in NAUPA II format and electronic filing. She has successfully completed one hundred eight audits for Discovery Audit Services, LLC (DAS) and effectively facilitates best practices when developing client/auditor relationships.

Revenue Recovery Group Administrative Assistant *September 2000 – March 2009*

With over eight years' experience as a skilled and personable administrative assistant, Ms. Cissell provided both exceptional and consistent office support to include the production of letters and affidavits related to the audit process, maintaining the audit database, and producing invoices for audit services, and preparing the daily deposit. Ms. Cissell excelled at developing relationships with staff, senior executives and clients. She is highly organized and conscientious and was entrusted by management with confidential materials.

Carrie Stephenson
Computer Assisted Audit Specialist



Professional Resume

Ms. Stephenson is a highly analytical, organized, and deadline focused compliance auditor. She utilizes critical thinking and audit planning to ensure efficiency and builds strong internal and external relationships through active listening and objective participation in seeking solutions. Ms. Stephenson is proficient at managing large sets of data pertaining to POS systems, general ledgers, and audit data collected by the bureau. She completed the statistical sampling course presented by the Multistate Tax Commission.

Specialization

- Certified Computer Audit Specialist
- Large Audit Planning
- Sales and Use Tax Law
- Statistical Sampling
- ACL
- QuickBooks
- Electrical Energy Statutes and Regulations

Education / Certifications

Bachelor of Arts, Accounting, December, 2003.
Missouri Southern State University, Joplin, MO.

Missouri Field Compliance Bureau

Advanced Electronic Audit Training

Multistate Tax Commission

Statistical Sampling for Sales / Use Tax Audits

Relevant Experience

Discovery Audit Services LLC
Certified Computer Audit Specialist
October 2014 to present

Ms. Stephenson manages large data sets and organizes statistical samples. She has completed the statistical sampling course presented by the Multistate Tax Commission.

Missouri Department of Revenue
Tax Audit Supervisor/Computer Audit Specialist,
2004 – 2014

Ms. Stephenson oversaw a sales and use tax audit team of five, while periodically conducting large audits. Supervisory contributions included selecting audit leads, assisting with audit planning, performing or assisting with electronic data work, and reviewing audits at various stages.

Actively involved in utilizing both third party and internal data to construct best practices. Primary roles included identifying and researching potential data sources, and conducting analysis on performance data to identify strengths and weaknesses.

As an auditor, she managed a caseload of 20-30 sales and use tax audits. Regularly exceeded performance expectations and was frequently promoted. Audits included large companies and industries with complex taxing issues.

Pamela Gail Hebert
Abandoned & Unclaimed Property
Administrative Manager



Professional Resume

Ms. Hebert has successfully managed the customer and administrative sides of business operations, and her fifteen years of experience includes public sector agencies (revenue and unclaimed property) and giant retail stores.

Specialization

- Holder Identification
- Client Relations
- State and local governments
- Customer Service
- File Management
- Property Detail Upload to State
- Electronic Reporting
- Collection and Remittance of Property

Relevant Experience

Discovery Audit Services LLC
Administrative Manager
January 2014 to present

Ms. Hebert provides research and technical analysis of potential audit leads, and researches and evaluates potential audit candidates for further consideration as audit requests. She is responsible for uploading property detail to State. She has over nine years' experience working with government agencies facilitating various aspects of the overall workflow.

Revenue Recovery Group, Inc.
Administrative Assistant
June 2007 – January 2014

For seven years Ms. Hebert provided outstanding and consistent office support to audit managers and auditors in the field. Duties included the production of letters and files related to the audit process, maintaining the audit database, producing invoices for the audit database, and preparation of deposits.

Walmart Stores, Inc.
Assistant Manager
March 1999-June 2007

Ms. Hebert was responsible for hiring and training associates for two divisions within one store, as well as scheduling for the work shifts. She prepared annual budgets, and ensured that the store stayed within that set budget. Ms. Hebert handled customer complaints, and processed the daily paperwork, monthly statements, and month/year end reports.

3.7.3 Continuation of Quality Staff

Discovery Audit Services, LLC personnel have more than 27 years of experience in providing auditing services to state clients. DAS audit teams are led by personnel with advanced degrees in accounting. The Audit Manager has completed the Louisiana State University's Center for Internal Auditing Program (CIA), a program nationally recognized for its excellence.

DAS personnel have education / experience in forensic auditing, computer assisted auditing, and statistical sampling and have been trained in all phases of unclaimed and abandoned property law, including case law, Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), National Association of State Treasurers (NAST), and National Association of Unclaimed Property Administrators (NAUPA) resolutions and commitments on performing audits specifically for unclaimed and abandoned property. Audits are performed in accordance with standards of the American Institute of Certified Public Accountants (AICPA) and the United States General Accounting Office (USGAO).

DAS continues to build its audit program and invest in new resources and tools to better serve our clients. DAS is expanding its staffing at the time of this proposal, and will continue to expand its personnel resources to include individuals with the same quality that we have provided our 24 other clients for over 11 years. Any changes in personnel will reflect individuals with qualifications that meet or exceed our client's expectations. DAS agrees to notify STO in writing of any personnel or staff changes that would affect the services provided to the STO.

3.7.4 Subcontractors

DAS does not use subcontractors in the performance of our audits. The company believes this is important for control and security purposes. All phases of the discovery, audit, and reporting process are controlled and performed exclusively by DAS audit employees.

3.8. Conflicts

The sole focus of DAS is unclaimed and abandoned property auditing for governmental clients. As such, DAS does not accept fees and derives no benefit from relationships with any persons involved in the proposal process. DAS does not engage in "finder/owner location services." DAS and RRG have never provided services for a fee for any business. There are no business relationships or contracts that might be construed as the appearance of a conflict of interest. DAS is fully committed to educating holders in how to be compliant in unclaimed property laws as a representative of STO. The company will not, nor has it ever, engaged in any type of business activity with holders.

4. Mandatory Requirements

4.1. Mandatory Contract Services Requirements and Deliverables

DAS has on its staff experienced personnel who are available to ethically, effectively, and efficiently identify audit candidates, audit, collect, and deliver unclaimed property in accordance with West Virginia Statutes. DAS has researched, identified, and requested 1,516 holders for audit from its historical count of 24 clients over the past 11 years. DAS only audits those that are given written approval by our clients. To date, 513 audits have been completed with 330 of those resulting in property collected and delivered to state clients in the amount of \$37,088,486. In addition, over \$12,067,121 in property has been remediated directly from holders to owners as a result of DAS audits.

Senior audit staff includes graduates of LSU's Center of Internal Audit (LSUCIA), former State Special Investigative Agents and state unclaimed property auditors. Senior unclaimed property audit experience ranges from 5 to 29 years and encompasses a multitude of industries including, but not limited to, oil and gas, healthcare, financial services, manufacturing, transportation, utilities, and insurance. Employees were chosen not only for their outstanding accounting credentials but also for their diverse business experience. They are trained in all phases of unclaimed and abandoned property law, including case law, American Institute of Certified Public Accountants (AICPA) Standards, the United States General Accounting Office (USGAO) Standards, Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), National Association of State Treasurers (NAST), and National Association of Unclaimed Property Administrators (NAUPA) resolutions and commitments on performing audits specifically for unclaimed and abandoned property.

DAS has demonstrated in a multi-state environment that it will assist West Virginia in educating holders and recovering property accurately, efficiently, and timely. DAS has been awarded contracts from Colorado, Delaware, Florida, Idaho, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, New Hampshire, New Mexico, North Dakota, Oregon, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.

DAS confirms that its Contract Services shall meet or exceed the mandatory requirements of Section 4. Sample reports, audit plans, policies, and the audit manual summary can be found in Appendices A, B, C, D and E.

4.1.1 Specific Work Plan – Audits

DAS' *Summary of Present System Methodology and Work Plan*, found in Section 3.6 on page 17, provides an overview of our technical approach for unclaimed property examinations. DAS has developed its processes and procedures to accommodate the most demanding of clients' standards and requirements. Clients often stress different aspects of the service. DAS incorporates the more intense requirements from each client into its delivery of service to all clients. The ultimate result of this activity is a highly comprehensive and thorough evaluation of holder compliance. A description of the varying examination options is delineated throughout our work plan.

DAS agrees that auditors will set forth a work plan, including an explanation for the methodology to be followed, including any specialized methodologies. Our auditors have reviewed the guidelines in Exhibit D and will adhere to the STO's requirements and expectations. A sample audit plan can be found in **Appendix A**.

4.1.2 Audits Examinations

DAS' ***Present System for Audit of Holders***, beginning in Section 3.6 on page 19, provides an in-depth analysis of our firm's approach for audit examinations. Our ***Present System Management of Process*** shows that for over 11 years, DAS has consistently demonstrated it can complete the audit cycle in a timely, professional manner and file automated reports as required by its 24 governmental agency clients.

DAS agrees that managers and auditors will fulfill the examination requirements according to the terms of this RFQ, including Exhibits B and D.

4.1.3 Audit Authorization

DAS agrees that written approval from the STO must be obtained prior to commencing an audit. This is our standard practice with all state clients.

4.1.4 Standards

DAS agrees that it will comply with the professional audit standards required by the STO. Please see ***Present System Technical Knowledge*** in Section 3.6 for additional information.

4.1.5 Authority

DAS acknowledges that it shall act only within the scope of authority granted by the STO, including the use of estimation techniques. DAS standard procedure regarding estimation is to obtain client approval before estimating.

4.1.6 Timeframe

DAS acknowledges and agrees to abide by the timeframe set by the terms of the RFQ.

4.1.7 Act Requirements and Notices

DAS auditors have reviewed the West Virginia Unclaimed Property Act and have a working knowledge and familiarity of its requirements. Auditors shall advise Holders of the due diligence requirements of the W.Va. Code §36-8-7 and shall notify the STO if Due Diligence has not been carried out by a Holder. DAS shall fully meet the requirements and notices stated in the code and this section.

4.1.8 Closure

DAS agrees to meet or exceed the closing requirements of this RFQ. Please refer to ***Present System for Electronic Reporting and Delivery of Property*** in Section 3.6. for detailed analysis of our process.

4.1.9 Reporting

DAS agrees to meet or exceed the reporting requirements of this RFQ, including all subsections of 4.1.9. Please refer to ***Present System for Electronic Reporting and Delivery of Property*** in Section 3.6. for detailed analysis of our process.

4.1.10 Securities

DAS agrees to meet or exceed the processing of all securities, including all subsections of 4.1.10 according to the procedures established by State law and the STO.

4.1.11 Demands for Remittances

DAS agrees to meet or exceed the remittance requirements of this RFQ. Please refer to ***Present System for Electronic Reporting and Delivery of Property*** in Section 3.6. for detailed analysis of our process.

4.1.12 Out-of-Proof Reports

DAS has over 11 years of experience relating to out-of-proof reports. Our auditors are able to recognize and handle out-of-proof reports and our firm has policies, procedures, resources that enhance our ability to identify the accurate address of the property owner. DAS agrees that out-of-proof reports will only be accepted with written assurances by Holders that should all owners come forward, Holder will provide the balance due.

4.1.13 Dispute Resolution and

4.1.14 Property Disputes

DAS acknowledges that it is able to meet or exceed these requirements by assisting in dispute resolution as needed. DAS shall notify the STO of any disputes within thirty (30) days of determination that a dispute exists and shall make all reasonable efforts to resolve disputes as quickly as possible.

DAS has performed 513 unclaimed property examinations of financial institutions, oil and gas, insurance, healthcare, manufacturing, construction, and numerous other industries. Audits include mid-size up to the Fortune 100 in these industries. The audit staff's demonstrated experience in understanding and navigating the general ledger has resulted in timely, fair evaluations of holder compliance with zero ("0") unresolved disputes, nor negative ratings from the holder community.

Our consistent performance, professionalism, attention to detail, and results working with the holder community *to resolve issues before they escalate* by working with the holder and the client demonstrate that DAS is a responsible choice to meet the Treasurer's objectives and the requirements of this RFQ.

4.1.15 Interest Credits

DAS acknowledges and agrees to the requirements of 4.1.15.

4.1.16 Release Agreements

DAS has reviewed the sample release agreement in Exhibit C and agrees to prepare release agreements according to the STO procedures.

4.1.17 Work-In-Progress Reports

DAS currently provides Work-In-Progress Reports (WIPS) for its 24 state clients. DAS agrees to provide to the STO Work-In-Progress Reports according to the following procedures:

4.1.17.1 DAS shall provide to the STO, by the 15th of each month, a Work-In-Progress Report for each Holder under examination that includes, but is not limited to, the following information:

- a. Holder's Name
- b. State of Incorporation
- c. Federal Employer Identification Number
- d. Issue Name
- e. Property Type
- f. Engagement Date
- g. Types of records being examined
- h. Status Commentary (timeline of progression)

4.1.17.2 DAS shall provide the reports in the format required by the STO and acknowledges that the STO may amend its requirements at its discretion.

4.1.18 Review and Retention of Records

DAS acknowledges and agrees to the review and retention requirements of this RFQ.

4.1.19 Joint Examinations

DAS acknowledges that the STO reserves the right to participate in a joint examination of any Holder, at any time.

4.1.20 Reasonable Compensation

DAS has read the alternate reasonable compensation policies as stated in section 4.1.20 and its subsections and acknowledges its requirements and DAS' responsibilities with regard to those circumstances.

4.1.21 Fees

DAS agrees to the payment for Audit Services as noted in this section and its subsections, including the reductions in fees in the event DAS fails to deliver property to the STO within thirty (30) days of receipt from Holder.

4.1.22 Confidentiality

DAS acknowledges and agrees to the stipulations of Section 4.1.22.

Discovery Audit Services has undertaken commercially reasonable measures to ensure that all information obtained in connection with the audit and reporting process is kept confidential and only authorized personnel have access to this information for appropriate purposes. In this regard, Discovery Audit Services applies commercially reasonable controls to protect unauthorized access to data, to eliminate

internal and external threats and identify and proactively prevent system security breaches. Our Security Plan is outlined in **Appendix C** including penalties for breach of confidentiality.

DAS understands and appreciates risk concerns, specifically the risk of data breach, considering that the evaluation of holder compliance with unclaimed property law involves the review of highly sensitive information. Every effort must be exerted to protect holder information and communication throughout, and subsequent to, the audit process. Please see **Appendix B** for DAS' Data Breach Response Policy.

Initial requests to the holder for confidential information do not include personal information. Only when the accounts have been reviewed in detail, and those accounts which appear to have exceptions, is personal information requested. This materially reduces the volume of personal information made available from the holder to DAS.

5. Additional Optional Services

Our firm provides a wide scope of AUP examination options to clients and holders, to include Contractor Assisted Self Audits ("CASA") or Vendor-Assisted Self-Audits, desk and field audits, as well as general ledger and securities audits. Please see **Appendix D, Contractor-Assisted Self-Audits**, for additional information.

DAS agrees that it shall meet or exceed the requirements set forth in all subsections of Section 5.1 as noted below.

5.1. Vendor-Assisted Self-Audits

5.1.1 Assistance

5.1.2 Identification and Contact

5.1.2.1 Written Justification

5.1.2.2 Audit Plan

5.1.3. Authorization

5.1.4. Vendor-Assisted Self-Audit

5.1.5. Timeframe

5.1.6. Work-In-Progress

5.1.7. Collection and Delivery

5.1.8. Education and Compliance

5.1.9. Compensation

6. Contract Award

DAS acknowledges the stipulations of this section.

7. Performance

DAS acknowledges and agrees to the schedule of performance stipulations.

8. Payment

DAS agrees to and accepts the payment terms.

9. Travel

DAS agrees to the travel costs stipulations.

10. Facilities Access

DAS acknowledges and agrees to the facilities access requirements in the event that access to the Agency's facilities is necessary.

11. Vendor Default

DAS acknowledges and agrees to the definition and remedies relating to vendor default under this RFQ.

12. Miscellaneous

12.1. Contract Manager

DAS acknowledges and agrees to the experience requirements stipulated in Section 12.1 of the RFQ.

DAS Contract Administrator and Point of Contact:

King Woolf
President, Founder, Owner and Contact Person
Discovery Audit Services, LLC (DAS)
12012 Bricksome Ave.
Baton Rouge, LA 70816
225-266-1385
225-928-9176 fax
kingwoolf@aol.com
www.discoveryauditservicesllc.com

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

→ King Woolf
(Name, Title)
King Woolf, President
(Printed Name and Title)
12012 Bricksome Ave. Baton Rouge, LA 70816
(Address)
225-928-9175 / 225-928-9176
(Phone Number) / (Fax Number)
Kingwoolf@aol.com
(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Discovery Audit Services, LLC
(Company)
King Woolf
(Authorized Signature) / (Representative Name, Title)
King Woolf, President
(Printed Name and Title of Authorized Representative)
5/15/17
(Date)
225-928-9175 / 225-928-9176
(Phone Number) (Fax Number)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFQ STO1700000006

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Discovery Audit Services, LLC

Company

King Woolf

Authorized Signature

5/25/17

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Discovery Audit Services, LLC

Authorized Signature: [Signature] Date: 5/17/17

State of Louisiana

County of Ascension, to-wit:

Taken, subscribed, and sworn to before me this 17 day of May, 2017

My Commission expires @ death, 20

AFFIX SEAL HERE

NOTARY PUBLIC [Signature]

Purchasing Affidavit (Revised 08/01/2015)
Richard Rachal - Notary Public
83767
Commission expires at death
Parish of East Baton Rouge
State of Louisiana

Appendix A: Sample Documents (Audit Plan, Questionnaires, WIP Reports)

Discovery Audit Services, LLC - SAMPLE AUDIT PLAN

I. PREAUDIT STEPS

Responsible Parties: Auditor / Administrative Team

Projected Timeline: 1 to 30 days

TASK LIST

- a) SET UP WORKING PAPER FILE
- b) OBTAIN AND ANALYZE COPIES OF ANNUAL UNCLAIMED PROPERTY REPORTS PREVIOUSLY FILED/SUMMARY OF PROPERTY REPORTED
- c) DETERMINE WHICH PROPERTY TYPES HOLDER IS SUSCEPTIBLE TO GENERATING BY INDUSTRY
- d) OBTAIN AND REVIEW PRIOR WORKING PAPERS, FINDINGS, IF ANY
- e) CONTACT THE HOLDER BY PHONE TO ESTABLISH POINT OF CONTACT AND SCHEDULE A MUTUALLY AGREEABLE TIME FOR AN AUDIT OPENING CONFERENCE
- f) SEND AN ENTRANCE LETTER/EMAIL TO THE HOLDER'S POINT OF CONTACT
- g) HOLD A PRELIMINARY CONFERENCE TO ADVISE THE HOLDER OF THE SCOPE OF THE AUDIT, AUDIT WORKFLOW, OBTAIN AN UNDERSTANDING OF ACCOUNTING INFORMATION SYSTEMS, AND ADVISE HOLDER OF ANY OTHER APPLICABLE AGREEMENTS
- h) SEND INITIAL QUESTIONNAIRE, COPY OF UNCLAIMED PROPERTY STATUTES, DAS SCOPE AND METHODOLOGY AND DAS GUIDELINES
- i) SUBSEQUENT TO RECEIPT OF IQ, COMPLETE AND FORWARD PRELIMINARY DOCUMENT REQUEST
- j) REVIEW CHART OF ACCOUNTS FOR SELECTION OF ACCOUNTS TO BE ANALYZED AND TESTED
- k) REVIEW GENERAL JOURNAL ENTRIES FOR POTENTIAL WRITE-OFFS OF UNCLAIMED PROPERTY OR OTHER ENTRIES DISPOSING OF UNCLAIMED PROPERTY

II. OUTSTANDING CHECKS-DRAFTS

Responsible Parties: Auditor

Projected Timeline: 30 to 90 days

TASK LIST

- a) OBTAIN A LIST OF ALL OPEN AND CLOSED BANK ACCOUNTS
- b) EVALUATE THE SYSTEM OF INTERNAL CONTROL OVER ALL CASH DISBURSEMENTS
- c) REVIEW INTERNAL CONTROL MAINTAINED OVER OUTSTANDING CHECKS
- d) REVIEW ALL CLOSED COMMERCIAL CHECKING ACCOUNTS TO DETERMINE THE AMOUNT OF OUTSTANDING CHECKS/DRAFTS AT THE TIME OF CLOSING AND TRACE THE OUTSTANDING CHECKS' TOTAL TO THE BANK STATEMENT
- e) REVIEW LIABILITY ACCOUNTS TO WHICH OUTSTANDING CHECKS/DRAFTS ARE TRANSFERRED
- f) REVIEW THE CONTRA OR RELATED EXPENSE ACCOUNTS TO DETERMINE IF OUTSTANDING CHECKS/DRAFTS ARE REVERSED TO THE ACCOUNT FOR WHICH THEY ARE DRAWN
- g) DETERMINE IF "RETURNED BY POST OFFICE" CHECKS ARE HANDLED DIFFERENTLY FROM OTHER OUTSTANDING CHECKS
- h) DETERMINE IF CHECKS ARE PREPARED FOR PAYROLL, VACATION PAY, SEVERANCE PAY, RETIREMENTS AND PENSION PLAN REFUNDS, ETC., BELONGING TO TERMINATED EMPLOYEES FOR PERIODS SUBSEQUENT TO TERMINATION.
- i) ASCERTAIN IF SALES COMMISSIONS ARE ALWAYS PAID BY CHECK
- j) IF DRAFTS ARE/WERE ACCOUNTED FOR ON "PAID" BASIS, REVIEW PAST AND/OR PRESENT INTERNAL CONTROL SPECIFICATIONS TO DETERMINE IF REPORTS OF UNPRESENTED DRAFTS ARE GENERATED.
- k) REVIEW PROCEDURE FOR CONTACTING PAYEES OF UNCASHED CHECKS AND DRAFTS

- l) DETERMINE IF RPO CHECKS ARE CANCELLED AND POSTED IN ANOTHER ACCOUNT
- m) PREPARE A SCHEDULE OF UNREPORTED CHECKS AND/OR DRAFTS
- n) PROPOSE CHANGES IN THE SYSTEM AS APPROPRIATE
- o) DETERMINE IF RPO CHECKS GENERATE A TRANSFER OF THE OWNER'S INTEREST FROM PAY STATUS TO SUSPENSE STATUS (APPLICABLE TO OIL & GAS REVENUES)
- p) DETERMINE IF ORIGINAL PRODUCTION DATES ARE RETAINED IN SUSPENSE LEDGER WHEN INTERESTS ARE TRANSFERRED AS A RESULT OF OUTSTANDING OR RPO CHECKS (APPLICABLE TO OIL & GAS REVENUES)
- q) INSPECT OUTSTANDING CHECKLISTS FOR RECURRING NAMES. DETERMINE IF THESE ARE BEING TRANSFERRED TO SUSPENSE.

III. UNIDENTIFIED DEPOSITS, REMITTANCES AND MISCELLANEOUS ITEMS

Responsible Parties: Auditor

Projected Timeline: 30 - 90 days

TASK LIST

- a) REVIEW THE INTERNAL CONTROL OVER UNIDENTIFIED DEPOSITS AND REMITTANCES
- b) REVIEW THE ACCOUNTING PROCEDURE ON UNIDENTIFIED DEPOSITS AND REMITTANCES
- c) ANALYZE SUSPENSE AND LIABILITY ACCOUNTS UTILIZED FOR ALL UNIDENTIFIED PAYMENTS RECEIVED
- d) ANALYZE AGING PROCEDURE ON THE TRANSFERRAL OF UNIDENTIFIED PAYMENTS
- e) DETERMINE THE ULTIMATE DISPOSITION OF UNCLEARED UNIDENTIFIED ITEMS
- f) ANALYZE ALL AMOUNTS TAKEN INTO INCOME OR SURPLUS
- g) SAMPLE SUSPENSE ACCOUNTS AND LIABILITY ACCOUNTS USED FOR RECORDING AND CONTROLLING UNIDENTIFIED ITEMS
- h) DETERMINE IF PREMIUMS PAID ON POLICY APPLICATIONS ARE REFUNDED
- i) PREPARE A SCHEDULE OF UNREPORTED UNIDENTIFIED REMITTANCES
- j) PROPOSE CHANGES IN THE SYSTEM AS APPROPRIATE

IV. CREDIT BALANCES

Responsible Parties: Auditor

Projected Timeline: 30 - 90 days

TASK LIST

- a) OBTAIN A LIST OF CATEGORIES OF CREDIT BALANCES GENERATED BY THE HOLDER
- b) EVALUATE AND DOCUMENT THE SYSTEMS AND PROCEDURES FOR PROCESSING CREDIT BALANCES
- c) REVIEW A LISTING OF CREDIT BALANCES AND DETERMINE IF ALL OUTSTANDING OBLIGATIONS ARE SYSTEMATICALLY PAID
- d) ANALYZE THE INCOME ACCOUNTS TO DETERMINE WHETHER CREDIT BALANCES HAVE BEEN TAKEN INTO INCOME. ALSO, REVIEW RELATED EXPENSE ACCOUNTS TO DETERMINE WHETHER CREDIT BALANCES ARE USED TO OFFSET EXPENSES/BAD DEBTS
- e) IF THE HOLDER IS A RETAIL COMPANY, DETERMINE IF HOLDER ENTERED INTO A CONSENT DECREE WITH FTC. IF SO, OBTAIN INFORMATION PROVIDED TO FTC. ASCERTAIN WHAT PERIODS WERE INCLUDED IN THE CONSENT DECREE AND WHETHER BALANCES UNCLAIMED UNDER THE DECREE HAVE BEEN REPORTED. EXAMINE FOR PREDECREE BALANCES.
- f) PREPARE A SCHEDULE OF UNREPORTED CREDIT BALANCES

- g) PROPOSE CHANGES IN THE SYSTEM AS APPROPRIATE

V. MINERAL INTEREST SUSPENSE

Responsible Parties: Auditor

Projected Timeline: 30 - 90 days

TASK LIST

- a) REVIEW THE INTERNAL CONTROL MAINTAINED OVER THE MINERAL INTEREST SUSPENSE ACCOUNT
- b) REQUEST A DETAILED PRINTOUT OF THE SUSPENSE LEDGER USED IN PREPARING UNCLAIMED PROPERTY REPORTS
- c) DETERMINE WHICH SUSPENSE CODES ARE REPORTED, AND WHICH ARE NOT
- d) REVIEW OWNERS PREVIOUSLY REPORTED AND TEST TO DETERMINE ALL MONEY OWED TO OWNERS HAS BEEN REMITTED
- e) OBTAIN REPORTS FILED WITH OTHER STATES AND ENSURE HOLDER IS COMPLIANT WITH FIRST PRIORITY RULES
- f) DETERMINE IF THE PRODUCTION CUTOFF DATES CONFORM WITH REPORTING REQUIREMENTS
- g) DETERMINE IF THE HOLDER HAS REMOVED OWNERS FROM SUSPENSE FOR REASONS OTHER THAN PAYMENT TO THE OWNERS BY REVIEWING INACTIVE ACCOUNTS PURGED FROM SYSTEM, PLUGGED AND ABANDONED WELLS, SALES OF LEASES, WRITE-OFFS TO INCOME
- h) DETERMINE IF LEASES THAT HAVE BEEN SOLD HAVE DOCUMENTATION TO PROVIDE THE TERMS OF THE CONTRACTS AS THEY APPLY TO THE LIABILITY SUSPENSE
- i) DETERMINE IF ANY MERGERS, ACQUISITIONS WITH OTHER PRODUCERS HAVE TAKEN PLACE
- j) OBTAIN INFORMATION AS TO THE DISPOSITION OF THE PREVIOUS COMPANY'S SUSPENSE SYSTEM (IF APPLICABLE)
- k) PREPARE A SCHEDULE OF ALL UNREPORTED SUSPENSE ITEMS
- l) PROPOSE CHANGES IN THE SYSTEM AS APPROPRIATE

VI. POST AUDIT

Responsible Parties: Auditor / Administrative Team

Projected Timeline: 5 to 10 days

TASK LIST

- a) GENERATE PRELIMINARY SCHEDULE OF FINDINGS, AUDIT REPORT SUMMARY AND OTHER REQUIRED CORRESPONDENCE.
- b) SUBMIT AFOREMENTIONED DOCUMENTS TO ASSIGNED AUDIT SUPERVISOR FOR REVIEW
- c) SUBMIT SCHEDULES AND OTHER REQUIRED CORRESPONDENCE TO HOLDER AND INITIATE DUE DILIGENCE/REMEDIATION PHASE
- d) EVALUATE DUE DILIGENCE AND REMEDIATION DOCUMENTATION
- e) FINALIZE SCHEDULE OF FINDINGS, AUDIT REPORT SUMMARY AND OTHER REQUIRED CORRESPONDENCE
- f) RECEIVE DISCOVERY REMITTANCE FROM HOLDER
- g) UPLOAD SCHEDULED PROPERTIES TO APPLICABLE STATE AUP SITES
- h) FORWARD APPLICABLE DOCUMENTATION TO STATE FOR AUDIT CLOSE

Discovery Audit Services LLC
Abandoned and Unclaimed Property Questionnaire

Revised 10/3/2016

Date: _____

FEIN: _____

Legal Name: _____

Address: _____

Name and address of parent company (if applicable): _____

Please list any subsidiaries (include name and address): _____

Address of accounting records: _____

What accounting/operating system do you currently use?

Have you had any major accounting system changes within the last 10 years, when?

Are accounting records available in electronic format? _____

Is it possible to have documentation sent electronically or through the mail? _____

State /Date of Incorporation: _____ Is your company publicly held: _____

Any name changes or mergers in the past 15 yrs. (please provide details): _____

Designated Contact Name/Title: _____

Telephone #: _____ Email: _____

Are you filing a yearly unclaimed property report (UP1, UP2) with the state? Are copies maintained at this office? _____

What type of property are you currently turning over/have in the past turned over?

Do you think you have any unclaimed property reportable at this time? _____

What is your current records retention schedule? _____

What are your current U/P procedures? If you have it in a written format, please provide a copy.

Do you consider any property exempt for U/P reporting? Why?

What are your procedures for handling outstanding checks? Please note if the policy differs for check type.
(Please provide written format if available).

Are outstanding checks left in the disbursement account or moved to another general ledger account?

Are small dollar amount checks written off and not researched nor refunded? If yes, what amounts?

Do you use a third party service to issue check payment e.g. payroll, dividends? If yes, please provide company and notate if they are responsible for escheating reportable property.

Is your accounting transaction processing system batch or real-time? Please specify if it is summary or detail batch.

Discovery Audit Services LLC
Abandoned and Unclaimed Property Questionnaire

Revised 10/3/2016

Name, title, and street address of the person who is to receive a schedule of deficiencies found in the audit:

Name: _____

Title: _____

Phone & Email: _____

Address: _____

City, State, and Zip Code: _____

An appropriate individual in the business should verify and approve the answers contained in this questionnaire: This individual should specify the following:

Date Verified and Approved: _____

Signature: _____

Printed/Typed Name: _____

Title (Owner, Partner, President): _____

In addition to the initial questionnaire, please provide the following documents

1. Chart of Accounts (parent company, all relevant subsidiaries and divisions)
2. Pre-Close General Ledger Trial Balance
3. Form 851/Form 7004. Please include dates of inception
4. Bank Map (list of all open and closed operating accounts utilized over past ten years with open date/last date of usage)
5. Organizational Chart

**Discovery Audit Services, LLC.
Unclaimed Property Audit Report Summary**

CONFIDENTIAL

Date of Report: 2/1/2016

Holder: AUP Corp.
Address: 1021 Santa Fe Blvd
Denver, CO 12345

FEIN: 98-0000000

Holder Contact: Theodore Roosevelt **Contact's Position:** AUP Revenue Accountant

Contact Address: 1021 Santa Fe Blvd, Denver, CO 12345
Phone: (555) 555-5555 **Email:** theodoreroosevelt@aupcorp.net

Audit Period: **From** 7/1/2003 to 6/30/2013

NAICS Code: 211111

Records Examined

General Ledger	X	A/C Receivable Listing	X	Suspense Legend Code	X
Chart of Accounts	X	A/C Payments Listing	X	Savings/Checking Accounts	
Sales Invoices		Taxpayer Worksheets		Payroll Records	X
Purchases Listing		Accountant's Reports	X	Suspense Detail Report	X
General Journal		Void Check Register	X	Check Registers	X
Sales Listing		Delivery Documents		Bank Reconciliations	X
Depreciation Schedule		Purchases Invoices		Suspense Liability Accounts	X

Auditor Verification Checklist

Fabrication Labor		Trade-Ins		Repossessions	
Mfg. Excise Tax		Leases & Rentals (Sales)		Bad Debt Deduction	
Capital Asset Additions		Consumable Supplies		Rental Equipment (Use)	
Inventory Withdrawals		Advertising		Expensed Items	
Vehicles Registered		Personal Use Items			

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Toll Free 800-927-9175 / Fax (225) 928-9176*

Discovery Audit Services, LLC.
Unclaimed Property Audit Report Summary

CONFIDENTIAL

FINDINGS

History and Operations:

AUP Corp is an oil and gas exploration corporation headquartered in Denver, CO and incorporated in Bermuda. AUP Corp. is the largest independent producer in the Gulf of Mexico shelf. It was formed in 2005 through a successful \$300 million initial public offering on the London Stock Exchange Alternative Investment Market (“AIM”).

Since the initial public offering, the company has been highly active in the acquisition and exploration. In March 2006, the company purchased XYZ Offshore for \$421 million. Subsequent to the purchase, the company agreed to acquire some South Louisiana properties for a total of \$308 million. In April 2007, the company agreed to acquire DEF company’s Gulf of Mexico assets for \$419.5 million. In January 2010, AUP Corp. completed a \$1.01 billion acquisition of some Gulf of Mexico properties from ABC Corp., one of the largest acquisition in recent history. It completed the full acquisition of MNO properties for \$2.3 billion in 2014.

Reportable Property:

The auditor was authorized by the Louisiana Department of Treasury to conduct an examination of the holder’s compliance to Louisiana Statute 9, Section 151 through 181. Texas v New Jersey 379 U.S. 674, First Primary Rule, established that property is subject to escheat by the State of the owner’s last known address.

AUP Corp. is incorporated in the country of Bermuda. The country is a not a part of the continental United States, nor one of its territories. The 1965 Supreme Court ruling, Texas v New Jersey 379 U.S. 674, Secondary Rule, established that any properties for which there is no owner’s last known address is to be escheated to the holder’s State of “corporate domicile.”

AUP Corp. has not consistently filed unclaimed property reports in the past. The reportable property types for the audit are payroll, royalties and mineral interests, accounts payable and receivables. These property types have a one, two and five-year dormancy period, respectively under Louisiana Unclaimed Property Statute, before deemed abandoned and becomes reportable to the State of Louisiana.

Control Documents:

The auditor was provided the chart of accounts, general ledger trial balances, aged receivables report, suspense detail, suspense code legend, vendor list and unclaimed property report detail for select periods. The holder also provided the general ledger account transaction history for several accounts requested by the auditor.

Due Diligence:

The holder does not have formal due diligence and escheatment criteria, as they have stated that they have only recently become susceptible to generating unclaimed property. This is due to the myriad of aforementioned acquisitions the holder has engaged in since its 2005 inception. Its wholly owned subsidiary, AUP Corp. II, confirmed that there are no written procedures for unclaimed property.

Issues assessed in the audit:

The auditor reviewed the holder’s annual report in identifying its parent company’s State of incorporation, and discovered that it has a foreign incorporation. The auditor reviewed the holder’s annual report (“10K”) to ascertain its state of corporate domicile, as well as assessment of its presence in the continental United States. The auditor identified significant presence in the State.

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Discovery Audit Services, LLC.
Unclaimed Property Audit Report Summary

CONFIDENTIAL

The auditor reviewed the holder's chart of accounts and identified several accounts potentially susceptible to generation of unclaimed property. The auditor then juxtaposed the general ledger trial balance to the chart of accounts in effort to verify completeness and integrity of the documents. The auditor did not discover any material differences between the two documents.

The auditor reviewed the accounts payable bank reconciliations and outstanding check registers. The holder also provided a voided check register for the auditor's review. The auditor identified several outstanding accounts payable disbursements that were outstanding for a period exceeding a six-month period. The auditor inquired on these properties, requesting the holder provide additional documentation substantiating the instruments encashment or just resolution. While stop payments, cancellation and voids were all options utilized by the holder, several properties were done so unjustly, whereas the payment obligations were still outstanding. The holder did not provide documentation proving that the obligation was resolved. The auditor listed the accounts payable disbursements exceeding the prescribed dormancy period on the Schedule 1 LA.

The auditor reviewed the revenue and mineral interest bank reconciliations and outstanding check registers. The auditor identified several outstanding revenue disbursements that were outstanding for an excessive period of time. The auditor requested the outstanding suspense balances for the applicable owners. The holder provided the balance for outstanding mineral interest owners. The auditor listed the revenue disbursements exceeding the prescribed dormancy period on the Schedule 1 LA.

The auditor reviewed the suspended balance general ledger account of the holder. The holder provided the transaction detail for the accounts. The auditor requested the owner name and address information for all owners included in the detail. The holder provided the available information to the auditor, along with the balances for accounts in which the owner information was "Unknown." The auditor requested detail on the well location, considering that the holder third priority ruling, or "Throwback" rule would have to be applied considering the holder's incorporation in a foreign jurisdiction. The auditor listed the suspended royalties meeting the prescription for escheatment on the Schedule 1 LA.

The auditor reviewed the holder's 2014 unclaimed property report. The auditor identified accounts payable properties that exceeded the dormancy prescription, but were omitted from the holder's 2014 unclaimed property filing. The auditor listed these properties on the Schedule 2 LA.

Issues Addressed but not Assessed

None

Issues in dispute at close of audit:

Properties identified as "Disputed Properties" were segregated from the agreed upon properties. On Monday, January 11, 2016, the auditor was advised by the Louisiana Department of Treasury that a settlement had been agreed upon. The auditor closed the examination based upon this acknowledgement.

Areas not tested:

None

Conclusion/Recommendations:

AUP Corp. makes consistent effort to reunite property with its rightful owner. The auditor encourages the holder to continue working closely with their holder advocate and the State in monitoring the ever changing dynamics of the

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Discovery Audit Services, LLC.
Unclaimed Property Audit Report Summary

CONFIDENTIAL

unclaimed property environment. The auditor provided the holder a copy of the Louisiana Statutes regulating the escheatment of unclaimed property. The holder may refer to it as future compliance criterion.

Audit Report Prepared By: Audit Staff Auditor #920.

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Toll Free 800-927-9175 / Fax (225) 928-9176*

Summary Schedule LA

AUP Corp.
Louisiana

Preliminary Statement of Examination Findings- Summary Schedule
Audit Period: Report Years 2004 through 2013

ABANDONED & UNCLAIMED	REPORT YEAR	ABANDONMENT PERIOD	DUE DATE	ADD'L AMOUNT REPORTABLE	INTEREST RATE TO 3/1/2016	INTEREST DUE	PENALTY DUE	TOTAL
	2004	7/1/2003 - 6/30/2004	11/1/2004	\$ -	67.833%	\$ -	\$ -	\$ -
	2005	7/1/2004 - 6/30/2005	11/1/2005	\$ 236,184.31	57.583%	\$ 136,002.80	\$ -	\$ 372,187.11
	2006	7/1/2005 - 6/30/2006	11/1/2006	\$ 79,938.48	49.917%	\$ 39,902.62	\$ -	\$ 119,841.10
	2007	7/1/2006 - 6/30/2007	11/1/2007	\$ -	40.667%	\$ -	\$ -	\$ -
	2008	7/1/2007 - 6/30/2008	11/1/2008	\$ -	32.000%	\$ -	\$ -	\$ -
	2009	7/1/2008 - 6/30/2009	11/1/2009	\$ 748.52	26.000%	\$ 194.62	\$ -	\$ 943.14
	2010	7/1/2009 - 6/30/2010	11/1/2010	\$ 98.11	21.958%	\$ 21.54	\$ -	\$ 119.65
	2011	7/1/2010 - 6/30/2011	11/1/2011	\$ 356.79	18.000%	\$ 64.22	\$ -	\$ 421.01
	2012	7/1/2011 - 6/30/2012	11/1/2012	\$ -	14.000%	\$ -	\$ -	\$ -
	2013	7/1/2012 - 6/30/2013	11/1/2013	\$ 525,909.18	10.000%	\$ 52,590.92	\$ -	\$ 578,500.10
DEMANDABLE:				\$ 843,235.39		\$ 228,776.72	\$ -	\$ 1,072,012.11
Omitted Property (2014) (Schedule 2 LA)	2014	7/1/2013 - 6/30/2014	11/1/2014	\$ 18,268.79	6.000%	\$ 1,096.13	\$ -	\$ 19,364.92
REPORTABLE:				\$ 18,268.79		\$ 1,096.13	\$ -	\$ 19,364.92
TOTAL ASSESSED:				\$ 861,504.18		\$ 229,872.85	\$ -	\$ 1,091,377.03
Past Due Escheat (2014) (Schedule 3 LA)				\$ -		\$ -	\$ -	\$ -
ESCHEATED:				\$ -		\$ -	\$ -	\$ -
Reunited with Owner (2014) (Schedule 4 LA)				\$ -		\$ -	\$ -	\$ -
REMEDIATED:				\$ -		\$ -	\$ -	\$ -
TOTAL DUE:				\$ 861,504.18		\$ 229,872.85	\$ -	\$ 1,091,377.03

* Title 9, Section 176 states that penalty accrues at \$200 per day not to exceed \$5000 for each report not filed.

AUP Corp.
Louisiana

Preliminary Statement of Examination Findings- Demandable Properties
Audit Period: Report Years 2004 through 2013

CHECK # ACCOUNT #	VENDOR/PAYEE (LAST NAME)	VENDOR/PAYEE (FIRST NAME)	VENDOR/PAYEE (ADDRESS)	CITY	STATE	ZIPCODE	VENDOR/PAYEE (SOCIAL SECURITY #)	DATE OF LAST TRANSACTION	REPORT YEAR	PROPERTY TYPE	PROPERTY CODE	AMOUNT REPORTABLE
123456	Payee Last Name #1	Payee First Name #1	325 Audit Court	Baton Rouge	LA	75555	423-46-4896	7/1/1999	2005	OFFICIAL CHECK	CK15	\$ 1,015.33
123457	Payee Last Name #2	Payee First Name #2	123 Compliance Lane	Baton Rouge	LA	75555	423-46-4897	7/2/1999	2005	OFFICIAL CHECK	CK15	\$ 235,168.98
									2005 Total			\$ 236,184.31
123458	Payee Last Name #3	Payee First Name #3	8520 LSU Rd	Baton Rouge	LA	75555	423-46-4898	7/3/2000	2006	OFFICIAL CHECK	CK15	\$ 79,528.00
123459	Payee Last Name #4	Payee First Name #4	1 Holder Place	Baton Rouge	LA	75555	423-46-4899	7/4/2000	2006	OFFICIAL CHECK	CK15	\$ 65.23
123460	Payee Last Name #5	Payee First Name #5	7423 Bourbon St	New Orleans	LA	75556	423-46-4900	7/5/2000	2006	OFFICIAL CHECK	CK15	\$ 345.25
									2006 Total			\$ 79,938.48
123461	Payee Last Name #6	Payee First Name #6	6353 Deposit Plaza	New Orleans	LA	75556	423-46-4901	7/6/2003	2009	OFFICIAL CHECK	CK15	\$ 748.52
123462	Payee Last Name #7	Payee First Name #7	528 Priority Rd	New Orleans	LA	75556	423-46-4902	7/7/2004	2009	OFFICIAL CHECK	CK15	\$ 748.52
									2010 Total			\$ 98.11
123463	Payee Last Name #8	Payee First Name #8	235 Secondary Ln	New Orleans	LA	75556	423-46-4903	6/2/2008	2011	NET REVENUE INTEREST	MI01	\$ 356.79
123464	Payee Last Name #9	Payee First Name #9	15 Supreme Rd	Lafayette	LA	70812	423-46-4904	6/2/2010	2013	NET REVENUE INTEREST	MI01	\$ 2,785.66
123466	Payee Last Name #11	Payee First Name #11	885 Bankruptcy Ct	Lafayette	LA	70812	423-46-4906	8/2/2009	2013	ROYALTY	MI02	\$ 523,123.52
									2013 Total			\$ 525,909.18
									Grand Total			\$ 843,235.39

AUP Corp.
Louisiana

Preliminary Statement of Examination Findings- Reportable Properties
Audit Period: Report Years 2004 through 2013

Property Omitted from 2014 Unclaimed Property Report

CHECK # ACCOUNT #	VENDOR/PAYEE (LAST NAME)	VENDOR/PAYEE (FIRST NAME)	VENDOR/PAYEE (ADDRESS)	CITY	STATE	ZIPCODE	VENDOR/PAYEE (SOCIAL SECURITY #)	DATE OF LAST TRANSACTION	REPORT YEAR	PROPERTY TYPE	PROPERTY CODE	AMOUNT REPORTABLE
123465	Payee Last Name #10	Payee First Name #10	653 Cajun Court	Lafayette	LA	70812	423-46-4905	10/5/2010	2014	NET REVENUE INTEREST	MI01	\$ 8,741.88
123467	Payee Last Name #12	Payee First Name #12	90 Due Diligence Rd	Natchitoches	LA	77777	423-46-4907	11/1/2010	2014	ROYALTY	MI02	\$ 8,541.27
123468	Payee Last Name #13	Payee First Name #13	528 Voodoo Lot	Natchitoches	LA	77777	423-46-4908	11/1/2010	2014	ROYALTY	MI02	\$ 985.64
											2014 Total	\$ 18,268.79
											Grand Total	\$ 18,268.79

AUP Corp.
Louisiana

Preliminary Statement of Examination Findings- Escheated
Audit Period: Report Years 2004 through 2013

Past Due Escheated in 2014 Unclaimed Property Report

CHECK # ACCOUNT #	VENDOR/PAYEE (LAST NAME)	VENDOR/PAYEE (FIRST NAME)	VENDOR/PAYEE (ADDRESS)	CITY STATE ZIPCODE	VENDOR/PAYEE (SOCIAL SECURITY #)	DATE OF LAST TRANSACTION	REPORT YEAR	PROPERTY TYPE	PROPERTY CODE	AMOUNT REPORTABLE
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AUP Corp.
Louisiana

Preliminary Statement of Examination Findings- Remediated Properties
Audit Period: Report Years 2004 through 2013

Past Due Remediated - Reunited with Owner by way of examination

CHECK # ACCOUNT #	VENDOR/PAYEE (LAST NAME)	VENDOR/PAYEE (FIRST NAME)	VENDOR/PAYEE (ADDRESS)	CITY STATE ZIPCODE	VENDOR/PAYEE (SOCIAL SECURITY #)	DATE OF LAST TRANSACTION	REPORT YEAR	PROPERTY TYPE	PROPERTY CODE	AMOUNT REPORTABLE
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AUP Corp.
Louisiana

Preliminary Statement of Examination Findings- Informational Only
Audit Period: Report Years 2004 through 2013

Interest Rate Calculation (Judicial Interest Rates)
Interest to March 1, 2016

INTEREST PERIOD	ANNUAL INTEREST RATE	MONTHLY INTEREST RATE	JUNE 2004	JUNE 2005	JUNE 2006	JUNE 2007	JUNE 2008	JUNE 2009	JUNE 2010	JUNE 2011	JUNE 2012	JUNE 2013	JUNE 2014	JUNE 2015	JUNE 2016
2004	5.250%	0.438%	5.250%												
2005	6.000%	0.500%	6.000%	1.000%											
2006	8.000%	0.667%	8.000%	8.000%	1.333%										
2007	9.500%	0.792%	9.500%	9.500%	9.500%	1.583%									
2008	8.500%	0.708%	8.500%	8.500%	8.500%	8.500%	1.417%								
2009	5.500%	0.458%	5.500%	5.500%	5.500%	5.500%	5.500%	0.917%							
2010	3.750%	0.313%	3.750%	3.750%	3.750%	3.750%	3.750%	3.750%	0.625%						
2011	4.000%	0.333%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	0.667%					
2012	4.000%	0.333%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	0.667%				
2013	4.000%	0.333%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	0.667%			
2014	4.000%	0.333%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	0.667%		
2015	4.000%	0.333%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	0.667%	
2016	4.000%	0.333%	1.333%	1.333%	1.333%	1.333%	1.333%	1.333%	1.333%	1.333%	1.333%	1.333%	1.333%	1.333%	0.667%
TOTAL INTEREST RATE			67.833%	57.583%	49.917%	40.667%	32.000%	26.000%	21.958%	18.000%	14.000%	10.000%	6.000%	2.000%	0.667%

Appendix B: Data Breach Response Policy

Prepared by: Discovery Audit Services, LLC

Purpose

This policy establishes how DAS will respond in the event a data breach, and also outlines an action plan that will be used to investigate potential breaches and to mitigate damage if a breach occurs. This policy is in place to both minimize potential damages that could result from a data breach and to ensure that parties affected by a data breach are properly informed of how to protect themselves.

Scope

This policy applies to all incidents where a breach of holder, owner, or employee personal identifying information is suspected or confirmed.

Data Breach Response Team

- Owner/President
- HR/Finance Manager
- IT Consultant
- Director of Operations

DEFINITIONS

Personal Identifying Information (PII) – information that can be used to distinguish or trace an individual's identity. PII includes, but is not limited to, any of the following:

- Social Security numbers
- Credit card information (credit card numbers – whole or part; credit card expiration dates; cardholder names; cardholder addresses)
- Tax identification information numbers (Social Security numbers; business identification numbers; employer identification numbers)
- Biometric records (fingerprints; DNA; or retinal patterns and other measurements of physical characteristics for use in verifying the identity of individuals)
- Payroll information (paychecks; paystubs)
- Medical information for any employee or customer (doctor names and claims; insurance claims; prescriptions; any related personal medical information)
- Other personal information of a customer, employee or contractor (dates of birth; addresses; phone numbers; maiden names; names; customer numbers)

Breach – any situation where PII is accessed by someone other than an authorized user, for anything other than an authorized purpose.

POLICY GUIDELINES

Upon Knowledge of a Breach Occurrence

A breach or a suspected breach of PII must be immediately investigated. Since all PII is of a highly confidential nature, only personnel necessary for the data breach investigation will be informed of the breach. The following information must be reported to appropriate management personnel:

- When (date and time) did the breach happen?
- Location of data breach (laptop, server, 3rd party, etc.)
- How did the breach happen?
- What types of PII were obtained? (Detailed as possible: name; name and social security; Name and date of birth, etc.)
- How many individuals are affected?

Management will then make a record of events and people involved, as well as any discoveries made over the course of the investigation and determine whether or not a breach has occurred.

Perform Risk Assessment

Once a breach has been verified and contained, perform a risk assessment that identifies and rates the:

- Sensitivity of the PII Lost
- Amount of PII Lost and Number of Individuals Affected
- Likelihood PII Is Usable or May Cause Harm
- Likelihood the PII Was Intentionally Targeted (increases chance for fraudulent use)
- Strength and Effectiveness of Security Technologies Protecting PII (e.g. encrypted PII on a stolen laptop. Technically stolen PII but with a greatly decreased chance of access.)
- Ability of to Mitigate the Risk of Harm

All information collected during the risk assessment must then be compiled into one report and analyzed. The Risk Assessment must then be provided to appropriate personnel in charge of data breach response management.

Notifying Affected Parties

Responsibility to notify is based both on the number of individuals affected and the nature of the PII that was accessed. Information found in the initial risk assessment may be turned over to the legal counsel of who will review the situation to determine if, and to what extent, notification is required. Notification should occur in a manner that ensures the affected individuals will receive actual notice of the incident. Notification will be made in a timely manner, but not so soon so as to unnecessary compound the initial incident with incomplete facts or to make identity theft more likely through the notice.

In the case that notification must be made:

- Only those that are legally required by state and federal law to be notified will be informed of the breach. Notifying a broad base when it is not required could cause raise unnecessary concern in those who have not been affected.

- Clients will be notified as per contact requirements.
- A physical copy will always be mailed to the affected parties no matter what other notification methods are used (e.g. phone or email).

The notification letter will include:

- A brief description of the incident. The nature of the breach and the approximate date it occurred.
- A description of the type(s) of PII that were involved in the breach. (The general types of PII, not an individual's specific information.)
- Explanation of what is being done to investigate the breach, mitigate its negative effects and prevent future incidences.
- Steps the individual can take to mitigate any potential side effects from the breach.
- Contact information for a representative who can answer additional questions.

Mitigating Risks

Based off the findings of the risk assessment, a plan will be developed to mitigate risk involved with the breach. The exact course of action will be based on the type of PII that was involved in the data breach. The course of action will aim to minimize the effect of the initial breach and to prevent similar breaches from taking place.

Affected individuals will be notified as soon as possible so they can take their own steps to mitigate potential risk. The steps provided to affected individuals will depend on the nature of the data breach.

Penalties for Breach of Confidentiality

Depending on the level of the breach of confidentiality, employees may be terminated, sued for breach of confidentiality and monetary damages, and/or prosecuted for criminal charges.

Appendix C: Security Plan

Security Plan: Discovery Audit Services

Last updated: July 3, 2015

Introduction

Discovery Audit Services has undertaken appropriate measures to ensure that all information obtained in connection with the audit and reporting process is kept confidential and only authorized personnel

have access to this information for appropriate purposes. In this regard, Discovery Audit Services applies industry-leading controls to protect unauthorized access to data, to eliminate internal and external threats and identify and proactively prevent system security breaches.

We understand this response will be made publicly available; therefore, disclosure of *specific* tactics will be high-level in nature. If selected, we will respond in more detail as requested.

Roles and Responsibilities

IT Consultant Responsible for information security in the agency, for reducing risk exposure, and for ensuring the agency's activities do not introduce undue risk to the enterprise. The IT Consultant also is responsible for ensuring compliance with security standards and regulations. The IT Consultant is also responsible for initiating a Security Breach Response plan if applicable.

Director of Operations /IT Technician Responsible for creating initial information classification, approving decisions regarding controls and access privileges, performing periodic reclassification, and ensuring regular reviews for value and updates to manage changes to risk.

User Responsible for complying with the provisions of policies, procedures and practices.

Security Assessment Overview

1. Intruder deterrence:
 - Proactive Firewall monitoring & notifications for perimeter defense
 - Centralized and monitored Virus/Spam protection with alert notification
 - Ongoing user education and policies regarding typical intruder tactics such as phishing attempts, etc.
 - Office assets are protected within the building. Exterior doors are locked at all times. Building security is provided by monitored alarm system as well as a video camera system which can be remotely viewed.

2. Theft prevention:
 - Laptop computer security
 1. Nondescript laptop bags
 2. Laptop security cables
 3. Policy to enforce use of bags and cables
 - Security marking and asset inventory
 - Secured server housed in locked room

3. Disaster prevention:
 - Regular offsite backup using encrypted communication mechanisms
 - Regularly testing of backups by use of restore tests

4. Internal security and confidentiality:
 - Password policy adhering to industry standards for complexity, length, and expiration
 - User education regarding proper data security practices

Summary Overview

Information security is a business issue. The objective is to identify, assess and take steps to avoid or mitigate risk to agency information assets. Governance is an essential component for the long-term strategy and direction of an organization with respect to the security policies and risk management program. Governance requires executive management involvement, approval, and ongoing support. It also requires an organizational structure that provides an appropriate venue to inform and advise executive, business and information technology management on security issues and acceptable risk levels.

In order to implement and properly maintain a robust information security function, Discovery Audit Services recognizes the importance of:

- Understanding information security requirements and the need to establish policy and objectives for information security;
- Implementing and operating controls to manage security risks in the context of overall business risks;
- Ensuring all users of agency information assets are aware of their responsibilities in protecting those assets;
- Monitoring and reviewing the performance and effectiveness of information security policies and controls; and
- Continual improvement based on assessment, measurement, and changes that affect risk.

Security Features

Regulations and Security Requirements

Discovery Audit Services applies industry-leading controls to protect unauthorized access to data, to eliminate internal and external threats and identify and proactively prevent system security breaches. This is accomplished by the following:

- Periodic review of industry regulations and requirements such as the Gramm-Leach-Bliley Act; HIPAA, PCI, etc.
- Written security plans regularly reviewed by the appropriate personnel
- Appropriate officials are assigned security responsibility
- Periodic review of IT security controls in place

All data hosted on the Microsoft Office 365 platform meet the following compliance standards:

- Health Insurance Portability and Accountability Act (HIPAA)
- Data processing agreements (DPAs): We provide customers with additional

contractual assurances through DPAs regarding Microsoft handling and safeguarding of customer data. By signing DPAs, we commit to over 40 specific security commitments collected from regulations worldwide. [Click here to sign.](#) (Enterprise agreement customers should contact their account representative to obtain a DPA.)

- Federal Information Security Management Act (FISMA)
- ISO 27001
- European Union (EU) Model Clauses
- U.S.–EU Safe Harbor framework
- Family Educational Rights and Privacy Act (FERPA)
- Statement on Standards for Attestation Engagements No. 16 (SSAE 16): Office 365 has been audited by independent third parties and can provide SSAE16 SOC 1 Type I and Type II and SOC 2 Type II reports on how the service implements controls.
- Canadian Personal Information Protection and Electronic Documents Act (PIPEDA)
- Gramm–Leach–Bliley Act (GLBA)

System, Administrative and Personnel Security

System Security: All internal system security is handled by the IT contractor with onsite assistance from the IT technician. Any data security needs are first brought to the IT technician and immediately escalated to the IT consultant if needed. This approach has proven to result in any data security needs being resolved in the quickest time. These personnel are also responsible for all proactive computer security monitoring such as log file reviews, firewall and a/v notification monitoring and end-user issues.

Administrative Security: IT Consultant responsible for ensuring proper administrative controls are implemented—vulnerability/risk assessments take place quarterly, work force security training conducted biannually, disaster preparedness and

recovery plan in place, role-based access in place, background checks completed on all new hires.

Personnel Security: Personnel screening and background checks conducted, all employees must sign a Confidentiality Agreement, role-based access in place. Upon termination of an employee, IT Consultant or technician will immediately revoke all computer, network, and data access. The former employee is dispossessed of all company-owned property, including technological resources and intellectual property.

Workforce Security

Personnel screening and background checks conducted, all employees must sign a Confidentiality Agreement. Upon successful completion of all agreements and background checks a role-based user account is created and access is granted. Upon termination of an employee, IT Consultant or technician will immediately revoke all computer, network, and data access the former employee has. Remote access is also removed and former employee must be dispossessed of all company-owned property, including technological resources and intellectual property.

Office assets are protected within the building. Exterior doors are locked at all times. Building security is provided by a monitored alarm system as well as a video camera system which can be remotely viewed.

Periodic cross-checks are also performed by the IT consultant and the Director of Operations to insure that all active user accounts are valid.

Role Based Security Access

Role Based Security Access in place by incorporating role assignment, role authorization, and permission authorization. These roles are enforced using Microsoft's Active Directory service which authenticates and then grants authorization to the data.

Password Management

User account passwords must adhere to certain complexity, length, and expiration requirements. The accounts are also locked out for a period of time after 3 failed login attempts. It is important to note that DAS is currently working on implementing 2 factor authentication to further enhance its data security.

Logging/Auditing Controls

Logging takes place at the perimeter of the LAN by use of firewall logging technology. These logs are regularly reviewed for any abnormalities. Server logs are also reviewed for abnormalities by the IT consultant on a regular basis. These logs track access granted events as well as denied events. Additional logging and audit capabilities provided by the Microsoft Office 365 platform are currently being reviewed for additional audit measures.

Incident Management

Vulnerability/risk assessments take place quarterly. If an external threat is detected, the IT Consultant is responsible for determining level of threat and initiating Security Breach Plan. If the threat is internal, the IT consultant or technician will be alerted to lock the user's account immediately, thereby removing all access to data. The internal threat will then be confirmed and, if accurate, the user terminated in accordance with applicable law and the account deleted.

Vulnerability/Security Assessment

Security/Risk Assessments for onsite IT assets are completed quarterly by IT Consultant. Periodic review of the Microsoft security assessments is monitored for compliance.

Anti-Virus/Malware Controls

Anti-Virus/Malware protection is provided by a centrally managed and monitored service. Audits of the status of the endpoints are conducted weekly and any events are research and eliminated. The software is also configured to alert key personnel if certain thresholds are breached.

Firewall

A SonicWALL firewall is provided for onsite IT assets. The firewall is configured to block all access unless specifically allowed such as

common web browsing (port 80), etc. The firewall is configured to use SonicWALL's list for threats as well as custom threats found by the IT consultant or IT technician.

Database

The DAS database is maintained within the LAN and is not accessible to external users. The database is backed up by an offsite business class protection program using 256-bit encryption during transmission of the files.

Server and Infrastructure

The onsite server infrastructure is regularly updated and maintained by the IT consultant. These updates consist but are not limited to updates provided by Microsoft labeled important or critical. Regular reviews of administrator level access are conducted to ensure that any access granted is still required. All data stored on Microsoft's Office 365 platform is protected using industry standard level or better methods. These protections include but are not limited to:

- restricted physical data center access to authorized personnel and have implemented multiple layers of physical security, such as biometric readers, motion sensors, 24-hour secured access, video camera surveillance, and security breach alarms
- encryption of data both at rest and via the network as it is transmitted between a data center and a user
- enforcement of "hard" passwords to increase security of your data

Transmission

Confidential files are shared through a secured and encrypted site using either SSL or TLS encryption protocols and are at minimum AES 256-bit encryption. Emails containing confidential information are encrypted; any attachments contained within emails must be password protected.

Data Integrity

All stored data is password protected, encrypted, and role-based access to the data is in place. Files are protected while at rest with AES 256-bit encryption.

Appendix D: Contract-Assisted Self-Audits

In the event a state client wishes to implement a “Contract-Assisted Self-Audit process, DAS has contracted with other states to deliver this service. DAS understands this service is not presented by State as a requirement but includes it for informational purposes.

In an effort to assist the holder in the efficient, effective and accurate evaluation of their compliance with State unclaimed property law, the auditor shall advise the holder to analyze and review documents routinely requested in the involuntary examinations. The audit plan and thus the auditor documents reviewed by the holder will be applicable to the holder’s primary business industry. The auditor will recommend parameters of reports based upon the holder retention schedules. Documents routinely requested in an examination of which the holder should consider in the contractor-assisted self-audit follows:

1. Chart of Accounts
2. Copy of detailed general ledger (2013)
3. Current General Ledger Trial Balance
4. List of old and new disbursement (operating) accounts the bank uses for check issuance/money orders with last date of usage and balance (bank account map)
5. History of the following:
 - Classes of stock outstanding
 - Stock splits
 - Stock Dividends
 - Mergers & Acquisitions
 - Types of Acquisitions (i.e. stock and/or asset)
 - Spin-offs
6. Flowchart/Process Map of disbursement cycle for the following:
 - Payroll
 - Accounts Payable
 - Employee Benefits
 - Dividends
 - Any other official check disbursement type
7. Current outstanding register for all checking accounts, to include:
 - Accounts Payable
 - Payroll
 - Credit Refunds
 - Deposit Refunds
 - Vendor Checks
 - Money Orders
 - CD Interest
 - Dividends
 - Cashier Checks
 - Christmas Club
 - Unidentified Remittances
 - Any other disbursement checking accounts

8. Outstanding check registers for June and December of 2006 through current year for all checking accounts
9. Bank reconciliation for June and December of 2006 through current year for all old and new checking accounts
10. Check registers for June and December of 2006 through current year for all old and new checking accounts
11. Trial balance of all checking and savings accounts (please include name, address, city/state, zip code, last transaction date, last contact date, account balance)
12. Dormant account report for June and December of 2006 through current year
13. List of write-offs for years 2006 through current
14. List of all flagged safe deposit boxes for June of 2006 through current year
15. Trial balance of all trust accounts, as well as last customer initiated activity
16. Trial balance of all certificates of deposit
17. Trial balance of all individual retirement accounts (please include name, address, city, state, zip code, SSN, last required minimum distribution, birthdate and current balance)
18. List of all checking, savings, and CD accounts flagged for statement hold/do not mail and date placed on list (if applicable)
19. List of all stock, bond and/or other security-type property owners with last contact and activity dates
20. Unclaimed Property Reports with work papers for years 2006 through current year
21. Unclaimed Property policies and procedures (to include returned mail, outstanding check policies)

*The preceding list serves as an example of documents reviewable for a holder in a specific industry.

After review of the reports, the auditor shall advise the holder of any properties where further analysis is necessary. This section of the review shall facilitate the testing of holder internal controls applicable to unclaimed property. The results of the holder's analysis will determine if holder controls are working effectively and to what extent the holder has been compliant with the code.

If the holder's evaluation of test data uncovers issues of noncompliance, such as outstanding accounts or instruments exceeding dormancy period, the holder will further identify the property needing further review. Once compliance issues are identified, the holder will confirm the findings with the auditor prior to the reporting phase. This may include presenting work papers for the auditor to review and provide further guidance on. The auditor will brief the holder on the next appropriate phase of the abandoned and unclaimed property examination, as well as provide any specific recommendations to improve compliance efficiency.

DAS will engage with the holder to the extent necessary and reasonable to assist the holder in conducting a thorough self-assessment of compliance with State unclaimed property law.

The holder and auditors are equally responsible for adhering to the established contractor-assisted self-audit procedures, ensuring that each self-assessment is conducted efficiently, accurately, timely, professionally, and with minimal adverse impact to the holder's normal business operations. The auditors are also responsible for presenting to the AUP Audit Manager a complete contractor-assisted self-audit report in the standard NAUPA format for review, approval, and submission to the client. In the event the holder and auditor encounters a "grey area" or resistance from the holder on a particular issue that may result in "friction," the auditor will notify the AUP Audit Manager for support. The AUP

Audit Manager will then confer with both the holder and the State to inform and seek guidance on the client's position of whether or not the property should be included in the self-audit.

DAS exerts every effort to ensure the secure transmission and retaining of holder confidential, sensitive information. Our firm has the capability of securely transmitting data via secured transmission medium and data repositories. Holders are offered three options in securely transmitting data for review:

DAS creation of secure FTP and repository for the uploading and downloading of data.

- Holder created secure FTP and repository for the uploading and downloading of data
- Holder submission of data via secure, protected instrument such as disk or thumb drive.

DAS employs security and IT staff professionals dedicated in mitigating and in many instances eliminating the risk of breach and/or dissemination of sensitive data.

Processing and Collection of Unclaimed Properties

The auditor will submit the self-audit summary report and schedule of holder findings to the AUP Audit Manager for review. Once the AUP Audit Manager reviews and approves the documents, the auditor submits the schedule of holder findings and exit letter to the holder. The exit letter details the statutes governing escheatment of any property types scheduled. Upon expiration of the provided remediation period, the holder will mail any waiver request letter along with remittance payable to State and mail to the auditor address below (if applicable):

DAS, LLC
ATTN: (Auditor Name)
12012 Bricksome Ave
Baton Rouge, LA 70816

Once remittance and any waiver request are received, the auditor acknowledges receipt of property and provides holder with the State's website and phone number for assistance with future unclaimed property questions. The auditor will complete the contractor-assisted self-audit file and submit to AUP Audit Manager for final review and processing. The file will then be submitted to the State. The auditor remains available to assist holders with basic information after the self-audit is complete.

Reporting and Delivery of Unclaimed Properties

Upon conclusion of the contractor-assisted self-audit, the auditor completes the audit report summary. This summary presents the findings and recommendations. The summary provides a narrative of the examination controls, how discoveries were identified, and how it may have hindered holder compliance. All essential and/or critical information is annotated in both the audit diary and the report of examination.

Report of property lists the escheatable items by report year detailing property or identifier, owner information, last activity date or other dormancy trigger, and property type and property, as these are available.

The auditor directs the holder's attention to State Client Property Law during the exit conference. The auditor recommends processes that would encourage and/or be conducive to complying with client criteria without risking the compromise of auditor objectivity. DAS understands the value of this

educational process to owners, the State and holder. The contractor-assisted self-audit is designed to assist holders in identifying escheatable property. During the course of the self-audit there are numerous opportunities to educate the holder. This education is essential to the holder for future voluntary compliance. The primary benefit of the contractor-assisted self-audit is that the holder is educated, procedures are corrected, and the holder can voluntarily comply with their obligation to escheat the property timely, and with a proper perspective. This is the primary means by which future compliance will be sought and maintained.

The State is provided a schedule of escheatable property in the required NAUPA format at the conclusion of the audit of the same “quality” as if the audit had been performed by the auditor. A sample report is provided in **Appendix A**.

Discovery Audit Services, LLC

Audit Manual

Index

Section 1:

- Employee Directory
- Organizational Chart

Section 2:

- Goals, Principles and Guidelines for Sustaining Unclaimed Property
- First Priority Rules

Section 3:

- Discovery Audit Services Confidentiality Policy
- Audit Processes and Procedures

Section 4:

- Non-Disclosure Agreement

Goals, Principles and Guidelines for Sustainable Unclaimed Property

Executive Summary

A great deal of energy will be expended on examining and modifying the unclaimed property law. Before engaging in his process it would be desirable and constructive for all stakeholders to acknowledge and embrace principles and guidelines outlining reasonable boundaries for behavior by all persons engaged in compliance and administration of unclaimed property.

The purpose of "Principles and Guidelines" is to present reasonable guidelines for the conduct of all who participate in the process of escheatment. It is intended to represent a "best practices" guideline for all stakeholders and to lend credibility, transparency, and accountability to the enforcement process.

Contributors to this document include independent auditors, state personnel and holder advocates. The intent is for all stakeholder groups to be represented and addressed in a balanced manner and that **Principles and Guidelines represents the collective will of the majority of the industry.**

If leading organizations such as NAUPA, NAST, UPPO, and COST will adopt principles and guidelines, more contentious areas of disagreement may be approached from a point of common agreement. The vast majority of stakeholders are devoted to a timely, accurate, and efficient escheat process. It is hoped that stakeholders will agree upon and enforce reasonable boundaries of conduct.

Goals are:

1. Reduce unnecessary conflict and friction between holders, holder advocates, states, and audit firms. Ensure that the state, independent auditor, holder and the holder advocate cooperate in good faith, timely and fully during the examination and provide for effective communication between all parties to an audit.
2. Present a framework for accountability and to develop minimum standards for those who are authorized to serve as an enforcement arm and have access to "nonpublic" information.
3. Facilitate the accurate, timely and efficient transfer of escheatable property from holders to owners.

Principles are:

1. Unclaimed property laws should be clear, certain, predictable, and to the extent possible, uniform so that holders can effectively comply with minimal cost and business interruption.
2. Competent, unbiased, timely and efficient dispute resolution is needed.
3. Holder advocates and third party independent auditors representing states operate in trust for holders and states respectively. Reasonable standards of conduct are desirable. Actions that unreasonably delay or interfere with the timely and accurate completion of audits are contrary to the interests of the holder, states, and by extension its citizens.
4. Holders should incorporate comprehensive internal procedures to address potentially escheatable property and properly follow the governing laws in an effort to reunite the property with its rightful owner.

5. In the event the rightful owner cannot be found, the property should be timely reported and remitted to the state in accordance with the priority rules established by Texas v. New Jersey.
6. States administering the unclaimed property law should take all responsible action to safeguard and reunite the property to its rightful owner/heirs.

Guidelines for States, Independent Auditors, Holder, and Holder Advocates are:

1. States and/or independent auditors shall:
 - a. Ensure that audit candidates are selected and examinations are conducted objectively and impartially in accordance with the intent of the law.
 - b. Ensure that examinations are completed promptly and without undue burden to the holder.
 - c. Ensure that procedural due process and consistency is afforded in the determination of a holder's unclaimed property liability. Ensure that the independent auditor in performing its duties adheres to the guidelines for independent auditors and in accordance with the applicable, state statutes and/or regulations.
 - d. Ensure that the holder has ample opportunity to understand clearly their obligations relating to the unclaimed property statute.
 - e. Establish and communicate clear guidelines for records retention.
 - f. Provide for greater uniformity between the states with respect to defining property subject to escheat, establishing dormancy periods for various property types, and due diligence procedures.
 - g. Provide for an efficient, unbiased, and effective means of resolving disputes. The state(s) shall seek to provide for an objective, non-biased non-binding dispute resolution procedure and mechanism in order to streamline the dispute resolution process, this mechanism should also provide direct legislative input with the goal of providing more clarity, certainty, and predictability for holders seeking to voluntarily comply with the law, and more uniformity between states.
 - h. Provide for timely transfer of property to the state.
 - i. The State should issue a demand letter along with payment instructions to the Holder or if the State delegates this task to the independent auditor; the auditor should send a copy of the demand letter to the State.
2. Holders and/or holder advocates shall ensure that:
 - a. Holders are represented ethically and in a manner representative of holder's obligations under the law.
 - b. All actions taken by or on behalf of the holder facilitate the timely, accurate, and efficient completion of the audit and transfer of property in accordance with the law.
3. States and holders shall:
 - a. Hold advocates and audit firms accountable to Principles and Guidelines.
 - b. Maintain effective supervision, review, and control over the state auditors and holder advocates during the audit process.
 - c. Construct and maintain effective communication mechanisms between one another. States and holders need to maintain an open line of communication with each other, particularly when they are represented by contract auditors and holder advocates respectively.
 - d. Collaborate and produce uniform, multi-state/multi-holder non-disclosure agreement forms to be adopted and used by all states and holders to ensure the protection and security of corporate records and uniform standards for including participating states.

Guidelines for independent auditors are:

1. The State shall authorize and assign the holder to their contracted auditor/firm for examination.
2. Holders are properly notified of the State's intent to examine by the State authority.
3. Holders shall have access to the auditor's contract and shall have seven days to review the contract for validity.
4. Auditors shall be knowledgeable with the State's unclaimed property laws, regulations, case law, and reporting requirements.
5. Auditors should demonstrate applicable qualifications and experience in this field. They shall follow standards established by the AICPA and participate in continuing education that reinforces their relevant skills and expertise.
6. The State shall have final authority to interpret law, policy, and procedures.
7. The State shall monitor the performance of the auditor, and shall hold the auditor accountable for the methods and manner by which the work is performed.
8. The independent auditor shall not engage in any activity, which gives the appearance of conflict of interest.
9. The auditor shall adhere to, where applicable, generally accepted auditing standards and follow generally accepted practices with regards to unclaimed property compliance reviews and audits.
10. Auditors shall provide participating states with their written audit procedures and protocols.
11. The auditor shall schedule an entrance conference with the holder and shall notify the holder and participating state(s) of the entrance conference date within 14 calendar days of the date. The auditor shall, at the time of such notice, inform the holder of the following:
 - a. Participating states
 - b. Discussion and description of the components and stages of the examination including
 - c. Expected duration
 - d. Respective responsibilities of the holder, auditor, and participating states
 - e. Identification of the potential types of property that may be subject to audit
 - f. Initial record request
 - g. Time period covered
 - h. Dormancy periods for each property type under audit
 - i. Explanation of the principles of unclaimed property law, applicable case law, and the distribution of property to multiple states
 - j. Explanation of the audit methodology including estimation techniques used by the auditor
 - k. Provision to the holder of a list of contacts for each participating state
12. Following the entrance conference, the auditor will provide the holder and participating state(s) a letter that summarizes the items discussed.
13. The state, auditor, holder, and holders advocate shall use their best efforts to conclude the examination accurately in accordance with holder's obligations under the law and within the time frame established in the entrance conference.
14. In the event the auditor varies from any previously agreed upon procedures the auditor shall promptly notify the participating state(s) and the holder.
15. The auditor, holder, and holder's advocate shall ensure that ambiguity in an examination is minimized, and upon completion of the examination, the holder's assessment is representative of the holder's obligation under the law.
16. Ensure that the holder has access to state unclaimed property personnel throughout the audit engagement.
17. Ensure that confidentiality is maintained for records obtained from the state and holders.
 - a. The auditor shall acknowledge that it is prohibited from disclosing information obtained during the audit to anyone other than the participating state. The auditor shall acknowledge

that it will not use confidential information obtained from the holder for any purpose beyond the audit and that once the confidential information is provided by the holder to the auditor, the auditor will not take any action to expand the number of states participating in the audit (Holder may elect to waive this restriction). The auditor shall take all reasonable steps to ensure that the confidential information provided by the holder is secure and that any breach of security will be subject to penalty.

18. The auditor shall:

- a. Ensure that the holder under examination is apprised of the status of the examination and its appeal rights.
- b. Upon request by the holder, provide the status of the examination to the holder.
- c. Provide a preliminary summary of findings to the holder and allow for a mutually agreeable amount of time (typically 30-90 days; but the timeline should be agreed upon based on volume, age and availability of records) allowing the holder sufficient time to research and rebut the presumption of abandonment.
- d. Property analyze the population of available data and refine so that 100% of potentially identifiable unclaimed property can be tested and reunited back to the rightful owners where ever possible.
- e. Sampling methodologies if required should be discussed and the process agreed to by all parties.
- f. Where appropriate, periodic project status update calls should be conducted with all parties involved in the audit (including state personnel).
- g. Schedule with the holder a closing conference to review the preliminary draft of audit findings.
- h. Present all material issues associated with the audit to the holder during the closing conference. The auditor shall seek agreement with the holder regarding the deliverable. The auditor shall provide the participating state(s) with an audit report detailing the findings of the audit.

Substantial Issues in need of resolution:

1. Statutory “look back” periods exceed customary records retention requirements. If look back periods are shortened to accommodate customary records retention requirements, effective ownership of property will transfer from the owner to the holder, contrary to the public interest. If records retention periods are lengthened to correspond with unclaimed property look back periods, the burden on the holder may be increased. How to best balance the ethical necessity to reunite the property with the owner with customary records retention requirements that encourage destruction of the records essential to identifying the owner of the property?
2. Should all property held by businesses that is owned by other businesses be treated different under escheat law? Should all B2B property be exempt from escheat? Are there any examples of B2B property that might not be representative of property types that could be reunited with the owner? If so, should these property types be excluded in the definition of escheatable property?
3. Auditor compensation: what method of auditor and holder advocate compensation best serves the public interest?
4. What mechanisms would compel states and holders to effectively monitor and hold their advocates and auditors to appropriate standards of conduct?

5. Holder filing a petition for Chapter 11 Bankruptcy. Matters involving bankruptcy and other substantial issues should be addresses with AUP Audit Manager.

Call to Action:

Reasonable, well-intentioned professionals can collaborate in good faith and agree on guidelines that will, if honored by all parties, improve the sustainability of the system.

These principles and guidelines present a path to a more sustainable, credible and consistent future for unclaimed property compliance, enforcement and administration.

Consideration and adoption of Principles and Guidelines by NAST, NAUPA, UPPO, COST, states, holders; advocates, and independent audit firms represents a positive step forward in the evolution of this industry.

U.S. Supreme Court

TEXAS v. NEW JERSEY, 379 U.S. 674(1965)

379 U.S. 674

TEXAS v. NEW JERSEY ET AL.

ON BILL OF COMPLAINT.

No. 13, Original.

Argued November 9, 1964.

Decided February 1, 1965.

Jurisdiction to escheat abandoned intangible personal property lies in the State of the creditor's last known address on the debtor's books and records or, absent such address or an escheat law, in the State of corporate domicile - but subject to later escheat to the former State if it provides such an address to be within its borders and provides for escheat of such property. Pp. 680-683.

PENNSYLVANIA v. NEW YORK, 407 U.S. 206 (1972)

407 U.S. 206

**PENNYLVANIA v. New York ET AL.
ON BILL OF COMPLAINT
No. 40 Orig. Argued March 29, 1972
Decided June 19, 1972**

Pennsylvania brought this original action against New York to determine the authority of States to escheat, or take custody of, unclaimed funds paid to Western Union Telegraph Co. for purchase of money orders. The Special Master, following *Texas v. New Jersey*, 379 U.S. 674, recommended that any sum held by Western Union unclaimed for the time period prescribed by state statute may be escheated or taken into custody by the State in which the company's records placed the creditor's address, whether the creditor be the payee of an unpaid draft, the sender of a money order entitled to a refund, or an individual whose claim has been erroneously underpaid; and where the records show no address, or where the State in which the creditor's address falls has no applicable escheat law, the right to escheat or take custody shall be in the debtor's domiciliary State, here New York. The recommended decree is adopted and entered, and the cause is remanded to the Special Master for a proposed supplemental decree with respect to the distribution of the costs to the States of the inquiry as to available addresses. Pp. 208-216.

U.S. Supreme Court

DELAWARE v. NEW YORK, 507 U.S. 490 (1993)

507 U.S. 490

**DELAWARE v. NEW YORK
ON EXCEPTIONS TO REPORT OF ESPECIAL MASTER**

No. 111, Orig.

Argued December 9, 1992

Decided March 30, 1993

Most of the funds at issue are unclaimed dividends, interest, and other securities distributions held by intermediary banks, brokers, and depositories in their own names for beneficial owners who cannot be identified or located. New York escheated \$360 million in such funds held by intermediaries doing business in that State, without regard to the beneficial owner's last known address or the intermediary's State of incorporation. After Delaware initiated this original action against New York, alleging that certain of the securities were wrongfully escheated, the Special Master filed a report recommending that this Court award the right to escheat to the State in which the principal executive offices of the securities issuer are located. Both Delaware and New York lodged exceptions to the report.

Held:

The State in which the intermediary is incorporated has the right to escheat funds belonging to beneficial owners who cannot be identified or located. Pp. 497-510.

Discovery Audit Services Confidentiality Policy

I. Introduction

In effort to achieve its objectives, Discovery Audit Services LLC (“DAS”) secures confidential information for use in its evaluation of holder compliance with State Unclaimed Property Statute. It is critical that DAS personnel shall make every reasonable effort to safeguard and keep in strict confidence, except to the extent required to be disclosed under the law, all information disclosed by a holder or state considered as confidential.

The State, holders and citizens expect strict privacy and confidentiality with respect to any confidential information collected by DAS. Holders have rights related to how information about them is collected, used, protected, maintained, and disclosed. Individually identifiable information must be treated confidentially, and holders should be given easily understood information about policies regarding the collection, use, maintenance, and disclosure of confidential information.

The holder is the sole owner of the confidential information.

This confidentiality policy is intended to ensure that DAS staff complies with all relevant state and federal laws and regulations concerning the protection of confidential information, and adheres to the information security program established by DAS.

II. Collection of Confidential Information Limitation

DAS staff shall obtain confidential information only when authorized by a state to perform an examination, as authorized by law or regulation, and when confidential information is deemed necessary to ensure holder compliance. Auditors shall collect no more information than is reasonably necessary to accomplish the intended purpose.

III. Use of Confidential Information Limitation

Confidential information received shall be used solely in connection with the examination and shall be disclosed only to those who are authorized by law and have the need to know. The confidential information will not be used to encourage or solicit any state not participating in the examination to conduct an examination of the holder.

IV. Access to confidential Information Limitation

DAS staff shall limit access to confidential information to personnel and/or State personnel who have a legitimate need to access the information.

V. Disclosure of Confidential Information Limitation

DAS staff shall limit disclosure of confidential information to those persons who are authorized by law to receive it. Personnel shall follow confidentiality procedures, which delineate when and to whom disclosures can be made. Personnel shall limit disclosure of confidential information to the minimum necessary amount of confidential information that is required to accomplish the intended purpose of the use or disclosure.

VI. Destruction of Confidential Information

In a reasonably practical manner consistent with applicable record retention policies, DAS staff shall destroy all identifiable information unless there is a legitimate purpose for retaining such identifiable information or retention of the information is required by law. Limited data sets that are used or disclosed to the state must be destroyed or returned to the primary data holder in accordance with the law.

Discovery Audit Services shredding policy is inclusive of both electronic data and tangible working files. The destruction of examination related data will occur the third week of January no later than the 15th. Administrative staff shall consider State provisions, such as State Unclaimed Property Laws, in handling of work papers. State Unclaimed Property Law promulgates that records serving as work papers for the yearly filing must be maintained for 10 years for most States. In the absence of this provision, the standard records retention criteria is 7 years.

VII. Reports Based on Confidential Information

All reports based on confidential information shall contain only aggregate data. No personally identifiable information or information that could lead to the identification of any holder shall be disclosed, unless authorized by law. All aggregate data presented in such report shall comply with DAS procedures.

VIII. Data Integrity

DAS will work to ensure the quality, accuracy, and reliability of the data and records under its control, whether contained in written, electronic, or other format. DAS will limit collection of confidential information that is believed by DAS to be necessary to the purposes for which it is to be used, and will make every reasonable effort to ensure that such data is accurate, complete and timely. DAS staff shall take commercially reasonable steps to ensure that confidential information is protected from unauthorized modification and destruction.

IX. Non-Compliance with DAS Confidentiality Policy & Procedure

DAS staff are required to comply with the Confidentiality Policy & Procedures. Staff that fails to comply with this policy are subject to dismissal as well as potential legal action. DAS staff shall immediately report to management any violations of this policy.

Audit Processes and Procedures

Process: Audit Search

Auditors are to submit new leads (minimum five) to AUP Audit Manager/Lead Auditor by the first Friday of every month.

Steps:

1. Auditor's complete research of new audit leads.
2. Auditors submit new leads via email to AUP Audit Manager/Lead Auditor
3. AUP Audit Manager/Lead Auditor review the leads submitted to determine validity
4. AUP Audit Manager/Lead Auditor submit leads to Admin
5. Admin enters leads into Database (entering correct approval status code) and onto research spreadsheet.
6. Admin researches new lead submitted.
7. Admin submits researched lead to AUP Audit Manager.
8. AUP Audit Manager reviews researched lead submitted by Admin.

Guidance for audit research by industry:

Financial Institutions:

- Service/products provided
- Date of Inception
- Annual Revenues
- Number of Branches
- Number of Account Holder/Members
- External Variables (i.e. major cities, military bases, colleges, etc.)

Hospitals:

- Date of Inception
- Services Provided
- Annual Revenues
- Number of Beds
- Number of Locations
- External Variables
- Mergers/Acquisitions

Oil & Gas

- First Purchaser
- Royalty Distributor
- Location of Wells
- Annual Revenues
- Number of Locations
- External Variables
- Merges/Acquisitions

Insurance

- Products Offered
- Number of Policies
- Annual Revenues
- Number of Locations
- External Variables
- Mergers/Acquisitions

Other Industries

- Services/Products Provided
- Property Types Susceptible to Generating
- Number of Locations
- External Variables
- Mergers/Acquisitions

Process: Audit Request

Steps:

1. AUP Audit Manager/Lead Auditor evaluates auditor inventory to determine needs of new inventory needs. (Inventory levels are 10- non experienced auditor; 20- experienced auditor)
2. Audit Manager confers with Lead Auditor to determine “true” needs to auditor’s inventory.
3. Audit Manager reviews all available leads (coded 0 in Database) to determine what needs to be requested.
4. Audit Manager submits list of leads to be requested to Administrative Assistant.
5. Administrative Assistant prepares audit request to be submitted to State for request.
6. Administrative Assistant submits audit request to State.
7. State then decides whether to approve or deny and sends decision to Administrative Assistant.
8. When Admin receives decision from State, it is keyed into database with appropriate approval code and date of decision. The audit request form/spreadsheet or email is then saved into appropriate folder on the server.
9. Administrative Assistant requests NOE from client.
10. Administrative Assistant receives NOE from client, enters date of receipt in Database and attaches NOE to audit lead.

Process: Audit Assignment

Steps:

1. Admin submits approved audit lead to Audit Manager for assignment.
2. Audit Manager assigns audit to auditor.
3. Admin keys in Database: auditor assigned and date assigned to auditor.
4. Admin creates auditor file and hot file.
5. Admin gives auditor his/her audit file.

Process: Receive Audit

Steps:

1. Auditor receives audit file from Admin.
2. Auditor updates white board with holder information.
3. Auditor ensures completeness of file.
4. Auditor populates left side of file with applicable forms.
5. Auditor creates labeled filed folder in the following: file cabinet, SharePoint/virtual server, email.

Process: Establish Point of Contact & Review Holder's Industry

Steps:

1. Auditor verifies what states are included in the examination.
2. Auditor analyzes holder history and operations
3. Auditor identifies property types the holder is susceptible to generating.
4. Auditor pulls and manipulates audit process checklist and makes it applicable to holder.
5. Auditor attempts to make contact with holder to establish the point of contact (POC) for the examination.
6. Auditor establishes POC (includes email address, phone number etc.)
7. Auditor schedules Entrance Conference with POC.

Process: Entrance Conference/Initial Questionnaire

Steps:

1. Auditor extracts entrance conference script and makes it applicable to holder.
2. Auditor shares copy of the draft (entrance conference script) with Audit Manager and Lead Auditor.
3. Audit Manager and Lead Auditor reviews the entrance conference script to ensure all points are covered.
4. Audit Manager/Lead Auditor forwards approved conference script to auditor.
5. Entrance conference is conducted (verbatim to script) with Auditor, Holder's POC, Audit Manager and Lead Auditor.
6. Auditor attends to inquiries/concerns made known during entrance conference.
7. Auditor forwards initial audit package to Holder.
8. Auditor sends "reminder email" to holder that Initial Questionnaire is due.
9. Auditor receives Initial Questionnaire and summary documents from holder and uploads them to SharePoint/virtual server
10. Auditor analyzes initial Questionnaire thoroughly to identify any concerns.
11. Auditor analyzes summary documents thoroughly for accuracy and it gain understanding of company structure.
12. Auditor notes any concerns, omissions, or areas of interest.
13. Auditor, Audit Manager, and Lead Auditor work with holder to define scope of audit.
14. Auditor generates preliminary document request.
15. Auditor forwards preliminary document request to holder with due date of 3-4 weeks to submit.

Process: Records Review/Analysis

Steps:

1. Auditors sends friendly reminder to Holder of records due.
2. Auditor receives preliminary documents from Holder.
3. Auditor conducts inventory of preliminary documents.
4. Auditor organizes electronic file in SharePoint/virtual server for Holder.
5. Auditor reviews documents received, for accuracy, quantity, quality, relevance, and reliability.
6. Auditor advises Holder of insufficient or omitted documents via email.
7. Auditor contacts Holder to request a conference call pertaining to preliminary documents.
8. Auditor conducts conference call with Holder, Audit Manager, and Lead Auditor.
9. Auditor begins reviewing data from Holder.
10. Auditor reconciles the source documents to the summary documents to assure completeness.
11. Auditor contacts Holder if balances do not agree.
12. Auditor receives additional data requested.
13. Auditor concludes data provided is complete via tracking and vouching.
14. Auditor references audit checklist in executing the evacuation.
15. Auditor identifies properties that have "potentially" met prescription.

Process: Identifying Unclaimed Property

Steps:

1. Auditor confirms what states have approved the examination of the Holder.
2. Auditor ascertains dormancy period for each in scope property.
3. Auditor identifies properties that presumptively meets prescription for each state.
4. Auditor creates PIW template ensuring comprehensiveness.
5. Auditor places all unclaimed property that has met prescription onto a workbook.
6. Auditor conducts quality review of workbook.
7. Auditor forwards workbook to Holder.
8. Holder receives and reviews PIW and responds to Auditor.
9. Auditor analyzes PIW to ensure any previously omitted information is provided.
10. Auditor identifies properties that has presumptively met prescription.
11. Auditor extracts preliminary schedule of findings from depository (SharePoint).
12. Auditor places properties that have met prescription on preliminary schedule of findings.
13. Auditor evaluates preliminary schedule of findings for quality.
14. Auditor completes ARS (Audit Report Summary).
15. Auditor completes preliminary schedule of findings letter.
16. Auditor forwards review packet to Audit Manager or Lead Auditor.
17. Audit Manager or Lead Auditor analyzes preliminary schedule of findings.
18. Audit Manager or Lead Auditor reviews ARS for accuracy.
19. Audit Manager or Lead Auditor reviews preliminary notice of findings.
20. Audit Manager or Lead Auditor completes Audit Review Form.
21. Audit Manager or Lead Auditor forwards review packet to Auditor.
22. Auditor makes corrections and answers inquiries.
23. Auditor forwards audit preliminary schedule packet to Holder.
24. Holder receives preliminary schedule packet and begins due diligence and remediation.
25. Holder forwards due diligence and remediation documents to Auditor.
26. Auditor evaluates due diligence and remediation correspondence.
27. Auditor removes properties that have been deemed non-reportable.

Process: Schedule and Audit Report Summary

Steps:

1. Auditor Creates final schedule of findings.
2. Auditor creates exit letter.
3. Auditor Forwards exit packet to Audit Manager/Lead Auditor for review.
4. Audit manager /lead auditor reviews exit package.
5. Audit Manager/Lead Auditor forwards packet to auditor.
6. Auditor makes necessary revisions to exit packet.
7. Auditor forwards exit packet to holder.
8. Auditor schedules exit conference with holder.
9. Auditor conducts exit conference with holder.

Process: Receive Remittance/ Waiver Request

Steps:

1. Holder forwards remittance and waiver request to Discovery Audit Services.
2. Admin receives remittance and additional correspondence.
3. Admin logs receipt of remittance and additional correspondence.
4. Admin makes copy of remittance and additional correspondence.
5. Admin places remittance in a secure location.

6. Admin forwards copy of remittance check and the original additional correspondence to Auditor.
7. Auditor email the holder to acknowledge receipt of remittance

Process: Forward file to Audit Manager

Steps:

1. Auditor reviews and finalizes ARS.
2. Auditor reviews and finalizes schedule.
3. Auditor Generates Transmittal.
4. Auditor forwards transmittal to Audit Manager/ Lead auditor for review.
5. Audit manager/lead auditor reviews transmittal.
6. Audit manager/ lead auditor forwards transmittal to auditor.
7. Auditor obtains hot file from Admin.
8. Auditor organizes master file by state according to DAS criteria.
9. Auditor forwards both master file and hot file to Audit Manager.
10. Audit manager reviews file.
11. Audit manager assures all billable hours are included in the transmittal.
12. Audit manager signs transmittal and forwards to Admin.

OVERVIEW

Unclaimed property is simply personal property, both tangible and intangible, belonging to a missing owner. It is presumed abandoned and subject to reporting to the State if, for longer than the applicable abandonment period:

- The location of the owner is unknown to the holder of the property; and
- According to the knowledge and records of the holder, a claim to the property has not been asserted or an act of ownership of the property has not been exercised.
- Unclaimed property is NOT a tax.
- The State takes custody, not ownership, of unclaimed property.
- The right of the true owner, or the owner's heirs, to claim the property from the State is never extinguished.

There are several special rules that apply to specific types of property, but everything written above remains true throughout the following discussion and are the basis upon which everything else is built.

All 50 states and the District of Columbia have unclaimed property laws, but they are not all alike. Laws in some states include exemptions for certain industries or types of property. The principal differences, however, generally lie in the length of the applicable abandonment periods.

In its Texas v. New Jersey decision (1965) the U.S. Supreme Court established the precedence of states' claims to unclaimed property. In accordance with that decision, unclaimed property must be reported to the state in which the owner's last known address was located. In the case of an unknown owner, no last known address or the owner's address was located in a state without an applicable unclaimed property law, the property is to be reported to the holder's state of incorporation.

A holder is defined as one (this includes all legal entities) who is:

- in possession of property that belongs to another;
- a trustee; or
- Indebted to another on an obligation.

The auditor will occasionally hear holders use the word escheat in describing the process of reporting unclaimed property. It is a proper word but, in this context, improperly applied. When an individual dies intestate and without heirs, title to that person's real and personal property may vest in the State. That is escheat; something quite different from what is discussed here.

BASIC RULES FOR MOST TYPES OF UNCLAIMED PROPERTY

In most states, on November 1 of each year, holders of personal property presumed abandoned as of the previous June 30 must deliver that property to the applicable state with an accompanying report listing pertinent information, prescribed by statute, regarding the rightful owners. This report may be submitted via Internet, diskette, CD-ROM, magnetic tape or prescribed report form. Reporting Holders that meet the states threshold for number of items are requested to use the agency's software reporting system.

Unclaimed property can be any financial asset that appears to have been abandoned by the owner. The variety of business relationships that can give rise to unclaimed property is much too great to attempt a complete listing here. A short list of property types includes:

- employee wages
- utility deposit refunds
- uncashed checks of any type
- mineral royalties
- insurance proceeds
- credit balances on customer accounts
- loan collateral
- stocks and bonds
- tangible items held in safekeeping

Refer to *Commonly Reported Types of Unclaimed Property Listed by Industry* for a guide to which types of property can be expected to be reported by several different industry types.

The abandonment period is measured from the date at which the property became due and payable. It ceases immediately upon the exercise of an act of ownership by the owner regarding the property or any other documented communication with the owner. A new abandonment period commences on the same date the old one ended if the property was not delivered into the custody of the owner at that time.

Any positive contact the holder may have with the owner restarts the abandonment period from the date of that contact if the property hasn't already been delivered to the applicable state at that time. Mail not being returned to the holder by the Post Office does not, by itself, qualify as contact with the owner. Positive contact includes:

- Letters, completed forms, or change of address notifications on file containing the owner's dated signature.
- The owner's cashing of a check written by the holder.
- An owner-generated deposit or withdrawal to the owner's account with the holder.
- Telephone conversation between the holder and the owner; but phone contact must be documented in writing with the date and time of the conversation.

Many types of property are written off to income, or applied as an offset to expenses, before the running of the abandonment period. After the auditor identifies these write-offs, the challenge is then to identify the names and last known addresses of the rightful owners.

STATUTE OF LIMITATIONS

Holders frequently ask the auditor what statute of limitations period applies on the reporting and delivery of unclaimed property. Refer to state mandated criteria where applicable.

RECORDS RETENTION

Holders of unclaimed property generally must retain records for ten years from the date on which the property is reportable. However, there are exceptions to this guideline. Refer to applicable state statutes for specific record retention schedules by state.

This means that the detail and summary documents supporting all unclaimed property reported, or which should have been reported, on the last ten unclaimed property reports must be maintained by the holder (see above section). These records include:

- the name and last known address of each owner;
- the social security number of each owner, when known;
- a brief description of the property, including identification number, if any; and
- the balance of each account, if appropriate.

AUDIT PERIOD

The audit period includes all unclaimed property which should have been reported on the last annual report plus all property included in the ten-year record retention period described above. An exception to this ten-year audit period would generally occur when the holder has previously been audited in the past ten years. The current audit period

will usually not reach back to years covered in the last audit. Some states have exceptions to the ten-year audit period based prior reporting history and other factors. Review applicable state statutes for specific audit periods.

ENTRANCE CONFERENCE

Once an audit is assigned, an opening conference should be scheduled with an officer who has the authority to represent the holder to be audited and to produce records and other information that will be needed during the course of the audit. This officer will usually be the holder's controller or treasurer, but may be another designated officer, and will occasionally request the holder's legal counsel to attend the opening conference.

The major purposes of the opening conference are to advise the holder of reporting requirements under the unclaimed property law and to discuss the general conduct of the audit. At the time of the conference, the auditor will schedule a time period for the field work to be commenced, if a time has not been previously established, and will request records and materials necessary to initiate the audit. The preliminary scope of the audit is also discussed at this time. Also, any outstanding confidentiality agreements will be discussed during this meeting.

PRE-AUDIT RESEARCH

Gathering background information regarding the holder at the beginning will help to limit the scope of the audit, in most cases, and guide the auditor in tailoring an audit plan to meet the specific circumstances. Some of this information can be obtained before, or requested during, the entrance conference.

- What are the holder's state and date of incorporation or if an LP or LLP, the holder's state and date of organization as on record with the Secretary of State?
- Has the corporation ever changed its state of incorporation? If yes, obtain details.
- Has the holder ever reorganized their corporate structure? If yes, obtain details.
- Has the holder acquired other companies during the audit scope? If yes, obtain details including the original state of incorporation, type of acquisition, and acquired company's reporting history.
- What is the name and title of the officer responsible for compliance with the State's unclaimed property statute?
- What is the name and title of the person assigned to prepare the report?
- How are reports filed? Consolidated? By division?
- What is the holder's history of reporting unclaimed property? How much and what types of property are being reported? (a summary of the holder's reporting history should be included in the audit plan)
- Are file copies of reports and related working papers maintained by the holder and currently available? If yes, where are they located and who has custody?
- Are reporting procedures or policies relating to unclaimed property documented in procedure or policy manuals? If yes, obtain a copy.
- Does the holder use the criteria established in Texas v. New Jersey when reporting to the states? If not, what are the variances and reasons? This includes the holder's consideration of partial addresses.
- Does the holder consider any category or type of property exempt from the applicable state's unclaimed property statute that is at variance with the auditor's understanding of the law? If yes, obtain details and legal position and discuss in the audit plan.
- Have any policies relating to unclaimed property or services thereon been adopted by a formal resolution of the Board of Directors or a committee thereof? If yes, obtain a copy.
- Is the holder relying on an opinion from legal counsel regarding its reporting responsibilities under the unclaimed property law of the state or any other states? If yes, obtain a copy.
- Is the holder making any deductions or withholdings from property that is subject to the unclaimed property statute? If yes, obtain copies of the contract(s) authorizing charges and review for improper deductions or withholdings.
- Is it the policy of the holder to refund or reinstate any service charges or other amounts deducted if the owner reactivates or claims the property prior to the completion of the statutory reporting period? If yes, obtain details.
- Review the chart of accounts for selection of accounts to be analyzed and tested.

INTERNAL CONTROL

Unclaimed property, by its very nature of being several years old and belonging to unlocated owners, is vulnerable to both intentional and unintentional misappropriation. Accordingly, it should be an area of strong internal control. Internal control must be evaluated and appropriate comments included in the audit plan.

OUTSTANDING CHECKS

For ease of tracking, the abandonment period for an outstanding check is normally measured from the issue date. However, the auditor must determine the materiality of any period of time that may have passed between the date the obligation was originally payable and the actual issuance of the check. The date of obligation is usually known as the production date or sales date. The issuance of the check is known as the accounting date. Checks are sometimes reissued with new dates in effort to avoid unclaimed property reporting. Outstanding checks have a three-year abandonment period in most states with the exception of payroll, wage and salary checks as well as checks issued by financial institutions.

Use the following list in reviewing outstanding checks and drafts at most holders. Refer to the Checks Issued by Banking Organizations section in this manual for checks issued by financial institutions.

- Obtain a list of all open and closed bank accounts. Determine if holder closed or changed bank accounts during scope of examination. If yes, request relevant records for closed bank accounts for years that fall within audit scope. Utilize standardized bank map to capture all relevant bank account information.
- Review the internal control maintained over outstanding checks and any other reconciling items on bank reconciliations.
- Review all closed commercial checking accounts to determine the amount of outstanding checks at the time of closing.
- Review liability accounts to which outstanding checks are transferred:
 - Evaluate aging procedures.
 - Test debit entries to determine their nature.
 - Reconstruct any checks written off to income or retained earnings.
- Review income accounts to determine if any other checks have been written off.
- Review the contra or related expense accounts to determine if outstanding checks are reversed to the account for which they were drawn.
- Determine if checks returned by the Post Office (RPO checks) are handled differently from other outstanding checks to avoid misunderstandings and omissions when requesting records.
- Determine if checks are prepared for payroll, vacation pay, severance pay, retirement and pension plan refunds, etc., belonging to terminated employees for periods subsequent to termination.
- Review procedure for contacting payees of uncashed checks.
- Review void reports to ensure outstanding checks are not voided and reissued multiple times. If the auditor confirms this situation is occurring, identify the original production date as the dormancy driver.

**PROPERTY AND CASUALTY INSURANCE
CLAIM CHECKS AND DRAFTS**

- Review policy provisions relating to the payment of claim benefits.
- Obtain a list of all open and closed bank accounts. Determine if holder closed or changed bank accounts during scope of examination. If yes, request relevant records for closed bank accounts for years that fall within audit scope. Utilize standardized bank map to capture all relevant bank account information.
- Evaluate the system of internal control over all cash disbursements.
 - Determine if drafts are accounted for on the *issued* or *paid* basis.
 - Determine if payments of fixed and certain nature can be differentiated from offers of settlement.
 - (1) Do drafts have release terms on them?
 - (2) Are separate release agreements used?
- Review the internal control maintained over outstanding checks/drafts and other reconciling items on bank reconciliations.
- Review all closed commercial checking accounts to determine the amount of outstanding checks/drafts at the time of closing.
- Review liability accounts to which outstanding checks/drafts are transferred:
 - Evaluate aging procedures.
 - Test debit entries to determine their nature.
 - Reconstruct any checks/drafts written off to income or retained earnings.
- Review income accounts to determine if any other checks have been written off.
- Review the related expense accounts to determine if outstanding checks/ drafts are reversed to the account for which they were drawn.
- Determine if checks returned by the post office are handled differently from other outstanding checks.
- Determine if checks are prepared for payroll, vacation pay, severance pay, retirement and pension plan refunds, etc., belonging to terminated employees for periods subsequent to termination.
- Ascertain if sales commissions are always paid by check.
- If drafts are/were accounted for on paid basis:
 - Review past and/or present internal control specifications to determine if reports of unrepresented drafts are generated.
- Are listings of unrepresented drafts prepared?
- Are copies of unrepresented drafts retained?
- If no other information is available, develop a non-presentment rate by comparing data from periods for which information is available.
 - For insurance claim payments, analyze claim files to determine if:
 - Claim files and unrepresented draft reports agree.
 - The unrepresented draft report includes offers of settlement.
- Review procedure for contacting payees of uncashed checks and drafts.
- Determine if returned by post office checks/drafts are canceled and posted to another account or accounted for separately.
- Analyze income or surplus accounts to determine if any payments have been written off.

MINERAL INTERESTS

Oil and gas companies hold royalties in suspense for many good and sufficient reasons, such as title disputes, clouded titles, or unpaid amounts due from the royalty owner on other business. Royalty suspense ledgers are a necessary part of the accounting system and here, as elsewhere, unclaimed property appears as an exception to the normal flow of business.

In addition to royalties payable from a company's own production, unclaimed royalty payments are also acquired through the buying of leases from other oil and gas companies. The abandonment periods for these suspended royalties should be calculated from their original payment dates, not the date received by the acquiring company.

- Review the internal control maintained over the mineral interest suspense account.
- Request a detailed printout of the suspense ledger used in preparing unclaimed property reports.
 - Review the suspense ledger for accounts reported and those not reported.
 - Schedule the significant accounts not reported and obtain documentation as to why they were not reported.
 - Review owners previously reported and test to determine if all money owed to those owners has been remitted to the State.
 - Review owners not reported and test the dates of production for reliability.
- Obtain reports filed with other states and determine if:
 - Property, with associated owner addresses, is reported to the state of last known address or state of production. This includes partial addresses, such as completed state or zip code fields.
 - Property, without associated owner addresses, is reported to the state of incorporation or state of production.
- Determine if the production cutoff dates conform to reporting requirements.
- Reconcile the total held in suspense with the associated general ledger account balance.
- Ensure that well names are included in suspense report. A number of states are requiring this information from holders on their unclaimed property reports.
- Determine if the holder has removed owners from suspense for reasons other than payment to the owners:
 - Inactive accounts purged from the system.
 - Old dates of production transferred out of system.
 - Wells plugged and abandoned.
 - Sale of the leases.
 - Change in the electronic data processing system.
 - Write-offs to income, other revenue, etc., for any other reason.
- Determine if leases that have been sold have documentation to provide the terms of the contract as they apply to the liability suspense.
- Determine if any mergers/acquisitions with other producers have taken place.
 - Obtain information as to the disposition of the previous company's suspense system.
 - Were there any suspense funds not converted into the surviving suspense system? (If so, obtain details.)
- Determine if RPO checks generate a transfer of the owner's underlying interest from pay status to suspense.
- Determine if original production dates are retained in suspense ledger when interests are transferred as a result of outstanding or RPO checks.
- Inspect outstanding check lists for recurring names. Determine if these are being transferred to suspense.

DEPOSITS HELD BY BANKING ORGANIZATIONS

The abandonment period is measured from the date of last customer contact. Positive, documented contact between the holder and the owner is required for keeping an account in active status. Change of address notifications, payments on loans, activity in other accounts belonging to the same owner, are all valid contact. However, the auditor must test for what else updates the last contact field in the holder's system. Examples of invalid updates to a depositor account's last contact date include automatic deductions of safe deposit box rental, automatic deposits of interest from one account into another, statement mailings and internally-generated file maintenance.

Special rule for certificates of deposit (CDs): The abandonment period begins to run on the maturity date. In the case of automatically-renewable CDs, the first maturity date is used.

- Obtain a list of the categories of deposits offered by the organization.
- Review the system of internal control over the deposit accounting system.
- Evaluate the controls placed over inactive accounts.
- Test system as documented above:
 - Trace accounts from active files to dormant control.
 - Trace accounts from dormant control to active files.
 - Trace accounts reported to State:
 - (1) Identify all unlawful service charges taken.
 - (2) Compute interest not accrued and credited to the accounts.
 - Review automatically-renewable certificates of deposit for customer-generated activity.
- Reconstruct accounts service charged off prior to becoming reportable:
 - Add back all unlawful service charges taken.
 - Compute interest from date interest no longer accrued to nearest preceding month as of the examination.
- Return mail provision (refer to state's statute for inclusion)
 - Evaluate internal control over return mail
 - Trace return post office statements to internal control
- Determine if financial institution's system distinguishes individual retirement accounts from Roth individual retirement accounts. These two properties have different dormancy drivers, thus must be analyzed separately.

UNIDENTIFIED DEPOSITS/REMITTANCES

Banks, savings associations, and credit unions will typically hold unidentified deposits in a demand deposit account under that name, *Unidentified Deposits*.

Other companies with large volumes of direct billing to customers, such as insurance companies, hospitals and utility companies, also receive unidentified remittances. Until the true owner is identified, or the funds are written off to income, unidentified remittances are often held in liability accounts with titles such as *Unidentified Remittances*, *Unapplied Payments*, or *Unapplied Cash*.

- Review the internal control over unidentified deposits and remittances.
- Review the accounting procedure on unidentified deposits and remittances.
- Analyze suspense and liability accounts utilized for all unidentified payments received.
- Analyze aging procedure on the transferal of unidentified payments.
- Determine the ultimate disposition of uncleared unidentified items.
- Analyze all amounts taken into income or surplus.
- Sample suspense accounts and liability accounts used for recording and controlling unidentified items.

CHECKS ISSUED BY BANKING ORGANIZATIONS

For the purposes of this section, the terms *bank* and *banking organization* should be considered to include savings associations and credit unions as well.

The most common reason for checks to go unreported is that they are simply overlooked. Many banking organizations have multiple series of cashier's checks and the inadvertent omission of a single series is not uncommon.

- Obtain a list of all instruments issued by the bank.
- Evaluate and document the system of internal control over outstanding bank checks.
- Review aging process.
- Test system as documented above as follows:
 - Trace items from issuance register to outstanding control.
 - Trace items from outstanding control to issuance register.
 - Trace items reported to State.
 - (1) Agree issue dates, issue amounts and names.
 - (2) Add back all service charges taken.
 - (3) Ensure items are reported to correct State. Bank issued checks should be reported to state of payee or state of bank's incorporation if that address cannot be determined.
- Reconstruct bank checks charged off prior to becoming reportable.
 - Add back all charges to obtain the original issuance amount.
 - (1) From actual records.
 - (2) From projections, if necessary.

The owner of a check is the payee, unless the purchaser is still holding the original copy of the check

TRAVELER'S CHECKS AND MONEY ORDERS

Both traveler's checks and money orders are reportable to the state in which they were purchased. This is an exception to the general rule that property is to be reported to the holder's state of incorporation when there is no last known address for the owner.

SAFE DEPOSIT AND SAFEKEEPING

For safe deposit boxes, the abandonment period begins to run on the date the last rental payment expired. Refer to state's statute regarding the handling of abandoned tangible property and allowable reimbursement of fees.

Safekeeping items abandonment period and certificates for stocks and bonds, pledged as loan collateral, are often found there. In anticipation of future loans, they are commonly left at the bank by the owners after the original loan is paid off.

- Evaluate the system of internal control over safe deposit boxes on which rent is due and unpaid.
 - Document system.
 - Review controls over signature cards and entry cards.
 - Examine contents of drilled boxes.
 - Trace items reported to inventories of drilled safe deposit boxes.
- Evaluate the system of handling safekeeping items.
 - Document system.
 - Examine safekeeping register
 - (1) Prepare a schedule of unreported items.
 - (2) Note items appearing on register not accounted for in safekeeping.

CREDIT BALANCES

Patient accounts receivable at hospitals and customer accounts receivable at credit card and utility companies are good examples of the types of holders who, by the nature of their business, have relatively large volumes of accounts receivable credit balances.

- Obtain a list of categories of credit balances generated by the holder.
- Evaluate and document the systems and procedures for processing credit balances.
- Review a listing of credit balances.
 - Evaluate aging procedures.
 - Test debit entries to determine their nature.
- Analyze income accounts to determine whether credit balances have been taken into income. Also, review related expense accounts to determine whether credit balances are used to offset expenses/bad debts.
- Test credit refund procedures. Ensure that holder is attempted to refund outstanding credit balances in a timely fashion.

COLLATERAL

Determine the status of collateral being held on fully-paid loans. Collateral has a three-year abandonment period, measured from the date the associated loan was paid off. Of course, the same criteria regarding subsequent contact with the owner still applies, as it does with any type of property. The auditor should check the lender's central information files for current contact with the borrower before assuming that collateral being held for long periods is unclaimed.

In anticipation of future loans, particularly in the case of commercial loans, certificates for pledged stocks and bonds are often intentionally left with the lender by the borrower after the original loan is paid off. At banking organizations, the Loan Department likely deposited these items with the Safekeeping Department and has copies of the safekeeping receipts on file. Using those receipts makes it easier for the auditor to physically locate collateral. Occasionally, it's found that the Safekeeping Department has a record of collateral being returned to the owner, but the safekeeping receipts were not removed from the Loan Department's files.

- Review and document the system of internal control over collateral held.
- Examine collateral register for aged items:
 - Trace collateral to loan files.
 - Review central information files.
- Inspect all collateral held.
 - Trace aged items to collateral register for activity.
- Determine the status of collateral being held on fully-paid loans.

EMPLOYEE BENEFIT TRUST DISTRIBUTIONS

Large employers often establish some form of employee benefit/retirement plan. Retired and ex-employees move away, the plan administrator loses contact with them and their benefit distributions remain unclaimed. Often, a bank's trust department is the plan administrator and the auditor will require an introduction from the company before auditing records at the bank.

Much has been written over the years about whether ERISA, a federal law, preempts state unclaimed property laws. Some states have challenged it in the past; others continue to do so. The few actual court cases on this subject have been inconclusive. Completing the first task below will assist the auditor in deciding whether to continue with the rest of the audit of the employee benefit plan.

- Determine the legal nature of *EBT* plans for the treatment of unpaid benefits.
- Review the internal control over distributions.
- Review the accounting procedure on distributions.
- Age all outstanding or unpaid distributions subject to reporting.
- Analyze liability accounts related to distributions or payments.
- Trace reported distributions through the holder's system to determine their origin and disposition.

- Review trust accounts and related declarations of trust.
- Analyze accounts used in connection with revocable or irrevocable trust deposits. Review trust agreements as deemed necessary.

PERSONAL TRUST PROPERTY

The most frequently occurring form of unclaimed personal trust property is the excess of dividends over what can be allocated to personal trust accounts. This occurs as a result of timing differences between the sale of securities on behalf of one or more trust accounts and the declaration of dividends by the issuer of the securities.

Usually, the issuer's dividend disbursing agent will follow up with a refund request for excess dividends after being contacted by the new owner of the securities, but not always. Some dividend disbursing agents even refuse the trust company's attempts to return unallocable dividends when they haven't heard from the new owners because, left as is, their records balance.

- Evaluate and document the system of internal control over unclaimed items.
- Examine dividend and interest clearing accounts:
 - Analyze aging procedure.
 - Trace items from active accounts to special control accounts.
 - Trace items reported to the State.
 - (1) Reconcile dates and amounts.
 - (2) Add back all charges taken and amounts offset improperly.
- Undeliverable fiduciary checks:
 - Analyze controls for outstanding checks and the disposition of same.
 - (1) Prepare a schedule of unreported outstanding checks.
 - (2) Test for write-offs of outstanding checks.
- Suspense accounts:
 - Obtain a list of general ledger suspense accounts.
 - (1) Select accounts for further testing.
 - (2) Evaluate the internal controls over these accounts.
 - Test claims:
 - (1) Trace items reactivated from suspense accounts.
 - (2) Test for write-offs of suspense account items.
 - (3) Trace items reported to the State.
 - Add back all charges taken.
 - Reconstruct amounts offset to unrelated debit items.
 - Reconstruct amounts improperly charged off or taken into fees prior to becoming reportable.
- Analyze controls for uncleared unallocable dividends and the disposition of same.
- Analyze suspense stock and bond positions for unclaimed stock, dividends, and interest that cannot be allocated to individual trust accounts.
- Test for the sale of suspense stock certificates and the ultimate disposition of the proceeds.

CORPORATE TRUST PROPERTY

Coupon-Bond Paying Agent

The bond-paying agency of a bank's corporate trust department is frequently out of balance in many of its client accounts when the bonds are bearer instruments. Bond issuers transfer funds to the paying agent at each coupon maturity date to cover that period's interest payments. Though some commingling of funds may occasionally be found, the common procedure is for the agency to deposit the funds to the appropriate demand deposit account (DDA) set up for each specific bond series. Bond and coupon redemptions are then paid directly from those accounts.

Some bond paying agents have such tight controls on these DDAs that they are able to report exactly which coupons from which numbered bonds remain outstanding. However, the many similar names of the different bond series increase the

chances for clerical errors when interest coupons are received for payment. Coupons from one series of bonds are redeemed with funds received for another series and, within a few years, the accounts can be hopelessly out of balance.

- Evaluate and document the procedures for processing of undeliverable and outstanding interest payments.
- Review document files for debt accounts and obtain copies of pertinent sections of the indenture agreements instructing the trustee.
- Evaluate the internal control over undeliverable property.
- Test currently open and closed principal and interest control accounts for:
 - Unreported property.
 - Property service charged or charged off.
- Test transaction journals for questionable entries for: (Redemption accounts, debt maturity accounts for both principal and interest.)
 - Service charging.
 - Charge-offs.
 - Fees being charged.
 - Offsetting to recoveries accounts.
 - Return of funds to principal.
 - Accounting offset of unrelated property.

Dividend Disbursing Agent

Even when the actual certificates are presumed to be in the possession of the missing owner, stock shares must be reported as abandoned if:

- All distributions have remained unclaimed, *or* mail addressed to the owner has been returned as undeliverable, for at least three years,
- The owner has not communicated with the holder, in writing or otherwise, within the past three years, and
- The location of the owner is unknown.

When reported, these are identified as *underlying shares*. Please note, the only time mail not returned by the Post Office prevents the assumption of abandonment is when there have been no distributions during the previous three-year period.

- Document the system of internal control over the issuance of cash dividends.
 - Obtain a listing of cash dividend bank accounts.
 - Obtain oral evidence as necessary to supplement the working papers.
- Evaluate and document the system used for the processing of undeliverable or uncashed cash dividends.
- Evaluate the internal control over undeliverable or uncashed cash dividends.
- Test transaction journals for questionable entries.
- Determine if underlying shares are subject to reporting.

Stock Transfer Agent/Exchange Agent

- Document the system of internal control over the issuance of stock dividends and fractional-share payments.
- Document the internal control over undeliverable stock dividends and fractional-share payments.
- Evaluate and document the system used for the processing of undeliverable stock dividends.
- Test transaction journals for questionable entries.
- Age undelivered stock dividend records and determine if unreported dividends and fractional-share payments exist.
- Evaluate the internal control over unexchanged stock and fractional-share payments.
- Evaluate and document the system used in accounting for unexchanged stock.
- Test transaction journals for questionable entries. -
- Age unexchanged stock records and determine if unreported stock and fractional-share payments exist.
- Determine if underlying shares are subject to reporting.

Receiverships

- Obtain a list of liquidated corporations for which the holder has been appointed a receiver.
- Evaluate the internal control over unclaimed distributions.
- Test transaction journals for questionable entries.
- Age liquidation distribution records and determine if any unclaimed distributions are subject to reporting.

EQUITY AND DEBT

The auditor may find the required records at the holder's office, but frequently this function is contracted out to one or more agents.

- Research outside sources such as Capital Clearinghouse (CCH) Changes Reports prior to commencing the examination. Analyze the history of holder, i.e., classes of stock outstanding, stock splits, stock dividends, mergers, acquisitions, spin-offs, etc.
- Prepare a list of all merged or acquired companies where acquisition was made in a *stock-for-stock* deal. Determine:
 - The date of merger or acquisition.
 - The exchange ratio.
 - If there was cash in lieu of fractional shares or liquidating distribution rates.
 - If the merged company was a public company.
 - The merged company's predecessor transfer agent.
 - The merged company's dividend history.
 - The disposition of unclaimed dividends subsequent to merger.
- Obtain a list of matured or called debt (bonds, debentures, or notes) for the holder and/or merged companies.
- Determine if the merged company filed reports with the State. Obtain and review copies of these reports for any previously reported property.
- Request an introductory phone call or letter from the holder to review the accounting records of the outside agent, if necessary.
- Request a copy of written procedures used to handle and account for unclaimed equity and debt.
 - Evaluate and document the adequacy and utilization of the above procedures.
 - Evaluate the internal control over reportable property.
- Determine if the aging of items is proper.
- Reconstruct charges on any items or items charged off completely.
- Trace items previously reported to the State to source records and note exceptions.
- Obtain oral evidence as considered necessary to supplement the working papers.
- Determine if authorization has been given by the holder to an agent to report unclaimed property to selected states.

Shareholder Equity

- Obtain any legal opinions relating to the reporting of stock, dividends, underlying shares, etc.
- Evaluate the system of internal control over records of inactive shareholders.
- Analyze the procedures used to identify and report underlying shares and/or lost shareholders.
- Obtain copies of agency contracts relating to applicable mergers, acquisitions and liquidations.
- Evaluate and document the carrying forward of potential unclaimed property from prior transfer or paying agents and the ultimate disposition of same.
- Determine the disposition of potential unclaimed property held for or by subsidiaries of the holder by prior agents.

Cash and Stock Dividends

- Document the system of internal control over the issuance of cash and stock dividends.

- Obtain a listing of cash dividend bank accounts.
 - Age check registers and determine if unreported dividends exist.
- Evaluate procedures used to report outstanding dividend checks.
 - Reconstruct any dividends charged off.
 - Obtain oral evidence as necessary to supplement the working papers.
- Evaluate and document the system used for the processing of undeliverable cash and stock dividends.
- Evaluate the internal control over undeliverable cash and stock dividends.
- Test transaction journals for questionable entries.
- Determine if underlying shares are subject to reporting.

Unexchanged Stock

- Evaluate and document the system used in accounting for unexchanged stock.
- Evaluate the internal control over unexchanged stock and fractional-share payments.
- Age unexchanged stock records and determine if unreported stock and fractional-share payments exist.
- Test transaction journals for questionable entries.
- Determine if underlying shares are subject to reporting.

Principal and Interest on Debt Issues

- Account for debt redemptions, maturities, and the disbursement of interest payments for registered and bearer debt instruments. (Until the early 1960s most debt securities were issued in bearer form.)
 - Evaluate and document the system of internal control and procedures for the processing of undeliverable and outstanding interest payments.
 - Review pertinent sections of the bond indenture agreements requiring the trustee to return outstanding and undeliverable interest checks or proceeds from unrepresented coupons or uncashed checks to the holder after a stipulated period.
 - Review registration requirements of each security.
 - Review currently open and closed principal and interest control accounts for:
 - (1) Unreported property.
 - (2) Property service charged or charged off.
 - Test transaction journals relating to principal redemption or interest payments for questionable entries: (Redemption accounts and debt maturity accounts for both principal and interest.)
 - (1) Service charging or other fees.
 - (2) Charge offs.
 - (3) Offsetting 'to unrelated accounts.
 - (4) Return of funds to principal. Requires a separate follow-up.

CREDIT MEMORANDA, GIFT OR MERCHANDISE CERTIFICATES, ELECTRONIC GIFT CARDS, SCRIP OR INSTRUMENTS REPRESENTING CASH

While the unclaimed property laws of many states include tangible property, most states are unwilling to go through the process of receiving and selling merchandise.

- Determine if last known address of purchaser can be obtained, e.g., credit records, original issuance records, etc.
- Determine whether terms of the instrument require presentation within a specified time period and whether only merchandise or services can be obtained. Also, determine if these terms are waived.
- Determine if the accounting system permits aging of outstanding instruments. If not, use estimating procedures.
- Analyze selected accounts to determine whether any outstanding credit memos have been taken directly into income or credited to an expense account.
- For gift certificates, if these are not segregated in liability or reserve accounts, review tax returns to determine the amount unrepresented and reported to the IRS as income. The holder may have reported the

amounts in the taxable year following receipt, in accordance with U.S. Treasury Regulation 1.451-5.

LIFE INSURANCE DEATH CLAIMS

Valid reasons for delaying payment, such as disputes between heirs, cannot be used indefinitely. The auditor's inquiries may bring long-standing unpaid death claims to the attention of the holder, with the only reasonable resolution being to report the benefits for an *unknown* owner.

When examining this type of property:

- Review the internal control over the death claim payment procedure.
- Review the accounting procedures utilized to handle death claims.
- Review the company's follow-up procedure on paying death claims.
- Review the death claims register or listing for any aged items.
- Trace a sample of unclaimed payments to policy files.
- Analyze all death claims held in suspense or unpaid after a specified cutoff. Interview company attorney regarding disputed death claims.
- Trace claims reported as unclaimed property through the system to determine their origin and disposition.
- Analyze all claims taken into income or surplus.

COMMONLY REPORTED TYPES OF UNCLAIMED PROPERTY LISTED BY INDUSTRY

Unclaimed Property List Types

All Industries

Employee wages Vendor payments
Uncashed checks of any type

Title Insurance
Escrow funds

Banks; Savings Associations; Credit Unions

Demand deposit accounts
Savings accounts
Certificates of deposit
Individual retirement accounts
CD interest checks
Cashier's checks
Certified checks
Loan overpayments
Loan collateral
Safe deposit box contents
Safekeeping items
Unidentified deposits

Utility Companies
Customer overpayments
Customer deposits
Unidentified remittances

Trust Companies

Personal:
Fiduciary checks
Dividend credit balances
Corporate:
Cash dividend payments
Stock dividends
Stock splits
Unexchanged stock
Liquidation proceeds
Bond interest and principal payments

Electric and Telephone Cooperatives

Capital credit distributions
Member deposits
Member overpayments

Hospitals

Payable balances
Patient overpayments
Unidentified remittances

Oil and Gas Companies

Payable balances
Delay rentals
Accounts receivable
Royalties
Bonuses

Property & Casualty/Accident & Health/Life Insurance

Premium refunds
Claim payments
Unidentified remittances
Agent commissions

Non-Disclosure Agreement

Discovery Audit Services
Manual

Topic: Nondisclosure Agreements

Objective: To provide guidance on the Nondisclosure agreement execution process

Individuals Involved:

1. President
2. AUP Audit Manager
3. AUP Lead Auditor
4. AUP Auditor
5. Business Development Manager
6. AUP Administrative Assistant
7. Holder

Process:

1. HOLDER REQUESTS NONDISCLOSURE AGREEMENT (NDA)
(AUDITOR SHOULD NEVER ADVISE OF THE NDA AGREEMENT AS IT IS COMPLETED ON A CASE BY CASE BASIS)
2. AUP Auditor forward DAS NDA to holder
3. Holder reviews NDA and either agrees with it, or requests revisions via red-lined document with track changes option.
 - Revision requests are reviewed by President and Business Development Manager
4. AUP Audit Manager reviews and requests execution by President
5. AUP Audit Manager forwards executed NDA to AUP Administrative Assistant for official compilation
6. AUP Administrative Assistant forwards Official NDA to holder for execution and copies in the email the auditor
7. Holder executes NDA and forwards to AUP Auditor
8. Auditor forwards a copy of the executed NDA to AUP Administrative Assistant, AUP Audit Manager and AUP Lead Auditor
9. AUP Auditor scans and saves executed NDA to server and begins examination process

CONFIDENTIALITY & NON DISCLOSURE AGREEMENT

This agreement is made and executed this ___ day of _____, 20___, by and among, _____, a _____ corporation, its subsidiaries and related entities, (hereinafter collectively referred to as "HOLDER") and Discovery Audit Services, LLC (hereinafter as "AGENT").

Whereas, AGENT has been authorized by state(s) or jurisdiction(s) to conduct an EXAMINATION of the HOLDER in order to determine compliance with each other state's escheat, abandoned property or similar law, rule or statute ("PARTICIPATING STATE(s)").

Whereas, AGENT will be assisting the PARTICIPATING STATES in examining (the "EXAMINATION") the books and records of the HOLDER to determine the HOLDER'S compliance with the unclaimed property laws of each PARTICIPATING STATE (hereinafter the "CODE").

Whereas, AGENT agrees that in order for a state or jurisdiction to be considered a PARTICIPATING STATE for the purposes of this AGREEMENT, such state or jurisdiction must have: (a) contracted with AGENT to receive examination services; and (b) authorized AGENT to conduct such an examination. Said authorization may be evidenced in writing to HOLDER or to AGENT.

Whereas, HOLDER hereby acknowledges that the CODE requires HOLDER upon request by AGENT to make all books, information, data, and records available promptly to AGENT.

The PARTICIPATING STATES are listed on EXHIBIT A to this AGREEMENT. The authorization letter received from each PARTICIPATING STATE is attached and incorporated herein in EXHIBIT B1 through B___. PARTICIPATING STATES shall not be added to EXHIBIT B by AGENT after AGENT receives CONFIDENTIAL INFORMATION from HOLDER regarding that specific state.

Whereas, the information that AGENT may examine in conducting this EXAMINATION may contain business plans, financial and accounting information, employee, vendor and customer information, data, concepts, marketing information, know-how, trade secrets and other records, files, documents, databases, information systems, software programs which are or the contents of which are, in whole or in part, either non-public, confidential or proprietary in nature concerning the HOLDER and its business affairs, and which AGENT agrees to protect from unauthorized disclosure pursuant to the terms and conditions of this AGREEMENT; and

Whereas, the disclosure of the confidential information could irreparably harm the business of the HOLDER;

Whereas, in consideration of the disclosure to AGENT of the confidential information, AGENT hereby agrees to safeguard and keep in strict confidence, except to the extent required to be disclosed under the CODE or by any court of law under the statutes of any PARTICIPATING STATES (and in such case, any disclosure shall be made in accordance with this AGREEMENT), all such information disclosed to the AGENT (hereafter referred to as "CONFIDENTIAL INFORMATION"), as more fully set forth below.

Now, the parties to this AGREEMENT hereby agree as follows:

1. CONFIDENTIAL INFORMATION shall include all such information disclosed by the HOLDER, its subsidiaries and related entities or their respective principals, partners, directors, officers, employees, agents, subagents, consultants, advisors, legal counsel, accountants, and other of their representatives (collectively "PERSONNEL") to AGENT or its PERSONNEL, directly or indirectly, orally, in writing or in any other form or media, in connection with the HOLDER and its business operations. CONFIDENTIAL INFORMATION shall also include information

that identifies the HOLDER'S current, former or prospective employees, shareholders, vendors, customers and other individuals with whom the HOLDER does business including specifically said individuals' names, addresses, email addresses, telephone numbers, social security numbers, account numbers and other unique identifiers including information that can be used to authenticate an individual (collectively, "PERSONAL INFORMATION"). To the extent reasonably practicable, HOLDER shall redact all non-responsive PERSONAL INFORMATION from records produced to AGENT during the EXAMINATION. AGENT also acknowledges and agrees that the information which is confidential hereunder includes the fact of the conduct of the EXAMINATION of HOLDER and any settlement, payment(s), or other interim or final resolution of the EXAMINATION.

CONFIDENTIAL INFORMATION shall not include:

- (i) information which is in the public domain at the time of disclosure;
- (ii) information which, although originally CONFIDENTIAL INFORMATION, becomes available to the public independent of any action by, and without the knowledge or participation, of AGENT or its PERSONNEL, as of the date such information becomes available in the public domain, provided such information did not become available to the public as a consequence of a documented violation of a contractual, legal, fiduciary or other obligation, or of a security breach; and
- (iii) information which becomes known to AGENT or its PERSONNEL on a non-confidential basis from a source other than the HOLDER, or its PERSONNEL, provided that such source is not bound by a confidentiality AGREEMENT with the HOLDER or is not otherwise prohibited from transmitting the information to AGENT or its PERSONNEL by a contractual, legal, fiduciary or other obligation.

2. The PARTIES acknowledge and agree that the HOLDER is the owner of the CONFIDENTIAL INFORMATION (including specifically the PERSONAL INFORMATION) and that notwithstanding the disclosure of the CONFIDENTIAL INFORMATION to the AGENT or its PERSONNEL, all CONFIDENTIAL INFORMATION shall remain the sole property of the HOLDER.

3. Privacy/Data Security. AGENT has implemented and currently maintains an effective information security program that complies with all APPLICABLE LAWS (as defined herein), and that includes administrative, technical, and physical safeguards to protect the security and confidentiality of CONFIDENTIAL INFORMATION including specifically, PERSONAL INFORMATION to: (A) protect against any anticipated threats or hazards to the security or integrity of such PERSONAL INFORMATION; and (B) protect against unauthorized access to, destruction, modification, disclosure or use of PERSONAL INFORMATION. AGENT shall comply with all APPLICABLE LAWS including specifically those laws requiring AGENT to notify the HOLDER in the event AGENT becomes aware of any unauthorized access to, destruction, modification, disclosure or use of any PERSONAL INFORMATION (a "BREACH"). A BREACH does not include inadvertent access by an AGENT employee outside the scope of their authority. In the event AGENT is required to notify the HOLDER under an APPLICABLE LAW, AGENT shall:

- (a) provide prompt notice to HOLDER;
- (b) reasonably cooperate with HOLDER in promptly responding to all third party inquiries regarding the incident at issue; and
- (c) refrain from issuing any press release, providing any breach notification to individuals, or making any other public announcement concerning any unauthorized access to, destruction, modification, disclosure or use of the PERSONAL INFORMATION without the prior written approval of HOLDER (which approval shall not be unreasonably withheld, conditioned or delayed); provided, however, no written approval from the HOLDER shall be necessary where AGENT is required to act at the direction of law enforcement and/or other governmental personnel and such written approval is unreasonable under the circumstances and/or would result in AGENT'S non-compliance with the directive. For purposes of this Section 3, "APPLICABLE LAWS" shall mean any privacy, data security, breach notification, identity theft or other United States federal or state law and other law applicable to information of the type included in the PERSONAL INFORMATION, specifically including but not limited to the laws of each PARTICIPATING STATE.

4. CONFIDENTIAL INFORMATION received pursuant to this AGREEMENT shall not be disclosed to others (except to the PARTICIPATING STATES or employees of these jurisdictions whose scope of employment specifically includes responsibility for unclaimed property (and in such case, any disclosure shall be made in accordance with this AGREEMENT), and to representatives of AGENT having a need to know) without the prior, express written consent of _____. AGENT assures HOLDER that each representative having access to the CONFIDENTIAL INFORMATION will be made aware of this AGREEMENT and the provisions thereof and will agree to comply therewith.

5. AGENT and its Representatives shall use the CONFIDENTIAL INFORMATION only in connection with the examination of HOLDER'S compliance with the abandoned property laws of the PARTICIPATING STATES and shall not use or exploit such CONFIDENTIAL INFORMATION for any other use, including use for its or their own benefit or for the benefit of another, without the prior written consent of HOLDER.

AGENT covenants that the CONFIDENTIAL INFORMATION concerning HOLDER which will come into AGENT'S possession during the course of this EXAMINATION shall not be used by AGENT in any way to encourage or solicit a state or jurisdiction not listed on EXHIBIT A to conduct an examination of HOLDER. AGENT covenants that all CONFIDENTIAL INFORMATION concerning HOLDER that has come into possession of AGENT during AGENT'S EXAMINATION of HOLDER shall not be used in any other examinations.

6. AGENT warrants that it will retain the audit work papers (which may include the - CONFIDENTIAL INFORMATION) in a secure environment for no longer than the period of time specified in AGENT'S contract with the PARTICIPATING STATES as referenced on EXHIBIT C attached hereto and incorporated herein, the CODE, or a PARTICIPATING STATE'S record retention requirements, whichever is longer, at which time, they shall be destroyed.

In the event that the EXAMINATION results in litigation, AGENT will not be required to destroy its work papers until resolution of the litigation, including any appeals taken by any party to the litigation. Nothing in this record retention provision shall be construed to allow AGENT to disseminate any CONFIDENTIAL INFORMATION as otherwise restricted by this AGREEMENT. Further, notwithstanding the destruction of any CONFIDENTIAL INFORMATION, AGENT and its Representatives will continue to be bound by their obligations of confidentiality and other obligations hereunder which shall survive the termination of the EXAMINATION and the expiration or termination of AGENT'S engagement by the PARTICIPATING STATES.

7. AGENT agrees its employee with primary responsibility for the EXAMINATION will hold an entrance conference with HOLDER during which AGENT shall disclose its goals, audit methodology and any requirements for HOLDERS personnel, facilities or other resources required to perform the EXAMINATION. At the conclusion of the EXAMINATION, AGENT shall conduct an exit conference with HOLDER during which AGENT shall discuss AGENT'S findings with HOLDER and permit HOLDER adequate time as defined by the CODE and/or the laws and regulations of the PARTICIPATING STATES to review and respond in writing to such findings which response AGENT agrees will be, if requested by HOLDER, filed with AGENT'S report to the PARTICIPATING STATES.

8. AGENT agrees that in the event that the HOLDER inadvertently provides AGENT access to any documents which are marked as "For Official Use Only", "Secret" or "Top Secret", AGENT shall immediately (upon discovery of said document) notify HOLDER and immediately return any copies of said documents to HOLDER upon request.

9. AGENT warrants that independence and professional conduct shall be observed by the AGENT and its Representatives at all times.

10. If AGENT shall be under a legal obligation in any juridical circumstance or required in response to any applicable "freedom of information" request to disclose any CONFIDENTIAL INFORMATION, AGENT under such obligation, prior to disclosure, shall give the HOLDER prompt notice thereof so that, the HOLDER may timely object to the disclosure of such CONFIDENTIAL INFORMATION, seek a protective order, or waive AGENT'S duty of non-disclosure. AGENT undertakes to cooperate with the HOLDER to the extent that it seeks a protective order. Furthermore, to the extent that AGENT is required to disclose any CONFIDENTIAL INFORMATION pursuant to this Section 10, AGENT shall do so without liability. In so doing, AGENT shall exercise reasonable efforts to obtain assurance that confidential treatment will be accorded to that portion of the CONFIDENTIAL INFORMATION that is required, and permitted, to be disclosed.

11. This AGREEMENT may not be canceled or modified, nor any of its provisions be waived, except in writing signed by the parties hereto or, in the case of a waiver, on behalf of the party making the waiver. This AGREEMENT constitutes the entire understanding of the parties hereto and supersedes any and all prior understandings relating to the subject matter hereof.

12. All notices or other communications required or permitted hereunder shall be sufficient if sent by facsimile or electronic communication ("e-mail") or if given in writing and delivered personally or by registered or certified mail, return receipt requested, postage prepaid, as follows (or to any other address as shall be set forth in a notice given in the same manner):

If to HOLDER:

If to AGENT:

King Woolf, President
Discovery Audit Services, LLC
12012 Bricksome Ave.
Baton Rouge, LA 70816
Telephone No.: (225) 266-1385
Email: kingwoolf@aol.com

The parties agree that when facsimile or electronic communications are used, they are the equivalent of written and signed documents.

13. This AGREEMENT shall be in effect for HOLDER'S and AGENT'S successors and assigns and shall inure to the benefit of AGENT'S and HOLDER'S successors and assigns.

14. This AGREEMENT shall be governed by, interpreted, construed and enforced in accordance with the laws of the State of Louisiana.

15. Holder hereby agrees to cooperate fully, timely and in good faith with AGENT'S EXAMINATION.

IN WITNESS WHEREOF, the parties have caused this AGREEMENT to be executed and delivered the day and year first above written.

HOLDER:

By: _____

Name: _____

Its:

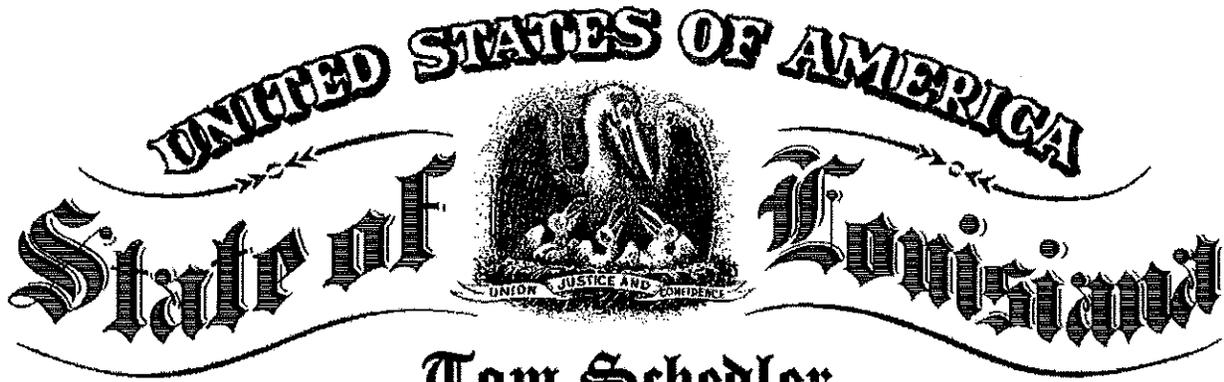
AGENT: Discovery Audit Services, LLC

By: _____

Name: King Woolf

Its: President

Appendix F: Certificate of Good Standing



Tom Schedler

SECRETARY OF STATE

As Secretary of State of the State of Louisiana I do hereby Certify that

DISCOVERY AUDIT SERVICES, LLC

A limited liability company domiciled in BATON ROUGE, LOUISIANA,

Filed charter and qualified to do business in this State on March 12, 2007,

I further certify that the records of this Office indicate the company has paid all fees due the Secretary of State, and so far as the Office of the Secretary of State is concerned, is in good standing and is authorized to do business in this State.

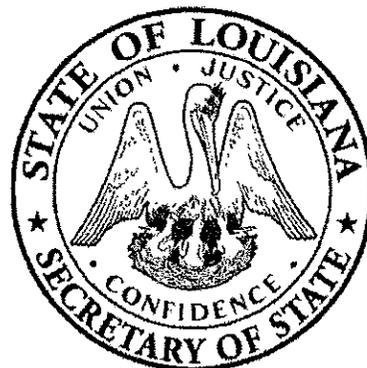
I further certify that this certificate is not intended to reflect the financial condition of this company since this information is not available from the records of this Office.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

March 28, 2017

Secretary of State

Web 36402255K



Certificate ID: 10811409#QWM73

To validate this certificate, visit the following web site, go to **Business Services**, **Search for Louisiana Business Filings**, **Validate a Certificate**, then follow the instructions displayed.
www.sos.la.gov

Appendix G: Letter from the National Conference of State Legislatures



NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

September 19, 2011

Stephen Morris
*Senate President
Kansas Senate
President, NCSL*

Michael P. Adams
*Director, Strategic Planning
Virginia Senate
Staff Chair, NCSL*

William Pound
Executive Director

Dear King Woolf,

At your request, I have composed a document which details why the National Conference of State Legislature's Task Force on State and Local Taxation of Communications and Electronic Commerce has examined the issue of 3rd party auditing and what work the task force will continue to do on this issue in the future.

To begin, the task force was created in 1999 to address the implications for state and local tax systems due to the rapid changes in technology and the emerging competitive telecommunications marketplace. The task force was given the authority to make recommendations for the reform of state and local sales taxes and taxes on telecommunication services. It has also been instrumental in the Streamlined Sales Tax Project and has helped to inform states about streamlined and has developed strategies for passing the legislation federally. In 2001, the NCSL Executive Committee included in the Task Force's jurisdiction, the review of state Business Activity Taxes (corporate income taxes). The members of the Task Force work with representatives of the private sector and our federal representatives in Washington.

The task force first looked at 3rd party audits at our meeting in May of 2011 in Boston, Massachusetts. Senator Cook of North Dakota brought up the issue of contingent fee audits and had a resolution that he wanted to introduce which condemned its practice. He explained that contingent fee audits are arbitrary and it encourages the audit firms to increase the amount in the audit as they are compensated on a contingency basis. As members of the task force were not really aware of the issue, the task force delayed the vote on the resolution and invited all the parties involved with this issue to the Task Force meeting in San Antonio before considering a resolution. As the Task Force did hear a presentation on contingent audit fees in San Antonio, it was decided that a resolution would be drafted and voted upon for consideration at the next meeting in Quebec, on September 30, 2011.

During discussion in San Antonio, the task force heard from King Woolf of Revenue Recovery Group, Eric Cook of Chainbridge (one of the two firms in question for contingency fee practices), Joe Crosby of Council on State Taxation and Steve Kranz of Sutherland.

Denver
7700 East First Place
Denver, Colorado 80230
Phone 303.364.7700 Fax 303.364.7800

Washington
444 North Capitol Street, N.W. Suite 515
Washington, D.C. 20001
Phone 202.624.5400 Fax 202.737.1069

Website www.ncsl.org
Email info@ncsl.org

The task force is concerned by perceptions of overly aggressive tactics used by some third party audit firms. Firms perceived by the task force as engaging in overly aggressive tactics include Chainbridge and Revenue Discovery Systems (RDS), a firm based in Alabama.

Mr. Woolf of Revenue Recovery Group was invited to speak in order to provide the task force with an example of a responsible third party firm in contrast to these other firms. He explained what third party audits are and how they help governments economically expand audit reach and taxpayer education. His firm, Revenue Recovery Group is compensated on an hourly rate, not by the amount of revenue generated from the audit. He offered best practices and presented metrics that prove that his firm responsibly and efficiently discovered and detailed millions in delinquent revenue for governments.

Mr. Cook of Chainbridge then explained to the task force that he is not a "bounty hunter" and that his firm does accurate audits for states. However, task force members raised concerns that he is compensated on a contingent basis and questioned the validity of the software his company uses to decide whether or not a business should be audited. Joe Crosby and Steve Kranz reiterated the concerns of the task force members. At the conclusion of the discussion, Senator Bramble of Utah asked that the task force to condemn contingent fee audits by third party audit firms and vote on a resolution against it at the next task force meeting.

Thanks,

Max Behlke
Policy Associate
National Conference of State Legislatures

Appendix H: Insurance Certificate



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/10/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Arthur J. Gallagher Risk Management Services, Inc.
235 Highlandia Drive, Suite 200
Baton Rouge LA 70810

CONTACT NAME: Renee Meaux
PHONE (A/C, No, Ext): 225-906-1271 **FAX (A/C, No):** 225-292-3893
E-MAIL ADDRESS: renee_meaux@ajg.com

INSURED REVEREC-02
Revenue Recovery Group, Inc. and Discovery Audit S
12012 Bricksom Avenue
Baton Rouge, LA 70816

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Travelers Casualty and Surety Compa	19038
INSURER B: American Fire and Casualty Company	24066
INSURER C: Ohio Security Insurance Company	24082
INSURER D: Ohio Casualty Insurance Company	24074
INSURER E:	
INSURER F:	

COVERAGES **CERTIFICATE NUMBER: 749527040** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y	N	BZA57693820	1/10/2017	1/10/2018	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$2,000,000 MED EXP (Any one person) \$15,000 PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 \$
C	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY	N	N	BAS57693820	1/10/2017	1/10/2018	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
D	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10,000	N	Y	USO57693820	1/10/2017	1/10/2018	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	UB4649T432	1/26/2017	1/26/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
B	Employee Benefits Liability	N	N	BZA57693820	1/10/2017	1/10/2018	Aggregate Limit 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Complete Named Insured for the Liability Policy:
Revenue Recovery Group, Inc. and King Woolf
Discovery Audit Services, LLC

Complete Named Insured for the Workers Compensation Policy:
Revenue Recovery Group, Inc.
See Attached...

CERTIFICATE HOLDER

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



ADDITIONAL REMARKS SCHEDULE

AGENCY Arthur J. Gallagher Risk Management Services, Inc.		NAMED INSURED Revenue Recovery Group, Inc. and Discovery Audit S 12012 Bricksom Avenue Baton Rouge, LA 70816	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE**

Discovery Audit Services, LLC

General Liability Endorsement:
Additional Insured (Owners, Contractors or Lessors) - Blanket When Required by Written Contract -
BP04020106

Commercial Umbrella Endorsement:
Waiver Transfer Rights of Recovery Against Others - CU64951207

Commercial Auto Endorsement:
Loss Payable Clause - CA99441293
CNA/NA1C #20443 policy #596705816 (07/12/16 to 07/12/17) \$5,000,000.00/\$5,000,000.00 Limits /
H: Excess Cyber Liability Iron shore Specialty Ins. Co./NAIC #25445 policy #00284&000 (07/12/16 to
07/12/17) \$5,000,000/
\$5,000,000.01) Limits
G: Primary Cyber Liability