

REGULATION ON DORMANT ACCOUNTS & ABANDONED PROPERTY

1.0 INTRODUCTION

In accordance with provisions of Sections 39(1), 68, 69 and 70 of the New Financial Institutions Act of 1999, all licensed banks shall be required to adhere to the regulation enunciated in this circular. The following guidelines are the standard requirements for the dormant accounts and abandoned property held by licensed banks.

2.0 DORMANT ACCOUNTS

2.1 Definitions

- (a) Any deposit (demand, savings, time or other deposits) which has experienced no customer or depositor originated activity for a period not exceeding six (6) months shall be declared an **Inactive Account**.
- (b) Any deposit (demand, savings, matured time or other deposits) or official checks which has experienced no customer or depositor activity for a period exceeding twelve (12) months shall be declared a **Dormant Account**.

2.2 Procedures for classification of Dormant Accounts

- (a) Banks shall be required to generate and review lists of inactive and dormant accounts every ninety (90) days, that is, on a quarterly basis.
- (b) Banks shall be required to segregate dormant accounts from active accounts and thereafter place the dormant accounts in a separate file called **Dormant Account file**.
- (c) Banks shall create a control account in the general ledger for dormant accounts for the purpose of quarterly reconciliation. Dormant accounts shall be part of the bank's deposits liabilities.
- (d) Banks shall segregate the dormant account file including signature cards and other related documents from active files. Signature cards shall be clearly stamped "dormant account", dated, and placed under control. There shall be proper delegation of authority over transactions relating to dormant accounts. Transactions involving these accounts shall not be allowed without referring same to the senior officials of the bank.
- (e) The banks may charge a reasonable fee that should bear direct relationship to the cost of servicing the account provided the account is below minimum balance.

2.3 **Procedures for Reclassification**

For an account to be reactivated from dormant to active, the following conditions shall be met.

- (a) Formal application for the reactivation of the account by the account holder
- (b) Verification and authentication of the signature and identity of the account holders as well as the account balance by the officers responsible for dormant accounts.
- (c) Approval of reactivation by at least two (2) senior officers of the bank.
- (d) Computation and crediting of accrued interest due on the account.
- (e) Reclassification of account from dormant to active as well as transfer of files to banking operations.
- (f) The bank may charge a reasonable fee for reactivation of the account.

2.4 **Internal Control System for Dormant Accounts**

- (a) Handling of the accounts and related documents shall be kept under dual control.
- (b) Returned mails and other correspondences relating to the accounts shall be handled by senior officials of the bank.
- (c) There shall be regular internal audit checks on the dormant accounts.

3.0 **ABANDONED PROPERTY**

3.1 **Definition**

- (a) The following items listed in 3.1 (b) below are presumed to be abandoned if the owner has not, within a period of fifteen (15) years of the last date of either the deposit, the payment of funds or the issuance of an instrument:
 - (i) increased or decreased the amount of the deposit or funds or presented the passbook or other records for the crediting of interests or dividends in respect of item (a) or (b) above;
 - (ii) corresponded in writing with the licensed bank concerning the items; and
 - (iii) indicated an interest in the items as evidence by a memorandum written by the licensed bank concerning the items.

- (b) The following items shall be deemed abandoned if they meet the criteria listed in 3.1 (a) above.
 - (i) Any general deposit (demand, savings or matured time deposit) made in Liberia with a licensed bank together with any interest or dividend, excluding any lawful charges.
 - (ii) Any funds paid in Liberia toward the purchase of shares or other interests in a licensed bank, together with interest or dividend, excluding any lawful charges.
 - (iii) Any sum payable on a check certified in Liberia or on written instruments issued in Liberia on which a licensed bank is directly liable.
- (c) Any contents of a safe deposit box upon which the lease or rented period has expired and concerning which notice of the bank's intent to deliver said contents into the custody of the Central Bank has sent by registered letter to the as known address of the lessee and to which the lessee has failed to respond within one year.

3.2 **Reporting Requirements**

Every licensed bank shall report every six (6) months the list of accounts classified as dormant in accordance with the Regulation. A copy of the reporting format is attached as **Appendix 1**.

Every licensed bank holding any of the items enumerated from (a) through (d) of section 3.1 above shall report such holdings annually to the Central Bank in the format attached as **Appendix 2**. The Central Bank shall acknowledge receipt of the items on the form submitted by the bank. Subsequently, the Central Bank shall credit the amounts to an "escrow account for abandoned property" and report same in its financial statements.

Upon paying or delivering abandoned property into the custody of the Central Bank, a licensed bank shall be relieved of all liability to the extent of the value of the property and any associated claims in respect of the property.

The Central Bank shall, on regular basis, dispose of the items in accordance with the Civil Procedure Law with regard to disposal of abandoned property.

4.0 **SANCTION**

Any licensed bank which willfully fails to file the report or to pay or deliver property presumed to be abandoned into the custody of the Central Bank, is guilty of an offense and any member of its Board or officer responsible for such non-compliance shall be liable to a fine not less than L\$200,000 or to imprisonment for a term not exceeding two years, or to both fine and imprisonment.

For Central Bank Use Only

This certifies that the above named licensed bank has paid or delivered to the Central Bank of Liberia the above listed abandoned property (ies) and same have been verified as true and correct.

Verified By: _____ Attested By: _____
Name Date Name Date
Supervision Department Banking Department

Witnesses: _____

REGULATION NO CBL/SD/08/2000

DORMANT ACCOUNTS

Reporting Form

Bank _____

Date _____

S/No	Depositor		Type of Account	A/c#	Balance		Date Classified	Remarks
	Name	Address			LD	USD		

Prepared by: _____ Signature: _____ Date: _____
Name

Approval by: _____ Signature: _____ Date: _____
Name

BY ORDER OF THE PRESIDENT

Monie R. Captan
MINISTER OF FOREIGN AFFAIRS

MINISTRY OF FOREIGN AFFAIRS
MONROVIA, LIBERIA
DECEMBER 5, 2000