

REPORTING OF MONEY ORDER AND ASSESSMENT OF DORMANT FEES

Guidance on Reporting of Money Orders and the Assessment of Dormant Fees under P.L.2010, C.25 (Chapter 25) effective July 1, 2010 and in anticipation of the Issuance of Rules amending N.J.A.C. 18:13-3.2

Section 3 of Chapter 25 reduces the dormancy period for money orders from seven years to three years.

Section 4 provides limitations on a holder's power to impose service charges. The law limits the amount of a deduction to an amount not to exceed \$2.00 per month and prohibits a service charge, dormant fee or similar charge against a money order or travelers check within the twelve months immediately following the date of sale.

Section 8 repeals Sections 1 through 3 of P.L.2007, c.326 which pertains to money orders issued on or after April 12, 2008.

Section 9 provides that P.L.2010, c.25 is effective July 1, 2010 and applies to money orders outstanding on and after July 1, 2010, including instruments issued before July 1, 2010.

As the language of the act clearly states, these provisions apply to instruments issued prior to the effective date of the act, this guidance is provided to reduce potential confusion over the agency's interpretation of the requirements under these amendments.

Guidelines for Reporting Money Orders

All unredeemed money orders issued prior to July 1, 2007 are due to be reported and remitted to the State no later than October 31, 2010.

No dormant fee is permitted to be deducted unless there is a valid and enforceable written contract between the issuer and the owner.

No dormant fees are permitted if at the time a money order is redeemed the issuer cancels or reverses any dormant charges.

Dormant fees on money orders do not accrue until at least one year after the date of purchase (the 13th month). No fees may be imposed retroactively to the original date of purchase. The fees stop accruing after the money order is deemed abandoned (three (3) years from the issue date). Fees assessed may not exceed \$2.00 per month per money order. The limitation on dormant fees that may be assessed on these money orders equates to forty-eight dollars (\$48.00) per money order.

If the terms of the written contract permit a dormant fee under \$2.00 per month, then the terms of the contract govern. However, if the contract terms stipulate a dormant fee of \$2.00 or more per month, the retroactive application of P.L.2010, c. 25 limits the fees to \$2.00 per month with a maximum of \$48.00 on an individual money order. This retroactive application of P.L.2010, c.25 modifies the previous dormant charge limitation of \$0.25 per month, increasing the allowable charge to \$2.00 per month. However, it limits the charging of the fees to 24 months or a maximum of \$48.00 per money order.

The Unclaimed Property Administrator requires that a sample of the contract(s) in effect during the period beginning July 1, 2002 through June 30, 2007 be submitted with the unclaimed property report as well as a Management Representation certifying that no dormant fees or charges have been cancelled or reversed for money orders originally issued during this period.