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## AB-1052 Digital financial assets. (2025-2026)

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AMENDED IN SENATE JULY 03, 2025

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

### ASSEMBLY BILL

NO. 1052

Introduced by Assembly Member Valencia

February 20, 2025

An act to amend Sections 1501 and 1520 of, and to add Sections 1516.5 and 1516.6 to, the Code of Civil Procedure, ~~and to add Section 3802 to the Financial Code,~~ relating to digital assets.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1052, as amended, Valencia. Digital *financial* assets.

~~The Digital Financial Assets Law generally regulates digital financial assets and digital financial asset business activity. On or after July 1, 2026, the law prohibits a person from engaging in digital financial asset business activity unless the person is licensed by the Department of Financial Protection and Innovation or is exempt from that licensure requirement, as specified.~~

~~This bill would authorize an individual or business located within this state to accept payment in the form of a digital financial asset for the sale of any goods or services, and it would deem the use of a digital financial asset as a form of payment in a private transaction to be valid and legal consideration.~~

The Unclaimed Property Law provides that all intangible personal property of an apparent owner whose last known address or domicile was in the state, including intangible personal property maintained in a deposit or an account, which is held in a fiduciary capacity for the benefit of another person, escheats to the state if for more than 3 years after it becomes payable or distributable, the apparent owner has not taken specified actions showing an interest in or control of the property.

This bill would provide that intangible property held in a digital *financial* asset account escheats to the state 3 years after either written or electronic communication to the owner is returned undelivered, or the date of the last exercise of ownership interest, as defined, by the owner. The bill would require the holder of a private key for a digital *financial* asset account that has escheated to the state to transfer the digital *financial* asset to ~~a custodian designated by~~ the Controller. The bill would ~~require~~ *authorize* the

Controller to appoint a custodian ~~no later than January 1, 2027, as specified:~~ *that holds a valid license issued by the Department of Financial Protection and Innovation, as specified.*

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** Section 1501 of the Code of Civil Procedure is amended to read:

**1501.** As used in this chapter, unless the context otherwise requires:

- (a) "Apparent owner" means the person who appears from the records of the holder to be entitled to property held by the holder.
- (b) "Banking organization" means any national or state bank, trust company, banking company, land bank, savings bank, safe-deposit company, private banker, or any similar organization.
- (c) "Business association" means any private corporation, joint stock company, business trust, partnership, or any association for business purposes of two or more individuals, whether or not for profit, including, but not by way of limitation, a banking organization, financial organization, life insurance corporation, and utility.
- (d) "Digital account holder" means a customer account, wallet, or other repository device maintained by an owner with a holder, which could contain one or more types of digital *financial* assets, fiat currency, or other property.
- (e) "Digital *financial* asset" ~~means a virtual currency, cryptocurrency, or other digital-only asset that confers economic, proprietary, or access rights or powers:~~ *has the same meaning as defined in subdivision (g) of Section 3102 of the Financial Code.*
- (f) "Financial organization" means any federal or state savings and loan association, building and loan association, credit union, investment company, or any similar organization.
- (g) "Holder" means any person in possession of property subject to this chapter belonging to another, or who is trustee in case of a trust, or is indebted to another on an obligation subject to this chapter.
- (h) "Life insurance corporation" means any association or corporation transacting the business of insurance on the lives of persons or insurance appertaining thereto, including, but not by way of limitation, endowments, and annuities.
- (i) "Owner" means a depositor in case of a deposit, a beneficiary in case of a trust, or creditor, claimant, or payee in case of other choses in action, or any person having a legal or equitable interest in property subject to this chapter, or their legal representative.
- (j) "Person" means any individual, business association, government or governmental subdivision or agency, two or more persons having a joint or common interest, or any other legal or commercial entity, whether that person is acting in their own right or in a representative or fiduciary capacity.
- (k) "Private key" means a unique element of cryptographic data, used for signing transactions on a blockchain, and is known to the owner of the element.
- (l) "Employee benefit plan distribution" means any money, life insurance, endowment or annuity policy or proceeds thereof, securities or other intangible property, or any tangible property, distributable to a participant, former participant, or the beneficiary or estate or heirs of a participant or former participant or beneficiary, from a trust or custodial fund established under a plan to provide health and welfare, pension, vacation, severance, retirement benefit, death benefit, stock purchase, profit sharing, employee savings, supplemental unemployment insurance benefits or similar benefits, or which is established under a plan by a business association functioning as or in conjunction with a labor union which receives for distribution residuals on behalf of employees working under collective-bargaining agreements.
- ~~(m) "Qualified custodian" means either of the following:~~
  - ~~(1) A company possessing a license granted by the state that facilitates the sale of digital assets to customers and offers custody services for them.~~
  - ~~(2) Any federal or state chartered bank, trust company, or special purpose depository institution that is licensed or authorized to facilitate the sale of digital assets or offer custody services for them.~~
- ~~(n)~~
- (m)* "Residuals" means payments pursuant to a collective bargaining agreement of additional compensation for domestic and foreign uses of recorded materials.

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

**1516.5.** (a) Property held within a digital *financial* asset account escheats to the state three years after either of the following:

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

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

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

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

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

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

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

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

(d) (1) If the digital *financial* asset account that escheats to the state pursuant to this section contains digital *financial* assets and the holder has full control of the necessary private keys required to transfer those digital *financial* assets, the holder shall report and deliver the digital *financial* assets in their native form to the ~~qualified custodian designated by the Controller under Section 1516.6 within 30 days of reporting.~~ *Controller*, and such placement with the ~~Controller’s designated qualified custodian~~ *Controller* constitutes delivery. The holder shall provide the Controller with proof of delivery upon request.

(2) In the event the holder possesses only a partial private key to the digital *financial* asset or is otherwise unable to move the digital *financial* asset to the ~~Controller’s designated qualified custodian.~~ *Controller*, the holder shall maintain the digital *financial* asset until the additional keys required to transfer the digital *financial* asset become available or the holder is otherwise able to transfer the digital *financial* asset to the ~~Controller’s designated qualified custodian.~~ *Controller*.

**SEC. 3.** Section 1516.6 is added to the Code of Civil Procedure, to read:

**1516.6.** (a) The Controller ~~shall select a qualified custodian~~ *may, in its discretion, select one or more custodians* for the management and safekeeping of digital *financial* assets that have escheated to the ~~state pursuant to Section 1516.5 no later than January 1, 2027.~~ *state. An entity selected to serve as a custodian shall hold a valid license issued by the Department of Financial Protection and Innovation pursuant to Chapter 2 (commencing with Section 3201) of Division 1.25 of the Financial Code.*

(b) ~~The~~ *If the Controller selects a custodian pursuant to subdivision (a), the* Controller shall ~~select a qualified custodian based on evaluation of~~ *consider* the following ~~criteria:~~ *criteria in making the selection:*

(1) Secure storage to ensure the safekeeping of digital *financial* assets, including robust cybersecurity measures to prevent unauthorized access.

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

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

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

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

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

(7) Qualifying as a "financial institution" under Chapter X of Title 31 of the Code of Federal Regulations, which subjects the ~~qualified~~ custodian to the anti-money laundering obligations of the federal Bank Secrecy Act (31 U.S.C. Sec. 5311 et seq.), in addition to any state-imposed anti-money laundering obligations.

(8) Other factors the Controller deems relevant.

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

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

(b) Except as provided in subdivision (a) of Section 1513.5, subdivision (b) of Section 1514, and subdivision (d) of Section 1516, if the holder has in its records an address for the apparent owner of property valued at fifty dollars (\$50) or more, which the holder's records do not disclose to be inaccurate, the holder shall make reasonable efforts to notify the owner by mail or, if the owner has consented to electronic notice, electronically, that the owner's property will escheat to the state pursuant to this chapter. The notice shall be mailed not less than 6 nor more than 12 months before the time when the owner's property held by the business becomes reportable to the Controller in accordance with this chapter. The face of the notice shall contain a heading at the top that reads as follows: "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language. The notice required by this subdivision shall specify the time when the property will escheat and the effects of escheat, including the need to file a claim in order for the owner's property to be returned to the owner. The notice required by this section shall, in boldface type or in a font a minimum of two points larger than the rest of the notice, exclusive of the heading, (1) specify that since the date of last activity, or for the last two years, there has been no owner activity on the deposit, account, shares, or other interest; (2) identify the deposit, account, shares, or other interest by number or identifier, which need not exceed four digits; (3) indicate that the deposit, account, shares, or other interest is in danger of escheating to the state; and (4) specify that the Unclaimed Property Law requires holders to transfer funds of a deposit, account, shares, or other interest if it has been inactive for three years. It shall also include a form, as prescribed by the Controller, by which the owner may confirm the owner's current address. If that form is filled out, signed by the owner, and returned to the holder, it shall be deemed that the account, or other device in which the owner's property is being held, remains currently active and recommences the escheat period. In lieu of returning the form, the holder may provide a telephone number or other electronic means to enable the owner to contact the holder. With that contact, as evidenced by a memorandum or other record on file with the holder, the account or other device in which the owner's property is being held shall be deemed to remain currently active and shall recommence the escheat period. The holder may impose a service charge on the deposit, account, shares, or other interest for this notice in an amount not to exceed the administrative cost of mailing or electronically sending the notice and form, and in no case to exceed two dollars (\$2).

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

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

~~SEC. 5. Section 3802 is added to the Financial Code, to read:~~

~~3802. (a) For purposes of this section, "public entity" means either of the following:~~

~~(1) A state office, officer, department, division, bureau, board, commission, or agency.~~

~~(2) A city, county, city and county, district, public authority, public agency, or any other political subdivision of the state.~~

~~(b) (1) An individual or business located within this state may accept payment in the form of a digital financial asset for the sale of a good or service.~~

~~(2) The use of a digital financial asset as a form of payment in a private transaction shall be deemed valid and legal consideration.~~

~~(c) This section does not require a public entity to accept digital financial assets as a form of payment.~~