

## California Decision May Affect How Companies Keep Track of Former Employees

A recent decision by the California Sixth Appellate District may cause employers that provide employee stock purchase plans to take a stronger interest in the various databases maintained throughout the company. In *Vondjidis v. Hewlett Packard Corp.*, the Court determined that Hewlett Packard ("HP") is not immune from suit by a former employee for a transfer of stock by HP to the State under California's rule for the transfer of unclaimed property. *Vondjidis v. Hewlett Packard Corp.*, Cal. App. H030806, Santa Clara Super Ct. No. CV815388 (11/25/08).

HP had transferred the former employee's stock to the State in 1993. In doing so, it relied on the last known address of the employee as maintained in one specific database in the company. Since HP had the employee's address in another database within the company, the Appellate Court found that the stock that had been turned over was not unclaimed property. On that basis, the former employee could sue HP.

The lesson here is that companies cannot rely on one database to determine the status of unclaimed property. If a company has "legacy systems" that are not connected to one main database, failure to establish a process to review all systems for identifying addresses/contact information could lead to exposure of suit by former employees for all property subject to escheat, i.e., stock, paychecks, refunds, reimbursements, etc.

A review of the various systems within a company and the establishment of a process prior to submitting unclaimed property filings could protect a company from possible litigation. For more information on this issue, please contact:

Stephanie Anne Lipinski Galland  
202.585.6964  
[slipinskgalland@thompsoncoburn.com](mailto:slipinskgalland@thompsoncoburn.com)

or

Amie Needham  
314.552.6417  
[aneedham@thompsoncoburn.com](mailto:aneedham@thompsoncoburn.com)

This e-mail was sent by Thompson Coburn LLP, located at 1909 K Street N.W., Suite 600, Washington, D.C. 20006 in the USA. The choice of a lawyer is an important decision and should not be based solely upon advertisements. The ethical rules of some states require us to identify this as attorney advertising material.

This Client Alert is intended for information only and should not be considered legal advice. If you desire legal advice for a particular situation you should consult an attorney.