



Escheatment FAQ for Current Owners

You may have heard recently that the Davis Food Co-op is undergoing a process known as Escheatment. This is a normal process that cooperatively owned businesses undergo. If you are a current Owner or shopper of the Co-op and have not been notified about this process, this does not affect you but understandably, it may still leave you with some questions. Below, we hope to answer any questions you may have about the process.

If you are a Past Owner that has been notified or found your name on the Escheatment list, you should visit our “FAQ for Past Owners who have been notified about Escheatment” at davisfood.coop/escheatment.

What is Escheatment?

Escheatment is a legal process that usually transfers the ownership of abandoned property to the state. In California, organizations that have control over others’ property (such as Ownership shares) must return it after three years of inactivity by the property’s Owner. When an organization is unable to locate the Owner, they must transfer that Owner’s property, in most cases, to the state government.

Why is the Co-op going through with the Escheatment process?

Escheatment is a legally required process and it is our obligation to fulfill this requirement. Aside from the legal requirements, we are also responsible for fulfilling our financial obligations to those who have become Owners of the Co-op. There are many reasons why someone may abandon or forget about their Ownership shares and everyone deserves the right to make an informed decision about this forgotten property. One of the perks of Ownership at the Co-op is that you can have your shares returned to you for any reason at any time. We want to remind people that may have forgot over time so that they have the opportunity to reclaim their investment. With so much uncertainty and hardship caused by the current pandemic, there is no better time than now to undergo this process that will return money to eligible past Owners.

What does Escheatment mean for our Co-op?

Normally, abandoned equity would escheat to the state. However, Cooperative Corporations (such as the Davis Food Co-op) can instead convert possession of that equity to the Cooperative provided the following conditions are met:

- The Member must be withdrawn.
- The Member must be given “actual notice”, notice given by both Newspaper and Mail (either physical or electronic).
- Actual notice must be given at least sixty days prior to transfer.
- The Member must not provide written notice objecting to transfer prior to the date of transfer.

I'm a current and active Owner. What does this mean for me?

Nothing! This only applies to people that have more than three years of inactivity on their account.

Is the Co-op in any legal trouble related to this process?

No. We are simply adhering to the law and doing right by our past Owners.

How do I avoid having my account become Escheatable?

Since Escheatment is only reserved for accounts with three or more years of inactivity, the best way to avoid having your account Escheated is to shop at the Co-op! Additionally, you should always stay up to date and current with your account and notify membership@davisfood.coop with any changes that need to be made. We also encourage you to review the [Membership section of our Bylaws](#) to know your rights and responsibilities as an Owner of the Davis Food Co-op.

If you ever need to cancel your Ownership at any time, simply return [a completed withdrawal form](#) to membership@davisfood.coop