

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

FILED

GENERAL ORDER 17 – 1

2017 MAR 23 P 2:07

ORDER REGARDING DEPOSIT AND INVESTMENT OF REGISTRY FUNDS

U.S. DISTRICT COURT
N.D. OF ALABAMA

The Court has determined that new tax regulations require the adoption of local procedures to ensure uniformity in the deposit, investment, and tax administration of funds in the Court's Registry.

THEREFORE the Court ORDERS that the following procedures shall govern the receipt, deposit, and investment of registry funds:

I. Receipt of Funds

- A. No money shall be deposited into the Court's registry without a court order signed by the presiding judge in the case or proceeding.
- B. The party requesting permission to deposit or transfer funds to the Court's registry shall file a motion with the court requesting permission to deposit such funds and shall serve the motion on opposing counsel if known. The Clerk of Court will serve the order permitting the deposit or transfer to court on all parties of record.
- C. All interpleader monies allowed by court order to be deposited in the Court's registry are to be paid to the Court Clerk who will deposit such funds with the Treasurer of the United States in the name and to the credit of this Court pursuant to 28 U.S.C. § 2041 through depositories designated by the Treasury to accept such deposit on its behalf.

II. Investment of Registry Funds

- A. All funds placed on deposit with the Court are to be placed in an interest-bearing account or invested in a court-approved, interest-bearing instrument in accordance with Rule 67 of the Federal Rules of Civil Procedure; the Court Registry Investment System ("CRIS"), administered by the Administrative Office of the United States Courts under 28 U.S.C. § 2045, shall be the only investment mechanism authorized.
- B. Interpleader funds deposited under 28 U.S.C. § 1335 meet the IRS definition of a "Disputed Ownership Fund" (DOF), a taxable entity that requires tax administration. Unless otherwise ordered by the court, interpleader funds shall be deposited in the DOF established within the CRIS and administered by the Administrative Office of the United States Courts, which shall be responsible for meeting all DOF tax administration requirements.

- C. The Director of Administrative Office of the United States Courts is designated as custodian for all CRIS funds. The Director or the Director's designee shall perform the duties of custodian. All funds held on deposit for the Northern District of Alabama in the CRIS remain subject to the control and jurisdiction of this Court.
- D. Money from each case deposited in the CRIS shall be "pooled" together with those on deposit with Treasury to the credit of other courts in the CRIS and used to purchase Government Account Series securities through the Bureau of Public Debt, which will be held at Treasury, in an account in the name and to the credit of the Director of Administrative Office of the United States Courts. The pooled funds will be invested in accordance with the principles of the CRIS Investment Policy as approved by the Registry Monitoring Group.
- E. An account will be established in the CRIS Liquidity Fund titled in the name of the case giving rise to the deposit invested in the fund. Income generated from fund investments will be distributed to each case based on the ratio each account's principal and earnings has to the aggregate principal and income total in the fund after the CRIS fee has been applied. Reports showing the interest earned and the principal amounts contributed in each case will be prepared and distributed to each court participating in the CRIS and made available to litigants and/or their counsel.
- F. For each interpleader case, an account shall be established in the CRIS Disputed Ownership Fund, titled in the name of the case giving rise to the deposit invested in the fund. Income generated from fund investments will be distributed to each case after the DOF fee has been applied and tax withholdings have been deducted from the fund. Reports showing the interest earned and the principal amounts contributed in each case will be available through the FedInvest/CMS application for each court participating in the CRIS and made available to litigants and/or their counsel. On appointment of an administrator authorized to incur expenses on behalf of the DOF in a case, the case DOF funds should be transferred to another investment account as directed by court order.

III. Fees and Taxes

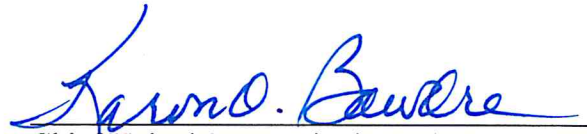
- A. The Director of the Administrative Office of U.S. Courts, as custodian, is authorized and directed by this Order to deduct the CRIS fee of an annualized 10 basis points on assets on deposit for all CRIS funds, excluding the case funds held in the DOF, for the management of investments in the CRIS. According to the Court's Miscellaneous Fee Schedule, the CRIS fee is assessed from interest earnings to the pool before a pro rata distribution of earnings is made to court cases.
- B. The Director of the Administrative Office of U.S. Courts, as custodian, is authorized and directed by this Order to deduct the DOF fee of an annualized 20 basis points on assets on deposit in the DOF for management of investments and tax administration. According to the Court's Miscellaneous Fee Schedule, the DOF fee is assessed from interest earnings to the pool before a pro rata distribution of earnings is made to court cases. The Director of

the Administrative Office of U.S. Courts, as custodian, is further authorized and directed by this Order to withhold and pay federal taxes due on behalf of the DOF.

IV. Transition from Former Investment Procedure

- A. Existing investments currently on deposit in the name of the Northern District of Alabama with a designated depository for registry funds will be transferred to the CRIS.
- B. Deposits to the CRIS DOF will not be transferred from any existing investments. Only new deposits pursuant to 28 U.S.C. § 1335 from the effective date (April 1, 2017) of this order will be placed in the CRIS DOF.
- C. This Order supersedes and abrogates prior orders of this Court regarding deposits and investments of registry funds.
- D. This order is effective on the date of entry, however the DOF provisions will be effective April 1, 2017, when the Administrative Office of the United States Courts begins accepting CRIS DOF deposits.

DONE and ORDERED this 23rd day of March, 2017.


Chief United States District Judge