

**GENERAL ORDER: 2016-3**

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF LOUISIANA**

**ORDER REGARDING DEPOSIT AND INVESTMENT OF REGISTRY FUNDS**

Considering the need to adopt local procedures to ensure uniformity in the deposit, investment, and tax administration of funds in the court's registry,

**IT IS ORDERED** that the following govern the receipt, deposit and investment of registry funds:

**I. Receipt of Funds**

- A. Money shall be sent to the court or its officers for deposit in the court's registry only on order of the judge presiding in the case or proceeding.
- B. The party making the deposit or transferring funds to the court's registry shall serve the order permitting the deposit or transfer on the clerk of court.
- C. Unless this order provides otherwise, all monies ordered to be paid to the court or received by its officers in any case or proceeding pending or adjudicated shall be deposited 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 the deposit on its behalf.

**II. Investment of Registry Funds**

- A. 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 for the handling of funds that the court orders deposited with the court and placed in an interest-bearing account or invested in a court-approved, interest-bearing instrument in accordance with Federal Rule of Civil Procedure 67 and Federal Rule of Bankruptcy Procedure 7067.
- 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 the court orders otherwise, 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. Funds held in the CRIS in the name and to the credit of this court remain subject to this court's control and jurisdiction.

- D. Money deposited in the CRIS shall be "pooled" with monies 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 approved by the Registry Monitoring Group.
- E. An account will be established in the CRIS Liquidity Fund titled in the name of the case or proceeding giving rise to the investment in the fund. Income generated from fund investments will be distributed to each case or proceeding 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 or proceeding will be prepared and distributed to each court participating in the CRIS and made available to parties in interest 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 or proceeding giving rise to the deposit invested in the fund. Income generated from fund investments will be distributed to each case or proceeding 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 or proceeding will be available through the FedInvest/CMS application for each court participating in the CRIS and made available to parties in interest and/or their counsel. On appointment of an administrator authorized to incur expenses on behalf of the DOF in a case or proceeding, the court may order the DOF funds transferred to another investment account.

### **III. Fees and Taxes**

- A. This order authorizes and directs the custodian to deduct the CRIS fee of an annualized 10 basis points on assets on deposit for all CRIS funds, excluding the case or proceeding funds held in the DOF, for the management of investments in the CRIS. According to the courts' Miscellaneous Fee Schedule, the CRIS fee is deducted from the pool's interest earnings before a pro rata distribution of earnings is made to court cases or proceedings.
- B. This order authorizes and directs the custodian 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 Courts' Miscellaneous Fee Schedule, the DOF fee is deducted from the pool's interest earnings before a pro rata distribution of earnings is made to court cases or proceedings. This order further authorizes and directs the custodian to withhold and pay federal taxes due on behalf of the DOF.

**IV. Transition from Former Investment Procedure**

- A. The clerk of court is directed to develop a systematic method of redemption of all existing investments and their transfer to the CRIS.
- B. No CRIS funds previously on deposit shall be transferred to the CRIS DOF. Only deposits pursuant to 28 U.S.C. §1335 made from and after the effective date of this order will be placed in the CRIS DOF.
- C. Parties not desiring to transfer existing registry deposits into the CRIS may seek leave from the judge assigned to the specific case or proceeding to transfer those funds to the parties in interest or their designees.
- D. This order supersedes and abrogates all prior orders of this court regarding the deposit and investment of registry funds.
- E. The effective date of this order is the date the CRIS DOF begins accepting deposits.

Baton Rouge, Louisiana, November 30, 2016.

**s/ Douglas D. Dodd**  
DOUGLAS D. DODD  
UNITED STATES BANKRUPTCY JUDGE