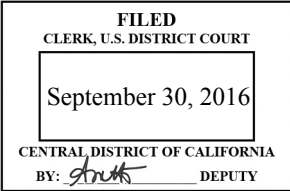


1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28



UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

In the Matter of )  
DEPOSIT AND INVESTMENT OF ) GENERAL ORDER NO. 16-04  
REGISTRY FUNDS )  
\_\_\_\_\_ )

**WHEREAS**, to ensure uniformity in the deposit and investment of funds in the Registry of the United States District Court, Central District of California (the “Court”), the Court has determined it necessary to update its local rules and adopt local procedures,

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

**I. Receipt of Funds**

- A. Unless otherwise allowed by law, no money shall be sent to the Court or its officers for deposit in the Court’s registry without a court order directing or permitting the deposit.
- 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 or designee in person or by mail with the funds to be

1 deposited or transferred.

- 2 C. Unless provided for elsewhere in this Order, all monies ordered to be  
3 paid to the Court or received by its officers in any case pending or  
4 adjudicated shall be deposited with the Treasurer of the United States  
5 in the name and to the credit of this Court pursuant to 28 U.S.C. §  
6 2041 through depositories designated by the Treasury to accept such  
7 deposit on its behalf.

8  
9 **II. Investment of Registry Funds**

- 10 A. Where, by order of the Court, funds on deposit with the Court are to be  
11 placed in some form of interest-bearing account, or invested in a Court-  
12 approved, interest-bearing instrument in accordance with Rule 67 of the  
13 Federal Rules of Civil Procedure, the Court Registry Investment System  
14 (“CRIS”), administered by the Administrative Office of the United States  
15 Courts under 28 U.S.C. § 2045, shall be the only investment mechanism  
16 authorized.
- 17 B. Interpleader funds deposited under 28 U.S.C. § 1335 meet the IRS  
18 definition of a “Disputed Ownership Fund” (“DOF”), a taxable entity that  
19 requires tax administration. Unless otherwise ordered by the Court,  
20 interpleader funds shall be deposited in the DOF established within the  
21 CRIS and administered by the Administrative Office of the United States  
22 Courts, which shall be responsible for meeting all DOF tax  
23 administration requirements.
- 24 C. The Director of the Administrative Office of the United States Courts is  
25 designated as the custodian for all CRIS funds. The Director or the  
26 Director’s designee shall perform the duties of custodian. Funds held in  
27 the CRIS remain subject to the control and jurisdiction of the Court.  
28

1 D. Money from each case deposited in the CRIS shall be “pooled” together  
2 with money on deposit with the Treasury to the credit of other courts in  
3 the CRIS and used to purchase Government Account Series securities  
4 through the Bureau of Public Debt, which will be held at the Treasury,  
5 in an account in the name and to the credit of the Director of the  
6 Administrative Office of the United States Courts. The pooled funds will  
7 be invested in accordance with the principles of the CRIS Investment  
8 Policy as approved by the Registry Monitoring Group.

9 E. An account will be established in the CRIS Liquidity Fund titled in the  
10 name of the case giving rise to the deposit invested in the fund. Income  
11 generated from fund investments will be distributed to each case based  
12 on the ratio that each account’s principal and earnings has to the  
13 aggregate principal and income total in the fund after the CRIS fee has  
14 been applied. Reports showing the interest earned and the principal  
15 amounts contributed in each case will be prepared and distributed to each  
16 court participating in the CRIS and made available to litigants and/or  
17 their counsel.

18 F. For each interpleader case, an account shall be established in the CRIS  
19 Disputed Ownership Fund (“CRIS DOF”), titled in the name of the case  
20 giving rise to the deposit invested in the fund. Income generated from  
21 fund investments will be distributed to each case after the DOF fee has  
22 been applied and tax withholdings have been deducted from the fund.  
23 Reports showing the interest earned and the principal amounts  
24 contributed in each case will be available through the FedInvest/CMS  
25 application for each court participating in the CRIS and made available  
26 to litigants and/or their counsel. On appointment of an administrator  
27 authorized to incur expenses on behalf of the DOF in a case, the case  
28

1           DOF funds should be transferred to another investment account as  
2           directed by court order.

3  
4   **III. Fees and Taxes**

5    A.    The custodian is authorized and directed by this Order to deduct the  
6           CRIS fee of an annualized 10 basis points on assets on deposit for all  
7           CRIS funds, excluding the case funds held in the DOF, for the  
8           management of investments in the CRIS. According to the Court's  
9           Miscellaneous Fee Schedule, the CRIS fee is assessed from interest  
10          earnings to the pool before a pro rata distribution of earnings is made to  
11          court cases.

12   B.    The custodian is authorized and directed by this Order to deduct the DOF  
13          fee of an annualized 20 basis points on assets on deposit in the DOF for  
14          the management of investments and tax administration. According to the  
15          Court's Miscellaneous Fee Schedule, the DOF fee is assessed from  
16          interest earnings to the pool before a pro rata distribution of earnings is  
17          made to court cases. The custodian is further authorized and directed by  
18          this Order to withhold and pay federal taxes due on behalf of the DOF.

19  
20   **IV. Transition From Former Investment Procedures**

21   A.    The Clerk of Court is further directed to develop a systematic method of  
22          redemption of all existing investments and their transfer to the CRIS.


23   B.    Deposits to the CRIS DOF will not be transferred from any existing  
24          CRIS Funds. Only new deposits pursuant to 28 U.S.C. § 1335 from the  
25          effective date of this Order will be placed in the CRIS DOF.

26   C.    Parties not wishing to transfer existing registry deposits into the CRIS  
27          may seek leave to transfer them to the litigants or their designees on  
28          proper motion and approval of the judge assigned to the specific case.

1 D. This Order supersedes and abrogates all prior orders of this Court  
2 regarding the deposit and investment of registry funds.

3 E. This Order is generally effective on the date of entry, but DOF provisions  
4 will become effective the date the CRIS DOF begins to accept deposits.

5  
6 **IT IS SO ORDERED.**

7  
8   
9 \_\_\_\_\_  
10 CHIEF UNITED STATES DISTRICT JUDGE

11 *Date of Approval by the Court:* September 30, 2016

12  
13 *Date of Filing by the Clerk:* September 30, 2016