

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ALASKA**

In the Matter of:

DEPOSIT AND INVESTMENT OF
REGISTRY FUNDS

Misc. Proceeding No. 05-60001

GENERAL ORDER NO. 2016-2

The Court having determined that it is appropriate to adopt local procedures to ensure uniformity in the deposit, investment, and tax administration of funds in the Court's Registry, pursuant to 28 U.S.C. § 2041,

IT IS ORDERED THAT the following shall govern the receipt, deposit and investment of registry funds.

I. Receipt of Funds

A. No money shall be paid into the Court or received by any Court officers for deposit in the Court's registry without a Court order signed by the presiding judge in the case or proceeding.

B. The party making the deposit into the Court's registry shall serve the order permitting the deposit on the Clerk of Court.

C. Unless the party making the deposit requests the money be deposited in a designated depository, the money 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 such deposit on its behalf.

II. Investment of Registry Funds

A. Unless the Court orders otherwise, funds on deposit with the Court are to be placed in the Court Registry Investment System ("CRIS"), administered by the

Administrative Office of the United States Courts under 28 U.S.C. § 2045.

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 the 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 remain subject to the control and jurisdiction of the 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 Services 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 the Administrative Office of the United States Courts. The pooled funds will be invested in accordance with the principals of the CRIS Investment Policy as approved by the Registry Monitoring Group.

E. An account for each case will be established in the CRIS 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. Deductions of Fees and Taxes

A. The 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 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 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. Deposits to the CRIS DOF will not be transferred from any existing CRIS funds. Only new deposits pursuant to 28 U.S.C. § 1335 from the effective date of this Order will be placed in the CRIS DOF.

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

C. This order is generally effective on the date of entry, but DOF provisions will become effective the date the CRIS DOF begins to accept deposits.

DATED: October 21, 2016.

BY THE COURT

/s/ Herb Ross
HERB ROSS
United States Bankruptcy Judge

/s/ Gary Spraker
GARY SPRAKER
Chief United States Bankruptcy Judge

Distribution: J. Stafford, Clerk of Court
P. Gingras, Financial Deputy