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The State of South Carolina



Office of the Attorney General

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October 12, 1992

George A. Markert, Assistant Director
South Carolina Court Administration
P. O. Box 50447
Columbia, South Carolina 29250

Dear George:

In a letter to this Office you questioned the following:

A bank is offering a magistrate an income-producing account, which would permit the bank to invest excess funds over the "target balance" in repurchase agreements. These repurchase agreements allow the bank to "sell" to the magistrate U. S. Treasury and Federal agency securities, and "buy" these securities back at the same price plus predetermined interest. The agreement between the bank and the magistrate clearly states: "A REPURCHASE AGREEMENT OBLIGATION IS NOT A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION." Would deposit in such an account be sanctioned by Act 549 of 1990?

As referenced by you, S.C. Code Ann. § 17-15-240 provides:

Court officers authorized by law to receive bail bond money may deposit that money in interest-bearing accounts in a financial institution in which deposits are insured by an agency of the United States government.

Inasmuch as the agreement between the bank and the magistrate states that the repurchase agreement obligation is not insured by the F.D.I.C., it does not appear that a deposit in such an account would be authorized pursuant to Section 17-15-240. I am assuming that there is no other type insurance by a federal agency involved.

Mr. Markert
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With kind regards, I am

Very truly yours,



Charles H. Richardson
Assistant Attorney General

CHR/an

REVIEWED AND APPROVED BY:



Robert D. Cook
Executive Assistant for Opinions