



OFFICE OF THE ATTORNEY GENERAL OF TEXAS
AUSTIN

GERALD C. MANN
ATTORNEY GENERAL

Honorable C. H. Cavness
State Auditor
Austin, Texas

Dear Mr. Cavness:

Opinion No. C-4871

Re: Application of Federal Deposit Insurance to each individual bank account maintained by the various State Schools of Texas.

We acknowledge receipt of your letter asking for a legal opinion of this Department, as indicated in the following quotation therefrom:

"We have copies of your opinions Nos. 0-1948 and 0-1949 pertaining to insurance coverage provided by the Federal Deposit Insurance Corporation relative to County depositories for county, road districts and common school district funds.

"As it appears to us that these two opinions may not be governed by the same laws and situations which we find in the creation and maintenance of the various State Schools we request your opinion covering the points outlined herein.

"The following is a list of the State Schools which this Department audits annually:

"The University of Texas - Main College -
Austin, Texas

"Branches:

School of Mines and Metallurgy - El
Paso, Texas

Medical Branch - Galveston, Texas

John Sealy Hospital - Galveston, Texas

"Agricultural and Mechanical College -
College Station, Texas

"Branches:

Honorable C. H. Cavness - page 2

- North Texas Agricultural College -
Arlington, Texas
- John Tarleton Agricultural College -
Stephenville, Texas
- Prairie View State Normal College -
Prairie View, Texas
- *Texas Technological College - Lubbock,
Texas
- *Texas College of Arts and Industries -
Kingsville, Texas
- *Texas State College for Women - Denton,
Texas
- *State Teachers Colleges:
 - East Texas State Teachers College -
Commerce, Texas
 - North Texas State Teachers College -
Denton, Texas
 - Sam Houston State Teachers College -
Huntsville, Texas
 - Southwest Texas State Teachers College -
San Marcos, Texas
 - Stephen F. Austin State Teachers College -
Nacogdoches, Texas
 - Sul Ross State Teachers College - Alpine,
Texas
 - West Texas State Teachers College -
Canyon, Texas

*Bearing in mind that the University of Texas and the Agricultural and Mechanical College both maintain Branch Colleges which were created and which function differently from the State Teachers Colleges, etc., we ask your opinion as to whether each of the bank accounts maintained by the University of Texas and each of its Branches, by the Agricultural and Mechanical College and each of its Branches and by each of the other State Schools are protected in the amount of the Five Thousand (\$5,000.00) Dollars guaranteed by the Federal Deposit Insurance Corporation. In this connection there may be instances where the Main College and one or more of its Branches deposit moneys in the same bank, which would naturally have a bearing on the question.

*To be a bit more explicit, each of these institutions maintains from one to fifteen bank accounts, the most usual titles of which are;

Honorable C. H. Cavness - page 3

- *1. General Operating Fund
- *2. Petty Cash Fund
- *3. Dormitory Sinking Fund
- *4. Student Loan Fund
- *5. Plant Fund
- *6. Agency Fund.*

We are of the opinion your questions as answered in our Opinions Nos. 0-1948 and 0-1949, together with the further exposition contained in the succeeding paragraph, will meet your various situations.

Even though an account is carried in the name of a legal entity, nevertheless, if the account shows to be a trust account, legally charged with a specific use or for a definite purpose, it is a separate account, within the contemplation of the F. D. I. Act from one carried by the entity in its own right, the deposit being by the institution or entity in a separate capacity from that of its general individual right.

This observation is pertinent to your enumerated "Fund" Accounts, carried by the various institutions mentioned by you. A separate fund in the sense that it is a trust, when deposited by the Institution, is a separate account. If, however, the breaking down of the deposit into various deposits of so-called funds is merely a matter of convenience to the institution, then the rule just announced would, of course, not apply. This opinion is, to be sure, general in its nature, but it is necessarily so, since your inquiry is general.

If a more specific opinion is required by you at any time, upon a presentation of the specific case, we will be glad to advise further.

Very truly yours

ATTORNEY GENERAL OF TEXAS

By

Ocie Speer
Ocie Speer
Assistant

OS-MR

Gerald C. Mann



*as
more*