A and B entered into a standard form of agreement with a stock brokerage firm that created a joint account with right of survivorship, and provided that either A or B might deal with the firm on behalf of the account as though he were the sole owner. Upon the direction of either A or B, the firm would sell the securities held in the account and turn over the proceeds to either joint owner in his individual capacity. A, using his separate property, and without consideration, provided all of the funds for the purchases made on behalf of the account, and the securities held therein were issued in the name of a nominee of the firm (street form).

For purposes of the Federal gift tax, the creation by A of a joint bank account for himself and B, or a similar type of ownership by which A can regain the entire fund without B's consent, does not constitute a completed transfer from A to B until the latter draws upon the account for his own benefit without any obligation to account for a part of the proceeds to A. Section 25.2511-1(h)(4) of the Gift Tax Regulations. Where the securities held in a joint brokerage account are registered in the name of a nominee of the firm rather than in the names of the owners of the account, the property more closely resembles a general cash fund than specific jointly owned securities. In such a case, the sole contributor to the joint brokerage account has not parted with dominion and control over the fund to any greater degree than in the case of a joint bank account.

Accordingly, where A, with his separate funds, creates a joint brokerage account for himself and B, and the securities purchased on behalf of the account are registered in the name of a nominee of the firm, A has not made a gift to B, for Federal gift tax purposes, unless and until B draws upon the account for his own benefit without any obligation to account to A. If B makes a withdrawal under such circumstances, the value of the gift by A would be the sum of money or the value of the property actually withdrawn from the account by B.