

576.26 ELIGIBILITY OF RECEIVER.

Subdivision 1. **Who may serve as receiver.** Unless otherwise prohibited by law or prior order, any person, whether or not a resident of this state, may serve as a receiver, provided that the court, in its order appointing the receiver, makes written conclusions based in the record that the person proposed as receiver:

- (1) is qualified to serve as receiver and as an officer of the court; and
- (2) is independent as to the parties and the underlying dispute.

Subd. 2. **Considerations regarding qualifications.** (a) In determining whether a proposed receiver is qualified to serve as receiver and as an officer of the court, the court shall consider any relevant information, including, but not limited to, whether:

- (1) the proposed receiver has knowledge and experience sufficient to perform the duties of receiver;
- (2) the proposed receiver has the financial ability to post the bond required by section 578.06;
- (3) the proposed receiver or any insider of the proposed receiver has been previously disqualified from serving as receiver and the reasons for disqualification;
- (4) the proposed receiver or any insider of the proposed receiver has been convicted of a felony or other crime involving moral turpitude; and
- (5) the proposed receiver or any insider of the proposed receiver has been found liable in a civil court for fraud, breach of fiduciary duty, civil theft, or similar misconduct.

(b) For the purposes of this subdivision, "insider" includes:

- (1) if the proposed receiver is a corporation, an officer or director of the corporation, or a person in control of the proposed receiver; and
- (2) if the proposed receiver is a partnership, a general or limited partner of the partnership, or a person in control of the proposed receiver.

Subd. 3. **Considerations regarding independence.** (a) In determining whether a proposed receiver is independent as to the parties and the underlying dispute, the court shall consider any relevant information, including, but not limited to:

- (1) the nature and extent of any relationship that the proposed receiver has to the parties and the property proposed as receivership property including, without limitation, whether the proposed receiver is a party to the action, a family member of a party to the action, or an officer, director, member, employee, or owner of or controls a party to the action;
- (2) whether the proposed receiver has any interest materially adverse to the interests of any of the parties to the action;
- (3) whether the proposed receiver has any material financial or pecuniary interest, other than receiver compensation allowed by court order, in the outcome of the underlying dispute, including any proposed contingent or success fee compensation arrangement; and
- (4) whether the proposed receiver is a debtor, secured or unsecured creditor, lienor of, or holder of any equity interest in, any of the parties to the action of the receivership property.

(b) In evaluating all information, the court may exercise its discretion and need not consider any single item of information to be determinative of independence. Without limiting

the generality of the preceding sentence, the proposed receiver shall not be disqualified solely because the proposed receiver was appointed receiver in other unrelated matters involving any of the parties to the matter in which the appointment is sought, or the proposed receiver has been engaged by any of the parties to the action in matters unrelated to the underlying action.

Subd. 4. **Information provided to court.** The proposed receiver, the parties, and prospective parties in interest may provide any information relevant to the qualifications, independence, and the selection of the receiver.

History: 2012 c 143 art 1 s 6; art 3 s 38