520.09 DEPOSIT IN FIDUCIARY'S PERSONAL ACCOUNT.

If a person who is a fiduciary makes a deposit in a bank to the person's personal credit of checks drawn by the person upon an account in the person's name as fiduciary, or of checks payable to the person as fiduciary, or of checks drawn by the person upon an account in the name of the principal if the person is empowered to draw checks thereon, or of checks payable to the principal and endorsed by the person, if empowered to endorse such checks, or if the person otherwise makes a deposit of funds held as fiduciary, the bank receiving such deposit is not bound to inquire whether the fiduciary is committing thereby a breach of an obligation as fiduciary; and the bank is authorized to pay the amount of the deposit or any part thereof upon the personal check of the fiduciary without being liable to the principal, unless the bank receives the deposit or pays the check with actual knowledge that the fiduciary is committing a breach of an obligation as fiduciary in making such deposit or in drawing such check, or with knowledge of such facts that its action in receiving the deposit or paying the check amounts to bad faith.

History: *1945 c 202 s 9; 1986 c 444*