CHAPTER 520

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FIDUCIARIES ACT

520.01 DEFINITIONS.

Subdivision 1. **Applicability.** Unless the language or context clearly indicates that different meaning is intended, the following words, terms, and phrases, for the purposes of sections 520.01 to 520.13, shall be given the meanings subjoined to them.

Subd. 2. **Bank.** "Bank" includes any person or association of persons, whether incorporated or not, carrying on the business of banking.

Subd. 3. **Fiduciary.** "Fiduciary" includes a trustee under any trust, expressed, implied, resulting or constructive, executor, administrator, guardian, conservator, curator, receiver, trustee in bankruptcy, assignee for the benefit of creditors, partner, agent, officer of any corporation public or private, public officer, or any other person acting in a fiduciary capacity for any person, trust, or estate.

Subd. 4. **Person.** "Person" includes a corporation, partnership, or other association, or two or more persons having a joint or common interest.

Subd. 5. **Principal.** "Principal" includes any person to whom a fiduciary as such owes an obligation.

Subd. 6. **In good faith.** A thing is done "in good faith" when it is done honestly, whether it be done negligently or not.

History: *1945 c 202 s 1*

520.02 APPLICATION OF PAYMENTS MADE TO FIDUCIARIES.

A person who in good faith pays or transfers to a fiduciary any money or other property which the fiduciary as such is authorized to receive, is not responsible for the proper application thereof by the fiduciary;

and any right or title acquired from the fiduciary in consideration of such payment or transfer is not invalid in consequence of a misapplication by the fiduciary.

History: *1945 c 202 s 2*

520.03 MS 1957 [Repealed, 1961 c 462 s 12]

520.04 MS 1961 [Repealed, 1965 c 811 art 10 s 336.10-102]

520.05 MS 1961 [Repealed, 1965 c 811 art 10 s 336.10-102]

520.06 MS 1961 [Repealed, 1965 c 811 art 10 s 336.10-102]

520.07 DEPOSIT IN NAME OF FIDUCIARY AS SUCH.

If a deposit is made in a bank to the credit of a fiduciary as such, the bank is authorized to pay the amount of the deposit or any part thereof upon the check of the fiduciary, signed with the name in which such deposit is entered, without being liable to the principal, unless the bank pays the check with actual knowledge that the fiduciary is committing a breach of an obligation as fiduciary in drawing the check or with knowledge of such facts that its action in paying the check amounts to bad faith. If such a check is payable to the drawee bank and is delivered to it in payment of or as security for a personal debt of the fiduciary to it, the bank is liable to the principal if the fiduciary in fact commits a breach of an obligation as fiduciary in drawing or delivering the check.

History: *1945 c 202 s 7; 1986 c 444*

520.08 DEPOSIT IN NAME OF PRINCIPAL.

If a check is drawn upon the account of the principal in a bank by a fiduciary who is empowered to draw checks upon the principal's account, the bank is authorized to pay such check without being liable to the principal, unless the bank pays the check with actual knowledge that the fiduciary is committing a breach of an obligation as fiduciary in drawing such check, or with knowledge of such facts that its action in paying the check amounts to bad faith. If such a check is payable to the drawee bank and is delivered to it in payment of or as security for a personal debt of the fiduciary to it, the bank is liable to the principal if the fiduciary in fact commits a breach of an obligation as fiduciary in drawing or delivering the check.

History: *1945 c 202 s 8; 1986 c 444*

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*

520.10 DEPOSIT IN NAMES OF TWO OR MORE TRUSTEES.

When a deposit is made in a bank in the name of two or more persons as trustees and a check is drawn upon the trust account by any trustee or trustees authorized by the other trustee or trustees to draw checks upon the trust account, neither the payee nor other holder nor the bank is bound to inquire whether it is a breach of trust to authorize such trustee or trustees to draw checks upon the trust account, and is not liable unless the circumstances be such that the action of the payee or other holder or the bank amounts to bad faith.

History: *1945 c 202 s 10*

520.11 APPLICATION.

The provisions of sections 520.01 to 520.13 shall not apply to transactions taking place prior to the time when Laws 1945, chapter 202, takes effect.

History: *1945 c 202 s 11*

520.12 CASES NOT PROVIDED FOR IN SECTIONS 520.01 TO 520.13.

In any case not provided for in sections 520.01 to 520.13 the rules of law and equity including the law merchant and those rules of law and equity relating to trusts, agency, negotiable instruments, and banking, shall continue to apply.

History: *1945 c 202 s 12*

520.13 CITATION, UNIFORM FIDUCIARIES ACT.

Sections 520.01 to 520.13 may be cited as the "Uniform Fiduciaries Act."

History: *1945 c 202 s 13*

SIMPLIFICATION OF FIDUCIARY SECURITY TRANSFERS ACT

520.21 DEFINITIONS.

In sections 520.21 to 520.31, unless the context otherwise requires:

(a) "Assignment" includes any written stock power, bond power, bill of sale, deed, declaration of trust, or other instrument of transfer.

(b) "Claim of beneficial interest" includes a claim of any interest by a decedent's legatee, distributee, heir, or creditor, a beneficiary under a trust, a ward, a beneficial owner of a security registered in the name of a nominee, or a minor owner of a security registered in the name of a custodian, or a claim of any similar interest, whether the claim is asserted by the claimant or by a fiduciary or by any other authorized person on the claimant's behalf, and includes a claim that the transfer would be in breach of fiduciary duties.

(c) "Corporation" means a private or public corporation, association or trust issuing a security.

(d) "Fiduciary" means an executor, administrator, trustee, guardian, committee, conservator, curator, tutor, custodian, or nominee.

(e) "Person" includes an individual, a corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity.

(f) "Security" includes any share of stock, bond, debenture, note, or other security issued by a corporation which is registered as to ownership on the books of the corporation.

(g) "Transfer" means a change on the books of a corporation in the registered ownership of a security.

(h) "Transfer agent" means a person employed or authorized by a corporation to transfer securities issued by the corporation.

History: *1961 c 462 s 1; 1986 c 444*

520.22 REGISTRATION IN THE NAME OF A FIDUCIARY.

A corporation or transfer agent registering a security in the name of a person who is a fiduciary or who is described as a fiduciary is not bound to inquire into the existence, extent, or correct description of the fiduciary relationship; and thereafter the corporation and its transfer agent may assume without inquiry that the newly registered owner continues to be the fiduciary until the corporation or transfer agent receives written notice that the fiduciary is not longer acting as such with respect to the particular security.

History: *1961 c 462 s 2*

520.23 ASSIGNMENT BY A FIDUCIARY.

Except as otherwise provided in sections 520.21 to 520.31, a corporation or transfer agent making a transfer of a security pursuant to an assignment by a fiduciary:

(a) May assume without inquiry that the assignment, even though to the fiduciary personally or to a nominee, is within the fiduciary's authority and capacity and is not in breach of fiduciary duties;

(b) May assume without inquiry that the fiduciary has complied with any controlling instrument and with the law of the jurisdiction governing the fiduciary relationship, including any law requiring the fiduciary to obtain court approval of the transfer; and

(c) Is not charged with notice of and is not bound to obtain or examine any court record or any recorded or unrecorded document relating to the fiduciary relationship or the assignment, even though the record or document is in its possession.

History: *1961 c 462 s 3; 1986 c 444*

520.24 EVIDENCE OF APPOINTMENT OR INCUMBENCY.

A corporation or transfer agent making a transfer pursuant to an assignment by a fiduciary who is not the registered owner shall obtain the following evidence of appointment or incumbency:

(a) In the case of a fiduciary appointed or qualified by a court, a certificate issued by or under the direction or supervision of that court or an officer thereof and dated within 60 days before the transfer; or

(b) In any other case, a copy of a document showing the appointment or a certificate issued by or on behalf of a person reasonably believed by the corporation or transfer agent to be responsible or, in the absence of such a document or certificate, other evidence reasonably deemed by the corporation or transfer agent to be appropriate. Corporations and transfer agents may adopt standards with respect to evidence of appointment

or incumbency under this subsection provided such standards are not manifestly unreasonable. Neither the corporation nor transfer agent is charged with notice of the contents of any document obtained pursuant to this paragraph (b) except to the extent that the contents relate directly to the appointment or incumbency.

History: *1961 c 462 s 4*

520.25 ADVERSE CLAIMS.

(a) A person asserting a claim of beneficial interest adverse to the transfer of a security pursuant to an assignment by a fiduciary may give the corporation or transfer agent written notice of the claim. The corporation or transfer agent is not put on notice unless the written notice identifies the claimant, the registered owner, and the issue of which the security is a part, provides an address for communications directed to the claimant and is received before the transfer. Nothing in sections 520.21 to 520.31 relieves the corporation or transfer agent of any liability for making or refusing to make the transfer after it is so put on notice, unless it proceeds in the manner authorized in subsection (b).

(b) As soon as practicable after the presentation of a security for transfer pursuant to an assignment by a fiduciary, a corporation or transfer agent which has received notice of a claim of beneficial interest adverse to the transfer may send notice of the presentation by registered or certified mail to the claimant at the address given by the claimant. If the corporation or transfer agent so mails such a notice it shall withhold the transfer for 30 days after the mailing and shall then make the transfer unless restrained by a court order.

History: *1961 c 462 s 5; 1986 c 444*

520.26 NONLIABILITY OF CORPORATION AND TRANSFER AGENT.

A corporation or transfer agent incurs no liability to any person by making a transfer or otherwise acting in a manner authorized by sections 520.21 to 520.31.

History: *1961 c 462 s 6*

520.27 NONLIABILITY OF THIRD PERSONS.

(a) No person who participates in the acquisition, disposition, assignment or transfer of a security by or to a fiduciary, including a person who guarantees the signature of the fiduciary, is liable for participation in any breach of fiduciary duty by reason of failure to inquire whether the transaction involves a breach unless it is shown that the person acted with actual knowledge that the proceeds of the transaction were being or were to be used wrongfully for the individual benefit of the fiduciary or that the transaction was otherwise in breach of duty.

(b) If a corporation or transfer agent makes a transfer pursuant to an assignment by a fiduciary, a person who guaranteed the signature of the fiduciary is not liable on the guarantee to any person to whom the corporation or transfer agent by reason of sections 520.21 to 520.31 incurs no liability.

(c) This section does not impose any liability upon the corporation or its transfer agent.

History: *1961 c 462 s 7; 1986 c 444*

520.28 TERRITORIAL APPLICATION.

(a) The rights and duties of a corporation and its transfer agents in registering a security in the name of a fiduciary or in making a transfer of a security pursuant to an assignment by a fiduciary are governed by the law of the jurisdiction under whose laws the corporation is organized.

(b) Sections 520.21 to 520.31 apply to the rights and duties of a person other than the corporation and its transfer agents with regard to acts and omissions in this state in connection with the acquisition, disposition, assignment, or transfer of a security by or to a fiduciary and of a person who guarantees in this state the signature of a fiduciary in connection with such a transaction.

History: *1961 c 462 s 8*

520.29 TAX OBLIGATIONS.

Sections 520.21 to 520.31 do not affect any obligation of a corporation or transfer agent with respect to estate, inheritance, succession, or other taxes imposed by the laws of this state.

History: *1961 c 462 s 9*

520.30 UNIFORMITY OF INTERPRETATION.

Sections 520.21 to 520.31 shall be so construed as to effectuate its general purpose to make uniform the law of those states which enact it.

History: *1961 c 462 s 10*

520.31 SHORT TITLE.

Sections 520.21 to 520.31 may be cited as the "Uniform Act for the Simplification of Fiduciary Security Transfers."

History: *1961 c 462 s 11*

DEPOSIT OF SECURITIES

520.32 DEPOSIT OF SECURITIES IN CENTRAL DEPOSITORY.

Subdivision 1. **Authorization.** Notwithstanding any other provision of law, any fiduciary, as defined in sections 520.01 or 520.21, holding securities in its fiduciary capacity, any bank or trust company holding securities as a custodian or managing agent, and any bank or trust company holding securities as custodian for a fiduciary is authorized to deposit or arrange for the deposit of such securities in a clearing corporation, as defined in section 336.8-102. When such securities are so deposited, certificates representing securities of the same class of the same issuer may be merged and held in bulk in the name of the nominee of such clearing corporation with any other such securities deposited in such clearing corporation by any person regardless of the ownership of such securities, and certificates of small denomination may be merged into one or more certificates of larger denomination. The records of such fiduciary and the records of such bank or trust company acting as custodian, as managing agent or as custodian for a fiduciary shall at all times show the name of the party for whose account the securities are so deposited. Title to such securities may be transferred by bookkeeping entry on the books of such clearing corporation without physical delivery of certificates representing such securities. A bank or trust company so depositing securities pursuant to this section shall be subject to such rules as, in the case of state chartered institutions, the state Department of Commerce and, in the case of national banking associations, the comptroller of the currency may from time to time issue. A bank or trust company acting as custodian for a fiduciary shall, on demand by the fiduciary, certify in writing to the fiduciary the securities so deposited by such bank or trust company in such clearing corporation for the account of such fiduciary. A fiduciary shall, on demand by any party to a judicial proceeding for the settlement of such fiduciary's account or on demand by the attorney for such party, certify

in writing to such party the securities deposited by such fiduciary in such clearing corporation for its account as such fiduciary.

Subd. 2. **Applicability.** This section shall apply to any fiduciary holding securities in its fiduciary capacity, and to any bank or trust company holding securities as a custodian, managing agent or custodian for a fiduciary, acting on February 14, 1974 or who thereafter may act regardless of the date of the agreement, instrument or court order by which it is appointed and regardless of whether or not such fiduciary, custodian, managing agent or custodian for a fiduciary owns capital stock of such clearing corporation.

History: *1974 c 46 s 3; 1985 c 248 s 70*

520.33 DEPOSIT OF UNITED STATES GOVERNMENT AND AGENCY SECURITIES WITH A FEDERAL RESERVE BANK.

Subdivision 1. **Authorization.** Notwithstanding any other provision of law, any bank or trust company, when acting as fiduciary, as defined in section 520.01 or 520.21, and any bank or trust company, when holding securities as custodian for a fiduciary, is authorized to deposit, or arrange for the deposit, with the Federal Reserve Bank in its district of any securities the principal and interest of which the United States or any department, agency or instrumentality thereof has agreed to pay, or has guaranteed payment, to be credited to one or more accounts on the books of said Federal Reserve Bank in the name of such bank or trust company, to be designated fiduciary or safekeeping accounts, to which account other similar securities may be credited. A bank or trust company so depositing securities with a Federal Reserve Bank shall be subject to such rules with respect to the making and maintenance of such deposit as, in the case of state chartered institutions, the commissioner of commerce, and, in the case of national banking associations, the comptroller of the currency, may from time to time issue. The records of such bank or trust company shall at all times show the ownership of the securities held in such account. Ownership of, and other interests in, the securities credited to such account may be transferred by entries on the books of said Federal Reserve Bank without physical delivery of any securities. A bank or trust company acting as custodian for a fiduciary shall, on demand by the fiduciary, certify in writing to the fiduciary the securities so deposited by such bank or trust company with such Federal Reserve Bank for the account of such fiduciary. A fiduciary shall, on demand by any party to its accounting or on demand by the attorney for such party, certify in writing to such party the securities deposited by such fiduciary with such Federal Reserve Bank for its account as such fiduciary.

Subd. 2. **Applicability.** This section shall apply to all fiduciaries, and custodians for fiduciaries, acting on May 18, 1975 or who thereafter may act regardless of the date of the instrument or court order by which they are appointed.

History: *1975 c 194 s 1; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 70*