

386.120 Deposits in fiduciary's personal account.

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

Effective: October 1, 1942

History: Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4711-8.