

386.130 Deposits in name of fiduciary as such -- In name of principal.

- (1) If a deposit is made in a bank or trust company to the credit of a fiduciary as such, the bank or trust company may pay the amount of the deposit or any part thereof upon the check of the fiduciary, signed with the name in which the deposit is entered, without being liable to the principal, unless it pays the check with actual knowledge that the fiduciary is committing a breach of his obligation as fiduciary in drawing the check or with knowledge of such facts that its action in paying the check amounts to bad faith.
- (2) If a check is drawn upon the account of his principal by a fiduciary empowered to draw checks upon his principal's account, the bank or trust company may pay the check without being liable to the principal, unless it pays the check with actual knowledge that the fiduciary is committing a breach of his obligation as fiduciary in drawing the check or with knowledge of such facts that its action in 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. secs. 4711-6, 4711-7.