

**4-30-7.6 Custodial accounts for trust funds.**

- (1)
  - (a) Each payment that a livestock buyer makes to a livestock market selling on commission is a trust fund.
  - (b) Funds deposited in custodial accounts are trust funds.
- (2) Each livestock market engaged in selling livestock on a commission or agency basis shall establish and maintain a separate bank account designated as "custodial account for shippers' proceeds" or some similar identifying designation, to disclose that the depositor is acting as a fiduciary and that the funds in the account are trust funds.
- (3)
  - (a) The livestock market shall deposit in its custodial account before the close of the next business day after the livestock is sold:
    - (i) the proceeds from the sale of the livestock that have been collected; and
    - (ii) an amount equal to the proceeds receivable from the sale of livestock that are due from:
      - (A) the livestock market;
      - (B) any owner, officer, or employee of the livestock market; and
      - (C) any buyer to whom the livestock market has extended credit.
  - (b) The livestock market shall thereafter deposit in the custodial account all proceeds collected until the account has been reimbursed in full, and shall, before the close of the seventh day following the sale of livestock, deposit an amount equal to all the remaining proceeds receivable whether or not the proceeds have been collected by the livestock market.
- (4) The custodial account shall be drawn on only for payment of:
  - (a) the net proceeds to the consignor or shipper, or to any person that the livestock market knows is entitled to payment;
  - (b) to pay lawful charges against the consignment of livestock which the market agency shall, in its capacity as agent, be required to pay; and
  - (c) to obtain any sums due the livestock market as compensation for its services.
- (5)
  - (a) Each livestock market shall keep accounts and records that will disclose at all times the handling of funds in the custodial account.
  - (b) Accounts and records shall at all times disclose the name of the consignors and the amount due and payable to each from funds in the custodial account.
- (6) The custodial account shall be established and maintained in a bank whose deposits are insured by the Federal Deposit Insurance Corporation.

Amended by Chapter 378, 2010 General Session