

286.11-037 Authorized agent conduct -- Commingled proceeds deemed trust funds -- Agent's duty to report to licensee.

- (1) An agent shall not make any fraudulent statements or misrepresentations to a licensee or to the commissioner.
- (2) All money transmissions, or sale, or issuance of payment instrument activities conducted by agents shall be strictly in accordance with the licensee's written procedures provided to the agent.
- (3) An agent shall timely remit all money legally due to the licensee in accordance with the terms of the contract between the licensee and the agent. The commissioner shall have the discretion to set, by regulation or order, the maximum remittance time.
- (4) An agent shall act only as authorized under the contract with the licensee.
- (5) All funds, less fees, received by an agent of a licensee from the sale or delivery of a payment instrument issued by a licensee or received by an agent for transmission shall, from the time the funds are received by the agent until such time when the funds or an equivalent amount are remitted by the agent to the licensee, constitute trust funds owned by and belonging to the licensee. If an agent commingles any of these funds with any other funds or property owned or controlled by the agent, then all commingled proceeds and other property shall be impressed with a trust in favor of the licensee in an amount equal to the amount of the proceeds due the licensee.
- (6) An agent shall report to the licensee the theft, forgery, or loss of payment instruments within twenty-four (24) hours from the time it knew of the theft, forgery, or loss.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 847, effective July 15, 2010. -- Created 2006 Ky. Acts ch. 247, sec. 19, effective April 24, 2006.

Legislative Research Commission Note (7/12/2006). This section was created in 2006 Ky. Acts ch. 247 as a new section of KRS Chapter 366A. Sec. 38 of that same bill also required that all sections of KRS Chapters 287, 288, 290, 291, 294, 366, 366A, and 368 be renumbered as sections of a single KRS chapter entitled the "Kentucky Financial Services Code." Therefore, the Statute Reviser, acting under KRS 7.136(1), has codified this section as a new section of KRS Chapter 286.