

SALES OF FINE ART (EXCERPT)
Act 90 of 1970

442.312 Consignment; trust property; trust funds; claims, liens, or security interest.

Sec. 2.

Any custom, practice, or usage of the trade to the contrary notwithstanding:

(a) When an artist or other person delivers or causes to be delivered a work of fine art to an art dealer for the purpose of sale on a commission, the delivery to and acceptance of the work of fine art by the art dealer is considered to be on consignment and the art dealer shall thereafter, with respect to the work of fine art, be considered to be the consignee of the work of fine art.

(b) The work of fine art is trust property in the hands of the consignee for the benefit of the consignor.

(c) Any proceeds due the artist or other consignor from the sale of the work of fine art are trust funds in the hands of the consignee for the benefit of the consignor.

(d) A work of fine art initially received on consignment shall be considered to remain trust property notwithstanding the subsequent purchase of the work of fine art by the consignee directly or indirectly for the consignee's own account until the terms of purchase are completed. If the work is thereafter resold to a third party who is a bona fide purchaser before the consignor has been paid in full, the work of fine art ceases to be trust property and the proceeds of the resale are trust funds in the hands of the consignee for the benefit of the consignor to the extent necessary to pay any balance still due to the consignor. The trusteeship relating to proceeds of the resale shall continue until the fiduciary obligation of the consignee with respect to a transaction is discharged in full.

(e) Property or funds which are trust property or trust funds pursuant to this section are not subject to the claims, liens, or security interest of the creditors of the art dealer, notwithstanding any other section of this act.

History: 1970, Act 90, Eff. Jan. 1, 1971 ;-- Am. 1982, Act 396, Eff. Mar. 30, 1983