
By: Delegate Harkins

Introduced and read first time: January 23, 1997

Assigned to: Judiciary

A BILL ENTITLED

1 AN ACT concerning

2 **Recovery by Minor in Tort - Trust Assets**

3 FOR the purpose of allowing a trustee for a minor who recovers in tort to invest or
4 reinvest the proceeds of the check in certain stock funds; altering the limit on the
5 amount of trust assets that may be invested in certain money market funds;
6 establishing a certain limit on the percentage of trust assets that may be invested in
7 certain stock funds; providing for the application of this Act; and generally relating
8 to trust assets of a minor who recovers in tort.

9 BY repealing and reenacting, with amendments,
10 Article - Estates and Trusts
11 Section 13-404
12 Annotated Code of Maryland
13 (1991 Replacement Volume and 1996 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Estates and Trusts**

17 13-404.

18 (a) The trustee need not give bond.

19 (b) (1) A trustee who receives a check under § 13-403 of this subtitle shall:

20 (i) Subject to paragraph (3) of this subsection, deposit the check in
21 any financial institution as defined in § 13-301 of this title; or

22 (ii) Invest or reinvest the proceeds of the check, directly or by
23 securities or other interests of a broker or dealer, in [general obligations of or obligations
24 guaranteed by the United States or this State, or other obligations of the United States or
25 this State or of its political subdivisions, agencies, authorities, or municipal corporations
26 that are rated in one of the two highest rating categories by a nationally recognized credit
27 rating agency, or in the form of securities or other interests in any open-end management
28 investment company or investment trust that is registered under, and meets the criteria of
29 a money market fund that are specified in, the Federal Investment Company Act of 1940,
30 15 U.S.C. § 80A-1 et seq., and the regulations adopted under that law];

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1 1. GENERAL OBLIGATIONS OF OR OBLIGATIONS
2 GUARANTEED BY THE UNITED STATES OR THIS STATE;

3 2. OTHER OBLIGATIONS OF THE UNITED STATES OR THIS
4 STATE OR OF ITS POLITICAL SUBDIVISIONS, AGENCIES, AUTHORITIES, OR
5 MUNICIPAL CORPORATIONS THAT ARE RATED IN ONE OF THE TWO HIGHEST
6 RATING CATEGORIES BY A NATIONALLY RECOGNIZED CREDIT RATING AGENCY; OR

7 3. ANY OPEN END MANAGEMENT INVESTMENT COMPANY
8 OR INVESTMENT TRUST THAT IS REGISTERED UNDER THE FEDERAL INVESTMENT
9 COMPANY ACT OF 1940, 15 U.S.C. § 80A-1 ET SEQ., AND THAT:

10 A. MEETS THE CRITERIA OF A MONEY MARKET FUND THAT
11 ARE SPECIFIED IN THE FEDERAL INVESTMENT COMPANY ACT AND THE
12 REGULATIONS ADOPTED UNDER THAT LAW; OR

13 B. IN A PROSPECTUS FILED WITH THE SECURITIES AND
14 EXCHANGE COMMISSION OF THE FEDERAL GOVERNMENT, STATES AS A PRINCIPAL
15 INVESTMENT OBJECTIVE LONG-TERM GROWTH OR CAPITAL APPRECIATION
16 THROUGH INVESTMENTS IN EQUITY SECURITIES.

17 (2) If the trustee deposits the check in a financial institution under
18 paragraph (1)(i) of this subsection, the trustee may direct the financial institution to
19 invest or reinvest the proceeds of the check in a certificate of deposit or other interest
20 bearing account.

21 (3) Deposits in a financial institution under paragraph (1)(i) of this
22 subsection may not exceed the amount of insurance provided for such deposits.

23 (4) Investments [in money market funds under paragraph (1)(ii)] UNDER
24 PARAGRAPH (1)(II)3A AND B of this subsection may not exceed [25%] RESPECTIVELY
25 30% of trust assets at the time of the investment.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to any
27 trust under § 13-404 of the Estates and Trust Article that is in existence on or after the
28 effective date of this Act.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 1997.