



Opinion 573

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Opinion Title: 03/31/2014 PUBLISHED Rushton v. Tennessee Valley Authority (In re C. W. Mining Co.), 10-2816, Judge Mosier.

Body:

Postpetition, a garnishee and customer of the Debtor paid to the Debtor's agent funds that were garnished prepetition. After conversion from chapter 11 to chapter 7, the trustee commenced an adversary proceeding to recover the garnished funds from the garnishee and alleged custodian of those funds. Relying on its prior determination that the Debtor's agent had authority to receive payments from purchasers during the time between the filing of the bankruptcy petition and the order for relief, the Court held that the bankruptcy estate was not injured by the payment to the Debtor's agent because payment to the agent was equivalent to payment to the then Debtor in possession. The Court also held that the garnishee was not a custodian under § 101(11) and therefore did not have the duties of a custodian under § 543. Even if the garnishee did have those duties, however, the Court held that it fulfilled them by delivering the garnished funds to the Debtor's agent. Because the Debtor received, through its agent, what it was entitled to receive, and the estate was not entitled to receive more from the garnishee, the Court granted the garnishee's motion for summary judgment.

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Judge: [Chief Judge R. Kimball Mosier](#) [2]

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