

ASSEMBLY BILL

No. 533

Introduced by Assembly Member Ian Calderon

February 20, 2013

An act to amend Section 6753 of the Family Code, relating to minors.

LEGISLATIVE COUNSEL'S DIGEST

AB 533, as introduced, Ian Calderon. Artistic employment contracts: minors.

Existing law regulates certain contracts for artistic employment between an unemancipated minor and 3rd parties, including employment as an actor, dancer, musician, comedian, singer, stunt-person, voice-over artist, or sports player. Existing law provides for the establishment of a trust for the purpose of preserving for the minor a portion of the minor's gross earnings, as defined. Existing law prohibits a withdrawal from this trust account by the beneficiary or any other individual or entity before the beneficiary attains 18 years of age or is emancipated without a court order, as specified.

This bill would prohibit the financial institution or company that holds the trust from withdrawing funds from the trust account for the purpose of collecting fees or service charges assessed for maintenance of the account prior to the date on which the beneficiary of the trust attains 18 years of age or is emancipated without a court order as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6753 of the Family Code is amended to
2 read:

3 6753. (a) The trustee or trustees shall establish a trust account,
4 that shall be known as a Coogan Trust Account, pursuant to this
5 section at a bank, savings and loan institution, credit union,
6 brokerage firm, or company registered under the Investment
7 Company Act of 1940, that is located in the State of California,
8 unless a similar trust has been previously established, for the
9 purpose of preserving for the benefit of the minor the portion of
10 the minor's gross earnings pursuant to paragraph (1) of subdivision
11 (b) of Section 6752 or pursuant to paragraph (1) of subdivision (c)
12 of Section 6752. The trustee or trustees shall establish the trust
13 pursuant to this section within seven business days after the minor's
14 contract is signed by the minor, the third-party individual or
15 personal services corporation (loan-out company), and the
16 employer.

17 (b) Except as otherwise provided in this section, prior to the
18 date on which the beneficiary of the trust attains ~~the age of~~ 18
19 years *of age* or the issuance of a declaration of emancipation of
20 the minor under Section 7122, no withdrawal by the beneficiary
21 or any other individual, individuals, entity, or entities, *including*
22 *the financial institution or company in which the trust is held, for*
23 *purposes of collecting fees or service charges assessed for*
24 *maintenance of the trust*, may be made of funds on deposit in trust
25 without written order of the superior court pursuant to paragraph
26 (7) of subdivision (b) or paragraph (5) of subdivision ~~(e)~~ (d) of
27 Section 6752. Upon reaching ~~the age of~~ 18 years *of age*, the
28 beneficiary may withdraw the funds on deposit in trust only after
29 providing a certified copy of the beneficiary's birth certificate to
30 the financial institution where the trust is located.

31 (c) The trustee or trustees shall, within 10 business days after
32 the minor's contract is signed by the minor, the third-party
33 individual or personal services corporation (loan-out company),
34 and the employer, prepare a written statement under penalty of
35 perjury that shall include the name, address, and telephone number
36 of the financial institution, the name of the account, the number
37 of the account, the name of the minor beneficiary, the name of the
38 trustee or trustees of the account, and any additional information

1 needed by the minor’s employer to deposit into the account the
2 portion of the minor’s gross earnings prescribed by paragraph (1)
3 of subdivision (b) or paragraph (1) of subdivision (c) of Section
4 6752. The trustee or trustees shall attach to the written statement
5 a true and accurate photocopy of any information received from
6 the financial institution confirming the creation of the account,
7 such as an account agreement, account terms, passbook, or other
8 similar writings.

9 (d) The trust shall be established in California either with a
10 financial institution that is and remains insured at all times by the
11 Federal Deposit Insurance Corporation (FDIC), the Securities
12 Investor Protection Corporation (SIPC), or the National Credit
13 Union Share Insurance Fund (NCUSIF) or their respective
14 successors, or with a company that is and remains registered under
15 the Investment Company Act of 1940. The trustee or trustees of
16 the trust shall be the only individual, individuals, entity, or entities
17 with the obligation or duty to ensure that the funds remain in trust,
18 in an account or other savings plan insured in accordance with this
19 section, or with a company that is and remains registered under
20 the Investment Company Act of 1940 as authorized by this section.

21 (e) Upon application by the trustee or trustees to the financial
22 institution or company in which the trust is held, the trust funds
23 shall be handled by the financial institution or company in one or
24 more of the following methods:

25 (1) The financial institution or company may transfer funds to
26 another account or other savings plan at the same financial
27 institution or company, provided that the funds transferred shall
28 continue to be held in trust, and subject to this chapter.

29 (2) The financial institution or company may transfer funds to
30 another financial institution or company, provided that the funds
31 transferred shall continue to be held in trust, and subject to this
32 chapter and that the transferring financial institution or company
33 has provided written notification to the financial institution or
34 company to which the funds will be transferred that the funds are
35 subject to this section and written notice of the requirements of
36 this chapter.

37 (3) The financial institution or company may use all or a part
38 of the funds to purchase, in the name of and for the benefit of the
39 minor, (A) investment funds offered by a company registered under
40 the Investment Company Act of 1940, provided that if the

1 underlying investments are equity securities, the investment fund
2 is a broad-based index fund or invests broadly across the domestic
3 or a foreign regional economy, is not a sector fund, and has assets
4 under management of at least two hundred fifty million dollars
5 (\$250,000,000); or (B) government securities and bonds,
6 certificates of deposit, money market instruments, money market
7 accounts, or mutual funds investing solely in those government
8 securities and bonds, certificates, instruments, and accounts, that
9 are available at the financial institution where the trust fund or
10 other savings plan is held, provided that the funds shall continue
11 to be held in trust and subject to this chapter, those purchases shall
12 have a maturity date on or before the date upon which the minor
13 will attain the age of 18 years, and any proceeds accruing from
14 those purchases shall be redeposited into that account or accounts
15 or used to further purchase any of those or similar securities, bonds,
16 certificates, instruments, funds, or accounts.

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