

**554.2403 Power to transfer — good faith purchase of goods — “entrusting”.**

1. A purchaser of goods acquires all title which the purchaser’s transferor had or had power to transfer except that a purchaser of a limited interest acquires rights only to the extent of the interest purchased. A person with voidable title has power to transfer a good title to a good faith purchaser for value. When goods have been delivered under a transaction of purchase the purchaser has such power even though

- a. the transferor was deceived as to the identity of the purchaser, or
- b. the delivery was in exchange for a check which is later dishonored, or
- c. it was agreed that the transaction was to be a “cash sale”, or
- d. the delivery was procured through fraud punishable as larcenous under the criminal law.

2. Any entrusting of possession of goods to a merchant who deals in goods of that kind gives the merchant power to transfer all rights of the entruster to a buyer in ordinary course of business.

3. “Entrusting” includes any delivery and any acquiescence in retention of possession regardless of any condition expressed between the parties to the delivery or acquiescence and regardless of whether the procurement of the entrusting or the possessor’s disposition of the goods have been such as to be larcenous under the criminal law.

4. The rights of other purchasers of goods and of lien creditors are governed by the Articles on Secured Transactions ([Article 9](#)) and Documents of Title ([Article 7](#)).

[C24, 27, 31, 35, 39, §9949, 9952 – 9954; C46, 50, 54, 58, 62, §554.21, 554.24 – 554.26; C66, 71, 73, 75, 77, 79, 81, §554.2403]

94 Acts, ch 1121, §4

Referred to in [§554.2103](#), [554.2702](#), [554.7209](#), [554.7503](#), [554.9315](#), [554.13103](#)

Notwithstanding 74 Acts, ch 1249, division 1, an owner of farm products whose possession is entrusted to a person engaged in farming operations may create an Article 9 security interest in the farm products, with respect to the obligation of the person engaged in farming operations; 74 Acts, ch 1249, §8