

**Question 1: Key Missing Issues**

Issues and Points: 23 point baseline (90% of 25 max)

**23**

<p>1. Failure to address (“FTA”) scope of grant clause as to equipment (security agreement doesn’t specify how equipment is to be defined; all 9-108 requires is that it reasonably identify the collateral; most likely is that court would look to Article 9 conception of equipment in absence of other source; now owned or hereafter acquired covers after-acquired equipment as permitted by 9-204; future advances reference in overall grant clause standard): -2</p>	
<p>2. FTA scope of grant clause as to rolls of paper (specific collateral type permitted under 9-108(b); temporal fine for present and future; debtor no longer has rights in past rolls and therefore lacks the ability to grant a security interest in those rolls under 9-203(b)(2)): -2</p>	
<p>3. FTA scope of grant clause as to “newspapers” (pretty vague; does this refer to the newspapers printed each day? To the totality of “<i>The Chicago Herald</i>,” “<i>The Oak Park Crier</i>” and “<i>The Gary Independent</i>”? To the copyrighted stories in each each day?; “newspapers” doesn’t specifically address after-acquired property; should have done so but will likely be assumed as per <i>Bryan Brothers</i>): -4</p>	
<p>4. FTA general features of financing statements (FirstChicagoBank is the secured party under 9-102(a)(72); while a financing statement is a distinct document from the security agreement, there is no requirement that the two have different descriptions): -2</p>	
<p>5. FTA flaws as to the Illinois financing statement (HeraldCo is an Illinois corporation; under 9-307(e), HeraldCo is located in Illinois; 9-301(1) will be the relevant section for choosing governing law and that will mean that Illinois law applies to the governs perfection question; under the Illinois version of 9-501, that will require a filing with the Illinois Secretary of State, as FCB did; “Heraldco” is listed as the debtor; this is not the debtor’s actual legal name, which is “HeraldCo;” the question will then be whether that error is seriously misleading under 9-506(c); it should not under the search logics seen in class which ignored capitalization): -4</p>	
<p>6. FTA flaws as to the Indiana financing statement (<i>The Gary Independent</i> isn’t a separate legal entity, so no filing required or should be effective as to it; just assets of HeraldCo, so Indiana filing irrelevant as of 1/15/2007): -2</p>	
<p>7. FTA flaws as to the Michigan financing statement (location of property not relevant for most security interests as to governs perfection question under 9-301, so Michigan filing irrelevant as of 1/15/2007): -2</p>	
<p>X1:</p>	
<p><b>Total Deductions</b></p>	

**Question 1: Additional Points**

<p>√ 1:</p>	
<p><b>Total Additions</b></p>	

**Question 1: Final Score**

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**Question 2: Key Missing Issues**

Issues and Points: 23 point baseline (90% of 25 max)

**23**

<p>1. FTA security agreement aspects of PU transaction (grant clause is standard formulation; rolls of paper is specific indication of collateral under 9-108; future advances allowed under 9-204): -2</p>	
<p>2. FTA financing statement aspects of PU transaction (debtor's name is fine; description is ambiguous but under <i>Thorp</i> approach intended to create notice for subsequent secured creditors; location of filing completely wrong; no basis for filing in place where secured creditor incorporated; instead needed to file in Illinois per Q1; makes PU unperfected): -4</p>	
<p>3. FTA proceeds aspects of PU deal (much safer to include in SA even if not necessary under 9-203(f); query whether printed newspapers are proceeds of paper rolls under 9-102(a)(64); probably not as paper continues as paper; what then? see next answer): -3</p>	
<p>4. FTA alternatives to proceeds status for PU as to printed newspaper (this would raise accession and commingled goods questions under 9-335 and 9-336; paper hasn't lost identity, so under 9-102(a)(1) and 9-335, PU and FCB interests should continue in paper as before): -2</p>	
<p>5. FTA PMSI aspects of PU transaction (rolls of paper will be inventory for HeraldCo under 9-102(a)(48); PU should meet tracing requirements for PMSI status in paper under 9-103; to get PMSI priority in inventory, would need to give notice in advance to FCB per 9-324(b) but failed to do so): -3</p>	
<p>6. FTA priority over paper rolls between FCB and PU (PU will be unperfected because of the Wisconsin filing; punted any chance at PSMI superpriority by failing to give notice to FCB; FCB Illinois statement should be good from Q1, so FCB should have priority under 9-322(a)(2)): -3</p>	
<p><b>Total Deductions</b></p>	

**Question 2: Additional Points**

<p>√ 1:</p>	
<p><b>Total Additions</b></p>	

**Question 2: Final Score**

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**Question 3: Key Missing Issues**

Issues and Points: 23 point baseline (90% of 25 max)

**23**

1. FTA continued attachment of security interests in paper rolls transferred by HeraldCo to the new GI, an Indiana corporation (security interests generally survive sales under 9-315(a)(1) unless called off by UCC; this is almost certainly a sale not in the ordinary course of business under 1-201(b)(9), so 9-320(a) doesn't apply; SIs should survive transfer): -3	
2. FTA perfection issues as to security interests in rolls transferred by HeraldCo to GI (under 9-507(a), filed financing statements remain effective in collateral transferred, so FBC's original Illinois statement against HeraldCo should continue in effect; PU Wisconsin statement should remain worthless): -2	
3. FTA proceeds rights of FBC and PU as to GI's promise to pay for transferred rolls (meets identifiability standard of 9-315(a)(2); non-cash proceeds – chattel paper (given next answer segment) – should be perfected under 9-315(d)(1)): -2	
4. FTA HeraldCo's status as a secured creditor vis-à-vis GI for transferred rolls (attachment issues as before in Q1 and Q2; query whether paper rolls will cover after-acquired rolls; key issue will be perfection without filing; HeraldCo will claim to do so through possession under Michigan – 9-301(2) – version of 9-313(a), which should succeed; HeraldCo will claim PMSI status as well under 9-103 but will forfeit superpriority under 9-324 because no notice was given to FBC or PU): -4	
5. FTA effect of FBC's original financing statement filed in Indiana against The Gary Independent (although filed in correct location under 9-307(e) and filed in the correct name, debtor – the GI – didn't authorize that statement; it was authorized by HeraldCo, a different entity; statement should be of no effect): -3	
6. FTA relative priority of FBC, PU and HeraldCo as to transferred rolls (FBC should win under standard 9-322(a) analysis; FBC is perfected, PU, not; HC, is but arises through possession long-after FBC filed; HC should be ahead of PU, see 9-325, but <i>Bank of the West</i> type analysis might preclude that): -3	
7. FTA HeraldCo's status as to after-acquired paper rolls (“all of GI's rolls” would probably be understood to cover after-acquired rolls per <i>Bryan Bros.</i> ; perfection via possession): -1	
8. FTA new debtor issues for FBC and PU as to GI's after-acquired paper rolls (FBC and PU don't have security agreements with GI; will need claim satisfaction of 9-203(d) new debtor regime to have SI in new rolls delivered by PU to GI; 9-508 covers perfection; name GI will be seriously misleading, but won't matter for these particular rolls under 4-month rule of 9-508(b)(1); no PMSI cross-collateralization issue for PU under 9-103(b)(2) because sale was unsecured): -3	
9. FTA relative priority of FBC, PU and HeraldCo as to after-acquired paper rolls (9-326 subordinates SIs perfected under 9-508 to those that are not; PU will be unperfected as before, FBC perfected via 9-508, HeraldCo perfected via possession, so should have priority subject to <i>Bank of the West</i> again): -2	
X1:	
<b>Total Deductions</b>	

**Question 3: Additional Points**

√ 1:	
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**Question 3: Final Score**

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**Question 4: Key Missing Issues**

Issues and Points: 23 point baseline (90% of 25 max)

**23**

<p>1. FTA FCB rights as to the newspapers they took and sold (perfection status irrelevant for default rights; FCB clearly has security interest in paper, which continues to be paper in newspaper form; ambiguous reference in SA to newspapers is a problem but should not be understood to give SI in copyrighted stories; would need to proceed through federal copyright system as to those and didn't): -3</p>	
<p>2. FTA application of breach of the peace standard under 9-609 to newspaper grab (right to repossession after default; pretty unlikely to give rise to breach of the peace; newspaper boxes are available to the public; FBC could access them without dealing directly with HeraldCo): -3</p>	
<p>3. FTA standards for notice with respect to disposition under 9-611 (again, understanding the collateral matters here; if FBC is just grabbing paper – as opposed to newspaper with copyrighted content – the collateral shouldn't be treated as perishable collateral under 9-611(d); if not that, then FBC failed to provide all required notices of disposition under 9-611; but if SI in newspapers means the actual newspapers and the content of them, then perishable – no market for yesterday's newspapers – and notice not required per 9-611(d)): -3</p>	
<p>4. FTA standards for disposing of collateral under 9-610 (no real info given in question so as to assess application of commercial reasonableness standard): -2</p>	
<p>5. FTA FBC's application of the proceeds of the disposition under 9-615 (reasonable expenses of disposition have top priority under 9-615(a)(1), followed by obligations secured by the collateral, so FBC acted appropriately in applying): -2</p>	
<p>6. FTA consequence of FBC disposition of collateral for unperfected SI held by PU (under 9-617, inferior PU SI will be discharged; purchasers will take free and clear of FBC interest and PU interest): -1</p>	
<p>7. FTA possible penalties faced by FBC (for noncompliance with Part VI rules, FBC at risk on notice and also may face non-Article 9 conversion liability if it didn't have rights as to copyrighted stories): -2</p>	
<p>X1:</p>	
<p><b>Total Deductions</b></p>	

**Question 4: Additional Points**

<p>√1:</p>	
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**Question 4: Final Score**

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