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THE NEW YORK JUDICIAL COUNCIL AND THE LAW REVISION COMMISSION.—During the regular session of 1934, the legislature of the state of New York enacted two new bills, one creating a Judicial Council[1] and the other a Law Revision Commission.[2] The purpose of these two bodies is to examine the law of the state of New York and to propose reforms and changes to the legislature.[3] The Judicial Council will have for its object the investigation and reform of the *adjective law*,—the statutes and rules of procedure, the operation of the courts, and the general conduct of judicial business.[4] The Law Revision Commission will examine the *substantive law* of the state, both statutory and case law, with a view to discovering defects and anachronisms therein.[5]

Only the Judicial Council is empowered to conduct public hearings,[6] but either body may receive and consider suggestions from any source.[7] Both were founded as a result of the report of the Commission on the Administration of Justice[8] which was created by the legislature in 1931.[9] The establishment of these two bodies is by no means the result of sudden and hurried legislation, but is rather the inevitable outcome of a movement, national in scope, which has been in steady progress for a number of years.[10] The purpose of this note is to trace briefly the origin and progress of this movement, and to indicate the place of a Judicial Council in the governmental scheme.

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1. N. Y. JUDICIARY LAW (1934) §§ 40-48.

2. N. Y. LEGISLATIVE LAW (1934) §§ 70-72.

3. N. Y. JUDICIARY LAW (1934) § 45(e) provides that the Judicial Council shall "recommend from time to time to the legislature any changes in the organization, jurisdiction, operation, procedure and methods of conducting business in the courts . . ." N. Y. LEGISLATIVE LAW (1934) § 72(5) provides that the Law Revision Commission shall "report its proceedings annually to the legislature on or before February first, and if it deems advisable, . . . accompany its report with proposed bills to carry out any of its recommendations."

4. N. Y. JUDICIARY LAW (1934) § 45(a) makes it one of the duties of the Judicial Council "to make a continuous survey and study of the organization, jurisdiction, procedure, practice, rules and methods of administration and operation of each and all the courts of the state . . ."

5. N. Y. LEGISLATIVE LAW (1934) § 72(1) provides that the Commission shall "examine the common-law and statutes of the state and current judicial decisions for the purpose of discovering defects and anachronisms in the law and recommending the needed reforms."

6. N. Y. JUDICIARY LAW (1934) § 47.

7. N. Y. JUDICIARY LAW (1934) § 45(c); N. Y. LEGISLATIVE LAW (1934) § 72(3).

8. Report of the Commission on the Administration of Justice, Legis. Doc. No. 50 (1934) 36, 53.

9. The Commission was created by N. Y. Laws 1931, c. 186; continued by N. Y. Laws 1932, c. 508; N. Y. Laws 1933, c. 28; N. Y. Laws 1933, c. 261.

10. The first Judicial Council was established in Ohio in 1923, but there are evidences of the movement of much earlier date. See Wigmore, *Wanted, A Judicial Superintendent* (1917) 1 J. AM. JUD. SOC. 7; Rosenbaum, *A Ministry of Justice* (1918) 1 J. AM. JUD. SOC. 155.

It is hardly necessary to suggest that the law is continually in need of reform.[11] As social conditions change, the law must also change. New demands must be met. Old and outworn ideas must be discarded.[12] Under the common law system changes in the law may be made in two ways: by the legislature enacting statutes; and by the courts rendering new decisions or overruling old ones.[13] In the present condition of government, neither method is an effective medium for reform. Judicial efforts to improve the legal system are confined by the narrow limits of precedent and analogy;[14] and besides, the courts are burdened with an ever-increasing mass of litigation.[15] The legislature, the body which has the power to make swift and sweeping changes, is too often preoccupied with the steadily-expanding economic and commercial functions of the government, and hence has all too little time to devote to a study of the condition of the law and the administration of justice.[16]

Under these circumstances, the need for a separate, permanent agency for legal reform becomes apparent. There is urgent need for a body which will act as an intermediary between the courts and the legislature, which will study systematically and regularly the needs and problems of the courts, and act as their ambassador in proposing the desired changes to the law-making body.

The idea of having some permanent functionary of the government, whose duty it would be to examine the law with a view to reform and simplification, is not a new one.[17] The need has been voiced many times, notably by such men as the late Chief Justice Taft,[18] Mr. Justice Cardozo,[19] and Dean Pound.[20] In European countries, such bodies have long been in operation.[21] In the

11. See Cardozo, *Ministry of Justice* (1921) 35 HARV. L. REV. 113.

12. For a general discussion of the process of change in the law, in conformity with changes in social conditions, see CARDOZO, PARADOXES OF LEGAL SCIENCE (1928).

13. SALMOND, JURISPRUDENCE (8th ed. 1930) 177.

14. For an illustration of the hesitancy of the courts to break away from anachronistic rules, see Sternlieb v. Normandie Nat. Securities Co., 263 N. Y. 245, 188 N. E. 726 (1934), in which the court, Judge Crane writing, reluctantly holds that an infant, in spite of fraud in the representation of his age, may disaffirm a contract. The court hints that a beneficial change might be made by statute. See also Crowley v. Lewis, 239 N. Y. 264, 146 N. E. 374 (1925), where the court refuses to "go behind the seal" to hold an undisclosed principal.

15. A complete summary of the congestion of the courts of New York State may be found in the Report of the Commission on the Administration of Justice, Legis. Doc. No. 50 (1934) 61-71, 79-169.

16. Cardozo, *supra* note 11, at 113, 115: " . . . the legislature, free from these restraints, its powers of innovation adequate to any need, is preoccupied however, with many issues more clamorous than those of courts . . ."

17. Wigmore, *loc. cit. supra* note 10.

18. Taft, *Possible and Needed Reforms in the Administration of Civil Justice in the Federal Courts* (1922) 6 J. AM. JUD. SOC. 36.

19. Cardozo, *loc. cit. supra* note 11.

20. Pound, *Anachronisms in Law* (1920) 3 J. AM. JUD. SOC. 142.

21. One such body is the English Rule Committee, which had its origin in the JUDICATURE ACT of 1875, § 17, later modified by the JUDICATURE ACT of 1894, § 4. Under this act, the permanent Rule Committee was organized in 1909, consisting of two solicitors, two barristers, seven judges and the Lord Chancellor.

United States, however, the *desideratum* has reached the stage of realization only during the last eleven years.[22] But the movement has been rapid. At the present time more than half the states have set up permanent law reform bodies[23] known as "Judicial Councils." Their work is confined to the correction of the adjective law, the administration of the courts and the rules of practice and procedure. New York is the first state to have created a Law Revision Commission,[24] or, as such agencies are more commonly known, a "Ministry of Justice."[25] Its purpose is to investigate and correct the substantive law.[26] It is impossible to trace the exact source of the movement directed at the establishment of Judicial Councils, *i.e.* adjective law reform bodies, or to name all the persons and agencies who are responsible for the acceptance of the idea. The inception of the movement is attributable to the force of the general opinion of bench, bar and public, than to the efforts of any particular individuals.[27] However, certain figures provided the needed impetus to translate the idea into action.

As early as 1914, Chief Justice Taft was advocating the formation of a council of judges of the federal courts "to consider each year the pending federal judicial business of the country and to distribute the federal judicial force" in accordance with the amount of business to be done.[28] His efforts reached their culmination in 1922, when, following an address[29] made by him to the American Bar Association at its annual meeting, a petition[30] to Congress was made by the Association proposing the formation of a council of federal judges to meet annually to expedite the administration of justice and to alleviate delay in courts. The result was the passage of a bill embodying all the terms of the petition.[31]

The American Judicature Society, through the medium of its Journal, has been a powerful factor in the promotion of the Judicial Council movement. The

22. In 1923 Ohio and Oregon set up the first Judicial Councils. Ohio Laws 1923, p. 364; Ore. Laws 1923, c. 164.

23. These states are California, Connecticut, Idaho, Illinois, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Dakota, Texas, Virginia, Vermont, Washington, West Virginia, and Wisconsin.

24. N. Y. LEGISLATIVE LAW (1934) §§ 70-72.

25. The phrase had its general acceptance after its use by Cardozo, in his *Ministry of Justice* (1921) 35 HARV. L. REV. 113.

26. N. Y. LEGISLATIVE LAW (1934) § 72(5).

27. The chief motivating force behind the movement was probably the condition of the courts. Congestion is practically universal in large cities, and judicial councils seem to furnish the best solution.

28. See THE JUDICIAL COUNCIL, published by the Merchants' Association of New York (1931) 6.

29. Taft, *loc. cit. supra* note 18.

30. The petition was printed in 6 J. AM. JUD. SOC. 47 (1922), reading in part: "Second: That such act shall provide for a permanent Commission . . . with power to prepare a system of rules of procedure for adoption by the Supreme Court, with power to amend from time to time."

31. 42 STAT. 838 (1922), 28 U. S. C. A. § 218 (1926).

Journal began publication in 1917, and has ever since, through its active editorial staff, carried on a spirited and successful campaign for the adoption of Judicial Councils throughout the United States.[32] The Bar Associations also, both state and national, have played an important part in the development.

Ohio was the first state to adopt a Judicial Council.[33] For many years, however, it made no apparent progress, as the appropriation in the Ohio statute amounted to only one thousand dollars for each year.[34] But in 1930 the Institute of Law of Johns Hopkins University collaborated with the Ohio Judicial Council in a comprehensive study of the condition of the courts.[35] In 1931 and 1933 reports were submitted to the legislature,[36] showing the results of the work. Among the changes recommended were: unification of the municipal courts of the state;[37] several proposals for the reform of appellate procedure, and a recommendation that full rule-making power be granted to the supreme court of the state.[38]

Oregon joined the movement in 1923.[39] Here too, the results were slow in coming, owing to the lack of any appropriation by the legislature.[40] Since 1929,[41] however, the Oregon Council has been covering ground rapidly, its more notable results being proposals for the elimination of unnecessary delay in litigation, and the compilation of rather complete tables of the judicial statistics of the state.[42]

Massachusetts, although its council was not set up until 1924, has become the real leader in the field.[43] In 1919 the Massachusetts Legislature set up a temporary body, the Judicature Commission, to make a study and to report proposed changes in procedural law and practice.[44] This Commission made its report in 1921, and strongly advocated a Judicial Council.[45] This report is really the first legislative step taken by any state in the direction of a Judicial Council, and the action of other states may be attributed in great part to the work of this commission.

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32. Editorials: (1921) 5 J. Am. Jud. Soc. 99; (1922) 6 *id.* 69; (1923) 7 *id.* 3; (1923) 7 *id.* 85; (1924) 7 *id.* 159; (1924) 7 *id.* 179; (1924) 8 *id.* 245; (1925) 9 *id.* 3; (1925) 9 *id.* 35; (1925) 9 *id.* 99; (1926) 10 *id.* 67; (1926) 10 *id.* 99; (1929) 13 *id.* 100; (1930) 14 *id.* 6.

33. Ohio Laws 1923, p. 364; Ohio Gen'l Code (Page, 1931) § 1697.

34. Ohio Gen'l Code (Page, 1931) § 1697(5).

35. *Study of Judicial Administration in Ohio* (1930) 13 J. Am. Jud. Soc. 140, an article by the Institute of Law of Johns Hopkins University, outlining the aims of the study.

36. Report of the Judicial Council of Ohio (1931). Report of the Judicial Council of Ohio (1933).

37. Report of the Judicial Council of Ohio (1931).

38. Ruppenthal, *The Work Done by Judicial Councils* (1931) 17 J. Am. Jud. Soc. 45.

39. Ore. Laws 1923, c. 149.

40. *Ibid.* The act fails to provide any appropriation.

41. *Report of the Judicial Council* (1929) 8 Ore. L. Rev. 23.

42. *Ibid.* See also *Report of Judicial Council for 1929* (1930) 9 Ore. L. Rev. 332.

43. The Judicial Council was created by Mass. Gen'l Acts 1924, c. 244, § 34.

44. Mass. Gen'l Acts 1919, c. 223.

45. Second and Final Report of the Judicature Commission (1921) 28.

The results achieved in Massachusetts constitute the most complete contribution from any state. Each year, since 1925, a comprehensive report has been published. In each report tables are given showing the condition of business in the courts and comparing the condition for the year reported with that of other years. The reports, moreover, are accompanied by suggestions and proposed rules for simplifying and hastening procedure.[46] The value of such statistics is apparent. They reveal at a glance the condition of the courts, and, being sufficiently detailed, show exactly where the defects lie.

Many of the recent motor vehicle statutes in Massachusetts are traceable to the recommendations of the Judicial Council. This is also true of improvements in criminal procedure, in the speeding up of appellate business and trials, and in the greater uniformity of procedure among the courts of the state. The work of this council, as shown by the results accomplished, was probably the most important single factor in causing the creation of Judicial Councils in other states. By 1927, Maryland,[47] California,[48] Washington,[49] Connecticut,[50] Kansas,[51] Rhode Island[52] and North Dakota,[53] had established similar bodies, and at the present writing, the total number of states having Judicial Councils is twenty-five.[54] Many of the other states are definitely headed in that direction, although no actual progress in the legislatures has been reported. Among these are Georgia, Indiana, Iowa, Minnesota, Mississippi, Nebraska and Vermont.

The major achievements of these bodies have been the diminution of delay in the courts, the simplification and improvement of the rules of practice, and above all the rapidity and effectiveness with which they have acted in placing their suggestions before the legislatures. The net result has been a decided improvement in the administration of justice.

The Law Revision Commission of New York is the first governmental agency of its kind to have been established in the United States. Its duties are similar to those of a Judicial Council, except that the field of the Commission is the substantive law.

It is easier to trace the origin of this body to the endeavors of a particular few, than in the case of the Judicial Council movement. Two of the men who have been most directly responsible for the furtherance of the notion of a ministry of justice, *i.e.* a substantive law reform body, are Justice Cardozo and

46. Synopses of these annual reports as well as the reports of the Judicial Councils in all other states may be found in a series of articles: Ruppenthal, *loc. cit. supra* note 38; (1930) 14 J. AM. JUD. SOC. 58; (1930) 14 *id.* 97; (1931) 15 *id.* 15; (1931) 15 *id.* 53; (1932) 16 *id.* 14; (1932) 16 *id.* 51; (1933) 17 *id.* 45; (1933) 17 *id.* 24.

47. Md. Acts 1924, c. 549.

48. Cal. Statutes 1925, c. 48.

49. Wash. Laws 1925, c. 45.

50. Conn. Pub. Acts 1927, c. 187.

51. Kan. Laws 1927, c. 187.

52. R. I. Pub. Laws 1927, c. 1038.

53. N. D. Laws 1927, c. 124.

54. These figures are the latest obtainable from the records of the American Judicature Society.

Dean Pound. The former, in his *Ministry of Justice*,[55] planted the seed which has finally borne fruit. Nowhere has the need for a substantive law reform body been better expressed than in this masterly exposition.[56] When Cardozo wrote, the proposal was not novel. As he says, "In European countries the idea has passed into the realm of settled practice."[57] Cardozo's argument, however, was probably the strongest single factor in bringing the attention of the bar to the need for a ministry of justice.

At an even earlier date, Dean Pound, in addressing the Conference of Bar Association Delegates,[58] stated the need for "a ministry of justice, charged with the responsibility of making the legal system an effective instrument of justice."[59]

These eminent jurists, together with one or two others, have been directly responsible for the development in America, of the ministry of justice idea, which has finally achieved fulfillment in the creation of the Law Revision Commission of New York.[60] There is small doubt that this body will have as great a success as the Judicial Councils have had. Some idea of the opportunities open to the new Commission may be gathered from a consideration of the activities of the American Law Institute, which has been working along substantially the same lines to be followed by the Commission, although in a private, non-governmental capacity. The Institute has from time to time published restatements of the law[61] bringing the common law up to date and seeking to harmonize it with modern conditions.

The work of the Law Revision Commission will be similar in substance to these restatements, except that presumably no attempt will be made to codify those parts of the common law which are found to be satisfactory. According to the language of the statute,[62] the Commission will confine itself to correction of the law. Its recommendations will take the form of proposals of bills to the legislature.[63] These bills, as the product of the best legal talent

55. 35 HARV. L. REV. 113 (1921).

56. *Ibid.*: "On the one side, the judges, left to fight against anachronism and injustice by the methods of judge-made law, are distracted by the conflicting promptings of justice and logic, of consistency and mercy, and the output of their labors bears the tokens of the strain. On the other side the legislature, informed only casually and intermittently of the problems of the courts, without expert or responsible or disinterested or systematic advice as to the workings of one rule or another, patches the fabric here and there and mars often when it would mend. Legislature and courts move on in proud and silent isolation. Some agency must be found to mediate between them."

57. *Supra* note 11, at 114.

58. Pound, *loc. cit. supra* note 20.

59. *Id.* at 145.

60. N. Y. LEGISLATIVE LAW (1934) §§ 70-72.

61. *E.g.*, RESTATEMENT, AGENCY (1933); RESTATEMENT, CONTRACTS (1932); RESTATEMENT, TORTS (1934).

62. N. Y. LEGISLATIVE LAW (1934) § 72(3): "To recommend from time to time such changes in the law as it deems necessary to eliminate antiquated and inequitable rules of law, and to bring the law of the state, civil and criminal, into harmony with modern conditions."

63. N. Y. LEGISLATIVE LAW (1934) § 72 (5): " . . . and if it deems advisable, to accompany its report with proposed bills to carry out any of its recommendations."

of the state, will come before the legislature with the highest recommendation, and it is to be expected that they will be considered without delay.

Judge, lawyer and layman may with reason welcome the entry of the Judicial Council and the Law Revision Commission, long-needed additions to the judicial branch of government. Divorced from the haste necessarily present in the bustle of legislative activities, the Council and Commission may reach their conclusions and formulate their proposals after an orderly analysis and full consideration of the stated problems. Since the membership of both bodies is drawn from the foremost ranks of bench and bar the output of the Council and Commission should be of similar high quality. Provided with ample funds to investigate thoroughly the shortcomings of substantive, as well as procedural law, there seems to be warrant for the prediction that the forthcoming results of this new movement will be of material benefit to the judge and lawyer: to the judge, in providing him with a system for the better administration of the law, and to the lawyer, in giving him a body of law suited to modern conditions and responsive to the changes in the social order of the time and place. Finally, to the layman, the individual most directly affected by the "anachronisms" of the law, are promised the constant revision and reconsideration of " law in action" to the end that justice may be a fact and not a mere figure of speech.

THE UNIFORM TRUST RECEIPTS ACT.—By Chapter 574 of the laws of 1934, the legislature of the state of New York adopted the Uniform Trust Receipts Act, as finally approved by the Conference of the Commissioners on Uniform State Laws.[1] New York is the first state to adopt the Act which is calculated to make certain a field of law formerly filled with uncertainty, insecurity and inconsistency.[2] To understand properly the scope of the important provisions of the new Act, it is necessary to review briefly the state of the common law on the subject.

The Trust Receipt at Common Law

The use of the trust receipt first became prominent in the financing of imports when the buyer bank issued a letter of credit and accepted a draft drawn by the seller upon presentation of a bill of lading made to the order of the bank or indorsed to the bank or in blank. The bank, before payment by the buyer, gave him the bill of lading or the goods in order to permit him to warehouse, sell or process the latter, and took from him a trust receipt by the terms of which title to the goods remained in the bank. The device could be used

1. N. Y. PERS. PROP. LAW (1934) §§ 50-58 l (effective July 1, 1934). The Uniform Act was finally approved at the forty-third annual conference of Commissioners on Uniform State Laws, at Grand Rapids, Michigan, August 22-28, 1933. The Act as finally approved was the seventh tentative draft. See Report of Committee on Uniform Trust Receipts Act, 16 Acceptance Bull., No. 8, p. 1. The Uniform Act will be cited hereinafter as U. T. R. A.

2. See Frederick, *The Trust Receipt as Security* (1922) 22 COL. L. REV. 395; *id.* 546; Vold, *Trust Receipt Security in Financing of Sales* (1930) 15 CORN. L. Q. 543.

similarly in domestic transactions. Sometimes the bank would discount the seller's draft on the buyer and before payment release the goods or bills of lading against a trust receipt.[3]

In the above transactions, it is to be noted that the buyer of the goods did not acquire title thereto until he repaid the banker's advance. The courts have recognized the existence in the banker of a security title and have protected that title against the rights of the creditors of the buyer and his trustee in bankruptcy. This protection has been afforded the banker without recording, despite the strong resemblance of the transaction to either a conditional sale or a chattel mortgage.[4] Purchasers, pledgees and mortgagees of a negotiable document of title against which a trust receipt has been issued have, of course, been protected.[5] Purchasers, pledgees and mortgagees of the goods themselves have been protected if the state in which the transaction takes place has a Factor's Act, and the original buyer entrusted has a power of sale.[6] When, however, there is no power of sale, the vendee of goods so entrusted has not been given the cloak of protection.[7] Where it is to be implied from the circumstances of the transaction that the party entrusted with the goods or negotiable documents might get the goods and re-warehouse them, a purchaser, mortgagee or pledgee of the negotiable document obtained on the re-warehousing has been held to be protected despite the fact that (in the absence of a Factor's Act and an authority to sell) he would have gotten no rights by a sale, mortgage or pledge of the goods themselves.[8]

In one jurisdiction the trust receipt transaction has been held to be a conditional sale, but protection was given the banker therein for there was no law requiring recordation of conditional sales.[9] Another case has regarded it as a chattel mortgage.[10] In another jurisdiction the recording act has been construed to include in its wording, the ordinary trust receipt transaction.[11]

The purpose of the courts in upholding the banker's security title despite the lack of recording is obviously based upon the necessity for security in such financing operations, and the impractibility of requiring burdensome and ex-

3. This was done in Farmers & Mechanics' Bank v. Logan, 74 N. Y. 568 (1878).

4. *In re* E. Reboulin Fils, 165 Fed. 245 (D. N. J. 1908); *In re* Cattus, 183 Fed. 252 (C. C. A. 2d, 1910); Century Throwing Co. v. Muller, 197 Fed. 252 (C. C. A. 3d, 1912); Barry v. Boninger, 40 Md. 59 (1877); Brown Bros. v. Billington, 163 Pa. 76, 29 Atl. 904 (1894); Mershon v. Moors, 76 Wis. 502, 45 N. W. 95 (1890).

5. UNIFORM BILLS OF LADING ACT §§ 31, 32; UNIFORM WAREHOUSE RECEIPTS ACT §§ 40, 41; N. Y. PERS. PROP. LAW (1911) §§ 217, 218; N. Y. GEN. BUS. LAW (1909) §§ 124, 125.

6. Blydenstein v. N. Y. Sec. & Trust Co., 67 Fed. 469 (C. C. A. 2d, 1895). See N. Y. PERS. PROP. LAW (1909) § 43; Mass. Acts 1845, c. 193; 4 Geo. IV, c. 83 (1823).

7. Moors v. Wyman, 146 Mass. 60, 15 N. E. 104 (1888); Moors v. Kidder, 106 N. Y. 32, 12 N. E. 818 (1887).

8. Commercial Nat'l Bank of New Orleans v. Canal-Louisiana Bank & Trust Co., 239 U. S. 520 (1916).

9. New Haven Wire Cases, 57 Conn. 352, 18 Atl. 266 (1888).

10. *In re* Richeimer, 221 Fed. 16 (C. C. A. 7th, 1915).

11. *In re* Bettman-Johnson Co., 250 Fed. 657 (C. C. A. 6th, 1918).

pensive recordation of transactions essentially temporary in their nature.[12] But this protection has not been extended so as to veil what is in effect a chattel mortgage with the outward indicia of a trust receipt transaction, and thus to safeguard the unrecorded security title. The courts have searched into the elements of the transaction and have refused to allow the label of a trust receipt to bestow upon a chattel mortgage the immunities of a trust receipt transaction.[13] But in attempting to apply a test to determine the essential nature of a particular transaction, the courts instead of looking toward the purpose of the transaction, have adopted an arbitrary test. When before final payment, title is not transferred to the purchaser but is retained by the banker as security, we have seen that such title is protected as against creditors and others.[14] Where however, title is acquired by the purchaser in the first instance and is later transferred to the lender by means of a trust receipt, the courts have felt constrained to consider the transaction a simple chattel mortgage, disregarding entirely the purpose of the transaction, and looking to its formal elements[15] In such a case nothing less than taking possession or recording could validate the transaction.

Where the party entrusted with the goods sells them, the bank can recover the proceeds of the sale from the buyer[16] providing he has not already paid his vendor.[17] Likewise the bank can follow the misappropriated proceeds as long as they remain identified.[18]

Changes Made by the Uniform Act

The new Act begins with a section which defines the terminology employed throughout.[19] It denominates the party entrusted with the goods, documents or instruments the "trustee,"[20] and the party who takes the trust receipt as security the "entruster."[21] It goes on to define "buyer in the ordinary course

12. See Report of Committee on Uniform Trust Receipts Act. Proposition 4.

13. In this respect the courts have proceeded in a manner similar to that adopted in their refusal to give validity to provisions of a lease of personalty, when, in fact, the transaction purporting to be a bailment or lease, is a conditional sale. Herryford v. Davis, 102 U. S. 235 (1880); Nat'l Cash Register Co. v. Paul, 213 Mich. 609, 182 N. W. 44 (1921); Contractor's Equip. Co. v. Reasner, 242 Mich. 589, 219 N. W. 713 (1928).

14. See notes 5, 6, 8, *supra*.

15. *In re* Gerstman, 157 Fed. 549 (C. C. A. 2d, 1907); *In re* Fountain, 282 Fed. 816 (C. C. A. 2d, 1922); Salinas City Bank v. Graves, 79 Cal. 192, 21 Pac. 732 (1889). But *cf.* Commercial Nat'l Bk. of New Orleans v. Canal-Louisiana Bk. & Trust Co., 239 U. S. 520 (1916); *In re* Dreuil & Co., 205 Fed. 573 (E. D. La. 1913); Fletcher v. Morey, 2 Story 555 (C. C. Mass. 1843).

16. Thayer v. Dwight, 114 U. S. 254 (1870); Dows v. Kidder, 84 N. Y. 121 (1881).

17. Brown Bros. & Co. v. William Clark Co., 22 R. I. 36, 46 Atl. 239 (1900).

18. First Nat'l Bk. of Auburn v. Eastern Tr. & Banking Co., 108 Me. 79, 79 Atl. 4 (1911) (sale by chattel mortgagor).

19. U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51.

20. *Id.* § 1; N. Y. PERS. PROP. LAW (1934) § 51(14). The definition expressly states that the word trustee is not used in the sense of the term in equity jurisdiction for of course he has no title to the matter entrusted.

21. U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51(3).

of trade," "documents," "goods," "instruments,"[22] "lien creditor," "new value," "person," "possession," "purchase," "purchaser," "security interest," "transferee in bulk," and "value." These terms will be used throughout the remainder of this note.

The draftsmen of the Act, with the realization that the trust receipt, as a form of security, was accorded privileges which the chattel mortgage never enjoyed, properly assumed that the preferences shown were a result, not of any substantial difference between the two instruments, but of the factors surrounding the nature of the transactions in which the trust receipt was used. In constructing the Act, therefore, they took pains to prevent the use of the trust receipt for any other than specified and limited financing purposes. To warrant the application of the Act, the agreed purpose of the trustee's possession must be, in the case of goods and documents of title, to sell, exchange, manufacture or process with a view to ultimate sale,[23] and in the case of instruments,[24] to sell, exchange, deliver to a principal under whom the trustee is holding them, consummate a transaction involving delivery to a depositary or registrar, present, collect or renew.[25] Furthermore, it is provided that the Act shall not apply to isolated transactions not constituting a course of business, where the entruster is an individual natural person, and the trustee is a fiduciary handling the investments and finances of the entruster;[26] nor shall it apply to transactions of bailment or consignment where the bailor's or consignor's title is not retained as security for a debt of the bailee or consignee.[27] The trust receipt, to be valid as against purchasers from and creditors of the trustee, must be given to secure an obligation for which the subject matter of the trust receipt was formerly security, or for new value given or agreed to be given by the entruster, and a trust receipt given to secure a past indebtedness or a future obligation will not be given validity as to creditors or purchasers.[28] The obvious reason for the above limitations is to prevent the possibility of validating similar transactions of chattel mortgage and conditional sale when unrecorded, under the label of a trust receipt. In this respect the draftsmen have seized upon the essential nature of a trust receipt transaction and the true reason for its immunity from the recording acts, *i.e.*, the impracticability of requiring recording in situations the purpose of which is essentially a short term financing, prior to ultimate turnover and during processing.

Section 3 of the Uniform Trust Receipts Act[29] authorizes, in certain cases which are not trust receipt transactions, the pledge of chattels unaccompanied

22. It is to be noted that negotiable instruments, stock certificates, bonds, interim certificates, certificates of deposit and other instruments of credit included in this definition, may be the subject of a trust receipt transaction. See U. T. R. A. § 2(1); N. Y. PERS. PROP. LAW (1934) § 52(1).

23. *Id.* § 2(3)(a)(b); N. Y. PERS. PROP. LAW (1934) § 52(3)(a)(b).

24. See note 22, *supra.*

25. U. T. R. A. § 2(3)(a)(c); N. Y. PERS. PROP. LAW (1934) § 52(3)(a)(c).

26. *Id.* § 15; N. Y. PERS. PROP. LAW (1934) § 58g.

27. *Ibid.*

28. *Id.* § 14; N. Y. PERS. PROP. LAW (1934) § 58f.

29. N. Y. PERS. PROP. LAW (1934) § 53.

by possession in the pledgee. It gives such pledges validity against creditors to the extent to which new value is given by the pledgee, for ten days from the time new value is given.[30] If no new value is given, or after the lapse of ten days after new value given, the pledge is valid against lien creditors without notice only as of the time the pledgee takes possession, without relation back.[31] Purchasers[32] and entrusters of such pledged property, without notice take free of the pledgee's equities unless he has taken possession prior to the purchase.[33] Similar immunity from creditor's rights is given to a pledgee or lienor in possession, who relinquishes his possession for a temporary or limited purpose.[34] The foregoing provisions, it will be seen, make broader and more definite the inroads on the common law doctrine that loss of possession defeats the rights of the lienor or pledgee.[35]

A contract to give a trust receipt, if signed by the trustee, operates with reference to goods, documents and instruments delivered to the trustee under it, as a trust receipt, and is specifically enforcible.[36]

Section 2 of the Uniform Act which essays to define a trust receipt transaction is in some respects complicated and is likely to provide difficulties of interpretation.[37] By subsection 1, subdivision (a) the transaction may be one in which the entruster delivers to the trustee goods, documents or instruments in which, prior to the transaction, the former had a security interest. This is the ordinary transaction in which the trustee does not acquire title in the first instance.[38] Further, the transaction may be one in which a third party delivers the goods, documents or instruments to the trustee in which the entruster, for new value, by the transaction acquires, or is to acquire promptly, a security interest. The net result of this subsection would seem to be a reiteration of the common law doctrine giving validity to those cases in which the trustee has no original title[39] (tripartite transactions), and a limited relaxation of the strict and formal rule requiring that the trustee have no title before the transaction[40] (bipartite transactions). This relaxation in the light of sub-

30. *Id.* § 3(1)(a); N. Y. PERS. PROP. LAW (1934) § 53(1)(a). For a definition of "new value" see U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51(7).

31. U. T. R. A. § 3(1)(b); N. Y. PERS. PROP. LAW (1934) § 53(1)(b).

32. "A pledgee, mortgagee, or other claimant of a security interest created by contract is, in so far as concerns his specific security, a purchaser and not a creditor." U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51(11).

33. U. T. R. A. § 3(2); N. Y. PERS. PROP. LAW (1934) § 53(2).

34. *Id.* § 3(3); N. Y. PERS. PROP. LAW (1934) § 53(3).

35. Huntington v. Clemence, 103 Mass. 482 (1870); Moors v. Reading, 167 Mass. 322, 45 N. E. 760 (1897); Black v. Bogert, 65 N. Y. 601 (1875); Johanns v. Ficke, 224 N. Y. 515, 121 N. E. 358 (1918). But *cf. In re* Carter, 21 Fed. (2d) 587 (W. D. N. Y. 1927); N. Y. LIEN LAW (1909) § 184.

36. U. T. R. A. § 4; N. Y. PERS. PROP. LAW (1934) § 54.

37. For differences in viewpoint of the matter to be discussed see 16 Acceptance Bull No. 8, pp. 4, 5; Legis. (1933) 82 U. of Pa. L. Rev. 271, 273; Legis. (1934) 4 Brooklyn L. Rev. 100, 101, n. 12.

38. See note 4, *supra.*

39. *Ibid.*

40. See note 15, *supra.*

division (a) would seem only to extend to bipartite cases wherein both trustee and entruster receive their interests by the same transaction, or where the entruster receives his interest as a prompt result of said transaction. Thus, even though the entruster does not get title first, if his title is a result of the transaction in which the trustee secures his interest, it is valid as a security interest under the act. The subdivision, read alone, would seem to leave untouched the rule of invalidity applicable to cases wherein a trustee having title gives a trust receipt as security for an advance.[41] But by subdivision (b) of subsection 1, such bipartite transactions are given validity if the subject matter of the transaction is intruments[42] actually exhibited to the entruster or his agent, for which he gives new value and takes a trust receipt. To sum up at this point, Section 2 (1) gives validity to: (1) tripartite transactions; (2) bipartite transactions where both trustee and entruster derive their interests as a result of the same transaction; (3) bipartite transactions where instruments are the subject matter of the transaction, whether or not the entruster receives his title as a result of the transaction in which the trustee acquires his interest, providing the transaction is for one of the purposes outlined in Section 2(3). The above classification would seem sensible. It departs from the formalism which rejected all bipartite transactions, and yet guards carefully against the use of the trust receipt as a chattel mortgage. But we have seen other safeguards against the latter danger[43] which in themselves might be sufficient. And furthermore, Section 2(1), in its main (as distinguished from its subdivisional) text, boldly states: "The security interest of the entruster may be derived *from the trustee* or from any other person, and by pledge or by transfer of title or otherwise."[44] Does this destroy the limitations on bipartite transactions set up by Section 2(1)(a) in reference to goods and documents, and allow validity to any bipartite transaction for new value providing its purpose is one set out in Section 2(3), and whether or not the entruster's title is acquired in or results from the transaction which gives rise to the trustee's interest? It is submitted that the broad statement above quoted is limited by the more particular requirements of subdivision (a) yet its presence in the Act is likely to prove the cause of considerable confusion and conflicting interpretations.[45]

Rights of Parties Under the Act

Assuming that a trust receipt transaction has been consummated in one of the ways authorized by Section 2, what are the rights of the parties to it, their privies, creditors, purchasers and incumbrancers? As between the trustee and the entruster the terms of the trust receipt are valid and enforcible.[46]

41. *Ibid.*

42. See definition in U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51(5). See note 22, *supra.*

43. See notes 24, 25, 26, 27, *supra.*

44. Italics not in original.

45. As already noted, commentators have differed in their interpretation of § 2. See note 37, *supra.*

46. U. T. R. A. § 5; N. Y. PERS. PROP. LAW (1934) § 55.

As against all creditors, the entruster's interest is valid for a period of thirty days after delivery of the subject of the transaction to the trustee, or if the transaction be bipartite and involve instruments, for a period of thirty days from the time that the instruments are exhibited to the entruster or the entruster gives new value, whichever is first in point of time.[47] After the thirty-day period recording is required for validity against lien creditors.[48] Among lien creditors is included one who secures process and levies within a reasonable time thereafter, and he is deemed a lien creditor from the date of issuance of said process.[49] Assignees for the benefit of creditors,[50] equity receivers, trustees in bankruptcy or insolvency, are considered lien creditors, respectively from the time of assignment, appointment, and the filing of the petition, whether or not they have personal knowledge of the transaction.[51] If filing in accordance with the Act takes place the entruster's interest is valid against creditors,[52] and if filing takes place after thirty days, the entruster's interest is valid as of the time of filing, without relation back.[53] The taking of possession has the same effect as filing, in the case of goods and documents, and of notice of the entruster's interest, in the case of instruments.[54]

The filing required by the Act to give validity to the entruster's interest after a thirty-day period is simple and answers adequately the needs of the banker. It consists of filing with the Secretary of State[55] a statement signed by the entruster and trustee showing the place of business of each, and stating that they are engaged in trust receipt transactions in a specified type of goods.[56] The filing fee is one dollar,[57] and presentation for filing plus the payment of the fee, constitute filing under the Act as to documents or goods[58] (falling within the description in the statement filed) which are the subject of trust receipt transactions within a year from the date of filing and have been the subject of such transactions within thirty days previous to the filing, between the parties to the statement.[59] At the end of the year, or before, filing may be extended for another year by a similar statement or the affidavit

47. *Id.* § 8(1); N. Y. PERS. PROP. LAW (1934) § 58(1).

48. *Id.* § 8(2); N. Y. PERS. PROP. LAW (1934) § 58(2).

49. *Id.* § 8(3); N. Y. PERS. PROP. LAW (1934) § 58(3).

50. See Nat'l Bank of Deposit v. Rogers, 166 N. Y. 380, 59 N. E. 922 (1901) (assignee for benefit of creditors is not a lien creditor as is a trustee in bankruptcy, and a trust receipt although unrecorded and originating in a bipartite transaction is valid against him).

51. U. T. R. A. § 8(3)(b); N. Y. PERS. PROP. LAW (1934) § 58(3)(b).

52. *Id.* § 7(1)(a); N. Y. PERS. PROP. LAW (1934) § 57(1)(a).

53. *Id.* § 7(1)(b); N. Y. PERS. PROP. LAW (1934) § 57(1)(b).

54. *Id.* § 7(2); N. Y. PERS. PROP. LAW (1934) § 57(2). The filing requirements do not contemplate transactions the subject matter of which consists of instruments. See note 58, *infra*.

55. U. T. R. A. § 13(1); N. Y. PERS. PROP. LAW (1934) § 58e(1) provides for filing with the Department of State.

56. U. T. R. A. § 13(1); N. Y. PERS. PROP. LAW (1934) § 58e(1).

57. *Id.* § 13(3); N. Y. PERS. PROP. LAW (1934) § 58e(3).

58. Filing does not apply to transactions involving instruments. It was evidently the intention to give such transactions a period of validity not in excess of thirty days.

59. U. T. R. A. § 13(4); N. Y. PERS. PROP. LAW (1934) § 58e(4).

of the entruster alone.[60] If a transaction is recorded as a chattel mortgage, or under any act within whose provisions it may come, it need not be filed as a trust receipt transaction, but such other filing will have no greater effect than would filing as a trust receipt transaction.[61]

It will be seen, therefore, that the Act takes cognizance of the temporary character of trust receipt financing and limits the period of validity, without recording, to thirty days. In the event that more time is needed an economical system of filing is provided, designed to satisfy the needs of bankers, and making unnecessary a separate filing for each transaction.

Purchasers for value,[62] without notice, of negotiable instruments or documents subject to trust receipts, are protected against the entruster's interest regardless of filing.[63] In the case of goods, if the trustee has liberty of sale,[64] and liberty of sale includes consent of the entruster to the display of the goods in the trustee's salesroom or placing them in the trustee's stock in trade,[65] a buyer in the ordinary course of trade,[66] regardless of filing takes free of the entruster's interest.[67] The entruster on such a sale is not liable as a principal or vendor.[68]

Purchasers other than those in the ordinary course of trade,[69] take subject to the entruster's interest,[70] except a mortgagee or pledgee who in good faith and without notice of the entruster's interest and before filing gives new value before the expiration of the thirty days,[71] or gives value after that time,[72] or obtains possession of the goods from the trustee before filing, in which cases the subject matter of the pledge or mortgage is held free of the entruster's interest. A transferee in bulk,[73] however, in order to take free of the entruster's interest, must give new value after the expiration of the thirty-day period, and have dealt in good faith without notice.[74] Lienors whose specific liens arise out of the acts of the trustee respecting his business dealings with the goods in the usual course of business, take an interest prior to that of

60. *Id.* § 13(5); N. Y. PERS. PROP. LAW (1934) § 58e(5).

61. *Id.* § 16; N. Y. PERS. PROP. LAW (1934) § 58h. Thus, if filed as a chattel mortgage, it would seem that purchasers in the ordinary course of trade for value, would nevertheless be protected, although they are not protected as against the mortgagee who records his mortgage.

62. This includes purchasers on credit. U. T. R. A. § 9(3); N. Y. PERS. PROP. LAW (1934) § 58a(3).

63. U. T. R. A. § 9(1)(a); N. Y. PERS. PROP. LAW (1934) § 58a(1)(a).

64. *Cf.* N. Y. PERS. PROP. LAW (1909) § 43 (Factor's Act) and note 6, *supra.*

65. U. T. R. A. § 9(2)(c); N. Y. PERS. PROP. LAW (1934) § 58a(2)(c).

66. See definition U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51(1).

67. *Id.* § 9(2)(a)(i); N. Y. PERS. PROP. LAW (1934) § 58a(2)(a)(i).

68. *Id.* § 12; N. Y. PERS. PROP. LAW (1934) § 58d.

69. This includes mortgagees, pledgees and other purchasers. U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51(11).

70. U. T. R. A. § 9 (2)(b); N. Y. PERS. PROP. LAW (1934) § 58a(2)(b).

71. *Id.* § 9(2)(b)(i); N. Y. PERS. PROP. LAW (1934) § 58a(2)(b)(i).

72. *Id.* § 9(2)(b)(ii); N. Y. PERS. PROP. LAW (1934) § 58a(2)(b)(ii).

73. See definition U. T. R. A. § 1; N. Y. PERS. PROP. LAW (1934) § 51(13).

74. U. T. R. A. § 9(2)(b); N. Y. PERS. PROP. LAW (1934) § 58a (2)(b).

the entruster, regardless of filing.[75] The Act provides that documents, instruments or goods substituted for documents, instruments or goods originally entrusted are to be treated as if they were originally entrusted.[76] In short it adopts unequivocally the doctrine of *Commercial Bank v. Canal Bank*,[77] and goes further in not requiring that the permission to re-warehouse or to obtain documents or instruments in substitution, be implied from the circumstances of the original transaction.

The entruster is subrogated to the rights of the trustee against a purchaser on credit,[78] but being a mere substitute, his right is subject to any set-off or defense, valid against the trustee.[79] Where the trustee has no liberty of sale or other disposition, or having liberty of sale, is required by the terms of the trust receipt to account to the entruster for the proceeds of any disposition of the subject matter of the trust receipt, the entruster is entitled, as against the trustee, to the proceeds of the disposition, whether identifiable or not, to the extent of his interest.[80] As against the trustee's creditors or trustee in bankruptcy, the entruster is entitled to any proceeds, whether or not identifiable, which were received by the trustee within ten days prior to either an application for the appointment of a receiver of the trustee, or the filing of a petition in bankruptcy or insolvency by or against the trustee, or a demand by the entruster for an accounting, providing the entruster's interest was valid as against the creditors or trustee in bankruptcy at the time of the disposition.[81] In any event, the entruster is entitled to identifiable proceeds unless he has waived the provision for an accounting.[82] Failure to demand an accounting within ten days from the time the entruster receives knowledge of the disposition operates as a waiver.[83]

Entruster's Remedies

The Act sets up a simple and inexpensive system of foreclosure.[84] Upon default the entruster is entitled to possession of the subject matter of the transaction,[85] and he may take possession upon default without process, unless, in order to do so, he must commit a breach of the peace.[86] After such possession he may give five days notice of sale,[87] and sell the goods, documents or instru-

75. *Id.* § 11; N. Y. PERS. PROP. LAW (1934) § 58c (does not include landlord's lien). *Cf.* N. Y. LIEN LAW (1909) § 184.

76. U. T. R. A. § 9 (1)(b); N. Y. PERS. PROP. LAW (1934) § 58a (1)(b).

77. 239 U. S. 520 (1916).

78. U. T. R. A. § 9 (3); N. Y. PERS. PROP. LAW (1934) § 58a(3).

79. *Ibid.*

80. *Id.* § 10; N. Y. PERS. PROP. LAW (1934) § 58b.

81. *Ibid.*

82. *Ibid.*

83. *Ibid.*

84. *Id.* § 6; N. Y. PERS. PROP. LAW (1934) § 56.

85. *Id.* § 6 (1); N. Y. PERS. PROP. LAW (1934) § 56(1).

86. *Id.* § 6(2); N. Y. PERS. PROP. LAW (1934) § 56(2).

87. Notice is sufficient if in writing and served upon the trustee or sent by mail to his last known business address. See U. T. R. A. § 6(3)(b); N. Y. PERS. PROP. LAW (1934) § 56(3)(b).

ments at private or public sale with the privilege of himself purchasing, if the sale be public.[88] The proceeds of such sale are applied to the payment of (1) sale expenses, (2) expenses of retaking and storing and (3) satisfaction of the indebtedness.[89] The trustee is entitled to any surplus monies and is likewise liable for any deficiency.[90] A *bona fide* purchaser for value at such foreclosure sale takes free of the trustee's interest even though the entruster, because of irregularities of procedure or other reason, is liable to the trustee for conversion.[91]

No provision for forfeiture of the trustee's interest is valid,[92] except where the subject matter of the transaction consists of articles manufactured by style or model, and then the trust receipt may provide for forfeiture of the trustee's interest against complete cancellation of the trustee's indebtedness if the remaining indebtedness is eighty per cent or more of the purchase price or the original indebtedness, whichever is more.[93] In the case of the first renewal of the indebtedness only seventy per cent need be cancelled, and in further renewals only sixty per cent.[94]

Conclusion

The Act as a whole, so far as its construction is concerned, is somewhat complicated. That is to say, structural and formal details make quick and easy analysis difficult. But this is a fault of all compendious codifications. The constant reference within provisions of the Act to other sections of the Act does nothing more harmful than make the analyst refer to and re-digest the other sections.

As to substance, the Act effects, in most part, its purpose to make definite many situations heretofore conjectural. It, furthermore, makes the law eminently more just for all parties concerned in trust receipt transactions. To the entruster or banker, it gives protection in certain transactions where title happens first to get to the trustee;[95] it gives him a thirty-day period of protection without filing,[96] and after that period provides convenient, inexpensive and workable filing procedure;[97] it subrogates him to the trustee's rights against a purchaser;[98] allows him to follow identifiable proceeds;[99] gives him a preference for proceeds received by the trustee within ten days before the

88. U. T. R. A. § 6(3) (b); N. Y. PERS. PROP. LAW (1934) § 56(3) (b).
89. *Ibid.*
90. *Ibid.*
91. *Id.* § 6(3)(c); N. Y. PERS. PROP. LAW (1934) § 56(3)(c).
92. *Id.* § 5; N. Y. PERS. PROP. LAW (1934) § 55.
93. *Id.* § 6(5); N. Y. PERS. PROP. LAW (1934) § 56(5).
94. *Ibid.*
95. *Id.* § 2(1)(a)(b); N. Y. PERS. PROP. LAW (1934) § 52(1)(a)(b).
96. *Id.* § 8(1); N. Y. PERS. PROP. LAW (1934) § 58(1).
97. *Id.* § 13; N. Y. PERS. PROP. LAW (1934) § 58e.
98. *Id.* § 9(3); N. Y. PERS. PROP. LAW (1934) § 58a(3).
99. *Id.* § 10(c); N. Y. PERS. PROP. LAW (1934) § 58b(c).

filing of a petition in bankruptcy,[100] and provides inexpensive and workable procedure for foreclosure.[101]

As respects the trustee, the Act allows him to finance his operations inexpensively and quickly and without impairment of his credit standing, allows certain transactions to be consummated which at common law would require filing as chattel mortgages,[102] and protects him against forfeiture of his equity of redemption.[103]

It protects purchasers of documents and instruments entrusted and those procured in substitution therefor,[104] and, if there be liberty of sale, it protects purchasers of goods.[105] This protection is available whether the trust receipt be filed as such,[106] or under any other filing statute.[107] It subordinates the entruster's rights to those of lienors in the course of business.[108]

Creditors of the trustee are protected by a filing requirement after thirty days from the day of entrusting and this provides an easy method of checking up on the trustee's credit status.[109] At the same time the filed statement reveals nothing of the details of the trustee's transactions but merely apprises the prospective buyer or creditor of the existence of such transactions. Filing or taking possession after the thirty-day period does not defeat creditor's rights by relation back.[110] The rights of the entruster against creditors are limited to the new value given by him or to his previous interest in the subject matter of the trust receipt.[111] A creditor is deemed a lien creditor from the date of process issued providing it is thereafter served,[112] and likewise deemed are the general creditor's representatives in insolvency proceedings.[113]

The Act is a necessary adjunct to The Uniform Sales Act, The Uniform Conditional Sales Act, The Uniform Negotiable Instruments Act, The Uniform Bills of Lading Act and The Uniform Warehouse Receipts Act. Its speedy adoption in all jurisdictions would be another step toward uniformity and certainty in commercial law, a step which, in view of the interstate nature of our domestic commerce and the frequent occurrence of trust receipt questions in federal bankruptcy litigation, is highly desirable.

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100. *Id.* § 10(b); N. Y. PERS. PROP. LAW (1934) § 58b(b).
101. *Id.* § 6; N. Y. PERS. PROP. LAW (1934) § 56.
102. *Id.* § 2(1)(a); N. Y. PERS. PROP. LAW (1934) § 52(1)(a).
103. *Id.* § 5; N. Y. PERS. PROP. LAW (1934) § 55.
104. *Id.* § 9(1)(a)(b); N. Y. PERS. PROP. LAW (1934) § 58a(1)(a)(b).
105. *Id.* § 9(2)(a); N. Y. PERS. PROP. LAW (1934) § 58a(2)(a).
106. *Id.* § 9(2)(a)(i); N. Y. PERS. PROP. LAW (1934) § 58a(2)(a)(i).
107. *Id.* § 16; N. Y. PERS. PROP. LAW (1934) § 58h.
108. *Id.* § 11; N. Y. PERS. PROP. LAW (1934) § 58c.
109. *Id.* §§ 8, 13; N. Y. PERS. PROP. LAW (1934) §§ 58, 58e.
110. *Id.* § 7; N. Y. PERS. PROP. LAW (1934) § 57.
111. *Id.* § 14; N. Y. PERS. PROP. LAW (1934) § 58f.
112. *Id.* § 8(3)(a); N. Y. PERS. PROP. LAW (1934) § 58(3)(a).
113. *Id.* § 8(3)(b); N. Y. PERS. PROP. LAW (1934) § 58(3)(b).