I. Overview


COMPREHENSIVE COMMERCIAL LAW 2013 STATUTORY SUPPLEMENT by Ronald J. Mann, Elizabeth Warren and Jay Lawrence Westbrook or equivalent supplement.

Objectives and Goals of the Course:

This course is aimed at a broad audience including:

- students interested in working as solo practitioners or legal services lawyers who may advise individual consumer clients;
- students who may engage in banking, finance and corporate law;
- students who may work for Internet companies;
- students interested in learning more about how to work with the Uniform Commercial Code and
- International students who want to learn about payment systems in a comparative perspective.

This course also gives students an overview of the commercial paper materials typically tested on state bar examinations.

Whether you realize it or not, you are already intimately familiar with the highly technical world of payment systems. You write checks. You use a credit card. You have probably transferred funds electronically. You pay your bills online. You withdraw cash funds from automated teller machines (ATMs) and make payments at supermarkets through point of sale (POS) terminals. You may have even had a paycheck directly deposited into your bank account.

In most instances, problems do not arise. Yet, when problems do arise, either for consumers or businesses, the law of payment systems becomes relevant. This course is meant to introduce students to various types of payment instruments or mechanisms and also payment systems (i.e., various means of payment that have separate or distinct legal, regulatory or contractual rules). Some of the major themes we will explore in this class include:

- The process of negotiation and collecting (i.e., paying and getting paid)
- Loss allocation (who pays when there is a problem)
• Consumer protection (how do consumers differ from commercial parties)
• Balancing goals such as reliability (of a payment system), efficiency, and social equity
• Emerging payment systems using new technology and the Internet

The goals of the course include:

• Familiarizing students with the relevant laws and regulations governing payments systems including Articles 3 and 4 of the Uniform Commercial Code (UCC), Federal Reserve Regulations, etc.
• Teaching students how to read, understand and work with the UCC and other types of code (also useful for understanding administrative law and regulations
• Understanding the relationship between the UCC and common law precedent
• Reviewing the role of the Federal Reserve as a regulator and participant in payment systems
• Gaining practical understanding of the types of transactions and cases that lawyers handle in the payment systems area
• Learning about emerging payment systems including Internet-based systems
• Improving problem solving and analytic skills

II. Grading

Class Participation (Problem Sets): 10%. Students will be asked to prepare the answers to two problems sets during the course of the quarter and to serve as experts for two days. Please submit your written answers to Professor Ramasastry no later than 10 a.m. the day for which you are an expert. You will need to sign up as an expert no later than Friday, January 10, at 5 p.m. Each problem set is worth 5 points (or five percent) of your grade. Failure to turn in your written answers or to participate actively as an expert may result in a loss of up to 5 points per assignment. Class participation is worth 10% of your final grade.

Final Exam: 90%. The final exam will consist of five short-answer problems worth 90% of your final grade. You will receive practice exam questions and a practice exam to assist you in preparing for the exam.

III. Disability-Related Needs

To request academic accommodations due to a disability, please contact Disability Resources for Students (DRS), 448 Schmitz, (206) 543-8924 (V), (206) 543-8925 (TTY). If you have a letter from DRS, please present the letter to Professor Ramasastry so you and he can discuss the accommodations you might need in this class.

IV. Assignments (all references are to the Mann casebook)

Checking Accounts as the Paradigm Payment System & Systems for Enhancing Liquidity: Negotiability

Wednesday January 8

Assignment 1 The Basic Checking Relationship and the Bank’s Right to Pay Checks and Problem Set 1
Wednesday January 15 – rescheduled to Monday afternoon January 20

Assignment 22: Negotiable Instruments and Problem Set 22

Begin Assignment 23: Transfer and Enforcement of Negotiable Instruments and Problem Set 23

Wednesday January 22 and January 29

Continue Discussion Problem Set 23 and Assignment 24: Holders in Due Course and Problem Set 24

Wednesday February 5

Assignment 3: Risk of Loss in the Checking System – The Basic Framework and Problem Set 3

Wednesday February 12

Assignment 4: Risk of Loss in the Checking System – Special Rules and Problem Set 4

Wednesday February 19

Assignment 5: Forward Collection and Returned Payments and Problem Set 5

Wednesday February 26

Assignment 7: The Credit Card System and Problem Set 7

Assignment 8: Error and Fraud in Credit Card Transactions and Problem Set 8

Wednesday March 5

Continue Assignment 8 as needed

Assignment 9: Debit Cards and Problem Set 9