

PROBLEMS: Investment Property

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1. A security interest in a certificated security may be perfected without filing a financing statement or taking possession of the certificate that evidences the security.

TRUE

FALSE

2. A security interest in a certificated security in registered form may be perfected by possession of the certificate that evidences the security only if it is accompanied by an effective indorsement (but no indorsement is needed in the case of a certificated security in bearer form).

TRUE

FALSE

3. An interest in a partnership or in a limited liability company that is evidenced by a certificate must be investment property within the meaning of Revised Article 9.

TRUE

FALSE

4. An interest in a corporation or in a business trust that is evidenced by a certificate must be investment property within the meaning of Revised Article 9.

TRUE

FALSE

5. A financing statement filed to perfect an interest in investment property of a debtor sufficiently describes the collateral if it simply states that it covers all personal property of the debtor.

TRUE

FALSE

6. The law of the jurisdiction where an issuer of a certificated security is organized governs the perfection of a security interest in the certificated securities issued by that issuer by possession.

TRUE

FALSE

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7. A person obtains control over a certificated security in registered form by obtaining possession of the certificate evidencing the security.

TRUE

FALSE

8. If a person obtains control over a certificated security, then that person will have the status of a protected purchaser and will take the security free of adverse claims.

TRUE

FALSE

9. Article 8 of the Uniform Commercial Code governs the creation and perfection of a security interest in certificated securities.

TRUE

FALSE

10. Article 8 of the Uniform Commercial Code governs transfers of interests in securities and does not apply to security interests in securities.

TRUE

FALSE

11. An indorsement signed by a corporate officer at a closing remains an effective indorsement only until that corporate officer leaves the corporation, whether by resignation, death, retirement or otherwise, and then it lapses.

TRUE

FALSE

12. An effective indorsement need not appear on the security certificate itself but may appear on a separate piece of paper.

TRUE

FALSE

13. Dividends paid on a security are not proceeds from the security unless the underlying security is sold or transferred.

TRUE

FALSE

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14. A security agreement used to create a security interest in certificated securities must be in writing or other tangible or physical form if the secured party intends to rely solely on filing a financing statement to perfect its security interest.

TRUE

FALSE

15. An interest in a limited liability company is a financial asset when held through a securities account whether or not its organizational documents state that the interest is a security governed by Article 8.

TRUE

FALSE

16. Unless the secured party signs a subordination agreement as a condition to obtaining control over a securities account, the security interest of a broker in a securities account is junior to the security interest of a secured party that has control over the securities account. The broker typically will require such a subordination agreement prior to giving the secured party control over the account.

TRUE

FALSE

17. A secured party may have control over a securities account even if the debtor retains the right to give the securities intermediary instructions with respect to the account (including instructions to transfer all investment positions to another account or liquidate the positions in the account and transfer the proceeds to the debtor).

TRUE

FALSE

18. A stock power must be attached, clipped or stapled to a stock certificate for the stock power to constitute an effective indorsement to the certificate.

TRUE

FALSE

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19. A tractor or other item of farming equipment may constitute a financial asset if a securities intermediary agrees to hold the asset for a customer through a securities account that it maintains for the customer.

TRUE

FALSE

20. Any transferee of a security from a protected purchaser obtains its interest free and clear of adverse claims just as the protected purchaser acquired its interest free of adverse claims.

TRUE

FALSE