

**QUESTION 8 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK III**

Big Bobs has been in the business of selling big screen televisions for many years. In 2008, Big Bobs undertook an expansion of the business by obtaining a loan from Bounty Bank. As a condition to providing the loan, Bounty Bank insisted on a security interest against Big Bobs' inventory, including other collateral. Big Bobs and Bounty Bank agreed to the loan and a security interest with Big Bobs' inventory as collateral. Bounty Bank timely filed an appropriate financing statement on September 20, 2008 regarding its security interest in Big Bobs' inventory.

After obtaining the loan, Big Bobs expanded its inventory by purchasing big screen televisions which were delivered by the manufacturer on November 8, 2008. Joe Spartan, an avid college football fan, was interested in purchasing a big screen television for his family from Big Bobs, but was strapped for cash. Therefore, he obtained a loan from City Bank. City Bank paid the loan proceeds directly to Big Bobs on November 22, 2008 so Joe Spartan could purchase a big screen television. The television was delivered on November 26, 2008. As collateral for the loan, Joe Spartan granted City Bank a security interest in the big screen television. City Bank never filed a financing statement pertaining to its security interest.

On December 5, 2008, Joe Spartan obtained a loan from National Bank to purchase presents for the holiday season. As collateral for the loan, Joe Spartan used the big screen television purchased from Big Bobs on November 22, 2008. An appropriate security agreement was executed in connection with the loan. National Bank timely filed an appropriate financing statement on December 6, 2008 regarding its security interest in the big screen television.

Joe Spartan defaulted on the loans with City Bank and National Bank on January 22, 2009 after he lost his job at the end of December 2008.

Even though Big Bobs had high expectations regarding the sale of big screen televisions, on January 5, 2009, Big Bobs discovered it did not have enough money to pay its employees and, as a result, immediately closed its business and defaulted on its loan with Bounty Bank.

After the defaults, the various parties attempted to gain possession of the big screen television purchased by Joe Spartan

from Big Bobs.

Answer the following: What are the respective legal rights (if any) of Bounty Bank, Joe Spartan, City Bank, National Bank and Big Bobs to the big screen television? List the order of priority (from highest to lowest) to Joe Spartan's big screen television with your reasoning.

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