

**QUESTION 9 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK III**

Battery Corporation is developing a new battery for use in the growing electric automobile market. Battery searched for a talented engineer to assist in the final development of such a battery. Bill Buck applied for the position, but had little engineering ability. Bill Buck impersonated Tom Lion, an experienced engineer with extensive knowledge regarding battery technology. Bill Buck presented to Battery a fake identification that he was Tom Lion and used Tom Lion's social security number. Battery offered Bill Buck a job (believing he was Tom Lion).

Bill Buck demanded a \$50,000 hiring bonus, since he believed he would be immediately fired after Battery discovered that he was not Tom Lion and had little engineering ability. Battery agreed to pay a hiring bonus; however, it did not have adequate liquid assets to pay Bill Buck a \$50,000 hiring bonus at the time he commenced employment. Therefore, it offered to pay Bill Buck a hiring bonus on the condition that he remained employed for six months. Bill Buck agreed to this condition, although he had no intention of waiting six months to negotiate the instrument. As a result, Battery hired Bill Buck. Battery paid the hiring bonus of \$50,000 by executing an instrument in which it agreed to pay on demand \$50,000 on the order of Tom Lion. However, the condition that the hiring bonus would be paid only if Bill Buck completed six months of employment was not included on the face of the instrument.

One day after receiving the instrument from Battery, Bill Buck presented the instrument to Cashrich Company, a check cashing company. Cashrich charges a ten percent fee for its service. Bill Buck again used Tom Lion's social security number and fake identification and endorsed the instrument to Cashrich for payment. Cashrich paid Bill Buck \$45,000 in cash (\$50,000 less its ten percent service fee). Cashrich did not know that Bill Buck had represented to Battery that he would not demand payment of the \$50,000 until he had been employed by Battery for six months.

On the same day it purchased the instrument, Cashrich demanded payment of \$50,000 from Battery. Battery denied payment on the instrument on the basis that Bill Buck had not been employed by Battery for six months. Cashrich filed suit to recover the face value of the instrument, i.e., \$50,000.

**Analyze the rights of Cashrich Company to collect on the \$50,000 instrument from Battery Corporation. Explain your answer.**

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