

## QUESTION 2

John and Mary Couple jointly owned a vacation cabin in the mountains. When relations between the Couples soured, John sold the cabin to Bill Buyer without telling Mary. At closing on the property, John received a \$50,000 check from Buyer made payable to “John Couple and Mary Couple.” John signed his own name and Mary’s name on the back of the check and deposited it at his bank, Deposit Bank. Deposit Bank forwarded the check for collection to Payor Bank which paid the check. John withdrew the funds collected against the check and disappeared. He never remitted any portion of the proceeds to Mary.

### **QUESTIONS:**

1. Discuss any cause(s) of action that Mary may have against Payor Bank.
2. Discuss what Mary can expect to recover in an action against Payor Bank.
3. If Payor Bank is required to pay Mary, what rights would Payor Bank have against Deposit Bank?
4. If Deposit Bank is required to pay Payor Bank, what rights would Deposit Bank have against John? (In answering this question, focus on only UCC remedies.)