Sot, Inc., a “family” corporation the shares of stock of which are owned by Beau Sot, Meau Sot, and Seau Sot, is now (and for several years has been) in the wholesale “nutria fur” business, specifically, buys (on credit) “green” (raw) nutria pelts from trappers, treats and cleans the pelts, and then sells (on credit) the finished pelts to makers of fur coats, stoles, etc. Acting for Sot, Inc., Jean Sot, its CEO (and also father of Beau, Meau, and Sot), has applied to Cajun Bank for a “revolving line of credit” in the amount of $1,000,000. In the application form, Jean Sot listed as “assets of the applicant” the following:

1. a tract of land located on the boundary between Vermillion and Jeff Davis Parishes;
2. a factory (a building) on that land;
3. stocks of green nutria pelts;
4. stocks of raw nutria pelts;
5. a forklift used in and around the factory;
6. a new air conditioning system for the factory, which, though it has been delivered to the factory site, has not yet been “hooked up”;
7. a “company truck” (owned by and titled in the name of Sot, Inc.) used by “the boys” (Beau, Meau + / - Seau) to pick up green nutria pelts and deliver finished nutria pelts;
8. a checking account at Cajun Bank.

You are an associate at the (Lafayette) law firm of Boudreaux and Thibodeaux, which Cajun Bank (also headquartered in Lafayette) has hired to represent it in this matter. The first of the named partners, Pascal Boudreaux, has asked you to “get as much security for Cajun as you can from Sot, Inc. and the Sots”. What should you do?

1. Consider, first, the assets of Sot, Inc., both those that Jean Sot listed on the application form and any others that he may have failed to list. As to each one, tell me (i) whether Cajun Bank can get security in it; (ii) if Cajun Bank can get such security, what, if anything, it has to do to get it; and (iii) what else (beyond what Cajun Bank has to do to get it), if anything, Cajun Bank has to do to make that it effective against the world.

2. Is there any “non-asset” security that Cajun Bank might be able to obtain? If so, what is it; what, if anything, does Cajun Bank have to do to get it; and what else (beyond what Cajun Bank has to do to get it), if anything, does Cajun Bank have to do to make it effective against the world.