Security assignments of executory contract rights have been widely used only in recent years. The ***assignment of "moneys due and to become due"*** under a building or construction contract has been institutional for nearly a hundred years: the ***contractor*** (or subcontractor) ***at the outset assigns to his bank*** the money he will earn by future performance as ***security for the present loan*** which enables him to undertake the job.

The sudden and enormous increase of industrial production dictated by the war effort required a huge volume of new financing. That ***task could have been undertaken by the United States***, but was ***instead delegated, to the extent possible, to private (ASSIGNOR) financing institutions***.

As one ***method of encouraging the banks to do their bit***, the United States, reversing its long-standing policy, agreed, by the ***Assignment of Claims Act of `1940***, to ***recognize assignments of moneys*** to ***become due under contracts with*** the federal government or ***its agencies***.

For example, ***(U.S.)*** a ***solvent corporation***, of high credit standing, ***may desire to branch*** out into some ***new activity***, which will ***frequently be (FRANCHISE/ ASSIGNOR) subsidiary*** to its ***main enterprise***. The ***corporation*** could ***perfectly well raise*** or ***borrow the necessary funds on its own credit***, but ***for tax, accounting*** or ***other reasons prefers not to***. Instead it ***creates a new (ASSIGNEE)corporation*** whose ***principal*** or only ***function will be carrying out the new activity (BILLS PAYABLE/BILLS RECEIVABLE)*** and whose principal or only ***asset will be a long-term contract with the high-credit parent (US)***. The long-term ***contract*** will ***become the principal*** or only ***security for a loan made***, in ***form***, to the ***low-***

credit (FRANCHISE/ASSIGNOR) subsidiary but, ***in reality***, on the ***credit of the parent (U.S.)***.

"Mr. Coogan uses as an illustration the construction of a mill to manufacture paper for the purpose of performing a long-term requirements ***contract between (U.S. TREASURY) Paper Company .and (FRB) Newspaper Company***. Either Paper Company or Newspaper Company ***could provide for the mill*** but ***instead they collaborate in creating a (ASSIGNOR) "borrowing entity"*** to construct and operate the mill. ***Paper Company contracts with the "entity" to sell*** pulp to it; ***Newspaper Company contracts with the "entity" to buy*** paper from it. The ***"entity's" rights under the two contracts will be the security for a bank loan.*** Coogan, supra note 2, at 1004."

The ***point*** of the ***operation*** is to ***give the (FEIGNED) lender*** the ***benefit of the (U.S.) parent's re-sources without creating an obligation*** which ***will show on the (U.S.) parent's balance sheet:*** achieving ***this involves a certain amount of legal fiction*** but ***no trickery or deceit, AT LEAST among the parties to the financing transaction.***

The ***law of secured financing*** has heretofore been a sort of ***paradise for specialists***. The nineteenth century ***developed inventory financing devices*** such as "trust receipts" and "factor's liens" to ***avoid the problem of inherent fraud which courts saw in a seller's or mortgagor's retention of control over his goods (BILLS PAYABLE/BILLS RECEIVABLE).***

We may begin to ***see term loans made*** on the ***security of all a borrower's assets*** - his equipment, his inventory, his ***present and FUTURE RECEIVABLES and contract rights*** - with ***no attempt by the lender to police or control***. We have noted that the first

serious discussions of what we may call ***"contract rights financing" have been by specialists for specialists***.

In the ***current mutation***, however, it is entirely within the realm of possibility that the ***specialists will soon be left behind and that the amateurs*** will ***take over***. In that ***eventuality***, we may assume that the ***NEW LAW*** which will ***DEVELOP—(to display or make known something concealed or withheld from notice),*** **WILL-**(**to forbear or to do an act**) be, in ***TONE—(style from thought, Prevailing STATE OF CONDUCT) and SUBSTANCE—(that which really IS or EXISTING)***, significantly ***different from the highly professionalized law of TRUST RECEIPTS and ACCOUNTS RECEIVABLE FINANCING.***

Under Article 9 of the Code, the ***assignee, in order to perfect his interest against third parties*** (and the ***assignor's trustee in bankruptcy***) will ***be required to file a notice of his assignment***, but that ***has nothing to do with the relationship of assignor***, assignee and obligor. To the extent that ***perfection of the assignee's interest*** may be relevant to our discussion, it will be assumed that a ***proper notice or financing statement has been filed.***

NOTICE: SUR-LAST NAME AS DISCOUNT BANK AND ASSIGNOR, ACTS AS BANKRUPTCY TRUSTEE WITHIN A CONTRACT WHO RIGHTS ARE SECURED BY LOAN THAT MUST HAVE A PROPER NOTICE OF ASSIGNMENT OR UCC 1 FINANCING STATEMENT TO OBTAIN BILLS PAYABLE AND BILLS RECEIVABLE RIGHTS ON THE CREDIT OF (T)HE PARENT WHICH SHALL SHOW ON U.S. BALANCE SHEET.