

Regular Session, 2009

HOUSE BILL NO. 403

BY REPRESENTATIVE FOIL

(On Recommendation of the Louisiana State Law Institute)

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

1 AN ACT

2 To amend and reenact R.S. 10:1-201(b)(5), (6), (15), (16), (21), and (42), R.S. 10:4-
3 104(c)(introductory paragraph), 4-210(c)(introductory paragraph), Chapter 7 of Title
4 10 of the Louisiana Revised Statutes of 1950, formerly comprised of R.S. 10:7-101
5 through 7-105, 7-201 through 7-210, 7-301 through 7-309, 7-401 through 7-404, 7-
6 501 through 7-509, 7-601 through 7-603, and 7-701, to be comprised of R.S. 10:7-
7 101 through 7-106, 7-201 through 7-210, 7-301 through 7-309, 7-401 through 7-404,
8 7-501 through 7-509, and 7-601 through 7-604, 9-102(a)(30), (b), and (d)(7), 9-
9 203(b)(introductory paragraph) and (3)(D), 9-207(c), 9-208(b)(5) and (6), 9-301(3),
10 9-310(b)(5) and (8), 9-312(e), 9-313(a), 9-314(a) and (b), 9-317(b) and (d), 9-338,
11 and 9-601(b) and to enact R.S. 10:8-103(g) and 9-208(b)(7), relative to warehouses
12 and documents of title; to provide for definitions; to provide for documents of title,
13 warehouse receipts, destination bills, and bills of lading; to provide for rules of
14 negotiability of documents of title; to provide for liens of carriers; to provide for a
15 carrier's duty of care; to provide for negotiation of documents of title; to provide for
16 lost or missing documents of title; to provide for conforming amendments to other
17 sections of the Uniform Commercial Code; to provide for applicability and
18 retroactivity; to provide for an effective date; and to provide for related matters.

19 Be it enacted by the Legislature of Louisiana:

20 Section 1. R.S. 10:1-201(b)(5), (6), (15), (16), (21), and (42) are hereby amended
21 and reenacted to read as follows:

22 §1-201. General definitions

23 * * *

1 (b) Subject to definitions contained in other Chapters of this Title that apply
2 to particular Chapters or parts thereof:

3 * * *

4 (5) "Bearer" means a person in control of a negotiable electronic document
5 of title or a person in possession of a negotiable instrument, negotiable tangible
6 document of title, or certificated security that is payable to bearer or ~~indorsed~~
7 endorsed in blank.

8 (6) "Bill of lading" means a document of title evidencing the receipt of goods
9 for shipment issued by a person engaged in the business of directly or indirectly
10 transporting or forwarding goods. The term does not include a warehouse receipt.

11 * * *

12 (15) "Delivery", with respect to an electronic document of title means
13 voluntary transfer of control and with respect to an instrument, a tangible document
14 of title, or chattel paper, means voluntary transfer of possession.

15 (16) "Document of title" ~~includes bill of lading, dock warrant, dock receipt,~~
16 ~~warehouse receipt or order for the delivery of goods, and also any other document~~
17 ~~which means a record (i) that~~ in the regular course of business or financing is treated
18 as adequately evidencing that the person in possession or control of the record it is
19 entitled to receive, control, hold, and dispose of the ~~document~~ record and the goods
20 ~~it the record covers: and (ii) that purports to be issued by or addressed to a bailee and~~
21 to cover goods in the bailee's possession which are either identified or are fungible
22 portions of an identified mass. The term includes a bill of lading, transport
23 document, dock warrant, dock receipt, warehouse receipt, and order for delivery of
24 goods. ~~To be a document of title, a document must purport to be issued by or~~
25 ~~addressed to a bailee and purport to cover goods in the bailee's possession which are~~
26 ~~either identified or are fungible portions of an identified mass. An electronic~~
27 document of title means a document of title evidenced by a record consisting of
28 information stored in an electronic medium. A tangible document of title means a
29 document of title evidenced by a record consisting of information that is inscribed

1 Section 3. Chapter 7 of Title 10 of the Louisiana Revised Statutes of 1950, formerly
 2 comprised of R.S. 10:7-101 through 7-105, 7-201 through 7-210, 7-301 through 7-309, 7-
 3 401 through 7-404, 7-501 through 7-509, 7-601 through 7-603, and 7-701, is hereby
 4 amended and reenacted, comprised of R.S. 10:7-101 through 7-106, 7-201 through 7-210,
 5 7-301 through 7-309, 7-401 through 7-404, 7-501 through 7-509, and 7-601 through 7-604
 6 to read as follows:

7 CHAPTER 7. ~~WAREHOUSE RECEIPTS, BILLS OF LADING AND OTHER~~

8 DOCUMENTS OF TITLE

9 PART 1. GENERAL

10 §7-101. Short title

11 This "Chapter" ~~shall be known and~~ may be cited as Uniform Commercial
 12 Code -- Documents of Title.

13 §7-102. Definitions and index of definitions

14 ~~(†)~~ (a) In this Chapter, unless the context otherwise requires:

15 (1) "Bailee" means a person that by a warehouse receipt, bill of lading, or
 16 other document of title acknowledges possession of goods and contracts to deliver
 17 them. "Bailor" means a person that delivers possession of goods to a bailee.

18 ~~(a) "Depository" means the person who by a warehouse receipt, bill of lading~~
 19 ~~or other document title acknowledges possession of goods and contracts to deliver~~
 20 ~~them.~~

21 (2) "Carrier" means a person that issues a bill of lading.

22 ~~(b)~~ (3) "Consignee" means the a person named in a bill of lading to whom
 23 which or to whose order the bill promises delivery.

24 ~~(c)~~ (4) "Consignor" means the a person named in a bill of lading as the
 25 person from whom which the goods have been received for shipment.

26 ~~(d)~~ (5) "Delivery order" means a written record that contains an order to
 27 deliver goods directed to a warehouseman warehouse, carrier, or other person who
 28 that in the ordinary course of business issues warehouse receipts or bills of lading.

29 ~~(e) "Document" means a document of title as defined in the general~~
 30 ~~definitions in R.S.10:1-201.~~

1 ~~(6)~~ [Reserved.]

2 ~~(f)~~ (7) "Goods" means all things ~~which~~ that are treated as movable for the
 3 purposes of a contract ~~of~~ for storage or transportation, ~~including fungible goods.~~

4 ~~(g)~~ (8) "Issuer" means a ~~depository bailee that who~~ depository bailee who issues a document of title
 5 ~~except that in relation to~~ or, in the case of an unaccepted delivery order, ~~it means the~~
 6 person ~~who~~ that orders the possessor of goods to deliver. ~~Issuer~~ The term includes
 7 ~~any a~~ a person for ~~whom~~ which an agent or employee purports to act in issuing a
 8 document if the agent or employee has real or apparent authority to issue documents,
 9 ~~notwithstanding that even if the issuer received no~~ did not receive any goods, ~~or that~~
 10 the goods were misdescribed, ~~or that~~ in any other respect the ~~agents~~ agent or
 11 employee violated ~~his~~ the issuer's instructions.

12 (9) "Person entitled under the document" means the holder, in the case of a
 13 negotiable document of title, or the person to which delivery of the goods is to be
 14 made by the terms of, or pursuant to instructions in a record under, a nonnegotiable
 15 document of title.

16 ~~(h) "Receipt of goods" means taking physical possession of them.~~

17 (10) [Reserved.]

18 (11) "Sign" means, with present intent to authenticate or adopt a record:

19 (A) To execute or adopt a tangible symbol; or

20 (B) To attach to or logically associate with the record an electronic sound,
 21 symbol, or process.

22 (12) "Shipper" means a person that enters into a contract of transportation
 23 with a carrier.

24 ~~(f)~~ (13) ~~"Warehouseman"~~ "Warehouse" ~~is~~ means a person engaged in the
 25 business of storing goods for hire.

26 ~~(2) Other definitions applying to this Chapter or to specified Parts thereof,~~
 27 ~~and the Sections in which they appear are:~~

28 ~~"Duly negotiated,"~~ R.S. 10:7-501.

29 ~~"Person entitled under the document,"~~ R.S. 10:7-403(4)

30 ~~(3)~~ (Reserved).

1 **(b) In this Chapter:**

2 **(1) "Contract for sale" means both a present sale of goods and a contract to**
 3 **sell goods at a future time.**

4 **(2) "Lessee in ordinary course of business" means a person that becomes a**
 5 **lessee of goods in good faith, without knowledge that the lease violates the rights of**
 6 **another person in the goods, and in the ordinary course from a person, other than a**
 7 **pawnbroker, in the business of selling or leasing goods of that kind. A lessee in the**
 8 **ordinary course of business may lease for cash, or by exchange of other property, or**
 9 **on secured or unsecured credit, and may acquire goods or documents of title under**
 10 **a preexisting lease.**

11 **(3) "Receipt of goods" means taking physical possession of the goods.**

12 **(4) (c) In addition, Chapter 1 contains general definitions and principles of**
 13 **construction and interpretation applicable throughout this Chapter.**

14 **(d) In this Chapter, "lien" means a privilege on movable property created by**
 15 **operation of law in favor of a creditor.**

16 §7-103. Relation of Chapter to treaty; ~~or statute, tariff, classification or regulation~~

17 **(a) This Chapter is subject to** ~~To the extent that~~ any treaty or statute of the
 18 United States or regulatory statute of this state ~~or tariff, classification or regulation~~
 19 ~~filed or issued pursuant thereto~~ to the extent the treaty, statute, or regulatory statute
 20 ~~is applicable, the provisions of this Chapter are subject thereto.~~

21 **(b) This Chapter shall not modify or repeal any law prescribing the form or**
 22 **content of a document of title or the services or facilities to be afforded by a bailee,**
 23 **or otherwise regulating a bailee's business in respects not specifically treated in this**
 24 **Chapter. However, violation of such a law does not affect the status of a document**
 25 **of title that otherwise is within the definition of a document of title.**

26 **(c) This Chapter modifies, limits, and supersedes the federal Electronic**
 27 **Signatures in Global and National Commerce Act (15 U.S.C. Section 7001, et seq.)**
 28 **but shall not modify, limit, or supersede Section 101(c) of that act (15 U.S.C. Section**
 29 **7001(c)) or authorize electronic delivery of any of the notices described in Section**
 30 **103(b) of that act (15 U.S.C. Section 7003(b)).**

1 (d) To the extent there is a conflict between the Louisiana Uniform
2 Electronic Transactions Act (R.S. 9:2601 et seq.) and this Chapter, this Chapter
3 governs.

4 §7-104. Negotiable and nonnegotiable ~~non-negotiable~~ warehouse receipt, bill of
5 lading or other document of title

6 ~~(1) (a) Except as otherwise provided in Subsection (c) of this Section, a A~~
7 ~~warehouse receipt, bill of lading or other~~ document of title is negotiable ~~(a) If~~ if by
8 its terms the goods are to be delivered to bearer or to the order of a named person;
9 or,

10 ~~(b) Where recognized in overseas trade, if it runs to a named person or~~
11 ~~assigns.~~

12 ~~(2) (b) Any other A document of title other than one described in Subsection~~
13 ~~(a) of this Section is non-negotiable~~ nonnegotiable. A bill of lading ~~in which it is~~
14 ~~stated~~ that states that the goods are consigned to a named person is not made
15 negotiable by a provision that the goods are to be delivered only against a ~~written~~ an
16 order in a record signed by the same or another named person.

17 ~~(3) A provision inserted in a negotiable warehouse receipt, bill of lading, or~~
18 ~~other document of title that it is non-negotiable is void.~~

19 ~~(c) A document of title is nonnegotiable if, at the time it is issued, the~~
20 ~~document has a conspicuous legend, however expressed, that it is nonnegotiable.~~

21 §7-105. ~~Construction against negative implication~~ Reissuance in alternative
22 medium

23 ~~The omission from either Part 2 or Part 3 of this Chapter of a provision~~
24 ~~corresponding to a provision made in the other Part does not imply that a~~
25 ~~corresponding rule of the law is not applicable.~~

26 ~~(a) Upon request of a person entitled under an electronic document of title,~~
27 ~~the issuer of the electronic document may issue a tangible document of title as a~~
28 ~~substitute for the electronic document if:~~

29 ~~(1) The person entitled under the electronic document surrenders control of~~
30 ~~the document to the issuer; and~~

1 (2) The tangible document when issued contains a statement that it is issued
2 in substitution for the electronic document.

3 (b) Upon issuance of a tangible document of title in substitution for an
4 electronic document of title in accordance with Subsection (a) of this Section:

5 (1) The electronic document ceases to have any effect or validity; and

6 (2) The person that procured issuance of the tangible document warrants to
7 all subsequent persons entitled under the tangible document that the warrantor was
8 a person entitled under the electronic document when the warrantor surrendered
9 control of the electronic document to the issuer.

10 (c) Upon request of a person entitled under a tangible document of title, the
11 issuer of the tangible document may issue an electronic document of title as a
12 substitute for the tangible document if:

13 (1) The person entitled under the tangible document surrenders possession
14 of the document to the issuer; and

15 (2) The electronic document when issued contains a statement that it is
16 issued in substitution for the tangible document.

17 (d) Upon issuance of an electronic document of title in substitution for a
18 tangible document of title in accordance with Subsection (c) of this Section:

19 (1) The tangible document ceases to have any effect or validity; and

20 (2) The person that procured issuance of the electronic document warrants
21 to all subsequent persons entitled under the electronic document that the warrantor
22 was a person entitled under the tangible document when the warrantor surrendered
23 possession of the tangible document to the issuer.

24 §7-106. Control of electronic document of title

25 (a) A person has control of an electronic document of title if a system
26 employed for evidencing the transfer of interests in the electronic document reliably
27 establishes that person as the person to which the electronic document was issued or
28 transferred.

1 §7-202. Form of warehouse receipt; ~~essential terms; optional terms~~ effect of
 2 omission

3 ~~(1)~~ (a) A warehouse receipt need not be in any particular form.

4 ~~(2)~~ (b) Unless a warehouse receipt ~~embodies within its written or printed~~
 5 ~~terms~~ contains each of the following, the ~~warehouseman~~ warehouse is liable for
 6 damages caused ~~by the omission~~ to a person injured by its omission ~~thereby~~;

7 ~~(a)~~ (1) A statement of the location of the warehouse facility where the
 8 goods are stored;

9 ~~(b)~~ (2) The date of issue of the receipt;

10 ~~(c)~~ (3) The ~~consecutive number~~ unique identification code of the receipt;

11 ~~(d)~~ (4) A statement whether the goods received will be delivered to the
 12 bearer, to a specified named person, or to a specified named person or ~~his~~ its order;

13 ~~(e)~~ (5) The rate of storage and handling charges, ~~except that where~~ unless
 14 goods are stored under a field warehousing arrangement, in which case a statement
 15 of that fact is sufficient on a ~~non-negotiable~~ nonnegotiable receipt;

16 ~~(f)~~ (6) A description of the goods or ~~of the~~ packages containing them;

17 ~~(g)~~ (7) The signature of the ~~warehouseman~~ warehouse, ~~which may be made~~
 18 ~~by his authorized~~ or its agent;

19 ~~(h)~~ (8) If the receipt is issued for goods ~~of which~~ that the ~~warehouseman~~
 20 ~~warehouse is owner~~ owns, either solely ~~or jointly~~ or in indivision with others, a
 21 statement of the fact of such that ownership; and

22 ~~(i)~~ (9) A statement of the amount of advances made and of liabilities
 23 incurred for which the ~~warehouseman~~ warehouse claims a lien or security interest,
 24 ~~(R.S. 10:7-209). If~~ unless the precise amount of ~~such~~ advances made or ~~of such~~
 25 liabilities incurred ~~is~~, at the time of the issue of the receipt, is unknown to the
 26 ~~warehouseman~~ warehouse or to ~~his~~ its agent ~~who issues it~~ that issued the receipt, in
 27 which case a statement of the fact that advances have been made or liabilities
 28 incurred and the purpose ~~thereof~~ of the advances or liabilities is sufficient.

29 ~~(3)~~ (c) A ~~warehouseman~~ warehouse may insert in ~~his~~ its receipt any ~~other~~
 30 terms ~~which~~ that are not contrary to ~~the provisions of this Title~~ and do not impair ~~his~~

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1 its obligation of delivery ~~under~~ (R.S. 10:7-403) or ~~his~~ its duty of care ~~under~~ (R.S.
 2 10:7-204). Any contrary ~~provisions shall be~~ provision is ineffective.

3 §7-203. Liability for nonreceipt or misdescription

4 A party to or purchaser for value in good faith of a document of title, other
 5 than a bill of lading, ~~relying in either case~~ that relies upon the description ~~therein~~ of
 6 the goods in the document may recover from the issuer damages caused by the
 7 nonreceipt or misdescription of the goods, except to the extent that:

8 (1) The document conspicuously indicates that the issuer does not know
 9 whether ~~any~~ all or part ~~or all~~ of the goods in fact were received or conform to the
 10 description, such as a case in which ~~where~~ the description is in terms of marks or
 11 labels or kind, quantity, or condition, or the receipt or description is qualified by
 12 "contents, condition and quality unknown", "said to contain", or ~~the like~~ words of
 13 similar import, if ~~such~~ the indication ~~be~~ is true; or

14 (2) The party or purchaser otherwise has notice: of the nonreceipt or
 15 misdescription.

16 §7-204. Duty of care; contractual limitation of ~~warehouseman's~~ warehouse's liability

17 (1) (a) A ~~warehouseman~~ warehouse is liable for damages for loss of or injury
 18 to the goods caused by ~~his~~ its failure to exercise ~~such~~ care in with regard to ~~them~~ the
 19 goods as that a reasonably careful person would exercise under ~~like~~ similar
 20 circumstances, ~~but, unless~~ Unless otherwise agreed, ~~he~~ the warehouse is not liable
 21 for damages ~~which~~ that could not have been avoided by the exercise of ~~such~~ that
 22 care.

23 (2) (b) Damages may be limited by a term in the warehouse receipt or
 24 storage agreement limiting the amount of liability in case of loss or damage, ~~and~~
 25 ~~setting forth a specific liability per article or item, or value per unit of weight,~~
 26 beyond which the ~~warehouseman~~ warehouse ~~shall~~ is not be liable. Such a limitation
 27 is not effective with respect to the warehouse's liability for misappropriation to its
 28 own use. However, such liability may on written On request of the depositor bailor
 29 in a record at the time of signing ~~such~~ the storage agreement or within a reasonable
 30 time after receipt of the warehouse receipt, ~~be~~ the warehouse's liability may be

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1 increased on part or all of the goods ~~thereunder~~, covered by the storage agreement
 2 or the warehouse receipt. ~~in which~~ In this event, increased rates may be charged
 3 based on ~~such an~~ increased valuation; ~~of the goods~~. ~~but no such increase shall be~~
 4 ~~permitted contrary to a lawful limitation of liability contained in the warehouseman's~~
 5 ~~tariff, if any. No such limitation is effective with respect to the warehouseman's~~
 6 ~~liability for misappropriation to his own use.~~

7 (c) Reasonable provisions as to the time and manner of presenting claims
 8 and commencing actions based on the storage may be included in the warehouse
 9 receipt or storage agreement.

10 (d) This Section does not validate a provision that is null under Civil Code
 11 Article 2004.

12 §7-205. Title under warehouse receipt defeated in certain cases

13 A buyer in ~~good faith~~ ordinary course of business of fungible goods sold and
 14 actually delivered by a warehouseman-dealer warehouse that is also in the business
 15 of buying and selling such goods takes the goods free of any claim under a
 16 warehouse receipt even ~~though it~~ if the receipt is negotiable and has been duly
 17 negotiated.

18 §7-206. Termination of storage at ~~warehouseman's~~ warehouse's option

19 ~~(1)~~ (a) A ~~warehouseman~~ warehouse, ~~may on notifying by giving notice to the~~
 20 person on whose account the goods are held and any other person known to claim
 21 an interest in the goods, may require payment of any charges and removal of the
 22 goods from the warehouse at the termination of the period of storage fixed by the
 23 document of title; or, if ~~no~~ a period is not fixed, within a stated period not less than
 24 thirty days after the ~~notification~~ warehouse gives notice. If the goods are not
 25 removed before the date specified in the ~~notification~~ notice, the ~~warehouseman~~
 26 warehouse may sell them ~~in accordance with the provisions of the Section on~~
 27 ~~enforcement of a warehouseman's lien pursuant to (R.S. 10:7-210).~~

28 ~~(2)~~ (b) If a ~~warehouseman~~ warehouse in good faith believes that the goods
 29 are about to deteriorate or decline in value to less than the amount of ~~his~~ its lien
 30 within the time ~~prescribed~~ provided in Subsection ~~(1)~~ (a) of this Section for

1 notification, ~~advertisement and sale~~ and R.S. 10:7-210, the warehouseman
 2 warehouse may specify in the ~~notification~~ notice given under such Subsection (a) any
 3 reasonable shorter time for removal of the goods and, ~~in case~~ if the goods are not
 4 removed, may sell them at public sale held not less than one week after a single
 5 advertisement or posting.

6 ~~(3)~~ (c) If, as a result of a quality or condition of the goods of which the
 7 ~~warehouseman~~ warehouse ~~had no~~ did not have notice at the time of deposit, the
 8 goods are a hazard to other property, ~~or to the warehouse~~ facilities, or ~~to other~~
 9 persons, the ~~warehouseman~~ warehouse may sell the goods at public or private sale
 10 without advertisement or posting on reasonable notification to all persons known to
 11 claim an interest in the goods. If the ~~warehouseman~~ warehouse, after a reasonable
 12 effort, is unable to sell the goods, ~~he~~ it may dispose of them in any lawful manner
 13 and ~~shall~~ does not incur ~~no~~ liability by reason of ~~such~~ that disposition.

14 ~~(4)~~ (d) ~~The warehouseman~~ A warehouse ~~must~~ shall deliver the goods to any
 15 person entitled to them under this Chapter upon due demand made at any time ~~prior~~
 16 ~~to~~ before sale or other disposition under this Section.

17 ~~(5)~~ (e) ~~The warehouseman~~ A warehouse may satisfy ~~his~~ its lien from the
 18 proceeds of any sale or disposition under this Section but ~~must~~ shall hold the balance
 19 for delivery on the demand of any person to ~~whom~~ which ~~he~~ the warehouse would
 20 have been bound to deliver the goods.

21 §7-207. Goods must be kept separate; fungible goods

22 ~~(1)~~ (a) Unless the warehouse receipt ~~otherwise~~ provides otherwise, a
 23 ~~warehouseman~~ warehouse ~~must~~ shall keep separate the goods covered by each
 24 receipt so as to permit at all times identification and delivery of those goods, ~~except~~
 25 ~~that~~ However, different lots of fungible goods may be commingled.

26 ~~(2)~~ Fungible (b) ~~If different lots of fungible goods~~ are commingled, ~~the~~
 27 goods are owned in indivision by the persons entitled thereto and the ~~warehouseman~~
 28 warehouse is severally liable to each owner for that owner's share. ~~Where~~ If, because
 29 of overissue, a mass of fungible goods is insufficient to meet all the receipts ~~which~~

1 the ~~warehouseman~~ warehouse has issued against it, the persons entitled include all
 2 holders to ~~whom~~ which overissued receipts have been duly negotiated.

3 §7-208. Altered warehouse receipts

4 ~~Where~~ If a blank in a negotiable tangible warehouse receipt has been filled
 5 in without authority, a good-faith purchaser for value and without notice of the ~~want~~
 6 lack of authority may treat the insertion as authorized. Any other unauthorized
 7 alteration leaves any tangible or electronic warehouse receipt enforceable against the
 8 issuer according to its original tenor.

9 §7-209. Lien of ~~warehouseman~~ warehouse

10 ~~(1)~~ (a) A ~~warehouseman~~ warehouse has a lien against the bailor on the goods
 11 covered by a warehouse receipt or storage agreement or on the proceeds thereof in
 12 ~~his~~ its possession for charges for storage or transportation, including demurrage and
 13 terminal charges, insurance, labor, or other charges, present or future, in relation to
 14 the goods, and for expenses necessary for preservation of the goods or reasonably
 15 incurred in their sale pursuant to law. If the person on whose account the goods are
 16 held is liable ~~to the warehouseman~~ for ~~like~~ similar charges or expenses in relation to
 17 other goods whenever deposited, and it is stated in the warehouse receipt or storage
 18 agreement that a lien is claimed for ~~such~~ charges and expenses in relation to other
 19 goods, the ~~warehouseman~~ warehouse also has a lien ~~against~~ on the goods covered by
 20 the warehouse receipt or storage agreement or on the proceeds thereof in its
 21 possession for ~~such other~~ those charges and expenses, whether or not the other goods
 22 have been delivered by the ~~warehouseman~~ warehouse. ~~But~~ However, as ~~to~~ against
 23 a person to ~~whom~~ which a negotiable warehouse receipt is duly negotiated, a
 24 ~~warehouseman's~~ warehouse's lien is limited to charges in an amount or at a rate
 25 specified ~~on~~ in the warehouse receipt or, if no charges are so specified, ~~then~~ to a
 26 reasonable charge for storage of the specific goods covered by the receipt subsequent
 27 to the date of the receipt.

28 ~~(2)~~ (b) ~~The warehouseman~~ A warehouse may also reserve a security interest
 29 against the ~~depositor~~ bailor for a the maximum amount specified on the receipt for
 30 charges other than those specified in Subsection ~~(1)~~ (a) of this Section, such as for

1 money advanced and interest. ~~Such a~~ The security interest is governed by the
 2 ~~Chapter on secured transactions (Chapter 9).~~

3 ~~(3)(a)~~ (c) A ~~warehouseman's~~ warehouse's lien for charges and expenses
 4 under ~~Subsections (1)~~ Subsection (a) of this Section or ~~(2)~~ a security interest under
 5 Subsection (b) of this Section is also effective against any person ~~who so that~~
 6 entrusted the ~~depositor~~ bailor with possession of the goods, ~~that a pledge of them by~~
 7 ~~him to a good faith purchaser for value would have been valid but~~ However, the lien
 8 or security interest is not effective against a person ~~as to whom that~~ before issuance
 9 of the a document confers no right of title had a legal interest or a perfected security
 10 interest in the goods and that did not: ~~covered by it under Section 7-503.~~

11 (1) Deliver or entrust the goods or any document of title covering the goods
 12 to the bailor or the bailor's nominee with:

- 13 (A) Actual or apparent authority to ship, store, or sell;
- 14 (B) Power to obtain delivery under R.S. 10: 7-403; or
- 15 (C) Power of disposition under R.S. 10: 9-320 or 9-321(c) or other statute;
- 16 or

17 (2) Acquiesce in the procurement by the bailor or its nominee of any
 18 document.

19 ~~(b)~~ (d) A ~~warehouseman's~~ warehouse's lien on household goods for charges
 20 and expenses in relation to the goods under Subsection ~~(1)~~ (a) of this Section is also
 21 effective against all persons if the ~~depositor~~ bailor was the legal possessor of the
 22 goods at the time of deposit. ~~"Household goods"~~ In this Subsection, "household
 23 goods" means furniture, furnishings, and or personal effects used by the depositor
 24 bailor in a dwelling.

25 ~~(4)~~ (e) A ~~warehouseman~~ warehouse loses ~~his~~ its lien on any goods ~~which he~~
 26 that it voluntarily delivers or ~~which he~~ unjustifiably refuses to deliver.

27 §7-210. Enforcement of ~~warehouseman's~~ warehouse's lien

28 ~~(1)~~ (a) Except as otherwise provided in Subsection ~~(2)~~ (b) of this Section, a
 29 ~~warehouseman's~~ warehouse's lien may be enforced by public or private sale of the
 30 goods, ~~in block~~ bulk or in ~~parcels~~ packages, at any time or place and on any terms

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1 ~~which that~~ are commercially reasonable, after notifying all persons known to claim
 2 an interest in the goods. ~~Such~~ The notification must include a statement of the
 3 amount due, the nature of the proposed sale, and ~~in the case of a public sale~~ the time
 4 and place ~~thereof~~ of any public sale. The fact that a better price could have been
 5 obtained by a sale at a different time or in a ~~different~~ method different from that
 6 selected by the ~~warehouseman~~ warehouse is not of itself sufficient to establish that
 7 the sale was not made in a commercially reasonable manner. ~~If~~ The warehouse sells
 8 in a commercially reasonable manner if the warehouseman warehouse either sells the
 9 goods in the usual manner in any recognized market therefor, ~~or if he~~ sells at the
 10 price current in ~~such that~~ market at the time of his the sale, or ~~if he has~~ otherwise
 11 ~~sold~~ sells in conformity with commercially reasonable practices among dealers in the
 12 type of goods sold, ~~he has sold in a commercially reasonable manner~~. A sale of more
 13 goods than apparently necessary to be offered to ~~insure~~ ensure satisfaction of the
 14 obligation is not commercially reasonable, except in cases covered by the preceding
 15 sentence. A disclaimer or modification of warranty in a warehouse's disposition of
 16 goods is commercially reasonable.

17 ~~(2)~~ (b) A ~~warehouseman's~~ warehouse may enforce its lien on goods other
 18 than goods stored by a merchant in the course of ~~this its~~ business ~~may be enforced~~
 19 only ~~as follows;~~ if the following requirements are satisfied:

20 ~~(a)~~ (1) All persons known to claim an interest in the goods must be notified.

21 ~~(b)~~ The notification must be delivered in person or sent by registered or
 22 certified letter to the last known address of any person to be notified.

23 ~~(c)~~ (2) The notification must include an itemized statement of the claim, a
 24 description of the goods subject to the lien, a demand for payment within a specified
 25 time not less than ten days after receipt of the notification, and a conspicuous
 26 statement that unless the claim is paid within that time the goods will be advertised
 27 for sale and sold by auction at a specified time and place.

28 ~~(d)~~ (3) The ~~same~~ sale must conform to the terms of the notification.

29 ~~(e)~~ (4) The sale must be held at the nearest suitable place to ~~that~~ where the
 30 goods are held or stored.

1 (†) (5) After the expiration of the time given in the notification, an
 2 advertisement of the sale must be published once a week for two weeks
 3 consecutively in a newspaper of general circulation where the sale is to be held. The
 4 advertisement must include a description of the goods, the name of the person on
 5 whose account ~~they~~ the goods are being held, and the time and place of the sale. The
 6 sale must take place at least fifteen days after the first publication. If there is no
 7 newspaper of general circulation where the sale is to be held, the advertisement must
 8 be posted at least ten days before the sale in not ~~less~~ fewer than six conspicuous
 9 places in the neighborhood of the proposed sale.

10 (‡) (c) Before any sale pursuant to this Section, any person claiming a right
 11 in the goods may pay the amount necessary to satisfy the lien and the reasonable
 12 expenses incurred ~~under~~ in complying with this Section. In that event the goods
 13 ~~must~~ may not be sold, but must be retained by the ~~warehouseman~~ warehouse subject
 14 to the terms of the receipt and this Chapter.

15 (‡) (d) A ~~warehouseman~~ warehouse may buy at any public sale held pursuant
 16 to this Section.

17 (‡) (e) A purchaser in good faith of goods sold to enforce a ~~warehouseman's~~
 18 warehouse's lien takes the goods free of any rights of persons against ~~whom~~ which
 19 the lien was valid, despite the warehouse's noncompliance ~~by the warehouseman~~
 20 with ~~the requirements~~ of this Section.

21 (‡) (f) ~~The~~ A ~~warehouseman~~ warehouse may satisfy ~~his~~ its lien from the
 22 proceeds of any sale pursuant to this Section but ~~must~~ shall hold the balance, if any,
 23 for delivery on demand to any person to ~~whom~~ which the warehouse ~~he~~ would have
 24 been bound to deliver the goods.

25 (‡) (g) The rights provided by this Section ~~shall be~~ are in addition to all other
 26 rights allowed by law to a creditor against ~~his~~ a debtor.

27 (‡) (h) ~~Where~~ If a lien is on goods stored by a merchant in the course of ~~his~~
 28 its business, the lien may be enforced in accordance with ~~either~~ Subsection (†) (a)
 29 or (‡) (b) of this Section.

1 those goods, ~~an~~ the issuer who is a common carrier must shall ascertain the kind and
 2 quantity within a reasonable time after receiving the ~~written~~ shipper's request ~~of the~~
 3 shipper in a record to do so. In ~~such that cases~~ case "shipper's weight" or ~~other~~
 4 words of ~~like purport~~ similar import are ineffective.

5 ~~(4)~~ (d) The issuer ~~may of a bill of lading,~~ by ~~inserting~~ including in the bill
 6 the words "shipper's weight, load, and count" or ~~other~~ words of ~~like~~ similar purport
 7 import, may indicate that the goods were loaded by the shipper; and, if ~~such that~~
 8 statement ~~be is~~ true, the issuer ~~shall is~~ not ~~be~~ liable for damages caused by the
 9 improper ~~handling~~ loading. ~~But their~~ However, omission of such words does not
 10 imply liability for ~~such~~ damages caused by improper loading.

11 ~~(5)~~ (e) ~~The A~~ shipper ~~shall be deemed to have guaranteed~~ guarantees to the
 12 an issuer the accuracy at the time of shipment of the description, marks, labels,
 13 number, kind, quantity, condition, and weight, as furnished by ~~him~~ the shipper; and
 14 the shipper shall indemnify the issuer against damage caused by inaccuracies in ~~such~~
 15 those particulars. ~~The~~ This right of the issuer to ~~such~~ indemnity ~~shall in no way~~ does
 16 not limit his the issuer's responsibility ~~and or~~ liability under the contract of carriage
 17 to any person other than the shipper.

18 §7-302. Through bills of lading and similar documents of title

19 ~~(1)~~ (a) The issuer of a through bill of lading, or other document of title
 20 embodying an undertaking to be performed in part by ~~a persons~~ person acting as its
 21 ~~agents~~ agent or by ~~a connecting performing carriers~~ carrier is liable to ~~anyone~~ any
 22 person entitled to recover on the ~~document~~ bill or other document for any breach by
 23 ~~such~~ the other persons person or by ~~a connecting~~ the performing carrier of its
 24 obligation under the bill or other document, ~~but~~ However, to the extent that the bill
 25 or other document covers an undertaking to be performed overseas or in territory not
 26 contiguous to the continental United States or an undertaking including matters other
 27 than transportation, this liability for breach by the other person or the performing
 28 carrier may be varied by agreement of the parties.

29 ~~(2)~~ (b) ~~Where~~ If goods covered by a through bill of lading or other document
 30 of title embodying an undertaking to be performed in part by ~~a persons~~ person other

1 than the issuer are received by ~~any such~~ that person, ~~he~~ the person is subject, with
 2 respect to ~~his~~ its own performance while the goods are in ~~his~~ its possession, to the
 3 obligation of the issuer. ~~His~~ The person's obligation is discharged by delivery of the
 4 goods to another ~~such~~ person pursuant to the bill or other document; and does not
 5 include liability for breach by any other ~~such persons~~ person or by the issuer.

6 ~~(3)~~ (c) The issuer of ~~such a~~ through bill of lading or other document of title
 7 described in Subsection (a) of this Section ~~shall be~~ is entitled to recover from the
 8 ~~connecting performing~~ carrier, or ~~such~~ other person in possession of the goods when
 9 the breach of the obligation under the bill or other document occurred;

10 (1) ~~the~~ The amount it may be required to pay to ~~anyone~~ any person entitled
 11 to recover on the bill or other document ~~therefor~~ for the breach, as may be evidenced
 12 by any receipt, judgment, or transcript ~~thereof~~, of judgment; and

13 (2) ~~the~~ The amount of any expense reasonably incurred by ~~it~~ the issuer in
 14 defending any action ~~brought~~ commenced by ~~anyone~~ any person entitled to recover
 15 on the bill or other document ~~therefor~~ for the breach.

16 §7-303. Diversion; reconsignment; change of instructions

17 ~~(+)~~ (a) Unless the bill of lading otherwise provides, ~~the~~ a carrier may deliver
 18 the goods to a person or destination other than that stated in the bill or may otherwise
 19 dispose of the goods, without liability for misdelivery, on ~~the~~ instructions from:

20 ~~(a)~~ (1) The holder of a negotiable bill; ~~or~~

21 ~~(b)~~ (2) The consignor on a ~~non-negotiable~~ nonnegotiable bill ~~notwithstanding~~
 22 even if the consignee has given contrary instructions ~~from the consignee~~; ~~or~~;

23 ~~(c)~~ (3) The consignee on a ~~non-negotiable~~ nonnegotiable bill in the absence
 24 of contrary instructions from the consignor, if the goods have arrived at the billed
 25 destination or if the consignee is in possession of the tangible bill or in control of the
 26 electronic bill; or

27 ~~(d)~~ (4) The consignee on a ~~non-negotiable~~ nonnegotiable bill if ~~he~~ the
 28 consignee is entitled as against the consignor to dispose of ~~them~~ the goods.

1 ~~(2)~~ (b) Unless ~~such~~ instructions described in Subsection (a) of this Section
 2 are ~~noted included on in~~ a negotiable bill of lading, a person to ~~whom~~ which the bill
 3 is duly negotiated ~~can~~ may hold the ~~depository~~ bailee according to the original terms.
 4 §7-304. ~~Bills~~ Tangible bills of lading in a set

5 ~~(1)~~ (a) Except ~~where~~ as customary in ~~overseas~~ international transportation,
 6 a tangible bill of lading ~~must~~ may not be issued in a set of parts. The issuer is liable
 7 for damages caused by violation of this Subsection.

8 ~~(2)~~ (b) ~~Where~~ If a tangible bill of lading is lawfully ~~drawn~~ issued in a set of
 9 parts, each of which ~~is numbered~~ contains an identification code and is expressed to
 10 be valid only if the goods have not been delivered against any other part, the whole
 11 of the parts ~~constitute~~ constitutes one bill.

12 ~~(3)~~ (c) ~~Where~~ If a tangible negotiable bill of lading is lawfully issued in a set
 13 of parts and different parts are negotiated to different persons, the title of the holder
 14 to ~~whom~~ which the first due negotiation is made prevails as to both the document of
 15 title and the goods even ~~though~~ if any later holder may have received the goods from
 16 the carrier in good faith and discharged the carrier's obligation by ~~surrender~~
 17 surrendering of his its part.

18 ~~(4)~~ (d) ~~Any~~ A person ~~who~~ that negotiates or transfers a single part of a
 19 tangible bill of lading ~~drawn~~ issued in a set is liable to holders of that part as if it
 20 were the whole set.

21 ~~(5)~~ (e) The ~~depository~~ bailee ~~is obliged to~~ shall deliver in accordance with
 22 Part 4 of this Chapter against the first presented part of a tangible bill of lading
 23 lawfully ~~drawn~~ issued in a set. ~~Such delivery~~ Delivery in this manner discharges the
 24 ~~depository's~~ bailee's obligation on the whole bill.

25 §7-305. Destination bills

26 ~~(1)~~ (a) Instead of issuing a bill of lading to the consignor at the place of
 27 shipment, a carrier ~~may~~, at the request of the consignor, may procure the bill to be
 28 issued at destination or at any other place designated in the request.

29 ~~(2)~~ (b) Upon request of ~~anyone~~ any person entitled as against ~~the~~ a carrier
 30 to control the goods while in transit and on surrender of possession or control of any

1 outstanding bill of lading or other receipt covering ~~such~~ the goods, the issuer, subject
 2 to R.S. 10: 7-105, may procure a substitute bill to be issued at any place designated
 3 in the request.

4 §7-306. Altered bills of lading

5 An unauthorized alteration ~~of~~ or filling in of a blank in a bill of lading leaves
 6 the bill enforceable according to its original tenor.

7 §7-307. Lien of carrier

8 ~~(1)~~ (a) A carrier has a lien on the goods covered by a bill of lading or on the
 9 proceeds thereof in its possession for charges ~~subsequent to~~ after the date of its the
 10 carrier's receipt of the goods for storage or transportation, including demurrage and
 11 terminal charges, and for expenses necessary for preservation of the goods incident
 12 to their transportation or reasonably incurred in their sale pursuant to law. ~~But~~
 13 However, against a purchaser for value of a negotiable bill of lading, a carrier's lien
 14 is limited to charges stated in the bill or the applicable tariffs; or, if no charges are
 15 stated, ~~then to~~ a reasonable charge.

16 ~~(2)~~ (b) A lien for charges and expenses under Subsection ~~(1)~~ (a) of this
 17 Section on goods ~~which~~ that the carrier was required by law to receive for
 18 transportation is effective against the consignor or any person entitled to the goods
 19 unless the carrier had notice that the consignor lacked authority to subject the goods
 20 to ~~such~~ those charges and expenses. Any other lien under such Subsection ~~(1)~~ (a) is
 21 effective against the consignor and any person ~~who~~ that permitted the ~~depositor~~
 22 bailor to have control or possession of the goods unless the carrier had notice that the
 23 ~~depositor~~ bailor lacked ~~such~~ authority.

24 ~~(3)~~ (c) A carrier loses his its lien on any goods ~~which~~ he that it voluntarily
 25 delivers or ~~which~~ he unjustifiably refuses to deliver.

26 §7-308. Enforcement of carrier's lien

27 ~~(1)~~ (a) A carrier's lien on goods may be enforced by public or private sale of
 28 the goods, in ~~block~~ bulk or in ~~parcels~~ packages, at any time or place and on any
 29 terms ~~which~~ that are commercially reasonable, after notifying all persons known to
 30 claim an interest in the goods. ~~Such~~ The notification must include a statement of the

1 amount due, the nature of the proposed sale, and ~~in the case of public sale~~, the time
 2 and place ~~thereof~~ of any public sale. The fact that a better price could have been
 3 obtained by a sale at a different time or in a method different ~~method~~ from that
 4 selected by the carrier is not of itself sufficient to establish that the sale was not made
 5 in a commercially reasonable manner. ~~If~~ The carrier sells goods in a commercially
 6 reasonable manner if the carrier ~~either~~ sells the goods in the usual manner in any
 7 recognized market therefor ~~or if he~~, sells at the price current in ~~such~~ that market at
 8 the time of ~~his~~ the sale, or ~~if he has~~ otherwise ~~sold~~ sells in conformity with
 9 commercially reasonable practices among dealers in the type of goods sold, ~~he has~~
 10 ~~sold in a commercially reasonable manner~~. A sale of more goods than apparently
 11 necessary to be offered to ensure satisfaction of the obligation is not commercially
 12 reasonable, except in cases covered by the preceding sentence. A disclaimer or
 13 modification of warranty in a carrier's disposition of goods is commercially
 14 reasonable.

15 (2) (b) Before any sale pursuant to this Section, any person claiming a right
 16 in the goods may pay the amount necessary to satisfy the lien and the reasonable
 17 expenses incurred ~~under~~ in complying with this Section. In that event, the goods
 18 ~~must~~ may not be sold; but must be retained by the carrier subject to the terms of the
 19 bill of lading and this Chapter.

20 (3) (c) ~~The~~ A carrier may buy at any public sale pursuant to this Section.

21 (4) (d) A purchaser in good faith of goods sold to enforce a carrier's lien
 22 takes the goods free of any rights of persons against ~~whom~~ which the lien was valid,
 23 despite ~~the carrier's noncompliance by the carrier with the requirements of this~~
 24 Section.

25 (5) (e) ~~A~~ The carrier may satisfy ~~his~~ its lien from the proceeds of any sale
 26 pursuant to this Section but ~~must~~ shall hold the balance, if any, for delivery on
 27 demand to any person to ~~whom he~~ which the carrier would have been bound to
 28 deliver the goods.

29 (6) (f) The rights provided by this Section ~~shall be~~ are in addition to all other
 30 rights allowed by law to a creditor against ~~his~~ a debtor.

1 (a) ~~(1)~~ The document ~~may~~ does not comply with the requirements of this
 2 Chapter or of any other law statute, rule, or regulation regarding its ~~issue~~ issuance,
 3 form, or content; ~~or~~

4 (b) ~~(2)~~ The issuer ~~may have~~ violated laws regulating the conduct of ~~his~~ its
 5 business; ~~or~~

6 (c) ~~(3)~~ The goods covered by the document were owned by the ~~depository~~
 7 bailee at the time when the document was issued; or

8 (d) ~~(4)~~ The person issuing the document ~~does is~~ not ~~a~~ come within the
 9 ~~definition of warehouseman~~ warehouse if it but the document purports to be a
 10 warehouse receipt.

11 §7-402. Duplicate ~~receipt or bill~~ document of title; overissue

12 Neither a A duplicate ~~nor or~~ any other document of title purporting to cover
 13 goods already represented by an outstanding document of the same issuer ~~confers~~
 14 does not confer any right in the goods, except as provided in the case of tangible bills
 15 of lading in a set of parts, overissue of documents for fungible goods, ~~and~~ substitutes
 16 for lost, stolen, or destroyed documents, or substitute documents issued pursuant to
 17 R.S. 10:7-105. ~~But the~~ The issuer is liable for damages caused by ~~his~~ its overissue
 18 or failure to identify a duplicate document ~~as such~~ by a conspicuous notation ~~on its~~
 19 face.

20 §7-403. Obligation of ~~warehouseman or carrier~~ bailee to deliver; excuse

21 ~~(1)~~ (a) ~~The~~ A ~~depository~~ bailee ~~must~~ shall deliver the goods to a person
 22 entitled under ~~the~~ a document of title if the person ~~who~~ complies with Subsections
 23 ~~(2)~~ (b) and ~~(3)~~ (c), unless and to the extent that the ~~depository~~ bailee establishes any
 24 of the following:

25 ~~(a)~~ (1) Delivery of the goods to a person whose receipt was rightful as
 26 against the claimant;

27 ~~(b)~~ (2) Damage to or delay, loss, or destruction of the goods for which the
 28 ~~depository~~ bailee is not liable;

29 ~~(c)~~ (3) Previous sale or other disposition of the goods in lawful enforcement
 30 of a lien or on ~~warehouseman's~~ a warehouse's lawful termination of storage;

1 ~~(d)~~ (4) The exercise by a seller or a lessor of ~~his~~ a right to stop delivery;

2 ~~(e)~~ (5) A diversion, reconsignment, or other disposition pursuant to ~~the~~
 3 ~~provisions of this Chapter (Section 7-303) R.S. 10:7-303~~ or tariff regulating such
 4 right;

5 ~~(f)~~ (6) Release, satisfaction, or any other ~~fact affording~~ a personal defense
 6 against the claimant; or

7 ~~(g)~~ (7) Any other lawful excuse.

8 ~~(2)~~ (b) A person claiming goods covered by a document of title ~~must~~ shall
 9 satisfy the ~~depository's~~ bailee's lien ~~where~~ if the ~~depository~~ bailee so requests or
 10 ~~where~~ if the ~~depository~~ bailee is prohibited by law from delivering the goods until
 11 the charges are paid.

12 ~~(3)~~ (c) Unless ~~the~~ a person claiming the goods is ~~one~~ a person against ~~whom~~
 13 which the document of title ~~confers no~~ does not confer a right under R.S. 10:7-
 14 503~~(1)(a)~~;

15 (1) The person claiming under a document shall ~~he must~~ surrender
 16 possession or control of ~~for cancellation or notation of partial deliveries~~ any
 17 outstanding negotiable document covering the goods, ~~and~~ for cancellation or
 18 indication of partial deliveries; and

19 (2) The ~~the~~ depository bailee ~~must~~ shall cancel the document or
 20 conspicuously ~~note~~ indicate in the document the partial delivery ~~thereon~~ or ~~be~~ the
 21 bailee is liable to any person to ~~whom~~ which the document is duly negotiated.

22 ~~(4) "Person entitled under the document" means holder in the case of a~~
 23 ~~negotiable document, or the person to whom delivery is to be made by the terms of~~
 24 ~~or pursuant to written instructions under a non-negotiable document.~~

25 §7-404. No liability for good faith delivery pursuant to ~~receipt or bill~~ document of
 26 title

27 A ~~depository~~ bailee ~~who~~ that in good faith ~~including observance of~~
 28 ~~reasonable commercial standards~~ has received goods and delivered or otherwise
 29 disposed of ~~them~~ the goods according to the terms of ~~the~~ a document of title or
 30 pursuant to this Chapter is not liable ~~therefor.~~ for the goods even if:

1 (b) The following rules apply to a negotiable electronic document of title:

2 (1) If the document's original terms run to the order of a named person or to
3 bearer, the document is negotiated by delivery of the document to another person.
4 Endorsement by the named person is not required to negotiate the document.

5 (2) If the document's original terms run to the order of a named person and
6 the named person has control of the document, the effect is the same as if the
7 document had been negotiated.

8 (3) A document is duly negotiated if it is negotiated in the manner stated in
9 this Subsection to a holder that purchases it in good faith, without notice of any
10 defense against or claim to it on the part of any person, and for value, unless it is
11 established that the negotiation is not in the regular course of business or financing
12 or involves taking delivery of the document in settlement or payment of a monetary
13 obligation.

14 ~~(5)~~ (c) ~~Indorsement~~ Endorsement of a ~~non-negotiable~~ nonnegotiable
15 document of title neither makes it negotiable nor adds to the transferee's rights.

16 ~~(6)~~ (d) The naming in a negotiable bill of lading of a person to be notified
17 of the arrival of the goods does not limit the negotiability of the bill ~~nor~~ or constitute
18 notice to a purchaser ~~thereof~~ of the bill of any interest of ~~such~~ that person in the
19 goods.

20 §7-502. Rights acquired by due negotiation

21 ~~(1)~~ (a) Subject to ~~R.S. 10:7-503~~, R.S. 10:7-205 and ~~to the provisions of R.S.~~
22 ~~10:7-205~~ R.S. 10:7-503 ~~on fungible goods~~, a holder to ~~whom~~ which a negotiable
23 document of title has been duly negotiated ~~acquired~~ acquires thereby:

24 ~~(a)~~ (1) Title to the document;

25 ~~(b)~~ (2) Title to the goods;

26 ~~(c)~~ (3) All rights accruing under the law of representation or estoppel,
27 including rights to goods delivered to the ~~depository~~ bailee after the document was
28 issued; and

29 ~~(d)~~ (4) The direct obligation of the issuer to hold or deliver the goods
30 according to the terms of the document free of any defense or claim by ~~him~~ the issuer

1 except those arising under the terms of the document or under this Chapter, ~~but in~~
 2 in the case of a delivery order, the ~~depository's~~ bailee's obligation accrues only upon
 3 the bailee's acceptance of the delivery order and the obligation acquired by the holder
 4 is that the issuer and any ~~indorser~~ endorser will procure the acceptance of the
 5 ~~depository~~ bailee.

6 ~~(2)~~ (b) Subject to R.S. 10:7-503, title and rights ~~so~~ acquired by due
 7 negotiation are not defeated by any stoppage of the goods represented by the
 8 document of title or by surrender of the such goods by the ~~depository,~~ bailee and are
 9 not impaired even ~~though~~ if:

10 ~~(1) the~~ The due negotiation or any prior due negotiation constituted a breach
 11 of duty ~~or even though~~;

12 ~~(2) any~~ Any person has been deprived of possession of ~~the~~ a negotiable
 13 tangible document or control of a negotiable electronic document by
 14 misrepresentation, fraud, accident, mistake, duress, loss, theft, or misappropriation;
 15 or

16 ~~(3) even though a~~ A previous sale or other transfer of the goods or document
 17 has been made to a third person.

18 §7-503. Document of title to goods defeated in certain cases

19 ~~(1)~~ (a) A document of title confers no right in goods against a person ~~who~~
 20 that before issuance of the document had a legal interest or a perfected security
 21 interest in ~~them~~ the goods and ~~who neither~~ that did not:

22 ~~(a) (1) delivered or entrusted them~~ Deliver or entrust the goods or any
 23 document of title covering ~~them~~ the goods to the ~~depositor~~ bailor or ~~his~~ the bailor's
 24 nominee with:

25 (A) actual Actual or apparent authority to ship, store, or sell ~~or with~~;

26 (B) Power to obtain delivery under ~~this Chapter~~ (R.S. 10:7-403); or

27 (C) with power Power of disposition under ~~this Title~~ (R.S. 10:9-320) or R.S.
 28 10:9-321(c) or other statute ~~or rule of law~~; ~~nor~~ ; or

29 ~~(b) (2) acquiesced~~ Acquiesce in the procurement by the ~~depositor~~ bailor or
 30 ~~his~~ its nominee of any document ~~of title~~.

1 (2) (b) Title to goods based upon an unaccepted delivery order is subject to
 2 the rights of ~~anyone~~ any person to ~~whom~~ which a negotiable warehouse receipt or
 3 bill of lading covering the goods has been duly negotiated. ~~Such a~~ That title may be
 4 defeated under R.S. 10:7-504 to the same extent as the rights of the issuer or a
 5 transferee from the issuer.

6 (3) (c) Title to goods based upon a bill of lading issued to a freight forwarder
 7 is subject to the rights of ~~anyone~~ any person to ~~whom~~ which a bill issued by the
 8 freight forwarder is duly negotiated; ~~but.~~ However, delivery by the carrier in
 9 accordance with Part 4 of this Chapter pursuant to its own bill of lading discharges
 10 the carrier's obligation to deliver.

11 §7-504. Rights acquired in ~~the~~ absence of due negotiation; effect of diversion;
 12 ~~seller's~~ stoppage of delivery

13 (a) A transferee of a document of title, whether negotiable or ~~non-negotiable~~
 14 nonnegotiable, to ~~whom~~ which the document has been delivered but not duly
 15 negotiated, acquires the title and rights ~~which his~~ that its transferor had or had actual
 16 authority to convey.

17 (b) In the case of a transfer of a nonnegotiable document of title, until but not
 18 after the bailee receives notice of the transfer, the rights of the transferee may be
 19 defeated:

20 (1) By those creditors of the transferor which could treat the transfer as void
 21 or ineffective, under the law of the state of location of the goods, on account of the
 22 retention of possession by the transferor;

23 (2) By a buyer from the transferor in ordinary course of business if the bailee
 24 has delivered the goods to the buyer or received notification of the buyer's rights;

25 (3) By a lessee from the transferor in ordinary course of business if the bailee
 26 has delivered the goods to the lessee or received notification of the lessee's rights;

27 or

28 (4) As against the bailee, by good-faith dealings of the bailee with the
 29 transferor.

1 (c) A diversion or other change of shipping instructions by the consignor in
 2 a nonnegotiable bill of lading which causes the bailee not to deliver the goods to the
 3 consignee defeats the consignee's title to the goods if the goods have been delivered
 4 to a buyer in ordinary course of business or a lessee in ordinary course of business
 5 and, in any event, defeats the consignee's rights against the bailee.

6 (d) Delivery of the goods pursuant to a nonnegotiable document of title may
 7 be stopped by a seller or a lessor under law other than this Chapter. A bailee that
 8 honors the seller's or lessor's instructions is entitled to be indemnified by the seller
 9 or lessor against any resulting loss or expense.

10 §7-505. Indorser not a guarantor for other parties

11 The ~~indorsement~~ endorsement of a tangible document of title issued by a
 12 ~~depository~~ bailee does not make the indorser liable for any default by the ~~depository~~
 13 bailee or by previous ~~indorsers~~ endorsers.

14 §7-506. Delivery without ~~indorsement~~ endorsements; right to compel ~~indorsement~~
 15 endorsement

16 The transferee of a negotiable tangible document of title has a specifically
 17 enforceable right to have ~~his~~ its transferor supply any necessary ~~indorsement~~
 18 endorsement, but the transfer becomes a negotiation only as of the time the
 19 ~~indorsement~~ endorsement is supplied.

20 §7-507. Warranties on negotiation or ~~transfer~~ delivery of ~~receipt or bill~~ document
 21 of title

22 ~~Where~~ If a person negotiates or ~~transfers~~ delivers a document of title for
 23 value, otherwise than as a mere intermediary under R.S. 10:7-508, ~~then~~ unless
 24 otherwise agreed, ~~he~~ the transferor, in addition to any warranty made in selling or
 25 leasing the goods, warrants to ~~his~~ its immediate purchaser only ~~in addition to any~~
 26 warranty made in selling the goods that:

27 (a) (1) ~~That the~~ The document is genuine, ~~and~~;

28 (b) (2) ~~That he~~ The transferor ~~has no~~ does not have knowledge of any fact
 29 which that would impair ~~it's~~ the document's validity or worth; and

1 ~~depository's bailee's~~ reasonable costs and ~~counsel~~ attorney fees in any action under
 2 this Subsection.

3 (2) (b) A ~~depository bailee who that~~, without a court order, delivers goods
 4 to a person claiming under a missing negotiable document of title is liable to any
 5 person injured thereby. If the delivery is not in good faith, the bailee is liable for all
 6 damages, foreseeable or not, that are a direct consequence of the bailee's actions.
 7 The bailee is liable only for the damages that were foreseeable at the time the
 8 document of title was issued if the bailee was in good faith in making delivery and
 9 if the claimant posts security with the bailee in an amount at least double the value
 10 of the goods at the time of posting to indemnify any person injured by the delivery
 11 which files a notice of claim within one year after the delivery.

12 §7-602. ~~Attachment of goods covered by a negotiable document~~ Judicial process
 13 against goods covered by negotiable document of title

14 ~~Except where the~~ Unless a document of title was originally issued upon
 15 delivery of the goods by a person ~~who had no~~ that did not have power to dispose of
 16 them, ~~no a lien does not attaches~~ attach by virtue of any judicial process to goods in
 17 the possession of a ~~depository bailee~~ for which a negotiable document of title is
 18 outstanding unless possession or control of the document ~~be is~~ first surrendered to
 19 the ~~depository bailee~~ or it's the document's negotiation is enjoined; ~~and the~~ The
 20 ~~depository bailee shall~~ may not be compelled to deliver the goods pursuant to process
 21 until possession or control of the document is surrendered to ~~him~~ the bailee or
 22 ~~impounded by~~ to the court. ~~One who purchases~~ A purchaser of the document for
 23 value without notice of the process ~~of or~~ injunction takes free of the lien imposed by
 24 judicial process.

25 §7-603. Conflicting claims; concursus

26 If more than one person claims title to or possession of the goods, the
 27 ~~depository bailee~~ is excused from delivery until ~~he~~ the bailee has ~~had~~ a reasonable
 28 time to ascertain the validity of the adverse claims or to ~~bring~~ commence an action
 29 ~~to compel all claimants to join in a concursus and may compel such joinder; for~~

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 concurus. The bailee may assert a concurus either in defending an action for ~~non-~~
 2 ~~delivery~~ nondelivery of the goods; or by original action, ~~whichever is appropriate.~~

3 ~~PART 7. FRAUD THROUGH THE USE OF DOCUMENTS OF TITLE~~

4 ~~§7-701. 7-604.~~ 7-604. Fraud through the use of a document of title

5 The offense of fraud through the use of a document of title is defined as:

6 (1)(a) Issuing or aiding in issuing a warehouse receipt knowing that the
 7 goods for which the receipt is issued have not been actually received by the issuer,
 8 or are not under his actual control at the time of issuing such receipt.

9 (b) Issuing or aiding in issuing a duplicate or additional negotiable
 10 warehouse receipt for goods knowing that a former negotiable receipt for the same
 11 goods or any part of them is outstanding and uncanceled, without plainly placing
 12 upon the face thereof the word "duplicate" except in the case of a lost or destroyed
 13 receipt after proceeding as provided in ~~Section 7-601(1)~~ Section 7-601(a).

14 (c) Issuing or aiding in issuing a bill of lading knowing that all or any part
 15 of the goods for which such bill is issued have not been received by the issuer, or by
 16 an agent of the issuer or by a connecting carrier, or are not under the issuer's control
 17 at the time of issuing such bill; or

18 (d) Issuing, with intent to defraud, a duplicate or additional negotiable bill
 19 of lading for goods in violation of the provisions of Section 7-402, knowing that a
 20 former negotiable bill for the same goods or any part of them is outstanding and
 21 uncanceled.

22 (e) Whoever commits the offense of fraud through the use of a document of
 23 title as defined in Subsection (1) of this Section shall, for each offense, be fined not
 24 more than ten thousand dollars, or imprisoned with or without hard labor not more
 25 than ten years or both. ~~with a minimum of~~ At least twelve months of the sentence
 26 imposed shall be served without benefit of ~~suspension, parole, pardon, or both, in the~~
 27 ~~discretion of the court~~ probation, or suspension of sentence.

28 (2)(a) Issuing or aiding in issuing a document of title knowing that it
 29 contains any false statement.

1 (b) Depositing goods to which the depositor has no title, or upon which there
 2 is a mortgage, privilege, or lien, and taking for such goods a negotiable document of
 3 title which he afterwards negotiates for value with intent to deceive and without
 4 disclosing his want of title or existence of the mortgage, privilege, or lien.

5 (c) Issuing or aiding in issuing a negotiable warehouse receipt for goods,
 6 which the issuer owns, either solely or in indivision with others, without stating such
 7 ownership on the receipt.

8 (d) Delivering goods knowing that a negotiable warehouse receipt, the
 9 negotiation of which would transfer the right to possession of such goods, is
 10 outstanding and uncanceled, without obtaining the possession of such receipt at or
 11 before the time of such delivery or without complying with the provisions of ~~Section~~
 12 R.S. 10:7-601.

13 (e) Negotiating or transferring for value a bill of lading knowing that any or
 14 all of the goods which by the terms of such bill appear to have been received for
 15 transportation by the issuer, are not in the possession or control of the issuer or of a
 16 connecting carrier, without disclosing this fact.

17 (f) Inducing an agent of a carrier to cause to be issued a bill of lading by
 18 intentionally misleading him to believe that the goods described in the bill as
 19 received for transportation have been received by the carrier, its agent, or a
 20 connecting carrier, when in fact none or less than all of such goods were so received;
 21 or

22 (g) Issuing or aiding in issuing, with intent to defraud, a ~~non-negotiable~~
 23 nonnegotiable bill of lading without the words "not negotiable" placed plainly upon
 24 the face thereof.

25 (h) Whoever commits the offense of fraud through the use of a document of
 26 title as defined in Subsection (2) of this Section shall, for each offense, be fined not
 27 more than five thousand dollars, or imprisoned with or without hard labor not more
 28 than five years or both, ~~with a minimum of~~ At least six months of the sentence

1 imposed shall be served without benefit of suspension, parole, or pardon, or both, in
2 the discretion of the court probation, or suspension of sentence.

3 * * *

4 Section 4. R.S. 10:8-103(g) is hereby enacted to read as follows:

5 §8-103. Rules for determining whether certain obligations and interests are
6 securities or financial assets

7 * * *

8 (g) A document of title is not a financial asset unless R.S. 10: 8-102(a)(9)(iii)
9 applies.

10 * * *

11 Section 5. R.S. 10:9-102(a)(30), (b), and (d)(7), 9-203(b)(introductory paragraph)
12 and (3)(D), 9-207(c), 9-208(b)(5) and (6), 9-301(3), 9-310(b)(5) and (8), 9-312(e), 9-313(a),
13 9-314(a) and (b), 9-317(b) and (d), 9-338, and 9-601(b) are hereby amended and reenacted
14 and 9-208(b)(7) is hereby enacted to read as follows:

15 §9-102. Definitions and index of definitions

16 (a) Chapter 9 definitions. In this Chapter:

17 * * *

18 (30) "Document" means a document of title or a receipt of the type described
19 in R.S. 10:7-201~~(2)~~(b).

20 * * *

21 (b) Definitions in other Chapters. "Control" as provided in R.S. 10:7-106
22 and the The following definitions in other Chapters apply to this Chapter:

- 23 "Applicant" R.S. 10:5-102.
- 24 "Beneficiary" R.S. 10:5-102.
- 25 "Broker" R.S. 10:8-102.
- 26 "Certificated security" R.S. 10:8-102.
- 27 "Check" R.S. 10:3-104.
- 28 "Clearing corporation" R.S. 10:8-102.
- 29 "Customer" R.S. 10:4-104.
- 30 "Entitlement holder" R.S. 10:8-102.

1	"Financial asset"	R.S. 10:8-102.
2	"Holder in due course"	R.S. 10:3-302.
3	"Issuer" (with respect to a letter of credit	
4	or letter-of-credit right)	R.S. 10:5-102.
5	"Issuer" (with respect to a security)	R.S. 10:8-201.
6	<u>"Issuer" (with respect to documents of title)</u>	<u>R.S. 10:7-102.</u>
7	"Letter of credit"	R.S. 10:5-102.
8	"Negotiable instrument"	R.S. 10:3-104.
9	"Nominated person"	R.S. 10:5-102.
10	"Note"	R.S. 10:3-104.
11	"Proceeds of a letter of credit"	R.S. 10:5-114.
12	"Prove"	R.S. 10:3-103.
13	"Securities account"	R.S. 10:8-501.
14	"Securities intermediary"	R.S. 10:8-102.
15	"Security"	R.S. 10:8-102.
16	"Security certificate"	R.S. 10:8-102.
17	"Security entitlement"	R.S. 10:8-102.
18	"Uncertificated security"	R.S. 10:8-102.

19 * * *

20 (d) Additional definitions. In this Chapter:

21 * * *

22 (7) "Lessee in ordinary course of business" means a person that becomes a
 23 lessee of ~~a good~~ goods in good faith, without knowledge that the lease violates the
 24 rights of another person in the ~~good~~ goods, and in the ordinary course from a person,
 25 other than a pawnbroker, in the business of selling or leasing goods of that kind. A
 26 lessee in the ordinary course of business may lease for cash, or by exchange of other
 27 property, or on secured or unsecured credit, and may ~~include leasing goods~~ acquire
 28 goods or documents of title under a ~~pre-existing~~ preexisting lease.

29 * * *

1 further obligation to pay or deliver proceeds of the letter of credit to the secured
2 party; ~~and~~

3 (6) a secured party having control of an electronic document shall:

4 (A) give control of the electronic document to the debtor or its designated
5 custodian;

6 (B) if the debtor designates a custodian that is the designated custodian with
7 which the authoritative copy of the electronic document is maintained for the secured
8 party, communicate to the custodian an authenticated record releasing the designated
9 custodian from any further obligation to comply with instructions originated by the
10 secured party and instructing the custodian to comply with instructions originated by
11 the debtor; and

12 (C) take appropriate action to enable the debtor or its designated custodian
13 to make copies of or revisions to the authoritative copy which add or change an
14 identified assignee of the authoritative copy without the consent of the secured party;
15 and

16 (7) a secured party having control of a life insurance policy under R.S. 10:9-
17 107.1(a)(2) shall send to the insurer that issued the policy an authenticated record
18 that releases both the security interest and the insurer's acknowledgment.

19 * * *

20 §9-301. Law governing perfection and priority of security interests

21 Except as otherwise provided in R.S. 10:9-303 through 9-306, the following
22 rules determine the law governing perfection, the effect of perfection or
23 nonperfection, and the priority of a security interest in collateral:

24 * * *

25 (3) Except as otherwise provided in Paragraphs (4) and (5) of this Section,
26 while tangible negotiable documents, goods, instruments, money, or tangible chattel
27 paper is located in a jurisdiction, the local law of that jurisdiction governs:

28 * * *

1 a certificated security takes free of a security interest if the licensee or buyer gives
2 value before it is perfected.

3 * * *

4 §9-338. Priority of security interest or agricultural lien perfected by filed financing
5 statement providing certain incorrect information

6 If a security interest or agricultural lien is perfected by a filed financing
7 statement providing information described in R.S. 10:9-516(b)(5) which is incorrect
8 at the time the financing statement is filed:

9 (1) the security interest or agricultural lien is subordinate to a conflicting
10 perfected security interest in the collateral to the extent that the holder of the
11 conflicting security interest gives value in reasonable reliance upon the incorrect
12 information; and

13 (2) a purchaser, other than a secured party, of the collateral takes free of the
14 security interest or agricultural lien to the extent that, in reasonable reliance upon the
15 incorrect information, the purchaser gives value and, in the case of tangible chattel
16 paper, tangible documents, goods, instruments, or a security certificate, receives
17 delivery of the collateral.

18 * * *

19 §9-601. Rights after default; judicial enforcement; consignor or buyer of accounts,
20 chattel paper, payment intangibles, or promissory notes

21 * * *

22 (b) Rights and duties of secured party in possession or control. A secured
23 party in possession of collateral or control of collateral under R.S. ~~10:9-104~~, 10:7-
24 106, 9-104, 9-105, 9-106, 9-107, or 9-107.1 has the rights and duties provided in R.S.
25 10:9-207.

26 * * *

27 Section 6. The Louisiana State Law Institute is hereby authorized to prepare
28 comments to the provisions of this Act.

29 Section 7. This Act applies to a document of title that is issued or a bailment that
30 arises on or after the effective date of this Act. This Act does not apply to a document of

1 title that is issued or a bailment that arises before the effective date of this Act even if the
 2 document of title or bailment would be subject to this Act if the document of title had been
 3 issued or bailment had arisen on or after the effective date of this Act. This Act does not
 4 apply to a right of action that has accrued before the effective date of this Act.

5 Section 8. A document of title issued or a bailment that arises before the effective
 6 date of this Act and the rights, obligations, and interests flowing from that document or
 7 bailment are governed by any statute amended or repealed by this Act as if amendment or
 8 repeal had not occurred and may be terminated, completed, consummated, or enforced under
 9 that statute.

10 Section 9. The provisions of this Act shall become effective January 1, 2010.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____