

attempt to update our Uniform Commercial Code, not only do we need new rules where new situations call for them, we need to abandon old rules which no longer make sense. And, unlike the other three bills, this one repeals a section of our Uniform Commercial Code that no longer makes sense in the commercial climate that now exists. The Bulk Sales Act, which is on our books, was designed to give creditors greater knowledge and greater ability to defend themselves when large amounts of the assets of a company were being sold at one time, of bulk sales, not just the regular sales out of inventory, but where you sell 80 percent of your inventory, or all of your inventory at a time. You could be a creditor to that business, have rights in that inventory, and then the inventory would all be sold to one purchaser, and all of the things that were securing your interest would now be sold in the hands of a good faith purchaser, you would have lost your rights and your security interest would be defeated. The Bulk Sales Act said, ah, well, if we get into one of these really large sales, the company that sells its goods has to give notice to all of its creditors that it's doing so, so that those creditors will have knowledge that their potential collateral is being sold and they can observe the exchange and make sure that their security interest rights are protected. Currently, today some of the reasons why we passed the Bulk Sales Act no longer exist. First, creditors now have ready access to information, speedy access to credit information, and complete credit histories of the people that they're doing business with at relatively small cost. That was not true 40 and 50 years ago. Secondly, creditors who have had their collateral transferred to a good faith purchaser can continue to get access into the collection of their debts. We now have long-arm statutes which allow creditors to go into other states and to find wrongdoers and to secure jurisdiction over them and their property should a debtor try to flee to another state. We've strengthened the hand of the creditor in other ways so that the very rationale, for why we needed this bill years ago, has been undermined. Additionally, we found that the Bulk Sales Transfers Act really has not been very helpful. What it's done is to throw a monkey wrench in each and every bulk sales, even though many, many, many of them had no difficulties whatsoever. Because of the operation of the Bulk Sales Transfers Act, the creditor continued to have security interest in the goods once they were transferred, for up to six months. And this meant that the good might be in a person's hands, who thought they were a good faith purchaser but, in fact, the goods had a security interest against them by an