

COMMINGLING OF FUNDS AND TRACING

- I. Jack misappropriates \$500 from the plaintiff, Paula. What relief is available to the plaintiff in the following examples? (Consider pages 898-909). Assume other general creditors have claims against Jack.
- A) Jack opens a new bank account and deposits all the money, but later withdraws the \$500 and loses it all at the race track.
- B) Same as (A), but Jack withdraws only \$400, which he loses at the race track.
- C) Same as (A), but after losing the entire sum at the race track, Jack obtains \$600 from another source and places it in the bank account.
- D) Same as (C), but the \$600 comes from his own assets.
- E) Into a new bank account Jack places the misappropriated \$500 and (a few days later) \$500 of his own funds. He then withdraws and loses \$900. Next week he adds \$600 of his own funds to the account, thus creating a balance of \$700.

- F) Into the bank account Jack places the misappropriated \$500 and \$500 of his own funds. He withdraws \$900 for his trip to Hot Springs, and returns the same day with \$200, creating a balance of \$300.
 - G) Same as (F), but he wins and returns with \$9900, creating a balance of \$10,000.
 - H) Same as (G), but on his way home, he is robbed and loses the \$9900.
 - I) Same as (F), but he withdraws \$500 and returns with \$2000, creating a balance of \$2500.
 - J) Same as (F), but Jack withdraws \$700 to pay for legal services for a divorce. Does the plaintiff have any relief against the attorney?
 - K) Jack misappropriates \$600 from Alice, \$300 from Barbara and takes \$100 of his own money, creating a balance of \$1000. Jack then withdraws \$700, leaving \$300. Who has priority?
- II. Jack misappropriates \$1 from Carol and combines it with \$1 of his own money to buy one lottery ticket. The ticket is the grand prize winner, paying \$100,000 for the next ten years. Carol comes to your office for assistance.