

Tulsa Law Review

Volume 21 | Issue 3

Spring 1986

The Law of Modern Payment Systems and Notes

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Recommended Citation

Tom L. Holland, *The Law of Modern Payment Systems and Notes*, 21 Tulsa L. J. 610 (2013).

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BOOK REVIEW

THE LAW OF MODERN PAYMENT SYSTEMS AND NOTES. By Fred H. Miller* and Alvin C. Harrell.** Norman: University of Oklahoma Press 1985. Pp. viii, 566. \$29.50.

Reviewed by Tom L. Holland†

The Law of Modern Payment Systems and Notes covers the law of promissory notes, checks, drafts, credit cards, and electronic fund transfer (EFT) systems. Thus, except for cash payments, this book deals with the legal problems that may arise in connection with the use of all significant payment systems. The book also addresses legal issues arising from the use of an important credit instrument, the promissory note.

Promissory notes, checks, and drafts are written instruments that are known as commercial paper. Since many of these instruments are negotiable, they are also often referred to as negotiable instruments. Article 3 of the Uniform Commercial Code (U.C.C.) is the primary source of law for commercial paper. In addition, Article 4 of the U.C.C., covering bank deposits and collections, regulates many aspects of commercial paper transactions.

Since the law of commercial paper is extensive and well developed, the bulk of this book concentrates on the law of commercial paper. Chapters two through seven deal primarily with the law of commercial paper. Chapter one contains introductory material about the types of payment and credit instruments and systems and a discussion of the various bodies of governing law. Chapter eight covers the bank collection system, and chapter nine analyzes the relationship between a bank and its customer. Chapter ten, the final chapter, discusses credit card and EFT problems.

In the chapters on commercial paper, the authors concentrate on the provisions of Article 3 of the U.C.C., but they call attention to other

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rules of law affecting commercial paper, including provisions from other articles of the U.C.C., other state statutes, federal statutes and regulations, and common law rules. Legislation and regulations controlling consumer transactions are the most significant rules of law outside the U.C.C. that affect commercial paper. The authors focus on the provisions of Article 4 in chapters eight and nine, but discuss other relevant materials such as Federal Reserve System regulations and the developing law dealing with hold periods for uncollected funds that result in delayed availability of funds. Throughout the materials principally discussing and interpreting provisions of the U.C.C., the authors rely on leading and significant cases to aid in the analysis of the statutory provisions and to supplement the statutes in situations not covered by the U.C.C. or other legislation.

Chapter ten provides less coverage for credit cards and EFT systems because the law in this area is less extensive and not highly developed. Coverage consists principally of an analysis of federal legislation and regulations that primarily control consumer credit card and EFT transactions. There is also a comparison of selected rules to U.C.C. provisions. There are few cases in this area, and the authors have limited discussion of the cases to significant decisions.

The Law of Modern Payment Systems and Notes should be quite useful for both students and attorneys. The length of the book including end notes,¹ 463 pages, is not overwhelming. Yet, this book contains a readable and easily understandable analysis of often difficult and complex legal problems flowing from commercial paper and other payment systems transactions. Thus, students taking a course on commercial paper and other payment systems should find this text to be a good resource for general background reading or for providing help in understanding an area of the law creating difficulty for the students. Likewise, attorneys presented with a legal problem in this area of law will be able to obtain a practical and beneficial explanation of relevant law. Moreover, often attorneys will discover that Miller and Harrell have helped them with their research efforts by providing citations to the leading cases dealing with the issues to be resolved. Therefore, *The Law of Modern Payment Systems and Notes* makes an important contribution to the body of commercial law literature.

1. The use of end notes, rather than footnotes, makes the book slightly less convenient to read, but does not create a serious problem.

