STUDENT SUPPLEMENT FOR USE WITH Comprehensive Volume

Business Law

Eleventh Edition

MPORTANT BUSINESS LAW TERMS

STUDY GUIDE QUESTIONS

CASE PROBLEMS

Ronald A. Anderson

Prepared by Ivan Fox Contributing Author David P. Twomey



SOUTH-WESTERN

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Suggestions to the Student

The general plan of this student supplement is to provide two pages of material for each chapter in the textbook. The first page usually consists of important business law terms and 20 "true-false" questions that cover the entire chapter. The second page usually includes 5 case problems or practical applications of the principles of law that are discussed in the textbook.

STUDY GUIDES. It is recommended that the "true-false" questions for each chapter be used as a study guide. The following procedure is suggested for best results:

- 1. Study the assigned textbook chapter carefully. Many students underline important points or make marginal notations in the textbook as they read. If you find it helpful to outline the textbook discussion, the printed topic headings will provide the skeleton of an outline for you. The freestanding headings that are flush with the left margin constitute the main headings of the outline; numbered headings constitute the first subheadings, and the indented, lettered headings constitute the second subdivisions.
- 2. Without referring to the textbook, answer as many of the "true-false" questions as you can. Do not guess. Leave unanswered those items about which you are in doubt.
- 3. Refer to the textbook for the discussion of the points about which you are uncertain. Keep in mind that an understanding of the reason for your answer is more important than the answer.
- 4. If your instructor has supplied you with a copy of a pamphlet containing the answers to these questions, check your answers. For each item that you have missed, check the textbook to determine the reason for your difficulty.
- 5. If time permits, restate each "false" item so that it can be answered "true." Use a separate sheet of paper for this purpose.
- 6. Mark those items about which you want to obtain additional information from your instructor during the class hour.

By following the suggested procedure you should be able (a) to use your preparation time more efficiently, (b) to reduce your study time, and (c) to improve your scores on tests and examinations. It is possible to achieve such results because these materials serve as a quick check of your understanding of the textbook discussion after your first reading and indicate which portions of the text need further study. Furthermore, a study of the important points in a different form should help to fix those points more firmly in mind.

CASE PROBLEMS. If the case problems which usually appear on the second page of the materials for most chapters are scored, 4 points may be allowed for each problem: 1 point for the correct yes or no answer, and 3 points for the rule of law-ranging from 0 for an incorrect answer to 3 points for an answer that is complete as well as accurate.

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PART 1 LEGAL RIGHTS AND SOCIAL FORCES

Law and aw Enforcement Agencies

		Law Lindicen	ioiit i	NO.	STICICS			
Name								
Total Score (32)	CONTRACTOR OF THE							
STUDY GUIDE								
2. Review the important busing the following list indicates the n	ions to the Student' on page iii of thiness law terms defined in this chapter number of the textbook page where the ments following the business law terms.	r. The number in parenthes ne term is defined or explain	ned.					
	Important Business Law 7	Γerms						
administrative regulation (3) arbitration (6) case law (3) civil law (4)	court (5) common law (4) constitutional law (3) doctrine of stare decisis (3)	equity (4) jurisdiction (5) law (1)	statut	dura ory	t (3) al law (4) law (3) ve law (4			
			ANSV	/ERS	For Scoring			
1. Law consists of princip	les of conduct that can be enfo	orced in courts	Т	F	1.			
######################################	on enactments of a legislative			F	2.			
3. Administrative agencies	s receive their power from the ecision becomes a precedent to	state constitution	. T	F	3			
cases is known as the d	loctrine of stare decisis		Т	F	4			
5. Constitutional law inclu-	des statutes adopted by the lav	wmakers	. T	F	5			
	ial Code regulates the field of some areas of consumer credit			F	6			
UCCC				F	7			
	ostance of legal rights and liabil developed to grant relief when	(HMC) # HMC) [25 (CH)] [10 (CH)] [25 (CH)] [2		F	8			
				F				
	rt of the Roman civil law				10			
11. Modern business law ha	s developed from the law merch	hant and common law	. T	F	11			
	ed upon the following informat g to submit any dispute to arbi		11					
12. Arbitration will be mor								

13. Smith and Randall could not legally agree in advance to arbitration.

14. Smith and Randall may select their own arbitrator.

15. A court of record having original jurisdiction generally reviews the judgment of an inferior court.

16. A criminal court will ordinarily hear issues involving private rights.

17. A probate court is an example of a court with limited jurisdiction.

18. A person who violates a rule necessary for preserving order in the court may be punished for contempt of court.

19. Bankruptcy proceedings are brought into the state court system.

20. A motion for summary judgment cannot be used when there is a substantial dispute of fact.

F 13.

T F 15_

T F 17_

T F 18.___

T F 19.__

T F 20_

T F 16.___

F 14.

Directions: Answer the question at the end of each problem by encircling "Yes" or "No." Then state the reason for your answer.

		Answers	For Scoring
1.	Beth and Davis agree to submit a dispute to arbitration. After the hearing, the arbitrator has decided in favor of Beth. Davis wishes to appeal the decision to a court of law. May he do so?	Yes No	1
2-4.	Why or why not?		
			2–4
5.	Daniel is a minor. He is concerned whether he can make a binding contract for necessities. Will the procedural law determine his legal rights in regard to necessities?	Yes No	5
6–8.	Why or, why not?		
			6–8
9.	Landers had commenced an action against Marks for trespass to property. Landers during the trial became dissatisfied with its progress. Would Landers be correct in taking a compulsory nonsuit?	Yes No	9
10–12.	Why or why not?		
			10–12
		Scot	e (12)

Law as an Expression of Social Forces

Name			
TO RECEIVE MEANING THE PARTY OF			

Total Score (30)____

STUDY GUIDE

		Ansv	/ERS	FOR SCORING
1.	Law is an instrumentality for attaining social justice.	T	F	1
	Justice is a universal value in the sense that it means, the same to different persons at different times.	T	F	2
3.	The purpose of each law is specifically stated	T	F	3
4.	A law against treason is designed primarily to serve the objective of personal freedom.	Т	F	4
5.	The principal objective of a tax revenue law is to protect the property of individuals.	Т	F	5
6.	Laws prohibiting the sale of obscenity illustrate the objective of protecting public morals.	Т	F	6
	Questions 7-9 are based upon the following information: A thief steals an automobile from the garage of Jones.			
7.	The thief is civilly liable to Jones.	T	F	7
8.	The thief is criminally liable to the state.	T	F	8
9.	Jones may not recover the automobile from Young who purchased it in good faith from the thief.	Т	F	9
10.	The law usually seeks to enforce the intent that the parties have expressed in their contract.	T	F	10
11.	Consumers of goods packaged in tin cans have rights only against the retail store from which they bought the goods.	T	F	11
12.	The objective of furthering trade is served by legislation that gives special rights to those who accept checks in payment.	T	F	12
13.	Bankruptcy laws are designed to protect creditors, not to rehabilitate the debtor.	Т	F	13
14.	The courts will ordinarily follow former decisions because of the objective of stability.	T	F	14
	The procedure for the amendment of federal and state constitutions is designed primarily to make the law flexible.	T	F	15
	The law is sometimes stated in terms of what a reasonable or prudent person would do under the circumstances.			16
17.	A signature must be handwritten.	T	F	17
18.	The objective of protecting title may conflict with the objective of furthering trade.	T	F	18
19.	Courts will never enforce an oral contract for the sale of land			19
	A requirement of a statute may be "eroded" by court decisions	T	F	20

COMPLETION

	Directions:	One objective	of the	law is the	protection	of the state.	In the spaces	below,	list ten other	objectives of
0.00	law.									

Criminal Law and Business

Nar	ne					
Tot	al Score (40)		Y GUIDE			
		Important Bu	siness Law Terms			
accessory (30) arson (33) burglary (32) conspiracy (36)		crimes mala in se (29) crimes mala prohibita (29) criminal libel (35) embezzlement (33)	felony (28) forgery (35) irresistible impulse test (31) larceny (31)	misde princ robbe treas	(32)	
				Answ	VERS	For Scoring
1.	A crime punis	hable by imprisonment is class	ssified as a felony.	Т	F	1
2.	An act may be	e a felony in one state and a	misdemeanor in another	Т	F	2
	A sells liquor t	o B believing B to be an adul	t, but B is a minor. A is guilty of a		_	
			6.4		F	3
4.	As an element ness or knowl	of a crime, the mental state edge of guilt.	of the accused requires an aware-	Т	F	4
5.			who actually engages in the perpe-			
	tration of a cri	ime		T	F	5
6.	Capacity to co	mmit a crime is presumed from	om the commission of the act	T	F	6
7.			person from criminal responsibil-			
			•••••		F	7
8.	A corporation	may be held criminally resp	onsible for its acts	T	F	8
	Roger enters	on vacation	intent to commit burglary while			
					F	9
10.	Roger has con	nmitted the crime of robbery		T	F	10
11.	Roger could on	nly commit larceny by remov	ing property belonging to Gregg.	T	F	11
12.			n your fire insurance. You have			作 湯湯
	committed ars				F	12
13.	The fraudulen whom it has b	t conversion of another's preen entrusted is known as e	roperty or money by a person to mbezzlement.	T	F	13
14.			has committed a crime	T	F	14
			aking and passing of counterfeit			
	coins			T	F	15
			s a crime			16
			te a violation of a forgery statute			17
			n the case of criminal libel		F	18
			or criminal libel		F	19
20.	The intended conspiracy	crime must be committed for	or the participants to be guilty of		F	20
TO SHARE THE PARTY OF THE PARTY				EASTERN THE STATE OF		

Directions: Answer the question at the end of each problem by encircling "Yes" or "No." Then state the rule of law that applies to the case in the space provided.

4.734		Answers	FOR SCORING
1.	Gold walked into an office of ABC Stationery Company, took a pistol from his coat pocket and ordered Debbie, a clerk and employee of the company, into another room. With no one in the room to observe him, Gold then proceeded to take the money from the cash register. Has Gold committed the crime of robbery?	Yes No	1
2-4.	Rule of law		
			2-4
5.	Latham was stopped by a police officer for passing a red light and failing to signal a right turn. Latham was also exceeding the speed limit. Has Latham committed a felony?	Yes No	5
6–8.	Rule of law		
			6-8
9.	Paul was charged with larceny for picking the pocket of Pat at a professional basketball game. Was Paul properly charged?	Yes No	9
10–12.	Rule of law		
			10–12
13.	Mary asked Kent to keep her stock in a vault while she went on an extended vacation. Kent placed Mary's stock in his vault at the First Bank. While Mary was gone, Kent sold the stock to Jones without the knowledge or consent of Mary. Has Kent committed larceny?		13
14-16.	Rule of law		
			14-16
17.	Evans was a holder of a note made out in his favor by Joan. By mistake Evans changed the rate of interest on the note from 6 percent to 8 percent, which was the maximum allowed in that state. Was Evans guilty of committing a forgery?		17
18–20.	Rule of law		
			18–20

The Law of Torts and Business

Name						
Total Score (40)	STUDY	GUIDE				
	Important Busin	ness Law Terms				
absolute privilege (48) conversion (54) copyright (50) defamation (47) defamation by computer (49)	doctrine of last clear chance (42) libel (48) negligence (41) patent (49)	qualified or conditional privilege (48) res ipsa loquitur (43) right of privacy (53) slander (47)	trespass proper			
				Answ	/ERS	For Scoring
1. Tort law relates to offe	enses against the state			Т	F	1
2. Smith steals Henry's w				Т	F	2:
3. A person may be innoceted by another person.	cent of a wrong yet be		commit-	Т	F	3
4. Liability for harm only cause harm.		either negligence or int	ention to	T	F	4
5. As a general rule, a pl recover damages if the		y of contributory negliggent.		Т	F	5
	nce to avoid the injur	efendant is liable if the dry even though the plain	ntiff was	T	F	6
7. A husband is generally				T	F	7
8. Dunn points a pistol a mitted the tort of false	t Sheila and demands		has com-	Т	F	8
9. A person is entitled to						9
10. Slander consists of the	publication or comm	nunication of defamator	y written	Т	E	10.
		via for a libal action				11
11. A picture defaming a p12. A conditional privilege formance of a public d	arises in the case of		the per-			12
13. A person's credit stan	ding may be damage	ed because a computer	contains			13
erroneous information. 14. A copyright may be ob		A9				14
15. Imitation of a store fro						15
Questions 16-17 are ba	sed upon the following					
16. Craig has committed the				T	F	16
17. Craig has committed th				T	F	17
18 Any flight of aircraft of	var privata property	constitutes a traspass to	land	T	E	18

		Answi	ERS	FOR SCORING
1.	Rita was engaged in selling orange drinks. The fronts of several stores owned by her were painted an orange color. The picture of an orange and the word <i>Goldrink</i> appeared on the windows of each store. Sandy engaged in the same business, and adopted the same plan for her store front. Is Rita entitled to any remedy?	Yes	No	1
2–4.	Rule of law			
				2-4
5.	Marsh was cutting down trees on his land. Contrary to his intention, he caused one of the trees to fall upon the adjoining land of Walton. Did this act constitute a trespass on Walton's land?	Yes	No	5
6-8.	Rule of law			
				6–8
9.	David was driving his car at a speed of 60 mph in a 30 mph zone. Allen was crossing against the light and was struck by David's car. Allen sued David for damages. May David be held liable to Allen for damages?	Yes	No	9
10–12.	Rule of law			
				10–12
13.	Ross knows that Quest is negotiating for the sale of Quest's property to Jeff. Ross maliciously and with intent to prevent the sale, falsely tells Jeff that Quest does not own the property and has no power to sell the property. Does Quest have any cause of action against Ross?	Yes	No	13
14-16.	Rule of law			
				14-16
17.	Patterson uses Graham's photograph in a promotional campaign for cosmetics, without Graham's permission. Is Patterson liable to Graham for damages?	Yes	No	17
18–20.	Rule of law			
				18–20
			Scor	e (20)

Chapter 5

Government Regulation

Name	
Total Score (40)	
	STUDY GUIDE

Important Business Law Terms

exclusive dealer agreements (61) horizontal price fixing (60)

tie-in sale or tie-in lease (61) vertical price fixing (60)

1011	contact price fixing (ov)	reicai pii			(00)
			Answ	ers	FOR SCORING
1.	A state may regulate all aspects of interstate transportation within the	state.	T	F	1
2.	The federal government may impose any regulation upon any phase oness that is required by the economic needs of the nation.		T	F	2
3.	Government may not engage in competition with private enterprise		T	F	3
4.	The Federal Trade Commission has condemned as an unfair method of petition misrepresentation by simulating the appearance of a compe	etitor's			
	product		T	F	4
5.	The Robinson-Patman Act allows a seller to select its own customer		T	F	5
6.	The Sherman Act is applicable to both seller and buyer.		T	F	6
7.	An agreement is automatically condemned as a restraint of interstate merce merely because it creates a power or a potential to monopolize	e inter-	T	E	7
0	state commerce.				7
	The Sherman Antitrust Act prohibits bigness of an enterprise.		T		8
	Horizontal price fixing of reasonable prices is legal.		T		9
	Vertical price agreements are generally illegal		T	F	10
11.	The Clayton Act prohibits the holding of stock in competing corporati the same person.		T	F	11
12.	The Clayton Act prohibits certain tie-in sales and leases in interstate merce.		Т	F	12
13.	An agreement that the lessee of office machines should use only paper by the lessor of the machines is illegal when no other seller could paper of suitable quality.	supply	T	F	13
14.	Price discrimination is expressly permitted when it can be justified basis of similarities in the grade, quality, or quantity involved of goods		T	F	14
15.	The Fair Labor Standards Act permits the employment of children ur years of age.		T	F	15
16.	A union can use its position as representative of all workers to furt interest as a union.	her its	Т	F	16
17.	Federal law declares that it is an unfair labor practice for an emplointerfere with unionization.		T	F	17
18.	Unemployment compensation laws generally deny the payment of by when the unemployment was the result of a labor dispute	enefits	Т	F	18
19.	The states possess a general power to adopt laws to protect the gwelfare, health, safety and morals.		T	F	19
20.	A state law can conflict with a federal law or regulation on the same matter.		Т	F	20

		Answers	FOR SCORING
1.	Richard, who was a director of the Winston Corporation, was elected a director of a competing corporation. Both companies were engaged in interstate trade. Both had assets in excess of \$1 million. Was Richard's holding of office in the two companies a violation of the Clayton Act?	Yes No	1
2–4.	Rule of law		
			2–4
	Allen is not a member of the union that is the bargaining representative of Rand's employees. Can Rand independently execute a contract of employment with Allen?	Yes No	5
6–8.	Rule of law		
			6–8
9.	A manufacturer of business machines agrees to sell certain machines to a bank on the condition that the forms to be used in the machines will be purchased only from that manufacturer, although competitors of the manufacturer also make forms that are usable in such machines. Is this agreement a violation of the antitrust laws?	Yes No	9
10–12.	Rule of law		
			10–12
13.	Star Industries manufactures dolls which it sells throughout the United States and Europe. Among its 3000 employees were 200 children aged 14 and 15 who are paid the specified minimum wage. Is Star Industries violating the Fair Labor Standards Act?	Yes No	13
14-16.	Rule of law		
		19-6	14–16
17.	List four (4) situations when price discrimination is expressly p Each correct answer counts one point.	ermitted.	
17.			17
18.			18
19.			19
20.			20
		Scor	e (20)

Administrative Agencies

Name			
			NAME OF TAXABLE PARTY.

Score (20)____

STUDY GUIDE

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		Ansv	VERS	For
	An appeal to the courts may be taken from the action of an administrative agency.	T	F	1
2.	The modern administrator has the power to make the laws that regulate industry entrusted to his or her care.	T	F	2
3.	An administrative agency determines its policies, goals, or objectives	T	F	3
4.	An administrator may prohibit unfair methods of competition	T	F	4
5.	The power of an administrative agency to investigate empowers it to require a party to submit periodic reports to determine whether that party has complied with a regulation of the agency.	T	F	5
6.	The Constitution imposes significant limitations on the power of an administrator to conduct an investigation.	T	F	6
7.	An administrator has no power to sit as a court and to determine whether there have been any violations of the law or of its regulations.	Т	F	7
8.	The trend is in the direction of greater preliminary examination by an administrative agency upon the basis of an informal complaint.	T	F	8
9.	An administrator is generally bound by the rules of evidence used in courts.	T	F	9
0.	It is quite common today for an administrative agency to exercise summary powers.	T	F	10
1.	The absence of a jury in administrative hearing constitutes a denial of due process.	Т	F	11
2.	A hearing must first be held before an administrator may be authorized to make a determination.	Т	F	12
3.	A subpoena to testify or to produce records can be opposed on the basis that the administrator is in violation of the constitutional guaranty against unreasonable search and seizure.	Т	F	13
4.	It is common for rulings of administrative agencies to be reversed by the courts.	Т	F	14
5.	The meetings of most of the major administrative agencies are required to be open to the public.	Т	F	15
6.	The fact that a court disagrees with a conclusion of an administrator makes the conclusion arbitrary and capricious and subject to review	T	F	16
7.	A person has the same protection against unreasonable search and seizure by an administrative officer as that person has against unreasonable search and	T	P	17
8.	The Federal Trade Commission will enforce compliance of its affirmatively			17
9.	An administrative regulation is binding prior to being printed in the Federal			18
0.	Register. The printing of an administrative regulation in the Federal Register is sufficient to give notice of the contents of the regulation to any person affected			
	thereby.	I	F	20