

BUSINESS LAW AND THE REGULATION OF BUSINESS

Third Edition

Len Young Smith

Richard A. Mann

Barry S. Roberts

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THIRD EDITION

Len Young Smith

Chairman of the Department of Business Law
Northwestern University (Retired)
Member of the Illinois Bar

Richard A. Mann

Professor of Business Law
The University of North Carolina at Chapel Hill
Member of the North Carolina Bar

Barry S. Roberts

Professor of Business Law
The University of North Carolina at Chapel Hill
Member of the North Carolina and Pennsylvania Bars

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A STUDENT STUDY GUIDE

A study guide containing outlines and summaries of major topics plus review questions for additional practice is available with this text. If you cannot locate a copy of the study guide in your bookstore, please ask your bookstore manager to order a copy for you under the title *Study Guide to Accompany Business Law and the Regulation of Business, Third Edition*.

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ABOUT THE AUTHORS

Len Young Smith received an A.B., an M.A., and a J.D. from Northwestern University. He was a member of the Illinois State Board of Law Examiners for forty years, and served as President of the Board for over thirty years. He served on the National Conference of Bar Examiners for over thirty years, and chaired the conference from 1955 to 1956. He is also a former editor of *The Bar Examiner*. Len Smith is a member of the Illinois Bar, Who's Who in American Law, and Who's Who in the World. He is a co-author of *Smith and Roberson's Business Law, Seventh Edition*, as well as *Essentials of Business Law, Third Edition*.

Richard A. Mann received a B.S. in Mathematics from the University of North Carolina at Chapel Hill and a J.D. from Yale Law School. He is currently Professor of Business Law at the University of North Carolina. Richard Mann is a past president of the Southeastern Regional Business Law Association. He is a member of Who's Who in American Law, Outstanding Young Men of America, and the North Carolina Bar.

Professor Mann has written extensively on a number of legal topics including bankruptcy, sales, secured transactions, real property, insurance law, and business associations. He has received the *American Business Law Journal's* award for both the best article (1984) and the best comment (1979). He has served as a reviewer and staff editor for the *American Business Law Journal*. He teaches in several executive education programs and is a founder, managing director, and instructor in the Carolina CPA Review. He is a co-author of *Smith and Roberson's Business Law, Seventh Edition*, as well as *Essentials of Business Law, Third Edition*.

Barry S. Roberts received a B.S. in Business Administration from Pennsylvania State University, a J.D. from the University of Pennsylvania, and an LL.M. from Harvard Law School. He served as a judicial clerk for the Pennsylvania Supreme Court prior to practicing law in Pittsburgh. Barry Roberts is currently Professor of Business Law at the School of Business Administration, University of North Carolina at Chapel Hill. He is a member of Who's Who in American Law, Outstanding Young Men of America, and the North Carolina Bar.

Professor Roberts has written numerous articles on such topics as antitrust, products liability, constitutional law, banking law, employment law, and business associations. He has been a reviewer and staff editor for the *American Business Law Journal*. Professor Roberts is a founder, managing director, and instructor in the Carolina CPA Review. He is a co-author of *Smith and Roberson's Business Law, Seventh Edition*, as well as *Essentials of Business Law, Third Edition*.

PREFACE

The third edition of *Business Law and the Regulation of Business* is in the tradition of accuracy, comprehensiveness, and authoritativeness long associated with *Smith and Roberson's Business Law*. This text covers all the material presented in the current edition of Smith and Roberson in a less technical, but nonetheless authoritative manner. It covers the material succinctly, yet in depth sufficient to be easily comprehended by today's students.

This text is designed for use in Business Law and Legal Environment courses generally offered in universities, colleges, and schools of business and commerce. By reason of the broad coverage and variety of the material this volume may be readily adapted to specially designed courses in Business Law by assigning and emphasizing different combinations of the subject matter. All topics included in the CPA exam are covered by the text.

Greater emphasis has been placed upon the regulatory environment of Business Law: The first six chapters are devoted to introductory coverage of the legal environment of business; Part Nine (Chapters 40 to 46) thoroughly addresses the area of government regulation of business; and each of the parts opens with an introductory discussion of the public policy, social issues, and business ethics pertaining to that part. A new chapter—International Business Law—has been added.

From long classroom experience we are of the opinion that fundamental legal principles can be more effectively learned from text and case materials having at least a degree of human interest. To accomplish this objective a large number of recent cases have been included. Landmark cases, on the other hand, have not been neglected. All of the cases have the facts and decision summarized for clarity and the opinion edited to preserve the language of the court. The cases are also integrated into the chapters. The edited portion of the case begins with the judge's name. In addition, Law in the News has been updated to provide the student with recent news articles that discuss the implications of the legal principles covered in the text.

To improve readability, all unnecessary "legalese" has been eliminated while essential legal terms are printed in boldface and clearly defined, explained, and illustrated. The text has been enriched by numerous illustrative hypothetical and case examples to help students relate material to real life experiences.

Strong classroom tested problems appear at the end of the chapters to test the student's understanding of major concepts. We have used the problems and consider them excellent stimulants to classroom discussion.

Students have found the problems helpful in enabling them to apply the basic rules of law to factual situations, many of which are taken from reported court decisions. The problems serve as a springboard for discussion and readily suggest other and related problems to the inquiring, analytical mind. We have added discussion questions to the end of all chapters to provide another opportunity for the students to examine their comprehension of the material.

A new feature has been added to Part Two—Contracts, Part Three—Sales, and Chapters 40, 41, 42, and 45 of Part Nine—Regulation of Business: Computer Research Problems. These additional problems are based on cases appearing in LEGAL CLERK, which is an interactive software package that introduces students to the basics of computer-aided research and amplifies the principles of business law covered in those chapters. Access to LEGAL CLERK provides the student the opportunity to review the legal principles relating to the facts of the problem and to read an edited version of the court's decision in the case upon which the facts are based. In these chapters, the principal cases that appear in LEGAL CLERK and the Computer Research Problems are identified with a logo indicating which of the three versions of LEGAL CLERK contains that case:



Uniform Commercial Code Article 2 Sales-Version 1.0



Government Regulation and The Legal Environment of Business-Version 1.0



Contracts-Version 1.0

We have used approximately 150 classroom tested figures, charts, and diagrams. The diagrams help the student conceptualize the many abstract concepts in the law; the charts not only summarize prior discussions but also aid in pointing out relationships between different legal rules. In addition, each chapter ends with a chapter summary which is an annotated outline summarizing the entire chapter, including the key terms.

Classroom use and study of this book should provide for the student the following benefits and skills:

1. Perception and appreciation of the scope, extent, and importance of the law
2. Basic knowledge of the fundamental concepts, principles, and rules of law that apply to business transactions
3. Acquisition of knowledge of the function and operation of courts and governmental administrative agencies
4. Ability to recognize the possibility of potential legal problems which may arise in a doubtful or complicated situation, and the necessity of consulting a lawyer and obtaining competent professional legal advice
5. Development of analytical skills and reasoning power

We express our gratitude to the following professors for their helpful comments:

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Len Young Smith
Richard A. Mann
Barry S. Roberts

SUPPLEMENTAL MATERIALS

The **Study Guide** provides for each chapter a brief statement of purpose, chapter checkpoints, study tips, chapter outlines, key term definitions, true/false and multiple choice questions, and short essays. Each part has optional integrated questions and a sample test bank of 20 cumulative test questions. The study guide also includes a CPA exam business law review.

The **Instructor's Manual** contains: chapter outlines; teaching notes; answers to problems and questions; discussion questions and answers; key terms; recommendations for transparency masters and acetates; and Part Openers which provide suggested research and outside activities for students.

The Test Bank is bound in a separate volume and includes true/false, multiple choice, short essay, and challenge test questions.

Computerized Testing—WesTest contains the complete test bank on disk and allows professors the ability to generate a variety of tests using floppy diskettes for either IBM PC's and compatibles or for Apple II family microcomputers. This is available to qualified adopters.

190 Transparency Masters and 52 two-color **Acetates** highlight text illustrations.

Legal CLERK Software (Computerized Legal Research Package) is West's new software package that introduces students to computerized legal research. It's intended to help schools meet AACSB recommendations for using microcomputers in business law courses. The complete package includes copyable disks, a Student User's Guide, and an Instructor's Guide. CLERK is available to qualified adopters.

West's Book of Legal Forms by McNutt offers 40 sample business forms.

Library of Cases the full text of all cases upon which end of chapter problems have been based are on computer disk.

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