Chapter 01

An Introduction to Dynamic Business Law

**True / False Questions**

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| 1. | Business law consists of the enforceable rules of conduct that govern commercial relationships.  True    False |

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| 2. | Because of the law, we rely on the goodwill and dependability of one another.  True    False |

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| 3. | Public law controls disputes between private individuals or between groups and their government.  True    False |

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| 4. | Cyberlaw is based primarily on existing laws.  True    False |

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| 5. | Another name for case law is common law.  True    False |

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| 6. | Case law interpretations are law unless they are revoked later by new statutory law.  True    False |

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| 7. | The term "stare decisis" means "reversing the decision."  True    False |

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| 8. | The decision of a state supreme court is binding on a lower state court located in the state.  True    False |

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| 9. | Constitutions and statutes are complete in the sense of covering the detailed rules that affect government and business relations.  True    False |

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| 10. | Presidents claim the power to issue executive orders on the basis of their Article II, Section 1, constitutional power to "take care that the laws be faithfully executed."  True    False |

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| 11. | The term "natural law" is another word for "legal positivism."  True    False |

**Multiple Choice Questions**

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| 12. | Joan comes to Mike's law office to ask him about the law in regard to dogs running at large in her neighborhood. Mike tells Joan that he will research the issue and get back with her. Where should Mike look first in order to locate applicable law?

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| --- | --- |
| A.  | Restatements |

|  |  |
| --- | --- |
| B.  | State statutes |

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| --- | --- |
| C.  | Case law |

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| --- | --- |
| D.  | The state constitution |

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| E.  | Executive orders |

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| 13. | Which of the following refers to the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth?

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| A.  | Absolute skills |

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| B.  | Critical-thinking skills |

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| --- | --- |
| C.  | Cost-benefit skills |

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| --- | --- |
| D.  | Reviewability skills |

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| --- | --- |
| E.  | Traditional lawyer skills |

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| 14. | Which of the following would be relevant areas of business law to a human resource manager?

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| A.  | Contracts, employment and labor law, and employment discrimination |

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| --- | --- |
| B.  | Contracts only |

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| --- | --- |
| C.  | Contracts and labor law, but not employment discrimination |

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| D.  | Employment and labor law, but not contracts |

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| E.  | Human resource managers hold administrative positions and are not concerned with areas of business law |

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| 15. | Laws are enforced by which of the following?

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| A.  | State legislatures |

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| --- | --- |
| B.  | Federal Congress |

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| --- | --- |
| C.  | Community consensus |

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| --- | --- |
| D.  | Courts |

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| --- | --- |
| E.  | The executive branch |

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| 16. | A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules describing what behavior is permitted and encouraged in their community. These rules are what we refer to as the \_\_\_\_\_\_.

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| A.  | Electoral college |

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| --- | --- |
| B.  | Community standard |

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| --- | --- |
| C.  | Democratic validation |

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| --- | --- |
| D.  | Stare decisis |

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| --- | --- |
| E.  | Law |

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| 17. | Assume a business person who owns a computer equipment store is delinquent in paying rent to the landlord. The resulting dispute focuses on \_\_\_\_\_ law.

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| --- | --- |
| A.  | Public |

|  |  |
| --- | --- |
| B.  | Preferential |

|  |  |
| --- | --- |
| C.  | Consensual |

|  |  |
| --- | --- |
| D.  | Private |

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| --- | --- |
| E.  | Black letter |

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| 18. | If a computer store dumps waste behind its building in violation of local, state, or federal environmental regulations, the resulting dispute focuses on \_\_\_\_\_ law.

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| --- | --- |
| A.  | Public |

|  |  |
| --- | --- |
| B.  | Preferential |

|  |  |
| --- | --- |
| C.  | Consensual |

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| --- | --- |
| D.  | Private |

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| E.  | Black letter |

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| 19. | Which type of law delineates the rights and responsibilities involved in relationships between persons and their government?

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| A.  | Criminal |

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| --- | --- |
| B.  | Procedural |

|  |  |
| --- | --- |
| C.  | Civil |

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| --- | --- |
| D.  | Natural |

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| --- | --- |
| E.  | Positive |

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| 20. | Which type of law involves incidents in which someone commits an act against the public as a unit?

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| --- | --- |
| A.  | Criminal |

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| --- | --- |
| B.  | Procedural |

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| --- | --- |
| C.  | Civil |

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| --- | --- |
| D.  | Natural |

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| --- | --- |
| E.  | Positive |

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| 21. | Assume a restaurant chain is forced to pay damages for breach of contract to a supplier. What type of law is involved?

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| A.  | Public law only |

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| --- | --- |
| B.  | Private law only |

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| --- | --- |
| C.  | Civil law only |

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| --- | --- |
| D.  | Public, private, and civil law |

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| --- | --- |
| E.  | Private law and civil law |

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| 22. | Assume the Securities and Exchange Commission prosecutes someone for insider trading. This prosecution is an example of \_\_\_\_\_ law.

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| --- | --- |
| A.  | Criminal |

|  |  |
| --- | --- |
| B.  | Procedural |

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| --- | --- |
| C.  | Civil and natural |

|  |  |
| --- | --- |
| D.  | Natural |

|  |  |
| --- | --- |
| E.  | Positive |

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|  | "The Stolen Book." Susan is told by Betty that Bob stole her business law book out of her car. The next day Susan confronts Bob and slaps him for stealing her book. Bob had Susan arrested for slapping him, and the local district attorney is prepared to prosecute that matter on behalf of the state. Susan sues Bob for damages to the book and for maliciously having her arrested. Claiming that she lied, Bob sues Betty for defamation. |

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| 23. | Which of the following is true regarding Susan's claim against Bob for damages involving the book and her claim that Bob maliciously had her arrested?

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| A.  | The claim for damages involving the book and also the claim that Bob maliciously had her arrested are civil claims involving private law. |

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| B.  | The claim for damages involving the book is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a civil claim involving public law. |

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| C.  | The claim for damages involving the book is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a criminal claim involving public law. |

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| --- | --- |
| D.  | The claim for damages involving the book is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a criminal claim involving private law. |

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| E.  | The claim for damages involving the book and also the claim that Bob maliciously had her arrested are criminal claims involving private law. |

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| 24. | The prosecution against Susan for slapping Bob involves which of the following?

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| A.  | Public law and criminal law |

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| --- | --- |
| B.  | Private law and criminal law |

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| --- | --- |
| C.  | Private law and civil law |

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| --- | --- |
| D.  | Public law and civil law |

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| --- | --- |
| E.  | Civil law and criminal law |

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| 25. | The action Bob has against Betty for defamation involves which of the following?

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| --- | --- |
| A.  | Criminal law and public law |

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| --- | --- |
| B.  | Civil law and public law |

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| --- | --- |
| C.  | Insider law and public law |

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| --- | --- |
| D.  | Civil law and private law |

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| --- | --- |
| E.  | Administrative law and public law |

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|  | "Inattentive Driving." Molly, a first year law student, decided to skip class and drive off campus to check on her new dress for the upcoming school dance. While driving, Molly is busy talking on her cell phone with her friend Sharon to convince her to going to the dance with Molly's brother who has a big crush on Sharon. Unfortunately for Molly, there is a statute in her state outlawing talking on a cell phone while operating a motor vehicle. Molly crashes into the side of Sam's new convertible when she looks down to pick up a can of soda she just dropped onto her new jeans. A police officer just down the street comes over to investigate. Molly explains to him that it was difficult to hold the cell phone in one hand, the soda in the other, and also drive. The officer was not impressed. Around that time Sam comes along. He is furious regarding the significant dent in his new car. Molly says she has insurance and that she will cover the whole incident. Sam says that is insufficient; but Molly says that under case precedent, that is his only remedy. The officer is annoyed because it is his lunch break. He tells Molly that she must obey duly authorized law, and proceeds to write several citations to her. |

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| 26. | Which type of law is involved in the above situation considering Molly's interaction with both the officer and Sam?

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| A.  | Public law but not private law |

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| --- | --- |
| B.  | Private law but not public law |

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| --- | --- |
| C.  | Civil law and private law but not public law |

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| --- | --- |
| D.  | Criminal law and public law but not private law |

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| --- | --- |
| E.  | Public law, private law, civil law, and criminal law |

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| 27. | Which of the following is true regarding Molly's predicament?

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| A.  | Molly can be given a ticket and prosecuted criminally by government officials, but she cannot be sued for a civil violation. |

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| B.  | Molly can be sued for a civil action and must pay for Sam's car, but she cannot be prosecuted for a criminal violation. |

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| C.  | Molly can be sued in a civil action by Sam, and she can also be prosecuted by the government for a criminal violation. |

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| D.  | So long as Molly has insurance and can pay for Sam's vehicle damage, she cannot be prosecuted in a civil or criminal action. |

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| E.  | Sam can prosecute Molly in a criminal action, but he cannot sue her in a civil action. |

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| 28. | The law in Molly's state regulating cell phone usage would be classified as which of the following?

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| --- | --- |
| A.  | A statute |

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| --- | --- |
| B.  | A type of common law |

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| --- | --- |
| C.  | An executive order |

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| --- | --- |
| D.  | A uniform law |

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| --- | --- |
| E.  | A negative law |

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| 29. | The officer's reference to the need for Molly to obey duly authorized law is a reference to which of the following?

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| A.  | The historical school of law |

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| --- | --- |
| B.  | Legal positivism |

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| --- | --- |
| C.  | Natural law |

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| --- | --- |
| D.  | Legal realism |

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| --- | --- |
| E.  | Stare decisis |

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| 30. | Molly's reference to precedent involves which of the following?

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| A.  | Statutory law that governs civil actions unless revoked by new common law |

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| B.  | Common law that is law unless revoked by new statutory law |

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| --- | --- |
| C.  | Administrative law that is law unless revoked by new common law |

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| D.  | Executive decisions that are law unless revoked by new administrative law |

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| E.  | Administrative law that is law unless revoked by new executive decisions |

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| 31. | The \_\_\_\_\_\_\_ is the supreme law of the land.

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| A.  | U.S. Constitution |

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| B.  | Declaration of Independence |

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| --- | --- |
| C.  | U.S. Code |

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| --- | --- |
| D.  | Model Law |

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| --- | --- |
| E.  | Uniform Code |

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| 32. | The rules and regulations put forth by legislatures are referred to as \_\_\_\_\_\_\_ law.

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| A.  | Administrative |

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| --- | --- |
| B.  | Statutory |

|  |  |
| --- | --- |
| C.  | Uniform |

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| --- | --- |
| D.  | Proper |

|  |  |
| --- | --- |
| E.  | Secondary |

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| 33. | Legislative acts passed by state legislatures can be found in the \_\_\_\_\_\_.

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| --- | --- |
| A.  | U.S. Code |

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| --- | --- |
| B.  | State codes |

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| --- | --- |
| C.  | Uniform Register |

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| --- | --- |
| D.  | State Reporter |

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| --- | --- |
| E.  | State Reference Manual |

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| 34. | Legislative acts passed by the U.S. Congress can be found in the \_\_\_\_\_\_.

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| --- | --- |
| A.  | United States Code |

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| --- | --- |
| B.  | State codes |

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| --- | --- |
| C.  | Uniform Register |

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| --- | --- |
| D.  | State Reporter |

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| --- | --- |
| E.  | State Reference Manual |

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| 35. | The group that urges states to enact model laws to provide greater uniformity of law is called the \_\_\_\_\_\_.

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| A.  | Model Law on Uniform State Laws Organization |

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| --- | --- |
| B.  | Federal Uniform Law Commission |

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| --- | --- |
| C.  | National Conference of Commissioners on Uniform State Laws |

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| --- | --- |
| D.  | Model and Uniform Law Consortium |

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| E.  | Uniform Statutory Enforcement Commission |

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| 36. | When the organization in charge of proposing uniform laws proposes a statute, which of the following is true?

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| A.  | All states must adopt the uniform statute within one year. |

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| B.  | All states must adopt the uniform statute within six months. |

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| C.  | The uniform statute automatically goes into effect without any action by state legislatures. |

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| D.  | A state legislature is not required to adopt the uniform statute; but if the state legislature decides to go forward with adoption, all portions of the statute must be adopted. |

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| E.  | A state legislature can ignore the proposed uniform law, adopt it in full, or adopt it in part. |

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| 37. | Case law can be revoked by \_\_\_\_\_\_.

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| --- | --- |
| A.  | New statutes |

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| --- | --- |
| B.  | Precedent |

|  |  |
| --- | --- |
| C.  | Stare decisis |

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| --- | --- |
| D.  | Critical law |

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| --- | --- |
| E.  | Case law cannot be revoked |

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| 38. | The term \_\_\_\_\_\_ involves the use of past decisions to guide future decisions.

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| --- | --- |
| A.  | Commonality |

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| --- | --- |
| B.  | Precedent |

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| --- | --- |
| C.  | Restatement |

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| --- | --- |
| D.  | Uniformity |

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| --- | --- |
| E.  | Modeling |

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| 39. | The \_\_\_\_\_\_ is a body of law significant to business activities including sales, banking, and warranty.

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| A.  | Federal Business Code |

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| --- | --- |
| B.  | Model Business Code |

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| --- | --- |
| C.  | Uniform Transactional Model |

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| --- | --- |
| D.  | Uniform Commercial Code |

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| --- | --- |
| E.  | Marketing Transaction Code |

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| 40. | When courts rely on precedent, they are obeying \_\_\_\_\_\_.

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| A.  | Common analysis |

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| --- | --- |
| B.  | *Res* *judicata* |

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| --- | --- |
| C.  | Stare decisis |

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| --- | --- |
| D.  | *In* *rem* process |

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| --- | --- |
| E.  | Federal law |

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|  | "International Expansion." Zach wants to expand his coffee business internationally - into Zeno, a small remote country. He moves there temporarily in order to oversee operations. His best friend Zora asks him if he plans to hire legal counsel for the expansion. Zach replies, "Of course not. The U.S. has the strictest laws regarding contracts, employment, and business practices in the world. So long as I'm legal in the U.S., I'm legal anywhere. Besides, I studied up on Zeno law ten years ago, and I know it all." Zach proceeds and lands in jail in Zeno for violating recently passed laws protecting employees and mandating certain benefits. Authorities there claim that he sexually harassed an employee, failed to pay sufficient wages, and failed to give employees Zeno's mandated 12 weeks of paid vacation per year. |

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| 41. | Which of the following is true regarding Zach's defense that he thought he knew the law of Zeno because he had studied it some years before and that the laws under which he was arrested were new? (Assume the law of Zeno is the same as the U.S. on this issue.)

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| A.  | Rules change and Zach had a duty to stay current. It is not a defense that he studied the law at one time and that the laws at issue were new. |

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| B.  | Zach is entitled to rely as a defense on the fact that he had studied the law at one time. Officials in Zeno were charged with publicizing any changes. |

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| C.  | If Zach can prove that the laws at issue were passed within the last twelve months before he was arrested, he will get out of jail because there is a twelve month grace period for new laws. |

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| D.  | If Zach can prove that the laws at issue were passed within the last six months before he was arrested, he will get out of jail because there is a six month grace period for new laws. |

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| --- | --- |
| E.  | Zach cannot be prosecuted so long as he was not aware he was violating the law. He did not have the requisite intent to perform a criminal act regardless of whether the laws were new. |

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| 42. | The type of law involved in comparing laws between the U.S. and Zeno is \_\_\_\_.

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| --- | --- |
| A.  | Comparative law |

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| --- | --- |
| B.  | Contributory law |

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| --- | --- |
| C.  | Comprehensive law |

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| --- | --- |
| D.  | Complete law |

|  |  |
| --- | --- |
| E.  | Delineated law |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. | Which of the following is true regarding Zach's legal problems in Zeno?

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| --- | --- |
| A.  | Zach can rely upon the federal statutory laws of the U.S. as a defense but not the U.S. Constitution. |

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| --- | --- |
| B.  | Zach is entitled to all U.S. Constitutional rights in Zeno because he is a U.S. citizen, but he cannot rely on statutory law. |

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| --- | --- |
| C.  | Zach can rely on U.S. laws as a defense only if he obtains an opinion from the office of the U.S. attorney that his operations in the U.S. have strictly complied with the law. |

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| --- | --- |
| D.  | Zach must obey the laws of Zeno when operating a business in Zeno and cannot rely upon U.S. laws as a defense. |

|  |  |
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| E.  | Zach can rely upon the federal statutory laws of the U.S. as a defense. Additionally, Zach is entitled to all U.S. Constitutional rights in Zeno because he is a U.S. citizen. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | Which of the following cases overturned prior precedent?

|  |  |
| --- | --- |
| A.  | *Brown* *v.* *Board* *of* *Education* |

|  |  |
| --- | --- |
| B.  | *Wygant* *v.* *Jackson* *Board* *of* *Education* |

|  |  |
| --- | --- |
| C.  | *Planned* *parenthood* *of* *Southeastern* *Pennsylvania* *v.* *Casey* |

|  |  |
| --- | --- |
| D.  | *Plessy* *v.* *Ferguson* |

|  |  |
| --- | --- |
| E.  | Precedent cannot be overturned |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. | Which of the following is true regarding administrative agencies?

|  |  |
| --- | --- |
| A.  | There are state administrative agencies, but no federal administrative agencies. |

|  |  |
| --- | --- |
| B.  | There are federal administrative agencies, but no state administrative agencies. |

|  |  |
| --- | --- |
| C.  | There are state and federal administrative agencies, but no local administrative agencies. |

|  |  |
| --- | --- |
| D.  | Administrative agencies exist only at the local county level. |

|  |  |
| --- | --- |
| E.  | Administrative agencies exist at the federal, state, and local level. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. | Which of the following is true regarding treaties at the federal level?

|  |  |
| --- | --- |
| A.  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate. |

|  |  |
| --- | --- |
| B.  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the House of Representatives. |

|  |  |
| --- | --- |
| C.  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate and also by two-thirds of the House of Representatives. |

|  |  |
| --- | --- |
| D.  | A treaty is generally negotiated by the executive branch and no approval by the Senate or House of Representatives is needed. |

|  |  |
| --- | --- |
| E.  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate and also by two-thirds of the state legislatures. |

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| 47. | Which of the following contains summaries of common law rules in a particular area of the law?

|  |  |
| --- | --- |
| A.  | U.S. Code |

|  |  |
| --- | --- |
| B.  | State Administrative Codes |

|  |  |
| --- | --- |
| C.  | Executive Proclamations |

|  |  |
| --- | --- |
| D.  | Case Reporters |

|  |  |
| --- | --- |
| E.  | Restatements of the Law |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. | Which of the following is an independent agency?

|  |  |
| --- | --- |
| A.  | The Federal Deposit Insurance Corporation |

|  |  |
| --- | --- |
| B.  | The Consumer Product Safety Commission |

|  |  |
| --- | --- |
| C.  | The General Services Administration |

|  |  |
| --- | --- |
| D.  | The Small Business Administration |

|  |  |
| --- | --- |
| E.  | The Office of Personnel Management |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. | Which of the following is an executive agency?

|  |  |
| --- | --- |
| A.  | The Federal Deposit Insurance Corporation |

|  |  |
| --- | --- |
| B.  | The Federal Trade Commission |

|  |  |
| --- | --- |
| C.  | The Securities and Exchange Commission |

|  |  |
| --- | --- |
| D.  | The Federal Communications Commission |

|  |  |
| --- | --- |
| E.  | The Nuclear Regulatory Commission |

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|  |  |
| --- | --- |
|  | "To the Dogs." Alice loves all animals and is starting a new grooming business for them. She believes that animals are very important and plans to exceed any applicable regulations regarding cleanliness and health standards. Alice thinks, however, some local regulations make no sense. For example, there is a local ordinance that all dogs must be kept on a leash at all times when not in an inside area. Although Alice is placing her business on a large lot with a fenced outside area allowing plenty of room for dogs to run free, she plans to obey the leash regulation and all others. She is aware, however, that some members of the community have had success in changing local regulations by petitioning city council. Alice plans to proceed in that manner to attempt a change in the leash law. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 50. | Alice's idea that dogs have basic rights, and her plan to exceed laws involving cleanliness and health standards is rooted in which of the following?

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| B.  | The historical school |

|  |  |
| --- | --- |
| C.  | Legal realism |

|  |  |
| --- | --- |
| D.  | Natural law |

|  |  |
| --- | --- |
| E.  | Cost-benefit analysis |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 51. | Alice's plan to obey all laws and regulations even if she does not agree with them is rooted in which of the following?

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| B.  | The historical school |

|  |  |
| --- | --- |
| C.  | Legal realism |

|  |  |
| --- | --- |
| D.  | Natural law |

|  |  |
| --- | --- |
| E.  | Cost-benefit analysis |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 52. | Alice's plan to seek change through following what others have done in the past, petitioning city council, is rooted in which of the following?

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| B.  | The historical school |

|  |  |
| --- | --- |
| C.  | Legal realism |

|  |  |
| --- | --- |
| D.  | Natural law |

|  |  |
| --- | --- |
| E.  | Cost-benefit analysis |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 53. | The concept of \_\_\_\_\_ suggests that individuals should have the freedom to disobey a law enacted by people if their conscience goes against the law and they believe the law is wrong.

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| B.  | Natural law |

|  |  |
| --- | --- |
| C.  | Legal Realism |

|  |  |
| --- | --- |
| D.  | Conscience reaction |

|  |  |
| --- | --- |
| E.  | Comparative law |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 54. | Assume a judge writes that she is deciding to enforce a law in question but that her decision does not mean that she sees the law as the morally correct rule. The judge would have leanings in the direction of \_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| B.  | Natural law |

|  |  |
| --- | --- |
| C.  | Legal realism |

|  |  |
| --- | --- |
| D.  | Conscience reaction |

|  |  |
| --- | --- |
| E.  | Concluding law |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 55. | In which school of jurisprudence is the concept of stare decisis rooted?

|  |  |
| --- | --- |
| A.  | The historical school |

|  |  |
| --- | --- |
| B.  | Legal realism |

|  |  |
| --- | --- |
| C.  | The cost-benefit analysis school |

|  |  |
| --- | --- |
| D.  | Positivism |

|  |  |
| --- | --- |
| E.  | Cultural reenactment |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 56. | Which of the following is reported in the Federal Reporter?

|  |  |
| --- | --- |
| A.  | Statutes |

|  |  |
| --- | --- |
| B.  | Executive orders |

|  |  |
| --- | --- |
| C.  | Common law |

|  |  |
| --- | --- |
| D.  | Administrative laws |

|  |  |
| --- | --- |
| E.  | Local ordinances |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 57. | Which of the following is reported in the United States Code?

|  |  |
| --- | --- |
| A.  | Statutes |

|  |  |
| --- | --- |
| B.  | Executive orders |

|  |  |
| --- | --- |
| C.  | Common law |

|  |  |
| --- | --- |
| D.  | Administrative law |

|  |  |
| --- | --- |
| E.  | Local ordinances |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 58. | Which of the following is reported in the Code of Federal Regulations?

|  |  |
| --- | --- |
| A.  | Statutes |

|  |  |
| --- | --- |
| B.  | Executive orders |

|  |  |
| --- | --- |
| C.  | Common law |

|  |  |
| --- | --- |
| D.  | Administrative law |

|  |  |
| --- | --- |
| E.  | Congressional orders |

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| 59. | Which of the following is based on the idea that, when ruling on a case, judges consider more than just the law; they also weigh factors such as social and economic conditions?

|  |  |
| --- | --- |
| A.  | Cost-benefit analysis |

|  |  |
| --- | --- |
| B.  | Legal realism |

|  |  |
| --- | --- |
| C.  | Historical school |

|  |  |
| --- | --- |
| D.  | Legal positivism |

|  |  |
| --- | --- |
| E.  | Executive positivism |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. | Which approach to jurisprudence is based on choosing alternatives that maximize benefits and minimize costs, and is tied to the pursuit of efficiency?

|  |  |
| --- | --- |
| A.  | Cost-benefit analysis |

|  |  |
| --- | --- |
| B.  | Legal realism |

|  |  |
| --- | --- |
| C.  | Historical school |

|  |  |
| --- | --- |
| D.  | Legal positivism |

|  |  |
| --- | --- |
| E.  | Executive positivism |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | Candy wants to start an Internet business doing business domestically as well as internationally. She is told by the Chinese government that certain items on her site are objectionable and illegal, and that if she wants to do business in China, she must remove the objectionable material. Which of the following is true?

|  |  |
| --- | --- |
| A.  | Candy is within her rights and should stand her ground. She is a U.S. citizen, and so long as she obeys U.S. laws, she can do business in China. |

|  |  |
| --- | --- |
| B.  | Candy is within her rights only if she petitioned her state senator and obtained his or her permission to proceed. |

|  |  |
| --- | --- |
| C.  | If Candy wants to do business in China, she must abide by Chinese law. |

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| D.  | By international law, there is a set fee of $10,000 that Candy can pay if she wants to obey only U.S. law. If she pays that amount, she can continue in China without any modification. |

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| --- | --- |
| E.  | By international law, there is a set fee of $5,000 that Candy can pay if she wants to obey only U.S. law. If she pays that amount, she can continue in China without any modification. |

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**Essay Questions**

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| 62. | List the purposes of the law and discuss why these purposes are necessary for an ordered society.      |

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| 63. | Define the meaning of the term "stare decisis," and discuss how it is applied.      |

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| 64. | Judge Sally Justice, who is newly appointed to the bench, is presented with a question of law involving a cat named Chester who scratched a neighbor's antique jalopy. The neighbor, George, demands justice in the form of full payment from Chester's owner, Sue, and also requests that Chester be shipped to the local animal shelter. Sue says that she should not have to pay anything because Chester had never scratched before, that Chester should be allowed to stay in the neighborhood, and that she should be reimbursed for her legal fees by George who is a grump and never should have brought the lawsuit. Judge Justice is perplexed and wants to make a good decision since she is new to the bench. Describe how the judge should go about reaching a decision. Discuss in your answer the impact of cases from other jurisdictions assuming there is no relevant law in Judge Justice's jurisdiction. Also, assuming there is relevant law in Judge Justice's jurisdiction, discuss the applicable legal standard when case law conflicts with a later passed state statute.      |

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| 65. | Discuss two ways referenced in the text by which a treaty between a foreign country and the U.S. is similar to a contract.      |

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| 66. | Explain the function of administrative agencies and why they are needed.      |

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| 67. | List and discuss the five factors, discussed in the text, suggested as a structure for critical thinking in reviewing case law.      |

Chapter 01 An Introduction to Dynamic Business Law Answer Key

**True / False Questions**

|  |  |
| --- | --- |
| 1.*(p. 2)* | Business law consists of the enforceable rules of conduct that govern commercial relationships.  **TRUE**Business law consists of the enforceable rules of conduct that govern commercial relationships. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-01 What is business law?Topic: An Introduction to Dynamic Business Law* |

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| 2.*(p. 2)* | Because of the law, we rely on the goodwill and dependability of one another.  **FALSE**In the absence of law, we would rely solely on the goodwill and dependability of one another. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 What are the purposes of law?Topic: Law and its Purposes* |

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| --- | --- |
| 3.*(p. 2)* | Public law controls disputes between private individuals or between groups and their government.  **TRUE**Public law controls disputes between private individuals or between groups and their government. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| --- | --- |
| 4.*(p. 4)* | Cyberlaw is based primarily on existing laws.  **TRUE**While some new laws have been adopted to regulate the kinds of activities businesses can now conduct online, cyberlaw is based primarily on existing laws. |

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| *AACSB: TechnologyAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 5.*(p. 5)* | Another name for case law is common law.  **TRUE**Case law, also called common law, is the collection of legal interpretations made by judges. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| --- | --- |
| 6.*(p. 5)* | Case law interpretations are law unless they are revoked later by new statutory law.  **TRUE**Case law, also called common law, interpretations are law unless revoked later by new statutory law. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| --- | --- |
| 7.*(p. 6)* | The term "stare decisis" means "reversing the decision."  **FALSE**The principle of "stare decisis" refers to "standing by their decision," a reference to rulings made in higher courts that become a binding precedent for lower courts. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| --- | --- |
| 8.*(p. 6)* | The decision of a state supreme court is binding on a lower state court located in the state.  **TRUE**When an issue is brought before a state court, the court will determine whether the state supreme court has made a decision on a similar issue, which creates a binding precedent or pattern of law the lower court must follow. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| --- | --- |
| 9.*(p. 7)* | Constitutions and statutes are complete in the sense of covering the detailed rules that affect government and business relations.  **FALSE**Constitutions and statutes never cover all the detailed rules that affect relationships between government and business. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| --- | --- |
| 10.*(p. 8)* | Presidents claim the power to issue executive orders on the basis of their Article II, Section 1, constitutional power to "take care that the laws be faithfully executed."  **TRUE**Presidents claim the power to issue executive orders on the basis of their Article II, Section 1, constitutional power to "take care that the laws be faithfully executed." |

|  |
| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| --- | --- |
| 11.*(p. 9)* | The term "natural law" is another word for "legal positivism."  **FALSE**The term "natural law" describes certain ethical laws and principles believed to be morally right and "above" the laws devised by humans whereas the term "legal positivism" focuses on obedience to duly authorized law. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

**Multiple Choice Questions**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 12.*(p. 5)* | Joan comes to Mike's law office to ask him about the law in regard to dogs running at large in her neighborhood. Mike tells Joan that he will research the issue and get back with her. Where should Mike look first in order to locate applicable law?

|  |  |
| --- | --- |
| A.  | Restatements |

|  |  |
| --- | --- |
| **B.**  | State statutes |

|  |  |
| --- | --- |
| C.  | Case law |

|  |  |
| --- | --- |
| D.  | The state constitution |

|  |  |
| --- | --- |
| E.  | Executive orders |

Case law is law unless revoked by new statutory law; therefore, statutory law should be consulted first. |

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| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 13.*(p. 12)* | Which of the following refers to the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth?

|  |  |
| --- | --- |
| A.  | Absolute skills |

|  |  |
| --- | --- |
| **B.**  | Critical-thinking skills |

|  |  |
| --- | --- |
| C.  | Cost-benefit skills |

|  |  |
| --- | --- |
| D.  | Reviewability skills |

|  |  |
| --- | --- |
| E.  | Traditional lawyer skills |

Success in business requires the development of critical-thinking skills - the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: Appendix 1A Critical Thinking and Business LawTopic: Critical Thinking and Business Law* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 14.*(p. 3)* | Which of the following would be relevant areas of business law to a human resource manager?

|  |  |
| --- | --- |
| **A.**  | Contracts, employment and labor law, and employment discrimination |

|  |  |
| --- | --- |
| B.  | Contracts only |

|  |  |
| --- | --- |
| C.  | Contracts and labor law, but not employment discrimination |

|  |  |
| --- | --- |
| D.  | Employment and labor law, but not contracts |

|  |  |
| --- | --- |
| E.  | Human resource managers hold administrative positions and are not concerned with areas of business law |

Relevant areas of business law applicable to human resource management involve agency law, contracts, employment and labor law, and employment discrimination. |

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| --- |
| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: AnalyzeDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 15.*(p. 2)* | Laws are enforced by which of the following?

|  |  |
| --- | --- |
| A.  | State legislatures |

|  |  |
| --- | --- |
| B.  | Federal Congress |

|  |  |
| --- | --- |
| C.  | Community consensus |

|  |  |
| --- | --- |
| **D.**  | Courts |

|  |  |
| --- | --- |
| E.  | The executive branch |

Law is enforceable in the courts the community maintains. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-03 What are the purposes of law?Topic: Law and its Purposes* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 16.*(p. 2)* | A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules describing what behavior is permitted and encouraged in their community. These rules are what we refer to as the \_\_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | Electoral college |

|  |  |
| --- | --- |
| B.  | Community standard |

|  |  |
| --- | --- |
| C.  | Democratic validation |

|  |  |
| --- | --- |
| D.  | Stare decisis |

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| --- | --- |
| **E.**  | Law |

A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules of behavior in their community, and these rules are the law. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 1 EasyLearning Objective: 01-03 What are the purposes of law?Topic: Law and its Purposes* |

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| 17.*(p. 2)* | Assume a business person who owns a computer equipment store is delinquent in paying rent to the landlord. The resulting dispute focuses on \_\_\_\_\_ law.

|  |  |
| --- | --- |
| A.  | Public |

|  |  |
| --- | --- |
| B.  | Preferential |

|  |  |
| --- | --- |
| C.  | Consensual |

|  |  |
| --- | --- |
| **D.**  | Private |

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| --- | --- |
| E.  | Black letter |

Private law regulates disputes between private individuals or groups. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: EvaluateDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 18.*(p. 2)* | If a computer store dumps waste behind its building in violation of local, state, or federal environmental regulations, the resulting dispute focuses on \_\_\_\_\_ law.

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| **A.**  | Public |

|  |  |
| --- | --- |
| B.  | Preferential |

|  |  |
| --- | --- |
| C.  | Consensual |

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| D.  | Private |

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| E.  | Black letter |

Public law controls disputes between private individuals or between groups and their government. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: EvaluateDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 19.*(p. 2)* | Which type of law delineates the rights and responsibilities involved in relationships between persons and their government?

|  |  |
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| A.  | Criminal |

|  |  |
| --- | --- |
| B.  | Procedural |

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| --- | --- |
| **C.**  | Civil |

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| --- | --- |
| D.  | Natural |

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| E.  | Positive |

Civil law delineates the rights and responsibilities implied in relationships between persons and their government. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 20.*(p. 2)* | Which type of law involves incidents in which someone commits an act against the public as a unit?

|  |  |
| --- | --- |
| **A.**  | Criminal |

|  |  |
| --- | --- |
| B.  | Procedural |

|  |  |
| --- | --- |
| C.  | Civil |

|  |  |
| --- | --- |
| D.  | Natural |

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| --- | --- |
| E.  | Positive |

Criminal law regulates incidents in which someone commits an act against the public as a whole. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 21.*(p. 2)* | Assume a restaurant chain is forced to pay damages for breach of contract to a supplier. What type of law is involved?

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| --- | --- |
| A.  | Public law only |

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| --- | --- |
| B.  | Private law only |

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| --- | --- |
| C.  | Civil law only |

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| --- | --- |
| D.  | Public, private, and civil law |

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| **E.**  | Private law and civil law |

Civil law identifies the remedies available when someone's rights are violated, and private law regulates disputes between private individuals or groups. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: EvaluateDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 22.*(p. 2)* | Assume the Securities and Exchange Commission prosecutes someone for insider trading. This prosecution is an example of \_\_\_\_\_ law.

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| **A.**  | Criminal |

|  |  |
| --- | --- |
| B.  | Procedural |

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| --- | --- |
| C.  | Civil and natural |

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| --- | --- |
| D.  | Natural |

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| --- | --- |
| E.  | Positive |

Criminal law regulates incidents in which someone commits an act against the public as a whole, such as by conducting insider trading on the stock exchange. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: EvaluateDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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|  | "The Stolen Book." Susan is told by Betty that Bob stole her business law book out of her car. The next day Susan confronts Bob and slaps him for stealing her book. Bob had Susan arrested for slapping him, and the local district attorney is prepared to prosecute that matter on behalf of the state. Susan sues Bob for damages to the book and for maliciously having her arrested. Claiming that she lied, Bob sues Betty for defamation. |

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| 23.*(p. 2)* | Which of the following is true regarding Susan's claim against Bob for damages involving the book and her claim that Bob maliciously had her arrested?

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| **A.**  | The claim for damages involving the book and also the claim that Bob maliciously had her arrested are civil claims involving private law. |

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| B.  | The claim for damages involving the book is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a civil claim involving public law. |

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| C.  | The claim for damages involving the book is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a criminal claim involving public law. |

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| D.  | The claim for damages involving the book is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a criminal claim involving private law. |

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| E.  | The claim for damages involving the book and also the claim that Bob maliciously had her arrested are criminal claims involving private law. |

Private law regulates disputes between private individuals or groups, and civil law delineates the rights and responsibilities implied in relationships between persons. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 24.*(p. 2)* | The prosecution against Susan for slapping Bob involves which of the following?

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| **A.**  | Public law and criminal law |

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| --- | --- |
| B.  | Private law and criminal law |

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| --- | --- |
| C.  | Private law and civil law |

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| --- | --- |
| D.  | Public law and civil law |

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| E.  | Civil law and criminal law |

Public law controls disputes between private individuals or groups and their government; and criminal law cases are prosecuted not by individuals but by the state, federal, or local government. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 25.*(p. 2)* | The action Bob has against Betty for defamation involves which of the following?

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| A.  | Criminal law and public law |

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| --- | --- |
| B.  | Civil law and public law |

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| --- | --- |
| C.  | Insider law and public law |

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| **D.**  | Civil law and private law |

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| E.  | Administrative law and public law |

Civil law delineates the rights and responsibilities implied in relationships between persons and their government, and private law regulates disputes between private individuals or groups. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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|  | "Inattentive Driving." Molly, a first year law student, decided to skip class and drive off campus to check on her new dress for the upcoming school dance. While driving, Molly is busy talking on her cell phone with her friend Sharon to convince her to going to the dance with Molly's brother who has a big crush on Sharon. Unfortunately for Molly, there is a statute in her state outlawing talking on a cell phone while operating a motor vehicle. Molly crashes into the side of Sam's new convertible when she looks down to pick up a can of soda she just dropped onto her new jeans. A police officer just down the street comes over to investigate. Molly explains to him that it was difficult to hold the cell phone in one hand, the soda in the other, and also drive. The officer was not impressed. Around that time Sam comes along. He is furious regarding the significant dent in his new car. Molly says she has insurance and that she will cover the whole incident. Sam says that is insufficient; but Molly says that under case precedent, that is his only remedy. The officer is annoyed because it is his lunch break. He tells Molly that she must obey duly authorized law, and proceeds to write several citations to her. |

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| 26.*(p. 2)* | Which type of law is involved in the above situation considering Molly's interaction with both the officer and Sam?

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| A.  | Public law but not private law |

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| B.  | Private law but not public law |

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| --- | --- |
| C.  | Civil law and private law but not public law |

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| --- | --- |
| D.  | Criminal law and public law but not private law |

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| --- | --- |
| **E.**  | Public law, private law, civil law, and criminal law |

Private law regulates disputes between private individuals; public law controls disputes between private individuals and their government; civil law delineates the rights and responsibilities implied in relationships between persons; and criminal law regulates incidents in which someone commits an act against the public as a whole. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 27.*(p. 2)* | Which of the following is true regarding Molly's predicament?

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| A.  | Molly can be given a ticket and prosecuted criminally by government officials, but she cannot be sued for a civil violation. |

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| B.  | Molly can be sued for a civil action and must pay for Sam's car, but she cannot be prosecuted for a criminal violation. |

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| **C.**  | Molly can be sued in a civil action by Sam, and she can also be prosecuted by the government for a criminal violation. |

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| --- | --- |
| D.  | So long as Molly has insurance and can pay for Sam's vehicle damage, she cannot be prosecuted in a civil or criminal action. |

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| --- | --- |
| E.  | Sam can prosecute Molly in a criminal action, but he cannot sue her in a civil action. |

Civil law, involving a preponderance of the evidence standard, delineates the rights and responsibilities implied in relationships between persons and their government; and criminal law, involving a standard of guilt beyond a reasonable doubt, regulates incidents in which someone commits an act against the public as a whole. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-04 What are alternative ways to classify the law?Topic: Classification of the Law* |

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| 28.*(p. 5)* | The law in Molly's state regulating cell phone usage would be classified as which of the following?

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| **A.**  | A statute |

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| --- | --- |
| B.  | A type of common law |

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| --- | --- |
| C.  | An executive order |

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| --- | --- |
| D.  | A uniform law |

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| --- | --- |
| E.  | A negative law |

The assortment of statutes, or rules and regulations put forth by legislatures, is what we call statutory law. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 1 EasyLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 29.*(p. 9)* | The officer's reference to the need for Molly to obey duly authorized law is a reference to which of the following?

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| A.  | The historical school of law |

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| --- | --- |
| **B.**  | Legal positivism |

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| --- | --- |
| C.  | Natural law |

|  |  |
| --- | --- |
| D.  | Legal realism |

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| --- | --- |
| E.  | Stare decisis |

The concept of legal positivism sees our proper role as obedience to duly authorized law. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 30.*(p. 5)* | Molly's reference to precedent involves which of the following?

|  |  |
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| A.  | Statutory law that governs civil actions unless revoked by new common law |

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| --- | --- |
| **B.**  | Common law that is law unless revoked by new statutory law |

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| --- | --- |
| C.  | Administrative law that is law unless revoked by new common law |

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| --- | --- |
| D.  | Executive decisions that are law unless revoked by new administrative law |

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| --- | --- |
| E.  | Administrative law that is law unless revoked by new executive decisions |

Case law, also called common law, is the collection of legal interpretations made by judges which are law unless revoked later by new statutory law. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 31.*(p. 5)* | The \_\_\_\_\_\_\_ is the supreme law of the land.

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| **A.**  | U.S. Constitution |

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| B.  | Declaration of Independence |

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| --- | --- |
| C.  | U.S. Code |

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| --- | --- |
| D.  | Model Law |

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| E.  | Uniform Code |

The U.S. Constitution is the supreme law of the land, the foundation for all laws in the United States. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 32.*(p. 5)* | The rules and regulations put forth by legislatures are referred to as \_\_\_\_\_\_\_ law.

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| --- | --- |
| A.  | Administrative |

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| --- | --- |
| **B.**  | Statutory |

|  |  |
| --- | --- |
| C.  | Uniform |

|  |  |
| --- | --- |
| D.  | Proper |

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| --- | --- |
| E.  | Secondary |

The assortment of statutes*,* or rules and regulations put forth by legislatures, is what we call statutory law. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 33.*(p. 5)* | Legislative acts passed by state legislatures can be found in the \_\_\_\_\_\_.

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| A.  | U.S. Code |

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| --- | --- |
| **B.**  | State codes |

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| --- | --- |
| C.  | Uniform Register |

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| --- | --- |
| D.  | State Reporter |

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| --- | --- |
| E.  | State Reference Manual |

Legislative acts are written into the appropriate state codes when they are enacted by state legislatures. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 34.*(p. 5)* | Legislative acts passed by the U.S. Congress can be found in the \_\_\_\_\_\_.

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| --- | --- |
| **A.**  | United States Code |

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| --- | --- |
| B.  | State codes |

|  |  |
| --- | --- |
| C.  | Uniform Register |

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| --- | --- |
| D.  | State Reporter |

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| E.  | State Reference Manual |

Legislative acts are written into the United States Code when they are passed by Congress. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 35.*(p. 5)* | The group that urges states to enact model laws to provide greater uniformity of law is called the \_\_\_\_\_\_.

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| --- | --- |
| A.  | Model Law on Uniform State Laws Organization |

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| --- | --- |
| B.  | Federal Uniform Law Commission |

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| --- | --- |
| **C.**  | National Conference of Commissioners on Uniform State Laws |

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| --- | --- |
| D.  | Model and Uniform Law Consortium |

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| E.  | Uniform Statutory Enforcement Commission |

The National Conference of Commissioners on Uniform State Laws (NCC) regularly urges states to enact model laws to provide greater uniformity. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 36.*(p. 5)* | When the organization in charge of proposing uniform laws proposes a statute, which of the following is true?

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| --- | --- |
| A.  | All states must adopt the uniform statute within one year. |

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| B.  | All states must adopt the uniform statute within six months. |

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| C.  | The uniform statute automatically goes into effect without any action by state legislatures. |

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| D.  | A state legislature is not required to adopt the uniform statute; but if the state legislature decides to go forward with adoption, all portions of the statute must be adopted. |

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| **E.**  | A state legislature can ignore the proposed uniform law, adopt it in full, or adopt it in part. |

The response to suggestions regarding uniform laws is entirely in the hands of the state legislatures, and they can ignore a suggestion or adopt part or all of the proposed model law. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 37.*(p. 5)* | Case law can be revoked by \_\_\_\_\_\_.

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| --- | --- |
| **A.**  | New statutes |

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| --- | --- |
| B.  | Precedent |

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| --- | --- |
| C.  | Stare decisis |

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| --- | --- |
| D.  | Critical law |

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| E.  | Case law cannot be revoked |

Case law, or common law, is law unless revoked later by a new statutory law. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 38.*(p. 6)* | The term \_\_\_\_\_\_ involves the use of past decisions to guide future decisions.

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| --- | --- |
| A.  | Commonality |

|  |  |
| --- | --- |
| **B.**  | Precedent |

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| --- | --- |
| C.  | Restatement |

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| --- | --- |
| D.  | Uniformity |

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| E.  | Modeling |

Precedent consists of past decisions in similar cases that guide later decisions. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 39.*(p. 5)* | The \_\_\_\_\_\_ is a body of law significant to business activities including sales, banking, and warranty.

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| --- | --- |
| A.  | Federal Business Code |

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| --- | --- |
| B.  | Model Business Code |

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| --- | --- |
| C.  | Uniform Transactional Model |

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| --- | --- |
| **D.**  | Uniform Commercial Code |

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| E.  | Marketing Transaction Code |

The Uniform Commercial Code is a body of law significant for business activities including sales laws and other regulations affecting commerce, such as bank deposits and collections, title documents, and warranties. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 40.*(p. 6)* | When courts rely on precedent, they are obeying \_\_\_\_\_\_.

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| --- | --- |
| A.  | Common analysis |

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| --- | --- |
| B.  | *Res* *judicata* |

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| --- | --- |
| **C.**  | Stare decisis |

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| --- | --- |
| D.  | *In* *rem* process |

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| E.  | Federal law |

When courts rely on precedent, they are obeying the principle of stare decisis ("standing by their decision"), in which rulings made in higher courts become binding precedent for lower courts. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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|  | "International Expansion." Zach wants to expand his coffee business internationally - into Zeno, a small remote country. He moves there temporarily in order to oversee operations. His best friend Zora asks him if he plans to hire legal counsel for the expansion. Zach replies, "Of course not. The U.S. has the strictest laws regarding contracts, employment, and business practices in the world. So long as I'm legal in the U.S., I'm legal anywhere. Besides, I studied up on Zeno law ten years ago, and I know it all." Zach proceeds and lands in jail in Zeno for violating recently passed laws protecting employees and mandating certain benefits. Authorities there claim that he sexually harassed an employee, failed to pay sufficient wages, and failed to give employees Zeno's mandated 12 weeks of paid vacation per year. |

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| 41.*(p. 6)* | Which of the following is true regarding Zach's defense that he thought he knew the law of Zeno because he had studied it some years before and that the laws under which he was arrested were new? (Assume the law of Zeno is the same as the U.S. on this issue.)

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| **A.**  | Rules change and Zach had a duty to stay current. It is not a defense that he studied the law at one time and that the laws at issue were new. |

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| B.  | Zach is entitled to rely as a defense on the fact that he had studied the law at one time. Officials in Zeno were charged with publicizing any changes. |

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| C.  | If Zach can prove that the laws at issue were passed within the last twelve months before he was arrested, he will get out of jail because there is a twelve month grace period for new laws. |

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| D.  | If Zach can prove that the laws at issue were passed within the last six months before he was arrested, he will get out of jail because there is a six month grace period for new laws. |

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| E.  | Zach cannot be prosecuted so long as he was not aware he was violating the law. He did not have the requisite intent to perform a criminal act regardless of whether the laws were new. |

Business managers must pay attention to changes in the law and cases in which new precedents are set and take them into account when making business decisions. |

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| *AACSB: DiversityAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 42.*(p. 11)* | The type of law involved in comparing laws between the U.S. and Zeno is \_\_\_\_.

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| **A.**  | Comparative law |

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| B.  | Contributory law |

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| C.  | Comprehensive law |

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| D.  | Complete law |

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| E.  | Delineated law |

Zach should understand comparative law which studies and compares the laws in different countries. |

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| *AACSB: DiversityAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Global and Comparative Law* |

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| 43.*(p. 11)* | Which of the following is true regarding Zach's legal problems in Zeno?

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| A.  | Zach can rely upon the federal statutory laws of the U.S. as a defense but not the U.S. Constitution. |

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| B.  | Zach is entitled to all U.S. Constitutional rights in Zeno because he is a U.S. citizen, but he cannot rely on statutory law. |

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| C.  | Zach can rely on U.S. laws as a defense only if he obtains an opinion from the office of the U.S. attorney that his operations in the U.S. have strictly complied with the law. |

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| **D.**  | Zach must obey the laws of Zeno when operating a business in Zeno and cannot rely upon U.S. laws as a defense. |

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| E.  | Zach can rely upon the federal statutory laws of the U.S. as a defense. Additionally, Zach is entitled to all U.S. Constitutional rights in Zeno because he is a U.S. citizen. |

Zach should understand comparative law; and to do business in another country, Zach must conform to that country's standards. |

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| *AACSB: DiversityAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 44.*(p. 7)* | Which of the following cases overturned prior precedent?

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| **A.**  | *Brown* *v.* *Board* *of* *Education* |

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| --- | --- |
| B.  | *Wygant* *v.* *Jackson* *Board* *of* *Education* |

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| C.  | *Planned* *parenthood* *of* *Southeastern* *Pennsylvania* *v.* *Casey* |

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| D.  | *Plessy* *v.* *Ferguson* |

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| E.  | Precedent cannot be overturned |

*Brown* *v.* *Board* *of* *Education* did not follow the precedent established by *Plessy* *v.* *Ferguson* on issues involving segregation. |

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| *AACSB: DiversityAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 45.*(p. 7)* | Which of the following is true regarding administrative agencies?

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| A.  | There are state administrative agencies, but no federal administrative agencies. |

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| B.  | There are federal administrative agencies, but no state administrative agencies. |

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| C.  | There are state and federal administrative agencies, but no local administrative agencies. |

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| D.  | Administrative agencies exist only at the local county level. |

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| **E.**  | Administrative agencies exist at the federal, state, and local level. |

The federal, state, and local governments have dozens of administrative agencies. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 46.*(p. 8)* | Which of the following is true regarding treaties at the federal level?

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| **A.**  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate. |

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| B.  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the House of Representatives. |

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| C.  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate and also by two-thirds of the House of Representatives. |

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| D.  | A treaty is generally negotiated by the executive branch and no approval by the Senate or House of Representatives is needed. |

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| E.  | A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate and also by two-thirds of the state legislatures. |

In the United States, a treaty is generally negotiated by the executive branch; and, in order to be binding, it must then be approved by two-thirds of the Senate. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 47.*(p. 7)* | Which of the following contains summaries of common law rules in a particular area of the law?

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| A.  | U.S. Code |

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| --- | --- |
| B.  | State Administrative Codes |

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| --- | --- |
| C.  | Executive Proclamations |

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| D.  | Case Reporters |

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| **E.**  | Restatements of the Law |

Restatements of the law are summaries of the common law rules in a particular area of the law. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 48.*(p. 8)* | Which of the following is an independent agency?

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| --- | --- |
| A.  | The Federal Deposit Insurance Corporation |

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| --- | --- |
| **B.**  | The Consumer Product Safety Commission |

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| --- | --- |
| C.  | The General Services Administration |

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| --- | --- |
| D.  | The Small Business Administration |

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| E.  | The Office of Personnel Management |

Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Consumer Product Safety Commission is an independent agency. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 49.*(p. 8)* | Which of the following is an executive agency?

|  |  |
| --- | --- |
| **A.**  | The Federal Deposit Insurance Corporation |

|  |  |
| --- | --- |
| B.  | The Federal Trade Commission |

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| --- | --- |
| C.  | The Securities and Exchange Commission |

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| --- | --- |
| D.  | The Federal Communications Commission |

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| E.  | The Nuclear Regulatory Commission |

Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Federal Deposit Insurance Corporation is an executive agency. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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|  | "To the Dogs." Alice loves all animals and is starting a new grooming business for them. She believes that animals are very important and plans to exceed any applicable regulations regarding cleanliness and health standards. Alice thinks, however, some local regulations make no sense. For example, there is a local ordinance that all dogs must be kept on a leash at all times when not in an inside area. Although Alice is placing her business on a large lot with a fenced outside area allowing plenty of room for dogs to run free, she plans to obey the leash regulation and all others. She is aware, however, that some members of the community have had success in changing local regulations by petitioning city council. Alice plans to proceed in that manner to attempt a change in the leash law. |

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| 50.*(p. 9)* | Alice's idea that dogs have basic rights, and her plan to exceed laws involving cleanliness and health standards is rooted in which of the following?

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| B.  | The historical school |

|  |  |
| --- | --- |
| C.  | Legal realism |

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| --- | --- |
| **D.**  | Natural law |

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| --- | --- |
| E.  | Cost-benefit analysis |

The term natural law describes certain ethical laws and principles believed to be morally right and "above" the laws devised by humans. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 51.*(p. 9)* | Alice's plan to obey all laws and regulations even if she does not agree with them is rooted in which of the following?

|  |  |
| --- | --- |
| **A.**  | Legal positivism |

|  |  |
| --- | --- |
| B.  | The historical school |

|  |  |
| --- | --- |
| C.  | Legal realism |

|  |  |
| --- | --- |
| D.  | Natural law |

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| --- | --- |
| E.  | Cost-benefit analysis |

The concept of legal positivism sees our proper role as obedience to duly authorized law. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 52.*(p. 10)* | Alice's plan to seek change through following what others have done in the past, petitioning city council, is rooted in which of the following?

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| **B.**  | The historical school |

|  |  |
| --- | --- |
| C.  | Legal realism |

|  |  |
| --- | --- |
| D.  | Natural law |

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| E.  | Cost-benefit analysis |

One of the guidelines used for shaping the law is tradition or custom, referenced as the historic school. |

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| *AACSB: Reflective ThinkingAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 53.*(p. 9)* | The concept of \_\_\_\_\_ suggests that individuals should have the freedom to disobey a law enacted by people if their conscience goes against the law and they believe the law is wrong.

|  |  |
| --- | --- |
| A.  | Legal positivism |

|  |  |
| --- | --- |
| **B.**  | Natural law |

|  |  |
| --- | --- |
| C.  | Legal Realism |

|  |  |
| --- | --- |
| D.  | Conscience reaction |

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| --- | --- |
| E.  | Comparative law |

Under natural law, individuals not only have basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 54.*(p. 9)* | Assume a judge writes that she is deciding to enforce a law in question but that her decision does not mean that she sees the law as the morally correct rule. The judge would have leanings in the direction of \_\_\_\_\_\_.

|  |  |
| --- | --- |
| **A.**  | Legal positivism |

|  |  |
| --- | --- |
| B.  | Natural law |

|  |  |
| --- | --- |
| C.  | Legal realism |

|  |  |
| --- | --- |
| D.  | Conscience reaction |

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| --- | --- |
| E.  | Concluding law |

A judge with leanings in the direction of legal positivism might write that she is deciding to enforce the law in question but that her decision does not necessarily mean she sees the law as the morally correct rule. |

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| *AACSB: EthicsAccessibility: Keyboard NavigationBlooms: EvaluateDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 55.*(p. 10)* | In which school of jurisprudence is the concept of stare decisis rooted?

|  |  |
| --- | --- |
| **A.**  | The historical school |

|  |  |
| --- | --- |
| B.  | Legal realism |

|  |  |
| --- | --- |
| C.  | The cost-benefit analysis school |

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| --- | --- |
| D.  | Positivism |

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| E.  | Cultural reenactment |

One of the guidelines most often used for shaping the law is tradition, or custom; and stare decisis is rooted in this historical school. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 56.*(p. 9)* | Which of the following is reported in the Federal Reporter?

|  |  |
| --- | --- |
| A.  | Statutes |

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| --- | --- |
| B.  | Executive orders |

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| --- | --- |
| **C.**  | Common law |

|  |  |
| --- | --- |
| D.  | Administrative laws |

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| --- | --- |
| E.  | Local ordinances |

Exhibit 1-5 "Where to Locate the Law," shows that the Federal Reporter is a source for common law. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 57.*(p. 9)* | Which of the following is reported in the United States Code?

|  |  |
| --- | --- |
| **A.**  | Statutes |

|  |  |
| --- | --- |
| B.  | Executive orders |

|  |  |
| --- | --- |
| C.  | Common law |

|  |  |
| --- | --- |
| D.  | Administrative law |

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| E.  | Local ordinances |

Exhibit 1-5 "Where to Locate the Law," shows that statutes are reported in the United States Code. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 58.*(p. 9)* | Which of the following is reported in the Code of Federal Regulations?

|  |  |
| --- | --- |
| A.  | Statutes |

|  |  |
| --- | --- |
| B.  | Executive orders |

|  |  |
| --- | --- |
| C.  | Common law |

|  |  |
| --- | --- |
| **D.**  | Administrative law |

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| E.  | Congressional orders |

Exhibit 1-5 "Where to Locate the Law," shows that administrative law is reported in the Code of Federal Regulations and the Federal Register. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 59.*(p. 10)* | Which of the following is based on the idea that, when ruling on a case, judges consider more than just the law; they also weigh factors such as social and economic conditions?

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| --- | --- |
| A.  | Cost-benefit analysis |

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| --- | --- |
| **B.**  | Legal realism |

|  |  |
| --- | --- |
| C.  | Historical school |

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| --- | --- |
| D.  | Legal positivism |

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| --- | --- |
| E.  | Executive positivism |

Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 60.*(p. 10)* | Which approach to jurisprudence is based on choosing alternatives that maximize benefits and minimize costs, and is tied to the pursuit of efficiency?

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| --- | --- |
| **A.**  | Cost-benefit analysis |

|  |  |
| --- | --- |
| B.  | Legal realism |

|  |  |
| --- | --- |
| C.  | Historical school |

|  |  |
| --- | --- |
| D.  | Legal positivism |

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| --- | --- |
| E.  | Executive positivism |

Cost-benefit analysis is tied closely to the pursuit of efficiency and involves choosing alternatives that maximize benefits and minimize costs. |

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| *AACSB: AnalyticAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 3 HardLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Sources of Business Law* |

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| 61.*(p. 11)* | Candy wants to start an Internet business doing business domestically as well as internationally. She is told by the Chinese government that certain items on her site are objectionable and illegal, and that if she wants to do business in China, she must remove the objectionable material. Which of the following is true?

|  |  |
| --- | --- |
| A.  | Candy is within her rights and should stand her ground. She is a U.S. citizen, and so long as she obeys U.S. laws, she can do business in China. |

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| B.  | Candy is within her rights only if she petitioned her state senator and obtained his or her permission to proceed. |

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| **C.**  | If Candy wants to do business in China, she must abide by Chinese law. |

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| D.  | By international law, there is a set fee of $10,000 that Candy can pay if she wants to obey only U.S. law. If she pays that amount, she can continue in China without any modification. |

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| E.  | By international law, there is a set fee of $5,000 that Candy can pay if she wants to obey only U.S. law. If she pays that amount, she can continue in China without any modification. |

Candy should understand comparative law which studies and compares the laws in different countries. The Chinese government does not want its citizens to have access to certain information and websites; and to do business there, Candy must conform to the Chinese standards. |

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| *AACSB: DiversityAccessibility: Keyboard NavigationBlooms: ApplyDifficulty: 2 MediumLearning Objective: 01-06 What are the various schools of jurisprudence?Topic: Global and Comparative Law* |

**Essay Questions**

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| 62.*(p. 3)* | List the purposes of the law and discuss why these purposes are necessary for an ordered society.  Purposes of the law are listed as follows:1. Providing order such that one can depend on a promise or an expectation of obligations2. Serving as an alternative to fighting3. Facilitating a sense that change is possible, but only after a rational consideration of options4. Encouraging social justice5. Guaranteeing personal freedom6. Serving as a moral guide by indicating minimal expectations of citizens and organizationsStudents' opinion will vary on discussion of why the law is necessary for an ordered society. Ideas would include enforcement of contracts, protection of underprivileged members of society, and the provision of a remedy for injustice. |

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| *AACSB: AnalyticBlooms: AnalyzeDifficulty: 3 HardLearning Objective: 01-03 What are the purposes of law?Topic: Law and its Purposes* |

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| 63.*(p. 6)* | Define the meaning of the term "stare decisis," and discuss how it is applied.  The term "stare decisis" means standing by a decision. When courts rely on precedent, they are obeying the principle of stare decisis in which rulings made in higher courts become binding precedent for lower courts. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 64.*(p. 5-7)* | Judge Sally Justice, who is newly appointed to the bench, is presented with a question of law involving a cat named Chester who scratched a neighbor's antique jalopy. The neighbor, George, demands justice in the form of full payment from Chester's owner, Sue, and also requests that Chester be shipped to the local animal shelter. Sue says that she should not have to pay anything because Chester had never scratched before, that Chester should be allowed to stay in the neighborhood, and that she should be reimbursed for her legal fees by George who is a grump and never should have brought the lawsuit. Judge Justice is perplexed and wants to make a good decision since she is new to the bench. Describe how the judge should go about reaching a decision. Discuss in your answer the impact of cases from other jurisdictions assuming there is no relevant law in Judge Justice's jurisdiction. Also, assuming there is relevant law in Judge Justice's jurisdiction, discuss the applicable legal standard when case law conflicts with a later passed state statute.  Students should reference the need for Judge Sally Justice to check for relevant case law and statutory law. Cases from other jurisdictions may be influential to the judge but are not binding. A later passed state statute would apply as opposed to conflicting case law. |

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| *AACSB: Reflective ThinkingBlooms: ApplyDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 65.*(p. 8)* | Discuss two ways referenced in the text by which a treaty between a foreign country and the U.S. is similar to a contract.  Both treaties and contracts are attempts by parties to determine rights and obligations among themselves. Additionally, when a party fails to obey a treaty or contract, law imposes liability on the part who failed to obey the agreement. |

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| *AACSB: DiversityBlooms: AnalyzeDifficulty: 3 HardLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 66.*(p. 7)* | Explain the function of administrative agencies and why they are needed.  Constitutions and statutes are not complete in the sense of covering all the detailed rules that affect government and business relations. The task of administrative agencies is to perform particular governmental functions. |

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| *AACSB: AnalyticBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 What are the sources of the law?Topic: Sources of Business Law* |

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| 67.*(p. 12-13)* | List and discuss the five factors, discussed in the text, suggested as a structure for critical thinking in reviewing case law.  Students should list and discuss the following procedure:(1) Find the facts.(2) Look for the issue.(3) Identify the judge's reasons and conclusion.(4) Locate in the decision the rules of law that govern the judge's reasoning.(5) Apply critical thinking to the reasoning. |

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| *AACSB: AnalyticBlooms: AnalyzeDifficulty: 3 HardLearning Objective: Appendix 1A Critical Thinking and Business LawTopic: Critical Thinking and Business Law* |