**Part 1**

|  |  |
| --- | --- |
| **Question 5. The annual Smallville Fair is the community event of the year. Attendance is always high, with community members going to enjoy the thrill rides, the exhibits, and the food, as well as to “see and be seen.”  Principal Cuthbert of Smallville High School is there, and as he turns the corner (around the “Guess Your Age or Weight” exhibit,) he is shocked by what he sees.  In front of the “Bearded Lady” exhibit is the star Smallville High School quarterback, senior Coy Gunner.  Gunner is wearing a green “tee-shirt” depicting a Christ-like figure smoking a marijuana cigarette; in large yellow letters on the front of the shirt are the words “Joints For Jesus.”  On the back of the shirt (again, in large yellow letters) is the following:  “WWJS:  What Would Jesus Smoke?!”**  **Principal Cuthbert immediately confronts Gunner, exclaiming “Coy Gunner, I cannot believe you would wear such a disgusting shirt.  You have offended my Christian principles and beliefs, as well as the religious beliefs of countless numbers of Smallville citizens attending this fair.  Further, you have disgraced Smallville High School.  As the star quarterback of our football team, you of all people should know that you are a role model for your fellow students, as well as younger kids in the community.  I will see you in my office Monday morning at 7:30 a.m.”**  **Gunner arrives at Principal Cuthbert’s office on Monday morning to discover that Principle Cuthbert has decided to suspend him for ten school days.  Gunner objects, saying “I remember in civics class that Mr. Campbell told us we have the right to free speech.  I object to the suspension, and if you don’t change your mind, Principle Cuthbert, my dad knows a good attorney who might want to speak with you.”**  **Is the message on Gunner’s shirt constitutionally-protected free speech? Would rational limitations on free speech justify Principle Cuthbert’s decision to suspend Gunner? Does it matter whether the incident occurred on or off school property?** |  |

**Question 6. Warren Delaney believed that his home was his “castle,” and during the summer months every year, his “castle” was a tiny cabin nestled in the woods of upstate New York.  Delaney was an Economics professor at a small college in Florida, and for him, there was no better way to “rest and recharge” after a hectic academic year than to head north for the cozy confines of his cabin.**

**For several consecutive years, Warren’s cabin had been vandalized and/or burglarized during the winter months while he was in Florida.  During the winter of 2010, several windows had been shattered.  In the winter of 2011, several pieces of furniture had been stolen.  At some point during the winter of 2012, the bedroom mattress had been ripped apart for some unexplained reason, with foam and fabric scattered about the bedroom floor.  On each of these occasions, the perpetrator had forced the front door lock open, and had entered the cabin through the front door.**

**Warren envisioned a way to stop the criminal(s) responsible for these violations.  He spring-loaded a shotgun in the living room of the cabin, and pointed it directly at the front door.  The shotgun was configured so that if someone opened the front door while he was away, it would fire at the intruder.**

**Warren returned to his cabin in May 2014 and came upon a grisly scene.  The front door had been opened, and at the threshold was the partially-decomposed body of what appeared to be a middle-aged man, dead of a shotgun blast to the chest.  Warren immediately called the local sheriff, Officer Brian Mulholland.  Upon arriving at the scene and briefly questioning Warren, Officer Mulholland arrested him.**

**Was the arrest valid? Did Warren Delaney commit first-degree murder? Did Warren use justifiable force in this situation?**

**Question 7. Officers Jones and Henderson are well-respected police officers in the Woodlawn community.  They have been recognized, both within the police department and by the community, for their outstanding service.  While on patrol in downtown Woodlawn late one evening, Jones and Henderson observe an individual sleeping on a park bench in the town square.  The individual is Fred Ames, a homeless person known in the community for his trouble with alcohol and illicit substances.  Ames has a twenty-year history of bad choices and bad luck, and most in Woodlawn “know his story.”  Woodlawn does not have a law against vagrancy or homelessness.**

**Determined to “clean up” the downtown area, the officers demand that Ames seat himself in the back of the squad car.  Reluctantly, and without the use of force on the part of Jones and Henderson, Ames complies.  Officers Jones and Henderson transport Ames to a rural area, where they release him on a dark country road, and warn him not to return to Woodlawn until he “cleans up his act once and for all.”**

**Have Officers Jones and Henderson committed a tort against Ames? Are the officers within the “privilege of their authority” in removing Ames from the downtown area? Did the officers act unethically? Should Woodlawn implement a law against vagrancy/homelessness?**

**Question 8. Timothy Ackers is a “stay-at-home dad” living in Falling Waters subdivision in Olympia, Washington.  Timothy’s wife Julia earns a six-figure income at the largest accounting firm in Olympia, and both husband and wife feel fortunate that one of them is able to stay at home with their two young children, four-year-old Hope and two-year-old Matthew.**

**Timothy is part of the community watch organization in his subdivision, and as a stay-at-home parent, he has ample opportunity to observe the daily neighborhood “goings-on.”  For the past six months, Timothy has noticed heightened activity at the house down the street owed by the Penningtons (Clara and Jonathan;)  approximately eight to twelve cars come and go from the Pennington driveway every day, and four months ago, handicapped access ramps were installed at the front and back entrances to the home.  On several occasions, Timothy has seen elderly people sitting in wheelchairs in the Penningtons’ front yard.**

**Curious, Timothy knocks on the front door of the Pennington home one Monday morning.  Clara Pennington answers.  Ackers states “Good morning, Clara.  I know the old saying that ‘curiosity killed the cat,’ but I can’t help myself.  What’s going on at your house? Why are all the elderly people here? I though both of your parents were deceased, and I thought Jonathan’s parents had ‘passed on’ as well.  Are these people related to you?”**

**Clara responds:  “Timothy, Jonathan and I decided six months ago to open up an elderly care facility.  We didn’t have the money to purchase a separate building, so we decided to care for the elderly in our home.  This gives me a wonderful opportunity to stay at home, and I wouldn’t be able to do that just on Jonathan’s income.  Plus, think of the advantages for our clients.  Isn’t this so much better than a regular rest home? These folks have cried tears of joy, and they thank me every day for providing them the quality of care they had hoped for in their ‘golden years.’”**

**Falling Waters subdivision is zoned exclusively residential.  Should Timothy report the Penningtons’ zoning violation? What ethical issues are involved in Timothy’s decision?**

**Question 9. Tom Garrity, Bill Simmons, and Edward Yang were close friends.  Their friendship had developed over their mutual love for vintage stereo equipment, and the three often spent hours with each other, admiring their electronic collections, monitoring online auctions for vintage receivers and speakers, and playing music.  On several occasions, Edward expressed his interest in a particular stereo receiver Tom owned, the classic Marantz Model 4400.  Edward often told Tom that if he ever wanted to sell the receiver, he would like to be first considered as the buyer.**

**Last Saturday morning, Tom and Bill were at Tom’s house.  During their conversation, Tom stated “Bill, I know how much Edward loves my Marantz 4400 receiver, and I have too much stereo equipment in the house.  In fact, Sarah (Tom’s wife) has given me an ultimatum:  Either a good portion of the receivers and speakers go, or I go! I have decided that I will sell my Marantz 4400 to Edward for $200.  It’s worth at least $600, and it’s the only Marantz receiver that I own, but I’ve decided that I would like to continue to live in this house, and my wife hasn’t given me any other options except to sell some of this stuff!”**

**Later that day, Edward appeared at Tom’s house.  Edward enthusiastically proclaimed “Tom, Bill told me about your offer, and I will take the Marantz 4400 for $200.  This is the classic receiver as far as I am concerned, and I am forever grateful to you! I promise I will take care of it, and you can have lifetime visitation rights! Oh, and please tell Sarah I said ‘thanks’!”**

**Tom was perplexed.  After his conversation with Bill on Saturday morning, he had decided to keep the Marantz 4400, and sell all of his other receivers.  He knew that his next statement would test Edward’s friendship:  “Edward, I’m sorry, but I have decided not to sell the Marantz 4400.  We can discuss selling any of my other receivers, but the Marantz is ‘off-limits’.”  Edward’s reply? “We have an agreement, Tom.  You made me an offer, and I accepted your offer. Here is the $200.  Where is the receiver?”**

**Is there a contract between Tom Garrity and Edward Yang?**

**Question 10. John Harrington, Jr. (“Junior”) is a 24-year-old, 3-pack-per-day smoker.  John Harrington, Sr. (“Senior”) is a very concerned parent.  On January 1, father announces to son, “Junior, if you will stop smoking for the entire year, I will pay you $5,000.”  Senior believes that if Junior will stop smoking for one year, he will “kick the habit.”  Junior reluctantly accepts his father’s terms, and extinguishes his half-smoked cigarette with the heel of his boot.**

**On January 1 of the following year, Junior approaches Senior and says “Dad, time to pay up.”  Senior has no reason to doubt that Junior has refrained from smoking for an entire year, but states “Son, this was for your benefit.  The gift I have given you is the gift of life, and you are now likely to enjoy that gift longer, because you are now much less likely to contract cancer.  Health statistics show that non-smokers live ten years longer than smokers.  Enjoy your newfound life, but I will not pay you the $5,000.”**

**Does Senior owe Junior the $5,000? Is there an enforceable contract between father and son? If there is not an enforceable contract, does Junior have any other legal or equitable theory of recovery? Is Senior ethically obligated to pay Junior the $5,000?**

**Question 11. Tommy McCartney is a sixteen-year-old high school student.  He has worked forty hours per week at the local convenience store over the last year, and has diligently saved $6,000 for the purchase of his first car.**

**While visiting a local car dealership, Tommy finds the “car of his dreams,” a used yellow Camaro.  Tommy walks into the dealership, announces to the dealership owner that he is “ready to buy,” negotiates $6,000 as the purchase price, and leaves the dealership a proud car owner.**

**Over the course of the next six months, Tommy drives the Camaro eight thousand miles, wears the tires thin, dents the left front fender, and regrets his purchase.  He realizes that in two short years college will beckon, and he knows that his parents cannot afford to pay for his higher education.  In short, he wants his money back.**

**On a Saturday morning, Tommy returns to the car dealership, walks into the sales office, and hands the keys to the seller, asking for the return of his $6,000.  The dealer chuckles, and then his look turns stern, saying “Son, I don’t owe you anything.  You’ve just learned a lesson in the ‘School of Hard Knocks.’  The car is still yours, and the money is still mine!”**

**Who will prevail? Is it legal and/or ethical to allow Tommy to escape his contractual obligations?**

**Question 12. For Greta Harrington and her husband Robert, it was love at first sight.  The two were married for 52 years until cancer took her husband at the age of 84.  Greta is currently 83 years old, and her marriage produced three offspring:  Samuel, 50 years old; Katherine, 45 years old; and Benjamin, 40 years old.  In his will, Robert left all of his financial interests, a considerable sum valued at $5 million, entirely to his wife; in his will, he also expressed love and affection for his three children, as well as the desire that Greta devise the remainder of the couple’s estate to their children, in equal portions, upon her death.**

**Greta has recently been “keeping company” with Gary Watson, a twice-divorced, 65-year-old bachelor with a reputation for “womanizing.”  While visiting her mother one weekend, Katherine is shocked to see a fully-executed will on the desk in the living room, devising all of her mother’s estate to Gary Watson.  She immediately calls Samuel and Benjamin, schedules an emergency “sibling meeting” for Sunday, and wonders what to do about her mother’s ill-advised decision.  She has noticed in recent months that her mother is often forgetful, frequently calls her “Sharon” (her aunt’s name,) and often confuses the days of the week.**

**Do the children have any legal rights in terms of successfully invalidating Greta Harrington’s will? From a legal and/or ethical standpoint, should a mother (even of adult children) be allowed to “disinherit” her offspring?**

**Question 13.Barbara Hastings has no children of her own, but she does have a beloved niece named Ellen Laughridge.  Attentive to the future financial needs of Ellen, Barbara secures a $500,000 life insurance contract from Chameleon Insurance Company, listing Ellen as the sole beneficiary.  Barbara has every intention to inform Ellen of her new life insurance policy, but “life gets in the way,” and she neglects to do so.**

**Hastings dies on January 15, 2005.  As part of her estate distribution, Ellen receives a chest-of-drawers from her dear aunt.  On August 29, 2007, while rearranging her clothing in the chest-of-drawers, Ellen comes upon a secret compartment.  In the secret compartment is an original copy of the life insurance contract.  Ellen is overjoyed to see her name listed as beneficiary, and she contacts Chameleon Insurance Company immediately.**

**Upon review of the policy, Chameleon denies coverage.  Chameleon’s claims representative points to Section 15(b) of the policy, which specifically requires notification of the insured’s death no later than one year after death.  It has been over two years and seven months since Barbara Hastings died.**

**Will Ellen recover the $500,000 in insurance proceeds? Is it ethical for an insurance company to deny a claim on the basis of a “technicality?”**

**Question 14. K. K. Legume, Incorporated is a reputable and popular sweater manufacturer.  Based upon Legume’s reputation and popularity, Arrow Stores, L. L. C. enters into a contract with Legume.  The contract is a “requirements” contract, stipulating that Arrow will purchase whatever number of “Arctic Ice” brand 100% wool sweaters it needs for a one-year period, at a “per-unit” price of $12.00.**

**Two developments result in litigation between Legume and Arrow.  First, due to an unanticipated sheep shortage, with substantially fewer sheep to shear, the price of wool skyrockets 1,000 percent.  Second, due to an unexpected “cold snap,” consumer demand for wool sweaters increases dramatically, resulting in a 500% increase in Arrow’s wool sweater orders to Legume, compared to order averages over the previous ten years (the parties have a long-standing business relationship.)**

**Legume implores Arrow to increase its per-unit purchase price to $36.00, but Arrow refuses to modify the price term stipulated in the contract.  When Arrow refuses to pay a higher price for the sweaters, Legume ceases delivery, claiming that it would be bankrupted by continuing to fill Arrow orders; further, Legume claims that based upon the longstanding business relationship between the parties, Arrow has at least an ethical obligation to pay a higher price.**

**Who wins? Does Arrow have an ethical obligation to pay a higher price, based upon such an unanticipated change in circumstances?**

**Question 15. While traveling on Interstate 10 in the vast, arid land between Phoenix and Los Angeles, a traveler’s “worst nightmare” occurs.  Transmission failure forces tourist Penn Lay to the emergency lane of the highway, and at that time Lay realizes the true value of a cell phone.  Lay calls a Phoenix towing company, and his car is transported to S. Li Ping Transmission Repair, Inc.**

**The repair bill amounts to $4,500.  On the bill, transmission parts total $4,000, and labor hours total $1,000 (5 hours at $200 per hour.)  Lay believes that the principles of capitalism do not extend to such an exorbitant sum, and he further believes that S. Li Ping interpreted his out-of-state, North Carolina license plate as a “license to steal.”**

**Who wins? In litigation between the parties, does the Uniform Commercial Code (UCC) apply, or ordinary contract law (“common” law?) If ordinary contract law applies, should North Carolina or Arizona law apply? Does S. Li Ping have a legal and/or ethical obligation to charge “out-of-staters” the same repair price as “in-staters?”**

**Question 16. Aristotle Mythos is having a “mid-life crisis,” in large part because he is 50 years old, and he realizes that most people do not live to be 100.  In an attempt to conquer his depression, and to prove that he is equivalent to a 20-year-old (at least in spirit,) Mythos plans to climb Mount Zeus, the highest peak in his ancestor’s homeland of Greconia.**

**In preparation for his climb, Mythos patronizes the local “outdoors” shop, Athena’s Garden, and asks to speak with a trained sales associate.  Mythos specifies that he will be climbing Mount Zeus, and that he will need a tent and sleeping bag to survive the wind and elements on two nights during his ascent and descent.  The associate selects a tent and sleeping bag from a wide variety of possibilities, and Mythos leaves the store a “happy camper.”**

**Mythos begins his climb the following day, and successfully reaches his check point, halfway to Zeus’ peak, before nightfall.  He prepares his campsite, and looks forward to some much-needed rest.  Unfortunately, he has a fitful night, shivering in his sleeping bag below a partially-collapsed tent, with the wind and the cold “getting the best of” Mythos and his camping gear.**

**In the daylight of the following morning, Mythos fully awakens to realize that the toes on both of his feet have turned a sickening shade of blue-purple, and he realizes with great disappointment that he will not be able to fulfill his dream of climbing Mount Zeus.  Further, upon closer examination of his tent and sleeping bag, both are trademark-stamped “The Young Mythologist,” gear intended for backyard camping by children.**

**As a result of his misfortune, Mythos must have four toes (two toes on each foot) amputated, and he incurs medical expenses of $58,000 for treatment and rehabilitation.  Mythos’ doctor has rated him with 20% permanent partial disability as a result of his toe amputations.**

**Is Athena’s Garden legally responsible for Mythos’ medical expenses and partial disability? If so, on what theory?**

|  |  |  |
| --- | --- | --- |
| **Question 17. Tom Bradshau and Ron Stawback are avid football fans; Bradshau is a rabid Pittsburgh Ironmen supporter, and Stawback’s favorite team is the Dallas Cattle Ranchers.  The two teams are bitter rivals, and are scheduled to play during Week 4 of the 2008 United Football League (UFL) schedule.**  **Before the season starts, Bradshau and Stawback wager a bet that their respective teams will win in the Ironmen-Cattle Ranchers clash.  Bradshau presents $500 in cash to secure the bet, and Stawback produces a written “I.O.U.,” stating the following:  “In the event that the Pittsburgh Ironmen defeat the Dallas Cattle Ranchers in Week 4 of the 2008 UFL season, I promise to pay the sum of five hundred and no/100 dollars ($500) to the order of Tom Bradshau.  Signed, Ron Stawback.”**  **In Week 3 of the UFL season, Bradshau indorses and transfers the Stawback I.O.U to Kenneth Steibler, in payment of a lost $500 bet to Steibler (Steibler’s favorite team, the Oakland Swashbucklers, defeated Bradshau’s Ironmen in Week 3.)  In Week 4, the Ironmen defeat the Cattle Ranchers.**  **Can Steibler recover the $500 face amount of the I.O.U. from Stawback?** | 0 |  |

**Question 18. Ira Ofseyer is an eighteen-year-old freshman at Golden State University.  He arrives on campus several days before classes begin, and learns of a party scheduled at Tau Phi Gamma Fraternity on Friday evening.  Ofseyer arrives at the party, confident that a thorough university education means more much more than mere academics.**

**Beer is served at the party, and that night, Ira consumes the first alcohol of his young life. In the haze of the alcohol, and caught up in socializing with the Tau Phi fraternity brothers (who are trying to convince him of the merits of fraternity membership,) Ofseyer inadvertently leaves his checkbook on the dining room table.**

**Three days later, Ira realizes he is missing his checkbook.  He returns to the fraternity to find his checkbook, but to no avail.  He hurries to his bank’s university branch on University Avenue, and learns that one check has been written on his account in the last three days, for $3,500 at University Stereo Shack.  Ofseyer’s remaining checking account balance is $5.83.  His parents will not be happy.**

**Is Ofseyer’s bank legally obligated to re-credit his account in the amount of $3,500?**

|  |  |
| --- | --- |
| **Question 19. Effective October 2005, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) represents the most sweeping change to the United States Bankruptcy Code in almost forty years.  Applauded by the credit card industry, which had lobbied the United States Congress for several years before its enactment, the BAPCPA makes it extremely difficult, if not impossible, for middle income Americans to file for Chapter 7 (“liquidation”) bankruptcy (Traditionally, the United States Bankruptcy Court used Chapter 7 for debtor rehabilitation, allowing the debtor to discharge pre-existing debts in return for his/her relinquishment of non-exempt property, and the non-exempt property was used to partially satisfy creditor claims.)  Instead, the BAPCPA channels bankrupt debtors into Chapter 13 (“reorganization”) bankruptcy, with strict restrictions against debt forgiveness.**  **The BAPCPA has come under criticism, in part because it allows no exceptions for unanticipated medical expenses (a Harvard University study concluded that more than fifty percent of bankruptcies are attributable to unpaid medical bills,) loss of employment, or financial difficulties resulting from dissolution of marriage.  BAPCPA critics argue that individuals so affected should be allowed to file Chapter 7 (“liquidation”) bankruptcy protection.  Critics further contend that without such a change in the BAPCPA, the only real discharge for many debtors will be death.**  **From a legal standpoint, should the United States Congress rewrite the BAPCA and create exceptions for unanticipated medical expenses, loss of employment, or financial difficulties resulting from dissolution of marriage (and allow the bankrupt debtor to file for Chapter 7 bankruptcy protection?) From an ethical standpoint, should not our society “give these people a break?” Are not such people, and their financial situations, substantially different from consumers who “max out” their credit cards on “mad shopping sprees?”**  **(For reference, see** [**http://www.cch.com/bankruptcy/Bankruptcy\_04-21.pdf**](http://www.cch.com/bankruptcy/Bankruptcy_04-21.pdf)**)** |  |

**Question 20. The law firm of Poe, Patterson and Henderson, a general partnership, represents 20 plaintiffs in a class-action product liability lawsuit, with trial scheduled to begin Monday of next week.  It will be the biggest trial in the history of the firm, and the partners understand that success will depend, for the most part, on a collaborative effort on the part of all professionals at the firm, including partners, associate attorneys, paralegals, and secretarial staff.  It is the Friday before the trail, and there will be no weekend for those working at Poe, Patterson and Henderson.**

**The partners and the associate attorneys are reviewing depositions in the conference room.  The clock on the wall shows 11:00 p.m.  Partner Henderson turns to a first-year associate, J. Benjamin Fotheringham, and says “Ben, how about going to Donovan’s Delicatessen and picking up a few subs for all of us? Here’s $100.” Donovan’s Delicatessen is a favorite of the firm for “late-night” trial preparation sustenance, and is located approximately two miles away, down Chestnut Avenue.**

**Eager to make a positive impression on senior partner Henderson, and ready to escape the “tunnel-vision” brought on by twelve hours of deposition review, Ben heads for his car.  In a rush to complete the “deli run” quickly, Ben accelerates his car to 50 miles per hour.  The posted speed limit on Chestnut Avenue is 35 miles per hour.**

**Fidgeting with his compact disc player in order to listen to an audio-recorded deposition, Ben inadvertently crosses the center line and collides with an oncoming automobile operated by Brandi Kernigan.  Ms. Kernigan is severely injured, and experiences $22,000 in medical expenses; her $25,000 Volkswagen is a total loss.  She sues Fotheringham individually, and the law firm partnership of Poe, Patterson and Henderson.  Kernigan also lists Poe, Patterson and Henderson as individual defendants.**

**Is the law firm of Poe, Patterson and Henderson liable for Brandi Kernigan’s injuries? Are Poe, Patterson and Henderson individually liable for Kernigan’s injuries?**

**Question 21. Allison Seizer has a very wealthy father, entrepreneur Warren Seizer of “Chimichonga Chime” restaurant fame, although her family pedigree was not what attracted Blake Patterson to his girlfriend of three years; instead, it was “love at first sight.”  Blake proposes to Allison, and the two are married with the blessing of Warren Seizer.**

**Warren wants the best for his daughter and son-in-law, so he offers a “Chimichonga Chime” franchise to Blake, with a prime location in the center of the Elmwood business district.  After one year, it is clear that the newest “Chimichonga Chime” is and will be a tremendous business success.  In fact, sales, revenue and profit goals for the restaurant are shattered in its first year of operation, and Blake would like to think that his “hands-on” ownership and operation of the restaurant was an important part of the store’s success.**

**Unfortunately, the couple’s relationship has suffered over the year, and the term “irreconciliable differences” creeps into marriage conversations.  Blake asks for his freedom, and Allison obliges.  Wedding bells have been replaced by divorce attorneys.**

**Warren Seizer is furious.  He is firmly convinced that Blake Patterson is to blame for the marriage’s dissolution, because there is no conceivable way (at least in his mind) that his “darling angel,” his “precious daughter,” could be responsible for the divorce.  The creative genius behind “Chimichonga Chime” plots justice for his daughter and himself, although some may call it revenge.**

**On September 1, Warren Seizer personally delivers a Notice of Termination of Franchise to Blake Patterson.  The document states that Patterson’s franchise agreement has been terminated for cause, and that he must either close the restaurant, or cease and desist from using the name “Chimichonga Chime,” advertising the franchise chime logo, and selling all franchise-related products, within 30 days.**

**Who wins:  The “ex-father-in-law,” or the “ex-son-in-law?”**

**Question 22. Dr. Charles Finnegan is a newly-appointed member of the Board of Directors of Walnut Grove Community College (W.G.C.C.) in Walnut Grove, California.  The position is unpaid, but does come with the “perks” of positive exposure and prestige in the local community.**

**At his first board meeting, the directors are discussing and considering for approval service contracts between W.G.C.C. and the local business community.  The third contract for consideration is a janitorial service contract, valued at $150,000, between W.G.C.C. and Antiseptic Andy Cleaning Service, Inc.  Finnegan is quite surprised; after all, “Antiseptic Andy” is owned and operated by his first cousin, Andrew Deere.  Cousins Finnegan and Deere have not seen each other in three years, nor have they otherwise communicated during that period of time.**

**The chairperson of the Board of Directors calls for a vote on the janitorial service contract.  According to W.G.C.C. regulations, the board must unanimously approve contracts with the business community.**

**Finnegan is perplexed.  If he votes and says nothing about his kinship to Deere, he still feels he can “sleep at night,” since he will not receive any financial gain from the contract.  If he discloses his kinship to Deere, he fears that Deere’s business opportunity will be jeopardized.**

**Does Finnegan have a legal obligation to disclose his relationship to Deere? Would it be a “conflict of interest” for Finnegan to vote in favor of the contract? Does he have an ethical obligation to disclose the relationship?**

**Question 23. Although the Securities and Exchange Commission has existed as a federal administrative agency for over seventy years (the Commission was created in 1934,) some critics question the need for its continued existence, or alternatively argue for significant deregulation of stock trades.  According to critics, there is arguably no need for significant federal regulation of publicly-traded securities, since market conditions dictate legitimacy and honesty in securities transactions; after all, for how long could a corporation exist if it does not strive to ensure the integrity of its stock?**

**How do you respond to this line of reasoning, that the “free market” will dictate fair and honest stock trades?  In your answer, consider the history and mission of the Securities and Exchange Commission.**

**(Reference:** [**http://www.sec.gov/about/whatwedo.shtml**](http://www.sec.gov/about/whatwedo.shtml)**)**

**Question 24. Scooters Restaurant is a popular “dive” in Key Largo, Florida with twenty-nine employees.  It primarily attracts male bikers en route to sunny, sub-tropical Key West.  Although the testosterone-charged motorcyclists claim they stop at Scooters for its delicious buffalo wings and adult beverages, their wives and girlfriends believe the real reason they patronize the restaurant is the wait staff.  Scooters only hires “drop-dead” gorgeous female waitresses ranging in age from eighteen to twenty-eight, with uniforms of white, midriff-baring halter tops and key lime-green “short” shorts.  Male waiters need not apply at Scooters.**

**Five (5) male plaintiffs who were denied wait-staff employment at Scooters have filed a civil lawsuit against the restaurant, alleging gender discrimination in violation of Title VII of the Civil Rights Act of 1964.  The plaintiffs uniformly claim that although they were offered significantly lower-paying cook and dishwasher positions at Scooters, they were denied wait-staff positions on the basis of their gender.  The eatery has defended on the basis of the “bona fide occupational qualification” (“BFOQ”) defense.  The restaurant alleges that its female-only wait staff hiring practice is reasonably necessary for the success of its business, based on the contention that its typical customer (a burly, bearded man in bike leather) expects to be served only by an attractive waitress.**

**Is Scooters Restaurant liable for gender discrimination, or should the court accept the defendant’s “BFOQ” defense?**

**Question 25. Last year, Juan Ramirez purchased a washer-dryer combination from I. I. Gregory Appliances, Inc.  Juan satisfied the monthly obligations on his I. I. Gregory credit card until he lost his job at D. Funk Steel Industries, Inc.  He is now four (4) months behind on his I. I. Gregory credit card payments.**

**I. I. Gregory has turned the matter over to a collection agency, Shady Way Collections, Inc.  Since Shady Way only gets paid if it recovers on delinquent accounts, the company is particularly aggressive in terms contacting debtors and collecting overdue sums.  When I. I. Gregory assigned the Juan Ramirez account to Shady Way, the collection agency “focused its wrath” on Juan.**

**A representative of Shady Way has called Juan as early as 3:30 a.m., and as late as 11:45 p.m., often using foul language to impress upon Juan his debt repayment obligations.  Despite Juan’s repeated proclamations that he will only deal with I. I. Gregory, the company he bought the washer-dryer combination from and whose credit card he holds, Shady Way continues to contact him.  The collection agency has even called Juan’s brother and sister, telling them how dishonorable their sibling is, how they should be ashamed of him, and that they need to impress upon Juan that “real men” pay their debts.**

**In its communications with Juan Ramirez and his family, has Shady Way Collections, Inc. violated the Fair Debt Collection Practices Act? If so, why should the law protect Juan? Has not Juan violated his legal and ethical obligations in terms of not repaying his credit card debt?**

**Part 2**

An agency is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.



social relationship



legal relationship



relationship expressed in writing



verbal agreement that has been recorded



business relationship without any legal merit

For agency by ratification to be effective, which of the following is not required?



The principal must ratify the agent's act within 30 days of the creation of the contract.



The principal must have complete knowledge of all material facts regarding the contract.



The principal must accept or ratify the unauthorized act.



An individual must misrepresent himself or herself as an agent for another party.



The principal must ratify the entirety of the agent's act.

An agent's duty to inform and account requires the agent to



provide the principal with the accounting if he or she asks.



not commingle the funds of the principal with the funds of the agent.



keep an accurate account of transactions on behalf of the principal.



do two of these things.



do all of these things.

Roger is currently in the hospital, having been diagnosed with terminal cancer. Roger would like Kim, a close friend, to make any health decisions for him in the future if he is ever incapable of making such decisions for himself. Roger would be wise to enact

Multiple Choice

Top of Form



agency by estoppel.



a power of attorney.



a duty to compensate.



indemnification.



a durable power of attorney.

Bottom of Form

Which of the following is not a termination of an agency relationship by acts of parties?



Revocation of authority.



Disloyalty of agent.



Fulfillment of purpose.



Agency coupled with an interest.



Lapse of time.

A(n) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a special kind of agency relationship created for the agent's benefit, not the principal's.



respondeat superior



various liability



agency coupled with an interest



actual agency



disclosed principal

Bob and Kyle have a principal-agent relationship. Bob is Kyle's agent because Bob is an employee for Kyle's business. Bob signs a negotiable instrument under the authority of Kyle, but the instrument is not signed by Kyle. Something goes wrong with the negotiable instrument transaction, and Bob is liable to the third party for the negotiable instrument. Is Kyle also liable to the third party?



No, this act was not authorized.



No, Kyle was an undisclosed principal, so he is not liable.



Yes, this was an authorized act.



Yes, Kyle was an undisclosed principal, so he is liable to Bob.



No, in certain situations the agent is the only party liable.

Artie tells Brock, his cook, to buy 100 steaks; Brock, however, orders 1,000 steaks. Artie becomes aware of Brock's actions but does nothing to fix the order and thus accepts the order as placed. In this situation, who is liable?



Artie could be liable for the steaks because of ratification.



Artie could not be held liable for the steaks because of expressed authority.



Artie could be held liable for the steaks because of implied authority.



Artie acted with apparent authority and thus is solely liable.



Artie is not liable because the act was unauthorized.

Sam hires several students to deliver flowers for his florist business. Within the scope of one of the students' deliveries, one student has discovered a way to commit check fraud to receive more funds from the delivery of the flowers and commits a tort in the process. Sam does not condone this behavior, but he is aware of the check fraud and allows it to happen. Is Sam liable?



Yes, the principal acted with intent in committing the tort.



No, Sam was an undisclosed principal.



Yes, the principal is liable for the agent committing a tort knowing that the agent acted illegally.



It depends how serious the tort was.



No, Sam was not the one who engaged in the tort.

Which of the following acts to terminate an agency relationship would most likely result in a principal's breaching his or her contract with an agent?

Multiple Choice

Top of Form



Fulfillment of purpose.



Mutual agreement by the parties.



Lapse of time.



Revocation of authority.



Occurrence of a specific event.

Bottom of Form