

Page v gulf coast
motors essay



**ASSIGN
BUSTER**

Glenn A. Page was friend for a long time of Jerry Sellers, an owner of Gulf Coast Motors. Glenn began borrowing money from Gulf Coast Motors on a regular basis for two years. There was no formal loan process.

Glenn would sign a ledger where it was written " I agree to pay Jerry Sellers as above". Glenn made some small payments towards his account attempting to reduce or pay the balance. At the time the money was borrowed Glenn was not working so he had not assets in his own name. Gathered evidence showed that Glenn had a gambling issue.

Sellers testified that at the end of the two year period, Mary R. Page, Glenn's wife orally guaranteed to repay Glenn's loans. Mary on the contrary had significant assets of her own. Mary denied that she had promised to pay Glenn's debt. Gulf Coast Motors sued Glenn and his wife Mary to recover payment for the unpaid loans.

(Cheeseman, H. Business Law: Legal Environment, Online Commerce, Business Ethics, and International Issues (7th ed). Pearson Learning Solutions) Procedure The Court ruled in favor of Gulf Coast Motor entering a judgment in the amount of \$23,200. Mary appealed. Issue The issue here turns into a simple question: was Mary's oral promise to guarantee Glenn's debts an enforceable contract? Holding After a close examination of the facts and evidence the court held that the oral promise made by Mary to guarantee her husband debt did not represent an enforceable guarantee contract.

Thus Mary won the case. Reasoning The reasoning of the court is that the status of fraud forbids any promise to pay the debt of another unless it is put

in writing, therefore since GulfCoast failed in providing the evidence of a signed note by Mary promising to pay Glenn's debts, the agreement stays within the statute of frauds. In this case the allegedly promises made by Mary were not enforceable. Case Questions What is a guaranty contract? A guaranty contract is a document made during an issuance of a loan in which a third party agrees to become liable to make required payments if the main person responsible for the loan fails to make payments.

Did Glenn Act ethically in this case? Glenn did not act ethically in this case. First of all the money that Glenn borrowed from his friend was used for gambling, this was absolutely unethical and unacceptable. In addition Glenn signed a ledger note agreeing to pay the loan and he failed to do so. Would Mary have acted unethically if she had actually orally guaranteed to repay her husband's debts and then raised the Statute of Frauds to prevent enforcement of the oral promises? Mary did not act unethically since she had not raised the Statute of Fraud to stop any enforcement of her oral promises; she indeed made oral promises however never appealed to the statute of fraud for them to be enforced.

Conclusions My conclusion is that even though the Statute of Fraud applies in cases of guarantee agreements a guaranty should never be accepted unless it is put in writing, this is a good practice to follow to avoid ending up in a case like the one discussed here.