

Law 531 final examination study guide

Law



1. What makes a publicly held corporation different from a public corporation? a. 0 A publicly held corporation has had an IPO, and has many private shareholders rather than being a corporation owned by a governmental entity. b. 0 A publicly held corporation is entitled to limited liability, but the public corporation is not. c. 0 A publicly held corporation must have a charitable purpose, but a public corporation need not have a charitable purpose d. 0 They are two terms that have the same meaning. 2. If a corporation is properly incorporated in one state and wants to do business in a second state, the corporation a. must incorporate in the second state b. 0 must do nothing because being incorporated in one state entitles the corporation to do business in all states c. 0 register with the Interstate Corporation Commission d. 0 may be required to obtain a certificate of authority from the second state 3. Limited partners can lose their limited liability by a. 0 investing too much in the partnership b. 0 withdrawing from a limited partnership contrary to provisions in the limited partnership agreement c. 0 actively managing the business of the limited partnership d. 0 breaching the fiduciary duty to the limited partnership . The major disadvantage of a sole proprietorship is a. 0 the difficulty and cost of formation b. 0 the unlimited liability for the business' debts c. 0 the sharing of management authority with others d. 0 the difficulty in transferring ownership to others 5. ABC Corp. buys all of the stock of XYZ Corp. , a publicly traded company, in a tender offer. Which of the following is true about the liabilities of XYZ Corp.? a. 0 Because XYZ Corp. was publicly traded at the time of its sale, its liabilities are extinguished by the sale of its stock. b. 0 The stockholders of XYZ Corp. remain liable for the liabilities of XYZ Corp. after the sale of the company to ABC. Corp. c. 0 Because this is a stock deal

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of a public company, all of the liabilities of XYZ Corp. are acquired by ABC Corp. , in connection with the acquisition of the stock. d. 0 The officers and directors of XYZ Corp. remain liable for the liabilities of XYZ Corp. after the transaction. Objective: Differentiate among non-judicial methods of alternative dispute resolution. 6. What are the characteristics of mediation? a. 0 The mediator hears the evidence presented by the parties, and then decides how the problem should be resolved. . 0 Mediation is final, binding, and nonappealable. c. 0 The mediator must have a stake in the dispute. d. 0 Mediation facilitates the parties in developing a mutually agreeable resolution. Week Two: Torts Objective: Identify potential tort risks that arise in the business context. 7. Under federal rules regulating food and drugs, which of the following is true? a. 0 Food must be pure 100% before it can be sold to consumers. b. 0 Food may contain certain impurities, such as insect parts, as long as it is not adulterated. c. If a food contains impurities, such as insect parts, these impurities must be disclosed on the food label. d. 0 All food must be inspected by the government before it is sold. Objective: Apply the risk management process to mitigate business risk. 8. To protect the interests of shareholders and investors, the Sarbanes-Oxley Act provides for the establishment of the _____ to oversee audits of public companies. a. 0 Corporate Audit Committee b. 0 Internal Auditing Investigation Board c. 0 Accounting Inspection Committee d. 0 Public Company Accounting Oversight Board

Objective: Differentiate between types of torts. 9. Based on the law of product liability, which of the following is correct? a. 0 A manufacturer should design its products to take into account foreseeable misuse. b. 0 A

manufacturer should design its products to take into account all possible misuse. c. 0 A manufacturer should design its products to take into account all possible misuse by the initial purchaser, but need not worry about misuse by other users. d. 0 A manufacturer need only take into account the intended use of its products. Week Three: Contracts

Objective: Identify the major components of the formation of contracts. 10.

The Uniform Computer Information Transaction Act (' UCITA') differs from the

Uniform Commercial Code Article 2 (UCC) in that a. 0 UCITA addresses the

law of services and the UCC addresses the law of real estate b. 0 UCITA

addresses the law of real estate and the UCC addresses the law of goods c. 0

UCITA addresses computer information transactions and the UCC addresses

the sale of goods d. 0 UCITA addresses the law of real estate and the UCC

addresses the law of services 11. Which is true of Click Wrap software

licenses? . 0 They are not enforceable because they are not in writing. b. 0

They are not enforceable unless they specifically mention the Statute of

Frauds. c. 0 They are not enforceable unless they specifically mention real

estate. d. 0 They are enforceable if they manifest assent to the license

terms. 12. Which of the following best describes how e-mail contracts are

viewed under the law? a. 0 E-mail contracts for goods can be valid, but not e-

mail contracts for services. b. 0 E-mail contracts are valid only for contracts

less than \$500. c. 0 E-mail contracts are valid as long as both parties sign

written copy printed out from an e-mail. d. 0 E-mail contracts are generally

treated similarly to contracts negotiated by other means due to the E-Sign

law. 13. A contract for the sale of land a. 0 must be in writing only if the

value of the land exceeds \$500 b. 0 requires at least two promissors c. 0

must be in writing to be enforceable d. 0 is governed exclusively by the Uniform Commercial Code 14. The circumstances where an offer cannot be withdrawn under promissory estoppel is also known as a. 0 implied contract based on detrimental reliance b. 0 the doctrine of irrevocable offer c. the doctrine of renewable offers d. 0 the strict counteroffer rule Objective: Identify the major components of contract administration. 15. The equitable doctrine that permits enforcement of oral contracts, due to detrimental reliance by a party, for contracts that otherwise must be in writing is known as what? a. 0 The equal dignity rule b. 0 Part performance doctrine c. 0 A collateral contract doctrine d. 0 Promissory estoppel doctrine Objective: Determine appropriate methods for contract dispute resolution. 16. What is the most basic or common remedy available for breach of a contract? a. Compensatory damages b. 0 Consequential damages c. 0 Punitive damages d. 0 Nominal damages 17. George, an employee, breaches a fixed-term employment contract by quitting before the end of the term. What can his employer, MNO Inc. , recover as damages? a. 0 Nothing as George was paid on an hourly basis and he was not paid in advance b. 0 All amounts already paid to the employee under the contract c. 0 Only amounts paid to the employee for which the employee has not yet done the work d. 0 The costs of hiring a replacement employee plus any increase in salary paid to the replacement employee 8. What is the most basic remedy available for breach of a contract? a. 0 Compensatory damages b. 0 Consequential damages c. 0 Punitive damages d. 0 Nominal damages 19. Mary, the seller, and Jane contract for the sale of 500 sweaters. They agree on color and style, but not on price or time of delivery. Mary refuses to deliver the sweaters and Jane sues. What are the results? a. 0 Mary wins; because all

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these terms were omitted from the agreement, the contract is not definite enough to be valid. b. 0 Jane wins; the courts will fill in all the above-mentioned missing terms. . 0 Mary wins; the courts will fill in many missing terms, but never price. d. 0 Mary wins; the courts will fill in many missing terms, but never time of delivery. Week Four: Employment and Regulatory Risk Objective: Differentiate between types of employment relationships and the associated legal considerations. 20. Which of the following is true about the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) as they relate to health insurance? a. 0 Certain companies are required to provide group health insurance coverage to their employees. b. Upon termination of employment, an employer is required to pay, for a limited time, for the former employee's health insurance coverage under the same terms that it had been paying for it while the employee worked for the employer. c. 0 Upon termination of employment, a health insurance provider must allow the employee to participate in the same health insurance coverage program that the employee participated in while working for the employer, although the employee must pay for it. d. 0 Employers must make the same group health insurance available to all employees.