

Busy bee v. simon et
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What steps should Gabrielle take in these circumstances to make the loan and also minimize the risk of loss to Busy Bee? What advice would you give Simon with respect to this franchise opportunity? Simon was recommended by his father to arrange financing through a company named the Busy Bee Trust Company in order to pay for the franchise opportunity. Two possibilities may occur if the loan is issued and the business is established. The hot dog stand may turn out to be a huge success enabling Simon to fulfill all of his obligations towards Busy Bee.

In contrast, Simon's franchise business may not turn out to be as profitable as expected, resulting in Simon not being able to pay off the loan issued by Gabrielle. Chances are that if the franchise opportunity does not turn out to be successful, Simon will not have enough assets on hand to pay off the loan. As mentioned in the case, Gabrielle is leaning towards providing the loan; however, she should only issue it if the risk to Busy Bee is minimized. Listed below are a few steps that Gabrielle can take in these circumstances to minimize the risk of loss to

Busy Bee: Gabrielle could issue a collateral loan for \$20 000. A collateral loan is when something is put up as a security by the borrower which can be sold or repossessed in the event of a default. A chattel mortgage works in the same manner; except a chattel is personal property. There needs to be some form of security in order for Gabrielle to minimize the risk of the loan. The purpose of the collateral loan would be to reduce the risk for Busy Bee, since they would be able to get something of value in case a default occurred.

In this case, Simon could offer any collateral of his choice including his car. This would enable Busy Bee to have the right to take ownership of the car or sell it if the loan is not fulfilled by Simon. It is very important to get the assurance from Simon that he will be securing one of his assets or money to minimize the risk to the loan. Gabrielle could also tell Simon that the loan will be issued only if he signs a guarantee contract. " A guarantee is a promise to perform the obligation of another person if that person defaults. " By unshakable named the Busy Bee Trust Company in order to pay for the franchise opportunity. Two possibilities may occur if the loan is issued and the business is established. The outcome to be as profitable as expected, resulting in Simon not being able to pay off the loan issued by Gabrielle. Chances are that if the franchise opportunity does not turn out as mentioned in the case, Gabrielle is leaning towards providing the loan; however, issued only if he signs a guarantee contract.