

**Overview**

This event provides recognition for FBLA members who are familiar with specific legal areas that most commonly affect personal and business relationships.

This is an individual online test.

**Competencies and Task Lists**

<http://www.fbla-pbl.org/competitive-event/business-law-fbla/>

**Website Resources**

- American Bar Association - Business Law Today, Online Resources  
<http://www.abanet.org/buslaw/blt/index.html>
- Law for Business or Personal  
<http://lawextra.swlearning.com/>
- Law Check  
<http://www.lawchek.com/>
- Law Guru  
<http://www.lawguru.com/>
- Legal Definitions & Legal Terms Defined  
<http://definitions.uslegal.com/>
- Legal Information Institute  
<http://www.law.cornell.edu/>
- SBA - Business Law & Regulations  
<http://www.sba.gov/category/navigation-structure/starting-managing-business/managing-business/business-law-regulations>
- USA Laws and Regulations - General Reference Resources  
<http://www.usa.gov/Topics/Reference-Shelf/Laws.shtml>

---

**BUSINESS LAW SAMPLE QUESTIONS**

- 1) What school of jurisprudential thought emphasizes using law as a tool for market efficiency while solving legal disputes?  
A) The Law and Economics School of jurisprudence  
B) The Critical Legal Studies School of jurisprudence  
C) The Command School of jurisprudence  
D) The Sociological School of jurisprudence

**Competency:** Agency and Employment Law

---

2) Which one of the following identifies the duties, scope of authority, responsibilities, and liabilities of agents?

A) An agent has a duty to be accountable, loyal, obedient, and to act in good faith with reasonable skill and diligence. The agent is liable to the principal for any breach of good faith or lack of skills.

B) An agent has a duty to be accountable, loyal, obedient, and to act in good faith with reasonable skill and diligence. The agent is liable to the principal for monetary losses only.

C) An agent has a duty to be accountable, loyal, obedient, and to act in good faith with reasonable skill and diligence. The agent has the right to breach under circumstances beyond his control and is thereby released of liability.

D) An agent has a duty to be accountable, loyal, obedient, and to act in good faith with reasonable skill and diligence. The agent is liable to the principal for any illegal activities wrought by the principal.

**Competency:** Agency and Employment Law

3) The law that makes it unlawful to fail to hire, discharge, or discriminate against anyone on the basis of color, religion, sex, or national origin is known as

A) Title VI of the Federal Civil Rights Act of 1963

B) Title VII of the Federal Civil Rights Act of 1963

C) Title VI of the Federal Civil Rights Act of 1964

D) Title VII of the Federal Civil Rights Act of 1964

**Competency:** Agency and Employment Law

4) The area franchise is also called what?

A) Strategic partner

B) Limited partner

C) Subfranchisor

D) Join partner

**Competency:** Business Organization

5) A minor entering into a partnership agreement:

A) retains all the rights and privileges of a minor

B) has the same liability as an adult

C) cannot plead minority as a defense if sued

D) can only function as a limited partner

**Competency:** Business Organization

- 
- 6) Which one of the following best describes the differences between types of corporations?
- A) The nonprofit corporation, the for-profit corporation, and the governmental corporations all seek to make a profit.
  - B) Aside from employee and officer salaries, the for-profit corporations do not seek to make a profit whereas the nonprofit and governmental corporations seek to make no profit at all.
  - C) The government corporation and the for-profit corporation seek to make a profit while the non-profit corporation does not.
  - D) The non-profit corporation and the governmental corporation do not seek to make a profit while the for-profit corporation does.

**Competency:** Business Organization

- 7) Which one of the following best explains a business's responsibility?
- A) A business's responsibility is to ensure that employees file state and federal tax statements in a timely manner.
  - B) A business's responsibility is to know, abide by, and enforce laws and regulations that affect business operations and transactions.
  - C) A business's responsibility is to ensure profitability by employing the most qualified personnel.
  - D) A business's responsibility is to participate in community activities by providing financial support.

**Competency:** Business Organization

- 8) What law sets the time limit for bringing a lawsuit?
- A) Past Consideration
  - B) Separation
  - C) Statue of Limitations
  - D) Ratification

**Competency:** Computer Law

- 9) According to the objective theory of contracts, the intent to enter into an implied-in-face contract is judged by who?
- A) Doctrine of equity
  - B) Common law of contracts
  - C) Reasonable person standard
  - D) Legality of the contract

**Competency:** Contracts and Sales

- 
- 10) When an individual fails to read a contract before signing, a \_\_\_\_ contract has occurred.
- A) mutual
  - B) fraudulent
  - C) unilateral
  - D) misrepresentation

**Competency:** Contracts and Sales

- 11) A mistake resulting from a failure to read a contract before signing it will render the contract:
- A) valid
  - B) voidable
  - C) rescindable
  - D) void

**Competency:** Contracts and Sales

- 12) Which one of the following describes the ways that a contract can be void?
- A) A contract can be void under conditions of unilateral mistake, when both parties think they are agreeing to something when, in fact, neither has the same thing in mind.
  - B) A contract can be void under conditions of mutual ignorance, when both parties think they are agreeing to something when, in fact, neither has the same thing in mind.
  - C) A contract can be void under conditions of fraud, when both parties think they are agreeing to something when, in fact, neither has the same thing in mind.
  - D) A contract can be void under conditions of mutual mistake, when both parties think they are agreeing to something when, in fact, neither has the same thing in mind.

**Competency:** Contracts and Sales

- 13) In breach of contract, the non-breaching party is entitled to remedies for breach. Which one of the following is a list available legal remedies?
- A) money damages and equitable remedies are the only remedies available to make the non-breaching party whole.
  - B) money damages may be awarded, but under no conditions may punitive damages be awarded.
  - C) money damages, equitable remedies, and under certain conditions, punitive damages may be awarded.
  - D) only money damages are available to make the non-breaching party whole.

**Competency:** Contracts and Sales

- 
- 14) What is an annulment?
- A) a divorce
  - B) an illegal act that constitutes grounds for divorce
  - C) an illegal marriage
  - D) a legal cancellation of a marriage

**Competency:** Domestic/Personal Law

- 15) If only one party wants out of the marriage contract:
- A) the courts require the marriage to take place
  - B) all gifts exchanged during the relationship must be returned
  - C) a breach-of-promise suit may be brought by the other party in some states
  - D) the woman always gets to keep the engagement ring

**Competency:** Domestic/Personal Law

- 16) What is the federal agency that is primarily responsible for regulating the safety of meat and poultry?
- A) S. Department of Agriculture
  - B) S. Food Safety
  - C) Food and Drug Administration
  - D) Consumer Product Safety Commission

**Competency:** Consumer Protection, Product/Personal Liability

- 17) Which one of the following best describes deceptive organizational practices?
- A) Anticompetitive behavior by a company may cause harm to the consumer. A consumer who is harmed in an antitrust claim may seek damages and attorney fees against the company in violation.
  - B) Anticompetitive behavior is encouraged for the sake of capital gains. Individuals are discouraged from bringing suits against companies engaged in making profitable sales.
  - C) Companies have the right to make a profit at the risk of harming the consumer. Company rights to profit are protected by antitrust laws.
  - D) Regulation of business is unnecessary since companies regulate themselves and generally exhibit fairness in business practices.

**Competency:** Consumer Protection, Product/Personal Liability

---

18) Implicit warranty obligations imposed by law on all sellers are known as:

- A) trade warranties
- B) implied warranties
- C) void warranties
- D) expressed warranties

**Competency:** Consumer Protection, Product/Personal Liability

19) Which of the following describes The Supremacy Clause?

- A) When there is a direct conflict between a federal law and a state law, the state law is rendered invalid
- B) The parties have agreed that the agent will act on behalf of the principle in negotiating and transacting business with third parties
- C) Exists only when state or federal courts have the authority to hear a case
- D) Determining who benefits from a contract

**Competency:** Legal System

20) The document that sets forth the framework of a government and its relationship to the people it governs is:

- A) the Uniform Commercial Code
- B) a constitution
- C) the Bill of Rights
- D) an ordinance

**Competency:** Legal System

21) What can a government do to compel a witness to testify after she or he has asserted the right against self-incrimination?

- A) arrest the witness
- B) grant immunity
- C) plea bargain
- D) ask the judge to hold the witness in contempt

**Competency:** Legal System

- 
- 22) Which one of the following best describes the differences between the roles of lawyers and paralegals?
- A) Paralegals are essentially lawyers with a lower law degree and may substitute for a lawyer in some legal situations.
  - B) Lawyers qualify to practice law after graduating from an accredited law school or after having fulfilled other extensive training; paralegals qualify to practice law after having served as an apprentice to a lawyer for five years, rendering the paralegal capable of offering the same services as a lawyer.
  - C) Paralegals are essentially lawyers with a lower law degree and may substitute for a lawyer in any legal situation.
  - D) Paralegals draft court documents, manage the office, and speak with clients while the lawyer uses the work completed by the paralegal to assist in winning client cases.

**Competency:** Legal System

- 23) A person who obtains money or other property by lying about a past or existing fact is guilty of:
- A) false pretenses
  - B) forgery
  - C) larceny
  - D) perjury

**Competency:** Legal System

- 24) Which one of the following describes crimes that occur in the business environment?
- A) John Philburn and Terry Waters are both employees at Brand X Marketing. Philburn and Waters secretly sell Brand X products to friends who work for a subsidiary of Brand X Marketing without the consent of Brand X Administrators. Philburn and Waters engaged in insider trading.
  - B) John Philburn is the administrative assistant in Brand X Marketing. His supervisor, Terry Waters is out of the office when a check is required to complete a delivery. Since Philburn is an insider in the company, Philburn receives the package and hands over a company check which Philburn has signed, "John Philburn." Philburn has engaged in insider trading.
  - C) John Philburn and Terry Waters are top executives at Brand X Marketing. Philburn and Waters knew that stock prices were overinflated due to overstated earnings. They used the knowledge gained as a result of their position in the company to sell off their stock before the price lowered drastically, thus engaging in insider trading.
  - D) John Philburn and close friend, Terry Waters often engaged in stock trading. Philburn was particularly astute at gauging the volatility of stocks, so on a hunch, he called Waters with stock information that helped him avoid losing money. Philburn and Waters engaged in insider trading.

**Competency:** Legal System

---

25) Sam wants to file a petition for bankruptcy. Which of the following is true in this context?

A) Sam's attorney is liable for perjury if information filed by Sam is incorrect.

B) Sam's bankruptcy petition cannot be filed electronically.

C) Sam need not submit a list of creditors; it is obtained by the court upon investigation.

D) Only Sam's attorney can file his bankruptcy petition.

**Competency:** Negotiable Instruments, Insurance, Secured Transactions, and Bankruptcy

26) Which one of the following best describes presentment for payment?

A) Beverly Smith borrows \$1,000 from Carey Jones and gives him a promissory note for \$1,000 payable in six months. Carey indorses the note and at the end of the six months, Beverly takes the note to Carey and presents it for payment. Carey is liable to pay it when it is due.

B) Beverly Smith borrows \$1,000 from Carey Jones and gives him a promissory note for \$1,000 payable in six months. Carey indorses the note and at the end of the six months, Beverly takes the note to Carey and presents it for payment. Carey is liable to pay it in 30 days.

C) Beverly Smith borrows \$1,000 from Carey Jones and gives him a promissory note for \$1,000 payable in six months. Carey indorses the note and at the end of the six months, Beverly takes the note to Carey and presents it for payment. Carey is liable to pay it within ten days of the due date.

D) Beverly Smith borrows \$1,000 from Carey Jones and gives him a promissory note for \$1,000 payable in six months. Carey indorses the note and at the end of the six months, Beverly takes the note to Carey and presents it for payment. Carey is liable to pay it within a reasonable amount of time.

**Competency:** Negotiable Instruments, Insurance, Secured Transactions, and Bankruptcy

27) Which one of the following statements defines secured transaction?

A) a transaction whereby a financial institution guarantees payment

B) an agreement in which a debtor gives a secured interest to a secured party

C) an agreement whereby a financial instrument is designated as a note, stock, or bond

D) a transaction in which the payment of a debt is guaranteed by personal property owned by the debtor

**Competency:** Negotiable Instruments, Insurance, Secured Transactions, and Bankruptcy

- 
- 28) The most common document used to transfer ownership of realty is:
- A) a contract
  - B) a license
  - C) a covenant
  - D) a deed

**Competency:** Property Laws

- 29) What describes the legal aspects of a real estate transaction?
- A) The act of recording a deed is a courtesy for the recipient of the property extended by the seller.
  - B) The act of recording a deed is required to protect the seller of the property.
  - C) The act of recording a deed is required to protect the recipient of the property.
  - D) The act of recording a deed is not required for property transfer to be final.

**Competency:** Property Laws

- 30) What are the consequences of infringement on intellectual property rights of others?
- A) If an infringement claim is successful, the copyright owner could elect to enjoin the continued use of the work or could receive either actual damages, including profits made by the infringer or statutory damages up to \$50,000.
  - B) If an infringement claim is successful, the copyright owner could elect to enjoin the continued use of the work or could receive either actual damages, including profits made by the infringer or statutory damages up to \$75,000.
  - C) If an infringement claim is successful, the copyright owner could elect to enjoin the continued use of the work or could receive either actual damages, including profits made by the infringer or statutory damages up to \$100,000.
  - D) If an infringement claim is successful, the copyright owner could elect to enjoin the continued use of the work or could receive either actual damages, including profits made by the infringer or statutory damages up to \$125,000.

**Competency:** Property Laws