

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 objective test.

Competencies and Task Lists

<http://www.fbla-pbl.org/docs/ct/FBLA/BUSINESSLAW.pdf>

Web Site Resources

- Analyzing Supreme Court Cases
http://www.kent.wednet.edu/KSD/MK/MK_Lessons/lesson_supreme_court/court_lesson.html
- American Bar Association
<http://www.abanet.org/buslaw/blt/index.html>
- Business Education Links
<http://lessonplans.btskinner.com/>
- Business Law Topics
<http://www.groupweb.com/business/law/consumer.htm>
- Cyberjury: Law Trial cases
<http://www.cyberjury.com/>
- General Legal Topics/Articles
<http://www.njlawnet.com/general.html>
- Law for Business or Personal
<http://lawxtra.swlearning.com/>
- Law Check
<http://www.lawchek.com/>
- Law Guru
<http://www.lawguru.com/>
- LawTalk - Business Law and Personal Finance
<http://www.law.indiana.edu/law/bizlaw.html>
- Legal Definitions & Legal Terms Defined
<http://definitions.uslegal.com/>
- Wex
http://www.law.cornell.edu/wex/index.php/Trade_regulation

BUSINESS LAW SAMPLE QUESTIONS

1. The contracting party who makes a promise is called the:
 - a. promisor
 - b. offeree
 - c. promisee
 - d. offeror

2. Laura is at an auction. People who attend an auction are:
 - a. both offerors and offerees
 - b. neither offerors nor offerees
 - c. the offerees
 - d. the offerors

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3. A corporation that has been properly and legally organized is referred to as:
 - a. an illusory corporation
 - b. a de facto corporation
 - c. a de jure corporation
 - d. a domiciled corporation

 4. A corporation that has been properly and legally organized is referred to as:
 - a. a domiciled corporation
 - b. a de jure corporation
 - c. a de facto corporation
 - d. an illusory corporation

 5. The U.S. Post Office delivered a household appliance to you. The package was addressed to you. However, you never ordered it! Legally, what do you do?
 - a. You must return the item to the Post Office within a reasonable time.
 - b. You may keep the item and treat it as a gift.
 - c. You must use your best efforts to return the item to the company that mailed it to you.
 - d. You must call the Post Office, let them know, and then make the item available for the letter carrier to pick it up from you.

 6. What legal document sets forth the rules that govern the corporation's daily internal activities?
 - a. Articles of Incorporation
 - b. Subscription Agreement
 - c. Bylaws
 - d. Registration Agreement

 7. From a legal standpoint, what is the biggest advantage to the corporate form of ownership for a shareholder?
 - a. Corporations are rarely sued and, if they are, most people favor corporations over consumers.
 - b. Only the officers of a corporation are liable for the debts of the company.
 - c. Shareholders have limited liability for the company's debts.
 - d. A shareholder is guaranteed to earn at least a certain amount of money every year.

 8. What are the two basic types of commercial paper or negotiable instruments?
 - a. certificates of deposit and checks
 - b. federal reserve notes and coins
 - c. time and sight instruments
 - d. notes and drafts

 9. Which one of the following is **not** a requirement of a negotiable instrument?
 - a. that the instrument contain an unconditional order or promise to pay a sum certain amount of money
 - b. that the instrument be signed by the maker or drawer
 - c. that the instrument be in writing
 - d. that the instrument be payable at a definite time

 10. Janice is driving her father's car. The brakes to the car fail and she is involved in a serious accident. A product liability lawsuit is filed against the manufacturer of the car. Which statement is **true**?
 - a. Janice may not file a lawsuit against the manufacturer; however, her father can file a product liability lawsuit against the company since he was in privity of contract with the seller.
 - b. Janice's father can file a lawsuit, but not Janice. However, the lawsuit can only be filed against the retailer—not the manufacturer of the car.
 - c. Since Janice was driving the car that was owned by her father, neither she nor her father may file a lawsuit against the manufacturer of the car.
 - d. Janice has a legal right to sue the company even though she was not in privity of contract with the seller or the manufacturer.

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11. Bill wants to enroll in medical school, but does **not** have the financial resources to do so. Bill's brother Ted promises to pay for his medical degree after he graduates. Based on this information Bill borrows the money, enrolls, and subsequently graduates. Bill's brother then notifies Bill that he can no longer afford to pay his school loans. Even though there was no consideration by Bill, Ted's promise to pay may be enforceable under which one of the following?
- preexisting duties
 - statute of limitations
 - promissory estoppel
 - past consideration
12. A contract stated in either oral or written words is known as a(n):
- express contract
 - retractable contract
 - implied contract
 - bilateral contract
13. A corporation that does **not** exist in law but does exist in fact is called a(n):
- dejure corporation
 - defacto corporation
 - statutory corporation
 - corporation by estoppel
14. When one party ceases to be associated with the partnership, the partnership undergoes a:
- dissolution
 - reversion
 - limited accounting
 - separation
15. A unit of ownership of a corporation is a(n):
- proxy
 - share
 - dividend
 - asset
16. Someone who is injured from a product's unsafe or defective condition may recover damages under:
- product liability law
 - common law
 - no-fault law
 - criminal law
17. A corporation incorporated in one state but doing business in another is called a:
- out-of-state corporation
 - imported corporation
 - foreign corporation
 - alien corporation
18. A _____ is a partnership with at least one general partner and one limited partner.
- partnership by proof of existence
 - registered limited liability partnership
 - limited partnership
 - joint partnership

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19. Which statement is **false** concerning silence as a method of acceptance?
- Automatic re-orders in a contract are valid.
 - Parties' course of dealing may allow silence as a valid acceptance.
 - If the offer states that silence means acceptance, then the offeree must respond or there will be a valid contract.
 - The UCC allows conduct of the parties to give rise to a contract.
20. Consideration is **not** needed for:
- firm offers
 - consideration is always required in a contract
 - service contracts
 - real estate sales
21. In most states a minor is a person under the age of:
- sixteen
 - twenty-one
 - seventeen
 - eighteen
22. Pat signs an instrument that states it is being executed "in accord with a contract for the sale of four thousand barrels of oil dated April 15." This instrument is:
- nonnegotiable because it includes the specific date of a contract
 - negotiable
 - nonnegotiable because it refers to an express contract
 - nonnegotiable because banks cannot easily process oil
23. Adam signs an instrument in favor of Francis that states it is "subject to a certain security agreement between Adam and Conrad." This instrument is:
- nonnegotiable because it refers to a security agreement
 - nonnegotiable because it is made subject to a security agreement
 - nonnegotiable because Francis and Conrad are not the same persons
 - negotiable
24. Rita signs a promissory note for \$10,000 in favor of State University (SU). The note does not specify the date of its payment. Rita defaults. In SU's suit to collect on the note, the court will most likely rule in favor of:
- SU because the note is an unconditional promise to pay the holder
 - Rita because the note is not payable at a definite time or on demand
 - Rita because SU assumed the risk that the note would not be paid
 - SU because there is a uniform "default time" for repayment when a date is not specified
25. Elaine executes an instrument in favor of Jerry that states, "The holder of this note at the date of maturity, June 1, 2011, can extend the time of payment indefinitely, if the holder so desires." This language will result, after June 1, 2011, in the instrument being treated as:
- a bearer instrument
 - a promissory instrument
 - an order instrument
 - a demand instrument
26. Ben trains with and works as an agent for Computer Associates. For his personal gain after termination of the relationship, Ben can use:
- funds and supplies stolen from Computer Associates
 - skills acquired during the relationship
 - information acquired during the relationship
 - knowledge acquired during the relationship

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27. Beta Distribution Company grants its agent Cathy an exclusive territory in which to sell Beta products. Beta cannot compete with Cathy in that territory under the principal's duty of:
- compensation
 - reimbursement
 - cooperation
 - indemnification
28. Julie rents a horse from a local stable and goes horseback riding. A worn strap on the saddle supplied by the stable breaks while Julie is riding causing her injuries. The stable is:
- liable for negligence because it could have discovered by reasonable inspection the strap was worn
 - not liable if it did not know of the strap's condition
 - liable because bailors are always liable to bailees for damage or harm caused by bailed property
 - not liable because Julie assumed the risk of injury when she rented the horse and engaged in the potentially dangerous sport of horseback riding
29. Frank stores computer equipment in Great Storage Company's warehouse. The bailment contract includes a clause excusing Great Storage from liability for loss or damage. A fire attributable to Great Storage's negligence destroys Frank's equipment. The loss is suffered by:
- Great Storage because it is strictly liable for loss of bailed property
 - Frank because a bailor always assumes the risk of loss
 - Frank because the contract excused Great Storage from liability
 - Great Storage because a warehouse is liable for loss of bailed property caused by the warehouse's negligence
30. Barb, a doctor, hires Mike, an accountant, to balance Barb's accounts. Barb is dissatisfied with the work and sues Mike alleging negligence. Mike may successfully defend against the suit by proving that:
- Barb could not have done a better job
 - Mike is not familiar with every principle of accounting
 - Barb was not injured in any way
 - Mike's work is consistent with that of an ordinary person