**Chapter 01 An Introduction to Dynamic Business Law**

# MULTIPLE CHOICE QUESTIONS

## Business law consists of the enforceable rules of conduct that govern commercial relationships.

* 1. True
	2. False

Answer: A Explanation:

Diff: 1

Topic: An Introduction to Dynamic Business Law Learning Objective: 01-01 What is business law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Because of the law, we rely on the goodwill and dependability of one another.

* 1. True
	2. False

Answer: B Explanation:

Diff: 1

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Remember

AACSB: Ethics

Accessibility: Keyboard Navigation

## One of the purposes of the law is to encourage social justice

* 1. True
	2. False

Answer: A Explanation:

Diff: 1

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. Public law controls both disputes between private individuals and their government and disputes involving only private individuals.

## True

* 1. False

Answer: B Explanation:

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Criminal law lays out the rights and responsibilities implied in relationships between persons.

* 1. True
	2. False

Answer: B Explanation:

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Cyberlaw is based primarily on existing laws.

* 1. True
	2. False

Answer: A Explanation:

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Understand

AACSB: Technology

Accessibility: Keyboard Navigation

## Statutory law is the supreme law of the land and the foundation for all laws in the United States.

* 1. True
	2. False

Answer: B Explanation:

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Another name for case law is common law.

* 1. True
	2. False

Answer: A Explanation:

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Case law interpretations are law, unless they are revoked later by new statutory law.

* 1. True
	2. False

Answer: A Explanation:

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. When courts overturn precedent and create new precedent, they are obeying the principle of stare decisis.

## True

* 1. False

Answer: B Explanation:

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## The decision of a state supreme court is binding on a lower court that is located in the same state.

* 1. True
	2. False

Answer: A Explanation:

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. A decision made in a state supreme court is binding on all lower courts throughout the United States.

## True

* 1. False

Answer: B Explanation:

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. Constitutions and statutes always cover all of the detailed rules that affect business and government relations.

## True

* 1. False

Answer: B Explanation:

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. Presidents base the power to issue executive orders on Article II, Section 1 of the Constitution, which establishes the constitutional power of the president to "take care that the laws be faithfully executed."

## True

* 1. False

Answer: A Explanation:

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## "Legal positivism" is also known as "natural law."

* 1. True
	2. False

Answer: B Explanation:

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Remember

AACSB: Ethics

Accessibility: Keyboard Navigation

1. Miko comes to Jamal's law office to ask him about the law in regard to dogs running at large in her neighborhood. Jamal tells Miko that he will research the issue and get back to her. Where should Jamal look first in order to locate applicable law?

## Restatements

* 1. Executive orders
	2. Uniform laws
	3. Case law
	4. State statutes Answer: E

Explanation: A) Case law is law unless revoked by new statutory law; therefore, statutory law

should be consulted first.

* + 1. Case law is law unless revoked by new statutory law; therefore, statutory law should be consulted first.
		2. Case law is law unless revoked by new statutory law; therefore, statutory law should be consulted first.
		3. Case law is law unless revoked by new statutory law; therefore, statutory law should be consulted first.
		4. Case law is law unless revoked by new statutory law; therefore, statutory law should be consulted first.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. The president issued an executive order requiring that every citizen purchase a head of broccoli to eat once a week in order to maintain health. The executive order was challenged and the case went to the U.S. Supreme Court. The Supreme Court declared the executive order could not be enforced because it was an abuse of the president's power. What is the primary source of law the Supreme Court would interpret to determine if the executive order was enforceable?

## Case law

* 1. State statutes
	2. The Constitution
	3. Executive orders
	4. Uniform laws Answer: C

Explanation: A) The primary source of law the court would examine in this case is the U.S.

Constitution. Presidents claim the power to issue executive orders on the basis of Article II, Section 1 This section grants the president the power to issue directives requiring that officials in the executive branch perform their functions in a particular manner.

Diff: 3

1. The primary source of law the court would examine in this case is the U.S. Constitution. Presidents claim the power to issue executive orders on the basis of Article II, Section 1 This section grants the president the power to issue directives requiring that officials in the executive branch perform their functions in a particular manner.
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4. The primary source of law the court would examine in this case is the U.S. Constitution. Presidents claim the power to issue executive orders on the basis of Article II, Section 1 This section grants the president the power to issue directives requiring that officials in the executive branch perform their functions in a particular manner.

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. Which of the following refers to the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth?

## Traditional lawyer skills

* 1. Absolute skills
	2. Reviewability skills
	3. Cost-benefit skills
	4. Critical-thinking skills Answer: E

Explanation: A) Success in business requires the development of critical-thinking skills - the

ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth.

* + 1. Success in business requires the development of critical-thinking skills - the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth.
		2. Success in business requires the development of critical-thinking skills - the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth.
		3. Success in business requires the development of critical-thinking skills - the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth.
		4. Success in business requires the development of critical-thinking skills - the ability to understand the structure of what someone is saying and then apply a set of criteria to evaluate its worth.

Diff: 2

Topic: Critical Thinking and Business Law

Learning Objective: Appendix 1A Critical Thinking and Business Law Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## When you read a case, you should:

* 1. Find the facts, look for the issue, critically think about the issue, and determine if your reasoning matches the reasoning of the judge.
	2. Identify the facts, apply critical thinking skills to determine the truths of the facts, and identify how the judge interpreted the facts in the case.
	3. Identify the legal issues, apply the facts to the legal issues, and evaluate the reasoning of the judge in light of the facts of the case.
	4. Find the facts, look for the issue, identify the judge's reason and conclusion, locate the rules of law that govern the reasoning, and apply critical thinking to the judge's reasoning.
	5. Consider the truth of the facts of the case, identify legal questions raised, review the decision of the judge, and determine if the judge's decision was justified by the rule of law.

## Answer: D

Explanation: A) When you read a case, you should find the facts, look for the issue, identify the judge's reason and conclusion, locate the rules of law that govern the reasoning, and apply critical thinking to the judge's reasoning.

* + 1. When you read a case, you should find the facts, look for the issue, identify the judge's reason and conclusion, locate the rules of law that govern the reasoning, and apply critical thinking to the judge's reasoning.
		2. When you read a case, you should find the facts, look for the issue, identify the judge's reason and conclusion, locate the rules of law that govern the reasoning, and apply critical thinking to the judge's reasoning.
		3. When you read a case, you should find the facts, look for the issue, identify the judge's reason and conclusion, locate the rules of law that govern the reasoning, and apply critical thinking to the judge's reasoning.
		4. When you read a case, you should find the facts, look for the issue, identify the judge's reason and conclusion, locate the rules of law that govern the reasoning, and apply critical thinking to the judge's reasoning.

Diff: 2

Topic: Critical Thinking and Business Law

Learning Objective: Appendix 1A Critical Thinking and Business Law Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which areas of business law would a human resources manager find most relevant?

* 1. Contracts only
	2. Contracts, employment and labor law, and employment discrimination
	3. Employment and labor law, but not contracts
	4. Contracts and labor law, but not employment discrimination
	5. Human resource managers hold administrative positions and are not concerned with areas of business law

## Answer: B

Explanation: A) Relevant areas of business law applicable to human resource management involve agency law, contracts, employment and labor law, and employment discrimination.

* + 1. Relevant areas of business law applicable to human resource management involve agency law, contracts, employment and labor law, and employment discrimination.
		2. Relevant areas of business law applicable to human resource management involve agency law, contracts, employment and labor law, and employment discrimination.
		3. Relevant areas of business law applicable to human resource management involve agency law, contracts, employment and labor law, and employment discrimination.
		4. Relevant areas of business law applicable to human resource management involve agency law, contracts, employment and labor law, and employment discrimination.

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. An accountant is starting a new job and wants to make sure he does not put himself or his company at legal risk. He talks to his company's law department about which areas of law he should brush up on. The company lawyer tells him relevant areas of the law he should be aware of include:

## Product liability, comparative law, agency law

* 1. Liability of accountants, international law, employment discrimination
	2. White collar crime, liability of accountants, contracts
	3. Antitrust law, liability of accountants, insurance law
	4. Antitrust law, international law, consumer law Answer: C

Explanation: A) White-collar crime, liability of accountants, and contracts are relevant areas of

business law in Exhibit 1-1 which could apply.

* + 1. White-collar crime, liability of accountants, and contracts are relevant areas of business law in Exhibit 1-1 which could apply.
		2. White-collar crime, liability of accountants, and contracts are relevant areas of business law in Exhibit 1-1 which could apply.
		3. White-collar crime, liability of accountants, and contracts are relevant areas of business law in Exhibit 1-1 which could apply.
		4. White-collar crime, liability of accountants, and contracts are relevant areas of business law in Exhibit 1-1 which could apply.

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-02 How does business law relate to business education? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following entities enforces laws?

* 1. Courts
	2. The executive branch
	3. Community consensus
	4. Federal Congress
	5. State legislatures Answer: A

Explanation: A) Law is enforceable in the courts the community maintains.

* + 1. Law is enforceable in the courts the community maintains.
		2. Law is enforceable in the courts the community maintains.
		3. Law is enforceable in the courts the community maintains.
		4. Law is enforceable in the courts the community maintains.

Diff: 1

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. If someone has failed to live up to a promise made to a business organization, the business organization should:

## Seek a legal remedy within the courts

* 1. Ask the lawmakers to impose a punishment upon the violation
	2. Ask lawmakers and the executive branch to impose consequences
	3. Publicly shame the violator for breaking his promise
	4. Turn to the executive branch to impose legal penalties Answer: A

Explanation: A) Laws are enforceable in the courts the community maintains.

* + 1. Laws are enforceable in the courts the community maintains.
		2. Laws are enforceable in the courts the community maintains.
		3. Laws are enforceable in the courts the community maintains.
		4. Laws are enforceable in the courts the community maintains.

Diff: 3

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Apply

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## One purpose of the law is to:

* 1. Require businesses and individuals to rely on the dependability of others
	2. Preserve existing social order and prevent change
	3. Allow individuals to impose rules on others
	4. Facilitate a sense that change is possible after a rational consideration of options
	5. Enable businesses and individuals to rely on the good will of one another Answer: D

Explanation: A) One purpose of the law is to facilitate a sense that change is possible, but only

after a rational consideration of options.

* + 1. One purpose of the law is to facilitate a sense that change is possible, but only after a rational consideration of options.
		2. One purpose of the law is to facilitate a sense that change is possible, but only after a rational consideration of options.
		3. One purpose of the law is to facilitate a sense that change is possible, but only after a rational consideration of options.
		4. One purpose of the law is to facilitate a sense that change is possible, but only after a rational consideration of options.

Diff: 1

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules describing what behavior is permitted and encouraged in their community. These rules are what we refer to as the \_\_\_\_\_\_\_\_.

## Community standard

* 1. Democratic validation
	2. Stare decisis
	3. Electoral college
	4. Law Answer: E

Explanation: A) A majority of citizens in a democracy can agree to permit certain authorities to

make and enforce rules of behavior in their community. These rules are the law.

* + 1. A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules of behavior in their community. These rules are the law.
		2. A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules of behavior in their community. These rules are the law.
		3. A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules of behavior in their community. These rules are the law.
		4. A majority of citizens in a democracy can agree to permit certain authorities to make and enforce rules of behavior in their community. These rules are the law.

Diff: 1

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

1. A new source of healthy spring water is discovered in a local community, but it only produces 1,000 gallons of water per day. The water source is located in a public park, and locals come to fill up their water jugs for free. Unfortunately, fist fights begin breaking out at the water source every day over who can fill up their water jugs and weaker residents never receive any water. The city council passes a new regulation, declaring that residents must apply for permits to ensure water is distributed fairly. The purposes of the new law include:

## Providing order, encouraging social justice, serving as an alternative to fighting

* 1. Ensuring citizens rely on the goodwill and dependability of one another
	2. Providing the framework in which community leaders innovate and manage
	3. Specifying the boundaries of legal business behavior
	4. Creating enforceable rules of law which govern commercial relationships Answer: A

Explanation: A) Purposes of the law in Exhibit 1-2 include providing order, serving as an

alternative to fighting, and encouraging social justice.

* + 1. Purposes of the law in Exhibit 1-2 include providing order, serving as an alternative to fighting, and encouraging social justice.
		2. Purposes of the law in Exhibit 1-2 include providing order, serving as an alternative to fighting, and encouraging social justice.
		3. Purposes of the law in Exhibit 1-2 include providing order, serving as an alternative to fighting, and encouraging social justice.
		4. Purposes of the law in Exhibit 1-2 include providing order, serving as an alternative to fighting, and encouraging social justice.

Diff: 3

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Evaluate

AACSB: Ethics

Accessibility: Keyboard Navigation

1. Roger, a store owner, is delinquent in paying rent to his landlord, Emily. The resulting dispute would focus on which type of law?

## Preferential

* 1. Public
	2. Consensual
	3. Black letter
	4. Private Answer: E

Explanation: A) Private law regulates disputes between private individuals or groups.

* + 1. Private law regulates disputes between private individuals or groups.
		2. Private law regulates disputes between private individuals or groups.
		3. Private law regulates disputes between private individuals or groups.
		4. Private law regulates disputes between private individuals or groups.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Evaluate

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. If an office supply store dumps its waste behind its building in violation of local, state, or federal environmental regulations, the resulting dispute would focus on which type of law?

## Consensual

* 1. Public
	2. Preferential
	3. Black letter
	4. Private Answer: B

Explanation: A) Public law controls disputes between private individuals and their government or

between groups and their government.

* + 1. Public law controls disputes between private individuals and their government or between groups and their government.
		2. Public law controls disputes between private individuals and their government or between groups and their government.
		3. Public law controls disputes between private individuals and their government or between groups and their government.
		4. Public law controls disputes between private individuals and their government or between groups and their government.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Evaluate

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. The law that lays out the rights and responsibilities implied in relationships between persons and their government is which type of law?

## Civil B) Positive C) Criminal D) Natural E) Procedur

al

## Answer: A

Explanation: A) Civil law lays out the rights and responsibilities implied in relationships between persons and their government.

* 1. Civil law lays out the rights and responsibilities implied in relationships between persons and their government.
	2. Civil law lays out the rights and responsibilities implied in relationships between persons and their government.
	3. Civil law lays out the rights and responsibilities implied in relationships between persons and their government.
	4. Civil law lays out the rights and responsibilities implied in relationships between persons and their government.

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. After a court action brought by Mary, Mary was awarded $1,000 in damages from Stanley because she proved by a preponderance of the evidence that Stanley damaged her bicycle. What type of law applied to Mary's case that resulted in her being awarded $1,000?

## Positive B) Civil C) Natural D) Criminal E) Procedur

al

## Answer: B

Explanation: A) Civil law lays out the rights and responsibilities implied in relationships between persons and their government. Because Mary brought the court action and was awarded compensation only after proving her case by a preponderance of the evidence, it is clear that this was a civil case.

* 1. Civil law lays out the rights and responsibilities implied in relationships between persons and their government. Because Mary brought the court action and was awarded compensation only after proving her case by a preponderance of the evidence, it is clear that this was a civil case.
	2. Civil law lays out the rights and responsibilities implied in relationships between persons and their government. Because Mary brought the court action and was awarded compensation only after proving her case by a preponderance of the evidence, it is clear that this was a civil case.
	3. Civil law lays out the rights and responsibilities implied in relationships between persons and their government. Because Mary brought the court action and was awarded compensation only after proving her case by a preponderance of the evidence, it is clear that this was a civil case.
	4. Civil law lays out the rights and responsibilities implied in relationships between persons and their government. Because Mary brought the court action and was awarded compensation only after proving her case by a preponderance of the evidence, it is clear that this was a civil case.

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Apply

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. The law that regulates situations in which someone commits an act against the public as a whole is which type of law?

## Criminal B) Positive C) Civil D) Natural E) Procedur

al

## Answer: A

Explanation: A) Criminal law regulates incidents in which someone commits an act against the public as a whole.

* 1. Criminal law regulates incidents in which someone commits an act against the public as a whole.
	2. Criminal law regulates incidents in which someone commits an act against the public as a whole.
	3. Criminal law regulates incidents in which someone commits an act against the public as a whole.
	4. Criminal law regulates incidents in which someone commits an act against the public as a whole.

Diff: 2

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. If a victim of assault does not want the abuser arrested but the prosecutor brings charges anyway since the assault violated criminal laws, the reason for the prosecutor's actions is:

## A violation of criminal laws is an act against the public as a whole.

* 1. The prosecutor's responsibility is to regulate disputes between private individuals under criminal law

## Natural law has been violated and the prosecutor has a duty to act

* 1. The abuser has committed a civil law violation in addition to a criminal one
	2. Private law has been violated and the prosecutor has a duty to act. Answer: A

Explanation: A) Criminal law regulates incidents in which someone commits an act against the

public as a whole.

* + 1. Criminal law regulates incidents in which someone commits an act against the public as a whole.
		2. Criminal law regulates incidents in which someone commits an act against the public as a whole.
		3. Criminal law regulates incidents in which someone commits an act against the public as a whole.
		4. Criminal law regulates incidents in which someone commits an act against the public as a whole.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Apply

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. A national restaurant chain must pay damages for breach of contract to a cooking oil supplier. What type of law is involved?

## Private law and civil law

* 1. Civil law only
	2. Private law only
	3. Public, private, and civil law
	4. Public law only Answer: A

Explanation: A) Civil law identifies the remedies available when someone's rights are violated,

and private law regulates disputes between private individuals or groups.

* + 1. Civil law identifies the remedies available when someone's rights are violated, and private law regulates disputes between private individuals or groups.
		2. Civil law identifies the remedies available when someone's rights are violated, and private law regulates disputes between private individuals or groups.
		3. Civil law identifies the remedies available when someone's rights are violated, and private law regulates disputes between private individuals or groups.
		4. Civil law identifies the remedies available when someone's rights are violated, and private law regulates disputes between private individuals or groups.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Evaluate

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. When the Securities and Exchange Commission prosecutes someone for insider trading, the prosecution is an example of which type of law?

## Natural

* 1. Criminal
	2. Procedural
	3. Positive
	4. Civil and natural Answer: B

Explanation: A) Criminal law regulates incidents in which someone commits an act against the

public as a whole, such as by conducting insider trading on the stock exchange.

* + 1. Criminal law regulates incidents in which someone commits an act against the public as a whole, such as by conducting insider trading on the stock exchange.
		2. Criminal law regulates incidents in which someone commits an act against the public as a whole, such as by conducting insider trading on the stock exchange.
		3. Criminal law regulates incidents in which someone commits an act against the public as a whole, such as by conducting insider trading on the stock exchange.
		4. Criminal law regulates incidents in which someone commits an act against the public as a whole, such as by conducting insider trading on the stock exchange.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Evaluate

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

[The Stolen Laptop] Ricardo told Ashley that Bob stole her laptop computer from her car. The next day, Ashley confronted Bob and slapped him for stealing her laptop. Bob had Ashley arrested for slapping him, and the local district attorney prepared to prosecute Ashley on behalf of the state. Ashley sued Bob for damages to the laptop and for maliciously having her arrested. Bob also sued Ricardo for defamation, claiming Ricardo lied to Ashley about Bob stealing the laptop

1. Which statements are true regarding Ashley's claim against Bob for damages involving the laptop and her claim that Bob maliciously had her arrested?
	1. The claim for damages involving the laptop is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a criminal claim involving public law.
	2. The claim for damages involving the laptop is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a criminal claim involving private law.
	3. The claim for damages involving the laptop and also the claim that Bob maliciously had her arrested are criminal claims involving private law.
	4. The claim for damages involving the laptop and also the claim that Bob maliciously had her arrested are civil claims involving private law.
	5. The claim for damages involving the laptop is a civil claim involving private law, but the claim that Bob maliciously had her arrested is a civil claim involving public law.

## Answer: D

Explanation: A) Private law regulates disputes between private individuals or groups, and civil law delineates the rights and responsibilities implied in relationships between persons.

* + 1. Private law regulates disputes between private individuals or groups, and civil law delineates the rights and responsibilities implied in relationships between persons.
		2. Private law regulates disputes between private individuals or groups, and civil law delineates the rights and responsibilities implied in relationships between persons.
		3. Private law regulates disputes between private individuals or groups, and civil law delineates the rights and responsibilities implied in relationships between persons.
		4. Private law regulates disputes between private individuals or groups, and civil law delineates the rights and responsibilities implied in relationships between persons.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

## Which of the following would be involved in the prosecution of Ashley for slapping Bob?

* 1. Private law and civil law
	2. Private law and criminal law
	3. Public law and civil law
	4. Public law and criminal law
	5. Civil law and criminal law Answer: D

Explanation: A) Public law controls disputes between private individuals or groups and their

government; and criminal law cases are prosecuted not by individuals but by the state, federal, or local government.

* + 1. Public law controls disputes between private individuals or groups and their government; and criminal law cases are prosecuted not by individuals but by the state, federal, or local government.
		2. Public law controls disputes between private individuals or groups and their government; and criminal law cases are prosecuted not by individuals but by the state, federal, or local government.
		3. Public law controls disputes between private individuals or groups and their government; and criminal law cases are prosecuted not by individuals but by the state, federal, or local government.
		4. Public law controls disputes between private individuals or groups and their government; and criminal law cases are prosecuted not by individuals but by the state, federal, or local government.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

## Bob's action against Ricardo for defamation involves which types of law?

* 1. Insider law and public law
	2. Civil law and private law
	3. Administrative law and public law
	4. Civil law and public law
	5. Criminal law and public law Answer: B

Explanation: A) Civil law delineates the rights and responsibilities implied in relationships

between persons and their government, and private law regulates disputes between private individuals or groups.

* + 1. Civil law delineates the rights and responsibilities implied in relationships between persons and their government, and private law regulates disputes between private individuals or groups.
		2. Civil law delineates the rights and responsibilities implied in relationships between persons and their government, and private law regulates disputes between private individuals or groups.
		3. Civil law delineates the rights and responsibilities implied in relationships between persons and their government, and private law regulates disputes between private individuals or groups.
		4. Civil law delineates the rights and responsibilities implied in relationships between persons and their government, and private law regulates disputes between private individuals or groups.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

[Inattentive Driving] Hannah, a first year law student, drove off campus to register for an upcoming conference. Although lawmakers in her state passed a law prohibiting the use of a cell phone while operating a motor vehicle, Hannah was doing just that. When she looked down to pick up a can of soda she dropped, Hannah crashed into the side of Dev's new convertible. A police officer down the street came over to investigate. Hannah explained to him that it was difficult to hold the cell phone in one hand, the soda in the other, and also drive. The officer was not impressed. Dev approached, furious about the significant dent in his new car. Hannah says she has insurance and that she will cover the costs of the whole incident. Dev says that is insufficient; but Hannah says that under case precedent, that is his only remedy. The officer tells Hannah that she must obey duly authorized law, and proceeds to write several citations to her.

1. What type or types of law are involved in the above situation, considering Hannah's interaction with both the officer and Dev?

## Public law, private law, civil law, and criminal law

* 1. Civil law and private law but not public law
	2. Public law but not private law
	3. Private law but not public law
	4. Criminal law and public law but not private law Answer: A

Explanation: A) Private law regulates disputes between private individuals; public law controls

disputes between private individuals and their government; civil law delineates the rights and responsibilities implied in relationships between persons; and criminal law regulates incidents in which someone commits an act against the public as a whole.

* + 1. Private law regulates disputes between private individuals; public law controls disputes between private individuals and their government; civil law delineates the rights and responsibilities implied in relationships between persons; and criminal law regulates incidents in which someone commits an act against the public as a whole.
		2. Private law regulates disputes between private individuals; public law controls disputes between private individuals and their government; civil law delineates the rights and responsibilities implied in relationships between persons; and criminal law regulates incidents in which someone commits an act against the public as a whole.
		3. Private law regulates disputes between private individuals; public law controls disputes between private individuals and their government; civil law delineates the rights and responsibilities implied in relationships between persons; and criminal law regulates incidents in which someone commits an act against the public as a whole.
		4. Private law regulates disputes between private individuals; public law controls disputes between private individuals and their government; civil law delineates the rights and responsibilities implied in relationships between persons; and criminal law regulates incidents in which someone commits an act against the public as a whole.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

## Which statement is true regarding Hannah's predicament?

* 1. So long as Hannah has insurance and can pay for Dev's vehicle damage, she cannot be prosecuted in a civil or criminal action.
	2. Hannah can be given a ticket and prosecuted criminally by government officials, but she cannot be sued for a civil violation.
	3. Hannah can be sued in a civil action by Dev, and she can also be prosecuted by the government for a criminal violation.
	4. Hannah can be sued for a civil action and must pay for Dev's car, but she cannot be prosecuted for a criminal violation.

## Dev can prosecute Hannah in a criminal action, but he cannot sue her in a civil action.

Answer: C

Explanation: A) Civil law, involving a preponderance of the evidence standard, delineates the rights and responsibilities implied in relationships between persons and their government; and criminal law, involving a standard of guilt beyond a reasonable doubt, regulates incidents in which someone commits an act against the public as a whole.

* + 1. Civil law, involving a preponderance of the evidence standard, delineates the rights and responsibilities implied in relationships between persons and their government; and criminal law, involving a standard of guilt beyond a reasonable doubt, regulates incidents in which someone commits an act against the public as a whole.
		2. Civil law, involving a preponderance of the evidence standard, delineates the rights and responsibilities implied in relationships between persons and their government; and criminal law, involving a standard of guilt beyond a reasonable doubt, regulates incidents in which someone commits an act against the public as a whole.
		3. Civil law, involving a preponderance of the evidence standard, delineates the rights and responsibilities implied in relationships between persons and their government; and criminal law, involving a standard of guilt beyond a reasonable doubt, regulates incidents in which someone commits an act against the public as a whole.
		4. Civil law, involving a preponderance of the evidence standard, delineates the rights and responsibilities implied in relationships between persons and their government; and criminal law, involving a standard of guilt beyond a reasonable doubt, regulates incidents in which someone commits an act against the public as a whole.

Diff: 3

Topic: Classification of the Law

Learning Objective: 01-04 What are alternative ways to classify the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. The law in Hannah's state regulating using cell phones would be classified as which of the following?

## An executive order

* 1. A type of common law
	2. A uniform law
	3. A statute
	4. A negative law Answer: D

Explanation: A) Statutes are rules and regulations put forth by legislatures

* + 1. Statutes are rules and regulations put forth by legislatures
		2. Statutes are rules and regulations put forth by legislatures
		3. Statutes are rules and regulations put forth by legislatures
		4. Statutes are rules and regulations put forth by legislatures

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. When the officer declared that Hannah must obey duly authorized law, his statement was a reference to which of the following?

## Natural law

* 1. Legal realism
	2. The historical school of law
	3. Stare decisis
	4. Legal positivism Answer: E

Explanation: A) The concept of legal positivism sees our proper role as obedience to duly

authorized law.

* + 1. The concept of legal positivism sees our proper role as obedience to duly authorized law.
		2. The concept of legal positivism sees our proper role as obedience to duly authorized law.
		3. The concept of legal positivism sees our proper role as obedience to duly authorized law.
		4. The concept of legal positivism sees our proper role as obedience to duly authorized law.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

## Hannah's reference to precedent involves which of the following?

* 1. Executive decisions that are law unless revoked by new administrative law
	2. Administrative law that is law unless revoked by new executive decisions
	3. Common law that is law unless revoked by new statutory law
	4. Statutory law that governs civil actions unless revoked by new common law
	5. Administrative law that is law unless revoked by new common law Answer: C

Explanation: A) Case law, also called common law, is the collection of legal interpretations made

by judges which are law unless revoked later by new statutory law.

* + 1. Case law, also called common law, is the collection of legal interpretations made by judges which are law unless revoked later by new statutory law.
		2. Case law, also called common law, is the collection of legal interpretations made by judges which are law unless revoked later by new statutory law.
		3. Case law, also called common law, is the collection of legal interpretations made by judges which are law unless revoked later by new statutory law.
		4. Case law, also called common law, is the collection of legal interpretations made by judges which are law unless revoked later by new statutory law.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

## The supreme law of the land is the \_\_\_\_\_\_\_\_.

* 1. Model Law
	2. U.S. Code
	3. U.S. Constitution
	4. Declaration of Independence
	5. Uniform Code Answer: C

Explanation: A) The U.S. Constitution is the supreme law of the land, the foundation for all laws

in the United States.

* + 1. The U.S. Constitution is the supreme law of the land, the foundation for all laws in the United States.
		2. The U.S. Constitution is the supreme law of the land, the foundation for all laws in the United States.
		3. The U.S. Constitution is the supreme law of the land, the foundation for all laws in the United States.
		4. The U.S. Constitution is the supreme law of the land, the foundation for all laws in the United States.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## The rules and regulations put forth by legislatures are referred to as \_\_\_\_\_\_\_\_ law.

* 1. Proper
	2. Administrative
	3. Statutory
	4. Secondary
	5. Uniform Answer: C

Explanation: A) The assortment of statutes*,* or rules and regulations put forth by legislatures, is

what we call statutory law.

* + 1. The assortment of statutes*,* or rules and regulations put forth by legislatures, is what we call statutory law.
		2. The assortment of statutes*,* or rules and regulations put forth by legislatures, is what we call statutory law.
		3. The assortment of statutes*,* or rules and regulations put forth by legislatures, is what we call statutory law.
		4. The assortment of statutes*,* or rules and regulations put forth by legislatures, is what we call statutory law.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## The contain(s) legislative acts passed by state legislatures.

* 1. Uniform Register
	2. State codes
	3. State Reference Manual
	4. U.S. Code
	5. State Reporter Answer: B

Explanation: A) Legislative acts are written into the appropriate state codes when they are enacted

by state legislatures.

* + 1. Legislative acts are written into the appropriate state codes when they are enacted by state legislatures.
		2. Legislative acts are written into the appropriate state codes when they are enacted by state legislatures.
		3. Legislative acts are written into the appropriate state codes when they are enacted by state legislatures.
		4. Legislative acts are written into the appropriate state codes when they are enacted by state legislatures.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Legislative acts passed by the U.S. Congress can be found in the \_\_\_\_\_\_\_\_.

* 1. Uniform Register
	2. State codes
	3. State Reference Manual
	4. State Reporter
	5. United States Code Answer: E

Explanation: A) Legislative acts are written into the United States Code when they are passed by

Congress.

* + 1. Legislative acts are written into the United States Code when they are passed by Congress.
		2. Legislative acts are written into the United States Code when they are passed by Congress.
		3. Legislative acts are written into the United States Code when they are passed by Congress.
		4. Legislative acts are written into the United States Code when they are passed by Congress.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. The group that urges states to enact model laws to provide greater uniformity of law is called the

\_\_\_\_\_\_\_\_.

## Model and Uniform Law Consortium

* 1. Federal Uniform Law Commission
	2. National Conference of Commissioners on Uniform State Laws
	3. Uniform Statutory Enforcement Commission
	4. Model Law on Uniform State Laws Organization Answer: C

Explanation: A) The National Conference of Commissioners on Uniform State Laws (NCC)

regularly urges states to enact model laws to provide greater uniformity.

* + 1. The National Conference of Commissioners on Uniform State Laws (NCC) regularly urges states to enact model laws to provide greater uniformity.
		2. The National Conference of Commissioners on Uniform State Laws (NCC) regularly urges states to enact model laws to provide greater uniformity.
		3. The National Conference of Commissioners on Uniform State Laws (NCC) regularly urges states to enact model laws to provide greater uniformity.
		4. The National Conference of Commissioners on Uniform State Laws (NCC) regularly urges states to enact model laws to provide greater uniformity.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. When the organization in charge of proposing uniform laws proposes a statute, which of the following is true?
	1. A state legislature is not required to adopt the uniform statute; but if the state legislature decides to go forward with adoption, all portions of the statute must be adopted.

## The uniform statute automatically goes into effect without any action by state legislatures.

* 1. A state legislature can ignore the proposed uniform law, adopt it in full, or adopt it in part.
	2. All states must adopt the uniform statute within one year.
	3. All states must adopt the uniform statute within six months. Answer: C

Explanation: A) The response to suggestions regarding uniform laws is entirely in the hands of

the state legislatures, and they can ignore a suggestion or adopt part or all of the proposed model law.

* + 1. The response to suggestions regarding uniform laws is entirely in the hands of the state legislatures, and they can ignore a suggestion or adopt part or all of the proposed model law.
		2. The response to suggestions regarding uniform laws is entirely in the hands of the state legislatures, and they can ignore a suggestion or adopt part or all of the proposed model law.
		3. The response to suggestions regarding uniform laws is entirely in the hands of the state legislatures, and they can ignore a suggestion or adopt part or all of the proposed model law.
		4. The response to suggestions regarding uniform laws is entirely in the hands of the state legislatures, and they can ignore a suggestion or adopt part or all of the proposed model law.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

##  can revoke case law.

* 1. Case law cannot be revoked
	2. Precedent
	3. Stare decisis
	4. New statutes
	5. Critical law Answer: D

Explanation: A) Case law, or common law, is law unless revoked later by a new statutory law.

* + 1. Case law, or common law, is law unless revoked later by a new statutory law.
		2. Case law, or common law, is law unless revoked later by a new statutory law.
		3. Case law, or common law, is law unless revoked later by a new statutory law.
		4. Case law, or common law, is law unless revoked later by a new statutory law.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. The court hears a discrimination case in which they are asked to decide whether local

anti-discrimination laws protect against a person being fired because they have red hair. The court holds that since Irish people are more likely to have red hair, this is an example of national origin discrimination and anti-discrimination laws should apply. The legislature, following the court ruling, passes a statute saying hair color is not covered by anti-discrimination laws. The legislature's action is an example of:

## Overturning stare decisis

* 1. Following stare decisis
	2. Revoking common law by new statutory law
	3. Following precedent
	4. Overturning precedent Answer: C

Explanation: A) Case law, or common law, is law unless revoked later by a new statutory law.

* + 1. Case law, or common law, is law unless revoked later by a new statutory law.
		2. Case law, or common law, is law unless revoked later by a new statutory law.
		3. Case law, or common law, is law unless revoked later by a new statutory law.
		4. Case law, or common law, is law unless revoked later by a new statutory law.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## The term \_\_\_\_\_\_\_\_ involves the use of past decisions to guide future decisions.

* 1. Precedent
	2. Modeling
	3. Commonality
	4. Uniformity
	5. Restatement Answer: A

Explanation: A) Precedent consists of past decisions in similar cases that guide later decisions.

* + 1. Precedent consists of past decisions in similar cases that guide later decisions.
		2. Precedent consists of past decisions in similar cases that guide later decisions.
		3. Precedent consists of past decisions in similar cases that guide later decisions.
		4. Precedent consists of past decisions in similar cases that guide later decisions.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. The \_\_\_\_\_\_\_\_ is a body of law significant to business activities including sales, banking, and warranty.

## Marketing Transaction Code

* 1. Uniform Transactional Model
	2. Uniform Commercial Code
	3. Federal Business Code
	4. Model Business Code Answer: C

Explanation: A) The Uniform Commercial Code is a body of law significant for business

activities including sales laws and other regulations affecting commerce, such as bank deposits and collections, title documents, and warranties.

* + 1. The Uniform Commercial Code is a body of law significant for business activities including sales laws and other regulations affecting commerce, such as bank deposits and collections, title documents, and warranties.
		2. The Uniform Commercial Code is a body of law significant for business activities including sales laws and other regulations affecting commerce, such as bank deposits and collections, title documents, and warranties.
		3. The Uniform Commercial Code is a body of law significant for business activities including sales laws and other regulations affecting commerce, such as bank deposits and collections, title documents, and warranties.
		4. The Uniform Commercial Code is a body of law significant for business activities including sales laws and other regulations affecting commerce, such as bank deposits and collections, title documents, and warranties.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## When courts rely on precedent, they are obeying \_.

* 1. Common analysis
	2. *In rem* process
	3. *Res judicata*
	4. Federal law
	5. Stare decisis Answer: E

Explanation: A) When courts rely on precedent, they are obeying the principle of stare decisis

("standing by their decision"), in which rulings made in higher courts become binding precedent for lower courts.

* + 1. When courts rely on precedent, they are obeying the principle of stare decisis ("standing by their decision"), in which rulings made in higher courts become binding precedent for lower courts.
		2. When courts rely on precedent, they are obeying the principle of stare decisis ("standing by their decision"), in which rulings made in higher courts become binding precedent for lower courts.
		3. When courts rely on precedent, they are obeying the principle of stare decisis ("standing by their decision"), in which rulings made in higher courts become binding precedent for lower courts.
		4. When courts rely on precedent, they are obeying the principle of stare decisis ("standing by their decision"), in which rulings made in higher courts become binding precedent for lower courts.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

1. When a state supreme court issues a binding ruling on a matter of law, who must follow the precedent set by the state supreme court?

## Lower courts within the same state

* 1. The U.S. Congress
	2. State legislatures
	3. The United States Supreme Court
	4. All lower courts in the United States Answer: A

Explanation: A) Rulings made by higher courts become binding precedent for lower courts. When

an issue is brought before a state court, the court will determine whether the state supreme court has made a decision on a similar which, which creates a binding precedent or pattern of law the lower court must follow. If there is no binding decision, state courts need to look for other rulings on similar cases. They are not bound by each other's decisions and might decide differently on the same issue.

Diff: 3

1. Rulings made by higher courts become binding precedent for lower courts. When an issue is brought before a state court, the court will determine whether the state supreme court has made a decision on a similar which, which creates a binding precedent or pattern of law the lower court must follow. If there is no binding decision, state courts need to look for other rulings on similar cases. They are not bound by each other's decisions and might decide differently on the same issue.
2. Rulings made by higher courts become binding precedent for lower courts. When an issue is brought before a state court, the court will determine whether the state supreme court has made a decision on a similar which, which creates a binding precedent or pattern of law the lower court must follow. If there is no binding decision, state courts need to look for other rulings on similar cases. They are not bound by each other's decisions and might decide differently on the same issue.
3. Rulings made by higher courts become binding precedent for lower courts. When an issue is brought before a state court, the court will determine whether the state supreme court has made a decision on a similar which, which creates a binding precedent or pattern of law the lower court must follow. If there is no binding decision, state courts need to look for other rulings on similar cases. They are not bound by each other's decisions and might decide differently on the same issue.
4. Rulings made by higher courts become binding precedent for lower courts. When an issue is brought before a state court, the court will determine whether the state supreme court has made a decision on a similar which, which creates a binding precedent or pattern of law the lower court must follow. If there is no binding decision, state courts need to look for other rulings on similar cases. They are not bound by each other's decisions and might decide differently on the same issue.

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Ethics

Accessibility: Keyboard Navigation

[International Expansion] Ryan wants to expand his coffee business into Winland, a small, remote country. He moves to Winland temporarily in order to oversee operations. His friend Terrell asks him if he plans to hire legal counsel for the expansion. Ryan replies, "Of course not. The U.S. has the strictest laws regarding contracts, employment, and business practices in the world. So long as I'm legal in the U.S., I'm legal anywhere. Besides, I studied up on Winland law ten years ago, and I know it all." Ryan proceeds and lands in jail in Winland for violating recently passed laws which make it a crime to mistreat employees and which criminalized the failure to provide certain benefits. Authorities in Winland claim that he sexually harassed an employee, failed to pay sufficient wages, and failed to give employees Winland's mandated 12 weeks of paid vacation per year.

1. What is true regarding Ryan's defense that he thought he knew the law of Winland because he had studied it some years before and that the laws under which he was arrested were new? (Assume the law of Winland is the same as the U.S. on this issue.
	1. Ryan is entitled to rely as a defense on the fact that he had studied the law at one time. Officials in Winland were charged with publicizing any changes.
	2. Ryan cannot be prosecuted so long as he was not aware he was violating the law. He did not have the requisite intent to perform a criminal act, regardless of whether the laws were new.
	3. If Ryan can prove that the laws at issue were passed within the last six months before he was arrested, he will get out of jail because there is a six month grace period for new laws.
	4. Rules change and Ryan had a duty to stay current. It is not a defense that he studied the law at one time and that the laws at issue were new.
	5. If Ryan can prove that the laws at issue were passed within the last twelve months before he was arrested, he will get out of jail because there is a twelve month grace period for new laws.

## Answer: D

Explanation: A) Business managers must pay attention to changes in the law and cases in which new precedents are set and take them into account when making business decisions.

* + 1. Business managers must pay attention to changes in the law and cases in which new precedents are set and take them into account when making business decisions.
		2. Business managers must pay attention to changes in the law and cases in which new precedents are set and take them into account when making business decisions.
		3. Business managers must pay attention to changes in the law and cases in which new precedents are set and take them into account when making business decisions.
		4. Business managers must pay attention to changes in the law and cases in which new precedents are set and take them into account when making business decisions.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Diversity

Accessibility: Keyboard Navigation

## \_\_\_\_\_\_\_\_ is the type of law involved in comparing laws between the U.S. and Winland.

* 1. Comparative law
	2. Delineated law
	3. Contributory law
	4. Complete law
	5. Comprehensive law Answer: A

Explanation: A) Ryan should understand comparative law, which studies and compares the laws

in different countries

* + 1. Ryan should understand comparative law, which studies and compares the laws in different countries
		2. Ryan should understand comparative law, which studies and compares the laws in different countries
		3. Ryan should understand comparative law, which studies and compares the laws in different countries
		4. Ryan should understand comparative law, which studies and compares the laws in different countries

Diff: 2

Topic: Global and Comparative Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Understand

AACSB: Diversity

Accessibility: Keyboard Navigation

## Regarding Ryan's legal problems in Winland, which is a true statement?

* 1. Ryan must obey the laws of Winland when operating a business in Winland and cannot rely upon U.S. laws as a defense.
	2. Ryan can rely upon the federal statutory laws of the U.S. as a defense. Additionally, Ryan is entitled to all U.S. Constitutional rights in Winland because he is a U.S. citizen.
	3. Ryan can rely upon the federal statutory laws of the U.S. as a defense but not the U.S. Constitution.
	4. Ryan can rely on U.S. laws as a defense only if he obtains an opinion from the office of the

U.S. attorney that his operations in the U.S. have strictly complied with the law.

* 1. Ryan is entitled to all U.S. Constitutional rights in Winland because he is a U.S. citizen, but he cannot rely on statutory law.

## Answer: A

Explanation: A) Ryan should understand comparative law; and to do business in another country, Ryan must conform to that country's standards.

* + 1. Ryan should understand comparative law; and to do business in another country, Ryan must conform to that country's standards.
		2. Ryan should understand comparative law; and to do business in another country, Ryan must conform to that country's standards.
		3. Ryan should understand comparative law; and to do business in another country, Ryan must conform to that country's standards.
		4. Ryan should understand comparative law; and to do business in another country, Ryan must conform to that country's standards.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Diversity

Accessibility: Keyboard Navigation

## Which of the following cases overturned prior precedent?

* 1. *Plessy v. Ferguson*
	2. Precedent cannot be overturned
	3. *Brown v. Board of Education*
	4. *Wygant v. Jackson Board of Education*
	5. *Planned parenthood of Southeastern Pennsylvania v. Casey*

Answer: C

Explanation: A) *Brown v. Board of Education* did not follow the precedent established by *Plessy*

*v. Ferguson* on issues involving segregation.

* + 1. *Brown v. Board of Education* did not follow the precedent established by *Plessy*

*v. Ferguson* on issues involving segregation.

* + 1. *Brown v. Board of Education* did not follow the precedent established by *Plessy*

*v. Ferguson* on issues involving segregation.

* + 1. *Brown v. Board of Education* did not follow the precedent established by *Plessy*

*v. Ferguson* on issues involving segregation.

* + 1. *Brown v. Board of Education* did not follow the precedent established by *Plessy*

*v. Ferguson* on issues involving segregation.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Diversity

Accessibility: Keyboard Navigation

## Which of the following is true regarding administrative agencies?

* 1. There are state administrative agencies, but no federal administrative agencies.
	2. Administrative agencies exist only at the local county level.
	3. Administrative agencies exist at the federal, state, and local level.
	4. There are state and federal administrative agencies, but no local administrative agencies.
	5. There are federal administrative agencies, but no state administrative agencies. Answer: C

Explanation: A) The federal, state, and local governments have dozens of administrative

agencies.

* + 1. The federal, state, and local governments have dozens of administrative agencies.
		2. The federal, state, and local governments have dozens of administrative agencies.
		3. The federal, state, and local governments have dozens of administrative agencies.
		4. The federal, state, and local governments have dozens of administrative agencies.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following is true regarding treaties at the federal level?

* 1. A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the House of Representatives.
	2. A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate.
	3. A treaty is generally negotiated by the executive branch and no approval by the Senate or House of Representatives is needed.
	4. A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate and also by two-thirds of the state legislatures.
	5. A treaty is generally negotiated by the executive branch and must then be approved by two-thirds of the Senate and also by two-thirds of the House of Representatives.

## Answer: B

Explanation: A) In the United States, a treaty is generally negotiated by the executive branch; and, in order to be binding, it must then be approved by two-thirds of the Senate.

* + 1. In the United States, a treaty is generally negotiated by the executive branch; and, in order to be binding, it must then be approved by two-thirds of the Senate.
		2. In the United States, a treaty is generally negotiated by the executive branch; and, in order to be binding, it must then be approved by two-thirds of the Senate.
		3. In the United States, a treaty is generally negotiated by the executive branch; and, in order to be binding, it must then be approved by two-thirds of the Senate.
		4. In the United States, a treaty is generally negotiated by the executive branch; and, in order to be binding, it must then be approved by two-thirds of the Senate.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following contains summaries of common law rules in a particular area of the law?

* 1. Executive Proclamations
	2. U.S. Code
	3. Restatements of the Law
	4. State Administrative Codes
	5. Case Reporters Answer: C

Explanation: A) Restatements of the law are summaries of the common law rules in a particular

area of the law.

* + 1. Restatements of the law are summaries of the common law rules in a particular area of the law.
		2. Restatements of the law are summaries of the common law rules in a particular area of the law.
		3. Restatements of the law are summaries of the common law rules in a particular area of the law.
		4. Restatements of the law are summaries of the common law rules in a particular area of the law.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following is an independent agency?

* 1. The General Services Administration
	2. The Federal Deposit Insurance Corporation
	3. The Small Business Administration
	4. The Office of Personnel Management
	5. The Consumer Product Safety Commission Answer: E

Explanation: A) Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Consumer

Product Safety Commission is an independent agency.

* + 1. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Consumer Product Safety Commission is an independent agency.
		2. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Consumer Product Safety Commission is an independent agency.
		3. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Consumer Product Safety Commission is an independent agency.
		4. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Consumer Product Safety Commission is an independent agency.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following is an executive agency?

* 1. The Federal Trade Commission
	2. The Nuclear Regulatory Commission
	3. The Federal Deposit Insurance Corporation
	4. The Federal Communications Commission
	5. The Securities and Exchange Commission Answer: C

Explanation: A) Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Federal

Deposit Insurance Corporation is an executive agency.

* + 1. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Federal Deposit Insurance Corporation is an executive agency.
		2. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Federal Deposit Insurance Corporation is an executive agency.
		3. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Federal Deposit Insurance Corporation is an executive agency.
		4. Exhibit 1-4 "Major Federal Administrative Agencies" reflects that the Federal Deposit Insurance Corporation is an executive agency.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

[To the Dogs] Maria loves animals and is opening a grooming business. She believes that caring for animals properly is very important and plans to exceed any applicable regulations regarding cleanliness and health standards. Maria thinks, however, some local regulations make no sense. For example, there is a local ordinance that all dogs always must be kept on a leash when not in an inside area. Maria believes dogs need to exercise and to run freely in a safe area, so she is placing her business on a large lot with a fenced outside area. She thinks it is wrong to have to keep the dogs tied up while in a securely fenced area. She is aware that some members of the community have had success in changing local regulations by petitioning city council. Maria plans to proceed by petitioning to attempt a change in the leash law.

1. If Maria decides to ignore the leash law and let dogs run freely in the fenced outside area, this is an example of which legal school of thought?

## Legal realism

* 1. Natural law
	2. Cost-benefit analysis
	3. Legal positivism
	4. The historical school Answer: B

Explanation: A) The term natural law describes certain ethical laws and principles believed to be

morally right and "above" the laws devised by humans.

* + 1. The term natural law describes certain ethical laws and principles believed to be morally right and "above" the laws devised by humans.
		2. The term natural law describes certain ethical laws and principles believed to be morally right and "above" the laws devised by humans.
		3. The term natural law describes certain ethical laws and principles believed to be morally right and "above" the laws devised by humans.
		4. The term natural law describes certain ethical laws and principles believed to be morally right and "above" the laws devised by humans.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. If Maria decides to follow all laws and regulations, even if she does not agree with them, this approach is rooted in what?

## Legal realism

* 1. Cost-benefit analysis
	2. Legal positivism
	3. Natural law
	4. The historical school Answer: C

Explanation: A) The concept of legal positivism sees our proper role as obedience to duly

authorized law.

* + 1. The concept of legal positivism sees our proper role as obedience to duly authorized law.
		2. The concept of legal positivism sees our proper role as obedience to duly authorized law.
		3. The concept of legal positivism sees our proper role as obedience to duly authorized law.
		4. The concept of legal positivism sees our proper role as obedience to duly authorized law.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. Maria's strategy to try to change the law through petitioning city council, which others have done in the past, is rooted in which of the following?

## The historical school

* 1. Natural law
	2. Legal positivism
	3. Legal realism
	4. Cost-benefit analysis Answer: A

Explanation: A) One of the guidelines most often used for shaping the law is tradition or custom,

referenced as the historical school.

* + 1. One of the guidelines most often used for shaping the law is tradition or custom, referenced as the historical school.
		2. One of the guidelines most often used for shaping the law is tradition or custom, referenced as the historical school.
		3. One of the guidelines most often used for shaping the law is tradition or custom, referenced as the historical school.
		4. One of the guidelines most often used for shaping the law is tradition or custom, referenced as the historical school.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Reflective Thinking Accessibility: Keyboard Navigation

1. The concept of \_\_\_\_\_\_\_\_ suggests that individuals should have the freedom to disobey a law enacted by people if their conscience goes against the law and they believe the law is wrong.

## Legal positivism

* 1. Natural law
	2. Comparative law
	3. Conscience reaction
	4. Legal Realism Answer: B

Explanation: A) Under natural law, individuals not only have basic human rights but also the

freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.

* + 1. Under natural law, individuals not only have basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.
		2. Under natural law, individuals not only have basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.
		3. Under natural law, individuals not only have basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.
		4. Under natural law, individuals not only have basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

1. Assume a judge writes that she is deciding to enforce a law in question but that her decision does not mean that she sees the law as the morally correct rule. The judge would have leanings in the direction of \_\_\_\_\_\_\_\_.

## Conscience reaction

* 1. Legal positivism
	2. Legal realism
	3. Concluding law
	4. Natural law Answer: B

Explanation: A) A judge with leanings in the direction of legal positivism might write that she is

deciding to enforce the law in question but that her decision does not necessarily mean she sees the law as the morally correct rule.

* + 1. A judge with leanings in the direction of legal positivism might write that she is deciding to enforce the law in question but that her decision does not necessarily mean she sees the law as the morally correct rule.
		2. A judge with leanings in the direction of legal positivism might write that she is deciding to enforce the law in question but that her decision does not necessarily mean she sees the law as the morally correct rule.
		3. A judge with leanings in the direction of legal positivism might write that she is deciding to enforce the law in question but that her decision does not necessarily mean she sees the law as the morally correct rule.
		4. A judge with leanings in the direction of legal positivism might write that she is deciding to enforce the law in question but that her decision does not necessarily mean she sees the law as the morally correct rule.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Evaluate

AACSB: Ethics

Accessibility: Keyboard Navigation

## In which school of jurisprudence is the concept of stare decisis rooted?

* 1. Positivism
	2. Cultural reenactment
	3. Legal realism
	4. The historical school
	5. The cost-benefit analysis school Answer: D

Explanation: A) One of the guidelines most often used for shaping the law is tradition, or custom;

and stare decisis is rooted in this historical school.

* + 1. One of the guidelines most often used for shaping the law is tradition, or custom; and stare decisis is rooted in this historical school.
		2. One of the guidelines most often used for shaping the law is tradition, or custom; and stare decisis is rooted in this historical school.
		3. One of the guidelines most often used for shaping the law is tradition, or custom; and stare decisis is rooted in this historical school.
		4. One of the guidelines most often used for shaping the law is tradition, or custom; and stare decisis is rooted in this historical school.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Remember

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following is reported in the Federal Reporter?

* 1. Executive orders
	2. Statutes
	3. Local ordinances
	4. Administrative laws
	5. Common law Answer: E

Explanation: A) Exhibit 1-5 "Where to Locate the Law," shows that the Federal Reporter is a

source for common law.

* + 1. Exhibit 1-5 "Where to Locate the Law," shows that the Federal Reporter is a source for common law.
		2. Exhibit 1-5 "Where to Locate the Law," shows that the Federal Reporter is a source for common law.
		3. Exhibit 1-5 "Where to Locate the Law," shows that the Federal Reporter is a source for common law.
		4. Exhibit 1-5 "Where to Locate the Law," shows that the Federal Reporter is a source for common law.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following is reported in the United States Code?

* 1. Statutes
	2. Local ordinances
	3. Administrative law
	4. Common law
	5. Executive orders Answer: A

Explanation: A) Exhibit 1-5 "Where to Locate the Law," shows that statutes are reported in the

United States Code.

* + 1. Exhibit 1-5 "Where to Locate the Law," shows that statutes are reported in the United States Code.
		2. Exhibit 1-5 "Where to Locate the Law," shows that statutes are reported in the United States Code.
		3. Exhibit 1-5 "Where to Locate the Law," shows that statutes are reported in the United States Code.
		4. Exhibit 1-5 "Where to Locate the Law," shows that statutes are reported in the United States Code.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## What type of law are municipal ordinances?

* 1. Executive orders
	2. Statutes
	3. Administrative law
	4. Local ordinances
	5. Common law Answer: B

Explanation: A) Exhibit 1-5 "Where to Locate the Law," shows that municipal ordinances are

statutes.

* + 1. Exhibit 1-5 "Where to Locate the Law," shows that municipal ordinances are statutes.
		2. Exhibit 1-5 "Where to Locate the Law," shows that municipal ordinances are statutes.
		3. Exhibit 1-5 "Where to Locate the Law," shows that municipal ordinances are statutes.
		4. Exhibit 1-5 "Where to Locate the Law," shows that municipal ordinances are statutes.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Where can you find local common law?

* 1. Municipal ordinances
	2. State reporters
	3. The state administrative code
	4. The local courthouse and clerk's office
	5. Regional reporters Answer: D

Explanation: A) Exhibit 1-5 "Where to Locate the Law," shows that local common laws can be

found at the local clerk's officer or local courthouses.

* + 1. Exhibit 1-5 "Where to Locate the Law," shows that local common laws can be found at the local clerk's officer or local courthouses.
		2. Exhibit 1-5 "Where to Locate the Law," shows that local common laws can be found at the local clerk's officer or local courthouses.
		3. Exhibit 1-5 "Where to Locate the Law," shows that local common laws can be found at the local clerk's officer or local courthouses.
		4. Exhibit 1-5 "Where to Locate the Law," shows that local common laws can be found at the local clerk's officer or local courthouses.

Diff: 1

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following is reported in the Code of Federal Regulations?

* 1. Statutes
	2. Executive orders
	3. Congressional orders
	4. Common law
	5. Administrative law Answer: E

Explanation: A) Exhibit 1-5 "Where to Locate the Law," shows that administrative law is

reported in the Code of Federal Regulations and the Federal Register.

* + 1. Exhibit 1-5 "Where to Locate the Law," shows that administrative law is reported in the Code of Federal Regulations and the Federal Register.
		2. Exhibit 1-5 "Where to Locate the Law," shows that administrative law is reported in the Code of Federal Regulations and the Federal Register.
		3. Exhibit 1-5 "Where to Locate the Law," shows that administrative law is reported in the Code of Federal Regulations and the Federal Register.
		4. Exhibit 1-5 "Where to Locate the Law," shows that administrative law is reported in the Code of Federal Regulations and the Federal Register.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## Which of the following is justified under a natural law theory:

* 1. Disobeying a law which requires shooting trespassers because the law is not uniform across all jurisdictions.
	2. Disobeying a law which requires shooting trespassers because you do not believe you have a duty of obedience to duly authorized laws.

## Disobeying a law which requires shooting trespassers because you believe the law is wrong.

* 1. Disobeying a law which requires shooting trespassers because the law harms the vulnerable
	2. Obeying a law which requires shooting trespassers because you believe you do have a duty to obey duly authorized laws.

## Answer: C

Explanation: A) Under natural law, individuals have not only basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.

* + 1. Under natural law, individuals have not only basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.
		2. Under natural law, individuals have not only basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.
		3. Under natural law, individuals have not only basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.
		4. Under natural law, individuals have not only basic human rights but also the freedom to disobey a law enacted by people if their conscience goes against it and they believe it is wrong.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Diversity

Accessibility: Keyboard Navigation

1. Which of the following is based on the idea that, when ruling on a case, judges consider more than just the law; they also weigh factors such as social and economic conditions?

## Legal positivism

* 1. Historical school
	2. Executive positivism
	3. Cost-benefit analysis
	4. Legal realism Answer: E

Explanation: A) Legal realism is based on the idea that, when ruling on a case, judges need to

consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.

Diff: 3

1. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.
2. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.
3. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.
4. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. When the Supreme Court made its ruling on the legality of homosexual marriage, they considered social and economic conditions surrounding marriage rather than relying on precedent alone. This was an example of:

## Historical school

* 1. Legal positivism
	2. Executive positivism
	3. Cost-benefit analysis
	4. Legal realism Answer: E

Explanation: A) Legal realism is based on the idea that, when ruling on a case, judges need to

consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.

* + 1. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.
		2. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.

Diff: 3

* + 1. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.
		2. Legal realism is based on the idea that, when ruling on a case, judges need to consider more than just the law; they also weigh factors such as social and economic conditions, since legal guidelines were designed by humans and exist in an ever-changing environment.

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. Which approach to jurisprudence is tied to the pursuit of efficiency and is based on choosing alternatives that maximize benefits and minimize costs?

## Historical school

* 1. Executive positivism
	2. Legal realism
	3. Cost-benefit analysis
	4. Legal positivism Answer: D

Explanation: A) Cost-benefit analysis is tied closely to the pursuit of efficiency and involves

choosing alternatives that maximize benefits and minimize costs.

* + 1. Cost-benefit analysis is tied closely to the pursuit of efficiency and involves choosing alternatives that maximize benefits and minimize costs.
		2. Cost-benefit analysis is tied closely to the pursuit of efficiency and involves choosing alternatives that maximize benefits and minimize costs.
		3. Cost-benefit analysis is tied closely to the pursuit of efficiency and involves choosing alternatives that maximize benefits and minimize costs.
		4. Cost-benefit analysis is tied closely to the pursuit of efficiency and involves choosing alternatives that maximize benefits and minimize costs.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. The city council is considering a new ordinance to require stores provide reusable bags and eliminate disposal paper or plastic bags. In determining whether to pass the law, the city council obtained an estimate for the expense stores would incur in offering reusable instead of disposable bags. They also obtained estimate for the savings which would result from not having to clean up litter from disposable bags. Finally, they consulted with an environmentalist to assess the positive impact that phasing out bags would have, including enhanced safety for local wildlife. In deciding whether to pass the law, the council relied on:

## Legal positive

* 1. The historical school
	2. Stare decisis
	3. A cost benefit analysis
	4. Common law Answer: D

Explanation: A) Cost-benefit analysis involves choosing alternatives that maximize benefits and

minimize costs.

* + 1. Cost-benefit analysis involves choosing alternatives that maximize benefits and minimize costs.
		2. Cost-benefit analysis involves choosing alternatives that maximize benefits and minimize costs.
		3. Cost-benefit analysis involves choosing alternatives that maximize benefits and minimize costs.
		4. Cost-benefit analysis involves choosing alternatives that maximize benefits and minimize costs.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Evaluate

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## An example of pursuing change through identification with the vulnerable would involve:

* 1. Arguing for a stronger law to protect abused children because other jurisdictions have stronger laws.
	2. Arguing that current laws on child abuse should not be changed because of the tradition behind the laws
	3. Arguing for stronger laws to protect abused children because abused children cannot protect themselves
	4. Arguing for a stronger law to protect abused children because those who abuse children are not obeying duly authorized laws on child protection.
	5. Arguing for a stronger law to protect abused children because treating child victims is too costly for the public

## Answer: C

Explanation: A) Identification with the vulnerable involves pursuing change on the grounds that some higher law or body of moral principles connects all within the human community. Some members of society are able to take care of themselves, but others—especially the ill, children, the disabled, and the poor—require assistance to meet their fundamental needs.

* + 1. Identification with the vulnerable involves pursuing change on the grounds that some higher law or body of moral principles connects all within the human community. Some members of society are able to take care of themselves, but others—especially the ill, children, the disabled, and the poor—require assistance to meet their fundamental needs.
		2. Identification with the vulnerable involves pursuing change on the grounds that some higher law or body of moral principles connects all within the human community. Some members of society are able to take care of themselves, but others—especially the ill, children, the disabled, and the poor—require assistance to meet their fundamental needs.
		3. Identification with the vulnerable involves pursuing change on the grounds that some higher law or body of moral principles connects all within the human community. Some members of society are able to take care of themselves, but others—especially the ill, children, the disabled, and the poor—require assistance to meet their fundamental needs.
		4. Identification with the vulnerable involves pursuing change on the grounds that some higher law or body of moral principles connects all within the human community. Some members of society are able to take care of themselves, but others—especially the ill, children, the disabled, and the poor—require assistance to meet their fundamental needs.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Evaluate

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. Why should business managers be familiar with laws that regulate business practices between nations?
	1. Businesses are required to know the laws and to become WTO members to have Internet websites.

## NAFTA requires registered businesses to understand and comply with international law.

* 1. GATT Mandates that U.S. organizations know the laws in the United States and in 150 other member countries in order to incorporate.
	2. Advances in trade and technology have made trade with other countries easy, but companies must comply with local laws
	3. Businesses may meet foreigners and should be familiar with their customs to foster positive business relationships

## Answer: D

Explanation: A) Advances in technology and transportation make trade with other countries far easier today.

* + 1. Advances in technology and transportation make trade with other countries far easier today.
		2. Advances in technology and transportation make trade with other countries far easier today.
		3. Advances in technology and transportation make trade with other countries far easier today.
		4. Advances in technology and transportation make trade with other countries far easier today.

Diff: 3

Topic: Global and Comparative Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Evaluate

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## What is the role of the World Trade Organization?

* 1. To create model trade treaties such as NAFTA and GATT to help establish conditions of global trade.
	2. To stimulate negotiations among member nations and to adjudicate trade disagreements among member nations

## To enforce U.S. trade laws globally throughout 160 member nations.

* 1. To promote standardized trade laws globally.
	2. To restrict the flow of goods across borders in order to promote and protect domestic trade among member nations.

## Answer: B

Explanation: A) The WTO stimulates negotiations among member nations to reduce barriers to international trade.

* + 1. The WTO stimulates negotiations among member nations to reduce barriers to international trade.
		2. The WTO stimulates negotiations among member nations to reduce barriers to international trade.
		3. The WTO stimulates negotiations among member nations to reduce barriers to international trade.
		4. The WTO stimulates negotiations among member nations to reduce barriers to international trade.

Diff: 3

Topic: Global and Comparative Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Evaluate

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

## What is the North American Free Trade Agreement?

* 1. A trade agreement with 150 countries to establish the conditions of global trade.
	2. A U.S. law which protects citizens of the United States from being required to follow rules of commerce in foreign countries.
	3. An agreement with the World Trade Organization which allows the WTO to adjudicate trade disputes.
	4. A U.S. law which mandates citizens of the United States must follow rules of commerce in foreign countries.

## A trade agreement with Canada and Mexico to help establish the conditions of global trade. Answer: E

Explanation: A) NAFTA is a trade agreement with Canada and Mexico to help establish the

conditions of global trade.

* + 1. NAFTA is a trade agreement with Canada and Mexico to help establish the conditions of global trade.
		2. NAFTA is a trade agreement with Canada and Mexico to help establish the conditions of global trade.
		3. NAFTA is a trade agreement with Canada and Mexico to help establish the conditions of global trade.
		4. NAFTA is a trade agreement with Canada and Mexico to help establish the conditions of global trade.

Diff: 2

Topic: Global and Comparative Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. The EU regulates taxes on Internet sales and the amount of pollution differently than the U.S. government. U.S. companies doing business in the EU:
	1. Are required to comply with EU regulations only if their main headquarters are located within the European Union.
	2. Must pay taxes to the EU when conducting all business globally if they wish to do any business in the EU.
	3. Are never required to comply with EU regulations as long as they are headquartered in the United States.

## Have the option to conduct business under either EU or U.S. regulations.

* 1. Must comply with EU regulations when doing business in the European Union only. Answer: A

Explanation: A) Companies doing business in the EU must take different standards on Internet

sales tax and pollution into account when doing business within the European Union

* + 1. Companies doing business in the EU must take different standards on Internet sales tax and pollution into account when doing business within the European Union
		2. Companies doing business in the EU must take different standards on Internet sales tax and pollution into account when doing business within the European Union
		3. Companies doing business in the EU must take different standards on Internet sales tax and pollution into account when doing business within the European Union
		4. Companies doing business in the EU must take different standards on Internet sales tax and pollution into account when doing business within the European Union

Diff: 2

Topic: Global and Comparative Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Understand

AACSB: Analytical Thinking Accessibility: Keyboard Navigation

1. Candy wants to start an Internet business doing business which will operate domestically as well as internationally. She is told by the Chinese government that certain items on her site are objectionable and illegal, and that if she wants to do business in China, she must remove the objectionable material. Which of the following is true?
	1. Candy is within her rights and should stand her ground. She is a U.S. citizen, and so long as she obeys U.S. laws, she can do business in China.
	2. Candy is within her rights only if she petitioned her state senator and obtained his or her permission to proceed.
	3. By international law, there is a set fee of $10,000 that Candy can pay if she wants to obey only U.S. law. If she pays that amount, she can continue in China without any modification.
	4. By international law, there is a set fee of $5,000 that Candy can pay if she wants to obey only U.S. law. If she pays that amount, she can continue in China without any modification.

## If Candy wants to do business in China, she must abide by Chinese law. Answer: E

Explanation: A) Candy should understand comparative law which studies and compares the laws

in different countries. The Chinese government does not want its citizens to have access to certain information and websites; and to do business there, Candy must conform to the Chinese standards.

* + 1. Candy should understand comparative law which studies and compares the laws in different countries. The Chinese government does not want its citizens to have access to certain information and websites; and to do business there, Candy must conform to the Chinese standards.
		2. Candy should understand comparative law which studies and compares the laws in different countries. The Chinese government does not want its citizens to have access to certain information and websites; and to do business there, Candy must conform to the Chinese standards.
		3. Candy should understand comparative law which studies and compares the laws in different countries. The Chinese government does not want its citizens to have access to certain information and websites; and to do business there, Candy must conform to the Chinese standards.
		4. Candy should understand comparative law which studies and compares the laws in different countries. The Chinese government does not want its citizens to have access to certain information and websites; and to do business there, Candy must conform to the Chinese standards.

Diff: 2

Topic: Global and Comparative Law

Learning Objective: 01-06 What are the various schools of jurisprudence? Bloom's: Apply

AACSB: Diversity

Accessibility: Keyboard Navigation

# ESSAY QUESTIONS

1. List the purposes of the law and discuss why these purposes are necessary for an ordered society. Answer: Purposes of the law are listed as follows:
2. Providing order such that one can depend on a promise or an expectation of obligations
3. Serving as an alternative to fighting
4. Facilitating a sense that change is possible, but only after a rational consideration of options
5. Encouraging social justice
6. Guaranteeing personal freedom
7. Serving as a moral guide by indicating minimal expectations of citizens and organizations

Diff: 3

Students' opinion will vary on discussion of why the law is necessary for an ordered society. Ideas would include enforcement of contracts, protection of underprivileged members of society, and the provision of a remedy for injustice.

Topic: Law and Its Purposes

Learning Objective: 01-03 What are the purposes of law? Bloom's: Analyze

AACSB: Analytical Thinking Accessibility:

## Define the meaning of the term "stare decisis," and discuss how it is applied.

Answer: The term "stare decisis" means standing by a decision. When courts rely on precedent, they are obeying the principle of stare decisis in which rulings made in higher courts become binding precedent for lower courts.

Diff: 2

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Understand

AACSB: Analytical Thinking Accessibility:

1. Judge Joanie Justice, who is newly appointed to the bench, is presented with a question of law involving a cat named Tiger who scratched a neighbor's antique car. The neighbor, Carl, demands justice in the form of full payment from Tiger's owner, Stacy, and also requests that Tiger be shipped to the local animal shelter. Stacy says that she should not have to pay anything because Tiger had never scratched before, that Tiger should be allowed to stay in the neighborhood, and that Carl (who is a grump and never should have brought the lawsuit) should reimburse her for her legal fees. Judge Justice is perplexed. Judge Justice wants to make a good decision, especially since she is new to the bench. Explain how the judge should go about reaching a decision. Discuss in your answer the impact of cases from other jurisdictions, assuming there is no relevant law in Judge Justice's jurisdiction. Also, assuming there is relevant law in Judge Justice's jurisdiction, discuss the applicable legal standard when case law conflicts with a later passed state statute.

Answer: Students should reference the need for Judge Joanie Justice to check for relevant case law and statutory law. Cases from other jurisdictions may be influential to the judge but are not binding. Decisions of higher courts within the state are binding. A state statute passed after a court decision would apply, as opposed to conflicting case law.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Apply

AACSB: Reflective Thinking Accessibility:

1. The text references two ways in which a treaty between the U.S. and a foreign country is similar to a contract. Discuss these two ways.

Answer: Both treaties and contracts are attempts by parties to determine rights and obligations among themselves. Additionally, when a party fails to obey a treaty or contract, law imposes liability on the party who failed to obey the agreement.

Diff: 3

Topic: Sources of Business Law

Learning Objective: 01-05 What are the sources of the law? Bloom's: Analyze

AACSB: Diversity Accessibility:

1. The text discusses five factors suggested as a structure for critical thinking when reviewing case law. List and describe the five factors.

Answer: Students should list and discuss the following procedure:

Diff: 3

1. Find the facts.
2. Look for the issue.
3. Identify the judge's reasons and conclusion.
4. Locate in the decision the rules of law that govern the judge's reasoning.
5. Apply critical thinking to the reasoning.

Topic: Critical Thinking and Business Law

Learning Objective: Appendix 1A Critical Thinking and Business Law Bloom's: Analyze

AACSB: Analytical Thinking Accessibility: