

BU 231

Business Law Notes

Section 1: Intro to BU 231

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These are my compiled notes for **BU 231 - Business Law, Spring 2024** with Keith Masterman. These notes represent mostly material from lecture slides and lectures themselves, and content from the textbook. Some internet sources were used to complement certain content.

To the above, the usefulness of each note may vary - I have tried my best to highlight important bits with bold or italic font, but ultimately please use your own discretion. Another important thing to note is that **no case-specific information** is included here unless the case is super important.

I absolve myself from being liable for any negligent misrepresentation or omissions that may occur from using these notes. If something is wrong, or if you feel something is missing, please tell me and I will update it whenever I get around to it.

These notes were written up in Typst.

1. Intro to BU 231

1.1.1. The Canadian Legal System

1.1.1.1. Division of Power

The Canadian Law system is essentially split into 3:

- The **Executive Government**, who are law enforcers. They operate, implement, and enforce all laws created by the legislative branch. At the federal level, there is the Crown (Governor General), the Prime Minister, and their appointed cabinet; at the provincial level, there is the Crown (Lieutenant Governor), the Premier and their appointed Cabinet Ministers
- The **Legislators**, who are law makers. They are elected officials who debate, amend, and make laws. At the federal level, there are members of Parliament and the Senate; at the provincial level, there are the Legislative Assembly, who are members of the provincial parliament.
- The **Judiciary**, who are law interpreters. They administer justice by interpreting and applying laws.

1.1.1.2. Sources of Law

Canadian Laws come from Legislation, the Criminal Code, Common Law (or Civil Law in Quebec), Equity (ensuring fairness), and the Constitution.

These laws interplay with each other:

- **Constitutional Supremacy** - every law, regardless of source, must comply with the Constitution.
- **Legislative Supremacy** - as long as they are constitutional, the legislature has unfettered discretion to pass any laws they want.
- **Common Law**: There is the policy of **Stare Decisis**, where the Courts will adhere to **precedent** when making decisions. Also, note that Quebec is special and uses the Civil Law System instead.

1.1.1.3. Forms of Justice

In addition to the Courts, we have Alternative Dispute Resolution (ADR) such as mediation or arbitration, and Administrative Tribunals like the Human Rights Tribunal or Ontario Securities Commission.

1.1.2. Legal Risk Management

1. **Identify the Legal Risks** - assess the organization's functional areas and review business decisions. Determine the organization's business relationships and assess them
2. **Evaluate the Risk** - Assess the probability and severity of the potential loss
3. **Devise a Risk Management Plan** - Either avoid, eliminate, reduce, transfer, or retain the risk - it depends on the previous steps!
4. **Implement and Monitor the Plan** - yeah.

1.1.3. Ethics

1.1.3.1. Incrementalism

Incrementalism is the act of inching deeper and deeper into ethically questionable territory, starting with something small. “People don’t wake up one day and decide to start a life of crime”. It is a slippery slope!

Be careful in everyday business - you can easily slip from something relatively trivial into something worse and worse, which may result in performing super illegal actions. Be aware of this, I guess?

1.1.3.2. Overconfidence Bias

Overconfidence Bias is the tendency to be overconfident in their ability, skill, economic situation, driving skills, and so on...

Executives in companies may also be susceptible, undermining the importance of luck in success. Empirical studies have shown that overconfident CFOs are more likely to commit financial reporting fraud too! It may get them into a predicament where fraud is the only way to deliver results.

Irrational correctness can blind you to your own ethical-ness, which can bleed into the workplace. Most people are overconfident in their ability to make ethically sound decisions (thus making unethical decisions), including you! Be aware of this, I guess?