**Business Law - 2016 SLC**

1)  Planning to protect a company's assets is called:

A) risk management

B) term management

C) universal management

D) property management

2)  Critics believe that affirmative action programs may cause:

A) solid promotion practices

B) unbiased hiring practices

C) reverse discrimination

D) seniority favoritism

3)  \_\_ is the process where the union and employer negotiate a contract of employment that binds both sides.

A) Mediation

B) Collective bargaining

C) Strike

D) Arbitration

4)  \_\_\_\_ provides a legal remedy requiring employment of members of a protected class due to past discrimination in hiring.

A) Affirmative action

B) ADA

C) Workforce pool

D) EEOC

5)  The minimum wage and maximum hours for employees is established by:

A) the employer

B) the Fair Labor Standards Act

C) the Fair Pay for Labor Act

D) child labor laws

6)  A warranty of the principal's capacity is imposed by law on the

A) agent.

B) principal.

C) third party.

D) employer.

7)  What does the Polygraph Protection Act state?

A) Only employers in the medical field can use lie detector tests to select job applicants

B) Most employers cannot use psychological tests to select job applicants

C) Only employers in education can use drug tests in order to select job applicants

D) No employer can ever use a psychological test or drug test in order to select job applicants

8)  Workers Compensation does which of the following?

A) Ensures Family Medical Leave when a child is born or adopted

B) Provides income for workers who have a job related injury due to accident or disease

C) Provides minimum wage benefits for an employee who works 35 or more hours per week

D) Provides a worker with the option of joining a Labor Union.

9)  The fiduciary duty that binds the agent even years after the agency relationship has ended is

A) loyalty and obedience.

B) accounting.

C) care and skill.

D) confidentiality.

10)  The EEOC prosecuted Jason for an agency violation. In regards to agency prosecution for violations, which of the following is false?

A) Despite agency employee expertise, objectivity in prosecution may be lacking.

B) Both the judge and the prosecutor will be EEOC employees.

C) The judge, but not the prosecutor, will be an EEOC employee.

D) The outcome is fairly predictable; the agency wins.

11)  The minimum wage and maximum hours for employees is established by:

A) the Fair Labor Standards Act

B) the Fair Pay for Labor Act

C) child labor laws

D) the employer

12)  The \_\_\_\_ enforces regulations enacted by OSHA.

A) State Supreme Court

B) Department of Insurance Regulation

C) Federal Reserve

D) Department of Labor

13)  Employees who can be discharged at any time are:

A) private sector employees

B) employees working a specific term

C) employees working at will

D) public sector employees

14)  If an employer fires an employee in retaliation because the employee reported unlawful conduct by the employer, it is termed:

A) discharged for cause

B) discharged without cause

C) a wrongful discharge

D) discrimination

15)  A \_\_\_ exists when striking employees influence customers to stop buying the products or services of a third party.

A) economic strike

B) primary boycott

C) consumer slowdown

D) secondary boycott

16)  What is the arrangement between two or more companies whereby they agree to ally themselves and work together to accomplish a designated objective?

A) Franchise

B) Joint venture

C) Franchise

D) Strategic alliance

17)  Which of the following is a major form of conducting business?

A) Charity

B) Trust

C) Institution

D) Corporation

18)  Which one of the following is a list of the four principle stages of an organization's life cycle.

A) preplanning, birth, growth, death

B) preplanning, growth, crisis, death

C) birth, growth, crisis, death

D) birth, growth, decline, death

19)  Which of the following cause or causes uncertainty within the organization?

A) the technological environment and organizational processes

B) organizational design and organizational culture

C) organizational innovation and organizational environment

D) the technological environment and technological design

20)  Which one of the following statements regarding a limited partnership is false?

A) One or more partners cannot lose more dollars than they have invested in the limited partnership.

B) One partner must be a general partner with limited liability.

C) One partner must be a general partner with unlimited liability.

D) One or more partners may have limited liability to the extent of their investment.

21)  The right to increase the capital stock of the corporation

A) is the preemptive right.

B) is up to the board of directors.

C) is done only by proxy vote.

D) belongs to the shareholders alone.

22)  A partner who invests more capital, brings in more business, or works longer and harder than his or her associates is entitled to

A) a larger share of the profits.

B) extra pay.

C) no extra compensation unless all partners agree.

D) a larger percentage of the business.

23)  If two or more persons or firms associate together by combining their resources and skills to do one complex project, they create a:

A) joint venture

B) limited partnership

C) secret partnership

D) corporation

24)  The \_\_\_\_\_\_\_\_\_\_\_\_ have the responsibility of carrying out the day-to-day operation of the corporation.

A) directors

B) officers

C) shareholders

D) voting members

25)  Which one of the following basic forms of business organization is looked upon as an artificial person by the law?

A) partnership

B) sole proprietorship

C) cooperative

D) corporation

26)  Does a partnership agreement always have to be in writing to be legal?

A) Yes, actually, the law requires people to put a partnership agreement in writing to be binding.

B) No, however, if the partners have an oral agreement then the law cannot recognize the existence of a partnership.

C) No, however, if the partners have an oral partnership agreement then it is not possible for partners to allege they have a partnership to outside third parties.

D) No, however, it is best if the agreement is set out in writing.

27)  The first people to get paid when a partnership dissolves are the

A) partners who lent money.

B) shareholders.

C) creditors.

D) directors.

28)  A corporation doing business in one state but chartered in another state is called

A) none of the answers are correct

B) an alien corporation.

C) a foreign corporation.

D) a domestic corporation.

29)  What would be the major responsibility if choosing to buy a franchise?

A) keeping customers and growing the business

B) finding and hiring vendors

C) designing the layout of the business

D) setting sales prices

30)  The type of corporation that is legally permitted to be taxed the same as a partnership or a sole proprietorship is

A) an alien corporation.

B) a C corporation.

C) an S or (also known as a subchapter S) corporation.

D) a domestic corporation.

31)  Congress passed the \_\_\_ to control the knowing transmittal of obscene material.

A) Online Communications Act

B) Right of Privacy Act

C) Child Online Protection Act

D) Communications Decency Act

32)  The Data Protection Act does which of the following?

A) Give individuals the right to know what information is being held about them

B) Makes intercepting a message via public or private telecommunications an offense

C) Requires employers to set privacy settings on company computers

D) Makes copying or altering software illegal

33)  An on-line offer is valid if the offeree

A) signs and returns the offer.

B) calls and accepts the offer by phone.

C) clicks on the "I agree" or "I accept" icon on the computer screen.

D) clicks the send icon on the computer screen.

34)  Nuisance advertising that is unsolicited and sent by e-mail is referred to as:

A) surf

B) banner

C) virus

D) spam

35)  What is a fraudulent attempt, usually made through e-mail, to steal your  
personal information?

A) phishing

B) spamming

C) piracy

D) hacking

36)  An Obligor is who?

A) One who upholds a contract in a court of law

B) One who violates a contract

C) One who owes a duty under a contract

D) One who transfers contractual rights

37)  If the court requires that the terms of the acceptance exactly match the terms contained in the offer in order for the contract to be legally enforceable, the court is imposing the:

A) unilateral rule

B) bilateral rule

C) matching acceptance rule

D) mirror image rule

38)  Lisa was hired by Big Bank to work as a teller. However, Big Bank said her hiring was based on her passing an extensive background and drug test. This illustrates a(n):

A) condition subsequent

B) concurrent condition

C) condition precedent

D) overriding condition

39)  A mistake resulting from a failure to read a contract before signing it will render the contract:

A) rescindable

B) valid

C) voidable

D) void

40)  Sam sold his grocery business in Baltimore to Leo. Leo was concerned that Sam would open another grocery in the Baltimore area. Therefore Leo had Sam sign a:

A) copyright infringement code

B) restrainment agreement

C) covenant not to compete

D) right for competition protection

41)  Oliver thinks companies like Apple have outstanding sales based on:

A) uniform design

B) superior performance

C) components

D) utility

42)  A party may assign contractual rights to another, provided

A) there are personal injury claims.

B) performance will not be materially changed.

C) performance becomes substantially more difficult.

D) performance would be materially changed.

43)  Which of the following are rights given to those who lack capacity?

A) right to keep merchandise not paid for

B) right to disaffirm contract for necessaries

C) right to pay the contract price for necessaries

D) right to disaffirm contract for non-necessaries

44)  In most states minors can get back everything they put into a contractual bargain even if:

A) the goods have been lost, consumed, or destroyed

B) they are unable to return exactly what was received under the contract

C) all the answers are correct

D) the goods have been used or damaged

45)  The law that requires certain type of agreements to be in writing is called the

A) Promissory Estoppel Rule.

B) Statute of Frauds.

C) Parol Evidence Rule.

D) Doctrine of Unjust Enrichment.

46)  Which of the following is **not** a basic remedy for a major breach of contract?

A) recision

B) specific performance

C) monetary damages

D) substitution

47)  The Uniform Commercial Code has been

A) adopted by 75 percent of all states.

B) adopted by the United States, Mexico, and Canada.

C) adopted in part by all states.

D) adopted by Southern states only.

48)  The Uniform Commercial Code makes firm offers binding for the stated period of time in the offer but they **cannot** exceed:

A) three months

B) six months

C) thirty days

D) one year

49)  A completely performed contract by both parties is:

A) executed

B) informed

C) voluntary

D) expressed

50)  In the case of future goods, which of the following statements is **true**?

A) The sale of future goods is merely an agreement to sell, but does not constitute a sale.

B) The goods have been identified, but do not exist.

C) Risk of loss goes to the buyer.

D) The goods exist and have been identified.

51)  What is it called when a divorce is granted without either spouse having to prove anything about the other spouse in order for the divorce to be granted?

A) Neutral divorce

B) At fault divorce

C) Civil divorce

D) No fault divorce

52)  The power to decide a case is termed:

A) fiat

B) jurisdiction

C) sanction

D) the long arm of the law

53)  Gathering shells on a public beach is acquisition by:

A) adaptation

B) occupancy

C) accession

D) adoption

54)  Which one of the following best describes the requirements of a valid will?

A) A formal will must be in writing, witnessed by two or three disinterested witnesses, and signed by the testator or, at his direction, may have to be published or declared by the testator to be his will. The testator must sign the formal will in the presence and sight of the witnesses; witnesses must sign the formal will in the presence and sight of the testator and in the presence and sight of each other.

B) A formal will must be in writing, witnessed by two or three interested or disinterested witnesses, and signed by the testator or, at his direction, may have to be published or declared by the testator to be his will. The testator must sign the formal will in the presence and sight of the witnesses; witnesses must sign the formal will in the presence and sight of the testator and in the presence of each other.

C) A formal will may be an oral or written testation and must be witnessed by two or three disinterested witnesses. At the direction of the testator, the formal will may have to be published or declared by the testator to be his will. The testator must speak the provisions of the formal will in the presence and sight of the witnesses or provide the formal, written document; witnesses must attest to having heard the provisions of the formal will in the presence and sight of the testator and each other, or the witnesses may sign the formal will in the presence and sight of the testator and in the presence and sight of each other.

D) A formal will must be in writing, witnessed by two or three disinterested witnesses, and signed by the testator or, at his direction, may have to be published or declared by the testator to be his will. The testator must sign the formal will in the presence of the witnesses; witnesses must sign the formal will in the presence of the testator and in the presence of each other.

55)  If proclaimed during the maker's last illness or by service personnel on active duty, some states will recognize

A) a holographic will.

B) a codicil.

C) a nuncupative will.

D) a testamentary trust.

56)  The bankruptcy law that is available only to individuals who have regular income is

A) Chapter 12.

B) Chapter 13.

C) Chapter 7.

D) Chapter 11.

57)  Explicit assurance of quality or performance by the seller is:

A) implied warrant

B) guarantee

C) express warranty

D) puffing

58)  \_\_\_ permits a party to a contract to recover money or property for the value given to the other party.

A) Consent order

B) Encumbrance

C) Punitive damages

D) Restitution

59)  \_\_\_ makes the seller responsible to compensate buyers, users, and others for injuries caused by a defective product.

A) Encumbrance B) Implied warranty C) Restitution D) Product liability

60)  What agency enforces laws and regulations preventing distribution of mislabeled foods and drugs?

A) FDA B) USDA C) FTC D) FCC

61)  If all tire stores agreed to sell tire rotations for $90.00 this would be an example of what?

A) Price fixing

B) Price ceiling

C) Price floor

D) Deception

62)  Federal law that sets minimum standards for most voluntary established pension and health plans in private industry to provide protection for individuals in these plans is known as:

A) Social Security Employment Act

B) American Association for Retired People

C) Employee Retirement Income Security Act

D) Aid to Retired Employee Act

63)  Advertising a low priced item with intentions of selling something much more expensive is the deceptive practice called:

A) usury

B) deceptive service

C) bait and switch

D) fraudulent misrepresentation

64)  A consumer request that requires the credit bureaus to deny all access to a consumer’s credit information or files is called a:

A) credit guard

B) line of credit

C) garnishment

D) credit freeze

65)  Which one agency at the federal level has the main responsibility for preventing false and misleading advertising?

A) National Better Business Bureau

B) Consumer Product Safety Commission

C) Federal Trade Commission

D) Free Trade Commission

66)  An individual who violates his/her duty to care is acting in a \_\_ manner.

A) negligent

B) questionable

C) typical

D) systematic

67)  Which one of the following is **not** a element of most torts?

A) causation

B) conspiracy

C) duty

D) injury

68)  What is the document a plaintiff files with the court that is served on the defendant to initiate a lawsuit?

A) Complaint

B) Order

C) Suit

D) Appeal

69)  What is used to determine the percentage at fault one is and how to pay that percentage?

A) Elements of Negligence

B) Negligence

C) Comparative Negligence

D) Contributory Negligence

70)  The two fundamental approaches to ethical reasoning in business are:

A) regulatory based and commercial based

B) profit based and giving based

C) rationally based and irrationally based

D) duty based and outcome based

71)  Which one of the following best explains the relationship between law and ethics and why they sometimes conflict?

A) Law and business ethics serve as an interactive system – informing and assessing each other. Law and ethics sometimes conflict because of different ethical understandings regarding what is moral.

B) Law provides the one correct statute that guides behavior. Ethics is a way of determining whether an action is moral. Law and ethics sometimes conflict because of the usual difficulty involved in determining the legality of the correct decision versus the morality of the correct decision.

C) Law and business ethics serve to provide strict guidelines as to what is right or wrong. Law and ethics sometimes conflict because some people refuse to do what is right regardless of the strict guidelines.

D) Law ensures that legal guidelines for certain behaviors are set. Ethics is doing what is right according to those laws. Law and ethics sometimes conflict because most people do not understand the legal terminology associated with the laws.

72)  Which one of the following is the correct statement concerning the relationship between federal law and state law?

A) Statutes governing state issues are more punitive than statutes governing federal issues.

B) The Supremacy Clause of the Constitution makes the preemption of state law possible.

C) The Supremacy Clause of the Constitution makes the preemption of federal law possible.

D) The powers delegated to the United States by the Constitution are the same powers reserved to the states.

73)  Which type of law allows for flexibility within a legal system?

A) jurisdictional law

B) sovereign law

C) common law

D) positive law

74)  Hilda enjoys taking her children to the local ice cream parlor. The assurance that the ice cream she purchases is wholesome and fit for human consumption is an example of a(n)

A) expressed warranty.

B) strict liability.

C) Caveat Emptor.

D) warranty of merchantability.

75)  Which one of the following is **not** a constitutional right of an accused?

A) the right to a private cell when in jail

B) the right to be represented by a lawyer

C) the right to refuse to testify against oneself

D) the right to be subject to arrest only when there is probable cause

76)  Courts that administer wills and estates are called:

A) estate courts

B) probate courts

C) federal district courts

D) family courts

77)  Municipal courts administer:

A) minor state criminal laws

B) special agency regulations

C) state fish and game licenses

D) city ordinances

78)  In the federal court system who summons witnesses, maintains court order, and takes the necessary steps to carry out court judgments?

A) marshals

B) prosecutor

C) bailiff

D) judge’s staff

79)  What is the standard of proof in a criminal case?

A) proof by clear and convincing evidence

B) proof by a preponderance of evidence

C) proof beyond a reasonable doubt

D) proof from eye witnesses

80)  An unlawful or harmful touching is called

A) an invasion of privacy. B) defamation. C) an assault. D) battery.

81)  Which of the following would **not** be a white-collar crime?

A) price fixing

B) robbery

C) stock fraud

D) income tax evasion

82)  Which of the following is **not** a defense to the tort of negligence?

A) assumption of the risk

B) fraud

C) comparative negligence

D) contributory negligence

83)  \_\_\_\_\_ protects the witness from self-incrimination.

A) Pleading the Fifth

B) Holding the witness in contempt

C) Accepting a plea bargain

D) Being granted immunity

84)  Why would a defendant accept a plea bargain?

A) to save the court time and money

B) to win favor with a judge

C) to confront the accuser at the trial

D) to avoid the risk of being convicted of a more serious offense

85)  What is fraud?

A) an untruthful assertion by one of the parties about a material fact

B) an erroneous belief about the facts of a contract at the time the contract is concluded, causing legal assent to be absent

C) an intentional deception that causes harm to another

D) a liability defense available to a party who signs a negotiable instrument without knowing that it is a negotiable instrument

86)  \_\_\_ is a party's unauthorized change to or completion of a negotiable instrument intended to change the obligation of a party.

A) Alteration

B) Limited defense

C) Universal defense

D) Cancellation

87)  Which of the following is **not** a factor in determining the negotiability of an instrument?

A) It must be payable to the bearer or to someone's order.

B) It must be payable in a sum certain in money.

C) The instrument must be typewritten.

D) It must be payable on demand or at a definite time.

88)  Which of the following federal acts substantially amended federal bankruptcy law in 2005?

A) Bankruptcy Abuse Prevention and Consumer Protection Act

B) The Chandler Act

C) The Nelson Act

D) Bankruptcy Reform Act

89)  The \_\_\_ is the party who has physical possession of commercial paper that is payable to his or her order or who is in possession of bearer paper.

A) endorser

B) holder

C) endorsee

D) bearer

90)  If no date is placed on commercial paper, it

A) must be returned to the maker.

B) is, therefore, assumed to be payable immediately upon presentment.

C) can be antedated.

D) is invalid and non-negotiable.

91)  Which one of the following best contrasts different types of insurance plans?

A) The term life insurance policy binds the insurer to pay the face value of the policy on the death of the insured. Premiums are paid for the duration of life as cash surrender value is accrued. Insured may borrow against surrender value at relatively low interest rates. The whole life insurance policy binds the insurer to pay the face amount of the policy if the insured dies within the term of the policy and does not build cash surrender value or loan value.

B) The whole life insurance policy binds the insurer to pay the face value of the policy on the death of the insured. Premiums are paid for the duration of life as cash surrender value is accrued. The insured may borrow against surrender value at relatively low interest rates. The term life insurance policy binds the insurer to pay the face amount of the policy if the insured dies within the term of the policy and does not build cash surrender value or loan value.

C) The critical illness insurance policy insures the beneficiary's earned income against the risk that a debilitating circumstance will make working uncomfortable, painful, or impossible. The disability insurance policy pays a lump-sum, tax-free cash payment, upon diagnosis with a serious illness covered by the policy.

D) The liability insurance policy protects the insured in the event he or she is sued for claims both within and outside the realm of coverage of the insurance policy. The GAP Insurance policy, also known as Guaranteed Auto Protection, provides financial protection against physical damage and/or bodily injury resulting from traffic collisions and against liability that could also arise therefrom.

92)  A fire insurance clause that requires the insured to maintain coverage equal to a certain percentage of the total current value of the insured property is

A) coinsurance.

B) an exclusion clause.

C) an endorsement.

D) an omnibus clause.

93)  Insurance providing protection against claims of parties who suffer injury or other loss as a result of negligence committed by the insured would be

A) inland marine. B) social. C) liability. D) fidelity.

94)  A brief written notice of the existence of a security interest in identified property that is filed with the appropriate governmental office is a:

A) a security agreement B) a termination statement C) a financing statement D) a constructive notice

95)  The first to be paid from the proceeds of liquidation would be

A) certain unpaid taxes.

B) secured creditors.

C) administrative expense.

D) unpaid wages, salaries, and commissions.

96)  Which of the following is a form of co-ownership that disallows the right of survivorship and allows unilateral transfer of interest?

A) Tenancy by the entirety

B) Cooperatives

C) Joint tenancy

D) Tenancy in common

97)  Real property can be defined as:

A) land and anything permanently attached to it, such as houses, trees, and fences

B) any tangible item that can be seen, touched, and felt, including jewelry, furniture, and clothing

C) both tangible and intangible items, such as intellectual property, personal property, and real estate property

D) movable property, such as flag poles, above-ground pools, and mail boxes

98)  When Jenny purchases Tom’s condominium at the agreed-upon price, what document should she obtain from Tom to ensure that Tom has the legal right to sell the property and that there are no undisclosed claims on the property?

A) warranty deed B) license C) conveyance D) quitclaim deed

99)  A person who has **not** been paid for services is allowed to retain possession of the repaired or delivered property until payment is made under

A) an artisan's lien. B) a pawn. C) a mechanic's lien. D) a pledge.

100)  Austin owns a home on 50 acres of land in which he raises maple trees. The sap from these trees is periodically extracted and sold for manufacturing maple syrup, but the trees themselves remain unharvested. Which one of the following statements is **true**?

A) The home and the sap from the trees are both considered real property.

B) The trees and the sap are both considered personal property.

C) The home and the trees are both considered real property.

D) The home is real property, but the trees are personal property.

2016 SLC Business Law Key

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| 2) | C |
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| 4) | A |
| 5) | B |
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| 9) | D |
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| 91) | B |
| 92) | A |
| 93) | C |
| 94) | C |
| 95) | D |
| 96) | D |
| 97) | A |
| 98) | A |
| 99) | A |
| 100) | C |