**List of Ten Questions for Test No. 3**

1. Based on Oona’s conduct, Porcio reasonably believes that Qasim has the authority to act on Oona’s behalf even though Qasim does not have the actual authority to do so. In this circumstance, Qasim is an

a. agent by estoppel.

b. agent by operation of law.

c. agent by agreement. d. agent by ratification.

2. Donald approves on behalf of Evelyn—but without authorization—a contract with Farouk to by a new car. Evelyn does not ratify the contract. The deal with Farouk is

a. an enforceable contract with Donald.

b. a voidable contract with Donald. c. an enforceable contract with Evelyn.

d. none of the above.

3. Bayou Development Corporation hires Coastal Brokerage Associates to sell all the condominiums in a building at Bayou Development’s resort. The agency will terminate

a. after all the condos have been sold. b. if the prices of the condos must be reduced to sell them. c. once Bayou Development obtains insurance to cover the property. d. when Bayou Development pays Coastal Brokerage its first commission.

4. Bay City Merchants Corporation has six shareholders, four of whom are members of the same family. All of Bay City’s shareholders agree in writing to operate without shareholders’ and board of directors’ meetings. Bay City is most likely

a. a S corporation. b. a Close corporation. c. a C corporation.

d. an Alien corporation.

5. Whether a worker is an employee or an independent contractor has no effect on the employer’s liability for the worker’s actions.

a. True

b. False

6. Bob and Bill, who are attorneys, are partners in “Mac, LLP.” Bill commits malpractice. Both Bob and Bill will be liable for Bill’s malpractice.

a. True

b. False

7. A suit by a business against the owner of a sole proprietorship may never lead to unlimited personal liability for the owner of that sole proprietorship.

a. True

b. False

8. The CEO of a corporation is elected by the shareholders.

a. True

b. False

9. Nina is a director of Outback Outfitters, Inc. Under the standard of due care owed by directors of a corporation, Nina’s decisions must be informed and

a. reasonable. b. unquestionable.

c. indefensible. d. perfect.

10. Dennis wants Eve to represent him at a shareholder’s meeting that he cannot personally attend. In order to do this, Eve must obtain from Dennis

a. a special power of attorney. b. a general power of attorney. c. a proxy.

d. none of the above.