# Business Law

## March 25, 2013

* **Fraud -** May render a valid contract unenforceable and is an intentional tort.
  + Material misrepresentation of fact.
  + Relied on misrepresentation of fact.
  + What about when someone fails to disclose something? Only when the defendant had a duty of obligation to make a disclosure.
* **Negligent Misrepresentation**
  + Requirements

Material misrepresentation of fact

* + - Failure to use reasonable care regarding the accuracy of the statement
    - Relied on misrepresentation of fact
    - Harm ensued
* **O’Conner v. Miller and Trim-Aire Aviation, Inc.**
  + **Fraud**
    - **Material Misrepresentation of Fact**
      * Specification sheet doesn’t match log books
      * Substituted parts
      * Serial numbers were unreadable
    - **Intent to Deceive**
      * **Plaintiff**: They say Trim-Aire misrepresented it to make more money
      * **Defendant**: Not withheld, as is. O’Connor sent his employee to check the engine.
    - **Reasonable Relied**
      * **Plaintiff**: It is not uncommon for purchasers to rely solely on spec sheet.
      * **Defendant**: They explained to O’Conner that it was unverified. The practice is known to be risky, because the spec sheet and the logbook often don’t match up. By having his employee check it, he waived his right to rely solely on the spec sheet provided by Trim-Aire.
    - **Harm**
      * **Plaintiff**: He believes he could have made $62,000 more. He would be entitled to the difference in value between the parts as they actually were and as they purchased them.