

FBLA Business Law Sample Questions

Disclaimer: These are sample test questions of what a competitor will find in this competition. To view the official study guide, with the knowledge area and objective list, visit the guidelines on the Competitive Events page of the national website at www.fbla.org.

The Legal System

1. Which source of law is created by legislative bodies at the federal or state level?
 - a) Common law
 - b) Statutory law
 - c) Administrative law
 - d) Case law
2. The U.S. Constitution:
 - a) Is subordinate to state constitutions
 - b) Is the supreme law of the land
 - c) Can be overridden by Congress
 - d) Applies only to federal agencies
3. Which court typically hears cases involving small monetary claims without a jury?
 - a) Probate court
 - b) Appellate court
 - c) Small claims court
 - d) District court
4. The doctrine of *stare decisis* means:
 - a) A case must always be heard by the Supreme Court
 - b) Courts follow established precedents
 - c) Laws must be codified annually
 - d) Judges can ignore previous rulings
5. Which is an example of administrative law?
 - a) The Uniform Commercial Code
 - b) A Federal Trade Commission regulation
 - c) A Supreme Court ruling
 - d) A city ordinance

Business Organization

6. A sole proprietorship is characterized by:
 - a) Shared ownership
 - b) Single ownership and unlimited liability
 - c) Limited liability and stock issuance
 - d) Legal separation from the owner
7. Which form of business ownership combines pass-through taxation with limited liability?
 - a) C corporation
 - b) S corporation
 - c) Limited liability company (LLC)
 - d) General partnership

8. In a general partnership:
 - a) Only one partner is liable for debts
 - b) All partners share equal liability and management
 - c) Liability is limited to capital invested
 - d) Profits cannot be shared
9. Which document governs the internal management of a corporation?
 - a) Articles of incorporation
 - b) Corporate bylaws
 - c) Certificate of authority
 - d) Shareholder contract
10. Which is a primary disadvantage of a C corporation?
 - a) Double taxation of income
 - b) Limited access to capital
 - c) Unlimited liability
 - d) Lack of perpetual existence

Contracts and Sales

11. A valid contract requires offer, acceptance, consideration, and:
 - a) Written documentation
 - b) Legal capacity and lawful purpose
 - c) Witness signatures
 - d) Government approval
12. The party making an offer is called the:
 - a) Offeree
 - b) Obligor
 - c) Offeror
 - d) Grantee
13. Which type of contract is formed when one party promises to perform if the other party acts?
 - a) Bilateral
 - b) Unilateral
 - c) Express
 - d) Implied
14. The Uniform Commercial Code (UCC) primarily governs:
 - a) Real estate transactions
 - b) Sales of goods
 - c) Employment contracts
 - d) Service agreements
15. If a minor enters into a contract:
 - a) It is always void
 - b) It is voidable at the minor's option
 - c) It is enforceable without exceptions
 - d) It is automatically ratified

16. An unenforceable contract is one that:
- a) Has no legal effect from the start
 - b) Meets legal requirements but cannot be enforced due to a legal defense
 - c) Is illegal by subject matter
 - d) Was never accepted
17. The Statute of Frauds requires certain contracts to be:
- a) Witnessed
 - b) In writing to be enforceable
 - c) Filed with the court
 - d) Notarized
18. A breach of contract occurs when:
- a) Both parties fully perform
 - b) One party fails to fulfill contractual obligations
 - c) A contract is signed
 - d) A contract is terminated by mutual agreement
19. Which remedy requires the breaching party to fulfill the contract as agreed?
- a) Compensatory damages
 - b) Specific performance
 - c) Rescission
 - d) Liquidated damages
20. A contract formed through the conduct of parties rather than written or spoken words is:
- a) Express contract
 - b) Implied contract
 - c) Voidable contract
 - d) Executory contract

Agency and Employment Law

21. An agent's duty of loyalty means they must:
- a) Avoid conflicts of interest and act in the principal's best interest
 - b) Work only for one employer in their lifetime
 - c) Disclose trade secrets
 - d) Ignore personal gain opportunities
22. An independent contractor differs from an employee because:
- a) They work under the employer's direct control
 - b) They control how the work is performed
 - c) They receive employee benefits
 - d) They are subject to withholding taxes
23. The doctrine of *respondeat superior* holds that:
- a) Employers are responsible for employees' actions within the scope of employment
 - b) Employees cannot be sued for negligence
 - c) Principals are never liable for agents' acts
 - d) Agents are automatically immune from liability

24. Employment-at-will means:
- a) An employee can only be terminated for cause
 - b) Either party may terminate the relationship at any time, for any lawful reason
 - c) Employees have guaranteed lifetime jobs
 - d) Only the employer can end the relationship
25. Workplace discrimination laws are enforced primarily by:
- a) OSHA
 - b) EEOC
 - c) FTC
 - d) IRS

Consumer Protection

26. The Truth in Lending Act requires:
- a) Disclosure of credit terms and costs
 - b) Lenders to cap interest rates
 - c) All loans to be interest-free for 30 days
 - d) All loans to be secured
27. The FTC can take action against companies for:
- a) Hiring too few employees
 - b) Engaging in deceptive advertising
 - c) Raising prices above competitors
 - d) Selling foreign products
28. Lemon laws protect consumers who purchase:
- a) Faulty vehicles
 - b) Overpriced electronics
 - c) Used clothing
 - d) Defective furniture only
29. The Magnuson-Moss Warranty Act primarily regulates:
- a) Implied warranties on real estate
 - b) Written warranties on consumer products
 - c) Verbal promises from salespeople
 - d) International trade agreements
30. The Fair Debt Collection Practices Act prohibits:
- a) Credit card use
 - b) Harassment by debt collectors
 - c) Filing bankruptcy
 - d) Charging interest

Negotiable Instruments / Insurance / Secured Transactions / Bankruptcy

31. A check is an example of:
- a) Promissory note
 - b) Draft
 - c) Certificate of deposit
 - d) Security agreement

32. In a secured transaction, collateral is:
- a) Property pledged to secure payment of a debt
 - b) The interest rate charged
 - c) The debtor's income
 - d) A penalty fee
33. Chapter 7 bankruptcy involves:
- a) Business reorganization
 - b) Liquidation of assets to pay creditors
 - c) Debt repayment plan over time
 - d) Exempting all personal property
34. An insurance policy is a contract in which:
- a) One party guarantees payment for a specified loss in exchange for premiums
 - b) Both parties share equal risk
 - c) Only accidents are covered
 - d) Losses must be intentional to collect
35. A negotiable instrument must be:
- a) Conditional and payable upon request
 - b) Unconditional, in writing, signed, and payable to order or bearer
 - c) Oral and witnessed
 - d) Transferable only by court approval

Property Laws

36. Real property refers to:
- a) Movable personal possessions
 - b) Land and anything permanently attached to it
 - c) Stocks and bonds
 - d) Lease agreements only
37. A deed transfers:
- a) Personal property ownership
 - b) Title to real property
 - c) Leasehold rights only
 - d) Intellectual property rights
38. Adverse possession allows a person to:
- a) Gain ownership of land after openly occupying it for a statutory period
 - b) Lease property indefinitely without paying rent
 - c) Avoid paying property taxes
 - d) Transfer land without a deed
39. Zoning laws regulate:
- a) Building use and development within certain areas
 - b) Real estate sale prices
 - c) Mortgage interest rates
 - d) Personal property loans

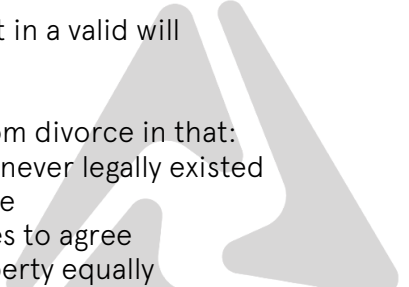
40. A landlord's duty of habitability requires:
- a) Providing a property free of safety hazards
 - b) Offering tenants the option to buy
 - c) Charging below-market rent
 - d) Allowing subleases without approval

Computer Law

41. The Computer Fraud and Abuse Act addresses:
- a) International tariffs
 - b) Unauthorized access to computer systems
 - c) Privacy in the workplace
 - d) Import of software
42. Intellectual property law protects:
- a) Tangible goods only
 - b) Creative works and inventions
 - c) Public domain materials
 - d) Facts and ideas
43. A software license agreement is:
- a) A lease of tangible property
 - b) A contract granting permission to use software under certain terms
 - c) A transfer of copyright ownership
 - d) Always permanent
44. Cybercrime includes:
- a) Online harassment, hacking, and identity theft
 - b) Physical theft from a store
 - c) Real estate fraud only
 - d) Email marketing
45. Which law protects the privacy of children under 13 online?
- a) DMCA
 - b) COPPA
 - c) HIPAA
 - d) GDPR

Domestic and Personal Law

46. Marriage laws are primarily governed by:
- a) Federal law
 - b) State law
 - c) International law
 - d) Local homeowner associations
47. A prenuptial agreement is:
- a) A will that names heirs
 - b) A contract made before marriage regarding property rights
 - c) A divorce decree
 - d) A child custody arrangement

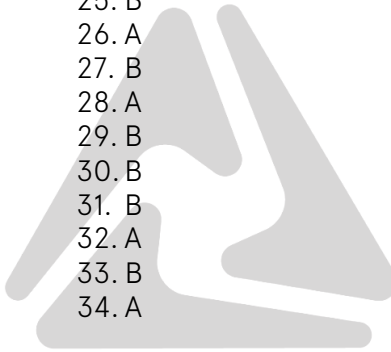
48. Child custody decisions are based on:
- a) The highest earning parent
 - b) The best interests of the child
 - c) Who files for divorce first
 - d) Parent age
49. Intestate succession determines:
- a) How a person's property is distributed if they die without a will
 - b) Terms of a living will
 - c) Executor appointment in a valid will
 - d) Probate fees
50. An annulment differs from divorce in that:
- a) It declares a marriage never legally existed
 - b) It ends a valid marriage
 - c) It requires both parties to agree
 - d) It divides marital property equally
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Answer Key

1. B	18. B	35. B
2. B	19. B	36. B
3. C	20. B	37. B
4. B	21. A	38. A
5. B	22. B	39. A
6. B	23. A	40. A
7. C	24. B	41. B
8. B	25. B	42. B
9. B	26. A	43. B
10. A	27. B	44. A
11. B	28. A	45. B
12. C	29. B	46. B
13. B	30. B	47. B
14. B	31. B	48. B
15. B	32. A	49. A
16. B	33. B	50. A
17. B	34. A	



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