**[Week 4: Question 1](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105049_1&mode=view)**

Blake, who had been diagnosed with Alzheimer’s disease,

sold and conveyed two acres of land to Khron, who paid $14,000.

At the time of the sale and conveyance, Blake appeared to be competent and Khron had no knowledge of Blake’s illness.

 One year later, Blake died.

During the prior year, Blake had spent the $14,000 received from Khron.

The executrix of Blake’s estate sued Khron to set aside the deed and recover the land conveyed to Khron.

The executrix made no offer to pay $14,000 to Khron.

Will the executrix succeed?

Suppose it was shown that Khron knew about Blake’s condition at the time of the sale and conveyance of the land.

 Would this affect your answer?

In this case, contractual capacity comes into play. Blake sold and conveyed two acres of land to Khron. But he had been diagnosed with Alzheimer’s disease. Factual incapacity is what is called for in this situation in which there was a medical illness where Blake might have been impaired during the making of the contract, and in which the executrix would succeed. But only would be effective if the Alzheimers made him only impaired enough in which he could not understand the general nature of the contract. Even if Khron new about Blakes condition at the time it executrix would only when if the Alzeherimers impaired Blakes understanding of the contract.

[**Week 4: Question 2**](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105050_1&mode=view)

Leonetti offered to sell Salazar her car and told Salazar that the car had been driven only 25,000 miles and had never been in an accident.

Salazar hired Cavanaugh, a mechanic, to appraise the condition of the car, and Cavanaugh said that the car probably had more than 25,000 miles on it and probably had been in an accident.

In spite of this information, Salazar still thought the car would be a good buy for the price, so he purchased it.

Later when the car developed numerous mechanical problems, Salazar sought to rescind the contract on the basis of Leonetti’s fraudulent misrepresentation of the auto’s condition.

Will Salazar be able to rescind his contract?  Explain.

In this case I believe that Salazar would be able to because, Fraud is making of a martial misrepresentation of the fact. In this case the car was had more than 25,000 and had been in an accident which can be proved by the professional that looked at the car. Since the fraud can be proven Salazar can rescind his contract even though he got the car looked at before buying it.

[**Week 4: Question 3**](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105051_1&mode=view)

Walters, a business owner, filed tax returns for 2001, 2002, and 2003 using the cash basis.

In 2004, Walters hired Erlich, a CPA, to prepare his income tax for 2004 using the accrual basis.

While preparing the 2004 return, Erlich examined the prior years’ returns.

Based on Erlich’s suggestions, Erlich prepared revised returns for the prior years, and Walters submitted these to the Internal Revenue Service (IRS), claiming an $18,000 refund.

Instead of receiving the refund, the IRS claimed Walters owed $134,000 in unpaid taxes and fines.

Erlich told Walters that the IRS was mistaken and that he could clean up the simple problem for a fee of $1000.

After granting several extensions, the IRS notified Walters that Monday, October 5, 2008 was the deadline for filing a protest to the proposed assessment.

On Saturday, October 3, Erlich called Walters to his office to sign the protest.

When Walters arrived, Erlich produced a written contract with a fee agreement whereby Erlich was to receive $1000 plus 8 percent of any monies saved on the assessment.

When Walters refused to sign the new fee agreement, Erlich told him that the protest had to be in the mail that afternoon to reach the IRS by Monday and that if the protest were not filed on time Walters would be liable for the $134,000 plus additional fines that had accrued since 2005.

Walters signed the fee agreement, and the protest was filed on time.

After reviewing the protest, the IRS reduced the assessment to $21,000.  Erlich sent Walters a bill for $10,040.

Walters sued to have the new fee arrangement rescinded.

What legal theory will Walters argue?

Who wins?

How much does Walters owe Erlich for the service of preparing the protest?

In this case Walters was under pressure to sign the agreement with Erlich to avoid paying a larger fine with the IRS if Walter had not done what Erlich stated. In this case the legal theory here that Walters can argue is Economic Duress, which states a condition in which one is induced by a wrongful act or threat of another to make a contract under circumstance that deprive one of the exercise of his own free will. Which is exactly what is happening here Erlich was basically pushed into this contract without his control. If he did not sign it he would have been forced to by the IRS and thus forced into paying the additional fees that Walters was asking for. I believe that Erlich would win but only be paying the original fees not the 8 percent increase that Walters was asking for. This is because that was the original asking price for Walters fees and should be the only thing Erlich is responsible for.