

INSTRUCTIONS:

1. This Comprehensive Final Exam must be completed within the allocated time (i.e., *between 6:30 PM and 8:30 PM*).
Except for the computer at the teacher's desk, it is a **closed book** and open mind exam.
2. This exam has two parts. Each part, alone, is worth 200 course points. Together the two parts are worth 400 course points.
3. **PART ONE** is a **true-false exam**. Record your answers on the **blue bubble sheet**. There are 27 questions graded as if there were 25. Thus, each correct true/false answer is worth 8 course points. Based upon the instructor's statistical analysis of all students' answers, the instructor unilaterally may alter the grading of specific exam questions.
4. **PART TWO** is an **essay exam**. Record your answers in your **blue book**. You must write using an **ink pen**. You will author **5 short essays**. The first essay (i.e., question #27) is longer, but still short. The first essay (i.e., question #27) shall enter the third page and shall not exit the fourth page (i.e., front of the first sheet of white page is page 1 and its back is page 2). The other four essays each is limited to a maximum of two hand written pages each (e.g., starts at top on page 5 and does not exit page 6). All five essays will **explain why** a specific true/false question from Part One **is true or is false**.
5. As one of those five, all students **shall** write an essay on **question #27**. Question #27 shall be the first essay in your blue book. Each student **may pick four other questions** to explain **subject to two constraints**.
Constraint First: You **must have answered two** of those four chosen questions **TRUE** and you must have answered **two** of those four **FALSE**.
Constraint Second: **Two** of your chosen four questions must be chosen **from questions #1 through #10** as well as **two from questions #11 through #20**; thus, no student may chose any of the questions #21 through #26.
On the cover of your blue book, write both your chosen questions and their T/F answers (e.g., 27 True).
6. Each of your five Part Two essays is worth 40 course points. Each is graded on a truncated scale of **A = 40**; **B = 35**; **C = 30**; **D = 25**; and **F = 15** course points (which are, respectively, 100%; 87.5%; 75%; 62.5%; and 37.5%).
7. When you finish your exam, collect all of your personal items before approaching the professor to exit the exam room upon finishing.
8. An answer key for **PART ONE** will be distributed as you exit the testing room.
9. As detailed below in instruction 10, any student may appeal the grading of any **PART ONE** exam questions (except those changed by the professor pursuant to instruction 3). However, only if a student successfully appeals the ambiguity of **AT LEAST THREE** such Part One questions on this exam does that student objectively demonstrate non-harmless error due to any ambiguities. Also, a successful appeal only will change *that* student's exam grade and only will do so by the number of successful

appeals in excess of TWO successful appeals. *Appeals only affect the exam grades of those students that appeal.*

10. There are no appeals of PART TWO of this exam.

All appeals of PART ONE of this exam's questions must be:

[10A] typed;

[10B] signed by the student in three ways, typed name, handwritten signature, and typed university identification number;

[10C] immediately following the signature, list in sequence, *solely by number*, each of the questions being appealed;

[10D] after the [10C] list, argue each question, one at a time;

[10E] at the beginning of each question's [10D] appeal, identify two or more reasonable meanings that the question could have had;

[10F] argue why one or more of the [10E] identified reasonable meanings is as appropriate or is more appropriate than the meaning used for the answer key answer; and

[10G] personally handed to the instructor's suite secretary in MH 228 or to the instructor

no later than 3:00 PM, Friday, May 6, time is of the essence.

NOTES:

A. Recall the material difference between i.e. (that is) versus e.g. (for example).

B. Use bubble A for TRUE and bubble B for FALSE.

C. If a question contains a number (e.g., Amendment IX), then the truth or falsity of that question never depends upon that number.

This is not a test of trivia recall.

It is an objective demonstration of your subjective knowledge.

D. For clarity in distinguishing a "principal" from a principal as well as distinguishing from an "agent" from an agent, quote marks will be used for the generic words "principal" and "agent" and

no quote marks will be used for the specific words principal and agent.

That is, "principal" **and** "agent" refer to all three relationships

*(i.e., principal **and** agent; **and** principal **and** independent contractor; **and** employER **and** employEE).*

E. For clarity in distinguishing transactions that resemble contracts but do not satisfy all of the requirements for contracts, this exam shall identify such transactions with quote marks ("contract").

Thus, the type word **contract** without quote marks means an actual contract; whereas, the word "**contract**" with quote marks means not a contract.

1. **T F** A consumer, a corporation, and a general partnership each is a person; and each has all of the rights and duties of a citizen.
2. **T F** The technology of business in the early 2000s is so fundamentally different than the technology of business in early 1800s that using privity as a prime criteria for business liability frequently yields injustice rather than justice.
3. **T F** It is likely that an appellate court will reverse a trial court if the trial court upholds a statute of a USA State regulating hiring by local employers of federally illegal immigrant workers.
4. **T F** Because of substantive due process, the federal preemption of a USA State's statute must be express.
5. **T F** The Police Power of the USA States is far broader than the federal Commerce Clause.
6. **T F** Compensatory tort damages are far broader than compensatory contract damages.
7. **T F** Capitalism functions best with zero government.
8. **T F** The legal protection provided to a Holder in Due Course (HDC) of a promissory note is superior to the legal provided to a Holder through an HDC (HtHDC) of a draft.
9. **T F** A security agreement must be signed by the debtor; but, its accompanying financing statement need not be signed by the debtor.
10. **T F** If everything you do say is true, then you can not commit any fraud.

- 11. T F** The bankruptcy trustee's fiduciary duty is owed to the creditors. The bankruptcy trustee's power to reverse preferential payments must be exercised so as to maximize repayment to the debtor's creditors.
- 12. T F** The Equal Dignity Rule requires all "principals" to sign all "agent's" authority.
- 13. T F** Employment at will, legally, means the employEE, but not the employER, always has both the power and the right to immediately end employment.
- 14. T F** Because of USA *Constitution* Amendment IX expressly the People have implied rights; in stark contrast, because of USA *Constitution* Amendment X by implication the federal government only has express powers.
- 15. T F** A college graduate holding a B.S.B.A. degree is likely to encounter both business situations and personal situations where that degree holder is perceived by the law as acting in good faith when that degree holder knows that degree holder is acting unethically.
- 16. T F** Given that unlimited personal liability often is transferred from a natural person shareholder to a legal person corporation, it is an artful harmful lie for such shareholders' to complain of "double taxation".
- 17. T F** The likelihood of an investor being subjected to unlimited personal liability beyond the amount of the investor's investment varies across the types of business organizations and role. One ends of that continuum is a general partner in a limited partnership; the middle is near an investor serving as corporate director in a corporation, and the other end is a professional (e.g., CPA) in a professional corporation.
- 18. T F** Kant's legal analysis of the principal – agent relationship still is accurate.
- 19. T F** In the context of employment, all quotas always are illegal.
- 20. T F** Since an investment of money is a security and since sureties are more liable than guarantors, security law fraud requires more materiality than common law fraud.

- 21. T F** The -Law- (*hyphens and capitalized when speaking broadly*) can be divided into two parts:
the law (*lower case when speaking narrowly*) and equity.
The -Law- favors the objective over the subjective.
The law uses rules and precedence so as to be designed to be generally fair for the Reasonable Person.
Equity uses maxims and no precedence so as to be designed to be uniquely fair for the parties before the court.
To open the court room door of equity the party must demonstrate the party does not have an adequate remedy at law.
- 22. T F** Since a complaint must assert a cause of action, jurisdiction, **and** a remedy the court can grant, if the plaintiff requests a remedy that is beyond the court's authority, then a plaintiff lacks standing to sue (*since not within the zone of protected interests*) and thus the defendant's motion to dismiss will be granted.
But note, if the plaintiff only requests a remedy within the court's authority because to make the plaintiff "whole", as that term ordinarily is understood in USA law, would require a remedy beyond the court's authority, then the defendant's motion to dismiss also will be granted.
That is, a wrong without a remedy.
- 23. T F** A manager who has adopted an unambiguous written policy on sexual harassment in the workplace; and who has accomplished receipt of notice of that policy by all employees of that manager, is not personally liable to an employee for violations of that policy by another employee of that manager.
- 24. T F** All of USA law can be understood if a person understands Assumption of Risk.
- 25. T F** A 10b tippee can not also be a 16b statutory insider because security law fraud liability is alternative rather than cumulative.
- 26. T F** If technology changes, then there will be a change in supply and might be a change in demand.

- 27. T F** The answer to the each of the questions
"What is economical?"; "What is legal?"; and "What is ethical?"
changes
when
the tools of systems analysis are applied to the question
because
those tools change what is knowable as well as what is known.

ANSWER SHEET:

Comprehensive Final Exam: Legal & Ethical Applications: Spring 2011

1. FALSE.
2. true.
3. true.
4. FALSE.
5. true.
6. true.
7. FALSE.
8. FALSE.
9. FALSE.
10. FALSE.

11. FALSE.
12. FALSE.
13. FALSE.
14. true.
15. true.
16. true.
17. FALSE.
18. FALSE.
19. true.
20. FALSE.

21. true.
22. true.
23. FALSE.
24. true.
25. FALSE.
26. true.
27. true.