

**Bus 241- Winter 2015 -- Final Exam**

**You have 120 minutes to complete this examination. The is a CLOSED book exam. All study materials, including back packs and purses, must be placed on the floor. NO OLD EXAMS OR PRACTICE EXAMS SHOULD BE VISIBLE. FAILURE TO FOLLOW THESE DIRECTIONS MAY RESULT IN YOU RECEIVING A ZERO SCORE FOR THE FINAL**

**Please be sure to answer all questions on the exam. There are SIXTEEN (16) pages and 90 multiple choice to this exam. Count to make sure that you have all the pages and review your exam to make sure that you do not miss answering any pages or questions of the exam.**

**PLEASE BE SURE TO TURN IN THE EXAM WITH YOU NAME ON THE FIRST PAGE OF THE EXAM YOU WERE GIVEN. IF YOU FAIL TO PUT YOUR NAME ON A COPY OF THE EXAM, YOU MAY BE GIVEN A -0- FOR THE EXAM.**

**ANSWERS SHOULD BE ENTERED ON THE MACHINE READABLE FORM. PLEASE BE SURE TO USE PENCIL SO THAT YOUR ANSWERS CAN BE READ BY THE GRADING MACHINE. PLEASE BE SURE TO ALSO INCLUDE YOUR STUDENT ID NUMBER ON THE ANSWER SHEET.**

**You should try and provide answers for all questions, as there is no penalty for a wrong answer, and it counts the same as an omitted question. Each multiple choice question is worth 2 points. In the multiple choice section there are often two answers which may appear to potentially be correct. You must choose the response which answers the question the best.**

**You must use a number 2 pencil when filling out the exam. Failure to use a pencil will result in a 5 point penalty. There are two versions to this exam. There are three versions of the exam: A, B, and C. You must indicate "1" in special codes for version A and "2" in special codes for version B, AND "3" for version C. Failure to provide this information on your answer sheet will result in 10 point penalty. You must put your student id number in where the answer sheet provides for "social security number" Failure to follow these directions will result in a 10 point penalty.**

Any lack of clarity with regard to your answer choice may result in you not being awarded points for your answer.  
Good Luck.

### Multiple Choice

Identify the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. Max, a minor subject to his parents' care and control, signs a contract to rent an apartment from Noel for one year. Before the end of the term, Max moves out. Noel sues for the rent for the rest of the term. Max can
  - a. disaffirm the contract but not avoid liability for the rent.
  - b. not disaffirm the contract nor avoid liability for the rent.
  - c. disaffirm the contract and avoid liability for the rent.
  - d. avoid liability for the rent but not disaffirm the contract.
- \_\_\_\_\_ 2. Intoxicated but fully aware of the consequences, Uri agrees to a two-year cell-phone service contract with Wander Talk, Inc., at more than the average market price. This contract is
  - a. not enforceable because contracting parties can change their minds.
  - b. not enforceable because Uri was intoxicated when he agreed to it.
  - c. not enforceable because the contract clearly favors Wander Talk.
  - d. enforceable.
- \_\_\_\_\_ 3. Brasilia, a real estate broker licensed only in Connecticut, concludes a land sale in Delaware. She can
  - a. foreclose on the property to obtain any unpaid amount.
  - b. not collect the commission, keep it, or foreclose on the property.
  - c. collect the commission if it has not been paid.
  - d. keep the commission if it has already been paid.
- \_\_\_\_\_ 4. Dotty tells a representative of Education Loan Company over the phone that she will pay Felipe's student loan if he does not. Dotty does not get any personal benefit for the promise. This promise is enforceable as a contract by
  - a. Education Loan Company.
  - b. Dotty.
  - c. any interested third party, such as Felipe or a member of his family.
  - d. none of the choices.
- \_\_\_\_\_ 5. Lester and Myrtle want to rescind their contract under which Lester sold an MP3 player for \$40. To rescind the contract
  - a. Myrtle must return the player only.
  - b. the parties can keep the "benefits" of their bargain.
  - c. Lester must return the \$40 only.
  - d. Lester must return the \$40 and Myrtle must return the player.

- \_\_\_\_\_ 6. Koko signs a covenant not to compete as part of a sale of her ongoing medical equipment business to Laurel Valley Medico, Inc., in exchange for a bonus payment. The covenant is most likely enforceable by
- Laurel Valley, but not Koko.
  - both parties.
  - no one.
  - Koko, but not Laurel Valley.
- \_\_\_\_\_ 7. Beta Grocers orders by phone twenty cartons of canned beets from Carotene Food Packers, Inc. After ten cartons are delivered and accepted, Beta repudiates the contract. Carotene can enforce the contract to
- any extent because the order was placed orally.
  - no extent because the order was placed orally.
  - the extent of the twenty ordered cartons.
  - the extent of the ten accepted cartons.
- \_\_\_\_\_ 8. Danton, a popular performer, dies. His spouse Caitlin sells their house to Buck. Unknown to Caitlin or Buck, in one of the closets is the master recording of an unreleased album. With respect to this recording, Buck can
- not keep it because there was no voluntary consent to its sale.
  - not keep it because the sale of a house includes nothing in it.
  - keep it because the sale of a house includes everything in it.
  - keep it because Caitlin should have known about it.
- \_\_\_\_\_ 9. Crafted Countertops, Inc., and Kitchen Design Corporation enter into a contract that does not specify the payment terms. Payment may be made in
- cash only.
  - cash or check only.
  - any commercially normal or acceptable means.
  - any commercially normal or acceptable means except credit card.
- \_\_\_\_\_ 10. Isaac and Holiday Fruit Company enter into an oral contract under which Isaac agrees to provide delivery service for holiday Fruit for nine months. This contract is enforceable by
- any interested third party, such as a Holiday Fruit customer.
  - Holiday Fruit.
  - Isaac.
  - none of the choices.

**Fact Pattern 14-1A**

Linea, an employee of Hard Labor Industries (HLI), is injured in a work-related accident. Based on the diagnosis of Newt, a doctor, Linea accepts \$50,000 from HLI and waives the right to future claims. Newt's diagnosis later proves to have been wrong.

- \_\_\_\_\_ 11. Refer to Fact Pattern 14-1A. Most likely, Linea may
- set aside the settlement with HLI.
  - obtain damages from Newt.
  - recover nothing.
  - obtain damages from HLI.
- \_\_\_\_\_ 12. Refer to Fact Pattern 14-1A. In terms of the impact on Linea's agreement with HLI, Newt's misdiagnosis is
- a mistake of fact.
  - innocent misrepresentation.
  - negligent misrepresentation.
  - an expert's puffery.

- \_\_\_\_\_ 13. Lyra induces Moe to enter into a contract for the sale of an apartment about which Lyra fraudulently misrepresents a number of material facts. Lyra tells Moe that her commission is 6 percent, but their signed, written contract states "12 percent." The Statute of Frauds governs
- contracts that are induced by fraud.
  - the admissibility in court of oral evidence.
  - contracts that must be in writing to be enforceable.
  - the reformation of oral and written statements into one contract.
- \_\_\_\_\_ 14. SealCoat Paving enters into a contract with Royal Golf & Tennis Club to provide surface material for Royal's tennis courts by April 1 for a tournament to begin May 1. The contract specifies an amount to be paid if the contract is breached. This is a liquidated damages clause if the amount is
- designed to penalize the breaching party.
  - a reasonable estimate of the loss on a breach.
  - meant to pay for additional liquid sealant in the event of damage.
  - intended to quickly provide cash to the nonbreaching party.
- \_\_\_\_\_ 15. Ray breaches his lease with Sunny Properties and vacates the premises six months before the end of the term. In some states, Sunny would have to
- avoid reletting the premises to recover damages from Ray.
  - relet the premises to recover damages from Ray.
  - make reasonable efforts to relet the premises to mitigate damages.
  - sell the premises to recover damages from Ray.
- \_\_\_\_\_ 16. Pure Oil Company enters into a contract with QuikBilt, Inc., to construct an offshore oil pipeline to withstand specific conditions. If QuikBilt fails to meet this standard, which is construed as a breach of contract and a breach of a duty of care, Pure might be awarded punitive damages to
- provide Pure with funds for a foreseeable loss beyond the contract.
  - establish, as a matter of principle, that QuikBilt acted wrongfully.
  - punish QuikBilt and deter others from similar acts.
  - provide Pure with funds for its loss of the bargain.
- \_\_\_\_\_ 17. In a dispute over a sale involving a bicycle, Dain argues that as to this deal Emory's Hobby Shop, where Dain bought the bike, is a merchant. A court may determine whether Emory's is a merchant by assessing whether
- it subscribes to *Bike*, a biweekly trade magazine.
  - its owner enjoys biking.
  - it holds itself out by occupation as having knowledge or skill unique to the bike in the transaction.
  - it has sold any bikes within the last year.
- \_\_\_\_\_ 18. Glenn and Haji sign a written contract. Glenn claims that the parties later orally agreed to modify it. Any oral modification is likely *not* enforceable if it falls under
- the "partial performance" exception.
  - the "main purpose" exception.
  - the doctrine of promissory estoppel.
  - the Statute of Frauds.

- \_\_\_\_\_ 19. Shady Oaks Development, LLC, and Rural Acres, Inc., sign a written contract for a sale of land. In some states, to be enforceable, this contract must include
- a declaration of the contract's purpose.
  - a statement of the consideration.
  - a correct title, such as "Land Transfer" or "Real Estate Agreement."
  - a legal description of the land.
- \_\_\_\_\_ 20. Cartier, an accountant, convinces his client Bianca to sign a contract to invest her savings in a nonexistent social-networking Web site. When Bianca learns the truth, she can
- rescind the contract to invest in the Web site.
  - induce Cartier to give her his other clients' funds without recourse.
  - impose her own scam on Cartier without liability.
  - sabotage Cartier's career in any way possible.
- \_\_\_\_\_ 21. Orin relinquishes the right to his daughter Neko's control, care, custody, and earnings. This act is
- ratification.
  - severability.
  - disaffirmance.
  - emancipation.
- \_\_\_\_\_ 22. Lew believes an old comic book he owns has little value, but Murray is convinced it is a valuable collector's item. Lew sells it to Murray for \$10 before learning it is worth \$1,000. Lew can
- rescind the contract on the basis of fraud.
  - not rescind the contract.
  - rescind the contract on the basis of mistake.
  - rescind the contract on the basis of puffery.
- \_\_\_\_\_ 23. Kirk Custodial Service and Green Energy Company enter into an oral contract under which Kirk agrees to provide custodial service for Green's facilities for two years. This contract is enforceable by
- Kirk.
  - Green.
  - any interested third party, such as a janitorial supplies provider.
  - none of the choices.
- \_\_\_\_\_ 24. Bret is convicted of arson for burning down his warehouse to collect the insurance. On an application for insurance from Cover-All Insurance Company on a new building, in answer to a question about prior convictions, Bret does not disclose his conviction. This makes the contract
- binding due to Cover-All's failure to discover Bret's conviction.
  - voidable by Bret because the omission is immaterial to Cover-All's decision to issue coverage.
  - binding because the omission is immaterial to Cover-All's decision to issue coverage.
  - voidable by Cover-All because the omission is material to its decision to issue coverage.
- \_\_\_\_\_ 25. Readymade Construction Corporation offers to buy from Set-Still Cement Company a certain quantity of cement for a certain price. Set-Still can accept the offer by
- a material alteration of the terms within a reasonable time.
  - a promise to ship or a prompt shipment of the cement.
  - a shipment of nonconforming goods with a notice of accommodation.
  - a prompt shipment of the cement only.

- \_\_\_\_\_ 26. Elle buys a new textbook for \$100 and a used car for \$5,000, and signs a one-year lease for an apartment for \$1,000 monthly rent to start at the beginning of the next month. The Statute of Frauds covers
- the apartment lease and the car purchase only.
  - the apartment lease, and the textbook and car purchases.
  - the textbook and car purchases only.
  - the apartment lease only.
- \_\_\_\_\_ 27. Rural Power Utility, Inc., enters into a contract with Shovel Excavation Service to dig up, replace, and rebury Rural's cables in a certain location. Rural advances Shovel 10 percent of its cost. The parties rescind the contract. Shovel's refund of the payment is
- liquidated damages.
  - a penalty.
  - restitution.
  - a breach of contract.
- \_\_\_\_\_ 28. In selling paving stones to Yard & Garden Supply, Trey tells Yard & Garden's buying representative that the stones are "soft as carpet." This is
- fraud.
  - puffery.
  - mistake.
  - adhesion.
- \_\_\_\_\_ 29. Cross-Country Trucking Company contracts with Baldwin to transport crated goods to a certain destination for \$5,000. Cross-Country delivers the crates, but Baldwin does not pay. Cross-Country learns that the crates contained stolen goods. Cross-Country can
- recover \$5,000 from Baldwin.
  - recover the goods or the \$5,000 from Baldwin.
  - recover the goods but not the \$5,000 from Baldwin.
  - do nothing with respect to the contract.
- \_\_\_\_\_ 30. Ruth, a minor, charges groceries at Sam's Mini-Mart. Two days later, Ruth disaffirms the purchase. Ruth owes Sam's
- the wholesale value of the groceries.
  - the reasonable value of the groceries.
  - the retail value of the groceries.
  - nothing.
- \_\_\_\_\_ 31. Nori files a suit against Mica to enforce an oral contract that would otherwise be unenforceable under the Statute of Frauds. The court could enforce such a contract if
- the deal does not involve customized goods.
  - Mica denies the existence of any contract.
  - Nori foreseeably and justifiably relied on Mica's promise to her detriment.
  - neither party has begun to perform.

**Fact Pattern 18-1B**

Bella Homes enters into a contract to buy 132 acres from Watershed Holdings to subdivide and sell in fifth-acre lots for Pristine Acres, a residential development.

- \_\_\_\_\_ 32. Refer to Fact Pattern 18-1B. If Bella breaches the contract, Watershed's remedy would most likely be
- a percentage of Bella's unrealized profit.
  - the difference between the land's contract and market prices.
  - a certain ratio of the amount that Bella has in liquidated funds.
  - specific performance.
- \_\_\_\_\_ 33. Retail Music, Inc., offers to buy from Super Products Corporation (SPC) 1,000 blank CDs of a certain brand. Without notifying Retail, SPC timely ships CDs of a different brand. This shipment is
- a refusal of the offer and a fulfillment of the parties' contract.
  - a refusal of the offer and a breach of the parties' contract.
  - an acceptance of the offer and a breach of the parties' contract.
  - an acceptance of the offer and a fulfillment of the parties' contract.
- \_\_\_\_\_ 34. Jacquie signs a contract to buy a car just before reaching the age of majority. After reaching the age of majority, Jacquie does not take possession or make payments. Most courts would hold, with respect to the contract, that this is
- rescission.
  - emancipation.
  - disaffirmance.
  - ratification.
- \_\_\_\_\_ 35. Jolie signs a contract with Keaton, an unlicensed physician, to perform plastic surgery—a medical procedure. This contract is enforceable by
- Jolie's medical insurance company.
  - Keaton.
  - Jolie.
  - no one.
- \_\_\_\_\_ 36. Fashion Retail Center enters into a contract with Great Promotions, Inc., to provide Fashion with a plan to retool its merchandising strategy. If Great Promotions breaches the contract, Fashion has a duty to
- reduce the damages that Fashion might otherwise suffer.
  - reduce the loss that Great Promotions might otherwise suffer.
  - take no action.
  - punish Great Promotions and deter others from similar acts.
- \_\_\_\_\_ 37. Fay is mentally incompetent but has not been so adjudged by a court. Any contract Fay enters into is
- voidable if Fay lacks the capacity to comprehend the consequences.
  - voidable if the other party does not realize that Fay is incompetent.
  - voidable if Fay has a lucid interval at the time of contracting.
  - unavoidable.
- \_\_\_\_\_ 38. Olga, a minor, signs a contract to buy a computer from Phil, the owner of Quality Computer Store. Olga's right to disaffirm the contract
- is not valid because a computer is a "necessary."
  - gives Phil, an adult, the right to disaffirm the contract.
  - does not change the fact that Phil is bound by the contract.
  - does not yet exist because Olga is still a minor.

- \_\_\_\_\_ 39. Handy Hardware Store agrees to hire Ilsa for one year at a salary of \$500 per week. When Handy cancels the contract, Ilsa spends \$100 to obtain a similar job that pays \$450 per week for a year. Ilsa is entitled to recover
- the amount of the wages that Handy promised only.
  - \$100 only.
  - the difference between the wages at the two jobs plus \$100.
  - the difference between the wages at the two jobs only.
- \_\_\_\_\_ 40. Nero makes an honest but erroneous statement that misrepresents a material fact in a contractual transaction with Odell. Nero is guilty of
- fraud.
  - innocent misrepresentation.
  - a unilateral mistake.
  - duress.

**Fact Pattern 14-3B**

In selling a house, Robin tells Destry that the wiring and plumbing are of a certain quality. Robin knows nothing about the quality, but it is not as she specifies. Destry buys the house.

- \_\_\_\_\_ 41. Refer to Fact Pattern 14-3B. Under these circumstances, Destry's best course of action is most likely to
- sabotage Robin's career with bad publicity.
  - scam Robin.
  - induce Robin to give him the commission on her next sale.
  - recover damages or rescind the contract to buy the house.
- \_\_\_\_\_ 42. Dante enters into a contract with Rosalinda, who does not have contractual capacity. Dante can enforce the contract if Rosalinda
- is a minor.
  - does not choose to avoid the contract.
  - is intoxicated or mentally incompetent.
  - can obtain the funds to pay for the benefits of the contract.
- \_\_\_\_\_ 43. Sam uses duress to force Tanya to agree to pay him for protecting her retail store—Tanya's Trends—against vandalism and destruction. Tanya may
- avoid the contract or choose to carry it out.
  - do nothing once she has agreed to pay.
  - recover from her insurer for the cost
  - recover from the local police for a failure to protect her store.
- \_\_\_\_\_ 44. Jill and Karl contract for the sale of Jill's horse for \$1,000. Unknown to either party, the horse has died. Karl is
- entitled to another horse of equivalent value.
  - required to pay because she assumed the risk the horse might die.
  - not required to pay due to the *unilateral* mistake.
  - not required to pay due to the *mutual* mistake.
- \_\_\_\_\_ 45. GroundCover Pools, Inc., agrees to build a swimming pool for Franci, but fails to complete the job. Franci hires EquiAqua, Inc., to finish the project. Candy may recover from GroundCover
- the contract price less costs of materials and labor.
  - profits plus the costs incurred up to the time of the breach.
  - the contract price.
  - the costs needed to complete construction.



- \_\_\_\_\_ 46. Delia enters into, and fails to disaffirm soon after reaching the age of majority, a contract with Electronics Stores, Inc. (ESI). Later Delia attempts to disaffirm the contract. ESI files a suit against her. The court will most likely consider the contract ratified if it is
- exculpatory.
  - executed.
  - rescinded.
  - disaffirmed.
- \_\_\_\_\_ 47. Natalie agrees to assume Orina's debt to Consumer Credit Corporation. Natalie does not get any personal benefit for the agreement. To be enforceable, the promise must be in writing if the debt is for
- any amount.
  - more than \$5,000.
  - more than \$50,000.
  - more than \$500.
- \_\_\_\_\_ 48. Gary threatens physical harm to force Hugh to sell his business, Imports from Asia, Inc., to Gary for a below-market price. This is
- duress.
  - undue influence.
  - fraud.
  - puffery.
- \_\_\_\_\_ 49. Boz runs an illegal gambling business and pays Colin, a law enforcement officer, not to interfere. The payments are discovered. Boz and Colin are sent to prison. With respect to the amount of the payments, Boz can recover
- all of it.
  - none of it.
  - only as much as Colin has spent.
  - only as much as Colin has not spent.
- \_\_\_\_\_ 50. Clutch Auto Parts enters into a contract with Bio Health Club for discounted memberships for Clutch's employees. Bio breaches the contract and Clutch enters into a contract with Apex Fitness for the same service at a lower price. Clutch might be awarded nominal damages to
- punish Bio and set an example to deter others from similar acts.
  - provide Clutch with funds for its loss of the bargain.
  - establish, as a matter of principle, that Bio acted wrongfully.
  - provide Clutch with funds for a foreseeable loss beyond the contract.
- \_\_\_\_\_ 51. Damon contracts to repair the turf on a soccer field for Carousel Sports Park. Damon knows that without the repair, Carousel will have to cancel an upcoming game. Damon does not perform as promised. As consequential damages, Carousel can recover
- the difference between Damon's price and the actual cost of repair.
  - nothing.
  - the cost of new turf.
  - the loss of profit from the canceled game.

- \_\_\_\_\_ 52. Mitchell orally agrees to pay Lorena to plant and harvest a quarter of Mitchell's farm acreage for four soybean seasons. After Lorena prepares the land and plants the first crop, Mitchell says that their deal is off. Lorena can most likely recover
- a. in quasi contract.
  - b. nothing.
  - c. in restitution.
  - d. on the parties' existing contract.
- \_\_\_\_\_ 53. Development Associates (DA) agrees to buy five acres of land from Eastside Properties for \$15,000. Eastside fails to go through with the deal on the agreed date, when the market price of the land is \$17,000. DA may recover
- a. \$0.
  - b. \$17,000.
  - c. \$2,000.
  - d. \$15,000.
- \_\_\_\_\_ 54. Even-Flo Hydraulics enters into a contract to repair valves and fittings in Fiesta Company's plant. If Even-Flo breaches the contract, Fiesta can
- a. do nothing but make a deal with a different service provider.
  - b. file a criminal complaint against Even-Flo.
  - c. do nothing but temporarily suspend operations and wait.
  - d. sue Even-Flo for damages.

**Fact Pattern 15-2A**

Radford and Serenity sign a written contract for the sale of Rad's Coffee & Bagels business to Serenity. The parties intend their written contract to be a final statement of the terms of their agreement.

- \_\_\_\_\_ 55. Refer to Fact Pattern 15-2A. The writing that Radford and Serenity signed is
- a. a completely integrated contract.
  - b. a severably integrated contract.
  - c. a divisibly integrated contract.
  - d. a partially integrated contract.
- \_\_\_\_\_ 56. Refer to Fact Pattern 15-2A. Serenity later disputes some of the provisions in the deal with Radford. If the dispute results in litigation, a court will most likely exclude evidence that
- a. reinforces the written terms.
  - b. duplicates the written terms.
  - c. contradicts the written terms.
  - d. buttresses the written terms.
- \_\_\_\_\_ 57. Bret contracts to work for City Construction Corporation (CCC) during July for \$4,500. On June 30, CCC cancels the contract. Bret declines a similar job with Downtown Builders, Inc., which would have paid \$4,000. Bret files a suit against CCC. As compensatory damages, Bret can recover
- a. \$0.
  - b. \$4,000.
  - c. \$4,500.
  - d. \$500.

- \_\_\_\_\_ 58. Trey and Unice orally agree on the sale of Trey's Health Club to Unice and note the terms on a sheet of the club's stationery, which Trey signs. This agreement is most likely enforceable against
- Trey.
  - Trey and Unice.
  - neither Trey nor Unice.
  - Unice.
- \_\_\_\_\_ 59. Veronica offers to sell Rowena her luxury sedan and says that it has never been in an accident. Rowena hires Laszlo, a mechanic, to appraise the vehicle. Laszlo says that it most likely has been in an accident. In spite of this information, Rowena buys the car. Later, when it develops mechanical problems, she can
- rescind the contract on the basis of mistake.
  - not rescind the contract.
  - rescind the contract on the basis of fraud.
  - rescind the contract on the basis of unconscionability.
- \_\_\_\_\_ 60. Timber Farms, Inc., and Wood Products Corporation enter into an oral contract for the sale of a lumber mill and the land on which it is situated from Timber to Wood. Under the Statute of Frauds, this contract is enforceable by
- the buyer.
  - any interested third party, such as the mortgagee or title company.
  - the seller.
  - none of the choices.
- \_\_\_\_\_ 61. On Tim's eighteenth birthday, he decides that he no longer wants to keep a car he bought from Woody's Autos, Inc., when he was seventeen. His right to disaffirm the deal will depend on
- whether Tim acts within a reasonable period of time.
  - the car's condition when Tim bought it.
  - whether Woody's has the right to disaffirm.
  - the car's current condition.
- \_\_\_\_\_ 62. Windstar Heli-Pads, Inc., enters into a contract to employ Valerie as an on-site project manager for two years. Windstar breaches the contract. Valerie has a duty to
- reduce the damages that Valerie might otherwise suffer.
  - breach the contract with Windstar.
  - sue Windstar to deter others from similar acts.
  - do nothing.
- \_\_\_\_\_ 63. Consumer Credit Union pays Derby \$10,000 to design an ad campaign. The next day, Derby tells the credit union that he has accepted a job in Boston and cannot design the campaign. As compensatory damages, the credit union can recover
- \$1,000.
  - \$10,000.
  - \$0.
  - \$100,000.
- \_\_\_\_\_ 64. Fidelio Corporation enters into a contract with Equi Insurance, Inc., to obtain health insurance for Fidelio employees. Equi breaches the contract. If Fidelio is awarded compensatory damages, the purpose would be to
- punish Equi and set an example to deter others from similar acts.
  - establish, as a matter of principle, that Equi acted wrongfully.
  - provide Fidelio with funds for a foreseeable loss beyond the contract.
  - provide Fidelio with funds for its loss of the bargain.

- \_\_\_\_\_ 65. Niche Credit, Inc., is one of Cut-Rite Notching Corporation's two major creditors. Niche guarantees Cut-Rite's debt to the firm's other major creditor, Manufacturers Capital Bank, to forestall litigation. To be enforceable, this guarantee
- need not be in writing if it benefits Niche Credit.
  - must be in writing.
  - need not be in writing if it benefits Manufacturers Capital Bank.
  - need not be in writing if it benefits Cut-Rite Notching.
- \_\_\_\_\_ 66. SFX Paintball Games, Inc., and Truck & Trailer Delivery Corporation sign an agreement that provides for the payment of "\$1,000 by whichever party commits a material breach of the contract that creates damages difficult to estimate but approximately \$1,000." This is
- a mitigation of damages clause.
  - a nominal damages clause.
  - a liquidated damages clause.
  - a penalty clause.
- \_\_\_\_\_ 67. Charcoal Briquettes, Inc., is the offeror and Dante's Firewood Company is the offeree under a unilateral sales contract in which Ember's Kindling & Tinder Company is also interested. Charcoal is *not* notified of Dante's performance within a reasonable time. Charcoal
- may treat the offer as having lapsed.
  - must contact Dante.
  - must make an offer to Ember.
  - must assume that Dante has started to perform.
- \_\_\_\_\_ 68. U-Can-Own-It Corporation sells appliances to less educated consumers, including Viv, on installment plans. U-Can-Own-It files a suit against Viv when she stops making payments. Viv claims that the deal is unconscionable. The court will most likely consider
- the relation of this deal to those of other customers'.
  - the geographic area of the relevant market.
  - the quality of related products in the general market.
  - the parties' relative bargaining power.
- \_\_\_\_\_ 69. Olin, a professional artist and art teacher, convinces Plato, who has no artistic ability, that he has considerable talent and induces him to pay Olin \$10,000 for art lessons. When Plato realizes the truth, he files a suit against Olin. Plato is most likely to recover on the basis of
- undue influence.
  - mistake.
  - fraud.
  - none of the choices.
- \_\_\_\_\_ 70. Refined Commodities, Inc., agrees to deliver ten tons of sheet metal to Select Builders Corporation. The agreement states that delivery is to be within "3" days, although the parties intend "30" days. Refined cannot convince Select to amend the contract. Refined should seek
- reformation.
  - damages.
  - specific performance.
  - rescission.

**Fact Pattern 14-3A**

Flip, an accountant, certifies an audit for Erstwhile Corporation, Flip's client, knowing that Erstwhile will use the audit to obtain a loan from Deepwater Bank. Flip believes that the audit is true and does not intend to deceive the bank, but does not check the audit before certifying it.

- \_\_\_\_\_ 71. Refer to Fact Pattern 14-3A. On learning the truth, Deepwater's chief loan officer confronts Flip, who says, "I didn't know." This is
- unconscionable.
  - a mistake of value.
  - innocent misrepresentation.
  - negligent misrepresentation.
- \_\_\_\_\_ 72. Refer to Fact Pattern 14-3A. Under these circumstances, Deepwater's best course of action is most likely to
- undercut Flip's career with negative puffery.
  - rescind the loan on the ground of unconscionability.
  - recover damages from Flip for any loss on the loan.
  - exert economic duress on Flip to retire from accounting.
- \_\_\_\_\_ 73. Resource Remarketers, Inc., offers to buy crude oil from Petro Producers, Inc. The parties later dispute the deal in court. Petro's claim that Resource ordered 10,000 gallons and Resource's testimony that it ordered only 1,000 gallons
- prevents the enforcement of any contract between these parties.
  - supports an enforceable contract for 1,000 gallons.
  - supports an enforceable contract for 5,500 gallons.
  - supports an enforceable contract for 10,000 gallons.
- \_\_\_\_\_ 74. Karif orally agrees to buy a unique collection of sports memorabilia for \$1,000 from Jane and sends her \$250 as a down payment. When Karif sends her the rest of the price, Jane refuses to ship the collection. Karif should seek
- reformation.
  - damages.
  - specific performance.
  - rescission.
- \_\_\_\_\_ 75. Excel Autos & Trucks, Inc., contracts to sell five trucks to First Leasing Corporation, which contracts to lease the trucks to General Delivery Company. Article 2A of the UCC applies to
- the sale only.
  - the lease only.
  - neither the lease nor the sale.
  - the lease and the sale.

**Fact Pattern 14-2A**

Moore Properties, Inc., offers in writing to sell to New Development Corporation (NDC) a certain half-acre of land for "\$112,000." After New Development signs the offer in acceptance and returns it, Moore discovers that the price should have been stated as "\$121,000."

- \_\_\_\_\_ 76. Refer to Fact Pattern 14-2A. Moore's misstatement of the price is
- a unilateral mistake.
  - unconscionable.
  - a bilateral mistake.
  - a fraudulent misrepresentation.
- \_\_\_\_\_ 77. Refer to Fact Pattern 14-2A. The effect of Moore's misstatement of the price will most likely fall on
- Moore and NDC, who must split the difference.
  - Moore only.
  - NDC only.
  - neither Moore nor NDC.
- \_\_\_\_\_ 78. Gina induces Hu to enter into a contract for the purchase of a condominium about which Gina knowingly misrepresents a number of material features. When Hu discovers the truth, Hu can
- rescind the contract on the basis of fraud.
  - rescind the contract on the basis of mistake.
  - rescind the contract on the basis of undue influence.
  - not rescind the contract.

**Fact Pattern 14-1B**

Gert contracts to sell two tracts of land to Hank. Both parties believe that the two tracts are adjacent, but in fact they are not. Gert is still willing to sell the land, but under these circumstances the deal would adversely affect Hank.

- \_\_\_\_\_ 79. Refer to Fact Pattern 14-1B. The parties' belief about the adjacency of the property is
- a unilateral mistake.
  - unconscionable.
  - a bilateral mistake.
  - a fraudulent misrepresentation.
- \_\_\_\_\_ 80. Packaging Products, Inc., sends its standard purchase-order form to Quality Box Company to evidence a sale of packaging material. Quality responds with its own standard order form. Additional terms in Quality's form automatically become part of the contract unless
- the additional terms materially alter the original contract.
  - Packaging's form expressly required acceptance of its terms.
  - Packaging objects to the new terms within a reasonable time.
  - any of the choices.
- \_\_\_\_\_ 81. Smitty enters into an illegal bargain with Taylor. Smitty can enforce the contract or recover for its value if he has been induced to enter into the bargain as a result of
- fraud.
  - his belief that Taylor would do right by him.
  - his desire to obtain the object of the deal.
  - a persuasive "sell" by Taylor.

- \_\_\_\_\_ 82. Fiesta Coffee Company agrees to buy an unspecified quantity of coffee beans from Global AgriCorp. Global breaches the contract. Fiesta can most likely
- enforce the agreement to the extent of a reasonable quantity.
  - enforce the agreement to the extent of Global's output of coffee beans.
  - enforce the agreement to the extent of Fiesta's requirements.
  - not enforce the agreement.
- \_\_\_\_\_ 83. Office Accounting, Inc., hires Perry to repair a computer on site for \$400, but Perry does not show up as agreed. Office Accounting hires Raul to do the job for \$350. Office Accounting may recover from Perry
- punitive damages.
  - consequential damages.
  - nominal damages.
  - compensatory damages.
- \_\_\_\_\_ 84. Crosscreek County and Bridgework Corporation enter into a construction contract that includes mathematical specifications. Later Crosscreek, whose engineer, Damon, compiled the specs, learns that some of the dollar figures are incorrect. Bridgework refuses to agree to changes. A court would most likely
- award damages to both parties for the mistakes.
  - enforce the contract without requiring changes.
  - reform the contract to reflect the figures accurately.
  - order Damon to be discharged for fraud.
- \_\_\_\_\_ 85. Grady enters into a contract to buy 440 acres from Hollis to expand Grady's ranch. Hollis breaches the contract. Grady's normal remedy is
- damages.
  - specific performance.
  - rescission.
  - reformation.
- \_\_\_\_\_ 86. Clear Creek Corporation enters into a contract with Brightside Management Associates to manage and maintain Clear Creek's apartment complex. Their contract provides that neither party can recover damages for a non-fraudulent or unintentional breach. This is
- an exculpatory clause.
  - a limitation-of-liability clause.
  - a quasi contract.
  - a liquidated damages clause.

**Fact Pattern 15-1A**

Macro Marketing, Inc., and National Food Corporation (NFC) discuss the terms of a contract. Macro then faxes NFC a memo on Macro's letterhead that summarizes the items on which they agreed, including a two-year term. Macro begins to perform, but NFC refuses to pay. Macro files a suit to collect. NFC claims that there is no contract.

- \_\_\_\_\_ 87. Refer to Fact Pattern 15-1A. The transaction between Macro and NFC falls within the Statute of Frauds'
- sales-of-goods stipulation.
  - secondary-contracts section.
  - collateral-promise provision.
  - one-year rule.

- \_\_\_\_\_ 88. Dondi contracts to buy a custom espresso maker from Caffee Specialties, Inc., for \$4,500, but Caffee fails to deliver. Dondi buys the appliance elsewhere for \$5,500. Dondi's measure of damages is
- a. \$1,000.
  - b. \$1,000 plus incidental damages.
  - c. incidental damages only.
  - d. \$0.
- \_\_\_\_\_ 89. May is a stockbroker. Due to May's statements, Nora believes that the price of OK Goods, Inc. (OKGI), a widely traded stock, is going to increase substantially. Nora buys 500 shares of OKGI at \$10 per share, but the price soon drops to \$2. Nora can successfully recover
- a. the amount of the purchase price.
  - b. the amount of the purchase price plus the expected increase.
  - c. nothing.
  - d. the amount of the purchase price plus the unexpected decrease.
- \_\_\_\_\_ 90. Grandiloquent Properties, Inc., and Investment Capital Corporation enter into a contract for a sale of land. To be enforceable, the contract must be in writing if the land is valued at
- a. more than \$5,000.
  - b. more than \$50,000.
  - c. any price.
  - d. more than \$500.



## Bus 241- Winter 2015 -- Final Exam

### Answer Section

#### MULTIPLE CHOICE

1. ANS: C	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
2. ANS: D	PTS: 1	REF: p. 258	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
3. ANS: B	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
4. ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: N		
5. ANS: D	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
6. ANS: B	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: N		
7. ANS: D	PTS: 1	REF: p. 293	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: =		
8. ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
9. ANS: C	PTS: 1	REF: p. 363	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: +		
10. ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: N		
11. ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
12. ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
13. ANS: C	PTS: 1	REF: p. 289	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
14. ANS: B	PTS: 1	REF: p. 338	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: +		
15. ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
16. ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
17. ANS: C	PTS: 1	REF: p. 361	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
18. ANS: D	PTS: 1	REF: p. 297	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
19. ANS: D	PTS: 1	REF: p. 296	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
20. ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
21. ANS: D	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		

22.	ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
23.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
24.	ANS: D	PTS: 1	REF: p. 278	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
25.	ANS: B	PTS: 1	REF: p. 366	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
26.	ANS: A	PTS: 1	REF: p. 293	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
27.	ANS: C	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
28.	ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
29.	ANS: A	PTS: 1	REF: p. 269	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
30.	ANS: B	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
31.	ANS: C	PTS: 1	REF: p. 295	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
32.	ANS: B	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
33.	ANS: C	PTS: 1	REF: 278	OBJ: TYPE: =
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34.	ANS: C	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
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35.	ANS: D	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
36.	ANS: A	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
37.	ANS: A	PTS: 1	REF: p. 259	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
38.	ANS: C	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
39.	ANS: C	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
40.	ANS: B	PTS: 1	REF: p. 280	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
41.	ANS: D	PTS: 1	REF: p. 282	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
42.	ANS: B	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
43.	ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
44.	ANS: D	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
45.	ANS: D	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		

46.	ANS: B	PTS: 1	REF: p. 258	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
47.	ANS: A	PTS: 1	REF: p. 292	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
48.	ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
49.	ANS: B	PTS: 1	REF: p. 269	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
50.	ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
51.	ANS: D	PTS: 1	REF: p. 336	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
52.	ANS: A	PTS: 1	REF: p. 343	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
53.	ANS: C	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
54.	ANS: D	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
55.	ANS: A	PTS: 1	REF: p. 300	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
56.	ANS: C	PTS: 1	REF: p. 297	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
57.	ANS: D	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
58.	ANS: A	PTS: 1	REF: p. 296	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
59.	ANS: B	PTS: 1	REF: p. 281	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
60.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
61.	ANS: A	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
62.	ANS: A	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
63.	ANS: B	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
64.	ANS: D	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
65.	ANS: A	PTS: 1	REF: p. 292	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
66.	ANS: C	PTS: 1	REF: p. 338	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
67.	ANS: A	PTS: 1	REF: p. 366	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
68.	ANS: D	PTS: 1	REF: p. 266	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
69.	ANS: C	PTS: 1	REF: p. 278	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		

70.	ANS: A	PTS: 1	REF: p. 341	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
71.	ANS: D	PTS: 1	REF: p. 281	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
72.	ANS: C	PTS: 1	REF: p. 282	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
73.	ANS: B	PTS: 1	REF: p. 369	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
74.	ANS: C	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
75.	ANS: B	PTS: 1	REF: p. 361	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
76.	ANS: A	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
77.	ANS: B	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
78.	ANS: A	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
79.	ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
80.	ANS: D	PTS: 1	REF: 279	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	
81.	ANS: A	PTS: 1	REF: p. 270	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
82.	ANS: D	PTS: 1	REF: 277	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	
83.	ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
84.	ANS: C	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
85.	ANS: B	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
86.	ANS: B	PTS: 1	REF: p. 345	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
87.	ANS: D	PTS: 1	REF: p. 295	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
88.	ANS: B	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
89.	ANS: C	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
90.	ANS: C	PTS: 1	REF: p. 289	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		

B   6.                        C   13.                        D   19.                        A   26.

  D   7.                        B   14.                        A   20.                        C   27.

  A   8.                        D   21.                        B   28.  
  C   15.

  C   1.

  C   9.                        B   22.                        A   29.  
  C   16.

  D   2.

  D   10.                        D   23.

  B   3.                        C   17.                        B   30.

  D   24.

  D   4.                        C   31.

  A   11.                        D   18.

  B   25.

  D   5.                        A   12.

C   39.

  B   46.

  A   52.

  A   58.

  B   32.

  B   40.

  A   47.

  C   53.

  B   59.

  C   33.

  A   48.

  D   54.

  D   60.

  C   34.

  D   41.

  B   49.

  A   61.

  D   35.

  B   42.

  A   55.

  C   50.

  A   62.

  A   36.

  A   43.

  C   56.

  B   63.

  A   37.

  D   44.

  D   51.

  D   57.

  C   38.

  D   45.

  D   64.

A   65.

  D   82.

  B   88.

  D   71.

  A   76.

  C   83.

  C   89.

  C   66.

  C   72.

  B   77.

  C   84.

  C   90.

  A   67.

  B   73.

  A   78.

  B   85.

  D   68.

  C   74.

  B   86.

  C   79.

  C   69.

  B   75.

  D   80.

  A   70.

  A   81.

  D   87.

**Bus 241- Winter 2015 -- Final Exam**

**You have 120 minutes to complete this examination. The is a CLOSED book exam. All study materials, including back packs and purses, must be placed on the floor. NO OLD EXAMS OR PRACTICE EXAMS SHOULD BE VISIBLE. FAILURE TO FOLLOW THESE DIRECTIONS MAY RESULT IN YOU RECEIVING A ZERO SCORE FOR THE FINAL**

**Please be sure to answer all questions on the exam. There are SIXTEEN (16) pages and 90 multiple choice to this exam. Count to make sure that you have all the pages and review your exam to make sure that you do not miss answering any pages or questions of the exam.**

**PLEASE BE SURE TO TURN IN THE EXAM WITH YOU NAME ON THE FIRST PAGE OF THE EXAM YOU WERE GIVEN. IF YOU FAIL TO PUT YOUR NAME ON A COPY OF THE EXAM, YOU MAY BE GIVEN A -0- FOR THE EXAM.**

**ANSWERS SHOULD BE ENTERED ON THE MACHINE READABLE FORM. PLEASE BE SURE TO USE PENCIL SO THAT YOUR ANSWERS CAN BE READ BY THE GRADING MACHINE. PLEASE BE SURE TO ALSO INCLUDE YOUR STUDENT ID NUMBER ON THE ANSWER SHEET.**

**You should try and provide answers for all questions, as there is no penalty for a wrong answer, and it counts the same as an omitted question. Each multiple choice question is worth 2 points. In the multiple choice section there are often two answers which may appear to potentially be correct. You must choose the response which answers the question the best.**



**You must use a number 2 pencil when filling out the exam. Failure to use a pencil will result in a 5 point penalty. There are two versions to this exam. There are three versions of the exam: A, B, and C. You must indicate “1” in special codes for version A and “2” in special codes for version B, AND “3” for version C. Failure to provide this information on your answer sheet will result in 10 point penalty. You must put your student id number in where the answer sheet provides for “social security number” Failure to follow these directions will result in a 10 point penalty.**

Any lack of clarity with regard to your answer choice may result in you not being awarded points for your answer.  
Good Luck.

### Multiple Choice

Identify the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. Karif orally agrees to buy a unique collection of sports memorabilia for \$1,000 from Jane and sends her \$250 as a down payment. When Karif sends her the rest of the price, Jane refuses to ship the collection. Karif should seek
  - a. specific performance.
  - b. damages.
  - c. rescission.
  - d. reformation.
- \_\_\_\_\_ 2. Fiesta Coffee Company agrees to buy an unspecified quantity of coffee beans from Global AgriCorp. Global breaches the contract. Fiesta can most likely
  - a. not enforce the agreement.
  - b. enforce the agreement to the extent of Global's output of coffee beans.
  - c. enforce the agreement to the extent of a reasonable quantity.
  - d. enforce the agreement to the extent of Fiesta's requirements.
- \_\_\_\_\_ 3. Cross-Country Trucking Company contracts with Baldwin to transport crated goods to a certain destination for \$5,000. Cross-Country delivers the crates, but Baldwin does not pay. Cross-Country learns that the crates contained stolen goods. Cross-Country can
  - a. do nothing with respect to the contract.
  - b. recover \$5,000 from Baldwin.
  - c. recover the goods but not the \$5,000 from Baldwin.
  - d. recover the goods or the \$5,000 from Baldwin.
- \_\_\_\_\_ 4. Trey and Unice orally agree on the sale of Trey's Health Club to Unice and note the terms on a sheet of the club's stationery, which Trey signs. This agreement is most likely enforceable against
  - a. Trey and Unice.
  - b. Unice.
  - c. neither Trey nor Unice.
  - d. Trey.

- \_\_\_\_\_ 5. Shady Oaks Development, LLC, and Rural Acres, Inc., sign a written contract for a sale of land. In some states, to be enforceable, this contract must include
- a statement of the consideration.
  - a correct title, such as "Land Transfer" or "Real Estate Agreement."
  - a declaration of the contract's purpose.
  - a legal description of the land.
- \_\_\_\_\_ 6. On Tim's eighteenth birthday, he decides that he no longer wants to keep a car he bought from Woody's Autos, Inc., when he was seventeen. His right to disaffirm the deal will depend on
- whether Tim acts within a reasonable period of time.
  - whether Woody's has the right to disaffirm.
  - the car's condition when Tim bought it.
  - the car's current condition.
- \_\_\_\_\_ 7. Fashion Retail Center enters into a contract with Great Promotions, Inc., to provide Fashion with a plan to retool its merchandising strategy. If Great Promotions breaches the contract, Fashion has a duty to
- punish Great Promotions and deter others from similar acts.
  - take no action.
  - reduce the damages that Fashion might otherwise suffer.
  - reduce the loss that Great Promotions might otherwise suffer.
- \_\_\_\_\_ 8. Lew believes an old comic book he owns has little value, but Murray is convinced it is a valuable collector's item. Lew sells it to Murray for \$10 before learning it is worth \$1,000. Lew can
- rescind the contract on the basis of puffery.
  - not rescind the contract.
  - rescind the contract on the basis of mistake.
  - rescind the contract on the basis of fraud.
- \_\_\_\_\_ 9. Orin relinquishes the right to his daughter Neko's control, care, custody, and earnings. This act is
- ratification.
  - disaffirmance.
  - emancipation.
  - severability.
- \_\_\_\_\_ 10. In a dispute over a sale involving a bicycle, Dain argues that as to this deal Emory's Hobby Shop, where Dain bought the bike, is a merchant. A court may determine whether Emory's is a merchant by assessing whether
- it subscribes to *Bike*, a biweekly trade magazine.
  - it holds itself out by occupation as having knowledge or skill unique to the bike in the transaction.
  - it has sold any bikes within the last year.
  - its owner enjoys biking.

**Fact Pattern 18-1B**

Bella Homes enters into a contract to buy 132 acres from Watershed Holdings to subdivide and sell in fifth-acre lots for Pristine Acres, a residential development.

- \_\_\_\_\_ 11. Refer to Fact Pattern 18-1B. If Bella breaches the contract, Watershed's remedy would most likely be
- specific performance.
  - a certain ratio of the amount that Bella has in liquidated funds.
  - the difference between the land's contract and market prices.
  - a percentage of Bella's unrealized profit.

- \_\_\_\_\_ 12. Gary threatens physical harm to force Hugh to sell his business, Imports from Asia, Inc., to Gary for a below-market price. This is
- duress.
  - puffery.
  - undue influence.
  - fraud.
- \_\_\_\_\_ 13. Crosscreek County and Bridgework Corporation enter into a construction contract that includes mathematical specifications. Later Crosscreek, whose engineer, Damon, compiled the specs, learns that some of the dollar figures are incorrect. Bridgework refuses to agree to changes. A court would most likely
- award damages to both parties for the mistakes.
  - enforce the contract without requiring changes.
  - order Damon to be discharged for fraud.
  - reform the contract to reflect the figures accurately.
- \_\_\_\_\_ 14. Niche Credit, Inc., is one of Cut-Rite Notching Corporation's two major creditors. Niche guarantees Cut-Rite's debt to the firm's other major creditor, Manufacturers Capital Bank, to forestall litigation. To be enforceable, this guarantee
- must be in writing.
  - need not be in writing if it benefits Manufacturers Capital Bank.
  - need not be in writing if it benefits Cut-Rite Notching.
  - need not be in writing if it benefits Niche Credit.
- \_\_\_\_\_ 15. Lester and Myrtle want to rescind their contract under which Lester sold an MP3 player for \$40. To rescind the contract
- Lester must return the \$40 and Myrtle must return the player.
  - Lester must return the \$40 only.
  - Myrtle must return the player only.
  - the parties can keep the "benefits" of their bargain.

**Fact Pattern 15-1A**

Macro Marketing, Inc., and National Food Corporation (NFC) discuss the terms of a contract. Macro then faxes NFC a memo on Macro's letterhead that summarizes the items on which they agreed, including a two-year term. Macro begins to perform, but NFC refuses to pay. Macro files a suit to collect. NFC claims that there is no contract.

- \_\_\_\_\_ 16. Refer to Fact Pattern 15-1A. The transaction between Macro and NFC falls within the Statute of Frauds'
- secondary-contracts section.
  - one-year rule.
  - sales-of-goods stipulation.
  - collateral-promise provision.
- \_\_\_\_\_ 17. Jacquie signs a contract to buy a car just before reaching the age of majority. After reaching the age of majority, Jacquie does not take possession or make payments. Most courts would hold, with respect to the contract, that this is
- emancipation.
  - ratification.
  - disaffirmance.
  - rescission.

- \_\_\_\_\_ 18. Ruth, a minor, charges groceries at Sam's Mini-Mart. Two days later, Ruth disaffirms the purchase. Ruth owes Sam's
- the reasonable value of the groceries.
  - the wholesale value of the groceries.
  - nothing.
  - the retail value of the groceries.
- \_\_\_\_\_ 19. May is a stockbroker. Due to May's statements, Nora believes that the price of OK Goods, Inc. (OKGI), a widely traded stock, is going to increase substantially. Nora buys 500 shares of OKGI at \$10 per share, but the price soon drops to \$2. Nora can successfully recover
- the amount of the purchase price plus the unexpected decrease.
  - nothing.
  - the amount of the purchase price.
  - the amount of the purchase price plus the expected increase.

**Fact Pattern 15-2A**

Radford and Serenity sign a written contract for the sale of Rad's Coffee & Bagels business to Serenity. The parties intend their written contract to be a final statement of the terms of their agreement.

- \_\_\_\_\_ 20. Refer to Fact Pattern 15-2A. The writing that Radford and Serenity signed is
- a partially integrated contract.
  - a divisibly integrated contract.
  - a severably integrated contract.
  - a completely integrated contract.
- \_\_\_\_\_ 21. Refer to Fact Pattern 15-2A. Serenity later disputes some of the provisions in the deal with Radford. If the dispute results in litigation, a court will most likely exclude evidence that
- buttresses the written terms.
  - duplicates the written terms.
  - contradicts the written terms.
  - reinforces the written terms.
- \_\_\_\_\_ 22. Bret contracts to work for City Construction Corporation (CCC) during July for \$4,500. On June 30, CCC cancels the contract. Bret declines a similar job with Downtown Builders, Inc., which would have paid \$4,000. Bret files a suit against CCC. As compensatory damages, Bret can recover
- \$4,500.
  - \$500.
  - \$4,000.
  - \$0.
- \_\_\_\_\_ 23. Bret is convicted of arson for burning down his warehouse to collect the insurance. On an application for insurance from Cover-All Insurance Company on a new building, in answer to a question about prior convictions, Bret does not disclose his conviction. This makes the contract
- binding due to Cover-All's failure to discover Bret's conviction.
  - voidable by Cover-All because the omission is material to its decision to issue coverage.
  - voidable by Bret because the omission is immaterial to Cover-All's decision to issue coverage.
  - binding because the omission is immaterial to Cover-All's decision to issue coverage.

- \_\_\_\_\_ 24. Sam uses duress to force Tanya to agree to pay him for protecting her retail store—Tanya's Trends—against vandalism and destruction. Tanya may
- recover from her insurer for the cost
  - avoid the contract or choose to carry it out.
  - recover from the local police for a failure to protect her store.
  - do nothing once she has agreed to pay.
- \_\_\_\_\_ 25. Jolie signs a contract with Keaton, an unlicensed physician, to perform plastic surgery—a medical procedure. This contract is enforceable by
- Keaton.
  - Jolie's medical insurance company.
  - no one.
  - Jolie.

**Fact Pattern 14-3B**

In selling a house, Robin tells Destry that the wiring and plumbing are of a certain quality. Robin knows nothing about the quality, but it is not as she specifies. Destry buys the house.

- \_\_\_\_\_ 26. Refer to Fact Pattern 14-3B. Under these circumstances, Destry's best course of action is most likely to
- scam Robin.
  - recover damages or rescind the contract to buy the house.
  - induce Robin to give him the commission on her next sale.
  - sabotage Robin's career with bad publicity.
- \_\_\_\_\_ 27. Kirk Custodial Service and Green Energy Company enter into an oral contract under which Kirk agrees to provide custodial service for Green's facilities for two years. This contract is enforceable by
- Green.
  - any interested third party, such as a janitorial supplies provider.
  - Kirk.
  - none of the choices.
- \_\_\_\_\_ 28. Dondi contracts to buy a custom espresso maker from Caffee Specialties, Inc., for \$4,500, but Caffee fails to deliver. Dondi buys the appliance elsewhere for \$5,500. Dondi's measure of damages is
- \$0.
  - \$1,000 plus incidental damages.
  - \$1,000.
  - incidental damages only.
- \_\_\_\_\_ 29. Ray breaches his lease with Sunny Properties and vacates the premises six months before the end of the term. In some states, Sunny would have to
- sell the premises to recover damages from Ray.
  - avoid reletting the premises to recover damages from Ray.
  - relet the premises to recover damages from Ray.
  - make reasonable efforts to relet the premises to mitigate damages.

- \_\_\_\_\_ 30. Clutch Auto Parts enters into a contract with Bio Health Club for discounted memberships for Clutch's employees. Bio breaches the contract and Clutch enters into a contract with Apex Fitness for the same service at a lower price. Clutch might be awarded nominal damages to
- a. punish Bio and set an example to deter others from similar acts.
  - b. provide Clutch with funds for its loss of the bargain.
  - c. establish, as a matter of principle, that Bio acted wrongfully.
  - d. provide Clutch with funds for a foreseeable loss beyond the contract.

**Fact Pattern 14-1A**

Linea, an employee of Hard Labor Industries (HLI), is injured in a work-related accident. Based on the diagnosis of Newt, a doctor, Linea accepts \$50,000 from HLI and waives the right to future claims. Newt's diagnosis later proves to have been wrong.

- \_\_\_\_\_ 31. Refer to Fact Pattern 14-1A. Most likely, Linea may
- a. set aside the settlement with HLI.
  - b. obtain damages from HLI.
  - c. obtain damages from Newt.
  - d. recover nothing.
- \_\_\_\_\_ 32. Refer to Fact Pattern 14-1A. In terms of the impact on Linea's agreement with HLI, Newt's misdiagnosis is
- a. negligent misrepresentation.
  - b. a mistake of fact.
  - c. an expert's puffery.
  - d. innocent misrepresentation.
- \_\_\_\_\_ 33. Gina induces Hu to enter into a contract for the purchase of a condominium about which Gina knowingly misrepresents a number of material features. When Hu discovers the truth, Hu can
- a. rescind the contract on the basis of mistake.
  - b. rescind the contract on the basis of undue influence.
  - c. not rescind the contract.
  - d. rescind the contract on the basis of fraud.
- \_\_\_\_\_ 34. Jill and Karl contract for the sale of Jill's horse for \$1,000. Unknown to either party, the horse has died. Karl is
- a. not required to pay due to the *unilateral* mistake.
  - b. entitled to another horse of equivalent value.
  - c. required to pay because she assumed the risk the horse might die.
  - d. not required to pay due to the *mutual* mistake.
- \_\_\_\_\_ 35. Resource Remarketers, Inc., offers to buy crude oil from Petro Producers, Inc. The parties later dispute the deal in court. Petro's claim that Resource ordered 10,000 gallons and Resource's testimony that it ordered only 1,000 gallons
- a. supports an enforceable contract for 10,000 gallons.
  - b. prevents the enforcement of any contract between these parties.
  - c. supports an enforceable contract for 5,500 gallons.
  - d. supports an enforceable contract for 1,000 gallons.

- \_\_\_\_\_ 36. Natalie agrees to assume Orina's debt to Consumer Credit Corporation. Natalie does not get any personal benefit for the agreement. To be enforceable, the promise must be in writing if the debt is for
- any amount.
  - more than \$500.
  - more than \$50,000.
  - more than \$5,000.
- \_\_\_\_\_ 37. Crafted Countertops, Inc., and Kitchen Design Corporation enter into a contract that does not specify the payment terms. Payment may be made in
- any commercially normal or acceptable means.
  - cash or check only.
  - any commercially normal or acceptable means except credit card.
  - cash only.
- \_\_\_\_\_ 38. Lyra induces Moe to enter into a contract for the sale of an apartment about which Lyra fraudulently misrepresents a number of material facts. Lyra tells Moe that her commission is 6 percent, but their signed, written contract states "12 percent." The Statute of Frauds governs
- the reformation of oral and written statements into one contract.
  - the admissibility in court of oral evidence.
  - contracts that must be in writing to be enforceable.
  - contracts that are induced by fraud.
- \_\_\_\_\_ 39. Intoxicated but fully aware of the consequences, Uri agrees to a two-year cell-phone service contract with Wander Talk, Inc., at more than the average market price. This contract is
- not enforceable because contracting parties can change their minds.
  - not enforceable because Uri was intoxicated when he agreed to it.
  - enforceable.
  - not enforceable because the contract clearly favors Wander Talk.
- \_\_\_\_\_ 40. Fay is mentally incompetent but has not been so adjudged by a court. Any contract Fay enters into is
- unavoidable.
  - voidable if the other party does not realize that Fay is incompetent.
  - voidable if Fay has a lucid interval at the time of contracting.
  - voidable if Fay lacks the capacity to comprehend the consequences.
- \_\_\_\_\_ 41. Nero makes an honest but erroneous statement that misrepresents a material fact in a contractual transaction with Odell. Nero is guilty of
- duress.
  - a unilateral mistake.
  - innocent misrepresentation.
  - fraud.
- \_\_\_\_\_ 42. Windstar Heli-Pads, Inc., enters into a contract to employ Valerie as an on-site project manager for two years. Windstar breaches the contract. Valerie has a duty to
- breach the contract with Windstar.
  - reduce the damages that Valerie might otherwise suffer.
  - sue Windstar to deter others from similar acts.
  - do nothing.

**Fact Pattern 14-2A**

Moore Properties, Inc., offers in writing to sell to New Development Corporation (NDC) a certain half-acre of land for "\$112,000." After New Development signs the offer in acceptance and returns it, Moore discovers that the price should have been stated as "\$121,000."

- \_\_\_\_\_ 43. Refer to Fact Pattern 14-2A. Moore's misstatement of the price is
- a bilateral mistake.
  - unconscionable.
  - a unilateral mistake.
  - a fraudulent misrepresentation.
- \_\_\_\_\_ 44. Refer to Fact Pattern 14-2A. The effect of Moore's misstatement of the price will most likely fall on
- Moore and NDC, who must split the difference.
  - NDC only.
  - neither Moore nor NDC.
  - Moore only.
- \_\_\_\_\_ 45. Smitty enters into an illegal bargain with Taylor. Smitty can enforce the contract or recover for its value if he has been induced to enter into the bargain as a result of
- his belief that Taylor would do right by him.
  - fraud.
  - his desire to obtain the object of the deal.
  - a persuasive "sell" by Taylor.
- \_\_\_\_\_ 46. U-Can-Own-It Corporation sells appliances to less educated consumers, including Viv, on installment plans. U-Can-Own-It files a suit against Viv when she stops making payments. Viv claims that the deal is unconscionable. The court will most likely consider
- the quality of related products in the general market.
  - the parties' relative bargaining power.
  - the relation of this deal to those of other customers'.
  - the geographic area of the relevant market.
- \_\_\_\_\_ 47. Even-Flo Hydraulics enters into a contract to repair valves and fittings in Fiesta Company's plant. If Even-Flo breaches the contract, Fiesta can
- do nothing but make a deal with a different service provider.
  - file a criminal complaint against Even-Flo.
  - sue Even-Flo for damages.
  - do nothing but temporarily suspend operations and wait.
- \_\_\_\_\_ 48. Brasilia, a real estate broker licensed only in Connecticut, concludes a land sale in Delaware. She can
- foreclose on the property to obtain any unpaid amount.
  - keep the commission if it has already been paid.
  - collect the commission if it has not been paid.
  - not collect the commission, keep it, or foreclose on the property.
- \_\_\_\_\_ 49. In selling paving stones to Yard & Garden Supply, Trey tells Yard & Garden's buying representative that the stones are "soft as carpet." This is
- adhesion.
  - fraud.
  - mistake.
  - puffery.



- \_\_\_\_\_ 50. Glenn and Haji sign a written contract. Glenn claims that the parties later orally agreed to modify it. Any oral modification is likely *not* enforceable if it falls under
- the "main purpose" exception.
  - the "partial performance" exception.
  - the Statute of Frauds.
  - the doctrine of promissory estoppel.
- \_\_\_\_\_ 51. Grady enters into a contract to buy 440 acres from Hollis to expand Grady's ranch. Hollis breaches the contract. Grady's normal remedy is
- damages.
  - specific performance.
  - rescission.
  - reformation.
- \_\_\_\_\_ 52. Excel Autos & Trucks, Inc., contracts to sell five trucks to First Leasing Corporation, which contracts to lease the trucks to General Delivery Company. Article 2A of the UCC applies to
- the lease and the sale.
  - the sale only.
  - the lease only.
  - neither the lease nor the sale.
- \_\_\_\_\_ 53. Timber Farms, Inc., and Wood Products Corporation enter into an oral contract for the sale of a lumber mill and the land on which it is situated from Timber to Wood. Under the Statute of Frauds, this contract is enforceable by
- any interested third party, such as the mortgagee or title company.
  - the buyer.
  - the seller.
  - none of the choices.
- \_\_\_\_\_ 54. Boz runs an illegal gambling business and pays Colin, a law enforcement officer, not to interfere. The payments are discovered. Boz and Colin are sent to prison. With respect to the amount of the payments, Boz can recover
- all of it.
  - only as much as Colin has spent.
  - none of it.
  - only as much as Colin has not spent.
- \_\_\_\_\_ 55. Packaging Products, Inc., sends its standard purchase-order form to Quality Box Company to evidence a sale of packaging material. Quality responds with its own standard order form. Additional terms in Quality's form automatically become part of the contract unless
- Packaging's form expressly required acceptance of its terms.
  - Packaging objects to the new terms within a reasonable time.
  - the additional terms materially alter the original contract.
  - any of the choices.

- \_\_\_\_\_ 56. Development Associates (DA) agrees to buy five acres of land from Eastside Properties for \$15,000. Eastside fails to go through with the deal on the agreed date, when the market price of the land is \$17,000. DA may recover
- \$15,000.
  - \$17,000.
  - \$0.
  - \$2,000.
- \_\_\_\_\_ 57. Fidelio Corporation enters into a contract with Equi Insurance, Inc., to obtain health insurance for Fidelio employees. Equi breaches the contract. If Fidelio is awarded compensatory damages, the purpose would be to
- provide Fidelio with funds for a foreseeable loss beyond the contract.
  - provide Fidelio with funds for its loss of the bargain.
  - punish Equi and set an example to deter others from similar acts.
  - establish, as a matter of principle, that Equi acted wrongfully.
- \_\_\_\_\_ 58. Danton, a popular performer, dies. His spouse Caitlin sells their house to Buck. Unknown to Caitlin or Buck, in one of the closets is the master recording of an unreleased album. With respect to this recording, Buck can
- not keep it because there was no voluntary consent to its sale.
  - not keep it because the sale of a house includes nothing in it.
  - keep it because the sale of a house includes everything in it.
  - keep it because Caitlin should have known about it.
- \_\_\_\_\_ 59. Olga, a minor, signs a contract to buy a computer from Phil, the owner of Quality Computer Store. Olga's right to disaffirm the contract
- gives Phil, an adult, the right to disaffirm the contract.
  - does not yet exist because Olga is still a minor.
  - does not change the fact that Phil is bound by the contract.
  - is not valid because a computer is a "necessary."
- \_\_\_\_\_ 60. Beta Grocers orders by phone twenty cartons of canned beets from Carotene Food Packers, Inc. After ten cartons are delivered and accepted, Beta repudiates the contract. Carotene can enforce the contract to
- the extent of the ten accepted cartons.
  - any extent because the order was placed orally.
  - the extent of the twenty ordered cartons.
  - no extent because the order was placed orally.

**Fact Pattern 14-3A**

Flip, an accountant, certifies an audit for Erstwhile Corporation, Flip's client, knowing that Erstwhile will use the audit to obtain a loan from Deepwater Bank. Flip believes that the audit is true and does not intend to deceive the bank, but does not check the audit before certifying it.

- \_\_\_\_\_ 61. Refer to Fact Pattern 14-3A. Under these circumstances, Deepwater's best course of action is most likely to
- exert economic duress on Flip to retire from accounting.
  - rescind the loan on the ground of unconscionability.
  - recover damages from Flip for any loss on the loan.
  - undercut Flip's career with negative puffery.

- \_\_\_\_\_ 62. Refer to Fact Pattern 14-3A. On learning the truth, Deepwater's chief loan officer confronts Flip, who says, "I didn't know." This is
- unconscionable.
  - innocent misrepresentation.
  - negligent misrepresentation.
  - a mistake of value.
- \_\_\_\_\_ 63. Dotty tells a representative of Education Loan Company over the phone that she will pay Felipe's student loan if he does not. Dotty does not get any personal benefit for the promise. This promise is enforceable as a contract by
- any interested third party, such as Felipe or a member of his family.
  - Dotty.
  - Education Loan Company.
  - none of the choices.
- \_\_\_\_\_ 64. Isaac and Holiday Fruit Company enter into an oral contract under which Isaac agrees to provide delivery service for holiday Fruit for nine months. This contract is enforceable by
- any interested third party, such as a Holiday Fruit customer.
  - Holiday Fruit.
  - Isaac.
  - none of the choices.
- \_\_\_\_\_ 65. Olin, a professional artist and art teacher, convinces Plato, who has no artistic ability, that he has considerable talent and induces him to pay Olin \$10,000 for art lessons. When Plato realizes the truth, he files a suit against Olin. Plato is most likely to recover on the basis of
- undue influence.
  - mistake.
  - fraud.
  - none of the choices.
- \_\_\_\_\_ 66. Readymade Construction Corporation offers to buy from Set-Still Cement Company a certain quantity of cement for a certain price. Set-Still can accept the offer by
- a promise to ship or a prompt shipment of the cement.
  - a prompt shipment of the cement only.
  - a material alteration of the terms within a reasonable time.
  - a shipment of nonconforming goods with a notice of accommodation.
- \_\_\_\_\_ 67. Pure Oil Company enters into a contract with QuikBilt, Inc., to construct an offshore oil pipeline to withstand specific conditions. If QuikBilt fails to meet this standard, which is construed as a breach of contract and a breach of a duty of care, Pure might be awarded punitive damages to
- provide Pure with funds for its loss of the bargain.
  - punish QuikBilt and deter others from similar acts.
  - provide Pure with funds for a foreseeable loss beyond the contract.
  - establish, as a matter of principle, that QuikBilt acted wrongfully.
- \_\_\_\_\_ 68. Grandiloquent Properties, Inc., and Investment Capital Corporation enter into a contract for a sale of land. To be enforceable, the contract must be in writing if the land is valued at
- any price.
  - more than \$50,000.
  - more than \$500.
  - more than \$5,000.

- \_\_\_\_\_ 69. SFX Paintball Games, Inc., and Truck & Trailer Delivery Corporation sign an agreement that provides for the payment of "\$1,000 by whichever party commits a material breach of the contract that creates damages difficult to estimate but approximately \$1,000." This is
- a liquidated damages clause.
  - a mitigation of damages clause.
  - a penalty clause.
  - a nominal damages clause.
- \_\_\_\_\_ 70. Retail Music, Inc., offers to buy from Super Products Corporation (SPC) 1,000 blank CDs of a certain brand. Without notifying Retail, SPC timely ships CDs of a different brand. This shipment is
- a refusal of the offer and a fulfillment of the parties' contract.
  - an acceptance of the offer and a fulfillment of the parties' contract.
  - an acceptance of the offer and a breach of the parties' contract.
  - a refusal of the offer and a breach of the parties' contract.
- \_\_\_\_\_ 71. Refined Commodities, Inc., agrees to deliver ten tons of sheet metal to Select Builders Corporation. The agreement states that delivery is to be within "3" days, although the parties intend "30" days. Refined cannot convince Select to amend the contract. Refined should seek
- rescission.
  - damages.
  - specific performance.
  - reformation.
- \_\_\_\_\_ 72. Rural Power Utility, Inc., enters into a contract with Shovel Excavation Service to dig up, replace, and rebury Rural's cables in a certain location. Rural advances Shovel 10 percent of its cost. The parties rescind the contract. Shovel's refund of the payment is
- a penalty.
  - a breach of contract.
  - restitution.
  - liquidated damages.
- \_\_\_\_\_ 73. Clear Creek Corporation enters into a contract with Brightside Management Associates to manage and maintain Clear Creek's apartment complex. Their contract provides that neither party can recover damages for a non-fraudulent or unintentional breach. This is
- a liquidated damages clause.
  - a quasi contract.
  - a limitation-of-liability clause.
  - an exculpatory clause.

**Fact Pattern 14-1B**

Gert contracts to sell two tracts of land to Hank. Both parties believe that the two tracts are adjacent, but in fact they are not. Gert is still willing to sell the land, but under these circumstances the deal would adversely affect Hank.

- \_\_\_\_\_ 74. Refer to Fact Pattern 14-1B. The parties' belief about the adjacency of the property is
- unconscionable.
  - a fraudulent misrepresentation.
  - a unilateral mistake.
  - a bilateral mistake.

- \_\_\_\_\_ 75. Mitchell orally agrees to pay Lorena to plant and harvest a quarter of Mitchell's farm acreage for four soybean seasons. After Lorena prepares the land and plants the first crop, Mitchell says that their deal is off. Lorena can most likely recover
- nothing.
  - on the parties' existing contract.
  - in restitution.
  - in quasi contract.
- \_\_\_\_\_ 76. Koko signs a covenant not to compete as part of a sale of her ongoing medical equipment business to Laurel Valley Medico, Inc., in exchange for a bonus payment. The covenant is most likely enforceable by
- both parties.
  - no one.
  - Laurel Valley, but not Koko.
  - Koko, but not Laurel Valley.
- \_\_\_\_\_ 77. Office Accounting, Inc., hires Perry to repair a computer on site for \$400, but Perry does not show up as agreed. Office Accounting hires Raul to do the job for \$350. Office Accounting may recover from Perry
- punitive damages.
  - compensatory damages.
  - nominal damages.
  - consequential damages.
- \_\_\_\_\_ 78. Veronica offers to sell Rowena her luxury sedan and says that it has never been in an accident. Rowena hires Laszlo, a mechanic, to appraise the vehicle. Laszlo says that it most likely has been in an accident. In spite of this information, Rowena buys the car. Later, when it develops mechanical problems, she can
- rescind the contract on the basis of fraud.
  - not rescind the contract.
  - rescind the contract on the basis of unconscionability.
  - rescind the contract on the basis of mistake.
- \_\_\_\_\_ 79. Dante enters into a contract with Rosalinda, who does not have contractual capacity. Dante can enforce the contract if Rosalinda
- does not choose to avoid the contract.
  - is intoxicated or mentally incompetent.
  - is a minor.
  - can obtain the funds to pay for the benefits of the contract.
- \_\_\_\_\_ 80. Consumer Credit Union pays Derby \$10,000 to design an ad campaign. The next day, Derby tells the credit union that he has accepted a job in Boston and cannot design the campaign. As compensatory damages, the credit union can recover
- \$0.
  - \$1,000.
  - \$100,000.
  - \$10,000.

- \_\_\_\_\_ 81. Charcoal Briquettes, Inc., is the offeror and Dante's Firewood Company is the offeree under a unilateral sales contract in which Ember's Kindling & Tinder Company is also interested. Charcoal is *not* notified of Dante's performance within a reasonable time. Charcoal
- must contact Dante.
  - must assume that Dante has started to perform.
  - may treat the offer as having lapsed.
  - must make an offer to Ember.
- \_\_\_\_\_ 82. GroundCover Pools, Inc., agrees to build a swimming pool for Franci, but fails to complete the job. Franci hires EquiAqua, Inc., to finish the project. Candy may recover from GroundCover
- the contract price less costs of materials and labor.
  - profits plus the costs incurred up to the time of the breach.
  - the contract price.
  - the costs needed to complete construction.
- \_\_\_\_\_ 83. Elle buys a new textbook for \$100 and a used car for \$5,000, and signs a one-year lease for an apartment for \$1,000 monthly rent to start at the beginning of the next month. The Statute of Frauds covers
- the apartment lease only.
  - the apartment lease and the car purchase only.
  - the apartment lease, and the textbook and car purchases.
  - the textbook and car purchases only.
- \_\_\_\_\_ 84. Handy Hardware Store agrees to hire Ilsa for one year at a salary of \$500 per week. When Handy cancels the contract, Ilsa spends \$100 to obtain a similar job that pays \$450 per week for a year. Ilsa is entitled to recover
- the difference between the wages at the two jobs only.
  - the difference between the wages at the two jobs plus \$100.
  - \$100 only.
  - the amount of the wages that Handy promised only.
- \_\_\_\_\_ 85. Delia enters into, and fails to disaffirm soon after reaching the age of majority, a contract with Electronics Stores, Inc. (ESI). Later Delia attempts to disaffirm the contract. ESI files a suit against her. The court will most likely consider the contract ratified if it is
- exculpatory.
  - disaffirmed.
  - executed.
  - rescinded.
- \_\_\_\_\_ 86. SealCoat Paving enters into a contract with Royal Golf & Tennis Club to provide surface material for Royal's tennis courts by April 1 for a tournament to begin May 1. The contract specifies an amount to be paid if the contract is breached. This is a liquidated damages clause if the amount is
- meant to pay for additional liquid sealant in the event of damage.
  - a reasonable estimate of the loss on a breach.
  - designed to penalize the breaching party.
  - intended to quickly provide cash to the nonbreaching party.
- \_\_\_\_\_ 87. Max, a minor subject to his parents' care and control, signs a contract to rent an apartment from Noel for one year. Before the end of the term, Max moves out. Noel sues for the rent for the rest of the term. Max can
- avoid liability for the rent but not disaffirm the contract.
  - disaffirm the contract and avoid liability for the rent.
  - not disaffirm the contract nor avoid liability for the rent.
  - disaffirm the contract but not avoid liability for the rent.

- \_\_\_\_\_ 88. Damon contracts to repair the turf on a soccer field for Carousel Sports Park. Damon knows that without the repair, Carousel will have to cancel an upcoming game. Damon does not perform as promised. As consequential damages, Carousel can recover
- a. nothing.
  - b. the loss of profit from the canceled game.
  - c. the cost of new turf.
  - d. the difference between Damon's price and the actual cost of repair.
- \_\_\_\_\_ 89. Cartier, an accountant, convinces his client Bianca to sign a contract to invest her savings in a nonexistent social-networking Web site. When Bianca learns the truth, she can
- a. sabotage Cartier's career in any way possible.
  - b. induce Cartier to give her his other clients' funds without recourse.
  - c. impose her own scam on Cartier without liability.
  - d. rescind the contract to invest in the Web site.
- \_\_\_\_\_ 90. Nori files a suit against Mica to enforce an oral contract that would otherwise be unenforceable under the Statute of Frauds. The court could enforce such a contract if
- a. the deal does not involve customized goods.
  - b. neither party has begun to perform.
  - c. Nori foreseeably and justifiably relied on Mica's promise to her detriment.
  - d. Mica denies the existence of any contract.

## Bus 241- Winter 2015 -- Final Exam Answer Section

### MULTIPLE CHOICE

1. ANS: A	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
2. ANS: A	PTS: 1	REF: 277	OBJ: TYPE: =
NAT: AACSB Reflective		LOC: AICPA Legal	
3. ANS: B	PTS: 1	REF: p. 269	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
4. ANS: D	PTS: 1	REF: p. 296	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: N		
5. ANS: D	PTS: 1	REF: p. 296	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
6. ANS: A	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
7. ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
8. ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: N		
9. ANS: C	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
10. ANS: B	PTS: 1	REF: p. 361	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
11. ANS: C	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: +		
12. ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
13. ANS: D	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
14. ANS: D	PTS: 1	REF: p. 292	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
15. ANS: A	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
16. ANS: B	PTS: 1	REF: p. 295	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
17. ANS: C	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
18. ANS: A	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
19. ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
20. ANS: D	PTS: 1	REF: p. 300	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
21. ANS: C	PTS: 1	REF: p. 297	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		



22.	ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
23.	ANS: B	PTS: 1	REF: p. 278	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
24.	ANS: B	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
25.	ANS: C	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
26.	ANS: B	PTS: 1	REF: p. 282	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
27.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
28.	ANS: B	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
29.	ANS: D	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
30.	ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
31.	ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
32.	ANS: B	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
33.	ANS: D	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
34.	ANS: D	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
35.	ANS: D	PTS: 1	REF: p. 369	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
36.	ANS: A	PTS: 1	REF: p. 292	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
37.	ANS: A	PTS: 1	REF: p. 363	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
38.	ANS: C	PTS: 1	REF: p. 289	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
39.	ANS: C	PTS: 1	REF: p. 258	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
40.	ANS: D	PTS: 1	REF: p. 259	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
41.	ANS: C	PTS: 1	REF: p. 280	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
42.	ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
43.	ANS: C	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
44.	ANS: D	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
45.	ANS: B	PTS: 1	REF: p. 270	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		

46.	ANS: B	PTS: 1	REF: p. 266	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
47.	ANS: C	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
48.	ANS: D	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
49.	ANS: D	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
50.	ANS: C	PTS: 1	REF: p. 297	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
51.	ANS: B	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
52.	ANS: C	PTS: 1	REF: p. 361	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
53.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
54.	ANS: C	PTS: 1	REF: p. 269	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
55.	ANS: D	PTS: 1	REF: 279	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	
56.	ANS: D	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
57.	ANS: B	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
58.	ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
59.	ANS: C	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
60.	ANS: A	PTS: 1	REF: p. 293	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
61.	ANS: C	PTS: 1	REF: p. 282	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
62.	ANS: C	PTS: 1	REF: p. 281	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
63.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
64.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
65.	ANS: C	PTS: 1	REF: p. 278	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
66.	ANS: A	PTS: 1	REF: p. 366	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
67.	ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
68.	ANS: A	PTS: 1	REF: p. 289	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
69.	ANS: A	PTS: 1	REF: p. 338	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		

70.	ANS: C	PTS: 1	REF: 278	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	
71.	ANS: D	PTS: 1	REF: p. 341	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
72.	ANS: C	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
73.	ANS: C	PTS: 1	REF: p. 345	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
74.	ANS: D	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
75.	ANS: D	PTS: 1	REF: p. 343	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
76.	ANS: A	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
77.	ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
78.	ANS: B	PTS: 1	REF: p. 281	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
79.	ANS: A	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
80.	ANS: D	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
81.	ANS: C	PTS: 1	REF: p. 366	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
82.	ANS: D	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
83.	ANS: B	PTS: 1	REF: p. 293	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
84.	ANS: B	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
85.	ANS: C	PTS: 1	REF: p. 258	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
86.	ANS: B	PTS: 1	REF: p. 338	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
87.	ANS: B	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
88.	ANS: B	PTS: 1	REF: p. 336	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
89.	ANS: D	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
90.	ANS: C	PTS: 1	REF: p. 295	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		

D   5.

  A   12.

  A   18.

  B   24.

  A   6.

  D   13.

  B   19.

  C   25.

  C   7.

  D   14.

  A   1.

  D   20.

  B   26.

  B   8.

  A   15.

  A   2.

  C   21.

  D   27.

  C   9.

  B   3.

  B   22.

  B   28.

  B   10.

  B   16.

  D   4.

  B   23.

  D   29.

  C   17.

  C   11.

C   30.

  A   36.

  C   50.

  D   56.

  C   43.

  A   37.

  B   51.

  B   57.

  D   44.

  A   31.

  C   38.

  C   52.

  A   58.

  B   45.

  B   32.

  C   39.

  D   53.

  C   59.

  B   46.

  D   33.

  D   40.

  C   54.

  A   60.

  D   34.

  C   47.

  C   41.

  D   55.

  D   35.

  D   48.

  B   42.

  C   61.

  D   49.

C   62.

  A   69.

  D   75.

  C   81.

  B   88.

  D   63.

  C   70.

  A   76.

  D   82.

  D   89.

  D   64.

  D   71.

  C   77.

  B   83.

  C   90.

  C   65.

  C   72.

  B   78.

  B   84.

  A   66.

  C   73.

  A   79.

  C   85.

  B   67.

  D   80.

  B   86.

  A   68.

  D   74.

  B   87.

**Bus 241- Winter 2015 -- Final Exam**

**You have 120 minutes to complete this examination. The is a CLOSED book exam. All study materials, including back packs and purses, must be placed on the floor. NO OLD EXAMS OR PRACTICE EXAMS SHOULD BE VISIBLE. FAILURE TO FOLLOW THESE DIRECTIONS MAY RESULT IN YOU RECEIVING A ZERO SCORE FOR THE FINAL**

**Please be sure to answer all questions on the exam. There are SIXTEEN (16) pages and 90 multiple choice to this exam. Count to make sure that you have all the pages and review your exam to make sure that you do not miss answering any pages or questions of the exam.**

**PLEASE BE SURE TO TURN IN THE EXAM WITH YOU NAME ON THE FIRST PAGE OF THE EXAM YOU WERE GIVEN. IF YOU FAIL TO PUT YOUR NAME ON A COPY OF THE EXAM, YOU MAY BE GIVEN A -0- FOR THE EXAM.**

**ANSWERS SHOULD BE ENTERED ON THE MACHINE READABLE FORM. PLEASE BE SURE TO USE PENCIL SO THAT YOUR ANSWERS CAN BE READ BY THE GRADING MACHINE. PLEASE BE SURE TO ALSO INCLUDE YOUR STUDENT ID NUMBER ON THE ANSWER SHEET.**

**You should try and provide answers for all questions, as there is no penalty for a wrong answer, and it counts the same as an omitted question. Each multiple choice question is worth 2 points. In the multiple choice section there are often two answers which may appear to potentially be correct. You must choose the response which answers the question the best.**

**You must use a number 2 pencil when filling out the exam. Failure to use a pencil will result in a 5 point penalty. There are two versions to this exam. There are three versions of the exam: A, B, and C. You must indicate “1” in special codes for version A and “2” in special codes for version B, AND “3” for version C. Failure to provide this information on your answer sheet will result in 10 point penalty. You must put your student id number in where the answer sheet provides for “social security number” Failure to follow these directions will result in a 10 point penalty.**

Any lack of clarity with regard to your answer choice may result in you not being awarded points for your answer.  
Good Luck.

### Multiple Choice

Identify the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. Gary threatens physical harm to force Hugh to sell his business, Imports from Asia, Inc., to Gary for a below-market price. This is
- fraud.
  - duress.
  - undue influence.
  - puffery.
- \_\_\_\_\_ 2. Olin, a professional artist and art teacher, convinces Plato, who has no artistic ability, that he has considerable talent and induces him to pay Olin \$10,000 for art lessons. When Plato realizes the truth, he files a suit against Olin. Plato is most likely to recover on the basis of
- fraud.
  - undue influence.
  - mistake.
  - none of the choices.
- \_\_\_\_\_ 3. Kirk Custodial Service and Green Energy Company enter into an oral contract under which Kirk agrees to provide custodial service for Green's facilities for two years. This contract is enforceable by
- Kirk.
  - Green.
  - any interested third party, such as a janitorial supplies provider.
  - none of the choices.

### Fact Pattern 15-2A

Radford and Serenity sign a written contract for the sale of Rad's Coffee & Bagels business to Serenity. The parties intend their written contract to be a final statement of the terms of their agreement.

- \_\_\_\_\_ 4. Refer to Fact Pattern 15-2A. The writing that Radford and Serenity signed is
- a partially integrated contract.
  - a severably integrated contract.
  - a divisibly integrated contract.
  - a completely integrated contract.



- \_\_\_\_\_ 5. Refer to Fact Pattern 15-2A. Serenity later disputes some of the provisions in the deal with Radford. If the dispute results in litigation, a court will most likely exclude evidence that
- buttresses the written terms.
  - contradicts the written terms.
  - duplicates the written terms.
  - reinforces the written terms.
- \_\_\_\_\_ 6. Smitty enters into an illegal bargain with Taylor. Smitty can enforce the contract or recover for its value if he has been induced to enter into the bargain as a result of
- his belief that Taylor would do right by him.
  - his desire to obtain the object of the deal.
  - fraud.
  - a persuasive "sell" by Taylor.
- \_\_\_\_\_ 7. Fashion Retail Center enters into a contract with Great Promotions, Inc., to provide Fashion with a plan to retool its merchandising strategy. If Great Promotions breaches the contract, Fashion has a duty to
- reduce the loss that Great Promotions might otherwise suffer.
  - take no action.
  - punish Great Promotions and deter others from similar acts.
  - reduce the damages that Fashion might otherwise suffer.
- \_\_\_\_\_ 8. Excel Autos & Trucks, Inc., contracts to sell five trucks to First Leasing Corporation, which contracts to lease the trucks to General Delivery Company. Article 2A of the UCC applies to
- the sale only.
  - the lease only.
  - the lease and the sale.
  - neither the lease nor the sale.
- \_\_\_\_\_ 9. Ray breaches his lease with Sunny Properties and vacates the premises six months before the end of the term. In some states, Sunny would have to
- sell the premises to recover damages from Ray.
  - make reasonable efforts to relet the premises to mitigate damages.
  - relet the premises to recover damages from Ray.
  - avoid reletting the premises to recover damages from Ray.
- \_\_\_\_\_ 10. Fiesta Coffee Company agrees to buy an unspecified quantity of coffee beans from Global AgriCorp. Global breaches the contract. Fiesta can most likely
- enforce the agreement to the extent of Global's output of coffee beans.
  - not enforce the agreement.
  - enforce the agreement to the extent of Fiesta's requirements.
  - enforce the agreement to the extent of a reasonable quantity.

**Fact Pattern 14-3B**

In selling a house, Robin tells Destry that the wiring and plumbing are of a certain quality. Robin knows nothing about the quality, but it is not as she specifies. Destry buys the house.

- \_\_\_\_\_ 11. Refer to Fact Pattern 14-3B. Under these circumstances, Destry's best course of action is most likely to
- sabotage Robin's career with bad publicity.
  - induce Robin to give him the commission on her next sale.
  - scam Robin.
  - recover damages or rescind the contract to buy the house.

- \_\_\_\_\_ 12. Jill and Karl contract for the sale of Jill's horse for \$1,000. Unknown to either party, the horse has died. Karl is
- not required to pay due to the *unilateral* mistake.
  - entitled to another horse of equivalent value.
  - not required to pay due to the *mutual* mistake.
  - required to pay because she assumed the risk the horse might die.
- \_\_\_\_\_ 13. Brasilia, a real estate broker licensed only in Connecticut, concludes a land sale in Delaware. She can
- foreclose on the property to obtain any unpaid amount.
  - keep the commission if it has already been paid.
  - not collect the commission, keep it, or foreclose on the property.
  - collect the commission if it has not been paid.
- \_\_\_\_\_ 14. Charcoal Briquettes, Inc., is the offeror and Dante's Firewood Company is the offeree under a unilateral sales contract in which Ember's Kindling & Tinder Company is also interested. Charcoal is *not* notified of Dante's performance within a reasonable time. Charcoal
- must make an offer to Ember.
  - may treat the offer as having lapsed.
  - must contact Dante.
  - must assume that Dante has started to perform.
- \_\_\_\_\_ 15. Elle buys a new textbook for \$100 and a used car for \$5,000, and signs a one-year lease for an apartment for \$1,000 monthly rent to start at the beginning of the next month. The Statute of Frauds covers
- the textbook and car purchases only.
  - the apartment lease and the car purchase only.
  - the apartment lease only.
  - the apartment lease, and the textbook and car purchases.
- \_\_\_\_\_ 16. Shady Oaks Development, LLC, and Rural Acres, Inc., sign a written contract for a sale of land. In some states, to be enforceable, this contract must include
- a declaration of the contract's purpose.
  - a correct title, such as "Land Transfer" or "Real Estate Agreement."
  - a legal description of the land.
  - a statement of the consideration.
- \_\_\_\_\_ 17. On Tim's eighteenth birthday, he decides that he no longer wants to keep a car he bought from Woody's Autos, Inc., when he was seventeen. His right to disaffirm the deal will depend on
- whether Tim acts within a reasonable period of time.
  - the car's current condition.
  - whether Woody's has the right to disaffirm.
  - the car's condition when Tim bought it.
- \_\_\_\_\_ 18. Nero makes an honest but erroneous statement that misrepresents a material fact in a contractual transaction with Odell. Nero is guilty of
- fraud.
  - innocent misrepresentation.
  - duress.
  - a unilateral mistake.

- \_\_\_\_\_ 19. Isaac and Holiday Fruit Company enter into an oral contract under which Isaac agrees to provide delivery service for holiday Fruit for nine months. This contract is enforceable by
- Holiday Fruit.
  - Isaac.
  - any interested third party, such as a Holiday Fruit customer.
  - none of the choices.
- \_\_\_\_\_ 20. Consumer Credit Union pays Derby \$10,000 to design an ad campaign. The next day, Derby tells the credit union that he has accepted a job in Boston and cannot design the campaign. As compensatory damages, the credit union can recover
- \$10,000.
  - \$100,000.
  - \$0.
  - \$1,000.
- \_\_\_\_\_ 21. Olga, a minor, signs a contract to buy a computer from Phil, the owner of Quality Computer Store. Olga's right to disaffirm the contract
- does not change the fact that Phil is bound by the contract.
  - is not valid because a computer is a "necessary."
  - gives Phil, an adult, the right to disaffirm the contract.
  - does not yet exist because Olga is still a minor.
- \_\_\_\_\_ 22. Intoxicated but fully aware of the consequences, Uri agrees to a two-year cell-phone service contract with Wander Talk, Inc., at more than the average market price. This contract is
- not enforceable because the contract clearly favors Wander Talk.
  - not enforceable because Uri was intoxicated when he agreed to it.
  - enforceable.
  - not enforceable because contracting parties can change their minds.
- \_\_\_\_\_ 23. In a dispute over a sale involving a bicycle, Dain argues that as to this deal Emory's Hobby Shop, where Dain bought the bike, is a merchant. A court may determine whether Emory's is a merchant by assessing whether
- it subscribes to *Bike*, a biweekly trade magazine.
  - it has sold any bikes within the last year.
  - its owner enjoys biking.
  - it holds itself out by occupation as having knowledge or skill unique to the bike in the transaction.
- \_\_\_\_\_ 24. Dante enters into a contract with Rosalinda, who does not have contractual capacity. Dante can enforce the contract if Rosalinda
- does not choose to avoid the contract.
  - is a minor.
  - can obtain the funds to pay for the benefits of the contract.
  - is intoxicated or mentally incompetent.
- \_\_\_\_\_ 25. Trey and Unice orally agree on the sale of Trey's Health Club to Unice and note the terms on a sheet of the club's stationery, which Trey signs. This agreement is most likely enforceable against
- Unice.
  - Trey and Unice.
  - Trey.
  - neither Trey nor Unice.

- \_\_\_\_\_ 26. Resource Remarketers, Inc., offers to buy crude oil from Petro Producers, Inc. The parties later dispute the deal in court. Petro's claim that Resource ordered 10,000 gallons and Resource's testimony that it ordered only 1,000 gallons
- prevents the enforcement of any contract between these parties.
  - supports an enforceable contract for 1,000 gallons.
  - supports an enforceable contract for 10,000 gallons.
  - supports an enforceable contract for 5,500 gallons.
- \_\_\_\_\_ 27. Bret is convicted of arson for burning down his warehouse to collect the insurance. On an application for insurance from Cover-All Insurance Company on a new building, in answer to a question about prior convictions, Bret does not disclose his conviction. This makes the contract
- voidable by Cover-All because the omission is material to its decision to issue coverage.
  - voidable by Bret because the omission is immaterial to Cover-All's decision to issue coverage.
  - binding due to Cover-All's failure to discover Bret's conviction.
  - binding because the omission is immaterial to Cover-All's decision to issue coverage.
- \_\_\_\_\_ 28. Lyra induces Moe to enter into a contract for the sale of an apartment about which Lyra fraudulently misrepresents a number of material facts. Lyra tells Moe that her commission is 6 percent, but their signed, written contract states "12 percent." The Statute of Frauds governs
- contracts that are induced by fraud.
  - the reformation of oral and written statements into one contract.
  - contracts that must be in writing to be enforceable.
  - the admissibility in court of oral evidence.
- \_\_\_\_\_ 29. Fay is mentally incompetent but has not been so adjudged by a court. Any contract Fay enters into is
- voidable if Fay lacks the capacity to comprehend the consequences.
  - voidable if the other party does not realize that Fay is incompetent.
  - voidable if Fay has a lucid interval at the time of contracting.
  - unavoidable.
- \_\_\_\_\_ 30. Lester and Myrtle want to rescind their contract under which Lester sold an MP3 player for \$40. To rescind the contract
- the parties can keep the "benefits" of their bargain.
  - Lester must return the \$40 only.
  - Myrtle must return the player only.
  - Lester must return the \$40 and Myrtle must return the player.
- \_\_\_\_\_ 31. Sam uses duress to force Tanya to agree to pay him for protecting her retail store—Tanya's Trends—against vandalism and destruction. Tanya may
- recover from her insurer for the cost
  - do nothing once she has agreed to pay.
  - avoid the contract or choose to carry it out.
  - recover from the local police for a failure to protect her store.
- \_\_\_\_\_ 32. Office Accounting, Inc., hires Perry to repair a computer on site for \$400, but Perry does not show up as agreed. Office Accounting hires Raul to do the job for \$350. Office Accounting may recover from Perry
- consequential damages.
  - compensatory damages.
  - punitive damages.
  - nominal damages.

- \_\_\_\_\_ 33. Boz runs an illegal gambling business and pays Colin, a law enforcement officer, not to interfere. The payments are discovered. Boz and Colin are sent to prison. With respect to the amount of the payments, Boz can recover
- a. only as much as Colin has not spent.
  - b. only as much as Colin has spent.
  - c. all of it.
  - d. none of it.
- \_\_\_\_\_ 34. Clear Creek Corporation enters into a contract with Brightside Management Associates to manage and maintain Clear Creek's apartment complex. Their contract provides that neither party can recover damages for a non-fraudulent or unintentional breach. This is
- a. a quasi contract.
  - b. an exculpatory clause.
  - c. a liquidated damages clause.
  - d. a limitation-of-liability clause.
- \_\_\_\_\_ 35. Delia enters into, and fails to disaffirm soon after reaching the age of majority, a contract with Electronics Stores, Inc. (ESI). Later Delia attempts to disaffirm the contract. ESI files a suit against her. The court will most likely consider the contract ratified if it is
- a. exculpatory.
  - b. rescinded.
  - c. disaffirmed.
  - d. executed.
- \_\_\_\_\_ 36. Jacquie signs a contract to buy a car just before reaching the age of majority. After reaching the age of majority, Jacquie does not take possession or make payments. Most courts would hold, with respect to the contract, that this is
- a. rescission.
  - b. disaffirmance.
  - c. emancipation.
  - d. ratification.
- \_\_\_\_\_ 37. Development Associates (DA) agrees to buy five acres of land from Eastside Properties for \$15,000. Eastside fails to go through with the deal on the agreed date, when the market price of the land is \$17,000. DA may recover
- a. \$15,000.
  - b. \$2,000.
  - c. \$0.
  - d. \$17,000.

**Fact Pattern 14-3A**

Flip, an accountant, certifies an audit for Erstwhile Corporation, Flip's client, knowing that Erstwhile will use the audit to obtain a loan from Deepwater Bank. Flip believes that the audit is true and does not intend to deceive the bank, but does not check the audit before certifying it.

- \_\_\_\_\_ 38. Refer to Fact Pattern 14-3A. On learning the truth, Deepwater's chief loan officer confronts Flip, who says, "I didn't know." This is
- unconscionable.
  - innocent misrepresentation.
  - a mistake of value.
  - negligent misrepresentation.
- \_\_\_\_\_ 39. Refer to Fact Pattern 14-3A. Under these circumstances, Deepwater's best course of action is most likely to
- undercut Flip's career with negative puffery.
  - exert economic duress on Flip to retire from accounting.
  - rescind the loan on the ground of unconscionability.
  - recover damages from Flip for any loss on the loan.
- \_\_\_\_\_ 40. Grady enters into a contract to buy 440 acres from Hollis to expand Grady's ranch. Hollis breaches the contract. Grady's normal remedy is
- specific performance.
  - rescission.
  - damages.
  - reformation.
- \_\_\_\_\_ 41. Beta Grocers orders by phone twenty cartons of canned beets from Carotene Food Packers, Inc. After ten cartons are delivered and accepted, Beta repudiates the contract. Carotene can enforce the contract to
- no extent because the order was placed orally.
  - the extent of the ten accepted cartons.
  - the extent of the twenty ordered cartons.
  - any extent because the order was placed orally.
- \_\_\_\_\_ 42. Lew believes an old comic book he owns has little value, but Murray is convinced it is a valuable collector's item. Lew sells it to Murray for \$10 before learning it is worth \$1,000. Lew can
- rescind the contract on the basis of mistake.
  - not rescind the contract.
  - rescind the contract on the basis of fraud.
  - rescind the contract on the basis of puffery.
- \_\_\_\_\_ 43. Windstar Heli-Pads, Inc., enters into a contract to employ Valerie as an on-site project manager for two years. Windstar breaches the contract. Valerie has a duty to
- sue Windstar to deter others from similar acts.
  - reduce the damages that Valerie might otherwise suffer.
  - do nothing.
  - breach the contract with Windstar.

**Fact Pattern 14-2A**

Moore Properties, Inc., offers in writing to sell to New Development Corporation (NDC) a certain half-acre of land for "\$112,000." After New Development signs the offer in acceptance and returns it, Moore discovers that the price should have been stated as "\$121,000."

- \_\_\_\_\_ 44. Refer to Fact Pattern 14-2A. Moore's misstatement of the price is
- unconscionable.
  - a unilateral mistake.
  - a bilateral mistake.
  - a fraudulent misrepresentation.
- \_\_\_\_\_ 45. Refer to Fact Pattern 14-2A. The effect of Moore's misstatement of the price will most likely fall on
- Moore and NDC, who must split the difference.
  - Moore only.
  - neither Moore nor NDC.
  - NDC only.
- \_\_\_\_\_ 46. Crosscreek County and Bridgework Corporation enter into a construction contract that includes mathematical specifications. Later Crosscreek, whose engineer, Damon, compiled the specs, learns that some of the dollar figures are incorrect. Bridgework refuses to agree to changes. A court would most likely
- enforce the contract without requiring changes.
  - reform the contract to reflect the figures accurately.
  - award damages to both parties for the mistakes.
  - order Damon to be discharged for fraud.
- \_\_\_\_\_ 47. Gina induces Hu to enter into a contract for the purchase of a condominium about which Gina knowingly misrepresents a number of material features. When Hu discovers the truth, Hu can
- rescind the contract on the basis of undue influence.
  - not rescind the contract.
  - rescind the contract on the basis of mistake.
  - rescind the contract on the basis of fraud.
- \_\_\_\_\_ 48. Glenn and Haji sign a written contract. Glenn claims that the parties later orally agreed to modify it. Any oral modification is likely *not* enforceable if it falls under
- the "partial performance" exception.
  - the "main purpose" exception.
  - the Statute of Frauds.
  - the doctrine of promissory estoppel.
- \_\_\_\_\_ 49. Bret contracts to work for City Construction Corporation (CCC) during July for \$4,500. On June 30, CCC cancels the contract. Bret declines a similar job with Downtown Builders, Inc., which would have paid \$4,000. Bret files a suit against CCC. As compensatory damages, Bret can recover
- \$4,500.
  - \$0.
  - \$4,000.
  - \$500.

- \_\_\_\_\_ 50. Jolie signs a contract with Keaton, an unlicensed physician, to perform plastic surgery—a medical procedure. This contract is enforceable by
- no one.
  - Jolie.
  - Keaton.
  - Jolie's medical insurance company.
- \_\_\_\_\_ 51. May is a stockbroker. Due to May's statements, Nora believes that the price of OK Goods, Inc. (OKGI), a widely traded stock, is going to increase substantially. Nora buys 500 shares of OKGI at \$10 per share, but the price soon drops to \$2. Nora can successfully recover
- nothing.
  - the amount of the purchase price plus the expected increase.
  - the amount of the purchase price.
  - the amount of the purchase price plus the unexpected decrease.

**Fact Pattern 14-1B**

Gert contracts to sell two tracts of land to Hank. Both parties believe that the two tracts are adjacent, but in fact they are not. Gert is still willing to sell the land, but under these circumstances the deal would adversely affect Hank.

- \_\_\_\_\_ 52. Refer to Fact Pattern 14-1B. The parties' belief about the adjacency of the property is
- a unilateral mistake.
  - unconscionable.
  - a bilateral mistake.
  - a fraudulent misrepresentation.
- \_\_\_\_\_ 53. Pure Oil Company enters into a contract with QuikBilt, Inc., to construct an offshore oil pipeline to withstand specific conditions. If QuikBilt fails to meet this standard, which is construed as a breach of contract and a breach of a duty of care, Pure might be awarded punitive damages to
- establish, as a matter of principle, that QuikBilt acted wrongfully.
  - punish QuikBilt and deter others from similar acts.
  - provide Pure with funds for its loss of the bargain.
  - provide Pure with funds for a foreseeable loss beyond the contract.
- \_\_\_\_\_ 54. Dondi contracts to buy a custom espresso maker from Caffee Specialties, Inc., for \$4,500, but Caffee fails to deliver. Dondi buys the appliance elsewhere for \$5,500. Dondi's measure of damages is
- \$1,000.
  - incidental damages only.
  - \$0.
  - \$1,000 plus incidental damages.
- \_\_\_\_\_ 55. Koko signs a covenant not to compete as part of a sale of her ongoing medical equipment business to Laurel Valley Medico, Inc., in exchange for a bonus payment. The covenant is most likely enforceable by
- no one.
  - Laurel Valley, but not Koko.
  - Koko, but not Laurel Valley.
  - both parties.



- \_\_\_\_\_ 56. Packaging Products, Inc., sends its standard purchase-order form to Quality Box Company to evidence a sale of packaging material. Quality responds with its own standard order form. Additional terms in Quality's form automatically become part of the contract unless
- a. the additional terms materially alter the original contract.
  - b. Packaging objects to the new terms within a reasonable time.
  - c. Packaging's form expressly required acceptance of its terms.
  - d. any of the choices.
- \_\_\_\_\_ 57. Dotty tells a representative of Education Loan Company over the phone that she will pay Felipe's student loan if he does not. Dotty does not get any personal benefit for the promise. This promise is enforceable as a contract by
- a. any interested third party, such as Felipe or a member of his family.
  - b. Dotty.
  - c. Education Loan Company.
  - d. none of the choices.
- \_\_\_\_\_ 58. Crafted Countertops, Inc., and Kitchen Design Corporation enter into a contract that does not specify the payment terms. Payment may be made in
- a. any commercially normal or acceptable means except credit card.
  - b. cash only.
  - c. cash or check only.
  - d. any commercially normal or acceptable means.
- \_\_\_\_\_ 59. Clutch Auto Parts enters into a contract with Bio Health Club for discounted memberships for Clutch's employees. Bio breaches the contract and Clutch enters into a contract with Apex Fitness for the same service at a lower price. Clutch might be awarded nominal damages to
- a. provide Clutch with funds for a foreseeable loss beyond the contract.
  - b. punish Bio and set an example to deter others from similar acts.
  - c. provide Clutch with funds for its loss of the bargain.
  - d. establish, as a matter of principle, that Bio acted wrongfully.

**Fact Pattern 14-1A**

Linea, an employee of Hard Labor Industries (HLI), is injured in a work-related accident. Based on the diagnosis of Newt, a doctor, Linea accepts \$50,000 from HLI and waives the right to future claims. Newt's diagnosis later proves to have been wrong.

- \_\_\_\_\_ 60. Refer to Fact Pattern 14-1A. Most likely, Linea may
- a. obtain damages from HLI.
  - b. set aside the settlement with HLI.
  - c. obtain damages from Newt.
  - d. recover nothing.
- \_\_\_\_\_ 61. Refer to Fact Pattern 14-1A. In terms of the impact on Linea's agreement with HLI, Newt's misdiagnosis is
- a. negligent misrepresentation.
  - b. an expert's puffery.
  - c. a mistake of fact.
  - d. innocent misrepresentation.

- \_\_\_\_\_ 62. Even-Flo Hydraulics enters into a contract to repair valves and fittings in Fiesta Company's plant. If Even-Flo breaches the contract, Fiesta can
- do nothing but temporarily suspend operations and wait.
  - file a criminal complaint against Even-Flo.
  - do nothing but make a deal with a different service provider.
  - sue Even-Flo for damages.
- \_\_\_\_\_ 63. Damon contracts to repair the turf on a soccer field for Carousel Sports Park. Damon knows that without the repair, Carousel will have to cancel an upcoming game. Damon does not perform as promised. As consequential damages, Carousel can recover
- the difference between Damon's price and the actual cost of repair.
  - the loss of profit from the canceled game.
  - the cost of new turf.
  - nothing.
- \_\_\_\_\_ 64. Refined Commodities, Inc., agrees to deliver ten tons of sheet metal to Select Builders Corporation. The agreement states that delivery is to be within "3" days, although the parties intend "30" days. Refined cannot convince Select to amend the contract. Refined should seek
- rescission.
  - specific performance.
  - damages.
  - reformation.
- \_\_\_\_\_ 65. Rural Power Utility, Inc., enters into a contract with Shovel Excavation Service to dig up, replace, and rebury Rural's cables in a certain location. Rural advances Shovel 10 percent of its cost. The parties rescind the contract. Shovel's refund of the payment is
- a penalty.
  - liquidated damages.
  - restitution.
  - a breach of contract.
- \_\_\_\_\_ 66. Danton, a popular performer, dies. His spouse Caitlin sells their house to Buck. Unknown to Caitlin or Buck, in one of the closets is the master recording of an unreleased album. With respect to this recording, Buck can
- keep it because Caitlin should have known about it.
  - not keep it because there was no voluntary consent to its sale.
  - not keep it because the sale of a house includes nothing in it.
  - keep it because the sale of a house includes everything in it.
- \_\_\_\_\_ 67. Cartier, an accountant, convinces his client Bianca to sign a contract to invest her savings in a nonexistent social-networking Web site. When Bianca learns the truth, she can
- rescind the contract to invest in the Web site.
  - induce Cartier to give her his other clients' funds without recourse.
  - sabotage Cartier's career in any way possible.
  - impose her own scam on Cartier without liability.

- \_\_\_\_\_ 68. Cross-Country Trucking Company contracts with Baldwin to transport crated goods to a certain destination for \$5,000. Cross-Country delivers the crates, but Baldwin does not pay. Cross-Country learns that the crates contained stolen goods. Cross-Country can
- recover the goods or the \$5,000 from Baldwin.
  - recover \$5,000 from Baldwin.
  - recover the goods but not the \$5,000 from Baldwin.
  - do nothing with respect to the contract.
- \_\_\_\_\_ 69. Timber Farms, Inc., and Wood Products Corporation enter into an oral contract for the sale of a lumber mill and the land on which it is situated from Timber to Wood. Under the Statute of Frauds, this contract is enforceable by
- any interested third party, such as the mortgagee or title company.
  - the seller.
  - the buyer.
  - none of the choices.

**Fact Pattern 18-1B**

Bella Homes enters into a contract to buy 132 acres from Watershed Holdings to subdivide and sell in fifth-acre lots for Pristine Acres, a residential development.

- \_\_\_\_\_ 70. Refer to Fact Pattern 18-1B. If Bella breaches the contract, Watershed's remedy would most likely be
- the difference between the land's contract and market prices.
  - a certain ratio of the amount that Bella has in liquidated funds.
  - a percentage of Bella's unrealized profit.
  - specific performance.
- \_\_\_\_\_ 71. SealCoat Paving enters into a contract with Royal Golf & Tennis Club to provide surface material for Royal's tennis courts by April 1 for a tournament to begin May 1. The contract specifies an amount to be paid if the contract is breached. This is a liquidated damages clause if the amount is
- designed to penalize the breaching party.
  - intended to quickly provide cash to the nonbreaching party.
  - a reasonable estimate of the loss on a breach.
  - meant to pay for additional liquid sealant in the event of damage.
- \_\_\_\_\_ 72. Retail Music, Inc., offers to buy from Super Products Corporation (SPC) 1,000 blank CDs of a certain brand. Without notifying Retail, SPC timely ships CDs of a different brand. This shipment is
- an acceptance of the offer and a breach of the parties' contract.
  - a refusal of the offer and a fulfillment of the parties' contract.
  - a refusal of the offer and a breach of the parties' contract.
  - an acceptance of the offer and a fulfillment of the parties' contract.
- \_\_\_\_\_ 73. Veronica offers to sell Rowena her luxury sedan and says that it has never been in an accident. Rowena hires Laszlo, a mechanic, to appraise the vehicle. Laszlo says that it most likely has been in an accident. In spite of this information, Rowena buys the car. Later, when it develops mechanical problems, she can
- rescind the contract on the basis of mistake.
  - not rescind the contract.
  - rescind the contract on the basis of unconscionability.
  - rescind the contract on the basis of fraud.

- \_\_\_\_\_ 74. Orin relinquishes the right to his daughter Neko's control, care, custody, and earnings. This act is
- ratification.
  - emancipation.
  - disaffirmance.
  - severability.
- \_\_\_\_\_ 75. Handy Hardware Store agrees to hire Ilsa for one year at a salary of \$500 per week. When Handy cancels the contract, Ilsa spends \$100 to obtain a similar job that pays \$450 per week for a year. Ilsa is entitled to recover
- the difference between the wages at the two jobs plus \$100.
  - the difference between the wages at the two jobs only.
  - the amount of the wages that Handy promised only.
  - \$100 only.
- \_\_\_\_\_ 76. Nori files a suit against Mica to enforce an oral contract that would otherwise be unenforceable under the Statute of Frauds. The court could enforce such a contract if
- neither party has begun to perform.
  - Mica denies the existence of any contract.
  - Nori foreseeably and justifiably relied on Mica's promise to her detriment.
  - the deal does not involve customized goods.
- \_\_\_\_\_ 77. Karif orally agrees to buy a unique collection of sports memorabilia for \$1,000 from Jane and sends her \$250 as a down payment. When Karif sends her the rest of the price, Jane refuses to ship the collection. Karif should seek
- specific performance.
  - rescission.
  - damages.
  - reformation.
- \_\_\_\_\_ 78. Natalie agrees to assume Orina's debt to Consumer Credit Corporation. Natalie does not get any personal benefit for the agreement. To be enforceable, the promise must be in writing if the debt is for
- more than \$50,000.
  - more than \$5,000.
  - any amount.
  - more than \$500.
- \_\_\_\_\_ 79. Niche Credit, Inc., is one of Cut-Rite Notching Corporation's two major creditors. Niche guarantees Cut-Rite's debt to the firm's other major creditor, Manufacturers Capital Bank, to forestall litigation. To be enforceable, this guarantee
- need not be in writing if it benefits Niche Credit.
  - need not be in writing if it benefits Manufacturers Capital Bank.
  - need not be in writing if it benefits Cut-Rite Notching.
  - must be in writing.
- \_\_\_\_\_ 80. GroundCover Pools, Inc., agrees to build a swimming pool for Franci, but fails to complete the job. Franci hires EquiAqua, Inc., to finish the project. Candy may recover from GroundCover
- profits plus the costs incurred up to the time of the breach.
  - the contract price less costs of materials and labor.
  - the contract price.
  - the costs needed to complete construction.

- \_\_\_\_\_ 81. Mitchell orally agrees to pay Lorena to plant and harvest a quarter of Mitchell's farm acreage for four soybean seasons. After Lorena prepares the land and plants the first crop, Mitchell says that their deal is off. Lorena can most likely recover
- nothing.
  - in quasi contract.
  - in restitution.
  - on the parties' existing contract.
- \_\_\_\_\_ 82. Max, a minor subject to his parents' care and control, signs a contract to rent an apartment from Noel for one year. Before the end of the term, Max moves out. Noel sues for the rent for the rest of the term. Max can
- disaffirm the contract but not avoid liability for the rent.
  - not disaffirm the contract nor avoid liability for the rent.
  - avoid liability for the rent but not disaffirm the contract.
  - disaffirm the contract and avoid liability for the rent.
- \_\_\_\_\_ 83. Ruth, a minor, charges groceries at Sam's Mini-Mart. Two days later, Ruth disaffirms the purchase. Ruth owes Sam's
- the retail value of the groceries.
  - the wholesale value of the groceries.
  - nothing.
  - the reasonable value of the groceries.

**Fact Pattern 15-1A**

Macro Marketing, Inc., and National Food Corporation (NFC) discuss the terms of a contract. Macro then faxes NFC a memo on Macro's letterhead that summarizes the items on which they agreed, including a two-year term. Macro begins to perform, but NFC refuses to pay. Macro files a suit to collect. NFC claims that there is no contract.

- \_\_\_\_\_ 84. Refer to Fact Pattern 15-1A. The transaction between Macro and NFC falls within the Statute of Frauds'
- sales-of-goods stipulation.
  - one-year rule.
  - secondary-contracts section.
  - collateral-promise provision.
- \_\_\_\_\_ 85. Fidelio Corporation enters into a contract with Equi Insurance, Inc., to obtain health insurance for Fidelio employees. Equi breaches the contract. If Fidelio is awarded compensatory damages, the purpose would be to
- provide Fidelio with funds for its loss of the bargain.
  - provide Fidelio with funds for a foreseeable loss beyond the contract.
  - punish Equi and set an example to deter others from similar acts.
  - establish, as a matter of principle, that Equi acted wrongfully.
- \_\_\_\_\_ 86. Readymade Construction Corporation offers to buy from Set-Still Cement Company a certain quantity of cement for a certain price. Set-Still can accept the offer by
- a shipment of nonconforming goods with a notice of accommodation.
  - a prompt shipment of the cement only.
  - a material alteration of the terms within a reasonable time.
  - a promise to ship or a prompt shipment of the cement.

- \_\_\_\_\_ 87. In selling paving stones to Yard & Garden Supply, Trey tells Yard & Garden's buying representative that the stones are "soft as carpet." This is
- mistake.
  - adhesion.
  - fraud.
  - puffery.
- \_\_\_\_\_ 88. U-Can-Own-It Corporation sells appliances to less educated consumers, including Viv, on installment plans. U-Can-Own-It files a suit against Viv when she stops making payments. Viv claims that the deal is unconscionable. The court will most likely consider
- the parties' relative bargaining power.
  - the geographic area of the relevant market.
  - the relation of this deal to those of other customers'.
  - the quality of related products in the general market.
- \_\_\_\_\_ 89. Grandiloquent Properties, Inc., and Investment Capital Corporation enter into a contract for a sale of land. To be enforceable, the contract must be in writing if the land is valued at
- more than \$500.
  - more than \$5,000.
  - more than \$50,000.
  - any price.
- \_\_\_\_\_ 90. SFX Paintball Games, Inc., and Truck & Trailer Delivery Corporation sign an agreement that provides for the payment of "\$1,000 by whichever party commits a material breach of the contract that creates damages difficult to estimate but approximately \$1,000." This is
- a mitigation of damages clause.
  - a liquidated damages clause.
  - a penalty clause.
  - a nominal damages clause.

## Bus 241- Winter 2015 -- Final Exam Answer Section

### MULTIPLE CHOICE

1. ANS: B	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
2. ANS: A	PTS: 1	REF: p. 278	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
3. ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
4. ANS: D	PTS: 1	REF: p. 300	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
5. ANS: B	PTS: 1	REF: p. 297	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
6. ANS: C	PTS: 1	REF: p. 270	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
7. ANS: D	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
8. ANS: B	PTS: 1	REF: p. 361	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: =		
9. ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
10. ANS: B	PTS: 1	REF: 277	OBJ: TYPE: =
NAT: AACSB Reflective		LOC: AICPA Legal	
11. ANS: D	PTS: 1	REF: p. 282	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: N		
12. ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
13. ANS: C	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: N		
14. ANS: B	PTS: 1	REF: p. 366	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: +		
15. ANS: B	PTS: 1	REF: p. 293	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
16. ANS: C	PTS: 1	REF: p. 296	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: +		
17. ANS: A	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
18. ANS: B	PTS: 1	REF: p. 280	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
19. ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank B	TYP: N		
20. ANS: A	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		
21. ANS: A	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
KEY: Test Bank A	TYP: =		

22.	ANS: C	PTS: 1	REF: p. 258	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
23.	ANS: D	PTS: 1	REF: p. 361	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
24.	ANS: A	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
25.	ANS: C	PTS: 1	REF: p. 296	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
26.	ANS: B	PTS: 1	REF: p. 369	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
27.	ANS: A	PTS: 1	REF: p. 278	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
28.	ANS: C	PTS: 1	REF: p. 289	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
29.	ANS: A	PTS: 1	REF: p. 259	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
30.	ANS: D	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
31.	ANS: C	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
32.	ANS: D	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
33.	ANS: D	PTS: 1	REF: p. 269	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
34.	ANS: D	PTS: 1	REF: p. 345	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
35.	ANS: D	PTS: 1	REF: p. 258	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
36.	ANS: B	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
37.	ANS: B	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
38.	ANS: D	PTS: 1	REF: p. 281	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
39.	ANS: D	PTS: 1	REF: p. 282	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
40.	ANS: A	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
41.	ANS: B	PTS: 1	REF: p. 293	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
42.	ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
43.	ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
44.	ANS: B	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
45.	ANS: B	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		



46.	ANS: B	PTS: 1	REF: p. 276	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
47.	ANS: D	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
48.	ANS: C	PTS: 1	REF: p. 297	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
49.	ANS: D	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
50.	ANS: A	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
51.	ANS: A	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
52.	ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
53.	ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
54.	ANS: D	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
55.	ANS: D	PTS: 1	REF: p. 263	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
56.	ANS: D	PTS: 1	REF: 279	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	
57.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
58.	ANS: D	PTS: 1	REF: p. 363	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
59.	ANS: D	PTS: 1	REF: p. 337	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
60.	ANS: B	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
61.	ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
62.	ANS: D	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
63.	ANS: B	PTS: 1	REF: p. 336	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
64.	ANS: D	PTS: 1	REF: p. 341	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
65.	ANS: C	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
66.	ANS: B	PTS: 1	REF: p. 274	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
67.	ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
68.	ANS: B	PTS: 1	REF: p. 269	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
69.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		

70.	ANS: A	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
71.	ANS: C	PTS: 1	REF: p. 338	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
72.	ANS: A	PTS: 1	REF: 278	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	
73.	ANS: B	PTS: 1	REF: p. 281	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
74.	ANS: B	PTS: 1	REF: p. 256	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
75.	ANS: A	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
76.	ANS: C	PTS: 1	REF: p. 295	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
77.	ANS: A	PTS: 1	REF: p. 340	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
78.	ANS: C	PTS: 1	REF: p. 292	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
79.	ANS: A	PTS: 1	REF: p. 292	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
80.	ANS: D	PTS: 1	REF: p. 335	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
81.	ANS: B	PTS: 1	REF: p. 343	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: +		
82.	ANS: D	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
83.	ANS: D	PTS: 1	REF: p. 257	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
84.	ANS: B	PTS: 1	REF: p. 295	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
85.	ANS: A	PTS: 1	REF: p. 334	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		
86.	ANS: D	PTS: 1	REF: p. 366	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: N		
87.	ANS: D	PTS: 1	REF: p. 277	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: N		
88.	ANS: A	PTS: 1	REF: p. 266	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank B	TYP: =		
89.	ANS: D	PTS: 1	REF: p. 289	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: +		
90.	ANS: B	PTS: 1	REF: p. 338	NAT: AACSB Reflective   AICPA Legal
	KEY: Test Bank A	TYP: =		

D 11.

D   33.

  A   50.

  D   56.

  D   38.

  B   44.

  A   51.

  D   34.

  D   57.

  D   39.

  B   45.

  D   35.

  D   58.

  A   40.

  B   46.

  C   52.

  B   36.

  D   59.

  B   41.

  D   47.

  B   53.

  B   37.

  B   42.

  C   48.

  D   54.

  B   60.

  B   43.

  D   49.

  D   55.

  C   61.

D   62.

  B   68.

  B   74.

  B   81.

  D   87.

  B   63.

  D   69.

  A   75.

  D   82.

  A   88.

  D   64.

  C   76.

  D   83.

  D   89.

  A   70.

  A   77.

  B   90.

  C   65.

  C   71.

  C   78.

  B   84.

  B   66.

  A   72.

  A   79.

  A   85.

  A   67.

  B   73.

  D   80.

  D   86.