

California Business Law – Part I Exam – Chapters 1-6 – 50 Questions
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CHAPTER 1

1. Which of the following is the primary source of law in America?
 - a. Constitutional Law
 - b. Statutory Law
 - c. Common Law
 - d. All of the above
2. What is the California Uniform Commercial Code commonly called?
 - a. Uniform Code
 - b. Commercial Code
 - c. Administrative Code
 - d. None of the above
3. The structure of the federal government consists of which of the following parts?
 - a. Legislative branch
 - b. Executive branch
 - c. Judicial branch
 - d. All of the above
4. "Stare decisis" most closely means:
 - a. to abide by.
 - b. let the buyer beware.
 - c. stay the decision.
 - d. None of the above.
5. Hard copies of the California Codes can be found in:
 - a. county law libraries.
 - b. law school libraries.
 - c. community college libraries.
 - d. all of the above.
6. While the _____ is empowered to enact laws, it is up to the _____ to enforce those laws.
 - a. judicial branch, executive branch
 - b. executive branch, legislature
 - c. legislature, executive branch
 - d. legislature, judicial branch
7. Civil law is concerned with:
 - a. how individuals interact with each other.
 - b. behavior that is considered unacceptable to society at large.
 - c. how the government is organized.
 - d. none of the above.

8. A contingency fee agreement:
- a. includes hourly billing.
 - b. usually includes a retainer payment.
 - c. can be a verbal agreement.
 - d. must be in writing and state the percentage agreed to.
9. If you believe an attorney has acted improperly, you should report the attorney to the:
- a. state bar.
 - b. local city attorney's office.
 - c. state attorney general's office.
 - d. better business bureau.

CHAPTER 2

10. The primary goal of American business is:
- a. to act responsibly.
 - b. satisfy their stockholders.
 - c. satisfy their employees.
 - d. none of the above.
11. Typically, values consist of ideas that are very strong and important to that person, such as:
- a. truth telling.
 - b. loyalty.
 - c. independence.
 - d. all of the above.
12. Which of the following is an influence that helps shape a person's value system?
- a. Educational system
 - b. Proximity group
 - c. Media
 - d. All of the above
13. The greatest influence that helps shape a person's value system is the:
- a. educational system.
 - b. proximity group.
 - c. family.
 - d. none of the above.
14. An egoist is best defined as a person who:
- a. believes that people should act only in their own self interest.
 - b. makes decisions based on the tradition, culture, laws and morals of a nation.
 - c. believes that whether an action is right or wrong depends on the consequence of that decision on those who are affected by it.
 - d. has no ego.

15. The Stakeholder Theory takes into consideration which of the following when making decisions?
- a. Consumers
 - b. Employees
 - c. Community
 - d. All of the above
16. A published ethical policy is also called a:
- a. trade association.
 - b. code of ethics.
 - c. self-critical analysis.
 - d. none of the above.
17. A "trade association" is a nonprofit organization that:
- a. forms professionals into a group.
 - b. unifies for promotion.
 - c. brings together those with a common interest.
 - d. all of the above.

CHAPTER 3

18. A type of Alternative Dispute Resolution (ADR) is:
- a. negotiation.
 - b. mediation.
 - c. arbitration.
 - d. any of the above.
19. Alternative Dispute Resolution has the advantage of:
- a. speed.
 - b. being less expensive.
 - c. being less formal.
 - d. all of the above.
20. The type of negotiation where the results benefit both sides is called:
- a. win/lose.
 - b. lose/win.
 - c. win/win.
 - d. none of the above.
21. If a neutral third party helps the parties to voluntarily reach a mutually acceptable agreement, it is called:
- a. arbitration.
 - b. negotiation.
 - c. mediation.
 - d. none of the above.

22. In arbitration, a decision:
- a. is made in one-sides favor.
 - b. is a mutual agreement.
 - c. is not made by a neutral third party.
 - d. none of the above.
23. "Self executing arbitration" defines a means to:
- a. select an arbitrator.
 - b. state procedures.
 - c. continue if one party refuses to proceed.
 - d. all of the above.
24. A "strike list" is used to:
- a. select an arbitrator.
 - b. select a court judge.
 - c. select a company to strike.
 - d. select a union.
25. In arbitration, a decision:
- a. is final.
 - b. can be appealed.
 - c. can be arbitrated again.
 - d. none of the above.

CHAPTER 4

26. When a court has the power and authority to decide a case, it is said to have:
- a. appellate rights.
 - b. jurisdiction.
 - c. venue power.
 - d. long-arm rights.
27. If a trial doesn't involve a jury and the judge performs his or her normal functions as well as that of a jury, it is called a(n):
- a. general trial.
 - b. bench trial.
 - c. in rem trial.
 - d. none of the above.
28. Courts with _____ have no restrictions placed on the types of disputes they may resolve.
- a. unlimited jurisdiction
 - b. limited jurisdiction
 - c. general jurisdiction
 - d. in personam jurisdiction

29. A “federal question” occurs whenever the dispute involves:
- a. the U.S. Constitution.
 - b. a federal statute.
 - c. a federal treaty.
 - d. all of the above.
30. Which of the following are considered methods of discovery?
- a. Interrogatories
 - b. Depositions
 - c. Inspection of documents, tangible things, and places
 - d. All of the above
31. In a civil case in California, _____ of the jury may render a verdict.
- a. one-half
 - b. three-fourths
 - c. two-thirds
 - d. four-fifths
32. In California, which court has jurisdiction for the recovery of money where the demand does not exceed \$5,000?
- a. Small claims court
 - b. Municipal court
 - c. Superior court
 - d. Federal court

CHAPTER 5

33. A tort differs from a crime, in that:
- a. with a tort, the wrong is against society as a whole.
 - b. with a tort, the wrong is against an individual.
 - c. a tort deals with criminal law.
 - d. none of the above.
34. A misrepresentation of a material fact, made with both the knowledge of the falsity and the intent to deceive, and where damages are suffered, is called:
- a. fraud.
 - b. breach.
 - c. scienter.
 - d. innocent misrepresentation.
35. A negligent misrepresentation is when the person making the representation:
- a. tells the truth.
 - b. makes a false statement.
 - c. makes a material statement not knowing whether it is true or false.
 - d. none of the above.

36. The best defense to a claim of defamation is:
- a. absolute privilege.
 - b. that the statement was true.
 - c. qualified privilege.
 - d. none of the above.
37. What is it called when a person's reputation is harmed?
- a. Rescission
 - b. Negligent Misrepresentation
 - c. Degradation
 - d. Defamation
38. Both assault and battery are:
- a. crimes.
 - b. torts.
 - c. both a and b.
 - d. neither a nor b.
39. In California, the right of privacy is a(n):
- a. statutory right.
 - b. constitutional right.
 - c. judicial right.
 - d. administrative right.
40. The basic defenses to assault and battery are:
- a. defamation and scienter.
 - b. privilege and slander.
 - c. misrepresentation and rescission.
 - d. consent and privilege.
41. The basic element that must be proved to assert a successful claim of negligence is that the defendant:
- a. owed a legal duty to the plaintiff to use due care.
 - b. breached a duty that was owed to plaintiff.
 - c. caused the plaintiff to suffer injury due to a breach.
 - d. all of the above.

CHAPTER 6

42. Where the injury occurs to a business product of the businessperson and NOT his or her reputation, then the cause of action is for:
- a. defamation.
 - b. slander.
 - c. disparagement.
 - d. libel.

43. A _____ occurs when there is either an oral or written false and unprivileged statement about the title to real or personal property that causes actual monetary damages to the plaintiff.
- a. slander of title
 - b. trade libel
 - c. defamation
 - d. none of the above
44. When a plaintiff has proved 1) the statement was published; 2) the falsity of the statement; 3) that there was an absence of privilege; and 4) that there was a disparagement of another's property that is relied upon by a third party resulting in a pecuniary loss, then he or she has proved that a _____ has been committed.
- a. trade libel
 - b. slander of title
 - c. defamation
 - d. rescission
45. The defense for disparagement is:
- a. truth.
 - b. absolute privilege.
 - c. qualified privilege.
 - d. any of the above.
46. Disparagement is concerned with _____ because of a falsehood suffered to a business product.
- a. damage to a businessperson's reputation
 - b. breach of contract
 - c. monetary damages
 - d. none of the above
47. An intentional disparagement on the quality of another's property is called:
- a. defamation.
 - b. reckless libel.
 - c. slander of title.
 - d. trade libel.
48. With a claim of disparagement, the plaintiff must prove:
- a. he or she suffered mental distress.
 - b. the claim is actually false.
 - c. his or her reputation has been damaged.
 - d. the claim is actually true.
49. California has long recognized a(n) _____ right of privacy.
- a. judicial law
 - b. administrative law
 - c. common law
 - d. none of the above

50. Which of the following theories make up the tort of interference with economic relations?
- a. Inducing a breach of contract
 - b. Interference with a contractual relationship
 - c. Interference with a prospective economic advantage of another
 - d. All of the above