

California Business Law – Part I Exam – Chapters 1-6 – 50 Questions
Instructor’s Manual – Page 179
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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:

- includes hourly billing.
- usually includes a retainer payment.
- can be a verbal agreement.
- 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:

- state bar.
- local city attorney's office.
- state attorney general's office.
- better business bureau.

CHAPTER 2

10. The primary goal of American business is:

- to act responsibly.
- satisfy their stockholders.
- satisfy their employees.
- none of the above.

11. Typically, values consist of ideas that are very strong and important to that person, such as:

- truth telling.
- loyalty.
- independence.
- all of the above.

12. Which of the following is an influence that helps shape a person's value system?

- Educational system
- Proximity group
- Media
- All of the above

13. The greatest influence that helps shape a person's value system is the:

- educational system.
- proximity group.
- family.
- none of the above.

14. An egoist is best defined as a person who:

- believes that people should act only in their own self interest.
- makes decisions based on the tradition, culture, laws and morals of a nation.
- believes that whether an action is right or wrong depends on the consequence of that decision on those who are affected by it.
- 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 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