





3. A state court can exercise jurisdiction over any person within the boundaries of the state.

ANSWER: T      SUMMARIZED PAGE: 29      TYPE: =  
 EXCERPTED PAGE: 31  
 NAT: AACSB Analytic      AICPA Legal

4. A state court can exercise jurisdiction over any property within the boundaries of the state regardless of the property owner’s location.

ANSWER: T      SUMMARIZED PAGE: 29      TYPE: +  
 EXCERPTED PAGE: 31  
 NAT: AACSB Analytic      AICPA Legal

5. A long arm statute permits a court to exercise jurisdiction over an out-of-state defendant.

ANSWER: T      SUMMARIZED PAGE: 29      TYPE: =  
 EXCERPTED PAGE: 31  
 NAT: AACSB Analytic      AICPA Legal

6. Minimum contacts with a jurisdiction are never enough to support jurisdiction over a nonresident defendant.

ANSWER: F      SUMMARIZED PAGE: 29      TYPE: +  
 EXCERPTED PAGE: 31  
 NAT: AACSB Analytic      AICPA Legal

7. A business firm may have to comply with the laws of any jurisdiction in which it actively targets customers.

ANSWER: T      SUMMARIZED PAGE: 29      TYPE: N  
 EXCERPTED PAGE: 31  
 NAT: AACSB Reflective      AICPA Critical Thinking

8. For purposes of diversity of citizenship, a corporation is a citizen only of the state in which it is incorporated.

ANSWER: F      SUMMARIZED PAGE: 30      TYPE: =  
 EXCERPTED PAGE: 33

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NAT: AACSB Analytic

AICPA Legal





21. A summary judgment is granted only if there is no genuine question of law.

ANSWER: F      SUMMARIZED PAGE: 37      TYPE: =  
EXCERPTED PAGE: 39  
NAT: AACSB Analytic      AICPA Critical Thinking





ANSWER: F      SUMMARIZED PAGE: 42      TYPE: N  
 EXCERPTED PAGE: 45  
 NAT: AACSB Reflective      AICPA Critical Thinking

29. In mediation, the mediator proposes a solution that includes what compromises are necessary to reach an agreement.

ANSWER: T      SUMMARIZED PAGE: 43      TYPE: N  
 EXCERPTED PAGE: 45  
 NAT: AACSB Reflective      AICPA Critical Thinking

30. A court’s review of an arbitrator’s award may be restricted.

ANSWER: T      SUMMARIZED PAGE: 43      TYPE: =  
 EXCERPTED PAGE: 46  
 NAT: AACSB Analytic      AICPA Legal

31. Mandatory arbitration clauses in employment contracts are not enforceable.

ANSWER: F      SUMMARIZED PAGE: 44      TYPE: =  
 EXCERPTED PAGE: 47  
 NAT: AACSB Analytic      AICPA Legal

32. In early neutral case evaluation, a third party’s evaluation of each party’s strengths and weaknesses forms the basis for negotiating a settlement.

ANSWER: T      SUMMARIZED PAGE: 44      TYPE: =  
 EXCERPTED PAGE: 47  
 NAT: AACSB Reflective      AICPA Critical Thinking

33. The verdict in a summary jury trial is binding.

ANSWER: F      SUMMARIZED PAGE: 44      TYPE: N  
 EXCERPTED PAGE: 47  
 NAT: AACSB Analytic      AICPA Legal

34. Most online dispute resolution services apply general, universal legal principles to resolve disputes.

ANSWER: T      SUMMARIZED PAGE: 45      TYPE: N

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EXCERPTED PAGE: 48

NAT: AACSB Technology AICPA Leveraging Technology

35. Unless otherwise agreed, the result of an online dispute resolution proceeding may **not** be appealed to a court.

ANSWER: F SUMMARIZED PAGE: 45 TYPE: =

EXCERPTED PAGE: 48

NAT: AACSB Analytic AICPA Legal

## MULTIPLE-CHOICE QUESTIONS

1. Moby, a resident of New Jersey, has an accident with Ogden, a resident of New York, while driving through that state. Ogden files a suit against Moby in New York. Regarding Moby, New York has
- federal question jurisdiction.
  - in personam jurisdiction.
  - in rem jurisdiction.
  - no jurisdiction.

ANSWER: B      SUMMARIZED PAGE: 29      TYPE: +  
EXCERPTED PAGE: 31  
NAT: AACSB Reflective      AICPA Legal

2. Hua, a resident of Illinois, owns a warehouse in Indiana. A dispute arises over the ownership of the warehouse with Jac, a resident of Kentucky. Jac files a suit against Hua in Indiana. Regarding this suit, Indiana has
- federal question jurisdiction.
  - in personam jurisdiction.
  - in rem jurisdiction.
  - no jurisdiction.

ANSWER: C      SUMMARIZED PAGE: 29      TYPE: +  
EXCERPTED PAGE: 31  
NAT: AACSB Reflective      AICPA Legal

3. Marbled Granite Company files a suit against Natural Stone, Inc., in a Colorado court with general jurisdiction. In a Delaware court with limited jurisdiction, E-Sales Corporation files a suit against First State Bank. The difference between general and limited jurisdiction is
- the subject matter of the cases that the courts can decide.
  - whether a case is being heard for the first time.
  - whether a suit is filed against a single individual or many people.
  - whether a suit is filed by a citizen or by a business.

ANSWER: A      SUMMARIZED PAGE: 30      TYPE: +  
EXCERPTED PAGE: 32

NAT: AACSB Reflective

AICPA Legal

4. Sam, a citizen of Tennessee, files a suit in a Tennessee state court against United Sales Corporation, a Wyoming company that does business in Tennessee. The court has original jurisdiction, which means that
- the case is being heard for the first time.
  - the court does not have concurrent jurisdiction.
  - the court has standing.
  - the court has venue.

ANSWER: A      SUMMARIZED PAGE: 30      TYPE: N  
 EXCERPTED PAGE: 33  
 NAT: AACSB Reflective      AICPA Legal

5. Sam, a citizen of New Mexico, wants to file a suit against Tanya, a citizen of Texas. Their diversity of citizenship may be a basis for
- any court to exercise in rem jurisdiction.
  - a federal district court to exercise original jurisdiction.
  - a U.S. court of appeals to exercise appellate jurisdiction.
  - the United States Supreme Court to issue a writ of certiorari.

ANSWER: B      SUMMARIZED PAGE: 30      TYPE: =  
 EXCERPTED PAGE: 33  
 NAT: AACSB Reflective      AICPA Legal

6. Jo files a suit against Lara in a Missouri state court. Lara’s only connection to Missouri is an ad on the Web originating in Nebraska. For Missouri to exercise jurisdiction, the issue is whether Lara, through her ad, has
- a commercial cyber presence in Missouri.
  - conducted substantial business with Missouri residents.
  - general maximum contact with Missouri.
  - solicited virtual business in Missouri.

ANSWER: B      SUMMARIZED PAGE: 31      TYPE: N  
 EXCERPTED PAGE: 33  
 NAT: AACSB Reflective      AICPA Legal



10. The Idaho Supreme Court rules against Jiffy Mart in a case against Kwik Stop Stores, Inc. Jiffy Mart files an appeal with the United States Supreme Court. The Court does not hear the case. This
- is a decision on the merits with value as a precedent.
  - indicates agreement with the Idaho court's decision.
  - means nothing.
  - means that the Idaho court's decision is the law in Idaho.

ANSWER: D      SUMMARIZED PAGE: 36      TYPE: N  
 EXCERPTED PAGE: 38  
 NAT: AACSB Reflective      AICPA Legal

11. Emil wants to initiate a suit against Fast Credit Company by filing a complaint. The complaint should include
- an explanation of the proof to be offered at trial.
  - a motion for judgment n.o.v.
  - a motion for judgment on the pleadings.
  - a statement of the grounds for the court to exercise jurisdiction.

ANSWER: D      SUMMARIZED PAGE: 36      TYPE: N  
 EXCERPTED PAGE: 39  
 NAT: AACSB Reflective      AICPA Legal

12. Ula wants to initiate a suit against Valley Farms by filing a complaint. The complaint should include
- an explanation to refute any defense the defendant might assert.
  - a motion for summary judgment.
  - a motion to dismiss.
  - a statement of the facts necessary to show Ula is entitled to relief.

ANSWER: D      SUMMARIZED PAGE: 36      TYPE: N  
 EXCERPTED PAGE: 39  
 NAT: AACSB Reflective      AICPA Legal





16. Quality Products, Inc., files a suit against Retail Sales Corporation. Sid is a witness for Quality. Tod is a witness for Retail. Quality may direct interrogatories to
- a. Retail only.
  - b. Retail, Sid, or Tod.
  - c. Sid only.
  - d. Sid or Tod only.

ANSWER: A      SUMMARIZED PAGE: 37      TYPE: N  
 EXCERPTED PAGE: 40  
 NAT: AACSB Reflective      AICPA Legal

17. In Ed’s suit against First National Bank, the discovery phase would include all of the following EXCEPT
- a. Ed’s complaint.
  - b. Ed’s deposition.
  - c. Ed’s requests for First National’s admissions.
  - d. First National’s replies to Ed’s interrogatories.

ANSWER: A      SUMMARIZED PAGE: 37      TYPE: =  
 EXCERPTED PAGE: 40  
 NAT: AACSB Reflective      AICPA Legal

18. To prepare for a trial between Large Lots Development Corporation (LLDC) and MiniMansion Construction Company (MMCC), MMCC’s attorney places LLDC’s president under oath. A court reporter makes a record of the attorney’s questions and the officer’s answers. This is
- a. a cross-examination.
  - b. a deposition.
  - c. an imposition.
  - d. an interrogatory.

ANSWER: B      SUMMARIZED PAGE: 37      TYPE: N  
 EXCERPTED PAGE: 40  
 NAT: AACSB Reflective      AICPA Legal









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28. Refer to Fact Pattern 2-1. If Java and Kaffe have a long-standing business relationship that they would like to continue, a preferred method of settling their dispute may be mediation because
- the case will be heard by a mini-jury.
  - the dispute will eventually go to trial.
  - the process is not adversarial.
  - the resolution of the dispute will be decided an expert.

ANSWER: C      SUMMARIZED PAGE: 43      TYPE: =  
EXCERPTED PAGE: 45  
NAT: AACSB Reflective      AICPA Risk Analysis

29. Refer to Fact Pattern 2-1. Resolving the dispute between Java and Kaffe by having a neutral third party render a binding decision is one of the advantages of
- arbitration.
  - conciliation.
  - intervention.
  - mediation.

ANSWER: A      SUMMARIZED PAGE: 43      TYPE: =  
EXCERPTED PAGE: 46  
NAT: AACSB Reflective      AICPA Risk Analysis

30. National Consumer Goods Corporation and Paula Purchaser agree to resolve their dispute in arbitration. The arbitrator's decision is called
- a conclusion of law.
  - a finding of fact.
  - an award.
  - a verdict.

ANSWER: C      SUMMARIZED PAGE: 43      TYPE: =  
EXCERPTED PAGE: 46  
NAT: AACSB Reflective      AICPA Legal

31. Owen, in Pennsylvania, and Quik Jobs, Inc., in Maryland agree to have their dispute resolved in arbitration according to the law of Virginia. This is a ground for a court to
- a. do nothing.
  - b. review the merits of the dispute.
  - c. review the sufficiency of the evidence.
  - d. set aside the award.

ANSWER: A      SUMMARIZED PAGE: 44      TYPE: N  
 EXCERPTED PAGE: 46  
 NAT: AACSB Reflective      AICPA Legal

32. Transnational Corporation and United Shipping, Inc., agree to a contract that includes an arbitration clause. If a dispute arises, a court having jurisdiction may
- a. monitor any arbitration until it concludes.
  - b. order an arbitrator to rule in a particular way.
  - c. order a party to bring the dispute to court.
  - d. order a party to submit to arbitration.

ANSWER: D      SUMMARIZED PAGE: 44      TYPE: =  
 EXCERPTED PAGE: 47  
 NAT: AACSB Reflective      AICPA Legal

33. In Harley’s suit against Irma, the parties meet before going to trial, and each party’s attorney argues the party’s case before the other party. A third party renders an opinion as to how a court would likely decide the dispute. This is
- a. a mini-trial.
  - b. arbitration.
  - c. a summary jury trial.
  - d. early neutral case evaluation.

ANSWER: A      SUMMARIZED PAGE: 44      TYPE: =  
 EXCERPTED PAGE: 47  
 NAT: AACSB Reflective      AICPA Legal

34. Molly files a suit against Naomi. They meet, and each party's attorney argues the party's case before a judge and jury. The jury presents an advisory verdict, after which the judge meets with the parties to encourage them to settle their dispute. This is
- a. court-ordered arbitration.
  - b. early neutral case evaluation.
  - c. a mini-trial.
  - d. a summary jury trial.

ANSWER: D      SUMMARIZED PAGE: 44      TYPE: =  
EXCERPTED PAGE: 47  
NAT: AACSB Reflective      AICPA Legal

35. To resolve a dispute, Amy in Boston and Chris in Denver utilize E-Solution, an online dispute resolution (ODR) service. This limits these parties' recourse to the courts
- a. not at all.
  - b. until the ODR service has issued a decision.
  - c. with respect to any dispute arising between them.
  - d. with respect to this dispute only.

ANSWER: A      SUMMARIZED PAGE: 45      TYPE: N  
EXCERPTED PAGE: 48  
NAT: AACSB Reflective      AICPA Legal

## ESSAY QUESTIONS

1. Norwest Trucking Corporation files a suit in a state court against Bob's Service Company (BSC), and wins. BSC appeals the court's decision, asserting that the evidence presented at trial to support Norwest's claim was so scanty that no reasonable jury could have found for the plaintiff. Therefore, argues BSC, the appellate court should reverse the trial court's decision. Is the appellate court likely to reverse the trial court's findings with respect to the facts? If not, why not? What are an appellate court's options after reviewing a case?



**ANSWER:** An appellate court will reverse a lower court's decision on the basis of the facts if the evidence does not support the findings or if it contradicts them. Appellate courts normally defer to a judge's decision with regard to the facts of a case, however, for a number of reasons. First, trial judges routinely sit as fact finders. As a result, they develop a particular expertise in determining what kind of evidence and testimony is reliable and what kind is not. Second, trial judges and juries have the opportunity to observe witnesses and tangible evidence first hand. The appellate court sees only a cold record of the trial court proceedings and therefore cannot make the kind of judgments about the credibility of witnesses and the persuasiveness of evidence that can be gleaned only from first-hand experience. (There are also constitutional reasons for an appellate court to defer to a jury verdict. If, based on the evidence presented to a jury, a reasonable person could have come to the same decision that the jury came to, an appellate court cannot reverse the jury's decision with regard to the facts because this would, in essence, take away a person's right to a jury trial.) An appellate court's options after reviewing a case are to affirm the trial court's judgment, to reverse it in whole, to reverse it in part, to modify the decision, or to remand the case for further proceedings.

SUMMARIZED PAGES:	35–36 & 41	TYPE:	=
EXCERPTED PAGES:	37–38 & 43–44		
NAT: AACSB Reflective		AICPA Decision Modeling	

- Discount Mart, Inc., files a suit in a state court against Elements Computer Corporation, alleging that Elements breached a contract to sell 500 notebook computers to Discount. During the course of the suit, Discount files a motion for judgment on the pleadings, Elements files a motion for a directed verdict, and both parties file motions for summary judgment. When and for what purpose are each of these motions made?

**ANSWER:** After the pleadings have been filed, either party can file a motion for judgment on the pleadings. This motion may be used when no facts are disputed and, thus, only questions of law are at issue. The difference between this motion and a motion for summary judgment is that the party requesting the motion may support a motion for summary judgment with sworn statements and other materials; on a motion for a judgment on the pleadings, a court may consider only those facts pleaded. At the conclusion of the plaintiff's case, the defendant can file a motion for a directed verdict (federal courts use the term motion for a judgment as a matter of law),

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asking the court to direct a verdict for the defendant on the ground that the plaintiff has presented no evidence to justify the granting of the plaintiff's remedy. In considering the motion, the judge looks at the evidence in the light most favorable to the plaintiff and grants the motion only if there is insufficient evidence to raise an issue of fact. At the end of the defendant's case, either party can move for a directed verdict. If the only question is which laws apply to the facts in a case, either party can move for summary judgment before or during a trial. When a court considers a motion for summary judgment, it can take into account evidence outside the pleadings. The evidence may consist of sworn statements by parties or witnesses, as well as documents. A motion for summary judgment will be granted only when there are no genuine questions of fact, and the only question is a question of law.

SUMMARIZED PAGES:	35–36 & 39–40	TYPE: =
EXCERPTED PAGES:	39–40 & 42–43	
NAT: AACSB Reflective	AICPA Decision Modeling	