Introduction to Business Law 7th edition Beatty Solutions Manual

SKU: 9780357717189-SOLUTIONS

Solution and Answer Guide

Beatty, Intro to Business Law 7e, 9780357717189; Chapter 01: Introduction to Law

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Answers to Matching Questions

_____A. Statute	1. Law created by judges
_____B. Administrative agencies	2. Let the decision stand
_____C. Common law	3. A law passed by Congress or a state legislature
_____D. *Stare decisis*	4. The supreme law of the land
_____E. United States Constitution	5. The IRS, the EPA, the FCC, the SEC

Answers:

A. 3
B. 5
C. 1
D. 2
E. 4

Answers to True/False Questions

1. If the president vetoes a bill, it can still become a statute if the House and the Senate approve it by a two-thirds majority.
   Answer: T

2. Civil lawsuits are brought to court by the injured party, but criminal cases must be prosecuted by the government.
   Answer: T

3. Federalism means that the federal government's laws and policies always supersede those of the states.
   Answer: F

4. The federal government has three branches: executive, legislative, and administrative.
   Answer: F

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5. Law is different from morality, but the two are closely linked.
Answer: T

Answers to Multiple Choice Questions

1. More U.S. law originates from one country than from any other. Which country?
   A. France
   B. England
   C. Germany
   D. Spain
   E. Canada

   Answer: B. England

2. Under the United States Constitution, power that is not expressly given to the federal government is retained by:
   A. the courts.
   B. the Congress.
   C. the Founders.
   D. the states and the people.
   E. international treaty.

   Answer: D. the states and the people.

3. Judges use precedent to create what kind of law?
   A. Common law
   B. Statutes
   C. National Law
   D. Local law
   E. Empirical law

   Answer: A. Common law

4. For a statute to become law, Congress must pass it by a:
      I. Majority vote in the House.
      II. Majority vote in the Senate.
      III. Two-thirds vote in the House, but only if the president has first vetoed it.
      IV. Two-thirds vote in the Senate, but only if the president has first vetoed it.
   A. Just I and II
   B. Just III and IV
   C. All of these
   D. None of these

   Answer: C. All of these

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5. What part of the Constitution addresses most basic liberties?
   A. Article I
   B. Article II
   C. Article III
   D. The amendments
   Answer: D. The amendments

Answers to Case Questions

1. Union organizers at a hospital wanted to distribute leaflets to potential union members, but hospital rules prohibited leafleting in areas of patient care, hallways, cafeterias, and any areas open to the public. The National Labor Relations Board (NLRB) ruled that these restrictions violated the law and ordered the hospital to permit the activities in the cafeteria and coffee shop. The NLRB cannot create common law or statutory law. What kind of law was it creating?

   Solution
   Administrative law. As an administrative agency, the NLRB has the authority and jurisdiction to create such regulations in furtherance of its agency mission and mandate.

2. The stock market crash of 1929 and the Great Depression that followed were caused in part because so many investors blindly put their money into stocks they knew nothing about. During the 1920s, it was often impossible for an investor to find out what a corporation was planning to do with its money, who was running the corporation, and many other vital facts. Congress responded by passing the Securities Act of 1933, which required a corporation to divulge more information about itself before it could seek money for a new stock issue. What kind of law did Congress create? Explain the relationship between voters, Congress, and the law.

   Solution
   Congress created a statutory law, as authorized by Article II of the Constitution. As for the relationship between voters, Congress, and the law, students may posit that voters elect to Congress members who agree with what they believe, or at least, hope to do so. But of course, answers will vary. Voters who are disappointed in what their representatives have done may vote them out at the next opportunity.

3. **ETHICS** The greatest of all Chinese lawgivers, Confucius, did not esteem written laws. He believed that good rulers were the best guarantee of justice. Does our legal system rely primarily on the rule of law or the rule of people? Which do you instinctively trust more?

   Solution

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Hopefully, students will recognize that the rule of law provides more safety, security, and justice than a reliance on the current ruler. But as to which they instinctively trust more, answers will vary.

4. Lance, who is a hacker, stole 15,000 credit card numbers and sold them on the black market, making millions. Police caught Lance, and two legal actions followed, one civil and one criminal. Who will be responsible for bringing the civil case? What will be the outcome if the jury believes that Lance was responsible for identity thefts? Who will be responsible for bringing the criminal case? What will be the outcome if the jury believes that Lance stole the numbers?

   Solution
   The civil cases will be brought by the victims of identity theft, and the outcome of a successful case against Lance would be some type of monetary award for damages suffered. The criminal case will be brought by state prosecutors and the outcome would be imprisonment for Lance.

5. In 2015, terrorists in Paris killed 130 people in a series of coordinated attacks at restaurants, a soccer match, and a rock concert. The father of an American woman killed in the Paris terrorist attacks sued Twitter, Facebook, and YouTube, alleging the sites knowingly allowed terrorists to recruit members, raise money, and spread extremist propaganda. The sites defended themselves by saying that their policies prohibit terrorist recruitment and that, when alerted to it, they quickly remove offending videos. What type of lawsuit is this – criminal or civil? What responsibilities, if any, should social media sites have for the spread of terrorism?

   Solution
   The case is a civil case, but answers will vary as to the scope of the responsibilities social media sites should have for the spread of terrorism.

Answers to Discussion Questions

1. Do you believe that there are too many lawsuits in the United States? If so, do you place more blame for the problem on lawyers or on individuals who sue? What evidence do you have for your opinion?

   Solution
   Answers will vary.

2. In the 1980s, the Supreme Court ruled that it is legal for protesters to burn the American flag. This activity counts as free speech under the Constitution. If the Court hears a new flag-burning case in this decade, should it consider changing its ruling or should it follow

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precedent? Is following past precedent something that seems sensible to you: always, usually, sometimes, rarely, or never?

Solution

Answers will vary.

3. When should a business be held legally responsible for customer safety? Consider the following statements, and consider the degree to which you agree or disagree.
   a. A business should keep customers safe from its own employees.
   b. A business should keep customers safe from other customers.
   c. A business should keep customers safe from themselves. (Example: an intoxicated customer who can no longer walk straight)
   d. A business should keep people outside its own establishment safe if it is reasonable to do so.

Solution

Answers will vary.

4. In his most famous novel, *The Red and the Black*, French author Stendhal (1783-1842) wrote: "Prior to laws, what is natural is only the strength of the lion, or the need of the creature suffering from hunger or cold, in short, need." Do you agree with Stendhal? Without laws, would society quickly crumble?

Solution

Answers will vary.

5. Should judges ignore their life experiences, political leanings, and feelings when making judicial decisions? Do you think it is possible?

Solution

Answers will vary.

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Instructor Manual

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Chapter 1: Introduction to Law

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Purpose and Perspective of the Chapter

The purpose of this chapter is to describe the history of the common law, the various branches of government, different schools of jurisprudence, and how to analyze a case.

Cengage Supplements

The following product-level supplements provide additional information that may help you in preparing your course. They are available in the Instructor Resource Center.

- Transition Guide (provides information about what's new from edition to edition)
- Test Bank (contains assessment questions and problems)
- Solution and Answer Guide (offers textbook solutions and feedback)
- PowerPoint (provides text-based lectures and presentations)
- Guide to Teaching Online (provides technological and pedagogical considerations and resources for teaching online)
- MindTap Educator Guide (describes assets in the MindTap platform with a detailed breakdown of activities by chapter with seat time)

Chapter Objectives

The following objectives are addressed in this chapter:

1. Identify the areas of law that affect business decision making
2. Identify the sources of American law
3. Describe the common law tradition of the American legal system
4. Explain how laws can be classified
5. Describe methods for researching the law

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Key Terms

Precedent: The tendency to decide current cases based on previous rulings
Common law: Judge-made law
Statute: A law created by a legislature
Criminal law: Law that prohibits certain behavior for the benefit of society
Civil law: Law that regulates the rights and duties between parties
Jurisprudence: The philosophy of law
Sovereign: The recognized political power, whom citizens obey
Plaintiff: The party who is suing
Defendant: The party being sued

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What's New in This Chapter

The following elements are improvements in this chapter from the previous edition:

- No changes in this chapter.

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Chapter Outline

I. **Exploring the Law**
   a. **The Role of Law in Society**
      - The law cuts across nearly every aspect of life, especially at work.
      - The law is essential; every society throughout history has had a system of laws.
      - Since the law plays a large role in everyone's life, it is all the more important to learn about it.

II. **Sources of Contemporary Law**
   a. **United States Constitution**
      i. **Branches of Government**
         (1) Government is divided into three separate branches to reduce concentration of power:
            (a) Legislative, which creates laws,
            (b) Executive, which enforces laws, and
            (c) Judiciary, which interprets laws.
      ii. **Checks and Balances**
         (1) Each branch can check the power of the others.
            (a) The president can veto legislation passed by Congress.
            (b) Congress can impeach the president.
            (c) The president appoints judges approved by the Senate.
      iii. **Fundamental Rights**
         (1) These rights are guaranteed by the Constitution. Some include:
            (a) Freedom of speech.
            (b) Freedom of religion.
            (c) Freedom from unlawful search and seizure.
   b. **Statutes**
      i. A **statute** is a law created by the legislature.
   c. **Common Law**
      i. It is made up of the accumulation of cases based on precedent.
   d. **Court Orders**
      i. Orders issued by a court that can place obligations on a party or compel a party to do or refrain from an action.
   e. **Administrative Law**

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i. These laws are regulations created by administrative bodies. Administrations such as the Environmental Protection Agency (EPA) and the Internal Revenue Service (IRS) are themselves created by Congress.

ii. ***Knowledge Check Activity: 1 minute total.*** *Tests students' understanding of precedent.*

III. Classifications

a. **Criminal and Civil Law**

iii. **Criminal Law** prohibits certain behavior for the benefit of society.

iv. **Civil law** regulates the rights and duties between parties.

b. **Law and Morality**

v. Law is related to morality in some ways, but not in others.

(1) For example, laws based on religious discrimination versus laws prohibiting murder.

IV. Working With the Book's Features

a. **Analyzing a Case**

i. Cases are at the center of the law and illustrate legal controversies.

ii. **Analysis**

(1) Note the parties: **Plaintiff**, Karl Kuehn is suing the **Defendant**, The Pub Zone.

(2) The issue is the question the court is trying to answer.

(3) Each party brings different arguments to court—each argument is the specific party's answer to the issue.

b. **Exam Strategy**

i. This feature shows students how to analyze cases and legal issues.

c. **You Be the Judge**

i. These are cases where the holding is omitted. Students are encouraged to find each sides' arguments and attempt to answer the issue in the case.

d. ***Knowledge Check Activity: 1 minute total.*** *Tests students' ability to recognize a state statute.*

e. ***Case Study: Kuehn v. Pub Zone: 5-10 minutes total.***

In this case the Plaintiff Karl Kuehn is suing the Defendant Pub Zone. The issue is if the Pub Zone has a duty to protect the Kuehn from injuries, he sustained from the Pagan biker gang. Pub Zone knew that the Pagans are a dangerous biker gang and therefore their knowledge of this fact created a duty to protect Plaintiff Kuehn from danger.

e. Case Study: Del Lago Partners, Inc. v. Smith: 5-10 minutes total.

In this case, Plaintiff Del Lago Partners, Inc. is suing Defendant Smith. The issues is whether the hotel had a duty to protect Smith from imminent assault.

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Discussion Questions

You can assign these questions several ways: in a discussion forum in your LMS, as whole-class discussions in person, or as a partner or group activity in class.

1. Discussion: Question of enforcement.
    a. Writing prompt asking students, while it is agreed that the executive branch has the power to enforce laws, what if a president decides to order the Environmental Protection Agency (EPA) to not enforce a clean water regulation?
    b. Would this be a within the president's power? What is the extent of enforcement?
        i. Answer defending the president: The executive has the discretion to decide what and where to enforce any law passed by Congress.
        ii. Answer against the president: The executive has interfered with the power that Congress delegated to the EPA.

2. Discussion: Jurisprudence in action.
    a. Writing prompt asking students to apply the various schools of jurisprudence to a fact pattern.
    b. A city passes a law against loitering. It reads, "The following shall be deemed loiterers, people begging, traders in stolen property, people wandering around from place to place without a lawful purpose and habitual loafers and punished upon conviction by a fine of $500.00 and or 30 days' imprisonment." How would a legal positivist view obeying this law? How would issues of vagueness play a role in the analysis? Would a natural law theory consider this an unjust law? How could legal realism examine the enforcement and process behind this law?
        i. The Legal Positivist school could argue this law passed by the sovereign is legal; however, there would likely be problems with enforcement. What is a lawful purpose? How many times is one deemed habitual in terms of loafing?
        ii. Natural Law theorist could argue that this law is unjust based on vagueness, citing the issues noted above regarding lawful purpose, etc.
        iii. Legal Realist could argue that this law's true purpose is to deem various actions as loitering. A legal realist would look at who exactly is this law enforced against, i.e., the young, immigrants, etc.

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Additional Activities and Assignments

1. **MindTap:** Why Does the Legal System Matter to Me?
    a. Consider your perspective on key legal concepts.
2. **MindTap:** Reading: Introduction to Law
    a. Read the chapter here. Highlight and make notes to help you study for an exam.
3. **MindTap:** Learn It: The Origins of the American Legal System
    a. Get familiar with one of the key concepts from the chapter.
4. **MindTap**: Learn It: Theories of Jurisprudence
    a. Get familiar with one of the key concepts from the chapter.
5. **MindTap:** Learn It: Branches of Government
    a. Get familiar with one of the key concepts from the chapter.
6. **MindTap**: Check Your Understanding: Introduction to Law
    a. Test your understanding of the facts, themes, and concepts covered in the chapter.
7. **MindTap:** Case Problem Analysis: Sources of Law
    a. Read a short scenario case, analyze fact patterns, and answer questions to gain a deeper level of critical analysis and understanding.
8. **MindTap:** Brief Hypotheticals: Brief Hypotheticals: Introduction to Law
    a. Assess your ability to apply legal concepts to hypothetical scenarios.
9. **Research Project:**
    a. Ask students for their views on each jurisprudential school.
    b. Have students apply jurisprudential ideas to hypotheticals.

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