Introduction to Business Law 8th edition Beatty Solutions Manual

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Solution and Answer Guide

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ANSWER TO ADDITIONAL EXAMSTRATEGY QUESTION

1. Jackson and Layla are hiking in the woods. Layla walks down a hill to fetch a pail of water. Jackson meets a stranger who introduces herself as Kate. Jackson sells a kilo of cocaine to Kate, who then flashes a badge and mentions how much she enjoys her job at the Drug Enforcement Agency. Layla, heading back to camp with the water, bumps into Amare, a motorist whose car has overheated. Amare is late for a meeting where he expects to sign a $30 million deal; he's desperate for water for his car. He promises to pay Layla $500 tomorrow if she will give him the pail of water, which she does. The next day, Jackson is in jail, and Amare refuses to pay Layla. Explain the criminal law/civil law distinction and what it means to Jackson and Layla. Who will do what to whom, with what results?

   Strategy: You are asked to distinguish between criminal and civil law. What is the difference? Criminal law concerns behavior that threatens society and is therefore outlawed. The government prosecutes the defendant. Civil law deals with the rights and duties between parties. One party files a suit against the other. Apply those different standards to these facts.

   Solution: The government will prosecute Jackson for dealing in drugs. If convicted, he will go to prison. The government will take no interest in Layla's dispute. However, if she chooses, she may sue Amare for $500, the amount he promised her for the water. In that civil lawsuit, a court will decide whether Amare must pay what he promised; however, even if Amare loses, he will not go to jail.

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Answers to Matching Questions

_____A. Statute
_____B. Administrative agencies
_____C. Common law
_____D. *Stare decisis*
_____E. United States Constitution

1. Law created by judges
2. Let the decision stand
3. A law passed by Congress or a state legislature
4. The supreme law of the land
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

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

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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

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?

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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: 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, a hacker, stole 15,000 credit card numbers and sold them on the dark web, 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 coordinated a series of attacks on civilians in Paris, France. The father of an American woman killed in a nightclub sued various social media companies, including YouTube, alleging the sites knowingly allowed ISIS terrorists to recruit members 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.

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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: Responses will vary. Look for evidence that the student has applied key concepts from the chapter, engaged in critical thinking, and has effectively communicated their reasoning in writing or discussion.

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

   Solution: Students' answers should demonstrate an understanding of our legal system, which is generally based on past precedent. Answers may include the following:

   - Most students will also recognize the need to periodically (as in usually, sometimes, or rarely) re-evaluate laws and statutes based on evolving social norms and concerns.
   - To never reconsider a ruling would be to deny social change, and to always reconsider every ruling would mean overwhelming our legal system with unnecessary litigation.

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: Students' answers will be based largely on the degree to which they believe individuals are responsible for their own actions. Answers may include the following:

   - In general, those students who feel that people should be held accountable for their own actions will say that businesses have relatively little responsibility for customer safety, other than to take basic precautions of maintaining a safe facility and ensuring that employees and customers abide by laws.
   - Other students may argue that many individuals don't know how or aren't capable of behaving responsibly, which is why businesses should take greater precautions on behalf of their customers.

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

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creature suffering from hunger or cold, in short, need." Do you agree with Stendhal? Without laws, would society quickly crumble?

Solution: Natural law should be a question in the back of our minds throughout the course, because it is a reminder of morality, and law without morality is despotism. Nonetheless, Stendhal is obviously correct that both strength and need help to create law. The important thing for this course is continually to apply moral principles to the rules you study and make your own determinations about whether natural law really plays a role.

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

Solution: Most students will acknowledge that judges either consciously or subconsciously include their life experiences, education, and social background in forming opinions on questions of law. After all, these aspects of life are so ingrained in our thinking process that it may not be possible to eliminate them. Answers may include the following:

- Some students will argue that factoring in their life experiences allows judges to form more balanced, equitable, and beneficial decisions.
- Others will argue that judges should actively try to eliminate any personal perspectives and make decisions based solely on the Constitution and the precedents set in earlier court cases.

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Instructor Manual

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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.

Chapter Objectives

The following objectives are addressed in this chapter:

1-1 Recognize the role of law in a society and the roots of law in the United States.

1-2 Explain how laws can be classified and describe the process of analyzing a law case.

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What's New in This Chapter

No substantial changes have been made to this chapter.

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Chapter Outline

The following outline organizes activities (including any existing discussion questions in PowerPoints or other supplements) and assessments by chapter (and therefore by topic), so that you can see how all the content relates to the topics covered in the text.

I. **Exploring the Law (1-1) (PPT Slides 3-13)**
  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.
  b. **Sources of Contemporary Law**
    i. **United States Constitution**
      (1) **Branches of Government**
        (a) Government is divided into three separate branches to reduce concentration of power:

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(i) Legislative power, which creates laws,
(ii) Executive power, which enforces laws, and
(b) Judicial power, which interprets laws.

(2) **Checks and Balances**
(a) Each branch can check the power of the others.
(i) The president can veto legislation passed by Congress.
(ii) Congress can impeach the president.
(iii) The president appoints judges approved by the Senate.

(3) **Fundamental Rights**
(a) These rights are guaranteed by the Constitution. Some include:
(i) Freedom of speech.
(ii) Freedom of religion.
(iii) Freedom from unlawful search and seizure.

ii. **Statutes**
(1) A **statute** is a law created by the legislature.

iii. **Common Law**
(1) It is made up of the accumulation of cases based on precedent.

iv. **Court Orders**
(1) Orders issued by a court that can place obligations on a party or compel a party to do or refrain from an action.

v. **Administrative Law**
(1) 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.

vi. **Knowledge Check Activity 1: PPT Slides 12-13, 1 minute total.** Tests students' understanding of precedent.

II. **Classifications of Law (PPT Slides 14-15)**
a. **Criminal and Civil Law**
i. **Criminal Law** prohibits certain behavior for the benefit of society.
ii. **Civil law** regulates the rights and duties between parties.
b. **Law and Morality**
i. Law is related to morality in some ways, but not in others.
(1) For example, laws based on religious discrimination versus laws prohibiting murder.

III. **Working With the Book's Features (1-2) (PPT Slides 16-24)**
a. **Analyzing a Case**
i. Cases are at the center of the law and illustrate legal controversies.
b. **Analysis**

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i. Note the parties: **Plaintiff**, Karl Kuehn is suing the **Defendant**, The Pub Zone.
ii. The issue is the question the court is trying to answer.
iii. Each party brings different arguments to court—each argument is the specific party's answer to the issue.

c. **Exam Strategy**
   i. This feature shows students how to analyze cases and legal issues.
d. **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.
e. **Knowledge Check Activity 2: PPT Slides 21-22, 1 minute total.** Tests students' ability to recognize a state statute.
f. **Case Study Activity: Kuehn v. Pub Zone: PPT Slides 23-24, 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 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.

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Additional 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: Sources of law in the U.S. [Exploring the Law (1-1)] (PPT Slides 5-6)
   a. Writing prompt asking students to examine the multiple sources of law in colonial America.
   b. America's Founding Fathers borrowed heavily from English law when creating our legal system. However, their intention was to protect the rights of the people from the government, so they did not want to duplicate the English system of law. What are two other important factors they took into consideration when establishing our early laws?
      (i) The Founding Fathers created a national government but insisted on allowing individual states to maintain control in many areas.
      (ii) In the Constitution, the Founding Fathers also guaranteed many rights to the people alone, ordering national and state governments to keep clear.

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2. Discussion: Ethics and legality [Exploring the Law (1-1)] (PPT Slide 15)
    a. Writing prompt encouraging students to consider the moral and ethical aspects of law as applied to a fact pattern.
    b. Morality and law are closely linked, but there are some areas of law that do not offer a clear ethical or moral path to follow. Scenario: If you are out walking along a country lane and see a young child playing with matches near a barn filled with hay, what are your legal and ethical obligations in this situation?
        (i) In terms of ethical conduct, most people would say you should attempt to intervene and protect the child. Do you agree?
        (ii) In terms of the law, you are not obligated to intervene. Why do you suppose the law does not require you to take action in this situation?

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Additional Activities and Assignments

The following are activities and assignments developed by Cengage but not included in the text, PPTs, or courseware (if courseware exists)—they are for you to use if you wish.

1. **Research Project:**
    a. Ask students for their views on each jurisprudential school.
    b. Have students apply jurisprudential ideas to hypotheticals.

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