1. Joshua runs a cattle breeding business and owes the LeBron Ranch $1,000. Joshua agrees to pay the LeBron a percentage of his profits each month until the debt is paid. This agreement is
   1. a delegation
   2. a partnership
   3. a delegation
   4. a shareholder
2. Susie and Reggie form Justin Bieber, Inc. Ultimate responsibility for policymaking decisions necessary to the management of the corporation rests with Justin Bieber’s
   1. Incorporators
   2. Officers
   3. Shareholders
   4. Board of Directors
3. Melissa is a junior partner in a law firm. As a partner, she has a right of inspection that permits her to review
   1. the clothing worn by the staff
   2. partnership books and records
   3. the tax returns filed by other partners
   4. any and all client files
4. Cortina Corporation handles investment accounts for small to medium size employers. In most circumstances the law would prohibit Cortina from subjecting its employees to
   1. drug tests
   2. electronic monitoring
   3. lie-detector tests
   4. searches of their desks, filing cabinets, or officers
5. For the Age Discrimination to apply
   1. the age discrimination must have been intentional
   2. the employee must be at least 25 years old
   3. the age discrimination cannot be intentional
   4. the employee must be at least 40 years old
6. Best Buy Company manufacturers smart phones. Best Buy is like most corporations in that its officers are hired by the firm’s
   1. Board of Directors
   2. Incorporators
   3. Shareholders
   4. None of the above
7. Ralph is a director of Happy Days, Inc. Without telling Richard, Ralph goes into business with Sad Days, Inc., in competition with Richard. Ralph is liable for
   1. Breach of the duty of loyalty
   2. Breach of the duty of duty of care
   3. Violating the business judgment rule
   4. Indemnification of the corporation
8. Ravenous Corporation wants to gain control of Meek Company. The companies negotiate for several months, without coming to terms. Ravenous decides to pursue a takeover attempt. Meek decides to resist. Meek issues its stockholders additional shares at a low price so as to make Ravenous’s takeover attempt prohibitively expensive. This is a
   1. Poison pill
   2. Scorched earth tactic
   3. Pac-Man defense
   4. Crown jewel
9. Lori remodels Craig’s home. Craig doesn’t pay Lori in a timely manner. Lori has the following options:
   1. Ultra Vires
   2. Guaranty
   3. Surety contract
   4. Mechanic’s lien
10. Apple Corporation’s employment handbook states that employees will be dismissed only for good cause. Jill, an employee, is dismissed because her supervisor didn’t like her dress. If Jill sues Apple, a court could hold that
    1. There is an implied contract on the terms in the manual
    2. There is no contract because Tom doesn’t have a formal written agreement
    3. That Tom can file a Title VII suit based on the protected class of being a bad dresser
    4. Tom was not qualified because he did not sign a written employment agreement
11. Jill is seventeen years old. Jill
    1. Cannot work in a hazardous occupation
    2. Cannot work during school hours
    3. Must obtain a permit to work
    4. None of the above
12. Cheap Things, Inc. employs 550 workers in six states. Cheap Things, Inc. cannot discriminate in the hiring of employees for reasons of
    1. Height
    2. Educational background
    3. Union affiliation
    4. None of the above
13. Lisa works at Build-A-Bear at Mayfair mall. She is the store manager and earns $35,000 a year. The maximum number of hours that Lisa can work per week without overtime pay is
    1. Thirty-five
    2. Fourty
    3. Sixty
    4. Unlimited
14. Cortina Asset Management wants to expand into London but they don’t have the capital. The bank asks that one of their clients, Mr. X, guarantee the loan for expansion. Mr. X executes a guaranty of Cortina’s loan. Mr. X is liable:
    1. For the entire amount of the loan, regardless of whether Cortina can pay
    2. For half of the loan and Cortina the other half
    3. For the entire amount of the loan only after the bank tries to collect from Cortina
    4. Has no liability because these types of loans are illegal
15. Fast Food, Inc. licenses Greg to operate a restaurant under the Fast Food name. This is
    1. A chain-style business operation franchise
    2. A distributorship franchise
    3. A manufacturing or processing-plant franchise
    4. None of the above
16. Quick Pizza is operated as a partnership. For tax purposes, Quick Pizza
    1. Is a tax-paying entity
    2. Is not required to pay taxes
    3. Pays ½ of the taxes if there are two partners
    4. Pays ¼ of the taxes if there are three partners
17. Under which act would Justin be charged with insider trading
    1. Securities Act of 1933
    2. Securities Act of 1934
    3. Securities Act of 1935
    4. Sarbanes-Oxley
18. Which type of bankruptcy exist as a reorganization
    1. Chapter 7
    2. Chapter 11
    3. Chapter 12
    4. Chapter 13
19. The entity where someone is most free to make business decisions and run the day-to-day business exists with:
    1. Partnership
    2. Sole proprietorship
    3. Limited liability company
    4. Corporation
20. Workers compensation only covers worker who
    1. Are injured on the job
    2. Successfully sue their employers for negligence
    3. Whose injuries occurred on the job and were intentional
    4. Who are completely disabled
21. The Family Medical Leave Act applies to employees who have more than
    1. Five employees
    2. Ten employees
    3. Fifty employees
    4. One thousand employees
22. Sue applies for a job with Regular Stores, Inc., but is not hired. Sue believes that she was not hired for reasons of discrimination. If Sue files a suit against Regular Stores and a case is established, she
    1. Loses the suite
    2. Wins the suit if Regular Stores cannot prove that they didn’t hire for other reasons
    3. Wins the suit regardless of Regular Store’s response
    4. Wins the suit only if the EEOC issues a right to sue letter
23. Which of the following is NOT criteria used to determine whether a worker is categorized as an employee versus an independent contractor
    1. How much control the employer exercises over the details of the work
    2. How much the person is paid
    3. How long the person is employed
    4. Whether the employer supplies the tools at the place of work
24. National Manufacturing Corporation (NMC) is a private employer involved in a Title VII employment discrimination suit. Punitive damages may be recovered against NMC only if the employer
    1. Acted with malice or reckless indifference
    2. Can easily afford to pay the amount
    3. Has one hundred or more employees
    4. None of the above
25. Phil, a fifty-year-old, is replaced in his job at Reinhardt Company by Chaz, a twenty-two-year-old. To succeed with an age-discrimination claim against Reinhardt, Phil will have to show that Chaz
    1. Is not a member of a protected age group
    2. Is not qualified for Phil’s position
    3. Often makes discriminatory statements
    4. None of the above
26. Which of the following items will NOT be discharged in bankruptcy
    1. Student loans
    2. Cash advances totaling more than $500
    3. 401k accounts
    4. Primary automobile loans
27. Pet’s Pizza Inc., grants a franchise to Randy to operate a Pete’s pizza restaurant. Pete’s Pizza may charge Randy
    1. A license fee only
    2. A price for supplies only
    3. A license fee and a price for supplies
    4. None of the above
28. Which of the following factors will the court consider when determining whether to pierce the corporate veil
    1. How many employees exist
    2. Whether the company is set up to make a profit
    3. Whether the owner also owns other businesses
    4. Whether the owner influences employees in their day-to-day operations
29. Sam is a shareholder of Urban Sales, Inc. (USI). A court might hold Sam personally liable for USI’s debts if
    1. Sam’s personal interests are commingled with USI’s interest to the extent that USI has no separate identity
    2. USI calls more than the required number of shareholders’ meetings
    3. USI is over capitalized
    4. Any of the above
30. Gamma Corporation and Omega Corporation, like other business corporations, most likely issue securities to
    1. Increase their market share
    2. Increase their visibility
    3. Obtain financing
    4. Reduce their production costs
31. Coast-to-Coast Distribution, Inc., is a direct-mail distribution company. Like most corporations, Coast-to-Coast’s employees include its
    1. Board of directors
    2. Officers
    3. Shareholders
    4. None of the above are employees
32. Frosty Drinks Corporation distributes soft drinks in the Midwest. Frosty’s board of directors can delegate some of its functions to the firm’s
    1. Incorporators
    2. Officers
    3. Shareholders
    4. None of the above
33. Ace Tool Corporation and Best Hardware Company combine so that all that remains after the papers have been signed is Ace Tool Corporation. This is
    1. A consolidation
    2. A merger
    3. A purchase of assets
    4. A purchase of stock
34. Delta Corporation merges with Echo Corporation. It is agreed that Echo will absorb Delta. On merging
    1. Delta will continue as the surviving corporation
    2. Echo will continue as the surviving corporation
    3. A new distinct corporation is formed
    4. Both corporations are dissolved
35. Digital Equipment Corporation and Electronics, Inc., plan to consolidate. The plan must be approved by
    1. Their boards of directors only
    2. Their shareholders only
    3. Their board and their shareholders
    4. None of the above
36. When a manufacturer licenses a dealer to sell its product this is known as
    1. Manufacturing arrangement
    2. distributorship
    3. chain-style business operation
    4. global initiative
37. Mike is a stockbroker. Which law regulates Mike?
    1. The Securities Act of 1933
    2. The Securities Act of 1934
    3. The Securities Act of 1940
    4. The Securities Act of 1992
38. Gail, a salesperson for International Sales, Inc. (ISI), learns that ISI will increase the dividend it pays to shareholders. Gail buys 1,000 shares of ISI stock. When the price of the stock increases, Gail sells her shares for a profit. Gail would not be liable for insider trading if the

information about the dividend was

* 1. Material when she sold the stock
  2. Public before she bought the stock
  3. Public after she bought the stock
  4. Too speculative when she bought the stock

1. Computer Networks, LLC, is a limited liability company. Unless indicated otherwise on Computer Networks’ federal tax form, the firm will be taxed as
   1. A corporation
   2. A partnership
   3. A sole proprietorship
   4. None of the above
2. Ron, an employee of Standard Company, is injured. For Ron to receive workers compensation, the injury must be
   1. Accidental and arise out of a preexisting disease or condition
   2. Accidental and occur on the job or in the course of employment
   3. Intentional and arise out of a preexisting disease or condition
   4. Intentional and occur on the job or in the course of employment
3. Panther Co. is worried Badger, Inc. is interested in a hostile takeover. Panther has no interest in merging or becoming part of Badger. The Directors of Panther negotiate retirement packages in case they can’t stop the merger to try and fight the merger. This strategy is known as
   1. Pac-Man
   2. Golden Parachute
   3. Poison Pill
   4. White Knight
4. Mega Corporation provides health insurance for its employees. When Mega closes one of its offices and terminates the employees, COBRA allows the employees
   1. to collect “severance pay” equal to twelve weeks’ of health insurance coverage
   2. continue their health insurance at Mega’s expense for 18 months
   3. continue their health insurance at their own expense for 18 months
   4. lose their health insurance immediately
5. Ann is an employee of Beta Communications Corporation. Ann attempts to resolve a gender-based discrimination claim with Beta, whose representative denies the claim. Ann’s next best step is to
   1. Ask the Equal Opportunity Employment Commission (EEOC) whether a claim is justified
   2. File a lawsuit
   3. Forget about the matter
   4. Secretly sabotage the company operations for revenge
6. Ann owns Enterprises, Inc., a sole proprietorship. Ann’s liability for the obligations of the business is
   1. Limited by state statute
   2. Limited to the amount of her original investment
   3. Limited to the total amount of capital Ann invests in the business
   4. Unlimited
7. Holly owns International Imports. She hires Jay as a salesperson, agreeing to pay $10,00 per hour plus 10 percent of his sales. Holly and Jay are
   1. Partners for the duration of Jay’s employment
   2. Partners, because Holly pays Jay an hourly wage
   3. Not partners, because Jay does not have an ownership interest or management rights in the business
   4. Partners because Jay receives a commission, not a share of the profits
8. Responsibility for the overall management of Beta, Inc., a corporation, is entrusted to
   1. The board of directors
   2. The corporate officers and managers
   3. The owners of the corporation
   4. The promoters of the corporation
9. Pat is a director of Quick Buy, Inc. Without informing Quick Buy, Pat goes into business with Fast Sales, Inc. to compete with Quick Buy. This violates
   1. The business judgment rule
   2. The duty of loyalty
   3. The mailbox rule
   4. Pat’s appraisal rights
10. Bill is considering forms of business organizations for his Web-site consulting firm. Most states require that a limited liability company have
    1. No members
    2. At least one member
    3. At least five members
    4. A board of directors
11. Frank, an officer of Gamma, Inc., learns that Gamma has developed a new source of energy. Frank tells Gail, an outsider. They each buy Gamma stock. When the development is announced, the stock price increases, and they each immediately sell their stock. Subject to liability for insider trading is
    1. Frank only
    2. Gail only
    3. Frank and Gail
    4. None of the above
12. Ann’s Retail, a women’s clothing store, hires female attendants to assist clients in the store’s dressing rooms. Larry, a male, applies for, and is refused, a job as an attendant. Larry then sues Ann’s Retail for employment discrimination under Title VII. Against the suit, the store has
    1. An affirmative action defense
    2. An after-acquired evidence defense
    3. A bona fide occupational qualification defense
    4. A business necessity defense