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Business Law 1122  
Homework: 1

I. Ludwig was the director of human resources for the Krantz Technology Company. He played in a business-related golf tournament and won. Several people participated in this tournament. The prize was a ten-day all-expense trip to Bermuda. Ludwig accepted the prize and notified the vice president of human resources, his supervisor, for approval, which was granted. Was the decision to accept the price ethically correct?

The decision to accept the prize was ethically correct because Ludwig notified the vice president of human resources and his supervisor for approval, which was granted.

II. Discuss the truth or falsity of this statement: "In the United States, judges rely solely on statute law to arrive at decisions while trying a case in court."

The statement is false because judges do not only rely solely on statute law to come to a decision while trying a case in court, but instead use common law.

III. Why are administrative agencies important?

Administrative agencies are important because it is impossible for legislatures to make all the necessary rules or for courts to handle all of the cases.

IV. Abbott shot and wounded three men who were attempting to rob him in the subway of a large city. He had been robbed before in the same area and under the same circumstances. If convicted, do you think Abbott should be punished if he believed that what he did was ethically correct.

He shouldn't be punished unless the gun he used wasn't registered because all he was doing was defending himself from a group of people threatening his safety.

V. Jerome had acupuncture performed on his knee as the result of a football injury. The treatment by the licensed acupuncturist resulted in his getting a severe infection that required medical treatment at a hospital and then several visits to his doctor for additional treatment. Jerome, who had a part-time job, lost several days at work and lost several hundred dollars in pay. He then decided to bring a legal action against the acupuncturist for his lost pay. Would his court action be a civil or criminal matter?

The court matter would be civil because what the acupuncturist did wasn't against society, but against another individual.

VI. Clay stole a car from Mooney's driveway. While driving the car down Main Street at an excessive rate of speed, Clay ran into Page's store window, causing extensive damage. Can Mooney and Page bring a civil action against Clay? Explain. What functions does the law serve in this case?

Mooney and Page can bring civil action against Clay because Clay stole Mooney's car and he also ran into Page's store window causing a lot of damage. They're both allowed to get compensated for what they lost.

VII. What is the difference between statute law and case law? Is one more important than the other in the U.S. legal system?

Statute law is enacted by congress, state legislatures, and local governments while case law are rules of law stated in court decisions including court interpretations of federal and state statutes and constitutions. One is not more important than the other in the U.S. legal system.

VIII. What are the effects on a company that fails to build a strong ethical base into its everyday decision making?

It'll experience negative growth in all aspects of its business operations including sales, profits from sales, customer satisfaction, employee fulfillment and company reputation.

IX. Do you think it is unethical for a company to test current employees for illegal substances?

I don't think it's unethical for companies to test current employees for illegal substances. The employees are the ones representing the company and they shouldn't be involved in any type of illegal activity.

X. The Vanity corporation spent several million dollars advertising its mouthwash as having the ability to cure colds and sore throats. After several years of advertising, the Federal Trade Commission (FTC) declared that Vanity's claim about the mouthwash constituted false advertising. The FTC determined that the original formula had not changed since 1900, when Vanity first started manufacturing the mouthwash, and that no such claim of the mouthwash curing colds and sore throats had been made in the company's early days. Did the Vanity Corporation act ethically in making claims for its mouthwash even though no physical harm could come to consumers who used the product?

The Vanity Corporation did not act ethically when making claims that their mouthwash cured colds and sore throats. It wasn't an ethical decision because lying is lying and that's never good.

XI. Sentinel, a national automotive chain with auto centers throughout the United States, mailed coupons to consumers advertising discounts on brake jobs. Actually, this advertising was a bait-and-switch scheme to get consumers into Sentinel's auto centers and convince them that additional repairs were needed. Sentinel had also established quotas for repair services that employees were required to meet. The company made millions of dollars on this scheme. Once the scheme was discovered, Sentinel's auto repair license was revoked and lawsuits were initiated against the company. Sentinel settled the lawsuits out of court, and as part of the settlement, it offered various types of auto repairs free of charge. Did Sentinel act ethically in this case? Why do you think Sentinel settled its claims out of court?

Sentinel did not act ethically in this case because they lied to their customers. They tricked their customers into getting repairs that weren't needed. I think Sentinel settled its claims out of court to try and save their reputation.

XII. The Kaiser Company manufactured a device women could use to prevent pregnancy. This device was sold to more than 3 million women. Thousands of women filed lawsuits against the company because the device was found to be defective, causing problems of infection and health defects in children born to them. The company aggressively fought these lawsuits in court, although there was overwhelming evidence that the device was truly defective. Was it unethical for the Kaiser Company to contest lawsuits filed against it knowing that it was responsible for the injury?

It was ethical for the Kaiser Company to contest the lawsuits filed against it because they didn't know it was gonna cause all of those problems. If they had just gave in to the lawsuits it would've looked like they had prior knowledge.

