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Business Organization I: Final Examination (Fall 1972)

William & Mary Law School

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Due to the Christmas season shoplifting rush, Universal Department Stores found it necessary to use special store detective personnel. To accomplish this, arrangements were made with Gumshoe Inc. (a private security guard organization) to have 10 people (men and women) act as "plainclothesmen". These people, though not necessarily the same 10 each day, were to work under the supervision of UDC chief of security. Gumshoe was to be paid a flat fee under this arrangement and was to pay the salaries of the additional personnel furnished. During the period of this operation, the following events transpired:

A. Special Detective Klotz, suspecting A to have goods concealed on her person locked her in the ladies lounge for one hour while he waited for a saleslady to conduct a search which revealed no wrongdoing by A; this procedure was contrary to UDS's instructions given to its regular employees.

B. Special Detective Lightfoot, while pursuing a suspected thief, bumped into a shopper B, breaking B's leg.

C. Mr. Bungle, Gumshoe vice president, was called by the chief store detective to investigate Lightfoot's accident; on his drive to the store, Bungle negligently struck C.

D. On Christmas Eve, Special Detective Annie Ankles discovered she had left her purse at the store. She returned to the closed store and was let in by a security guard. While passing through the notions Dept., she was raped by the store's Santa Claus, who had just left a Christmas party held in the toy Dept.

Assuming (in case you had not, as yet, suspected) that A, B, C and Annie each has a cause of action against someone, discuss: the possible (not probable) defendant(s), and the possible liability in each case.

II

Pott is dining in a restaurant called "Mick's" one evening where he sees a certain statue he wants to own. Because he is well known to be extremely wealthy, he asks Archy (the owner of a local pottery shop) to negotiate purchase of the statue for no more than $5000 but not to let on about Pott's identity; Pott also agrees to pay Archy a fee of $500 for his services.

Arch goes to Mick's and speaks with Marvin the maitre'd, who tells him that he is in charge of the restaurant. During their negotiations, Archy sees a painting that he would like for himself; he also sees a Grecian urn that he feels Pott would like to own. Ultimately, Archy buys: the statue (for Pott) costing $2500, the urn (hopingly for Pott) costing $1500, and the painting (for himself) costing $1000. Archy signs a memo agreeing to pay Mick $5000 (which amount he intends to tell Pott he paid for the statue), loads up the 3 pieces and takes them to his shop. No mention was made of Pott at any time.

Next day, Pott inspects the items and decides he does not want the statue; however, he is willing to buy the urn --- but only if he can also have the painting. Accordingly, Pott offers to reimburse Arch his payment to Mick for these two items, plus a $250 fee (being 10% of the amount to be expended by Archy on Pott's behalf). Meanwhile, back at the restaurant --- Mick (owner of the restaurant and the 3 pieces d'art) learns about Marvin's doings.
Hick is furious about the urn (it was a wedding present), but feels better about the painting and the statue when his investigation reveals that Archy enjoyed "some kind" of financial backing from Potts.

Assuming no problem as to the Statute of Frauds, discuss:

1. The arguments, both for and against, Pott's insistence that he get only the urn and the painting, but not the statue.

2. The arguments, both for and against, Hick's insistence that he be paid for the statue and the painting -- but that he repossess the urn.

3. The arguments, both for and against, Archy's insistence that he keep the painting and be paid the $500 promised him by Pott.

III

Herkimer Heinz was employed by the New Dominion Gazette, a country newspaper, to deliver its weekly publication in the rural county area. Herk was furnished a pick-up truck bearing the publisher's name, together with reimbursement for gas, oil and repairs; in addition, he was paid a monthly salary. One sad, sad day, while making deliveries for his employer, the events occurred as follows:

A. While driving, he flipped his cigarette out the window and started a grass fire that burned A's barn.

B. Herk picked up a hitchhiker, B, who helped make several deliveries; at one place of delivery, B, negligently, threw the rolled newspaper so as to break a large, picture window at the home of C;

C. Herk became so perturbed about the window "episode" that he struck B in the face, causing severe injury to B's teeth.

D. Herk then split with B --- stopped at a roadside "oasis" for a beer, but backed into a car, owned by D, in the parking lot as he was leaving to resume his deliveries;

E. As he was making his last delivery, Herk negligently knocked over E's mail box;

F. On his way home, after what might be called a "bad day", Herk spotted B standing by the road, trying to hitch another ride; still irritated, Herk swerved his truck towards B and injured him.

Discuss (with reasons) whether or not Herk's employer would be liable to A, B, C, D and E.

IV

Clients Meredith, Gifford and Cosell are in your office. They are about to buy the patent rights to a new device that will furnish the hot air, in cold weather, to keep footballs properly inflated during telecast commercials. Although there is the possibility of lucrative contracts with both the NFL and NCAA, they feel this is a high investment - high risk proposition. To date, Meredith has spent $30,000 in developing the patent. Gifford is willing to invest $100,000 and Cosell will furnish the hot air.
1. Based upon your understanding of the Uniform Partnership Act and the Uniform Limited Partnership Act, what is your advice as to the basic characteristics of each form of organization?

2. What is your advice as to the pitfalls (aside from tax problems) that must be considered as to each?