Business Law

1) The ___ is the person who authorizes another in an agency relationship.
   a. agent
   b. employee
   c. principal
   d. legal representative

   **Competency:** Agency and employment laws

2) A disadvantage of corporations is:
   a. taxation
   b. professional management
   c. perpetual life
   d. the potential for greater amount of capital

   **Competency:** Business organization

3) ___ is the act of taking work created by someone else from the Internet and using it as one's own.
   a. Plagiarizing
   b. Downloading
   c. Phishing
   d. Spamming

   **Competency:** Computer law

4) Which of the following is **not** given in mutual consideration?
   a. a promise
   b. an act
   c. forbearance
   d. a gift

   **Competency:** Contracts and sales
5) Which of the following is **not** one of the major requirements for a contract?
   a. capacity
   b. time
   c. genuine agreement
   d. consideration

   **Competency:** Contracts and sales

6) In a COD transaction, what right does the buyer lose?
   a. the right of ownership and risk of loss
   b. the right to pay for the goods
   c. the right to inspect the goods before payment
   d. the right to return damaged goods

   **Competency:** Domestic and personal law

7) _____ takes place when a couple has been living together and sharing common property for an extended period of time.
   a. Prenuptial agreement
   b. Common-law marriage
   c. Marital partnership
   d. Annulment

   **Competency:** Consumer protection/Personal liability

8) _____ is based on the current standards or customs of the people.
   a. Common law
   b. Code of ethics
   c. Civil law
   d. Commercial law

   **Competency:** Legal system
9) _____ are used when conducting international business to make sure that money is available and will be received for the completed transaction.
   a. Letters of credit
   b. Promissory notes
   c. Demand drafts
   d. Money orders

   **Competency:** Negotiable instruments, insurance, secured transactions, bankruptcy

10) A patent:
   a. is good for up to 30 years
   b. can be transferred to another person
   c. protects intellectual property
   d. is granted for a trade secret

   **Competency:** Property laws

**ANSWER KEY**

1. C
2. A
3. A
4. D
5. B
6. C
7. B
8. A
9. A
10. B