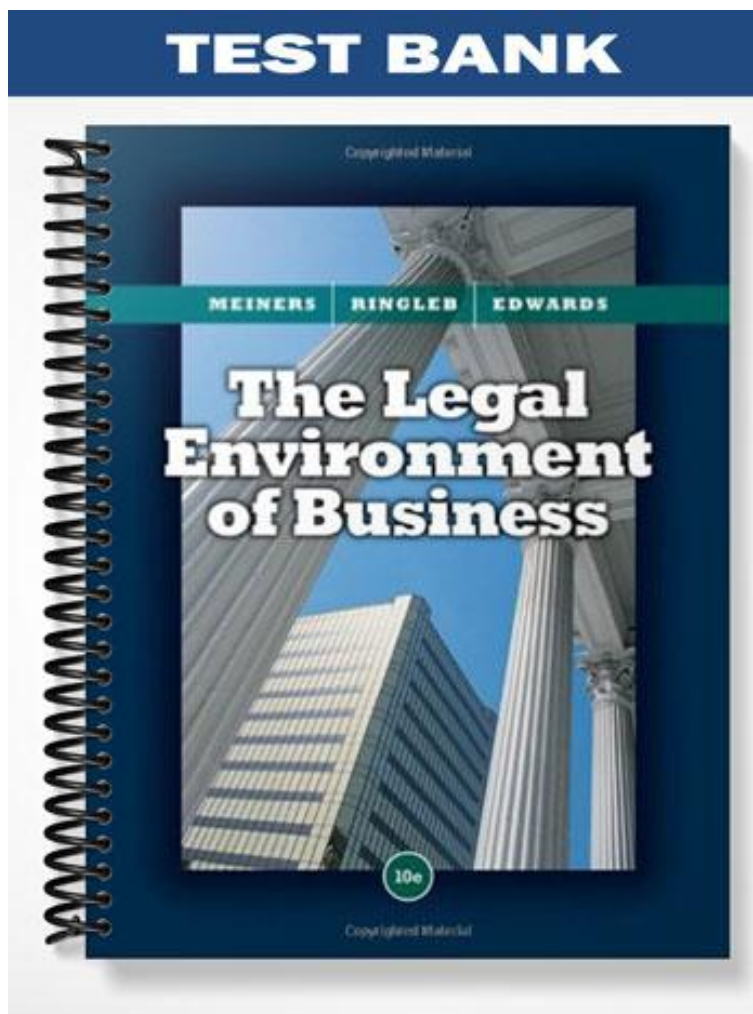


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Chapter 2

The Court Systems

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1. The U.S. Constitution provides that the judicial power (the court system) is:
 - a. determined by the Congress establishing such courts as it deems necessary
 - b. determined by the President with the advice and consent of the Senate
 - c. in one Supreme Court and in lower courts as the Supreme Court may establish
 - d. in one Supreme Court and in lower courts as Congress may establish
 - e. none of the other choices are correct

ANSWER: d (page 25)

National: AACSB Analytic; AICPA BB-Legal

2. The Supreme Court was created:
 - a. by the Constitution
 - b. by the Declaration of Independence
 - c. by England when the U.S. was a colony; it was retained when the nation was formed
 - d. by the Bill of Rights
 - e. by Congress in 1832

ANSWER: a (page 25)

National: AACSB Analytic; AICPA BB-Legal

3. If a federal judge is impeached from office:
 - a. they keep their salary for life
 - b. they are tried by the Senate
 - c. they are tried by the House
 - d. the President removes them from office
 - e. none of the above; they may not be impeached

ANSWER: b (page 25)

National: AACSB Analytic; AICPA BB-Legal

4. Federal judges are appointed for a term of:
 - a. four years
 - b. seven years
 - c. ten years
 - d. fourteen years
 - e. none of the above

ANSWER: e (page 25)

National: AACSB Analytic; AICPA BB-Legal

5. Federal judges are nominated by:
 - a. the Congress
 - b. the Senate
 - c. the state legislatures
 - d. the President
 - e. the House of Representatives

ANSWER: d (page 25)

National: AACSB Analytic; AICPA BB-Legal

6. State judges:
 - a. are elected in non-partisan (no party affiliation) in some states
 - b. are elected in partisan (party) elections in some states
 - c. are appointed by the governor in some states
 - d. are selected by the legislature in some states
 - e. all of the other choices are correct

ANSWER: e (page 26)

National: AACSB Analytic; AICPA BB-Legal

7. The doctrine of judicial immunity means judges may:
 - a. commit crimes and not be punished
 - b. act as diplomats for the U.S.
 - c. be sued in their capacity as judges only if they exhibit “clear bias” toward one party in a case they hear
 - d. be sued for negligent application of the law
 - e. not be sued for damages that result from their judicial acts

ANSWER: e (page 26)

National: AACSB Analytic; AICPA BB-Legal

8. Original jurisdiction means power to:
 - a. revise or correct proceedings by a lower court
 - b. accept a lawsuit, try it, and pass judgment
 - c. remove a lawsuit from a court to arbitration
 - d. appoint special prosecutors to investigate a case of alleged abuse
 - e. legally create disputes

ANSWER: b (page 26)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

9. Original jurisdiction means power to:
- revise or correct proceedings by a lower court
 - remove a lawsuit from a court to arbitration
 - appoint special prosecutors to investigate a case of alleged abuse
 - legally create disputes
 - none of the other choices are correct

ANSWER: e (page 26)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

10. In the American court system:
- there is a federal system and a similar system of trial and appeals courts in each state
 - all state court decisions can be appealed to U.S. Courts of Appeal
 - federal court precedents must be followed by state courts
 - state supreme court decisions may not be appealed to the U.S. Supreme Court
 - all of the other choices are correct

ANSWER: a (page 26)

National: AACSB Analytic; AICPA BB-Legal

11. In the American court system:
- there is a federal system and a similar system of trial and appeals courts in each state
 - federal court precedents must be followed by state courts
 - state supreme court decisions may not be appealed to the U.S. Supreme Court
 - none of the three specific choices are correct
 - all of the three specific choices are correct

ANSWER: a (page 26)

National: AACSB Analytic; AICPA BB-Legal

12. Which court(s) in the federal court system uses juries?
- the U.S. appellate courts
 - the U.S. district courts
 - the U.S. Claims Court
 - the U.S. Court of International Trade
 - all federal courts, except the Supreme Court, use juries

ANSWER: b (page 27)

National: AACSB Analytic; AICPA BB-Legal

13. Which courts are the courts of original jurisdiction in the federal court system?
- the circuit courts

- b. the appeals courts
- c. the district courts
- d. only the Supreme Court has original jurisdiction
- e. all courts in the federal system have original jurisdiction

ANSWER: c (page 27)

National: AACSB Analytic; AICPA BB-Legal

14. U.S. district courts:
- a. are not found in each state
 - b. do not use juries
 - c. are the trial courts of the federal system
 - d. have five-judge panels for exceptional situations
 - e. all of the other choices are true

ANSWER: c (page 27)

National: AACSB Analytic; AICPA BB-Legal

15. Federal trial courts are called:
- a. district courts
 - b. municipal courts
 - c. superior courts
 - d. claims courts
 - e. none of the other choices are correct

ANSWER: a (page 27)

National: AACSB Analytic; AICPA BB-Legal

16. Federal appellate courts are called:
- a. superior courts
 - b. intermediate courts
 - c. district courts
 - d. courts of appeal
 - e. none of the other choices are correct

ANSWER: d (page 27)

National: AACSB Analytic; AICPA BB-Legal

17. Which of the following is true about the federal appeals courts?
- a. there are ten circuit courts of appeals
 - b. courts of appeals usually assign three-judge panels to review decisions of district courts
 - c. the U.S. government does not have the right to appeal any decision lost at district court
 - d. the judges must retire at age 65
 - e. all of the other choices are true

ANSWER: b (page 27)

National: AACSB Analytic; AICPA BB-Legal

18. Which of the following is true about the federal appeals courts?
- a. there are twelve circuit courts of appeals not counting the federal circuit
 - b. courts of appeals usually assign three-judge panels to review decisions of district courts
 - c. the U.S. government does not have the right to appeal a decision in a criminal case
 - d. the judges are appointed until they reach age 70, but they may hear cases after age 70
 - e. all of the other choices are correct

ANSWER: e (page 28)

National: AACSB Analytic; AICPA BB-Legal

19. Not counting the federal circuit, there are _____ U.S. circuit courts of appeals.
- a. three
 - b. ten
 - c. twelve
 - d. fifteen
 - e. fifty

ANSWER: c (page 27)

National: AACSB Analytic; AICPA BB-Legal

20. Federal courts of limited or special jurisdiction include:
- a. the Federal Probate Court
 - b. the Court of Appeals for the Federal Circuit
 - c. Courts of Common Pleas
 - d. the Star Chamber
 - e. the D.C. Circuit Court of Appeals

ANSWER: b (page 28)

National: AACSB Analytic; AICPA BB-Legal

21. Federal courts of limited or special jurisdiction include:
- a. federal district courts
 - b. Courts of Common Pleas
 - c. the Star Chamber
 - d. the D.C. Circuit Court of Appeals
 - e. none of the other choices are correct

ANSWER: e (page 28)

National: AACSB Analytic; AICPA BB-Legal

22. The U.S. Supreme Court:
- a. was created by Congress
 - b. hears all appeals made from the federal district courts
 - c. hears all appeals made from the federal appeals courts
 - d. must have nine justices

- e. none of the other choices are correct

ANSWER: e (page 28)

National: AACSB Analytic; AICPA BB-Legal

- 23. The U.S. Supreme Court:
 - a. was created by the U.S. Constitution
 - b. hears all appeals made from the federal district courts
 - c. hears all appeals made from the federal appeals courts
 - d. must have nine justices
 - e. all of the other choices are correct

ANSWER: a (page 29)

National: AACSB Analytic; AICPA BB-Legal

- 24. The U. S. Supreme Court was created by:
 - a. the Constitution
 - b. vote of 2/3 of the states
 - c. vote of a majority of the states
 - d. the President with the approval of the Senate
 - e. the President with the approval of both houses of Congress

ANSWER: a (page 29)

National: AACSB Analytic; AICPA BB-Legal

- 25. The U. S. Supreme Court was created by:
 - a. vote of 2/3 of the states
 - b. vote of a majority of the states
 - c. the President with the approval of the Senate
 - d. the President with the approval of both houses of Congress
 - e. none of the other choices are correct

ANSWER: e (page 29)

National: AACSB Analytic; AICPA BB-Legal

- 26. The highest court in the United States is the:
 - a. federal district court
 - b. Court of Appeals for the Federal Circuit
 - c. Court of Presidential Appeals
 - d. Supreme Court
 - e. Court of International Justice

ANSWER: d (page 29)

National: AACSB Analytic; AICPA BB-Legal

- 27. The highest court in the United States is the:

- a. Court of Appeals for the D.C. Circuit
- b. Court of Appeals for the Federal Circuit
- c. Court of Presidential Appeals
- d. Court of International Justice
- e. none of the other choices are correct

ANSWER: e (page 29)

National: AACSB Analytic; AICPA BB-Legal

28. If the U.S. Supreme Court accepts a case on appeal it:
- a. grants a writ of certiorari
 - b. grants original jurisdiction
 - c. grants exclusive jurisdiction
 - d. asserts trial de novo
 - e. none of the other choices are correct

ANSWER: a (page 29)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

29. If the U.S. Supreme Court accepts a case on appeal it:
- a. grants a brief of appeal
 - b. grants original jurisdiction
 - c. grants exclusive jurisdiction
 - d. asserts trial de novo
 - e. none of the other choices are correct

ANSWER: e (page 29)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

30. In some rare instances, the U.S. Supreme Court has:
- a. appellate jurisdiction
 - b. jurisdiction over state law matters
 - c. original and exclusive jurisdiction
 - d. decisive jurisdiction
 - e. to accept all appeals from appellate courts

ANSWER: c (page 29)

National: AACSB Analytic; AICPA BB-Legal

31. The Supreme Court:
- a. selects appeals at the Court's discretion
 - b. must review cases involving constitutional issues
 - c. must review cases involving conflicting decisions among the courts of appeal
 - d. must review the constitutionality of international treaties
 - e. none of the other choices are correct

ANSWER: a (page 29)

National: AACSB Analytic; AICPA BB-Legal

32. The Supreme Court:
- selects appeals at the Court's discretion
 - must review cases involving constitutional issues
 - must review cases involving conflicting decisions among the courts of appeal
 - certifies the election of the members of Congress
 - none of the other choices are correct

ANSWER: a (page 29)

National: AACSB Analytic; AICPA BB-Legal

33. The French court system:
- has a similar appeals process to the U.S. system
 - is based on the English court system
 - is based on the common law
 - has only one appellate court.
 - has a very different appellate process from the U.S.

ANSWER: e (page 28)

National: AACSB Analytic; AICPA BB-Legal

34. In the French court system, the top court, cour de cassation:
- has the power to pronounce judgment on appeals from all levels of courts
 - may strike down any act of the legislature or the president
 - may pronounce new sections of the codes to replace existing code sections
 - may reverse decisions of the International Court of Justice
 - none of the other choices are correct

ANSWER: e (page 28)

National: AACSB Analytic; AICPA BB-Legal

35. Every state court system has trial courts where disputes are initially brought and tried. These are the courts of:
- limited jurisdiction
 - special jurisdiction
 - original jurisdiction
 - appellate jurisdiction
 - none of the other choices are correct

ANSWER: c (page 30)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

36. State courts such as municipal courts or probate courts are called courts of:
- appellate jurisdiction
 - limited jurisdiction

- c. general jurisdiction
- d. small claims
- e. none of the other choices are correct

ANSWER: b (page 30)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

37. State courts such as municipal courts or probate courts are called courts of:
- a. appellate jurisdiction
 - b. probationary jurisdiction
 - c. general jurisdiction
 - d. small claims
 - e. none of the other choices are correct

ANSWER: e (page 30)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

38. State courts of limited or special jurisdiction include:
- a. municipal courts
 - b. justice of the peace courts
 - c. probate courts
 - d. small claims courts
 - e. all of the other choices are correct

ANSWER: e (page 30)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

39. A court of limited or special jurisdiction would most likely be:
- a. probation courts
 - b. appellate courts
 - c. probate courts
 - d. supreme courts
 - e. district courts

ANSWER: c (page 30)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

40. Litigants not satisfied with the decision of a court of limited jurisdiction may:
- a. appeal to a superior court within the area
 - b. request review by an administrative tribunal
 - c. request a new trial at a court of general jurisdiction
 - d. engage in a “certified refusal” of the verdict
 - e. none of the other choices are correct

ANSWER: c (page 30)

National: AACSB Analytic; AICPA BB-Legal

41. Many states provide small claims courts. These courts:
- a. have limited jurisdiction
 - b. hear cases involving a relatively small amount of money
 - c. only hear cases involving certain subjects
 - d. are less formal than other courts
 - e. all of the other choices are correct

ANSWER: e (page 30)

National: AACSB Analytic; AICPA BB-Legal

42. Small claims courts:
- a. may hear any case so long as the amount in controversy is less than the limit set by law
 - b. are quick to hear cases but require lawyers, so cost about the same as regular court
 - c. have less formal procedure than regular court
 - d. may not take cases that exceed a matter worth more than \$2,500
 - e. none of the other choices are correct

ANSWER: c (page 30)

National: AACSB Analytic; AICPA BB-Legal

43. Small claims courts:
- a. have dollar limits on the kinds of the cases they can hear
 - b. are generally quicker to hear cases than regular district courts
 - c. have less formal procedure than regular district courts
 - d. do not require the use of lawyers
 - e. all of the other choices are correct

ANSWER: e (page 30)

National: AACSB Analytic; AICPA BB-Legal

44. State court systems:
- a. all have intermediate appeals and supreme courts beyond trial courts
 - b. all have supreme courts
 - c. have no appellate courts; federal appeals courts are used
 - d. do not all have supreme courts, but most do
 - e. are required by the U.S. Constitution to have appeals courts

ANSWER: b (page 30)

National: AACSB Analytic; AICPA BB-Legal

45. State court systems:
- a. all have intermediate appeals and supreme courts beyond trial courts
 - b. have no appellate courts
 - c. do not all have supreme courts, but most do
 - d. are required by the U.S. Constitution to have appeals courts
 - e. none of the other choices are correct

ANSWER: e (page 30)

National: AACSB Analytic; AICPA BB-Legal

46. If a party wishes to appeal from a lower court decision in a state court, which of the following is true about the right of appeal:
- it is a matter of right to at least one higher court
 - it is a matter of right to two levels of appellate review
 - it is a matter of right to the state supreme court
 - it is a matter of right to take the case to the federal system
 - it is a matter of right to have the cost borne by the state

ANSWER: a (page 30)

National: AACSB Analytic; AICPA BB-Legal

47. A party seeking further review from the highest state court may attempt to seek review from:
- the federal district court in that district
 - the federal appeals court in that district
 - a panel of state supreme court justices from surrounding states
 - the U.S. Supreme Court
 - may not seek any further review

ANSWER: d (page 31)

National: AACSB Analytic; AICPA BB-Legal

48. The legal process that resolves disputes among persons, businesses, and governments is known as:
- appellate jurisdiction
 - criminal procedure
 - civil litigation
 - general jurisdiction
 - limited jurisdiction

ANSWER: c (page 31)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

49. _____ involves the use of the law and the legal process to resolve disputes among individuals, businesses, and governments.
- civil litigation
 - subject matter jurisdiction
 - territorial jurisdiction
 - concurrent jurisdiction
 - criminal litigation

ANSWER: a (page 31)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

50. The party claiming to have suffered an injury that the law can remedy is:
- a. the appellate court
 - b. the judge
 - c. the defendant
 - d. the plaintiff
 - e. the bailiff

ANSWER: d (page 31)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

51. The party who files a law suit is the:
- a. state
 - b. defendant
 - c. plaintiff
 - d. judge
 - e. bailiff

ANSWER: c (page 31)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

52. The party who is sued in a law suit is the:
- a. state
 - b. defendant
 - c. plaintiff
 - d. judge
 - e. bailiff

ANSWER: b (page 31)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

53. The party who hears a law suit is the:
- a. state
 - b. defendant
 - c. plaintiff
 - d. judge
 - e. bailiff

ANSWER: d (page 31)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

54. Many aspects of the civil litigation process between two parties in the federal court system, including pleadings, discovery, trial procedures, and motions, are governed by:
- a. the U.S. Court Rules of Civil Process
 - b. the Federal Rules of Civil Procedure
 - c. the Official Litigation Rules for Civil Procedure
 - d. the Civil Litigation Code

e. none of the above

ANSWER: b (page 31)

National: AACSB Analytic; AICPA BB-Legal

55. Many aspects of the civil litigation process between two parties in the federal court system, including pleadings, discovery, trial procedures, and motions, are governed by:
- a. the U.S. Court Rules of Civil Process
 - b. the Federal Administrative Procedure Regulations
 - c. the Official Litigation Rules for Civil Procedure
 - d. the Civil Litigation Code
 - e. none of the other choices are correct

ANSWER: e (page 31)

National: AACSB Analytic; AICPA BB-Legal

56. Although states are free to develop their own procedural rules, many have adopted:
- a. the Civil Court Rules
 - b. the Federal Rules of Civil Procedure
 - c. the Official Litigation Rules for Civil Procedure
 - d. the Civil Litigation Code
 - e. none of the other choices are correct

ANSWER: b (page 31)

National: AACSB Analytic; AICPA BB-Legal

57. Although states are free to develop their own procedural rules, many have adopted:
- a. the Civil Court Rules
 - b. the Common State Civil Procedure
 - c. the Official Litigation Rules for Civil Procedure
 - d. the Civil Litigation Code
 - e. none of the other choices are correct

ANSWER: e (page 31)

National: AACSB Analytic; AICPA BB-Legal

58. With respect to a court, jurisdiction means:
- a. the rule of justice in practice
 - b. the right to command parties
 - c. the authority to command parties
 - d. the power to speak of the law
 - e. none of the other choices are correct

ANSWER: d (page 31)

National: AACSB Analytic; AICPA BB-Legal

59. When filing a lawsuit, the party bringing the suit must select a court that has both:
- jurisdiction over the subject matter and over the person or property of the defendant
 - jurisdiction over the subject matter of the dispute (the res) and appellate jurisdiction
 - in personam jurisdiction and quasi-in-rem jurisdiction
 - in personam jurisdiction and appellate jurisdiction
 - in rem jurisdiction and jurisdiction over the subject matter of the litigation

ANSWER: a (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

60. The party bringing a lawsuit must choose a court with:
- jurisdiction over the subject matter
 - jurisdiction over the plaintiff
 - jurisdiction over the bailiff in novo
 - jurisdiction over the state
 - all of the other choices are correct

ANSWER: a (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

61. The party bringing a lawsuit must choose a court with:
- jurisdiction over the defendant
 - jurisdiction over the state
 - jurisdiction over the bailiff in novo
 - jurisdiction over the witnesses
 - all of the other choices are correct

ANSWER: a (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

62. Statutes passed by Congress may limit which types of jurisdiction?
- subject matter jurisdiction
 - de novena jurisdiction
 - global jurisdiction
 - inclusive jurisdiction
 - superior jurisdiction

ANSWER: a (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

63. Statutes passed by Congress may limit which types of jurisdiction?
- de novena jurisdiction
 - interstate jurisdiction
 - inclusive jurisdiction
 - superior jurisdiction
 - none of the other choices are correct

ANSWER: e (page 32)

National: AACSB Analytic; AICPA BB-Legal

64. Subject-matter jurisdiction is:
- a. created by a constitution or statute on the disputes a court can resolve
 - b. relevant in civil litigation but not in criminal litigation
 - c. voided upon appeal to the appropriate court of appeals
 - d. also referred to as *trial de novo*
 - e. applied to administrative agencies but not to state or federal trial courts

ANSWER: a (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

65. Subject-matter jurisdiction is:
- a. relevant in civil litigation but not in criminal litigation
 - b. voided upon appeal to the appropriate court of appeals
 - c. also referred to as *trial de novo*
 - d. applied to administrative agencies but not to federal trial courts
 - e. none of the other choices are correct

ANSWER: e (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

66. Federal courts have the judicial power to hear cases involving:
- a. a federal question
 - b. a dispute between two states
 - c. a case involving a treaty
 - d. a dispute between a citizen and a foreign citizen
 - e. all of the other choices can be correct

ANSWER: e (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

67. Federal courts do not have the judicial power to hear a case involving:
- a. a treaty
 - b. the Constitution
 - c. federal laws
 - d. a foreign citizen
 - e. they do have the power to hear cases involving any of the other choices

ANSWER: e (page 32)

National: AACSB Analytic; AICPA BB-Legal

68. Federal courts have the judicial power to hear many cases involving:
- a. federal questions
 - b. diversity of citizenship

- c. treaties with other nations
- d. a dispute between two states
- e. any of the other choices are correct

ANSWER: d (page 32)

National: AACSB Analytic; AICPA BB-Legal

69. Federal courts have the judicial power to hear most cases involving:
- a. federal questions
 - b. traffic offenses
 - c. divorce
 - d. wills
 - e. none of the other choices are correct

ANSWER: a (page 32)

National: AACSB Analytic; AICPA BB-Legal

70. Federal courts have the judicial power to hear most cases involving:
- a. interpretation of state constitutions
 - b. traffic offenses
 - c. divorce questions
 - d. wills
 - e. none of the other choices are correct

ANSWER: e (page 32)

National: AACSB Analytic; AICPA BB-Legal

71. Some litigation in federal court is there because of the parties involved. In such cases it is most likely that:
- a. a foreign citizen is involved
 - b. the United States is a party to the suit
 - c. citizens of different states are involved
 - d. two or more states are parties to the suit
 - e. any of the other choices may be correct

ANSWER: e (page 33)

National: AACSB Analytic; AICPA BB-Legal

72. Cases that go to federal court that involve disputes between citizens of different states are commonly referred to as:
- a. diversity of jurisdiction cases
 - b. diversity of citizenship cases
 - c. diversity of remuneration cases
 - d. diversity of statehood cases
 - e. diversity of subject matter cases

ANSWER: b (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

73. Cases that go to federal court that involve disputes between citizens of different states are commonly referred to as diversity of:
- jurisdiction cases
 - remuneration cases
 - statehood cases
 - subject matter cases
 - none of the other choices are correct

ANSWER: e (page 32)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

74. Litigation in federal court often involves parties from different states. In addition, at least how much in dollar terms must be in controversy for a case to be heard in a federal court?
- \$1
 - \$10,000
 - \$50,000
 - \$75,000
 - \$100,000

ANSWER: d (page 33)

National: AACSB Analytic; AICPA BB-Legal

75. A federal district court generally has the authority to accept a case for adjudication:
- whenever the amount in controversy is more than \$100,000
 - only if it involves a constitutional question or federal law
 - if the state courts cannot establish appropriate jurisdiction through conflict-of-law rules
 - if the amount in controversy is more than \$75,000 and the parties to the dispute are from different states
 - none of the other choices are correct

ANSWER: d (page 33)

National: AACSB Analytic; AICPA BB-Legal

76. A federal district court generally has the authority to accept a case for adjudication:
- whenever the amount in controversy is more than \$100,000
 - only if it involves a constitutional question
 - if the state courts refuse jurisdiction
 - in any instance; federal courts can have jurisdiction over all litigation
 - none of the other choices are correct

ANSWER: e (page 33)

National: AACSB Analytic; AICPA BB-Legal

77. Besides having subject-matter jurisdiction over a case, the court must also have:

- a. personal jurisdiction
- b. plaintiff jurisdiction
- c. personal service jurisdiction
- d. substituted service jurisdiction
- e. all of the other choices are correct

ANSWER: a (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

78. Besides having personal jurisdiction over a case, the court must also have:
- a. subject-matter jurisdiction
 - b. plaintiff jurisdiction
 - c. personal service jurisdiction
 - d. substituted service jurisdiction
 - e. all of the other choices are correct

ANSWER: a (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

79. A court's power over the person of the defendant is referred to as:
- a. default judgment
 - b. substituted service
 - c. defendant's authority
 - d. in personam jurisdiction
 - e. none of the other choices are correct

ANSWER: d (page 34)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

80. When a court has power over the person who is the defendant of a lawsuit, it is called:
- a. in rem jurisdiction
 - b. quasi in rem jurisdiction
 - c. in personam jurisdiction
 - d. concurrent jurisdiction
 - e. none of the other choices are correct

ANSWER: c (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

81. A person files a lawsuit. To get the defendant before the court in which suit has been filed, the court must have power over the person of the defendant. This is called:
- a. issuance of a summons
 - b. in personam jurisdiction
 - c. service of process
 - d. in rem jurisdiction
 - e. venue

ANSWER: b (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

82. A person files a lawsuit. To get the defendant before the court in which suit has been filed, the court must have power over the person of the defendant. This is called:
- issuance of a summons
 - police power
 - venue
 - in rem jurisdiction
 - none of the other choices are correct

ANSWER: e (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

83. A person is notified that a lawsuit has been filed against them by a:
- default judgment
 - summons
 - venue
 - quasi in rem
 - none of the other choices are correct

ANSWER: b (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

84. Service of process (summons) is traditionally achieved by:
- long-arm statute
 - service in absentia
 - personal service
 - publication
 - substituted service

ANSWER: c (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

85. In practice, service of process (summons) is usually achieved by:
- long-arm statute
 - service in absentia
 - publication in a local media
 - substituted service
 - none of the other choices are correct

ANSWER: e (page 33)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

86. Jane wants to sue Bob in a Virginia state court. Bob is a resident of Texas. Which of the following method may Jane use to get jurisdiction over the person of Bob?

- a. have the Virginia police arrest Bob in Texas and take him to Virginia
- b. Jane could disguise her voice and phone Bob, telling him he has won \$10,000 and must pick up the money in Richmond, Virginia, then have him served in Richmond
- c. Jane could have Bob served with a summons while he is driving through the state on his way to Maryland
- d. Jane can have Bob served with a summons in Texas; he must appear in Virginia court
- e. Jane cannot serve Bob with a summons because he is not a resident of Virginia

ANSWER: c (page 34)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

87. A long-arm statute is a:
- a. federal law to allow regulatory agencies to sue foreign businesses in federal court
 - b. state law that permits its courts to reach beyond state lines for jurisdiction over non-residents defendants
 - c. state law that allows plaintiffs to force defendants to come to a state for purpose of serving process
 - d. federal law that allows plaintiffs to force defendants to come to the U.S. for purposes of serving process
 - e. none of the other choices are correct

ANSWER: b (page 35)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

88. A long-arm statute is a:
- a. federal law to allow regulatory agencies to sue foreign businesses in federal court
 - b. state law that permits its courts to reach beyond state lines for jurisdiction over non-residents defendants
 - c. state law that allows plaintiffs to force defendants to come to a state for purpose of serving process
 - d. federal law that allows escaped felons to be arrested outside of the United States
 - e. none of the other choices are correct

ANSWER: b (page 35)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

89. A long-arm statute is a:
- a. federal law to allow agencies to sue parties anywhere in the U.S.
 - b. state law that permits courts to reach beyond state lines for jurisdiction over persons in criminal cases only
 - c. state law that allows plaintiffs to force defendants to come to a state for purpose of serving process
 - d. state law that permits courts to reach beyond state lines for jurisdiction over non-residents defendants
 - e. none of the other choices are correct

ANSWER: d (page 35)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

90. A court can exercise jurisdiction over a corporation if the court is located in:
- the state in which the corporation was incorporated
 - the state where the corporation has its main plant
 - a state in which the corporation is doing business
 - none of the three specific choices are correct
 - any of the three specific choices are correct

ANSWER: e (page 35)

National: AACSB Analytic; AICPA BB-Legal

91. A state court can exercise jurisdiction over a corporation except in which of these:
- the state in which the corporation was incorporated
 - the state where the corporation has a production facility
 - the state where the legislature has granted jurisdiction over all U.S. corporations
 - the state in which the corporation is doing business
 - all of the other choices would be correct

ANSWER: c (page 35)

National: AACSB Analytic; AICPA BB-Legal

92. State courts may clearly exercise jurisdiction over a corporation except in which case:
- it is incorporated in the state
 - it has a website available in the state
 - it is doing active business in the state
 - it has a production facility in the state
 - all of the other choices are correct

ANSWER: b (page 34)

National: AACSB Analytic; AICPA BB-Legal

93. Suppose a business in Georgia sets up a web site advertising its services. A competitor company in Illinois sues the Georgia firm in Illinois court, claiming that the service being offered is a sham that injures the Illinois firm. The Georgia company:
- would not be subject to the jurisdiction of the Illinois courts
 - would be subject to the jurisdiction of the Illinois courts if the web page appeared on computer screens in Illinois
 - would be subject to the jurisdiction of the Illinois courts if Illinois had a long-arm statute
 - would be subject to the jurisdiction of the Illinois courts so long as the amount in controversy exceeded \$100,000
 - none of the other choices are correct

ANSWER: a (page 34)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-

Critical Thinking

94. As the Supreme Court has explained, for a state to have jurisdiction over an out-of-state business there must exist:
- “significant business relationships”
 - minimum contacts
 - physical relationships
 - substantial contacts
 - none of the other choices are correct

ANSWER: b (page 35)

National: AACSB Analytic; AICPA BB-Legal

95. As the Supreme Court has explained, for a state to have jurisdiction over an out-of-state business there must exist:
- “significant business relationships”
 - a “direct physical relationships”
 - “substantial business contacts”
 - intrastate business in another state
 - none of the other choices are correct

ANSWER: e (page 35)

National: AACSB Analytic; AICPA BB-Legal

96. In *Blimka v. My Web Wholesalers* an Idaho resident, Blimka, ordered a large quantity of jeans from My Web, a Maine company that advertised its goods on the Internet. When a dispute arose over the quality of the jeans, Blimka sued My Web in Idaho state court. My Web contended the Idaho court did not have jurisdiction. The Idaho high court held that:
- due to diversity of citizenship, the case had to be transferred to federal court in Idaho
 - because the Maine company did business electronically, not physically, in Idaho, it was not subject to the jurisdiction of Idaho courts
 - Due Process was violated by forcing a Maine defendant to appear in Idaho court
 - because the Maine company did business, electronically, in Idaho, it was subject to the jurisdiction of Idaho courts
 - due to diversity of citizenship, the case had to be transferred to federal court in Maine

ANSWER: d (page 36)

National: AACSB Analytic; AICPA BB-Legal

97. In *Blimka v. My Web Wholesalers* an Idaho resident, Blimka, ordered a large quantity of jeans from My Web, a Maine company that advertised its goods on the Internet. When a dispute arose over the quality of the jeans, Blimka sued My Web in Idaho state court. My Web contended the Idaho court did not have jurisdiction. The Idaho high court held that:
- due to diversity of citizenship, the case had to be transferred to federal court in Idaho
 - because the Maine company did business electronically, not physically, in Idaho, it was not subject to the jurisdiction of Idaho courts
 - Due Process was violated by forcing a Maine defendant to appear in Idaho court
 - due to diversity of citizenship, the case had to be transferred to federal court in Maine

- e. none of the other choices are correct

ANSWER: e (page 36)

National: AACSB Analytic; AICPA BB-Legal

98. An Idaho resident bought a large quantity of jeans over the Internet from a Maine company. When a dispute over the quality of the product arose, the Idaho resident sued the Maine company in Idaho state court. When the Maine company protested, the supreme court of Idaho, in *Blimka v. My Web Wholesalers*, held that the buyer:
- a. could sue in either state court in Idaho or Maine
 - b. could sue in either federal court in Idaho or Maine
 - c. could sue in either federal or state court in Idaho
 - d. could sue in either federal or state court in Maine
 - e. none of the other choices are correct

ANSWER: e (page 37)

National: AACSB Analytic; AICPA BB-Legal

99. An Idaho resident bought a large quantity of jeans over the Internet from a Maine company. When a dispute over the quality of the product arose, the Idaho resident sued the Maine company in Idaho state court. When the Maine company protested, the supreme court of Idaho, in *Blimka v. My Web Wholesalers*, held that the buyer:
- a. could sue in state court in Idaho or in Maine
 - b. could sue in state court in Idaho
 - c. could sue in state court in Maine
 - d. could sue in either federal or state court in Maine
 - e. none of the other choices are correct

ANSWER: b (page 37)

National: AACSB Analytic; AICPA BB-Legal

100. If property that is located in a state becomes the subject matter of a lawsuit, the power of a court in that state to resolve disputes concerning the property is called:
- a. in rem jurisdiction
 - b. territorial jurisdiction
 - c. in personam jurisdiction
 - d. removal jurisdiction
 - e. venue

ANSWER: a (page 37)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

101. If property that is located in a state becomes the subject matter of a lawsuit, the power of a court in that state to resolve disputes concerning the property is called:
- a. venue
 - b. territorial jurisdiction
 - c. in personam jurisdiction

- d. removal jurisdiction
- e. none of the other choices are correct

ANSWER: e (page 37)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

102. Which kind of property could not be subject to in rem jurisdiction?
- a. real estate
 - b. an automobile
 - c. stock or bonds issued by a company
 - d. furniture
 - e. all of the other choices could be subject to in rem jurisdiction

ANSWER: e (page 37)

National: AACSB Analytic; AICPA BB-Legal

103. In rem jurisdiction is most likely to include jurisdiction over:
- a. intangible property (such as a bank account)
 - b. the terms of a trust or a will
 - c. misdemeanors in other states
 - d. felonies in other states
 - e. none of the other choices are correct

ANSWER: a (page 37)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

104. In rem jurisdiction can include jurisdiction over:
- a. intangible property (such as a bank account)
 - b. tangible (real) property
 - c. shares of stock in a company
 - d. a house
 - e. any of the other choices could be correct

ANSWER: e (page 37)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

105. In rem jurisdiction would not be likely to include jurisdiction over:
- a. intangible property (such as a bank account)
 - b. tangible (real) property (such as land)
 - c. personal property (such as an automobile)
 - d. jurisdiction in a child custody dispute of parents living in different states
 - e. any of the other choices could be correct

ANSWER: d (page 37)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

106. Quasi in rem jurisdiction is exercised by a court when:
- the plaintiff exercises jurisdiction over a non-state resident through a long-arm statute
 - the defendant's property in the state is attached to secure payment for another matter
 - the jurisdiction must be in personam
 - rules of equity are applied to disputes involving property
 - none of the other choices are correct

ANSWER: b (page 37)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

107. Quasi in rem jurisdiction is exercised by a court when:
- the plaintiff exercises jurisdiction over a non-state resident through a long-arm statute
 - the defendant's real estate is seized and deeded over to the plaintiff
 - the jurisdiction must be in personam
 - rules of equity are applied to disputes involving property
 - none of the other choices are correct

ANSWER: e (page 37)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

108. Flashy in Houston paints T's car for \$1,500. T moves to Pittsburgh and does not pay Flashy. T still owns a house in Houston. T ignores a court proceeding against him in Houston to collect the debt. Flashy may next go to court in Houston and ask the court to:
- use the long-arm statute to force T to come to court in Houston
 - send a marshal to Pittsburgh and bring T back by force if needed
 - assume in rem jurisdiction over the house and use it to help pay the bill owed
 - assume quasi in rem jurisdiction over the house and use it to help pay the bill owed
 - none of the other choices; Flashy must go to Pittsburgh to sue T

ANSWER: d (page 37)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

109. Flashy in Houston paints T's car for \$1,500. T moves to Pittsburgh and does not pay Flashy. T still owns a house in Houston. T ignores a court proceeding against him in Houston to collect the debt. Flashy may next go to court in Houston and ask the court to:
- use the long-arm statute to force T to come to court in Houston
 - send a marshal to Pittsburgh and bring T back by force if needed
 - assume territorial jurisdiction over the house and use it to help pay the bill owed
 - order a court in Pittsburgh to rule in favor of Flashy
 - none of the other choices are correct

ANSWER: e (page 37)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

110. If a dispute may be resolved in a state court only, the state court is said to have:

- a. binding jurisdiction
- b. exclusive jurisdiction
- c. redundant jurisdiction
- d. in rem jurisdiction
- e. expedient jurisdiction

ANSWER: b (page 38)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

111. If a dispute may be resolved in a state court only, the state court is said to have:
- a. binding jurisdiction
 - b. expedient jurisdiction
 - c. redundant jurisdiction
 - d. in rem jurisdiction
 - e. none of the other choices are correct

ANSWER: e (page 38)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

112. In this situation, which court system has jurisdiction? The plaintiff lives in State A; the defendant lives in State B; the dispute over \$35,000 involves a matter of state law:
- a. federal court
 - b. state court
 - c. federal or state court
 - d. concurrent courts
 - e. none of the other choices are correct

ANSWER: b (page 39)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

113. State courts may never have jurisdiction in which of the following situations?
- a. plaintiff and defendant live in the same state and the dispute involves state law
 - b. plaintiff and defendant live in different states, the matter involves state law, and the amount in controversy is less than \$75,000
 - c. plaintiff and defendant live in different states, the matter involves state law, and the amount in controversy is more than \$75,000
 - d. plaintiff and defendants live in different states and the dispute involves federal law
 - e. none of the other choices; state courts could have jurisdiction in any of the above situations

ANSWER: e (page 39)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

114. State courts may have jurisdiction in which of the following situations?

- a. plaintiff and defendant live in different states, the matter involves state law, and the amount in controversy is less than \$75,000
- b. plaintiff and defendant live in different states, the matter involves state law, and the amount in controversy is more than \$75,000
- c. plaintiff and defendants live in different states and the dispute involves federal law
- d. plaintiff and defendant live in the same state and have a dispute about property located in the state
- e. all of the other choices can be correct

ANSWER: e (page 39)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

115. State courts may never have jurisdiction in which of the following situations?
- a. plaintiff and defendant both live in the same state and the dispute involves state law
 - b. plaintiff and defendant live in different states, the matter involves state law, and the amount in controversy is less than \$75,000
 - c. plaintiff and defendant live in different states, the matter involves state law, and the amount in controversy is more than \$75,000
 - d. plaintiff and defendant live in the same state and the dispute involves a law for which the federal courts have exclusive jurisdiction
 - e. none of the other choices; state courts could have jurisdiction in any of the situations

ANSWER: d (page 39)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

116. If either state courts or federal courts have the power to hear a dispute this is known as:
- a. concurrent jurisdiction
 - b. simultaneous jurisdiction
 - c. alternate jurisdiction
 - d. removal jurisdiction
 - e. none of the other choices

ANSWER: a (page 39)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

117. If either state courts or federal courts have the power to hear a dispute this is known as:
- a. simultaneous jurisdiction
 - b. alternate jurisdiction
 - c. removal jurisdiction
 - d. equitable jurisdiction
 - e. none of the other choices are correct

ANSWER: e (page 39)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

118. Concurrent jurisdiction is when the:
- state and local court systems both have jurisdiction
 - court had jurisdiction over people and property
 - court has jurisdiction over non-current assets
 - federal and state court systems both have jurisdiction
 - federal courts have jurisdiction over foreign citizens

ANSWER: d (page 39)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

119. Concurrent jurisdiction is when the:
- state trial and appeals courts both have jurisdiction
 - court had jurisdiction over people and property
 - court has jurisdiction over non-citizens
 - court has jurisdiction over a foreign citizen
 - none of the other choices are correct

ANSWER: e (page 39)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

120. State courts often have jurisdiction to hear federal question cases. An exception to this rule exists when the:
- state court involved has a conflict of interest
 - state court has a history of deciding federal questions cases against the government
 - state court is found to be discriminatory
 - Congress declares that states do not have jurisdiction over a specific federal law
 - Supreme Court determines that the state courts are not capable of handling the complexity of a particular federal question

ANSWER: d (page 39)

National: AACSB Analytic; AICPA BB-Legal

121. State courts often have jurisdiction to hear federal question cases. An exception to this rule exists when the:
- Supreme Court determines that the state courts are not capable of handling the complexity of a particular federal question
 - state court has a history of deciding federal questions cases against the government
 - Congress declares that states do not have jurisdiction over a specific federal law
 - the President has assumed control over an area of law
 - United Nations has held that the courts of any nation do not have jurisdiction

ANSWER: c (page 39)

National: AACSB Analytic; AICPA BB-Legal

122. A plaintiff files suit in state court. The defendant wants the case tried in federal court. Both courts can properly hear the case. If the case goes to federal court it is based on:
- exclusive jurisdiction

- b. simultaneous jurisdiction
- c. alternate jurisdiction
- d. right of removal
- e. none of the other choices are correct

ANSWER: d (page 39)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

123. Parties to a suit may prefer state or federal court because:
- a. the law may be more favorable in one court
 - b. the procedure may be more favorable in one court
 - c. the judge may be more favorable in one court
 - d. local politics may influence one court
 - e. all of the other choices may play a role

ANSWER: e (page 39)

National: AACSB Analytic; AICPA BB-Legal

124. In a case involving state law that could be tried in state court, but that has been moved to federal court. The federal court will:
- a. apply federal or state law to resolve the dispute
 - b. apply federal law to resolve the dispute
 - c. apply state law to resolve the dispute
 - d. apply the Uniform Commercial Code to resolve the dispute
 - e. send the case back to state court

ANSWER: c (page 40)

National: AACSB Analytic; AICPA BB-Legal

125. In a case involving state law that could be tried in state court, but that has been moved to federal court. The federal court will:
- a. apply federal or state law to resolve the dispute
 - b. apply federal law to resolve the dispute
 - c. apply the Uniform Commercial Code to resolve the dispute
 - d. send the case to the state court for resolution
 - e. none of the other choices are correct

ANSWER: e (page 40)

National: AACSB Analytic; AICPA BB-Legal

126. In *Erie Railroad Co. v. Tompkins*, where Tompkins sued a New York company that owned a train that hit him in Pennsylvania:
- a. the U.S. Supreme Court said that state common law must be applied in federal court
 - b. the U.S. Supreme Court said that federal common law must be applied in federal court
 - c. the U.S. Supreme Court said that since this was a matter of common law involving two states, it was a matter for the state courts, not federal district court

- d. the Supreme Court of Pennsylvania said this was a matter of New York common law that must be tried in federal court
- e. the Supreme Court of New York said this was a matter of Pennsylvania common law that must be tried in that state

ANSWER: a (page 40)

National: AACSB Analytic; AICPA BB-Legal

127. In *Erie Railroad Co. v. Tompkins*, where Tompkins sued a New York company that owned a train that hit him in Pennsylvania:
- a. the U.S. Supreme Court said that federal common law must be applied in federal court
 - b. the U.S. Supreme Court said that since this was a matter of common law involving two states, it was a matter for the state courts, not federal district court
 - c. the Supreme Court of Pennsylvania said this was a matter of New York common law that must be tried in federal court
 - d. the Supreme Court of New York said this was a matter of Pennsylvania common law that must be tried in that state
 - e. none of the other choices are correct

ANSWER: e (page 40)

National: AACSB Analytic; AICPA BB-Legal

128. In *Erie Railroad v. Tompkins*, where Tompkins was hit by a New York train while in Pennsylvania, regarding the application of common law in a diversity of citizenship case in federal district court, the Supreme Court decided that:
- a. federal courts must follow procedural law of the state in which it is located
 - b. federal courts may apply either state or federal common law to resolve a case before it
 - c. the common law of the appropriate state must be applied in cases in federal courts
 - d. federal courts must follow federal common law in all disputes before them
 - e. none of the other choices are correct

ANSWER: c (page 40)

National: AACSB Analytic; AICPA BB-Legal

129. In *Erie Railroad Co. v. Tompkins*, where Tompkins sued a New York company that owned a train that hit him in Pennsylvania, the Supreme Court held that:
- a. federal common law did not exist in diversity-of-citizenship cases
 - b. federal courts would apply federal common law in diversity-of-citizenship cases
 - c. federal common law would be used when there was no diversity of citizenship
 - d. federal common law takes precedence over state common law in all instances
 - e. federal judges may order a case out of state court to “protect judicial integrity”

ANSWER: a (page 40)

National: AACSB Analytic; AICPA BB-Legal

130. When a dispute brought in a state court involves incidents that occurred in more than one state, what problem may arise?

- a. an *Erie Railroad v. Tompkins* issue of federal versus state common law
- b. a real and substantial party problem
- c. a quasi-in-rem problem
- d. a conflict-of-law problem
- e. all of the other choices are correct

ANSWER: d (page 40)

National: AACSB Analytic; AICPA BB-Legal

131. When a state court hears a case involving incidents that took place in more than one state or entirely in a different state a _____ problem may arise.
- a. conflict-of-state
 - b. conflict-of-court
 - c. conflict-of-law
 - d. conflict-of-jurisdiction
 - e. none of the other choices are correct

ANSWER: c (page 41)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

132. When a state court hears a case involving incidents that took place in more than one state or entirely in a different state a _____ problem may arise.
- a. conflict-of-state
 - b. conflict-of-court
 - c. conflict-of-citizenship
 - d. conflict-of-jurisdiction
 - e. none of the other choices are correct

ANSWER: e (page 41)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

133. In a business dispute involving a conflict-of-law issue, the court would apply the law from the state in which:
- a. the contract in question was formed (written)
 - b. the contract in question was performed
 - c. the contract in question designated the state
 - d. all of the other specific factor choices are important
 - e. none of the other choices are correct

ANSWER: d (page 41)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

134. When resolving conflict-of-law problems some courts have determined that the law of the state having the “most significant” interest should apply. Suppose an airplane crashes in South Carolina, injuring all four persons aboard. If the airplane manufacturer is in Texas, the plane left from Texas to go to Virginia, and all four of the injured parties are from Texas, an attorney for the pilot of the plane, hoping to keep the case in Texas, should argue that:

- a. all of witnesses and medical records are in South Carolina
- b. the interests of Texas in adjudicating the case outweigh the interests of South Carolina
- c. South Carolina has a superior interest in keeping its reputation for safe airways intact
- d. federal aviation rules control, so the case should be heard in Washington, D.C.
- e. the attorney should avoid all of these arguments

ANSWER: b (page 41)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

135. Suppose an airplane crashes in Arkansas, injuring four passengers who file suit in South Carolina court. If the plane manufacturer is in Texas, the plane left from Texas to go to Virginia, and all injured parties are from Texas, an attorney for the pilot of the plane, hoping to keep the case in Texas, should argue that, under the conflict-of-laws rules:
- a. all of witnesses and medical records are in South Carolina
 - b. the interests of Texas in resolving the case outweigh the interests of South Carolina
 - c. South Carolina has a superior interest in keeping its reputation for safe airways intact
 - d. federal aviation rules apply, which means Texas controls the matter
 - e. the case must be heard in federal court under federal law

ANSWER: b (page 41)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

136. In *Miller v. Pilgrim's Pride Corp.*, where a Texas worker, for the Texas company Simmons, was killed in Arkansas at a Pilgrim's construction site, and Pilgrim's sued Simmons to recover the payment it made to the heirs of the worker, the appeals court held that:
- a. because Texas law governed the case, Pilgrim's had no claim against Simmons
 - b. because Arkansas law governed the case, Pilgrim's had no claim against Simmons
 - c. because Texas law governed the case, Pilgrim's had a good claim against Simmons
 - d. because Arkansas law governed the case, Pilgrims had a good claim against Simmons
 - e. none of the other choices are correct

ANSWER: a (page 42)

National: AACSB Analytic; AICPA BB-Legal

137. In *Miller v. Pilgrim's Pride Corp.*, where a Texas worker, for the Texas company Simmons, was killed in Arkansas at a Pilgrim's construction site, and Pilgrim's sued Simmons to recover the payment it made to the heirs of the worker, the appeals court held that:
- a. because of the conflict of law, federal common law would resolve the case
 - b. because of the conflict of law, the case could not be heard in a state court
 - c. because Texas law governed the case, Pilgrim's had a good claim against Simmons
 - d. because Arkansas law governed the case, Pilgrims had a good claim against Simmons
 - e. none of the other choices are correct

ANSWER: e (page 42)

National: AACSB Analytic; AICPA BB-Legal

138. In *Miller v. Pilgrim's Pride Corp.*, where a Texas worker, for the Texas company Simmons, was killed in Arkansas at a Pilgrim's construction site, and Pilgrim's sued Simmons to recover the payment it made to the heirs of the worker, the appeals court held that:
- a. under Arkansas choice-of-law rules, Texas law would govern the case in a Texas court
 - b. under Arkansas choice-of-law rules, Arkansas law would govern the case in a Texas court
 - c. under Texas choice-of-law rules, Texas law would govern the case in a Texas court
 - d. under Texas choice-of-law rules, Arkansas law would govern the case in an Arkansas court
 - e. none of the other choices are correct

ANSWER: e (page 42)

National: AACSB Analytic; AICPA BB-Legal

139. In *Miller v. Pilgrim's Pride Corp.*, where a Texas worker, for the Texas company Simmons, was killed in Arkansas at a Pilgrim's construction site, and Pilgrim's sued Simmons to recover the payment it made to the heirs of the worker, the appeals court held that:
- a. under Arkansas choice-of-law rules, Texas law would govern the case
 - b. under Arkansas choice-of-law rules, Arkansas law would govern the case
 - c. under Texas choice-of-law rules, Texas law would govern the case
 - d. under Texas choice-of-law rules, Arkansas law would govern the case
 - e. none of the other choices are correct

ANSWER: a (page 42)

National: AACSB Analytic; AICPA BB-Legal

140. Proper venue has as its basis:
- a. removal jurisdiction
 - b. fairness
 - c. deterrent value
 - d. long-arm statute limits
 - e. none of the other choices are correct

ANSWER: b (page 43)

National: AACSB Analytic; AICPA BB-Legal

141. Proper venue has as its basis:
- a. removal jurisdiction
 - b. the Federal Rules of Civil Procedure
 - c. deterrent value
 - d. long-arm statute limits
 - e. none of the other choices are correct

ANSWER: e (page 43)

National: AACSB Analytic; AICPA BB-Legal

142. If there has been a lot of publicity surrounding a case, the defendant may request:

- a. a declaration of forum non conveniens
- b. a determination of concurrent jurisdiction
- c. a conflict-of-law ruling
- d. a change of venue
- e. none of the other choices are correct

ANSWER: d (page 43)

National: AACSB Analytic; AICPA BB-Legal

143. If there has been a lot of publicity surrounding a case, the defendant may request:
- a. a declaration of forum non conveniens
 - b. a determination of concurrent jurisdiction
 - c. a conflict-of-law ruling
 - d. a “quashing” of the indictment
 - e. none of the other choices are correct

ANSWER: e (page 43)

National: AACSB Analytic; AICPA BB-Legal

144. When a party to lawsuit uses the doctrine of forum non conveniens, she asks the court:
- a. to retry the case
 - b. to send the case to an appellate court
 - c. to dismiss the case and send it to another court
 - d. to remove one of the defendants
 - e. to add a plaintiff

ANSWER: c (page 43)

National: AACSB Analytic; AICPA BB-Legal

145. Forum non conveniens (the forum is not suitable) is a doctrine used by judges to:
- a. dismiss civil but not criminal cases
 - b. dismiss criminal but not civil cases
 - c. dismiss either civil or criminal cases
 - d. transfer cases to another court
 - e. transfer foreign defendants to their home countries

ANSWER: d (page 43)

National: AACSB Analytic; AICPA BB-Legal

TRUE - FALSE QUESTIONS

1. T F With the exception of the U.S. Supreme Court, Congress has the power to abolish and create federal courts.

ANSWER: T (page 25)

National: AACSB Analytic; AICPA BB-Legal

2. T F The Constitution created the U.S. Supreme Court and authorized it to establish lower courts as needed.

ANSWER: F (page 25)

National: AACSB Analytic; AICPA BB-Legal

3. T F Federal judges are nominated by the President and confirmed by the Senate.

ANSWER: T (page 25)

National: AACSB Analytic; AICPA BB-Legal

4. T F In the history of the United States, over 200 judges have been removed from the office of federal judge.

ANSWER: F (page 25)

National: AACSB Analytic; AICPA BB-Legal

5. T F When a federal judge is impeached from office, the trial is heard by the Supreme Court, unless a Supreme Court judge is involved.

ANSWER: F (page 25)

National: AACSB Analytic; AICPA BB-Legal

6. T F Federal judges can retire at age 70 but then keep working as a judge.

ANSWER: T (page 25)

National: AACSB Analytic; AICPA BB-Legal

7. T F Several times over the years, Congress has punished federal courts for decisions Congress did not like by cutting the salary of judges.

ANSWER: F (page 25)

National: AACSB Analytic; AICPA BB-Legal

8. T F All state supreme court judges are elected.

ANSWER: F (page 25)

National: AACSB Analytic; AICPA BB-Legal

9. T F State judges, unlike federal judges, are generally not appointed for life.

ANSWER: T (page 25)

National: AACSB Analytic; AICPA BB-Legal

10. T F In some states, judges are elected in partisan (party) elections.

ANSWER: T (page 26)

National: AACSB Analytic; AICPA BB-Legal

11. T F In some states, judges are appointed by the governor.

ANSWER: T (page 26)

National: AACSB Analytic; AICPA BB-Legal

12. T F If a judge makes a clearly incorrect decision in a case (called “gross error of law”) he or she may be liable for the damages caused.

ANSWER: F (page 26)

National: AACSB Analytic; AICPA BB-Legal

13. T F Judges are protected from damages caused by bad decisions they make on the bench by judicial immunity.

ANSWER: T (page 26)

National: AACSB Analytic; AICPA BB-Legal

14. T F If a judge shows personal bias toward a party in a case, the judge may not be sued for the bias.

ANSWER: T (page 26)

National: AACSB Analytic; AICPA BB-Legal

15. T F Trial courts at both the federal and state level are called courts of original jurisdiction.

ANSWER: T (page 26)

National: AACSB Analytic; AICPA BB-Legal

16. T F By definition, the only court of “original jurisdiction” in the U.S. is the U.S. Supreme Court.

ANSWER: F (page 26)

National: AACSB Analytic; AICPA BB-Legal

17. T F Juries are used in state courts, but not in federal court.

ANSWER: F (page 27)

National: AACSB Analytic; AICPA BB-Legal

18. T F Every state has one federal district court judge, for a total of 50 in the U.S.

ANSWER: F (page 27)

National: AACSB Analytic; AICPA BB-Legal

19. T F The only federal courts in which a jury is used are the courts of appeals.

ANSWER: F (page 27)

National: AACSB Analytic; AICPA BB-Legal

20. T F There are twelve U.S. courts of appeals.

ANSWER: T (page 27)

National: AACSB Analytic; AICPA BB-Legal

21. T F There is no right of appeal in a criminal case lost by the government at the district court trial.

ANSWER: T (page 28)

National: AACSB Analytic; AICPA BB-Legal

22. T F In most federal court of appeals cases, three judges hear the appeals.

ANSWER: T (page 28)

National: AACSB Analytic; AICPA BB-Legal

23. T F Most federal court of appeals cases are reviewed by the Supreme Court.

ANSWER: F (page 28)

National: AACSB Analytic; AICPA BB-Legal

24. T F The federal government does not have the right to appeal involving a court judgment in a civil case.

ANSWER: F (page 28)

National: AACSB Analytic; AICPA BB-Legal

25. T F Appeals of decisions of regulatory agencies go to the federal district court in the District of Columbia.

ANSWER: F (page 28)

National: AACSB Analytic; AICPA BB-Legal

26. T F A specialized court in the federal court system is the Court of Appeals for the Federal Circuit.

ANSWER: T (page 28)

National: AACSB Analytic; AICPA BB-Legal

27. T F The Court of Appeals for the Federal Circuit has national jurisdiction.

ANSWER: T (page 28)

National: AACSB Analytic; AICPA BB-Legal

28. T F The Court of Appeals for the Federal Circuit specializes in cases involving securities law and claims against the U.S. government.

ANSWER: F (page 28)

National: AACSB Analytic; AICPA BB-Legal

29. T F The highest court in France, the cour de cessation, in general has much more power than does the U.S. Supreme Court.

ANSWER: F (page 28)

National: AACSB Analytic; AICPA BB-Legal

30. T F In some matters, such as a dispute between two state governments, the U.S. Supreme Court has original and exclusive jurisdiction.

ANSWER: T (page 29)

National: AACSB Analytic; AICPA BB-Legal

31. T F A writ of certiorari directs a lower court to send up the record of a case for review by the Supreme Court.

ANSWER: T (page 29)

National: AACSB Analytic; AICPA BB-Legal

32. T F A writ of mandamus directs a lower court to send up the record of a case for review by the Supreme Court.

ANSWER: F (page 29)

National: AACSB Analytic; AICPA BB-Legal

33. T F Any one member of the Supreme Court can accept a case for the Court to hear.

ANSWER: F (page 29)

National: AACSB Analytic; AICPA BB-Legal

34. T F Four justices must agree to hear an appeal to the Supreme Court for it to be placed on the Court docket.

ANSWER: T (page 29)

National: AACSB Analytic; AICPA BB-Legal

35. T F The U.S. Supreme Court must accept appeals from state supreme courts when there is a conflict of laws between two or more states.

ANSWER: F (page 29)

National: AACSB Analytic; AICPA BB-Legal

36. T F There is a right of appeal of all lower court decisions to either the U.S. or a state supreme court.

ANSWER: F (page 29-30)

National: AACSB Analytic; AICPA BB-Legal

37. T F Because it is an appellate court, the U.S. Supreme Court has no original jurisdiction.

ANSWER: F (page 29)

National: AACSB Analytic; AICPA BB-Legal

38. T F Nearly all appeals to the Supreme Court are accepted at its discretion.

ANSWER: T (page 29)

National: AACSB Analytic; AICPA BB-Legal

39. T F In most years, the Supreme Court hears and decides about 20 cases.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

40. T F State courts, in contrast to federal courts, are known as court of limited jurisdiction.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

41. T F The Constitution requires each state court system to have appeals courts and a supreme court.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

42. T F The American court system contains two interrelated systems of courts: the English-style, private law courts and the federal, public law courts.

ANSWER: F (page 30 - 32)

National: AACSB Analytic; AICPA BB-Legal

43. T F In the federal and state systems, the only courts with general jurisdiction are the U.S. and state supreme courts.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

44. T F Only state court systems, not the federal court system, have courts of original jurisdiction.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

45. T F Like the federal court system, state courts have a system of appellate courts and courts of original jurisdiction.

ANSWER: T (page 30)

National: AACSB Analytic; AICPA BB-Legal

46. T F Courts of general jurisdiction are appellate courts with authority to hear all appeals from lower, more specialized, courts.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

47. T F All courts have general jurisdiction.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

48. T F One advantage of small claims courts is that they are less formal than regular courts.

ANSWER: T (page 30)

National: AACSB Analytic; AICPA BB-Legal

49. T F Small claims courts in all states may not hear cases involving amounts in dispute over \$1,000.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

50. T F By constitutional rules of fairness, there may be no dollar limit, upper or lower, set on the value of cases that must be heard by trial courts.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

51. T F At the state level, there is always a right of review up to the supreme court level.

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

52. T F A decision of a state's highest court may be appealed to the U.S. Supreme Court.

ANSWER: T (page 31)

National: AACSB Analytic; AICPA BB-Legal

53. T F State court systems are all, by constitutional law, like the federal system, with trial courts, courts of appeal, and a supreme court.

National: AACSB Analytic; AICPA BB-Legal

ANSWER: F (page 30)

National: AACSB Analytic; AICPA BB-Legal

54. T F State law may limit the right of citizens to bring certain cases to certain courts for resolution.

ANSWER: T (page 30)

National: AACSB Analytic; AICPA BB-Legal

55. T F The plaintiff is the party who initiates a lawsuit.

ANSWER: T (page 31)

National: AACSB Analytic; AICPA BB-Legal

56. T F The *Federal Rules of Civil Procedure* were adopted by Congress in 1984 in an effort to reform the federal judiciary, which had become outdated in procedures.

ANSWER: F (page 31)

National: AACSB Analytic; AICPA BB-Legal

57. T F The *Federal Rules of Civil Procedure* are used in many state court systems to set procedure in state courts.

ANSWER: T (page 31)

National: AACSB Analytic; AICPA BB-Legal

58. T F Jurisdiction means the “power to speak of the law” by a court.

ANSWER: T (page 31)

National: AACSB Analytic; AACSB Communication; AICPA BB-Legal

59. T F Jurisdiction means the “authority of government” by a court.

ANSWER: F (page 31)

National: AACSB Analytic; AICPA BB-Legal

60. T F It is the responsibility of the plaintiff to determine the proper court in which to file a legal action.

ANSWER: T (page 32)

National: AACSB Analytic; AICPA BB-Legal

61. T F A plaintiff who wants to bring a lawsuit must go to a court that has subject matter jurisdiction and jurisdiction over the defendant.

ANSWER: T (page 32)

National: AACSB Analytic; AICPA BB-Legal

62. T F Subject-matter jurisdiction is a constitutional or statutory limitation on the disputes a court can resolve.

ANSWER: T (page 32)

National: AACSB Analytic; AICPA BB-Legal

63. T F Federal courts have limited jurisdiction and are empowered to hear only those cases within the judicial power of the United States.

ANSWER: T (page 32)

National: AACSB Analytic; AICPA BB-Legal

64. T F Cases concerning the application of the U.S. Constitution are federal questions within the power of the federal courts.

ANSWER: T (page 32)

National: AACSB Analytic; AICPA BB-Legal

65. T F Diversity of citizenship is a basis for allowing federal jurisdiction when a legal dispute arises between citizens of different states.

ANSWER: T (page 32)

National: AACSB Analytic; AICPA BB-Legal

66. T F Diversity of citizenship in federal courts refers only to cases where one party is a U.S. citizen and the other party to the case is a citizen of another country.

ANSWER: F (page 32)

National: AACSB Analytic; AICPA BB-Legal

67. T F To get a case into federal court which involves parties from different states, the claim must involve more than \$5,000.

ANSWER: F (page 33)

National: AACSB Analytic; AICPA BB-Legal

68. T F A court's jurisdictional authority is generally limited to the boundaries of the state in which it is located.

ANSWER: T (page 33)

National: AACSB Analytic; AICPA BB-Legal

69. T F The area over which a court has the power to hear cases is called territorial jurisdiction.

ANSWER: T (page 33)

National: AACSB Analytic; AICPA BB-Legal

70. T F The plaintiff notifies the defendant of a legal action against him by a conflict-of law declaration.

ANSWER: F (page 33)

National: AACSB Analytic; AICPA BB-Legal

71. T F Service of process is usually by newspaper publication.

ANSWER: F (page 33)

National: AACSB Analytic; AICPA BB-Legal

72. T F In general, constructive notice to a defendant, such a publication in the newspaper, is not sufficient notification.

ANSWER: T (page 33)

National: AACSB Analytic; AICPA BB-Legal

73. T F The power of a court over a defendant is called in personam jurisdiction.

ANSWER: T (page 33)

National: AACSB Analytic; AACSB Communication: AICPA BB-Legal

74. T F For a court to have in personam jurisdiction over the defendant to a suit, the defendant must agree to allow the court to resolve the matter in dispute.

ANSWER: F (page 33)

National: AACSB Analytic; AACSB Communication: AICPA BB-Legal

75. T F If a defendant fails to appear in court after receiving a summons, the court will order that a default judgment be entered against that defendant.

ANSWER: T (page 33)

National: AACSB Analytic; AICPA BB-Legal

76. T F A default judgment is entered against a defendant who fails to present a “legally sufficient defense” to the court.

ANSWER: F (page 33)

National: AACSB Analytic; AICPA BB-Legal

77. T F A court has jurisdiction over a business defendant if the business has a web site that can be accessed in the state in which suit was filed.

ANSWER: F (page 34)

National: AACSB Analytic; AICPA BB-Legal

78. T F A long-arm statute is a state law that allows state courts to reach beyond the state to obtain jurisdiction over non-residents.

ANSWER: T (page 34)

National: AACSB Analytic; AICPA BB-Legal

79. T F State long-arm statutes may be used to obtain jurisdiction over any corporation regardless of how much business it does in a state.

ANSWER: F (page 34)

National: AACSB Analytic; AICPA BB-Legal

80. T F A court can exercise jurisdiction over a corporate defendant if the court is located in the state in which the corporation is incorporated.

ANSWER: T (page 35)

National: AACSB Analytic; AICPA BB-Legal

81. T F A court can exercise jurisdiction over a corporate defendant if the court is located in the state in which the corporation has a production plant.

ANSWER: T (page 35)

National: AACSB Analytic; AICPA BB-Legal

82. T F A court can exercise jurisdiction over a corporate defendant if the court is located in the state in which the corporation is doing business.

ANSWER: T (page 35)

National: AACSB Analytic; AICPA BB-Legal

83. T F A court can exercise jurisdiction over a corporate defendant if the court is located in the state in which the corporation has “visible advertising.”

ANSWER: F (page 35)

National: AACSB Analytic; AICPA BB-Legal

84. T F In *Blimka v. My Web Wholesalers*, which involved a dispute between an Idaho resident who ordered jeans from a Maine website-based seller, the Idaho court held that since the Maine seller had no physical presence in Idaho it was not subject to Idaho court jurisdiction.

ANSWER: F (page 37)

National: AACSB Analytic; AICPA BB-Legal

85. T F In *Blimka v. My Web Wholesalers*, which involved a dispute between an Idaho resident who ordered jeans from a Maine website-based seller, the Idaho court held that the Maine seller was subject to Idaho court jurisdiction under the state long-arm statute.

ANSWER: T (page 37)

National: AACSB Analytic; AICPA BB-Legal

86. T F In *Blimka v. My Web Wholesalers*, which involved a dispute between an Idaho resident who ordered jeans from a Maine website-based seller, the Idaho court held that due to diversity of citizenship the case would have to be heard in federal court.

ANSWER: F (page 37)

National: AACSB Analytic; AICPA BB-Legal

87. T F In *Blimka v. My Web Wholesalers*, which involved a dispute between an Idaho resident who ordered jeans from a Maine website-based seller, the Idaho court held that since the Maine seller intended to do business in Idaho, it became subject to Idaho court jurisdiction.

ANSWER: T (page 37)

National: AACSB Analytic; AICPA BB-Legal

88. T F In rem jurisdiction means that a court has the power to issue a judgment with respect to property such as a house or bank account.

ANSWER: T (page 37)

National: AACSB Analytic; AICPA BB-Legal

89. T F A case involving in rem jurisdiction means a court has authority to control property such as a house, but does not include intangible property, such as stock in a company.

ANSWER: F (page 37)

National: AACSB Analytic; AICPA BB-Legal

90. T F Under in rem jurisdiction, a court has power over the real (physical) property of a defendant but not financial assets of a defendant.

ANSWER: F (page 37)

National: AACSB Analytic; AICPA BB-Legal

91. T F Under in rem jurisdiction, a court has power over the property of a defendant regardless of where the property is located.

ANSWER: F (page 37)

National: AACSB Analytic; AICPA BB-Legal

92. T F Quasi in rem jurisdiction means that a court has the power to issue a judgment with respect to property such as a house or bank account that exists in another state.

ANSWER: F (page 37)

National: AACSB Analytic; AICPA BB-Legal

93. T F Quasi in rem jurisdiction allows a court to seize property of a defendant located in another state to settle a valid judgment.

ANSWER: F (page 37)

National: AACSB Analytic; AICPA BB-Legal

94. T F If a dispute may be resolved in federal courts only, the federal court is said to have exclusive jurisdiction.

ANSWER: T (page 38)

National: AACSB Analytic; AICPA BB-Legal

95. T F Federal courts have jurisdiction over matters such as divorce if the parties to the case now live in separate states.

ANSWER: F (page 39)

National: AACSB Analytic; AICPA BB-Legal

96. T F If both parties to a case live in the same state and there is less than \$75,000 in dispute, then no matter what the legal issue, the case must be in state court.

ANSWER: F (page 38)

National: AACSB Analytic; AICPA BB-Legal

97. T F If the parties to a case are from different states, there is more than \$75,000 in dispute, and state law is involved, the case may be heard in either federal or state court.

ANSWER: T (page 38)

National: AACSB Analytic; AICPA BB-Legal

98. T F If the parties to a case are from different states, there is more than \$75,000 in dispute, and federal law is involved, the case may be heard in either federal or state court.

ANSWER: T (page 38)

National: AACSB Analytic; AICPA BB-Legal

99. T F Concurrent jurisdiction means both a state court and a federal court may have the power to hear a case.

ANSWER: T (page 39)

National: AACSB Analytic; AICPA BB-Legal

100. T F Because more than one court cannot have jurisdiction over the same case, federal courts have removal jurisdiction to insure that cases are moved to the proper state court.

ANSWER: F (page 39)

National: AACSB Analytic; AICPA BB-Legal

101. T F An action may be removed from state court to federal court by a defendant based on diversity of citizenship.

ANSWER: T (page 39)

National: AACSB Analytic; AICPA BB-Legal

102. T F A suit tried in federal court must use federal law to resolve the matter; a suit tried in state court must use state law to resolve the matter.

ANSWER: F (page 40)

National: AACSB Analytic; AICPA BB-Legal

103. T F A suit involving a dispute for \$1 million over a contract signed in California under California law with parties from two different states could only be tried in California courts.

ANSWER: F (page 40)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal

104. T F A suit involving a dispute for \$1 million over a contract signed in California under California law with parties from two different states could be tried in federal or California courts using the same law.

ANSWER: T (page 40)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal

105. T F A suit involving a dispute for \$1 million over a contract signed in California under California law with parties from two different states could be tried in federal court using federal law or in a California court using California law.

ANSWER: F (page 40)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal

106. T F A suit involving a dispute for \$45,000 over a contract signed in California under California law with parties from two different states could be tried in federal court using federal law or in a California court using California law.

ANSWER: F (page 40)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal

107. T F A suit involving a dispute for \$45,000 over a contract signed in California under California law with parties from two different states could be tried in federal court using California law or in a California court using California law.

ANSWER: F (page 40)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal

108. T F A suit involving a dispute for \$45,000 over a contract signed in California under California law with parties from two different states would be tried in a California court using California law.

ANSWER: T (page 40)

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal

109. T F The case *Erie v. Tompkins*, involving a man hit by a train in Pennsylvania, holds that federal courts must apply either state common law or state statutory law in resolving disputes between citizens of different states.

ANSWER: T (page 41)

National: AACSB Analytic; AICPA BB-Legal

110. T F In *Erie v. Tompkins*, where Tompkins was hit by a New York train in Pennsylvania, the Supreme Court held that the matter must be tried under federal law because the law of New York and Pennsylvania were in conflict.

ANSWER: F (page 41)

National: AACSB Analytic; AICPA BB-Legal

111. T F In *Erie v. Tompkins*, where Tompkins was hit by a New York train in Pennsylvania, the Supreme Court held that federal common law, as first announced in *Swift v. Tyson*, had to be applied to cases where there was diversity of citizenship, forcing the case into federal court.

ANSWER: F (page 41)

National: AACSB Analytic; AICPA BB-Legal

112. T F In *Erie v. Tompkins*, where Tompkins was hit by a New York train in Pennsylvania, the Supreme Court held that federal common law, as first announced in *Swift v. Tyson*, was to be abandoned in favor of state common law.

ANSWER: T (page 41)

National: AACSB Analytic; AICPA BB-Legal

113. T F A conflict-of-law arises when incidents occur that have taken place in more than one state or entirely in another state from the one in which the lawsuit was filed.

ANSWER: T (page 41)

National: AACSB Analytic; AICPA BB-Legal

114. T F Traditionally, in contracts cases, the conflict-of-law rule is that the law of the state in which a contract was breached will determine the validity of the contract.

ANSWER: F (page 41)

National: AACSB Analytic; AICPA BB-Legal

115. T F Courts often apply a “significant interest” test in conflicts-of-law cases to determine which court should have jurisdiction over a dispute.

ANSWER: T (page 41)

National: AACSB Analytic; AICPA BB-Legal

116. T F Some states require that no matter what the dispute, all cases must be tried under the law of that state. No conflict-of-law tests will be applied.

ANSWER: F (page 41)

National: AACSB Analytic; AICPA BB-Legal

117. T F In *Miller v. Pilgrim's Pride Corp.*, a Texas resident working for a Texas company was killed on the job in Arkansas. The Texas employer was in litigation with the Arkansas company that hired it to do construction. The appeals court held that Arkansas law controlled the dispute since the accident happened in Arkansas.

ANSWER: F (page 42)

National: AACSB Analytic; AICPA BB-Legal

118. T F In *Miller v. Pilgrim's Pride Corp.*, a Texas resident working for a Texas company was killed on the job in Arkansas. The Texas employer was in litigation with the Arkansas company that hired it to do construction. The appeals court held that Texas law controlled the dispute since most of the law related to the accident was of interest to Texas, not Arkansas.

ANSWER: T (page 42)

National: AACSB Analytic; AICPA BB-Legal

119. T F In *Miller v. Pilgrim's Pride Corp.*, a Texas resident working for a Texas company was killed on the job in Arkansas. The Texas employer was in litigation with the Arkansas company that hired it to do construction. The appeals court held that Arkansas law controlled the dispute since that state had the most legal issues of interest related to the matter.

ANSWER: F (page 42)

National: AACSB Analytic; AICPA BB-Legal

120. T F Venue of a lawsuit concerns the fairness of the location in which a case is tried.

ANSWER: T (page 43)

National: AACSB Analytic; AICPA BB-Legal

121. T F The venue of a case may be changed due to excessive publicity about the matter.

ANSWER: T (page 43)

National: AACSB Analytic; AICPA BB-Legal

122. T F The doctrine of *forum non conveniens* is closely related to the issue of venue.

ANSWER: T (page 43)

National: AACSB Analytic; AICPA BB-Legal

123. T F The doctrine of *forum non conveniens* applies only in federal district courts, not state trial courts.

ANSWER: F (page 43)

National: AACSB Analytic; AICPA BB-Legal

Yoshi, a Japanese citizen working in Atlanta for his Tokyo firm, decided to rent an airplane and fly himself to the Annual Catfish and Zydeco festival in Thibodaux, Louisiana. He rented a small plane to fly there. Over Alabama, thunderstorms formed. Because Yoshi was not trained to fly by instruments, he decided to land at the next airport.

As he searched for a runway, Yoshi heard a loud clank followed by silence as the engine died. He tried to land in a field but crashed. While recovering in a rehabilitation center in California, Yoshi filed suit there against the Atlanta Airport and the owners of the airplane, alleging that they were negligent in their maintenance.

Please answer multiple choice questions 1 to 6 with reference to the facts above.

1. If Yoshi wants to obtain jurisdiction over the owner of the airplane he may:
 - a. send California police to Atlanta to serve the summons
 - b. serve the owner with a summons while the owner is bar hopping in Los Angeles
 - c. serve the owner with a summons while the owner is on a business trip to Oregon
 - d. serve the owner with a summons while the owner is in a Delta jet flying over California on his way to Hawaii
 - e. not serve the owner because he is a Georgia resident

ANSWER: b

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

2. For a California court to have jurisdiction to hear this case it must have jurisdiction over the:
 - a. subject matter of the case
 - b. the law relating to the matter
 - c. person or property of the airplane owner
 - d. all of the specific choices are correct
 - e. none of the other choices are correct

ANSWER: d

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

3. Yoshi sues defendants \$5 million. The defendants may ask the California court to use its:
 - a. original jurisdiction to move the suit to a federal court
 - b. concurrent jurisdiction to move the suit to federal court
 - c. its removal powers to move the suit to a federal court
 - d. removal powers to move the suit to a Georgia state court
 - e. none of the other choices; the case must be in California state court if Yoshi insists

ANSWER: c

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-

Critical Thinking

4. The Atlanta airport is a corporation. California has a long-arm statute. How might Yoshi use the statute to exercise jurisdiction over the airport?
 - a. if the airport is incorporated in Georgia, Yoshi may use the California statute to gain jurisdiction
 - b. if the airport has its headquarters in Georgia, Yoshi may use the California statute to gain jurisdiction
 - c. if the airport does all of its business in Georgia, Yoshi may use the California statute to gain jurisdiction
 - d. if the airport does business in, or has minimum contacts with California, Yoshi may use the California statute to gain jurisdiction
 - b. Yoshi may not take advantage of the California statute because the accident occurred in Alabama

ANSWER: d

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

5. Suppose Yoshi can exercise jurisdiction over the defendants in court in California. They fail to appear to defend themselves and Yoshi wins a default judgment for \$5 million which defendants do not pay. Yoshi discovers that the owner of the airplane also owns a Lear jet, which is in San Diego. If Yoshi has the court seize the jet in satisfaction of the judgment, Yoshi has obtained what type of jurisdiction?
 - a. in personam jurisdiction
 - b. de novo jurisdiction
 - c. lex loci jurisdiction
 - d. quasi in rem jurisdiction
 - e. in rem jurisdiction

ANSWER: d

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

6. Assume the defendants have the case removed from the state court in California to a federal court. Under *Erie v. Tompkins* what law will the federal court be most likely to apply in deciding the dispute?
 - a. the state law of Georgia where Yoshi contracted to rent the airplane
 - b. the federal common law
 - c. the civil law of Japan because Yoshi is a Japanese native
 - d. the state law of Louisiana, because Yoshi was going there
 - e. none of the other choices are correct

ANSWER: a

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

Please answer True-False questions 1 to 9 based on the facts above.

1. T F Yoshi may obtain personal jurisdiction over the Atlanta Airport by having the court seize a bank account the airport holds in California.

ANSWER: F

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

2. T F Only Yoshi has the ability to remove the case he brought in a California state court to a federal court.

ANSWER: F

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

3. T F A court in which Yoshi's case may be brought and tried to a conclusion is said to have original jurisdiction over the case.

ANSWER: T

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

4. T F If Yoshi wants to sue the Atlanta Airport in California he will most likely have to use a long-leg statute to obtain personal jurisdiction.

ANSWER: F

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

5. T F Because of the size of his alleged damages and the nature of the case, Yoshi could, if he wished, sue the defendants in small claims court.

ANSWER: F

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

6. T F Given the facts as outlined, Yoshi could probably exercise personal jurisdiction over the defendants based on the decision reached in *State of Oregon v. Lillard*.

ANSWER: T

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

7. T F If Yoshi's case were removed to federal court, the federal court would have to apply conflict-of-law rules to determine what law to apply to the dispute.

ANSWER: T

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

8. T F If Yoshi's case was tried in federal court in California, and the substantive issue of law involved was liability for the injuries arising from Yoshi's crash, the court would apply the common law of California.

ANSWER: F

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking

9. T F If Yoshi's case was tried in federal court in California and the issue of substantive law was whether or not a contract existed between Yoshi and the airplane owner, the court would apply the law of Georgia.

ANSWER: T

National: AACSB Analytic; AACSB Reflective Thinking; AICPA BB-Legal; AICPA BB-Critical Thinking