

# **BUSINESS LAW II**

## Curriculum Content Frameworks

**Please note: All assessment questions will be taken from the knowledge portion of these frameworks.**

*Prepared by*

Kay Binns, Bryant High School  
Sheri Shepherd, Glen Rose High School  
Grant Williams, Harrison High School

*Facilitated by*

Karen Chisholm, Program Manager  
Office of Assessment and Curriculum  
Arkansas Department of Workforce Education

*Edited by*

Sandra Porter, Program Manager  
Jim Brock, Program Advisor  
Ginger Fisher, Program Advisor  
LaTrenda Jackson, Program Advisor  
Tim Johnston, Program Advisor  
Office of Business/Marketing Technology  
Arkansas Department of Workforce Education

*Disseminated by*

Career and Technical Education  
Office of Assessment and Curriculum  
Arkansas Department of Workforce Education

# Curriculum Content Frameworks

## Business Law II

Grade Levels: 11, 12  
Course Code: 492080

Prerequisite: Business Law I

Course Description: Business Law II is a one-semester course covering standards of law which govern our business and personal affairs in today's dynamic marketplace. It is designed to help students better understand the business world in which they live, gain confidence in conducting business, and be better prepared to recognize legal problems in management of an enterprise. Topics will include credit and bankruptcy, commercial paper, employment and agency, forms of business organization (proprietorships, partnerships, and corporations), real and personal property, bailments, and insurance.

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# Unit 1: Credit, Bankruptcy, and Commercial Paper

## Hours: 12

**Terminology:** Artisan's lien, Bankruptcy, Bearer paper, Blank endorsement, Certificate of Deposit, Check, Collateral, Commercial paper, Credit rating, Creditor, Debtor, Draft, Drawee, Drawer, Equal Credit Opportunity Act, Fair Credit Billing Act, Fair Credit Reporting Act, Fair Debt Collection Practices Act, Federal Bankruptcy Code, Financing statement, Garnishment, endorsement, Involuntary bankruptcy, Liquidation, Maker, Mechanic's lien, Order for Relief, Order paper, Payee, Promissory note, Qualified endorsement, Reorganization, Repossession, Restrictive endorsement, Secured debt, Secured party, Security interest, Special endorsement, Truth in Lending Act, Unsecured debt, Voluntary bankruptcy

<b>CAREER and TECHNICAL SKILLS</b>		<b>ACADEMIC and WORKPLACE SKILLS</b>		
What the Student Should be Able to Do		What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
1.1 Define terminology	1.1.1 Prepare a list of terms with definitions	Foundation	Reading	Applies/Understands technical words that pertain to credit, bankruptcy and commercial paper [1.3.6]
			Writing	Uses words appropriately [1.6.21]
1.2 Examine the use of credit and the laws surrounding the debtor/creditor relationship	1.2.1 Identify the benefits and detriments of using credit	Foundation	Reading	Draws conclusions from what is read [1.3.12]
	1.2.2 Explain how the factors of character, capacity, and capital affect the credit rating of an individual	Thinking	Reasoning	Identifies relevant details, facts and specifications [1.3.16]
	1.2.3 Identify the various laws protecting debtors			Determines which conclusions are correct when given a set of facts and a set of conclusions [4.5.3]
	1.2.4 Identify the various laws protecting creditors			
	1.2.5 Recognize names of the three major credit reporting businesses: Equifax, Experian, and TransUnion			
	1.2.6 Distinguish between a secured debt and unsecured debt			
	1.2.7 State the two methods by which a security interest may be perfected			
	1.2.8 Distinguish between an artisan's lien and a mechanic's lien			

CAREER and TECHNICAL SKILLS What the Student Should be Able to Do			ACADEMIC and WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application		Skill Group	Skill	Description
1.3 Examine bankruptcy relief	1.3.1	Identify the purposes of bankruptcy and who may file for it	Foundation	Reading	Draws conclusions from what is read [1.3.12]
	1.3.2	Examine the procedures for various types of bankruptcy	Thinking	Decision Making	Identifies relevant details, facts and specifications [1.3.16]
	1.3.3	List debts that cannot be discharged and assets exempt from seizure in satisfying creditor's claims			Evaluates information/data to make best decision [4.2.5]
1.4 Explain types of commercial paper and the essential elements of negotiability	1.4.1	Describe the basic types of commercial paper and their uses	Foundation	Reading	Comprehends written information and applies it to a task [1.3.8]
	1.4.2	Describe how and when to use the various forms of commercial paper	Thinking	Writing	Draws conclusions from what is read [1.3.12]
	1.4.3	Identify the requirements of negotiability			Identifies relevant details, facts and specifications [1.3.16]
	1.4.4	Identify the parties to a check and promissory note			Presents answers/conclusions in a clear and understandable form [1.6.13]
	1.4.5	Identify and use the various endorsements to achieve a chosen purpose	Decision Making	Evaluates information/data to make best decision [4.2.5]	
			Reasoning	Sees relationship between two or more ideas, objects, or situations [4.5.5]	

## Unit 2: Employment and Agency Law

**Hours: 14**

**Terminology:** Accounting, Affirmative action, Age Discrimination in Employment Act of 1967, Agency, Agency by estoppel, Agency by ratification, Agency shop, Agent, Americans with Disabilities Act, Apparent authority, Assumption of risk doctrine, Blacklist, Bonafide occupational qualification, Boycott, Casual worker, Civil Rights Act of 1964, Closed shop, Collective bargaining, Commingling, Compensation, Co-worker negligence, Disparate impact, Disparate treatment, Drug-Free Workplace Act, Durable power of attorney, Employee, Employee bargaining unit, Employee contributory negligence, Employer, Employer common-law defenses, Employment, Employment at-will doctrine, Employment discrimination, Employment Retirement Income Security Act of 1974, Equal Employment Opportunity Commission, Equal Pay Act of 1963, Express authority, Fair Labor Standards Act, Family Medical Leave Act, Featherbedding, Fiduciary relationship/duties, Fringe benefits, Gratuitous agency, Hot-cargo contract, Implied authority, Indemnification, Independent contractor, Labor-Management Relations Act (Taft-Hartley Act), Landrum-Griffin Act, Lockout, Loyalty and honesty, Mediation, National Labor Relations Act, National Labor Relations Board, Notification, Occupational Safety & Health Act, Occupational Safety & Health Administration, Open shop, Picket, Power of attorney, Primary boycott, Principal, Protected Class, Reasonable care and skill, Reasonable treatment, Reimbursement, Representation election, Respondeat superior doctrine, Right to work statutes, Scope of authority (General agent, Special agent, Universal agent), Secondary boycott, Sexual harassment, Social Security Act of 1935, Strike, Undisclosed principal, Unemployment compensation, Unfair labor practices, Union shop, Vesting, Whistleblower, Workers compensation statutes, Wrongful discharge

<b>CAREER and TECHNICAL SKILLS</b>		<b>ACADEMIC and WORKPLACE SKILLS</b>			
What the Student Should be Able to Do		What the Instruction Should Reinforce			
Knowledge	Application	Skill Group	Skill	Description	
2.1 Define terminology	2.1.1 Prepare a list of terms with definitions	Foundation	Reading	Applies/Understands technical words that pertain to employment and agency law [1.3.6]	
			Writing	Uses words appropriately [1.6.21]	
2.2 Examine the nature of the employer/employee relationship	2.2.1 List contractual duties imposed by law on an employee in the employment relationship	Foundation	Reading	Identifies relevant details, facts & specifications [1.3.16]	
	2.2.2 List the basic duties imposed by law on the employer in the employment relationship		Writing	Presents answers/conclusions in a clear and understandable form [1.6.13]	
	2.2.3 Identify federal laws that regulate employment conditions and employment opportunities	Thinking	Reasoning	Sees relationship between two or more ideas, objects, or situations [4.5.5]	
	2.2.4 Describe different classifications of employment discrimination				
	2.2.5 Identify duties of the employer to injured employees				
	2.2.6 Identify duties of the employer to the employee in the event of unemployment				
	2.2.7 Describe the differences between an employer and independent contractor				

<b>CAREER and TECHNICAL SKILLS</b>		<b>ACADEMIC and WORKPLACE SKILLS</b>			
What the Student Should be Able to Do		What the Instruction Should Reinforce			
<b>Knowledge</b>	<b>Application</b>	<b>Skill Group</b>	<b>Skill</b>	<b>Description</b>	
2.3 Discuss the role of unions in the workforce	2.3.1 Explain how unions are established under the National Labor Relations Act	Foundation	Reading	Applies information and concepts derived from printed materials [1.3.3]	
	2.3.2 Explain the affect of right-to-work statutes			Applies/Understands technical words that pertain to the role of unions in the workforce [1.3.6]	
	2.3.3 Define unfair labor practices by management or unions	Thinking	Reasoning	Sees relationship between two or more ideas, objects, or situations [4.5.5]	
2.4 Analyze the principal agent relationship in conducting business	2.4.1 Identify the purpose for which an agency is created	Foundation	Reading	Applies/Understands technical words that pertain to the principal agent relationship [1.3.6]	
	2.4.2 Discuss rights and responsibilities of all parties in an agency			Identifies relevant details, facts & specifications [1.3.16]	
	2.4.3 Discuss the different ways in which an agency may be created			Speaking	Communicates a thought, idea, or fact in spoken form [1.5.5]
	2.4.4 Identify the classifications of agents based on scope of authority	Thinking	Reasoning	Sees relationship between two or more ideas, objects, or situations [4.5.5]	
	2.4.5 Distinguish between a general power of attorney and a limited power of attorney				

## Unit 3: Legal Forms of Business Organization

### Hours: 18

Terminology: Alien corporation, Articles of incorporation, Asset acquisition, Board of Directors, Bonds, Business judgment rule, Bylaws, Closely-held corporation, Common stock, Consolidation, Corporate charter, Corporate opportunity doctrine, Corporation, Cumulative preferred stock, De facto corporation, De jure corporation, Debenture bond, Direct suit, Dissolution, Dividend, Domestic corporation, Federal Trade Commission, Foreign corporation, General partnership, Hostile takeover, Incorporators, Inside board, Insider trading rule, Interlocking directorate, Joint liability, Limited partner, Limited partnership, Merger, Mixed board, Model Business Corporation Act, Officers, Outside board, Partnership, Partnership agreement, Piercing the corporate veil, Preemptive right, Preferred stock, Private corporation, Proxy, Registered agent, Registration statement, Sarbanes-Oxley Act, Secret partner, Securities and Exchange Commission (SEC), Shareholder proposal, Sherman Antitrust Act, Silent partner, Sole proprietorship, Stock, Stock acquisition, Stock certificate, Stockholder, Subchapter S corporation, Subsidiary, Suitor, Target, Voting rights, Williams Act 1968, Winding-up-period

<b>CAREER and TECHNICAL SKILLS</b>		<b>ACADEMIC and WORKPLACE SKILLS</b>			
What the Student Should be Able to Do		What the Instruction Should Reinforce			
Knowledge	Application	Skill Group	Skill	Description	
3.1 Define terminology	3.1.1 Prepare a list of terms with definitions	Foundation	Reading	Applies/Understands technical words that pertain to business organization [1.3.6]	
			Writing	Uses words appropriately [1.6.21]	
3.2 Examine the characteristics of sole proprietorships and partnerships	3.2.1 Discuss the creation and distinguishing features of proprietorships and partnerships	Foundation	Speaking	Communicates a thought, idea, or fact in spoken form [1.5.5]	
	3.2.2 Compare and contrast the advantages and disadvantages of proprietorships and partnerships		Writing	Organizes information into an appropriate format [1.6.10]	
	3.2.3 Categorize various types of partnerships by extent of liability, and according to management authority	Thinking	Reasoning	Determines which conclusions are correct when given a set of facts and a set of conclusions [4.5.4]	
	3.2.4 Examine the various provisions found in an example of a typical partnership agreement				

<b>CAREER and TECHNICAL SKILLS</b>		<b>ACADEMIC and WORKPLACE SKILLS</b>				
What the Student Should be Able to Do		What the Instruction Should Reinforce				
<b>Knowledge</b>	<b>Application</b>	<b>Skill Group</b>	<b>Skill</b>	<b>Description</b>		
3.3 Examine the characteristics of a corporation	3.3.1 Discuss the incorporation process	Foundation	Reading	Applies/Understands technical words that pertain to the characteristics of a corporation [1.3.6]		
	3.3.2 Identify the different types and classifications of corporations (domestic, foreign, alien, public, private, publicly held, closely held nonprofit)			Comprehends written information and applies it to a task [1.3.8]		
	3.3.3 List the advantages and disadvantages of a corporation			Identifies relevant details, facts, and specifications [1.3.16]		
	3.3.4 Compare the types of stock that may be issued by a corporation		Thinking	Speaking	Communicates a thought, idea, or fact in spoken form [1.5.5]	
	3.3.5 Describe the duties and functions of the board of directors and officers of a corporation				Writing	Presents answers/conclusions in a clear and understandable form [1.6.14]
	3.3.6 Identify the rights of shareholders					Reasoning
	3.3.7 Identify the various methods of corporate expansion, and discuss negative aspects associated with each		Sees relationship between two or more ideas, objects, or situations [4.5.5]			
	3.3.8 Identify statutes and agencies that regulate corporations					
	3.3.9 Explain how the business judgment rule, the insider trading rule, and the corporate opportunity doctrine impose legal obligations of "good faith" upon officers and directors for their business conduct					

## Unit 4: Property Law and Insurance

**Hours: 16**

**Terminology:** Abandoned property, Abstract of title, Accession, Accretion, Act of God, Adverse possession, Assignment, Bailee, Bailee's lien, Bailment, Bailment for hire, Bailment for transport, Bailor, Beneficiary, Bill of lading, Binder, Bundle of rights, Cancellation, Carrier's lien, Cash surrender value, Closing, Co-insurance clause, Common carrier, Community property, Comprehensive insurance policy, Concealment, Concurrent/Co-ownership, Condemnation proceedings, Consignee, Consignment, Consignor, Constructive bailment, Constructive delivery, Constructive eviction, Contract carrier, Conveyance, Copyrights, Dedication, Deed, Demurrage fee, Donee, Donor, Double indemnity, Easement, Egress, Eminent domain, Escrow, Eviction, Extraordinary bailment, Extraordinary care duty, Face value, Fair use doctrine, Fee simple title, Fidelity bonding, Financial responsibility, Fixtures, Fungible goods, Gift, Grace period, Grantee, Grantor, Gratuitous bailment, Health insurance, Holdover tenant, Homeowners insurance, Indemnify, Ingress, Inherent nature of goods, Inheritance, Insurable interest, Insurance, Insured, Insurer, Intellectual property, Joint tenancy, Land, Landlord, Lapse, Lease, Liability insurance, Life insurance, Loan value, Lost property, Mineral rights, Mislaid property, Mortgage, Mortgagee, Mortgagor, Mutual benefit bailment, Nuisance, Occupancy, Ordinary care duty, Patent, Periodic tenancy, Personal property, Policy, Policyholder, Premium, Prescriptive easement, Private carrier, Property, Property assessment, Property insurance, Public grant, Quitclaim deed, Real property, Recording the deed, Rent, Representations, Restrictive covenant (in land), Right of foreclosure, Right of survivorship, Right to partition, Riparian rights, Risk, Security deposit, Service bailment, Slight care duty, Storage bailment, Subletting, Survey, Tenancy, Tenancy by the entirety, Tenancy in common, Tenancy in severalty, Tenancy for years, Tenant, Title insurance, Title opinion, Trade fixtures, Trade secret, Trademark, Trespass, U.S. Patent and Trademark Office, Warehouse receipt, Warranty deed, Warranty of habitability, Zoning ordinances

CAREER and TECHNICAL SKILLS		ACADEMIC and WORKPLACE SKILLS			
What the Student Should be Able to Do		What the Instruction Should Reinforce			
Knowledge	Application	Skill Group	Skill	Description	
4.1 Define terminology	4.1.1 Prepare a list of terms with definitions	Foundation	Reading	Applies/Understands technical words that pertain to property law and insurance [1.3.6]	
			Writing	Uses words appropriately [1.6.21]	
4.2 Explain the rules of law that apply to personal property and bailments	4.2.1 Discuss tangible and intangible personal property, how property may be acquired, and the rights associated with ownership	Foundation	Writing	Presents answers/conclusions in a clear, concise manner [1.6.13]	
	4.2.2 Discuss the ownership of intellectual property by patent, copyright, and trademark registration	Thinking	Reasoning	Extracts rules or principles from written information[4.5.4]	
	4.2.3 Describe a bailment, the various classifications of bailments, the purposes for which they may be created, and the various degrees of a bailee's liability for care of the bailed property			Sees relationship between two or more ideas, objects, or situations [4.5.5]	
	4.2.4 Distinguish between common, contract, and private carriers				
	4.2.5 List the various forms of co-ownership of property and the distinguishing characteristics of each				

<b>CAREER and TECHNICAL SKILLS</b>		<b>ACADEMIC and WORKPLACE SKILLS</b>			
What the Student Should be Able to Do		What the Instruction Should Reinforce			
<b>Knowledge</b>	<b>Application</b>	<b>Skill Group</b>	<b>Skill</b>	<b>Description</b>	
4.3 Explain the rules of law that apply to real property	4.3.1 List the rights associated with the ownership of real property	Foundation	Speaking	Communicates a thought, idea, or fact in spoken form [1.5.5]	
	4.3.2 Discuss the various ways by which real property may be acquired		Writing	Analyzes data, summarizes results, and makes conclusions [1.6.2]	
	4.3.3 Explain the difference in conveyance by warranty deed as opposed to quit claim deed		Decision Making	Presents answers/conclusions in a clear and understandable form [1.6.13]	
	4.3.4 Explain the proper procedure for the transfer of title to real property	Thinking	Reasoning	Evaluates information/data to make best decision [4.2.5]	
	4.3.5 Describe and distinguish other's rights through licenses and easements			Sees relationship between two or more ideas, objects, or situations [4.5.5]	
	4.3.6 Explore the limitations of property use by restrictive covenants and zoning laws				
4.4 Discuss the landlord/tenant relationship	4.4.1 Describe types of tenancies that may be created by leases (periodic tenancy, tenancy for years, tenancy at sufferance, tenancy at will)	Foundation	Writing	Analyzes data, summarizes results, and makes conclusions [1.6.2]	
	4.4.2 Summarize the rights and duties of landlords and tenants	Thinking	Reasoning	Sees relationship between two or more ideas, objects, or situations [4.5.5]	
4.5 Explain the concept of risk and insurance	4.5.1 Explain the need for insurance	Foundation	Speaking	Communicates a thought, idea, or fact in spoken form [1.5.5]	
	4.5.2 Discuss the contrast the different types of insurance		Writing	Analyzes data, summarizes results, and makes conclusions [1.6.2]	
	4.5.3 Discuss common policy provisions and considerations	Thinking	Reasoning	Determines which conclusions are correct when given a set of facts and a set of conclusions [4.5.3]	

# Glossary

## Unit 1: Credit, Bankruptcy, and Commercial Paper

1. Artisan's lien – a lien against the personal property of the debtor, being held by the creditor for the value of the repair, service, or improvements provided
2. Bankruptcy – proceeding under the Federal Bankruptcy Code, whereby all assets of a debtor (excluding some exempt property) are distributed to creditors; the debtor is then discharged or excused from the legal obligation to pay most of the debts
3. Bearer paper – an instrument that does not designate a specific payee and is payable to anyone who has possession
4. Blank endorsement – an endorsement that consists of the indorser's signature only, and thus does not specify a particular person to whom the paper is transferred
5. Certificate of Deposit – the promise of a bank to repay with interest a deposit of money at a definite future date
6. Check – draft written on a bank by a depositor
7. Collateral – personal property subject to a security interest
8. Commercial paper – unconditional written promise or order to pay a sum of money
9. Credit rating – evaluation of one's ability to pay debts
10. Creditor – party to whom a debt is owed
11. Debtor – person or business that owes money, goods, or services to another
12. Draft – unconditional written order from one person directing another to pay money to a third person; also called bill of exchange
13. Drawee – party ordered to pay a draft
14. Drawer – party who executes a draft and orders payment to be made
15. Equal Credit Opportunity Act – prohibits discrimination in the extending of credit
16. Fair Credit Billing Act – protects consumers in credit card billing errors and other disputes
17. Fair Credit Reporting Act – protects consumers' credit reputations
18. Fair Debt Collection Practices Act – prohibits debt collector's abuses
19. Federal Bankruptcy Code – the variety of possible ways for debtors to seek relief

20. Financing statement – brief, written notice of the existence of a security agreement
21. Garnishment – court-granted right to intercept a debtor's wages for the purpose of paying a debt
22. Endorsement – act of placing one's signature on the back of an instrument for the purpose of transferring the instrument to another
23. Involuntary bankruptcy – status of one forced into bankruptcy by creditors
24. Liquidation – all business assets are sold, all debts are paid, and corporation is ended
25. Maker – party who executes a promissory note or a certificate of deposit
26. Mechanic's lien – lien against the real property of the debtor for the unpaid value of labor and materials
27. Order for Relief – legal name for a Chapter 7 bankruptcy judgment
28. Order paper – instrument issued or endorsed to the order of a specified person
29. Payee – person to whom a negotiable instrument is payable
30. Promissory note – unconditional written promise to pay a sum of money to another by a definite time
31. Qualified endorsement – endorsement to disclaim or limit the endorser's contract liability
32. Reorganization – bankruptcy in which the creditors and a debtor create a plan under which the debtor pays a portion of his or her debts and is discharged of the remainder
33. Repossession – right of the secured party to take back the goods if the debtor does not pay back the loan for the goods
34. Restrictive endorsement – endorsement that indicates the use of the proceeds or imposes a condition on payment
35. Secured debt – debt in which a promise to pay is reinforced by a direct claim against some property
36. Secured party – a lender, a seller, or any person in whose favor there is a security interest
37. Security interest – interest in or claim against specified property of the debtor created for the purpose of assuring payment of the debt
38. Special endorsement – endorsement making the paper payable to the order of a designated party
39. Truth in Lending Act – a disclosure law administered by the Federal Reserve Board that requires sellers and lenders to disclose credit terms or loan terms so individuals can shop around for the best financing arrangements
40. Unsecured debt – debt based only on a promise to pay
41. Voluntary bankruptcy – status of one who has requested and been granted bankruptcy

## Unit 2: Employment and Agency Law

1. Accounting – duty of an agent to keep records of all property and money either received or distributed on the principal's behalf; also known as duty to account
2. Affirmative action – job hiring policies that give special consideration or compensatory treatment to protected groups in an effort to overcome the effects of past discrimination; also known as affirmative action plan
3. Age Discrimination in Employment Act of 1967 – prohibits employment agencies, employers of 20 or more employees, and labor unions of more than 25 members from discriminating on the basis of age; the act forbids discrimination against any person aged 40 or older in hiring, firing, promotion, or other aspect of employment
4. Agency – relationship in which one person represents another in making contracts
5. Agency by estoppel – relationship in which a principal is stopped from denying the existence of an agency, due to the principal's conduct toward third parties
6. Agency by ratification – approval of a previously unauthorized act
7. Agency shop – establishment in which nonunion members must pay union dues
8. Agent – one who makes contracts for and on behalf of another
9. Americans with Disabilities Act – forbids discrimination on the basis of a disability, if the disabled individual can do the essential functions of the job, despite the disability
10. Apparent authority – power the agent appears to have
11. Assumption of risk doctrine – employment concept whereby an employee assumes the ordinary risks of the occupation
12. Blacklist – to place the names of employees on a list of undesirables to be sent to other employers
13. Bonafide occupational qualification – an employer's defense against claims of job discrimination
14. Boycott – refusal to deal with the goods or services of an employer
15. Casual worker – those who do not work for an employer regularly
16. Civil Rights Act of 1964 – prohibits discrimination in employment based on sex, race, color, national origin, or religion for employers of 15 or more people
17. Closed shop – company where employees must belong to a union before they can be hired; made illegal by the Taft-Hartley Act
18. Collective bargaining – negotiation between an employer and trade union

19. Commingling – mixing the money of the agent and the principal together
20. Compensation – duty of a principal to pay the agent an amount of money in a timely manner
21. Co-worker negligence – common defense of an employer when the employee's injury is caused by the negligence of a fellow worker
22. Disparate impact – unintentional discrimination due to policy of employer that on the surface seems neutral, but which has a unequal and unfair impact on members of a protected group
23. Disparate treatment – intentional discrimination against an individual or a group because of sex, race, color, national origin, or religion
24. Drug-Free Workplace Act – federal law requiring companies that contract with the federal government to initiate a plan to ensure the work environment is free of drug use
25. Durable power of attorney – document authorizing a person to act and make decisions for another, including decisions about health care if the person becomes incapacitated
26. Employee – one who works under the supervision and control of another for pay
27. Employee bargaining unit – group of workers joined together to select a bargaining representative and to negotiate with an employer
28. Employee contributory negligence – common law employer defense that may be asserted when an employee's injury is caused by the worker's own carelessness
29. Employer – party who engages another to work for pay
30. Employer common-law defenses – employer defenses under common law against tort liability for injuries related to employment
31. Employment – contract to pay for supervised work
32. Employment at-will doctrine – employer relationship whereby the employee may be discharged at any time because no agreement was made about length of employment; also, the employee may quit the job at any time without liability for breach of contract
33. Employment discrimination – treating employees or job applicants unequally on the basis of race, color, gender, national origin, or religion; prohibited by Title VII of the Civil Rights Act of 1964, as amended
34. Employment Retirement Income Security Act of 1974 – federal law to protect employee pension plans, requiring trust funds to be kept independent of the employer's control
35. Equal Employment Opportunity Commission – federal agency which enforces the Civil Rights Act in Employment Discrimination
36. Equal Pay Act of 1963 – federal statute which mandates that employers engaged in interstate commerce must pay women the same rate of pay as men holding the same type of job
37. Express authority – authority delegated to an agent by the oral or written words of the principal

38. Fair Labor Standards Act – federal law which intended to eliminate exploitative child labor practices and set maximum hours and minimum wages for workers; also known as wage-hour law
39. Family Medical Leave Act – act passed in 1993 allowing certain employees of companies of 50 or more to 12 weeks of leave during any 12-month period due to birth or adoption of child or to care for a spouse, child, or parent who has a serious medical condition; after leave, the employee is entitled to return to his or her previous position or an equivalent position with the same or equivalent pay and benefits
40. Featherbedding – practice of assigning more employees to a job than are actually needed
41. Fiduciary relationship/duties – being loyal to a firm putting the firm's interests ahead of self-interest
42. Fringe benefits – special compensation paid in excess of wage or salary
43. Gratuitous agency – agency relationship where the agent receives no compensation
44. Hot-cargo contract – agreement in which an employer agrees with a union not to handle, use, or deal with the goods of other employers who do not use union workers; outlawed by the Landrum-Griffin Act
45. Implied authority – authority to do anything reasonably necessary to carry out expressly authorized duties
46. Indemnification – right of an agent to compensate from the principal for any losses the agent suffers as a result of the principal's instructions
47. Independent contractor – one who contracts to do something for another but is free of the latter's direction and control
48. Labor-Management Relations Act (Taft-Hartley Act) – federal law which defines certain practices by labor unions to be unfair labor practices
49. Landrum-Griffin Act – federal law which regulates the internal activities of unions giving members the right to attend and participate in union meetings
50. Lockout – employer shutdown of operations to force a union to agree to the employer's position
51. Loyalty and honesty – faithfulness on the part of an agent (or employee) to act in the best interest of its principal (or employer) at all times
52. Mediation – attempt by a neutral third party to achieve a compromise between two parties in a dispute
53. National Labor Relations Act – federal law requiring employers to treat unions fairly by allowing them to organize and bargain collectively as well as defining unfair labor practices by both employers and unions
54. National Labor Relations Board – federal agency charged with the supervision and control of all aspects of labor relations from the formation of a union to collective bargaining
55. Notification – duty of agent to notify the principal of all matters that come to his or her attention concerning the agency relationship
56. Occupational Safety and Health Act – federal law passed to ensure safe and healthful working conditions for employees requiring businesses to be maintained free from recognized hazards

57. Occupational Safety and Health Administration – federal agency created by Occupational Safety and Health Act which has the authority to create standards, make inspections, and enforce the act
58. Open shop – establishment in which nonunion members are not required to join the union or to pay union dues
59. Picket – to walk with signs at employer's business to publicize dispute or influence opinion
60. Power of attorney – any writing that appoints someone as an agent
61. Primary boycott – employees' refusal to buy their employer's products or services
62. Principal – person who is represented by a person ordinarily called an agent in a business transaction with a third party
63. Protected Class – group that employment law protects
64. Reasonable care and skill – employee implies to the employer that he or she possesses to a reasonable degree the skill, experience, or knowledge that will be necessary to perform the duties of the job
65. Reasonable treatment – employer is required to treat the workers in a reasonable manner
66. Reimbursement – duty of a principal to an agent for repayment for expenditures made on behalf of the principal
67. Representation election – conducted by a union if workers wish to be represented by a union but management will not voluntarily recognize it
68. Respondeat superior doctrine – imposes vicarious liability on an employer for the wrongful acts of an agent or employee that occur while the agent or employee is on the job which acts as a deterrent to hiring negligent employees; Latin term for "let the master respond"
69. Right to work statutes – laws which make it illegal for union membership to be required for continued employment in any business
70. Scope of authority (General agent, Special agent, Universal agent) – Performance of duties which were expressly or impliedly assigned to the agent by the principal
71. Secondary boycott – boycott directed mainly against third parties who deal with the struck employer
72. Sexual harassment – unwelcome sexual comments, gestures, or contact which interferes with an employee's ability to work
73. Social Security Act of 1935 – federal law passed in 1935 to protect employees from the financial impact of retirement or disability which mandates that both employers and employees contribute to this insurance fund
74. Strike – collective work stoppage by employees to pressure the employer to give in to union demands
75. Undisclosed principal – principal whose identity is kept secret from the third party by the agent
76. Unemployment compensation – government payments to those who recently lost their jobs through no fault of their own

77. Unfair labor practices – activities of employers and labor unions as defined by the National Labor Relations Act to be illegal
78. Union shop – establishment in which all workers must join the union within a stated period
79. Vesting – act of giving a worker a guaranteed right to receive a future pension
80. Whistleblower – employee who tells the public about illegal or other wrongful activities in his or her organization
81. Workers compensation statutes – insurance program paid by employers that provides income for workers who are injured or who develop a disease or disability as a result of their job
82. Wrongful discharge – when an employer unfairly terminates (fires) an employee for reasons without good cause such as retaliation for reporting company violations of the law

## Unit 3: Legal Forms of Business Organization

1. Alien corporation – corporation chartered in another country which is doing business in this country
2. Articles of incorporation – an application to a state for incorporation of a business describing its organization, powers, and authority
3. Asset acquisition – method of corporate expansion where one company buys substantially all of the assets or property of another corporation
4. Board of Directors – governing body of a corporation who set policy and see that the corporation acts within its power
5. Bonds – long term written notes issued by a corporation as a means of obtaining capital
6. Business judgment rule – rule which presumes that directors and officers of a corporation have exercised due care in their business decisions unless fraud or abuse of discretion is proven
7. Bylaws – rules and regulations for the internal management of corporate affairs
8. Closely-held corporation – private corporation that is owned by just a small number of shareholders, usually family members
9. Common stock – basic stock in a corporation representing ownership and conveying to its owner the right to vote and to receive dividends
10. Consolidation – two or more companies or corporations join to form a new corporation
11. Corporate charter – a document that is prepared during the formation of a corporation stating the corporation's goals and objectives
12. Corporate opportunity doctrine – directors and officers cannot take a business opportunity for themselves if they have sure knowledge that the corporation would want to take that corporate opportunity for itself
13. Corporation – legal entity created by the authority of federal or state law
14. Cumulative preferred stock – preferred stock whose dividends remain due and payable beyond one corporate fiscal year
15. De facto corporation – when a corporation has made a bona fide attempt to incorporate under an existing state incorporation statute and has acted like a corporation, but inadvertently made an error in filing or failed to complete the process
16. De jure corporation – legal existence of a corporation
17. Debenture bond – unsecured bonds
18. Direct suit – suit brought against a corporation by the shareholders if they believe that they have been deprived of their rights as shareholders
19. Dissolution – legal detachment or breaking off of a partnership
20. Dividend – profits distributed to the shareholders

21. Domestic corporation – corporation doing business in the state in which it is chartered
22. Federal Trade Commission – federal agency whose job is to prevent businesses from engaging in deceptive and unfair trade practices
23. Foreign corporation – corporation doing business in a state other than the one in which it was chartered
24. General partnership – partnership in which all partners are fully liable; also, a partnership formed to conduct a general business
25. Hostile takeover – means of acquiring controlling interest in a publicly traded corporation by a party known as a suitor against the wishes of the directors and officers of the target corporation
26. Incorporators – persons who sign and submit the articles of incorporation
27. Inside board – board of directors in which all the directors are officers
28. Insider trading rule – using information that is not public to make a profit by trading shares or stock
29. Interlocking directorate – antitrust provision which outlaws the existence of two or more competing companies under the control of the same board of directors
30. Joint liability – shared responsibility for debts or obligations
31. Limited partner – one whose liability does not extend beyond that partner's investment
32. Limited partnership – special type of statutory partnership which requires at least one partner and one or more limited partners, which in turn limits liability for limited partners
33. Merger – legal combination of two or more corporations so that only one of the corporations continues to exist
34. Mixed board – board of directors composed of both officers and outsiders
35. Model Business Corporation Act – federal law setting general standards for the incorporation process as well as standards of care for directors and officers for the fair operation of a corporation; most states have adopted some version of the this act
36. Officers – corporate executives hired by the board of directors to conduct and manage a firm's day-to-day business
37. Outside board – board of directors with no corporate officers
38. Partnership – association of two or more persons to carry on a business for profit
39. Partnership agreement – explicit statement, orally or in writing, of the terms and conditions agreed to by the partner for running the partnership
40. Piercing the corporate veil – extreme circumstances in which the courts will deny shareholders the benefits of limited personal liability (referred to as the corporate veil) and hold them personally liable for their wrongdoings

41. Preemptive right – stockholder's right to buy a proportionate number of shares in a new issue of capital stock
42. Preferred stock – non-voting stock with a preference over common stock
43. Private corporation – established by private citizens for a business or charitable purpose
44. Proxy – written authorization allowing another person to vote a shareholder's shares at a corporation meeting
45. Registered agent – person named in the articles of incorporation designated to receive service of process should the corporation be sued
46. Registration statement – required filing by the SEC
47. Sarbanes-Oxley Act – federal law of 2002 establishing accounting oversight requirements for publicly traded corporations, their officers, boards, and auditors; its provisions intent to deter corporate officers from accounting fraud and corruption
48. Secret partner – general partner who has an active role in the management of a partnership, but whose connection with the partnership is kept a secret from the public and has unlimited liability for the firm's debt
49. Securities and Exchange Commission (SEC) – agency regulating the disclosure of information pertinent to buying and selling stocks as well as the national stock exchanges themselves
50. Shareholder proposal – resolution or policy suggested by a shareholder
51. Sherman Antitrust Act – act which prohibits contracts, combinations in restraint of trade; also prohibits monopolies, attempts to monopolize, and conspiracies to monopolize
52. Silent partner - general partner who takes no active role in the management of the partnership, but whose connection with the partnership is known publicly and has unlimited liability for the firm's debts
53. Sole proprietorship – form of business owned by one person who has total unlimited liability
54. Stock – ownership interest in a corporation measured in units of shares
55. Stock acquisition – method of corporate expansion which occurs when an individual or corporation purchases enough shares of stock to control a corporation
56. Stock certificate – written evidence of ownership of a corporation
57. Stockholder – investor in or owner of a corporation; also known as shareholder
58. Subchapter S corporation – form of business organization governed by the Internal Revenue Code, under which earnings are treated the same as a gain (or loss) from a partnership and only taxed at the individual owner's level
59. Subsidiary – corporation that is owned and operated by another corporation, usually called a parent or dominant corporation
60. Suitor – corporation or individual making a tender offer for stock acquisition

61. Target – corporation that is identified to be taken over by a suitor through stock acquisition
62. Voting rights - stockholder's voting powers as part owners of a corporation
63. Williams Act 1968 – securities regulation requiring stricter reporting and procedural requirements
64. Winding-up-period – period following dissolution in which the ongoing business of the partnership is concluded, its obligations are satisfied, and each partner's share is distributed

## Unit 4: Property Law and Insurance

1. Abandoned property – personal property that has been voluntarily discarded by the owner
2. Abstract of title – history of transfers of title to a parcel of land
3. Accession – right to a natural or man-made increase of property
4. Accretion – in real estate, the increase of the actual land on a stream, lake or sea by the action of water which deposits soil upon the shoreline
5. Act of God – natural event, not preventable by any human agency, such as flood, storms, or lightning; forces of nature that a carrier has no control over, and therefore cannot be held accountable
6. Adverse possession – means of getting title to another's land by occupation without the owner's permission
7. Assignment – transaction by which a party transfers contractual rights to another
8. Bailee – one who holds the personal property of another for a specific purpose
9. Bailee's lien – right of a bailee to retain possession of the bailed property until payment is received
10. Bailment – transfer of possession of personal property without transfer of ownership
11. Bailment for hire – bailment in which the bailor provides personal property (such as tools or equipment) for use by the bailee
12. Bailment for transport – bailment created for the purpose of shipping goods of the bailor by a carrier (bailee)
13. Bailor – one who transfers possession of personal property to another without transfer of ownership
14. Beneficiary – person who receives real or personal property under a will; also, recipient of insurance policy proceeds
15. Bill of lading – receipt for goods signed by a carrier, that serves as a contract for the transportation of goods
16. Binder – written or oral agreement which is valid and may make property insurance effective, even before a policy is issued
17. Bundle of rights – collection of rights associated with the ownership of property
18. Cancellation – ending a contract for sale of goods because of breach, while retaining other remedies; also, any act that shows an intent to end the obligation of payment of commercial paper
19. Carrier's lien – right of a carrier (bailee) to retain possession of the goods until the charges for transportation and incidental services are paid
20. Cash surrender value – the value in a life insurance policy that the insured has the right to demand if the policy is allowed to lapse
21. Closing – completion of the transaction that involves the exchange of the purchase price in return for a properly executed deed

22. Co-insurance clause – clause in an insurance policy that requires the insured to maintain coverage equal to a certain percentage of the total current value of the insured property
23. Common carrier – one who agrees, for a fee, to transport goods that are lawful and fit for shipment for anyone who applies
24. Community property – a classification of property peculiar to certain states and referring to property accumulated through the efforts of both husband and wife
25. Comprehensive insurance policy – insurance that covers against all damage to the insured's car except that caused by collision or upset
26. Concealment – failure to reveal material facts
27. Concurrent/Co-ownership – ownership in the same property by two or more persons; co-owners have equal rights of possession and the right of partition
28. Condemnation proceedings – forced sale through court action under the power of eminent domain
29. Consignee – one to whom goods are shipped
30. Consignment – bailment in which the owner of goods delivers them to another who has the authority to sell them
31. Consignor – one who delivers goods to a carrier for shipment
32. Constructive bailment – bailment created by law when there is no agreement
33. Constructive delivery – term describing acts that the law holds to be the equivalent of an actual delivery of the property
34. Constructive eviction – when property becomes so unfit for habitation through fault of landlord that the tenant is forced to abandon it
35. Contract carrier – transporter of goods or passengers under individual contracts
36. Conveyance – transfer of title to real property
37. Copyrights – government grant of exclusive right to possess, produce, and publish an intellectual production
38. Dedication – transferring real property by donating it to the government, such as to a city for use as a park or roadway
39. Deed – legal document used to transfer ownership of real property
40. Demurrage fee – fees for delay by consignor in loading or by consignee in unloading
41. Donee – person receiving a gift
42. Donor – person giving a gift
43. Double indemnity – coverage which provides that the insurer pays double if the insured's death is accidental

44. Easement – right to use land owned and possessed by another party
45. Egress – way of departure or exiting of an easement of a property
46. Eminent domain – power of the government to take private property for public use in exchange for the fair market price
47. Escrow – money or papers delivered to a third party to hold until certain conditions are fulfilled
48. Eviction – process by which the landlord puts a tenant out of the property, either through direct action or court action
49. Extraordinary bailment – bailment requiring an unusually high standard of care
50. Extraordinary care duty – arising from an extraordinary bailment in which the bailee is liable for all damage, loss, or injury
51. Face value – amount of protection stated in an insurance policy
52. Fair use doctrine – allows a temporary reasonable and limited use of a copyrighted work without the need to get permission from the owner
53. Fee simple title – ownership of the entire bundle of rights in property
54. Fidelity bonding – insurance policy that pays the employer money in the case of employee's theft
55. Financial responsibility – ability to pay damages, such as laws that require owners and drivers to have insurance coverage or the ability to pay damages caused by an accident
56. Fixtures – personal property so closely associated with realty that it becomes part of the real estate
57. Fungible goods – goods of an essentially identical nature
58. Gift – voluntary transfer of ownership without consideration
59. Grace period – period during which the insurance policy will remain in force even though the insured's premium is overdue
60. Grantee – person receiving ownership with a deed
61. Grantor – person giving up ownership with a deed
62. Gratuitous bailment – bailment which benefits only one party
63. Health insurance – insurance that covers expenses incurred by the insured resulting from physical injury or illness and other expenses relating to health and life maintenance
64. Holdover tenant – act of keeping possession by the tenant without the consent of the landlord after the term of the lease has expired
65. Homeowners insurance – insurance that protects against the risks of loss to insured's residence and its contents
66. Indemnify – make good the loss of another party

67. Ingress – right to enter onto an easement of a property
68. Inherent nature of goods – guarantee about the quality of goods or services that it be reasonably fit for the ordinary purposes for which they normally are used
69. Inheritance – right to receive property from a decedent's estate
70. Insurable interest – direct financial interest in the life of the insured or in the insured's property
71. Insurance – contract to pay for a specified loss if the loss occurs
72. Insured – party who is protected by insurance
73. Insurer – party who agrees to indemnify
74. Intellectual property – property resulting from intellectual or creative processes; the product of an individual's mind
75. Joint tenancy – co-ownership of property with the right of survivorship
76. Land – surface of, matter beneath, and airspace above the earth, along with things permanently attached or embedded
77. Landlord – one who rents property to another
78. Lapse – termination of an insurance policy if the insured fails to pay a premium before the grace period expires
79. Lease – agreement in which one party receives temporary possession of another's real property in exchange for rent
80. Liability insurance – insurance that covers personal injury or property damage claims for which the insured is legally responsible
81. Life insurance – insurance that pays to a named beneficiary or the deceased's estate upon the death of the insured
82. Loan value – same as the cash surrender value of a life insurance policy and the amount which may be borrowed against the policy
83. Lost property – property that the owner involuntarily parted and then cannot find or recover
84. Mineral rights – ownership of the minerals on and beneath a parcel of realty
85. Mislaid property – property that is intentionally placed somewhere but then forgotten
86. Mortgage – written document giving a creditor an interest in the debtor's property as security for a debt
87. Mortgagee – lender to whom a mortgage is given as security for a loan
88. Mortgagor – debtor who gives a mortgage as security for a loan
89. Mutual benefit bailment – bailment which benefits both bailor and bailee

90. Nuisance – something that interferes with the use of property by being irritating, offensive, obstructive, or dangerous
91. Occupancy – taking possession of personal property belonging to no one else
92. Ordinary care duty – reasonable degree or standard of care
93. Patent – government grant of exclusive right to make, use, and sell a product or process which is novel, non-obvious, and useful
94. Periodic tenancy – a lease for a renewable period with rent due at stated intervals
95. Personal property – tangible, movable property and intangible property
96. Policy – written contract of insurance
97. Policyholder – person who buys or owns the insurance policy
98. Premium – consideration paid for an insurance contract
99. Prescriptive easement – an easement arising from use of another's land without the owner's permission
100. Private carrier – transporter of goods or members of its own organization only
101. Property – legally protected rights and interests a person has in anything with an ascertainable value that is subject to ownership
102. Property assessment – appraisal for purpose of property taxation
103. Property insurance – insurance that indemnifies for loss to the personal and real property of the insured
104. Public grant – means of obtaining title to public lands by the act of homesteading
105. Quitclaim deed – deed which conveys the grantor's interest in real estate without warranties
106. Real property – land, water, minerals, the airspace above the earth, things permanently attached to the land, and interests in the real property of others
107. Recording the deed – final step in the transfer of real property giving public notice of ownership; protects the grantee from grantors fraudulently reselling the same property to others
108. Rent – consideration given by a tenant for possession of real property through a lease
109. Representations – statements made by an applicant for insurance, which are not a part of the final insurance contract (policy)
110. Restrictive covenant (in land) – obligations imposed in a deed upon buyers, limiting subsequent use of the property; “running with the land”
111. Right of foreclosure – legal process where a party holding a mortgage can, after default, cause real estate to be sold to pay off the mortgage debt

112. Right of survivorship – right of a joint tenant to ownership of property when the other joint tenant dies
113. Right to partition – proceeding for the sale of jointly owned property for distribution of proceeds among all co-owners and creditors
114. Riparian rights – the right which allows those who own land abutting a body of water to make use of the water
115. Risk – potential loss that is insured against
116. Security deposit – a sum of money paid to and held by the landlord to secure the tenant's obligation under the lease
117. Service bailment – the delivery of goods to a bailee for the purpose of repairing
118. Slight care duty – degree of care required in a gratuitous bailment, for a bailee to exercise only a small amount of care over the bailed property, with liability for gross negligence only
119. Storage bailment – bailment for the storage of goods for a fee
120. Subletting – tenant transferring to a third party all interest in property for remainder of a lease period, or part of the property for part or all of the remaining term of a lease
121. Survey – a step in the transfer of real property to determine exact boundaries
122. Tenancy – an ownership interest in property
123. Tenancy by the entirety – special joint tenancy between spouses
124. Tenancy in common – co-ownership of property where shares may be unequal, with no right of survivorship
125. Tenancy in severalty – ownership of property by one person alone
126. Tenancy for years – a lease for a definite period of time requiring no notice of termination
127. Tenant – a person receiving possession of real property through a lease
128. Title insurance – insurance that protects against any defects in title to real property
129. Title opinion – professional judgment as to the vesting of title to a parcel of land (real property)
130. Trade fixtures – business appliances attached to rented real property treated as personal property even if permanently attached
131. Trade secret – unpatented formula or process not known to others and which is valuable in business
132. Trademark – unique word, mark, symbol or device that identifies a particular product or service
133. Trespass – wrongful interference with the use of another's real property

134. U.S. Patent and Trademark Office – federal agency that provides patent and trademark protection of “intellectual labor” by inventors
135. Warehouse receipt – a receipt issued by a warehouse for goods stored in the warehouse
136. Warranty deed – a deed which conveys the grantor’s interests in real property with warranties
137. Warranty of habitability – the requirement of a landlord to provide residential property in a condition fit for human habitation
138. Zoning ordinance – law adopted by a city or county to regulate the location of residential, business, and industrial districts