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True / False

1. A state long arm statute allows a court to exercise jurisdiction over out-of-state defendants based on activities that took place within the state.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

2. Generally, a state court's power is limited to the territorial boundaries of the state in which it is located and the immediately adjacent states.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

3. Cases involving diversity of citizenship arise only between citizens of different states.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

4. The amount in controversy in a diversity of citizenship case must be more than $1 million before a federal court can take jurisdiction.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic

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KEYWORDS: BLOOM'S: Knowledge

5. Concurrent jurisdiction exists when both federal and state courts have the power to hear a particular case.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

6. State courts cannot have exclusive jurisdiction.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

7. A state court can exercise jurisdiction over an out-of-state defendant who does business in the state only over the Internet.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

8. A business firm may have to comply with the laws of any jurisdiction in which it actively targets customers.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Knowledge

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9. Federal courts are superior to state courts.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

10. Lawyers are not allowed to represent people in small claims courts in any of the states.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

11. Small claims courts hear both civil and criminal cases.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

12. All states have intermediate appellate courts.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

13. There is at least one federal district court in every state.

a. True

b. False

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ANSWER: True
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

14. U.S. district courts have original jurisdiction in federal matters.
    a. True
    b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

15. There are twelve justices on the United States Supreme Court.
    a. True
    b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

16. The United States Supreme Court has original jurisdiction in some situations.
    a. True
    b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

17. There is one set of procedural rules for federal courts and one set for state courts.
    a. True
    b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case

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LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

18. A default judgment is a judgment entered against the party who brought the claim before the court.
    a. True
    b. False
ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

19. An answer never admits to the allegations made in a complaint.
    a. True
    b. False
ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

20. On a motion for judgment on the pleadings, a court may consider evidence outside the pleadings.
    a. True
    b. False
ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

21. A summary judgment is granted only if there is no genuine question of law.
    a. True
    b. False
ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic

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KEYWORDS: BLOOM'S: Knowledge

22. A deposition is sworn testimony by a party to a lawsuit or any witness.
    a. True
    b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

23. Interrogatories are written questions for which written answers are prepared and signed under oath.
    a. True
    b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

24. Any relevant material, except information stored electronically, can be the object of a discovery request.
    a. True
    b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

25. A closing argument is a statement by a party that results in a summary judgment in that party's favor.
    a. True
    b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

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26. A motion for a new trial will be granted only if a constitutional issue is involved.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

27. A motion for a directed verdict is also known as a motion for judgment as a matter of law.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

28. Any judgment is enforceable.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

29. Arbitration is always legally binding.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

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30. In mediation, the mediator proposes a solution that includes what com-pro-mises are necessary to reach an agreement.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Knowledge

31. Negotiation is the most complex form of alternative dispute resolution.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Knowledge

32. ADR proceedings are always strictly regulated by federal statutes.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

33. A court's review of an arbitrator's award may be restricted.

a. True

b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

34. The verdict in a summary jury trial is binding.

a. True

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b. False

ANSWER: False
DIFFICULTY: Easy
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

35. Most online dispute resolution services apply general, universal legal principles to resolve disputes.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Knowledge

Multiple Choice

36. Justin wants to file a suit against Kemel. For a court to hear the case

a. Kemel must agree.

b. the court must have jurisdiction.

c. the court must issue a deposition.

d. the parties must own property.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

37. Hua, a resident of Illinois, owns a warehouse in Indiana. A dispute arises over the ownership of the warehouse with Jac, a resident of Kentucky. Jac files a suit against Hua in Indiana. Regarding this suit, Indiana has

a. federal jurisdiction.

b. *in personam* jurisdiction.

c. *in rem* jurisdiction.

d. no jurisdiction.

ANSWER: c
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective

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KEYWORDS: BLOOM'S: Application

38. Megan, a resident of Ohio, runs a red light in Texas and hits Sarah, a Texas resident. Sarah files suit against Megan. The statute that allows the Texas court to exercise jurisdiction over Megan is called

a. a long arm statute.

b. an *in personam* statute.

c. an *in rem* statute.

d. an out-of-state jurisdiction statute.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Application

39. A Montana state court can exercise jurisdiction over Endurance Insurance Corporation, an out-of-state defendant, if the defendant has

a. minimum contacts with the state.

b. optimum contacts with the state.

c. any contacts with the state.

d. no contacts with the state.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Analytic
KEYWORDS: BLOOM'S: Application

40. Fresh Harvest Company, which is based on Georgia, packages and sells vegetables. Jack, who is a resident of North Carolina, buys a Fresh Harvest product, eats it, and suffers severe food poisoning. Jack wants to file a suit against Fresh Harvest. The diversity of citizenship between these parties means that

a. federal and state courts have concurrent jurisdiction.

b. federal courts have exclusive jurisdiction.

c. no court has jurisdiction.

d. state courts have exclusive jurisdiction.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

41. The case of *Max v. National Credit Co.* is heard in a trial court. The case of *O! Boy! Ice Cream Co. v. Refrigerated Transport, Inc.* is heard in an appellate court. The difference be-tween a trial and an appellate court is whether

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a. the proceedings focus on the presentation of evidence and the examination of witnesses.
b. the court is appealing.
c. the parties question how the law applies to their dispute.
d. the subject matter of the case involves complex facts.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

42. Laney is a resident of Maine. Delacorte is a Canadian. They dispute the ownership of Petite Isle, an island in North Rapids River on the border between Canada and the United States. The diversity of the parties' citizenship could serve as a basis for

a. federal jurisdiction.
b. general jurisdiction.
c. limited jurisdiction.
d. universal jurisdiction.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

43. Sandy, a resident of Illinois, wants to file suit against Carl, a resident of Kansas, over Carl's failure to pay Sandy for work on his house. The amount in dispute is $15,000. Under diversity of citizenship requirements, a federal cannot exercise jurisdiction in this case because

a. the dispute concerns property, not persons.
b. a state court has not yet ruled in the suit.
c. the parties are citizens of different states.
d. the amount in controversy is less than $75,000.

ANSWER: d
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

44. Tyler, a citizen of West Virginia, files a suit in a West Virginia state court against Louisville Sales Corporation, a Kentucky state company that does business in West Virginia. The court has original jurisdiction, which means that

a. the case is being heard for the first time.
b. the court has a unique method of deciding whether to hear a case.
c. the court has unusual procedural rules.

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d. the subject matter of the suit is interesting and new.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

45. Jack and Jill, citizens of Vermont, are involved in a case related to the adoption of their child. Over this case, the Vermont state courts have

a. concurrent jurisdiction with federal courts.

b. concurrent jurisdiction with other state courts.

c. exclusive jurisdiction.

d. no jurisdiction.

ANSWER: c
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

46. David, an Alabama resident, files a suit in an Alabama court against QuickAds, an Internet company based in Georgia that provides advertising services. QuickAds's only contact with persons in Alabama has been through QuickAds's passive advertising. In this case, the Alabama court most likely

a. has jurisdiction.

b. does not have jurisdiction.

c. has concurrent jurisdiction with a Georgia state court.

d. has concurrent jurisdiction with a federal court.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

47. Milo files a suit against Nick in an Ohio state court, noting that Nick op-erates a Web site through which Ohio residents have done substan-tial business with him. The court is most likely to have jurisdiction over Nick if Milo's claim arises from

a. anything an Ohio resident has done.

b. Nick's Web site activities.

c. nothing an Ohio resident has done.

d. something other than Nick's Web site.

ANSWER: b
DIFFICULTY: Moderate

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REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

48. Jo files a suit against Lara in a Missouri state court. Lara's only connection to Missouri is an ad on the Web originating in Nebraska. For Missouri to ex-ercise jurisdiction, the issue is whether Lara, through her ad, has

a. a commercial cyber presence in Missouri.
b. conducted substantial business with Missouri residents.
c. general maximum contact with Missouri.
d. solicited virtual business in Missouri.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

49. Lora files a suit in Michigan against Ned over the ownership of a boat docked in a Michigan harbor. Lora and Ned are residents of Ohio. Ned could ask for a change of venue on the ground that Ohio

a. has a sufficient stake in the matter.
b. has jurisdiction.
c. has sufficient minimum contacts with the parties.
d. is a more convenient location to hold the trial.

ANSWER: d
DIFFICULTY: Moderate
REFERENCES: Basic Judicial Requirements
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

50. Elinor sells Cathy a horse for $2,000. When Elinor goes to the bank to deposit Cathy's check, the check bounces. Elinor is furious and files suit against Cathy. Elinor probably filed her suit in

a. a small claims court.
b. a domestic relations court.
c. a municipal court.
d. a probate court.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

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51. Carol files a suit against Andy in a state trial court and loses. Carol

a. cannot take her case any higher in the court system.

b. can insist that the United States Supreme Court hear her case.

c. can plead her case before an appellate court.

d. can plead her case before a small claims court.

ANSWER: c
DIFFICULTY: Moderate
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

52. Kit loses her suit against Lou in a Minnesota state trial court. Kit appeals to the state court of appeals and loses again. Kit would appeal next to

a. a U.S. district court.

b. the Minnesota Supreme Court.

c. the United States Supreme Court.

d. the U.S. Court of Appeals for the Eighth Circuit.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-2 - What federal statute governs working hours and wages?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

53. Martha brings a suit against SafeCars, Inc. claiming that she was injured during a car crash due to defects in the car she had purchased from SafeCars. There is no evidence that Martha was injured in the accident, but the trial court awards her $1 million in damages. SafeCars appeals the decision. The appellate court will most likely

a. not modify the trial court's finding of fact because appellate courts are forbidden to look at questions of fact.

b. modify the trial court's finding of fact because the finding was clearly erroneous.

c. modify the trial court's finding of fact because the award amount was more than $25,000.

d. modify the trial court's finding of fact because the award amount was less than $5 million.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

54. Drummond wants to make a federal case out of his dispute with Elena. Federal cases originate in

a. federal courts of appeals.

b. federal district courts.

c. state trial courts.

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d. the United States Supreme Court.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

55. The Arizona Supreme Court rules against Jennifer in a case against Kut Rate Stores, Inc. Jennifer wants to appeal her case to the United States Supreme Court. She must ask the Court to issue a writ of

a. appeal.
b. *certiorari*.
c. jurisdiction.
d. summons.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

56. Ben files a suit in a federal district court against Cathy. Cathy loses the suit, appeals to the U.S. Court of Appeals for the Second Circuit, and loses again. Cathy asks the United States Supreme Court to hear the case. The Court agrees to hear the case. This means that

a. at least four justices approve of hearing the case.
b. Cathy's petition does not raise a possibility of an important constitutional question.
c. the amount in controversy in Cathy's suit is greater than $100,000.
d. the Court feels that the lower courts' judgments were erroneous.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

57. Wade wants to initiate a suit against Valley Vacation Tours by filing a complaint. The complaint should include

a. an explanation to refute any defense the defendant might assert.
b. a motion for summary judgment.
c. a motion to dismiss.
d. a statement of the facts necessary to show Wade is entitled to relief.

ANSWER: d
DIFFICULTY: Moderate
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?

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NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

58. To initiate a lawsuit, Darla files a complaint against E-Sales Company, which re¬sponds with an answer. Together, the complaint and answer are

a. a motion to dismiss.
b. a summons.
c. a writ of *certiorari*.
d. the pleadings.

ANSWER: d
DIFFICULTY: Moderate
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

59. Jason files a suit against Maybelline. If Maybelline fails to respond, Jason

a. must appeal the case to a different court.
b. must refile the suit in the same court.
c. will be awarded the remedy sought.
d. will have a default judgment entered against him.

ANSWER: c
DIFFICULTY: Moderate
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: AICPA: BB-Legal
BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

60. Lyn files a suit against Karl. Karl denies Lyn's charges and sets forth his own claim that Lyn breached their contract and owes Karl money for the breach. Karl's claim is

a. a contrary charge.
b. a counterclaim.
c. a counterpoint.
d. a cross complaint.

ANSWER: b
DIFFICULTY: Moderate
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

61. iTablets, Inc., files a suit against Andromeda Pads Corporation. Suri is a witness for iTablets. Kevin is a witness for Andromeda. iTablets may direct *interrogatories* to

a. Andromeda.

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b. Suri.

c. Kevin.

d. the judge.

ANSWER: a

DIFFICULTY: Moderate

REFERENCES: Following a State Court Case

LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?

NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective

KEYWORDS: BLOOM'S: Application

62. Solar Power, Inc., files a suit against Thunder Bay Utility Company and seeks to examine electronic documents in Thunder's possession. A legitimate reason for this examination is that the documents contain

a. evidence about the case.

b. private information about Thunder's operations.

c. public information about energy generation.

d. irrelevant data that can be eliminated from consideration.

ANSWER: a

DIFFICULTY: Moderate

REFERENCES: Following a State Court Case

LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?

NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective

KEYWORDS: BLOOM'S: Application

63. During the trial phase of Fuel Corporation's suit against Gas Stations, Inc., their attorneys engage in voir dire. This is

a. an assessment of the validity of the arguments for both parties.

b. a determination of the issues to be argued before the court.

c. the trial.

d. the selection of jurors.

ANSWER: d

DIFFICULTY: Moderate

REFERENCES: Following a State Court Case

LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?

NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective

KEYWORDS: BLOOM'S: Application

64. Kelly files a suit against Lewis in a state court. The case proceeds to trial, after which the court renders a verdict. The case is appealed to an appellate court. After its review of *Kelly v. Lewis*, the appellate court upholds the lower court's verdict. The appellate court has

a. affirmed the case.

b. reversed the case.

c. remanded the case.

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d. reversed and remanded the case.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

65. In Kettle Cafe's suit against Food Services, Inc., the court issues a judgment in Kettle's favor. The judgment can be appealed to an appropriate court of appeals by

a. either party.
b. Kettle only.
c. Food Service only.
d. neither party.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Following a State Court Case
LEARNING OBJECTIVES: ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

Fact Pattern 2-1 (Questions 31-33 apply)
Bean Vendors, Inc., and Java Bistros Corporation dispute a term in their contract.

66. Refer to Fact Pattern 2-1. The least expensive method of resolving the dis-pute between Bean and Java may be

a. arbitration because the case will be heard by a mini-jury.
b. litigation because each party will pay its own legal fees.
c. mediation because the dispute will be resolved by a non-expert.
d. negotiation because no third parties are needed.

ANSWER: d
DIFFICULTY: Moderate
REFERENCES: Alternative Dispute Resolution
PREFACE NAME: Fact Pattern 2-1
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Risk Analysis
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

67. Refer to Fact Pattern 2-1. If Bean and Java have a long-standing business relationship that they would like to continue, they may prefer to set-tle their dispute through mediation because

a. the case will be heard by a mini-jury.
b. the dispute will eventually go to trial.
c. the process is not adversarial.
d. the resolution of the dispute will be decided an expert.

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ANSWER: c
DIFFICULTY: Moderate
REFERENCES: Alternative Dispute Resolution
PREFACE NAME: Fact Pattern 2-1
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Risk Analysis
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

68. Refer to Fact Pattern 2-1. If Bean and Java resolve their dispute by having a neutral third party render a binding decision, they will have used the method of

a. arbitration.
b. conciliation.
c. intervention.
d. mediation.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Alternative Dispute Resolution
PREFACE NAME: Fact Pattern 2-1
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Risk Analysis
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

69. Transnational Corporation and United Shipping, Inc., agree to a contract that includes an arbitration clause. If a dispute arises, a court having ju-ris-dic-tion may

a. monitor any arbitration until it concludes.
b. order an arbitrator to rule in a particular way.
c. order a party to bring the dispute to court.
d. order a party to submit to arbitration.

ANSWER: d
DIFFICULTY: Moderate
REFERENCES: Alternative Dispute Resolution
LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

70. To resolve a dispute, Amy in Boston and Chris in Denver utilize E-Solution, an online dispute resolution (ODR) service. This limits these parties' recourse to the courts

a. not at all.
b. until the ODR service has issued a decision.
c. with respect to any dispute arising between them.
d. with respect to this dispute only.

ANSWER: a
DIFFICULTY: Moderate
REFERENCES: Alternative Dispute Resolution

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LEARNING OBJECTIVES: ELET.MILL.16.2-5 - What are three alternative methods of resolving disputes?
NATIONAL STANDARDS: United States - AICPA: BB-Legal
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Application

Essay

71. Norwest Trucking Corporation files a suit in a state court against Bob's Service Company (BSC), and wins. BSC appeals the court's decision, as-sert-ing that the evidence presented at trial to support Norwest's claim was so scanty that no reasonable jury could have found for the plaintiff. There-fore, argues BSC, the appellate court should reverse the trial court's de-ci-sion. Is the appellate court likely to reverse the trial court's findings with re-spect to the facts? If not, why not? What are an appellate court's options after re-viewing a case?
ANSWER: An appellate court will reverse a lower court's decision on the basis of the facts if the evidence does not support the findings or if it con-tra-dicts them. Appellate courts normally defer to a trial court's decision with re-gard to the facts of a case, however, for several reasons. First, trial judges and juries have the op-portunity to observe witnesses and tangible evidence first hand. The ap-pellate court sees only a cold record of the trial court proceedings and therefore cannot make the kind of judg-ments about the credibility of wit-nesses and the per-suasiveness of evidence that can be gleaned only from first-hand experi-ence. Second, as occurs when there is no jury and the case is heard by a judge, trial judges routinely sit as fact finders. As a result, they develop a particular expertise in de-termining what kind of evidence and testimony is reliable and what kind is not. (There are also constitu-tional reasons for an appel-late court to de-fer to a jury verdict. If, based on the evidence pre-sented to a jury, a rea-sonable person could have come to the same de-ci-sion that the jury came to, an ap-pellate court cannot reverse the jury's decision with regard to the facts be-cause this would, in essence, take away a person's right to a jury trial.) An appellate court's options after re-viewing a case are to affirm the trial court's judgment, to reverse it in whole, to reverse it in part, to modify the decision, or to remand the case for further proceedings.
DIFFICULTY: Challenging
REFERENCES: Following a State Court Case
The State and Federal Court Systems
LEARNING OBJECTIVES: ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court?
ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS: United States - AICPA: BB-Decision Modeling
United States - BUSPROG: Reflective
KEYWORDS: BLOOM'S: Analysis

72. Discount Mart, Inc., files a suit in a state court against Elements Computer Corporation, alleging that Elements breached a contract to sell 500 notebook computers to Discount. During the course of the suit, Discount files a motion for judgment on the pleadings, Elements files a motion for a directed verdict, and both parties file motions for summary judgment. When and for what pur-pose are each of these motions made?
ANSWER: After the pleadings have been filed, either party can file a mo-tion for judgment on the pleadings. This motion may be used when no facts are disputed and, thus, only questions of law are at issue. The dif-ference be-tween this motion and a motion for summary judgment is that the party re-questing the motion may support a motion for summary judgment with sworn statements and other materials; on a motion for a judgment on the pleadings, a court may consider only those facts pleaded. At the conclusion of the plain-tiff's case, the defendant can file a motion for a directed verdict (federal courts use the term motion for a judgment as a matter of law), asking the court to direct a verdict for the defendant on the ground that the plaintiff has presented no evidence to justify the granting of the plaintiff's remedy. In con-sidering the motion, the judge looks at the evidence in the light most favor-able to the plaintiff and grants the motion only if there is insufficient evi-dence to raise an is-

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	sue of fact. At the end of the defen-dant's case, either party can move for a directed ver-dict. If the only question is which laws apply to the facts in a case, either party can move for summary judgment before or during a trial. When a court considers a motion for summary judgment, it can take into account evidence outside the pleadings. The evidence may con-sist of sworn state-ments by parties or witnesses, as well as documents. A motion for sum-mary judg-ment will be granted only when there are no genuine questions of fact, and the only question is a question of law.
DIFFICULTY:	Challenging
REFERENCES:	Following a State Court Case The State and Federal Court Systems
LEARNING OBJECTIVES:	ELET.MILL.16.2-3 - What is the difference between a trial court and an appellate court? ELET.MILL.16.2-4 - What is discovery, and how does electronic discovery differ from traditional discovery?
NATIONAL STANDARDS:	United States - AICPA: BB-Decision Modeling United States - BUSPROG: Reflective
KEYWORDS:	BLOOM'S: Analysis

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