

**Business Law: Connecting the Threads
Combined Quizzes**

Panel 1 (Moll)

1. What is the 51st state according to Professor Moll?
 - a. Cuba
 - b. District of Columbia
 - c. Puerto Rico
 - d. Hawaii
2. What does Professor Moll have on every slide?
 - a. UT College of Law crest
 - b. A photograph
 - c. A transition
 - d. A sound
3. The operating agreement and the charter was discussed in which logic puzzle?
 - a. if/but result on statutory construction
 - b. and/or result on statutory construction
 - c. plain meaning statutory construction
 - d. Expressio unius est exclusio alterius ("the express mention of one thing excludes all others")
4. Which state law statute provides for exit rights today?
 - a. Washington
 - b. Tennessee
 - c. Illinois
 - d. None of the above
5. Unlike with the LLC, in the corporation context, fiduciary duties typically run to the...
 - a. The corporation itself or the shareholders' as a group
 - b. An individual
 - c. Vendors
 - d. Third parties
6. Professor Plank discussed how _____ law affects an LLC.
 - a. securities
 - b. bankruptcy
 - c. agency
 - d. employment
7. Professor Plank mentioned that under the Washington LLC Act you cannot waive your right to _____.
 - a. a trial by jury
 - b. good faith and fair dealing
 - c. arbitration
 - d. partition
8. According to Professor Plank, who worries about whether the operating agreement is an executory contract?
 - a. Lenders
 - b. Rating agencies

- c. Both a & b
 - d. None of the above.
9. What does John Keny focus his discussion on?
- a. A recent court holding in Delaware
 - b. Dissolution among Western coast states
 - c. Tennessee LLC law
 - d. None of the above
10. What was the result of a recent Nashville business court holding?
- a. Fiduciary duties are owed on a member to member basis.
 - b. Fiduciary duties are not owed on a member to member basic.
 - c. Dissolution is not an option to members that are oppressed.
 - d. Dissolution is an option to members if oppression can be shown.

**Business Law: Connecting the Threads CLE
Panel 2 (Lipton)**

1. The number of mutual funds has _____.
 - a. continued to decline.
 - b. continued to increase.
 - c. become stagnant.
 - d. become almost non-existent.
2. What was the issue Ann Lipton said the law had to address with respect to mutual funds?
 - a. Conflicts
 - b. Tax consequences
 - c. High expenses
 - d. Over diversification
3. Which of these laws govern mutual funds?
 - a. Securities Act of 1933
 - b. ERISA
 - c. Investment Advisors Act of 1940
 - d. All of the above
4. How many independent directors must mutual funds have?
 - a. One
 - b. Two
 - c. All of the directors must be independent.
 - d. The majority of the directors must be independent.
5. What company scandal did Ann Lipton discuss?
 - a. Hewlett Packard
 - b. Apple
 - c. Olympus
 - d. None of the above.
6. What voting trend(s) did SEC Regulations accelerate?
 - a. Centralization
 - b. Outsourcing
 - c. Downsizing
 - d. Both a & b.
7. What topic does Professor Rohr say is the broader issue?
 - a. Duty of loyalty
 - b. Index funds
 - c. Institutional investors
 - d. None of the above.
8. In Professor Rohr's opinion, how should the fiduciary obligations be met?
 - a. With flexibility
 - b. With strict rules
 - c. With a centralized system
 - d. None of the above.
9. What does Professor Rohr say must be balanced with conflicts?
 - a. Cost
 - b. Freedom to govern

- c. Both a & b
 - d. None of the above.
10. What did Ashley Fawver focus on in her discussion as a solution to the conflicts?
- a. Duty of loyalty
 - b. Index funds
 - c. SEC mandates
 - d. State law changes

Business Law: Connecting the Threads CLE
Panel 3 (Heminway)

1. Professor Heminway began her discussion of professional responsibility and the rules by citing what rule that encompasses legal knowledge, skill, thoroughness, and preparation?
 - a. Rule 1.1– Competency
 - b. Rule 1.5– Fees
 - c. Rule 1.13– Organization as Client
 - d. None of the above.

2. What alternative finance opportunities did Professor Heminway mention that are involved in internet finance?
 - a. Cash and check
 - b. Loans
 - c. Crowdfunding, cryptocurrency, block chain technology, initial coin offerings
 - d. None of the above.

3. Initial coin offerings, the method that cryptocurrencies firms use to finance their activities, is supported by _____.
 - a. Chrome
 - b. Encryption
 - c. Block chain technology
 - d. None of the above.

4. The SEC has determined that initial coin offerings are securities offerings that must be registered with the SEC.
True/ False

5. Professor Heminway credited Kellyanne Conway with the definition of “alternative facts” in January of 2017.
True/ False

6. Professor Heminway considers herself a _____ first and foremost.
 - a. Great lawyer
 - b. Disclosure lawyer
 - c. Corporate lawyer
 - d. Securities lawyer

7. Professor Heminway mentions what company as an example of what can happen if disclosures are manipulated?
 - a. Enron
 - b. WorldCom
 - c. Wells Fargo
 - d. A and B.

8. An attorney should tell a third-party (presumably the SEC) that their client is about to violate the law when it becomes reasonably certain that the client's action will result in substantial injury to the financial interests of someone.

True/ False

9. Professor Kuney mostly practiced law in the _____ and _____ contexts.

- a. Restructuring
- b. Litigation
- c. Insolvency
- d. A and C

10. Professor Kuney considers the speed and informality of current practice to be very disturbing.

True/ False

Business Law: Connecting the Threads CLE
Panel 4 (Weldon)

1. What do businesses hate more than anything?
 - a. lack of certainty
 - b. unpreparedness
 - c. travel
 - d. unprofessional behavior

2. There already been a significant dismantling of Dodd-Frank?
True/False

3. What are the top issues that keeps CEOs up at night?
 - a. payroll and taxes
 - b. lawsuits and bad press
 - c. ethics and compliance
 - d. taxes and lawsuits
4. Who said that “[t]he social responsibility of business is to increase its profits?”
 - a. Pluto
 - b. Milton Friedman
 - c. Donald Trump
 - d. Warren Buffett

5. Who is the New York State Attorney General suing for climate change deception?
 - a. Exxon Mobil
 - b. VW
 - c. Barnes & Noble
 - d. Shell

6. FCPA stands for Foreign Corrupt Practices Act.
True/ False

7. What percentage of small businesses will go out of business within 6 months of a major data breach?
 - a. 95%
 - b. 60%
 - c. 35%
 - d. 85%

8. By what year does the United Nations hope to have alleviated global poverty?
 - a. 2018
 - b. 2024
 - c. 2030
 - d. 2038

9. Does the SEC provide companies with a checklist of things to do to promote an ethical organizational culture?

- a. Yes
- b. No

10. Is the SEC's favored remedy—disgorgement—now subject to a five-year statute of limitations?

- a. Yes
- b. No

Business Law: Connecting the Threads CLE
Panel 5 (Conboy)

1. What question did Professor Conboy ask recruits at the firms where he worked?
 - a. Have you prepared a contract?
 - b. Have you read a case?
 - c. Do you like law school?
 - d. Why did you go to law school?

2. In the hypothetical transaction, Jane's lender is _____.
 - a. First Tennessee Bank
 - b. Regions Bank
 - c. BB&T
 - d. UT Credit Union

3. Professor Conboy's experience with diagrams dealt principally with _____.
 - a. Real Estate
 - b. Transactions
 - c. Securities
 - d. Finance

4. In the hypothetical, Tarzan is obliged to give Jane free and clear title when Jane gives Tarzan the money.
True/ False

5. Exhibit 5 shows a _____.
 - a. Stock purchase transaction
 - b. Letter of credit transaction
 - c. Finance Diagram
 - d. Corporate structure chart

6. If a company goes public how many months will the timeline most likely show?
 - a. 2-3 months
 - b. 12-14 months
 - c. 4-18 months
 - d. 6-8 months

7. A younger, junior person who prepares a transaction timeline in a major deal is a _____.
 - a. A minion
 - b. A lackey
 - c. A law student
 - d. A runner

8. There is a plethora of software to assist firms in preparing transactional diagrams.
True/ False

9. Landscape formatting is typically better for diagramming transactions.
True/ False

10. In a corporate structure chart, a line that goes to the right or down typically signifies

- a. Ownership of the entity positioned below or to the right of the arrow
- b. A transaction
- c. Money changing hands
- d. A new company being formed

**Business Law: Connecting the Threads CLE
Panel 6 (Murray)**

1. L3C stands for low-profit limited liability company.
True/ False
2. What 2 states have Social Purpose Corporations?
 - a. California and Washington
 - b. California and Delaware
 - c. Delaware and Nevada
 - d. Washington and Nevada
3. How long did B Lab give the TBA to comment on its model statute?
 - a. about two weeks
 - b. about 6 weeks
 - c. 1 year
 - d. 6 months
4. Is a third-party standard in Tennessee optional?
 - a. Yes
 - b. No
5. How many For-Profit Benefit Corporations were in Tennessee through the end of June 2017?
 - a. 153
 - b. 168
 - c. 171
 - d. 175
6. About how many LLCs are formed in Delaware per day?
 - a. 100
 - b. 150
 - c. 175
 - d. 200
7. Are there any tax benefits of being a Benefit Corporation?
 - a. Yes
 - b. No
8. Is the Tennessee law very different from the model statute?
 - a. Yes
 - b. No
9. How can an existing Tennessee corporation become a For-Profit Benefit Corporation?
 - a. By obtaining a 2/3 shareholder vote.

- b. By filing a certificate of incorporation.
- c. By Board consensus.
- d. By announcing the transition in public forums.

10. Is Hobby Lobby a Benefit Corporation?

- a. Yes
- b. No

Business Law: Connecting the Threads CLE
Panel 7 (Fershée)

1. The thesis of this presentation is that the existence of social benefit entities will reduce social benefit activities of traditional entities.
True/ False
2. What's a social benefit entity?
 - a. A partnership between individuals seeking to benefit the community.
 - b. An association or entity formed under a state law such as a low profit limited liability company, a benefit corporation, or other similarly organized entity.
 - c. A corporation that is socially acceptable.
 - d. A limited liability corporation.
3. Which state is pervasive in terms of business entity law?
 - a. Delaware
 - b. Nevada
 - c. Washington
 - d. California
4. Professor Fershee is against social responsibility.
True/ False
5. LLC stands for Limited Liability Corporation.
True/ False
6. Ebay bought a large portion of _____.
 - a. Amazon
 - b. Etsy
 - c. Chegg
 - d. Craigslist
7. In the Krispy Creme and the Boston Market cases, board members risked long-term shareholder well-being by emphasizing _____.
 - a. ethics
 - b. short term growth
 - c. innovative technology
 - d. efficiency
8. According to Professor Jacob's, is good-will included in a company's assets?
 - a. Yes.
 - b. No.
9. Patagonia embraces the social benefit business strategy by prioritizing environmental sustainability over pure wealth maximization.
True/ False

10. What is the issue with a social benefit being a company's top priority?
 - a. The company will sacrifice efficiency.
 - b. This may lead to subordinating the rights of shareholders to other stake holders who are seeking long-term, presumably unquantifiable benefits, leading to accountability and transparency concerns.
 - c. Social benefit is not the point of going into business.
 - d. Focusing on social benefit is burdensome, and not worth the effort.

Business Law: Connecting the Threads CLE
Panel 8 (Padfield)

1. What is a general overarching theory of a corporation?
 - a. A distinct entity that's separate from the state and other stakeholders.
 - b. A statutory entity ("state creature") with deference to the government.
 - c. A only.
 - d. A and B.

2. Who's work does Professor Padfield rely on in his discussion of "Collaboration Theory" of the corporation?
 - a. Warren Buffett
 - b. Ann Lipton
 - c. Eric Chaffee
 - d. Douglas Moll

3. According to Professor Padfield, does shareholder wealth maximization theory allow a less profitable business decision to "save the trees," or pursue an otherwise socially responsible business endeavor in lieu of shareholder wealth?
 - a. Yes
 - b. No

4. What is a statutory exception to the shareholder wealth maximization theory?
 - a. Constituency statutes
 - b. Benefit corporation statutes
 - c. Common law situations as recognized by courts
 - d. All the above

5. According to Collaboration Theory, there is a duty to make the socially responsible decision if the financial outcome of a business decision is neutral or even uncertain.
True/ False

6. Professor Padfield tells his students that if a board's justification for a decision includes the phrase "and this will maximize shareholder value in the long run," the decision will pass muster under the business judgment rule.
True/ False

7. What is a corporate personality theories?
 - a. Artificial Entity Theory
 - b. Aggregate Theory
 - c. Real Entity Theory
 - d. All the above

8. Professors Amarante argued that someone can frame any business decision in a way that would satisfy the business judgment rule with respect to the shareholder wealth maximization theory.
True/ False

9. Which of the four corporate personality theories does Kelsey think supports opting out/ private ordering of shareholder maximization theory?
 - a. Aggregate Theory
 - b. Collaboration Theory
 - c. Artificial Entity Theory
 - d. Real Entity Theory

10. According to Kelsey, the Artificial Entity Theory is least supportive of opting-out of shareholder wealth maximization
True/ False