Introduction

The number one college major for both men and women is Business. As a result, the Boulder Valley School District offers a number of comprehensive college-oriented business classes which allow students the opportunity to begin evaluating a potential career in business and the selection of business as a major or minor in college.

The Business Law course is designed to provide students with an overview of our legal system, including statutes and regulations that affect businesses, families, and individuals in a variety of ways. Knowledge of business law is particularly useful because all students eventually assume the role of citizen, worker, and consumer in society.

Businesses operate in an increasingly global environment where the laws of different governments and judicial systems frequently conflict. As a result, business students must include in their academic preparation a basic knowledge of the legal system and how business law impacts commerce both nationally and internationally. Students must understand how and why local, state, and federal law works in conjunction with international law. Students need to also be able to distinguish unethical behavior from illegal behavior and to understand the rising importance of social responsibility as an aspect of corporations and organizations in a global society. One of the most crucial changes in business law involves teaching students about the efforts of the courts and the legislature to deal with how technology has impacted the law, particularly with regard to computers and the Internet.

The material covered in the Business Law course is reinforced and enhanced through the use of technology, guest speakers, videos and hands-on, project-based activities whenever possible. In addition, because experiential learning is an important aspect of all business courses, a field trip to the Courts or other law-related destination may also be offered.
Business Law Overview

<table>
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<tr>
<th>Course Description</th>
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<tr>
<td>This one semester course provides students with an understanding of the legal framework of our society. The topics covered include the history, development, and classification of laws, personal and business law related to everyday life, contract law, the court system and courtroom procedures, legal terminology, constitutional rights, ethics, technology law, intellectual property, social responsibility, international law and consumer protection.</td>
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<tr>
<th>Topics at a Glance</th>
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<tr>
<td><strong>Law, Ethics and Privacy</strong></td>
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<tr>
<td>Identify the origins of the U.S. Legal System and explain the stages in the growth of law. Discuss ethics and the ways ethics are reflected in law.</td>
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<tr>
<td><strong>Constitutional Rights and Responsibilities and Supremacy</strong></td>
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<tr>
<td>Explain how the U.S. Constitution grants and protects our rights and explain how the power to govern is divided between the federal and state governments.</td>
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<tr>
<td><strong>Our Legal System Including the Roles of Judges and Juries</strong></td>
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<tr>
<td>Explain the different levels of courts and their powers and how legal disputes can be resolved without the court system. Recognize how our state court system is structured and identify the different courts with specialized jurisdiction.</td>
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<tr>
<td><strong>Criminal Law, Procedure, Sentencing and Incarceration</strong></td>
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<tr>
<td>List and explain the three elements of a criminal act. Classify crimes based on severity and understand common defenses to criminal culpability. Understand a person’s legal rights when arrested. Recognize sentencing options and different levels of incarceration.</td>
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<tr>
<td><strong>Civil Law, Procedure and Torts</strong></td>
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<tr>
<td>Understand the difference between a crime and a tort. Identify the four elements of a tort. Recognize the elements of negligence and identify common intentional torts. State the legal remedies available to a tort victim and explain how damages are collected.</td>
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<td><strong>Contract Law</strong></td>
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<tr>
<td>List the elements of a contract and describe the requirements of a valid offer and acceptance. Explain the ways that an offer may be terminated.</td>
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<td><strong>Creditors, Debtors and Bankruptcy</strong></td>
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<tr>
<td>Identify the legal protections afforded creditors and debtors as well as the different types of bankruptcies that exist.</td>
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<td><strong>Forms of Business Organization</strong></td>
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<td>Identify the different forms of business organization and the pros and cons of each.</td>
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<td><strong>Consumer Protection</strong></td>
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<tr>
<td>Explain the need for government involvement in the marketplace and recognize unfair trade practices. Understand the protection provided by product liability law and the warranties associated with sales transactions.</td>
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<th>Assessments</th>
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<td>Individual or Group Presentations</td>
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<td>Pre-test versus Post-test</td>
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<td>Student Restatement of Material Covered</td>
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<td>Student Created Test Questions</td>
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<td>Flake of Gold Project</td>
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<td>Individual Tests and Quizzes</td>
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<td>Teacher and Student Designed Modified Personal Assessments</td>
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COLORADO COMMUNITY COLLEGE SYSTEM CAREER & TECHNICAL EDUCATION TECHNICAL STANDARDS
REVISION & ACADEMIC ALIGNMENT PROCESS

Colorado’s 21st Century Career & Technical Education Programs have evolved beyond the historic perception of vocational education. They are Colorado’s best kept secret for:

• Relevant & rigorous learning
• Raising achievement among all students
• Strengthening Colorado’s workforce & economy

Colorado Career & Technical Education serves more than 116,000 Colorado secondary students annually through 1,200 programs in 160 school districts, 270 High Schools, 8 Technical Centers, 16 Community Colleges & 3 Technical Colleges. One of every three Colorado high school students gains valuable experiences by their enrollment in these programs.

ALIGNMENT REQUIRED BY SB 08-212

22-7-1005. Preschool through elementary and secondary education - aligned standards - adoption - revisions.

2(b): In developing the preschool through elementary and secondary education standards, the State Board shall also take into account any Career & Technical Education standards adopted by the State Board for Community Colleges and Occupational Education, created in Section 23-60-104, C.R.S., and, to the extent practicable, shall align the appropriate portions of the preschool through elementary and secondary education standards with the Career and Technical standards.

STANDARDS REVIEW AND ALIGNMENT PROCESS

Beginning in the fall of 2008, the Colorado Community College System conducted an intensive standards review and alignment process that involved:

NATIONAL BENCHMARK REVIEW

Colorado Career & Technical Education recently adopted the Career Cluster and Pathway Model endorsed by the United State Department of Education, Division of Adult and Technical Education. This model provided access to a national set of business and industry validated knowledge and skill statements for 16 of the 17 cluster areas. California and Ohio provided the comparative standards for the Energy cluster

• Based on this review Colorado CTE has moved from program-specific to Cluster & Pathway based standards and outcomes

• In addition, we arrived at fewer, higher, clearer and more transferrable standards, expectations and outcomes.

COLORADO CONTENT TEAMS REVIEW

The review, benchmarking and adjusting of the Colorado Cluster and Pathway standards, expectations and outcomes was through the dedicated work of Content Teams comprised of secondary and postsecondary faculty from across the state. Participation by instructors from each level ensured competency alignment
between secondary and postsecondary programs. These individuals also proposed the draft academic alignments for math, science reading, writing and communication, social studies (including Personal Financial Literacy) and post secondary and workforce readiness (PWR.)
ACADEMIC ALIGNMENT REVIEW

In order to validate the alignment of the academic standards to the Career & Technical Education standards, subject matter experts in math, science, reading, writing and communication, and social studies were partnered with career & technical educators to determine if and when a true alignment existed.

CURRENT STATUS

• One set of aligned Essential skills to drive Postsecondary and Workforce Readiness inclusion in all Career & Technical Education programs.

• 52 pathways with validated academic alignments

• 12 pathways with revised standards ready for alignment (currently there are no approved programs in these pathways)

• 21 pathways where no secondary programming currently exists. Standards and alignments will be developed as programs emerge.

• Available for review at: www.coloradostateplan.com/content_standards.htm
The Career & Technical Education standards have been organized by Career Cluster (17) and Pathway (81). In addition, a set of “Essential Skills” was developed to ensure the Postsecondary and Workforce Readiness within any cluster or pathway. These workforce readiness skills are applicable to all career clusters and should form the basis of each CTE program.

**Organization**

**Essential Skills**
There exists a common set of knowledge and skills that are applicable to all students regardless of which cluster or pathway they choose. This set of standards, is meant for inclusion in each program to enhance the development of postsecondary and workforce readiness skills.

**Career Cluster**
A Career Cluster is a grouping of occupations and broad industries based on commonalities. The 17 Career Clusters organize academic and occupational knowledge and skills into a coherent course sequence and identify pathways from secondary schools to two- and four-year colleges, graduate schools, and the workplace. Students learn in school about what they can do in the future. This connection to future goals motivates students to work harder and enroll in more rigorous courses.

**Career Pathway**
Pathways are sub-groupings of occupations/career specialties used as an organizing tool for curriculum design and instruction. Occupations/career specialties are grouped into Pathways based on the fact that they require a set of common knowledge and skills for career success.

**Prepared Completer Competency**
This level targets the “big ideas” in each pathway. These are the competencies that all students who complete a CTE pathway must master to ensure their success in a postsecondary and workforce setting. Prepared Completer Competencies will not usually be “course” specific but grow with the student’s progression through the sequence of courses.

**Concept/Skill**
The articulation of the concepts and skills that indicates a student is making progress toward being a prepared completer. They answer the question: *What do students need to know and be able to do?*

**Evidence Outcome**
The indication that a student is meeting an expectation at the mastery level. *How do we know that a student can do it?*
Academic Alignments

Academic alignments, where appropriate in Math, Reading, Writing and Communication, Science and Social Studies (including Personal Financial Literacy) were defined by CTE and academic subject matter experts using the following criteria:

• It was a point where technical and academic content naturally collided;

• The student must demonstrate adequate proficiency with the academic standard to perform the technical skill; and

• It could be assessed for both academic and technical understanding.

Colorado’s CTE programs have had academic alignments dating back to the early 1990’s. While these alignments resulted in an increase in academic focus in CTE programs, the reality is that a true transformation in intentional teaching toward the academic standard was limited.

With these alignments comes a new expectation: If a CTE instructor is teaching a CTE concept that has an identified alignment, they must also be intentional about their instruction of the academic standard. CCCS will be providing professional development and instructional resources to assist with the successful implementation of this new expectation. In addition, this expanded expectation will require increased collaboration between CTE and academic instructors to transform teaching and learning throughout each school.

For each set of Cluster and Pathway standards, the academic alignments have been included and are separated by academic area. CCCS chose to align at the “Evidence Outcome” level. The aligned academic evidence outcome follows the CTE evidence outcome to which it has been aligned. For a sample, see Illustration A.
Illustration A

AGBS.01 The student will describe agribusinesses, the relationship of agribusiness to the industry of agriculture and will identify opportunities in the agribusiness systems pathway.

AGBS.01.a  The student will understand the history and global significance of agribusinesses.

AGBS.01.b  Define the major trends and relationship of agribusiness to global agriculture production.

MA10-GR.HS-S.1-GLE.3-EO.a  Reason quantitatively and use units to solve problems (CCSS: N-Q).

The academic standard number used in the alignments matches the Colorado Department of Education standards numbering convention.
# Career Pathway Abbreviations

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<th>Sector</th>
<th>Career Cluster</th>
<th>Career Pathway</th>
<th>Abbreviation</th>
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<td>Agribusiness Systems Pathway</td>
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<td>Animal Science Pathway</td>
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<td>Food Products and Processing Systems Pathway</td>
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<td>Power Structural and Technical Systems Pathway</td>
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<td>Energy Cluster</td>
<td>Electrical Energy Transmission &amp; Distribution</td>
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<td>Energy Cluster</td>
<td>Electromechanical Generation &amp; Maintenance</td>
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<td>Energy Cluster</td>
<td>Fossil Energy Extraction, Processing &amp; Distribution</td>
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<td>Accounting Pathway</td>
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<td>Insurance Pathway</td>
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<td>Securities and Investments Pathway</td>
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<td>Corporate/General Management Pathway</td>
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<td>Merchandising Pathway</td>
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<td>Marketing Cluster</td>
<td>Professional Sales/Sales Management Pathway</td>
<td>MKPS</td>
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<td>Postsecondary and Workforce Readiness</td>
<td>Academic &amp; Career Success</td>
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<td>Academic &amp; Career Success</td>
<td>World of Work</td>
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<td>Health Science Cluster</td>
<td>Therapeutic Services Pathway</td>
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<td>Law, Public Safety, Corrections, &amp; Security</td>
<td>Emergency and Fire Management Services Pathway</td>
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Business Law

Course Content Standards and Grade Level Expectations

BL 1  Law, Ethics and Privacy

BL 1.1  Content Standard:  Students evaluate ethics and the law

Grade Level Expectations

BL 1.1.1  Identify consequences of unethical and illegal conduct

BL 1.1.2  Explain a person’s responsibility under the law

BL 1.1.3  Compare the relationship between law and ethics

BL 1.1.4  Debate and solve difficult ethical and legal problems

BL 1.1.5  Demonstrate the way social forces and ethics may sometimes conflict with the law

BL 1.1.6  Discuss the rights to privacy including Internet and e-mail access and Internet and e-mail usage

BL 2  Constitutional Rights and Responsibilities and Supremacy

BL 2.1  Content Standard:  Students explain the importance and application of the U.S. Constitution to our legal system and how conflicts in the law are resolved.

Grade Level Expectations

BL 2.1.1  List the most common sources of the law
BL 2.1.2 Interpret the basic freedoms guaranteed by the Bill of Rights and describe several key Constitutional amendments beyond the Bill of Rights

BL 2.1.3 Classify the powers and limitations of the federal government as stated in the Constitution

BL 2.1.4 Locate, interpret, and apply specific statutes, ordinances, and administrative regulations and explain how conflicts in these laws are resolved

BL 2.1.5 Evaluate specific cases by stating the facts, finding the legal question, applying the law, and resolving the issue

BL 3 Our Legal System and the Roles of Judges and Juries

BL 3.1 Content Standard: Students outline and compare the structure and differences between the adult criminal and juvenile justice systems.

Grade Level Expectations

BL 3.1.1 Compare and contrast the basic structure of the federal, state, and local court system

BL 3.1.2 Differentiate among cases that belong within the jurisdiction of the federal, state, and local court systems

BL 3.1.3 Compare the role of the juvenile court with the role of other courts within a state

BL 3.1.4 Distinguish among the roles of the legal professionals, such as judges, lawyers, and paralegals

BL 4 Criminal Law, Procedure, Sentencing and Incarceration

BL 4.1 Content Standard: Students compare criminal law to civil law and identify the different levels of criminal offenses and the sentencing structure for such offenses.

Grade Level Expectations

BL 4.1.1 Differentiate among categories of crimes, such as felonies, misdemeanors, and petty offenses

BL 4.1.2 Categorize different types of crimes, such as murder, manslaughter, burglary, battery, arson, forgery, and embezzlement

BL 4.1.3 Consider several defenses to criminal acts such as the insanity defense and self-defense

BL 4.1.4 Illustrate the differences between procedural and substantive law.

BL 4.1.5 Outline the various types of federal and state statutes designed to combat computer crime
BL 5  Civil Law, Procedure and Torts

BL 5.1  Content Standard: Students explain the difference between a tort and a crime and list common torts and the legal procedure associated with civil law and torts.

Grade Level Expectations

BL 5.1.1  Explain the difference between civil law and criminal law

BL 5.1.2  Evaluate and give examples of negligence, intentional torts, and product liability

BL 5.1.3  Explain the concept of strict liability and describe the circumstances under which it is imposed

BL 5.1.4  Compare and contrast the steps in a civil law suit with the steps in a criminal prosecution

BL 5.1.5  Evaluate the consequences of violating criminal law and remedies available under civil law

BL 6  Contract Law

BL 6.1  Content Standard: Students recognize and list the elements, concepts and principles associated with contract law.

Grade Level Expectations

BL 6.1.1  List the elements required to create a contract

BL 6.1.2  Differentiate among classes of contracts, such as bilateral and unilateral; express and implied and oral and written

BL 6.1.3  Illustrate how offer and acceptance along with consideration can create contractual rights and duties

BL 6.1.4  Define and distinguish between different types of consideration and list the exceptions to the requirements of consideration

BL 6.1.5  Examine the ways that assent can be disrupted, such as fraud, non-disclosure, misrepresentation, mistake, duress, and undue influence

BL 6.1.6  List the essential information that should be included under the statute of frauds and explain the parole evidence rule

BL 6.1.7  Discover the ways a contract can be discharged

BL 6.1.8  Outline breach of contract and the remedies available when a contract is breached

BL 6.1.9  Assess capacity and identify people who lack contractual capacity
BL 6.1.10 Evaluate contracts legality and compare unconscionability versus illegality

BL 7 Creditors, Debtors and Bankruptcy

BL 7.1 Content Standard: Students recognize the different legal protections for creditors and debtors, including the option of declaring bankruptcy

Grade Level Expectations

BL 7.1.1 Contrast a secured loan with an unsecured loan

BL 7.1.2 Identify various debtor protection under the law

BL 7.1.3 List the legal protections afforded credit card users

BL 7.1.4 Explain the different types of bankruptcies

BL 8 Legal Forms of Business Organization

BL 8.1 Content Standard: Students identify the different forms of business organization and the pros and cons of each

Grade Level Expectations

BL 8.1.1 List the three principal forms of business organization

BL 8.1.2 Describe the benefits and disadvantages of a sole proprietorship

BL 8.1.3 Describe the benefits and disadvantages of a partnership

BL 8.1.4 Describe the benefits and disadvantages of a corporation

BL 8.1.5 Explain the roles of corporate directors and corporate officers

BL 8.1.6 Explain the difference between a “C” corporation, an “S” corporation and an “LLC” corporation

BL 9 Consumer Protection

BL 9.1 Content Standard: Students assess the importance of consumer protection through government action as well as the vigilance and efforts of the individual consumer.

Grade Level Expectations

BL 9.1.1 Explain the need for government involvement in the marketplace

BL 9.1.2 Recognize examples of unfair trade practices
**BL 9.1.3** Identify governmental agencies and their protections against substandard and adulterated goods

**BL 9.1.4** Describe the protections afforded consumers by product liability laws

**BL 9.1.5** Identify the different warranties that may apply to consumer transactions

**BL 9.1.6** Explain the meaning of caveat emptor, caveat venditor and bait and switch
BUSINESS LAW (B44) GLOSSARY

Acquisition: The purchase of one corporation by another, through either the purchase of its shares, or the purchase of its assets.

Advisory Board: A body that advises the board of directors and management of a corporation but does not have authority to vote on corporate matters.

Affidavit: A written statement under oath.

Agent for Service of Process: The person or entity that is authorized to receive legal papers on behalf of a corporation.

Agreement: Mutual assent between two or more parties; normally leads to a contract; may be verbal or written.

Alter Ego Liability: Doctrine that attaches liability to corporate shareholders in cases of commingling of assets and failure to observe corporate formalities.

Alter Ego: Corporation used by an individual to conduct personal business. It's illegal. In alter ego scenario, individuals will be held liable to the corporation. See also piercing the corporate veil.

Americans with Disabilities Act: A federal law that protects employees from discrimination on the basis of disability, and imposes upon employers the requirement that they make "reasonable accommodations" for their employees' disabilities.

Annual Meeting of Shareholders: A meeting held each year to elect directors of a corporation, and to address other corporate matters.

Answer: Pleading filed by the defendant that responds to a complaint, petition, or motion.

Appeal: A request to the higher court for review of the lower court's decision and to request a reversal of the judgment.

Arbitration: The procedure by which a dispute may be resolved by a person who is not a judge. Arbitration is often used to limit legal costs to both parties.

Articles of Incorporation: The document which gives birth to a corporation by filing in the state of incorporation. Articles cover foundational matters such as the name of the corporation, the shares it is authorized to issue, its corporate purpose, and its agent for service of process.

Assumption of Risk: A doctrine that states if the plaintiff has knowingly accepted the danger of doing something, recovery from the defendant in an action brought for negligence will be barred.

At Will Employment: A type of employment relationship in which there is no contractual agreement and either party may end the employment relationship at any time, for any reason or for no reason at all, without incurring a penalty.

Audit: An examination by a trained accountant of the financial records of a business or governmental entity, including noting improper or careless practices, recommendations for improvements, and a balancing of the books.
**Authorized Shares**: The number of shares of a corporation's stock that the corporation has the authority to issue. The authorized shares of a class of stocks is stated in a corporation's articles of incorporation.

**Bait and Switch**: A dishonest sales practice in which a business advertises a bargain price for an item in order to draw customers into the store and then tells the prospective buyer that the advertised item is of poor quality or no longer available and attempts to sell them something else that is higher priced.

**Bench Trial**: A trial without a jury. The judge rules on facts and evidence presented to him.

**Blue Sky Laws**: The securities laws of individual states, collectively. These laws seek to protect people from investing in sham companies-companies that offer nothing more than "blue sky."

**Board of Directors**: The directors of a corporation, collectively. The directors of a corporation are its governing board. Elected by shareholders, they vote on major corporate matters such as the issuing of shares of stock, election of officers, and approval of mergers and acquisitions.

**Bond**: An interest-bearing instrument issued by a corporation or other entity that serves as evidence of a debt or obligation.

**Burden of Proof**: The obligation of one party in a suit to prove all the requirements necessary to show entitlement to recovery. If the burden is not met, the party with the burden will lose the issue or the case.

**Business Law**: Business law is the general field of law relating to business organizations, business structures, and business transactions. Also included in the business law field are issues related to real estate, tax, and the environment. Business law courses are available for non-lawyers at the college level. For law students, business law courses are very detailed and will allow the attorney to give competent business law advice as to what kind of business organization might be appropriate for a client and what course of action may be best in certain business transactions.

**Bylaws**: The internal operating rules of a corporation usually set out in a five to twenty page document. Bylaws govern such matters as holding meetings, voting, quorums, elections, and the powers of directors and officers.

**Capital Assets**: Equipment, property, and funds owned by a business.

**Capital**: The basic assets of a business (particularly corporations or partnerships) or of an individual, including actual funds, equipment and property; distinguished from stock in trade, inventory, maintenance, advertising and payroll.

**Casualty**: A loss of property due to fire, storm shipwreck or other casualty, which is allowable as a deduction in computing taxable income.

**Cause of Action**: The plaintiff's legal claim against the defendant. There is often more than one cause of action in a lawsuit.

**C-Corporation**: Any corporation that has not elected S Corporation status.

**Civil Law**: That part of the law which governs relationships between people where there is no criminal activity involved.
**Close Corporation**: A corporation owned by a small number of individuals. Corporations must elect to be close corporations by inserting a statement in their articles of incorporation. State laws typically permit close corporations to be operated more informally than non-close corporations.

**Co-Defendant**: A defendant joined together with one or more other defendants in the same case.

**Commercial Law**: All the laws which apply to the rights, relations and conduct of persons and businesses engaged in commerce, merchandising, trade and sales. In recent years this body of law has been codified in the Uniform Commercial Code.

**Commission**: A fee paid based on a percentage of the sale made by an employee or agent, as distinguished from regular payments of wages or salary.

**Common Law**: Body of law that has grown based on the decisions of courts long ago. It originated in England and has since passed to the United States. It is always changing to reflect the current needs society.

**Common Stock**: A corporation's primary class of stock. Common stock holders typically have voting rights.

**Company**: Any formal business entity for profit, which may be a corporation, a partnership, association or individual proprietorship. Often people think the term "company" means the business is incorporated, but that is not true.

**Comparative Negligence**: A defense to negligence used when it is believed that the plaintiff's negligence contributed to his or her injuries. Based on the amount of negligence by each party, the amount of damages is adjusted accordingly.

**Complaint**: A pretrial document filed in a court by one party against another that states a grievance, called a "cause of action."

**Consignment**: The act of consigning goods to one who will sell them for the owner or transport them for the owner.

**Consolidated Omnibus Budget Reconciliation Act ("COBRA")**: A federal law that requires employers to allow employees to continue their health insurance coverage after termination, in the same insurance group, at the group rate, and providing the same benefits.

**Contingency Fee Agreement**: An agreement between an attorney and their client, which allows the attorney to be paid only if the client prevails in a lawsuit and collects monetary damages. The lawyer then receives a percentage of the damages, generally 1/3 of the award.

**Contributory Negligence**: A defense to negligence, which points out that the plaintiff's negligence contributed to his or her injuries. Contributory negligence is an absolute bar to the plaintiff’s recovery against the defendant.

**Conversion; Conversion Rights**: Rights allowing the holder of shares of stock or other financial instrument to convert to other shares of stock.

**Co-sign**: To sign a promissory note or other obligation in order to share liability for the obligation.
**Counterclaim**: A demand by the defendant against the plaintiff asserting an independent cause of action in the same lawsuit.

**Cross Examination**: Questioning the witness who has been presented by the opposition at trial or a deposition.

**D.B.A.**: Short for "doing business as," when a person or entity uses a business name instead of his/her/its own.

**Damages**: The sum of money awarded to the injured party in a personal injury lawsuit.

**Debenture**: A form of bond certificate issued by a corporation to show funds invested, repayment of which is guaranteed by the overall capital value of the company under certain specific terms. Thus, it is more secure than shares of stock or general bonds.

**Debt Financing**: A method of financing where the company receives a loan and gives its promise to repay the loan.

**Default Judgment**: A judgment issued when the defendant offers no defense by not responding to the complaint. A judge may issue a judgment without the necessity of a trial.

**Defendant**: The person against whom a claim is brought.

**Deponent**: The person who testifies at a deposition.

**Deposition**: A pretrial discovery device in which one party verbally answers questions from the other party.

**Director**: A member of the governing board of a corporation or association elected or re-elected at annual meetings of the shareholders or members. As a group the directors are responsible for the policy making.

**Discovery**: Methods and procedures by which information is made available to each party prior to trial. Discovery may include depositions, interrogations, requests for production of documents, and demands for independent medical examinations.

**Dissolution of Corporation**: Termination of a corporation

**Dissolution**: The process of shutting down a corporation, settling its affairs, and ending its life.

**Distribution**: A transfer of profits or property by a corporation to its shareholders.

**Dividend**: A share of profits issued to the holders of shares in a corporation. Dividends can be paid in shares of stock or other property such as shares in a subsidiary or parent company.

**Dividend Priority**: Special rights enjoyed by holders of a secondary class of stock that entitle holders to receive dividends before other shareholders.

**Docket**: A summary system kept by the clerk’s office which contains a record of all pleadings, court orders and other important activities in a case.
**Doing Business As (DBA):** A company whose operating name differs from its legal name is said to be "doing business as" the operating name. Some states require DBA or "fictitious business name" filings to be made for the protection of consumers conducting business with the entity.

**Domestic Corporation:** In general, a corporation whose articles of incorporation are filed in the state in which it operates and maintains its principal office.

**Dram Shop Rule:** A statute (Dram Shop Act) or case law in 38 states which makes a business which sells alcoholic drinks or a host who serves liquor to a drinker who is obviously intoxicated or close to it, a crime.

**Emotional Distress:** Mental anguish.

**Employee Stock Ownership Plan:** An employer-provided benefit that allows employees to purchase stock in the company under certain favorable terms.

**Entity:** A general term for any institution, company, corporation, partnership, government agency, university or any other organization which is distinguished from individuals.

**Environmental Impact Report:** A study of all the factors which a land development or construction project would have on the environment in the area, including population, traffic, schools, fire protection, endangered species,

**Equal Employment Opportunity Commission:** The federal administrative agency that enforces laws prohibiting discrimination in employment.

**Equal Pay Act:** A federal law that requires employers to pay the same to all employees who do the same work, regardless of gender.

**Equitable Remedies:** Remedies that do not include monetary settlements. Examples include injunctions and restraining orders.

**Equity Financing:** A method of financing where a company issues shares of its stock and receives money.

**Equity Interest:** Another term for an ownership interest in a company.

**Evidence:** The body of law concerning the manner of presentation of information to a judge or jury in a trial.

**Exhibit:** Any piece of physical evidence that is used at a trial.

**Expense:** In business accounting and business taxation, any current cost of operation, such as rent, utilities and payroll, as distinguished from capital expenditure for long-term property and equipment.

**Expert:** A witness who may give an opinion in court based on the particular competence of that witness.

**Fair Trade Laws:** State laws which permit manufacturers or producers to set minimum rates for resale of the product. These laws have been repealed and/or found to be in violation of state constitutions in several states.
**Fair Use**: The non-competitive right to use of copyrighted material without giving the author the right to compensation or to sue for infringement of copyright. With the growing use of copy machines,

**Family Medical Leave Act**: The federal law that requires certain employers to give time off to employees to take care of their own or a family member’s illness, or to care for a newborn or adopted child.

**Fictitious Business Name**: A company whose operating name differs from its legal name is said to be doing business under a fictitious business name. Some states require DBA (doing business as) or fictitious business name filings to be made for the protection of consumers conducting business with the entity.

**Fiduciary Relationship**: A special relationship in which one party, the fiduciary, owes heightened duties of good faith and responsibility to the other party.

**Final Judgment**: The written ruling on a lawsuit by the judge who presided at trial. This completes the case unless it is appealed to a higher court. This term can be used interchangeably with a final decree or final decision.

**Foreign Corporation**: A corporation which is incorporated under the laws of a different state or nation. A "foreign" corporation must file a notice of doing business in any state in which it does substantial regular business.

**Franchise**: A right granted by the government to a person or corporation, such as a taxi permit, bus route, an airline’s use of a public airport, business license or corporate existence.

**Fraud**: Occurs when intentional false statements are made to entice a victim to give up something of value.

**Front Pay**: A type of damages award in an employment lawsuit that represents the amount of money the employee would have earned if the employee was reinstated or hired into the higher-paying position from which he or she was illegally rejected.

**Fully Reporting Company**: A public company that is subject to the Securities and Exchange Commission’s periodic reporting requirements.

**Fungible Things**: Sometimes merely called "fungibles," goods which are interchangeable, often sold or delivered in bulk, since any one of them is as good as another. Grain or gravel are fungibles, as are securities which are identical.

**Garnishment of Wages**: Taking or seizing the amount owing pursuant to a child support order or other order, directly from the employee's wages; a proceeding whereby a debtor's money, or other property, which is under the control of another is given to a third person to whom the debtor owes a debt.

**General Partner**: Usually one of the owners and operators of a partnership, which is a joint business entered into for profit, in which responsibility for management, profits and, most importantly,

**Go Public**: The process of becoming a public, fully reporting company either by filing a registrations statement with the SEC, or by merging with a public company.

**Good Standing**: A state a corporation enjoys when it is in full compliance with the law.

**Goods**: Items held for sale in the regular course of business, as in a retail store.
**Gross Negligence**: Failure to use even the slightest amount of care in a way that shows recklessness or willful disregard for the safety of others.

**Hearing**: A proceeding usually without a jury.

**Hostile Working Environment**: A work environment that is so charged with harassment or similar unwanted behavior that it interferes with the ability to do one's job and is said to violate anti-discrimination laws.

**Impaneling**: Selecting a jury from the list of potential jurors.

**Impeach**: Attacking the credibility of a witness.

**Implied Contract**: A type of enforceable contract that is not made explicitly, but is implied from the circumstances or the parties' conduct.

**Incorporate**: To obtain an official charter or articles of incorporation from the state for an organization, this may be a profit-making business, a professional business, such as a law office or medical office; or a non-profit entity which operates for charity.

**Independent Contractor**: A person or business which performs services for another person or entity under a contract between them, with the terms spelled out such as duties, pay, the amount and type of work and other matters.

**Individual Retirement Account ("IRA")**: A tax-deferred savings account in which the employee contributes no more than a set maximum amount annually.

**Injunction**: A court order requiring a person to do, or to refrain from doing, a particular thing.

**Insider**: Someone who has a position in a business or stock brokerage, which allows him/her to be privy to confidential information (such as future changes in management, upcoming profit and loss reports).

**Intentional Infliction of Emotional Distress**: Intentionally causing severe emotional distress by extreme or outrageous conduct.

**Interrogatories**: A written set of questions sent from one party to the other during the discovery process.

**Interstate Commerce**: Commercial trade, business, movement of goods or money, or transportation from one state to another, regulated by the federal government according to powers spelled out in Article I of the Constitution.

**Involuntary Dissolution**: The forced dissolution of a corporation by a court or administrative action.

**Jobber**: A merchant who buys products (usually in bulk or lots) and then sells them to various retailers. This middleman generally specializes in specific types of products, such as auto parts, electrical and plumbing materials, or petroleum.

**Joint Adventure**: When two or more people go together on a trip or some other action, not necessarily for profit, which may make them all liable for an accident or debt arising out of the activity.
**Joint Enterprise**: A generic term for an activity of two or more people, usually (but not necessarily) for profit, which may include partnership, joint venture or any business in which more than one person invests, works,

**Joint Venture**: An enterprise entered into by two or more people for profit, for a limited purpose, such as purchase, improvement and sale or leasing of real estate.

**Judgment Notwithstanding The Verdict**: An order by the trial judge entering a judgment in a manner contradictory to the jury's verdict. This is granted only when the verdict is unreasonable and unsupportable.

**Judgment**: A court's decision.

**Judicial Dissolution**: The forced dissolution of a corporation by a court at the request of a state attorney general, shareholder, or creditor.

**Jurisdiction**: The power of a court to act in particular case.

**Jury**: The panel of people who decide the facts in a lawsuit.

**Legal Tender**: All money issued by the government.

**Libel**: A libel case consists of published material with the following criteria: (1) The material is defamatory; (2) the written statements are about someone who is identifiable and living; (3) the material is distributed to someone other than the victim. A key in a libel case is that the victim’s reputation must suffer as a result of these written words in order for the action to be actionable.

**Limited Liability**: The maximum amount a person participating in a business can lose or be charged in case of claims against the company or its bankruptcy. A stockholder in a corporation can only lose his/her investment.

**Limited Liability Company**: A new and flexible business organization that offers the advantages of liability protection with the simplicity of a partnership.

**Limited Partnership**: A special type of partnership which is very common when people need funding for a business, or when they are putting together an investment in a real estate development.

**Liquidate**: To sell the assets of a business, paying bills and dividing the remainder among shareholders, partners or other investors.

**Liquidation Preference**: Certain classes of stock (usually preferred stock) may have a liquidation preference, which entitles the holders to be paid first in the event of the liquidation of a corporation's assets.

**Loss of Consortium**: Damages awarded to a family member (usually a spouse) for loss of companionship.

**Mental Anguish**: Mental suffering. In some cases, damages may be awarded for mental anguish even though no physical injury is present.
**Mercantile Law**: Broad area of the law (also called commercial law), statutes, cases and customs which deal with trade, sales, buying, selling, transportation, contracts and all forms of business transactions.

**Merger**: The joining together of two corporations in which one corporation transfers all of its assets to the other, which continues to exist.

**Minimum Wage**: The set minimum hourly rate that employers in certain industries are required by law to pay their employees.

**Mitigation**: Action by an employee that will reduce the amount of damages resulting from an unlawful employment practice, i.e., obtaining new employment after a wrongful termination.

**Monopoly**: A business or inter-related group of businesses which controls so much of the production or sale of a product or kind of product as to control the market, including prices and distribution.

**Motion**: An application to the court requesting an order or rule in favor of the applicant.

**National Origin Discrimination**: Discrimination on the basis of an employee's ethnicity. Negligence: Failure to exercise reasonable care to avoid injuring others or their property. Negligence includes both actions and failure to act.

**No Par Shares**: Shares for which there is no designated par value.

**Non-Compete Agreement**: A contract (or part of a contract) in which an employee promises not to work for a competing employer (or to set up a competing business) during, or for a certain length of time after, the employment with the employer.

**Non-Profit Corporation**: A business organization that serves some public purpose, and therefore enjoys special treatment under the law. Nonprofits corporations, contrary to their name, can make a profit, but cannot be designed primarily for profit-making. Distributions upon liquidation typically must be made to another nonprofit.

**Occupational Safety & Health Administration (OSHA)**: The federal agency charged with creating and enforcing workplace health and safety standards.

**Officer**: The managers of a corporation such as the President, CFO, and Secretary. The officers are appointed by the board of directors.

**Offshore Corporation**: A corporation chartered under the laws of a country other than the United States. Some countries (particularly in the Caribbean) are popular nations of incorporation since they have little corporate regulation or taxes.

**Opinion**: An explanation written by the judge explaining his decision.

**Ordinance**: A law passed by a local or municipal government.

**Ordinary Course of Business**: Conduct of business within normal commercial customs and usages.

**Original Jurisdiction**: The first court to which a legal dispute is referred.
**Outside Director**: A independent member of the board of directors that is not a shareholder or regular employee of a corporation.

**Overrule**: In a trial, to overrule means to reject an objection.

**Overtime Compensation**: A higher rate of pay (usually 1.5 or 2 times the regular hourly rate) an employer is obligated to pay employees who work more than a certain number of hours in a day or week.

**Par Value**: The issued price of a security that bears no relation to the market price.

**Parent Corporation**: A corporation that either owns outright or controls a subsidiary.

**Participate**: To invest and then receive a part or share, as in business profits, payments on a promissory note, title to land, or as one of the beneficiaries of the estate of a person who has died.

**Partner**: One of the co-owners and investors in a "partnership" which is an ongoing business enterprise entered into for profit.

**Partnership**: A business enterprise entered into for profit which is owned by more than one person, each of whom is a "partner." A partnership may be created by a formal written agreement, but may be based on an oral agreement or just a handshake; coming together to operate a business for profit. Partnerships do not enjoy limited liability, except in the case of limited partnerships.

**Peremptory Challenge**: A challenge to a particular juror that requires no reason. Normally an attorney has a limited number of these challenges.

**Personal Property**: Defined by the law as "things movable." This is distinguished from the term "real property," which includes things such as trees, buildings and land.

**Petition**: A formal request that the court take some action; a complaint.

**Pierce the Veil**: Doctrine that attaches liability to corporate shareholders in cases of commingling of assets and failure to observe corporate formalities.

**Plaintiff**: The party bringing the case against another.

**Pleading**: A pleading is the process of making formal, written statements by the litigants. All papers filed with the court are collectively referred to as "pleadings."

**Precedent**: The value that a completed case has on deciding future cases.

**Preemptive Rights**: Rights enjoyed by existing shareholders to purchase additional shares of stock in the same proportion to their existing holdings.

**Preferred Stock**: A separate and/or secondary class of stock issued by some corporations. Preferred stock typically has limited or no voting rights, but its holders are paid dividends or receive repayment priority in the event the corporation is liquidated.
**Principal Place of Business**: Location for the head office of a business where the books and records are kept and/or management works. In most states corporations must report their principal place of business to the Secretary of State.

**Principal**: 1) Main person in a business. 2) Employer, the person hiring and directing employees (agents) to perform his/her/its business.

**Pro Se**: On one's own behalf; not using an attorney.

**Process Serving**: The method by which a defendant in a lawsuit is notified that a plaintiff has filed a suit against him.

**Product Liability**: A type of strict liability in which the manufacturer or seller is strictly liable for injuries caused by defective products.

**Professional Corporation**: A corporation whose members are all licensed professionals, such as doctors, lawyers, accountants and architects.

**Proxy**: An authorization by one shareholder giving another person the right to vote the shareholder's shares. Proxy also refers to the document granting such authority.

**Public Benefit Corporation**: A term used in some states for a nonprofit community service corporation. Typical examples are clubs like Kiwanis, Rotary, and Lions.

**Public Corporation**: A corporation created to perform a governmental function or to operate under government control, such as a municipal water company or hospital.

**Puffing**: Puffing is the exaggeration of the good points of a product, business, or real property. Puffing may also include the exaggeration of the prospects for future rise in value, profits and growth.

**Punitive Damages**: Damages given for the purpose of punishing the defendant.

**Qualification**: The process by which a foreign corporation registers in a state of operation other than its state of incorporation.

**Quasi Corporation**: A business which has operated as a corporation without completing the legal requirements, often in the period just before formal incorporation.

**Quorum**: The number of people required to be present before a meeting can conduct business. Unless stated differently in bylaws, articles, regulations or other rules established by the organization, a quorum is usually a majority of members.

**Reasonable Care**: The standard of care in negligence cases; the duty to act reasonably so as to avoid harming others.

**Records**: In business, particularly corporations, all the written business documents, especially about financial dealings. Thus, shareholders and partners are entitled to access to the "records" of the business.

**Redemption Rights**: Right of repurchase enjoyed by a corporation that exist for certain shares of stock.
Register: In corporations, the record of shareholders, and issuance and transfer of shares on the records of the corporation.

Registered Agent: The person or entity that is authorized to receive legal papers on behalf of a corporation.

Registered Office: The official address of a corporation. Typically this address is the same as that of the registered agent.

Remand: The decision of an appellate court to send a case back to the trial court with instructions on how to correctly decide the case; often used with the term "reversed." Reversed means that the appellate court overturned the trial court’s decision.

Remedies: Relief that the plaintiff receives from the defendant in a lawsuit. Often this will include monetary damages or equitable relief (i.e. injunctions).

Reorganization: The implementation of a business plan to restructure a corporation, which may include transfers of stock between shareholders of two corporations in a merger.

Respondent: The party that won at trial.

Restraint of Trade: In antitrust law, any activity (including agreements among competitors or companies doing business with each other) which tends to limit trade, sales and transportation in interstate commerce or has a substantial impact on interstate commerce.

S Corporation: A "subchapter S" corporation is a corporation that elects by filing with the IRS to be treated as a partnership for taxation purposes.

Secret Rebate: A kickback of money by a business to a "preferred" customer, not offered to the public or by a subcontractor to a contractor not shown on a job estimate. Both are illegal in most states as unfair business practices and may result in criminal charges.

Secretary (Corporate Secretary): A corporate officer, elected by the directors, usually charged with record-keeping responsibilities.

Secretary of State: A state official charged with responsibility for the filing of legal documents, including corporation papers. In some states, and the District of Columbia, this responsibility falls upon another department, such as Hawaii's Department of Commerce and Consumer Affairs, or Arizona's Corporation Commission.

Securities: The broad term that refers to shares of stock, bonds, and some debt instruments.

Service of Process: Providing a formal notice to the defendant that orders him to appear in court to answer plaintiff’s allegations.

Sexual Harassment: Harassment is an un-welcomed sexual advance by an employer or supervisor that becomes a condition of the employee's employment or represents a threat to the employee's continued employment. A "hostile work environment" harassment claim can arise when the presence of demeaning or sexual photographs, jokes, threats, or overall atmosphere is so pervasive as to create an intimidating and offensive work environment.
Shareholder: An owner of a corporation and one who holds shares of stock in a corporation.

Silent Partner: A non-legal term for an investor who puts money into a business, but takes no part in the management and is usually unknown to the customers. A "limited partner" is prohibited from taking part in management and has no liability for debts beyond his/her initial investment.

Simple Majority: With respect to shareholder and director voting, more than 50%.

Social Security: A federal program of retirement or disability payments created by taxing employees' income.

Sole Proprietorship: Simply, a business owned and managed by one person. Sole proprietorships do not enjoy liability protection.

Statute of Limitations: The time period within which a plaintiff must file his action against the defendant. This time frame varies by state. In North Carolina, the statute of limitations is three years.

Stock Options: A type of retirement plan in which employees have the opportunity to purchase stock in the company for which they work.

Stockholder: An owner of a corporation and one who holds shares of stock in a corporation.

Straw Man: A person to whom title to property or a business interest is transferred for the sole purpose of concealing the true owner and/or the business machinations of the parties.

Strict Liability: The defendant is liable to the plaintiff regardless of fault.

Subpoena: A form issued by the court requiring someone to appear in court and/or bring documents. (Also referred to as a "Summons.")

Subsidiary: A corporation that is owned outright or controlled by a parent corporation.

Tender: To present to another person an unconditional offer to enter into a contract or to present payment to another.

Trade: A business or occupation for profit, particularly in retail or wholesale sales or requiring special mechanical skill. A trade is also an exchange one thing for another, which includes money for goods, goods for goods and favors for goods or money.

Trade Secret: A process, method, plan, formula or other information unique to a manufacturer, which gives it an advantage over competitors. Therefore the trade secret has value and may be protected by a court-ordered injunction against use or revelation of trade secret.

Transfer Agent: A person or company retained by a corporation to process transfers and registration of shares of stock (stock certificates). One difficulty is that the stock certificates do not always include the name and address of the current transfer agent.

Telecommuting: Working from home or another location remote from the office, using technology such as telephones and computers.
**Third Party Litigation:** When a lawsuit is brought against a defendant and that defendant wants to add another party to the suit, the original defendant may file a "third party complaint" which results in a third party litigation or lawsuit.

**TITLE VII:** Part of the federal Civil Rights Act of 1964 that prohibits discrimination in employment on the basis of age, color, national origin, race, religion, or sex.

**Tort:** A civil wrong; a wrongful injury to a person's property. There are three types of torts: intentional, negligence and strict liability.

**Transfer Agent:** A person or company retained by a corporation to process transfers and registration of shares of stock (stock certificates). One difficulty is that the stock certificates do not always include the name and address of the current transfer agent.

**Unfair Competition:** Wrongful and/or fraudulent business methods used to gain an unfair advantage over competitors.

**Voting Trust:** A trust which solicits vote proxies of shareholders of a corporation to elect a board of directors and vote on other matters at a shareholders' meeting. A voting trust is usually operated by current directors to insure continued control.

**Venue:** The place of trial.

**Verdict:** The decision of the case reached by the jury.

**Vicarious Liability:** The liability of one person for the torts of another.

**Voluntary Dissolution:** The intentional dissolution of a corporation by its own management.

**Voting Right:** The right enjoyed by shareholders to vote their shares.

**Warranty:** A written statement stating good quality merchandise, clear title to real estate or that a fact stated in a contract is true.

**Whistleblower:** The term for an employee who "blows the whistle" on an employer. In other words, an employee is reporting to the authorities an employer's illegal action or practice. Whistleblowers are entitled to a number of protections under state and federal law.

**Winding Up:** The process of paying creditors and distributing assets that occurs before the dissolution of a corporation.

**Witness:** One who testifies at a trial or a deposition.

**Wrongful Death Statutes:** Laws giving the family members of a deceased a cause of action if the death of their loved one resulted because of another's negligence.