

I. Legal Environment

A. Courts and Legal Systems

1. **Original Jurisdiction** – The power to render the initial decision in a case.
2. **Venue** – The place where a trial will be held.
3. **Appellate Jurisdiction** – The power to review cases that have been tried by a court of original jurisdiction,
4. **Federal Court System** – Consists of 12 judicial circuits each encompassing several district courts, circuit courts of appeals, and the United States Supreme Court consisting of nine Justices. Texas is in the 5th circuit.
5. **Federal Jurisdiction** – To be eligible for federal court jurisdiction, a case must involve federal question or diversity of citizenship. Diversity of citizenships requires that the minimum amount of the controversy exceed \$75,000.
6. **State Jurisdiction** – Cases not eligible for federal jurisdiction are subject to trial at the state court level.
7. **Other Methods of Conflict Resolution** – Mediation and arbitration

B. Constitutional Law and Business

1. **United States Constitution consists of 7 Articles and 27 Amendments.**
 - a) **The US Constitution limits the powers of the Federal and state governments.**
 - b) **Amendment 10 provides that powers not delegated to the United States by the Constitution nor prohibited by it to the states are reserved to the states respectively, or to the people.**
2. **The US Constitution enumerates the powers that states have delegated to the Federal government.**
3. **Separation of Powers**
 - a) **Legislative Branch**
 - b) **Executive Branch**
 - c) **Judicial Branch**
4. **Commerce Clause**

- a) **Exclusive power of federal government to regulate commerce with other nations and among the states.**
5. **Fifth and Fourteenth Amendments – Prohibit the federal and state governments from depriving any person of life, liberty or property without due process of law.**
6. **Procedural Due Process – Notice, hearing, appeal**
7. **Substantive Due Process – Requires a rational relationship between the governmental action taken in the law and the subject matter regulated. The government’s power to regulate or infringe on certain legal rights of an individual.**
8. **Equal Protection – The equal protection clause of the 14th Amendment allows the government to create classifications of people for purposes of regulation; however, the classifications must relate to a proper governmental purpose**
9. **Import-Export Clause – Prohibits states from imposing taxes on imports or exports. The Constitution also prohibits the federal government from taxing exports but allows direct federal taxation of imports**

C. Administrative Law

1. **Administrative agencies (IRS, EEOC, Social Security Administration, EPA) perform three governmental functions:**
 - a. **Investigation and prosecution “Executive Function”**
 - b. **Rulemaking “Legislative Function”**
 - c. **Adjudication “Judicial Function”**
2. **Administrative agencies often issue cease and desist orders.**
3. **Executive Control – Generally the President of the United States or the governor of a particular state has the power to appoint and remove the heads of administrative agencies.**

II. Regulatory Environment

A. Employment Law

1. **Fair Labor Standards Act – Regulates minimum wages, overtime compensation and child labor**
2. **Social Security Act – Provides benefits to retired workers, disability benefits, dependant of deceased worker benefits and, under Medicare, hospitalization and medical benefits for the elderly**
3. **Unemployment Compensation**
4. **Family Medical Leave Act**

B. Labor Law

1. **Norris LaGuardia Act - Restricted federal courts power to issue injunctions in labor disputes**
2. **National Labor Relations Act (Wagner Act) – Established employee’s basic rights to engage in collective bargaining including the right to form, join, or assist unions; the right of collectively bargaining through unions chosen by employees and the right to engage in concerted activities for the purpose of collective bargaining**
3. **Labor Management Relations Act (Taft-Hartley Act). Modified the Wagner Act and clarified relationships between labor and management.**
4. **Labor Management Reporting and Disclosure Act (Landrum-Griffin Act) – Created a Bill of Rights to protect union members from improper treatment**

C. Antitrust Law

1. **Sherman Act**
 - a) **Section I prohibits contracts, combinations in the form of trusts, or conspiracy in restraint of trade or commerce**
 - b) **Section II prohibits monopolization, combinations and conspiracies to monopolize**
2. **Clayton Act – Designed to strengthen the Sherman Act by bringing monopolistic or restrictive practices within the reach of antitrust laws**
3. **Federal Trade Commission Act – Establishes the federal trade commission and prohibits unfair methods of competition and unfair or deceptive acts or practices**
4. **Horizontal and Vertical Restraints of Trade – Price fixing and market allocation**

D. Consumer Protection

1. **Federal Trade Commission Act – Prohibits unfair or deceptive acts or practices**
 - a) **Bait and switch tactics**
 - b) **Deceptive debt collection**
 - c) **Unfair door to door selling**
2. **Consumer Credit Protection Act – Defines the rights and obligations of those who deal in consumer credit transactions**
3. **Truth in Lending – Requires disclosure of the true cost of credit**
4. **Fair Credit Reporting Act – Allows consumers access to the nature and substance of all information regarding the individual’s own credit worthiness**

5. **Uniform Consumer Credit Code – Credit code established by some states to regulate consumer sales loans and credit transactions. The law is aimed at disclosure but may also establish maximum interest rates**

E. Tort Law

1. **Five Elements of Negligence**
 - a) **Act or omission**
 - b) **Duty**
 - c) **Breach**
 - d) **Proximate Cause**
 - e) **Damages**
2. **Defenses to Negligence**
 - a) **Comparative Negligence**
 - b) **Contributory Negligence**
 - c) **Assumption of Risk**
3. **Tort law includes intentional and unintentional torts**

F. Crimes – Crimes have two components the mens rea or state of mind and the actus rea or state of action

- a) **Felonies v. misdemeanors**
- b) **Business crimes**
- c) **RICO**

G. Environmental Law

1. **Clean Air Act – The act requires the Federal EPA to establish air quality standards while the states develop and implement plans to achieve those standards**
2. **Clean Water Act – Regulates “Point Source” pollution, discharges into a body of water through a discrete conveyance such as a pipe, ditch, or conduit. “Nonpoint Source” pollution such as runoff from farmland and mines, is left primarily to the states, which are required to develop management programs subject to approval by the EPA**
3. **Toxic Substance Control Act – Provides comprehensive regulation of toxic substances**
4. **Resource Conservation and Recovery Act (RCRA) – Regulates disposal of hazardous materials**

5. **Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)**
– Establishes a national system for the cleanup of hazardous waste sites and accidental spills and leakage of toxic substances. This act established “Superfund”

H. International Law

1. **Sources of International Law**
 - a) **Treaties**
 - b) **Customs**
 - c) **General Principles of Law**
 - d) **Judicial Decisions and Teachings of Highly Qualified Publicists**
2. **Nationalization** – The forced taking of foreign assets by the host government
 - a) **Expropriation and nationalization in accordance with national law.**
3. **Confiscation** – The unlawful taking of foreign assets by the host government
4. **Sovereign Immunity** – A doctrine of international law under which domestic courts, in certain circumstances, will not exercise jurisdiction over a foreign state or its instrumentalities

III. Business Relationships

A. Contract law (elements of a contract)

1. **Agreement (offer and acceptance)**
2. **Consideration**
3. **Competent parties**
4. **Legal purpose**

B. Uniform Commercial Code

1. **Article 2 applies to the sale of goods (goods are tangible, movable property)**

C. Business Organizations

1. **Corporations**
2. **Partnerships**
3. **Limit Liability Companies**

D. Law of Agency

1. **Duties of the agent to the principal**

2. Duties of the principal to the agent

IV. Ethics and Social Responsibility

A. Ethics – Systems of moral standards and beliefs that address issues of social conduct such as honesty, loyalty, fair treatment of others, respect for human life, and human dignity

1. Law v. Ethics – Ethics are similar to law in that both laws and ethics provide standards of conduct for individuals. Unlike law, however, ethics are not imposed or enforced by an external authority such as the government. Ethical standards derive from an individual's internalized moral standards and are applied by the individual. Increasingly, businesses are adopting and publishing the ethical standards of the business.