

AGENCY & PARTNERSHIP

Professor Franks

Final Examination, Fall 2010

GENERAL INSTRUCTIONS

1. Carefully analyze the facts and grasp the issues in each question before beginning to write. Spend time reading the question slowly and carefully.
2. State the issues and answers to each question concisely. Lengthy answers are not necessary.
3. Do not repeat questions in your answers. Write neatly and legibly on only one side of each page.
4. Number your answers to correspond with the question, e.g., "II-3."
5. If you feel it necessary to assume additional facts in any of the questions, give the facts that must be added and state why.
6. Do not write in the margin of the book.
7. All major questions are equally weighted unless otherwise indicated. Subparts are approximately equal but may be weighted slightly differently according to the number of issues involved in that subpart.
8. Write your personal identification number and the name and section number of the course on which you are being examined on the cover of each examination book.
9. If you use more than one book, indicate "Book One," "Book Two" and so forth on the cover of each book and write your PIN and the name and section number of the course on the cover of each examination book.
10. A GOOD ANSWER IS NOT NECESSARILY A LONG ANSWER.

QUESTION I

60 per cent of test

You have graduated and been admitted to the bar. You have a client who wants to form a one-person business. Please detail for your client the formation and operation of the appropriate entity. Discuss only one business type and none other.

QUESTION II

40 per cent of test

- II.** Please answer the following questions with "true" or "false." Discussion will not receive extra credit.
1. One may sometimes be an agent of both the buyer and seller in the same transaction.
 2. Limited partnerships (LPs) are obsolete, and there is absolutely no good reason ever to form one in today's business environment.
 3. In a limited liability partnership (LLP), the partners all enjoy limited liability in tort and contract.
 4. In a limited partnership (LP), the limited partners enjoy limited liability in tort only.
 5. A limited partner loses his limited liability if he advises or consults with the general partners on the management of the business.
 6. In a limited partnership agreement, a limited partner may waive any right to consult the partnership's books and records.
 7. If general partners agree on an unequal sharing of profits (*e.g.*, 60% - 40%), then any losses must always be shared in the same percentages.
 8. A partner may not share his interest in the partnership with a third person unless he has the consent of his other partners.
 9. An agency terminates and the agent loses his authority the moment a petition for interdiction is filed against his principal.
 10. In an agency coupled with an interest, the principal has the power but not the right to terminate the agency without good cause.