

Yates/Bereznicki-Korol/Clarke, *Business Law in Canada*, Tenth Canadian Edition

Chapter 1: Managing Your Legal Affairs

1) A sophisticated client

- a. does not require the services of a lawyer.
- b. understands the importance of the solicitor–client relationship.
- c. distrusts and derides lawyers.
- d. is someone with formal legal training.
- e. should represent him- or herself, rather than paying for legal services.

Answer: b

Diff: 2

Type: MC

Topic: Ch. 1 - Managing Your Legal Affairs

Skill: Recall

Objective: Chapter 1: 1.Explain the meaning of “sophisticated client.”

2) Raman is a sophisticated client. This means that she

- a. understands how to manage a lawyer–client relationship.
- b. has a law degree.
- c. is a small business owner.
- d. manages her legal affairs without assistance from a lawyer.
- e. will probably never find herself in a situation necessitating legal advice.

Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 - Managing Your Legal Affairs

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

3) In the context of a sophisticated client, "sophisticated" can best be defined as

- a. complicated, self-reliant, and cosmopolitan.
- b. refined and cultured.
- c. simple and naive.
- d. confident, knowledgeable, and up to date.
- e. aggressive, dynamic, and forceful.

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Answer: d

Diff: 1

Type: MC

Topic: Ch. 1 - Becoming a Sophisticated Client

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

4) Which of the following best describes the likelihood of a student becoming involved in a situation necessitating legal advice?

- a. A student, or someone close to the student, sometimes becomes involved in such a situation.
- b. A student, or someone close to the student, will always become involved in such a situation
- c. Because students are not businesspeople, they never become involved in such situations.
- d. Because students cannot be sophisticated, they will often become involved in such situations.
- e. Legal advice is not available to students.

Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 - "I Think I Need Legal Advice ..."

Skill: Applied

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

5) Becoming a sophisticated client will

- a. ensure that a businessperson never needs a lawyer.
- b. help a businessperson manage her legal affairs more efficiently and effectively.
- c. result in a businessperson developing a bias against lawyers.
- d. relieve a businessperson from having to conduct legal research.
- e. protect a businessperson from needing legal advice.

Answer: b

Diff: 2

Type: MC

Topic: Ch. 1 - "I Think I Need Legal Advice ..."

Chapter 1: Managing Your Legal Affairs

Skill: Applied

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

- 6) Having a good lawyer on your team is
- a. usually too expensive to be worthwhile.
 - b. only necessary for large companies.
 - c. a good alternative to becoming a sophisticated client.
 - d. a legal requirement prior to incorporating a business.
 - e. a critical component of being a sophisticated client.

Answer: e

Diff: 3

Type: MC

Topic: Ch. 1 - Becoming a Sophisticated Client

Skill: Applied

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

7) William Shakespeare's *Henry VI*, Part II includes the line "The first thing we do, let's kill all the lawyers." The president of the Canadian Bar Association interpreted this quotation as

- a. a comment on the importance of the "rule of law."
- b. a lawyer-bashing joke.
- c. a threat to all members of the legal profession.
- d. an offence meriting severe legal consequences.
- e. a humorous attempt to embarrass lawyers everywhere.

Answer: a

Diff: 3

Type: MC

Topic: Ch. 1 - "I Think I Need Legal Advice ..."

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

- 8) Which of the following best describes the role of the lawyer?
- a. The lawyer makes the legal decisions for the client.
 - b. The lawyer is simply one of the experts the businessperson consults.

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- c. The client must follow the lawyer's instructions, as long as they are lawful.
- d. The client makes decisions regarding civil matters; the lawyer makes decisions regarding criminal matters.
- e. The lawyer makes decisions regarding civil matters; the client makes decisions regarding criminal matters.

Answer: b

Diff: 2

Type: MC

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

9) Which of the following statements best describes solicitor–client privilege?

- a. The lawyer makes the legal decisions for the client.
- b. The lawyer is the only expert a client should consult.
- c. The lawyer must follow the client's instructions, even if they are illegal in nature.
- d. Refers to the duty of the lawyer to keep the information provided by the client confidential.
- e. The lawyer makes decisions regarding civil matters; the client makes decisions regarding criminal matters.

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

10) Which of the following is NOT a good reason for a businessperson to seek advice from a lawyer?

- a. The businessperson cannot find the necessary legal information.
- b. The businessperson cannot understand the necessary legal information.
- c. The necessary legal information is available online.
- d. It would take too long for the businessperson to find the necessary legal information.
- e. The businessperson is facing criminal charges.

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Answer: c

Diff: 3

Type: MC

Topic: Ch. 1 - When to Represent Yourself

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

11) For sophisticated clients, the availability of an abundance of legal information online is

- a. a negative development, because online information is rarely accurate or helpful.
- b. a positive development, because it means that they will no longer need to retain lawyers as part of their team.
- c. a negative development, because accessing this information tends to be more costly than retaining a lawyer.
- d. a positive development, because it provides greater access to information they can use as part of their decision-making process.
- e. a neutral development, because lawyers are still the only ones able to access this information.

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - When to Represent Yourself

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

12) When searching online for legal information, it is best to

- a. trust that if it is published online, it must be accurate.
- b. never trust the information found on a website.
- c. use American sources, as they tend to be more comprehensive than Canadian ones.
- d. gauge the accuracy of the information by the look of the website.
- e. seek advice from a lawyer when answers cannot be readily found.

Answer: e

Diff: 2

Type: MC

Topic: Ch. 1 - When to Hire a Lawyer

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Skill: Recall

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

13) Sophisticated clients

- a. do not need to retain a lawyer.
- b. know that it is better to hire a lawyer than to conduct research on one's own.
- c. are willing to pay for legal advice at any cost.
- d. tend to be embarrassed to request legal advice.
- e. have the skill and confidence to find basic legal information.

Answer: e

Diff: 1

Type: MC

Topic: Ch. 1 - When to Hire a Lawyer

Skill: Recall

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

14) One reason for the general lack of respect for lawyers is that

- a. many people do not understand the role of the lawyer in the solicitor–client relationship.
- b. lawyers are not bound by a Code of Professional Conduct.
- c. lawyers who breach their duties are generally not subject to any punishment.
- d. lawyers are rarely able to provide information or advice relevant to business matters.
- e. the cost of legal advice generally outweighs its benefit.

Answer: a

Diff: 2

Type: MC

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

15) The role of the lawyer is to

- a. provide legal advice relevant to the client's situation, which the client is free to ignore.
- b. provide legal advice relevant to the client's situation, which the client has no choice but to follow.

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- c. tell their clients what they must do.
- d. tell their clients what they must not do.
- e. delay the client's decision-making process.

Answer: a

Diff: 2

Type: MC

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

16) The primary purpose of an initial consultation with a lawyer is

- a. to arrange payment of the lawyer's fees up front.
- b. to develop strategies for dealing with the legal situation in question.
- c. for the prospective client to decide whether to retain the lawyer.
- d. for the prospective lawyer to help mediate the current dispute.
- e. to discuss the availability of Legal Aid.

Answer: c

Diff: 2

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 4. Explain how to find a good lawyer.

17) The decision to enter into the lawyer–client relationship should be

- a. made quickly to ensure that no one else can retain your lawyer.
- b. solely up to the lawyer, as he or she is the one with the legal training.
- c. made primarily on the basis of cost.
- d. a mutual decision made primarily on the basis of trust.
- e. solely up to the client, as he or she is the one paying for the services.

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Chapter 1: Managing Your Legal Affairs

Skill: Applied

Objective: Chapter 1: 4. Explain how to find a good lawyer.

18) When setting up a small business, the best approach to follow is to assume that after the business has been set up and commences operating

- a. the lawyer you chose to assist you in the start-up of the business will continue to represent you.
- b. the lawyer you chose to assist you in the start-up of the business will refer you to a different lawyer.
- c. a lawyer will no longer be required.
- d. you will not need legal advice, as long as you are a sophisticated client.
- e. the lawyer you chose to assist you in the start-up of the business will provide free legal services for the duration of the business's operation.

Answer: a

Diff: 2

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Applied

Objective: Chapter 1: 4. Explain how to find a good lawyer.

19) Which of the following is NOT an advantage to maintaining an ongoing relationship with your lawyer?

- a. The lawyer will know and understand you and your business.
- b. The lawyer will be able to provide legal advice more efficiently, thereby reducing your legal costs.
- c. The lawyer will be able to customize his or her legal advice, so it will be even more useful to you.
- d. The lawyer will automatically track your business activities, so that he or she can provide constant advice and guidance.
- e. The lawyer will view you as her client, giving you and your requests priority.

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Applied

Objective: Chapter 1: 4. Explain how to find a good lawyer.

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20) When someone refers you to a particular lawyer, you should

- a. retain the lawyer regardless of who gave you the referral.
- b. ensure the referral is being given by someone you trust.
- c. retain the lawyer regardless of his or her area of practice.
- d. ensure the referral is from a family member, rather than a mere friend.
- e. ignore the referral as irrelevant.

Answer: b

Diff: 1

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 4. Explain how to find a good lawyer.

21) A lawyer referral service

- a. will enable a businessperson to retain a lawyer without need for an initial consultation.
- b. is an online fee-based service providing guaranteed results.
- c. regulates the legal profession in the interest of the public.
- d. provides the names and phone numbers of lawyers who practice in a particular area of law.
- e. is also known as "Legal Aid."

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 4. Explain how to find a good lawyer.

22) A provincial law society

- a. is a self-governing body for lawyers.
- b. has as its mandate the provision of free legal services, in the public interest.
- c. operates primarily to offer low-cost legal advice to members.
- d. operates primarily to enhance the commercial interests of its members.
- e. is a self-governing body for businesspeople seeking legal advice.

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Answer: a

Diff: 2

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 4. Explain how to find a good lawyer.

23) The Canadian Bar Association is

- a. the national society for legal aid services.
- b. a professional organization that represents judges and lawyers.
- c. focused on enhancing public safety in the liquor distribution industry.
- d. an organization responsible for reviewing lawyers' accounts.
- e. a disciplinary body for members of the legal profession.

Answer: b

Diff: 3

Type: MC

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 4. Explain how to find a good lawyer.

24) A _____ agreement, which is often appropriate in personal injury claims or product liability cases, is used when the client does not have any funds to pay the lawyer at the beginning of the case.

- a. contingency fee
- b. legal aid
- c. fixed fee
- d. disbursement
- e. deposit

Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 – How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

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25) _____ usually include costs such as the court fees for filing documents, long-distance telephone charges, courier charges, and photocopying costs.

- a. Contingency fees
- b. Disbursements
- c. Retainers
- d. Stipends
- e. Fixed fees

Answer: b

Diff: 2

Type: MC

Topic: Ch. 1 – How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

26) Legal aid is

- a. universally available, regardless of subject matter or financial need.
- b. available to anyone who can demonstrate financial need, regardless of subject matter.
- c. available exclusively for criminal law issues, subject to demonstrated financial need.
- d. only available for business law issues.
- e. available subject to substantive and financial eligibility requirements.

Answer: e

Diff: 2

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Recall

Objective: Chapter 1: 6. Describe legal aid.

27) Which of the following statements is most accurate?

- a. If you have a legal problem and cannot afford a lawyer, you may be eligible for legal aid.
- b. If you have a legal problem and cannot afford a lawyer, one will be provided for you.
- c. If you qualify for legal aid, you will automatically be exempt from all legal costs.
- d. Everyone qualifies for legal aid.
- e. Everyone can afford a lawyer.

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Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Recall

Objective: Chapter 1: 6. Describe legal aid.

28) If you collect money as a result of a settlement or judgment obtained through the assistance of legal aid, you will

- a. probably have to repay some or all of the legal aid benefits you received.
- b. probably be ineligible to enforce the settlement or judgment if the debtor refuses to pay.
- c. probably be able to keep the full amount of the settlement or judgment.
- d. be required to turn the amount of the settlement or judgment over to legal aid.
- e. be required to turn the amount of the settlement or judgment over to the court.

Answer: a

Diff: 3

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

29) Legal Aid Ontario will NOT cover any of the following except

- a. wrongful dismissal.
- b. criminal matters.
- c. change of name.
- d. personal bankruptcy.
- e. defamation.

Answer: b

Diff: 3

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

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30) The BC Legal Services Society may pay for a lawyer for a low-income client if the client has a legal problem involving any of the following except

- a. criminal charges.
- b. mental health or prison issues.
- c. commercial litigation.
- d. serious family problems.
- e. immigration problems.

Answer: c

Diff: 3

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

31) A small business owner

- a. is wise to obtain legal aid for its business matters, rather than having to incur legal costs.
- b. is automatically entitled to legal aid assistance.
- c. is usually not able to receive legal aid with respect to the legal issues involving the business.
- d. should always use duty counsel, rather than having to retain a lawyer.
- e. should retain duty counsel to draft contracts outlining legal duties.

Answer: c

Diff: 2

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

32) Which of the following statements regarding duty counsel is accurate?

- a. Duty counsel can provide limited assistance in certain court matters.
- b. Duty counsel are available to assist in a wide range of business law issues.
- c. There is an advantage to using duty counsel rather than retaining one's own lawyer.
- d. Duty counsel typically take on your entire case and represent you at trial.
- e. There is a lengthy application process to obtain duty counsel.

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Answer: a

Diff: 3

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Recall

Objective: Chapter 1: 6. Describe legal aid.

33) Duty counsel are typically available

- a. for small claims and real estate disputes.
- b. in superior court bankruptcy matters.
- c. for commercial litigation.
- d. in criminal courts, family courts, or immigration courts.
- e. to review and draft a variety of contracts.

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

34) Duty counsel are

- a. court lawyers who assist individuals who are not represented by a lawyer.
- b. non-lawyers who provide advice to those in financial need.
- c. legal assistants who offer legal services at rates significantly lower than those charged by lawyers.
- d. retired lawyers and judges who volunteer through legal aid societies.
- e. law students who are fulfilling requirements established by a provincial law society.

Answer: a

Diff: 2

Type: MC

Topic: Ch. 1 - Legal Aid

Skill: Recall

Objective: Chapter 1: 6. Describe legal aid.

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35) Legal fees

- a. are always calculated in a single, specified way.
- b. should not be discussed with a lawyer until a bill has been prepared.
- c. are typically negligible.
- d. should be discussed during the initial consultation with the lawyer.
- e. are rarely the subject of confusion or misunderstanding.

Answer: d

Diff: 1

Type: MC

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

36) Which of the following statements is true?

- a. It is a popular misconception that legal services can be very costly.
- b. Some people don't retain lawyers even when they need them because they are afraid of the cost.
- c. All lawyers bill clients on an hourly basis.
- d. It is considered unprofessional to raise the issue of fees during a consultation with a lawyer.
- e. Lawyers should always be retained, regardless of the cost.

Answer: b

Diff: 2

Type: MC

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

37) Contingency fee agreements

- a. are typically used for real estate purchases, the drafting of wills, and incorporations.
- b. are not subject to any restrictions.
- c. are synonymous with retainer agreements.
- d. may result in a lawyer not receiving any legal fees for the work done on a file.
- e. must be prepared for all lawyer–client relationships.

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Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

38) Which of the following statements regarding provincial law societies is false?

- a. Provincial law societies may restrict the use of contingency fee agreements.
- b. Provincial law societies may set maximum contingency fees for certain types of cases.
- c. Provincial law societies may offer a fee mediation service.
- d. Provincial law societies provide online information on lawyers' fees.
- e. Provincial law societies provide free legal services to people in need.

Answer: e

Diff: 2

Type: MC

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

39) Typically, lawyers bill on the basis of which of the following?

- a. A fixed fee, an hourly rate, or a contingency fee.
- b. A fixed fee, a pro rata distribution, or a contingency fee.
- c. A stipend, a pro rate distribution, or an hourly rate.
- d. A stipend, an hourly rate, or a contingency fee.
- e. A fixed fee, a stipend, or a pro rata distribution.

Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

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40) Which of the following statements regarding retainers is false?

- a. Before commencing work on a matter, a lawyer usually requests that a retainer be paid.
- b. Provincial law societies typically restrict the use of retainers to personal injury or product liability cases.
- c. A retainer is deposited into a trust account, to the credit of the client.
- d. The lawyer may require the client to "top up" the retainer as funds are withdrawn from the trust account.
- e. A retainer helps ensure that a lawyer will be paid for his or her legal services.

Answer: b

Diff: 3

Type: MC

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

41) A retainer

- a. works to secure the release of an arrested person.
- b. is the costs incurred by a lawyer on a client's behalf.
- c. is the amount a lawyer will receive when charging based on a contingency fee agreement.
- d. works as a deposit.
- e. is the amount a client must pay that is in addition to regular legal fees and disbursements.

Answer: d

Diff: 1

Type: MC

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

42) Provincial law societies

- a. exist primarily to assist clients with complaints concerning fees.
- b. provide compensation to clients who are unhappy with legal services.
- c. guarantee success in litigation matters.

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- d. deal with complaints regarding a lawyer's conduct.
- e. are non-profit law firms offering a range of legal services.

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

43) If you have a complaint about the fees being charged by your lawyer

- a. you should not discuss your concerns with your lawyer directly.
- b. you can have your bill reviewed by a court official.
- c. you must participate in a fee mediation service.
- d. your provincial law society represents your only course of action.
- e. you should begin by commencing a court action.

Answer: b

Diff: 2

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

44) Fee mediation

- a. is compulsory whenever a client raises a concern about a lawyer's bill.
- b. is offered by every provincial law society as the primary means of dispute resolution for complaints regarding lawyers' fees.
- c. involves a review of a lawyer's bill by a court official.
- d. involves a judge who determines whether or not a lawyer's bill is reasonable.
- e. involves a neutral mediator who tries to facilitate a mutually acceptable resolution of a dispute over fees charged by a lawyer.

Answer: e

Diff: 3

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Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

45) A client who is unable to resolve a fee dispute with a lawyer can have the lawyer's bill reviewed by a court official. These court officials have the power to

- a. impose fines on either the client or the lawyer.
- b. order that a lawyer be taken into custody.
- c. decide that the bill is too high and reduce it accordingly.
- d. require that the client and lawyer attend fee mediation.
- e. authorize compensation to be paid by the provincial law society.

Answer: c

Diff: 2

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

46) A provincial law society's complaint-resolution process usually begins with

- a. an attempt at mediating the dispute between the client and the lawyer.
- b. a review of the complaint by a court official.
- c. a formal investigation.
- d. a hearing before a panel.
- e. oral submissions by legal counsel.

Answer: a

Diff: 2

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Recall

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

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47) Complaints made to the provincial law society regarding a lawyer's conduct may result in a hearing. This hearing

- a. results in compensation being paid to the client who made the complaint.
- b. involves the testimony of witnesses and the entering of other evidence.
- c. is held in the absence of legal counsel.
- d. is held before a superior court judge.
- e. can result in a finding of misconduct, although the law society does not have the power to impose penalties.

Answer: b

Diff: 3

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

48) If you cannot resolve a fee dispute with your lawyer, you should

- a. have your bill reviewed by the appropriate court official.
- b. refuse payment on ethical grounds.
- c. refuse payment on legal grounds.
- d. sue your lawyer for non-payment.
- e. make a formal complaint to the bar association.

Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Recall

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

49) If a law society panel finds a lawyer guilty of misconduct, the penalty could include all of the following except

- a. a fine.
- b. a suspension.
- c. disbarment.
- d. incarceration.
- e. costs of the hearing.

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Answer: d

Diff: 1

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Recall

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

50) If you believe that you have suffered a financial loss because of your lawyer's misconduct,

- a. you should wait as long as possible before you proceed.
- b. you should have the matter reviewed by a taxation or assessment officer.
- c. you may be compensated by the bar association at the end of their investigation.
- d. you may need to seek legal advice from another lawyer.
- e. you will automatically be awarded compensation by the provincial law society at the end of their hearing.

Answer: d

Diff: 2

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

51) Lawyers' rules of professional conduct

- a. are recommended guidelines only.
- b. will, if breached, automatically result in a lawyer facing criminal charges.
- c. establish professional and ethical obligations of lawyers.
- d. are established by the Canadian Bar Association.
- e. are generally not taken seriously by members of the legal profession.

Answer: c

Diff: 2

Type: MC

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Recall

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

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52) Which of the following statements best describes the difference between law and ethics?

- a. Ethics tells us what we must do; law tells us what we should do.
- b. Law tells us what we must do; ethics tells us what we should do.
- c. Law and ethics are interchangeable.
- d. If a person acts unethically, he has broken the law.
- e. A person need not worry about acting legally, as long as she acts ethically.

Answer: b

Diff: 1

Type: MC

Topic: Ch. 1 - Ethics

Skill: Recall

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

53) Many people lack trust or confidence in lawyers because

- a. a few well-publicized cases involving lawyers have tainted the reputation of the whole profession.
- b. most lawyers are unethical.
- c. lawyers have no professional or legal obligations.
- d. few provincial law societies have established rules for professional conduct.
- e. lawyers who act unprofessionally are not subject to any penalty.

Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 - Ethics of Lawyers

Skill: Recall

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

54) The Canadian "Code of Professional Conduct" for businesspeople

- a. establishes the professional and ethical obligations of businesspeople.
- b. was created by the provincial business society.
- c. has been used to prosecute a number of high-profile cases.
- d. is the same as the lawyers' code of conduct.
- e. does not exist.

Chapter 1: Managing Your Legal Affairs

Answer: e

Diff: 3

Type: MC

Topic: Ch. 1 - Ethics of Clients

Skill: Applied

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

55) Sophisticated clients who are starting a business should

- a. make a commitment to ethical behaviour and prepare a statement of values.
- b. only concern themselves with ethical behaviour that is required by law.
- c. consult a lawyer about how to engage in unethical behaviour undetected.
- d. refrain from reporting illegal or unethical behaviour.
- e. opt not to prepare a code of conduct, because of potential liability exposure in the event of a breach.

Answer: a

Diff: 1

Type: MC

Topic: Ch. 1 - Ethics of Clients

Skill: Recall

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

56) You can enhance the success of your business by

- a. personally adopting core values and incorporating them into a code of conduct for the business.
- b. incorporating core values into a code of conduct, regardless of whether or not you adopt those values personally.
- c. relying on the Canadian Code of Professional Conduct for Businesspeople.
- d. retaining a lawyer who is willing to engage in unethical conduct on your behalf.
- e. not seeking legal advice in cases where your conduct may be questionable, as you will then be bound by the lawyer's code of professional conduct.

Answer: a

Diff: 2

Type: MC

Topic: Ch. 1 - Code of Business Conduct

Skill: Recall

Chapter 1: Managing Your Legal Affairs

Objective: Chapter 1: 9. Describe a code of business conduct.

57) Which of the following does NOT represent a core ethical value identified by the Josephson Institute for Ethics?

- a. respect
- b. fairness
- c. courage
- d. caring
- e. citizenship

Answer: c

Diff: 3

Type: MC

Topic: Ch. 1 - Code of Business Conduct

Skill: Applied

Objective: Chapter 1: 9. Describe a code of business conduct.

58) According to the Josephson Institute for Ethics, the core ethical value of trustworthiness has as its supporting ethical principles

- a. respect, autonomy, courtesy, self-determination.
- b. justice, fairness, impartiality, equity.
- c. caring, kindness, compassion.
- d. citizenship, philanthropy, voting.
- e. truthfulness, sincerity, candour, integrity, promise keeping, loyalty, honesty.

Answer: e

Diff: 3

Type: MC

Topic: Ch. 1 - Code of Business Conduct

Skill: Applied

Objective: Chapter 1: 9. Describe a code of business conduct.

59) "The first thing we do, let's kill all the lawyers" is a popular quotation from William Shakespeare, the meaning of which is open to debate.

- a. True
- b. False

Chapter 1: Managing Your Legal Affairs

Answer: a

Diff: 2

Type: TF

Topic: Ch. 1 - "I Think I Need Legal Advice ..."

Skill: Applied

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

60) A sophisticated client knows how to form and use the solicitor–client relationship to facilitate making good business decisions.

a. True

b. False

Answer: a

Diff: 1

Type: TF

Topic: Ch. 1 - "I Think I Need Legal Advice ..."

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

61) Generally, good business decisions cannot be made without consideration of the appropriate laws.

a. True

b. False

Answer: a

Diff: 1

Type: TF

Topic: Ch. 1 - Becoming a Sophisticated Client

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

62) A sophisticated client never conducts legal research on his or her own, but always seeks advice from a lawyer.

a. True

b. False

Answer: b

Diff: 2

Type: TF

Topic: Ch. 1 - Becoming a Sophisticated Client

Chapter 1: Managing Your Legal Affairs

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of "sophisticated client."

63) It is always wise to retain legal counsel when you are facing criminal charges.

- a. True
- b. False

Answer: a

Diff: 3

Type: TF

Topic: Ch. 1 - When to Represent Yourself

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

64) In making business decisions involving legal issues, a sophisticated client will tend to complete some research of the relevant law on her own.

- a. True
- b. False

Answer: a

Diff: 3

Type: TF

Topic: Ch. 1 - Reducing Risk

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

65) The time and cost to be incurred by hiring a lawyer is irrelevant. It is always worthwhile to get legal advice from a lawyer.

- a. True
- b. False

Answer: b

Diff: 2

Type: TF

Topic: Ch. 1 - When to Hire a Lawyer

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

Chapter 1: Managing Your Legal Affairs

66) Sophisticated clients understand that success depends on good business decisions, and good business decisions depend on appropriate information (including legal information).

- a. True
- b. False

Answer: a

Diff: 1

Type: TF

Topic: Ch. 1 - Reducing Risk

Skill: Recall

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

67) In the lawyer–client relationship, the decision maker is the lawyer, not the client.

- a. True
- b. False

Answer: b

Diff: 3

Type: TF

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

68) Solicitor–client privilege refers to the lawyer making all the decisions for the client.

- a. True
- b. False

Answer: b

Diff: 3

Type: TF

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

69) The solicitor–client privilege refers to the duty of the lawyer to keep the information provided by the client confidential.

- a. True
- b. False

Chapter 1: Managing Your Legal Affairs

Answer: a

Diff: 3

Type: TF

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

70) There is sufficient information in the Yellow Pages to help a person decide whether a particular lawyer would be appropriate.

a. True

b. False

Answer: b

Diff: 1

Type: TF

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 4. Explain how to find a good lawyer.

71) Given the growing complexity of the law and the consequence that more lawyers specialize, a businessperson might have multiple lawyers.

a. True

b. False

Answer: a

Diff: 2

Type: TF

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Applied

Objective: Chapter 1: 4. Explain how to find a good lawyer.

72) It is more advantageous to retain your own lawyer than to simply use duty counsel.

a. True

b. False

Answer: a

Diff: 2

Type: TF

Topic: Ch. 1 - Legal Aid

Chapter 1: Managing Your Legal Affairs

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

73) Small business owners are usually able to receive legal aid with respect to the legal issues involving the business.

- a. True
- b. False

Answer: b

Diff: 2

Type: TF

Topic: Ch. 1 - Legal Aid

Skill: Recall

Objective: Chapter 1: 6. Describe legal aid.

74) A retainer is the amount a client must pay to a lawyer over and above regular legal fees.

- a. True
- b. False

Answer: b

Diff: 3

Type: TF

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

75) Provincial law societies may restrict the use of contingency fee agreements.

- a. True
- b. False

Answer: a

Diff: 3

Type: TF

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients

Chapter 1: Managing Your Legal Affairs

76) Most provinces set a minimum contingency fee for family law cases.

- a. True
- b. False

Answer: b

Diff: 2

Type: TF

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients

77) A complaint made to the provincial law society about a lawyer's conduct does not result in compensation being paid to the client who made the complaint.

- a. True
- b. False

Answer: a

Diff: 2

Type: TF

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

78) Clients who believe that they have suffered financial loss due to their lawyer's misconduct should not procrastinate as limitation periods may exist.

- a. True
- b. False

Answer: a

Diff: 2

Type: TF

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

79) If a complaint regarding a lawyer's conduct cannot otherwise be resolved, and the law society decides the complaint is valid, then the lawyer will face automatic disbarment.

- a. True
- b. False

Chapter 1: Managing Your Legal Affairs

Answer: b

Diff: 2

Type: TF

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

80) Ethics depends on a person's conscience, rather than on what the law says.

a. True

b. False

Answer: a

Diff: 2

Type: TF

Topic: Ch. 1 - Ethics

Skill: Applied

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

81) Ethical behaviour implies integrity, honesty, and professionalism.

a. True

b. False

Answer: a

Diff: 1

Type: TF

Topic: Ch. 1 - Ethics

Skill: Recall

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

82) A code of professional conduct is needed because the vast majority of lawyers are unethical.

a. True

b. False

Answer: b

Diff: 1

Type: TF

Topic: Ch. 1 - Ethics of Lawyers

Skill: Recall

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

Chapter 1: Managing Your Legal Affairs

83) Compliance with a code of ethics in an organization is unrelated to whether or not top management practises ethical behaviour.

- a. True
- b. False

Answer: b

Diff: 2

Type: TF

Topic: Ch. 1 - Ethics of Clients

Skill: Applied

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

84) In 2005, Canada was ranked number one in the world on a list of countries perceived to be free of corruption.

- a. True
- b. False

Answer: b

Diff: 3

Type: TF

Topic: Ch. 1 - Ethics of Clients

Skill: Applied

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

85) Core ethical values, and their supporting ethical principles, should be used as the basis for a business code of conduct.

- a. True
- b. False

Answer: a

Diff: 2

Type: TF

Topic: Ch. 1 - Code of Business Conduct

Skill: Applied

Objective: Chapter 1: 9. Describe a code of business conduct.

86) What term can be used to describe someone who understands the role of a lawyer, when and how to retain one, and how to manage the lawyer–client relationship?

Answer: a sophisticated client

Diff: 1

Chapter 1: Managing Your Legal Affairs

Type: ES

Topic: Ch. 1 - Becoming a Sophisticated Client

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of “sophisticated client.”

87) Complete the following quotation from William Shakespeare's *Henry VI*, Part II:
"The first thing we do, let's _____"

Answer: kill all the lawyers.

Diff: 1

Type: ES

Topic: Ch. 1 - “I Think I Need Legal Advice ...”

Skill: Recall

Objective: Chapter 1: 1. Explain the meaning of “sophisticated client.”

88) When making significant business decisions, when should businesspeople consult their lawyers?

Answer: Taking into consideration time and expense, businesspeople generally ought to consult their lawyers when they cannot find the legal information relevant to their decision on their own, or when they cannot understand the information they find.

Diff: 2

Type: ES

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

89) In the lawyer–client relationship, who is the decision maker?

Answer: the client

Diff: 1

Type: ES

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

Chapter 1: Managing Your Legal Affairs

90) When must a lawyer follow a client's instructions?

Answer: When those instructions are lawful.

Diff: 2

Type: ES

Topic: Ch. 1 - The Role of the Lawyer

Skill: Applied

Objective: Chapter 1: 2. Describe the role of the lawyer.

91) What must a businessperson consider before asking a lawyer for assistance in making a business decision?

Answer: The time and cost, and whether the client could effectively find and understand the relevant information on his or her own.

Diff: 2

Type: ES

Topic: Ch. 1 - When to Hire a Lawyer

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

92) Why is it unnecessary (and undesirable) for a client to seek legal advice for every decision she must make?

Answer: Because this can be prohibitively expensive, and can result in delays in the client's decision making.

Diff: 1

Type: ES

Topic: Ch. 1 - When to Represent Yourself

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

Chapter 1: Managing Your Legal Affairs

93) If a businessperson cannot find important legal information on his own, or cannot understand the information he finds, what should he do?

Answer: Consult a lawyer.

Diff: 1

Type: ES

Topic: Ch. 1 - When to Hire a Lawyer

Skill: Recall

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

94) When will a sophisticated client do her own legal research?

Answer: Whenever she requires legal information to make a business decision and it is not appropriate to hire a lawyer.

Diff: 2

Type: ES

Topic: Ch. 1 - Reducing Risk

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

95) What recent development has given non-lawyers greater access to legal information?

Answer: The tremendous increase of legal information available online.

Diff: 2

Type: ES

Topic: Ch. 1 - When to Represent Yourself

Skill: Recall

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

96) How has the lawyer–client relationship been affected by computers and the Internet?

Answer: There is now an abundance of legal information accessible to non-lawyers, making it possible for non-lawyers to conduct some legal research without the assistance of a lawyer.

Chapter 1: Managing Your Legal Affairs

Diff: 2

Type: ES

Topic: Ch. 1 - When to Represent Yourself

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

97) What is the main role of a lawyer?

Answer: To provide legal advice relevant to a client's situation.

Diff: 1

Type: ES

Topic: Ch. 1 - The Role of the Lawyer

Skill: Recall

Objective: Chapter 1: 2. Describe the role of the lawyer.

98) Why might a businessperson have more than one lawyer?

Answer: Given the growing complexity of the law, more lawyers are specializing. If a businessperson faced a wide variety of legal issues (such as both civil and criminal matters), more than one lawyer might be needed.

Diff: 2

Type: ES

Topic: Ch. 1 - When to Hire a Lawyer

Skill: Applied

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

99) Identify the sources you would consult when looking for an appropriate business lawyer.

Answer: The phone book (e.g., Yellow Pages), other advertisements, referrals from friends and relatives and trusted colleagues, the relevant law society.

Diff: 1

Chapter 1: Managing Your Legal Affairs

Type: ES

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 4. Explain how to find a good lawyer.

100) Identify the advantages to a businessperson of maintaining an ongoing relationship with a lawyer.

Answer: The lawyer will know and understand the client and his business. This will enable the lawyer to provide legal advice more efficiently (thereby reducing legal costs) and to customize legal advice (making it more useful). In addition, the lawyer will be more inclined to give priority to the longstanding client.

Diff: 2

Type: ES

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Applied

Objective: Chapter 1: 4. Explain how to find a good lawyer.

101) What is the Canadian Bar Association and what is its purpose?

Answer: The Canadian Bar Association is a professional organization representing judges and lawyers. One of its purposes is to enhance the profession and the commercial interests of its members.

Diff: 3

Type: ES

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Applied

Objective: Chapter 1: 4. Explain how to find a good lawyer.

102) What is a provincial law society and what is its mandate?

Answer: A provincial law society is a self-governing body for lawyers in a province. Its mandate usually involves regulating the legal profession, in the public interest.

Chapter 1: Managing Your Legal Affairs

Diff: 3

Type: ES

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Applied

Objective: Chapter 1: 4. Explain how to find a good lawyer.

103) What is "duty counsel"?

Answer: "Duty counsel" refers to court lawyers who assist individuals who are not represented by a lawyer.

Diff: 3

Type: ES

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

104) Why should a business owner not assume that legal aid will be available to him or her?

Answer: A business owner is usually not able to receive legal aid with respect to the legal issues involving the business, due to both substantive and financial eligibility requirements.

Diff: 1

Type: ES

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

105) What may occur if you collect money as the result of a settlement or judgment obtained through assistance from legal aid?

Answer: You will probably have to repay some or all of the benefits received from legal aid.

Chapter 1: Managing Your Legal Affairs

Diff: 3

Type: ES

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

106) List the three main ways in which lawyers may charge their clients.

Answer: fixed fee, hourly rate, and contingency fee

Diff: 1

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

107) When is the fixed fee method of billing most often used?

Answer: For specific tasks, such as preparing a will, purchasing a house, or incorporating a business.

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

108) In addition to legal fees, what other costs is a client responsible for paying?

Answer: Disbursements (out-of-pocket costs incurred by the lawyer on the client's behalf).

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Chapter 1: Managing Your Legal Affairs

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

109) What are disbursements and what do they generally include?

Answer: Disbursements are out-of-pocket costs incurred by the lawyer on the client's behalf. They typically include court filing fees, long distance telephone charges, courier charges, expert fees, and photocopying costs.

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

110) What is a retainer?

Answer: Disbursements are out-of-pocket costs incurred by the lawyer on the client's behalf. They typically include court filing fees, long distance telephone charges, courier charges, expert fees, and photocopying costs.

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

111) What is a contingency fee arrangement?

Answer: The lawyer is paid a percentage of the amount a client collects from settlement or judgment. If the client does not collect anything, the lawyer does not receive anything.

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Recall

Objective: Chapter 1: 5. Review how lawyers bill their clients.

Chapter 1: Managing Your Legal Affairs

112) When is a contingency fee agreement most often used?

Answer: In personal injury or product liability cases.

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

113) When should a client ideally first discuss the issue of fees with a lawyer?

Answer: During the initial consultation.

Diff: 1

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

114) Is it more cost-effective to hire a senior lawyer with a high hourly rate, or a junior lawyer with a low hourly rate? Explain.

Answer: It depends. For example, if the senior lawyer is able to work more efficiently than the junior lawyer, the overall fee might be lower for the senior lawyer.

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

115) How does a contingency fee agreement potentially benefit a client?

Answer: The client does not need to pay any legal fees unless and until a settlement or judgment is obtained. Without contingency fee arrangements, some clients would not be able to afford a lawyer at all.

Chapter 1: Managing Your Legal Affairs

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

116) What is disbarment?

Answer: Termination of membership in the law society.

Diff: 2

Type: ES

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Recall

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

117) For lawyers who are found guilty of misconduct, what penalties might they face?

Answer: a reprimand, fine, suspension, disbarment, costs of the hearing

Diff: 2

Type: ES

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

118) What can you do if you cannot resolve a fee dispute with your lawyer?

Answer: You may be able to participate in a fee mediation service. If any mediation is unsuccessful, you can have your lawyer's bill reviewed by a court official.

Diff: 2

Type: ES

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

Chapter 1: Managing Your Legal Affairs

119) What should clients do if they believe they have suffered a financial loss because of their lawyer's misconduct?

Answer: They should not procrastinate, and may need to seek legal advice from another lawyer.

Diff: 2

Type: ES

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

120) Outline the steps of the law society's typical complaint-resolution process.

Answer: There is usually an attempt at mediation which, if unsuccessful, is usually followed by a formal investigation. This may result in a hearing before a panel. If the panel finds the lawyer guilty of misconduct, the lawyer faces a number of possible penalties.

Diff: 3

Type: ES

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

121) Distinguish between law and ethics.

Answer: Law tells us what we must do, while ethics tells us what we should do.

Diff: 1

Type: ES

Topic: Ch. 1 - Ethics

Skill: Recall

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

Chapter 1: Managing Your Legal Affairs

122) Provide three examples of conduct that fail to meet the standards of professional responsibility for lawyers.

Answer: There are numerous possible responses. Examples provided in the text include: failing to serve a client in a timely fashion, failing to respond to clients, failing to disclose to a judge that another judge had previously refused the same application, swearing a false affidavit, poor accounting of a trust account, improper transfers from trust accounts, and misappropriation of trust funds.

Diff: 3

Type: ES

Topic: Ch. 1 - Ethics of Lawyers

Skill: Applied

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

123) In addition to penalties from the provincial law society, in what else may a lawyer's misconduct result?

Answer: If the behaviour is also criminal, the lawyer may face criminal charges. If the behaviour results in a client suffering a financial loss, the lawyer may also be sued.

Diff: 3

Type: ES

Topic: Ch. 1 - Ethics of Lawyers

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

124) Provide three examples of issues that ought to be addressed in a businessperson's code of ethics.

Answer: Examples could include: conflicts of interest; protection and proper use of corporate assets and opportunities; confidentiality of corporate information; fair dealing; compliance with laws, rules, and regulations; and the reporting of any illegal or unethical behaviour.

Diff: 3

Type: ES

Topic: Ch. 1 - Ethics of Clients

Chapter 1: Managing Your Legal Affairs

Skill: Applied

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.

125) What are the six core values identified by the Josephson Institute for Ethics?

Answer: trustworthiness, respect, responsibility, fairness, caring, citizenship

Diff: 3

Type: ES

Topic: Ch. 1 - Code of Business Conduct

Skill: Applied

Objective: Chapter 1: 9. Describe a code of business conduct.

126) What is a code of business conduct?

Answer: A formal statement adopted by a company that sets out its values and standard of business practices, essentially codifying a company's organizational values and establishing procedural norms and standards of expected behaviour.

Diff: 3

Type: ES

Topic: Ch. 1 - Code of Business Conduct

Skill: Applied

Objective: Chapter 1: 9. Describe a code of business conduct.

127) Why should a code of business conduct be used by a small business?

Answer: An effective code of conduct is one of the best ways to ensure the long-term adoption of ethical behaviour by employees.

Diff: 2

Type: ES

Topic: Ch. 1 - Code of Business Conduct

Skill: Applied

Objective: Chapter 1: 9. Describe a code of business conduct.

Chapter 1: Managing Your Legal Affairs

128) What format must a code of business conduct take?

Answer: There is no prescribed format.

Diff: 2

Type: ES

Topic: Ch. 1 - Code of Business Conduct

Skill: Recall

Objective: Chapter 1: 9. Describe a code of business conduct.

129) What is a good way to ensure the long term adoption of ethical behaviour of employees of a business?

Answer: Creating and modelling an effective code of conduct.

Diff: 3

Type: ES

Topic: Ch. 1 - Code of Business Conduct

Skill: Applied

Objective: Chapter 1: 9. Describe a code of business conduct.

130) Explain what makes someone a "sophisticated client."

Answer: A sophisticated client is someone who understands the role a lawyer plays, when to represent him- or herself, when and how to hire a lawyer, the costs associated with hiring a lawyer, what to expect from the solicitor–client relationship, and what to do if dissatisfied with a lawyer's conduct. A sophisticated client puts aside negative attitudes associated with lawyers and seeks timely legal advice. Here students would be expected to discuss the ways in which a lawyer can help a businessperson make good business decisions.

Diff: 2

Type: ES

Topic: Ch. 1 - Becoming a Sophisticated Client

Skill: Applied

Objective: Chapter 1: 1. Explain the meaning of “sophisticated client.”

Chapter 1: Managing Your Legal Affairs

131) Explain, using examples, what advice and information a lawyer can provide to a person starting a business.

Answer: Here students are expected to provide a variety of examples, including with regard to forms of business organization; purchase of another business or its assets; compliance with relevant municipal, provincial, or federal laws; lease negotiations; review of financing documents; review or preparation of other contracts; advice regarding intellectual property issues; etc.

Diff: 1

Type: ES

Topic: Ch. 1 - The Role of the Lawyer

Skill: Applied

Objective: Chapter 1: 2. Describe the role of the lawyer.

132) Explain how a businessperson would go about finding an appropriate lawyer, including a discussion of what makes a lawyer appropriate for a particular client.

Answer: Here students should outline the search process, including suggesting sources of names of potential lawyers (from advertisements, referrals, the law society, etc.), and setting up a meeting for an initial consultation. Reference should be made to the importance of establishing mutual trust as the foundation for the lawyer–client relationship. It is not enough for a lawyer to be knowledgeable and successful; the lawyer must also practice in the relevant area and be someone who the businessperson feels they can trust.

Diff: 1

Type: ES

Topic: Ch. 1 - How to Find a Good Lawyer

Skill: Recall

Objective: Chapter 1: 3. Identify when to hire a lawyer and when to represent yourself.

133) Explain the concept of legal aid.

Answer: Legal aid is available in limited cases to assist those with legal problems who cannot afford a lawyer. The provision for legal aid varies across the country and students may be required to provide details as to financial and substantive eligibility requirements specific to their own province. In any event, students ought to note that not everyone qualifies for legal aid, that even those who qualify may have to pay some legal costs, and

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that benefits must be repaid in some circumstances. Of particular relevance, a small business owner is usually not able to receive legal aid with respect to the legal issues involving the business.

Diff: 2

Type: ES

Topic: Ch. 1 - Legal Aid

Skill: Applied

Objective: Chapter 1: 6. Describe legal aid.

134) Explain the different ways in which a lawyer may calculate the legal fees to charge a client, providing examples of when each might be used.

Answer: There are three main ways that lawyers calculate their fees. First, a lawyer may charge a fixed fee for the work required, regardless of the time spent. This is often used for specific tasks, such as purchase or sale of real estate, preparation of a will, an incorporation, etc. Second, the lawyer may bill on the basis of an hourly rate for time actually spent. This is very common. Third, the lawyer may receive a percentage of the amount the client collects through a settlement or judgment. This is often appropriate for personal injury claims or in product liability cases.

Diff: 2

Type: ES

Topic: Ch. 1 - How Lawyers Bill Their Clients

Skill: Applied

Objective: Chapter 1: 5. Review how lawyers bill their clients.

135) Outline the types of complaints a client may have about a lawyer, and how the client should proceed in each instance.

Answer: A client may have complaints regarding the fees charged by the lawyer. In this case, the client could attempt to deal with the lawyer directly, may have access to a fee mediation service, and can ultimately have the lawyer's bill reviewed by a court official. A client may have complaints about a lawyer's conduct (other than related to fees). In this case, the client can go through the law society's complaint resolution process. Finally, a client may have suffered financial loss due to the lawyer's misconduct. In this case, the client should act quickly, and may need to seek legal advice from another lawyer.

Yates/Bereznicki-Korol/Clarke, *Business Law in Canada*, Tenth Canadian Edition

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Diff: 3

Type: ES

Topic: Ch. 1 - How to Complain About Your Lawyer

Skill: Applied

Objective: Chapter 1: 7. Outline the procedure to follow to complain about your lawyer.

136) Do businesspeople make good ethical choices? Explain, providing examples.

Answer: Explain your answer, providing examples. Here students should recognize that while many businesspeople do conduct themselves in an ethical manner, not all businesspeople make good ethical choices. There is no general code of professional conduct for businesspeople, and there have been many recent cases of businesspeople engaging in questionable activities. Students could draw upon any one of a number of potential examples, including WorldCom, Enron, Martha Stewart, and Conrad Black, to name only a few.

Diff: 3

Type: ES

Topic: Ch. 1 - Ethics of Clients

Skill: Applied

Objective: Chapter 1: 8. Discuss the ethics of lawyers and of clients.