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Professor Scott

PUDM 4045 B

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Week 8 Assignment

Do the following problems and for each state in separate paragraphs: a) a summary of the facts, b) the legal issues involved, c) your analysis of the case and d) your conclusion

Pg. 215, problems 11–1 and 11–2

#11–1: The One-Year Rule

On May 1, by telephone, Yu offers to hire Benson to perform personal services. On May 5, Benson returns Yu's call and accepts the offer. Discuss fully whether this contract falls under the Statute of Frauds in the following circumstances. (See Statute of Frauds— Writing Requirement.)

- a) Yu calls Benson on May 1st and offers Benson to perform personal services. Benson returns Yu's call and accepts the offer on May 5th. The circumstances are that, first, Benson has to be employed for one year and to bring the performance immediately according to the contract. Second, Benson has to be employed for nine months and has to begin his services from September 1st. Third, Benson has to write a report with a deadline of 2 years.
- b) There are three different time frames that have been presented: one year, nine months, and two years. Each time frame has different types of rules and regulations. This was also

a verbal contract over the phone. No sign of a written document was provided or talked about.

c)

1. For the first situation, the one-year time frame, an oral contract must be enforced.

The contract has to be formulated within a year of the date the contract began. In this particular case, it would be May 5th as that is when Benson accepts. Benson will have to start immediately to make sure the one-year requirement is fulfilled.

This particular situation falls under the statute of frauds which refers to the requirement that certain kinds of contracts be memorialized in writing, signed by the party to be charged, with sufficient content to evidence the contract.

2. In the second situation, Benson does not have to begin his employment until September 1st and nine months later on May 31st, the contract would expire. This particular situation will not fall under the one-year requirement and therefore is not forceful under the statute of frauds.

3. Finally, in the third situation, the contract has to be completed within one year of the date of the contract. Benson just has to complete the research within the one-year time limit and the contract will be enforceable. The two years are just a guideline and not an actual contract term. This rule is enforceable under the statute of frauds.

d) In my opinion, I believe that the best situation for Benson would be the last two, the nine-month rule and the two-year term. It gives more of a time frame to get into the project assigned by Yu. The nine-month option gives Benson to work on a few other

options before he gets into this project and the two-year option gives him enough time to work on multiple things.

#11–2: Fraudulent Misrepresentation

Grano owns a forty-room motel on Highway 100. Tanner is interested in purchasing the motel. During the course of negotiations, Grano tells Tanner that the motel netted \$30,000 last year and that it will net at least \$45,000 next year. The motel books, which Grano turns over to Tanner before the purchase, clearly show that Grano's motel netted only \$15,000 last year. Also, Grano fails to tell Tanner that a bypass to Highway 100 is being planned that will redirect most traffic away from the front of the motel. Tanner purchases the motel. During the first year under Tanner's operation, the motel nets \$18,000. At this time, Tanner learns of the previous low profitability of the motel and the planned bypass. Tanner wants his money back from Grano. Discuss fully Tanner's probable success in getting his money back. (See Voluntary Consent.)

- a) Tanner is interested in purchasing Grono's forty-room motel on Highway 100. Grono tells Tanner that the motel had netted \$30,000 last year and will net a minimum of \$45,000 in the coming year during a negotiation meeting. However, according to the books, the hotel had only netted \$15,000 last year and due to construction highway 100's traffic was going to move away from the front of the motel. Unknown of all this information, Tanner purchases Grono's motel. Within the first year, the motel only netted \$18,000 and the traffic was less due to the new traffic rules. Tanner is unhappy and wants his money back from Grono.
- b) Grono was not 100% honest with Tanner while making the business deal. He hid information like how much the motel was making and how the main traffic was coming was going to be dissolved. Tanner is upset with all the misinformation and naturally wants all his money back. He would not have made this investment if he knew it wasn't going to bring in profit.

- c) Tanner cannot sue Grono on the basis of fraudulent misrepresentation. Even though Grono lied about how much money was being earned and where the traffic was coming from he did provide Tanner with the books. Fraudulent misrepresentation is a civil tort arising out of contract law. It is a false statement of fact that causes or induces someone to enter into a contract. On this basis, Tanner does not have the right to sue Grono for false information.
- d) In my opinion, it is very unfortunate for Tanner to be provided all this misinformation but he should have cross-checked all the books before making the purchase. It was provided to him. Yes, he will win because of fraudulent misrepresentation but he could have been thorough before making his purchase.