



Proceedings

A monthly newsletter from McGraw-Hill



January 2013 Volume 4, Issue 6



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Dear Professor,

Spring Semester 2013 has arrived! Welcome to McGraw-Hill's January 2013 issue of Proceedings, a newsletter designed specifically with you, the Business Law educator, in mind. Volume 4, Issue 6 of Proceedings incorporates "hot topics" in business law, video suggestions, an ethical dilemma, teaching tips, and a "chapter key" cross-referencing the January 2013 newsletter topics with the various McGraw-Hill business law textbooks.

You will find a wide range of topics/issues in this publication, including:

1. A mistaken price term in a contract for the sale of an automobile, and the effect of such a mistake on the enforceability of the contract;
2. The newly-created Consumer Financial Protection Bureau (CFPB) and its impact on debt collection in the United States;
3. The privatization of probationary services in the criminal justice system;
4. Videos related to a) the resignation of a Goldman-Sachs executive based on alleged unethical practices of the financial services firm and b) the alleged use of excessive force in exercise of the "shopkeeper's privilege" at a convenience store in Brooklyn, New York;
5. An "Ethical Dilemma" related to whether a public college has the legal and/or ethical right to restrict the practices of a religiously-themed student group; and
6. "Teaching tips" related to Article 2 ("CFPB to Oversee Debt Collectors Starting January 2") and Video 1 ("Goldman Sachs VP Explains Why He Quit").

I wish all of you a safe and prosperous new year!

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Of Special Interest

This section of the newsletter covers three (3) topics:

1) A mistaken price term in a contract for the sale of an automobile, and the effect of such a mistake on the enforceability of the contract;

2) The newly-created Consumer Financial Protection Bureau (CFPB) and its impact on debt collection in the United States; and

3) The privatization of probationary services in the criminal justice system.

Hot Topics in Business Law

Article 1: “Chevy Dealer Errs in Sale Price, Has Customer Danny Sawyer Arrested for Theft”

<http://abcnews.go.com/blogs/headlines/2012/10/chevy-dealer-errs-in-sale-price-has-customer-danny-sawyer-arrested-for-theft/>

According to the article, when Priority Chevrolet of Chesapeake, Virginia, mistakenly sold Danny Sawyer a new Chevrolet Traverse for less than it had intended, the dealership tried to get Sawyer to sign a new, more expensive contract. When Sawyer refused, the dealership’s staffers reportedly called police and had him arrested, accusing him of stealing the vehicle.

The charges were ultimately dropped, but Sawyer, a 40-year-old registered nurse from Chesapeake, Virginia, has filed a \$2.2 million lawsuit.

Dennis Ellmer, the president of the dealership, recently acknowledged his staffers erred, first when they undersold the car and then when they reported Sawyer to the authorities.

“I owe Mr. Sawyer a big apology,” Ellmer said.

According to the lawsuit, Sawyer went to the dealership on May 7, 2012 and traded in his 2008 Saturn Vue for a black 2012 Chevrolet Traverse, though he came back to the dealer the next morning to exchange the black Traverse for a blue one instead.

Sales manager Wib Davenport agreed to cancel the sale on the black SUV and sell Sawyer the blue Traverse, the suit said, adding that the contract price on the blue 2012 SUV was \$33,957.55.

Sawyer took the car home later that day and left for a cruise the following day. When he returned from vacation on May 15, he had numerous voicemail messages from the dealer’s staffers on his home and work phones, as well as a letter in his mailbox from Davenport, the suit claimed.

When he spoke with Davenport, the manager told him that the staff had made a mistake in the contract and the blue Traverse was worth more, the suit said. The blue Traverse should have sold for about \$39,000.



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The lawsuit claims Davenport asked Sawyer to come in and sign a new contract reflecting the corrected price. Sawyer declined, saying he had already paid in full.

According to the lawsuit, the dealer's staff continued to call Sawyer's home and job for several weeks after, and on June 15, police came to Sawyer's home and arrested him. He was held for four hours before being released on bond. Having no car, Sawyer had to walk the five miles to his home.

The suit also claimed that Davenport continued to ask Sawyer to sign a new contract even after the charges were dropped.

Among other things, Sawyer's lawsuit alleged malicious prosecution, slander, defamation, abuse of process, negligence and fraud.

As a result of his experience, Sawyer has suffered emotional distress, shame, loss of reputation, sleeplessness, nightmares, fear of arrest and other consequences, the court papers added.

Discussion Questions

1. Assume that Priority Chevrolet made an innocent mistake regarding the price of the blue Chevrolet Traverse. What effect, if any, would the dealership's innocent mistake have on the binding and enforceable nature of its contract with Danny Sawyer?

As a general rule of contract law, a unilateral mistake (i.e., a mistake made by one of the contracting parties) does not have any effect on the enforceability of the subject contract; in other words, the contract is still fully enforceable, with the party who made the mistake still obligated to perform the contract based on its indicated terms. In your author's opinion, if Priority Chevrolet made a mistake regarding the price of the automobile, the dealership is still obligated to honor the indicated price in its contract with Danny Sawyer.

2. Was Sawyer legally obligated to sign a new contract for the blue Chevrolet Traverse for the increased price (approximately \$39,000)? Why or why not?

No, Sawyer is not legally obligated to sign a new contract for the increased price of approximately \$39,000. As indicated in response to Discussion Question 1 above, as a general rule of contract law, a unilateral mistake (i.e., a mistake made by one of the contracting parties) does not have any effect on the enforceability of the subject contract; in other words, the contract is still fully enforceable, with the party who made the mistake still obligated to perform the contract based on its indicated terms.

3. Discuss the legal theories included in Sawyer's lawsuit, including malicious prosecution, slander, defamation, abuse of process, negligence and fraud.

The legal theories included in Sawyer's lawsuit are described below: