



**CAREER CLUSTER**  
Finance

**CAREER PATHWAY**  
Corporate Finance

**INSTRUCTIONAL AREA**  
Business Law

## **CORPORATE FINANCE EVENT**

### **PARTICIPANT INSTRUCTIONS**

- The event will be presented to you through your reading of the General Performance Indicators, Specific Performance Indicators and Case Study Situation. You will have up to 30 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 15 minutes to make your presentation to the judge (you may have more than one judge).
- Turn in all of your notes and event materials when you have completed the event.

### **GENERAL PERFORMANCE INDICATORS**

- Communications skills—the ability to exchange information and ideas with others through writing, speaking, reading or listening
- Analytical skills—the ability to derive facts from data, findings from facts, conclusions from findings and recommendations from conclusions
- Production skills—the ability to take a concept from an idea and make it real
- Priorities/time management—the ability to determine priorities and manage time commitments
- Economic competencies

### **SPECIFIC PERFORMANCE INDICATORS**

1. Describe methods used to protect intellectual property.
2. Describe the nature of legally binding contracts.
3. Describe legal issues affecting business.
4. Identify basic torts relating to business enterprise.
5. Describe the role and responsibilities of risk management personnel.

## **CASE STUDY SITUATION**

You are to assume the role of a recent college graduate interested in a position with SMILES INCORPORATED, a newly formed beverage corporation run by your former classmates. The position is to lead the risk management committee and you are competing with several other candidates for the job.

SMILES INCORPORATED manufactures and markets a carbonated beverage called *Smile*, which has generated over \$500,000 in income over the past six years since it was launched. *Smile* started out locally and was a huge hit on the city's college campus. Soon, the university and local grocery stores began selling the beverage. Now with the newly formed corporation, the founders are ready to expand the reach of *Smile* to wider channels of distribution.

The founders are extremely nervous about this new venture and know that protecting the product is very important. The founders want to hire someone to lead the risk management committee that would help the corporation protect the product and the corporation as a whole. The head of the risk management committee would need to have an understanding of basic business law issues.

## **YOUR CHALLENGE**

The founders of the company have asked you to put together a presentation giving basic information about the following:

- Methods that will be used to protect the beverage, bottle and logo
- Factors that would make a contract legally binding
- Potential legal issues that the business might face
- The basic torts relating to business enterprises
- Other roles and responsibilities of risk management committee

You will give your presentation to one or more of the founders.

You will receive 2-3 questions from the judge pertaining to the case situation.

**Solution:**

**1. Describe methods used to protect intellectual property that will be used to protect the beverage, bottle and logo of the beverage:**

The business would have to truly understand intellectual property protection laws to best protect their drink from unfair competition. The company would have to truly decide which of the ideas fall under specific protection options, file as quickly as possible to reduce any losses of protection and investigate international patents as well as those listed in the United States.

- a. **Copyrights** – These protect original work of authorship, such as any graphic works that the company might use such as the labeling on the bottle. In order to qualify under copyright law, the work must be fixed in a tangible medium of expression. The copyright starts from the minute that the work is created. Copyright last for the life of the author (company) plus an additional 70 years and is nonrenewable.
- b. **Trademarks** – A trademark is a word, phrase, symbol, or design that makes something stand out compared to other products (trademarks) or services (service marks) of other competitors. To first register the trademark, the company will have to search federal and state data bases to make sure that a similar trademark does not exist. To apply, the company must have a clear representation of the mark, as well as an identification of the class of goods or services which the mark will apply. Trademarks expire after 10 years, and renewal terms are always 10 years.
- c. **Trade Secrets** - This is probably the most important of all the intellectual property for this new company. A trade secret is the formula that the company uses to create the drink. Trade secrets are a little different because it is not just based on registering the product. Protection last as long as the company takes the necessary steps to control disclosure and use of information. Some definite actions would consist of making the employee's sign non-disclosure agreements. In addition, meeting with employees to make sure that they stay out of public discussion and away from competitors. Physical and digital protection of ideas must also be made to track limited access.

**2. The factors that would make a contract legally binding.**

A legally binding contract is a contract agreement that will be valid under state and federal contract laws. Legally binding means that all people involved in the contract must agree to the written terms indicated in the contract and perform their contract duties as stated. Some additional requirements:

- Valid offer with a corresponding acceptance.
- Each party needs to exchange something of value
- In most cases, a written document is required

### 3. Potential legal issues that the business might face:

There are several issues that could hurt a business. These are the most common and should be discussed by anyone discussion business law for a business and legal issues:

- a. **Disgruntled Employees/Wrongful Termination** – Letting an employee go without any final termination paperwork leaves the door wide open for legal actions. If an employee is fired, make sure he/she signs documents carefully drafted by an employee upon termination to make sure the dismissal is crystal clear.
- b. **Discrimination/Harassment Cases** – Alleged discrimination, weather sexual, ethnic, age or otherwise, can cause the company many problems. In all hiring practices, make sure that you are able to prove that you hire the most qualified individuals, regardless of gender, ethnicity or age. Makes sure harassment policies tare clear and protect all concerned. Any issues should be handled quickly and result in the termination of offenders quickly.
- c. **Immigration Audits** – Make sure all employees can legally work in the U.S. The U.S. government can conduct surprise immigration audits and fine companies that do not follow the law.
- d. **Copyright and Patent Issues** – all issues were discussed in question 1. Again, it is very important to know that the company must research all applicable intellectual property rights for protection.
- e. **Dissatisfied Customers** – Customers that are unhappy can file class action lawsuits against your company. This will allow them to gather large consumer groups and attack your company over faulty products, services or promises. The company should make sure they be very proactive and understand their customers through online message boards and emails.
- f. **Tax Litigation** – not paying correct amount of taxes for all components of the business.
- g. **Legal Disputes with Competitors and Contracts** – Companies should make sure that they are proactive using clear written contracts. Transparency is key to avoiding disputes.

### 4. Identify basic torts relating to business enterprise:

Tort is a wrongful act, whether it is intentional or not. This act results in injury to another party and for businesses; torts are civil wrongs brought against an organization. These torts involve harm done to a business's intangible assets such as intellectual property or relationships with clients. Another type of tort is a breach of fiduciary duty. A fiduciary is a person who is charged with acting in the best interest of a party.

**5. Describe the role and responsibility of risk management personnel.**

Risk management is the process of identifying, measuring and treating property, liability, and income and personnel exposures to loss. The most important goal of risk management is to make sure that the company preserves the physical and human assets of an organization for the successful continuation of operations. The role of risk management is as follows:

- Provide a method to identify and analyze the financial impact of loss to the organization, employees, public and environment.
- Examine the use of programs; looking at cost-effective opportunities compared to the cost of commercial insurance.
- Prepare risk management and insurance budgets and allocate all cost to different departments in the company.
- Establish maintenance records to include insurance policies, claim and loss experience.
- Assist in review of major contracts, proposed facilities, and or new program activities; compared to insurance needs.
- Maintain control over the claims process to ensure all claims are being settled quickly and in the best interest of the organization.



**CORPORATE FINANCE, 2018**

Participant: \_\_\_\_\_

**JUDGE'S EVALUATION FORM**

ICDC Preliminary

I.D. Number: \_\_\_\_\_

**INSTRUCTIONAL AREA**

Business Law

Did the participant:

| Did the participant:          |   | Little/No Value | Below Expectations | Meets Expectations | Exceeds Expectations | Judged Score |
|-------------------------------|---|-----------------|--------------------|--------------------|----------------------|--------------|
| <b>PERFORMANCE INDICATORS</b> |   |                 |                    |                    |                      |              |
| 1.                            | Describe methods used to protect intellectual property?   | 0-1-2-3         | 4-5-6-7-8          | 9-10-11-12         | 13-14-15             |              |
| 2.                            | Describe the nature of legally binding contracts?   | 0-1-2-3         | 4-5-6-7-8          | 9-10-11-12         | 13-14-15             |              |
| 3.                            | Describe legal issues affecting business?   | 0-1-2-3         | 4-5-6-7-8          | 9-10-11-12         | 13-14-15             |              |
| 4.                            | Identify basic torts relating to business enterprise?   | 0-1-2-3         | 4-5-6-7-8          | 9-10-11-12         | 13-14-15             |              |
| 5.                            | Describe the roles and responsibilities of risk management personnel?   | 0-1-2-3         | 4-5-6-7-8          | 9-10-11-12         | 13-14-15             |              |
| <b>PRESENTATION</b>           |   |                 |                    |                    |                      |              |
| 6.                            | Demonstrate clarity of expression?  | 0-1             | 2-3                | 4                  | 5                    |              |
| 7.                            | Organize ideas?   | 0-1             | 2-3                | 4                  | 5                    |              |
| 8.                            | Show evidence of mature judgment?   | 0-1             | 2-3                | 4                  | 5                    |              |
| 9.                            | Overall performance: appropriate appearance, poise, confidence, presentation, technique and responses to judge's questions? | 0-1-2           | 3-4-5              | 6-7-8              | 9-10                 |              |
| <b>TOTAL SCORE</b>            |   |                 |                    |                    |                      |              |