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631 REMEDIES  
Semester II, 1999-2000

UNM School of Law  
Final Examination  
Three Credits

Professor Robert J. Desiderio  
Friday, May 5, 2000  
Wednesday, May 10, 2000  
9:00 a.m. to 12:00 Noon

INSTRUCTIONS

1. This examination has two parts: (1) 36 objective questions and (2) one essay question. Answer all questions. **THE OBJECTIVE QUESTIONS MUST BE ANSWERED ON THE ANSWER SHEET PROVIDED. THE ESSAY QUESTION MUST BE ANSWERED IN ONE OR MORE BLUEBOOKS.**
2. The objective questions count towards 66 2/3 percent of the grade. The essay question counts towards 33 1/3 percent of the grade.
3. When answering the objective questions, choose the **BEST ANSWER** among the choices provided. **USE PENCIL ONLY** to answer the questions. Pencils will be available where the exam is distributed. **BOTH THE ANSWER SHEET AND THE OBJECTIVE QUESTIONS MUST BE TURNED IN.** (Please return the pencils, too. Thank you.) You may retain the essay questions.
4. Please mark YOUR examination number on the answer sheet, as shown in the example below. **DO NOT USE THE SAMPLE ANSWER! USE SIDE ONE (1) OF THE ANSWER SHEET ONLY.**

(Please do not use the sample examination number.)

BIRTH DATE			IDENTIFICATION NUMBER										SPECIAL CODES					
MO.	DAY	YR.	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Jan.	Leave Blank		0	9	4								Leave Blank					
Feb.																		
Mar.																		
Apr.																		
May																		
Jun.																		
Jul.																		
Aug.																		
Sept.																		
Oct.																		
Nov.																		
Dec.																		

(INSTRUCTIONS CONTINUE ON PAGE 2)

5. Questions 1 through 36 are not intended to be released. You may not have in your possession or have access to any of these questions following administration of this examination, nor may you discuss the specific contents of these questions to any other person without the express consent of the instructor. If you had advance possession of or knowledge of any question contained in this examination, report that fact to the instructor immediately, or Associate Dean Winograd if Dean Desiderio is not here.

[All essay exams will be filed in the Law Library.]

6. You may have with you in this examination your casebook, any materials I have distributed, and any notes and outlines that you have prepared or helped in preparing. You may not have any other book, materials, or other information with you.

**NOTE THAT YOU HAVE 3 HOURS TO COMPLETE THE EXAMINATION.**

**GOOD LUCK!**

(EXAMINATION BEGINS ON PAGE 3)

## PART II

Jessica is the owner and operator of a dot.com company. In 1994, she hired Gopher to work as a programmer. However, Jessica lacked sufficient funds to pay Gopher the \$30,000 a year salary that Gopher requested. Instead, Jessica offered to pay Gopher \$15,000 a year and, at the end of five years, to give Gopher a 25% interest in the business. Gopher accepted the offer and their agreement was put into writing. The writing read:

Gopher agrees to work for Jessica for five years. In return, Jessica promises to pay Gopher \$15,000 each year and at the end of five years to transfer to Gopher 25% of Jessica's dot.com company.

/s/ Jessica

/s/ Gopher

In 1998, Jessica decided to expand the dot.com company. The cost of expanding the business was estimated at \$50,000. When Jessica went to Local Bank for the purpose of borrowing the money, the bank informed her that it would not lend her \$50,000 without adequate collateral. Jessica did not have such collateral. She then asked her brother, Louie, who had acquired a large stock portfolio, whether Louie would lend her (Jessica) \$50,000 in stock so that she might use it for collateral with Local Bank. Louie responded: "I will give you the stock only for collateral. You must not sell or transfer the stock." Jessica agreed to this arrangement.

So that Jessica could use the stock as collateral, it was necessary for Louie to transfer the stock to Jessica in her name, without restriction, which Louie did. After receiving the stock, Jessica, instead of pledging the stock with Local Bank as collateral for the loan, sold the stock to Zoie for \$50,000, the stock's fair market value. Zoie was a professional stockbroker and dealer. Jessica used the \$50,000 she received from Zoie to pay for the expansion of the business. Zoie did notice that the stock had been endorsed over to Jessica, but never questioned Jessica about how Jessica had received the stock.

Louie has just learned that Jessica had, in fact, sold the stock.

Since the five-year period has ended and since Gopher has worked for Jessica during all this time, Gopher has demanded that Jessica give him a 25% interest in the business. Jessica has refused to give Gopher the 25% interest.

The value of the dot.com business is presently \$200,000. Before the expansion it was worth \$100,000. The going wage for employees similar to Gopher is \$25,000 a year.

Prepare a memorandum in detail discussing Louie's and Gopher's available remedies.

**END OF EXAMINATION**