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**Call #1.**

**General partnership**

A general partnership is created when more than two persons agreed to do a business together for a profit. There's no formalities required other than the agreement itself.

To become a corporation, a Limited Liability Partnership, and any other form of corporation that is a separate entity and liability from its owners, it should be properly file an article of incorporation with the Secretary of State and, and conform statute's formalities requirement.

In this case, Andrew (A), Bob (B), Christine (C) agreed to form a law firm. They file no documents with the Secretary of State of any other state officer. They equally share the firm's profits after paying all expenses and make all business and management decision. And there's no sign of Inc., Incorporated, LLC, LLP for the law firm. Therefore, there's a general partnership agreement and thus, the law firm is a general partnership.

**Call #2.**

**Employee**

Associate attorneys are paid a fixed salary, plus 25% of gross billing for any clients they bring to the firm.

Therefore, they don't have any management control of the partnership, and thus they are not partners or members. They don't have any ownership, voting power or share dividend from the profit created by the partnership.

They are under control of general partners and work for the benefit of the partnership.

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Therefore, it is safe to say that associate attorneys are employees of the partnership.

**Call #3.**

**Employee**

Senior attorneys are paid based upon the number of hours they bill plus an annual bonus if they bill more than 2,000 hours in a year. The attorney bonus pool is equal to 5% of firms profit. Therefore, at first, it seems like a profit sharing that resembles a general partner's benefit. However, it is a condition subsequent, not a guaranteed amount. Thus, they are not partners.

The fact that A, B, and C called senior partners a "non-equity partner" does not change the fact that they are not partners, because they have no management authority.

And Since senior attorneys are "non-equity partners", that they have no share or equity of the partnership, they are not members or shareholders of the partnership.

Just like associate attorneys, senior partners are under control of general partners and work for the benefit of the partnership. Therefore, senior attorneys are employees of the partnership.

**Call #4.**

**Employee as an agent**

An employee is an agent of company he works for. Therefore, general agency theory is applied for the authority of the agent.

### **Actual authority**

Among actual authority, there's express authority that it is clearly stated by principals. In this case, senior attorneys have no management authority. Therefore, there's no express authority.

Implied authority is created when an agent reasonably believed that he has an authority to perform his agent duty. In this case, however, Martha (M) was aware that the firm has a strict policy of not reducing hourly rate. Therefore, there's no implied authority.

### **Ratification**

A principal may ratify an agent's unauthorized action. However, there's no indication of ratification.

### **Apparent authority**

Apparent authority is established when there is an appearance of authority created by the principal, the other party reasonably believed the appearance, and the party relied upon it.

In this case, The firm website and business cards for senior attorneys list their title as "partner." After looking at the card, Nancy (N) asked M if she can agree to the firm handling of her legal problem at a reduced hourly rate in return for a promise of future business as a "partner". N reasonably believed the partner title printed on the name card which the general partnership voluntarily allowed, and relied on the appearance. M signed a written agreement for it to handle N's legal matters at a reduced hourly rate.

Therefore, there's an apparent authority, and thus the firm is bound by the agreement that M signed with N.

Question #5 Final Word Count = 649

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**END OF EXAM**