A. Apply the rules of jurisdiction to the facts of this case and determine what jurisdiction(s) would be appropriate for Margolin’s lawsuit against Funny Face and Novelty Now, respectively. Consider federal court, state court, and long arm principles in your analysis.

1. Personal jurisdiction is the power of a court over the parties in the case. Before a court can exercise power over a party, the constitution requires that the party have certain minimum contacts with the forum in which the court sits. Personal jurisdiction applies to this case because the state of Florida court, because the contract with Novelty Now states that Chris, Matt and Ian, based in California cannot be taken to court.

B. Assume all parties agree to pursue alternative dispute resolution (ADR). Analyze the advantages and disadvantages of two types of ADR appropriate for this case. Be sure to define the characteristics of each in your answer.

1. Alternative Dispute Resolution (ADR) refers to any means of settling disputes outside of the courtroom. This typically includes early neutral evaluation, negation, conciliation, mediation and arbitration. The advantage would be Mr. Margolin can request for a large amount of compensation for the damage of having his face turning blue. There is a disadvantage as well, the company would lose sales and their customer base would significantly diminish.

C. Applying what you have learned about ADR, which type would each party (Funny Face, Novelty Now, and Margolin) prefer and why?

1. It would be in Funny Face’s best interest to negotiate the terms directly with Mr. Margolin, this would then hopefully help keep the incident out of the media and allow Funny Face to correct the action of putting the PYR chemical in their product, which was not FDA approved.

D. Apply concepts of criminal law and discuss whether or not corporations and/or corporate officers may be held liable for criminal acts.

1. Yes, corporate officers are liable to these types of cases and they are the responsible persons. Ultimately they are the higher authorities who approve the business strategies and final products. They, yes, should be answer for all the allegations and results of the decisions.

E. Identify, per the classification of crimes in the text, any potential criminal acts by Funny Face and/or Novelty Now.

1. Misusing the guidelines and making products with ingredients that are not approved as they did with PYR is not acceptable.

F. Assume the use of the emulsifier PYR, at the direction of Chris, is a criminal offense. Apply concepts of criminal law and discuss the potential criminal liability of Funny Face, Chris, Matt, Ian, and Novelty Now. Include support for your conclusion.

1. According to criminal law, executing a crime such as using non FDA approve ingredients in their product is a punishable act. Chris directed Novelty Now to substitute PYR for the compound in Novelty Now’s original formula all to increase the profit margin.

G. Use the WPH process of ethical decision making to evaluate any ethical issues within the case study.

1. The WPH process of ethical decision making would be:
2. W – Who – The Stakeholders
   1. Consumers
   2. Owners
   3. Investors
   4. Management
   5. Employees
3. P – Purpose – The Values
   1. Freedom
   2. Security
   3. Justice
   4. Efficiency
4. H – How – The Guidelines
   1. Public Disclosure
   2. Universalization
   3. Golden Rule

With those being said, the full ethical issue for this would be misleading the consumer by not disclosing the PYR as an added ingredient, there was no efficiency and with all of the marketing that was done, there was no public disclosure.