

For this Case Study, craft a professional email, appropriate in format, tone, and content, to send to your clients, Fred and Sally, with your preliminary thoughts on the issues within. Your emails should illustrate the issues, relevant law, apply the facts, and support your conclusions with regard to each issue. Always remember to be clear, kind, and professional in your communications.

Case Study 2

Fred's Miracle Cough Syrup has hit the market and become a huge success with the burgeoning integrative medicine demographic. Per your advice, Fred has patented his famous concoction and trademarked the Fred's Miracle Cough Syrup name and logo. Demand is so high that Fred and Sally are working full-time on the business. Their children, Sam and Lilly, and their respective spouses, Jane and Tim, have joined the company full-time as well. In fact, Fred and Sally have made Sam and Lilly part owners of the business. Fred, Sam, and Tim handle the production, sales, and delivery. Sally and Lilly handle the majority of the administrative and business management tasks, while Jane acts as the bookkeeper. Sally and Fred are the only authorized signatories on the corporate account.

Sally and Lilly have been hard at work securing a new production facility and distribution chain to accommodate an upcoming contract with a national chain. After locating a large warehouse on several acres, Sally and Lilly approach their local credit union for a loan. The business has only one business credit card used to purchase supplies for the production of Fred's Miracle Cough Syrup, and there is a small mortgage outstanding on the family farm. Personal debts of the individual family members consist of small credit-card balances for Fred, Sally, Sam, and Lilly as well as an auto loan on Sam's van.

During the commercial loan accounting review process, Sally and Lilly discover that Jane has been siphoning off large amounts of corporate money and "cooking the books" to hide her actions. Jane has written several checks from the corporate account and forged both Sally's and Fred's signatures. Jane has made out all but one of the forged checks to Don, a local loan shark, in an effort to repay her gambling debts. The check Jane did not deliver to Don was made out to "Cash," which she slipped into the collection box at church in an effort to absolve her guilt. The embezzlement was so severe that the family fears that Fred's Miracle Cough Syrup is now on the brink of bankruptcy. Meanwhile, Sam's refusal to enter into an exclusive distribution deal with the local drugstore has enraged Bob, the owner. Bob has now reverse engineered Fred's cough syrup recipe and has posted it online in an act of vengeance.

As Fred and Sally tearfully recount the events of the past month, you reassure them that you are on the case, and you begin to ponder the legal issues at hand.

Specifically, the following critical elements must be addressed:

- I. What **legal defenses** might Fred and Sally raise with regard to the checks written by Jane to Don? Why do you believe they will be successful or unsuccessful?
- II. What legal defenses might Fred and Sally raise with regard to the check written by Jane and delivered to the **church**? Why do you believe they will be successful or unsuccessful?
- III. What, if any, civil claims do Fred and Sally have against Jane based on her actions? Why do you believe they will be successful or unsuccessful?
- IV. Analyze the forms of **bankruptcy** available to the business in this instance (assume the business entity is the same form as you chose in Case Study 1). What form is most appropriate and why?



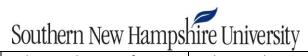
- V. Analyze the implications of a potential bankruptcy action on the **business assets** (assume the business entity is the same form as you chose in Case Study 1). Explain which, if any, are subject to forced sales, liens, or forfeiture.
- VI. Analyze the implications, if any, of a potential bankruptcy action by the business on the assets of the individual **family members** (assume the business entity is the same form as you chose in Case Study 1). Explain if the assets of business owners are subject to forced sale, liens, or forfeiture.
- VII. What legal recourse does Fred have against Bob for infringement of intellectual property rights? Do you believe he will be successful? Why or why not?

Rubric

Guidelines for Submission: Your "email" should be 1 to 2 pages, double-spaced, use 12-point Times New Roman font, and follow APA 6th edition format for layout and citations.

Instructor Feedback: This activity uses an integrated rubric in Blackboard. Students can view instructor feedback in the Grade Center. For more information, review these instructions.

Critical Elements	Exemplary (100%)	Proficient (85%)	Needs Improvement (55%)	Not Evident (0%)	Value
Case Study 2: Legal	Meets "Proficient" criteria and is	Determines the legal defenses	Determines the legal defenses	Does not determine the legal	14
Defenses	well supported using	with regard to the checks	with regard to the checks	defenses with regard to the checks	
	appropriate sources	written by Jane to Don and	written by Jane to Don, but does	written by Jane to Don	
		explains why defenses would be	not explain why defenses would		
		successful or unsuccessful	be successful or unsuccessful		
Case Study 2: Church	Meets "Proficient" criteria and is	Determines the legal defenses	Determines the legal defenses	Does not determine the legal	14
	well supported with appropriate	with regard to the check written	with regard to the check written	defenses with regard to the check	
	sources	by Jane and delivered to the	by Jane and delivered to the	written by Jane and delivered to	
		church and explains why	church, but does not explain why	the church	
		defenses would be successful or	defenses would be successful or		
		unsuccessful	unsuccessful		
Case Study 2: Civil	Meets "Proficient" criteria and	Determines civil claims available	Determines civil claims available	Does not determine civil claims	14
Claims	provides specific supporting	to Fred and Sally against Jane	to Fred and Sally against Jane,	available to Fred and Sally against	
	evidence applied to each	and evaluates potential for	but does not evaluate potential	Jane	
	element of the relevant legal	success of those claims	for success		
	test				
Case Study 2:	Meets "Proficient" criteria and	Analyzes available forms of	Analyzes available forms of	Does not analyze available forms	15
Bankruptcy	offers research to illustrate why	bankruptcy based on the chosen	bankruptcy based on the chosen	of bankruptcy based on the chosen	
	the chosen types of bankruptcy	type of business entity and	type of business entity, but does	type of business entity	
	would be available based on the	determines which form is most	not determine which form is		
	chosen type of business entity	appropriate and why	most appropriate or why		



Case Study 2: Business	Meets "Proficient" criteria and	Analyzes implications of	Analyzes implications of	Does not analyze the implications	14	
Assets	offers a nuanced insight into the	bankruptcy on business assets	bankruptcy on business assets,	of bankruptcy on business assets		
	relationship between a	and explains which are subject	but does not explain which are			
	bankruptcy action by a business	to forced sales, liens, or	subject to forced sales, liens, or			
	and business assets	forfeiture	forfeiture			
Case Study 2: Family	Meets "Proficient" criteria and	Analyzes implications of	Analyzes implications of	Does not analyze implications of	15	
Members	offers a nuanced insight into the	bankruptcy on personal assets of	bankruptcy on personal assets of	bankruptcy on personal assets of		
	relationship between a	individuals and explains if the	individuals, but does not explain	individuals		
	bankruptcy action by a business	assets are subject to forced sale,	if the assets are subject to			
	and personal assets	liens, or forfeiture	forced sale, liens, or forfeiture			
Case Study 2:	Meets "Proficient" criteria and	Determines the legal recourse	Determines the legal recourse	Does not determine the legal	14	
Intellectual Property	cites specific, applicable rules of	Fred has against Bob and	Fred has against Bob, but does	recourse Fred has against Bob		
Rights	law	explains why Fred will be	not explain why Fred will be			
		successful or unsuccessful	successful or unsuccessful			
Earned Total						