

Question 5

1. Partnerships are formed by two or more people for a business for profit. Partnerships are presumed. Partners are jointly and severally liable for the torts of each other, as well as liable for their own.

In order to form a Corporation, Articles of Incorporation must be filed with the state.

Partners are agents of each other. Agents can have express authority or implied authority, in acting for the principal.

Here, Andrew, Bob and Christine are attorneys who formed a law firm. Because two or more people ~~started~~ joined to create a business for profit by starting this firm and no articles of Incorporation were filed - this firm is not a corporation, but instead a Partnership whether or not they intended this. A, B and C are jointly and severally liable.

Thus, A B and C formed a Partnership.

2. Associate Attorneys

Employees earn a fixed salary ^{and/} or commissions based on performance.

Employees ~~can~~ work for Partners in a partnership.

Shareholders, on the other hand, own the corp through stocks and Directors ^{direct the} ^{corporation's} ^{affairs,}

Here, the associate employees are paid a fixed salary as well as 25% of gross billings for clients that they bring to the firm.

Here, the ^{associate attorneys} ~~employees~~, here, did not form the partnership - A, B, and C had - so the associate attorneys are not partners, but in fact employees of the partners in this law firm. The ~~employees~~ associate attorney do not own stock and, therefore, are not stockholders. Assoc. attorneys do not ^{direct the company and} ^{are therefore not} Directors

Therefore, the associate attorneys are employees of the firm.

3. ~~Senior Attorneys~~

Senior Attorneys

Shareholders own stocks or part of the company. While shareholders can vote (^{by} *quorum*), they do not direct the company's affairs (like directors do) of corporations. In partnerships, members would be the category of those who share in firm profits and are ^{not partners} _{of the partnership}.

Here, the facts state that the senior attorneys pool is 5% of the firm's profits, and is split among the number of qualifying senior attorneys each year. These senior attorneys are titled "non-equity" ^{partner.} even though they don't have management authority. This fact that they do not manage or have management authority strengthens the fact that they are shareholders in this firm. ^(as opposed to managers or directors) By sharing in the firm's 5% pooled bonus of the firm's profits, these senior attorneys are shareholders despite their "non-equity partner title."

~~Thus, the senior attorneys are shareholders~~

~~of the~~ here, because this is not a corporation ^{how} _{ever}. They cannot be shareholders. Instead, these senior attorneys are members of the partnership.

4. Martha is a member of Partnership.

Agency

Agents can have ~~express~~ or implied authority

Express

Here, Martha was not given ^{express} authority to ~~expressly~~ enter into contracts for a reduced hourly rate in exchange for future business. Here, the facts tell us that the firm has a strict policy against reducing hourly rates.

Thus, ~~Martha~~ Martha did not have express authority to bind the partnership with her agreement with Nancy.

Implied

Implied Agency is when an agent binds the principal when it benefits the principal, impliedly authorized, and has a belief in its benefit for the principal.

Here, Martha knew and was aware of the firm's policy against ~~this~~ and reducing hourly rates, and was not acting as an agent to the partnership.

Therefore, the firm is not bound
by the agreement that Martha
signed with Nancy.

Use blue or black ink. Write on both sides of each page.