

UNIVERSITY OF MARYLAND

SCHOOL OF LAW

LEGAL METHODS - CONTRACTS I  
(2 Hours 15 minutes)

Section G  
Mr. Bogen

Monday, December 13, 1993  
9:10 a.m. - 11:25

No. \_\_\_\_\_  
\_\_\_\_\_

Signature:

Printed Name:  
\_\_\_\_\_

**INSTRUCTIONS:** Sign and print your name in the blanks above. Put the number found above on each of your blue books on the outside cover. Do not put your name on or in the blue books at any place. Return the questions when you turn in your blue books.

EACH STUDENT IS RESPONSIBLE FOR ENSURING THAT ALL THE COMPLETED EXAMINATION PAPERS (USUALLY BLUE BOOKS) AND THE EXAMINATION QUESTION SHEETS ARE HANDED IN TO THE EXAMINATION ADMINISTRATOR. NO EXAMINATION PAPERS WILL BE ACCEPTED AFTER THE EXAMINATION ADMINISTRATOR HAS COLLECTED THE MATERIALS. YOU WILL BE GRADED ONLY ON EXAMINATION PAPERS RECEIVED AT THE ANNOUNCED TIME.

Put your answers to the examination in the envelope, fasten the flap with the clasp, and hand in the envelope to the exam administrator. Be sure to enclose all your answers. You will be graded only on what is inside the envelope. Do not put the exam questions in the envelope. Hand in the questions separately to the exam administrator. Do not put your name anywhere on the envelope or on your answers. Both the envelope and your answers should contain your exam number, course and instructor.

**SPECIAL INSTRUCTIONS**

There are two essay questions. For grading purposes, each question will be weighted approximately in proportion to the time allocated for its answer. There are 15 extra minutes for purposes of proof-reading, checking answers, etc.

If your examination is handwritten, write on only one side of the page, and on every other line. If your examination is typewritten, it is to be double or triple spaced with ample margins. You have 2¼ hours to do this examination. This examination is open book; any materials including student notes may be used.

I (70 minutes)

Eleanor "El" Jett, the owner of Queen's Land Enterprises (QLE), announced that she decided to retire. At a Thanksgiving feast, she asked her children how much they loved her. Her oldest, Gunnar Lars Jett, said he loved her "beyond what can be valued, rich or rare." The next child, Ronald Reagan Jett, said he loved El even more than did his brother. "My only happiness in the world is your love." El responded by giving Ronald and Gunnar L. a signed note promising to transfer one third of her stock in QLE to each of them.

The youngest, seventeen year old Delia, said she loved El no more than she should. El said that Delia should then get no more than was owed her - nothing. After Delia departed, El told her sons that she would transfer her remaining shares of QLE to the child that would care for her for the rest of her life. They both assured her that she could stay with them.

Within days, Gunnar and Ronald entered a contract with Bill Pear for the sale of QLE for \$10 million (under relevant law, majority shareholders can sell the company). The contract provided that Gunnar would become President and C.E.O. of the company if he obtained an M.B.A. with a grade point average satisfactory to Pear.

Meanwhile El had called her younger son and said she was coming out to California to stay with him. He welcomed her with open arms. Within a week, however, his wife Nancy grew outraged at her mother-in-law's interference in their family decisions and at her extravagant living style. "Either she goes or I go," said Nancy. Ronald then told his mother she would have to stop partying and move to the guesthouse or else stay somewhere else.

El moved at first to a nearby hotel, and called Gunnar at the book store where he worked. His former boss explained that Gunnar had quit to go to business school. That is how El discovered that her sons were selling the company. Outraged, she fired off FAXs to both boys stating that she would not let them have her stock. Her sons responded by filing suit to compel her to transfer the stock as she had promised in the note.

The combination of exile from Ronald's house and the lawsuit against her sons finally led El to snap. Only a week later, Delia found her mother rooting among the garbage cans of Beverly Hills, muttering about little green Martians controlling her thoughts. Among these mutterings, she also said, "I would give everything I own to deprive those boys of their stock!"

Delia took her mother to a hotel, and persuaded her Uncle Norman to apply for guardianship of El and hire a lawyer to represent El in litigation with her sons. For the next three weeks, Delia did not leave her mother's side, but El could not survive exposure to the elements and the combination of physical and mental problems. Just before the end, El recognized her daughter and, in the presence of Uncle Norman, told Delia that she would give her one

third of the stock for her kindnesses. Before she could put anything in writing, however, El died in Delia's arms.

Under the will which El had made the previous year, attorney Edward Limerick was named executor and El's entire estate was left to the library in her home town of Folger, Ohio.

A. What arguments can Gunnar and Ronald raise against the estate of El? What arguments will Limerick make on behalf of the estate to respond to their claims. Discuss fully.

B. What rights does Delia have against the estate of El? Discuss.

## II (50 minutes)

When Delia thought she would not get any of her mother's stock, she attempted to go into business for herself. She told Starr Sett that she was going to obtain over \$1 million from her mother, and persuaded Starr to enter a written agreement to sell Delia 2,000 acres of land in the Mojave desert of California for \$100 per acre.

In fact, Delia was broke, and was just hoping that she could convince either her family or a bank to lend her \$200,000.

Two weeks later, to the astonishment of the entire world, an Egyptian archeo-geologist announced that he had determined through the use of global satellite photos that an ancient river ran through that portion of the desert and therefore there was almost certainly a vast quantity of underground water.

Starr immediately called Delia and told her that he would not transfer the land for less than it then appeared to be worth, over \$5,000 an acre. Delia, who had swiftly obtained a quarter million dollar loan on the basis of the contract, responded that Starr was obligated to deliver at the original price. Nevertheless, Delia said she would settle their dispute by paying \$1,000 per acre. Starr agreed. Two days later, Delia learned that the water was so deep under the desert and so difficult to reach that the cost of extraction would be prohibitive.

Delia still wants to obtain the land, but refuses to pay more than \$100 per acre. Starr wants to sell it, but only at \$1,000.

Discuss the rights of the parties in the Jett-Sett suit.