

FINAL EXAMINATION  
SALES  
PROFESSOR G. FLINT

ESSAY  
PLEASE READ CAREFULLY

**ALL ANSWERS ARE TO BE WRITTEN ON THE BLUE BOOKS PROVIDED WITH THIS EXAM. BE SURE TO NUMBER EACH RESPONSE.**

There are three questions (time and percent indicated). The Time for completing the examination is two hours.

1. This examination is "open book". You may use your casebook, statutory supplement, and class notes. Use of calculators and cleansed laptops is permitted.
2. **Be sure to answer the specific question that is asked. No question calls for a general recitation about a topic from your notes.** Information supplied relating to general material from your notes or some unasked question will not increase your score and consumes your time needed to answer the asked questions.
3. If additional facts are necessary to resolve an issue, specify what additional facts you believe to be necessary and why they are significant. You may not make an assumption that changes or contradicts the stated facts.
4. Quality, not quantity, is desired. Think through and briefly outline your answer before you begin to write.
5. Write legibly. Be sure to formulate your answers in complete sentences and paragraphs with proper grammar. Failure to do so will result in an appropriately lower score.
6. Do not seek an interpretation of language in the question from anyone. If you sense ambiguity or typographical error, correct the shortcoming by shaping the question in a reasonable way and by recording your editorial correction in your answer.

**Under the Honor Code, when you turn in this examination, you affirm that you have neither given, received, nor obtained aid in connection with this examination, nor have you known of any one so doing. If you cannot make this affirmation, you shall note such fact on your examination and must immediately advise the Dean of the reason therefore.**

I. (33 %--40 minutes)

In January year one Arunah Hubbell Inc. [hereinafter Hubbell], a distributor of raw plastics, sold large amount of plastics to Marion Gasaway Company [hereinafter Gasaway] to be delivered in a series of shipments over two years. Gasaway initiated the sale by sending an order for a certain number of pounds to Hubbell, and Hubbell sent an order acknowledgment. For each shipment, some of which went to a warehouse, Hubbell sent separately an invoice providing that unpaid amounts bear 1.5% interest per month and 25% attorney's fees for collection. Hubbell delivered the plastics in a rolled-up form the size of garbage cans. Gasaway unwound the plastics, found some usable which it incorporated in its products, and sold the unusable portion as scrap. Gasaway fell substantially behind in payments for the shipments, although recognizing the amounts due and authorizing their payment.

Gasaway claims that for each shipment it notified Hubbell of the defective plastic, held it aside so Hubbell could come and inspect it, and when Hubbell did not, sold it as scrap. Hubbell claims to have met with Gasaway three times during the year and not once did it receive a complaint about the quality of its plastic. On September 1 Gasaway sent an email to Hubbell about the defective plastic. Hubbell responded by email, requesting an inspection or return of the defective plastic. Gasaway could not comply since it had sold the plastic as scrap. On September 20 Hubbell sent an email advising that if Gasaway did not pay the balance due (then at \$2,000,000), Hubbell would sell the warehoused goods and bring suit for all outstanding amounts. Gasaway emailed an offer to pay for all future deliveries on a C.O.D. basis with a payment discount of 5% or to provide a letter of credit for new purchases under which Gasaway would have 60 to 120 days to pay, but made no commitment for payment on the warehoused goods.

Arunah Hubbell, president of Hubbell, has entered your office at Suem & Stickem P.C., seeking advice on what Hubbell's options are in resolving this matter, most importantly how to get paid for shipments sent and future new shipments and which one of the options you recommend Hubbell use and why. What is your advice? Be sure to provide reasons and support such as relevant code sections, regulations, and case law.

II. (33 %--40 minutes)

In January year one Arunah Hubbell Inc. [hereinafter Hubbell], a distributor of raw plastics, sold large amount of plastics to Marion Gasaway Company [hereinafter Gasaway] to be delivered in a series of shipments over two years. Marion Gasaway Company is Finnish Company. Finland is a party to the Convention on International Sales of Goods.

Gasaway initiated the sale by sending an order for a certain number of pounds to Hubbell, and Hubbell sent an order acknowledgment. For each shipment, some of which went to a warehouse, Hubbell sent separately an invoice providing that unpaid amounts bear 1.5% interest per month and 25% attorney's fees for collection. Hubbell delivered the plastics in a rolled-up form the size of garbage cans. Gasaway unwound the plastics, found some usable which it incorporated in its products, and sold the unusable portion as scrap. Gasaway fell substantially behind in payments for the shipments, although recognizing the amounts due and authorizing their payment.

Gasaway claims that for each shipment it notified Hubbell of the defective plastic, held it aside so Hubbell could come and inspect it, and when Hubbell did not, sold it as scrap. Hubbell claims to have met with Gasaway three times during the year and not once did it receive a complaint about the quality of its plastic. On September 1 Gasaway sent an email to Hubbell about the defective plastic. Hubbell responded by email, requesting an inspection or return of the defective plastic. Gasaway could not comply since it had sold the plastic as scrap. On September 20 Hubbell sent an email advising that if Gasaway did not pay the balance due (then at \$2,000,000), Hubbell would sell the warehoused goods and bring suit for all outstanding amounts. Gasaway emailed an offer to pay for all future deliveries on a C.O.D. basis with a payment discount of 5% or to provide a letter of credit for new purchases under which Gasaway would have 60 to 120 days to pay, but made no commitment for payment on the warehoused goods.

Arunah Hubbell, president of Hubbell, has entered your office at Suem & Stickem P.C., seeking advice on what Hubbell's options are in resolving this matter, most importantly how to get paid for shipments sent and future new shipments and which one of the options you recommend Hubbell use and why. What is your advice? Be sure to provide reasons and support such as relevant code sections, regulations, and case law.

III. (33%--40 minutes)

In January year one Arunah Hubbell Inc. [hereinafter Hubbell], a builder of robots, leased ten robots to Marion Gasaway Company [hereinafter Gasaway] for a two year period. Gasaway initiated the lease by sending an offer to lease ten robots to Hubbell, and Hubbell sent an acknowledgment that provides that unpaid rents bear 1.5% interest per month and 25% attorney's fees for collection. Hubbell delivered the robots. Gasaway found some 8 robots usable and 2 unusable, which he sublet to Draper Voshell. Gasaway fell substantially behind in payments for the shipments, although recognizing the amounts due and authorizing their payment.

Gasaway claims that for each defective robot it notified Hubbell of the defect, held it aside so Hubbell could come and inspect it, and when Hubbell did not, sublet it. Hubbell claims to have met with Gasaway three times during the year and not once did it receive a complaint about the quality of its robots. On September 1 Gasaway sent an email to Hubbell about the defective robots. Hubbell responded by email, requesting an inspection or return of the defective robots. Gasaway could not comply since it had sublet the robots. On September 20 Hubbell sent an email advising that if Gasaway did not pay the balance due (then at \$2,000,000), Hubbell would bring suit for all outstanding amounts. Gasaway emailed an offer to pay for all future rents in cash with a cash payment discount of 5% or to provide a letter of credit for new purchases under which Gasaway would have 60 to 120 days to pay, but made no commitment for payment on the unpaid rents.

Arunah Hubbell, president of Hubbell, has entered your office at Readem & Weap P.C., seeking advice on what Hubbell's options are in resolving this matter, most importantly how to get paid for past and future rents and which one of the options you