

CHAPTER 2: THE INNER WORKINGS OF THE LAW OFFICE

TEST BANK

MULTIPLE CHOICE

Identify the choice that best completes the statement or answers the question.

- ___ 1. Which of the following choices is a way a law firm is typically organized?
- A partnership
 - A professional corporation
 - A sole proprietorship
 - All of these choices are correct
- ___ 2. The Fragomen firm, which handles high volumes of immigration cases, has:
- Few paralegals
 - A high paralegal to lawyer ratio
 - Poor benefits for paralegals
 - Personal assistants for every paralegal
- ___ 3. Firms like the Fragomen firm are good for the paralegal profession because:
- They employ lots of paralegals
 - They are strong advocates of continuing education for paralegals
 - They establish paralegal unions
 - They provide a lot of vacation time for paralegals
- ___ 4. The simplest form of a business, in which one individual owns the business, is entitled to any profits, and is personally liable for all debts or obligations, is known as:
- A partnership
 - A professional corporation
 - A sole proprietorship
 - A business corporation
- ___ 5. A sole proprietorship is:
- The simplest form of a business, in which one individual owns the business
 - A professional corporation
 - A complicated form of business where one individual owns the business, but another receives the profits
 - None of these choices are correct

- ___ 6. In a sole proprietorship, the _____ is entitled to any profits made by the firm but is also personally liable for all of the firm's debts or obligations.
- Sole proprietor
 - CEO
 - Business manager
 - Corporate head
- ___ 7. _____ is an individual's personal responsibility for the debts or obligations of a business, using the personal assets of the business owner, such as a home, bank accounts, or other property, to pay the business obligations.
- Corporate liability
 - Personal liability
 - Partnership liability
 - Shareholder liability
- ___ 8. Which of the following is an example of a personal asset?
- A house
 - A savings account
 - An investment account
 - A house and a savings account
 - All of these choices are correct
- ___ 9. An attorney who practices law as a sole proprietor is often called a:
- Loner lawyer
 - Sole practitioner
 - Private practitioner
 - Limited practitioner
- ___ 10. Which of the following is true of working for a sole proprietorship?
- The work is highly specialized
 - The work typically encompasses a wide variety of tasks
 - You will have limited personal liability
 - The working hours tend to be more regular—9 A.M. to 5 P.M.
- ___ 11. A paralegal working for a sole practitioner might act as which of the following?
- Secretary
 - Paralegal
 - Administrator
 - All of these choices are correct

- _____ 12. A paralegal working for a sole practitioner might handle which of the following tasks?
- Offering legal advice to clients
 - Receiving and date-stamping mail
 - Interviewing clients and witnesses
 - Receiving and date-stamping mail and interviewing clients and witnesses
- _____ 13. A paralegal working for a sole practitioner might handle which of the following tasks?
- Bookkeeping
 - Receiving and date-stamping mail
 - Interviewing clients and witnesses
 - Conducting investigations
 - All of these choices are correct
- _____ 14. A _____ is an association of two or more persons to carry on, as co--owners, a business for profit, where each owner owns a share of the business and is personally liable for the firm's profits or losses.
- Sole proprietorship
 - Professional corporation
 - Partnership
 - Business corporation
- _____ 15. A _____ is a person who has undertaken to operate a business jointly with one or more persons and is a co-owner of the firm.
- Sole proprietor
 - Shareholder
 - Partner
 - Managing partner
- _____ 16. The partner in a law firm who makes decisions relating to the firm's policies and procedures and who generally oversees the business operations of the firm is called a(n):
- Associate partner
 - Managing partner
 - Responsible billing partner
 - None of these choices are correct
- _____ 17. The managing partner in a law firm is the one who:
- Gets the profits from the firm
 - Makes decisions relating to the firm's policies and procedures and who generally oversees the business operations of the firm
 - Begins the firm, but then does not maintain an active role in running it
 - None of these choices are correct

- _____ 18. Associate attorneys:
- Are attorneys who are not partners in the firm and thus do not share in the profits
 - Are attorneys who make decisions relating to the firm's policies and procedures and who generally oversee the business operations of the firm
 - Are the attorneys who begin a firm
 - None of these choices are correct
- _____ 19. An attorney employed by a law firm who may someday become a partner and share in the firm's profits is called a(n):
- Staff attorney
 - Associate attorney
 - Contract attorney
 - Law clerk
- _____ 20. Attorneys who are not partners in the firm and thus do not share in the profits are called:
- Associate attorneys
 - Managing attorneys
 - For-hire attorneys
 - Partner attorneys
- _____ 21. Staff attorneys work for law firms, but:
- Do not receive benefits
 - Will never become partners
 - Work only on a temporary basis
 - Will eventually become partners
- _____ 22. _____ work for law firms, but will never become partners.
- Associate attorneys
 - Managing partners
 - Staff attorneys
 - All of these choices are correct
- _____ 23. _____ are law students who work for the firm during the summer or part-time during the school year to gain practical legal experience.
- Law minors
 - Law minions
 - Law clerks
 - Law apprentices

- ____ 24. Law clerks are:
- Law students who work for the firm during the summer or part-time during the school year to gain practical legal experience
 - Lawyers who are employed by firms for short-term positions
 - Secretaries
 - Certified paralegals
- ____ 25. A _____ is a form of business organization that normally allows lawyers doing business as partners to avoid personal liability for the malpractice of other partners.
- Partnership
 - Professional corporation
 - Limited liability partnership
 - Limited partnership
- ____ 26. _____ is a business entity in which the shareholders are members of the same profession, purchase the corporation's stock, own the firm, share in the profits and losses of the firm in proportion to the number of shares they own, and have limited personal liability.
- Sole proprietorship
 - Partnership
 - Professional corporation
 - Business corporation
- ____ 27. One who purchases corporate stock, or shares, and becomes an owner of the corporation is known as a:
- Partner
 - Shareholder
 - Responsible billing partner
 - Sole proprietor
- ____ 28. The _____ of a professional corporation share in the profits and losses of the firm in proportion to how many shares they own.
- Partners
 - Shareholders
 - Responsible billing partners
 - Sole proprietors
- ____ 29. Shareholders in a professional corporation:
- Share in the profits and losses of the firm in proportion to how many shares they own
 - All receive the same amount of the profits of the firm, regardless of how many shares they own
 - Must pay monthly dues to professional associations
 - Have no personal liability

- ___ 30. A law firm may take which of the following business organizational forms?
- Sole proprietorship
 - Partnership
 - Limited liability partnership
 - All of these choices are correct
- ___ 31. In larger firms, an employee who is responsible for overseeing the paralegal staff and paralegal professional development is known as a(n):
- Office manager
 - Legal administrator
 - Legal assistant
 - Legal-assistant manager
- ___ 32. Rosa Sufuente is a paralegal working in a large law firm. Because of her experience, she has been promoted and now coordinates and oversees paralegal staffing, paralegal assignments, and paralegal professional development. Which of the following best describes Rosa Sufuente's position in the firm?
- Office manager
 - Legal administrator
 - Managing partner
 - Legal-assistant manager
- ___ 33. In larger firms, the paralegal manager or legal-assistant manager is:
- An employee who has had specialized paralegal training at a four-year university
 - An employee who works for a paralegal
 - An employee who hires paralegals
 - An employee who is responsible for overseeing the paralegal staff and paralegal professional development
- ___ 34. An employee of a large law firm who manages the day-to-day operations of the firm is called a(n):
- Managing partner
 - Office manager
 - Legal administrator
 - Legal-assistant manager
- ___ 35. Mike Jones works for the large law firm of Stanley & Stanley in Los Angeles, California. He was hired by the partners to run the business end of the firm. His job is to manage the firm's day-to-day operations. Which of the following best describes Mike Jones's position with the firm?
- Managing partner
 - Office manager

- c. Legal administrator
 - d. Legal-assistant manager
- _____ 36. A(n) _____ is an administrative employee who handles client billing procedures and manages the day-to-day operations of a small law firm by making sure that the office runs smoothly, that sufficient supplies are on hand, and that office procedures are established and followed.
- a. Legal secretary
 - b. Office manager
 - c. Legal administrator
 - d. Legal-assistant manager
- _____ 37. An office manager in a small to medium-sized firm is:
- a. An administrative employee who handles client billing procedures and manages the day-to-day operations, makes sure that the office runs smoothly, that sufficient supplies are on hand, and that office procedures are established and followed
 - b. A law student working for the summer
 - c. An employee responsible for overseeing the paralegal staff and paralegal professional development
 - d. None of these choices are correct
- _____ 38. Which of the following is a task for a small law firm's office manager?
- a. Establishing and overseeing filing procedures
 - b. Ordering and monitoring supplies
 - c. Docketing legal work undertaken by attorneys
 - d. All of these choices are correct
- _____ 39. Employees of a law firm who provide clerical, secretarial, or other support to the legal, paralegal, and administrative staff of a law firm are called:
- a. Support personnel
 - b. Office managers
 - c. Legal administrators
 - d. Legal-assistant managers
- _____ 40. Support personnel at a law firm include which of the following?
- a. Secretaries
 - b. File clerks
 - c. Associate attorneys
 - d. Secretaries and file clerks
 - e. All of these choices are correct

- ___ 41. Support personnel at a law firm include which of the following?
- Secretaries
 - Managing partners
 - Associate attorneys
 - Secretaries and managing partners
 - All of these choices are correct
- ___ 42. Support personnel at a law firm include which of the following?
- Secretaries
 - Receptionists
 - Messengers
 - Secretaries and receptionists
 - All of these choices are correct
- ___ 43. Law-firm personnel include which of the following?
- Partners
 - Associate attorneys
 - Paralegals
 - Legal administrators or office managers
 - All of these choices are correct
- ___ 44. When first taking a job in a law firm, it is important for paralegals to know the status of law-firm personnel because:
- It is a standard law-firm employment policy
 - It is a category on a paralegal's performance evaluation
 - Paralegals should know to whom they are accountable and who, in turn, is accountable to them
 - All of these choices are correct
- ___ 45. Employment policies relating to compensation, employee benefits, performance evaluations, employment termination, and other rules of the work place are usually spelled out in a(n):
- Written offer of employment
 - Performance evaluation
 - Employment policy manual
 - Written offer of employment and performance evaluation
- ___ 46. An employment manual usually contains:
- Written offers of employment
 - Performance evaluations
 - A firm's policies governing employment
 - Written offers of employment and performance evaluations

- _____ 47. Which of the following is likely to be covered in a firm's employment manual?
- Policies on how much vacation time employees are entitled to
 - Which holidays are observed by the firm
 - Personal information on each employee
 - Policies on how much vacation time employees are entitled to and which holidays are observed by the firm
- _____ 48. Which of the following is likely to be covered in a firm's employment manual?
- Policies on how much vacation time employees are entitled to
 - Which holidays are observed by the firm
 - What will serve as grounds for the employer to terminate an employee's employment
 - All of these choices are correct
- _____ 49. Many law firms conduct _____ to determine if employees will receive raises.
- Performance evaluations
 - Random surveys
 - Surveys of supervisors
 - None of these choices are correct
- _____ 50. Performance evaluations are conducted periodically by many firms to determine:
- How much vacation time employees are entitled to
 - Which holidays employees may take off
 - If employees will receive raises
 - None of these choices are correct
- _____ 51. Which factors may be considered in a performance evaluation?
- Responsibility
 - Dependability
 - Competence
 - Cooperation
 - All of these choices are correct
- _____ 52. Which of the following should you do to prepare for a performance evaluation?
- Keep track of your accomplishments
 - Mention extra hours you worked to help win a big case
 - Tell your supervisor about a new software program you mastered
 - All of these choices are correct

- ___ 53. Which of the following should you do to be successful in a performance evaluation?
- a. Take extra vacation time right before the evaluation to mentally prepare yourself
 - b. Rely on your fellow workers to mention your contributions to the workplace
 - c. Tell your supervisor about a new software program you mastered
 - d. All of these choices are correct
- ___ 54. During a performance evaluation it is important to:
- a. Adopt a positive outlook
 - b. Rely on your fellow workers to mention your contributions to the workplace
 - c. Tell your supervisor about a new software program you mastered
 - d. Adopt a positive outlook and tell your supervisor about a new software program you mastered
- ___ 55. During a performance evaluation it is important to:
- a. Adopt a positive outlook
 - b. Show that you appreciate constructive criticism
 - c. Learn more about your strengths and weakness
 - d. All of these choices are correct
- ___ 56. If you find that a busy supervising attorney puts off conducting your evaluation, you could:
- a. Complain to the managing partner of the firm
 - b. Hope that next year will be better
 - c. Prepare your own performance evaluation and present it to your supervising attorney for review
 - d. Complain to the managing partner of the firm and prepare your own performance evaluation and present it to your supervising attorney for review
- ___ 57. Which of the following is likely to be grounds for employment termination?
- a. 12 or more absences for two consecutive years
 - b. Getting married
 - c. Voting for a presidential candidate that your supervisor disapproves of
 - d. All of these choices are correct
- ___ 58. Which of the following is considered a discriminatory reason for not hiring an employee?
- a. An employee's age
 - b. An employee's gender
 - c. An employee's race
 - d. All of these choices are correct

- _____ 59. Which of the following is considered a discriminatory reason for not hiring an employee?
- An employee's experience
 - An employee's gender
 - An employee's behavior during a job interview
 - All of these choices are correct
- _____ 60. Under the common law doctrine of _____, employers may hire and fire employees for any reason or no reason and employees can leave a job for any or no reason.
- Free employment
 - Real employment
 - Employment at will
 - Employment of choice
- _____ 61. Under the common law doctrine of _____, employers may hire and fire employees for any reason or no reason and employees can leave a job for any or no reason.
- Free employment
 - Real employment
 - Employment of choice
 - None of these choices are correct
- _____ 62. Sexual harassment is a form of:
- Gender-based discrimination
 - Race-based discrimination
 - Religion-based discrimination
 - None of these choices are correct
- _____ 63. Under federal and state statutes, employers may not _____ for discriminatory reasons.
- Refuse to hire a job applicant
 - Refuse to promote an employee
 - Fire an employee
 - All of these choices are correct
- _____ 64. A typical law firm has which of the following types of files?
- Client files
 - Work product files
 - Forms files
 - Personnel files
 - All of these choices are correct

- _____ 65. An efficient filing system:
- Helps to ensure that important documents will not be lost or misplaced
 - Involves casual procedures based on tradition
 - Ensures that important documents will be available when needed
 - Will involve formal written procedures and a procedures manual
 - Helps to ensure that important documents will not be lost or misplaced and ensures that important documents will be available when needed
- _____ 66. If a client file is misplaced or lost:
- The file can usually be easily replaced by an efficient paralegal
 - The supervising attorney will take all the blame
 - The client may suffer costly harm
 - None of these choices are correct
- _____ 67. Filing procedures should:
- Protect client confidentiality
 - Allow everyone in the office access to all client information
 - Be flexible
 - None of these choices are correct
- _____ 68. Which of the following should you do to help protect client confidentiality?
- Keep all identifiable information about clients off the cover of files
 - Never leave a file unattended for even a short time in a publicly accessible location such as a library table or courtroom
 - Do not allow outsiders access to firm computer systems or networks
 - Use only secure networks or encrypted communications systems for transmission of confidential information
 - All of these choices are correct
- _____ 69. Which of the following should never be used for transmission of confidential information?
- Internet cafés
 - Wireless networks in airports
 - Encrypted communications systems
 - Internet cafés and wireless networks in airports
- _____ 70. Once a client's file is closed:
- You no longer have a responsibility to maintain confidentiality
 - You still have an obligation to maintain confidentiality
 - You can talk about the file with family, but no one else
 - None of these choices are correct

- ___ 71. One of the most important professional obligations of a paralegal is to treat all of your clients' information as:
- Personal
 - Private
 - Secret
 - Confidential
- ___ 72. The first step to opening a new file is to:
- Assign the case a file number
 - Call the client
 - Make hard copies of all files related to the case
 - None of these choices are correct
- ___ 73. Original client documents:
- Should never be altered
 - Should be hole punched and placed in a special binder with the case number clearly written on it
 - Should never be copied
 - Should be available to anyone in the firm
- ___ 74. A large card inserted in the filing cabinet in the place of a temporarily removed file is called:
- A retainer
 - An out folder
 - An out card
 - None of these choices are correct
- ___ 75. The latest information technology trend in which files and programs are stored online so they are accessible from any computer, smartphone, or tablet connected to the Internet is called:
- Free computing
 - Wide access computing
 - Wireless access-based computing
 - Cloud-based computing
- ___ 76. When a case is closed, original client documents are usually:
- Shredded
 - Stored off-site
 - Returned to the client
 - None of these choices are correct

- ___ 77. You destroy old files no longer needed by:
- Purging
 - Shredding
 - Coding
 - Merging
- ___ 78. The maximum time period within which specific types of legal actions may be brought to court is set by a:
- Court calendar
 - Judge's opinion
 - Statute of limitations
 - Tradition
- ___ 79. Files containing copies of research projects, legal memoranda, and various case-related documents prepared by the firm's legal professionals are known as:
- Client files
 - Forms files
 - Personnel files
 - Work product or reference materials files
- ___ 80. Which of the following would be found in a standard forms file?
- Retainer agreements
 - Real estate forms
 - Bankruptcy petitions
 - Computerized filing forms
 - All of these choices are correct
- ___ 81. A _____ is a file containing copies of the firm's commonly used legal documents and forms that can be used as a model for drafting new documents or forms.
- Client file
 - Work product file
 - Forms file
 - Personnel file
- ___ 82. Which of the following forms might be included in a firm's form file?
- Forms for filing lawsuits in specific courts
 - Forms for retainer agreements
 - Forms for bankruptcy petitions
 - All of these choices are correct

- ___ 83. Backing up data with external hard drives or off-site services:
- Is an important thing to do
 - Is illegal
 - Cannot be done with confidential information
 - None of these choices are correct
- ___ 84. Which of the following is a factor in determining whether a lawyer's fee is reasonable?
- Time and labor required to perform the legal work
 - The fee customarily charged in the locality for similar legal services
 - The experience and ability of the lawyer
 - All of these choices are correct
- ___ 85. A set fee for a specific legal service, such as \$500 for a simple will, is known as a(n):
- Fixed fee
 - Hourly fee
 - Contingency fee
 - None of these choices are correct
- ___ 86. Marta Greiner meets with her attorney, Norm Abrams, to incorporate her florist shop. The bill for the attorney's services is \$1,500—three hours at \$500 per hour. This is an example of which of the following types of legal fees?
- Fixed fee
 - Hourly fee
 - Contingency fee
 - None of these choices are correct
- ___ 87. A legal fee that is a set percentage (such as 33 percent) of the amount that the plaintiff recovers in a civil lawsuit, and which must only be paid if the plaintiff prevails, is known as a(n):
- Fixed fee
 - Hourly fee
 - Contingency fee
 - Retainer
- ___ 88. According to the text, as a general rule, clients pay _____ and are billed monthly for time spent on the case by the attorneys or legal personnel.
- Fixed fees
 - Hourly fees
 - Contingency fees
 - Costs

- _____ 89. A _____ is a signed document stating that the attorney or the law firm has been hired by the client to provide legal services and that the client agrees to pay the fees set forth in the contract.
- Fixed-fee agreement
 - Hourly-fee agreement
 - Retainer
 - Retainer agreement
- _____ 90. According to a compensation survey conducted by *Paralegal Today* in 2012, billing rates for paralegals range from:
- \$60 to \$155 per hour
 - \$5 to \$50 per hour
 - \$40 to \$400 per hour
 - \$10 to \$100 per hour
- _____ 91. Which of the following types of cases typically cannot have contingency-fee agreements?
- Divorce cases
 - Probate cases
 - Workers' compensation cases
 - All of these choices are correct
- _____ 92. An advance payment made by a client to a firm or attorney to cover part of the legal fees and/or costs that will be incurred on the client's behalf is called a(n):
- Fixed fee
 - Hourly fee
 - Retainer
 - Contingency fee
- _____ 93. Billing more than one client for the same billable time is called:
- Value billing
 - Billable hours
 - Fee splitting
 - Double billing
- _____ 94. Attorney Haynesworth spends three hours in the county circuit court waiting to argue a motion for client Adams. While he waits, he reads several cases for a brief that he is preparing for client Johnson and talks to another judge's clerk about Johnson's case. If attorney Haynesworth bills client Adams for three hours and client Johnson for three hours (a total of six billable hours), attorney Haynesworth has engaged in which of the following?
- Fee splitting
 - Double billing
 - Value billing
 - All of these choices are correct

- ___ 95. When the fees charged to the client vary depending on the results of the representation—for example, whether a lawsuit is lost, won, or settled—it is called:
- Fee splitting
 - Double billing
 - Value billing
 - Task-based billing
- ___ 96. In an ethical opinion, the ABA indicated that attorneys are prohibited from:
- Charging a client by the hour
 - Charging more than one client for the same hours of work
 - Charging a client on a contingency-fee basis in a personal-injury case
 - Charging a client on a fixed-fee basis for a simple will
- ___ 97. A(n) _____ is a bank or escrow account in which one party holds funds belonging to another party; it is a bank account into which funds advanced to a law firm by a client are deposited.
- Expense account
 - Client account
 - Law firm savings account
 - Trust account
- ___ 98. A(n) _____ is a record documenting, for billing purposes, the hours or fractions of hours that an attorney or paralegal worked for each client, the date on which the work was performed, and the type of work that was undertaken.
- Personal time diary
 - Time slip
 - Expense slip
 - Personal time diary and expense slip
- ___ 99. A slip of paper used to record any expense or cost that is incurred on behalf of a client is called:
- A personal time diary
 - A time slip
 - An expense slip
 - A nonbillable expense record
- ___ 100. Time spent on tasks such as administrative work, staff meetings, or performance reviews is _____ time.
- Personal
 - Billable
 - Nonbillable
 - Personal and nonbillable

- _____ 101. Law firms keep track of billable time by requiring legal professionals to submit time slips and usually require attorneys or paralegals to generate a minimum number of billable hours per year. The reason for requiring a minimum number of billable hours is:
- To accurately bill clients
 - To subject legal professionals to a significant amount of pressure
 - That the financial well-being of the firm depends on the number of billable hours generated by its employees
 - That only billable hours can be billed to the clients
- _____ 102. Tips for communication by e-mail include:
- Aim for professional tone and quality (including using a spell checker)
 - Print and review all messages before sending
 - Request acknowledgment or feedback for all important messages
 - Disclose your paralegal status
 - All of these choices are correct
- _____ 103. A law firm's overhead expenses, which are a part of the billing rates of lawyers and paralegals, include all of the following but:
- Rent
 - Utilities
 - Supplies
 - Personal transportation
- _____ 104. Mixing together a client's funds with the law firm's funds, called _____, is one of the most common ways in which attorneys breach their professional obligations regarding client funds.
- Combining
 - Commingling
 - Pooled accounts
 - IOLTA accounts
- _____ 105. Keeping clients reasonably informed is an attorney's:
- Duty
 - Option
 - Act of courtesy
 - Role

SHORT ANSWER/ESSAY

106. What is the purpose of an employee performance evaluation? What criteria are used to evaluate a paralegal employee? How often are employee performance evaluations conducted?
107. Define the term *employment at will*. How have court decisions and statutes affected “at will” employment over time? Where might a paralegal find information regarding his or her employer’s policies on employment termination?
108. Explain when an attorney must use a client trust account. What is the paralegal’s role? Explain what the repercussions are to the attorney who fails to properly use a client trust account.
109. Paralegals must apply professional standards to their e-mail communications and format their e-mail messages appropriately. What are additional guidelines on how to communicate properly with clients using e-mail?
110. What is a sole proprietorship? For a paralegal, what are some of the benefits of working for a sole proprietor (a sole practitioner)?
111. Why are careful filing procedures so essential to the practice of law? How might filing procedures in large and small firms differ?
112. What is a contingency-fee case?
113. What are billable and nonbillable hours? Why do law firms seek to maximize their billable hours?
114. Why is it important to back up your computer work consistently? What are some of the steps you can take to back up your work and plan for emergencies?

CHAPTER 2: THE INNER WORKINGS OF THE LAW OFFICE

MULTIPLE CHOICE

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|-----|---|-----|---|-----|---|------|---|
| 1. | D | 28. | B | 55. | D | 82. | D |
| 2. | B | 29. | A | 56. | C | 83. | A |
| 3. | A | 30. | D | 57. | A | 84. | D |
| 4. | C | 31. | D | 58. | D | 85. | A |
| 5. | A | 32. | D | 59. | B | 86. | B |
| 6. | A | 33. | D | 60. | C | 87. | C |
| 7. | B | 34. | C | 61. | D | 88. | B |
| 8. | E | 35. | C | 62. | A | 89. | D |
| 9. | B | 36. | B | 63. | D | 90. | A |
| 10. | B | 37. | A | 64. | E | 91. | D |
| 11. | D | 38. | D | 65. | E | 92. | C |
| 12. | D | 39. | A | 66. | C | 93. | D |
| 13. | E | 40. | D | 67. | A | 94. | B |
| 14. | C | 41. | A | 68. | E | 95. | C |
| 15. | C | 42. | E | 69. | D | 96. | B |
| 16. | B | 43. | E | 70. | B | 97. | D |
| 17. | B | 44. | C | 71. | D | 98. | B |
| 18. | A | 45. | C | 72. | A | 99. | C |
| 19. | B | 46. | C | 73. | A | 100. | C |
| 20. | A | 47. | D | 74. | C | 101. | C |
| 21. | B | 48. | D | 75. | D | 102. | E |
| 22. | C | 49. | A | 76. | C | 103. | D |
| 23. | C | 50. | C | 77. | B | 104. | B |
| 24. | A | 51. | E | 78. | C | 105. | A |
| 25. | C | 52. | D | 79. | D | | |
| 26. | C | 53. | C | 80. | E | | |
| 27. | B | 54. | D | 81. | C | | |

SHORT ANSWER/ESSAY

- 106.** The purpose of a performance evaluation is to allow both the employer and the employee to exchange their views on the employee's performance and any problems that the employee faces in the workplace.

During performance reviews, an employee learns how the firm rates her performance. She gains valuable feedback from the supervising attorney, learns more about her strengths and weaknesses, and identifies the areas in which she needs to improve her skills or work habits. Some of the performance evaluation criteria include responsibility, efficiency, productivity, competence, initiative, cooperation, personal factors, and dependability.

Employee performance reviews are conducted periodically, at intervals of either once a year or every six months.

- 107.** Traditionally, employment relationships have been governed by the common law doctrine of employment at will. Under this doctrine, employers may hire and fire employees "at will"—that is, for any reason or no reason.

Today, courts have created several exceptions to this doctrine, and state and federal statutes now regulate some aspects of the employment relationship. Under federal law (and state statutes), employers may not refuse to hire job applicants, refuse to promote employees, or fire employees for discriminatory reasons—because of the employee's age, gender, or race, for example.

The employer's policy manual likely deals with the subject of employment termination. The policy manual will likely specify what kinds of conduct can serve as a basis for firing employees. The manual will also probably describe termination procedures. Most large law firms have special policies and procedures that an employee must follow with respect to claims of employment discrimination.

- 108.** Funds received from clients as retainers, as well as any funds received on behalf of a client (such as a payment to a client to settle a lawsuit), are placed in a special bank account. This account is usually referred to as a client trust account (or escrow account). It is extremely important that the funds held in a trust account be used only for expenses relating to the costs of serving that client's needs.

Paralegals who handle a client's trust account should be especially careful to document their use of the funds to protect themselves and the firm against the serious problems that may arise if there are any problems with the account.

Misuse of client funds constitutes a breach of the firm's duty to its client. An attorney's personal use of the funds, for example, can lead to disciplinary action and possible disbarment, as well as criminal penalties. Commingling (mixing together) a client's funds with the firm's funds also constitutes abuse and is one of the most common ways in which attorneys breach their professional obligations.

109. Always print out a copy of your e-mail and retain it in the client's file so that a record exists. Be sure that any e-mail you send discloses your status as a paralegal (to avoid liability for the unauthorized practice of law). Request recipients to verify that important messages have been received (such as when you are notifying a person of a court date). E-mail systems often have a function that allows senders to request a "return receipt," which will confirm that the message you sent was received. You should also respond to incoming e-mail promptly so that the sender knows that you have received the e-mail. Finally, make sure that you know the policies of your firm regarding confidential e-mail. If used carefully, e-mail can be an efficient way to fulfill your duties and communicate with the firm's clients.

110. In a sole proprietorship, one individual—the sole proprietor—owns the business. The sole proprietor is entitled to any profits made by the firm but is also personally liable for all of the firm's debts or obligations. An attorney who practices law as a sole proprietor is often called a sole (solo) practitioner.

Working for a sole practitioner is a good way for a paralegal to learn about law office procedures because the paralegal will typically perform a wide variety of tasks. Many sole practitioners hire one person to act as secretary, paralegal, administrator, and manager. Paralegals holding this kind of position would probably handle many tasks: receiving and date-stamping the mail, organizing and maintaining the filing system, interviewing clients and witnesses, bookkeeping (receiving payments from clients, preparing and sending bills to clients, and the like), conducting investigations and legal research, drafting legal documents, assisting the attorney in trial preparation and perhaps in the courtroom, and other jobs, including office administration.

Working for a sole practitioner is a good way to find out which area of law you most enjoy because you will learn about procedures relating to many different areas.

Alternatively, if you work for a sole practitioner who specializes in one area of law, you will have an opportunity to develop expertise in that area. In sum, working in a small law firm gives you an overview of law office procedures and legal practice that will help you throughout your career.

111. Every law firm, regardless of its size or structure, has some kind of established filing procedures. Efficient procedures are vital because the paperwork generated is substantial, and important documents must be safeguarded yet be readily retrievable when needed. If a client file is misplaced or lost, the client may suffer costly harm. Additionally, documents must be filed in such a way as to protect client confidentiality. The duty of confidentiality extensively affects legal work and procedures. This is particularly true of filing procedures. All information received from or about clients, including files and documents, is considered confidential. A breach of confidentiality by a paralegal or other employee can cause the law firm to incur extensive liability.

In small firms, filing procedures may be rather informal, and paralegals may need to assume the responsibility for organizing and developing an efficient and secure filing system. Larger firms normally have specific procedures concerning the creation, maintenance, use, and storage of office files. In larger firms, a supervisor generally trains paralegals in office procedures, including filing. Although the trend today, particularly in larger firms, is toward computerized filing systems, many firms create "hard copies" to ensure that files are not lost if computer systems crash.

- 112.** A common practice among litigation attorneys, especially those representing plaintiffs in certain types of cases (such as personal-injury or negligence cases), is to charge the client on a contingency-fee basis. A contingency fee is contingent (dependent) on the outcome of the case. If the plaintiff wins the lawsuit and recovers damages or settles out of court, the attorney is entitled to a percentage of the amount recovered. If the plaintiff loses the lawsuit, the attorney gets nothing—although the client normally reimburses the attorney for the costs and expenses involved in preparing for trial. Often, the attorney’s contingency fee is one-fourth to one-third of the amount recovered. The agreement may provide for modification of the amount depending on how and when the dispute is settled. For example, an agreement that provides for a contingency fee of 33 percent of the amount recovered for a plaintiff may state that the amount will be reduced to a lower percentage if the case is settled out of court.
- 113.** Billable hours are the hours or fractions of hours that attorneys and paralegals spend in client-related work that requires legal expertise and that can be billed directly to clients. For example, a paralegal’s time spent researching or investigating a client’s claim is billable time. So is the time spent conferring with or about a client, drafting documents on behalf of a client, interviewing clients or witnesses, and traveling on a client’s behalf (to and from the courthouse to file documents, for example). Time spent on other tasks, such as administrative work, staff meetings, or performance reviews, is nonbillable time. For example, suppose that a paralegal spends 30 minutes photocopying forms for the forms file, time sheets, or a procedures manual for the office. Those 30 minutes are not considered billable time. Generally, law firms have a legitimate reason for wanting to maximize their billable hours: The financial well-being of a law firm depends to a great extent on how many billable hours are generated by its employees. Nonbillable time ultimately cuts into the firm’s profits. Therefore, the more billable hours generated by the firm’s legal professionals, the more profitable the business will be.
- 114.** A power failure or other problem can occur at any time. Should this happen, you may lose all current computer work that has not been saved to your hard disk. If you routinely back up documents, you may save yourself the hours of valuable time that could be required to re-create a document or file. You will also save yourself and the firm from the problem of deciding who will pay—the client or the law firm—for the extra time you had to spend to complete the work. Moreover, with back-up copies available, your employer will never have to be without a crucial document when it’s needed. Surge protectors help to protect against “computer meltdown,” but you should have, in addition, back-up copies of all of your work as well as a contingency plan—such as a second computer available to use. Backing up your work frequently on a CD-ROM, flash drive, or external hard drive is particularly important and can “save the day” if the computer system crashes or fails to the extent that data on the hard drive cannot be retrieved. Another important precaution you can take to prevent loss of work is to have a crash-saving program available to recover lost data.