



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

Contents

Hot Topics	2
Video Suggestions	10
Ethical Dilemma	15
Teaching Tips	17
Chapter Key	18

Dear Professor,

Happy fall season, everyone! Welcome to McGraw-Hill Education's October 2020 issue of Proceedings, a newsletter designed specifically with you, the Business Law educator, in mind. Volume 12, Issue 3 of Proceedings incorporates "hot topics" in business law, video suggestions, an ethical dilemma, teaching tips, and a "chapter key" cross-referencing the October 2020 newsletter topics with the various McGraw-Hill Education business law textbooks.

You will find a wide range of topics/issues in this publication, including:

1. Facebook's decision to block new political advertisements in the week before Election Day;
2. The United States Department of Education's "mixed messages" regarding the protection of transgendered students;
3. A \$1 billion discrimination lawsuit filed against McDonald's by dozens of Black ex-franchise owners;
4. Videos related to a) the effort of the United States Department of Justice to represent President Donald J. Trump in the E. Jean Carroll defamation lawsuit; and b) ongoing negotiations in the attempted "post-Brexit" trade deal between Britain and the European Union (EU);
5. An "ethical dilemma" related to the growing compensation gap between executive management and employees.; and
6. "Teaching tips" related to Article 2 ("Department of Education Sends Mixed Messages on Transgender Student Protections") of the newsletter.

I hope fall colors soon come your way!

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Proceedings

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October 2020 Volume 12, Issue 3

Of Special Interest

This section of the newsletter covers three (3) topics:

- 1) Facebook's decision to block new political advertisements in the week before Election Day;
- 2) The United States Department of Education's "mixed messages" regarding the protection of transgendered students; and
- 3) A \$1 billion discrimination lawsuit filed against McDonald's by dozens of Black ex-franchise owners.

Hot Topics in Business Law

Article 1: "Facebook Will Block New Political Ads in the Week Before Election Day"

<https://www.forbes.com/sites/siladityaray/2020/09/03/facebook-will-block-new-political-ads-in-the-week-leading-up-to-election-day/#1a880a3d7950>

According to the article, Facebook will block all new political ads during the week leading up to Election Day on November 3, and remove any posts that spread misinformation or try to suppress voting, the company's CEO Mark Zuckerberg said recently, in a departure from his previous insistence on not banning political ads—but critics say it won't stop politicians from running false ads.

Facebook will also label posts where "a candidate or campaign tries to declare victory before the results are in", Zuckerberg wrote, a move that is likely meant to address fears of President Donald Trump trying to claim victory after early results show him leading, and before mail-in votes are counted.

Zuckerberg said that the company will block all new political and issue ads during the final week of the campaign, but advertisers will be able to continue running ads that started running before the final week, including those containing false information, critics have pointed out.

Noting that the election won't be business as usual since many people will be voting by mail, Zuckerberg wrote, "It's important that we prepare for this possibility in advance and understand that there could be a period of intense claims and counter-claims as the final results are counted. This could be a heated period"

To prevent "misinformation and harmful content going viral" Facebook will also limit forwarding of messages on Messenger to five people or groups at a time.

Other measures being implemented by Facebook include the removal of any content that includes misrepresentations about voting, using threats of Covid-19 to discourage voting and label content that seeks to "delegitimize the outcome of the election or discuss the legitimacy of voting methods."

Facebook will partner with Reuters and the National Election Pool to provide information about election results on its Voting Information Center.



Proceedings

A monthly newsletter from McGraw-Hill Education

October 2020 Volume 12, Issue 3



In a departure from his previous stance on election ads Zuckerberg said, “It's important that campaigns can run get out the vote campaigns, and I generally believe the best antidote to bad speech is more speech, but in the final days of an election there may not be enough time to contest new claims.”

Some have raised concerns that Facebook’s moves may be too limited. NBC’s Jo Ling Kent pointed out that in some states like California, millions are expected to have already cast their vote by mail before Facebook’s ban on political ads goes into effect. CNN’s Donnie O’Sullivan tweeted, “Politicians will still be able to pay Facebook millions to run false ads all the way through Election Day as long as they buy the ads before the final week of the campaign.”

Facebook had been accused of not doing enough to prevent misinformation and voter suppression. The social media platform was an important conduit for Russia-backed election interference during the 2016 elections. According to the company’s own disclosure Russia’s actions included ads worth around \$100,000 connected to at least 470 "inauthentic" Facebook pages and accounts likely operated out of Russia. The company has since moved to take down coordinated inauthentic behavior from both foreign and domestic actors but has been unwilling to do the same with misinformation or hate speech shared by elected leaders or candidates running for public office. Zuckerberg himself had expressed reluctance about moderating political content including ads on Facebook. While the company’s primary rival banned all political ads on its platform last year, Zuckerberg has insisted that “the best way to hold politicians accountable is through voting, and I believe we should trust voters to make judgments for themselves.”

Discussion Questions

1. Does the Facebook case (more particularly, political speech on the internet) involve a constitutional issue? Why or why not?

The Facebook case does not involve a constitutional issue. The First Amendment to the United States Constitution states that “Congress shall make no law...abridging the freedom of speech...” Facebook is a private company, and as such, it can legally restrict speech on its social media platform.

2. Does the Facebook case involve censorship? Why or why not?

The term “censorship” usually refers to government interference with freedom of speech in violation of the First Amendment. In the technical sense of the term, this is not censorship. Again, Facebook is a private company, and as such, it can legally restrict speech on its social media platform.

3. Do you support Facebook’s decision to block all new political advertisements on its social media site during the week leading up to Election Day on November 3? Does this decision involve social responsibility, and if so, is Facebook acting sufficiently to support its social responsibility obligation? Explain your responses.



Proceedings

A monthly newsletter from McGraw-Hill Education

October 2020 Volume 12, Issue 3



These are opinion questions, so student responses may vary in response to these questions.

Article 2: “Department of Education Sends Mixed Messages on Transgender Student Protections”

https://abcnews.go.com/Politics/department-education-sends-mixed-messages-transgender-student-protections/story?id=72772076&cid=clicksource_4380645_5_film_strip_icymi_hed

According to the article, the Trump administration said it plans to investigate alleged discrimination against LGBTQ students following this summer's landmark United States Supreme Court rulings that said sexual orientation and gender identity are protected traits under existing civil rights law -- but only in certain circumstances, according to documents released by the Education Department's Office for Civil Rights.

In updated guidance posted via a letter to various Connecticut schools, the Education Department said transgender students still can't play on school sports teams that correspond with their gender identity and instead should be assigned to teams that correspond with their biological gender at birth.

At the same time, in a separate case, the department said it agreed to investigate claims of discrimination based on sexual orientation where a student alleged "homophobic bigot[ry]" at her school.

Sunu Chandy, the legal director at the National Women's Law Center, said the two moves by the department are "totally at odds."

"Do we applaud that someone won't be discriminated against based on sexual orientation from participating in sports? Absolutely. But we cannot do that without saying this other decision that excludes transgender students, essentially, is -- it's so harmful and so offensive to us, as it would be to transgender students," Chandy said.

The department's shift comes shortly after the United States Supreme Court said that discrimination on the basis of sex, which is forbidden in the workplace under the Civil Rights Act of 1964, includes sexual orientation and gender identity. The Education Department said because the opinion was about discrimination in the workplace, it does not have authority over the Education Department's Title IX statute -- the law that prohibits sex discrimination in schools.

In one of the letters released last week, the department noted that the Supreme Court had "recognized the significant differences between workplaces and schools," citing previous Supreme Court rulings.

"You can't immediately just say, because the court has said no employment discrimination where sex now reaches certain aspects of sexual orientation and gender identity that leads to a particular



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

outcome for bathrooms, locker rooms or sports teams," said Ryan Anderson, a senior research fellow at conservative-leaning think tank Heritage Foundation.

However, in one of two letters published by the department outlining the updated policy, acting Assistant Secretary for Civil Rights Kimberly Richey said the ruling "guides OCR's understanding that discriminating against a person based on their homosexuality or identification as transgender generally involves discrimination on the basis of their biological sex."

An Education Department official said the new protections apply to complaints involving individuals being excluded from participation, denied the benefit of, or subjected to discrimination under an education program or activity.

It does not apply to situations where schools separate students by sex in situations like locker rooms and bathrooms, or sports teams, the official said.

Of transgender athletes, the Education Department's Richey said in one of the documents, "If the school offers separate-sex teams, the male student-athlete who identifies as female must play on the male team, just like any other male student-athlete," arguing that separating students for single-sex sports teams "must be based on biological sex."

Chase Strangio, the deputy director for transgender justice at the ACLU's LGBT and HIV Project, said the Education Department is "taking away much more than they're giving," with the documents released.

"From the perspective of trans students, you can't claim to protect the community while also take the position, not only that trans people aren't protected, but that that states and local governments are prohibited from protecting trans people," Strangio said, adding that the Education Department is "escalating" attacks on trans people.

"Transgender girls are girls. And we are for girls' rights," Chandy, of the National Women's Law Center, said.

Enforcing Title IX when it comes to transgender students, specifically athletes, has been moving through the U.S. court system and different federal agencies for several years, according to attorney Casey Pick, senior fellow for advocacy and government affairs for the Trevor Project, the country's largest crisis center for LGBTQ youth.

The Obama administration issued guidance on Title IX in 2016, saying transgender students could not be denied access to opportunities to participate in sports based on their gender identity, she said.

"Since then, there's been a measure of conflicts. The Trump administration, shortly after taking office, rescinded that guidance and various cases have been percolating through the court system," Pick said.



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

"These rulings not only come from the Supreme Court but from multiple federal courts all over the country. And it's not just limited to employment," she added.

Pick said she thinks the Supreme Court's ruling should extend beyond the workplace and should apply to the Education Department's Title IX policy. She disagrees with what she calls the Department of Education's "idiosyncratic interpretation" of the landmark Supreme Court ruling.

"The Education Department now says they're going to interpret Title IX as allowing them to investigate claims of discrimination based on a student's sexual orientation. But if you read the letters, it appears that they are doing so rather grudgingly and trying to read the Bostock decision as narrowly as possible," she said.

Sarah Warbelow, legal director of the Human Rights Campaign, said fighting for transgender rights under the Trump administration has been "incredibly frustrating."

"This administration refuses to take serious long-standing case logs that protect LGBTQ people from discrimination under our federal sex discrimination laws, particularly younger people," Warbelow said. "These rulings are not only coming from the Supreme Court, but they're also coming from multiple federal courts all over the country. And it's not just limited to employment."

Going forward, Warbelow said she expects to see a long legal battle as transgender allies continue to push for education protections for transgender students.

She said the Education Department "seems to hold the idea that simply because the Supreme Court didn't get to the issues of bathroom access, that somehow that means that trans kids are not entitled to protection in those circumstances." She said they could have a "dangerous" impact for LGBTQ youth who are struggling with their identities and searching for positive affirmation from adults.

"You can't sort of segregate out various areas of trans people's lives. Trans people are who they say they are," she said. "Trans girls are girls and trans boys are boys. You can't treat a child as a girl in some circumstances and a boy in other circumstances when that's not consistent with who they are. It's really outrageous and it's dangerous because it sets that child up for further discrimination, and potentially even violence."

Discussion Questions

1. As indicated in the article, the United States Department of education has said that transgender students cannot play on school sports teams that correspond with their gender identity and instead should be assigned to teams that correspond with their biological gender at birth. Is this consistent with the recent landmark ruling from the U.S. Supreme Court regarding LGBTQ rights? Why or why not?



Proceedings

A monthly newsletter from McGraw-Hill Education

October 2020 Volume 12, Issue 3



As indicated in the article, in its landmark Bostock v. Clayton County decision, the United States Supreme Court held that Title VII of the Civil Rights Act of 1964 protects employees against discrimination because of their sexual orientation or gender identity. The decision did not specifically address such protection to students in the educational setting.

2. What is Title IX?

Title IX is a federal civil rights law that was passed as part of the Education Amendments of 1972. It prohibits discrimination based on sex in educational programs and activities that receive or benefit from federal financial assistance. Generally, a provider may not exclude, deny or provide different or lesser services to applicants or beneficiaries based on sex.

3. In your reasoned opinion, is the issue described in the article “ripe” for U.S. Supreme Court review? Why or why not?

This is an opinion question, so student responses may vary. In your author’s opinion, the issue described in the article is most certainly “ripe” for U.S. Supreme Court review. The Supreme Court should clarify whether the “spirit” of the Bostock v. Clayton County decision (legal protection from discrimination based on sexual orientation or gender identity) extends to students in the educational environment, or whether it should instead be restricted to employees in the workplace environment.

Article 3: “McDonald’s Faces \$1 Billion Discrimination Lawsuit from Dozens of Black Ex-Franchise Owners”

<https://www.forbes.com/sites/isabeltogoh/2020/09/01/mcdonalds-faces-1-billion-discrimination-lawsuit-from-dozens-of-black-ex-franchise-owners/#3042b2396655>

According to the article, McDonald’s is being sued for up to \$1 billion by dozens of Black former franchise owners who claim that the fast-food giant systematically placed them in “substandard locations” that hinder profitability and growth, saddling them with high insurance costs and leaving their restaurants performing below the national norm.

The lawsuit comes weeks after the world’s biggest fast-food chain was among dozens of corporations to release a statement in support of Black Lives Matter and condemn racism, following George Floyd’s killing and nationwide anti-racism protests.

In June, new CEO Chris Kempczinski acknowledged McDonald’s had more work to do to improve racial equality and diversity within the company, after two executives filed a lawsuit against the company for allegedly pushing out Black managers and franchisees.

Despite this, Kempczinski claimed that the chain had created more millionaires in the Black community than any other company.



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

But the latest lawsuit, filed by 52 Black former franchise owners in a Chicago federal court, says their average sales of \$2 million a year between 2011 and 2016 were \$700,000 below the national average, often leading them to bankruptcy, Reuters reports.

Jim Ferraro, representing the plaintiffs, told Reuters that the number of Black franchise owners has halved to 186 over the past two decades, while a lawsuit earlier this year claims that almost a third of Black franchisees left under ex-CEO Steve Easterbrook's tenure between 2015 and 2019.

McDonald's said in a statement to *Forbes*: "Not only do we categorically deny the allegations that these franchisees were unable to succeed because of any form of discrimination by McDonald's, we are confident that the facts will show how committed we are to the diversity and equal opportunity of the McDonald's System, including across our franchisees, suppliers and employees."

Ferraro said in an interview with Reuters: "It's systematic placement in substandard locations, because they're Black. Revenue at McDonald's is governed by one thing only: location."

Reportedly, black customers account 20% of the chain's revenue in the United States.

The lawsuit is the latest turn in McDonald's' controversial history within the Black community and Black franchise owners. In her book *Franchise: The Golden Arches in Black America*, author and Georgetown professor Marcia Chatelain explores how fast food expanded economic opportunity within the Black community amid a backdrop of racial inequality, and the role McDonald's played by franchising in communities it had previously overlooked and helped to create wealthy Black franchise owners that in turn empowered their communities. But that legacy becomes complex when considering the bigger impact that the company has left within those communities: "The low wages, the health disparities or the access to fresh food in communities of color," Chatelain told *Marketplace* in July. "Race has always been at the core of McDonald's and its ability to expand," Chatelain said. The effects of that legacy, and questions about the company's commitment to Black employees came to a head earlier this year when Black senior executives Vicki Guster-Hines and Domineca Neal named Easterbrook, President Charles Strong and Kempczinski in a lawsuit alleging that they were victims of racial discrimination and a hostile work environment "in both words and deeds." The lawsuit also alleged that Black franchise owners were driven "out of the system in record numbers," and that the firm stopped advertising to Black customers.

Chatelain added in her interview with *Marketplace*: "One of the things that I think a lot of these companies don't understand is that when you declare that Black lives matter, you shift the terrain of the debate. Now people are going to say: 'Well, prove it. Don't just say it in terms of donations to organizations. How are you treating Black workers? How are you making sure that what you're doing can actually enrich Black communities, instead of just exploit them?'"



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

Discussion Questions

1. As indicated in the article, McDonald's chief executive officer (CEO) Chris Kempczinski claims that the chain had created more millionaires in the Black community than any other company. In your reasoned opinion, is this alone enough to withstand a claim of race discrimination? Why or why not?

This is an opinion question, so student responses may vary. In your author's opinion, McDonald's CEO Chris Kempczinski's claim that the chain had created more millionaires in the Black community than any other company is not alone enough to withstand a claim of race discrimination. In any Title VII of the Civil Rights Act of 1964 discrimination case, including a race discrimination case, the specific question is whether there is proof by the greater weight of the evidence of disparate treatment (intentional) discrimination, or whether the policies and/or practices of the organization have a disparate impact (negative effect) on a particular class of individuals.

2. As the article indicates, the subject lawsuit comes weeks after McDonald's was among dozens of corporations to release a statement in support of Black Lives Matter and condemn racism, following George Floyd's killing and nationwide anti-racism protests. In your reasoned opinion, is this alone enough to withstand a claim of race discrimination? Why or why not?

This is an opinion question, so student responses may vary. In your author's opinion, even if McDonald's released a statement in support of Black Lives Matter and condemning racism following George Floyd's killing and nationwide anti-racism protests, that alone is not enough to withstand a claim of race discrimination. Again, in any Title VII of the Civil Rights Act of 1964 discrimination case, including a race discrimination case, the specific question is whether there is proof by the greater weight of the evidence of disparate treatment (intentional) discrimination, or whether the policies and/or practices of the organization have a disparate impact (negative effect) on a particular class of individuals.

3. Examine the evidence included in the article and give your reasoned opinion regarding the strength (or weakness) of the plaintiffs' race discrimination case.

This is an opinion question, so student responses may vary. In your author's opinion, the following evidence (if factual) is particularly troubling in McDonald's defense:

a) *The claim in a Chicago federal court case that the average sales of \$2 million a year between 2011 and 2016 for fifty-two (52) Black former McDonald's franchise owners in Chicago were \$700,000 below the national average, often leading them to bankruptcy;*

b) *According to the plaintiffs' attorney Jim Ferraro, the number of Black McDonald's franchise owners has halved to 186 over the past two (2) decades;*



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

- c) *A lawsuit filed earlier this year claims that almost a third of Black McDonald's franchisees left under ex-CEO Steve Easterbrook's tenure between 2015 and 2019; and*
- d) *Plaintiff's attorney Jim Ferraro's claim of systematic placement of his clients' McDonald's franchises in substandard locations because they are Black, while revenue at McDonald's is governed by one thing only: location.*



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

Video Suggestions

Video 1: “Justice Department Seeks to Defend Trump in E. Jean Carroll Defamation Lawsuit”

https://abcnews.go.com/Politics/justice-department-seeks-defend-trump-jean-carroll-defamation/story?id=72890751&cid=clicksource_4380645_1_heads_hero_live_twopack_hed

Note: In addition to the video, please see the following article included at the above-referenced internet address:

“Justice Department Seeks to Defend Trump in E. Jean Carroll Defamation Lawsuit”

According to the article, the United States Department of Justice is looking to intervene in a defamation lawsuit filed by journalist E. Jean Carroll against President Donald Trump over his denial of her rape allegation.

Last year, Carroll sued the president, who has denied ever meeting her, for allegedly defaming her when he told media outlets she was lying. In a court filing Tuesday, the DOJ argued that Trump was "acting within the scope of his office" at the time. It is moving the court to substitute the United States for Trump as the defendant in the lawsuit.

Carroll's lawyer accused the president of enlisting the DOJ as a replacement for his private attorneys. "Trump's effort to wield the power of the U.S. government to evade responsibility for his private misconduct is without precedent and shows even more starkly how far he is willing to go to prevent the truth from coming out," Roberta Kaplan said in a statement.

"Today's actions demonstrate that Trump will do everything possible, including using the full powers of the federal government, to block discovery from going forward in my case before the upcoming election to try to prevent a jury from ever deciding which one of us is lying," Carroll said in a statement.

Carroll, who served as an advice columnist at Elle magazine for over 20 years, claimed Trump sexually assaulted her in a Bergdorf Goodman dressing room in the 1990s in a New York Magazine article published in June 2019.



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

In a statement at the time, he said he never met her, adding, "She is trying to sell a new book -- that should indicate her motivation. It should be sold in the fiction section. Shame on those who make up false stories of assault to try to get publicity for themselves, or sell a book, or carry out a political agenda."

In November 2019, Carroll sued him for defamation, arguing he damaged her reputation and career - she lost her job at Elle -- by denying her story and claiming she took money from political opponents to fabricate it.

Carroll's lawsuit alleged that "Trump knew that these statements were false; at a bare minimum, he acted with reckless disregard for their truth or falsity. Trump had recognized Carroll on sight at Bergdorf Goodman. He knew who she was when he raped her, and he knew who she was in 2019. He certainly knew that she was telling the truth."

In a June 2019 interview with The Hill shortly after the excerpt was published, the president said Carroll was "totally lying" and added, "I'll say it with great respect: No. 1, she's not my type. No. 2, it never happened. It never happened, OK?"

Carroll's lawsuit asserts these two statements, as well as a third made during the same time period, were false and defamatory.

Last month, a New York judge denied Trump's request to stay the defamation lawsuit. Carroll has been writing a weekly column for The Atlantic in the lead-up to the election profiling other women who accused Trump of sexual assault, including Kareena Virginia and Natasha Stoyanoff. Trump has vehemently denied the women's accusations.

Discussion Questions

1. Define defamation.

Defamation is a false statement of fact or a bad faith opinion about a person, communicated to a third party, that results in the reputation of that person being adversely affected. There are two (2) forms of defamation: a) libel, which is written defamation; and b) slander, which is spoken defamation.

2. In your reasoned opinion, is it appropriate for the United States Department of Justice (DOJ) to intervene in this case? Why or why not?

This is an opinion question, so student responses may vary. As indicated in the article, the DOJ's proper intervention in this case depends on whether the president's words were spoken in his official capacity as president (in which case the DOJ's intervention would be appropriate by prevailing standards) or whether his words were spoken in a personal capacity (in which case the DOJ's intervention would not be appropriate by prevailing standards).



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

3. Evaluate the strength or weakness of the plaintiff E. Jean Carroll's defamation claim.

This is a subjective evaluation, so student responses may vary. Like so many alleged sexual harassment cases, determining whether it occurred is often based on the relative, perceived credibility of the witnesses.

Video 2: "Trade Deal at Risk as EU Says UK Must Honor Brexit Agreement"

https://abcnews.go.com/Business/wireStory/eu-britain-respect-brexit-deal-letter-72900367?cid=clicksource_4380645_6_heads_posts_headlines_hed

According to the article, prospects of a trade deal between Britain and the European Union (EU) appeared to dim recently, with the EU saying that even the most minor U.K. breach of the Brexit withdrawal treaty would undermine what little trust is left between the two sides.

The warning came as Britain pushed ahead with legislation that it admits breaks international law by overriding parts of the legally binding withdrawal agreement that both Britain and the EU signed up to.

"Breaking international law is not acceptable and does not create the confidence we need to build our future relationship," EU Council President Charles Michel said.

European Commission President Ursula von der Leyen said the age-old diplomatic cornerstone of "agreements must be kept" was "the foundation of prosperous future relations."

Britain left the political structures of the EU on January 31 and will make an economic break when an 11-month transition period ends on Dec. 31. The two sides are trying to strike a new trade deal by then, but talks have bogged down.

The U.K. government says its Internal Market Bill is a "safety net" designed to prevent disruption to internal U.K. trade in the event that there is no agreement by the end of the year.

The withdrawal agreement includes measures to ensure there are no barriers to trade or travel between Northern Ireland, which is part of the U.K., and EU member Ireland. To do that, Britain has agreed that Northern Ireland will continue to follow some EU rules even after the rest of the U.K. goes its own way. That means there will be checks and tariffs on some goods moving between Northern Ireland and the rest of the U.K., with Britain and the EU jointly deciding what goods they apply to.

The U.K. legislation, if passed by Parliament, will remove the EU's power to impose checks and tariffs if there is no EU-U.K.-agreement, giving that power instead to the British government.



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

The British government says trade barriers between Northern Ireland and the rest of the U.K. could undermine Northern Ireland's place within the U.K. and destabilize the peace settlement that ended decades of violence.

Johnson told lawmakers recently that the legislation was needed to protect against "extreme or irrational interpretations of the (Irish) protocol that could lead to a border down the Irish Sea." Critics say reneging on a legally binding international commitment will trash Britain's reputation for upholding law and order.

Opposition parties and EU officials were astonished when Northern Ireland Secretary Brandon Lewis acknowledged in Parliament recently that the legislation "does break international law in a very specific and limited way."

"The withdrawal agreement is not open for renegotiation and that we expect that the letter and the spirit of the withdrawal agreement will be fully respected," European Commission Vice President Maros Sefcovic said.

Sefcovic said he was seeking an urgent meeting of the joint EU-U.K. committee on the Brexit Withdrawal Agreement. The U.K. government said it welcomed such a meeting.

Some members of Johnson's Conservative Party are uneasy, too. Lawmaker Tobias Ellwood, who chairs the House of Commons Defense Committee, said that "to unilaterally ignore any treaty in its obligations which we've signed and submitted to the United Nations would actually go against everything we believe in."

Britain's move threatens to scuttle already deadlocked talks on a free trade deal between Britain and the bloc.

EU and U.K. trade negotiators are meeting in London this week, with both sides gloomy about a breakthrough on the key differences: competition rules and fishing rights. Johnson has said Britain will walk away if there is no agreement by October 15.

Johnson says the U.K. wants a deal but insists a no-deal exit would be "a good outcome," even though it would see tariffs and other impediments slapped on trade with the EU, which accounts for almost half of the U.K.'s total trade.

Without a deal, British freight firms have warned there could be logjams at ports and supplies of key goods in Britain could be severely disrupted starting January 1.

Richard Burnett, chief executive of the Road Haulage Association, said Wednesday there was an 80% chance of "chaos in Kent," the English county that contains the major Channel port of Dover, on January 1, even with a trade deal.

He said work to build new customs facilities and border technology was behind schedule.



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

“The devil is in the detail, and some of the fundamental things that need to change and some of the things that need to be invested in are simply not happening fast enough,” he told Parliament’s Brexit committee.

Discussion Questions

1. Describe “Brexit.”

Brexit is the withdrawal of the United Kingdom (UK) from the European Union (EU). Following a UK-wide referendum in June 2016, in which fifty-two (52) percent voted in favor of leaving the EU and 48 percent voted to remain a member, the UK government, which was then led by Theresa May, formally notified the EU of the country’s intention to withdraw on March 29, 2017, beginning the Brexit process. The withdrawal was originally scheduled for March 29, 2019 but was then delayed by deadlock in the UK Parliament after a subsequent general election was held in December 2019. Following the outcome, the UK Parliament finally ratified the withdrawal agreement, and the UK left the EU on January 31, 2020. This began a transition period that is set to end on December 31, 2020, during which the UK and EU are negotiating their future relationship. The UK remains subject to EU law and remains part of the EU customs union and single market during the transition but is no longer part of the EU’s political bodies or institutions.

2. How enforceable is international law?

Given geographic distances and varying social, political, and economic differences, it is very difficult to enforce international law, substantially more difficult than enforcing domestic law. In your author’s opinion, international law is only as enforceable as the willingness of its signatory nations to adhere to it.

3. Now that Britain is “on the outside looking in” in terms of the European Union (EU), how confident are you that Britain will be able to “ink” a new trade deal with the EU? Explain your response.

This is an opinion question, so student responses will likely vary. In your author’s opinion, Britain’s ability to execute a new trade deal with the EU will be very difficult, given the distrust between the two entities established by Britain’s formal departure from the EU. At best, Britain and the EU are in “trust, but verify” mode.



Proceedings

A monthly newsletter from McGraw-Hill Education



October 2020 Volume 12, Issue 3

Ethical Dilemma

Of Special Interest

This section of the newsletter addresses the growing compensation gap between executive management and employees.

“Jeff Bezos Becomes the First Person Ever Worth \$200 Billion”

<https://www.forbes.com/sites/jonathanponciano/2020/08/26/worlds-richest-billionaire-jeff-bezos-first-200-billion/#8c94abc4db7b>

According to the article, the world's richest person, Jeff Bezos, is wealthier than he's ever been.

Recently he crossed a milestone previously unseen in the nearly four (4) decades *Forbes* has been tracking net worths: With Amazon stock edging up 2% as of Wednesday afternoon, Bezos' net worth is up by \$4.9 billion, making the 56-year-old the world's first-ever person to amass a \$200 billion fortune.

The Amazon founder and CEO is now worth \$204.6 billion—nearly \$90 billion more than the world's second-richest person, Bill Gates, who's currently worth \$116.1 billion.

Even adjusting for inflation, *Forbes* believes Bezos' fortune is the largest ever tracked. The person to come closest is Gates, who was the world's first-ever centibillionaire. Near the height of the dot-com bubble, when Microsoft reached its then-peak in 1999, Gates' net worth surpassed \$100 billion, roughly \$158 billion in today's dollars.

Fueled by the change in consumer habits as a result of the coronavirus pandemic, Amazon stock is up nearly 80% since the beginning of the year, and Bezos' net worth, which was roughly \$115 billion on January 1, has skyrocketed in tandem. Bezos' roughly 11% stake in Amazon makes up more than 90% of his fortune. He also owns the *Washington Post*, aerospace company Blue Origin and other private investments.

Bezos would be even richer had he not gone through the most expensive divorce settlement in history last year. When he split from ex-wife, MacKenzie Scott, last July, he agreed to give her 25% of his Amazon stake, a chunk of stock now worth \$63 billion. Even after giving away \$1.7 billion in charitable gifts earlier this year, Scott is currently the world's 14th-richest person and second-richest woman, behind L'Oréal heiress Françoise Bettencourt Meyers.



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Bezos is not alone among tech titans with fortunes surging to massive new heights. Facebook's Mark Zuckerberg ended Tuesday as a brand-new centibillionaire, worth \$103.1 billion after adding \$3.4 billion to his fortune in one day, on Facebook stock gains. That surge continued early Wednesday afternoon, with Zuckerberg up an astonishing \$6 billion just on Wednesday as of publication time. He's now worth \$109.1 billion.

There are now more centibillionaires on the planet than ever. Joining Bezos, Gates and the newly crowned Zuckerberg is LVMH chair Bernard Arnault, who first joined the 12-figure ranks last year. Though his net worth slipped to about \$80 billion at the height of the coronavirus pandemic in March, Arnault reclaimed the centibillionaire title in May and today is worth about \$115 billion. This makes him the third-richest person on earth—\$90 billion poorer than Jeff Bezos.

Discussion Questions

1. Is executive officer compensation an ethics issue? Why or why not?

This is an opinion question, so student responses may vary; however, your author teaches a Business Ethics class, and the issue is invariably included in Business Ethics textbooks!

2. Compare the net worth of Amazon founder and chief executive officer (CEO) Jeff Bezos to the pay that a low-level Amazon employee receives. Is that discrepancy an issue of ethics?

Although Amazon did raise its company-established minimum wage to \$15 per hour (the so-called “livable wage”) in November 2018, that still translates into only \$31,200 per year at forty (40) hours per week and fifty-two (52) weeks per year. To say that pales in comparison to Mr. Bezos’ net worth of \$200 billion is obviously an understatement. Although student opinions may vary in terms of whether such a discrepancy is an issue of ethics, the operative issue is whether such a cataclysmic gap is fair. Remember, the legal standard is usually the minimal standard of acting appropriately, while the ethical standard can be (and often is) much greater.

3. In your reasoned opinion, do companies like Amazon have an ethical responsibility to control executive compensation? Why or why not?

This is an opinion question, and student responses will likely vary.



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Of Special Interest

This section of the newsletter will assist you in addressing Article 2 (“Department of Education Sends Mixed Messages on Transgender Student Protections”) of the newsletter.

Teaching Tips

Teaching Tip 1 (Related to Article 2—“Department of Education Sends Mixed Messages on Transgender Student Protections”):

For an excellent article addressing the recent United States Supreme Court decision regarding transgender legal protection, please refer to the following internet address:

https://www.washingtonpost.com/politics/courts_law/supreme-court-says-gay-transgender-workers-are-protected-by-federal-law-forbidding-discrimination-on-the-basis-of-sex/2020/06/15/2211d5a4-655b-11ea-acc80c22bbee96f_story.html

Teaching Tip 2 (Related to Article 2—“Department of Education Sends Mixed Messages on Transgender Student Protections”):

To view the actual United States Supreme Court decision regarding transgender legal protection against discrimination, *Bostock v. Clayton County*, Georgia, please refer to the following internet address:

https://www.supremecourt.gov/opinions/19pdf/17-1618_hfci.pdf



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Chapter Key for McGraw-Hill Education Business Law Texts:

	Hot Topics	Video Suggestions	Ethical Dilemma	Teaching Tips
Barnes et al., Law for Business	Chapters 4 and 25	Chapter 6	Chapter 3	Chapter 25
Bennett-Alexander & Hartman, Employment Law for Business	Chapters 3, 6 and 10	N/A	N/A	Chapters 3 and 6
Kubasek et al., Dynamic Business Law	Chapters 5 and 43	Chapters 6 and 8	Chapter 2	Chapter 43
Kubasek et al., Dynamic Business Law: The Essentials	Chapters 5 and 24	Chapter 7	Chapter 2	Chapter 24
Liuzzo, Essentials of Business Law	Chapters 5 and 33	Chapters 4 and 36	Chapter 2	Chapter 33
Langvardt et al., Business Law: The Ethical, Global, and E-Commerce Environment	Chapters 3 and 51	Chapter 6	Chapter 4	Chapter 51
McAdams et al., Law, Business & Society	Chapters 5 and 13	Chapters 7 and 16	Chapter 2	Chapter 13
Melvin, et al., Business Law and Strategy	Chapters 2 and 12	Chapters 9 and 25	Chapter 2	Chapter 12
Melvin, The Legal Environment of Business: A Managerial Approach	Chapters 3 and 41	Chapters 41 and 42	Chapter 2	Chapter 41
Pagnattaro et al., The Legal and Regulatory Environment of Business	Chapters 6 and 20	Chapters 10 and 12	Chapter 2	Chapter 20
Sukys, Business Law with UCC Applications	Chapters 2 and 23	Chapters 6 and 34	Chapter 1	Chapter 23



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October 2020 Volume 12, Issue 3

This Newsletter Supports the Following Business Law Texts:

Barnes et al., Law for Business, 14th Edition ©2021 (1260354660)

Bennett-Alexander et al., Employment Law for Business, 9th Edition ©2019 (1260031691)

Kubasek et al., Dynamic Business Law, 5th Edition ©2021 (1260354687)

Kubasek et al., Dynamic Business Law: The Essentials, 5th Edition ©2020 (1260354717)

Langvardt et al., Business Law: The Ethical, Global, and E-Commerce Environment, 17th Edition ©2019 (1260118827)

Liuzzo, Essentials of Business Law, 10th Edition ©2019 (1260118819)

McAdams et al., Law, Business, and Society, 12th Edition ©2018 (1260047687)

Melvin et al., Business Law and Strategy, 1st Edition ©2021 (0077614674)

Melvin et al., The Legal Environment of Business, A Managerial Approach: Theory to Practice, 4th edition ©2021 (1260354644)

Pagnattaro et al., The Legal and Regulatory Environment of Business, 18th Edition ©2019 (1260118835)

Sukys, Business Law with UCC Applications, 15th Edition ©2020 (1260204162)

