

**Contracts I**  
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**Fall 2003**

**Sample Exam Question #8**

**CAVEATS: This question is an example only. It does not cover enough material to constitute an entire exam. The questions on the real exam are of varying degrees of difficulty, and the number of points assigned to each question varies correspondingly.**

On February 15, 2002, Wallace Williams and Bruce Roberts entered into a written contract whereby Wallace, a professional entertainer, agreed to perform at Bruce's resort hotel in the Berkshires for the week of July 1-7, 2002 and Bruce agreed to pay Wallace \$25,000 for performing. In early May, Wallace had a hit single that, virtually overnight, made him a star who could command at least \$75,000 for a one-week engagement. On June 1st, Wallace telephoned Bruce demanding \$75,000 for his July 1st-7th performances. Bruce told Wallace that "a deal is a deal," and would not agree to pay Wallace more than the previously-agreed \$25,000.

- A. If Wallace's eighteenth birthday was June 1, 2002, would he have been entitled to refuse to perform the contract? Please explain.
  
- B. Suppose that, while Bruce initially refused to renegotiate, when Wallace said he would not perform unless Bruce agreed to pay him more money, Bruce relented. After a lengthy face-to-face discussion the morning of June 8th, Bruce dictated a new contract to his secretary, in the exact words of the first contract and running for the same period, with Wallace's compensation changed from \$25,000 to \$50,000. As they signed the new contract they tore up the old one. Thereafter, Wallace kept the engagement, but Bruce refused to pay more than the \$25,000 he had originally promised. Wallace sued. Could Bruce successfully defend Wallace's suit by arguing that, because he had already spent considerable time, money, and resources – particularly after Wallace's single became a hit – advertising Wallace's upcoming appearance, he should not be held to the June 8th contract? Please explain.
  
- C. Suppose that, when Wallace met with Bruce on June 8th, Wallace was accompanied by a couple of older men, who he introduced to Bruce as his "advisors." When Bruce rejected Wallace's initial demand for more money, the elder of the two men motioned for Bruce to come closer. When he did, the younger of the two men casually unbuttoned his suit jacket and slid one side back to reveal a pistol. Threatened by the gesture, Bruce's negotiating strategy changed, and he and Wallace soon came to an accommodation and signed the new contract. Under these facts, would Bruce have grounds (assuming he had the nerve) to refuse to pay Wallace more than the original \$25,000? Please explain.

- D. Returning to facts of subpart “B,” suppose that Bruce drank heavily the day he and Wallace negotiated and signed the agreement increasing Wallace’s compensation to \$50,000. Can Bruce defend Wallace’s suit by arguing that he was too intoxicated to form the requisite intent to be bound by the new contract? Please explain.
- E. Suppose that, within days of his hit single’s release, Wallace signed a multi-album contract with Vestal Records. Wallace spent the whole week following his eighteenth birthday in Vestal’s studios, recording and mixing songs. At the end of the week, Wallace called Vestal’s president, Chick Hanson. Wallace told Hanson that he appreciated all that Vestal had done for him, but he had received a better offer from another label. When Hanson sputtered, “But we have a contract,” Wallace replied, “I was underage when I signed it. Sorry, Chick.” Could Wallace disaffirm his contract with Vestal because he signed it when he was a minor? Please explain.