JUly AT the multiPlex – QUESTIONS SPRING 2011

In your report to Mr. Plex use the guide for reports found on the course website and incorporate the answers to questions 1 to 5 below.

Q. 1. Assume that a contract exists between Tommy and the Royal Theater. Further assume that one of the terms of the contract provides that the movie will begin at 1 PM. What liability, if any, does Royal Theater have for fraud?

You have reviewed Royal Theater’s potential legal liability. Mr. Plex seeks additional guidance. With respect to surveying moviegoers, Mr. Plex wants advice on how a survey could be conducted and how the data will be analyzed once it is collected. After considering the survey design issue, your firm provided Mr. Plex with guidance on the survey design and the costs associated with conducting a random sampling of moviegoers. After reviewing the information provided by your firm, Mr. Plex and the consortium decided to have your firm randomly sample 100 patrons and analyze the results. The sample revealed that 6 out of the 100 patrons surveyed agreed with Tommy and resented the ads.

Q.2. In light of this result, what course of action should the consortium adopt? Justify your conclusion by applying a statistical evaluation of the accuracy of your result.

Q. 3. When would the consortium make a Type I error? A Type II error?

Q. 4. Would your answer to Question 2 change if, instead, 300 patrons had been randomly surveyed and 18 out of the 300 patrons agreed with Tommy and resented the ads? Explain.

Q. 5. Identify any ethical issue(s) that may be involved in showing twenty minutes of commercials before the screening of the movie. Evaluate the ethical issue(s) presented in the case using one or more of the approaches to ethical decision making discussed in class.