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Law Case with Answer

Mitsch v. Rockenbach Chevrolet

Facts Joseph Mitsch purchased a used Chevrolet Yukon sport-utility vehicle (SUV) from Rockenbach Chevrolet. The Yukon was manufactured by General Motors Corporation (GMC). The Yukon had been driven over 36,000 miles. The purchase contract with Rockenbach Chevrolet contained the following disclaimer:

AS IS
THIS USED MOTOR VEHICLE IS SOLD AS IS. THE PURCHASER WILL BEAR THE ENTIRE EXPENSE OF REPAIRING OR CORRECTING ANY DEFECTS THAT PRESENTLY EXIST OR THAT MAY OCCUR IN THE VEHICLE.

Mitsch purchased GMC's extended service plan for the Yukon. During a period of approximately 18 months Mitsch experienced problems with the Yukon's transmission, engine, suspension, and climate control. All of the repairs were made by GMC dealerships and paid for by the GMC extended service plan. Mitsch sued Rockenbach Chevrolet for breach of the implied warranty of merchantability and sought to rescind his acceptance of the Yukon. Rockenbach Chevrolet argued that the "as is" disclaimer barred Mitsch's claim. Mitsch alleged that the "as is" disclaimer was not conspicuous and should be voided. Is the "as is" disclaimer conspicuous, and does it therefore properly disclaim the implied warranty of merchantability?

Answer Yes, the "as is" disclaimer was conspicuous and therefore properly disclaimed the implied warranty of merchantability. An "as is" disclaimer properly disclaims all express and implied warranties.

Therefore, an "as is" disclaimer properly disclaims an implied warranty of merchantability if the disclaimer is conspicuous. A disclaimer is conspicuous if it is so written that a reasonable person against whom it is to operate ought to have noticed it. A printed heading in capital letters is conspicuous. Here, the heading "**AS IS**" was in capital letters. Language in the body of a form purchase contract is conspicuous if it is larger than the rest of the contract. Here, the words "**THIS USED MOTOR VEHICLE IS SOLD AS IS. THE PURCHASER WILL BEAR THE ENTIRE EXPENSE OF REPAIRING OR CORRECTING ANY DEFECTS THAT PRESENTLY EXIST OR THAT MAY OCCUR IN THE VEHICLE**" were all in capital letters in the purchase contract that Mitsch signed. The "as is" disclaimer in the purchase contract was conspicuous and therefore disclaimed the implied warranty of merchantability. Therefore, Rockenbach Chevrolet was granted summary judgment, and Mitsch's lawsuit was dismissed. *Mitsch v. Rockenbach Chevrolet*, 359 Ill. App.3d 99, 833 N.E.2d 936, **Web** 2005 Ill.App. Lexis 699 (Appellate Court of Illinois)

Critical Legal Thinking Cases

12.1 Good or Service? Brenda Brandt was admitted to Sarah Bush Lincoln Health Center (Health Center) to receive treatment for urinary incontinence. During the course of an operation, the doctor surgically implanted a ProteGen Sling (sling) in Brandt. Subsequently, the manufacturer of the sling, Boston Scientific Corporation, issued a recall of the sling because it was causing medical complications in some patients. Brandt suffered serious complications and had the sling surgically removed.

Brandt sued Boston Scientific Corporation and Health Center for breach of the implied warranty of merchantability included in Article 2 (Sales) of the Uniform Commercial Code (UCC). Health Center filed a motion with the court to have the case against it dismissed. Health Center argued that it was a provider of services and not a merchant that sold goods, and because the UCC (Sales) applies to the sale of goods, Health Center was not subject to the UCC. Health Center proved that Brandt's bill was $11,174.50 total charge for her surgery, with a charge of $1,659.50, or 14.9%, for the sling and its surgical kit. Is the transaction between Brandt and Health Center predominantly the provision of services or the sale of goods? *Brandt v. Boston Scientific Corporation and Sarah Bush Lincoln Health Center*, 792 N.E.2d 296, **Web** 2003 Ill. Lexis 785 (Supreme Court of Illinois)

12.2 Entrustment Rule In 1962, Andy Warhol, a famous artist, created a silkscreen on canvas titled *Red Elvis*. *Red Elvis* consists of thirty-six identical faces of Elvis Presley on a red background, and it is approximately 5.75 feet in height and 4.35 feet in width. Kerstin Lindholm was an art collector who, for thirty years, had been represented by Anders Malmberg, an art dealer. In 1987, with the assistance and advice of Malmberg, Lindholm purchased *Red Elvis* for $300,000.

In 1996, the Guggenheim Museum in New York City decided to sponsor an Andy Warhol exhibition. The staff of the Guggenheim contacted Malmberg to see if Lindholm was willing to lend *Red Elvis* to the exhibition. Lindholm agreed, and *Red Elvis* was placed in the Guggenheim's exhibition. When the Guggenheim exhibition was completed in 2000, Malmberg told Lindholm that he could place *Red Elvis* on loan to the Louisiana Museum in Denmark if Lindholm agreed. By letter dated March 20, 2000, Lindholm agreed and gave permission to Malmberg to obtain possession of *Red Elvis* from the Guggenheim Museum and place it on loan to the Louisiana Museum. Instead of placing *Red Elvis* on loan to the Louisiana Museum, Malmberg, claiming ownership to *Red Elvis*, immediately contracted to sell *Red Elvis* to Peter M. Brant, an art collector, for $2.9 million. Brant had his lawyer do a UCC lien search and a search of the Art Loss Registry related to *Red Elvis*. These searches revealed no claims or liens against *Red Elvis*. Brant paid $2.9 million to Malmberg and received an invoice of sale and possession of *Red Elvis*.

Subsequently, Lindholm made arrangements to sell *Red Elvis* to a Japanese buyer for $4.6 million. Shortly thereafter, Lindholm discovered the fraud. Lindholm brought a civil lawsuit in the state of Connecticut against Brant to recover *Red Elvis*. Brant argued that he was a buyer in the ordinary course of business because he purchased *Red Elvis* from an art dealer to whom Lindholm had entrusted *Red Elvis*, and he had a claim that was superior to Lindholm's claim of ownership. Is Brant a buyer in the ordinary course of business who has a claim of ownership to *Red Elvis* that is superior to that of the owner Lindholm? *Lindholm v. Brant*, 925 A.2d 1048, **Web** 2007 Conn. Lexis 264 (Supreme Court of Connecticut)

12.3 Implied Warranty of Merchantability Nancy Denny purchased a Bronco II, a small sport-utility vehicle (SUV) that was manufactured by Ford Motor Company. Denny testified that she purchased the Bronco for use on paved city and suburban streets and not for off-road use. When Denny was driving the vehicle on a paved road, she slammed on the brakes in an effort to avoid a deer that had walked directly into her SUV's path. The Bronco II rolled over, and Denny was severely injured. Denny sued Ford Motor Company to recover damages for breach of the implied warranty of merchantability.

Denny alleged that the Bronco II presented a significantly higher risk of occurrence of rollover accidents than did ordinary passenger vehicles. Denny introduced evidence at trial which showed that the Bronco II had a low stability index because of its high center of gravity, narrow tracks, and shorter wheelbase, as well as the design of its suspension system. Ford countered that the Bronco II was intended as an off-road vehicle and was not designed to be used as a conventional passenger automobile on paved streets. Has Ford Motor Company breached the implied warranty of merchantability? *Denny v. Ford Motor Company*, 87 N.Y.2d 248, 662 N.E.2d 730, 639 N.Y.S.2d 250, **Web** 1995 N.Y. Lexis 4445 (Court of Appeals of New York)

12.4 Implied Warranty of Fitness for a Particular Purpose Felicitas Garnica sought to purchase a vehicle capable of towing a 23-foot Airstream trailer she had on order. She went to Mack Massey Motors, Inc. (Massey Motors), to inquire about purchasing a Jeep Cherokee that was manufactured by Jeep Eagle. After Garnica explained her requirements to the sales manager, he called the Airstream dealer concerning the specifications of the trailer Garnica was purchasing. The sales manager advised Garnica that the Jeep Cherokee could do the job of pulling the trailer. After purchasing the vehicle, Garnica claimed that it did not have sufficient power to pull the trailer. She brought the Jeep Cherokee back to Massey Motors several times for repairs for a slipping transmission. Eventually, she was told to go to another dealer. The drive shaft on the Jeep Cherokee twisted apart at 7,229 miles. Garnica sued Massey Motors and Jeep Eagle for damages, alleging breach of the implied warranty of fitness for a particular purpose. Have the defendants made and breached an implied warranty of fitness for a particular purpose? *Mack Massey Motors, Inc. v. Garnica*, 814 S.W.2d 167, **Web** 1991 Tex. Lexis 1814 (Court of Appeals of Texas)

12.5 Limited Warranty Dean Solomon purchased a camera and lenses from a retailer that were manufactured by Canon USA, Inc. Both the camera and the lenses were accompanied by a one-year limited warranty issued by Canon that limited a purchaser's remedies to repair or replacement in the event of any defect in materials or workmanship. Approximately three months after Solomon purchased the items, he notified Canon that he had encountered problems with the lenses when he was on an overseas vacation when an "error" message appeared on the camera when he changed lenses. In response, Canon repaired the camera. Several months later, Solomon notified Canon that the same problem reoccurred while he was on a subsequent vacation. Canon offered to repair the camera and lenses. Solomon refused the offer and sued Canon to revoke his acceptance and recover his purchase price. Is Canon's limited warranty enforceable? *Solomon v. Canon USA, Inc.*, **Web** 2010 N.Y.Misc. Lexis 6267 (Appellate Term of the Supreme Court of New York)

12.6 Firm Offer Gordon Construction Company (Gordon) was a general contractor in the New York City area. Gordon planned on bidding for the job of constructing two buildings for the Port Authority of New York. In anticipation of its own bid, Gordon sought bids from subcontractors. E. A. Coronis Associates (Coronis), a fabricator of structured steel, sent a signed letter to Gordon. The letter quoted a price for work on the Port Authority project and stated that the price could change, based upon the amount of steel used. The letter contained no information other than the price Coronis would charge for the job. One month later, Gordon was awarded the Port Authority project. Four days later, Coronis sent Gordon a telegram, withdrawing its offer. Gordon replied that it expected Coronis to honor the price that it had previously quoted to Gordon. When Coronis refused, Gordon sued. Gordon claimed that Coronis was attempting to withdraw a firm offer. Who wins? *E. A. Coronis Associates v. Gordon Construction Co.*, 90 N.J. Super. 69, 216 A.2d 246, **Web** 1966 N.J.Super. Lexis 368 (Superior Court of New Jersey)

12.7 Battle of the Forms Dan Miller was a commercial photographer who had taken a series of photographs that had appeared in the *New York Times*. *Newsweek* magazine wanted to use the photographs. When a *Newsweek* employee named Dwyer phoned Miller, he was told that 72 images were available. Dwyer said that he wanted to inspect the photographs and offered a certain sum of money for each photo *Newsweek* used. The photos were to remain Miller's property. Miller and Dwyer agreed to the price and the date for delivery. *Newsweek* sent a courier to pick up the photographs. Along with the photos, Miller gave the courier a delivery memo that set out various conditions for the use of the photographs. The memo included a clause that required *Newsweek* to pay $1,500 each if any of the photos were lost or destroyed. After *Newsweek* received the package, it decided it no longer needed Miller's work. When Miller called to have the photos returned, he was told that they had all been lost. Miller demanded that *Newsweek* pay him $1,500 for each of the 72 lost photos. Assuming that the court finds Miller and *Newsweek* to be merchants, are the clauses in the delivery memo part of the sales contract? *Miller v. Newsweek, Inc.*, 660 F.Supp. 852, **Web** 1987 U.S. Dist. Lexis 4338 (United States District Court for the District of Delaware)

12.8 Risk of Loss Martin Silver ordered two rooms of furniture from Wycombe, Meyer & Co., Inc. (Wycombe), a manufacturer and seller of custom-made furniture. On February 23, 1982, Wycombe sent invoices to Silver, advising him that the furniture was ready for shipment. Silver tendered payment in full for the goods and asked that one room of furniture be shipped immediately and that the other be held for shipment on a later date. Before any instructions were received as to the second room of furniture, it was destroyed in a fire. Silver and his insurance company attempted to recover the money he had paid for the destroyed furniture. Wycombe refused to return the payment, claiming that the risk of loss was on Silver. Who wins? *Silver v. Wycombe, Meyer & Co., Inc.*, 124 Misc.2d 717, 477 N.Y.S.2d 288, **Web** 1984 N.Y.Misc. Lexis 3319 (Civil Court of the City of New York)

Ethics Cases

12.9 Ethics Alex Abatti was the sole owner of A&M Produce Company (A&M), a small farming company located in California's Imperial Valley. Although Abatti had never grown tomatoes, he decided to do so. He sought the advice of FMC Corporation (FMC), a large diversified manufacturer of farming and other equipment, as to what kind of equipment he would need to process the tomatoes. An FMC representative recommended a certain type of machine, which A&M purchased from FMC pursuant to a form sales contract provided by FMC. Within the fine print, the contract contained one clause that disclaimed any warranty liability by FMC and a second clause which stated that FMC would not be liable for consequential damages if the machine malfunctioned.

A&M paid $10,680 down toward the $32,041 purchase price, and FMC delivered and installed the machine. A&M immediately began experiencing problems with the machine. It did not process the tomatoes quickly enough. Tomatoes began piling up in front of the belt that separated the tomatoes for weight-sizing. Overflow tomatoes had to be sent through the machine at least twice, causing damage to them. Fungus spread through the damaged crop. Because of these problems, the machine had to be continually started and stopped, which significantly reduced processing speed.

A&M tried on several occasions to get additional equipment from FMC, but on each occasion, its request was rejected. Because of the problems with the machine, A&M closed its tomato operation. A&M finally stated, "Let's call the whole thing off" and offered to return the machine if FMC would refund A&M's down payment. When FMC rejected this offer and demanded full payment of the balance due, A&M sued to recover its down payment and damages. It alleged breach of warranty caused by defect in the machine. In defense, FMC pointed to the fine print of the sales contract, stating that the buyer waived any rights to sue it for breach of warranty or to recover consequential damages from it. *A&M Produce Co. v. FMC Corp.*, 135 Cal.App.3d 473, 186 Cal.Rptr. 114, **Web** 1982 Cal.App. Lexis 1922 (Court of Appeal of California)

1. Did A&M act morally in signing the contract and then trying to get out from under its provisions?
2. Was it ethical for FMC to include waiver of liability and waiver of consequential damages clauses in its form contract?
3. Legally, are the waiver clauses unconscionable and therefore unenforceable?

12.10 Ethics Executive Financial Services, Inc. (EFS), purchased three tractors from Tri-County Farm Company (Tri-County), a John Deere dealership owned by Gene Mohr and James Loyd. The tractors cost $48,000, $19,000, and $38,000. EFS did not take possession of the tractors but instead left the tractors on Tri-County's lot. EFS leased the tractors to Mohr-Loyd Leasing (Mohr-Loyd), a partnership between Mohr and Loyd, with the understanding and representation by Mohr-Loyd that the tractors would be leased out to farmers. Instead of leasing the tractors, Tri-County sold them to three different farmers. EFS sued and obtained judgment against Tri-County, Mohr-Loyd, and Mohr and Loyd personally for breach of contract. Because that judgment remained unsatisfied, EFS sued the three farmers who bought the tractors to recover the tractors from them. *Executive Financial Services, Inc. v. Pagel*, 238 Kan. 809, 715 P.2d 381, **Web** 1986 Kan. Lexis 290 (Supreme Court of Kansas)

1. What does the entrustment rule provide? Explain.
2. Did Mohr and Loyd act ethically in this case?
3. Who owns the tractors, EFS or the farmers?

Does Debtor's jewelry qualify as necessary and proper wearing apparel and therefore is exempt property from the bankruptcy estate?

Answer No, Debtor's jewelry does not qualify as necessary and proper wearing apparel and is therefore not exempt property from the bankruptcy estate. Mrs. Lebovitz's jewelry is part of the bankruptcy estate. Debtor argues that she should be able to exempt all of her jewelry as wearing apparel because the items are worn by Debtor regularly, have sentimental value to her because they were given to her by her husband, and were not purchased for investment. However, under Tennessee law, Debtor is not entitled to claim her jewelry as exempt because the items are neither necessary nor proper wearing apparel for a bankruptcy debtor. Thus, Debtor is not entitled to claim her jewelry as exempt from the bankruptcy estate. As difficult as this case is, given the unfortunate illness of Dr. Lebovitz that led to the bankruptcy filing, the law is clear: Whether Debtor's jewelry is valued at its wholesale value or retail value, the items constitute luxury items. The items constitute luxury items, not necessary or proper wearing apparel, and are not exempt property from Debtor's bankruptcy estate. Debtor's jewelry is property that must be included in the bankruptcy estate. *In re Lebovitz*, 344 B.R. 556, **Web** 2006 Bankr. Lexis 1044 (United States Bankruptcy Court for the Western District of Tennessee)

Critical Legal Thinking Cases

13.1 Financing Statement PSC Metals, Inc. (PSC), entered into an agreement whereby it extended credit to Keystone Consolidated Industries, Inc., and took back a security interest in personal property owned by Keystone. PSC filed a financing statement with the state, listing the debtor's trade name, "Keystone Steel & Wire Co.," rather than its corporate name, "Keystone Consolidated Industries, Inc." When Keystone went into bankruptcy, PSC filed a motion with the bankruptcy court to obtain the personal property securing its loan. Keystone's other creditors and the bankruptcy trustee objected, arguing that because PSC's financing statement was defectively filed, PSC did not have a perfected security interest in the personal property. If this were true, then PSC would become an unsecured creditor in Keystone's bankruptcy proceeding. Is the financing statement filed in the debtor's trade name, rather than in its corporate name, effective? *In re FV Steel and Wire Company*, 310 B.R. 390, **Web** 2004 Bankr. Lexis 748 (United States Bankruptcy Court for the Eastern District of Wisconsin)

13.2 Buyer in the Ordinary Course of Business Mike Thurmond operated Top Quality Auto Sales, a used car dealership. Top Quality financed its inventory of vehicles by obtaining credit under a financing arrangement with Indianapolis Car Exchange (ICE). ICE filed a financing statement that listed Top Quality's inventory of vehicles as collateral for the financing. Top Quality sold a Ford truck to Bonnie Chrisman, a used car dealer, who paid Top Quality for the truck. Chrisman in turn sold the truck to Randall and Christina Alderson, who paid Chrisman for the truck. When Chrisman filed to retrieve the title to the truck for the Aldersons, it was discovered that Top Quality had not paid ICE for the truck. ICE requested that the Indiana Bureau of Motor Vehicles (BMV) place a lien in its favor on the title of the truck. When ICE refused to release the lien on the truck, the Aldersons sued ICE to obtain title to the truck. The Aldersons asserted that Chrisman, and then they, were buyers in the ordinary course of business and therefore acquired the truck free of ICE's financing statement. ICE filed a counterclaim to recover the truck from the Aldersons. Are Chrisman and the Aldersons buyers in the ordinary course of business who took the truck free from ICE's security interest in the truck? *Indianapolis Car Exchange v. Alderson*, 910 N.E.2d 802, **Web** 2009 Ind.App. Lexis (Court of Appeals of Indiana)

13.3 Bankruptcy Mark Ahmed and Ann Marie Jalajel (Debtors) filed a joint petition for Chapter 7 liquidation bankruptcy. On the schedule of personal property, Debtors listed two cars worth $58,395, a bank account with a balance of $1,156, household furnishing and clothing valued at $6,550, interests in twelve limited liability companies valued at $1.00 each, a dog valued at $1.00, and the following jewelry:

Item	Owner	Value
Necklaces earrings, bracelets, and watch	Wife	$1,500.00
Wedding ring	Wife	$7,000.00
Watch	Husband	$100.00
Wedding band	Husband	$300.00

Within two years prior to declaring bankruptcy, Debtors purchased twenty-eight pieces of jewelry for approximately $120,000. Prior to filing bankruptcy, Debtors sold nine pieces of jewelry. Seven pieces of jewelry were reported as lost. After filing for bankruptcy, Debtors sold some jewelry and pawned a Rolex watch for $3,000. Two creditors objected to Debtors' claimed exemptions. A complaint was filed, alleging that Debtors knowingly and fraudulently made false oaths and material omissions and transferred and concealed property of the estate in an attempt to hinder, delay, and defraud creditors. The remedy sought was an order that Debtors be denied discharge. Based on the facts of the case, should Debtors be denied discharge? *In re Jalajel*, **Web** 2010 Bankr. Lexis ___ (United States Bankruptcy Court for the Eastern District of Virginia)

13.4 Discharge Margaret Kawaauhau sought treatment from Dr. Paul Geiger for a foot injury. Dr. Geiger examined Kawaauhau and admitted her to the hospital to attend to the risks of infection. Although Dr. Geiger knew that intravenous penicillin would have been a more effective treatment, he prescribed oral penicillin, explaining that he thought that his patient wished to minimize the cost of her treatment. Dr. Geiger then departed on a business trip, leaving Kawaauhau in the care of other physicians. When Dr. Geiger returned, he discontinued all antibiotics because he believed that the infection had subsided. Kawaauhau's condition deteriorated over the next few days, requiring the amputation of her right leg below the knee. Kawaauhau and her husband sued Dr. Geiger for medical malpractice. The jury found Dr. Geiger liable and awarded the Kawaauhaus $355,000 in damages. Dr. Geiger, who carried no malpractice insurance, filed for bankruptcy in an attempt to discharge the judgment. Is a debt arising from a medical malpractice judgment that is attributable to negligent or reckless conduct dischargeable in bankruptcy? *Kawaauhau v. Geiger*, 523 U.S. 57, 118 S.Ct. 974, 140 L.Ed.2d 90, **Web** 1998 U.S. Lexis 1595 (Supreme Court of the United States)

13.5 Chapter 11 Reorganization UAL Corporation was the parent company of United Airlines, which was the largest scheduled passenger commercial airline in the world. On a daily basis, the airline offered more than 1,500 flights to twenty-six countries. The airline also offered regional service to domestic hubs through United Express carriers. Eventually, low-cost airlines began taking business from United. In response, United lowered fares to compete with the low-cost airlines. However, United's cost structure could not support its new strategy, and the company began losing substantial money on its operations.

UAL filed for Chapter 11 reorganization bankruptcy. At the time of filing the petition, UAL owned or leased airplanes, equipment, trucks and other vehicles, docking space at airports, warehouses, office space, and other assets. In many cases, UAL had borrowed the money to purchase or lease these assets. Most of the lenders took back mortgages or security interests in the assets for which they had loaned money to UAL to purchase or lease. In addition, UAL owed unsecured creditors money that it could not repay, and it had executory contracts and unexpired leases that it also could not pay. What should UAL propose to do in its plan of reorganization that it files with the bankruptcy court? *In re UAL Corporation*

13.6 Priority of Security Interests Paul High purchased various items of personal property and livestock from William and Marilyn McGowen. To secure the purchase price, High granted the McGowens a security interest in the personal property and livestock. Two and one-half months later, High borrowed $86,695 from Nebraska State Bank (Bank) and signed a promissory note, granting Bank a security interest in all his farm products, including but not limited to all his livestock. Bank immediately perfected its security agreement by filing a financing statement with the county clerk in Dakota County, Nebraska. The McGowens perfected their security interest by filing a financing statement and security agreement with the county clerk three months after Bank filed its financing statement. Three years later, High defaulted on the obligations owed to the McGowens and Bank. Whose security interest has priority? *McGowen v. Nebraska State Bank*, 229 Neb. 471, 427 N.W.2d 772, **Web** 1988 Neb. Lexis 290 (Supreme Court of Nebraska)

13.7 Fraudulent Transfer Peter and Geraldine Tabala (Debtors), husband and wife, purchased a house in Clarkstown, New York. They purchased a Carvel ice cream business for $70,000 with a loan obtained from People's National Bank. In addition, the Carvel Corporation extended trade credit to Debtors. Two years after getting the bank loan, Debtors conveyed their residence to their three daughters, ages 9, 19, and 20, for no consideration. Debtors continued to reside in the house and to pay maintenance expenses and real estate taxes due on the property. On the date of transfer, Debtors owed obligations in excess of $100,000. Five months after conveying their residence to their daughters, Debtors filed a petition for Chapter 7 bankruptcy. The bankruptcy trustee moved to set aside Debtors' conveyance of their home to their daughters as a fraudulent transfer. Who wins? *In re Tabala*, 11 B.R. 405, **Web** 1981 Bankr. Lexis 3663 (United States Bankruptcy Court for the Southern District of New York)

13.8 Guaranty Contract Murphy Oil USA, Inc. (Murphy Oil), entered into a contract to sell petroleum products to Price Oil, Inc. In order to do so, Murphy Oil required and obtained written guaranty contracts signed by Elmer Myers Armstrong and Frieda Armstrong (Armstrongs), guaranteeing that if Price Oil did not pay