

## 14.1: Introduction

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Fundamentally, the principles of agency hold individuals and businesses liable for the acts of others. For example, if an employee uses a racial slur against a customer, the business is liable for that employee's discriminatory act. Likewise, if an agent signs a contract in the name of a business, that business may be bound by the terms of the contract.

Agents cannot give themselves power without the express or implied authority of the principal. Once an agency relationship is formed, agents and principals owe each other certain duties. This ensures fair dealings between them and gives third parties some assurance regarding their rights.

**Counselor's Corner** Agency is not a sexy area of the law. Most people don't give much thought about it. But I often see cases in my courtroom where people and businesses are liable for the acts of their agents. It doesn't matter if you didn't know the person was legally your agent. You are still responsible for their actions under the law. While there is no way to prevent all mistakes and bad behavior of others, the best way you can insulate yourself from liability of an agent is to surround yourself with people who have integrity. If your grandmother wouldn't approve of them, then you shouldn't work with them. ~Christopher W., judge

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