

## ACADEMIC COURSE SYLLABUS

<b>COURSE TITLE:</b>	<b>BUSINESS ORGANIZATIONS</b>	
<b>COURSE NUMBER:</b>	LAW 800A	Business Organizations - 1st semester of two-semester course*
	LAW 800B	Business Organizations – 2 <sup>nd</sup> semester of two-semester course*
	LAW 800A/B*	Business Organizations
	* Denotes all non-severable, two semester courses. Both semesters must be successfully completed to receive final A/B course grade.	
<b>UNITS:</b>	3 Units/Semester (for one 6-Unit final grade)	
<b>COURSE TYPE:</b>	Required	
<b>PROFESSOR(S) NAME:</b>	Professor Robert Rutherford	
<b>PROFESSOR CONTACT INFO:</b>	Preferred Method: Email  Office (707) 545-4910 Fax (707) 544-0260 Email <a href="mailto:rrutherford@andersonzeigler.com">rrutherford@andersonzeigler.com</a>	
<b>SCHEDULE:</b>	Two-semester class: Fall 2018, Tuesday 6:00 p.m. - 9:00 p.m., Room # 104 and Spring 2019, Tuesday 6:00 p.m. - 9:00 p.m., Room # 104	
<b>PREREQUISITES:</b>	Successful completion of first-, second-, and third-year course work (or if an Accelerated student; concurrent enrollment in third-year courses)	
<b>COREQUISITES:</b>	None	
<b>TEXTS AND MATERIALS:</b>	<p><b><i>Corporations and other Business Organizations: Cases, Materials, Problems 9<sup>th</sup> Edition, 2016</i></b> ; Soderquist, Smiddy and Cunningham; Carolina Press Hardcover: 9781531000196; or Looseleaf: 978-1-53100-020-2</p> <p><b>NEW</b> Business Associations—Agency, Partnerships, LLCs and Corporations, 2018 Statutes and Rules, <b><i>Klein, Ramseyer and Bainbridge's ISBN# 978-1683286424 West Academic</i></b></p>	

<p><b>COURSE DESCRIPTION:</b></p>	<p>Formation; pre-incorporation activities; de facto corporations; role, authority and meetings of officers, directors and shareholders; standard of care; proxy solicitations; close corporations; fiduciary relations; shareholder litigation; capitalization; dividend distributions; fundamental changes; partnerships and agency.</p>
<p><b>COURSE OBJECTIVES / ANTICIPATED LEARNING OUTCOMES:</b></p>	<p>This course will survey the law governing the formation, operation and dissolution of business entities with emphasis on agency and partnerships, corporations, and limited liability companies. Students will study the relationships of individuals to such entities, including the fiduciary duties of agents and principals. The class will also look at corporate finance and securities laws.</p> <p>Students must demonstrate that they possess a minimum level of knowledge necessary to pass a CA State Bar Examination question involving the subject matter of Corporations.</p> <ul style="list-style-type: none"> <li>• Students will learn about different business entities, including corporations, partnerships and limited liability companies, and about the statutes and common law rules governing their organization and operation.</li> <li>• Students will gain an understanding of the various factors considered when advising clients about forming business entities.</li> <li>• Students will be introduced to corporate financing issues and the different ways in which ownership interests are structured.</li> <li>• Students will examine the unique problems created by closely held business entities and the rules fashioned by the courts to address those issues.</li> <li>• Students will consider the liability protection afforded by certain business entities and how that protection may be forfeited</li> <li>• Students will learn about the fiduciary duties of directors to corporate shareholders and about the Business Judgment Rule and its application.</li> <li>• Students will review statutes limiting the liability of directors and providing for indemnification of corporate directors and officers.</li> <li>• Students will be introduced to federal and state laws and regulations prohibiting insider trading.</li> </ul>

	<ul style="list-style-type: none"> <li>• Students will learn about the law governing corporate takeover battles, mergers and proxy contests.</li> </ul> <p>Students should expect to spend a <u>minimum</u> of two hours/per hour of instruction time on assigned readings and briefing cases. For example, a 3-hour class would require at least 6 hours of outside preparation time per week.</p>															
<p><b>FORMAT OVERVIEW/METHOD OF INSTRUCTION:</b></p>	<p>Course material will be presented in a lecture-discussion and Socratic method format.</p> <p>The purpose of class meetings is to introduce students to the law governing business organizations and their operation. This will be accomplished through the reading, review and discussion of statutes and cases. Students will be assigned cases to brief in class. Students will be expected to understand the facts of each case in detail and to explain the rules and reasoning supporting the court’s decision. The student briefing a particular case should come to class with at least two (2) thoughtful questions that can be posed to the class and discussed in order that all of the students may gain better insights and understanding of the issues discussed. All students must read the cases and be prepared to participate in discussions about them. All students should be prepared each week to discuss a review question based on material previously covered in the class.</p>															
<p><b>EXAMS:</b></p>	<p>Exams begin promptly at 6 p.m. All students must take examinations as scheduled. It is recognized that in special circumstances and due to emergencies, it may be necessary to schedule delayed examinations. An emergency is defined as a serious illness or injury to the student or a member of his or her immediate family. Special Circumstances are defined as other situations that, in the opinion of the Dean, are sufficient to warrant delay in taking examinations. <b>Any student taking delayed examinations <u>must have the prior written approval of the Dean.</u></b> No examination may be taken <u>prior</u> to the day of the regularly scheduled examination. If delayed examinations are approved by the Dean, <u>a fee of \$75 will be charged for each such exam taken.</u> Failure to complete an exam is not sufficient reason for a late or retake exam.</p> <p>The final exam will be cumulative, covering all course material.</p>															
<p><b>GRADING / ASSESSMENT CRITERIA/CLASS POLICIES:</b></p>	<p>Empire College uses the following grading system:</p> <p><u>Numerically graded classes:</u></p> <table border="0"> <tr> <td>90 – 100</td> <td>A</td> <td>Outstanding</td> </tr> <tr> <td>80 - 89</td> <td>B</td> <td>Superior</td> </tr> <tr> <td>70 - 79</td> <td>C</td> <td>Satisfactory</td> </tr> <tr> <td>65 - 69</td> <td>D</td> <td>Unsatisfactory</td> </tr> <tr> <td>64 and Below</td> <td></td> <td>Failing/No Credit</td> </tr> </table>	90 – 100	A	Outstanding	80 - 89	B	Superior	70 - 79	C	Satisfactory	65 - 69	D	Unsatisfactory	64 and Below		Failing/No Credit
90 – 100	A	Outstanding														
80 - 89	B	Superior														
70 - 79	C	Satisfactory														
65 - 69	D	Unsatisfactory														
64 and Below		Failing/No Credit														

	<p>Only numeric grades in Required courses are used to calculate grade point average.</p> <p>The course grade will be comprised of the results of:</p> <p>Midterm exam - 40% (Fall Semester)  Final exam - 50% (Spring Semester)  Quality of Class Participation and Assigned Projects 10%</p> <p>The final exam will be cumulative, covering all course material.</p>
<p><b>ATTENDANCE:</b></p>	<p>Regular and punctual attendance is essential for the successful completion of the course. Students should plan to attend every class. Students must attend a minimum of 80% (36 hours — 12 of 15 classes) of the class sessions during each semester.</p> <p>Roll will be taken at each class. Class attendance is of particular importance in learning the language and concepts of the law. Make-up classes will be scheduled on evenings when classes are not usually held or on weekends or made up on another night by staying longer. Class sessions which are delayed or canceled because of holidays or policy of Empire College School of Law, and which are re-scheduled for a different date are considered regularly scheduled class sessions, not make-up classes. A student who has exceeded the absence limits outlined will be automatically dropped from the course. A student who is dropped from a course will be required to repeat the course at its next offering in order to meet graduation requirements.</p>

## ASSIGNMENTS: FALL 2018

Note: Unless otherwise shown, all references are to Smiddy & Cunningham, *Corporations and Other Business Organizations: Cases, Materials, Problems, 9<sup>th</sup> Edition*. References to “Statutes and Rules” refer to *Business Associations: Agency, Partnerships, LLCs, and Corporations, 2018 Statutes and Rules*. Klein, Ramseyer, and Bainbridge.

**Please note that page numbers for the reading assignments are subject to change**

<b>Week 1: 9/4/18</b>	XXV-10 <b>Introduction    Approaching Corporate Law</b> Section I     Putting Business Organizations in Context Section II     Other Perspectives of Business Section III     Distinguishing Features of Business Law Practice  Statutes and Rules:    Read <i>Restatement of the Law (Second) Agency</i>  <div style="text-align: right;"> <b>Chapter 1    Business Organizations and Agency Principles</b>                      Section I     Introduction to Forms of Business Organizations                      Section II     Sole Proprietorships                      Section III     Agency Law                 </div> Statutes and Rules:    Read <i>Restatement of the Law (Third) Agency</i>
<b>Week 2: 9/11/18</b>	PGS. 11-50 <b>Chapter 1    Business Organizations and Agency Principles</b> Section III     Agency Law (continued)  <div style="text-align: right;"> <b>Chapter 2    Traditional Business Forms and Their Progeny</b>                      Section I     General and Limited Liability Partnerships                 </div> Statutes and Rules:    Read <i>Uniform Partnership Act (1997)</i>
<b>Week 3: 9/18/18</b>	PGS. 51-98 <b>Chapter 2    Traditional Business Forms (continued)</b> Section I     General Partnerships
<b>Week 4: 9/25/18</b>	PGS. 98-147 <b>Chapter 2    Traditional Business Forms (continued)</b> Section II     Corporations Section III     Synthesis – Other Forms of Business Organizations  Statutes and Rules:    Read <i>Uniform Limited Liability Company Act</i>

<b>Week 5: 10/2/18</b>	PGS. 147-191	<b>Chapter 2</b> Section III (continued)	<b>Traditional Business Forms (continued)</b> Synthesis – Other Forms of Business Organizations  <ul style="list-style-type: none"> <li>• Forming business entities</li> <li>• Students will work in groups and will prepare basic organizational documents for a corporation, a limited liability company, a general partnership, a limited partnership, or a limited liability partnership.</li> </ul>
<b>Week 6: 10/9/18</b>	<b>No Class</b> A makeup session will be scheduled during which previously covered material will be reviewed. Students will discuss answering questions pertaining to the course material.		
<b>Week 7: 10/16/18</b>	PGS. 191-226	<b>Chapter 3</b> Section I Section II Section III Section IV Section V	<b>Incorporation</b> Introduction to the Corporation Promoters' Contracts Where and How to Incorporate Issues Related to Successful Incorporation Defective Incorporation  <i>Please review Appendix, pages 997-1015, Reading Financial Statements</i>
<b>Week 8: 10/23/18</b>	PGS. 227-278	<b>Chapter 4</b> Section I Section II  Section III Section IV Section V	<b>Capitalization</b> Some Capitalization Basis Duly Authorized, Validly Issued, Fully Paid, and Non-Assessable Stock  Thin Incorporation and Subordination Preemptive Rights Share Transfer Restrictions and Buyout agreements
<b>Week 9: 10/30/18</b>	PGS. 279-324	<b>Chapter 5</b> Section I Section II Section III Section IV  <b>Chapter 6</b> Section I Section II	<b>Organizing the Corporation</b> Organization Procedures Other Organizational Matters Bylaws The Corporation as a Legal Person  <b>Corporate Authority</b> Functions and Authority of Shareholders Functions and Authority of Directors  Statutes and Rules: Read <i>Model Business Corporation Act, Chapters 2-5</i> Statutes and Rules: Read <i>Model Business Corporation Act, Chapters 7 and 8</i>

<p><b>Week 10: 11/6/18</b></p>	<p>PGS. 324-368</p> <p><b>Chapter 7</b></p> <p>Statutes and Rules:</p>	<p><b>Chapter 6</b> Section III</p> <p><b>Distributing Corporate Control</b> Section I Section II Section III Section IV</p> <p>Read <i>Model Business Corporation Act, Chapter 6</i></p>	<p><b>Corporate Authority (continued)</b> Functions and Authority of Officers</p> <p>Cumulative Voting, Classification of Directors, and Class Voting Charter Provisions Removal of Directors Deadlocks, Oppression, and Dissolution</p>
<p><b>Week 11: 11/13/18</b></p>	<p>PGS. 368-410</p>	<p><b>Chapter 7</b> Section V</p> <p><b>Chapter 8</b> Section I Section II Section III</p>	<p><b>Distributing Corporate Control (continued)</b> Contractual Arrangements</p> <p><b>Piercing the Corporate Veil</b> Introduction Tort-Based Claims and Other Considerations Contract-Based Claims and Other Considerations</p>
<p><b>Week 12: 11/20/18</b></p>	<p>PGS. 411-468</p>	<p><b>Chapter 8</b> Section IV</p> <p><b>Chapter 9</b> Section I Section II</p>	<p><b>Piercing the Corporate Veil (continued)</b> Statutory Claims</p> <p><b>Dividends and Distributions</b> Mechanics of Dividends and Distributions Limitations on Dividends and Distributions</p>
<p><b>Week 13: 11/27/18</b></p>	<p>PGS. 469-510</p>	<p><b>Chapter 10</b> Section I Section II Section III Section IV</p>	<p><b>Duty of Care</b> Introduction The General Standard of Care and the Obligation to Monitor Duty to Inquire and to Monitor Business Judgment Rule</p>
<p><b>Week 14: 12/4/18</b></p>	<p>PGS. 510-532</p>	<p><b>Chapter 10</b> Section V Section VI Section VII Section VIII</p>	<p><b>Duty of Care (continued)</b> Informed Decision Making Corporate Objective and Social Responsibility Corporate Governance Reforms Legislative Responses to Liability</p>
<p><b>Week 15: Midterm date TBA - Exam period 12/10/18 – 12/20/18</b></p>	<p>3-hour Midterm Examination - finals period runs: 12/10/18 to 12/20/18– date tbd – watch for exam schedule to be published during semester.</p>		

	<b>ASSIGNMENTS: SPRING 2019</b>		
<b>Week 1: 1/8/19</b>	PGS. 533-573	<b>Chapter 11</b> Section I Section II Section III Section IV	<b>Duty of Loyalty</b> Introduction Common Law Test Safe Harbor Statutes Good Faith
<b>Week 2: 1/15/19</b>	PGS. 573-606	<b>Chapter 11</b> Section V Section VI	<b>Duty of Loyalty (continued)</b> Compensation Agreements Corporate Opportunity Doctrine
<b>Week 3: 1/22/19</b>	PGS. 607-647	<b>Chapter 12</b> Section I Section II Section III	<b>Duty of Controlling Shareholders</b> Operation of Corporations Sale of Control Mergers
<b>Week 4: 1/29/19</b>	PGS. 649-697	<b>Chapter 13</b>  Section I Section II Section III	<b>Changes in Control: Corporate Combinations and Tender Offer Defenses (continued)</b>  Introduction (cont'd) Negotiated Changes in Control Defending Against Tender Offers
<b>Week 5: 2/5/19</b>	PGS. 697-737	<b>Chapter 13</b>  Section III	<b>Changes in Control: Corporate Combinations and Tender Offer Defenses (continued)</b>  Defending Against Tender Offers (cont'd)
<b>Week 6: 2/12/19</b>	PGS. 739-784	<b>Chapter 14</b>  Section I Section II Section III Section IV  Section V	<b>Shareholder Derivative Litigation and Other Resolution Processes</b>  Introduction Distinguishing Derivative Suits The Demand Requirement Directors' Authority to Terminate a Suit and Special Litigation Committees Alternative Dispute Resolution
<b>Week 7: 2/19/19</b>	PGS. 785-818	<b>Chapter 15</b> Section I Section II Section III  <b>Chapter 16</b> Section I Section II Section III Section IV	<b>Indemnification and Insurance</b> Introduction Indemnification Insurance  <b>Impact of Securities Laws on Corporations</b> Securities Act of 1933 Securities Exchange Act of 1934 Sarbanes-Oxley Act of 2002 Special Position of Securities Lawyers



<b>Week 8: 2/26/19</b>	PGS. 819-856	<b>Chapter 17</b> Section I Section II Section III	<b>Proxy Regulation</b> General Shareholders' Proposals Proxy Contests
		<b>Chapter 18</b> Section I Section II	<b>Tender Offers</b> What is a Tender Offer? Williams Act Issues
<b>Week 9: 3/5/19</b>	PGS. 856-892	<b>Chapter 18</b> Section II Section III	<b>Tender Offers (continued)</b> Williams Act Issues (cont'd) State Regulation
		<b>Chapter 19</b> Section I Section II	<b>Insider Trading and Other Securities Fraud</b> State Insider Trading Law General Federal Securities Fraud Law
<b>Week 10: 3/12/19</b>	PGS. 892-928	<b>Chapter 19</b> Section II Section III Section IV	<b>Insider Trading and Other Securities Fraud</b> General Federal Securities Fraud Law (cont'd) Insider Trading Under Federal Law Scope of Liability
<b>Week 11: 3/19/19</b>	PGS. 929-953	<b>Chapter 20</b> Section I Section II Section III Section IV Section V	<b>Short-Swing Trading: Section 16 of the Securities Exchange Act of 1934</b> Profit Realized Who is Director? What is a Sale? Timing Issues Standing to Sue
<b>Week 12: 3/26/19</b>	<b>California Cases and Statutes. Additional cases to be assigned.</b>		
<b>Week 13: 4/2/19</b>	<b>Begin Review for Final Exam. Additional cases to be assigned.</b>		
<b>Week 14: 4/9/19</b>	<b>Review for Final Exam</b>		
<b>Week 15: Final Exam date TBA - finals period 4/15/19 to 4/25/19</b>	3-hour Final Examination – The final exam will be cumulative, covering all course material from both semesters. <b>finals period 4/15/19 to 4/25/19 – date tbd</b>		

Syllabus subject to change