

BUSINESS ORGANIZATIONS

PROFESSOR POUNCY
SPRING 2007
OFFICE HOURS: TBA

OFFICE: 2006
PHONE: 305 348 7485
E-mail: pouncyc@fiu.edu

Syllabus



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Course Description

Four credits. A consideration of problems in organizing a business enterprise, including partnerships, limited partnerships, and corporations. The majority of the course will be spent examining the business corporation. Generally, we will study the incorporation process, the financial structure of the corporation, limited liability, management and control of the corporation, the fiduciary responsibilities of corporate officer and federal regulation of the corporation.

Focus

The course treats corporate law both as a substantive body of law, and as an opportunity to explore the processes of lawyering.

Methodology

Classroom work will be directed toward the development of analytical and problem solving abilities and will rely primarily on critical case and statutory analysis. Each student is required to read and brief the cases and materials before class and to formulate a theory of the course as the term develops.

Class Policies

Attendance

Attendance is important and an attendance sheet will be circulated during each class session. Poor attendance can result in a failing grade for the course; review the student manual for details. Any explanations for non attendance should be submitted in writing to the Professor.

Seating Chart

A **seating chart** will be circulated. Every student is required to sign the seating chart, select a seat and sit only in that seat during the term. Failure to sign the seating chart may be treated as one or more unexcused absences.

Participation

Class participation is essential for an interesting class session and every student should be prepared to participate in every class session. Failure to be adequately prepared for a class session will count as an unexcused absence.

Laptop Computers

Laptop computers and PDAs may be used in class for the purpose of note taking, viewing the on-line course materials posted to the class' TWEN site, and to conduct research directly related to materials being covered in class. **All other uses are prohibited. Particularly, students must disengage all instant messaging programs before the beginning of each class session.** Any student found to violate this policy will be asked to discontinue use of the device for the remainder of the class period. A second offense will result in the removal of the student's laptop privileges for the remainder of the semester.

Final Examination

The **final examination** will be a take-home examination. The exam will consist of one or more essay questions and also may include a number of objective questions. Additional information on the final exam will be provided during the progress of the term.

- Required Texts:**
- (1) Klein, Ramseyer & Bainbridge, Business Associations, Agency, Partnerships, and Corporations, Foundation Press, 6th Edition, 2006.
 - (2) Corporations Statutory Supplement [Any post 2004 collection].

Recommended Text: (1) Solomon & Palmiter, Corporations, Examples and Explanations, Little, Brown and Company, Any Recent Edition.

Unit 1

The Nature of the Corporation

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|-----------|---|
| Class 1-2 | INTRODUCTION
Economic Foundations [Lecture]
AGENCY PRINCIPLES
K&R pp. 91-101; 109-115; 197-199. |
| Class 3-4 | PROMOTERS AND INCORPORATORS LIABILITY
<i>MBCA § 2.04.</i>
K&R pp. 200-206.
INCORPORATION PROCESS
Model Business Corporation Act, " <i>MBCA</i> " §§ 1.20, 1.40, 2.02, 2.03, 2.05, 2.06. |
| Class 5-6 | CAPITALIZATION
Handout - Capitalization
Handout - How to Read a Financial Report |

MBCA §§ 6.01, 6.02, 6.03, 6.21, 6.27, 6.30, 6.40.

Class 7-8 LIMITED LIABILITY, PIERCING THE CORPORATE VEIL & CORPORATE PURPOSES
K&R pp. 207-231; 282-298.

Unit 2

Fiduciary Duties - Managing Control

Class 9-10 DUTY OF CARE
K&R pp. 328-373.
MBCA §§ 8.01, 8.02, 8.30.

Class 11-12 DUTY OF LOYALTY
K&R pp. 374-394.
MBCA §§ 8.60, 8.61, 8.62, 8.63.

Class 13 MAJORITY OR CONTROLLING SHAREHOLDERS
K&R pp. 394-404.
MBCA § 7.28.

Class 14-15 CONTROL OF CLOSELY HELD CORPORATIONS
K&R pp. 599-629.
MBCA §§ 7.27, 7.28, 7.30, 7.31, 7.32.

Class 16-17 ABUSE OF CONTROL
K&R pp. 630-663.
Review MBCA §§ 2.02, 2.06.

Unit 3

Shareholder Role

Class 18-19 DERIVATIVE LITIGATION
K&R pp. 232-241; 256-281.
MBCA §§ 7.40, 7.41, 7.42, 7.44, 7.45, 7.46.

Class 20 PROXY REGULATION
K&R pp. 533-544.
MBCA §§ 7.22.

Class 21-22 SECURITIES REGULATION
Insider Information
K&R pp. 494-510.
Securities Act of 1934 §§ 10, 14.

Class 23 DISCLOSURE
K&R pp. 413-447.
Securities Act of 1933 §§ 2(2), 3(a)(11), 4(2).

Unit 4

Comparative Corporate Law

Nicholas H. D. Foster, *COMPANY LAW THEORY IN COMPARATIVE PERSPECTIVE: ENGLAND AND FRANCE*, 48 AM. J. COMP. L. 573 (2000).

John Groenewegen, *Institutions of Capitalisms: American, European, and Japanese Systems Compared*, 31 J. Eco. Issues 333 (1997).