

SYLLABUS

CORPORATIONS (Fall 2018)

CONTACT:	Holland Hall # 378 352-273-0958 rhee@law.ufl.edu
CLASSROOM:	Room 355B
CLASS TIME:	Wed., Thurs.: 10:30 AM to 11:45 AM
OFFICE HOURS:	Wed., Thurs.: 11:45 AM to 12:30 PM
FINAL EXAM:	December 10, Monday, 8:30 AM to 1:00 PM (4.5 hours)

TEXTBOOKS

Jeffrey Bauman, Russell Stevenson & Robert Rhee, Business Organizations Law and Policy, West, 9th ed., 2017

COURSE GRADING

Your grade will be based on a final exam only. The final exam will be an in-class exam. Exam grades are done on a blind basis. All grades are final. There will be no regrading or revisions from me, except to correct any mathematical or clerical errors in computing the final score.

FINAL EXAM FORMAT

The final exam will be open casebook. There are no restrictions on what you can write into the book. You will also be allowed to bring in an outline or notes with the following restrictions: 10 pages on 8x11 sheets of paper, front and back permitted, handwritten or typed notes permitted, no margin restrictions. If a problem on the exam requires statutes, they will be provided in the exam.

The final exam may have essay, short answer, and multiple choice questions. Short answer and multiple choice questions are fairly self-explanatory. Essay questions will be an issue-spotting, analysis, or problem-solving format typically seen in most law school exams. The issues and topics for exam questions will come from the course readings and class discussions. The exam will fairly reflect the work that is done in the course. This

means that the best way to prepare for the exam is to do the class readings and to attend class. There are no prior exams.

GRADING INFORMATION

The Levin College of Law's mean and mandatory distributions are posted on the College's website and this class adheres to that posted grading policy. The following chart describes the specific letter grade/grade point equivalent in place:

Letter Grade	Point Equivalent
A (Excellent)	4.00
A-	3.67
B+	3.33
B	3.00
B-	2.67
C+	2.33
C (Satisfactory)	2.00
C-	1.67
D+	1.33
D (Poor)	1.00
D-	0.67
E (Failure)	0.00

The law school grading policy is available at: <http://www.law.ufl.edu/student-affairs/current-students/academic-policies#9>.

WORKLOAD AND CLASS PREPARATION

It is anticipated that you will spend approximately 2 hours out of class reading and/or preparing for in class assignments for every 1 hour in class.

STUDENT LEARNING OUTCOMES

After completing this course, students should be able to:

1. Know and analyze the legal form of the corporation and the laws applicable to the internal affairs of the corporation and corporate governance in general
2. Consider issues related to advising the board and officers of matters arising under corporation law, including issues related to their fiduciary duties
3. Know basic aspects of business transactions related to corporations, such as mergers and acquisitions, and transactions of securities.

4. Know and apply basic business concepts in accounting, finance, and economics specifically relevant and related to the understanding of corporations and corporation law.
5. Read and analyze essential corporate documents such as certificate of incorporation, bylaws, proxies, and annual reports.

ATTENDANCE

Per ABA requirements, please attend all classes, unless you e-mail me in advance with a legitimate excuse. Requirements for class attendance and make-up exams, assignments, and other work in this course are consistent with university policies that can be found at: <https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>.

Many students find that this course is difficult. Some legal concepts require background knowledge in business, economics, finance, and accounting, which will be foreign to many students. These concepts will be explained and discussed in class. Class attendance and preparation will be important to doing well in the course. The single best thing that a student can do to maximize the possibility of doing well in the course in terms of a grade is to keep up with the class reading assignments and to attend class regularly. The final exam will draw from the work done in course and the class discussion.

ACCOMMODATIONS

Students requesting accommodation for disabilities must first register with the Disability Resource Center (<http://www.dso.ufl.edu/drc/>). Once registered, students will receive an accommodation letter which must be presented to the Assistant Dean for Student Affairs (Dean Mitchell) when requesting accommodation. Students with disabilities should follow this procedure as early as possible in the semester.

ACADEMIC HONESTY

Academic honesty and integrity are fundamental values of the University community. Students should be sure that they understand the UF Student Honor Code at <http://www.dso.ufl.edu/students.php>.

ASSIGNMENTS

Note to students: The textbook has a number of Problems in the form of hypotheticals. Do not read these Problems since we will not be covering them in class.

Class #	Topics, Issues, and Cases	Text	Statutes
1.1	CHAPTER 1 CHAPTER 2 1. Taxonomy of business organizations 2. Why do firms exist?	1-18 19-26	
1.2	1. Basic legal attributes of firms 2. Basic terms and concepts of business entities ▪ <i>Bayer v. Beran</i> ▪ <i>Schnell v. Chris-Craft Industries, Inc.</i>	52-59 61-77	
2.1	CHAPTER 3 1. Tort creditors ▪ <i>Walkovszky v. Carlton</i> 2. Contract creditors ▪ <i>Kinney Shoe Corp. Polan</i> 3. Parent-subsidiary corporations ▪ <i>OTR Associates v. IBC Services, Inc.</i>	81-88 88-95 107-10 115-18	MBCA § 6.22
2.2	CHAPTER 9 1. Financial accounting	359-82	
3.1	1. Valuation	385-98	
3.2	CHAPTER 10 1. Corporate securities 2. Corporate capital structure 3. Legal capital 4. Limitation on distributions ▪ <i>Klang v. Smith's Food & Drug Centers, Inc.</i>	399-408 410-24	
4.1	CHAPTER 11 1. Advising the entity ▪ <i>Jesse by Reinecke v. Danforth</i> 2. Choice of entity and formation	433-50 460-66	MBCA § 2.02 § 2.06 § 6.27 § 7.21 § 8.01
4.2	1. Creating the corporation 2. Review Google's Investor Relations website 3. Read Google's Amended and Restated Certificate of Incorporation (Alphabet Inc.) 4. Read Google's Bylaws (Alphabet Inc.)	Posted on TWEN	MBCA § 2.03
5.1	CHAPTER 12 1. Models of corporate governance	471-86 494-507	

	2. The choice of state of incorporation 3. The future shape of state corporate law		
5.2	CHAPTER 13 1. The role of corporate director 2. Formalities of board action 3. Governance in the modern board 4. What kind of a board?	509-37	
6.1	CHAPTER 14 1. Mechanics of shareholder meetings 2. Election and removal of directors 3. Inspection of books and records 4. Dynamics of shareholder voting 5. Federal proxy regulation	539-71	
6.2	Read Google's Proxy (Alphabet Inc.) 1. Shareholder nomination of directors and bylaw amendments ▪ <i>American Federation v. A.I.G., Inc.</i> ▪ <i>CA, Inc. v. AFSCME Employees Pension Plan</i> 2. Role of shareholders in executive pay	Proxy posted on TWEN 596-619	MBCA § 2.06 § 10.01 § 10.03 § 10.20 § 10.21 § 10.22
7.1	CHAPTER 15 1. Implied federal private action for proxy fraud 2. Materiality ▪ <i>TSC Industries, Inc. v. Northway, Inc.</i> ▪ <i>Basic, Inc. v. Levinson</i> ▪ <i>Gantler v. Stephens</i> 3. Causation ▪ <i>Mills v. Electric Auto-Lite Co.</i> ▪ <i>Virginia Bankshares, Inc. v. Sandberg</i> 4. Culpability in proxy fraud action	621-51	
7.2	CHAPTER 16 1. Who qualifies as a plaintiff? 2. The demand requirement	663-66 670-98	MBCA § 7.41 to § 7.46
8.1	1. Inspection of books and records ▪ <i>Saito v. McKesson HBOC, Inc.</i> ▪ <i>Seinfeld v. Verizon Communications, Inc.</i> 2. Bylaws dealing with derivative litigation 3. Termination when demand is excused 4. On the independence of directors ▪ <i>Orman v. Cullman</i> ▪ <i>In re eBay, Inc. Shareholder Litigation</i> 5. Settlement and attorneys' fees	698-713 713-15 738-45	DGCL § 220 § 102(f) § 109(b)
8.2	CHAPTER 17 1. Fiduciary duties and standard of care 2. Business judgment rule ▪ <i>Shlensky v. Wrigley</i> ▪ <i>In re Walt Disney Derivative Litigation</i>	748-68	MBCA § 8.30 § 8.31
9.1	1. Duty of oversight ▪ <i>Francis v. United Jersey Bank</i>	769-98	

	<ul style="list-style-type: none"> ▪ <i>In re Caremark Int'l Inc. Derivative Litigation</i> ▪ <i>In re Citigroup Inc. Derivative Litigation</i> 		
9.2	<ol style="list-style-type: none"> 1. Duty to become informed <ul style="list-style-type: none"> ▪ <i>Smith v. Van Gorkom</i> 2. Avoidance of liability 	799-827 829-31 834-39 839-42	
10.1	<p>CHAPTER 18</p> <ol style="list-style-type: none"> 1. Director self-dealing and conflict of interest <ul style="list-style-type: none"> ▪ <i>Remillard Brick Co. v. Remillard-Dandini Co.</i> ▪ <i>Benihana of Tokyo, Inc. v. Benihana, Inc.</i> ▪ <i>Lewis v. Vogelstein</i> 	843 846-72	DGCL § 144
10.2	<ol style="list-style-type: none"> 1. Director self-dealing and conflict of interest <ul style="list-style-type: none"> ▪ <i>Harbor Finance Partners v. Huizenga</i> ▪ <i>Gantler v. Stephens</i> 2. The evolution of “good faith” <ul style="list-style-type: none"> ▪ <i>In re Walt Disney Co. Derivative Litigation</i> ▪ <i>Stone v. Ritter</i> ▪ <i>ATR-Kim Eng Financial Corp. v. Araneta</i> ▪ <i>McPadden v. Sidhu</i> 	872-99	
11.1	<p>CHAPTER 19</p> <ol style="list-style-type: none"> 1. Transactions within corporate groups <ul style="list-style-type: none"> ▪ <i>Sinclair Oil Corp. v. Levien</i> 2. Cash-out transactions <ul style="list-style-type: none"> ▪ <i>Weinberger v. UOP, Inc.</i> 	921-53	
11.2	<ol style="list-style-type: none"> 1. Cash-out transactions <ul style="list-style-type: none"> ▪ <i>Kahn v. Lynch Comm'n Sys. (Lynch I)</i> ▪ <i>Kahn v. Lynch Comm'n Sys. (Lynch II)</i> ▪ <i>Kahn v. M&F Worldwide Corp.</i> ▪ <i>In re Pure Resources, Inc.</i> 	954-80	
12.1	<p>CHAPTER 20</p> <ol style="list-style-type: none"> 1. Structuring corporation combinations 2. Tax aspects of corporate reorganizations 3. De facto merger doctrine <ul style="list-style-type: none"> ▪ <i>Hariton v. Arco Electronics, Inc.</i> 	999-1018	DGCL § 251 § 253 § 259
12.2	<ol style="list-style-type: none"> 1. Sale of all or substantially all of assets <ul style="list-style-type: none"> ▪ <i>Gimbel v. Signal Companies, Inc.</i> <p>CHAPTER 21</p> <ol style="list-style-type: none"> 1. The policy debate, and contests for control 2. The regulatory framework 3. Judicial review of takeover defenses <ul style="list-style-type: none"> ▪ <i>Cheff v. Mathes</i> 	1018-23 1025-46	
13.1	<ol style="list-style-type: none"> 1. Judicial review of takeover defenses <ul style="list-style-type: none"> ▪ <i>Unocal Corp. v. Mesa Petroleum Co.</i> 2. Statutory limitations 3. When the corporation is “for sale” <ul style="list-style-type: none"> ▪ <i>Revlon, Inc. v. MacAndrews & Forbes</i> 	1046-65	
13.2	<ol style="list-style-type: none"> 1. When the corporation is “for sale” <ul style="list-style-type: none"> ▪ <i>Paramount v. Time</i> 	1065-93	

	<ul style="list-style-type: none"> ▪ <i>Paramount v. QVC</i> <ol style="list-style-type: none"> 2. Proxy contests and tender offers 3. Limits on protecting negotiated acquisitions <ul style="list-style-type: none"> ▪ <i>Omnicare, Inc. v. NCS Healthcare, Inc.</i> 		
14.1	<p>CHAPTER 22</p> <ol style="list-style-type: none"> 1. What is wrong with insider trading 2. Materiality 3. Insider trading: state corporate law <ul style="list-style-type: none"> ▪ <i>Goodwin v. Agassiz</i> ▪ <i>Diamond v Oreamuno</i> 4. Insider trading: Rule 10b-5 <ul style="list-style-type: none"> ▪ <i>Chiarella v. United States</i> 	1095-1115	
14.2	<ol style="list-style-type: none"> 1. Insider trading: Rule 10b-5 <ul style="list-style-type: none"> ▪ <i>Dirks v. SEC</i> ▪ <i>United States v. O'Hagan</i> ▪ <i>Salman v. United States</i> 2. Remedies for insider trading violations 3. Disgorgement liability: section 16 	1116-31 1134-36	
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