**Business Associations**

Abe Cable
 Spring 2014

# Introduction to Course

#  This course focuses on business organizations: partnerships, limited liability companies, and corporations. We will consider the rights, duties, and potential liabilities of the people who own and operate these businesses. These legal concepts are useful whether you work in a corporate law firm, the legal department of a business organization, or in some other capacity in which you have occasion to sue, regulate, or enter into transactions with business organizations. Mostly, the course will be a conventional lecture and discussion format. In addition to teaching you basic legal concepts, however, I want you to understand the role and typical work product of a business lawyer. In that spirit, you will draft corporate resolutions, and I will emphasize “planning” exercises in the casebook that simulate the kinds of prospective advice business lawyers are asked to give. Any economic, accounting, or financial concepts that we encounter along the way will be basic, and you do not need any background in these areas. Specific learning outcomes I hope you achieve include: learning key doctrinal concepts to aid you in studying for the bar, understanding the role of a corporate or “business” lawyer, demonstrating rudimentary drafting skills, and improving your business vocabulary.

# Materials

Our casebook is William A. Klein, J. Mark Ramseyer, and Stephen M. Bainbridge, *Business Associations: Cases and Materials on Agency, Partnerships, and Corporations* (8th edition 2012).

Our statutory supplement is William A. Klein, J. Mark Ramseyer, and Stephen M. Bainbridge, *Business Associations: Agency, Partnerships, LLCs, and Corporations – 2013 Statutes and Rules.*

We will also refer to the minute book of Fairway Technologies, Inc., a fictional corporation. I will make these materials available through the class website.

 **Exam**

The final exam will be a classroom (not a take-home) exam. It will be open-book and open-note.

 **Class Participation**

 Final grades will be based on the exam, but I reserve the right to increase students’ grades one increment (for example, from a B to a B+) for exceptional class participation. At least once during the semester, you will be assigned to a panel that will be responsible for that day’s reading.

## Contact Information & Office Hours

My phone number is 415.565.4853, though it is easiest to reach me by email at cablea@uchastings.edu. I strongly prefer not to address substantive questions by email. I prefer if you stop by office hours.

**Assignments**

 This is a tentative list of reading assignments. I might shorten or lengthen assignments based on how we progress.

1. **AGENCY**

**1. Tuesday 1/7 (Actual, Implied, and Apparent Authority)**

Casebook: 1-19

Restatement of the Law (Third) Agency: Sections 1.01–1.03, 2.01-2.03

**2. Thursday 1/9 (Undisclosed Principals, Ratification, Estoppel)**

Casebook: 20-31

Restatement of the Law (Third) Agency: Sections 2.05, 2.06, 6.01-6.03.

**3. Tuesday 1/14 (Tort Liability, Agent Liability, and Fiduciary Duties)**

Casebook: 35-56

Restatement of the Law (Third) Agency: Sections 2.04, 4.01, 4.02, 4.05(1), 6.10, 7.07, 8.01-05, 8.08-09

Restatement of the Law (Second) Agency: Section 220

**B. PARTNERSHIP**

**4. Thursday 1/16 (Creation, Estoppel, and Fiduciary Duties)**

Casebook: 79-88, 93-103

Uniform Partnership Act (1997): Sections 103, 202, 301, 306, 401, 404

**5. Tuesday 1/21 (Property, Capital, and Governance)**
Casebook: 127-136

Uniform Partnership Act (1997): Section 501

**C. CORPORATE FORMATION**

**6. Thursday 1/23 (Formation and Limited Liability)**
Casebook: 176-187, 191-197

Model Business Corporation Act: Sections 2.01-2.06, 6.21, 6.22(b)&(c), 6.40(c), 8.33(a)

Minute Book: (Just skim) Articles, Bylaws, and Written Consent in Lieu of Organizational Meeting

**7. Tuesday 1/28 (Role and Purposes)**

Casebook: 251-267

**D. LIMITED LIABILITY COMPANIES**

**8. Thursday 1/30 (Overview: Limited Partnerships, Limited Liability Partnerships, and LLCs)**

Casebook: 166-168, 268

Uniform Limited Liability Company Act (1996): Sections 201-203, 301, 303, 404

Minute Book: Operating Agreement

**9. Tuesday 2/4 (The Operating Agreement and Fiduciary Obligations)**

Casebook: 274-297

Uniform Limited Liability Company Act (1996): Sections 103, 409, 603, 701

**E. BOARD OF DIRECTORS**

**10. Thursday 2/6 (Corporations: Duty of Care and Business Judgment Rule)**

Casebook: 308-326

**11. Tuesday 2/11 (Corporations: Duty of Loyalty -- Conflict of Interest Transactions and Corporate Opportunities)**

Casebook: 334-355

**12. Thursday 2/13 (Corporations: Duty of Loyalty -- Dominant Shareholders and Ratification)**

Casebook: 355-368

Model Business Corporation Act: Sections 8.61-8.63, 8.70

Delaware General Corporation Law: Section 144

**13. Tuesday 2/18 (Drafting: Corporate Authorizations)**

There is no reading assignment for this class. Instead, you will, prior to class, prepare a corporate resolution based on facts and drafting tips I give you at the end of the prior class.

**14. Thursday 2/20 (Corporations: Duty of Good Faith)**

Casebook: 373-398

Model Business Corporation Act: Section 8.31(a)(iv)

**F. ADVISING CHOICE OF ENTITY**

**15. Tuesday 2/25**

Reading assignment to be determined.

**G. SECURITIES LAW INTERLUDE**

 **16. Thursday 2/27 (Definition of a Security, Private Offerings, and Reporting Requirements of Public Companies)**

Casebook: 399-415, 430-432

**17. Tuesday 3/4 (Insider Trading)**

Casebook: 466-493

**H. PUBLIC COMPANY GOVERNANCE**

**18. Thursday 3/6 (Shareholder Inspection Rights and Federal Proxy Rules)**

Casebook: 516-520, 562-575

Model Business Corporation Act: Sections 7.20, 16.01-16.04, 16.20

**19. Tuesday 3/11 (Shareholder Proposals)**

Casebook: 542-562

**I. MERGERS AND ACQUISITIONS**

**20. Thursday 3/13 (Unocal and Revlon)**

Casebook: 749-771

**21. Tuesday 3/18 (To Be Determined)**

**J. CORPORATE LITIGATION**

**22. Thursday 3/20 (Corporations: Derivative Claims)**

Casebook: 210-238

**\*\*\*Spring Break\*\*\*\*\***

**23. Tuesday 4/1 (Corporations: Indemnification and Insurance)**

Casebook 503-515

Minute Book: Articles of Incorporation (article entitled “Indemnification”)

Delaware General Corporation Law: Section 145 (just skim)

**K. CLOSE CORPORATIONS**

**24. Thursday 4/3 (Close Corporations: Introduction and Shareholder Agreements)**

Casebook: 582-600

Minute Book: Shareholder Agreement

Model Business Corporation Act: Sections 7.30, 7.31, 7.32

**25. Tuesday 4/8 (Close Corporations: Fiduciary Duties and Dissolution)**

Casebook: 613-634, 646-655

Model Business Corporation Act: Sections 14.02, 14.30

**L. TO BE DETERMINED**

**26. Thursday 4/10**

**27. Tuesday 4/15**

**28. Thursday 4/17 (Unique Aspects of California Law; Exam Review)**