

BUSINESS ORGANIZATIONS 1 SYLLABUS

Content: This course deals with the nature, formation, “life,” dissolution and general characteristics of *closely held* business enterprises including sole proprietorships (one owner), partnerships (two or more owners), limited liability companies and *close* corporations (generally smaller, unknown corporations the shares of which have limited marketability and the control of which frequently remains in the hands of owners). You will also read cases involving *public* corporations (often well-known companies—e.g., eBay, American Express, Disney—in which there is a separation of ownership from control, and a liquid secondary trading market), because they involve law germane to both types of corporation, close and public. Public corporations are the subject matter of Bus Orgs II.

Primary issues in the course are the formation, capitalization, management and dissolution of business enterprises. Our *leit motif* will be that *responsibility follows control*.

Texts: We will be using the following text and statutory supplement:

- Klein, Ramseyer & Bainbridge, “Business Associations: Cases and Materials on Agency, Partnerships, and Corporations,” 7th edition, (2009) Foundation Press.
- ----“Business Associations: Agency, Partnerships, LLCs and Corporations, 2009 Statutes and Rules,” Foundation Press.

Study Guides: I’ve keyed your assignments to two supplementary texts providing a wealth of information germane to the casebook. They will greatly increase your comprehension and understanding of the subject matter.

- Bainbridge: *Agency Partnerships & LLCs*, (2004) Foundation Press – Concepts and Insights Series.
- ----: *Corporate Law*, 2nd edition (2009), Foundation Press – Concepts and Insights Series.

Assignments: We’ll try to stick to the schedule listed below, though I reserve the right to alter it. The case book and supplementary reading assignments abounds with restatement and statutory references. Take initiative to review them in your statutory supplement and elsewhere as they arise in your reading or class discussions.

Class Sessions: Come prepared to engage and participate. I reserve the right to bump grades up or down one half (e.g., B+ to A-; B- to C+) based on class performance.

Grading: Your grade will be based on a final exam most probably (but not definitely) consisting of objective questions and an essay. I'll advise you of the specific format at the end of the course.

Attendance: Be there. You can miss up to four classes for any reason without repercussion to your grade—specifically, a half-grade drop starting at five absences (e.g., B- to C+), and a full-grade drop starting at seven absences (e.g., B to C). This policy is meant to encourage you to take control of your interviewing schedule, etc. and to alleviate you from having to ask for an excusal on an absence-by-absence basis. In essence, you have a one-seventh-of-the-course grace period in which to arrange personal matters. If you are ill for an extended period or have an accident, let me know and we'll work something out.

College rules require me to send you a warning notice when you reach your limit. Please refer to school policies regarding when I must assign you an 'I' or an 'F.'

I generally bump students with perfect attendance up half a grade (e.g., B+ to A-) unless I've noted the student for lack of preparation, web browsing during class, etc.

Office Hours: After class on Tuesdays and Thursdays, or by appointment.

Schedule:

n.b. the supplementary reading is optional but strongly advised, especially as we reach the material on corporations. Also note the heavy supplementary reading assignments between classes 12 and 15. I encourage you to begin reading them long before we arrive at that point in the course as they include crucial material about a corporation's organic documents, capital structure, governance and distributions.

#	Topic	Text	Supplement
1	Intro to Bus Orgs; Who is an Agent?	1-13	APL 1-33
2	Liability of Principal to 3 rd Parties in Contract	14-31	APL 33-51
3	Liability of Principal to 3 rd Parties in Contract	31-41	APL 51-62
4	Liability of Principal to 3 rd Parties in Tort	42-59	APL 62-73
5	Liability of Principal to 3 rd Parties in Tort	59-75	APL 73-89
6	Fiduciary Obligations of Agents	76-86	APL 89-99
7	What is a Partnership? And Who Are the Partners?	87-104	APL 100-114
8	The Fiduciary Obligations of Partners	105-132	APL 114-116; 134-149

9	Partnership Property; Raising Additional Capital; The Rights of Partners in Management	132-149	APL 116-134
10	Partnership Dissolution	150-170	APL 149-171
11	Partnership Dissolution; Limited Partnerships	170-181	APL 171-177
12	Promoters and the Corporate Entity; The Corporate Entity and Limited Liability	182-213	CL 1-29; 30-47; 48-71
13	Shareholder Derivative Actions	214-238	CL 72-95; 187-209
14	Shareholder Derivative Actions	238-263	CL 209-219
15	The Role and Purposes of the Corporation	264-280	CL 96-99; 220-231; 419-441
16	The Limited Liability Company: Formation; The Operating Agreement; (Contrast with Articles of Incorporation and Bylaws)	281-293	APL 178-185
17	Piercing the LLC Veil; Fiduciary Obligation; Dissolution	294-309	APL 185-199
18	The Obligations of Control: Duty of Care	310-335	CL 99-133
19	Duty of Loyalty	336-357	CL 141-145; 152-160
20	Duty of Loyalty	357-374	CL 166-172; 145-151
21	The Obligation of Good Faith	375-403	CL 151-152; 160-166
22	Indemnification and Insurance	508-520	Cl 133-140
23	Shareholder Voting Control	585-598	CL 232-242
24	Control in Closely Held Corporations	576-593	CL 442-454
25	Control in Closely Held Corporations; Abuse of Control	593-619	CL 460-469
26	Abuse of Control	619-639	
27	Control, Duration, and Statutory Dissolution	640-668	CL 470-476
28	Transfer of Control	669-689	CL 172-179; 454-460