

**Securities Regulation
Spring 2009****Prof. Max Torres**

“Congress’ purpose in enacting the securities laws was to regulate investments, in whatever form they are made and by whatever name they are called.” (J. O’Connor, SEC v. Edwards)

Course Description: This course will address capital markets and their federal regulation, most notably by the Securities Act of 1933, Securities Exchange Act of 1934 and Sarbanes-Oxley Act of 2002. Much of the course will concern rules enacted by the Securities and Exchange Commission (SEC) pursuant to its statutory authority to protect investors.

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

- Choi & Pritchard, “Securities Regulation: Cases and Analysis,” 2nd Edition (2008) Foundation Press.
- ----“Securities Regulation: Statutory Supplement 2008 Edition,” Foundation Press

Study Guides: There are a number of excellent ones available, e.g., Palmiter’s “Securities Regulation” (Examples & Explanations: Aspen Publishers), Steinberg’s “Understanding Securities Law” (LexisNexis). I’m partial to none in particular.

The Field: See Securities Law Prof Blog (<http://lawprofessors.typepad.com/securities/>) to get an idea of hot spots in the law.

The New York Times provides a free daily newsletter called “DealBook” that canvases daily activity in the capital markets, including legal developments. (Go to “www.nytimes.com,” “my accounts” in the upper right hand corner, and select e-mail options.)

The SEC’s website is www.sec.gov.

Find a financial news provider, e.g., <http://finance.yahoo.com>, that offers data and charting. Familiarize yourself with, and track, the following stocks (e.g., filings, news releases, price activity) throughout the semester: Almost Family (AFAM), Bristol-Myers Squibb (BMY), Genoptix (GXDX), Stanley (SXE), Thoratic (THOR), Varian Medical Systems (VAR).

Grading: Grades will be based on class participation and a research paper (10-20 pp.).

Paper: Pick a topic of your interest relating to the material covered in the course. For example, it could range from an argument regarding a case or line of cases (e.g., *Basic v. Levinson*, investment contract analysis), a rule (e.g., Rule 10b-5's private right of action), regulation (e.g., Reg. D's private placement provisions) to an analysis of current events (e.g., the changing regulatory landscape, nationally and internationally). These items are suggestive; the assignment is intended to be as wide ranging as your areas of interest.

Check with me regarding your topic to get feedback throughout the selection, research and writing process. Papers will be due electronically by **Friday, May 1st at 1:00 pm.**

Class Sessions: Come prepared to participate. Review the analysis questions, and “motivating hypotheticals” around which each chapter’s material is organized. We should have some good discussions.

Office Hours: T and Th after class, or anytime by appointment.

Attendance: You may miss up to four classes for any reason before incurring a downward grade adjustment of one increment, e.g., “A” to “A-“. Let me know if you think there’s a reason to overlook the absence altogether, e.g., death in the family.

Assignments: The following calendar is intended to be a guide. Actual coverage may vary. But, we’ll try to stay on track.

Note that the rules and statutes applicable to each topic’s material are listed at the beginning of each chapter. Read the law indicated as you go through each assignment.

#	Pages	Topic
1	pp. 1-22	Intro to Securities Markets, and Regulation
2	pp.22-43	Intro: Information and the Regulatory Apparatus
3	pp. 44-67	Materiality: Forward-looking Information; Historical Facts
4	pp. 68-87	Materiality: The “Total Mix”; Management Integrity
5	pp. 88-119	Definition of a Security: “Investment Contracts”
6	pp. 119-148	Investment Contracts (contd.), Stocks and Notes
7	pp. 149-174	Disclosure and Accuracy: Public Companies and Periodic Disclosure
8	pp.174-196	Accuracy; Enforcement: Administrative Proceedings, and Investigations
9	pp. 196-216	Enforcement: Subpoenas, and Judicial Review of Administrative Remedies
10	pp. 216-237	Enforcement: Judicial Remedies
11	pp. 415-435	Public Offerings; Intro to the Gun-Jumping Rules

12	pp. 436-458	The Pre-Filing Period; The Waiting Period
13	pp. 459-476	Going Effective; The Post-Effective Period
14	pp. 476-491	Public Offering Trading Practices; Shelf Registration
15	pp. 492-517	Civil Liability under the Securities Act: Section 11
16	pp. 517-543	Due Diligence and Underwriters; Section 11 Damages
17	pp. 543-566	Sections 12(a)(1) and 12(a)(2)
18	pp. 567-595	Exempt Offerings: Section 4(2), and Reg. D
19	pp. 595-614	Reg. D (contd.); Reg. A
20	pp. 614-631	Intrastate Offerings
21	pp. 631-645	Reg. S
22	pp. 646-663	Secondary Market Transactions: Underwriters; Control Persons' Resales
23	pp. 663-683	Rules 144 and 144A
24	pp. 238-271	Rule 10b-5 Antifraud Liability under the Exchange Act: Private Right of Action; Plaintiffs
25	pp. 271-293	Elements: Misstatement of a Material Fact
26	pp. 293-320	Elements (contd.): Scienter, Reliance and Loss Causation
27	pp. 320-350	Defendants; Damages
28	pp. 351-384	Insider Trading: Under Common Law; The Classical Theory
29	pp. 384-415	The Misappropriation Theory; Section 16