

LEX 220
CORPORATE LAW

COURSE DESCRIPTION:

Prerequisites: None

Corequisites: None

This course covers the legal aspects of forming, operating, and maintaining a business. Emphasis is on the business corporation with additional coverage of sole proprietorships and partnerships. Upon completion, students should be able to draft basic partnership and corporate documents and file these documents as required. Course Hours Per Week: Class, 2. Semester Hours Credit, 2.

COURSE OBJECTIVES:

Upon completion of this course, the student should be able to:

- a. Distinguish between sole proprietor-employee relationships and partnerships
- b. Distinguish between general and limited partnerships
- c. Categorize a corporation according to its classifications
- d. Identify shareholders' rights
- e. Identify duties of officers and directors and violations thereof
- f. Define appropriate defensive strategies against hostile takeovers
- g. Explain the different goals of the Securities Acts of 1933 and 1934
- h. Describe the differences in taxation and owner liability among the various types of business organizations

OUTLINE OF INSTRUCTION:

- I. Noncorporate forms of business organization
 - A. Sole proprietorship
 - 1) Creation
 - 2) Business name
 - 3) Personal liability
 - B. General partnership
 - 1) Definition
 - 2) Formation
 - 3) Property rights
 - 4) Liability
 - 5) Dissolution

- C. Limited Partnership and limited liability company
 - 1) Definition
 - 2) Formation
 - 3) Liability
 - 4) Partners' rights
 - 5) Dissolution

II. Corporations

- A. Classification
 - 1) Profit or nonprofit
 - 2) Public or private
 - 3) Publicly held or closely held
 - 4) Professional
 - 5) Domestic, foreign, or alien
- B. Formation
 - 1) Articles of incorporation
 - 2) Bylaws
- C. Financing
 - 1) Equity securities
 - (a.) Common stock
 - (b.) Preferred stock
 - 2) Debt securities
- D. Shareholders' Rights
 - 1) Voting rights
 - 2) Right to transfer shares
 - 3) Preemptive rights
 - 4) Right to receive information and inspect books and records
- E. Rights and liability of directors and officers
 - 1) Duty of obedience
 - 2) Duty of care
 - (a.) Business judgment rule
 - 3) Duty of loyalty
 - (a.) Self-dealing
 - (b.) Usurping a corporate opportunity
 - (c.) Competing with the corporation
 - (d.) Secret profits
- F. Mergers and hostile takeovers
 - 1) Solicitation of proxies
 - 2) Defensive strategies
 - (a.) Selling a crown jewel
 - (b.) Poison pills

- (c.) White knight mergers
 - (d.) Pac-man (reverse) tender offer
 - (e.) Employee Stock Ownership Plan
 - (f.) Greenmail and standstill agreement
- G. Securities regulation
- 1) Securities Act of 1933: Registration of securities
 - 2) Securities Act of 1934: Trading in securities
 - 3) State securities (blue sky) laws

REQUIRED TEXTBOOK:

To be determined

STATEMENT FOR STUDENTS WITH DISABILITIES:

Students who require academic accommodations due to any physical, psychological, or learning disability are encouraged to request assistance from a disability services counselor within the first two weeks of class. Likewise, students who potentially require emergency medical attention due to any chronic health condition are encouraged to disclose this information to a disability services counselor within the first two weeks of class. Counselors can be contacted by calling 686-3652 or by visiting the Student Development Office in the Phail Wynn Jr. Student Services Center, room 1309.