

UNIVERSITY OF PENNSYLVANIA
THE WHARTON SCHOOL
Legal Studies 202-401, 802-401
Spring Term 2006

Professor: Dr. Nicholas D. Constan, Jr.

Class Meets: Monday and Wednesday, 12:00 - 1:20 p.m.
Jon M. Huntsman Hall, Room F55

Office Hours: By appointment
Jon M. Huntsman Hall, Room 653
Telephone: 215-898-4357
E-mail: constann@wharton.upenn.edu

- Assigned Readings:**
1. Business Associations: Agency, Partnerships, and Corporations; Klein Ramseyer Bainbridge (Foundation Press, 5th ed. 2003), may be purchased at the Penn Bookstore.
 2. Business Organization and Finance: Legal and Economic Principles; Klein & Coffee, (Foundation Press, 9th ed. 2004), may be purchased at the Penn Bookstore.

Course outline: Chapter and page references without designation are to the Klein & Ramseyer casebook.

DATE ASSIGNMENT

I. Two Building Blocks of Business Organization: Agency Costs and Agency Law

| | | |
|---------|----|---|
| January | 9 | Introduction |
| | 11 | Introduction to Agency Law: Owners, Employees, and Creditors |
| | | Readings: Ch. 1, pp. 1-58 Klein & Coffee, pp. 5-50 |
| | 16 | No Class: Martin Luther King, Jr - Holiday |
| | 18 | Introduction to Fiduciary Obligation |
| | | Readings: Ch. 1, pp. 58-91 Klein & Coffee, pp. 51-105 |

II. Partnerships and Other Noncorporate Business Forms

| | | |
|----------|----|--|
| January | 23 | Partners Compared with Employees and Creditors; Partnership by Estoppel Readings: Ch. 2, pp. 92-110 Klein & Coffee, pp. 105-153 |
| | 25 | Fiduciary Duties of Partnerships; Rights of Partners in Management; Dissolution Readings: Ch. 2, pp. 111-195 |
| | 30 | Variations of Business Forms: Limited Partnerships, Limited Liability Companies, Limited Liability Partnerships and Close and Public Corporations. Readings: Ch. 2, pp. 196-198 Klein & Coffee, pp. 153-183 |
| February | 1 | The Corporate Entity: Definitional Carousel Readings: Ch. 3, pp. 199-205 Klein & Coffee, pp. 183-219 |

III. The Nature of Corporations

| | |
|----|--|
| 6 | The Corporate Entity and Limited Liability – “Piercing the Corporate Veil” Readings: Ch. 3, pp. 206-231 Klein & Coffee, pp. 219-236 |
| 8 | Shareholder Direct and Derivative Actions; the Demand Requirement Readings: Ch. 3, pp. 232-269 Klein & Coffee, pp. 237-241 |
| 13 | The Role and Purposes of Corporations Readings: Ch. 3, pp. 270-286 Klein & Coffee, pp. 248-312 |

IV. The Fiduciary Duties of Corporate Directors and Officers

| | | |
|----------|----|---|
| February | 15 | The Limited Liability Company Readings: Ch. 4, pp. 288-315 |
| | 20 | Midterm exam -- in class. |
| | 22 | The Duty of Care Readings: Ch. 5, pp. 316-320 Klein & Coffee, pp.312-315 |
| | 27 | <i>Smith v. Van Gorkom</i> and its Aftermath Readings: Ch. 5, pp. 316-367 |
| March | 1 | The Duty of Loyalty Readings: Ch. 5, pp. 368-402 |

V. Disclosure Requirements and Liabilities under Federal Securities Law

| | | |
|--|----|---|
| | 13 | Introduction to Federal Securities Regulation: What is a Security? Readings: Ch. 5, pp. 403-426 |
| | 15 | Insider Trading I: Common Law Fiduciary Duty and Rule 10b-5 Readings: Ch. 5, pp. 426-476 Klein & Coffee, pp. 316-347 |
| | 20 | Insider Trading II: Tippees and the Misappropriation Theory Readings: Ch. 5, pp. 477-524 |
| | 22 | Insider Trading III |
| | 27 | Problems of Control Readings: Ch. 5, pp. 525-538. |

VI. Problems of Control

| | | |
|-------|----|---|
| March | 29 | Proxy Fights and Private Rights of Action II: Introduction to Shareholder Voting Readings: Ch. 6, pp. 539-591 |
| April | 3 | Shareholders' Rights: Shareholder Proposals and Rights of Inspection Readings: Ch. 6, pp. 592-637 |

VII. Mergers, Acquisitions, and Takeovers

| | | |
|-----|----|--|
| | 5 | Introduction to M&A and Takeovers Readings: Ch. 7, pp. 716-786 Klein & Coffee, pp. 347-380 |
| | 10 | "Duty to Auction" Readings: Ch. 7, pp. 786-845 |
| | 12 | Corporate Federalism and State Antitakeover Statutes Readings: Ch. 7, pp. 845-859 Klein & Coffee, pp. 380-425 |
| | 17 | Bondholders' Rights Readings: Ch. 8, pp. 860-898 |
| | 19 | Review of Course |
| May | 2 | Final Examination - Tentative Tuesday, 12:00 noon - 2:00pm (Location to be announced) |