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

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
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
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<tbody>
<tr>
<td>January 23</td>
<td><strong>Partners Compared with Employees and Creditors; Partnership by Estoppel</strong></td>
<td>Ch. 2, pp. 92-110</td>
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<td></td>
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<td>Klein &amp; Coffee, pp. 105-153</td>
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<tr>
<td>25</td>
<td><strong>Fiduciary Duties of Partnerships; Rights of Partners in Management; Dissolution</strong></td>
<td>Ch. 2, pp. 111-195</td>
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<tr>
<td>30</td>
<td><strong>Variations of Business Forms: Limited Partnerships, Limited Liability Companies, Limited Liability Partnerships and Close and Public Corporations.</strong></td>
<td>Ch. 2, pp. 196-198</td>
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<td>Klein &amp; Coffee, pp. 153-183</td>
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<td>February 1</td>
<td><strong>The Corporate Entity: Definitional Carousel</strong></td>
<td>Ch. 3, pp. 199-205</td>
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<td>Klein &amp; Coffee, pp. 183-219</td>
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**III. The Nature of Corporations**

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<th>Date</th>
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<tr>
<td>6</td>
<td><strong>The Corporate Entity and Limited Liability – “Piercing the Corporate Veil”</strong></td>
<td>Ch. 3, pp. 206-231</td>
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<td>Klein &amp; Coffee, pp. 219-236</td>
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<td>8</td>
<td><strong>Shareholder Direct and Derivative Actions; the Demand Requirement</strong></td>
<td>Ch. 3, pp. 232-269</td>
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<td>Klein &amp; Coffee, pp. 237-241</td>
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<td>13</td>
<td><strong>The Role and Purposes of Corporations</strong></td>
<td>Ch. 3, pp. 270-286</td>
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<td>Klein &amp; Coffee, pp. 248-312</td>
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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  Smith v. Van Gorkom 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

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<th>Date</th>
<th>Page</th>
<th>Topic</th>
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| March 29 | 29 | **Proxy Fights and Private Rights of Action II: Introduction to Shareholder Voting**  
Readings: Ch. 6, pp. 539-591 |
| April 3 | 3 | **Shareholders’ Rights: Shareholder Proposals and Rights of Inspection**  
Readings: Ch. 6, pp. 592-637 |

### VII. Mergers, Acquisitions, and Takeovers

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<thead>
<tr>
<th>Page</th>
<th>Topic</th>
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| 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) |