

Syllabus [Revised]

**The Law of Corporate Management and Finance:  
LGST 202/802 & MGMT 808**

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Required texts:

Jonathan Charkham, *Keeping Better Company: Corporate Governance Ten Years On* (Oxford University Press 2006).

William A. Klein, J. Mark Ramseyer & Stephen M. Bainbridge, *Business Associations: Cases and Materials on Agency, Partnerships, and Corporations* (Foundation Press, 6th ed. 2006).

John Micklethwait and Adrian Wooldridge, *The Company: A Short History of a Revolutionary Idea* (Phoenix Press paperback ed. 2005)

Optional text:

William A. Klein & John C. Coffee, Jr., *Business Organization and Finance: Legal and Economic Principles* (9th ed. 2004).

Handouts: Any handouts provided in class are also considered required course materials.

Course description: This course provides an introduction to the law of corporate management and finance. It covers the basic law of business organization, including agency, partnerships, and corporations, with an emphasis on the governance of large publicly held corporations. The course covers the basic obligations of corporate directors and managers under state corporate law and the federal securities laws, including the substantive areas of fiduciary duties, insider trading, shareholder voting, and mergers and acquisitions. The rights and responsibilities of major players in corporate governance, including managers, shareholders, bondholders, and employees are considered, as well as the roles of investment bankers, corporate lawyers, and accountants. A comparative perspective includes discussion of corporate governance in other leading countries, though the focus in terms of details is on U.S. law. Issues of social policy concerning large business corporations are also discussed.

Note for future accountants: This course, in addition to being required in some states, covers a number of areas on the CPA exam.

Office hours: To be announced and by appointment.

Quality circle: A small quality circle of student representatives may be used to provide mutual feedback on teaching, classroom issues, and class performance. No extra credit in terms of grading will be given for representatives in the quality circle.

Class format and student participation: Classes will combine lecture, Socratic dialogue, and informal group discussion.

Exams and grading: There will be one mid-term exam covering materials assigned to that date and a scheduled final exam covering all material assigned in the course but weighted strongly in favor of materials covered after the mid-term. Grades will be based primarily on performance on the mid-term and the final exams: each counting one-half of the grade for the course.

Optional final paper: Students may elect to write a 15 to 20 page research paper on a topic to be discussed and approved in advance. Students who elect to write a research paper may either (1) agree to substitute this requirement and grade for the final exam or (2) write a paper and take the final exam with the best grade of the two to count toward the final grade.

Class participation: Students are expected to come to class prepared to discuss the assigned material. Class participation will be considered in determining an adjustment of the final grade in borderline cases. In addition, excellent class participation and attendance may increase a student's final grade by one step (e.g., B+ to A-). Poor attendance, unpreparedness, or failure to participate in class discussion may reduce a student's final grade by one step.

### Course outline

Specific assignments will in general follow the outline provided below. Any changes will be announced in class. Required assignments in bold without attribution are to the hardcover Klein, Ramseyer, and Bainbridge text or supplement.

#### I. INTRODUCTION

1. Introduction to the course and overall review of coverage; introduction to the basic players in business organization (including owners, managers, creditors, and employees) and comparative perspective on corporate governance [*Jan. 9*]

Optional: Klein & Coffee, pp. 1-4.

#### II. LEGAL AGENCY

2. Who is an Agent? Actual and Apparent Authority [*Jan. 11*]

**Ch. 1, pp. 1-13, 16-25.**

Optional: Klein & Coffee, pp. 14-16, 21-26.

3. Inherent Agency Power and Ratification [*Jan. 16*]

**Ch. 1, pp. 25-40.**

4. Agency Liability in Torts: Vicarious Liability [*Jan. 18*]

**Ch. 1, pp. 47-62**

Optional: Klein & Coffee, pp. 27-32.

5. Fiduciary Duties of Agents: Introduction to Corporate Fiduciary Obligations [*Jan. 23*]

**Ch. 1, pp. 80-90.**

Optional: Klein & Coffee, pp. 32-45.

### III. PARTNERSHIPS

**No class on January 25**

6. What is a Partnership and Who is a Partner? Partners, Employees, and Creditors; Partnership by Estoppel [*Jan. 30*]

**Ch. 2, pp. 91-108.**

Optional: Klein & Coffee, pp. 51-63.

7. Fiduciary Obligations of Partners [*Feb. 1*]

**Ch. 2, pp. 109-15, 125-31.**

Optional: Klein & Coffee, pp. 71-79.

8. Partnership Property and Management [*Feb. 6*]

**Ch. 2, pp. 132-35, 140-51.**

Optional: Klein & Coffee, pp. 79-95.

9. Partnership Dissolution [*Feb. 8*]

**Ch. 2, pp. 152-73, 183-87.**

Optional: Klein & Coffee, pp. 95-100.

IV. LIMITED PARTNERSHIPS, LIMITED LIABILITY PARTNERSHIPS (LLPs), AND LIMITED LIABILITY COMPANIES (LLCs)

10. Limited Partnerships, LLPs, and LLCs: General Overview [*Feb. 13*]

**Ch. 2, pp. 197-99**

**Ch. 4, pp. 299-311, 323-27.**

Optional: Klein & Coffee, pp. 100-04.

V. CORPORATIONS: INTRODUCTION

11. History of the Business Corporation I [*Feb. 15*]

Micklethwait and Wooldridge, pp. 1-100.

12. History of the Business Corporation II [*Feb. 20*]

Micklethwait and Wooldridge, pp. 101 to end of book.

Charkham, pp. 1-27.

Optional: Klein & Coffee, pp. 106-45, 149-54.

13. Corporate Forms and Limited Liability: “Piercing the Corporate Veil” [*Feb. 22*]

**Ch. 3, pp. 207-18, 222-29.**

**Ch. 4, pp. 312-16.**

Optional: Klein & Coffee, pp. 145-49.

14. Shareholder Direct and Derivative Litigation [*Feb. 27*]

**Ch. 3, pp. 232-56, 269-81.**

Optional: Klein & Coffee, pp. 205-11.

**15. Small-group optional review sessions to be scheduled**

**\* Mid-Term Exam \***

16. Mid-term exam in class, open-book, open-notes [*Mar. 1*]

**VI. FIDUCIARY AND OTHER LEGAL OBLIGATIONS OF CORPORATE OFFICERS AND DIRECTORS**

17. The Role and Purposes of Corporations [*Mar. 13*]

**Ch. 3, pp. 282-98.**

18. The Duty of Care [*Mar. 15*]

**Ch. 5, pp. 332-73.**

Optional: Klein & Coffee, pp. 154-60.

19. The Duty of Loyalty (including Corporate Opportunities) [*Mar. 20*]

**Ch. 5, pp. 374-79, 384-94, 405-12.**

Optional: Klein & Coffee, pp. 160-68.

20. Disclosure and Fairness: Introduction to Federal Securities Law [*Mar. 22*]

**Ch. 5, pp. 413-14, 447-68.**

Optional: Klein & Coffee, pp. 168-71, 211-12, 395-409.

21. Insider Trading and Securities Fraud [*Mar. 27*]

**Ch. 5, pp. 4478-510.**

Optional: Klein & Coffee, pp. 171-75.

**VII. PROBLEMS IN CORPORATE CONTROL**

22. Proxy Fights [*Mar. 29*]

**Ch. 6, pp. 533-47, 555-59, 578-84.**

Optional: Klein & Coffee, pp. 183-87.

23. Takeovers I [*Apr. 3*]

**Ch. 7, pp. 768-819.**

Optional: Klein & Coffee, pp. 187-205.

24. Takeovers II [*Apr. 5*]

**Ch. 7, pp. 819-62.**

#### VIII. Comparative Corporate Governance

25. Germany [*Apr. 10*]

Charkham, ch. 2, pp. 28-96.

26. Japan [*Apr. 12*]

Charkham, ch. 3, pp. 108-52.

27. France [*Apr. 17*]

Charkham, ch. 4, pp. 178-218.

28. U.K. and Broader Themes

Charkham chs. 6 & 7, pp. 291-388.

Optional for review of U.S. approach: Charkham, ch. 5, pp. 227-90.

**\* Final exam on date, time, and place as scheduled \***

**\* Optional final paper due at the end of reading period \***