

Syllabus

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

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Required texts:

William T. Allen, Reinier Kraakman & Guhan Subramanian, *Commentaries and Cases the Law of Business Organization* (Aspen Publishers, 2d ed., 2007).

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

David Skeel, *Icarus in the Boardroom: The Fundamental Flaws in Corporate America and Where They Came From* (Oxford University Press, paperback ed., 2006).

Optional text:

William A. Klein & John C. Coffee, Jr., *Business Organization and Finance: Legal and Economic Principles* (10th ed. 2007).

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 remains 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 required in-class exam covering materials assigned on U.S. corporate law and governance. In addition, there will be a required student presentation (individual or team) on a selected topic in comparative corporate governance. Final grades will be based primarily on performance on the final exam and the final presentations: each counting one-half of the grade for the course. An optional research paper may also be submitted, in which case the exam, presentation, and paper will count approximately one-third of the grade for the course.

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 Allen, Kraakman & Subramaniam case book.

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. 17*]

Optional for review: **Ch. 1, pp. xxi- xxiii**; Klein & Coffee, pp. 1-4.

2. Economic efficiency and theories of the firm [*Jan. 22*]

Ch. 1, pp. 1-13.

Optional: Klein & Coffee, pp. 5-14.

II. LEGAL AGENCY

3. Agency Authority and Contracts [*Jan. 24*]

Ch. 2, pp. 15-30.

Optional: Klein & Coffee, pp. 14-19.

4. Agency and Torts; Agency Governance [*Jan. 29*]

Ch. 2, pp. 30-40.

Optional: Klein & Coffee, pp. 19-26.

III. PARTNERSHIPS

5. Introduction to Partnerships and Fiduciary Duties [*Jan. 31*]

Ch. 3, pp. 41-50.

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

6. Partnership Formation and Governance [*Feb. 5*]

Ch. 3, pp. 50-60.

Optional: Klein & Coffee, pp. 63-71.

7. Partnership Termination [*Feb. 7*]

Ch. 3, pp. 61-73.

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

8. Limited Liability: Options for and Modifications of the Partnership Form [*Feb. 12*]

Ch. 3, pp. 73-81.

Optional: Klein & Coffee, pp. 100-05.

IV. INTRODUCTION TO CORPORATIONS

9. Corporation Form and Management Structure *[Feb. 14]*

Ch. 4, pp. 83-109.

Optional: Klein & Coffee, pp. 106-12, 139-46.

10. Interlude: Historical Background *[Feb. 19]*

Skeel, pp. 3-106.

Optional: Klein & Coffee, pp. 112-17.

11. Contemporary Issues from an Historical Perspective *[Feb. 21]*

Skeel, pp. 107 to end.

Optional: Klein & Coffee, pp. 178-85.

12. Protection of Corporate Creditors *[Feb. 26]*

Ch. 6, pp. 131-50.

Optional: Klein & Coffee, pp. 251-86.

13. The Limits of Limited Liability: “Piercing the Corporate Veil” *[Feb. 28]*

Ch. 6, pp. 151-75.

Optional: Klein & Coffee, pp. 146-56.

14. Shareholder Voting and Control *[Mar. 4]*

Ch. 7, pp. 177-194, 201-15.

Optional: Klein & Coffee, pp. 122-31.

V. FIDUCIARY AND OTHER LEGAL OBLIGATIONS OF CORPORATE OFFICERS AND DIRECTORS

15. Duty of Care *[Mar. 6]*

Ch. 8, pp. 241-43, 245-52, 255-60, 264-76, 281-92.

Optional: Klein & Coffee, pp. 131-39, 156-62.

16. Duty of Loyalty [*Mar. 18*]

Ch. 8, pp. 293-306, 324-56.

Optional: Klein & Coffee, pp. 162-70.

17. Shareholder Lawsuits [*Mar. 20*]

Ch. 10, pp, 369-83, 395-412, 417-22.

Optional: Klein & Coffee, pp. 207-13.

18. Duty of Disclosure: Insider Trading and Securities Law I [*Mar. 25*]

Ch. 14, pp. 629-36, 639-53, 659-86

Optional: Klein & Coffee, pp. 170-77.

19. Duty of Disclosure: Insider Trading and Securities Law II [*Mar. 25*]

Ch. 14, pp. 686-710.

Optional: Klein & Coffee, pp. 213-15, 402-33.

VI. PROBLEMS IN CORPORATE CONTROL

20. Introduction to Mergers and Acquisitions [*Apr. 1*]

Ch. 12, pp. 453-76, 484-92, 496-510.

21. Takeovers I [*Apr. 3*]

Ch. 13, pp. 525-45, 552-81.

Optional: Klein & Coffee, pp. 185-207.

22. Takeovers II [*Apr. 8*]

Ch. 13, pp. 581-628.

*** Exam on U.S. Corporate Law and Governance – in class, closed book - April 10 ***

23. In class, close book exam – blue books to be provided [*Apr. 10*]

VII. Comparative Corporate Governance: Student Presentations and Class Discussion

[Note – readings for general background only; other countries, regions, or comparative topics may be selected. Students are expected to attend all sessions even when not participating directly in presentations.]

*** Student Presentations to be scheduled on following class days. ***

24. Introduction: Comparative and “Convergence” Governance Themes *[Apr. 15]*

Charkham, chs. 1 & 5, pp. 1 -27, 227-90.

25. Germany *[Apr. 17]*

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

26. Japan *[Apr. 22]*

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

27. France *[Apr. 24]*

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

28. U.K. and Broader Themes *[Apr. 29]*

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

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