Welcome.

1. **Overview**: This course surveys the fundamentals of U.S. securities regulation, its evolution and social drivers. The legal responsibilities of corporate managers, accountants, underwriters, and broker-dealers, occasioned by the securities regulatory scheme, will be investigated. The material covered in the course will provide familiarity with the basic legal structure of securities regulation and will assist in understanding the current policy issues in securities law. The course should help students to develop the ability to read and learn further in the field and to improve their effectiveness of communication with attorneys. It will also suggest ways of detecting instances in which an attorney should be consulted. The course is particularly useful for those students pursuing careers in corporate finance, investment banking, mergers and acquisitions, sales and trading, venture capital, private equity, entrepreneurship, accounting, corporate management, law and real estate.

2. **Class Meetings**: Tuesday and Thursday, 1:30-2:50pm

3. **Grading**: 50% Exam; 50% Final Project and participation.
   - **Exam**: 25 question multiple choice/short answer exam, covering material in assigned readings and covered in class.
   - **Final Project**:
     - Select a pending or recent proposal from the list of possible proposals on Webcfe and sign up the release number next to your name on the Final Project Spreadsheet on Webcfe.
     - Using information you have learned in this class as well as outside research, demonstrate your mastery of securities regulation by authoring a joint white paper with detailed commentary regarding the desirability and efficacy of the proposal. The paper should be extensively footnoted and contain a bibliography of sources.
     - Due at exam time for this period, turned in to each student’s folder on Webcfe.
   - **Participation**:
     - Preparation when cold-called in class and in workshop exercises
     - Participation in project presentations in class

   Readings linked off Webcfe - If you are not a Wharton student, go to http://accounts.wharton.upenn.edu to request a Wharton Computing Account so that you can access the WebCafe.

5. **Office Hours and Location**: By appointment - email to schedule: amatwysh@wharton.upenn.edu.
   Suite 600 JMHH

4. **Visitors**: Visitors are welcome with prior consent of the instructor upon not less than 24 hours advance notice.

5. **Technology Policy**:
   - Email will be used for various class communications. Check email daily.
   - All gadgets must be on mute during class. Laptop usage is permitted only for pedagogical purposes.
   Participation points may be deducted in the sole discretion of the instructor for any class disruption.
I. Introduction
   Chapter 1 [1-10, 48-70], Chapter 10 [preface 563-571, 593-605, 626-642]
   Chapter 20 [1442-1456, 1458-1460, 1470-1478]
   Chapter 21

II. Mistake 1: Failure to register securities and abide by pre-offering restrictions
   Chapter 4 [254-259, 300-309, 316-336]
   Chapter 2 [90-139]
   Chapter 3

III. Mistake 2: Failure to communicate properly

IV. Mistake 3: Failure to use an appropriate exemption
   Chapter 5 [342-347, 353-362]
   Chapter 6
   Chapter 8 [463-477]
   Chapter 9 [478-484]

V. Mistake 4: Failure to solicit proxies correctly
   Chapter 17

VI. Mistake 5: Failure to disclose information accurately in registration materials and periodic filings
   Chapter 13
   Chapter 15

VII. Mistake 6: Failure to consider state law
   Chapter 7
   Chapter 19

VIII. Mistake 7: Failure to avoid the appearance of “market manipulation,” willful conduct, fraud and insider trading
   Chapter 14
   Chapter 16

IX. Mistake 8: Failure to conduct takeover bids and tender offers properly
   Chapter 12

X. Mistake 9: Failure to consider the implications of technology
   Chapter 1 [37-38, 48]
   Chapter 10 [572-592]

READING ASSIGNMENTS:

January 12: no readings

January 17: What is a security?
January 19: What remedies are possible?
SEC v. Patel, 61 F.3d 137 (2nd Cir. 1995).

January 24: Registration
Google, Inc. S-1
Zynga S-1 and amendment
Tesla S-1 and amendment

January 26: Disclosure and materiality
In re WorldCom, Inc. Securities Litigation(2004)
In re Worlds of Wonder Securities Litigation

January 31: Sante Fe Industries v. Green
In re Burlington Coat Factory Securities Litigation
Semerenko v. Cendant

February 2: Disclosure liability
In re Cedent Corp. Litigation (2001)

February 7: Markets and information security
http://milst.umn.edu/uploads/if/s ifs_zraRdkddi8wlNcO1A/112_matwyshyn.pdf
http://www.sec.gov/rules/final/34-42974.htm

February 9: guest speaker: Jennifer Hill
[readings TBD]

February 14: Self-scheduled class: Exemptions [audio+ppts on WebCafe]

February 16: Self-scheduled class: Proxies [audio+ppts on WebCafe]

February 21: Self-scheduled class: Tender offers [audio+ppts on WebCafe]

February 23: Disclosure workshop

February 28: Broker Dealer Communications
[readings TBD]

March 1: BD Communications workshop

March 13: Market manipulation
March 15: Insider trading
SEC v. Unifund SAL, 910 F.2d 1028 (2nd Cir. 1990),
Dirks v. SEC, 463 U.S. 646 (1983)

March 20: U.S. v. O'Hagan
Kern County Land Co. v. Occidental Petroleum
Feder v. Martin Marietta Corp.

March 22: Feder v. Frost
In the Matter of David E. Zilkha
SEC v. Cohen and Myers

March 27: Casestudy: Galleon prosecution
[readings TBD]

March 29: Insider trading workshop/Galleon continued

April 3: State law
Hall v. Geiger Jones Co., 242 U. S. 539 (1917)

April 5: Technology
Allen v. Lloyd's of London, 94 F.3d 923 (4th Cir. 1996)
http://www.wired.com/magazine/2010/12/ff_ai_flashtrading/
http://online.wsj.com/article/SB10001424052748704457604576011564066524404.html

April 10 – review for exam in class

APRIL 12 - EXAM in class

April 17 Project presentations
April 19
April 24

FINAL PROJECTS DUE in WebCafe folder at scheduled exam time