

**Corporations (B653)**  
**Introductory Memorandum and Course Syllabus**

**Professor Donna M. Nagy**  
**Spring 2009**

**Required Texts**

Casebook: O'Kelley & Thompson, **CORPORATIONS AND OTHER BUSINESS ASSOCIATIONS, Cases and Materials** (5th ed. 2006).

Statutory Supplement: O'Kelley & Thompson, **CORPORATIONS AND OTHER BUSINESS ASSOCIATIONS, SELECTED STATUTES, RULES, AND FORMS** (2008 ed.).

**Schedule of Classes**

This class will meet on Mondays, Tuesdays and Wednesdays from 9:50 - 10:45am in Room 125.

**Office Hours**

My office is in Room 329 and I have set aside Thursday mornings from 10:30 am - noon as "office hours." You should also feel free to stop by my office at any other time. If I am busy, I will tell you so, and we'll arrange an alternative time. You can also make an appointment to see me by speaking to me after class or by leaving a message with a suggested time or times that work for you (office phone: 856-2826 or email: [dnagy@indiana.edu](mailto:dnagy@indiana.edu)).

**Class Attendance**

Regular class attendance is required by the law school's academic rules and, in any case, is essential to a coherent understanding of the course. I recognize, however, that unavoidable conflicts may necessitate an absence from class. Needless to say, such absences should be kept to an absolute minimum.

**Class Preparation and Participation**

A good portion of our class time will be spent discussing problems that are included in the assigned reading. To answer these problems, and to understand fully the background reading in the casebook, it is essential to read the relevant statutory provisions in the O'Kelley & Thompson supplement. (Fortunately, our casebook authors are very good about identifying these

statutory provisions at the beginning of each unit of reading material.) The Delaware General Corporation Law will be emphasized throughout this course -- though from time to time we will also refer to the Model Business Corporation Act (MBCA) as a source of comparison. We will also be covering a number of federal statutory provisions and rules in the Securities Exchange Act of 1934.

Our class's experience with the casebook's problems will succeed only insofar as there are students ready and willing to volunteer answers. Active class participation is therefore encouraged and expected. To that end, students who regularly make a substantial contribution to class discussion may have class participation factored into their final grade for this course.

### **Examination and Grading**

Your grade in this course will be based primarily upon a final examination. The exam will be "open book" insofar as you will be permitted to use the course materials as well as notes and outlines prepared by you (either alone or with your classmates). No other materials (including commercially prepared outlines) will be permitted.

As noted above, class participation may be factored positively into your final grade. I also reserve the right to lower your grade if warranted by poor attendance or repeated instances of unpreparedness.

### **First Class Assignment**

Prior to our **first class on Thursday, January 15, please read pages 1 - 13 of the casebook.**

### **Course Syllabus**

Set forth below is a course syllabus that from time to time may be added to or subtracted from. As noted above, in advance of class, you will be expected to have read any statutory provisions highlighted at the beginning of the reading (with the emphasis on Delaware) and to have worked through the assigned problems.

#### **I. Economic and Legal Aspects of the Firm**

##### **A. Basic Concepts and Organizing the Firm**

Casebook pp. 1-13

##### **B. The Firm and the Law of Agency**

pp.14-36

## **II. The Corporate Form and the Specialized Roles of Shareholders, Directors, and Officers**

### **A. The Corporate Form**

pp. 141-146, Problems 3-1, 3-2

### **B. The Formation of the Corporation and the Governance Expectations of the Initial Participants**

1. Where to Incorporate, Formation, Shares  
pp. 147-150, Problem 3-3, p. 151
2. Determining Voting Rights  
pp. 153-157, Problems 3-5, 3-6
3. Shareholder Action After Electing Directors  
pp. 157-158, 162-165, Problem 3-8, pp. 181-182

### **C. Publicly Held Corporations and the Impact of Federal Law**

1. How Publicly Held Corporations are Different  
pp. 199-205, Problem 3-9, 205-210
2. Proxy Regulation In General  
pp. 211-214, 883-884
3. Shareholder Proposals  
pp. 214-220, Problem 3-12  
pp. 220-227, Problem 3-13
4. Corporate Records and Shareholder Lists  
pp. 227-233, Problem 3-14

### **D. Non-Corporate Business Entities – Partnerships, LLCs, LLPs** pp. 43-48 (omit statutory material)

## **III. Fiduciary Duty, Shareholder Litigation, and the Business Judgment Rule**

### **A. Introduction**

pp. 235-246, Problem 4-1

**B. The Corporate Opportunity Doctrine**

pp. 246-256, Problem 4-2

pp. 257-269, Problem 4-3

**C. Conflicting Interest Transactions**

pp. 280-290, Problem 4-4

pp. 291-292

**D. Fiduciary Duties of Care and Good Faith**

pp. 299-322

pp. 323-330

pp. 330-345, Problem 4-7

pp. 346-357 & handout

**E. Special Aspects of Derivative and Direct Litigation**

pp. 367-381

pp. 392-398, Problem 4-10

**IV. Close Corporations**

**A. Introduction**

pp. 407-411

**B. Contracting as a Device to Limit the Majority's Discretion**

pp. 411-419, Problem 5-1

**C. Fiduciary Duty and the Threat of Dissolution**

pp. 434-439, 445-457, Problem 5-2(b)&(c)

**D. Involuntary Dissolution**

pp. 466-468, 469-477, Problems 5-3, 5-4

**V. Piercing the Corporate Veil**

pp. 541-557, Problem 6-3

pp. 557-571, Problem 6-4

**VI. Insider Trading**

pp. 1047-1063, 1063-1076, Problems 11-1, 11-2, 11-3

pp. 1087-1101, Problems 11-5, 11-6

pp. 1102-1104

D.M.N.