

Corporations

Law 528

Spring 2019

Room 102 – Monday, Wednesday (11 – 12:15)

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Course Overview and Learning Objectives

This course is an in-depth study of the legal framework of corporations, including the legal roles and responsibilities of its constituent parts – namely corporate directors, corporate officers, and shareholders.

Learning objectives for this course are to increase your knowledge and sophistication regarding the following topics: (i) how the corporate form is separate and distinct from other legal forms of business organization; (ii) the role and purpose of corporations; (iii) corporate formation and the law relevant to corporate internal affairs including the prominent role of Delaware law; (iv) the legal roles and responsibilities of corporate directors, corporate officers and shareholders; (v) the unique legal issues relevant to publicly-traded corporations, the role of the Securities and Exchange Commission, and certain securities law issues; (vi) legal issues relevant to corporate mergers, acquisitions and takeovers; and (vii) the formation, operation and management of a hybrid organizational form – the limited liability company.

This course is designed not only to increase your knowledge and application of the legal framework of corporations and the many ways lawyers advise, counsel, confront, and interact with corporate actors, but also certain public policy and ethical considerations relevant to the corporate form.

Class Materials

The assigned textbook for this class is **Business Associations: Cases and Materials on Agency, Partnerships, and Corporations** (Klein, Ramseyer, Bainbridge) (Eighth Ed. 2012).

In addition, to best achieve the learning objectives of this course you will study various original source corporate documents relating to John Deere Co. (an Illinois-based multinational business) that will be posted on TWEN.

Assigned material will also include other supplemental readings posted on TWEN. The goal of the supplemental reading is to provide alternative format readings in furtherance of the learning objectives of this course, to stimulate classroom discussion, and to emphasize the current and real-world nature of topics covered in this course. All

supplemental reading will be treated the same as text reading for exam and assessment purposes.

To best achieve the learning objective of this course, students are also strongly encouraged to subscribe (using discounted student rates) to the *Wall Street Journal*. The following websites also contain current material on various corporate law topics.

- New York Times Dealbook Page (<http://dealbook.nytimes.com/>)
- The Race to the Bottom (<http://www.theracetothetbottom.org/>)
- Professor Bainbridge (<http://www.professorbainbridge.com/>)
- Business Law Prof Blog (http://lawprofessors.typepad.com/business_law/)
- Delaware Corp. and Comm. Litigation Blog (<http://www.delawarelitigation.com/>)

Attendance

Part of your success in your legal career will be to show up at the right place at the right time. The same is true for this course. Class will start promptly at the assigned times and failure to be in your seat at the start of class will result in a class absence. Likewise, class is not come-and-go as you please. Absent true emergency situations or circumstances discussed in advance with the professor, students are expected to remain in their seats for the duration of class.

As specified in the *Rules of the Southern Illinois University School of Law*, “regular attendance to class meetings in all courses is expected and required of all students in accordance with the rule to be announced by the professor at the beginning of each course. Attendance will be taken in class and attendance records will be kept. Violation of this rule shall subject the student to penalties ...”.

It is your responsibility to ensure that you sign the attendance sheet during class. You should also note that the *School of Law Honor Code* states that it is academic misconduct to sign another student’s name to an attendance sheet for a class that the other student did not attend.

Students may have no more than a maximum of five absences (partial or total) for any reason (other than jury duty, the student’s hospitalization, birth or adoption of the student’s child, or a death in the student’s immediate family – any of which shall be proven by documentation).

Participation

Being physically present in class is, of course, not your only responsibility. You are also expected to arrive to class poised to learn. Being poised to learn requires preparation for class and reading the assigned course material, understanding the key concepts, and answering any assigned problems or discussion questions.

Beginning the second week of class, the class will be divided into the "Monday Group" and "Wednesday Group" and students will be expected to facilitate learning of the assigned material through active discussion and participation.

In addition, an important and valuable feature of this course every other Wednesday will be "Corporate Law in the News" in which students should be prepared to discuss a news topic relevant to the topics covered in this course. Like the assigned supplemental readings, this feature of the course is to emphasize the current and real-world nature of the topics covered.

Workload Expectation

The American Bar Association standards for accrediting law schools contain a formula for calculating the amount of work that constitutes one credit hour. According to ABA Standard 310(b)(1), "a 'credit hour' is an amount of work that reasonably approximates: (1) not less than one hour of classroom or direct faculty instruction and two hours of out-of-class student work per week for fifteen weeks, or the equivalent amount of work over a different amount of time." This is a 3-credit hour class, meaning that we will spend approximately 150 minutes together each week. Applying the ABA standard to the number of credits offered for this class, you should plan on spending a total of approximately 8.5 hours per week (2.5 in class and 6 preparing for class) on course-related work.

Course Logistics

This will be a traditional class in an assigned room on assigned days with the exception that for most class sessions I will "appear" in class via video. For these class sessions, you will have the ability to see and interact with me and I will have the ability to see and interact with you. Normal classroom etiquette and professional courtesies apply to these class sessions. For certain other class sessions, I intend to be physically present.

Each week during the semester, students will receive an e-mail by 3 p.m. on Wednesday with the reading assignments and discussion questions for the week ahead.

In terms of "office hours" should you have a question or concern regarding course topics, I am always available via e-mail and am also available to chat via telephone should the need arise. When I am physically present on campus, I will be holding office hours and students will be notified of this in advance.

Grading and Learning Assessment Opportunities

Your final grade will be based on the following:

5% - Attendance and participation

35% - Mid-Term Exam (March 6th)

60% - Comprehensive final examination (May 8th – 8:15 a.m.)

In addition, there will be a required, yet ungraded, writing assignment during the semester regarding a current corporate law issue.

Professional Courtesies

Be on time. Be respectful of your fellow students, their desire to learn and their learning styles. Cell phones, iPods, and other such devices are not to be used (or heard) in the classroom.

Disability Accommodation

Pursuant to the *Rules of the Southern Illinois University School of Law*, "the Law School will make reasonable accommodations for students with disabilities. A student seeking such accommodation must make application to the Associate Dean in accordance with the Southern Illinois University School of Law Policy Concerning Applicants and Students with Disabilities. A student is required timely to submit appropriate documentation of the disability sufficient to allow the Associate Dean to determine the reasonableness of the accommodation requested. If the requested accommodation concerns examinations, the Associate Dean will decide whether to grant the accommodation after consultation with the appropriate faculty member(s). The Associate Dean and the faculty members involved will treat the identity of the student requesting accommodation as confidential, to the maximum extent practicable."

Emergency Procedures

Southern Illinois University-Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, available on BERT's website at www.bert.siu.edu, Department of Safety's website www.dps.siu.edu (disaster drop down) and in Emergency Response Guideline pamphlet. Know how to respond to each type of emergency." "Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering

emergency. The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.”

Saluki Cares

The purpose of Saluki Cares is to develop, facilitate and coordinate a university-wide program of care and support for students in any type of distress—physical, emotional, financial, or personal. By working closely with faculty, staff, students and their families, SIU will continue to display a culture of care and demonstrate to our students and their families that they are an important part of the community. For Information on Saluki Cares: (618) 453-5714, or siucares@siu.edu, <http://salukicare.siu.edu/index.html>. At the School of Law, Assistant Dean Judi Ray is also available to help students access university resources. Her email is judiray@siu.edu, and her phone number is 618-453-3135.

Course Overview

(Subject to Modification Based on the Flow of the Semester)

(Denotes Reading Posted on TWEN)*

<u>Topic</u>	<u>Assigned Reading</u>
Introductions and Course Overview	Corporations as Public Interest Law Readings*
Brief Overview of Business Organizations	Business Structures*
Corporate Basics and Building Blocks	Video Clips From "The Corporation" Corporate Personhood Reading*
Corporate Formation Internal Affairs Doctrine	Why Do Corporations Choose Delaware* Deere Articles of Incorporation* Deere Bylaws*
The Nature of the Corporation <ul style="list-style-type: none"> • Role and Purpose • Limited Liability 	Chapter 3 (pgs. 251-267) Chapter 3 (pgs. 176-198)
Director and Officer Issues <ul style="list-style-type: none"> • Duty of Care, Duty of Loyalty and Obligation of Good Faith • Indemnification and Insurance Issues 	Deere Articles of Incorporation*, Deere Bylaws*, Deere Director and Executive Information* Chapter 5 (pgs. 308 – 365; 373-398), Corporate Directors Survey* Chapter 5 (pgs. 503-512), Indemnification and D&O Insurance - The Basics*
Shareholder Issues <ul style="list-style-type: none"> • Shareholder Voting and Control 	Deere Articles of Incorporation*, Deere Bylaws*, Deere Shareholder Information*

<ul style="list-style-type: none"> • Shareholder Proposals • Shareholder Inspection Rights • Shareholder Derivative Actions 	<p>Chapter 6 (pgs. 516-538), Deere Proxy Statement*</p> <p>Chapter 6 (pgs. 542-546); Shareholder Proposal Reading*</p> <p>Chapter 6 (pgs. 562-569)</p> <p>Chapter 3 (pgs. 201-225; 230-50)</p>
<p>Public Company Issues</p> <ul style="list-style-type: none"> • The Role of the SEC • Selected Securities Law Issues 	<p>SEC Overview*</p> <p>TBD</p>
<p>Mergers, Acquisitions and Takeovers</p> <ul style="list-style-type: none"> • Forms and Function • Officer, Director, and Shareholder Issues • Transactional and Litigation Issues 	<p>Chapter 7 (pgs. 739-804), Merger Reading*</p>
<p>Limited Liability Companies</p> <ul style="list-style-type: none"> • Formation • Operation and Management 	<p>Chapter 4 (pgs. 269-297), A Guide To Illinois LLC's* LLC Reading*</p>