

READING ASSIGNMENTS: Reading assignments may be shortened or omitted as time requires. All notices of any changes in the reading assignments will be in writing.

PART I: SELECTING THE BUSINESS ENTITY

I. AGENCY & PARTNERSHIP

Students will be introduced to two brothers, Andrew and Bob, who desire to start a retail computer software business. We will examine the different types of business relationships that they can enter into while conducting business. You will learn about basic agency and partnership principles.

Week of 8/31/09

A. INTRODUCTION TO AGENCY & PARTNERSHIP:

1. Chapter 1 pp 1-7
2. Notes 1-8 pp 7-8, pp 9-14, notes 1-4 pp 14-15, notes 1-2 p 29
3. Statutory Supp. pp 1-5
4. Statutory Supp. RUPA §§201-204, 301, 306, 401, 404-406
5. Class Materials
 - a. Types of Business Entities-----1
 - b. CONTEXT: AB Software Store-----2
 - c. Other Types of Business Relationship --- 3
 - d. Review of AB Software Store-----4

B. PARTNERSHIPS: SCOPE OF RIGHTS

1. Statutory Supp. pp 6-10
2. Class Materials
 - a. Partner's Liability of Losses-----5
 - b. Apparent Authority-----6

C. PRACTICE OF LAW- Who is the Client?

1. Chapter 2 pp 34-35, pp 37-38, 41-46, 49-50, note 1-5 pp 50-51
2. Limited Liability Partnerships p 49-50
3. Class Materials
 - a. ABA Model Rules of Prof. Conduct--- 7

No class on 9/7/09

Week of 9/8/09

D. PARTNERSHIP MANAGEMENT AND LIABILITY

1. Chapter 2: National Biscuit v. Stroud pp 52-54
2. Smith v. Dixon pp 54-55
3. Note 1-3 p 55
4. Roach v. Mead pp 60-64
5. Statutory Supplement UPA §§18, 40, RUPA §§307, 401, 404, 807

6. Class Materials
 - a. Partnership Liability-----9
 - b. Summary of Partnership Liability ---10

E. PARTNER'S RIGHTS AND DUTIES

1. Chapter 2: Meinhard v. Salmon pp 64-69
2. Notes 3 p 69
3. Partnership Property pp 72-73, notes 2-4 p 73-74
4. Partnership Accounting pp 75-80, notes 1-3 pp 80-81
5. Class Materials
 - a. Property Rights-----11
 - b. Formulas for Partnership Accounting----12
 - c. Instructions for The Dealmaker-----13

Week of 9/14/09

F. DISSOLUTION & DISASSOCIATION

1. Chapter 2 pp 81, Note 2 pp 82
2. Collins v. Lewis pp 82-86, notes 3-4 p 86
3. 8182 Maryland Assoc. LP v. Sheehan, pp 95-100
4. Gibbs v. Breed,pp 104-109
5. Bohatch v. Butler & Binion pp 109-115, notes 1-3 p 116
6. Supp. §§601-603, 801-804
7. Class Material
 - a. Events of Dissolution -----15
 - b. Review of Agency & Partnership -----18
 - c. Issues to Address in Partnership
Question-----20
 - d. Agency & Partnership Review Q-----20

II. TYPES OF BUSINESS ENTITIES

Students will look at different types of business entities, i.e., partnerships, corporations, limited liability companies, including the advantages and disadvantages and the steps needed to create each type of entity.

A. LIMITED PARTNERSHIPS

1. Chapter 3 Corporate General Partners pp 135-141
2. 21st Century Partnership pp 147-150
3. In re Spree.com pp 150-152
4. In re USA Cafes pp 141-144
5. Notes 1-2 p 144
6. Class Materials
 - a. Converting Legal Entities-----21
 - b. Partnerships-----22
 - c. Checklist for Partnerships-----23
 - d. Essential terms of Partnership----24

B. LIMITED LIABILITY COMPANIES

- 1. Chapter 4 pp 154-156, 159-162
- 4. Blackmore Partners pp 162-166
- 5. Marie L. Kasten pp 185-188
- 6. Final Look pp 189-191
- 7. Supp ULLCA §§301-303, 602-603, 902-903
- 8. Class Materials
 - a. Comparison Between LPs and LLCs-----25
 - b. Characteristics of LLCs -----26
 - c. Limited Liability Companies-----27
 - d. Checklist for Limited Liability Companies---28

Week of 9/21/09

C. CLOSE CORPORATIONS

- 1. Chapter 6: pp 212-214, 220-227
- 2. Supp. MBCA (1984) §§ 2.02, 1.23, 2.05-2.06, 4.02, 5.01
- 3. Class Materials
 - a. Necessary Terms of Agreement -----29
 - b, Types of Corporations-----30
 - c. Close Corporations-----31
 - d. Checklist for Corporations-----32
 - e. Essential terms of shareholder----- 33
 - f. By Laws-----34

(Work on the Dealmaker Program)

III. UNDERSTANDING THE DEAL

This section focuses on understanding the parties' interests, including obtaining financing and tax matters associated with starting a business.

A. FINANCIAL MATTERS

- 1. Chapter 8: pp 314-321
- 2. Hanewald v. Bryan's Inc. pp 328-331
- 3. Consideration of Shares pp 331-333
- 4. Debt Financing & Leverage pp 338-343
- 5. Planning pp 343-344, notes 2-4 pp 347
- 6. Supp MBCA §§ 6.01-6.03, 6.21-6.24
- 7. Class Materials
 - a. Basic Terms -----35
 - b. Contributions -----36
 - c. Disposition of Investor's Money-----37
 - d. Basic Terms-----38
 - e. Comparison of Debt and Equity-----39
 - f. Types of Equity Shares-----40
 - g. Distributions, Preferences & Preemptive

h. Disposition of Shares----- --41

B. FINANCING A BUSINESS

1. Class Materials
 - a. Sources of Capital-----42
 - b. Types of Commercial Paper-----43
 - c. Issues in Getting Financing-----44
 - d. Types of Collateral-----45
 - e. Credit Information-----45
 - f. Concept of Leverage-----46
 - g. Exercise: Access to Capital-----47

Week of 9/28/09

C. TAX MATTERS

1. Chapter 3 pp 123-128 (exclude notes)
2. Class Materials
 - a. Tax Terms-----49
 - b. Taxation Rules-----50
 - c. Tax Implications-----51
 - d. Tax Hypotheticals-----52

(Work on the Dealmaker Program)

D. DISTRIBUTIONS, MANAGEMENT, AND CONTROL

1. Chapter 8: Wilderman v. Wilderman, pp 391-394
2. Donahue v. Rodd, pp 397-406 , notes 1-2 pp 406-407
3. Model Business Corporation Act pp 410-415
4. Galler v. Galler pp 424-429
5. Zion v. Kurtz pp 433-435
6. Supp. MBCA §§6.27-6.40
7. Class Materials
 - a. Ways of Exercising Voting Rights-----53
 - b. Proxy Regulation-----54
 - c. Mandatory Ownership Provisions-----55

(Work on the Dealmaker Program)

E. BUY-SELL AGREEMENT

1. Chapter 9: Note 3 p 476
2. Buy-Sell Agreements Notes 2-3 pp 488-490
3. Note 3 p 490
4. Supp. MBCA §§7.31-7.32
5. Class Materials
 - a. Three Points Re Buy-Sell Agreements—56
 - b. Buy-Sell Agreements-----57
 - c. Exercise of Rights-----59

Week of 10/5/09

F. SELECTING THE BUSINESS ENTITY

1. Class Materials
 - a. Factors in Selecting a Business Entity---60
 - b. Charts Comparing Business Entities-----61
 - c. Hypotheticals -----64

G. DEALMAKER NEGOTIATION

Complete Dealmaker Program by 10/6/09

1. Class Materials
 - a. AB Software- Ownership Interest-----66
 - b. Computing Equity Interest-----67
 - c. Provisions to incl. in Ownership Agreement-68
 - d. Introduction to Yes----- 71

Individual Deal Memos due 10/19/09. Email your Memo to alj@cwsj.edu using your identification number to identify yourself, party name and group number. Negotiations on 10/7/09-10/13/09

IV. CLOSE CORPORATIONS

Students will focus on close corporations, including pre-incorporation steps and promoter liability, disregarding the corporate entity, and the steps necessary in getting financing, and agreements regarding disposition of shares.

Week of 10/19/09

A. PROMOTERS

1. Chapter 6: pp 236-238
2. Stanley J. How & Assoc. v. Boss pp 239-243
3. Notes 1-6 pp 243-244
4. Class Material
 - a. Promoter Liability Rules-----74
 - b. Promoter Rules-----76
 - c. Promoter Question----- 77

B. DISREGARD CORPORATE ENTITY

1. DeWitt Truck Brothers pp 260-264
2. Note 1-2 pp 264-265
3. U.S. v Best Foods pp 289-299
4. Fletcher Atex pp 276-280
5. Class Material
 - a. Disregard of Corporate Entity-----78
 - b. Test for Alter Ego-----78

C. DEADLOCK AND DISSENSION

1. Chapter 9: Gearing v. Kelly pp 491-492
2. Davis v. Sheerin pp. 499-503
3. Lee v. Jenkins pp 513-516
4. Class Materials
 - a. Review Shareholder Control of Corp.---79

Week of 10/26/09

D. SALE OF CONTROL

1. Chapter 9, Debaun v. First W. Bank pp 519-525
2. Note 1 pp 525
3. Supp. MBCA §§11.01-11.03, 12.30
4. Class Materials
 - a. Sale of Shares-----80