

BUSINESS ORGANZATIONS
LAW- 603
Fall 2023 * 4 units

SYLLABUS

Instructor

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Lecture Class

Course: LAW-603
Time: Monday and Wednesday 10:00 am – 11:50 am
Location: Room 3
Units: 4

Course Description

This course will examine the laws governing business organizations, with an emphasis on corporations. We will cover agency, partnerships and the structure and function of a corporation. We will also address issues that arise while conducting business in, with or through a corporation, such as fiduciary duties, voting and other control devices, shareholder suits, and financing the entity. Some attention will also be devoted to federal securities laws and mergers, acquisitions and takeovers. The goal of this course is to provide a solid foundation for those who intend to continue their studies in this area, while providing a thorough general understanding of the basics for those whose sole exposure to agency, partnership and corporations will be from this course. This course will also involve exercises intended to develop “practice” skills that will enable students to apply the substantive law from the course to situations that arise in the practice of business law.

Course Learning Objectives: At the conclusion of the course, students will be able to:

- Demonstrate a basic understanding of the general principles of business law;
- Identify, distinguish and evaluate a number of legal issues that arise in agency and in the management, operation and ownership of business organizations;
- Articulate the value of limited liability and identify behaviors that can result in the loss of limited liability;
- Identify, distinguish and evaluate some of the mechanisms used to allocate control among shareholders as well as ways in which shareholders may have impact or input on the operation of a corporation;
- Identify and evaluate some of the basic issues involving securities law, insider trading, and mergers and acquisitions; and

- Analyze fact patterns involving basic corporate law issues and provide “client-driven” solutions.

Prerequisite(s); co-requisite(s), or recommended preparation:

None, other than completion of 1L.

Required Texts: Chasalow, *Experiencing Business Organization (Third Edition)* (West Academic Publishing, 2023) (“EBO Text”) There may also be some supplemental materials distributed during the course. Any supplemental materials will be posted on Blackboard.

**** Please do not purchase the First or Second Editions, there are substantive and page differences. ****

Optional (But Recommended) Text: Chasalow, *Acing Business Associations (Third Edition)* (West Academic, 2023) (“ABA Text”). Note that the print version of the ABA Text should be available by late September, and the eBook version (available only at <https://www.westacademic.com/>) should be available by early September. I recommend waiting to purchase the Third edition. West Academic also has an electronic program called *CasebookPlus*. It provides access to a variety of online resources, including *Acing Business Associations* **as well as sample multiple choice questions**. If you sign up for *CasebookPlus*, you should have access to the Second edition of the Acing Book prior to the time that the Third edition comes out.

Should you find additional readings helpful, I recommend Klein & Coffee, *Business Organization and Finance* (Foundation, any edition is fine).

Office Hours

My office hours will be from 11:00 am to 12:00 pm on Fridays in my office, Room 466. If you cannot attend my regular office hours, send me an **email** to schedule an appointment.

Grading Summary

The course grading is based on the following criteria:

Class Exercises/Participation*:	15%
Final Exam:	85%

Attendance, Absences and Zoom. You do not need to email me in advance if you will miss class on a particular day. However, *if you miss class more than 5 times during the semester without my written approval, it will impact your participation grade.* While our class sessions will typically be recorded on Zoom and available to you through a link on Blackboard (synchronously and asynchronously), *viewing lectures remotely is not considered “attending class.”* I understand that, occasionally events may arise that impact your ability to attend in person. However, I strongly recommend that you attend classes in-person.

No recording and copyright notice. No student may record any lecture, class discussion or meeting with me without my prior express written permission. The word “record” or the act of recording

includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, Power Points, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. Exceptions are made for students who have made prior arrangements with DSP and me. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class.

Lectures over Zoom will be recorded, and I will make these lectures available to students, subject to the attendance limitations above.

Assignments:

The following reading assignments are all from the EBO Text.

In listing the assignments below, I have tried to *estimate* an appropriate pace to move through the materials, but there will likely be adjustments. You should anticipate that we will cover approximately 35-45 pages per class session -- and read ahead accordingly. At the end of each class, I will let you know if the material to be covered in the next class is different from the Syllabus. ***Please read and be familiar with the facts of each case covered in the reading before class. Cases will be discussed and analyzed BUT not summarized in class, and you will have a hard time following if you do not know facts.***

Substantive Recordings: On a regular basis, I will post brief recorded summaries of many of the cases in the assigned readings so that you may review the relevant summaries before each class. These summaries will be posted on Blackboard. I recommend you use these recorded summaries *in addition to*, not instead of reading; they are intended to refresh your recollection of the reading for the upcoming class. All recordings will be posted at least 24 hours before the class in which the material will be discussed. Recordings will not be available far in advance of each class, so make sure you check Blackboard frequently.

Course Schedule: A Weekly Breakdown

	Topics/Daily Activities	Readings
<i>Week 1</i>	Introduction; Agency; Agency Problems Involving Contracts; Experiencing Assignment 1: Burger Barn; Begin Agency Problems Involving Torts	M: 1-11; 23-35 W: 35-44; 49-54; 58-70
<i>Week 2</i>	Agency Problems Involving Torts (cont.); Rights, Duties and Liabilities of Agents and Principals; Partnerships	M: 70-109; 114-117; 121-125 W: 127-149; 154-163
<i>Week 3</i>	Partnerships	M: No class (Sept. 4th) - Labor Day W: 167-190 <i>* Agency Group Exercise: Experiencing Assignment 2B, Due September 6, 2023 at 10:00 am.</i>
<i>Week 4</i>	Partnerships; Limited Partnerships; LLCs; Introduction to Corporations	M: 190-201; 221-231; 242-254 W: 255-262; 266-270; 271-289
<i>Week 5</i>	Piercing the Corporate Veil; Duty of Care and Obligations of Good Faith; Experiencing Assignment 5: <i>Carl's Corral, Inc.</i>;	M: 289-295; 295-314 W: 314-335; 355-366 <i>* Partnership Group Exercise: Experiencing Assignment 4, Due September 20, 2023 at 10:00 am.</i>
<i>Week 6</i>	Duty of Care and Obligations of Good Faith (cont.); Duty of Loyalty	M: No Class (Sept. 25th) – Yom Kippur W: 335-354; 366-369; 391-393; 395-399; 414-425
<i>Week 7</i>	Duty of Loyalty (cont.)	M: 425-444; 448-449; 463-487 W: 488-494; 499-506
<i>Week 8</i>	Shareholder Voting Rights and Remedies and Access to Information; Assignment 8: <i>Build a Better Tomorrow</i>	M: 515-522; 526-550 W: 551-558; 562-567 Review Experiencing Assignment 8 <i>* Duty of Loyalty Group Exercise: Experiencing Assignment 7, Due October 11, 2023 at 10:00 am.</i>
<i>Week 9</i>	Shareholder Suits; Assignment 9: <i>Quarterback Blues.</i>	M: 567-577; 581-582; 592-610 W: 610-620; 629-644

<i>Week 10</i>	Control Issues in Corporations	M: 645-671; 671-694 W: 699-709; 714-721; 736-760
<i>Week 11</i>	Control Issues in Corporations (cont.); Experiencing Assignment 11: <i>Growth, Inc.</i>; Securities Law;	M: 760-768 Review Experiencing Assignment 11 W: 769-780; 785-786; 794-799; 804-821 <i>* Closely Held Corps Group Exercise: <u>Experiencing Assignment 10.</u> Due November 1, 2023 at 10:00 am.</i>
<i>Week 12</i>	Securities Law (cont.); Sarbanes Oxley; IPOs; Insider Trading	M: 826-840; 840-853 W: 855-883; 893-905
<i>Week 13</i>	Insider Trading (cont.); Securities Short Swing Profits; Mergers & Acquisitions	M: 914-922; 937-951 W: 967-975; 985-986; 1004-1032 <i>* Insider Trading Group Exercise: <u>Experiencing Assignment 13.</u> Due November 16, 2023 at 10:00 am.</i>
<i>Week 14</i>	Hostile Acquisitions	M: 1032-1057; 1069-1081 W: No Class – Thanksgiving
<i>Week 15</i>	Hostile Acquisitions (cont.)	M: 1069-1081; 1095-1111; 1134-1145 W: Last Class
<i>FINAL</i>	December 6, 2023 -- 8:30 AM **Please confirm before the exam. Sometimes dates and times change.**	STUDY

Group Exercises:

Some of the work for this course includes group exercises. There will be five short written exercises, which will be completed during the course. You will each need to select a small group of students with whom you will work on each exercise. I would like each group to have 5 students, but your group must have at least 3 students and no more than 5 students. The five group exercises will contribute toward up to 15% of your grade. Each group will select a “point person” for each exercise. The point person should be a different group member for each exercise, so that each person in each group has the opportunity to be the point person at least once. (If your group has fewer than 5 students, then some group members will need to be the point person more than once.) The point person in each group will be the person who is ultimately responsible for drafting, submitting and managing the exercise. Each exercise will be graded on a scale of 1 to 15. The point person for each particular exercise will receive an individual grade equal to the group grade (a grade out of 15). (Any score of less than 11 on an exercise is “unsatisfactory” and may negatively impact your grade in the course.) The other members of the group will receive a grade that equals 1/3 of the group grade (a grade out of 5). At the end of the semester, you will also have the opportunity to “grade” the others in your group. The grade will range from 1 to 3. The total of your “grades” on these exercises

will be considered when your Class Exercises/Participation grade is computed and, to the extent the curve allows, will be used to improve your grade but not to lower it.

When submitting group exercises, please identify your group number (which I will provide you with before the first exercise is due), the point person, and a list of the names of each group member for each exercise. Please provide this information in the exercise itself, not in the email that submits the exercise. All Exercises should be submitted by email to my assistant, Hannah Pae at HPae@law.usc.edu. The subject line for the email should read “Business Organization Group Exercise [X]” (X will be either 1, 2, 3, 4, or 5, depending upon which Exercise is being submitted. You should use the numbers 1-5, not the number of the assignment in the EBO Text.)

- *Participation in this course is encouraged. Participation will count for up to 5% of your grade and will be combined with your score on the group exercises. You can gain participation points by participating in class and making a meaningful contribution, by being prepared and providing well-articulated responses and by asking thoughtful questions. You may lose participation points by excessive and unwarranted absences, by unsatisfactory participation in group exercises, or by using any computing or electronic devices during class for any other purpose than note taking. I know this is a large class; it will not lower your grade if you do not wish to volunteer to speak in class.
- **Students are permitted to use electronic devices during class, provided that you only use them for class purposes. If I become aware of improper use of electronic devices during class, it will reduce your participation grade and may result in loss of the privilege to use such devices during class.**

Please email me the people in your group by next Friday, 8/25. I need the format to be as follows, preferably in an Excel Spreadsheet:

Two columns:

First Name of Student	Last Name of Student
First Name of Student	Last Name of Student
First Name of Student	Last Name of Student
First Name of Student	Last Name of Student
First Name of Student	Last Name of Student

Please have only 1 person in each group email me.

Final Exam:

- At least 85% of your grade will be based on your performance on a final exam. The final exam will be open note and open book, ***BUT you will not be permitted to use any electronic device for any purpose other than the administration of the exam.*** This means that you will not be able to access

electronic textbooks or electronic versions of notes or outlines. The exam will be multiple choice and short answer. The group exercises that we work on in class, the sample multiple choice questions reviewed and discussed during lectures, and the substantive material covered in class will give you a good sense of the type and tone of the questions. If you are looking for additional examples of multiple choice questions for practice, West Academic has 200 questions available in a program called *CasebookPlus*, that I recommend.

- At this point, given the large number of students in this course, I plan to have the short answer written portion of the exam be relatively brief. However, I reserve the right to adjust the length and number of the short answer questions prior to the exam, depending on the ultimate size of the class and on my perceived need to include a written metric. I will keep you informed about the allocation of the format of questions on the exam and make a final determination before the end of October.

Statement on Academic Conduct and Support Systems

Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on [Research and Scholarship Misconduct](#).

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University’s educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call

suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086

eeotix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776

osas.usc.edu

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity, Equity and Inclusion - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

ombuds.usc.edu

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-3340 or otfp@med.usc.edu

chan.usc.edu/otfp

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

Help with Basic Needs

<https://studentbasicneeds.usc.edu/>

<https://studentbasicneeds.usc.edu/resources/covid-19/>

If you are experiencing food insecurity

<https://studentbasicneeds.usc.edu/resources/food-insecurity/>

If you are experiencing housing insecurity

<https://studentbasicneeds.usc.edu/resources/housing-insecurity/>

If you are experiencing financial insecurity

<https://studentbasicneeds.usc.edu/resources/financial-insecurity/>