

**University of Washington School of Law  
Winter, 2019  
Business Organizations, A515  
(4 credits)  
Class meets T Th/10:30 a.m. – 12:20 p.m., Room 119**

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Office Hours: M-F 9:00 a.m.-4:30 p.m.

## **SYLLABUS**

### **Class Description**

This introductory course examines the law governing business organizations. It provides an overview of fundamental business law principles and doctrines. We will discuss the key principles of agency law and survey the law of partnerships and limited liability companies. We will then study the law of corporations. Numerous drafting considerations and implementation mechanics of documents related to business organizations will also be discussed. By design, the course is focused more on transactional aspects of business organizations law with a particular emphasis on corporations. However, those interested in litigation will still benefit from this study as potential conflicts animate the relationship between the various constituencies within different forms of business organizations.

### **Learning Objectives**

Students who successfully complete this course will be able to:

- Identify and compare the distinctive features of the fundamental forms of business organizations;
- Interpret and analyze business organizations statutes;
- Develop facility with the major forms of business organizations, including the general partnership and its limited liability variants, the limited liability company, and the corporation;
- Recognize the various sources of legal authority and contractual obligation within business organizations;
- Develop an understanding of the process of coordinating business and legal considerations in a transactional setting;

- Identify and navigate the underlying ethical considerations and policy implications of business entities with respect to their various constituencies and society at large;
- Understand corporate fiduciary duties; and
- Identify planning and problem solving involved in transactional law practice.

### **Textbook**

The required textbook for this course will be the second edition of *Business Organizations: A Transactional Approach* (2nd ed., 2016) (including Fall 2018 Update Memo posted on Canvas) by William K. Sjostrom, Jr. I also will maintain a website for the course available at <https://canvas.uw.edu/courses/1256819>. PowerPoint presentations used during class will be made available via the website after each class session. Any in-class handouts, writing assignments or supplemental readings also will be made available through the course website.

Specific reading assignments will be announced periodically via Canvas. We will cover the material in the following order:

Chapter 1: Business Forms Overview

Chapter 2: Agency Law

Chapter 3: Choice of Form Considerations

Chapter 4: Partnerships and Limited Liability Partnerships

Chapter 5: Limited Partnerships and Limited Liability Limited Partnerships

Chapter 6: Limited Liability Companies

Chapter 7: The Incorporation Process

Chapter 8: Corporate Finance

Chapter 9: Corporate Governance

Chapter 10: Corporate Fiduciary Duties

Chapter 11: Return on Investment

Chapter 12: Minority Shareholder Protections

Chapter 13: Public Company Regulation

Appendix: Introduction to Financial Statements

*Additional Resources.* Please consult Canvas for (1) electronic copies of the statutes and rules; (2) a list of optional reference materials; and (3) a list of resources to help you with any unfamiliar business and finance concepts.

*Business and Finance Terms.* During the course, I will refer to basic business and finance terms. Many of you will be familiar with these terms from your prior studies. If, however, there is a particular term or concept that is unfamiliar to you, please look it up before class. I have posted on Canvas a list of electronic and print resources to help you. In most cases, a basic dictionary or a quick Investopedia search will clear up any ambiguities.

I strongly encourage you to regularly read *The New York Times*, *The Wall Street Journal* or some other national newspaper throughout the quarter. If you do, you will see all sorts of connections between our class and the real world.

### **Grading & Final Exam**

Your grade for the course will be determined primarily by your score on the final exam, which will be limited open book and three hours long. Limited open book means you may bring into the exam your textbook, statutory materials, materials posted to Canvas, and any class notes or outlines you have personally prepared or worked with a group to prepare. You may not bring into the exam commercial outlines, treatises, other commercial resources, or anything not listed in this paragraph. If you use a computer, you must have ExamSoft installed. The ExamSoft setting for this course will block access to the internet but permit you to retrieve documents saved to your computer.

The final exam is currently scheduled for **Monday, March 18, at 8:30 a.m.**

You are responsible for reviewing the exam schedule to determine if there are any changes. The exam schedule for this quarter is posted at <https://www.law.washington.edu/students/exams/default.aspx>.

In addition, the Law School's policy on exams, paper and use of computers on exams is set out here: <https://www.law.washington.edu/students/academics/exams.aspx>.

Class participation and completion of in-class exercises could affect your final grade if your grade is at or near the cut-off between two grades. In this circumstance, I may bump your grade up if your class attendance has been excellent and your classroom participation has been exceptionally valuable and thoughtful (where quality, not quantity, of participation is the relevant criterion); conversely, I may bump your grade down if you have frequently declined to attend class or to participate meaningfully in class discussion or class exercises.

### **Class Participation/Expectations**

*Preparation.* It is critical that you come to class prepared. At a minimum, this requires that you have completed the reading, that you have thought about the implicated issues, and that you arrive to each class ready to discuss the materials on a substantive level.

*Class Participation.* I will call on people randomly and without prior notice, and I encourage students to participate voluntarily. Please note that the purpose of the former policy is not to intimidate or otherwise impose on students; to the contrary, it is a means of ensuring that everyone is included in the discussion and therefore can benefit both from the insights of his or her peers and from actively engaging with the material. Class participation may affect your final grade, as discussed below.

*Writing Exercises.* Any readings that include writing exercises should be completed.

*Attendance.* I expect you to attend class regularly, to show up on-time, and to come to class prepared to discuss that day's materials. This means that I expect you not only to be present in class but also to be engaged during class sessions. If you will be absent from a single class during the quarter, you do not need to notify me. However, if you will miss more than one class

in the quarter, you must e-mail me to notify me of the absences. An excessive number of missed classes will result in automatic expulsion from the course.

*Electronics.* Please silence your cell phones before class begins and refrain from any use of electronics that is unrelated to your learning in this class. Even if you are a master multitasker, non-class-related activities on your screen can quickly distract students around you. If you use a computer in class, it should be used solely to type your notes or for another class-related purpose. If I see you checking e-mail, texting or surfing the Internet during class time, you will be automatically eligible for a grade bump-down if you are on the cut-off between two grades.

*Recordings.* You are not allowed to make your own video or audio recordings of class sessions. I will authorize Law Media to record the class subject to the following conditions: (1) students who access the recordings agree to use the recordings only for their studies in this class; and (2) students who access the recordings agree not to distribute the recordings to anyone else. Note that you should not rely on these recordings or assume they always will be made available. Technical errors can interfere with the recording process, and listening to the audio is not a substitute for class attendance. If at any point during the quarter I feel that class participation or attendance has been low, I may withdraw my recording authorization for future classes.

### **Course Evaluation**

Course evaluations are open online during the last week of classes. Class time will be made available on Tuesday, March 12th, for filling out your evaluation. Please bring a laptop or mobile device to class on this date to participate in the evaluation.

### **Office Hours**

I encourage you to come see me when you have questions or issues that you want to discuss relating to the course. My office is on the third floor of the law school, Room 311. I will have office hours on Thursdays from 1:30 p.m. to 3:30 p.m. If my regular office hours do not work for your schedule, I am happy to set up alternative times to meet with you by appointment as necessary. Please e-mail me to set up an appointment that works for you if you cannot make my regular weekly office hours. Please note that I will not answer substantive questions via e-mail or telephone. I will be available to meet with you (by appointment) up until Friday, March 15th at 2:00 p.m. I will not answer any course-related questions from students after 2:00 p.m. on Friday, March 15th. In order to ensure that information about the nature and content of the final exam is accurate and equally available to all, I will answer questions about the exam only in class.

In addition to discussing course-related matters during office hours, I am happy to talk about other legal or career-related questions. I previously spent many years in private practice as a corporate securities attorney at large law firms in New York City, San Francisco, Seattle, and Silicon Valley. In addition, I worked in the public interest sector (as Vice President and Director of Legal Affairs at the Asian Pacific Fund, a community foundation, and as the inaugural Pro Bono Director at Stanford Law School). I'd be happy to offer my perspectives on working at a large law firm or in the public interest sector.

## **Other Issues**

Careful reading and attention to detail are the hallmarks of any competent attorney. Because we deal with corporate governance and oversight, I want to run an experiment of how closely you read. If you have read this, e-mail Jessica Preboski at preboski@uw.edu by the end of the first week of class with the subject line “I read it.” Please include your name in the body of the e-mail.

## **Law School Attendance Policy**

Under changes to ABA Accreditation Standard 304, adopted in August 2004, a law school shall require regular and punctual class attendance. At any time after the fifth week of a course (halfway through a summer session course), a student who has been determined by the instructor to have attended fewer than 80 percent of the class sessions in any course will be required to drop the course from his or her registration upon the instructor’s so indicating to the Academic Services Office.

## **Access and Accommodation**

Your experience in this class is important to me. If you have already established accommodations with Disability Resources for Students (DRS), please communicate your approved accommodations to me at your earliest convenience so we can discuss your needs in this course.

If you have not yet established services through DRS, but have a temporary health condition or permanent disability that requires accommodations (conditions include but not limited to; mental health, attention-related, learning, vision, hearing, physical or health impacts), you are welcome to contact DRS at 206-543-8924 or uwdrs@uw.edu or disability.uw.edu. DRS offers resources and coordinates reasonable accommodations for students with disabilities and/or temporary health conditions.

Reasonable accommodations are established through an interactive process between you, your instructor(s) and DRS. It is the policy and practice of the University of Washington to create inclusive and accessible learning environments consistent with federal and state law.

## **Class Meetings & Reading Assignments**

The following reading list provides the assigned readings. I will attempt to follow this reading list as closely as possible. However, we may fall behind at times or move more quickly at other times. As a result, some changes might be made to the reading list that follows. If we need to make any major changes, I will revise this syllabus and will distribute a “Version 2.0” of the syllabus and reading list.

### **CLASS 1 – Tuesday, January 8**

Topic: Business Forms Overview

Readings / Assignments: Chapter 1

### **CLASS 2 – Thursday, January 10**

Topic: Agency Law

Readings / Assignments: Chapter 2

CLASS 3 – Tuesday, January 15

Topic: Choice of Form Considerations

Readings / Assignments: Chapter 3 (pp. 73-118)\*

*\*Replace pp. 75-79 with the relevant text from the Update Memorandum (posted on Canvas) and skip Example 1, Example 2, and Exercise 3.1.*

*Skip pp. 88-89.*

*Add relevant text from the Update Memorandum on p. 107.*

CLASS 4 – Thursday, January 17

Topic: Choice of Form Considerations and Partnerships & Limited Liability Partnerships

Readings / Assignments: Chapter 3 (pp. 118-126) & Chapter 4 (skip question 4 in Exercise 4.7 on p. 157)

CLASS 5 – Tuesday, January 22

Topic: Limited Partnerships & Limited Liability Limited Partnerships

Readings / Assignments: Chapter 5

CLASS 6 – Thursday, January 24

Topic: Limited Liability Companies

Readings / Assignments: Chapter 6 (skip question 4 on p. 214)

CLASS 7 – Tuesday, January 29

Topic: Corporations – The Incorporation Process

Readings / Assignments: Chapter 7

CLASS 8 – Thursday, January 31

Topic: Corporations – Corporate Finance

Readings / Assignments: Chapter 8 (pp. 283-333)

CLASS 9 – Tuesday, February 5

Topic: Corporations – Corporate Finance

Readings / Assignments: Chapter 8 (pp. 333-373)\*

*\*See changes to p. 370 in the Update Memorandum.*

CLASS 10 – Thursday, February 7

Topic: Corporations – Corporate Governance

Readings / Assignments: Chapter 9\*

*\*Add relevant text from the Update Memorandum on p. 391.*

CLASS 11 – Tuesday, February 12

Topic: Corporations – Corporate Fiduciary Duties

Readings / Assignments: Chapter 10 (pp. 429-467)\*

*\*Add relevant text from the Update Memorandum on p. 434.*

CLASS 12 – Thursday, February 14

Topic: Corporations – Corporate Fiduciary Duties  
Readings / Assignments: Chapter 10 (pp. 468-505)

**Tuesday, February 19 – NO CLASS (Class will be held on Friday, February 22)**

CLASS 13 – Thursday, February 21

Topic: Corporations – Corporate Fiduciary Duties  
Readings / Assignments: Chapter 10 (pp. 505-537)

CLASS 14 – Friday, February 22\*

Topic: Corporations – Return on Investment  
Readings / Assignments: Chapter 11

*\*This class will serve as a make-up for the 2/19 class. Class will be held from 1:30 p.m.-3:20 p.m., Room 117.*

CLASS 15 – Tuesday, February 26

Topic: Corporations – Minority Shareholder Protections  
Readings / Assignments: Chapter 12\*

*\*Note: Exercise 12.2: Read MBCA Section 6.30.*

*Exercise 12.3: The draft is Minority Shareholder-friendly. Please propose comments from the perspective of the Majority Shareholder.*

CLASS 16 – Thursday, February 28

Topic: Corporations – Public Company Regulation  
Readings / Assignments: Chapter 13 (pp. 609-656)

CLASS 17 – Tuesday, March 5

Topic: Corporations – Public Company Regulation  
Readings / Assignments: Chapter 13 (pp. 656-679)\*

*\*Replace U.S. v. Newman with Salman v. United States from the Update Memorandum on p. 663.*

CLASS 18 – Thursday, March 7

Topic: Corporations – Introduction to Financial Statements; Diversity, Equity & Inclusion in Business Organizations

Readings / Assignments: Appendix A; check Canvas for additional readings

*\*Add relevant text from the Update Memorandum on p. 751.*

CLASS 19 – Tuesday, March 12

Topic: Wrap-up & Review Session

Readings / Assignments: Come prepared with questions about any of the topics covered in Classes 1-18.