New York University
School of Law

Corporations
Prospectus

Over the semester we will cover six broad topics:

1. The corporate entity
2. Governance of the corporation
3. Issuing securities and paying dividends
4. Fundamental changes
5. The duties of managers and stockholders.
6. Federal corporation law

The first assignment sheet is now available for download on Blackboard.

It is understood that the sophistication of students in this course covers a wide range. Some have strong academic backgrounds and/or practical experience in relevant areas; others may feel, for a time, as though they had wandered into Intermediate Sanskrit. For the latter group a number of things will help: As a very first step, start reading financial and business news. The Wall Street Journal is a fine newspaper and the only major newspaper which primarily reports business news. The financial section of the Times has improved in recent years. There are now many business magazines, of which Forbes and Business Week are generally counted best. The Economist publishes occasional extensive articles on U.S. financial or business topics; the quality is consistently splendid. Sample these sources of business news and pick out one for regular reading.

Some items have been placed on library reserve:

1. Hamilton and Booth, Business Basics for Law Students (3d ed 2002), has the precise aim of dealing with lacunae in the business background of law students. Chapters 10, 11, and 12 parallel the early parts of our course and can be read with profit; Chapter
14 is a quick trip with gun and camera through securities markets, and is an excellent introduction to this topic. Other chapters will suggest themselves during the semester.

2. At a different level, Smith and Sylla *The Transformation of American Capitalism* (1993), is a historical account of the development of American securities markets. This brief monograph, informative and well written, will handsomely repay the time of readers at any level of sophistication. The authors are members of the faculty of the Stern School, one a retired Goldman Sachs partner. Six copies are on reserve.

3. While tender offers, LBO’s and other aspects of the takeover wave are primarily studied in other courses, they play back into our course in a number of ways, notably in connection with questions of management duty. Two items will prove informative (and also have entertainment value). Taylor *Storming the Magic Kingdom* (1987), is a case study of the Disney family’s loss of control of the Disney studios. Burrough & Helgar, *Barbarians at the Gate: the Fall of RJR Nabisco* (1990), is a day by day account of one of the largest (and surely, the most publicly conducted) of all takeovers. Again, copies are on reserve.

Students with no substantial accounting background are urged, strongly urged, to take Accounting for Lawyers at some point during their academic residence.

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The examination will be four hours, open book, and will count for 100% of the course grade, except that I reserve the right to improve the grade of any student a half step based on especially valuable class performance. There will be no interim examination.

The materials required for the course are:

Eisenberg, *Corporations and other Business Organizations* (9th ed 2005)

New York Business Corporation Law (latest edition)

Delaware General Corporation Law (latest edition)

Securities Regulation, Selected Statutes, Rules and Forms, (any edition, 2004 or later)