Syllabus


There will be no class on Thursday November 4. That class will be made up by meeting an additional hour from 1:05-1:55 p.m. on Tuesday October 26 and Tuesday November 9. An additional optional lecture class on basic accounting concepts will be scheduled in conjunction with the material being covered in topic 2 of the syllabus. There is a third packet of materials for this class available at the NYU bookstore. An unabridged version of the Merrill Lynch pamphlet, "How to Read a Financial Report," that is excerpted in that packet is available online on the course web page. If you have some knowledge of basic financial accounting you do not need to attend this class.

1. Introduction to organization in firms

A. Agency principles
   BA pp. 47-53, 6-13, 16-22, 25-31, 40-43; CS pp. 1-11; BA pp. 88-91
   FCL pp. 1-25

B. Partnerships
   BA pp. 92-102, 142-44, 111-17, 162-65, 180-85, 196-98
   ST: U.P.A. §§ 6, 7, 8, 9, 15, 16, 18, 31, 35, 38, 40

C. Mechanics of incorporation

D. Distinguishing corporate characteristics: limited liability
   BA pp. 201-11; CS pp. 12-15; BA pp. 217-27
   FCL pp. 61-81

2. Financing the corporation

A. Debt
   BA pp. 860-79, 883-89, 891-98; CS pp. 16-20
   FCL pp. 119-32, 140-44 (through note 5)

B. Equity
   FCL pp. 26-60; RS pp. 1-18
3. Running the corporation

A. Choosing the legal regime
   FCL pp. 82-118

B. Allocation of authority between officers, directors and shareholders
   CS pp. 21-45
   ST: D.G.C.L. §§ 141, 142, 211, 216, 228

C. Fiduciary duties and shareholder litigation
   
   i. Duty of care
      BA pp. 355-65; CS pp. 56-68

   ii. Duty of loyalty
      BA pp. 368-77; CS pp. 69-76; BA pp. 377-82, 395-98, 385-89
      ST: D.G.C.L. § 144
      FCL pp. 155-62, 182-83 (notes 6 and 7)

   iii. Procedural aspects of derivative suits
      BA pp. 236-40; CS pp. 77-91; BA pp. 256-69; CS pp. 92-120
      FCL pp. 162-72, 183-84 (notes 8 and 9), 181-82 (notes 4 and 5); RS pp. 49-64

   iv. Indemnification and insurance
      BA pp. 525-26, 534-38, 338-39
      ST: D.G.C.L. § 145
      FCL pp. 184-85, 186 (notes 10, 12 and 13)

   v. Federal obligations (Sarbanes-Oxley Act of 2002)
      CS pp. 121-39

D. Shareholder exercise of control

   i. Voting rights
      BA pp. 592-96; CS pp. 140-53
      ST: D.G.C.L. §§ 151, 212, 214, 218; sample proxy card (p.267)
      FCL pp. 187-97, 214-16 (through note 6)

   ii. Proxy fights
      BA pp. 539-49, 553-58; CS pp. 154-58
      ST: D.G.C.L. § 219; S.E.A. § 14(a), Rules 14a-7, 14a-9
      FCL pp. 197-206, 216-17 (notes 7 and 8)
iii. Shareholder proposals  
ST: S.E.A. Rule 14a-8  
FCL pp. 206-13, 217-20; RS pp. 65-69

iv. Shareholder inspection rights  
BA pp. 579-90; CS p. 159  
ST: D.G.C.L. § 220

4. Regulation of transactions in shares: insider trading

A. Inside information  
BA pp. 480-89, 491-92, 466, 444-56, 466-72, 492-510; CS pp. 160  
ST: S.E.A. § 10, Rules 10b-5, 10b5-2, 14e-3  
FCL pp. 310-19

B. Short-swing profits  
BA pp. 512, 522-23  
ST: S.E.A. § 16

5. Transfers of control

A. Sales of control blocks  
BA pp. 703-07, 700, 707-14

B. Mergers and Acquisitions  
BA pp. 718-24, 725-26, 727-37, 739-45; CS pp. 161-188  
ST: D.G.C.L. §§ 251, 253, 259, 262, 271  
FCL pp. 221-57; RS pp. 70-104

C. Takeovers  
CS pp. 189; BA pp. 763-819, 824-34; CS pp. 190-260; BA pp. 845-58  
ST: S.E.A. §§ 13(d), 14(d) & e, Rules 14d-2 - 14d-10, 14e-1; D.G.C.L. § 203  
FCL pp. 258-92