

**Note: This Syllabus covers all relevant aspects of the course and the reading assignments for the first weeks of class, for the complete syllabus, please go on the Blackboard page of the course**

## **BUSINESS ASSOCIATIONS**

**Spring 2022**

4 credits

(172-001): Mondays and Wednesdays, 1:50 PM – 3:50 PM

Professor Paolo Saguato

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Office Hours: by appointment on Zoom – you can book [here](#)

### **Class format:**

This course meets in person. However, if needed, we might have to convene some classes remotely on Zoom during the semester. You can find the zoom link on the Blackboard page of the course.

### **Course Overview**

Welcome to Business Associations! This course introduces basic principles of business law and builds the foundations for advanced business law courses such as Securities Law & Regulation; Banking Law; International Finance & Regulation; Corporate Acquisitions, etc. In this course we look at how economic activities can be organized, and we study the main forms of business entities. The course is divided in four sections.

1. In the first three classes we focus on **Agency Law**. The relationship between principals and agents is the building block of any business entity.
2. The second section spans three classes and discusses **Partnerships**. We will examine the organizational elements of a partnership, how losses and profits are shared among partners, what fiduciary duties partners owes to the partnership and to each other, and what happen when a partner wants to exit the partnership.
3. The third section is the core of the course and focuses on **Corporations**. Over the course of the remaining classes we will analyze the corporate legal attributes; how corporations organize their business and what mechanisms they deploy to reduce the costs of organizing a business in a corporate form (i.e. agency costs); the relationship between the firm, its shareholders, and its directors; and the mechanisms for corporate acquisitions, and specifically mergers and takeovers.

4. In the last two classes, section four will introduce **Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies**, important and more recent business entities.

### **Learning Outcomes**

By the end of the course, you are expected to be able to:

1. define and use the business law lexicon;
2. demonstrate knowledge and understating of the fundamental legal principles and rules of business law, as well as question the economics of business organizations;
3. appreciate and think critically about the different benefits and costs associated with different forms of business associations;
4. navigate, identify, read, and analyze business law cases and statutes; spot legal issues in business fact patterns and apply the rules and standards of business law to solve them;
5. provide organized and objective analysis or persuasive reasoning, communicate effectively both in oral and written form;
6. outline and critically assess the main policy issues surrounding the organization of business firms and their effect on the economy and society.

### **Mandatory Pre-course Assignment**

Please fill out the “Bio Sheet” by Wednesday, January 19<sup>th</sup>.

Here is the link: <https://forms.gle/1wKGnirYPH1RhZRq7>

You’ll also find the link in the Blackboard page of the course under the tab “Bio Sheet”

### **Required Reading Materials**

- **Casebook:** The required text for this course is Hwang & Saguato, *Business Associations: A Modern Approach* (1st edition, forthcoming with Foundation Press). The book is scheduled to be printed in the fall 2022, so the publisher has allowed me to provide advance PDF copies to you on Blackboard. Do not share these PDF copies.

In addition, the syllabus indicates a few provisions for you to review in the Restatement (Third) of the Law, the 1997 Uniform Partnership Act, the Delaware General Corporation Law, and other sources of the law.

- I created a “Statutory Supplement” with the relevant provisions indicated in the syllabus – it is available on Blackboard under the tab “Course Packets.”

(All relevant statues and rules can be easily accessed on Lexis, Westlaw, or in statutes books in the Law Library; the syllabus indicates the relevant statues and rules that we will cover in class. With regard to the Delaware General Corporation Law (<https://delcode.delaware.gov/title8/c001/>) Prof. Lynn M. LoPucky published a reader-friendly version of the DGCL, LYNN M. LOPUCKY, THE READABLE DELAWARE GENERAL CORPORATION LAW, which I

personally find quite helpful and it can be accessed for free and downloaded here: <https://ssrn.com/abstract=3638407>).

- **Other readings:** I might assign additional readings to supplement the casebook. Those materials will be posted to Blackboard and I will announce in class when they are posted.

### **Optional Materials on Course Reserve**

The following optional materials are available on course reserve in the library, you do not need to read them, but you might find them useful, and, most importantly, almost all of them are free. I hope you are aware that Study Aids are available for free here: <https://subscription-westacademic-com.mutex.gmu.edu/>

Here the list of suggested optional readings.

- *Agency, Partnerships, & LLCs*, Stephen M. Bainbridge
- *Corporate Law*, Stephen M. Bainbridge
- *Business Organization and Finance*, William A. Klein & John C. Coffee, Jr.
- *Examples and Explanations: Agency, Partnership, and LLCs*, Daniel S. Kleinberger
- *Examples and Explanations: Corporations*, Alan Palmiter

Also, if you are interested in the area and you want some suggestions on interesting readings to dive more into the wonders of Business Associations, just email me, I'd be more than happy to share some of my favorites.

### **Recommended readings**

I encourage you to read the business sections of the [New York Times](#), the [Wall Street Journal](#) or the [Financial Times](#) regularly (you can access them for free with your GMU credentials). Two good sources of business news are the daily newsletters of the [NYT DealB%k](#) and the [Bloomberg View Money Stuff](#) by Matt Levine. Keeping up-to-date with business news can help you with job interviews, but, most importantly, shows you how the concepts, principles, and rules we study in class operate in the real world.

### **Course Requirements & Attendance**

You are expected to attend classes, be prepared, and actively participate in class discussion. I will call on several students randomly during each class. If for any reasons, you know you will not be able to be prepared, please email me at least one hour before class at [psaquato@gmu.edu](mailto:psaquato@gmu.edu). Your email should simply have in the subject line "Business Association Pass" and the date of the class.

[Academic regulation](#) requires you to attend at least 80% of classes in order to be eligible for credit in the course, put it differently you cannot miss more than 5 class sessions. **I will take attendance during each class.**

## **COVID protocol**

You are required to be properly masked for the duration of the class. If you are not, you will be asked to leave the class. Eating and drinking is not allowed in class at any time. If you need to eat or drink during class, you can excuse yourself from the classroom for a few minutes to do so.

Please do **not** attend class if you have any cold or flu-like symptoms. Given current circumstances, we want to keep our community as healthy as possible and limit the spread of any illnesses.

Be prepared to switch to virtual learning via Zoom at any point during the semester. In that scenario, the following rules will apply:

- I strongly encourage all students to keep their videos turn ON during the class, to the extent possible
- Please keep your microphone on mute when you are not speaking
- To ask questions, please use the “raise hand” function
- Make sure that your first and last name and profile picture are set up on your Zoom account

## **Grading policy and Assessment**

The final grade for the course will be based on the final exam. The final exam will take place on **Wednesday, May 4<sup>th</sup> at 12:00 PM.** More detailed about the structure of the exam will be shared during the course of the semester. The final exam will account for 100% of your grade, subject to a discretionary class participation adjustment. Your final grade may be increased as a result of exceptional class participation, or decreased as a result of repetitive absences, abnormal use of “passes”, poor participation or for failure to be prepared. I strongly encourage you to use the Discussion Board on Blackboard to share reactions, questions, and comments on the cases and issues we discuss in class. Click on the tab “Discussion Board” and then on the relevant “Forum.” Participation on the Discussion Board can be taken into account for the “participation bump;” but if you decide not to engage on that platform, that will not be evaluated negatively.

## **Students resources**

All students must comply with the Law School’s [Honor Code](#) and [Academic Regulations](#). This is the challenging time for everyone, if there is anything I can do, please free to reach out to me. University Life (<https://ularlington.gmu.edu/>) provides support for students:

- Counseling and Psychological Services: <https://caps.gmu.edu/>
- Disability Services: <https://ds.gmu.edu/>
- Patriot Pantry: <https://ssac.gmu.edu/patriot-pantry/>
- Student Health Services: <https://shs.gmu.edu/>
- Student Support and Advocacy Center: <https://ssac.gmu.edu/>

### **Office hours**

During the semester, I will hold virtual office hours on Zoom by appointment. You can book your appointment [here](#). I'm always happy to discuss the class, law school more generally, legal practice, career opportunities, etc. I'd love to get to know you!

### **Feedback**

If you have feedback or comments about the course, please do share them with me. Feel free to email me, or if you prefer want to send anonymous comments, you can use this [link](#). This is routed via Google and I have no way of identifying your identity. Naturally, I will not be able to respond directly. You can also find to tabs on Blackboard to submit anonymous feedback.

## **Assignments**

***Notes:*** The following table sets the topics and reading assignments for the first 3 classes. ***Remember***, if we do not finish the material for a particular day, we will finish it in the next class, although you will still be expected to complete the assigned readings. ***The assignment may change during the semester (I might add or remove some material).***

***Abbreviations:*** AG, Agency packet; PART, Partnership packet; CORP, Corporations and LLCs packet; RL: Restatement (third) the Law Third, Agency; RUPA: 1997 Uniform Partnership Act; DGLC: Delaware General Corporation Law; SEA: Securities Exchange Act of 1934; ULLC: Uniform Limited Liability Company Act).

Date	Required readings	Relevant Statutes
<b>AGENCY</b>		
<b>Class 1</b> <b>Wed. 19</b>	<ul style="list-style-type: none"> <li>- Defining and Forming an Agency Relationship (pp. 1-9) <ul style="list-style-type: none"> <li>o <i>Marya v. Slakey</i></li> <li>o <i>A. Gay Jenson Farms v. Cargill, Inc.</i></li> </ul> </li> <li>- Fiduciary Obligations of Agents (pp. 10-19) <ul style="list-style-type: none"> <li>o <i>Pure Power Boot Camp, Inc. v. Warrior Fitness Boot Camp, LLC</i></li> <li>o <i>Advantage Marketing Group v. Keane</i></li> </ul> </li> <li>- Problems (pp. 19-20)</li> <li>- Principal's (and Agent's) Liability in Contract: actual authority (pp. 23-26) <ul style="list-style-type: none"> <li>o <i>Castillo v. Case Farms of Ohio, Inc.</i></li> </ul> </li> </ul>	RL 1.01, 1.03, 3.02, 3.04, 3.05  RL Chap. 8  RL 2.01, 3.01, 2.02
<b>Class 2</b> <b>Mon. 24</b>	<ul style="list-style-type: none"> <li>- Principal's (and Agents's) Liability in Contract (cont) (apparent authority, inherent authority, ratification, estoppel) (pp. 26-39) <ul style="list-style-type: none"> <li>o <i>Tanner Co., Inc. v. WIOO, Inc.</i></li> <li>o <i>Watteau v. Fenwick</i></li> <li>o <i>Keams v. Tempe Technical Institute, Inc.</i></li> <li>o <i>Hoddeson v. Koos Bros.</i></li> </ul> </li> <li>- Principal's Liability in Torts (employer-employee relationship, scope of employment) (pp. 40-50) <ul style="list-style-type: none"> <li>o <i>Bartholomew v. Burger King Corp.</i></li> <li>o <i>Narayanasamy v. Issa</i></li> <li>o <i>Bushey v. United States</i></li> </ul> </li> </ul>	RL 2.03, 3.03, 2.06 RL Chap. 4 RL 2.05 RL 1.04(2), Chap. 6.  RL 2.04, RL Chap. 7  RL 3.06, 3.09, 3.10, 3.11
<b>Class 3</b> <b>Wed. 26</b>	<ul style="list-style-type: none"> <li>- Principal's Liability in Torts (employer-employee relationship, scope of employment) (pp. 50+60) <ul style="list-style-type: none"> <li>o <i>Clover v. Snowbird</i></li> <li>o <i>Manning v. Grimsley</i></li> <li>o <i>Hatch v. V.P. Fair Foundation, Inc.</i></li> </ul> </li> </ul>	

	<ul style="list-style-type: none"><li>- Termination of the Agency Relationship (pp. 21-22)<ul style="list-style-type: none"><li>o <i>Lichnovsky v. Ziebart International Corp.</i></li></ul></li><li>- <i>Review problem</i> (pp. 60-61)</li></ul>	
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