

## **BUSINESS LAW II (BLAW 308)**

Professor Pardau  
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For email messages, type "BLAW 308" in the reference portion  
Office Hours: Wednesdays 9:15 – 10:15 a.m. or by appointment  
Text: *Business Law: The Ethical, Global and E-commerce Environment*, Mallor et al., 14<sup>th</sup> ed., (2009).

### **Objectives of the Course**

*Learning Goals and Objectives for All Business Law Courses:* Classes are taught using, in part, the Socratic method, with its goal of participatory learning and the development of reasoning skills. This active learning process requires students to articulate, develop and defend positions, to think critically and to engage in problem-solving. Students learn to formulate an effective legal analysis by synthesizing information, identifying legal issues, distinguishing relevant from irrelevant facts, using facts and law to support argument, reasoning by analogy and reaching conclusions based on analysis. In addition, students in all courses study ethical issues in a business context, with actual topics depending on course content.

*BLAW 308: Business Law II* (3 units). Study of the role of law in business including the study of legal institutions and their role in facilitating and regulating business. Includes agency, employment law, business ethics, and the various forms of business organizations and securities law.

You will analyze how law applies to factual settings. You will read court decisions, prepare written briefs of the decisions, orally defend your interpretations of the cases, answer hypothetical questions in open class discussion. You will learn to distinguish the application of rules depending on changing circumstances in various cases and hypotheticals. You will learn to argue alternate sides of a dispute regardless of personal belief. You will learn to identify the functions, policies, and trends in the law, and to consider social, economic and ethical influences on the law.

Exam Exams are composed of: A) one or more detailed, essay questions which require you to analyze factual situations, identify legal issues and apply the law in determining the outcome of hypothetical cases; B) a "short answer" component which requires you to provide brief written answers to a series of specific questions; and C) multiple-choice questions.

### **Course topics**

- I. Introduction
- II. Business Organizations
- III. Partnerships
- IV. Limited Liability Companies, etc.
- V. History and Nature of Corporations
- VI. Organization and Financial Structure of Corporations
- VII. Management of Corporations
- VIII. Business Organizations
- IX. Shareholders' Rights and Liabilities
- X. Securities Regulation
- XI. Business Ethics

- XII. Employment Law
- XIII. Agency

## **Class Preparation**

The assignments are listed separately. Normally we complete one assignment each class. Always be one full assignment ahead. If, for instance, we begin but do not finish an assignment, prepare the next full assignment for the next class. Assignments include reading from the text. In addition, there are cases, case problems and questions which must be briefed in writing. **YOU MUST ONLY BRIEF THOSE CASES AND CASE PROBLEMS SPECIFICALLY MENTIONED IN THE SYLLABUS. IF A CASE OR CASE PROBLEM IS NOT SPECIFICALLY MENTIONED, DON'T READ IT; DON'T BRIEF IT.** A "case" is a court case which appears throughout each of the chapters. Problems and Problem Cases is a "case problem" is an end-of-chapter question, which, again, must be briefed. These case problems may also be actual court cases, but do not include the court's decisions - that will be your job to analyze. Lastly, imbedded within the text of each chapter you will see excerpted summaries and notes on relevant topics; you must read those as well, but you need not brief them. If you have questions about any of the assigned materials, please ask.

While volunteers will be solicited, I also reserve the right to call on you throughout the semester to read your briefs and problems in class. Except in the case of the WA's (see below) you will not be graded on the briefs or problems. However, if you are unprepared or absent, this will affect your grade as discussed below. It is your responsibility to be prepared for every class. If you are absent, it is still your responsibility to be prepared. Regular attendance to class is expected and roll will be taken. Your failure to attend class on a regular basis will likely have an adverse affect on your overall grade. You may not tape record the class without permission.

You should also note there are two "floating days" scheduled in the semester. These are designed to allow for us to "catch up" on the required material in the class to the extent we fall behind our scheduled time on the syllabus, but also to provide class time for you to work in your small groups on your respective GA's.

In addition, the instructor will provide you with hand-outs throughout the semester on relevant topics of interest. While we will go over these in class, you will be responsible for reading and understanding these materials. In other words, they are also "fair game" to cover on the midterm and final.

## **Briefing Cases**

To brief cases, case problems and questions, use the following "IRAC" format:

*Issue:* What question must be answered in order to reach a conclusion in the case? This should be a legal question which, when answered, gives a result in the particular case. Make it specific (e.g. "Has there been a false imprisonment if the plaintiff was asleep at the time of 'confinement'?") rather than general (e.g. "Will the plaintiff be successful?") You may make it referable to the specific case being briefed (e.g. "Did Miller owe a duty of care to Osco, Inc.?" ) or which can apply to all cases which present a similar question, (e.g. "Is a duty owed whenever there is an employment relationship?") Most cases present one issue. If there is more than one issue, list all, and give rules for all issues raised.

*Rule:* The rule is the law which applies to the issue. It should be stated as a general principal,

(e.g. A duty of care is owed whenever the defendant should anticipate that her conduct could create a risk of harm to the plaintiff.) not a conclusion to the particular case being briefed, (e.g. "The plaintiff was negligent.")

*Application:* The application is a discussion of how the rule applies to the facts of a particular case. While the issue and rule are normally only one sentence each, the application is normally paragraphs long. It should be written debate - not simply a statement of the conclusion. Whenever possible, present both sides of any issue. Do not begin with your conclusion. The application shows how you are able to reason on paper and is the most difficult (and, on exams, the most important) skill you will learn.

*Conclusion:* What was the result of the case? With cases, the text gives you a background of the facts along with the judge's reasoning and conclusion. When you brief cases, you are basically summarizing the judge's opinion. With case problems, the editors have given you a summary of the facts of an actual case, but have not given you the judge's opinion. Your job is to act as the judge in reasoning your way to a ruling, again using the IRAC format.

Most briefs are one page long. They must be brought to class on the day they are to be discussed. Once an assignment has been discussed, you no longer need to bring it to class. Since the briefs are not normally turned in (unless in the case of WA which must be typed when they are turned in), they may be either handwritten or typed.

## **Exams and Grading**

There will be one midterm and a final. The final exam is cumulative and will be given on the day and time listed in the schedule of classes. The grade allocation is as follows:

Midterm: 20% of course grade  
Written Assignments: 10% of grade  
Group Assignment: 20% of grade  
Final exam: 50% of course grade

Your grade may be adversely affected by whether you have been prepared when called on for case briefs.

Written assignments ("WA") and the Group Assignment ("GA") must be turned in by the start of each class that they are due (for a total of 10%), with each of the two WA's throughout the semester weighted equally and the GA worth 20%. Failure to turn in such a WA by the start of class (or emailed to me with a time stamp of on or before 8 a.m.. of the date the WA is due) will result in an automatic zero score for that particular WA. Again, extraordinary circumstances (i.e., illness with a note from a licensed physician – notes from yoga instructors, chiropractors, acupuncturists, astrologers, etc. will not be accepted) may be the basis for an exception. Sole discretion rests with the instructor.

The grade reached after averaging the exams, the WA's, the GA, and your preparation in connection with all other assignments, will be the minimum grade you can receive in the course. At the professor's sole discretion, your course grade may be raised based on classroom participation and demonstrable improvement throughout the Semester.

The GA will involve working collaboratively in teams with your classmates on a project assignment, culminating in a presentation to the rest of your classmates (and to me) and a brief write-up all due towards the end of the Semester. More details will follow, including establishment of these GA "teams" will be set up a few weeks into the Semester (i.e., around week 3 or 4).

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Grading System (taken from "Regulations", CSUN catalog)

GRADE	DEFINITION	GRADE POINTS
A	Outstanding	4.0
A-		3.7
B+		3.3
B	Very Good	3.0
B-		2.7
C+		2.3
C	Average	2.0
C-		1.7
D+		1.3
D	Barely Passing	1.0
D-		0.7
F	Failure	0

### General Instructions on Taking Exams

Answer each question fully, clearly, and in the order given. Mere conclusions receive no credit. You should:

- Discuss the issue.
- Define and discuss any principles of law, legal theories, etc., relevant to the question.
- Fully apply the given facts to the legal principles on which you rely. Do not ignore any facts, even if they do not support your conclusions. Do not assume that I know that you know something - tell me in your exam what you know, defining every legal term used.
- The actual conclusions you reach could be the least important part of your answer - but you must base your conclusions on complete and intelligent applications of the facts to the legal principles involved.
- If further facts could affect the outcome of the problem, state with particularity what they are, and how they could affect the outcome.
- You may either use the "IRAC" format or write in straight paragraph form. Students earning higher grades tend to use essay format that incorporates the IRAC process. Discuss the issues involved, the applicable legal rules, and an application of the law to the facts to reach your outcome. Discuss all issues - some questions have more than one issue.
- If you need scratch paper to make notes, use your exam itself. Although you must turn it in, it will not be graded. You may also designate a page of your bluebook as "notes" and it will not be graded.

#### Caution:

- Use non-erasable dark blue or black ink for your essays. Do not use white-out or tear pages out of your blue book.
- Bring one large bluebook and one 882 scantron to the midterm. Bring two large bluebooks and one 882 scantron to the final. Do not write your name on the bluebook - they will be exchanged in class. When you get the bluebook in class that you will use for your exam, write your name on the inside back cover of the bluebook. Do not write your name elsewhere on the bluebook. The purpose of this requirement is to ensure blind grading. Write on every line of the blue book. Write on only one side of each page; however you may use the facing page to insert information. Write your name on the exam

itself. When you complete the exam, place the exam and scantron inside your bluebook and turn in the whole as a package. Failure to follow all of these directions will cause a 0.1 reduction in your exam grade. Failure to return the exam itself will result in a grade of "F" for the exam and may be referred to the Dean's office for further proceedings.

-All exams are closed book. All cases of cheating result in a grade of "F" for the course and are referred to the Dean's office for further action.

## Assignments

	<b>Date</b>	<b>Class topics</b>	<b>Work due</b>
1	August 24	Introduction	Read pp.2-16
2	August 26	Business Organization	Read pp. 932-937
3	August 31	Partnerships	Read pp. 938-948 (Brief Palmer and McCormick; disregard the other cases)
4	September 2	Partnerships	PC 6 and 8 (on p.949 and 950) Read pp.951-963. (Brief Spector on pp.955-56) Read pp.967-970 and 975-983 (DO NOT read any cases in this section)
5	September 7	LABOR DAY HOLIDAY—NO CLASS	LABOR DAY HOLIDAY – NO CLASS
6	September 9	Limited Liability Companies, Limited Partnerships, etc.	Read pp. 985-1001 Brief Katris, Moser and Lach WA #1: Brief Lach (due at start of class)
7	September 14	History and Nature of Corporations	Read pp.1008-1023 PC 6 and 9
8	September 16	Organization and Financial Structure of Corporations	Read pp. 1027-1045 Brief Smith, Stern Yachts PC 1, 5 & 10
9	September 21	Business Organizations	Read pp. 1047-1063 Brief Grimes & Brehm
10	September 23	Business Organization	Read pp. 1063-1079 Brief Paramount & Coggins PC 3, 5, & 7 WA #2: Brief <u>Paramount</u> (due at start of class)
11	September 28	NO CLASS – OBSERVANCE OF RELIGIOUS HOLIDAY	NO CLASS – OBSERVANCE OF RELIGIOUS HOLIDAY
12	September 30	Shareholders' Rights and Liabilities	Read pp. 1083-1109 (read through end of derivative suits only)
13	October 5	Securities Regulation	Read pp. 1114-1136 (up to SEC Act of 1934) Brief SEC v. Edwards and Mark v. FSC Securities Corp.
14	October 7	Securities Regulation	Read pp. 1136-1153 Brief Carr & Dirks PC 1& 5
15	October 12	Business Ethics, Corporate Social Responsibility, etc.	Read pp. 90-110
16	October 14	MIDTERM	MIDTERM
17	October 19	NO CLASS- FLOATING DAY	NO CLASS- FLOATING DAY
18	October 21	Documentary Film	Enron: The Smartest Guys in the Room (109 minutes)

19	October 26	Business Ethics, Corporate Social Responsibility, etc	Read pp. 110-120 PC 1, 4, 7, 8 & 9
20	October 28	Employment Law	Read pp. 1315-1322 Brief Darco Transportation
21	November 2	Employment Law	Read pp. 1323-1341 Brief Becknell & Keeton and TBG Insurance Services Corp & Franklin & Cisco
22	November 4	Employment Law	PC 1,2,3,4,5,6,7 & 8
23	November 9	Agency	Read pp.896-910 Brief Eisenberg & Sanders and Trepanier PC 1,3,5 & 7
24	November 11	NO CLASS- VETERANS' DAY	NO CLASS – VETERANS' DAY
25	November 16	NO CLASS- FLOATING DAY	NO CLASS - FLOATING DAY
26	November 18	Agency	Read pp.913-920 Brief The Work Connection, Inc. & Treadwell
27	November 23	Agency	Read pp. 921-928 Brief In re Interbank Funding Corp. & Millan PC 2, 10 & 11
28	November 25	Group Assignment	
29	November 30	Group Assignment	
30	December 2	Group Assignment	
31	December 7	Group Assignment	
32	December 9	Group Assignment	