COURSE SYLLABUS
BUSINESS LAW II (308)
Professor Golden
Fall 2015

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Office Hours: Monday: 1:45 p.m. – 3:45 p.m.
Wednesday: 1:45 p.m. – 2:45 p.m.
And by appointment

Prerequisite: BLAW 280

Please note: there will be no class on Monday, Sept. 7, Monday, Sept. 14, Wednesday, Sept. 23, and Wednesday, Nov. 11

Moodle

IT IS YOUR RESPONSIBILITY TO CHECK MOODLE REGULARLY FOR ANNOUNCEMENTS AND OTHER PERTINENT INFORMATION RELATED TO THE COURSE.

Mission

The mission of the Department of Business Law is to enable students, through excellence in teaching, to recognize and analyze legal issues arising in the business environment.

Objectives of the Course

Business Law 308 is designed to provide students with an understanding of the legal and ethical environment in which business decisions are made. You will learn of the complexity of legal rules, regulations, and court decisions affecting agency law, employment law, and the law of business organizations. You will continue to develop the analytical reasoning and writing skills you learned in Business Law I. You will read court decisions, prepare written briefs of the decisions, orally defend your interpretations of the cases, and answer hypothetical questions in open class discussion. You are also encouraged to comment on and evaluate the law. You will learn to identify the functions and policies in the law, to compare various forms of doing business, and to consider social, economic, and ethical influences on the law.

Class Preparation

The assignments are included in this syllabus. Be prepared to complete at least one full assignment each class. Even if we do not complete an assignment, prepare the next full assignment for the next class. Assignments include reading from the text, and writing briefs of cases and answers to problems. The cases are contained in the text, while the case problems appear at the end of the chapter or in the syllabus. **You are required** to bring your written briefs (typed or handwritten) of the cases and your answers to the case problems to class ***until they have been reviewed in class***. Briefs and case problems must be submitted on Moodle **no later than the start of class** on the day they are due in order for you to receive homework credit.

Classroom Policies

Common courtesy is expected.

- Cell phones should be silent.
- Barring emergencies, please do not walk out in the middle of class.
- **DO NOT** text message or use your laptop during lectures unless you are accessing your e-book.
- Please wait until lecture is over before packing up and leaving.
- Lectures may not be recorded.
- No make-up exams will be given, barring extenuating circumstances.
- ***Anyone who texts in class will lose a participation point and may be asked to leave the class.***

Course Requirements

1. Two midterms: each midterm will comprise 20% of the final grade. The midterms will cover the material indicated on the class assignment list and will be comprised of objective questions requiring detailed analysis of various fact patterns. They may also include short essay questions.
2. Final: 30% of the final grade. The final examination will be cumulative, but will emphasize material covered since the second midterm. It will be similar in form to the midterms. The final will be given on the date and time indicated on SOLAR.
3. Class attendance and participation: 10% of the final grade.
   There are no excused absences. Arrive to class <u>on time</u>. Three late arrivals will constitute one absence. **If a student is absent more than three class sessions, his or her final grade in the class will be reduced one grade level.** For example, if a student's total points equate to a "C" for the semester, that grade will be reduced to a "C-" if the student is absent more than three times. If a student is absent for 50% or more of the class sessions, that student will receive a grade of "F" in the course.

   If you do miss class, you are responsible for the material covered on that day and should find out what you missed from another student.

   You will be called on at random throughout the semester to answer questions or read your case problems, syllabus questions, and briefs. You will receive a participation point simply for reading your homework, regardless of whether or not you answered the question correctly. Twice during the semester you may give me a note at the start of class stating that you are unprepared and no negative mark will be made for lack of participation. (*Please note: the note does not excuse you from submitting your homework on Moodle*.) You must be present in class to give such a note - it is not available as an excuse for an absence. If you are unprepared, (and have not submitted a note), or absent when called upon, you will receive an “unprepared” mark. **Any student who is unprepared when called on will receive a one-point reduction from his or her participation grade in the class.**

4. Submitted homework assignments: 10% of the final grade.
Each week you will post the required homework assignments on Moodle. Assignments are due **no later than 11:00 a.m.** on the day they are due in class. **Do not** submit assignments in person or via email, unless requested to do so. You will receive points for completing the homework – the assignments will not be graded. However, in order to receive credit, your answers should be more than a sentence or two long (generally a paragraph). Students may not submit identical answers. **Make sure to save a copy of your answers and bring them to class.**

5. Courtroom Visitation: 5% of the final grade. You are to attend one **jury** trial in progress. The case can deal with criminal or civil issues. **No credit will be given for observing jury selection, traffic court, small claims court, law and motion hearings, bench trials or assignments out of the master calendar**. In order to locate a trial in progress, you should speak to the information officer at the courthouse you select, or speak to a court clerk or bailiff in any courtroom. You should plan to make this visit between 9:30 a.m. - 12:00 p.m. or 1:30 p.m. - 4:00 p.m., Monday through Thursday. Some courts are closed on Friday. You do not need to observe the entire trial - plan to stay two to three hours. You may need to ask the bailiff or court clerk some information during appropriate breaks. Dress appropriately. You may attend the same trial as fellow classmates as long as you write your reports individually. **Alternate assignments** are available for those who can produce documentation indicating that they *cannot* attend a jury trial.

<u>Format instructions</u> (*2 - 5 points will be deducted for each instruction not followed*)

1. The reports should be four *full* pages, typewritten, double-spaced, 12-point font;
2. Number the pages;
3. Do *not* print on both sides of the page;
4. All margins should be one inch (many default settings are 1.25 inches);
5. Do *not* leave extra room between paragraphs (many default settings do so);
6. Do *not* include a cover sheet;
7. Cite any sources used (in parentheses after the information, footnotes or endnotes); FAILURE TO CITE SOURCES WILL TRIGGER PLAGIARISM PENALTIES.
8. If you use a long quote, indent and single-space the quote.
9. Put your name, class and date single-spaced in the upper right-hand corner.

requirements continued on the next page

Visitation report requirements

1. Courthouse visited and date (a sentence or two);
2. How you located a trial in progress (no more than a paragraph);
3. Name of the case you observed;
4. Type of case you observed (civil or criminal, causes of action or crimes charged, the facts available to you);
5. Explain how the law applied to the facts of the case, if possible;
6. Explain how the case related to a topic covered in class, if possible; if the topic has not been covered in class, check the book or the internet (such as findlaw.com, or California Penal Code if it's a criminal case – **DO NOT CITE TO WIKIPEDIA**) for the applicable definitions of the legal concepts being discussed in the case;
7. Description of the attorneys' roles (e.g., questioning witnesses, making objections, speaking to the judge and jury);
8. Description of the judge's role;
9. Your reaction to the proceeding. (Was the proceeding what you expected, were you excited, bored, etc.)

Papers will be graded for form as well as content. The majority of the report should *not* be spent explaining how you searched all over the building for a case, or simply summarizing the facts of the case. Write in paragraph form. You may submit the report during office hours for feedback *up to one week* before the due date. A grading rubric will be posted.

Court Visitation Due: submit on Moodle by Wednesday, September 23 at 10PM

6. Partnership Agreement: 5% of the final grade. You must work with one other person from this class to create a partnership agreement. Groups of three must be approved in advance. Write a partnership agreement that includes all necessary considerations for creating a partnership, including the type of partnership, duties (check those listed in the text), rights and financial issues. Further information and a grading rubric will be provided in advance of the due date.

For full credit, you must hand in the following in a folder or notebook:

1. all notes and drafts
2. any original partnership forms that your group used
3. one final copy of the agreement per group; use headings, single space each section, then double space in between each section;
4. a history of how the partnership was formed (separate from the agreement)
5. specific duties of each of the partners
6. applicable information from the text regarding the partners' duties
7. an example of what the business will be doing (such as a menu, sample price list)
8. write "For Class Assignment Only" on the agreement

Due: the beginning of class on Wednesday, November 25

Communication

I am generally accessible via email; please allow 24 hours for a response. When sending an email, please address me appropriately (my title is Professor, not “Hey”), indicate which class you are in and sign your email. A second email address is noted for times when my CSUN account is not working properly. I do not check email from Friday evening until Saturday night.

Extra Credit

During the semester, there will not likely be opportunities for extra credit, so you should not count on extra credit points as a way of raising your grade.

Grading Policies

Plagiarism and cheating will not be tolerated. Any student found to have either submitted work that was not his/her own (this includes either someone else’s work, such as on a paper or homework assignment, or information from an uncredited, on-line source) or cheated on an exam will be given an “F” on the assignment, potentially in the class, and may be referred to the office of student affairs for further discipline.

Grades will be given utilizing the grade point scale set forth in the “Regulations” section of the CSUN catalog. Grades are based on a 100 point scale, and plus and minus grading will be used. All cases of cheating result in a grade of “F” for the course and are referred to the Dean’s office for further action. You are responsible for following the academic regulations of the University and the standards of academic honesty applicable to all students. Collaboration on examinations and graded assignments is prohibited.

Please note: the grade reached after averaging the assignments and exams 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 class participation and improvement.

Required Materials & Class Assignments

1. Text: Business Law: The Ethical, Global and E-Commerce Environment 16th Edition (Mallor, Barnes, Bowers & Langvardt). The text is available at the bookstore and online. You may also purchase only the required chapters online at https://create.mheducation.com/shop/
   eISBN: 9781308556376
2. Moodle access and account (available from your computer).

Note: Only brief the cases and do the case problems (CP) and syllabus questions listed below. Read all others included in the reading.

Moodle

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REVIEW: Ch. 1: p. 3 – 4, p. 7 – 8, p. 9. Ch. 2: p. 29 – 30; p. 35 – 36; 38 – 46 (you may skip material in blue boxes)

AGENCY LAW

The Agency Relationship - *Ch. 35*

1. Read: p. 952 – 956 (skip General & Special Agents, Gratuitous Agents)
   Do: CP #1 p. 967, syllabus questions noted below

   Syllabus question #1: Jack runs a baseball card shop. Linda, who knows little or nothing about baseball or baseball cards, agrees to run the shop for Jack while he went out for dinner. Jack gives Linda the following instructions:

   1. She may sell any card for the price marked on the card.
   2. Pointing to a case containing the more expensive cards, he tells her that he might negotiate the price on those cards if the customer wants to wait until he returns.

   Shortly after Jack left, Linda sold Billy, a 10-year-old little league player, an Ernie Banks rookie card for $12. The card bore a sticker on the back which read "1200." Billy apparently was unaware of the card's true value and did not try to negotiate its price. Did Linda have express, implied, or apparent authority to sell the card for $12?

   Syllabus question #2: Karsten was hired as an outside sales agent by Ling Company, a manufacturer of golf equipment and accessories. Karsten's duties required him to visit golf pro shops at golf courses and other golf equipment and accessory retailers. It was common for an outside sales agent in Karsten's position to have the power to make contracts to sell any item in his employer's line of products. However, Ling Company instructed Karsten that he could not contract to sell any Ling golf shoes without first

getting permission from Ling's vice president of sales, Perez. Ling imposed this limit on Karsten's authority, because Ling was temporarily having problems getting shipments of golf shoes from its supplier in China. Neither Ling nor Karsten, however, had informed pro shops or retailers of the limitation on Kartsten's authority. Nonetheless, Karsten, anxioius to make a big sale, made a contract to sell 700 pairs of Ling golf shoes to Pro Golf Company. Was Ling bound to this contract with Pro Golf Company?
(from the 15th edition)

2. Read: p. 958 (Duties of Agent to Principal) – 961
   Do: CP #4, #5 (answer the question: explain whether or not the agent breached any duties and why), #6, #7 p. 967 – 968

3. Read: p. 962 (Duties of Principal to Agent) – 965 (skip Termination of Agency Powers Given as Security)
   Brief: *Gniadek v. Camp Sunshine at Sebago Lake, Inc.* p. 966
   Do: CP #10 p. 969

Third-Party Relations of the Principal and Agent - *Ch. 36*

4. Read: p. 971 – 974
   Brief: *Frontier Leasing Corp. v. Links Engineering, LLC* p. 974
   Do: CP #1, #2, #3 p. 984 – 985

5. Read: p. 976 (Contract Liability of the Agent) – 978
   p. 980 – 984 (skip Liability for Agent's Misrepresentations)
   Brief: *Treadwell v. J.D. Construction Co.* p. 976
   Millan v. Dean Witter Reynolds, Inc. p. 981
   Do: CP #8, #9, p. 986 – 987

MIDTERM #1 (Tentatively scheduled for the week of September 28. The exact date will be confirmed in class and on Moodle.)

EMPLOYMENT LAW

Ch. 51

6. Read: p. 1413 (Title VII) – 1425
   Brief: *Gaskell v. University of Kentucky* p. 1415
   Henry v. Milwaukee County p. 1418
   Ashmore v. J.P. Thayer Co. p. 1423
   Do: CP #4, #5 p. 1444

PARTNERSHIP LAW

Introduction to Forms of Business and Formation of Partnerships – *Ch. 37*

7. Read: p. 990 – 1000; p. 1000 (Creation of LLP) – 1007
   Brief: *Rasmussen v. Jackson* p. 999
   McGregor v. Crumley p. 1002 – instead of briefing, list arguments for and against Paige being treated as a partner or purported partner in the contract with McGregor then apply the purported partnership test to reach a conclusion.

Do: CP #4 (substitute the term "joint venturers" for the word "partners" in the question) #8, #11 p. 1008 – 1010

Operation of Partnership and Related Forms – *Ch. 38*

8. Read: p. 1011 – 1017 (through *Spector*; skip Joint Ventures & Mining Partnerships)
Spector v. Konover p. 1016 – instead of briefing, explain what evidence supported the court's finding that Konover breached a fiduciary duty, why, and which duty.
Do: syllabus questions noted below
Syllabus question #3: Kyle Jauretz and Galina Marvano formed JM Solutions, a partnership that managed events for business clients. Jauretz had been an event manager for several years, and he insisted before the partnership was formed that Marvano agree that Jauretz could keep several clients to himself and not share the revenue or profits from those clients with Marvano. One such client was Bay Shores LLC, a golf community for which Jauretz had managed an annual golf tournament. When Jauretz was working for Bay Shores LLC, his personal client, he needed additional staff to manage the event. Jauretz directed two JM Solutions employees to work full-time on the Bay Shores event, which they did for three weeks. JM Solutions continued to pay the employees' wages while they worked on the Bay Shores event. Jauretz also used JM Solutions assets, including stakes and ropes, in the course of managing the Bay Shores event. He did not pay JM Solutions for the use of the stakes and ropes. Has Jauretz breached any fiduciary duties owed to JM Solutions? If so, which one(s)?

Syllabus question #4: Rose, Veale, Gibson and Parker offered professional accounting services as partners under the firm name of Paul G. Veale and Co. Their written agreement expressed the general duties of the partners, but it recognized that Veale and Rose had outside investments and a number of other business commitments. All of the partners were allowed to pursue other business activities so long as the activities did not conflict with the partnership practice of public accounting or materially interfere with the partners' duties to the partnership. While a partner, Rose performed accounting services for Right Away Foods and Ed Payne. He was paid personally by those clients. Rose was an officer and shareholder of Right Away. In addition, Rose used the partnership's employees and computers to service those clients. Has Rose breached any fiduciary duties owed to his partners? Would it matter if he performed the accounting services on his, and not the partnership's, time? (from the 15th edition)

9. Read: p. 1018 – 1024 (skip the *NBN Broadcasting* case)
Brief: *Ederer v. Gursky* p. 1024
Do: syllabus questions noted below
Syllabus question #5: Jake Coombs, Yemi Ogarra, and Wade Stram formed a financial services consulting partnership. The partnership's ordinary business was to provide investment advice to businesses with assets between $500,000 and $40 million. The partnerhips operated from a small building that was owned by the partnership, even though title was held in the name of Yemi Ogarra, who had transferred the building to the partnership as her capital contribution. Because the partnership quickly became profitable, the partners chose to retain some of the earnings of the business and to invest it in commercial real estate in the community. Such investments, however, were not part of the partnership's regular business, which remained financial consulting. Title

to investment property purchased by the partnership was held in the partnership's name. After a few years, the partners had a falling out. Ogarra wanted the partnership to move its offices to a bigger, more impressive building. she also believed that the commercial real estate market was in a bubble and that the partnership should sell some of its investment property. Without obtaining approval from her partners, Ogarra sold the building in which the partnership did its business to CFC Financial LLC. Because the building was titled only in Ogarra's name, CFC believed that she was the only person with an interest in the building. Ogarra also sold to CFC a commercial shopping mall that had been held by the partnership for investment. title in the mall had been recorded in the partnership's name. Coombs and Stram sued to void the sales of the building and mall to CFC on the grounds that Ogarra had no authority to sell the properties. Did she have authority to sell the building? The mall? (from the 15th edition)

Syllabus question #6: Roberto Frientas and Herman Graham formed an IT consulting business, which they organized as a limited liability partnership, Accent Pointe LLP. For the most part, each LLP client was assigned either to Frientas or Graham, but not both. On behalf of the LLP, Graham did an IT audit for Bemus, Inc., which required Graham to ensure that Bemus's IT controls complied with section 404 of the Sarbanes-Oxley Act. Graham failed to check whether the client had an off-site backup system for critical records like accounts receivable information, an omission that resulted in Bemus's failure to comply with section 404. As a result, when Bemus's system crashed internally, Bemus was unable to verify some of its receivables, resulting in a loss of $500,000. Bemus sued Graham, Accent Pointe LLP, and Frientas to recover is damages? Who is liable to Bemus and to what extent?

MIDTERM #2 (Tentatively scheduled for November 9. The exact date will be confirmed in class and on Moodle.)

Limited Liability Companies and Limited Partnerships – *Ch. 40*

10. Read: p. 1047 – 1054
Do: CP #1 p. 1066 and the syllabus questions noted below
Syllabus question #7: Nabil Gamez was a member of Rock Angus LLC, a member-managed LLC that bred and sold beef cattle. Gamez was the most active of the member-managers, negotiating contracts with breeders, feedlots, and banks on behalf of the LLC. One contract obligated Rock Angus LLC to purchase two Angus bulls for $624,000 from Shirlynne Farms, Inc. the contract was signed by Gamez as general manager acting on behalf of Rock Angus. Rock Angus defaulted on the contract with Shirlynne Famrs, which sued Rock Angus LLC and Gamez. Who was liable on the contract with Shirlynne Farms; Rock Angus, Gamez, or both? (from the 15th edition)

Syllabus question #8: Tim Everest and Quinn Rider formed an LLC for the purpose of investing and managing commercial real estate properties. Everest drafted articles of organization for the LLC and gave the articles to Rider, who read them briefly. Rider told Everest, "Everything looks OK to me," and signed the agreement. Everest submitted the LLC articles to the secretary of state, who filed the articles. After the LLC was formed, Everest operated the LLC as if he were the primary manager, excluding Rider from most of the day-to-day investment and management decisions of the LLC. When Rider protested, Everett showed him the LLC's articles of organization, which

clearly stated that the LLC was manager-managed, with Everest listed as the sole manager. Rider argued that as a member of the LLC, he had the inherent right to manage the LLC. Was Rider correct? Why or why not? (from the 15th edition)

11. Read: p.1055 – 1063 (skip Mergers and Conversions)
Do: CP #7, #10 p. 1067 – 1068

CORPORATIONS

History and Nature of Corporations – *Ch. 41*

12. Read: p. 1070 – 1074 (up to Regulation of Foreign and Alien Corporations)
p. 1079 (Piercing the Corporate Veil) – 1047
note chart p. 1085
Do: CP #8, (substitute corporation for LLC), #9, #11 p. 1088 – 1089 and the syllabus question noted below

Syllabus question #9: Pacific Development, Inc., was incorporated in the District of Columbia in 1968 to engage in the business of international brokerage and consulting. Tongsun Park was Pacific's founder, president, and sole shareholder. It was doubtful whether Pacific had a board of directors prior to December 1974. The directors met infrequently after 1974. When they did meet, they approved without discussion or question corporate decisions made by Park. Park wrote checks on Pacific's bank accounts to cover his unrelated personal and business expenses. Pacific employees served as Park's household servants. Park made loans with Pacific funds to politically influential people and then forgave the loans. Pacific personnel provided administrative and managerial services for Park's other business ventures, and Pacific's profits were assigned to Park or to his other companies. In 1977, the IRS assessed $4.5 million in back income taxes against Park. Should the court allow the piercing of Pacific's corporate veil in order to pay the back income taxes? Explain why or why not. (from the 12th edition)

Organization and Financial Structure of Corporations – *Ch. 42*
Management of Corporations – *Ch. 43*

13. Read: p. 1090 – 1096 (up to Defective Attempts to Incorporate)
p. 1115 – 1116
p. 1120 – 1134 (up to Duties of Loyalty)
Brehm v. Eisner p. 1125 – instead of briefing, list and explain the arguments for and against Eisner and other directors having complied with the business judgment rule.
Do: CP #3, #4 p. 1147

14. Read: p. 1134 – 1137
Brief: *Guth v. Loft, Inc.* p. 1136
Do: CP #7 p. 1147

FINAL EXAM: As noted on SOLAR.