

BLAW 308

Business Law II – Agency & Business Organizations

Course Description

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

You will analyze how law applies to different factual disputes. 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 listed below. Be prepared to complete one assignment each class. If we begin but do not finish 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 problems appear at the end of the chapter.

Handouts with instructions on how to brief a case, approach homework problems, and prepare for exams will be posted separately on Canvas.

You are required to bring your written briefs (typed or handwritten) of the cases and your answers to the problems to class on the day for which they are assigned and until we have gone over them. Briefs and problems must be submitted on Canvas **no later than 2:00 p.m.** on the day they are due in order for you to receive homework credit.

It is your responsibility to be prepared for every class. 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. Twice during the term, you may turn in a note at the start of class stating that you are unprepared for class discussion and no negative mark will be made. You must be present in class to give such a note – it is not available as an excuse for an absence or for homework submitted online. If you are unprepared (and have not submitted a note) or absent when called upon, you will receive an “unprepared” mark and a deduction will be made from your attendance/participation grade.

Fall 2017 – Section 13396
Mon/Wed 2:00 p.m. – 3:15 p.m.

Instructor: Professor Nina Golden

E-Mail: nina.golden@csun.edu

Phone: 818/677-3437

Office: BB 3245

Office Hours: M 12:15 p.m. – 1:45 p.m.

W 3:15 p.m. – 3:45 p.m.

And by appointment

Prerequisite: BLAW 280

Textbook

BUSINESS LAW: THE ETHICAL, GLOBAL AND E-COMMERCE ENVIRONMENT, 16th ed., Mallor *et al.*, (2016). (*Please be aware that an older text will not match the assignment list.*) The textbook is available in hardcopy at the campus bookstore and elsewhere. A custom electronic version, with just the chapters that we will use in class, is available at a significant discount online at:

create.mheducation.com/shop/eISBN9781308556376
The price is \$39.90.

Classroom Policies/Professionalism

You are expected to show respect for your classmates, your professor, and the university, and not to engage in disruptive behavior. Common courtesy is expected.

1. Cell phones should be silent.
2. **DO NOT** text or use your laptops during lecture, unless accessing your e-book.
3. **Use of electronics for non-class related use will result in a deduction in the student's participation grade and the student may be asked to leave the class.**
4. Arrive on time; barring emergencies, please do not walk out in the middle of class.
5. Wait until the end of lecture before packing up and leaving.

You may be asked to leave class for disruptive behavior and you may be required to speak with the Student Conduct Coordinator before returning to class.

Reading Homework in Class and Submitting Through Canvas

You will be called on at random throughout the semester to answer questions or read your briefs or answers to problems in class. You will receive a participation point simply for reading your homework, regardless of whether or not you answered the question correctly. However, if you are unprepared or absent, as noted above, this will affect your grade. **Bring the homework assignment to class until we have reviewed it.**

Homework is due on Canvas no later than the beginning of class on the day they are due. **Do not submit assignments in person or via email** unless requested to do so. Do not wait until the last minute to turn in an assignment only to be frustrated by a technical difficulty. You will receive points for completing the homework – the assignments will not be graded. However, in order to receive credit, your answers must be more than a couple of sentences long and you must show a good faith effort to answer all homework thoroughly. Students must submit their own work. Identical answers will trigger plagiarism penalties.

Court Visitation Paper

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. Further instructions will be posted on Canvas. **DUE: submit on Canvas by Friday, Sept. 22 at 10PM**

Partnership Agreement

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 *general* partnership agreement that includes all necessary considerations for creating a partnership, including a description of partnership, duties (check those listed in the text), rights and financial issues. Further information and a grading rubric will be posted on Canvas.

DUE: submit on Canvas by Wednesday, Nov. 29 at 10PM

Communication

I am generally accessible via email; please allow 24 hours for a response. When sending an email, please treat it like a business communication and address me appropriately, indicate which class you are in, and sign your email.

Legal Advice

Faculty members may not provide legal advice or legal services to students. If you need legal advice or information regarding the law, resources can be found on the Department of Business Law web page at <http://www.csun.edu/blaw/student-resources>

Plagiarism

Plagiarism and cheating will not be tolerated on homework or exams. Any student found to have either submitted work not his/her own (this includes another student's work, information from an uncredited, on-line source, or the textbook) or cheated on an exam will be given an "F" on the assignment/exam, potentially in the class, and may be referred to the Office of Student Affairs for further discipline. You are responsible for following the academic regulations of the University and the standards of academic honesty applicable to all students.

Grading

Grades are based on a 100-point scale, and plus/minus grading will be used. **NO LATE PAPERS WILL BE ACCEPTED AND NO MAKE-UP EXAMS WILL BE GIVEN**
The grade allocation is as follows:

Attendance/Participation:	10%
Homework:	10%
2 Midterms	40%
Court Visitation	5%
Partnership Agreement	5%
Final exam:	30%

(Given on 12/11 from 3PM – 5PM)

The grade reached after averaging the factors listed in bold above 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.

Attendance

Arrive to class on time. Extra points will be awarded to those students with perfect attendance records. Every three late arrivals will be treated as an absence. Being late, absent, or unprepared when called on will have a negative impact when calculating your final grade.

Exams

Exams are composed of multiple-choice questions and one or more essay questions which require you to analyze factual situations, identify legal issues and apply the law in determining the outcome of hypothetical cases.

Questions

If you have any questions about the material contained in this syllabus, please contact Professor Golden.

Your continued enrollment in the course indicates your agreement to the policies contained in this syllabus. Any changes to this syllabus will be announced in class and on Canvas.

Mission Statement, Learning Goals and Objectives

The mission of the Department of Business Law is to equip students with the academic knowledge, problem solving, analytical and professional skills in the areas of business law, business ethics, and real estate necessary to achieve their personal and professional goals.

Classes are taught using 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 BLAW courses study ethical issues in a business context, with actual topics depending on course content.

LIFE LONG LEARNING OVERALL GOAL: Students will develop cognitive, physical and affective skills that will allow them to become more integrated and well-rounded individuals within various physical, social, cultural, and technological environments and communities.

Life Long Learning GE SLO #1: Students will identify and actively engage in behaviors conducive to individual health, well-being, or development, and understand the value of maintaining these behaviors throughout their lifespan.

BLAW 308 helps students learn the law relevant to engaging in business. This includes laws that help their own progress in life as well as those that help maintain a healthy and well-functioning society. In addition, students learn the process of legal analysis, so that they can develop their skills of critical thinking and problem solving. This is helpful to students to become fully developed students and adults.

Life Long Learning GE SLO #2: Students will identify and apply strategies leading to health, well-being, or development for community members of diverse populations.

BLAW 308 teaches students to learn how to identify issues and apply law to situations. Doing this, students learn skills of issue identification and analysis, furthering the development of legal rights and duties in our diverse society.

Canvas

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

No recording class; No photos

You may not audio or video record the class, nor take any photos in the classroom.

Disability Resources and Educational Services

If you have a disability and need accommodations, please register with the Disability Resources and Educational Services (DRES) office or the National Center on Deafness (NCOD). The DRES office is located in Bayramian Hall, room 110 and can be reached at 818/677-2684. NCOD is located on Bertrand Street in Jeanne Chisholm Hall and can be reached at 818/677-2611. If you would like to discuss your need for accommodations with me, please contact me to set up an appointment.

Klotz Student Health Center

Klotz Student Health Center offers health services at little to no cost. The Center is located on campus off of Bertrand Street, near Chaperral Hall and parking structure G3, and can be reached at 818/677-3666.

Course Topics and Assignments

Homework: We will be covering one to two assignments per week. To allow for some flexibility in how much time is spent on each topic, the assignments are numbered rather than dated. If we are close to completing an assignment, move on to the next one for the following class.

Briefs and Problems: Bring your written answers to the briefs, problems (P), and syllabus questions (SQ) listed for each assignment to class until we have gone over them.

Assignment	Topic	Homework
1	Introduction to the class The Agency Relationship Ch. 35	<p><u>Read:</u> Syllabus <u>Read:</u> p. 952 – 956 (skip General & Special Agents, Gratuitous Agents) <u>Answer:</u> P#1 p. 967, SQ #1, SQ #2 <u>Syllabus question #1:</u> Jack runs a baseball card shop. Linda, who knows little or nothing about baseball or baseball cards, agrees to run the shop for Jack for a fee of \$25/hour while he goes out for a few hours. Jack gives Linda the following instructions:</p> <ol style="list-style-type: none"> 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. <p>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? (Your analysis should include a discussion of each type of authority.)</p> <p><u>Syllabus question #2:</u> 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 Karsten’s authority. Nonetheless, Karsten, anxious 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? (Explain thoroughly why or why not.) (from the 15th edition)</p>
2	Duties of Agent to Principal	<p><u>Read:</u> 958 – 961 <u>Answer:</u> P#4, P#5 (answer the question: did the agent breach any duties and why?), P#6, P#7 p. 967 - 968</p>
3	Duties of Principal to Agent	<p><u>Read:</u> p. 962 – 965 (skip Termination of Agency Powers Given as Security) <u>Brief:</u> <i>Gniadek v. Camp Sunshine at Sebago Lake, Inc.</i> <u>Answer:</u> P#10 p. 969</p>
4	3 rd Party Relations of the Principal and Agent Ch. 36	<p><u>Read:</u> p. 971 – 974 <u>Brief:</u> <i>Frontier Leasing Corp. v. Links Engineering, LLC</i> <u>Answer:</u> P#1, P#2, P#3 p. 984 - 985</p>

5	Contract Liability of the Agent	<p><u>Read:</u> p. 976 – 978; p. 980 – 984 (skip Liability for Agent's Misrepresentations)</p> <p><u>Brief:</u> <i>Treadwell v. J.D. Construction Co.</i> <i>Millan v. Dean Witter Reynolds, Inc.</i></p> <p><u>Answer:</u> P#8, P#9, P#10 p. 986 - 987</p>
	MIDTERM 1	<i>Tentatively scheduled for October 2</i>
6	Employment Law/Title VII Ch. 51	<p><u>Read:</u> p. 1413 – 1425</p> <p><u>Brief:</u> <i>Gaskell v. University of Kentucky</i> <i>Henry v. Milwaukee County</i> <i>Ashmore v. J.P. Thayer Co.</i></p> <p><u>Answer:</u> P#4, P#5 p. 1444</p>
7	Introduction to Forms of Business and Formation of Partnerships Ch. 37	<p><u>Read:</u> p. 990 – 1000; p. 1000 (Creation of LLP) – 1007</p> <p><u>Brief:</u> <i>Rasmussen v. Jackson</i> p. 999 <i>McGregor v. Crumley</i> p. 1002 – <u>instead of briefing</u>, 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.</p> <p><u>Answer:</u> P #4 (<u>substitute the term “joint venturers” for the word “partners” in the question</u>) P #8, P#11 p. 1008 – 1010</p>
8	Operation of Partnership and Related Forms Ch. 38	<p><u>Read:</u> p. 1011 – 1017 (through <i>Spector</i>; skip Joint Ventures & Mining Partnerships)</p> <p><u>Answer:</u> <i>Spector v. Konover</i> p. 1016 – <u>instead of briefing</u>, explain what evidence supported the court's finding that Konover breached a fiduciary duty, why, and which duty. SQ #3, SQ #4</p> <p><u>Syllabus question #3:</u> 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)?</p> <p><u>Syllabus question #4:</u> 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</p>

8 cont.		his partners? Would it matter if he performed the accounting services on his, and not the partnership's, time? (from the 15 th edition)
9	Partnerships, cont.	<p><u>Read:</u> p. 1018 – 1024 (skip the <i>NBN Broadcasting</i> case) <u>Brief:</u> <i>Ederer v. Gursky</i> <u>Answer:</u> SQ #5, SQ #6</p> <p><u>Syllabus question #5:</u> 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 partnerships 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)</p> <p><u>Syllabus question #6:</u> 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?</p>
	MIDTERM 2	<i>Tentatively scheduled for November 6</i>
10	Limited Liability Companies and Limited Partnerships Ch. 40	<p><u>Read:</u> p. 1047 – 1054 <u>Answer:</u> P #1 p. 1066, SQ #7, SQ #8</p> <p><u>Syllabus question #7:</u> 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 Shirlyne Farms, Inc. The contract was signed by Gamez as general manager acting on behalf of Rock Angus. Rock Angus defaulted on the contract with Shirlyne Farms, whiche sued Rock Angus LLC and Gamez. Who was liable on the contract with Shirlyne</p>

10 cont.		<p>Farms; Rock Angus, Gamez, or both? (from the 15th edition)</p> <p><u>Syllabus question #8:</u> 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, Everest 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)</p>
11	Continued	<p><u>Read:</u> p. 1055 – 1063 (skip Mergers and Conversions) <u>Answer:</u> P#7, P#10 p. 1067 - 1068</p>
12	Corporations	<p><u>Read:</u> p. 1070 – 1074 (up to Regulation of Foreign and Alien Corporations) p. 1079 (Piercing the Corporate Veil) – 1047; note chart p. 1085 <u>Answer:</u> P#8, (substitute corporation for LLC), P#9, P#11 p. 1088 – 1089, SQ #9</p> <p><u>Syllabus question #9:</u> 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)</p>
13	Corporations, cont.	<p><u>Read:</u> p. 1090 – 1096 (up to Defective Attempts to Incorporation; p. 1115 – 1116; p. 1120 – 1134 (up to Duties of Loyalty) <u>Answer:</u> <i>Brehm v. Eisner</i> – instead of briefing, list and explain the arguments for and against Eisner and other directors having complied with the business judgment rule, P#3, P#4 p. 1147</p>
14	Corporations, cont.	<p><u>Read:</u> p. 1134 – 1137 <u>Brief:</u> <i>Guth v. Loft</i> <u>Answer:</u> P#7 p. 1147</p>
	FINAL EXAM	Monday, December 11, 3:00 p.m. – 5:00 p.m.