

California State University, Northridge
BLAW 308: Business Law II
Spring 2014

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Section, Time, & Location: 12792, TuTh 9:30 – 10:45 a.m., JH 1121
12793, TuTh 12:30 – 1:45 p.m., JH 1202

Textbook: Business Law and the Legal Environment, 6th ed., Beatty & Samuelson (2012), ISBN10: 1-111-53060-2. You may purchase a hardcopy or selected chapters online (28-29 & 31-36) for \$6.50 per chapter at <http://www.cengagebrain.com/shop/isbn/9781111530600>. In addition, the custom print version of the selected chapters of the textbook are available at the school bookstore under ISBN: 9781285887302 for approximately \$140.

Office Hours: TuTh 10:45 – 12:00 p.m. and Fr 4:45 – 5:15 p.m.

Mission of the Department of Business Law

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.

Student Learning Outcomes of all Business Law Courses

Classes are taught using the Socratic and problem methods 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.

Objectives of the Course

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 and employment law, 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, and 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.

Exams are composed of 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. Exams sometime include multiple-choice questions.

Policy Regarding Laptops and Other Electronic Devices

We will engage in active learning and you may only handwrite notes. We will not have any laptops or hand-held electronic devices used in this class. Please be prepared and bring your written case briefs, textbook/online textbook printouts, and printouts of other assigned reading material to class.

Policy Regarding Recordings

Students may not make audio or visual recordings of lectures or class presentations. Unauthorized use of class materials may subject an individual to legal proceedings brought by the instructor as well as proceedings by the University.

Course Practices

In this course, you will complete assigned readings and bring your written case briefs to class. We will engage in class discussions to facilitate your understanding of new material. I will call on you at random to share your case briefs, opinions, and analytical thinking. Your level of preparation will contribute to your and your classmates' learning experience, and accordingly will influence your grade.

Assignments

Supplemental assignments and readings will be announced in class or through on-line communication and/or posting on Moodle. It is always your responsibility to obtain the assignments whether they are assigned solely in class or posted online. For an understanding of the material we will cover and a tentative schedule, please see Class Assignments. We will also review articles and cases outside of the text.

Exams

The date for the midterms and final exam are listed below.

Midterm 1: Thursday, February 20, 2013
Midterm 2: Thursday, March 27, 2013

| | | |
|--------------------|----------------------------|----------------------|
| Final Exam: | Section 12792 | Section 12793 |
| | Tuesday, December 17, 2013 | TBD |
| | 8:00 – 10:00 a.m. | TBD |
| | JH 1121 | JH 1202 |

Student Evaluation

Your final grade will be calculated as described below.

| Assignments | Percent of Final Grade |
|----------------------|------------------------|
| Class Participation: | 10% |
| Midterm I: | 30% |
| Midterm 2: | 30% |
| Final Exam: | 30% |

The grading system (as described in "Regulations" in the CSUN catalog) includes plus/minus grading and is as listed below. **There will be no make-up exams or assignments.**

| Grade | Weighted Grade Points |
|-------|-----------------------|
| A | 93-100 |
| A- | 90-92 |
| B+ | 87-89 |
| B | 83-86 |
| B- | 80-82 |
| C+ | 77-79 |
| C | 73-76 |
| C- | 70-72 |
| D+ | 67-69 |
| D | 63-66 |
| D- | 60-62 |
| F | 0-59 |

Academic Honesty

We will adhere to the university's policy on academic honesty. Instances of academic dishonesty will result in a grade of "F" for the course and will be referred to the Dean's office for further action.

Briefing Cases

Please use the following "IRAC" format in briefing cases and problems:

Issue: The issue is the legal question that must be answered in order to reach a conclusion and determine who wins the lawsuit. An issue, when answered, gives a result in the particular case.

Please note that cases in the textbook provide an issue, however you may rephrase the issue if you wish. Problems may state an issue, but often the question is too general. Develop a better issue when needed. Avoid making the issue general in nature, e.g. *Did a tort take place? Will the plaintiff be successful?* Make the issue specific: Make reference to a legal term/principle and include important facts.

For example: *Did false imprisonment occur if the plaintiff was asleep at the time of the confinement? Did Miller owe a duty of care to Osco, Inc. when the ship ran aground?*

Rule: This is the law that is required to analyze the issue. Rules are stated so that they can be used to analyze other fact situations. They read like definitions. *If the issue is false imprisonment, define it: "False imprisonment is the intentional confinement of another causing injury."* *If the issue is duty, the rule is "A duty of care is owed whenever the defendant should anticipate that her conduct could create a risk of harm to the plaintiff."* Notice that rules of law do not include the facts of a case or problem.

Please note that cases use or summarize the rule of law as stated in the opinion. For problems you must find the rules of law. Special directions are provided for torts.

Application: The application shows analysis and reasoning by discussing how the rule applies to the particular facts of a case/problem. Do not begin with a conclusion. Instead, begin by addressing each element of the law and explain how it fits or does not fit the facts. Spend more time on this section, as it is the most important and most difficult, but it is a skill that you will learn.

Plaintiff and defendant may approach the elements of the law differently. When possible, include arguments from both sides.

With cases, the text gives you the judge's reasoning and sometimes the opposing arguments. You are to organize and summarize the judge's logic in applying the law.

With problems or hypothetical situations, you know only the facts and are usually not given a lower court decision. Your job is to act as the attorney for both sides as you apply the law.

Conclusion: The issue is answered and a final decision is made as to who wins the lawsuit. In case opinions, summarize the conclusion given. With problems you must decide which argument was most persuasive – you are the judge! A few sentences will complete this section.

For sample case briefs, please see the appropriate link on the Business Law Department site at: <http://www.csun.edu/blaw/student-resources>.

Course Topics

- I. Agency and Employment Law
 - A. Agency
 - 1. Agency Relationships
 - a. Nature of Agency
 - b. Formation of Agency
 - c. Duties of Agent toward Principal
 - d. Duties of Principal toward Agent
 - e. Termination of Agency
 - 2. Third-Party Relations
 - a. Contract Liability of the Principal
 - b. Contract Liability of the Agent
 - c. Tort Liability
 - d. Criminal Liability
 - B. Employment Law
 - 1. Legislation Protecting Employee Health, Safety and well being: worker's compensation, OSHA, FMLA
 - 2. Legislation Protecting Wages, Pensions & Benefits: Social Security, Unemployment Compensation, ERISA, and FLSA
 - 3. Equal Opportunity Legislation
 - 4. Title VII
 - 5. Employee Privacy
 - 6. Job Security
- II. Business Organizations
 - A. Choosing a Form of Business: Sole Proprietorships, Partnerships, LLPs, Ltd. Partnerships, Corporations, Professional Corporations, LLCs
 - 1. Liability Considerations
 - 2. Tax Considerations
 - B. Partnerships
 - 1. Creation of Partnerships
 - 2. Creation of Joint Ventures
 - 3. Partnership Property
 - 4. Operation of Partnerships
 - a. Fiduciary Duties
 - b. Authority
 - c. Liability for Torts & Crimes
 - 5. Dissolution and Winding Up
 - C. LLCs, Limited Partnerships, LLLPs
 - 1. LLCs: Tax Treatment, Formation, Rights and Liabilities, Dissolution
 - 2. Limited Partnerships and LLLPs: Creation, Rights and Liabilities, General Partners distinguished, Dissolution

- D. Corporations
 - 1. History and Nature of Corporations
 - a. Forms
 - b. Piercing the Corporate Veil
 - 2. Organization and Financial Structure of Corporations
 - a. Promoters and Preincorporation Contracts
 - b. Incorporation Process
 - c. Finance
 - d. Consideration for Shares
 - e. Share Subscriptions, Issuance, Transfer
 - 3. Management
 - a. Corporate Powers
 - b. Directors' Powers & Duties
 - c. Officers' Powers & Duties
 - d. Managing Close Corporations
 - e. Liability for Corporate Torts and Crimes
 - f. Insurance and Indemnification
 - 4. Shareholders' Rights and Liabilities
 - a. Meetings, Elections
 - b. Fundamental Rights
 - c. Inspection and Information Rights
 - d. Preemptive Rights
 - e. Distributions: Dividends
 - f. Shareholder Direct Suits cf. Shareholder Derivative Suits
 - g. Shareholder Liability
 - h. Dissolution and Termination
- E. Securities Regulation
 - 1. Definition of Security
 - 2. Registration
 - 3. Insider Trading

Class Assignments

| Number | Topic | Assignment |
|--------|--|---|
| 1 | Agency Creation | Ch 28: 670-673; <i>Taylor*</i> , <i>Koenig*</i> , <i>Elson*</i> , Discussion Question 4 |
| 2 | Third Party Relations of the Principal and Agent | 687-692; <i>Kashin*</i> , <i>O'Connor*</i> , <i>Zankel</i> , <i>Liberatore</i> , Essay Questions 1-4 |
| 3 | | 682-687; <i>Van Damme*</i> , <i>Badger*</i> , Multiple Choice Question 4 |
| 4 | Principal-Agent Duties | 673-682; <i>Otsuka</i> , <i>Abkco</i> , <i>Reading Radio*</i> , <i>Gagnon*</i> , Discussion Question 2 |
| 6 | Employment Law | Ch29: 698-702, 707-726; <i>Kozloski</i> , <i>Lewis*</i> , <i>Jespersen</i> , <i>Griggs</i> , <i>Harris</i> , <i>Reid</i> |
| 7 | Partnership Formation and Operation | Ch 32: 787-792; <i>Love*</i> , <i>Nadel</i> , Essay Question 2, 792-798; <i>Dorsey*</i> |
| 8 | Partnership Operation | 792-798; <i>Phillips*</i> , <i>Banker</i> , <i>Hooper*</i> , <i>Warren*</i> , Essay Question 5, Discussion Question 4 |
| 9 | | 799-808; <i>Moren</i> , <i>Marsh</i> , <i>Jefferson</i> , Essay Questions 3 and 4, Discussion Question 5 |
| 10 | Corporate Formation and Operation | Ch 33: 815-834; <i>GS Petroleum</i> , <i>Payer*</i> , <i>Bigmar</i> , <i>Brooks</i> |
| 11 | Corporate Management | Ch 34: 839-856; <i>Lippman</i> , <i>Anderson</i> , <i>RSL</i> , Essay Questions 1 and 2 |
| 12 | Shareholders | Ch 35: 862-885, <i>Chopra</i> , <i>Brehm</i> , <i>eBay Domestic</i> , Essay Question 1 |
| 13 | Business Entity Selection | Ch 31: 762-779; <i>Ridgaway</i> , <i>BLD</i> , <i>Apcar*</i> , Multiple Choice Question 5, Essay Question 3, Discussion Questions 2, 4, and 5 |
| 14 | Securities Regulation | Ch 36: 891-914, <i>W. J. Howey*</i> , <i>EBC I</i> , <i>Matrixxx</i> , <i>Chiarella</i> |

* Cases found in Supplemental Cases provided to you.

Above is our *tentative* class schedule. For all class meetings, you must stay abreast of our progression of the denoted class flow and note that additional problems may be assigned prior to or during class.