

## BUSINESS LAW II

*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.

### Department of Business Law

Our mission 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.

### Student Learning Outcomes of the Undergraduate Program

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.

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 sometimes include short answer and multiple-choice questions.

### Contact Information

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For email messages, type "CSUN BLAW II" in the reference portion

**Office Hours:** 30 minutes before or after class. This can be by Zoom or in person. I can also set up a separate appointment time by Zoom to accommodate your schedule.

### Canvas

Please check Canvas regularly for announcements and other information related to the course: [canvas.csun.edu](http://canvas.csun.edu). Canvas will be where you will find lecture materials, exams, and other written materials for you. You will use Canvas to submit your assignments.

### Zoom (until week of February 14, 2022)

Class Lectures are on **Zoom**. You will access the classroom Zoom through Canvas.

### In-Person Lectures (starts Feb. 17, 2022)

**Classroom:** BH 1121

### Text (required)

*BUSINESS LAW: ETHICAL, GLOBAL AND DIGITAL ENVIRONMENT* BY: PRENKERT, ET. AL.

EDITION: 18<sup>TH</sup> EDITION

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The text is available hardcopy at the campus bookstore and elsewhere. A custom hardcopy including only those chapters used in our class is available in the campus bookstore, ISBN 126073689X. Likewise, a custom electronic version is available:

### Disability Resources & Educational Services

If you have a disability and need accommodations, please register with the Disability Resources and Educational Services (DRES) office <http://www.csun.edu/dres> or the National Center on Deafness (NCOD) <http://www.csun.edu/ncod>.

### No recording class; No photos; No distribution of course material

You may not audio or video record the class, nor take any photos in the classroom. You may not distribute course materials, whether obtained hardcopy or electronically, including but not limited to the professor's course materials. work from

## 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

### II. Business Organizations

#### A. Choosing Between the Different Types of Business

1. Liability Considerations
2. Tax Considerations

#### B. Partnerships

1. Creation of Partnerships and Joint Ventures
2. Partnership Property
3. Operation of Partnerships
4. Fiduciary Duties
5. Authority
6. Liability for Torts & Crimes
7. Dissolution and Winding Up

#### C. LLCs, LLPs, Limited Partnerships

1. Creating, Tax Treatment, Formation, Rights and Liabilities, 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. Distributions: Dividends
  - f. Shareholder Direct Suits cf. Shareholder Derivative Suits
  - g. Shareholder Liability
  - h. Dissolution and Termination

### **III. Securities Regulation**

- A. Definition of Security
- B. Registration
- C. Insider Trading – 10(b)(5) Violations

### **IV. Employment Law**

- A. Laws Protecting Employee Health & Safety: Worker's compensation, OSHA, FMLA
- B. Laws Protecting Wages, Benefits: Social Security, Unemployment Comp, ERISA, FLSA
  1. Equal Opportunity Legislation
  2. Title VII
  3. Employee Privacy
  4. Job Security

### **Class Preparation**

We will be having our lectures on Zoom. The course has an accompanying Canvas platform where I will be posting the lecture slides, materials for you to read and other pertinent information related to the course. The exams will be taken on Canvas also.

The assignments are listed below. Assignments include reading from the text. In addition, there are cases, problem cases and questions that must be briefed in writing. A "case" is a court case that is contained in the text. A "problem case" is an end-of-chapter question, which, again, must be briefed. These problem cases are also actual court cases, but do not include the court's decisions - that will be your job to analyze. When a problem case contains questions, normally ignore them, and instead brief the case. If you have questions about the assigned material, please ask. You will be called on at random throughout the semester to read your briefs and problems in class. You will not be graded on the briefs or problems. These are learning tools. 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. Contact other students to learn of missed work, unless you have a particular question or problem. Once during the term you may give me a hardcopy note at the start of class stating that you are unprepared 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.

## 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 defendant 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 paragraphs long. It should be written debate - not simply a statement of the conclusion. Whenever possible, present both sides of any issue. 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. While most of these case problems are followed by a question, normally ignore the question and instead brief the problem.

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.

### Exams and Grading

Exams are composed of one or more short essay questions that require you to analyze factual situations, identify legal issues and apply the law in determining the outcome of hypothetical cases. Exams sometime include short answer and multiple-choice questions. There will be two quizzes, one midterm and a final. The midterm exam date is tentative and subject to change. The final exam is cumulative and will be given on the day and time listed in Solar. The grade allocation is as follows:

<b>Midterm 1</b>	<b>175 points</b>	<b>(17.5% of grade)</b>
<b>Midterm 2</b>	<b>175 points</b>	<b>(17.5% of grade)</b>
<b>Final Exam</b>	<b>400 points</b>	<b>(40% of grade)</b>
<b>Assignments (see next page)</b>		
Case Brief	<b>50 points</b>	<b>(5% of grade)</b>
Hypothetical Corp.	<b><u>200 points</u></b>	<b>(20% of grade)</b>
<b>Total Points</b>	<b>1000 points</b>	

<b>GRADE</b>	<b>DEFINITION</b>	<b>Points Total</b>	<b>Percentage</b>
A	Outstanding	940-1000	94% - 100%
A-		900-939	90% - 93.9%
B+		870-899	87% - 89.9%
B	Very Good	840-869	84% - 86.9%
B-		800-839	80% - 83.9%
C+		770-799	77% - 79.9%
C	Average	740-769	74% - 76.9%
C-		700-739	70% - 73.9%
D+		670-699	67% - 69.9%
D	Barely Passing	640-669	64% - 66.9%
D-		600-639	60% - 63.9%
F	Failure	Below 600	59.9% and below

Your grade is affected by whether you have been prepared when called on for case briefs. As noted above, you may give a note once during the term stating that you are unprepared and no negative mark will be made. However, if you are called on and have not given an "unprepared" note or are absent you will receive an "unprepared" mark. If you are absent when called on you are "unprepared." One such mark will be dropped from consideration in grading. Any unprepared marks beyond that will cause your course grade to be reduced by 10 points for each such mark.

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 and reasonable discretion, your course grade may be raised based on classroom participation and improvement.

### **TIME TO TAKE EXAMS (If Exams Will Be via Zoom)**

IMPORTANT: Because we are meeting by Zoom and you are taking your exam on Canvas. To the best extent possible, we have to simulate as if we are in class. This means that you will not be able to take your exam outside of our class time. So, if you login on day of exam to start it at 10:00 p.m., that is too late as class would not be in session at that time.

You will have the following duration to do your exams:

Midterm: 75 minutes (1 hour and 15 minutes)  
Final Exam: 120 minutes (2 hours)

Once you begin the exam, the clock will start. You must complete the exam in the allotted time or else Canvas will automatically log you out at the end of the time. Again, just imagine if you were taking the exam in class.

For example: the midterm, you will have 75 minutes to do it, which is plenty of time. If our class is normally scheduled to start at 6:00 p.m. and end at 9:00 p.m., then the exam will be available during those times only. If you login to Canvas at 8:30 p.m. to take your 75 minute midterm, then you will only get 30 minutes because class is over at 9:00 p.m.. Imagine we were in class, and you showed up at 8:30pm in-person, there is no way I would stay until 10:30pm to allow you to take your exam. Same rules apply here.

### **Two Friendly Tips and Warnings**

1. **The clock will go fast for those who did not study.** The exams are timed just like if you were in classroom. You do not get all day to do your exam. If you rely on having your notes and book in front of you thinking you will have a lot of time to refer to them during the exam, you will be mistaken. The exam is timed in a way to allow you enough time to answer the question. For those that will complain later that “they did not have enough time” – there is nothing I can do.  
\*\* If you need additional time due to pre-approved letter from DRES, then let me know and I will adjust your time on Canvas.
2. **One Question at a Time / No Going Back:** you will be able to review 1 question at a time. Once you answer a question and go forward, you will not be able to go back. This is designed to avoid and reduce cheating.

**Written Assignments** [*\*\*Deadline to Submit All Written Assignments is Week 14*]

**Case Briefs**

During the semester, we will be reviewing certain assigned case briefs (see reading schedule). You may choose to brief any case and submit to me via Canvas or hardcopy in class. The case brief needs to properly demonstrate your understanding and analysis of the case. To “brief” a case, you must identify the issue, state the proper rule identified in the case, discuss the two sides of the analysis and arguments presented by both sides and the conclusion (or “holding”) of the case. Also, I also expect you to write a few sentences on whether you believe the court reached the right conclusion or holding. See page 4 for details on briefing cases.

Deadline to submit this assignment is **Week 14**. See calendar schedule last page. It is advisable to submit it early so you have time to receive feedback from me in my office hours.

**Hypothetical Corporation:** This is what you need to do for the Hypothetical Corporation Assignment.

1. **Think of any business idea.** I want you to pick something you are passionate about. Imagine you are going to create a business that you are passionate about. I want you to choose one business entity between a General Partnership, Limited Partnership, Corporation or Limited Liability Company. You will write me a paragraph why you chose that entity type. Tell me the advantages and disadvantages of the entity you chose and why you did not choose another entity type.

2. I want you to go to the **Secretary of State's Website**. I want you to locate the proper form to create your new business organization. I want you to download the form and fill it out (it is generally 1-2 pages, max). Go here to this link <https://www.sos.ca.gov/business-programs/business-entities/forms>

NOTE: You can download the forms and fill it out. There is an E-Service on the website to complete the forms and submit it for processing with payment. **DO NOT USE THIS FEATURE** because it will create a real life entity and you will be required to make a payment. Do not pay anything. Do not create a real company, this is just make-believe.

3. I want you to go to the Secretary of State's Website and look up the corporate filing of "**California Chicken Cafe**" which is one of my favorite restaurants in the Valley. This exercise requires you to learn how to find the documents. You are going to look for the registration documents and find information that was filed to create this entity. When you do find it, it will tell you details about the company and its formation. In a short paragraph, tell me who are the General Partners and who is the Limited Partners. Tell me what their split is for profits and losses.

So, what you will be submitted to me is as follows:

1. Your business idea and explanation why you chose that business entity.
2. Copy of your hypothetical make-believe Articles of Incorporation or Partnership document, etc filled out completely (made up address, registered agent, shares of company, etc).
3. Look up California Chicken Cafe's partnership document. Tell me what kind of entity this is. Are they a general partnership? LLC? LP? Corporation? Then I want you to tell me who are the general and limited partners (it's written in the document) and look to see what their proposed split is regarding sharing profits and losses.

**Group all of this into 1 big document PDF and will be submitting it on Canvas.**

### 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 legal principles on which you rely to the facts. 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.
- 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. Either way, you need to cover the same information: 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

- All exams are closed book. Make sure that all study materials are completely out of sight. Make sure that all books, notes, bookbags, and purses are placed in front of the class at the start of the exam. There is a presumption of academic dishonesty if any study materials are within view during exams. NB: all cases of cheating result in a grade of "F" for the course and are referred to the Dean's office for further action.

### Academic Honesty Policy

Please review CSUN's Academic Dishonesty Policy for details. Link found here

<https://catalog.csun.edu/policies/academic-dishonesty/>

Advice borrowed from Prof. Cooper: Don't fight the facts.

- Don't ignore the facts
- Don't make up facts
- Don't repeat the facts
- Answer the question

### How to Get an A

1. Read the assignments actively, e.g. highlighting, taking notes, annotating an outline.
2. Brief the cases, trying to apply the rule to the facts in a logical, organized fashion. Write enough to demonstrate understanding and depth. Avoid repetition, irrelevancies and observations unanchored to the law.
3. Listen carefully to others' briefs, comparing them with your own. What could you have done better? What did you do well? What questions or observations do you have? Raise them in class when appropriate.
4. After class, look again at your briefs. How would you re-write them? Do it.
5. Test your knowledge by working through the online quizzes.
6. Again, annotate your outline, reflecting what you learned from class and the student workbook and quizzes.



7. If, after we've discussed a brief in class you're still confused, talk to me. It's my job to help you. Come to office hours with specific questions and concerns on material we've covered. Don't come for a preview on material we haven't yet covered in class; it's unproductive.
8. Center yourself. You're smart. You work hard. Panic and apathy are unproductive (and, even worse, contagious). Take initiative (figure out the page numbers, determine what work is assigned, read the messages and materials posted on Canvas), take responsibility, don't focus on minutiae but instead realize that you're being given repeated exercises in reading comprehension and logical thinking. But you only have a brief time to figure this out. Don't dally.
9. On the assignments, you will have to present well-written papers answering the questions asked in a thoughtful and persuasive matter. I will be looking for correct rule statements and comprehensive analysis.

If you don't want to do all of this (or simply can't because of your other commitments) that's fine, but realize that it's a choice you're making. Don't outsource the consequences.

This is tentative schedule and may be modified as course goes forward.

Week <sup>1</sup>	Topics	Readings	Cases To Read & Brief <sup>2</sup> ; Problems to do <sup>3</sup>
1	<b>Introduction to Course</b>  <b>Agency</b> <i>Creation of Agency</i> <i>Duties of Agent</i> <i>Duties of Principal</i>	Ch. 35 Pp. 35-3 to 35-7	Overview of the Course and Laws * Watch Video on Case Briefs and IRAC on Canvas before the first day.  CBS v. FCC
2	<b>Agency</b> <i>Continued from last class</i>	Pp. 35-9 to 35-15	
3	<b>Agency – 3<sup>rd</sup> Pty Relations</b> <i>Contract Liability</i> <i>Tort Liability</i>	Ch. 36 Pp. 36-1 to 36-15	Treadwell case
4	<b>Partnerships</b> <i>Intro. to Bus. Org and Partnership Formation</i>	Ch. 37 Pp. 37-1 to 37-20	Example on page 37-18
5	<b>Partnerships</b> <i>Operation</i> <i>Dissolution</i>	Ch. 38 Pp. 38-1 to 38-8  Ch. 39 pp. 39-1 to 39-14	McMillian  Example on page 38-6

6 **MIDTERM 1: Chapters 35-39**  
**Time: 75 minutes**

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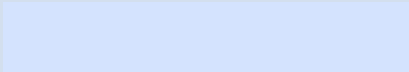
*(2<sup>nd</sup> half, after the Midterm)*

*After the Break – we will have the 2<sup>nd</sup> Part of Class. Second half of class will be spent learning new and different business law topics. No reading assigned but you must be present.*

<sup>1</sup> “Week” means actual scheduled lectures. There may be holidays on some weeks but just following the order of each and you will remain on schedule. For example, “Week 13” may land on a holiday (i.e. Thanksgiving or Spring Break), then the lecture and assignments for that week will be the week following the holiday time off.

<sup>2</sup> All cases are located within the chapter. You need to read them and brief them.

<sup>3</sup> Problems are located at the end of the chapter (“Problems and Problem Cases”). You need to try your best on these problems. I will call on random students to answer the questions.

7	<b>Limited Liability Companies/LPs and LLPs</b>  Overview of Corporations	Ch. 40 pp.40-1 to 40-12	
8	<b>Corporations</b> <i>Organization &amp; Structure</i>	Ch. 42 pp. 42-1 to 42-4, pp. 42-8-10	Study Figure 42.1  Krupinski case
9	<b>Corporations</b> <i>Management of Corps</i>	Ch. 43 pp. 43-1 to 43-3 pp. 43-5 to 43-11	Handout will be posted online or emailed for California Corporation Incorporation  Brehm case
10	<b>Corporations</b> Management of Corps.  Shareholder Rights / Liabilities	Ch. 43  Ch. 44 pp. 44-1 to 44-10 pp. 44-22 pp. 44-29-30	
11	<b>MIDTERM 2: Chapters 40-43</b> <b>Time: 75 minutes</b>  <i>Second half of class we will review new topics related to business law (no reading required).</i>		<b>MIDTERM 2: Chapters 40-43</b> <b>Time: 75 minutes</b>
12	<b>Securities Regulation</b> <i>Registration</i> <i>Insider Trading</i>	Ch. 45 Pp. 45-1 to 45-7 Pp. 45-20 Pp. 45-26 to 27 Pp. 45-31	
13	<b>Employment Law</b> <i>Laws Protecting Health/Safety</i> <i>Law Protecting Wage/Benefits</i> <i>Collective Bargaining</i> <i>Employee Privacy</i> <i>Job Security</i>	Chapter 51 Pp. 51-1 to 51-11	EEOC v. Kohls Dept. Store
14	<b>Final Exam Review</b>  May 19, 2022 at 5:30 p.m.  		<b>Deadline to submit all written assignments on CANVAS</b>