

Corporations

In this subject, CALI has Casebook Correlations and CALI Topic Grids available on the CALI website to aid you in assigning lessons.

CALI Lessons:

Are You My Partner? Is This a Partnership?

This lesson examines the definition of a partnership. It highlights the definition of a partnership and how it differs from the sole proprietorship (the only other business organization that exists without first satisfying formal filing requirements). It details the characteristics (factors) examined when answering the factual question: Is this a partnership or something else?

The answer to this question is important because different answers may give rise to different legal consequences. If there is a partnership, the parties are partners with the resulting rights and obligations. If there is no partnership, the parties have a different relationship--perhaps employer/employee (principal/agent) or debtor/creditor--with different rights and obligations.

Lesson Completion Time: 1 hour

Author: Debra Cohen, Professor of Law, University of Massachusetts School of Law - Dartmouth

Authority of Partners to Bind the Partnership

This lesson integrates agency law and partnership law to develop an understanding of the authority partners possess to bind the partnership. The lesson explores the actual and apparent authority of partners and the possibility of inherent agency power in the partner context.

Lesson Completion Time: 45 minutes

Author: Eric Gouvin, Professor of Law and Director, Law and Business Center for Advancing Entrepreneurship, Western New England University School of Law

Authority: Actual, Apparent, and Inherent

This lesson discusses the power that an agent (or apparent agent) has to affect the legal rights of the principal. In general, an agent or apparent agent may affect the principal's legal rights only to the extent that the agent possesses the authority or the power to do so. This lesson provides an introduction to the three basic types of authority -- actual authority, apparent authority, and inherent agency power.

Lesson Completion Time: 45 minutes

Author: Eric Gouvin, Professor of Law and Director, Law and Business Center for Advancing Entrepreneurship, Western New England University School of Law

Business Financing and the Federal Securities Laws

This lesson introduces the federal and state securities laws regulating business finance. The lesson is designed for students taking Business Associations or Corporations, so the coverage is fairly basic; this lesson is not intended to be used by Securities Regulation students.

The lesson is modular. The core of the lesson focuses on federal securities law restrictions on the public offering of securities—the federal registration and prospectus delivery requirements and the accompanying restrictions on communications and sales activities. In addition to this core material, the lesson contains additional, optional sections dealing with the definition of "security," exemptions from the federal requirements, the anti-fraud provisions of federal securities law, and state securities law.

These additional modules are designed so they may be assigned or completed as needed. They are independent of all but the core material in the lesson.

Lesson Completion Time: 1 hour 20 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Coase's Irrelevance 'Theorem'

This lesson tries to explain Coasean irrelevance (which is often known as the "Coase Theorem").

Lesson Completion Time: 45 minutes to 3 hours

Author: Nicholas Georgakopoulos, Harold R. Woodard Professor of Law, Indiana University - Indianapolis School of Law

Company Research

The goal of this lesson is to introduce you to the basics of conducting company and industry research. Company research is the process of gathering information about a specific company. Once you have information about a company, you may need to know how that company is faring within its industry. Industry is a group of companies that produce similar products or provide similar services. Companies within an industry can be compared to one another or an analysis of the industry itself can be done to see how it is faring.

Lesson Completion Time: 45 minutes

Authors: Connie Strittmatter, Reference Librarian, Sandra Day O'Connor College of Law at Arizona State University and Sue Altmeyer, Electronic Services Librarian, Cleveland State University Cleveland Marshall College of Law

Corporate Acquisitions

This exercise focuses on state and federal law issues relating to corporate takeovers. The purpose of the exercise is to aid the user in reviewing the interrelationship between state law and federal law as it relates to corporate takeovers. This exercise is a simulation of an interview between an associate (the user) and a senior partner (the program) of a firm representing a company that has been subjected to a hostile takeover attempt. During the course of the interview, the associate is asked to review various points of Delaware corporate law and federal securities law. The Delaware corporate law issues relate to shareholder voting rights, the business judgment rule, and directors' obligations with regard to sale of their company. The federal securities laws issues focus on proxy regulation, the anti-fraud rules, and an overview of the Williams Act.

Lesson Completion Time: 45 minutes

Author: Thomas Hazen, Cary C. Boshamer Distinguished Professor of Law, University of North Carolina School of Law

Corporate Distributions

This lesson focuses on state corporation law restrictions on distributions to shareholders. It does not cover restrictions on distributions arising from other sources, such as contractual restrictions, the law of fraudulent conveyance, or federal bankruptcy law.

The lesson begins with a brief look at the required procedure to approve corporate distributions, then turns to the types of distributions covered by the legal restrictions, focusing primarily on the definition of "distribution" in the revised Model Business Corporation Act. The majority of the lesson deals with the various cash flow and balance sheet tests used to restrict distributions. The focus is on the revised MBCA and Delaware law, but earned surplus restrictions are also discussed. A separate section of the lesson discusses complications: revaluation of assets and liabilities, restating the corporate

capital accounts, the effect of preferential rights, and timing issues that arise primarily when debt is distributed. The lesson also discusses the possible liability of directors for authorizing, and shareholders for accepting, unlawful distributions.

No prior knowledge of accounting is necessary for this lesson. The lesson includes a brief, minimalist introduction to the necessary accounting concepts; that material may be bypassed by students with sufficient knowledge of accounting concepts.

Lesson Completion Time: 1 hour 20 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Corporate Opportunity Doctrine

This lesson examines a subset of the fiduciary obligations of directors and officers--their duty of loyalty to the corporation--the Corporate Opportunity Doctrine.

Directors and Officers have a fiduciary obligation NOT to appropriate certain business opportunities for personal gain. This lesson will set out a framework for determining (1) whether a business opportunity is a "corporate opportunity" and (2) if it is a "corporate opportunity", a procedure by which a director or officer may pursue it without risking liability.

Lesson Completion Time: 45 minutes

Author: Debra Cohen, Professor of Law, University of Massachusetts School of Law - Dartmouth

Delaware's Judicial Review of Board Action in Transactions Involving Corporate Control I: UNOCAL

This lesson will familiarize students with the "Unocal Doctrine", a standard of judicial review under Delaware law. The Unocal doctrine applies to a board's defensive conduct when opposing a hostile takeover and attempting to prevent a change of corporate control.

The lesson is the first of two lessons concerning Delaware's heightened standards of judicial review of board action in transactions involving control. The other lesson involves the "Revlon" and "Blasius" doctrines.

Lesson Completion Time: 45 minutes

Author: Aleta Estreicher, Professor of Law, New York Law School

Delaware's Judicial Review of Board Action in Transactions Involving Corporate Control II: REVLON and BLASIUS

This lesson will familiarize students with the "Revlon" and "Blasius" doctrines, standards of judicial review under Delaware law. The Revlon doctrine applies to board actions taken when a change of control or sale of the corporation is inevitable. The Blasius doctrine applies when a board has acted with the primary purpose of interfering with a shareholder vote.

The time to complete this lesson varies depending on whether you decide to complete the section entitled "Review of Delaware law."

This lesson is the second of two CALI lessons concerning Delaware's heightened standards of judicial review of board action in transactions involving control. The other lesson involves the "Unocal" doctrine, which applies to a board's defensive antitakeover actions. It is strongly recommended that students work through the lessons in the suggested order, since this second lesson refers to and builds upon material covered in the first.

Lesson Completion Time: 30 - 50 minutes

Author: Aleta Estreicher, Professor of Law, New York Law School

Introduction to Agency: Defining Agency Relationships

This lesson introduces the student to agency relationships and explores the following questions: Why are agency relationships formed? Who are the parties to an agency relationship? What elements are required to form an agency relationship? and What are the consequences of forming an agency relationship?

Lesson Completion Time: 50-60 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Introduction to the Federal Regulation of Proxy Solicitation

This lesson will provide students with an introduction to the federal regulation of proxy solicitation. The lesson begins with a short description of the process of voting by proxy. It continues with an overview of the regulatory scheme, including a detailed analysis of section 14(a) of the Securities Exchange Act of 1934, and an introduction to Regulation 14A (the Proxy Rules and Sched. 14A), promulgated thereunder by the SEC. It is recommended that students bring a print copy of the Proxy Rules with them to use in conjunction with this lesson.

Lesson Completion Time: 1 hour

Author: Aleta Estreicher, Professor of Law, New York Law School

Issuance of Shares - Part I

This is one of a series of lessons dealing with the issuance of shares by a corporation. Before beginning this lesson, you should have completed the lesson "Types of Securities" or have an understanding of notes, bonds and debentures, common and preferred stock, and rights and warrants. This lesson focuses on basic concepts and terminology and addresses issues contained in what are called the legal capital provisions of corporate codes. You will encounter equity capitalization, par value, capital, capital surplus and earned surplus accounts in a balance sheet.

Lesson Completion Time: 55 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Issuance of Shares - Part IIA

This is the third part of five related lessons concerning the issuance of securities by a corporation. The first lesson, Types of Securities, deals with equity and debt securities. The second lesson, Issuance of Shares Part I, deals with corporate law legal capital provisions, including the concept of par, applicable to the issuance of equity securities (shares of stock). This, the third lesson, Issuance of Shares Part IIA, deals with the proper type of consideration used to pay for equity securities. The fourth lesson, Issuance of Shares Part IIB, deals with the proper amount of consideration used to pay for equity securities. The fifth lesson, Issuance of Shares Part III, deals with all other issues related to the issuance of equity securities, and also deals with the issues of preemptive rights. These five lessons should be completed in sequence. Students should not begin this lesson until the previous lessons have been completed.

Lesson Completion Time: 45 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Issuance of Shares - Part IIB

This is the fourth part of five related lessons concerning the issuance of securities by a corporation. These lessons should be completed in sequence. The first lesson, Types of Securities, deals with equity and debt securities. The second lesson, Issuance of Shares Part I, deals with corporate law legal capital provisions, including the concept of par, applicable to the issuance of equity securities (shares of stock). The third lesson, Issuance of Shares Part IIA, deals with the proper type of consideration used to pay for equity securities. This lesson, Issuance of Shares Part IIB, deals with the amount of consideration used to pay for equity securities. The fifth and final lesson, Issuance of Shares Part III, deals with all other issues related to the issuance of equity securities, and also deals with the issue of preemptive rights. Students should not complete this lesson before completing the previous lessons.

Lesson Completion Time: 45 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Issuance of Shares - Part III

This lesson is the FINAL lesson in a FIVE part series dealing with the ways a corporation is financed, that is, the ways in which a company raises money to pay for its ongoing operations. BEFORE beginning this lesson, you should have completed ALL of the previous lessons and have mastered the concepts introduced in each of the previous lessons. This lesson builds on those earlier lessons. The FIRST lesson in the series is called Types of Securities, Corp27L. It describes the characteristics of debt and equity securities and introduces the student to the reasons a company might use both debt and equity to finance a corporation. The last four lessons deal with the legal rules that apply to raising money by issuing shares of stock in the company. The SECOND lesson in the series, Issuance of Shares Part I, Corp 28L, covers the concepts of equity capitalization, par value, the requirements and use of stated capital, capital surplus, and earned surplus, and the definition of treasury shares. The THIRD lesson, Issuance of Shares Part IIA, Corp30L, discusses what it means for stock to be designated as fully paid and validly issued and the related requirement that shares of stock be paid for with the proper TYPE of consideration. The FOURTH lesson, Issuance of Shares Part IIB, Corp34L, continues the discussion of fully paid and validly issued stock and the related requirement that the stock be paid for with the proper AMOUNT of consideration. The lesson also addresses the consequences of failing to meet these requirements. This FINAL lesson, Issuance of Shares Part III, Corp37, deals with the mechanics of issuing equity securities and the related concept of preemptive rights.

Lesson Completion Time: 45 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Judicial Review of Directors' Conflicting Interest Transactions

This lesson discusses judicial review of director's conflicting interest transactions under subchapter F of chapter 8 of the revised Model Business Corporation Act. The definition of "director's conflicting interest transaction" is not discussed; that is dealt with in a companion lesson, What is a Director's Conflicting Interest Transaction? The two lessons may be done in either order.

The lesson begins with a thorough discussion of the operative provision of subchapter F, section 8.61. It then discusses the requirements for directors' action under section 8.62 and shareholders' action under section 8.63. It also briefly touches on fairness review.

Lesson Completion Time: 75 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Liability of Agent to Third Parties: On the Contract and Warranty of Authority

Ordinarily, when an agent acts on behalf of a principal the legal rights of the principal are affected, but the agent is not personally liable to third persons with whom he or she has dealt. This lesson looks at those somewhat unusual situations where the agent may be personally liable to third persons.

Lesson Completion Time: 45 minutes

Author: Eric Gouvin, Professor of Law and Director, Law and Business Center for Advancing Entrepreneurship, Western New England University School of Law

Management and Financial Rights of Partners

This lesson introduces the student to the management and financial rights of partners of an ongoing partnership. Other lessons cover the information and indemnification rights of partners and the rights of partners during the process of dissolving a partnership. Before starting this lesson, students should have completed the basic lessons on partnership formation.

Lesson Completion Time: 50 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Master and Servant Relationships

This lesson examines the creation of the master/servant relationship in agency law and contrasts that relationship with the status of independent contractor. The lesson provides an opportunity to think about why the distinction is important and how to tell whether a given relationship rises to the level of being a master/servant relationship or is merely an independent contractor relationship.

Lesson Completion Time: 50 minutes

Author: Eric Gouvin, Professor of Law and Director, Law and Business Center for Advancing Entrepreneurship, Western New England University School of Law

Mechanics of Incorporation and Defective Incorporation

This lesson examines the process of incorporation by allowing students to explore some typical articles of incorporation by clicking on hot spots. The lesson provides a guided tour through the various provisions of the articles of incorporation. The lesson also looks at what happens when the incorporation process is not carried out correctly.

Lesson Completion Time: 45 minutes

Author: Eric Gouvin, Professor of Law and Director, Law and Business Center for Advancing Entrepreneurship, Western New England University School of Law

Partnership Dissociation

This lesson deals with the dissociation of partners under the Revised Uniform Partnership Act (RUPA). It discusses the events that result in dissociation under Section 601 of the RUPA, whether dissociation is wrongful or not, and touches on the consequences of wrongful dissociation.

This is the first of three lessons dealing with dissociation and dissolution under the RUPA. The second lesson in the series discusses the causes of partnership dissolution and the Article 7 buyout right for dissociated partners when the partnership is not dissolved. The second lesson also covers liability issues that arise after the dissociation of a partner. The third lesson in the series discusses the consequences of dissolution--the winding up process and the payment of partner accounts.

If you intend to complete all three lessons, it would make sense to complete this lesson first.

Lesson Completion Time: 40-55 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Partnership: Dissolution and the Article 7 Buyout Obligation

This lesson discusses the causes of dissolution of partnerships and the Article 7 buyout right under the Revised Uniform Partnership Act (RUPA). It also discusses the liability of a dissociated partner for partnership obligations and the liability of the partnership for the post-dissociation actions of the partner. This lesson does not deal with the causes of a partner's dissociation under Section 601 of the RUPA, except as necessary to a discussion of dissolution. Dissociation is dealt with in a separate lesson. This lesson may be completed without first completing the separate lesson on dissociation. However, if you intend to do the lesson on dissociation, completing that lesson first would certainly make sense.

This lesson also does not discuss the consequences of dissolution--the winding up process and the payment of partner accounts. That topic is also dealt with in a separate lesson.

Lesson Completion Time: 65-75 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Partnership: Winding Up, Partnership Accounts, and Distribution of Profits and Losses

This is an introduction to the sharing of profits and losses by partners in a general partnership. The lesson has three parts: (1) a general introduction to the default rules concerning how partners share profits and losses; (2) a discussion of partnership accounts; and (3) a discussion of the distribution rules applicable when a partnership is dissolved and its business is wound up.

Lesson Completion Time: 45 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Piercing the Corporate Veil

This lesson provides both a theoretical and practical overview of the piercing the corporate veil doctrine and related theories for imposing the obligations of corporations on other legal actors such as shareholders or related corporate entities.

Lesson Completion Time: 1 hour

Author: Eric Gouvin, Professor of Law and Director, Law and Business Center for Advancing Entrepreneurship, Western New England University School of Law

Ratification

This lesson provides an introduction to the doctrine of ratification. The lesson will cover what ratification is, why the doctrine developed, what acts can be ratified, who can ratify, how ratification occurs, and what are the legal effects of ratification. The lesson will also introduce you (or reintroduce you) to the related doctrine of adoption.

Lesson Completion Time: 85 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Section 16(b) of the Securities Exchange Act of 1934

This lesson discusses sections 16(a) and 16(b) of the Securities Exchange Act of 1934. It begins with a discussion of the section 16(a) reporting requirement: who must file, what they must file, and when. It then proceeds with an element-by-element discussion of liability under section 16(b) for short-swing trading profits, including a brief introduction to the complexities introduced by derivative securities. It concludes with a discussion of enforcement issues: standing, limitations, and the right to attorneys' fees.

No prior knowledge of federal securities law is assumed, but the lesson does assume a general familiarity with corporate securities and the basic structure of the corporation.

Lesson Completion Time: 70 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Shareholder Agreements Under RMBCA Section 7.32

This lesson is a comprehensive discussion of shareholder agreements under section 7.32 of the Revised Model Business Corporation Act (RMBCA).

The lesson covers four major topics:

- The requirements for a valid shareholder agreement under section 7.32(b).
- The notice to subsequent purchasers of the corporation's shares required by section 7.32(c)
- The limits on corporations whose shareholders may utilize section 7.32.
- The ways in which a section 7.32 shareholder agreement may modify the usual corporate governance rules.

Lesson Completion Time: 45 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Shareholder Appraisal Rights

Under corporate law, shareholders dissatisfied with certain extraordinary transactions, such as corporate mergers, may dissent from those transactions and require the corporation to purchase the dissenters' shares for their fair value. This lesson discusses those rights, known as dissenter's or appraisal rights. The lesson covers both Delaware law and the Model Business Corporation Act and discusses what appraisal rights are, when those rights are available to shareholders, and the procedures for enforcing appraisal rights. It does not get into the difficult questions involved in actually valuing corporate shares, and it does not discuss procedural issues that arise in appraisal litigation.

This lesson does not explain the different types of business combinations or the legal requirements for doing those transactions, including voting rights. Separate CALI lessons, "Types of Business Combinations" and "Voting Rights in Extraordinary Transactions," cover those topics. This lesson is the third in the series, and students are advised to complete those two lessons before attempting this one, unless they are already familiar with those topics.

This lesson also does not deal with fiduciary duty issues that arise in business combinations. That topic is also the subject of separate CALI lessons. Students do not need to complete those lessons before attempting this one.

Lesson Completion Time: 1.25 hours

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Shareholder Derivative Actions

This lesson examines when a shareholder's lawsuit against a corporation is derivative and when it is direct. It also examines why this distinction is important.

Then, using the provisions of the Revised Model Business Corporation Act (RMBCA), this lesson examines the procedural requirements for bringing a derivative action.

Lesson Completion Time: 1 hour

Author: Debra Cohen, Professor of Law, University of Massachusetts School of Law - Dartmouth

Shareholder Inspection Rights

This lesson examines shareholder inspection rights under RMBCA Chapter 16. In particular, it examines which documents a shareholder may inspect and the requirements for a shareholder to inspect.

This lesson is a good opportunity to practice your statutory reading and interpretation skills.

Lesson Completion Time: 35 minutes

Author: Debra Cohen, Professor of Law, University of Massachusetts School of Law - Dartmouth

Shareholder Voting Rights in Fundamental Changes

This lesson discusses shareholder voting rights when fundamental changes are made to their corporation--mergers, consolidations, compulsory share exchanges, sales of assets, dissolution, and amendments to the articles of incorporation. It also discusses other procedural requirements related to such transactions.

This lesson does not explain the different types of business combinations or the appraisal rights sometimes granted to shareholders when their corporations engage in such transactions. Separate CALI lessons, "Types of Business Combinations" and "Shareholder Appraisal Rights," cover those topics. This lesson is the second in the series. Students are advised to complete the first lesson before attempting this one, unless they are already familiar with the different types of business combinations.

This lesson also does not deal with fiduciary duty issues that arise in business combinations. That topic is also the subject of separate CALI lessons. Students do not need to complete those lessons before attempting this one.

Lesson Completion Time: 1.25 hours

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Shareholder Voting: Straight vs. Cumulative

This lesson discusses cumulative voting and how it differs from straight voting. It describes the mechanics of cumulative voting—how many votes each shareholder gets, how those votes may be cast, and how the result is determined. It also illustrates how cumulative voting can go awry if shareholders are not careful. Finally, it discusses several possible ways that a majority shareholder dissatisfied with cumulative voting may try to circumvent it.

Lesson Completion Time: 1 hour

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Statutory Interpretation

This lesson introduces the student to the doctrine and processes involved in interpreting state and federal statutes. Statutes are a critical part of every substantive area of the law, so this is important background for every law student, lawyer and judge.

Lesson Completion Time: 30 minutes

Author: Ronald Brown, Professor of Law, Nova Southeastern University Shepard Broad Law Center

The Business Judgment Rule

This lesson is intended to familiarize students with the Business Judgment Rule, an essential component of corporate governance.

Lesson Completion Time: 1 hour

Author: Aleta Estreicher, Professor of Law, New York Law School

The Business Judgment Rule in Shareholder Derivative Litigation I: Demand Upon the Board

This lesson is the first of two designed to familiarize you with aspects of shareholders' derivative litigation and the role played by the business judgment rule. This lesson focuses on demand upon the board of directors. In most states, shareholders are required to make demand upon the board of directors before they can proceed with a derivative suit. The board's response to that demand is reviewed under the business judgment rule. This lesson will take you through the operation of the rule at this critical stage in derivative litigation.

Lesson Completion Time: 40 minutes

Author: Aleta Estreicher, Professor of Law, New York Law School

The Business Judgment Rule in Shareholder Derivative Litigation II: the Special Litigation Committee

This is the second of two lessons that examine aspects of shareholders' derivative litigation and the role played in such litigation by the business judgment rule. This lesson focuses on the Special Litigation Committee. It is recommended that you complete the first lesson (The Business Judgment Rule in Shareholder Derivative Litigation I: Demand Upon the Board) before beginning this one. The author also assumes you have completed or are currently enrolled in a basic Business Associations or Corporations course, and are therefore familiar with the fundamentals of corporate governance, the basic structure of shareholders' derivative litigation and the working of the business judgment rule. If you

are unfamiliar with the business judgment rule, you should complete CALI lesson Business Judgment Rule before proceeding further with this one.

Lesson Completion Time: 40 minutes

Author: Aleta Estreicher, Professor of Law, New York Law School

The Capital Asset Pricing Model

This lesson teaches the Capital Asset Pricing Model. It begins by discussing risk and its control by diversification, and how betas measure the risk of diversified portfolios. The lesson is designed to guide the student through the CAPM in detail as part of a Corporate Finance or Mergers & Acquisitions course. In courses that do not cover the CAPM in detail, such as Business Association courses or Securities Regulation, this lesson can be used as further study or for skimming.

Lesson Completion Time: 1-5 hours

Author: Nicholas Georgakopoulos, Harold R. Woodard Professor of Law, Indiana University - Indianapolis School of Law

The Registration Process - Part 1: Offers

This is the first of two of lessons about section 5 of the Securities Act of 1933.

Lesson Completion Time: 2 hours

Author: Nicholas Georgakopoulos, Harold R. Woodard Professor of Law, Indiana University - Indianapolis School of Law

The Registration Process - Part 2: Prospectus & Effectiveness

This is the second and final of a series of lessons about the registration process of section 5 of the Securities Act of 1933.

Lesson Completion Time: 45 minutes

Author: Nicholas Georgakopoulos, Harold R. Woodard Professor of Law, Indiana University - Indianapolis School of Law

The Ultra Vires Doctrine

This lesson provides an overview of the historical significance of the ultra vires doctrine, its subsequent decline in importance, and its modern status.

Lesson Completion Time: 30 minutes

Author: Eric Gouvin, Professor of Law and Director, Law and Business Center for Advancing Entrepreneurship, Western New England University School of Law

Types of Business Combinations

This lesson is a brief introduction to the four major types of corporate acquisitions: mergers, compulsory share exchanges, sales of assets, and tender offers. It includes descriptions of different types of mergers: stock-for-stock mergers, cashout mergers, and triangular mergers. It also briefly explains multi-step transactions, such as tender offers followed by cashout mergers or sales of assets followed by dissolution of the selling corporation.

The purpose of this lesson is to explain how the different types of transactions work so that students can understand the essence of each type of combination. It is intended as a prelude to discussion of the law affecting business combinations and would therefore be most useful as a preliminary introduction to course material dealing with mergers and acquisitions, done before classroom discussion begins.

This lesson does not discuss the legal requirements for doing the transactions in any detail, nor does it discuss appraisal rights arising from business combinations. Separate CALI lessons on voting and appraisal rights in business combinations cover those topics. This lesson also does not deal with fiduciary duty concerns arising in business combinations. That topic is also the subject of separate CALI lessons.

Lesson Completion Time: 45 minutes

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law

Types of Securities

This is the first of a series of lessons dealing with issues concerning how a corporation raises the money it needs to operate its business. This lesson focuses on the types of securities a corporation may issue (debt and equity) and the reasons it may choose one or the other. The lesson also introduces students to the difference between common and preferred shares and identifies differences in the approaches of Delaware and of the Model Business Corporation Act. After completing the lesson, the student should know: 1. What a corporate security is; 2. What is the legal relationship between the holder of a corporate security and the corporation that issued it; 3. The significance of return ON investment; 4. The significance of return OF investment; 5. The tax implications of different types of securities; 6. How equity securities are shown on a company's balance sheet; 7. The important types of debt securities and their characteristics; 8. The important types of equity securities and their characteristics; 9. Considerations of when to use both debt and equity in financing a corporation.

The second lesson in the series, Issuance of Shares Part I: Basic Concepts, introduces the student to the fundamental legal capital concepts associated with equity capitalization, including par value, capital and capital surplus.

The third lesson in the series, titled Issuance of Shares, Part II, is forthcoming and will address what it means when shares are determined to be fully paid, validly issued, and non-assessable. The fourth and final lesson in the series, Issuance of Shares Part III will cover share subscription agreements and preemptive rights.

Lesson Completion Time: 75 minutes

Author: Linda Smiddy, Professor of Law and Director of International and Comparative Programs, Vermont Law School

Valuation: Basic Skills

This is a lesson that introduces the basics of valuation. The lesson teaches about moving money through time using rates of interest or discount, and the use of rates and of price/earnings ratios to value businesses.

The lesson does not assume any economic knowledge. If you already know the basics of valuation, then you should switch to the lesson on the Capital Asset Pricing Model.

Lesson Completion Time: 2 hours

Author: Nicholas Georgakopoulos, Harold R. Woodard Professor of Law, Indiana University - Indianapolis School of Law

Voting Trusts and Voting Agreements

This lesson provides an introduction to voting trusts and voting agreements—what they are, how they work, and why you might choose one over the other. In particular, this lesson examines the statutory provisions found in the Model Business Corporation Act (MBCA) that govern voting trusts (Section 7.30) and voting agreements (Section 7.31). In addition to the substantive material, it is intended to provide the student with an opportunity to hone their skills reading and interpreting statutes.

Lesson Completion Time: 50 minutes

Author: Debra Cohen, Professor of Law, University of Massachusetts School of Law - Dartmouth

What is a Director's Conflicting Interest Transaction?

This lesson reviews the definition of "director's conflicting interest transaction" in subchapter F of chapter 8 of the Revised Model Business Corporation Act. It focuses on the definition and does not discuss judicial review of director's conflicting interest transactions under subchapter F. That is dealt with in a companion lesson, Judicial Review of Director's Conflicting Interest Transactions under the Model Business Corporation Act.

This lesson begins with an introduction to the general structure of the statutory definition, and then discusses the individual elements of the definition in greater detail. It discusses the persons whose interest in a transaction can create a conflicting interest for a director, the types of interests that are covered, and the requirement that the director know of the interest. The lesson also discusses the requirement that the transaction involve the corporation, its subsidiary, or a controlled company.

Lesson Completion Time: 1 hour

Author: Steve Bradford, Earl Dunlap Distinguished Professor of Law, University of Nebraska - Lincoln College of Law