

Class Preparation, Requirements and Syllabus
(Revised 1/9/2020)

(The Syllabus schedule is approximate and subject to some adjustments as the semester proceeds.)

Class begins at 5:50 PM and ends at 7:30 PM

More information about Course Requirements, Class Preparation and Final Grades is in the previous section, entitled: Course Information and Student Requirements.

Course Requirements:

- a. Register for White Business Organizations Spring 2020 on TWEN
- b. You must use your UBALT address as your TWEN e-mail address as per University Policy.
You are responsible for all information posted on or disseminated from TWEN.

Books assigned:

1. Macey, Moll & Hamilton, LAW OF BUSINESS ORGANIZATIONS 13th edition 2017)
2. White, BUSINESS ORGANIZATIONS Spring 2020 Supplement.

Be sure to confirm you have the correct editions

Email Communication: All e-mail communications with the Professor must be from your **ubalt.edu** account as per University of Baltimore Policy. You may email Professor White either through TWEN or at bwhite@ubalt.edu

TWEN Password: If you have not received an e-mail with the TWEN password for the course, you may email a request to Professor White's Administrative Assistant, Deborah Thompson at dthompson@ubalt.edu

Mini-quizzes: For most classes, there will be a brief mini-quiz at the start of the class, taken via your laptop through TWEN, after which you will put your laptop away.

Class Participation: Class Participation counts towards your final grade, as explained in "Course Information and Student Requirements", the previous section, which give details on factors determining your final grade.

First Day of Class: You must come to the first day of class with your books, notes and materials and the first assignment prepared. Class Participation counts towards your final grade and begins on the first day.

Be Sure to Read Class Requirements on the Next Page

Please Note the following Requirements for each Class:

1. Please have your notes and any other materials out and open on your desk at the start of each class. Your laptop will be used for any mini-quiz at the start of class and then put away.

2. You are expected to be on time and prepared for each class with:
 - i. All assigned cases read and briefed,
 - ii. All assigned notes read and briefed
 - iii. All assigned statutes read and briefed - both Model or Uniform codes AND corresponding Maryland statutes that appear in assigned cases and notes, as per the Code Outline in your **White, Business Organizations, Spring 2020 Supplement.**

This material progresses as intellectual building blocks. You cannot pick-up at a later point if you haven't mastered all the previous intellectual steps. Not preparing consistently for each class will not only affect your class performance but will impede your ability to comprehend all assignments thereafter and affect your performance on exams.

Failure to prepare as described above will affect your class participation grade negatively.
(For Guidance to meet those requirements - See Class Preparation Requirements that follow.)

3. **Be respectful of your classmates:** Do not arrive late, leave early, talk with your neighbor or leave in the middle of class. Please let me know in advance if you need to leave a particular class early.

4. **Repeated lateness or early departure** or mid-class disruption will be counted as an absence. Anyone with five absences or more will not be allowed to sit for the final exam.

5. **There may be numerical calculations you must make both during the semester and on the Final exam.** An online calculator will be available for the Final Exam.

(See next page for Class Preparation Requirements)

Class Preparation Requirements

(Instructions as to how to prepare for each class to meet Requirement 2, above.)

- I. You are responsible only for:
 - a. The assigned readings.
 - b. Only the sections of the code from the Model, Uniform and Maryland Codes as well as the Federal Statutes that appear in the assigned readings.

You are not responsible for entire codes; they have been provided for your convenience and future use.

- II. You must prepare each case and code assignment for each class equally carefully as it is through the preparation process that you do the bulk of your learning.

- III. You are responsible for all cases and code sections in your assigned readings for the Final Exam, regardless of the extent and depth of coverage in class.

Coverage in class for each case and code section will vary depending on what other cases and code sections are taught with it and the nature and/or difficulty of the material it introduces. Differences in depth of treatment in class does not imply that some cases or code sections are more or less important than others. It merely indicates that some of concepts contained therein have already been addressed or are not as difficult to master as others. Assigned material not covered in class, you are to learn on your own.

- IV. Please be sure, however, to raise any unaddressed questions you still have after class, or during my office hours (M & W: 4:00-5:00 PM) or by appointment, or through e-mail: bwhite@ubalt.edu
- V. As we will be actively using TWEN to address and discuss issues students raise outside of class, posting your query on TWEN will serve a very useful contribution. I will be monitoring and responding to queries on TWEN on a regular basis. Participation on TWEN counts towards Class Participation
- VI. Occasionally readings will be listed as either recommended (REC:) or for your information (FYI:) to deepen one's understanding or that might be of interest. They are not covered by the final exam.

(Specific Preparation Requirements for Statutes and Cases on next page.)

Please Note the Following Requirements for Preparation of Statutes for Class

- You must look-up and read every section of the codes that is mentioned in the readings and/or in the assigned notes. It is critical that you read the assigned notes for each class as that is where most of the sections of the codes you are responsible for are listed and discussed.
- It is critical that you refer to the Code Outline contained in White, Business Organizations Spring 2020 Supplement for corresponding sections of the Maryland Codes to the Uniform and Model Code sections referred to in the assigned notes and readings.
- You must read the Maryland versions of the code as well as the Uniform & Model Code sections assigned in your casebook in your preparation for each class.
- Look-up and read the statutes as they come up in the case readings! Do not wait until you finished reading the cases to read the statutes all at once or you will fail to learn their import when applied.

Please Note the Following Class Preparation Requirements for Briefing Cases

- Determine the time-line of all the events and actions that occurred that led up to the case before the court.
- Figure out who is suing whom. We read mostly appeals so the filing party can be either π or Δ
- Note what the key issue(s) are, the legal standard(s) applied and what critical facts and factors determine the outcome.

➤ ✓ Be sure to read all footnotes in assigned readings! ✓

(The Syllabus begins on the next page)

Syllabus
(Revised 1/9/2020)

(The schedule that follows is approximate and subject to some adjustments as the semester proceeds.)

REMEMBER: Class Participation counts towards your final grade and begins on the first day of class

Please note that the MBCA and MBCA 1984 are often used in the text interchangeably and are the same model code. Many of the sections are similar to the Maryland Code today. The MBCA (1969), however, is a different and earlier model code that also has sections comparable to Maryland's code today. (There is also one case reference to MBCA 1950.) Why this is the case will be discussed in class.

****Read the cases and statutes in the order that they are assigned. ****

Read the code sections as they come up in your readings. Do not save them to read all at once after you have read the other assigned readings. The order of the readings and code sections is the order in which they will most efficiently maximize your understanding and retention as well as the order to be covered in class.

✓Be sure to read all footnotes in assigned readings! ✓

Read the following important instructions in preparing your assigned readings:

- A. Read carefully the Introduction to the Supplement in White, Business Organizations Spring 2020 and locate each section described there in your supplement.
- B. Read carefully the introduction to this Syllabus section (previous four pages) to be sure to understand how to do the assignments properly.
- C. Read each assigned Casebook section fully unless page or note limitations indicate otherwise.
- D. Be sure to read each section of codes, etc. and the corresponding MD codes (*as indicated in the Code Outline in your supplement*) as they arise in your readings.

REMEMBER: **Class Participation** counts towards your final grade and begins on the first day of class

✓ Be sure to look up and read all the statute sections in assigned readings *and* their Maryland equivalent - as per the Code Outline in your statutory supplement ✓

✓ Be sure to read all readings in the order they are assigned! ✓

Week of January 13 (Please Note: Monday and Wednesday's readings are unusually lengthy. Be sure allow enough time to fully prepare.)

Monday - First Class assignment.

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**Note 1:** The assignment for our first class draws from several parts of the book to get a good overview of the essential characteristics of the various forms of business entities. Note also that some of the business forms have various long histories and some are of recent development.

**Note 2:** It is important!! that you read all of the assigned readings for this class before you attempt to answer the questions in the First Assignment below in order to understand properly the intent of the questions.

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First Assignment: Extract from the assigned readings the following information:

- a. Which entities have a long history of evolution and which entities are of relative recent development (e. g. within the last 40 years.) Group them into one or the other category accordingly.
- b. For each entity - determine the answers to the following questions:
 - i. What number of owners are necessary to qualify for the particular entity?
 - ii. What is the liability of the owner(s) for the business entity's debt when the business is unable to pay its own debt?
 - iii. What must transpire, legally, in order for the entity to come into existence?
 - iv. Who manages the business entity?
- c. How are the profits of each entity taxed by the government?

Monday - First Class assignment (cont'd)

I. **Chapter One: Introduction to Business Forms**

- A. **The Subject in General** (pp. 1-3)
- B. **An Introduction to Business Forms** (pp. 3-7) (Read carefully to extract information about business forms.)

Chapter Eighteen: The Limited Partnership

(For this assignment only – you do not need to look up the sections of the code mentioned in the text. The below readings from Chapter 8 are solely to serve to fill in information lacking in Chapter One necessary to answer your assignment questions.)

- A. **Introduction** (p. 841-first three paragraphs)
NOTE ON STATUTORY "LINKAGE" AND "DE-LINKAGE" (p. 843 - first three paragraphs)
- B. **Formation** (Exclude Notes) (p. 844)
- C. **Management and Operation** (up to but not including 5.1. Rights and Obligations of Limited Partners) (p.847)
- [D. **Financial Rights and Obligations** - Exclude]
- [E. **Entity Status** - Exclude]
- F. **Limited Liability**
 - 1. **The Control Rule** (p.852 up to "This uncertainty...")

Chapter One: Introduction to Business Forms (continued) (p.7)

C. **The Statutes**

(Please note the authors' comment regarding the criticalness of looking up and reading the code sections in the Statutory Supplement as they arise in the reading. Be sure to read their Maryland equivalent as per the Code Outline in **White, Business Organizations, Spring 2020**)

D. **Federal Income Tax: Basic Principles** (in **White, Business Organizations, Spring 2020**)

(Skip last sentence on first page beginning: "In 2014...")

(Wednesday's assignment is on the next page.)

Wednesday – Second Class Assignment

(There are no MD equivalent §§)

II Chapter Two: Agency

A. Introduction (pp.9-10)

B. The Creation of the Agency Relationship (pp.10-12)

C. Liability from the Agency Relationship (p.12)

1. Tort Liability from the Agency Relationship (pp.12-14) (*Exclude Notes p.15*)

2. Contract Liability from the Agency Relationship

a. Liability of the Principal to the Third Party (pp.16-25) (*Exclude Notes p.25*)

(1) Actual Authority

(2) Apparent Authority

(3) Inherent Authority

(4) Ratification

b. Liability of the Third Party to the Principal (pp.26-27)

c. Liability of the Agent to the Third Party (pp.26-27)

D. Duties of the Agent and the Principal to Each Other (pp.28-30)

1. The Agent's Duties to the Principal

2. The Principal's Duties to the Agent

E. Termination of the Agent (pp.30-31)

Week of January 20 (No Class Monday – Martin Luther King Holiday.)

III. Chapter Three: The General Partnerships

(Reminder: be sure to read MD equivalent with code §§ in assignments-see Code Outline for assistance!)

A. Introduction (p.33)

B. Formation (p. 33)

1. Definition of Partnership (pp.33-39)

Martin v. Peyton (Notes 1-4)

2. Partnership Agreement (p.39)

3. Entity v. Aggregate Views (p.40-42), (Notes 1, 3, 4)

[4. Partnership by Estoppel - Exclude]

C. Management and Operation (pp. 43-48)

Summers v. Dooley (Notes 1-3, 5)

National Biscuit Co. v. Stroud (Notes 1, 2, 4, 6, 7)

RUPA §§ 603, 701, 801

Week of January 27

D. Financial Rights and Obligations

► Prepare carefully – First Encounter with Business Numbers! ◀

1. Partnership Accounting (Notes 1, 2) (pp.48-54)

(PLEASE NOTE: For the AB Software Accounting, assume that A & B are partners, that A contributes \$100,000 to start the business and B runs the business. They agree to split profits 50/50.)

2. Sharing of Profits and Losses (pp.55-60)

Kessler v. Antinora (Notes 1, 3, 4)

3. Liability to Third Parties (pp.60-65)

a. Liability of Partnership (p. 60)

b. Liability of Partners (60-65) (Exclude Problem)

Roach v. Mead (Notes 1, 3, 4)

4. Indemnification and Contribution (pp.66-67)

E. Fiduciary Duties

1. Common Law (pp. 67-72)

Meinhard v. Salmon (<- This is a difficult and important case; be sure to work out the details for class.)

Notes 1-3

Week of February 3

2. Statutory Developments and the Role of Contract

Intro (pp. 72-73)

a. Duty of Loyalty (pp. 73-77)

Enea v. Superior Court (Notes 1-3)

[b. Duty of Care – Exclude]

c. Contractual Limitations (pp. 81-84)

Singer v. Singer (Notes 1-4)

[3. Duties When Leaving A Partnership - Exclude]

- F. **Ownership Interests and Transferability**
 - 1. **Partnership Property** (pp. 91-92) (Note 1)
 - 2. **Transferring A Partnership Interest**
[Rapoport v. 55 Perry Co - Exclude].
Notes 4, 5 (pp. 95-96)
- G. **Dissociation and Dissolution**
 - Introduction (p. 96)
 - 1. **Dissolution Under UPA** (pp. 96-97)
Note 2 (p. 97)
 - 2. **Dissociation and Dissolution Under RUPA** (pp.117-119) (Note page jump) (Exclude case)
 - 1. **Dissolution Under UPA (cont'd)**
Collins v. Lewis (pp. 98-102) (Notes 1-3)
- V. **Chapter Five: The Formation of a Closely Held Corporation**
(Reminder: be sure to read MD equivalent with code §§ in assignments - see Code Outline for assistance!)
 - A. **Where to Incorporate** (p. 141)
 - B. **How to Incorporate**
Articles of Incorporation (pp. 141-148)
(Notes 1-10) (Prepare notes for class carefully)
MD Title 7 §§ 7-101, 7-103, 7-104, 7-202, 7-203, 7-204 (Prepare carefully)
Paragraph beginning "MBCA §7.32..." (p. 149)

Week of February 10

- C. **The Decline of the Doctrine of Ultra Vires**
 - Introduction** (pp.151-152) (Exclude "Kings Highway")
Theodora Holding Corp. v. Henderson (in **White, Business Organizations, Spring 2020**) Notes 1, 2 (p.154)
Notes 2, 3 (p.159)
- D. **Premature Commencement of Business**
 - 1. **Promoters** (pp. 159-167)
Introduction
Notes 1-3 (note 3(c) in particular)
Stanley J. How & Assoc., Inc. v. Boss
Notes 1-10 (<- pay particular attention to the last line in note 6)

2. Defective Incorporation (pp. 167-172)

Robertson v. Levy

MBCA 1950 § 50 (See Code Outline **White, Business Organizations, Spring 2020**)

Notes 1-7 (Prepare Notes 4-7 in conjunction with excerpt of *Cranson v. IBM* in

White, Business Organizations Spring 2020)

Why did *Cranson* court follow a different line of reasoning than the *Robertson* court?

Week of February 17

VI. Chapter Six: Disregard of the Corporate Entity

A. The Common Law Doctrine of Piercing the Corporate Veil (pp. 177-184)

Bartle v. Home Owners Co-op.

Notes 1, 2

DeWitt Truck Brokers v. W. Ray Flemming Fruit Co.

Notes 1-4

[B. The Piercing Doctrine in Federal/State Relations – Exclude]

C. "Reverse" Piercing (pp. 216-218)

[Cargill, Inc. v. Hedge - Exclude]

Pepper v. Litton

Notes 1-3

VII. Chapter Seven: Financial Matters and the Corporation

**** Prepare whole Chapter Seven assignment very carefully****,

*****Second Encounter with Business Numbers Issues and the most difficult part of the course*****

A. Debt and Equity Capital (pp.225-226)

Debt & Equity Handout in **White, Business Organizations, Spring 2020**

B. Types of Equity Securities (pp. 226-232) Notes 1-5)

1. Shares Generally
2. Common and Preferred Shares
3. Special Rights of Publicly Traded Preferred Shares
4. Classes of Common Shares

Week of February 24

C. Issuance of Shares: Herein of Subscriptions, Par Value and Watered Stock

1. Share Subscriptions and Agreements to Purchase Securities (p.233)
2. Authorization and Issuance of Common Shares Under the MBCA (p.233-234)
3. Par Value and Stated Capital (p. 234)

Hospes v. Northwestern Mfg. & Car Co. and Note 1 found in **White, Business Organizations, Spring 2020**

Be sure to prepare *Hospes* as carefully as you would a full case. Be sure to diagram it out. (Introductory text (p. 234) is the same as in the introductory text of the assigned *Hospes* material in **White, Business Organizations, Spring 2020**)

VII. Chapter Seven: Financial Matters and the Corporation (*cont'd*)

**** Prepare whole Chapter Seven assignment very carefully****,

*****Second Encounter with Business Numbers Issues and the most difficult part of the course*****

Hanewald v. Bryan's, Inc. (pp. 235-238) Notes 1, 2

(Be sure to prepare notes carefully)

4. Eligible and Ineligible Consideration for Shares (pp. 238-239)

(Be sure to prepare material and notes carefully)

5. Par Value in Modern Practice

Re-read Balance Sheet analysis in **Chapter Three, Section D, Part 1: Partnership Accounting** (pp.48-54)

Par Value in Modern Practice (pp. 239-243) <- Prepare carefully! Pay particular attention to Balance Sheet analysis

Fiflis, Kripke, & Foster, *Accounting for Business Lawyers* (Notes 1-3)

Week of March 2

VII. Chapter Seven: Financial Matters and the Corporation (continued)

D. Debt Financing (prepare all these materials carefully)

Introduction (pp. 243-244)

1. The Concept of Leverage (pp. 244-247 (Skim – Don't worry about numbers analysis; we will use a different model with numbers, presented in class.)

2. Tax Treatment of Debt (Notes 1, 3) (pp. 247-249)

3. Debt as a Planning Device (p. 249)

Obre v. Alban Tractor Co. (please prepare carefully as a regular case)

Note

(E. REC: Planning the Capital Structure for the Closely Held Corporation)

[F. Public Offerings - Exclude]

G. Issuance of Shares by a Going Concern: Preemptive Rights, Dilution & Recapitalizations (pp. 262-270)

*****Be sure to look-up any terms you do not know and be prepared to be called on in class to define them.**

***Prepare Balance Sheets for the following two cases:

Stokes v. Continental Trust Co. of City of New York (Notes 1-3)

Katzowitz v. Sidler (Notes 1,2)

NOTE: Balance Sheet Problem Set TWEN Submission due 11:59 pm Friday, March 13.

Week of March 9

NOTE: Balance Sheet Problem Set TWEN Submission due 11:59 pm Friday, March 13.

H. **Distributions by a Closely Held Corporation** (pp. 271-275)

Dodge v. Ford Motor Co. (Note 1)

(I. REC: Legal Restrictions on Distributions)

[J. Non-Model Act Statutes – Exclude]

Chapter Eight: Management and Control of Corporation

A. **The Traditional Roles of Shareholders and Directors** (pp. 283-295)

McQuade v. Stoneham (Notes 2(a), (b), 3 (pay attention closely to *Clark v.*

Dodge and *Long Park v. Trenton-New Brunswick Theaters* in the notes))

Galler v. Galler (Note 1) (why do you think the court reached the result it did in
Galler? Would that happen in Maryland?)

Compare with Maryland Title 4

[*Zion v. Kurtz* - Exclude]

[*Matter of Auer v. Dressel* - Exclude]

B. **Shareholders Voting and Shareholders' Agreements**

Salgo v. Matthews (pp. 307-309)

Notes 1-4 (pp. 309-310) (What are the various stages of Court's findings and
why?) MBCA §7.22

Week of March 16

Spring Break – No Classes

Week of March 23

Problem Review Session: Balance Sheet Problem Set Part I (Wed. March. 25, 4:30-5:30, Rm TBA)

B. **Shareholders Voting and Shareholders' Agreements** (*cont'd*)

Cumulative vs. Straight Voting (pp. 311-313) <- Prepare carefully

Note (p.312) Pay special attention to *Stancil* note case & treat it like a regular case.

Humphrys v. Winous Co. (Notes 1-3) (pp. 313- 318)

Ringling Bros.-Barnum & Bailey Combined Shows v. Ringling (pp. 318-324)

Notes 1-2 (pp. 324-325)

[*New York-McKinney's Business Corporations Law – Exclude*]

Notes 1, 3, 4, 5 (pp. 325-329)

[*REC: Brown v. McLanahan*]

Notes 1-3 (page 333-334)

Week of March 30

VIII. Chapter Eight: Management and Control of Corporation (continued)

C. Action by Directors and Officers

Directors:

Baldwin v. Canfield (in **White, Business Organizations Spring 2020**)

Mickshaw v. Coca Cola Bottling Co (**White Business Organizations Spring 2020**)

MBCA 8.20. Meetings

MBCA 8.21. Action Without Meeting

MBCA 8.24. Quorum and Voting

Officers:

(Note: the next two assigned cases are to be read in reverse order than as printed in the casebook.)

Lee v. Jenkins Bros. (Notes 2, 3) (pp. 348-353)

In the Matter of Drive-In Dev. Corp. (Notes 1, 2) (pp. 346-348)

Week of April 6

Problem Review Session: Balance Sheet Problem Set Part II (Wed. April 8. 27, 4:30-5:30, Rm TBA)

[*IX Chapter Nine: Control and Management in the Publicly Held Corporation – Exclude*]

X. Chapter Ten: Duty of Care and the Business Judgment Rule

Litwin v Allen (In **White, Business Organizations, Spring 2020**)

Shlensky v. Wrigley

Smith v. Van Gorkom (Notes 1-3) (Important case - how corporate deals are made)

XI. Chapter Eleven: Duty of Loyalty and Conflict of Interest

A. Self-Dealing (pp. 461-464)

Marciano v. Nakash (Be sure to read all footnotes!!)

Notes: 1-4

Week of April 13

B. Executive Compensation and the Waste Doctrine

Heller v. Boylan and Note (pp. 474-478)

(Be sure to note & compare *Rogers v. Hill* discussed in main case)

[Wilderman v. Wilderman - Exclude]

[Brehm v. Eisner - Exclude]

[In re Walt Disney Co. Derivative Litigation - Exclude]

Notes 1-8 (pp. 488-490) Does this make you outraged or want to be a corp exec?

[C. Controlling Shareholder Conflict of Interest - Exclude]

D. Corporate Opportunity

Northeast Harbor Golf Club, Inc. v. Harris (Notes 1-4) (pp.514-522)

XII. Chapter Twelve: Shareholder Derivative Law Suits

Gall v. Exxon (Notes 1-4) (pp. 531-534)

MBCA 8.25

Zapata Corp. v. Maldonado (Note) (pp. 534-543)

Week of April 20

XII. Chapter Twelve: Shareholder Derivative Law (*cont'd*)

Aronson v. Lewis (Note 1) (pp. 543-550)

Werbowsky v. Collomb (Maryland case in **White, Business Organizations Spring 2020**) Where does MD stand on the requirement of Demand by Shareholder?

XIII. Chapter Thirteen: Dissension in the Closely Held Corporation

A. Deadlock

Gearing v. Kelly (Note) (pp. 567-569)

In Re Radom & Neidorff, Inc. (Notes 1 - 3) (pp. 569-574)

[B. Oppression - Exclude]

[C. Remedies for Dissension - Exclude]

XIV. Chapter Fourteen: Transactions in Shares: Rule 10b-5, Insider Trading and Securities Fraud

A. The Development of a Federal Remedy: Rule 10b-5 (pp. 637-639)

Introductory paragraph

Securities Exchange Act of 1934 §10b

Rule 10b-5: Employment of Manipulative and Deceptive Devices

Notes 1 - 3

Text: introductory paragraph following notes only.

[REC: In Re Enron Corporation Securities, Derivative & ERISA Litigation and Notes 1-3]

Week of April 20

B. Insider Trading

Securities and Exchange Comm'n v. Texas Gulf Sulphur Co. (Notes 1, 2) in

White, Business Organizations Spring 2020)

Carlton & Fischel, The Regulation of Insider Trading (Notes 1-6) (pp. 652-653)

Chiarella v. United States (Notes 1-3) (pp. 654-663) (pay particular attention to

the case *Carpenter v. US* and the analysis in Note 3 & 4—note the number of

Supreme Court Justices deciding.)

O'Hagan in New York Times (see article in **White, Business Organizations Spring 2020**).

United States v. O'Hagan (Notes 1-4) (pp. 665-675)

Dirks v. SEC (Notes 1-4) (pp. 683-692)

[Exclude subsequent material until Statutory section, below.]

Securities Exchange Act of 1934--§16 Directors, Officers, & Principal Stockholders

Notes 1-8 (in note 8, read only first two paragraphs) (pp. 708-710) (pay

particular attention to the numbers in note 5)

Week of April 27 (Monday Class Only)

Monday (Mandatory Class - No Excused Absences)

***We have a noted guest speaker, Marshall Paul, of Saul, Ewing, Arnstein & Lehr, nationally recognized as one of the leading attorneys in Corporate and LLC Law, on the MD State Bar Association's Board of Governors and who co-authored MD's LLC statute among many other accomplishments and accolades.

***There is a **lot** of reading and preparation for this class. Professor Paul will be calling on students to participate in class. You WANT to be well-prepared for this class.

XIX. Chapter Nineteen: The Limited Liability Partnership

(Note: the assignment for this chapter is very short - despite its appearance – it’s mostly one or two straightforward paragraphs per assigned page.)

- A. **Introduction** (Exclude Hamilton article) (p. 893)
- B. **Formation** - First paragraph only. (p. 895)
- C. **Limited Liability** – Exclude]
- D. **The Limited Liability Limited Partnership** (Notes 1, 3, 4) (pp.908-909)

What is available in Maryland for Limited Partnerships wanting limited liability for all owner?

See MD § 10-805 and all statutory sections referred to therein

XX. Chapter Twenty: The Limited Liability Company

✓Prepare this material very carefully – it is nearly always tested on the Bar.✓

For all the below readings – DO NOT READ any of the Code sections mentioned in the text
Read the corresponding rules in Maryland instead of the Uniform Codes referenced in the text.

See and read through generally Maryland Corporations and Associations LIMITED LIABILITY COMPANY ACT, Title 4A §§ 101 - 607

Here are the sections you should pay particular attention to as you go through the assigned readings on the page that follows below this list. (The ones with *** you should pay especially close attention to):

Subtitle 1. Definitions

§ 4A-101. Definitions

Subtitle 2. Formation and Powers

§ 4A-201. Permissible purposes

§ 4A-202. Time of formation

§ 4A-203. Authority

§ 4A-204. Contents of articles of organization

§ 4A-207. Recording and filing of documents; fees,

- § 4A-208. Name; affirmation of activity
- § 4A-209. Reservation and transfer of name
- § 4A-211. Limited liability company, conversion from partnership
- § 4A-212. Limited liability company, conversion from proprietorship

Subtitle 3.

Relations of Limited Liability Company and Members to Third Persons

- § 4A-301. Personal liability
- § 4A-301.1. Professional services, liability

Subtitle 4. Relationship of Members to Each Other

- § 4A-401. Member as agent ***
- § 4A-402. Provisions of operating agreement ***
- § 4A-403. Vote by members ***
- § 4A-405. Member conducting business with company

Subtitle 5. Finance

- § 4A-501. Contributions ***
- § 4A-502. Required contribution ***
- § 4A-503. Allocation of profits and losses ***

Subtitle 6. Membership

- § 4A-601. Conditions for admission as member ***
- § 4A-606. Conditions of cessation
- § 4A-606.1. Limited liability companies, dissolution requirements
- § 4A-607. Orders to charge against member's interest

Subtitle 9.

Dissolution, Forfeiture, and Reinstatement

- § 4A-902. Basis for dissolution

Chapter Twenty: The Limited Liability Company

Assigned Readings

- A. Introduction (pp. 911-914)

Notes 1-5

- B. **Formation (pp. 914-918)**
 - Notes 1, 2, 5, 6, 8, 10.
- C. **Management and Operation**
 - 1. **General Governance (pp. 919-920)**
 - Notes 1, 2, 3, 4 (Be sure to note what is true for Maryland.)
 - [Problem - Exclude]*
 - 2. **Authority**
 - Introductory Paragraph (pp. 920-921)
 - [Taghipour v. Jerez - Exclude]*
 - Notes 6, 7, 9 (pp. 925-927) – What is the situation in Maryland?
 - [3. Inspection and Information Rights - Exclude]*
- D. **Financial Rights and Obligations (pp. 939-940)**
 - Notes 2. Be sure to answer as per Maryland.
 - [E. Entity Status - Exclude]*
- F. **Limited Liability**
 - [1. The Scope of Limited Liability - Exclude]*
 - 2. **Piercing the Veil**
 - [Kaycee Land & Livestock v. Flahive - Exclude]*
 - Notes 1-3 (pp. 958-960)
- G. **Fiduciary Duty**
 - 1. **The Basic Duties**
 - Introduction (p. 961)
 - [VGS, Inc. v. Castiel - Exclude]*
 - Notes 5-9 (Just read for content - not statutes) (pp. 966-967)
 - [2. The Role of Contract - Exclude]*
 - [H. Ownership Interests and Transferability - Exclude]*
- I. **Dissociation and Dissolution**
 - Introduction (pp. 1006-1007)
 - Douglas Moll, Minority Oppression & The Limited Liability Company (pp.1007-1009)
 - [Lieberman v. Wyoming.Com LLC - Exclude]*
- J. *The Nature of the LLC: Regulatory Issues - Exclude]*
- K. *A Final Look - Exclude]*

