

University of Cincinnati
College of Law
Spring 2008

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Room 430
556-0113

CORPORATIONS II

Special Note:

We are fortunate that Robert W. Olson, retired Senior Vice President and General Counsel of Chiquita Brands International, Inc., will be co-teaching portions of this course to provide practical insights on issues relating to representation of publicly traded corporations.

Required Materials:

Page references are to Eisenberg, *Corporations and Other Business Organizations* (9th ed. Unabridged). The other materials are available online; please let me know if you have any problems in retrieving them. All securities statutes and regulations are at the Securities Lawyer's Deskbook at <http://www.law.uc.edu/CCL/>.

Recommended Materials:

I strongly encourage students to read regularly the Wall Street Journal throughout the semester. It will provide you with real-life illustrations of the issues we are dealing with. You can read it in the library, or student subscriptions are available at the WSJ website.

Class Attendance and Course Preparation

I expect regular attendance and careful preparation from all students. A student whose attendance is irregular or who is consistently unprepared may be required to withdraw from the course or will be excluded from the examination pursuant to section 2.02 of the College of Law Rules.

Corporate Reporting Project

You are required to follow a large publicly traded corporation. Since we are focusing on the NYSE Governance Rules, it may be simpler to choose a NYSE-listed corporation, although you are free to choose a NASDAQ corporation if you prefer. You will be expected to make brief oral reports about your corporation throughout the semester, make an oral presentation during the final weeks of the semester and write a report that will be due at the end of the semester. (Additional information about these reports will be available later.) **Please e-mail me the name of the corporation you wish**

to follow as soon as possible. I want every student to follow a different company, so if you have a strong preference you should act quickly.

Grading

There will be a final examination that will be graded anonymously. In addition, your corporate reports and your class participation will count for one-third of your course grade.

Office Hours

I am generally available in my office during business hours. In addition, you may e-mail or call to schedule an appointment.

Reading Assignments for the First Week

NOTE: This may appear to be a heavy reading assignment; however, most of the readings are descriptive, rather than analytical and should not take much time.

The Nature of the Public Corporation

Background

Note on Shareholdership in Publicly Held Corporation, pp. 154-162

Note on the Structure of the Corporation, pp. 198-200

Overview of Stock Markets, the SEC, and the Proxy Rules, pp. 270- 281

Conflicts of Interest in the Proxy Voting System, pp. 322-324

The Role of the Institutional Shareholder

Review: (1) the Council on Institutional Investors homepage at <http://www.cii.org>, and read About the Council at <http://www.cii.org/about/> and the Introduction to its Corporate Governance Policies at

<http://www.cii.org/policies/Current%20CII%20Corporate%20Governance%20Policies%2009-18-07.pdf>, and

(2) the CalPERS homepage at <http://www.calpers-governance.org/forumhome.asp>, and read Global Principles of Accountable Corporate Governance at <http://www.calpers-governance.org/principles/international/global/page02.asp>.

The Influence of Proxy Advisory Firms

Review: (1) the ISS Governance Services(part of the RiskMetrics Group) homepage at <http://www.issproxy.com/issgovernance.html>, and read Recommendation-Based Proxy Advisory Services at

<http://www.issproxy.com/issgovernance/research/recommendation.html>; and

(2) the Glass Lewis homepage at <http://www.glasslewis.com>, and read Proxy Analysis and Voting Services at <http://www.glasslewis.com/solutions/proxyanalysis.php>.

The Academic Debate: Bebchuk vs. Bainbridge

Lucian A. Bebchuk, Letting Shareholders Set the Rules, 119 Harv. L. Rev. 1784 (2006)
Stephen M. Bainbridge, Director Primacy and Shareholder Disempowerment, 119 Harv. L. Rev. 1735 (2006).

This class discussion on Bebchuk/Bainbridge will focus on the following questions:

1. Generally speaking, what are the competing models of corporate governance advocated by Professors Bebchuk and Bainbridge?
2. What specific changes in corporate law does Professor Bebchuk propose?
3. What's wrong with these proposals, according to Professor Bainbridge?
4. How, according to Professor Bainbridge, do market forces provide the optimal governance rules? Do you agree or disagree with him?
5. Can we reasonably expect that shareholders will make better decisions on behalf of the corporation? Why or why not? Does it matter who the shareholders are (e.g., Warren Buffet, pension funds, hedge funds)?