
Corporate Finance

Spring 2006 – Tu 8:00-9:15 pm & Th 6:00-7:15 PM

Professor Daniel Greenwood

Casebook: BRATTON, CORPORATE FINANCE, Fifth Edition, Foundation Press, and the annual update. This is the first time I am using this book, so please take all assignments with a grain of salt: it is very difficult to predict in advance how fast we will proceed. Please all feel free to send me your view of the book or any part of it—your feedback will improve the course for your successors.

Wall Street Journal: You are required to read the Wall Street Journal. If you wish to subscribe, fill in the form I'll hand out, or try one of these links:

* Semester Term (15 wks): <http://subscribe.wsj.com/semester>

* Academic-Year Term: <http://subscribe.wsj.com/36weeks>

Recommended Supplemental Texts:

WILLIAM A. KLEIN & JOHN C. COFFEE, BUSINESS ORGANIZATION AND FINANCE, LEGAL AND ECONOMIC PRINCIPLES, Ninth Edition, Foundation Press. The bulk of this book is a review of the law of business organizations which you may find quite helpful. Chapter 4 concentrates on the various types of securities discussed in this course, and chapter 5 reviews the principles of corporate finance.

STRUNK & WHITE, THE ELEMENTS OF STYLE. The best and smallest guide to good writing, which is, after all, most of what you came to law school to learn.

Lynn M. LoPucki, *The Death of Liability*, 106 YALE L.J. 1 (1996)

ROBERT SHILLER, IRRATIONAL EXUBERANCE (2000)

Jorge Luis Borges, *The Library*, in FICCIONES (1962).

KURT VONNEGUT, SIRENS OF TITAN (1959) chapter 3, pp. 65-85.

Participation: Participation is required. I reserve the right to take participation (quality and/or quantity) and attendance into consideration in the final grade. Participation is also recommended: you (and your colleagues) will learn more if you actively engage the material.

Web Discussion Participation: Each student is required to post a comment, question and/or response in the TWEN discussion forum at least once per fortnight. More is recommended.

Study groups: Study groups are highly recommended. Anyone who wishes to be in a

study group and is unable to arrange one should contact me early in the semester.

Reading Assignments: We will proceed through the casebook more or less in order. Specific assignments are posted under “Syllabus.” You must keep ahead of the class discussion in order to participate in class discussion intelligently or to benefit from it. **Due to the 1 1/4 hour class sessions, you cannot expect to be able to prepare Tuesday’s class on Tuesday.** I do not require the Klein & Coffee book but students in past years have found it very helpful to read at least chapters 4 and 5 in parallel with the casebook.

Problem sets: The problem sets noted on the syllabus are required. Answers must be turned in on the indicated days.

I will distribute answers shortly after the due date and will not accept late problem sets after that date. Failure to turn in problem sets in a timely fashion will adversely impact your grade.

Any other problem sets in the book are optional. You may find them quite helpful in preparing for the exam. On request, I will discuss possible approaches to solving the problems in class or afterwards.

Exam: There will be one final three hour exam which will determine the bulk of your grade.

You will be permitted to bring a copy of the text book but not outlines or notes to the exam. Although the exam is partially open book, the book will be of little or no use during the exam if you are not fully prepared before the exam.

The exam will attempt to test both your knowledge and understanding of the substantive materials covered and your ability to evaluate and manipulate what you have learned. Quality of analysis, rather than mere listing of issues, will be most rewarded. Copies of several prior exams are on reserve; **I recommend looking at the old exams early in the semester** although there can be no assurance that this year's exam will resemble the older ones (note, particularly, that prior versions of the course were based on different books with significantly different coverage).

Cheating: All suspected cheating, including unattributed use of another's work (or your own prior work), will be referred to the College of Law Disciplinary Committee for investigation and disciplinary action, which may include expulsion or reports to the Bar. In addition, cheaters will receive a failing grade.

Questions and difficulties: Please feel free to ask questions for clarification, comments or discussion at any time in class. Students having particular difficulties may also wish to consult with me individually.

Hornbooks: We are using this text largely because it is the clearest exposition of the material I have been able to find. However, if you find the text impenetrable or facile, do not

despair: come speak to me. More is always available and it is often helpful to consider the same concept from different perspectives.

Three hornbooks are on reserve: For review of corporate law generally, I highly recommend ROBERT C. CLARK, *CORPORATE LAW* (Little Brown & Co.). For the business, finance and accounting concepts that underpin this course, I found ROBERT HAMILTON, *FUNDAMENTALS OF MODERN BUSINESS* (Little Brown & Co.) to be relatively clear. Finally, KLEIN & COFFEE, *BUSINESS ORGANIZATION AND FINANCE*, covers much of the same material as the course in a brief and abstract form. Number-jockeys and those who crave specific examples of how to use the formulae may enjoy the standard business school text book, BODIE & MERTON, *FINANCE* (Prentice Hall), which has more problems and careful mathematical derivations of the formulae than we will cover in this course; as lawyers, we are more concerned with issues of when the formula is appropriate than the mathematical details.

Bibliography: The materials covered in this course have been discussed extensively in the law journals and the economic journals. The legal discussions tend to be less technical -- if you are interested in further development of a particular concept, or if you want further explanation of a troubling problem, there is probably a relatively accessible article available to help you. The case book cites some of the classic ones, but misses some of the clearest. Please come to me for guidance.