Mt. San Jacinto College
Integrated Course Outline of Record

Form B

Submitted by: Scot Stirling **Date:** 03/12/2020

Department	Subject	Course Number	Title
Legal Assistant	Legal Assistant LEG	560	Business Organizations (formerly LEG-160)

Units/Hours

Each lecture unit requires 1 hour per week of class time, and 2 hours per week of study outside of class.

Each laboratory unit requires 3 hours per week of class time.

Each activity unit requires 2 hours per week of class time and 1 hour per week of study outside of class.

Lecture Units
3.00

Total Units
3.00

Lecture Contact Hours
48.00 - 54.00

Total Contact Hours
48.00 - 54.00

Lecture Homework Hours
96.00 - 108.00

Stand Alone:

Program Applicable

AA/AS Degree General Ed Breadth Area(s):

-none-

General Education Justification:

Maximum Enrollment: 40

Maximum Enrollment Justification: Justification:

Grading Method: Letter Grade or P/NP

TOP code: 1402.00*

Can be Taken 1 **time(s) for credit** (max 4)

- Visual or Performing Arts course that is required to meet major requirements for UC/CSU

- Intercollegiate athletics course
- Academic/vocational competition course

Catalog Description:

(Please do not refer to transferability or degree, certificate, or employment concentration applicability. Please only describe the course).

(**75 words** or less in gray box below).

This course presents California law governing the reasons and procedures for forming, maintaining and dissolving sole proprietorships, partnerships, limited liability companies and corporations. The course explains the rights and obligations of partners, members, directors, officers and shareholders under Federal and state laws and regulations. The course analyzes the selection of the business form, business ethics and the legal assistantâ€™s role in documenting the formation and maintenance of California business organizations.

Schedule Description:

(Please do not refer to transferability or degree, certificate, or employment concentration applicability. Please only describe the course).

(**25 words** or less in gray box below).

This course analyzes the legal assistant's role in the formation, maintenance and dissolution of business organizations, including sole proprietorships, partnerships, limited liability companies and corporations.

Need for the course:

According to a 2008 survey by the National Association of Legal Assistants, except for litigation, corporate work represents the largest specialty practice area for legal assistants, with 32 percent of legal assistants engaged in some corporate work. This course will prepare students to offer potential employer law firms a prior exposure to the forms and documents involved in forming, maintaining and dissolving business organizations, as well as an understanding of the rights and obligations of partners, shareholders, officers and directors.

Prerequisite(s):

Prerequisites go through a separate approval process. See Forms E1-E6 for details.

(For further clarification, contact the Prerequisite Subcommittee)

-none-

Corequisite(s):

Corequisites go through a separate approval process. See Forms E1-E6 for details.

-none-

Recommend Preparation:

Recommended Preparation goes through a separate approval process. See Forms E1-E6 for details.

-none-

Other Enrollment Criteria:

-none-

Learning Objectives:

(please number each objective and express in behavioral terms)

Upon the completion of the course the student will be able to do the following:

1. Analyze and differentiate between the characteristics of different types of business organizations, including sole proprietorships, general and limited partnerships, limited liability companies, profit and nonprofit corporations.

2. Examine and assess the advantages and disadvantages of operating in the various forms of business organizations in California and document the methods of formation of each of the structure types, including essential provisions for partnership agreements, articles of organization and operating agreements for limited liability companies, and articles of incorporation and amendments for corporations.
3. Analyze the different federal and state income taxation treatments for each of the business organizations and the securities regulations pertaining to corporations.
4. Evaluate the rights and duties of partners, members, officers, directors and shareholders, including their duties toward each other and toward third persons.
5. Document the procedures for forming and maintaining each business structure.
6. Analyze and explain corporate finance issues, including equity and debt securities, and corporate dividends.
7. Consider the information required from a client for an attorney to provide legal advice on the selection and maintenance of the clientâ€™s business structure.
8. Document the procedures to change the corporate structure, including winding up the business upon dissolution, bankruptcy or liquidation.

Course Content:

(please number the outline of main topics and subtopics)

I. INTRODUCTION TO BUSINESS ORGANIZATIONS

A. TYPES OF BUSINESS ENTERPRISES

B. CONSIDERATIONS IN SELECTION OF BUSINESS ENTERPRISE

1. Ease of Formation
2. Management
3. Liability and Financial Risk
4. Continuity of Existence
5. Transferability
6. Profits and Losses
7. Taxation

C. HOW BUSINESS IS CONDUCTED IN THE UNITED STATES

D. AGENCY IN BUSINESS ORGANIZATIONS

1. Formation of Agency Relationships
2. Authority of Agents
3. Duties of Agents and Principals
4. Liability for Agent’s Torts
5. Liability of Agents
6. Termination of Agency
7. Agency in Business Relationships

II. SOLE PROPRIETORSHIPS

A. CHARACTERISTICS
B. GOVERNING LAW
C. ADVANTAGES

1. Ease of Formation
2. No Shared Management Decisions

D. DISADVANTAGES

1. Unlimited Personal Liability
2. Lack of Continuity
3. Difficulties in Raising Capital
4. Management Difficulties

III. GENERAL PARTNERSHIPS

A. CHARACTERISTICS
B. GOVERNING LAW
C. PARTNERSHIP PROPERTY
D. ADVANTAGES
E. DISADVANTAGES

1. Unlimited Personal Liability
2. Lack of Continuity
3. Difficulty in Transferring Partnership Interest

F. FORMATION
G. OPERATION

1. Duties and Rights of Partners
2. Management
3. Compensation, Profits and Accounting

H. THE PARTNERSHIP AGREEMENT

1. Purpose
2. Material Terms

I. TRANSFERABILITY OF PARTNERSHIP INTEREST
J. DISSOLUTION AND WINDING UP

1. Dissolution by Acts of Partners
2. Dissolution by Court Decree
3. Winding Up

K. DISSOCIATION AND DISSOLUTION UNDER THE RUPA
M. CONVERSIONS AND MERGERS
N. TAXATION
O. ROLE OF PARALEGAL

IV. LIMITED PARTNERSHIPS

A. CHARACTERISTICS
B. GOVERNING LAW
C. PARTNERS’ RIGHTS AND DUTIES

1. General Partners
2. Limited Partners

D. ADVANTAGES

1. Attracting Capital

2. Limited Liability
3. Transferability of Partnership Interest
4. Continuity of Existence
5. Pass-Through Taxation

E. DISADVANTAGES

1. Lack of Control for Limited Partners
2. Unlimited Liability for General Partner
3. Formalities and Expenses of Organization

F. FORMATION

1. Contents of the Limited Partnership Certificate
2. Filing the Certificate
3. Amendment of the Certificate
4. Foreign Limited Partnerships
5. Limited Partnership Agreement

G. TRANSFERABILITY OF INTEREST
H. ACTIONS BY LIMITED PARTNERS
I. DISSOLUTION AND WINDING UP
J. CANCELLATION OF LIMITED PARTNERSHIP CERTIFICATE
K. TAXATION OF LIMITED PARTNERSHIPS
L. FAMILY LIMITED PARTNERSHIPS
M. LIMITED LIABILITY LIMITED PARTNERSHIPS
N. UNIFORM LIMITED PARTNERSHIP ACT OF 2001
O. ROLE OF PARALEGAL

V. REGISTERED LIMITED LIABILITY PARTNERSHIPS

A. CHARACTERISTICS
B. GOVERNING LAW
C. ADVANTAGES AND DISADVANTAGES
D. FORMATION
E. OPERATION
F. TRANSFERABILITY OF INTEREST AND ADMISSION OF NEW MEMBERS
G. DISSOLUTION AND LIQUIDATION
H. TAXATION
I. ROLE OF PARALEGAL

VI. LIMITED LIABILITY COMPANIES

A. CHARACTERISTICS
B. GOVERNING LAW
C. ADVANTAGES

1. Pass-Through Tax Status
2. Limited Liability and Full Management
3. One-Person LLCs
4. International Recognition

D. DISADVANTAGES
E. FORMATION

1. Articles of Organization
2. Operating Agreement

F. TRANSFERABILITY OF INTEREST
G. ACTIONS BY MEMBERS
H. DISSOCIATION AND DISSOLUTION
I. CONVERSIONS, MERGERS, AND DOMESTICATIONS
J. TAXATION
K. GROWTH AND TRENDS
L. PROFESSIONAL LIMITED LIABILITY COMPANIES
M. ROLE OF PARALEGAL

VII. OTHER UNINCORPORATED ORGANIZATIONS

A. JOINT VENTURES
B. MINING PARTNERSHIPS
C. JOINT STOCK COMPANIES
D. BUSINESS TRUSTS
E. REAL ESTATE INVESTMENT TRUSTS
F. COOPERATIVE ASSOCIATIONS
G. ROLE OF PARALEGAL

VIII. INTRODUCTION TO CORPORATIONS

A. CHARACTERISTICS
B. HISTORY AND GOVERNING LAW
C. THE CORPORATION AS A PERSON
D. CORPORATE POWERS AND PURPOSES
E. TYPES

1. Domestic Corporations
2. Foreign Corporations
3. Federal or State Corporations
4. Public Corporations
5. Privately Held Corporations
6. Nonprofit Corporations
7. Close Corporation
8. Professional Corporations
9. S Corporations
10. Parents and Subsidiaries

F. ADVANTAGES
G. DISADVANTAGES
H. ROLE OF PARALEGAL

IX. FORMATION OF CORPORATIONS

A. PREINCORPORATION ACTIVITIES BY PROMOTERS

1. Duties of Promoters
2. Agreements by Promoters
3. Preincorporation Share Subscriptions

B. SELECTION OF JURISDICTION INTO WHICH TO INCORPORATE

1. Delaware Incorporation
2. Factors in Selecting a Jurisdiction

C. THE CORPORATE NAME

1. Selection and Availability
2. Reservation
3. Registration
4. Assumed Names

D. ARTICLES OF INCORPORATION

1. Elements
2. Optional Provisions
3. Preemptive Rights
4. Filing

E. POSTINCORPORATION ACTIVITIES

1. Bylaws
2. Corporate Supplies
3. Organizational Meeting
4. Annual Report

F. DEFECTS IN INCORPORATION PROCESS
G. ROLE OF PARALEGAL

X. CORPORATE FINANCES

A. INTRODUCTION TO SECURITIES
B. EQUITY SECURITIES

1. Par Value and No Par Value Stock
2. Consideration for Shares
3. Stock Certificate
4. Classes of Stock

C. DEBT SECURITIES

1. Unsecured Debt
2. Secured Debt
3. Trust Indentures
4. Common Features of Debt Securities
5. Junk Bonds
6. A New Security: SQUARZ

D. TAXATION

1. Double Taxation
2. Accumulated Earnings Tax
3. Alternative Minimum Tax
4. State and Other Taxes

E. ROLE OF PARALEGAL

XI. CORPORATE MANAGEMENT

A. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

1. Rights to Information
2. Voting Rights
3. Shareholder Meetings
4. Shareholder Action Without a Meeting
5. Modern Trends
6. Preemptive Rights
7. Dividends
8. Right to Transfer Shares and Shareholder Agreements
9. Shareholder Actions
10. Miscellaneous Rights
11. Shareholders' Responsibilities
12. Piercing the Corporate Veil

B. DIRECTORS' RIGHTS AND RESPONSIBILITIES

1. Number and Qualification of Directors
2. Functions of Directors
3. Election, Term, Vacancies, and Removal of Directors
4. Directors' Meetings
5. Directors' Action Without a Meeting
6. Compensation of Directors
7. Rights of Directors to Information
8. Duties and Liabilities of Directors
9. Delegation of Authority

C. CORPORATE SCANDALS, REFORM AND THE SARBANES-OXLEY ACT AND GOVERNANCE

1. Some Suspected Causes of the Sandals
2. The Fallout
3. Reform and the Sarbanes-Oxley Act
4. Governance Guidelines
5. Trends in Governance
6. The 2008 Financial Crisis

D. RIGHTS AND DUTIES OF OFFICERS

1. Qualifications, Appointment, and Tenure
2. Officers' Functions
3. Titles
4. Authority
5. Officers' Standard of Conduct, Liability, and Indemnification

E. ROLE OF PARALEGAL

XII. CORPORATE DIVIDENDS

A. INTRODUCTION TO DIVIDENDS
B. RESTRICTIONS RELATING TO DIVIDENDS

1. Solvency and Excess Assets Tests
2. Legally Available Funds
3. Tests for Distribution
4. Contractual Limitations
5. Preferences
6. Classes of Shares

C. EFFECT OF ILLEGAL DIVIDENDS
D. PROCEDURE FOR DECLARING AND PAYING DIVIDENDS
E. RIGHT TO DIVIDENDS
F. TAX CONSIDERATIONS

1. Cash Dividends
2. Property Dividends
3. Share Dividends
4. Encouraging Dividends
5. Avoiding Double Taxation
6. Modern Trends in Dividend Payments

G. STOCK SPLITS
H. CORPORATE SHARE RE-PURCHASE
I. ROLE OF PARALEGAL

XIII. SECURITIES REGULATION AND THE STOCK EXCHANGES

A. INTRODUCTION TO INVESTOR PROTECTION
B. GOING PUBLIC
C. SECURITIES ACT OF 1933

1. Introduction
2. Registration Requirements
3. Exemptions from Registration
4. Antifraud Provisions
5. Penalties for Violations

D. SECURITIES EXCHANGE ACT OF 1934

1. Introduction
2. Registration Requirements
3. Periodic Reporting Requirements
4. Insider Trading: Rule 10b-5
5. Remedies and Penalties for Violations
6. Short Swing Profits: Section 16(b)
7. Proxy Regulation

E. EDGAR
F. STATE SECURITIES REGULATION
G. THE SECURITIES MARKETS

1. Introduction
2. Trading on the New York Stock Exchange

3. Other Trading Systems
4. Understanding the Newspaper and Internet Reports of Stock Trading

H. TRADING IN CYBERSPACE
I. NEW TOPICS IN SECURITIES
J. STOCK MARKET INDEXES
K. ROLE OF PARALEGAL

XIV. CHANGES IN THE CORPORATE STRUCTURE AND CORPORATE COMBINATIONS

A. AMENDING THE ARTICLES OF INCORPORATIONS

1. Reasons
2. Procedure
3. Articles of Amendment

B. RESTATING THE ARTICLES OF INCORPORATION
C. AMENDING CORPORATE BYLAWS
D. CORPORATE COMBINATIONS

1. Mergers and Consolidations
2. Share Exchanges
3. Purchase of Assets
4. Limitation of Shareholder Remedies
5. De Facto Merger Doctrine and Freeze-Outs
6. Purchase of Stock
7. Hostile Takeovers
8. Leveraged Buy-Outs and Share Repurchases
9. Governmental Regulation

E. DOMESTICATION AND ENTITY CONVERSION
F. ROLE OF PARALEGAL

XV. QUALIFICATION OF FOREIGN CORPORATION

A. BASIS FOR QUALIFICATION
B. TRANSACTING BUSINESS
C. PROCEDURES IN QUALIFICATION
D. EFFECTS OF QUALIFYING
E. EFFECTS OF FAILURE TO QUALIFY
F. EFFECT OF CHANGES TO DOMESTIC CORPORATION
G. WITHDRAWAL OF FOREIGN QUALIFICATION
H. REVOCATION OF QUALIFICATION BY STATE
I. ROLE OF PARALEGAL

XVI. TERMINATION OF CORPORATE EXISTENCE

A. DISSOLUTION

1. Voluntary Dissolution
2. Administrative Dissolution
3. Involuntary Dissolution

B. LIQUIDATION

1. Nonjudicial Liquidation
2. Judicial Liquidation
3. Claims Against the Corporation

C. DISTRIBUTIONS TO SHAREHOLDERS
D. DIRECTORS' DUTIES TO MINORITY SHAREHOLDERS
E. CORPORATE BANKRUPTCY
F. ROLE OF PARALEGAL

XVII. CORPORATE VARIATIONS

A. CLOSE CORPORATIONS

1. Characteristics
2. Formation
3. Restrictions on Transfer of Shares
4. Operation

B. NONPROFIT CORPORATIONS

1. Formation
2. Operation
3. Exemption from Taxation

C. PARENT AND SUBSIDIARY CORPORATIONS

1. Formation and Characteristics
2. Liability of Parent for Subsidiary's Debts

D. PROFESSIONAL CORPORATIONS
E. S CORPORATIONS
F. ROLE OF PARALEGAL

XVIII. SPECIAL TOPICS IN BUSINESS LAW

A. ETHICS

1. Introduction
2. Business Ethics
3. Ethical Approaches
4. Making Decisions
5. Legal Duties
6. Ethical Codes

B. TRANSACTIONAL AND BUSINESS LAW PRACTICE

1. Private Corporate Law Practice
2. **In-House Corporate Practice**

Methods of Instruction:

Methods of instruction may include, but are not limited to the following:

- **Method:** Analyze and examine

Integration: The instructor will work to enable students to analyze and examine the nature and extent of business organizations available in California, including the documentation required for formation, maintenance, and dissolution, as well as the rights and obligations of partners, members, shareholders, officers and directors, lecture and the use of multi-media presentations, including PowerPoint, and internet searches of the Department of Corporations, the Secretary of State and the United States Securities and Exchange Commission.

- **Method:** Legal analysis
  Integration: The instructor will introduce students to business forms and case law that demonstrate the applicable legal issues pertaining to creation and operation of business organizations and state and federal regulation and the reasons for applicable standards upon judicial review of decisions involving business organizations and ensure student in-class participation in the analytical process.
- **Method:** Student presentations
  Integration: Students will participate in mock client interview sessions to analyze factors involved in the selection of the form of business organization.
- **Method:** Guest Speakers
  Integration: Students will hear guest speakers in areas of expertise on pertinent topics, such as piercing the corporate veil to reach the personal liability of shareholders, the additional steps required to form nonprofit corporations, and officer and director liabilities to shareholders or third parties.
- **Method:** Analyze and devise
  Integration: Instructors will work with students to enable students to analyze the business dissolution process, devise a mock scenario of board of directors or partnership meeting at which the need for dissolution will be addressed and voted on.

Methods of Evaluation:

A student's grade shall be determined by the instructor using multiple measures of performance related to the course objectives. Methods of evaluation may include but are not limited to the following:

- **Method:** Written analysis and evaluation
  Integration: Students will be evaluated on quality and substance of presentations of mock client interviews to determine the student's understanding of the facts needed to select the optimum business structure.
- **Method:** Practice quizzes
  Integration: Students will be tested on the procedures applicable to all aspects of business organizations, including formation, maintenance of corporate records, and the duties and rights of partners, members, officers, directors, and shareholders.
- **Method:** Written analysis and evaluation
  Integration: Students will submit written assignments in the areas of document preparation, such as articles of formation, minutes of meetings, by-laws, partnership agreements, and management agreements, which will include attention to grammar, syntax and punctuation and clarity of communication.
- **Method:** Mid-Term Examination
  Integration: Students will take a mid-term examination to demonstrate comprehension of policies underlying the statutes and regulations affecting business organizations, as well as the reasons for the content of documentation.
- **Method:** Final Examination
  Integration: Students will take a final examination to demonstrate student comprehension of policies underlying the statutes and regulations affecting business organizations, as well as reasons for the content of documentation.

Examples of Assignments:

Students will be expected to understand and critique college level texts or the equivalent. Reading and writing, as well as out of class assignments are required. These assignments may include but are not limited to the following:

1. Based on hypothetical facts, draft a general partnership agreement for three partners to demonstrate the student' understanding of the law and underlying policies, which will include attention to grammar, syntax and punctuation and clarity of communication.

2. Based on different hypothetical facts, select the appropriate business structure and draft either a limited liability company operating agreement or articles of incorporation, by-laws and minutes of first meeting, in order to assess the student's ability to differentiate between the need for one structure versus another.
3. Based on different hypothetical facts, document the agreements or pleadings needed to dissolve a partnership or corporation to demonstrate the student's ability to analyze the strategy required for winding up and dissolving the corporate business.
4. Based on hypothetical facts, research whether or not a client might be able to pierce the corporate veil of a debtor corporation and draft a legal memorandum thereon which will elicit the student's understanding of the need to maintain sufficient corporate records to ensure the limited personal liability available under applicable law.
5. Based on hypothetical facts derived from recent financial or business news research potential factual violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 and draft a legal memorandum thereon in order to demonstrate the student's ability to apply the law to the business world.

Textbooks:

- Bouchoux, Deborah E. (2016). *Business Organizations for Paralegals , 7th Edition (no newer edition available)* Aspen Publishing . ISBN: 9781454808664

Other Resources:

Minimum Qualification

- Law (Masters Required)