

BUSINESS ASSOCIATIONS (BUS 6235.01)
SYLLABUS & RULES
VERMONT LAW & GRADUATE SCHOOL – FALL 2024

Prof. Benjamin C. Varadi
bvaradi@vermontlaw.edu

Class Time: 2:10 PM – 3:25 PM, Tuesday/Thursday/Friday
Location: Oakes 110
Teaching Assistants: Ms. Renna, nicolerenna@vermontlaw.edu
Miss Chafouleas, margaretchafouleas@vermontlaw.edu

Office Hours: Meetings with Prof. Varadi are [by appointment](#), in-person, or electronically. While I am happy to meet with you, given the class size, please direct your questions on administrative matters and the like first to our teaching assistants. TA office hours and contact information will be announced the first week of class.

Notice: This document is intended as a general guide. It may (and almost certainly will) be modified based on course progression, scheduling conflicts, weather, and otherwise.

Learning Management Platform: Microsoft Teams has been selected for attendance, class messaging, resource-sharing, and coordination because, among the available options, it is the tool you are most likely to interact with in practice. **It is your sole responsibility to check Teams regularly, as we will be using it heavily for attendance, course assignments, discussion, resource access, and announcements.** If you cannot access the Team for this class at any time, for any reason, you must inform Prof. Varadi immediately by email. If your problem is of a technical nature, contact helpdesk@vermontlaw.edu.

Course Description: This course seeks to provide a basic understanding of the different organizational forms for businesses, including corporations, limited liability companies, partnerships, general partnerships, nonprofit corporations, cooperatives, and sole proprietorships. It also examines the law of agency and surveys selected topics relevant to the practice of business law and to the bar exam.

Objectives and Outcomes: By the end of the course, students should understand the various types of business entities and legal considerations across their lifecycles, including formation, governance, and dissolution. Students will also develop facility with legal concepts relating to the relationships and obligations between business entity stakeholders, including the laws of agency and fiduciary duty.

Continued on Next Page.

Required Text: The primary text for this course is Epstein, Freer, Roberts and Shepherd, BUSINESS STRUCTURES (West Academic, 6th ed. 2024), ISBN 9781636590905. You may use the electronic version if you prefer. We will not refer to the additional electronic “Casebook Plus” content and you are not required to purchase it. Neither version will be permitted in exams (discussed further *infra* at page 4). Additional resources will be provided via Teams as required.

Note on Casebook Edition: The 6th edition of the Epstein, Freer text contains approximately 15% new material when compared to the prior edition. It is required. A copy will be placed on reserve in the library. All assignments will relate to page numbers in this edition, and no assistance will be available to students who purchase older texts. Please consider that the time involved in cross-referencing is likely far more substantial than any potential cost savings.

Optional Text: The relevant statutory material is provided in the casebook (occasionally, in notes or footnotes). Students who *prefer* a discrete physical volume should purchase Stephen Bainbridge, BUSINESS ASSOCIATIONS: AGENCY, PARTNERSHIPS, LLCs, AND CORPORATIONS, 2024 STATUTES AND RULES (West Academic, 2024), ISBN 9798892091152. Other versions after 2020 are also appropriate. Be sure to get the supplement, not the casebook. Such a text will not be permitted in exams. **We will not rely on statutory material outside the casebook or as otherwise provided via Teams.**

Supplements: You are welcome and encouraged to use whatever external resources best support your understanding and fit your learning style. Here are a few thoughts:

The lead author of our casebook also wrote A SHORT & HAPPY GUIDE TO BUSINESS ORGANIZATIONS, (West Academic, 2d. ed. 2020), ISBN 9781647083731. It is available online for free via [our library](#), as are many other [West Academic](#) texts. I personally find this volume a bit too short and too happy, but my perspective may have been skewed by more than a decade of business law practice, and I encourage your feedback if you find it helpful or too cursory.

For a more “textbook-like” summary, casebook co-author Freer also contributed to PRINCIPLES OF BUSINESS ORGANIZATIONS (West Academic, 2d. ed. 2018), ISBN 9781634607612, which can also be accessed [electronically](#).

For exam preparation, students have spoken favorably of Michael Chasalow’s ACING BUSINESS ORGANIZATIONS (West Academic, 3d. ed., 2023), ISBN 9781642422344 (also available [online](#)).

I do not pretend that my lecture approach is universally applicable. For those who want to hear another take (or with long commutes), the *Sum & Substance* and *Law School Legends* audio guides are both excellent and available free through the [West Academic mobile application](#).

The Center for Computer-Assisted Legal Instruction (“CALI”) offers an array of [interactive study aids](#), at least one of which will be assigned. Many cover advanced finance and governance topics we will not address in this course, but if you feel that you could benefit from a quiz-based format, looking here might be worthwhile. The necessary code to create a CALI account is: VERMONstu222

Professionalism & Formality: In the classroom and when discussing the course, I prefer to be referred to as Professor Varadi. In casual conversation not related to the course, informal address is encouraged. Students are similarly expected to refer to themselves and each other formally. We will clarify your appellations in class, although you are welcome to email me in advance if that is your preference.

You are expected to comport yourself professionally as that term is commonly understood at VLGS and in law practice. When in doubt, endeavor to arrive timely and prepared, minimize disruption, communicate clearly, and demonstrate respect and courtesy for the classroom and your peers. VLGS policy prohibits eating in class. Beverages are permitted.

Written correspondence should be drafted formally, viz., as to a court clerk or more senior counsel. Per VLGS policy, electronic correspondence is not confidential and may be reviewed by IT staff or law school administration.

A demonstrated lack of professionalism may adversely impact your participation & professionalism grade (as discussed *infra* at page 4).

Attendance: The VLGS Academic Regulations require that a student who is absent from 20% of regularly scheduled classes shall be withdrawn with a grade of F- Wd. Warning is not required, and the Registrar shall effect the withdrawal automatically. **If you believe you have a circumstance warranting an exception to this policy, contact the Dean for Students.**

Attendance will be taken via Teams. **It is your sole responsibility to indicate your presence in the required format.** If you are unable to indicate your presence, you must contact the designated TA before 5:00 PM that day. Indicating attendance on behalf of another student or facilitating such indication is a violation of the Honor Code.

If you cannot attend class due to medical, religious, or other circumstances truly beyond your control, please provide the courtesy of notification no later than the following day. I do not have independent authority to excuse absences, but your clarification is appreciated.

I will attempt to stream all classes live via Teams and provide class recordings; however, this is not guaranteed. It is the student's responsibility to develop an understanding of the material regardless of class attendance.

Scheduling: Class will be held at the regularly scheduled times, subject to the [Academic Calendar](#) (e.g., we will not have class during Fall Break) and official closures. Additionally, there will be no class on October 3 (Rosh Hashanah). Depending on the circumstances, other classes may be canceled, rescheduled, or presented in electronic formats. These changes, as well as make-ups, will be announced. Mid-term and final exam review sessions are typically offered and will be announced.

Snow Day Policy: In the event of an official school closure due to adverse weather conditions, class will not be held (online or otherwise). Ordinarily, no new reading assignment will issue. A make-up class will be scheduled as necessary.

Evaluation: 20% of your grade will be based on class participation and professionalism. You are never required to have the correct answers but are expected to participate, demonstrate respect for the classroom, class time, and your peers, and bring intellectual rigor and good faith effort to your assignments and class interaction.

Participation is a minimum threshold, not a competitive score. Just be prepared and thoughtful. Transactional law can attract practitioners who are not enthusiastic about extemporaneous public speaking, and I will endeavor to provide opportunities for advance or alternative preparation if requested. Participation in Teams, including sharing relevant news items, questions, or thoughts about the material, constitutes participation.

Excessive late arrivals, whispering, and other disruptive behavior may adversely affect this score. Your professionalism score is not a measure of your comportment generally, but an incentive to refrain from behavior that may inhibit others' learning. If you have questions about this policy, please ask in advance.

An **open-note mid-term exam worth 20% of your final grade** will be administered, likely a mix of short- and long-answer questions. This is not my general preference, but the course material we are working with is best supported by it, as is the expectation that you will retain foundational knowledge to support further bar exam preparation. The midterm will take place during class and last approximately one hour. We will discuss further in class.

The **remainder of your grade will be an open-note final exam.** It will be administered during the four-hour examination period and will likely follow the same format as the mid-term.

These evaluations largely involve the careful selection and proper application of the appropriate legal concepts with limited subjectivity. If your notes and outlines are thoughtful and organized, you will do fine.

Exams will be open-note only. You may utilize printed copies of outlines, class notes, mind maps, and the like that you have created independently or in study groups. Electronic resources, commercial outlines, and bound books will not be permitted. This, too, is not my preference; however, it is necessitated by the school's testing platform.

Note on Testing Accommodations: All exam grading is anonymous. Students are very strongly encouraged to avail themselves of any accommodations that may be available, however, I have no independent authority in this regard and, in the interest of preserving anonymity, would prefer not to know of these circumstances. Students should carefully familiarize themselves with the relevant application procedures and timelines provided in the Student Handbook.

Note on Inclusive Practices: I endeavor to maintain an inclusive and accessibility-first approach to lectures and course materials. If you believe that your learning experience could be enhanced by modifications to teaching materials (notably PowerPoint) or practices, this feedback is welcome. I cannot guarantee adoption, but promise serious consideration. We will discuss options for making anonymous and/or private suggestions in class.

Course Outline: In order to facilitate a dynamic collective progress through the material and the opportunity to explore interests as they arise, this outline seeks only to illustrate our flow through the material. I have found that students better internalize material when time and attention are focused on the assigned materials rather than reading ahead, and will therefore post specific reading assignments to Teams in advance of their immediate due dates.

For those who simply can't bear that level of uncertainty, you will find that most readings correlate with the associated book chapters and that we tend to average around fifteen pages per class.

If you have pressing work, childcare, or other significant reasons why you *must* conduct reading in advance, I am prepared to accommodate, subject to the previously discussed reservation of an absolute right to alter or amend this overview in my sole discretion.

- I. Introduction: What Businesses Do**
 - a. Different Views of the Role of Business
 - b. View of Courts on the Role of Business
 - c. Lawyers' Views on the Role of Business

- II. Agency Law**
 - a. Agency and Tort liability
 - b. Agency and Fiduciary Duties
 - c. Agency in Contract Cases
 - d. Specific Agency Relationships

- III. Entity Structure Overview**
 - a. Background and the Sole Proprietorships
 - b. Multiple Owners and Formal Structures
 - c. Tax Considerations

- IV. General Partnerships**
 - a. Definition
 - b. Partnership Law
 - c. Legal Issues in Starting a Partnership
 - d. Legal Issues in Operating a Partnership
 - e. Legal Issues in Funding and Adding Partners
 - f. Making Money for the Partners
 - g. Termination of the Partnership

- V. The Corporation: Introduction**
 - a. Definition
 - b. Forming a Corporation
 - c. Legal Issues in Starting a Corporation

- VI. The Corporation: Operation**
 - a. Liability to Creditors
 - b. Making Decisions

VII. Duties of Corporate Decisionmakers

- a. Generally
- b. Duty of Care
- c. Duty of Loyalty
- d. Duty of Good Faith
- e. Derivative Suits
- f. Shareholders' Right to Inspect
- g. Indemnification
- h. Dividends

VIII. Business Finance

- a. Financial Statements and Determining Value
- b. Sources of Funding
 - i. Debt Financing
 - ii. Equity Financing

IX. The Close Corporation

- a. Definition and Management
- b. Keeping Outsiders Out
- c. Fiduciary Duties
- d. Receiving Salaries
- e. Involuntary Dissolution

X. The Public Benefit Company (aka "B-Corp")

- a. Definition
- b. Statutory Authority
- c. Requirements and Special Considerations

XI. Nonprofit Entities

- a. Definition
- b. Statutory Authority
- c. Legal Issues in Starting a Nonprofit
- d. Legal Issues in Operating a Nonprofit
- e. Legal Issues in Funding a Nonprofit
- f. Termination of the Nonprofit

XII. The Limited Partnership

- a. Sources of Law
- b. Legal Issues in Starting a Limited Partnership
- c. Legal Issues in Operating a Limited Partnership
- d. Duties
- e. Legal Issues in Transferring Limited Partnership Interests
- f. Withdrawal and Dissolution
- g. Limited Partnerships vs. Limited Liability Partnerships

XIII. The Limited Liability Company

- a. Definition
- b. Legal Issues in Starting a Limited Liability Company
- c. Legal Issues in Operating a Limited Liability Company
- d. Transfer of Interest and Withdrawal
- e. Dissolution
- f. Special Form: Series LLC

XIV. Cooperatives

- a. Definition(s)
- b. Sources of Authority
- c. Legal Issues in Starting a Cooperative
- d. Legal Issues in Operating a Cooperative

XV. Securities Regulation

- a. Background on Securities Regulation
- b. Rule 10b-5
 - i. Securities Fraud
 - ii. Tipper/Tippee Liability