

BUSINESS ENTERPRISES:
LEGAL STRUCTURES, GOVERNANCE,
AND POLICY
CASES, MATERIALS, AND PROBLEMS

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Cases, Materials, and Problems

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DEDICATIONS

Douglas M. Branson

I dedicate this book to my co-authors, who remained of good cheer throughout, and to my wife, Elizabeth Hurtt.

Joan MacLeod Heminway

I dedicate this book to Merrit, Helen, and Lou, who afforded me the time and knowledge I needed to accomplish this.

Mark J. Loewenstein

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Marc I. Steinberg

I dedicate this book to my wonderful family — my wife Laurie, my daughter Alexandra (Alex), and my sons Avram (Avi) and Phillip (Bear) — with all of my love.

Manning Gilbert Warren III

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— Douglas Branson

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PREFACE

In this book, five law professors from across the country have assembled cases, problems, and other materials for use in an introductory Business Associations, Business Organizations, Corporations, or similar law school course. Each author brings to the book his or her individual experience in the teaching and practice of the subject matter and his or her own voice.

This teaching and learning resource is designed to provide comprehensive coverage of state and federal law and policy governing the legal structures through which business is conducted in the United States, principally including unincorporated and incorporated business entities (as opposed to sole proprietorships). The authors generally anchor this law and policy in relevant theory and practice. In carrying out its objectives, the book covers foundational issues relating to agency and entity formation, corporate finance, internal governance, and legal liability to third parties. Moreover, the text covers fundamental state and federal rules governing corporate transactions and litigation and, in its final chapter, touchstone issues relating to the role of legal counsel in representing business enterprises. Importantly, the book focuses on privately held entities and also provides comprehensive coverage of the basics of public company theory, policy, law, and practice.

Each chapter begins with a title and a narrative that covers an introductory point or otherwise sets the stage for the materials that follow. Consideration is given to both legal analysis and practice issues. A number of chapters include significant descriptions of applicable theory and policy as framing devices for the chapter contents.

The materials in each chapter have been selected to afford adequate coverage of business law basics (including, for example, fundamental corporate finance and takeover nomenclature and other information necessary to an understanding of transactional business law). Law review articles, glossaries, charts, and textual citations to statutes and other materials supplement the standard fare of case law. Moreover, in key areas of study, the text allows for a comparison of laws and practices in other countries with those of the United States. These parts of the book are especially important, since more and more students must handle international contracts, transactions, or cases in the early years of their practice. To reinforce key principles and analysis, the book includes notes and problems that permit the integration of concepts and foster applied skills.

In short, this text allows for coverage of law, underlying theory and policy, and practice skills. In one volume, the book contains material sufficient to educate an emerging lawyer to function in general business law practice in a transactional or advocacy-oriented setting. In creating this resource, the five authors, all of whom have extensive academic and practical credentials, seek to create a comprehensive, introductory resource for students regardless whether they will subsequently practice in small, medium or large-sized firms here in the United States or abroad. In our increasingly electronic and global world, these students need wide-ranging, inclusive, applied knowledge of the legal aspects of business enterprises — structures, governance, and policy — and this book is designed to foster that knowledge.

TABLE OF CONTENTS

Chapter 1	INTRODUCTION	1
Chapter 2	THE LAW OF AGENCY	9
A.	DEFINING THE AGENCY RELATIONSHIP	9
	<i>Thayer v. Pacific Electric Railway</i>	9
	NOTES AND QUESTIONS	11
	<i>A. Gay Jenson Farms Co. v. Cargill, Inc.</i>	12
	NOTES AND QUESTIONS	16
	PROBLEMS	16
B.	CONTRACTUAL POWERS OF AN AGENT	17
1.	An Agent's Express Authority	19
	<i>King v. Bankerd</i>	19
	NOTE	22
2.	An Agent's Apparent Authority	22
	<i>Smith v. Hansen, Hansen & Johnson, Inc.</i>	22
	NOTES	25
	PROBLEM	27
C.	DUTIES OF PRINCIPALS AND AGENTS	28
1.	Duties of the Principal	28
2.	Duties of the Agent	28
a.	Duty of Care	28
	<i>Carrier v. McLlarky</i>	28
	NOTES AND QUESTIONS	30
b.	Duty of Disclosure	30
	<i>Olsen v. Vail Associates Real Estate, Inc.</i>	30
	NOTE	33
	PROBLEM	33
c.	Duty of Loyalty	33
	<i>Gelfand v. Horizon Corp.</i>	33
	NOTES AND QUESTIONS	36
D.	VICARIOUS LIABILITY FOR NEGLIGENT ACT	37
1.	Introductory Note on Terminology	37
2.	The Control Test	38
	<i>Kane Furniture Corp. v. Miranda</i>	38
	NOTE	42
3.	The Scope of Employment	42
	<i>Clover v. Snowbird Ski Resort</i>	42
	NOTE	46
	PROBLEM	47
E.	VICARIOUS LIABILITY FOR INTENTIONAL MISCONDUCT	47

TABLE OF CONTENTS

	<i>Ira S. Bushey & Sons v. United States</i>	48
	NOTES AND QUESTIONS	50
	PROBLEM	51
Chapter 3	THE LAW OF UNINCORPORATED BUSINESS ENTITIES ..	53
A.	INTRODUCTION	53
B.	GENERAL PARTNERSHIPS	55
1.	The Definition of a Partnership	55
	<i>Ziegler v. Dahl</i>	55
	QUESTION	58
2.	When a Partner Is Not a Partner	59
	<i>Serapion v. Martinez</i>	59
	NOTES AND QUESTIONS	65
	PROBLEM	66
3.	Partnership Property	66
4.	The Authority of Partners	67
a.	Actual Authority	67
	<i>Summers v. Dooley</i>	67
b.	Apparent Authority	68
	<i>RNR Investments Limited Partnership v. Peoples First</i> <i>Community Bank</i>	68
	NOTES AND QUESTIONS	72
	PROBLEM	72
5.	Liability for a Partner's Fraud	72
	<i>Rouse v. Pollard</i>	72
	NOTES AND QUESTIONS	74
6.	Rights and Duties Among Partners	74
a.	Duty of Care	74
	<i>Bane v. Ferguson</i>	74
	NOTES AND QUESTIONS	76
	<i>Moren v. Jax Restaurant</i>	77
	NOTE AND QUESTION	79
	PROBLEM	79
b.	Duty of Loyalty (Partnership Opportunity)	79
	<i>Meinhard v. Salmon</i>	79
	NOTES AND QUESTIONS	83
c.	Duty of Loyalty (Conflict of Interest)	83
d.	Contracting Around Fiduciary Duties	86
7.	Dissociation and Dissolution	87
a.	The Dissolution Concept under UPA and RUPA	87
b.	Liquidation Rights	88
C.	LIMITED PARTNERSHIPS	89
1.	Organizational Requirements	89

TABLE OF CONTENTS

2.	The Agreement of Limited Partnership	89
	QUESTION	90
3.	The Limited Partner	90
a.	Participation in the Business of the Limited Partnership	90
	<i>Gateway Potato Sales v. G.B. Investment Co.</i>	91
b.	The Limited Partner as Agent of the Corporate General Partner	94
	<i>Zeiger v. Wilf</i>	94
	PROBLEM	98
c.	Limited Partner's Right to Maintain a Derivative Action	98
4.	The General Partner	99
	<i>Appletree Square I Limited Partnership v. Investmark, Inc.</i>	99
	NOTES AND QUESTIONS	101
	<i>Brickell Partners v. Wise</i>	102
	NOTES AND QUESTIONS	105
	PROBLEM	105
D.	LIMITED LIABILITY COMPANIES	106
1.	Formation; Operating Agreement	106
	<i>Elf Atochem North America, Inc. v. Jaffari</i>	106
	NOTE	111
2.	The LLC as an Entity Apart from Its Members	111
	<i>Abraham & Sons Enterprises v. Equilon Enterprises, LLC</i>	111
	NOTES AND QUESTIONS	114
	<i>Premier Van Schaack Realty, Inc. v. Sieg</i>	114
	NOTES AND QUESTIONS	117
3.	Authority of Members	118
	<i>Taghipour v. Jerez</i>	118
	NOTES AND QUESTIONS	121
4.	Fiduciary Duty of Members	122
	<i>McConnell v. Hunt Sports Enterprises</i>	122
	NOTES AND QUESTIONS	127
	<i>Katris v. Carroll</i>	127
	QUESTION	131
5.	Fiduciary Duty of Managers	131
6.	Expulsion of a Member	132
7.	Some Miscellaneous Issues	132
	PROBLEM	133
Chapter 4	THE PROCESS OF INCORPORATION	135
A.	INTRODUCTION	135
B.	MECHANICS OF INCORPORATION	136
C.	TAILORED ARTICLES OF INCORPORATION (PRIVATE ORDERING)	138
D.	CHOICE OF THE STATE OF INCORPORATION	142

TABLE OF CONTENTS

E.	ETHICAL CONSIDERATIONS	143
	PROBLEMS	143
F.	TAXONOMY OF CORPORATIONS	143
G.	DEFECTIVE INCORPORATION	145
	<i>Thompson & Green Machinery Co. v. Music City Lumber Co.</i>	146
	NOTES AND QUESTIONS	148
	PROBLEM	149
I.	CORPORATE DEATH (INVOLUNTARY DISSOLUTION)	149
	<i>Equipto Division Aurora Equip. Co. v. Yarmouth</i>	149
	PROBLEM	152
J.	PROMOTER'S LIABILITY ON PREINCORPORATION CONTRACTS . . .	152
	PROBLEM	154
K.	LIABILITY ON PREINCORPORATION CONTRACTS — THE CORPORATION'S VIEWPOINT	155
L.	ULTRA VIRES	155
1.	Introduction	155
2.	Reasons for the Decline of the Doctrine	156
3.	Ultra Vires Statutes	157
	<i>Total Access, Inc. v. Caddo Electric Cooperative</i>	157
	NOTES AND QUESTIONS	158
	PROBLEM	161
M.	THE ORGANIZATIONAL MEETING	161
Chapter 5 THE REGULATION OF SECURITIES OFFERINGS		165
A.	WHAT IS A SECURITY?	165
	<i>Wartzman v. Hightower Productions, Ltd.</i>	165
1.	Stock	167
2.	Notes	167
3.	Investment Contracts	167
	<i>Securities and Exchange Commission v. W.J. Howey Co.</i>	168
	NOTE	170
B.	THE EXEMPTION-REGISTRATION QUERY	170
C.	EXEMPTIONS FROM REGISTRATION	173
1.	The Statutory Private Offering Exemption — § 4(2)	173
	<i>Securities and Exchange Commission v. Ralston Purina Co.</i>	173
	NOTE	175
2.	Rule 506 of Regulation D	176
3.	The Limited Offering Exemptions	177
a.	The Section 4(6) Exemption	177
b.	The Section 3(b) Exemptions	177
4.	Intrastate Offerings	178
D.	OVERVIEW OF THE REGISTRATION PROCESS	179
E.	"GOING PUBLIC" — PROS AND CONS	180

TABLE OF CONTENTS

F.	A BRIEF LOOK AT THE PROCESS OF A PUBLIC OFFERING	181
G.	STATE “BLUE SKY” LAW	182
H.	THE REGISTERED OFFERING — FRAMEWORK OF SECTION 11	182
	<i>Escott v. Barchris Construction Corporation</i>	183
I.	THE SARBANES-OXLEY ACT	183
1.	CEO and CFO Certifications	184
2.	Audit Committee	185
3.	Forfeiture of Bonuses and Profits	185
4.	Officer and Director Bars	186
5.	Prohibition of Loans to Directors and Officers	186
6.	Management Assessment of Internal Controls	186
7.	Real-Time Disclosure	187
8.	Accounting Oversight Board	187
Chapter 6	BASIC CORPORATE FINANCE, ACCOUNTING, AND DISTRIBUTIONS	189
A.	INTRODUCTION AND GLOSSARY	189
B.	BASIC CORPORATE FINANCE	192
1.	Corporate Securities	192
a.	Equity Securities	192
i.	Common Stock	193
ii.	Preferred Stock	194
2.	Debt Securities	195
C.	THE BASICS OF FINANCIAL STATEMENTS	195
1.	Introduction	195
2.	Double-Entry Bookkeeping	196
3.	Balance Sheets	196
4.	Income Statements	197
	NOTES AND QUESTIONS	198
D.	DIVIDENDS AND OTHER DISTRIBUTIONS TO SHAREHOLDERS	198
1.	Introduction	198
2.	Basic Types of Distributions	199
3.	The Board of Directors’ Discretion	199
	<i>Gottfried v. Gottfried</i>	200
	<i>Dodge v. Ford Motor Co.</i>	203
	<i>Miller v. Magline, Inc.</i>	203
	NOTES AND QUESTIONS	207
4.	Limitations on Corporate Distributions Under Corporate Statutes	207
a.	Policies Supporting Limitations	207
b.	Balance Sheet or Capital Impairment Restrictions	208
c.	Earned Surplus Restrictions	209
d.	Solvency Restriction	209
5.	Director Liability for Improper Distributions	209

TABLE OF CONTENTS

	<i>Klang v. Smith's Food & Drug Centers, Inc.</i>	210
6.	Shareholder Liability for Improper Distributions	214
7.	Contractual Restrictions on Corporate Distributions	214
Chapter 7	LIMITATIONS ON LIMITED LIABILITY	215
A.	INTRODUCTION	215
	PROBLEMS	216
B.	GENERAL CHARACTERISTICS OF PIERCING THE CORPORATE VEIL	217
C.	FACTORS TO PIERCE THE CORPORATE VEIL	217
1.	Lack of Corporate Formalities	218
2.	Commingling of Corporate Affairs	219
3.	Undercapitalization	220
4.	Tort vs. Creditor	221
5.	Misrepresentation/Fraud	222
6.	An Empirical Study	222
D.	CONTEXT MATTERS WHEN PIERCING THE CORPORATE VEIL	224
1.	Individual Shareholder Liability	224
a.	Individual Shareholder Piercing: Tort	224
	<i>Minton v. Cavaney</i>	224
	<i>National Labor Relations Board v. West Dixie Enterprises, Inc.</i>	225
	<i>Baatz v. Arrow Bar</i>	227
b.	Individual Shareholder Piercing: Contract	229
	<i>Brunswick Corp. v. Waxman</i>	229
	NOTES AND QUESTIONS	230
2.	Business Enterprise Liability Doctrine	233
a.	Business Enterprise Liability: Tort	233
	<i>Walkovszky v. Carlton</i>	233
	<i>Gardemal v. Westin Hotel Co.</i>	236
b.	Business Enterprise Liability: Contract	239
	<i>OTR Associates v. IBC Services, Inc.</i>	239
	NOTE	241
F.	REVERSE VEIL PIERCING	241
	<i>Phillips v. Englewood Post No. 322 Veterans of Foreign Wars of the United States, Inc.</i>	241
G.	EQUITABLE SUBORDINATION: THE DEEP ROCK DOCTRINE	244
H.	PIERCING THE VEIL OF THE LIMITED LIABILITY COMPANY	245
I.	SHAREHOLDER LIABILITY UNDER FEDERAL LAW: ENVIRONMENTAL VEIL PIERCING	246
	<i>United States v. Bestfoods</i>	247

TABLE OF CONTENTS

Chapter 8	MANAGEMENT AND CONTROL OF THE CORPORATION	249
A.	SOCIAL RESPONSIBILITY	249
	<i>A.P. Smith Mfg. Co. v. Barlow</i>	249
	NOTES AND QUESTIONS	251
B.	CORPORATE PURPOSE	252
	<i>Dodge v. Ford Motor Co.</i>	252
	NOTES AND QUESTIONS	255
C.	CORPORATE GOVERNANCE	256
	<i>Mountain Manor Realty, Inc. v. Buccheri</i>	257
	NOTES AND QUESTIONS	260
D.	THE BOARD OF DIRECTORS AND ITS COMMITTEES	261
1.	The Function of the Board	261
2.	Board Structures	262
3.	Removal of Directors	263
	<i>Superwire.com, Inc. v. Hampton</i>	263
	NOTES AND QUESTIONS	265
	PROBLEM	265
4.	Equitable Restraints on Board Action	265
	<i>Schnell v. Chris-Craft Industries, Inc.</i>	266
	<i>Blasius Industries, Inc. v. Atlas Corp.</i>	267
	QUESTION	271
	PROBLEM	271
5.	Board Committees	271
6.	The Role of Officers	272
	<i>Grimes v. Alton, Inc.</i>	272
	NOTES AND QUESTIONS	275
E.	THE ROLE OF SHAREHOLDERS	276
	<i>International Brotherhood of Teamsters General Fund v. Fleming Companies, Inc.</i>	276
	NOTES AND QUESTIONS	280
	PROBLEM	281
F.	DUTY TO CREDITORS	281
G.	SHAREHOLDER VOTING	281
1.	Proxy Voting	281
2.	State Regulation	282
	<i>Lacos Land Company v. Arden Group, Inc.</i>	282
	NOTES AND QUESTIONS	286
	<i>Schreiber v. Carney</i>	287
	NOTES AND QUESTIONS	290
	PROBLEM	290
3.	Federal Regulation: Proxy Solicitations	291
	<i>Mills v. Electric Auto-Lite Co.</i>	291

TABLE OF CONTENTS

	NOTES AND QUESTIONS	296
	PROBLEM	296
3.	Federal Regulation: Shareholder Proposals	297
a.	The “Not Significantly Related” Exception	297
	<i>Lovenheim v. Iroquois Brands, Ltd.</i>	297
	NOTE ON “ORDINARY BUSINESS” EXCEPTION AND SOCIALLY	
	SIGNIFICANT ISSUES	301
b.	The “Election of Directors” Exception	301
	PROBLEM	302
H.	SHAREHOLDER INSPECTION RIGHTS	302
	<i>State Ex. Rel. Pillsbury v. Honeywell, Inc.</i>	302
	<i>Seinfeld v. Verizon Communications, Inc.</i>	304
	NOTES AND QUESTIONS	307
	PROBLEM	308
Chapter 9	PROBLEMS IN CLOSELY HELD CORPORATIONS	309
A.	INTRODUCTION	309
B.	FIDUCIARY DUTIES AMONG SHAREHOLDERS	310
	<i>Donahue v. Rodd Electrottype Co. of New England, Inc.</i>	310
	<i>Wilkes v. Springside Nursing Home, Inc.</i>	317
	NOTES AND QUESTIONS	321
	<i>Smith v. Atlantic Properties, Inc.</i>	322
	<i>Merola v. Exergen Corporation</i>	324
	NOTES AND QUESTIONS	327
	<i>Sletteland v. Roberts</i>	327
	<i>Rosenthal v. Rosenthal</i>	330
	<i>Hagshenas v. Gaylord</i>	330
C.	OPPRESSION, DEADLOCK, AND DISSOLUTION	333
	<i>Meiselman v. Meiselman</i>	334
	<i>In the Matter of Kemp & Beatley, Inc.</i>	335
	<i>Gimpel v. Bolstein</i>	339
D.	SHAREHOLDER AGREEMENTS AND OTHER CONTROL DEVICES	343
1.	Introduction	343
2.	Preemptive Rights, Supermajority Voting, and Classified Stock	344
a.	Preemptive Rights	344
b.	Supermajority Voting and Quorum Provisions	344
c.	Classification of Stock	345
	<i>Lehrman v. Cohen</i>	346
3.	Shareholder Voting Agreements and Irrevocable Proxies	350
a.	Pooling Agreements	350
b.	Voting Trusts	351
c.	Irrevocable Proxies	351
4.	Shareholder Agreements Restricting Board Discretion	352

TABLE OF CONTENTS

	<i>McQuade v. Stoneham</i>	353
	<i>Clark v. Dodge</i>	355
	<i>Galler v. Galler</i>	357
	NOTES AND QUESTIONS	361
5.	Restrictions on Transfers of Shares	363
a.	Introductory Note	363
b.	First Options and Refusals	364
	<i>In re Estate of Mather</i>	364
	<i>Lash v. Lash Furniture Company of Barre</i>	365
c.	Mandatory Buy-Outs	366
d.	Consent Restraints	367
e.	Marketability Restraints	367
f.	Judicial Interpretation	367
g.	Pricing Provisions	367
(i)	Book Value	368
(ii)	Capitalized Earnings	368
(iii)	Periodic Revisions	368
(iv)	Appraisals	369
6.	Fiduciary Duties in Implementing Restrictions on Transfer	369
	<i>Gallagher v. Lambert</i>	369
	<i>Pedro v. Pedro</i>	374
	<i>Jensen v. Christensen & Lee Insurance, Inc.</i>	378
	PROBLEM	379
Chapter 10	FIDUCIARY DUTY	381
A.	INTRODUCTION	381
B.	THE DUTY OF CARE	382
	<i>Brane v. Roth</i>	382
	NOTES	384
	PROBLEM	386
C.	VIOLATION OF DUTY	387
	<i>Francis v. United Jersey Bank</i>	387
	NOTES AND QUESTIONS	391
	<i>North American Catholic Educational Programming Foundation [NACEPF],</i> <i>Inc. v. Gheewalla</i>	393
	NOTES AND QUESTIONS	397
	PROBLEM	397
D.	CAREMARK DUTIES	398
	<i>Stone ex rel. AmSouth Bancorporation v. Ritter</i>	398
	NOTE	403
	PROBLEM	403
E.	PROXIMATE CAUSATION	403
	<i>Barnes v. Andrews</i>	403

TABLE OF CONTENTS

	NOTES AND QUESTIONS	404
F.	THE BUSINESS JUDGMENT RULE	404
	<i>Smith v. Van Gorkom</i>	404
	NOTES AND QUESTIONS	414
	Lyman Johnson, <i>The Modest Business Judgment Rule</i>	415
	American Law Institute	416
	Douglas M. Branson, <i>The Rule That Isn't a Rule — The Business Judgment Rule</i>	416
	NOTES	417
	PROBLEMS	419
G.	THE DUTY OF LOYALTY	420
	<i>State ex rel. Hayes Oyster Co. v. Keypoint Oyster Co.</i>	420
	NOTES AND QUESTIONS	422
	PROBLEM	423
H.	INTERESTED DIRECTOR TRANSACTIONS	423
	Del. Gen. Corp. Law § 144	423
	NOTES AND QUESTIONS	424
	PROBLEMS	428
I.	USURPATION OF A CORPORATE OPPORTUNITY	428
	<i>Today Homes, Inc. v. Williams</i>	428
	<i>Brandt v. Somerville</i>	431
	NOTES AND QUESTIONS	432
	PROBLEMS	435
J.	COMPETITION WITH THE CORPORATION	436
	ALI, Corporate Governance Project	436
	NOTES	436
	PROBLEM	438
K.	DIRECTORS' AND OFFICERS' COMPENSATION	438
	<i>Ryan v. Gifford</i>	438
	<i>In re Tyson Foods, Inc., Consolidated Shareholder Litigation</i>	441
	NOTES AND QUESTIONS	442
	PROBLEMS	445
	<i>In re The Walt Disney Company Derivative Litigation</i>	445
	NOTES	455
L.	AIDING AND ABETTING BREACHES OF FIDUCIARY DUTY	455
	<i>Koken v. Steinberg</i>	455
	NOTES AND QUESTIONS	457
M.	THREE ADDITIONAL (INCHOATE) FIDUCIARY DUTIES	458
1.	The Duty of Candor	458
	<i>Turner v. Bernstein</i>	458
	NOTES AND QUESTIONS	460
2.	The Duty of Good Faith	462
	Janet E. Kerr, <i>Developments in Corporate Governance: The Duty of Good Faith and Its Impact on Director Conduct</i>	462

TABLE OF CONTENTS

3.	The Duty to Act Lawfully	466
	PROBLEM	466
	NOTE	466
Chapter 11	DERIVATIVE LITIGATION	467
A.	INTRODUCTION	467
	PROBLEM	468
B.	THE SPECIAL LITIGATION COMMITTEE AND THE SCOPE OF JUDICIAL REVIEW	468
	<i>Zapata Corp. v. Maldonado</i>	468
	NOTES AND QUESTIONS	472
	<i>Desigoudar v. Meyercord</i>	472
	<i>Thompson v. Scientific Atlanta, Inc.</i>	476
	NOTES AND QUESTIONS	478
	PROBLEM	480
C.	WHEN IS DEMAND EXCUSED AS FUTILE?	481
	<i>Aronson v. Lewis</i>	481
	NOTES AND QUESTIONS	486
	<i>Shoen v. Sac Holding Co.</i>	487
	NOTES	494
	NOTES ON STRIKE SUIT ERA REFORMS	494
	PROBLEMS	497
D.	UNIVERSAL DEMAND	498
	<i>In re Guidant Shareholders Derivative Litigation</i>	498
	NOTES	500
	PROBLEM	501
E.	AVOIDING DERIVATIVE CHARACTERIZATION — DIRECT VERSUS DERIVATIVE	501
	<i>Tooley v. Donaldson, Lufkin & Jenrette, Inc.</i>	501
	NOTES AND QUESTIONS	504
	PROBLEM	505
Chapter 12	SECURITIES LITIGATION	507
A.	SECTION 11 OF THE SECURITIES ACT	507
	<i>Escott v. Barchris Construction Corporation</i>	507
B.	SECTION 10(b) OF THE SECURITIES EXCHANGE ACT	517
	PROBLEM	520
1.	The “Deception” or “Manipulation” Requirement	521
	<i>Santa Fe Industries, Inc. v. Green</i>	521
2.	Materiality	524
3.	The Reliance Requirement	526
	<i>Basic, Inc. v. Levinson</i>	526