

Table of Contents

	Page
PREFACE	III
ACKNOWLEDGMENTS	V
CHAPTER 1. FORMS OF BUSINESS ASSOCIATION—DEFINITIONS AND DISTINCTIONS	1
§ 1.1 The Corporation	1
§ 1.2 The Concept of Corporate Entity or Personality	2
§ 1.3 Exceptions to the Separate Legal Personality	3
§ 1.4 The Corporation and the Constitution	4
§ 1.5 Non-Tax Advantages of Corporations	7
§ 1.6 Disadvantages of the Corporate Form	9
§ 1.7 Characteristics of the Partnership	10
[1] Partnership in Context	10
[2] Partnership Defined	11
[3] Fiduciary Nature of Partnership	12
[4] Authority of Partners; Management of Partnership	15
[5] Partners' Liabilities	16
[6] Limited Liability Partnerships	16
[7] Dissolution and Dissociation	17
[8] The Revised Uniform Partnership Act	19
§ 1.8 The Joint Venture: A Form of Partnership	21
§ 1.9 The Limited Partnership	22
§ 1.10 Tax Considerations in Selecting a Business Form	25
[1] Tax Considerations in Selecting a Business Form	25
[2] The Check-the-Box Rules	26
§ 1.11 The Limited Liability Company	27
[1] Nature of Limited Liability Companies	27
[2] Fiduciary Duties in Limited Liability Companies	29
[3] Continuity of Existence and Transferability of Limited Liability Interests	31
[4] Management of Limited Liability Companies	32
[5] Piercing the Limited Liability Veil and Other Entity Issues	36
[6] Limited Liability Company Interests as Securities	37
[7] Professional Limited Liability Companies	37
§ 1.12 The Limited Liability Company—Operational Issues	38
§ 1.13 Loan to a Business Proprietor for a Share of the Profits; Sharing of Profits by Lessor or Employee	40
§ 1.14 The Joint Stock Company	41
§ 1.15 The Business Trust (Massachusetts Business Trust)	42
§ 1.16 Public or Government Corporations	44
§ 1.17 Municipal Corporations	44
§ 1.18 Charitable and Other Nonprofit Corporations	45

§ 1.19	The Corporation Sole.....	46
§ 1.20	Publicly Held Corporations and Close Corporations.....	46
§ 1.21	One-Person Companies; Family Corporations; Subsidiary Corporations	47
§ 1.22	The Joint Venture Corporation	48
§ 1.23	The Professional Corporation and PLLC	48
§ 1.24	Agency—Core Concepts	49
CHAPTER 2. THE EVOLUTION OF CORPORATIONS IN ENGLAND AND AMERICA.....		55
§ 2.1	Early American Corporations	55
§ 2.2	Evolution of American General Incorporation Laws.....	56
§ 2.3	Modern Corporation Acts	58
§ 2.4	The Race to the Bottom or the Race to the Top?	60
§ 2.5	Separation of Corporate Ownership from Control	63
§ 2.6	Reform Efforts, the American Law Institute’s Corporate Governance Project, and a Brief Introduction to the Sarbanes-Oxley Act of 2002	67
§ 2.7	Foreign Corporations.....	69
§ 2.8	Choice-of-Law Rule: The Internal Affairs Doctrine	70
§ 2.9	Benefit Corporations	71
CHAPTER 3. THE INCORPORATION PROCESS		81
§ 3.1	Selection of the Corporate Form.....	81
§ 3.2	Selecting the State of Incorporation.....	82
§ 3.3	The Usual Steps in the Formation and Organization of a Corporation.....	84
§ 3.4	Drafting the Articles of Incorporation.....	85
§ 3.5	Selection and Protection of a Corporate Name.....	86
§ 3.6	Statement of Purposes and Powers in the Articles	87
§ 3.7	Registered Agent and Principal Place of Business.....	88
§ 3.8	Incorporators and Initial Directors	89
§ 3.9	Optional Provisions in the Articles	90
§ 3.10	The Corporate Charter as a Contract	91
§ 3.11	Corporate Bylaws—the New Battleground	91
CHAPTER 4. THE SCOPE OF THE AUTHORIZED BUSINESS AND DUTIES TO OTHER CONSTITUENCIES		101
§ 4.1	Purposes, Powers and Profits	101
§ 4.2	Sources of Corporate Powers	103
§ 4.3	Implied Power—Charitable Contributions and Assistance to Employees	104
§ 4.4	Modern Statutory Treatment of <i>Ultra Vires</i> Acts	106
§ 4.5	Other Constituencies Statutes	108
§ 4.6	The American Law Institute and Corporate Objectives	110
CHAPTER 5. THE PROMOTION OF THE CORPORATION		113
§ 5.1	Functions of Promoters	113
§ 5.2	Pre-Incorporation Contracts: Questions Raised	114
§ 5.3	Liability of the Corporation on Pre-Incorporation Contracts	114
§ 5.4	Theories of Corporate Liability on Promoters’ Contracts	115
§ 5.5	Adoption and Ratification Theories.....	116
§ 5.6	The Corporation’s Right to Enforce Contracts.....	117

§ 5.7	Liability of Promoters on Pre-Incorporation Contracts	118
§ 5.8	Promoters' Liability After Corporation Adopts	120
§ 5.9	Statutes Relating to Pre-Incorporation Contracts	121
§ 5.10	Promoters' Fiduciary Obligations.....	121
§ 5.11	Fraudulent Devices Used by Promoters.....	123
§ 5.12	The Defense of Full Disclosure	123

**CHAPTER 6. DEFECTIVE FORMATION OF CORPORATIONS AND
REVIVAL OF EXISTENCE.....**

		127
§ 6.1	Problems Arising from Defects in Formation	127
§ 6.2	Corporation De Jure	129
§ 6.3	The De Facto Doctrine.....	129
§ 6.4	Basis of the De Facto Doctrine	130
§ 6.5	Corporation by Estoppel.....	130
§ 6.6	Liability of Participants: Active Versus Passive Participation	132
§ 6.7	Statutes Pertaining to Defective Corporations.....	133

**CHAPTER 7. THE SEPARATE CORPORATE ENTITY: PRIVILEGE AND
ITS LIMITATIONS**

		137
§ 7.1	The Corporate Entity	137
§ 7.2	Limited Liability Reconsidered	138
§ 7.3	Approaches Used to Disregard the Corporate Entity	141
§ 7.4	Lack of Formality and Confusion of Affairs as Bases for Piercing the Corporate Veil.....	143
§ 7.5	Dominating the Corporation's Affairs as the Basis for Piercing the Corporate Veil.....	145
§ 7.6	Inadequate Capitalization as a Factor for Piercing the Veil	146
§ 7.7	Definitions: "Parent Company," "Holding Company," "Subsidiary," and "Affiliate"	148
§ 7.8	Disregarding the Separate Entity in the Parent-Subsidiary Context	149
§ 7.9	The Corporation's Separate Entity Under State and Federal Statutes.....	150
§ 7.10	Subordination of Controlling Stockholders' Loans and Guaranties.....	151
§ 7.11	Reverse-Piercing of the Corporate Veil	153

**CHAPTER 8. POWERS OF OFFICERS AND AGENTS; TORT AND
CRIMINAL LIABILITY OF CORPORATIONS.....**

		157
§ 8.1	Introduction and a Summary of Rules Regarding the Agent's Authority	157
§ 8.2	Corporate Officers and Their Sources of Power	157
§ 8.3	Selection of Officers	158
§ 8.4	Removal or Resignation of Officers or Agents	159
§ 8.5	The Chief Executive Officer's and President's Authority	159
§ 8.6	Authority of the Chairman of the Board.....	161
§ 8.7	The Vice President's Authority.....	162
§ 8.8	The Secretary's Authority.....	162
§ 8.9	The Treasurer's Authority; the Comptroller's Duties	163
§ 8.10	Ratification of Unauthorized Contracts or Transactions.....	163
§ 8.11	Constructive Knowledge of the Corporation.....	164
§ 8.12	Formal Evidence of an Officer's Authority	165
§ 8.13	Criminal Liability of Corporations	165

§ 8.14	Criminal Liability of Officers and Directors	167
CHAPTER 9. FUNCTIONS AND POWERS OF DIRECTORS.....		171
§ 9.1	The Traditional Pattern of Corporate Governance	171
§ 9.2	Continuing Efforts to Strengthen the Monitoring Role of the Board of Directors	172
§ 9.3	Changes in the Statutory Description of Functions of the Board of Directors	183
§ 9.4	Authority and Powers of the Directors.....	184
§ 9.5	Necessity for Board Action in a Lawfully Convened Meeting	186
§ 9.6	Statutes Authorizing Informal Board Action	188
§ 9.7	The Notice Requirement for Board Meetings	188
§ 9.8	Directors' Meetings: Place, Call, Quorum, Votes, Disqualification by Interest	190
§ 9.9	The Virtual Board: Melding Electronic Media to the Conduct of Board Meetings	191
§ 9.10	Governance and Authority Within the LLC	192
§ 9.11	The Power of Shareholders to Control the Acts of Directors	194
§ 9.12	Board Vacancies	198
§ 9.13	Removal of Directors by Shareholders	199
§ 9.14	Removal of Directors by Action of the Board of Directors	201
§ 9.15	Judicial Removal of Directors	202
§ 9.16	Committees of the Board of Directors	202
§ 9.17	Limitations on Delegation of Board Powers to Committees.....	206
§ 9.18	Responsibility of Noncommittee Directors for Committee Actions	207
§ 9.19	Management Agreements and Other Corporate Contracts Delegating Authority	207
§ 9.20	Long-Term Employment Contracts.....	210
CHAPTER 10. DIRECTORS' AND OFFICERS' DUTIES OF CARE AND LOYALTY		213
PART A. DILIGENCE, SKILL, AND CARE; LIABILITY FOR NEGLIGENCE IN MANAGEMENT		
§ 10.1	Liability for Imprudence and Honest Errors of Judgment: The "Business Judgment Rule"	213
§ 10.2	Standard of Care and Diligence.....	215
§ 10.3	The Directors' Obligation to Be Attentive.....	216
§ 10.4	Directors' Actions Should Be the Product of Reasonable Investigation and Consideration	223
§ 10.5	Directors' Decisions Should Embody a Rational Basis for Action.....	226
§ 10.6	Knowing Violations of a Criminal Statute.....	228
§ 10.7	Statutory Developments Limiting Directors' Liability for Duty-of-Care Violations	230
§ 10.8	Executive Officers; Supervision of Subordinates	234
PART B. DEALINGS BETWEEN DIRECTORS AND THEIR CORPORATIONS—CONFLICTS OF INTEREST		
§ 10.9	The Scope of the Officers' and Directors' Duty of Loyalty	234

§ 10.10	Interested Officer and Director Transactions: Defined and Historical Treatment	238
§ 10.11	Burden of Proof of Fairness in Fiduciary Contracts	238
§ 10.12	Statutory Treatment of Transactions with Interested Officers and Directors.....	240
§ 10.13	The Power of the Shareholders to Ratify	247
§ 10.14	Actions Against Directors and Officers for Mismanagement: Corporate, Individual, and Creditor Grounds to Complain.....	249
§ 10.15	Disclosure Obligations Based upon Fiduciary Principles	251

CHAPTER 11. FIDUCIARY DUTIES FOR EXECUTIVE COMPENSATION, CORPORATE OPPORTUNITIES, AND CONTROLLING STOCKHOLDERS 255

PART A. EXECUTIVE COMPENSATION

§ 11.1	Contracts for Compensation of Directors and Officers	255
§ 11.2	Methods of Paying Executive Compensation.....	257
§ 11.3	Compensation for Past Services	259
§ 11.4	Judicial Review of Fairness of Executive Compensation: Self-Dealing and Good Faith.....	259
§ 11.5	Judicial Review of Executive Compensation: Equitable Limits	264
§ 11.6	Executive Compensation and the Internal Revenue Code	271
§ 11.7	Regulating Executive Compensation Through Improved Governance and Disclosure.....	273

PART B. CORPORATE OPPORTUNITIES

§ 11.8	Misappropriation of Corporate Opportunities: Disloyal Diversion of Business	276
§ 11.9	Forbidden Profits: Gains by Abuse of Official Position.....	285
§ 11.10	The Duty of Employees Not to Compete	286

PART C. CONTROLLING STOCKHOLDER'S FIDUCIARY OBLIGATIONS

§ 11.11	Fiduciary Duties of Controlling Shareholders.....	289
§ 11.12	Unequal Treatment Among Different Classes of Securities or Holders of the Same Class of Security	295

CHAPTER 12. OBLIGATIONS ARISING OUT OF TRANSACTIONS IN SHARES..... 301

PART A. STATE LAW

§ 12.1	The Sale of Corporate Control	301
§ 12.2	Fiduciary Duties of Sellers of Corporate Control	303
§ 12.3	Resignation of Directors in Connection with the Sale of Control.....	307
§ 12.4	The Sale of a Corporate Office	307
§ 12.5	Statutory Provisions Affecting Control Transactions	308
§ 12.6	Other Share Transfers That Trigger Fiduciary Obligations—Greenmail and Equal Opportunity Concerns.....	309
§ 12.7	Common Law Fiduciary Duty of Directors and Officers When Trading in Their Corporation's Shares	310

PART B. FEDERAL LAW	
§ 12.8	Short-Swing Profits Under Section 16 of the Securities Exchange Act316
§ 12.9	Section 10(b) and Rule 10b–5 of the Securities Exchange Act of 1934322
	[1] Materiality324
	[2] Scienter and Its Pleading329
	[3] Standing—the Purchaser or Seller Requirement331
	[4] “In Connection with”332
	[5] Causal Relationship and Damages334
	[6] Primary Participants, Aiders and Abettors, and Control Persons337
	[7] Statutory Restraints on Private Actions via PSLRA and SLUSA341
§ 12.10	Rule 10b–5 and Insider Trading343
§ 12.11	Rule 10b–5 and the Duty to Disclose352
§ 12.12	Rule 10b–5 and Control of Corporate Mismanagement357
 CHAPTER 13. RIGHTS AND POWERS OF SHAREHOLDERS: INSPECTION RIGHTS, VOTING, AND PROXIES..... 361	
PART A. SHAREHOLDERS’ RIGHTS	
§ 13.1	The Nature of the Shareholders’ Interest362
PART B. RIGHT TO INFORMATION	
§ 13.2	Basis of Shareholders’ Right to Information363
§ 13.3	Proper Purposes for Inspection364
§ 13.4	Statutory Regulation of Inspection Rights366
§ 13.5	Remedies if Inspection Is Denied366
§ 13.6	Accessing Corporate Reports, Financial Statements, and NOBO List367
§ 13.7	Directors’ Right of Inspection369
PART C. SHAREHOLDERS’ MEETINGS AND VOTING	
§ 13.8	Shareholders Act at Meetings or by Written Consent369
§ 13.9	Necessity of Annual Meeting and Convening Special Meetings371
§ 13.10	The Time, Place, and Notice of the Meeting372
§ 13.11	Quorum and Voting at Shareholders’ Meetings374
§ 13.12	Stockholders’ Meetings in a Digital Age376
§ 13.13	Conduct of Shareholders’ Meetings377
§ 13.14	Shares Entitled to Vote379
§ 13.15	Power to Vote Treasury Shares and Shares Held by a Subsidiary380
§ 13.16	Cumulative Voting381
§ 13.17	Plurality, Majority and Empty Voting; Advance Notice Bylaws383
§ 13.18	Interference with the Stockholders’ Franchise388
§ 13.19	Vote-Buying and Coercion391
PART D. STATE REGULATION OF THE PROXY MACHINERY	
§ 13.20	The Nature of a Proxy393
§ 13.21	Revocation, Duration, and Termination of Proxies394
§ 13.22	The Proxy Voting System396
§ 13.23	Proxy Contest Expenses398
PART E. FEDERAL REGULATION OF PROXIES	
§ 13.24	Section 14 of the Securities Exchange Act of 1934: An Overview399
§ 13.25	Definition of “Solicitation” and “Proxy”402

§ 13.26	Shareholder Proposals Under the Proxy Rules	405
§ 13.27	Implied Private Action Under Rule 14a-9.....	409
PART F. CORPORATE CONTROL DEVICES		
§ 13.28	Various Voting Control Devices.....	415
§ 13.29	Nonvoting Shares and Voting-Only Shares.....	416
§ 13.30	The Voting Trust—Its Use and Abuse	417
§ 13.31	Voting Trusts—Scope of Trustee’s Powers	418
§ 13.32	The Voting Trust in Operation	419
CHAPTER 14. CLOSELY HELD ENTITIES		421
§ 14.1	Close Corporations and Other Closely Held Entities: Definitions and Distinctive Needs.....	421
§ 14.2	Close Corporation Statutes—Scheme, Pitfalls, and Objectives.....	423
§ 14.3	Shareholders’ Agreements: Contents	425
§ 14.4	Forms and Execution of Shareholders’ Agreements	425
§ 14.5	Validity of Shareholders’ Agreements Attacked Because They Limit the Board of Directors’ Discretion of Authority	427
§ 14.6	Shareholders’ Reciprocal Pooling Agreements Controlling Voting for Directors.....	430
§ 14.7	Use of Charter or Bylaw Provisions in Lieu of Shareholders’ Agreements ...	432
§ 14.8	Restrictions on the Transferability of Shares; Reasons for Restrictions; Types of Restrictions	433
§ 14.9	Legal Limits on the Use of Transfer Restrictions	435
§ 14.10	Dissension in the Close Corporation	437
§ 14.11	Dissolution for Deadlock	439
§ 14.12	Oppression; Protecting Reasonable Expectations	440
§ 14.13	Policy Questions Surrounding Dissolution and Alternative Remedies	443
§ 14.14	Custodians’ Resolution of Shareholder Deadlocks and Disputes	446
§ 14.15	Fiduciary Duties in the Close Corporation	448
§ 14.16	Dissolution and Dissent in LLCs.....	450
§ 14.17	Fiduciary Obligations in LLCs	453
CHAPTER 15. THE DERIVATIVE SUIT		455
§ 15.1	Nature and Basis of Derivative Action	455
§ 15.2	Distinguishing the Shareholder’s Individual Suit from the Derivative Suit	458
§ 15.3	Individual Recovery in Derivative Suits	464
§ 15.4	Necessity of Demand on the Shareholders	465
§ 15.5	The Demand on the Directors Requirement.....	467
§ 15.6	Special Litigation Committees	474
§ 15.7	Standing to Bring a Derivative Suit.....	483
§ 15.8	Double Derivative Suits	487
§ 15.9	The Plaintiff as an Adequate Representative.....	487
§ 15.10	Bona Fide Purchasers of “Tainted” Shares.....	492
§ 15.11	Security-for-Expense Statutes	493
§ 15.12	Limitations, Laches, and Acquiescence as Defenses.....	495
§ 15.13	Derivative Suits and the Right to a Jury Trial and Arbitration	497
§ 15.14	Control, Settlement, and Dismissal of a Derivative Suit.....	498
§ 15.15	The Corporation as a Passive Party in Derivative Suits; Defenses	502

§ 15.16	The Role of Counsel in a Derivative Suit	503
§ 15.17	The Attorney-Client Privilege in Derivative Suits	504
§ 15.18	Award of Attorneys' Fees and Expenses of Suit	506
§ 15.19	Indemnification and Insurance for Directors and Officers	508
§ 15.20	Private Ordering and Shareholder Suits	514
CHAPTER 16. ISSUANCE OF SHARES		519
PART A. SHARE SUBSCRIPTIONS AND UNDERWRITING		
§ 16.1	Nature and Form of Subscription Agreements	519
§ 16.2	Pre-Incorporation Subscriptions—Revocability	520
§ 16.3	Liability on Unpaid Subscriptions to Corporations and Creditors	520
§ 16.4	The Underwriting Services of Investment Bankers	521
PART B. THE ISSUANCE OF SHARES		
§ 16.5	The Nature of Shares and Share Certificates	523
§ 16.6	Issuance, Creation, or Allotment of Shares	523
§ 16.7	Flexibility in Terms of Preferred Shares	524
§ 16.8	Significance of Par Value	525
§ 16.9	Sale of Treasury Shares at Less than Par	526
§ 16.10	No-Par Shares; Advantages, Issue Price	527
§ 16.11	Kinds of Consideration That Validate Payment for Shares	527
§ 16.12	Valuation of Consideration for Shares	529
§ 16.13	Equitable Limitations for Pricing Shares	531
§ 16.14	The Shareholders' Preemptive Right	534
§ 16.15	The Theory Behind the Legal Capital Concept	538
§ 16.16	Legal Capital of Par and No-Par Shares	539
CHAPTER 17. LIABILITY FOR WATERED, BONUS, AND UNDERPAID SHARES		543
§ 17.1	Varieties of Watered Stock	543
§ 17.2	Evils and Abuses of Stock Watering	544
§ 17.3	Contract and Trust Fund Theories	545
§ 17.4	The Fraud or Holding-Out Theory	545
§ 17.5	The Statutory Obligation Doctrine	546
§ 17.6	Liability of Transferees of Watered Stock	547
§ 17.7	Creditors', Receivers', and Trustees' Remedies	547
§ 17.8	Creditors Against Holders of Watered No-Par Stock	548
§ 17.9	Cancellation and Assessment of Diluted or Watered Shares	549
CHAPTER 18. CAPITAL STRUCTURE, PREFERENCES, AND CLASSES OF SECURITIES		551
§ 18.1	Choices in Debt and Equity Financing	551
§ 18.2	Bonds and Debt Financing	553
§ 18.3	Types of Bonds	554
§ 18.4	Classes of Stock	557
§ 18.5	The Preferred Share Contract	558
§ 18.6	Flexibility Through a "Blank Stock" Authorization	559
§ 18.7	Cumulative Dividends	559
§ 18.8	Non-Cumulative Preferred Shares	560

§ 18.9	Participation of Preferred Shares Beyond Their Preference	562
§ 18.10	Preference on Liquidation.....	562
§ 18.11	Voting Rights of Preferred	563
§ 18.12	The Redemption Provision: Voluntary or Compulsory for the Corporation	564
§ 18.13	The Redemption or Sinking Fund for Retirement of Preferred Shares	565
§ 18.14	Convertible Shares and Warrants.....	566
§ 18.15	Equitable Protections of Preferred Stockholders	567
CHAPTER 19. ACCOUNTING STATEMENTS AND DIVIDEND LAW		569
§ 19.1	The Importance of Accounting to Corporate Law.....	569
§ 19.2	Major Conventions of Accounting.....	570
§ 19.3	The Balance Sheet.....	572
§ 19.4	Classification of Assets on the Balance Sheet	573
§ 19.5	Classification of Liabilities	576
§ 19.6	Stockholders' Equity Accounts	577
§ 19.7	The Income or Profit and Loss Statement	578
§ 19.8	Consolidated Financial Statements	580
CHAPTER 20. DIVIDEND DISTRIBUTIONS: RIGHTS, RESTRICTIONS, AND LIABILITIES		583
PART A. RIGHTS TO DIVIDENDS		
§ 20.1	Declaration and Payment of Dividends	583
§ 20.2	Directors' Refusal to Declare Dividends	584
§ 20.3	Rescission or Revocation of Dividend Declarations.....	587
§ 20.4	Right to Dividends Declared Prior to Transfer of Shares	587
PART B. RESTRICTIONS ON DIVIDEND DISTRIBUTIONS		
§ 20.5	The Purpose of Dividend Restrictions	588
§ 20.6	The Various Dividend Limitations	588
§ 20.7	The Capital Impairment Limitation	589
§ 20.8	The Earned Surplus Test.....	592
§ 20.9	Capital Surplus as a Source of "Distributions" to Shareholders.....	593
§ 20.10	The Insolvency Limitation	594
§ 20.11	Nimble Dividends	595
§ 20.12	"Wasting Asset" Corporations.....	596
§ 20.13	The Innovations of the California Statute and the Model Business Corporation Act.....	596
§ 20.14	The Issue of Shares as Stock Dividends and Stock Splits	597
§ 20.15	Capitalization of Surplus for Stock Dividends and Stock Splits	599
PART C. LIABILITIES OF DIRECTORS AND SHAREHOLDERS		
§ 20.16	Directors' Liability for Unlawful Dividends	600
§ 20.17	Shareholders' Liability to Return Illegal Dividends	601
CHAPTER 21. REPURCHASES, REDEMPTIONS AND THE REDUCTION OF CAPITAL.....		603
PART A. SHARE PURCHASES AND REDEMPTIONS		
§ 21.1	American Rules on Share Repurchases	603

§ 21.2	The Dangers and Abuses of Dealing in the Corporation's Own Shares.....	604
§ 21.3	Statutory Restrictions on Repurchases of Shares	605
§ 21.4	Executory and Installment Contracts to Repurchase	607
§ 21.5	Redemption and Purchase of Callable Shares.....	610
§ 21.6	Fiduciary Limitations on Share Repurchases	611
PART B. STATUS OF TREASURY SHARES		
§ 21.7	The Peculiar Status of Treasury Shares	613
§ 21.8	The Reissue or Retirement of Treasury Shares.....	613
PART C. REMEDIES FOR IMPROPER SHARE PURCHASES		
§ 21.9	Recovery by Corporation for Unlawful Share Purchases.....	614
§ 21.10	Right of Recovery by Creditors from Selling Shareholders	615
CHAPTER 22. CORPORATE COMBINATIONS		617
§ 22.1	Corporate Combinations Overview	617
§ 22.2	Comparison of Methods of Combination or Reorganization	619
PART A. SALE OF ASSETS		
§ 22.3	Purposes of Sale of Substantially All Assets	621
§ 22.4	Statutory Authorization of Sale of Assets.....	622
§ 22.5	Sale of Assets for Securities.....	624
§ 22.6	The De Facto Merger Doctrine	625
§ 22.7	Successor Corporation Liability.....	629
PART B. MERGER AND CONSOLIDATION		
§ 22.8	Merger and Consolidation Distinguished	631
§ 22.9	Attributes and Advantages of Merger and Consolidation	631
§ 22.10	Statutory Authority for Merger and Consolidation.....	633
§ 22.11	Procedures to Merge or Consolidate.....	633
	[1] Procedures Generally	633
	[2] Voting Requirements.....	634
	[3] The Agreement of Merger or Consolidation.....	635
	[4] Distributions to Shareholders.....	636
§ 22.12	"Short-Form" Mergers	636
§ 22.13	Triangular Mergers and Share Exchanges.....	637
	[1] Triangular and Reverse Triangular Mergers	637
	[2] Statutory Share Exchange	639
§ 22.14	Rights of Creditors of Constituent Companies	639
§ 22.15	Leveraged Buyouts as Fraudulent Conveyances.....	639
§ 22.16	Accounting for Corporate Combinations	640
PART C. REMEDIES OF DISSENTING SHAREHOLDERS		
§ 22.17	Alternative Remedies of Dissenting Shareholders.....	641
	[1] Injunction	642
	[2] Rescission	642
	[3] Individual Shareholder Action for Damages.....	643
	[4] Direct Actions Under the Securities Laws	643
	[5] Statutory Dissenters' Rights.....	643
	[6] Quasi-Appraisal	643
§ 22.18	The Statutory Appraisal Remedy.....	644

§ 22.19	Scope of Statutory Appraisal Rights	649
§ 22.20	Valuation of Shares in Appraisal Proceedings	652
§ 22.21	Exclusivity of Statutory Appraisal Rights	656
CHAPTER 23. EQUITABLE LIMITS ON ACQUISITIONS AND DEFENSIVE		
MANEUVERS		
		659
§ 23.1	Fiduciary Obligations in Acquisition Transactions.....	659
§ 23.2	Equitable Limitations on the Power of Sale or Merger	662
§ 23.3	Merger Freeze Outs of Minority Shareholders.....	665
§ 23.4	Going-Private Transactions Under the Securities Laws	668
§ 23.5	Defensive Tactics—Shark Repellant Provisions	670
§ 23.6	Defensive Maneuvers and the Business Judgment Rule.....	672
§ 23.7	Judicial Treatment of Specific Types of Defensive Maneuvers	678
§ 23.8	The Directors’ Role as Auctioneers—the “ <i>Revlon</i> Moment”	689
CHAPTER 24. FEDERAL AND STATE TAKEOVER LAWS.....		
		701
§ 24.1	Federal Regulation of Takeovers.....	701
§ 24.2	Filing Requirements of Section 13(d).....	703
§ 24.3	Definition of “Tender Offer”	706
§ 24.4	The Williams Act Requirements for Tender Offers.....	708
	[1] Filing Requirements.....	708
	[2] Commencement of the Tender Offer	709
	[3] Schedule TO	709
	[4] The Bidders’ Access to the Target Company’s Shareholders.....	710
	[5] Withdrawal and Duration of Tender Offer	711
	[6] Proration and “Best Price” Rules.....	711
	[7] The “All Holders” Requirement	713
	[8] Exemptions from Regulation 14D; Mini Tender Offers	713
§ 24.5	The Antifraud Provision—Section 14(e)	714
§ 24.6	Director Turnover and Williams Act Section 14(f)	717
§ 24.7	Remedies for Violations of Sections 13(d), 13(e), and 14(d).....	718
§ 24.8	State Regulation of Tender Offers.....	719
CHAPTER 25. AMENDMENTS TO THE CORPORATE CHARTER.....		
		725
§ 25.1	Power to Authorize Fundamental Changes.....	725
§ 25.2	Constitutional Limitations—the <i>Dartmouth College</i> Case.....	726
§ 25.3	The Reservation of Power to Amend the Corporate Statute	727
§ 25.4	The Amendment Process.....	728
§ 25.5	Equitable Limitations on Changes in Outstanding Shares.....	730
§ 25.6	The Debate over Power to “Opt Out” of State Laws.....	732
CHAPTER 26. VOLUNTARY DISSOLUTION, ADMINISTRATIVE		
DISSOLUTION, AND WINDING UP		
		735
§ 26.1	Voluntary Dissolution Versus Informal Liquidation	735
§ 26.2	Statutory Authority for Voluntary Dissolution	736
§ 26.3	Equitable Limitations on Voluntary Dissolution	737
§ 26.4	Dissolution by Expiration of Stated Duration and Administrative Dissolution	738
§ 26.5	Grounds for Judicial Dissolution.....	739

§ 26.6 Winding up and Statutory Continuation of Existence After Dissolution740

TABLE OF CASES743

TABLE OF STATUTES771

TABLE OF REGULATIONS.....783

TABLE OF RULES.....785

INDEX.....787