

SYLLABUS

CORPORATE FINANCE (Fall 2022)

- PROFESSOR: Robert J. Rhee
- CONTACT: Holland Hall # 378, 352-273-0958; rhee@law.ufl.edu
- CLASSROOM: Holland 285D
- CLASS TIME: Thursday & Friday: 9:00am to 10:25am
- OFFICE HOURS: Thursday: 10:30am to 12:00 pm
- Office hours will always be consistent with the prevailing UF policy.
 - Office hours can be through Zoom, telephone, or in person (if UF policy permits), and there are no restrictions on any of these methods.
 - In-person office hours are freely available (if UF policy permits). In-person office hours can be in the professor's office, but because my office is a small physical space students must wear a mask in my office and abide by social distancing and the door must be kept open. If you do not wish to wear a mask in my office, we can hold in-person office hours outside or do it in a larger indoor space.
- FINAL EXAM: TBD (4 hours)

TEXTBOOKS

Robert J. Rhee, Corporate Finance (Wolters Kluwer 2016)

COURSE DESCRIPTION

Corporate Finance (LAW 6064): This course examines the legal and financial economic aspects of corporate finance. Course coverage includes foundational finance theories, and legal aspects of capital structure (including analysis of debt securities, equities, structured finance, and derivatives). Combined with Corporations, this course is intended to provide students with a rigorous background in the legal and financial aspects of corporate business.

STUDENT LEARNING OUTCOMES

Corporate financing transactions are some of the common corporate transactions in the practice of business and corporate law. Whenever a corporate seeks financing, the laws of corporate finance are always involved. This course teaches the basic legal structures of corporate securities.

After completing this course, students should be able to:

1. Know and analyze the legal rights related to various financial instruments and the laws applicable to corporate finance in general.
2. Consider issues related to advising the board and officers of matters arising under corporate financing, including issues related to their fiduciary duties and financial contracting.
3. Know basic aspects of financing transactions, such as capital markets and capital structure.
4. Know and apply basic business concepts in accounting, finance, and economics specifically relevant and related to the understanding of corporations and corporate finance.
5. Read and analyze essential corporate documents such as Form 10-Ks, certificate of incorporation, and bond indentures.
6. Work with financing documents and structures in corporate finance transactions.

GRADING

Grading will be consistent with College of Law policy. Your grade will be based on a final exam (100% of the final grade). Exam grades are done on a blind basis. All grades are final. There will be no regrading or revisions from me, except to correct any mathematical or clerical errors in computing the final score.

FINAL EXAM FORMAT

The final exam will follow UF's "limited open-book" policy for in-class exams. That policy reads: *"If a professor chooses this option, students may reference their assigned casebook(s), supplements, or rulebooks in the course, as well as any handouts provided by the instructor during the course. Students may not bring notes or outlines to the exam, although books that are annotated by hand in the margins may be used. Students will not be permitted to access the internet or any of their computer files during the exam."*

The final exam may have essay, short answer, and multiple choice questions. Essay questions will be an issue-spotting, analysis, or problem-solving format typically seen in most law school exams. The issues and topics for exam questions will come from the course readings and class discussions. The exam will fairly reflect the work that is done

in the course. This means that the best way to prepare for the exam is to do the class readings and to attend class.

Makeup Exam Policy: The law school policy on exam delays and accommodations can be found at: <https://www.law.ufl.edu/life-at-uf-law/office-of-student-affairs/current-students/forms-applications/exam-delays-accommodations-form>.

GRADING INFORMATION

The Levin College of Law's mean and mandatory distributions are posted on the College's website and this class adheres to that posted grading policy. The following chart describes the specific letter grade/grade point equivalent in place:

Letter Grade	Point Equivalent	Letter Grade	Point Equivalent
A (Excellent)	4.00	C (Satisfactory)	2.00
A-	3.67	C-	1.67
B+	3.33	D+	1.33
B	3.00	D (Poor)	1.00
B-	2.67	D-	0.67
C+	2.33	E (Failure)	0.00

The law school grading policy is available at: <http://www.law.ufl.edu/student-affairs/current-students/academic-policies#9>.

WORKLOAD AND CLASS PREPARATION

It is anticipated that you will spend approximately 2 hours out of class reading and/or preparing for in class assignments for every 1 hour in class.

ATTENDANCE

Per ABA requirements, please attend all classes, unless you e-mail me in advance with a legitimate excuse. Requirements for class attendance and make-up exams, assignments, and other work in this course are consistent with university policies that can be found at: <https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>.

The single best thing that a student can do to maximize the possibility of doing well in the course in terms of a grade is to keep up with the class reading assignments and to attend class regularly. The final exam will draw from the work done in course and the class discussion.

Attendance will be taken online. A student may access the online attendance form at the beginning of class from the law school quick links page:

<https://www.law.ufl.edu/student-life> or the <https://www.law.ufl.edu/attendance>. You will enter the requested information, including your UFID number, name and attendance code. Your professor will provide the attendance code for each class. The submissions are recorded. It is an Honor Code violation for giving the attendance code to a study who is not present in the class, either in person or online. Please do not violate this policy.

ACCOMMODATIONS

Students requesting accommodation for disabilities must first register with the Disability Resource Center (<http://www.dso.ufl.edu/drc/>). Once registered, students will receive an accommodation letter which must be presented to the Assistant Dean for Student Affairs (Dean Mitchell) when requesting accommodation. Students with disabilities should follow this procedure as early as possible in the semester.

Also, with prior notification to the professor, students are entitled to be excused from class or other scheduled academic activity to observe a religious holy day of their faith. Students are entitled to have a reasonable amount of time to make up the material or activities covered in their absence. Students will not be penalized due to absence from class or other scheduled academic activity because of religious observances.

ACADEMIC HONESTY

Academic honesty and integrity are fundamental values of the University community. Students should be sure that they understand the UF Student Honor Code at <http://www.dso.ufl.edu/students.php>.

ONLINE COURSE EVALUATIONS

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Guidance on how to give feedback in a professional and respectful manner can be found here: <https://gatorevals.aa.ufl.edu/students/>. Students will be notified when the evaluation period opens, and can complete evaluations through the email they receive from GatorEvals, in their Canvas course menu under GatorEvals, or via ufl.bluera.com/ufl/. Summaries of course evaluation results are available to students can be found here: <https://gatorevals.aa.ufl.edu/public-results/>.

COVID POLICY

The Covid-19 policy for the course is the prevailing University of Florida's policy in effect during the entire pendency of the course. If the UF policy changes, the policy in effect for the course will also change. Additionally, your professor kindly asks all participants of

the course that we consider the circumstances of our times and respect public health and the safety of our community. **Consistent with this aspiration, I kindly ask that students wear a mask, practice social distancing, and exercise pragmatic judgment.**

RECORDING CLASS SESSIONS

Students are allowed to record video or audio of class lectures. However, the purposes for which these recordings may be used are strictly controlled. The only allowable purposes are (1) for personal educational use, (2) in connection with a complaint to the university, or (3) as evidence in, or in preparation for, a criminal or civil proceeding. All other purposes are prohibited. Specifically, students may not publish recorded lectures without the written consent of the instructor.

A “class lecture” is an educational presentation intended to inform or teach enrolled students about a particular subject, including any instructor-led discussions that form part of the presentation, and delivered by any instructor hired or appointed by the University, or by a guest instructor, as part of a University of Florida course. A class lecture does not include lab sessions, student presentations, clinical presentations such as patient history, academic exercises involving solely student participation, assessments (quizzes, tests, exams), field trips, private conversations between students in the class or between a student and the faculty or lecturer during a class session.

Publication without permission of the instructor is prohibited. To “publish” means to share, transmit, circulate, distribute, or provide access to a recording, regardless of format or medium, to another person (or persons), including but not limited to another student within the same class section. Additionally, a recording, or transcript of a recording, is considered published if it is posted on or uploaded to, in whole or in part, any media platform, including but not limited to social media, book, magazine, newspaper, leaflet, or third party note/tutoring services. A student who publishes a recording without written consent may be subject to a civil cause of action instituted by a person injured by the publication and/or discipline under UF Regulation 4.040 Student Honor Code and Student Conduct Code.”

ONLINE (ZOOM) CLASS SESSIONS

Per law school policy, our course must be mostly in-person class sessions, at least 2/3 of all class sessions. Consistent with this policy, we can have at most 1/3 of class sessions online through Zoom or other means.

ASSIGNMENTS

IMPORTANT NOTE TO STUDENTS: Due to UF holidays and some scheduling challenges, we have some makeup classes and Zoom classes. These classes are noted in this assignment list. Please pay attention to the dates and format of class.

Class #	Topics, Issues, and Cases	Text pages
1 Aug. 25 Thur.	INTRODUCTION CHAPTER 1: FINANCIAL STATEMENTS <ul style="list-style-type: none"> ▪ Balance sheet <ul style="list-style-type: none"> ○ <i>Bolt v. Merrimack Pharmaceuticals, Inc.</i> ▪ Income statement 	1-20
2 Aug. 26 Fri.	CHAPTER 1: FINANCIAL STATEMENTS <ul style="list-style-type: none"> ▪ Income statement ▪ Cash flow statement ▪ Statement of shareholders' equity ▪ Financial statement analyses 	20-36
3 Sept. 1 Thur.	CHAPTER 1: FINANCIAL STATEMENTS <ul style="list-style-type: none"> ▪ Review of Alcoa financial statements CHAPTER 2: FINANCE PRINCIPLES <ul style="list-style-type: none"> ▪ Risk and return ▪ Time value of money 	37-40 41-52
4 Sept. 1 Thur. MAKEUP	CHAPTER 2: FINANCE PRINCIPLES <ul style="list-style-type: none"> ▪ Time value of money <ul style="list-style-type: none"> ○ <i>In re Vanderveer Estates Holding, LLC</i> ▪ Cost of capital <ul style="list-style-type: none"> ○ <i>Cede & Co. v. Technicolor, Inc.</i> ▪ Security market line <p>This class session is a makeup class because the UF class schedules do not include a final Friday class in favor of extending reading period, but per UF policy this missing class must be made up at some point during the semester.</p>	52-79

<p>5</p> <p>Sept. 2 Fri.</p>	<p>CHAPTER 3: VALUATION</p> <ul style="list-style-type: none"> ▪ Market multiples <ul style="list-style-type: none"> ○ <i>Agranoff v. Miller</i> ▪ Discounted cash flow analysis <ul style="list-style-type: none"> ○ <i>Cede & Co. v. Technicolor, Inc.</i> ○ <i>In re Pullman Const. Indus. Inc.</i> ▪ Valuation of bonds 	<p>81-108</p>
<p>6</p> <p>Sept. 8 Thur.</p>	<p>CHAPTER 3: VALUATION</p> <ul style="list-style-type: none"> ▪ Valuation process and studies <ul style="list-style-type: none"> ○ <i>Cede & Co. v. Technicolor, Inc.</i> ○ <i>In re Pullman Const. Indus. Inc.</i> 	<p>108-136</p>
<p>7</p> <p>Sept. 8 Thur.</p> <p>MAKEUP</p>	<p>CHAPTER 3: VALUATION</p> <ul style="list-style-type: none"> ▪ Market mechanisms <ul style="list-style-type: none"> ○ <i>Basic, Inc. v. Levinson</i> ○ <i>West v. Prudential Securities, Inc.</i> ○ <i>In re Polymedica Corp. Sec. Litig.</i> <p>This class session is a makeup session for not having class on Tuesday, Nov. 22, which would have been this course's last day. By not having the Nov.22 class, students will have extra time to study for exams.</p>	<p>136-166</p>
<p>8</p> <p>Sept. 9 Fri.</p>	<p>CHAPTER 4: CAPITAL TRANSACTIONS, STRUCTURE, AND MARKETS</p> <ul style="list-style-type: none"> ▪ Capital transactions <ul style="list-style-type: none"> ○ <i>Waggoner v. Laster</i> ▪ Capital budgeting ▪ Capital structure <ul style="list-style-type: none"> ○ <i>Missouri Gas Energy v. Public Service Commission</i> 	<p>167-195</p>
<p>9</p> <p>Sept. 15 Thur.</p> <p>ZOOM</p>	<p>CHAPTER 4: CAPITAL TRANSACTIONS, STRUCTURE, AND MARKETS</p> <ul style="list-style-type: none"> ▪ Overview of capital markets ▪ Overview of securities issuance <p>CHAPTER 5: COMMON STOCK</p> <ul style="list-style-type: none"> ▪ Common stock financing 	<p>195-224</p> <p>225-229</p>

<p>10</p> <p>Sept. 16 Fri.</p> <p>ZOOM</p>	<p>CHAPTER 5: COMMON STOCK</p> <ul style="list-style-type: none"> ▪ Common stock financing ▪ Legal capital ▪ Statutory limitations on distributions <ul style="list-style-type: none"> ○ <i>Klang v. Smith's Food & Drug Centers, Inc.</i> ▪ Other limitations on distributions <ul style="list-style-type: none"> ○ <i>Kamin v. American Express Co.</i> ○ <i>Sinclair Oil Corp. v. Levien</i> <p>Note: Do not read <i>In re C-T of Virginia, Inc.</i> and <i>Matter of Munford, Inc.</i> (skip these cases in the reading)</p>	<p>229-256</p>
<p>11</p> <p>Sept. 22 Thur.</p>	<p>CHAPTER 5: COMMON STOCK</p> <ul style="list-style-type: none"> ▪ Other limitations on distributions <ul style="list-style-type: none"> ○ <i>Gabelli & Co. Profit Sharing Plan v. Liggett Group, Inc.</i> ○ <i>Wertheim Schroder & Co., Inc. v. Avon</i> ○ <i>Nixon v. Blackwell</i> ○ <i>Kahn v. Roberts</i> ○ <i>Kahan v. United States Sugar Corp.</i> 	<p>256-286</p>
<p>12</p> <p>Sept. 22 Thur.</p> <p>MAKEUP</p>	<p>CHAPTER 5: COMMON STOCK</p> <ul style="list-style-type: none"> ▪ Fraudulent transfer <ul style="list-style-type: none"> ○ <i>Wieboldt Stores, Inc. v. Schottenstein</i> ▪ Stock dividends and splits <ul style="list-style-type: none"> ○ <i>Applebaum v. Avaya, Inc.</i> ▪ AIG case study <p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Preferred stock financing <p>This class session is a makeup session for class on Oct. 13, Thursday, which is cancelled due to professor travel to conference.</p>	<p>286-309</p> <p>311-315</p>

<p>13 Sept. 23 Fri.</p>	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Preferred stock financing <ul style="list-style-type: none"> ○ <i>In the matter of the Appraisal of Ford Holdings, Inc. Preferred Stock</i> ▪ Common terms of preferred stock <ul style="list-style-type: none"> ○ <i>Guttman v. Illinois Central R. Co.</i> ○ <i>In re Sunstates Corp. Shareholders' Litigation</i> ○ <i>Goldman v. Postal Telegraph</i> ○ <i>Rothschild International Corp. v. Liggett Group, Inc.</i> ○ <i>Eisenberg v. Chicago Milwaukee Corp.</i> ○ <i>Rauch v. RCA Corp.</i> 	<p>315-346</p>
<p>14 Sept. 29 Thur.</p>	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Common terms of preferred stock <ul style="list-style-type: none"> ○ <i>Bove v. Community Hotel Corp.</i> ○ <i>Gradient OC Master, Ltd. V. NBC Universal, Inc.</i> ○ <i>Baron v. Allied Artists Pictures Corp.</i> ○ <i>Warner Communications v. Chris-Craft Industries, Inc.</i> ○ <i>Elliott Associates v. Avatex Corp.</i> <p>Note: Do not read <i>Greenmont Capital Partners v. Mary's Gone Crackers</i></p>	<p>346-376</p>
<p>15 Sept. 29 Thur. MAKEUP</p>	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Fiduciary duty <ul style="list-style-type: none"> ○ <i>Dalton v. American Investment Co.</i> ○ <i>Jebwab v. MGM Grand Hotels, Inc.</i> ○ <i>In re FLS Holdings Inc. Shareholder Litigation</i> ○ <i>HB Korenaes Investments, L.P. v. Marriott Corp.</i> <p>This class session is a makeup session for class on Oct. 14, Friday, which is cancelled due to professor travel to conference.</p>	<p>382-407</p>
<p>16 Sept. 30 Fri.</p>	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Fiduciary duty <ul style="list-style-type: none"> ○ <i>Orban v. Field</i> ○ <i>Equity-Linked Investors, L.P. v. Adams</i> ○ <i>In re Trados, Inc. Shareholder Litigation</i> ○ <i>LC Capital Master Fund, Ltd. V. James</i> 	<p>407-446</p>

<p>17</p> <p>Oct. 6 Thur.</p> <p>ZOOM</p>	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Goldman Sachs case study <p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Debt financing <ul style="list-style-type: none"> ○ <i>Eliassen v. ITEL Corp.</i> ○ <i>Credit Lyonnais Bank Nederland v. Pathe Comm'n Corp.</i> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>Broad v. Rockwell International Corp.</i> ○ <i>Rudbart v. New Jersey District Water Supply Commission</i> 	<p>447-462</p> <p>463-486</p>
<p>18</p> <p>Oct. 20 Thur.</p>	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>Elliott Associates v. J. Henry Schroder Bank & Trust Co.</i> ○ <i>Rudbart v. New Jersey District Water Supply Commission</i> ○ <i>LNC Investments, Inc. v. First Fidelity Bank, N.A.</i> ○ <i>UnitedHealth Group, Inc. v. Wilmington Trust Co.</i> ○ <i>Birn v. Childs Co.</i> ○ <i>Rabinowitz v. Kaiser-Frazer Corp.</i> 	<p>486-515</p>
<p>19</p> <p>Oct. 21 Fri.</p>	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>Morgan Stanley & Co. v. Archer Daniels Midlands Co.</i> ○ <i>Sharon Steel Corp. v. Chase Manhattan Bank, N.A.</i> ○ <i>Bank of New York Mellon Trust v. Liberty Media Corp.</i> ○ <i>In re Envirodyne Industries, Inc.</i> 	<p>515-544</p>
<p>20</p> <p>Oct. 27 Thur.</p> <p>ZOOM</p>	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>Metropolitan Life Insurance Co. v. RJR Nabisco, Inc.</i> ▪ Rights of creditors <ul style="list-style-type: none"> ○ <i>Katz v. Oak Industries, Inc.</i> ○ <i>Simons v. Cogan</i> ○ <i>N. Am. Catholic Educ. Programming Found. v. Gheewalla</i> ○ <i>Blackmore Partners, L.P. v. Link Energy LLC</i> 	<p>545-571</p>
<p>21</p>	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Overview of bankruptcy and reorganization 	<p>571-586</p>

Oct. 28 Fri. ZOOM	<ul style="list-style-type: none"> ▪ Marriott Corp. case study <p>CHAPTER 8: CONVERTIBLE SECURITIES</p> <ul style="list-style-type: none"> ▪ Convertible securities financing 	587-592
22 Nov. 3 Thur. ZOOM	<p>CHAPTER 8: CONVERTIBLE SECURITIES</p> <ul style="list-style-type: none"> ▪ Terms and rights of convertible securities <ul style="list-style-type: none"> ○ <i>Wood v. Coastal States Gas Corp.</i> ○ <i>Lohnes v. Level 3 Communications, Inc.</i> ○ <i>Broad v. Rockwell International Corp.</i> 	592-619
23 Nov. 4 Fri. ZOOM	<p>CHAPTER 8: CONVERTIBLE SECURITIES</p> <ul style="list-style-type: none"> ▪ Terms and rights of convertible securities <ul style="list-style-type: none"> ○ <i>Van Gemert v. Boeing Co.</i> ○ <i>Rudbart v. New Jersey District Water Supply Commission</i> ○ <i>Lorenz v. CSC Corp.</i> ○ <i>HB Korenaes Investments, L.P. v. Marriott Corp.</i> 	619-646
24 Nov. 10 Thur. ZOOM	<p>CHAPTER 8: CONVERTIBLE SECURITIES</p> <ul style="list-style-type: none"> ▪ Venture capital <ul style="list-style-type: none"> ○ <i>Fait v. Hummel</i> ○ <i>SV Investment Partners, LLC v. ThoughtWorks, Inc.</i> ○ <i>Greenmont Capital Partners v. Mary's Gone Crackers</i> 	645-674
25 Nov. 17 Thur.	<p>CHAPTER 9: DERIVATIVES</p> <ul style="list-style-type: none"> ▪ Basic characteristics of derivatives ▪ Option valuation 	675-686
26 Nov. 18 Fri.	OVERFLOW CLASS	
	FINAL EXAM: TBD	