

SYLLABUS

CORPORATE FINANCE (Fall 2023)

PROFESSOR:

Robert J. Rhee

CONTACT:

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CLASSROOM:

Holland 283

CLASS TIME:

Thursday & Friday: 10:30am to 11:55am

OFFICE HOURS:

Thursday & Friday: 12:00pm to 1:00 am

- 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.

FINAL EXAM:

TBD (4 hours)

UF LEVIN COLLEGE OF LAW STANDARD SYLLABUS POLICIES

This syllabus contains information about UF Levin College of Law policies, including compliance with the UF Honor Code, Grading, Accommodations, Class Recordings, and Course Evaluations can be found at this link: <https://ufl.instructure.com/courses/427635/files/74674656?wrap=1>.

TEXTBOOKS

Robert J. Rhee, Corporate Finance (2nd edition, Aspen 2023): please make sure to purchase the Second Edition of the textbook.

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 "online open-book" policy. This is an open book online exam. Students can use their textbooks and any other source including the internet, with two exceptions: (1) students may not contact any person for assistance during this exam (contact means asking a person via phone, text, chat, or any other communication means); (2) students may not use any artificial intelligence platforms, software, or services, such as for example ChatGTP or similar kinds of products or services. This exam must be a solo effort by the student without the assistance from any persons or artificial intelligence products. Your professor has chosen the "Fixed (Pre-scheduled Set Date and/or Time)" option. The final exam will be a one-day remote exam that is scheduled on a fixed date, just like an in-class exam (subject to any approved accommodation by exam administrators, such as time conflicts and approved delays).

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: see <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>.

ABA OUT-OF-CLASS HOURS REQUIREMENTS

ABA Standard 310 requires that students devote 120 minutes to out-of-class preparation for every "classroom hour" of in-class instruction. 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. Outside of class including reading the assigned materials and developing your critical analyses of the materials.

CLASS ATTENDANCE POLICY

Attendance in class is required by both the ABA and the Law School. Attendance will be taken at each class meeting. Students are allowed six (6) absences during the course of the semester. Students are responsible for ensuring that they are not recorded as absent if they come in late. A student who fails to meet the attendance requirement will be dropped from the course. The law school's policy on attendance can be found [here](#).

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/>.

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. The following are Zoom classes.

Thursday and Friday, September 14 (regular and makeup class) and 15
Thursday, October 5

Thursday, October 12

Friday, October 13

Thursday, November 9

Thursday, November 16

CLASS CANCELLATIONS AND MAKEUPS

Makeup class: **Thursday, September 21, 4:30pm to 5:55pm.** This class session is an ad hoc makeup class. 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.

Cancelled class: **Thursday, October 19 (makeup class on ZOOM Thursday, Thursday, August 31, 4:30pm to 5:55pm).**

Cancelled class: **Friday, October 20 (makeup class on September 14, 4:30pm to 5:55pm).**

Cancelled class: **Tuesday, November 21 (makeup class on Thursday, September 7, 4:30pm to 5:55pm).** Tuesday, Nov. 21 is a constructive Friday for one of the holidays, and it is a required, scheduled class. By cancelling this class session and making up this cancellation early in the semester, we effectively end the course one week earlier. In the past, students appreciate the additional time to study for final exams.

ASSIGNMENTS

Class #	Topics, Issues, and Cases	Text pages
1	INTRODUCTION CHAPTER 1: FINANCIAL STATEMENTS ▪ Balance sheet ○ <i>Bolt v. Merrimack Pharmaceuticals, Inc.</i> ▪ Income statement	1-22
2	CHAPTER 1: FINANCIAL STATEMENTS ▪ Income statement ▪ Cash flow statement ▪ Statement of shareholders' equity ▪ Financial statement analyses	20-39
3	CHAPTER 1: FINANCIAL STATEMENTS ▪ Review of Google financial statements CHAPTER 2: FINANCE PRINCIPLES ▪ Risk and return ▪ Time value of money	37-43 45-56
4	CHAPTER 2: FINANCE PRINCIPLES ▪ Time value of money ○ <i>In re Vanderveer Estates Holding, LLC</i> ▪ Cost of capital ○ <i>Cede & Co. v. Technicolor, Inc.</i> ▪ Security market line	56-83
5	CHAPTER 3: VALUATION ▪ Market multiples ○ <i>Agranoff v. Miller</i> ▪ Discounted cash flow analysis ○ <i>Cede & Co. v. Technicolor, Inc.</i> ○ <i>DFC Global Corp. v. Muirfield Partners, L.P.</i> ○ <i>Dell, Inc. v. Magnetar Global Event Driven Fund</i>	85-112
6	CHAPTER 3: VALUATION ▪ Valuation of bonds ▪ Valuation process and studies ▪ <i>Cede & Co. v. Technicolor, Inc.</i> ▪ <i>In re Pullman Const. Indus. Inc.</i>	113-145
7	CHAPTER 3: VALUATION ▪ Market mechanisms	145-163

	<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> 	
8	<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> 	165-193
9	<p>CHAPTER 4: CAPITAL TRANSACTIONS, STRUCTURES, 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 	193-222 223-227
10	<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> ○ <i>In re C-T of Virginia, Inc.</i> ○ <i>Matter of Munford, Inc.</i> ▪ Other limitations on distributions <ul style="list-style-type: none"> ○ <i>Kamin v. American Express Co.</i> 	228-256
11	<p>CHAPTER 5: COMMON STOCK</p> <ul style="list-style-type: none"> ▪ Other limitations on distributions <ul style="list-style-type: none"> ○ <i>Sinclair Oil Corp. v. Levien</i> ○ <i>Gabelli & Co. Profit Sharing Plan v. Liggett Group</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> 	256-285
12	<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 	286-308 309-313

13	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Preferred stock financing <ul style="list-style-type: none"> ○ <i>In re 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> 	313-345
14	<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</i> ○ <i>Elliott Associates v. Avatex Corp.</i> 	345-374
15	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Fiduciary duty <ul style="list-style-type: none"> ○ <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> ○ <i>Orban v. Field</i> ○ <i>Equity-Linked Investors, L.P. v. Adams</i> 	382-416
16	<p>CHAPTER 6: PREFERRED STOCK</p> <ul style="list-style-type: none"> ▪ Fiduciary duty <ul style="list-style-type: none"> ○ <i>In re Trados, Inc. Shareholder Litigation</i> ○ <i>LC Capital Master Fund, Ltd. V. James</i> ▪ Goldman Sachs case study 	416-451
17	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Debt financing <ul style="list-style-type: none"> ○ <i>Eliason v. Itel Corp.</i> ○ <i>Credit Lyonnais Bank v. Pathé Comm'n Corp.</i> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>Broad v. Rockwell International Corp.</i> ○ <i>Elliott Associates v. J. Henry Schroder Bank & Trust</i> ○ <i>Rudbart v. N.J. District Water Supply Commission</i> 	453-481
18	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>LNC Investments, Inc. v. First Fidelity Bank</i> ○ <i>Birn v. Childs Co.</i> ○ <i>Quadrant Structured Products Co. v. Vertin</i> 	481-507

	<ul style="list-style-type: none"> ○ <i>Morgan Stanley & Co. v. Archer Daniels Midlands</i> 	
19	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>In re Energy Future Holdings Corp.</i> ○ <i>In re Envirodyne Industries, Inc.</i> ○ <i>Bank of New York Mellon v. Realogy Corp.</i> ○ <i>Sharon Steel Corp. v. Chase Manhattan Bank, N.A.</i> 	507-540
20	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Bonds and indentures <ul style="list-style-type: none"> ○ <i>Wilmington Savings Society, FSB v. Cash America International, Inc.</i> ○ <i>Bank of New York Mellon Trust v. Liberty Media</i> ○ <i>Wilmington Savings Fund Society v. Foresight Energy LLC</i> ○ <i>Metropolitan Life Insurance Co. v. RJR Nabisco, Inc.</i> 	540-567
21	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Contracting issues <ul style="list-style-type: none"> ○ <i>Katz v. Oak Industries, Inc.</i> ○ <i>Marblegate Asset Management, LLC v. Education Management Corp.</i> ○ <i>Metropolitan Life Insurance v. RJR Nabisco, Inc.</i> ▪ Fiduciary duty to creditors <ul style="list-style-type: none"> ○ <i>Simons v. Cogan</i> ○ <i>N. Am. Catholic Educ. Program. Found. v. Gheewalla</i> 	567-596
22	<p>CHAPTER 7: DEBT INSTRUMENTS</p> <ul style="list-style-type: none"> ▪ Fiduciary duty to creditors <ul style="list-style-type: none"> ○ <i>Blackmore Partners, L.P. v. Link Energy LLC</i> ▪ Comment on contract drafting ▪ Overview of bankruptcy and reorganization ▪ Marriott Corp. case study <p>CHAPTER 8: CONVERTIBLE SECURITIES</p> <ul style="list-style-type: none"> ▪ Convertible securities financing ▪ 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> 	596-616 617-629
23	<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> ○ <i>Van Gemert v. Boeing Co.</i> ○ <i>Lorenz v. CSC Corp.</i> 	629-659

24	<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>HB Korenaes Investments, L.P. v. Marriott Corp.</i> ▪ 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> 	659-698
25	<p>CHAPTER 8: CONVERTIBLE SECURITIES</p> <ul style="list-style-type: none"> ▪ Venture capital <ul style="list-style-type: none"> ○ <i>Greenmont Capital Partners v. Mary's Gone Crackers</i> <p>CHAPTER 9: DERIVATIVES</p> <ul style="list-style-type: none"> ▪ Basic characteristics of derivatives ▪ Option valuation 	698-706 707-730
26	OVERFLOW CLASS	
	FINAL EXAM: TBD	