

**Georgia Tech
Scheller College of Business**

Law for Entrepreneurs

MGT 8803 EMA

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**Office Hours: Monday, Wednesday and Friday 1:45 p.m. to 2:35 p.m. and Monday,
Wednesday and Friday 5:15 p.m. to 6:00 p.m. and Wednesday 9:30 p.m. to 10:00
p.m. and by appointment at such other mutually agreeable time by request**

**Office: Scheller COB Room # 4271/460C (*a map to locate the Professor's office can be found
on page 16 of this Syllabus*)**

Summer 2016: Classroom 221

Class Meeting Time: Wednesday from 6:00 p.m. to 9:30 p.m. –Section EMA – CRN 54741

SYLLABUS

1. Overview and Course Description

Overview and Course Description. This course will focus on the myriad of legal issues which entrepreneurs face while growing a start-up business from infancy to a publicly held company. This course will start with the initial issues which an entrepreneur encounters in deciding to leave their employer and assessing what type of legal entity best suits his or her needs in establishing an entrepreneurial venture and continues through the sale, merger or initial public offering of the shares of the entrepreneurial entity. The course will focus on various substantive practical areas of law which most impact entrepreneurs such as establishing ownership structure and related shareholder or membership agreements and other documents which impact ownership structure, sales and lease contracts, loan agreements, raising capital and securities law compliance, venture capital discussions and agreements, the role of the board of directors and a possible role for an advisory board, debtor-creditor relations, employment law and intellectual property law (both within the U.S.A. and outside the U.S.A.).

Learning Objectives.

1. Students will be able to enter the entrepreneurial world with an awareness of the legal issues which most commonly arise in the course of growing and operating an entrepreneurial business so that their knowledge of law is as much an asset to them in growing an entrepreneurial business as their knowledge of finance, accounting, operations and marketing.
2. Students will develop skills which will assist them in anticipating the occurrence of the legal problems and matters which most commonly arise in the course of growing and operating an entrepreneurial business which skills will make them to be a more effective entrepreneur and business person and will save them valuable time and money and assist them in avoiding costly mistakes as entrepreneurs and business people.
3. Students will gain skills which will enable them to be strategically prepared to address legal issues which arise in business discussions thus enabling the students to better execute when these issues arise.

4. Students will be able to articulate in the entrepreneurial environment matters which are important in order to protect their interests in entrepreneurial companies and they will be gain the ability to identify what interests they need to protect.
5. Students will be able to identify the resources available to them as they are confronted with legal issues as they arise in the course of growing and operating an entrepreneurial business.

2. Class Attendance and Preparation

The class will meet Wednesdays from 6:00 p.m. to 9:30 p.m. Regular attendance and participation in class are important. Assigned material as set forth at the end of this syllabus under the title “Course Schedule and Assignments” should be read before each class. I encourage students to participate in class discussions voluntarily, as class discussion will be an important element of the class. As discussed in greater detail below in this syllabus under the topic heading “Grading,” the Professor will consider class participation in computing a student’s Final Grade in the course and grade adjustment class participation points may be awarded by the Professor to increase a student’s Final Grade in the course for class participation.

3. Reading Assignments

Text: The Entrepreneur’s Guide To Business Law, 4th Edition, by Constance E. Bagley and Craig E. Dauchy. South-Western, Cengage Learning © 2012 (ISBN-13: 978-0-538-46646-2)

Supplemental Reading: The Wall Street Journal

T-Square (<http://t-square.gatech.edu>) should be checked prior to each course meeting for supplementary reading and handout material.

4. Student Honor Code/Academic Honesty

Adherence to the Student Honor Code is expected. The Academic Honor Code is explained in detail in the GIT General Catalogue or at <http://www.deanofstudents.gatech.edu/Honor/>. Any instance of suspected academic dishonesty (e.g., plagiarism; cheating on an examination) will be referred to the Office of the Dean of Students and Office of Student Integrity for disciplinary action. If you are unfamiliar with what actions are considered “plagiarism,” it is your duty to familiarize yourself with avoiding it now (for example, a guide for students at the University of Toronto is given at <http://www.utoronto.ca/writing/plagsep.html> and may be helpful to you in understanding what constitutes the offense).

5. Electronic Media Forbidden

Cellphones and PDAs (and their like) are forbidden, and may not be used during class time. Turn off cellphones before class, or leave them at home. Laptop computers and tablets may only be used if they are being used for note taking purposes. Laptop computers and tablets should not be used for accessing the web (other than for researching a matter related to a class discussion), for

sending or receiving e-mails or for playing video games. A violation of this rule will result in you not being able to bring a laptop computer or tablet to future classes.

6. Grading and Course Requirements

Examinations. There will be three examinations during the semester (the last exam will be considered the Final Exam). Each of these exams will consist of a team based interactive session as discussed below. Teams will be created early in the semester. **Each team will consist of three, four or five students depending on the size of the class. Students will form their own teams. The Professor will form a team for any students who cannot form their own team.**

If a student fails to attend an interactive session for any reason, including illness, or fails to qualify to take the interactive session (see qualification standards below), that student shall take a written exam in place of the interactive session. Written exams are sixty-five minutes in length and consist of 50 multiple choice and / or short answer questions.

Explanation of rules for a student to qualify for the interactive session rather than taking a written exam.

For a student to qualify for the team interactive session option rather than taking a written exam, the **student must satisfy each of the below requirements for the period before the applicable exam date** (by way of example, if a student satisfies the requirements relative to the period before the first exam but fails to satisfy the requirements for the period before the second exam, the student qualifies for the team interactive session option with respect to the first exam but does not qualify for the team interactive session option with respect to the second exam and thus must take the written second exam):

- A student cannot have more than two (2) classes absences from the beginning of the semester until the day before the applicable exam (excused absences under the terms of the course syllabus do not count as one of these class absences).
- A student must have actively and substantially participate in class discussion during each week prior to the applicable exam. Such determination of whether a student actively and substantially participated in class discussion shall be made by the Professor. A student coming to class prepared having read the applicable chapter from the course textbook as well as the applicable handouts posted to T-Square (as set forth under the title “Course Schedule and Assignments” starting on page 17 of this syllabus) will be part of such determination.
- A student must individually, or as part of their team, hand in by no later than 6:00 pm of each Wednesday’s class a **hard copy** of their **typed** notes from the prior week’s classes. Typed notes should include both what they gained from class lectures and what they gained from reading the textbook. These notes are in essence a study guide outline of what they learned during the prior week. I made this a team assignment as it was my idea that, as a team, members could supplement and edit each other’s class notes so as to arrive at one master copy of class notes with textbook edits included which serve as a superb study guide. If a student prefers to work on their own rather than as a member of their team, I do accept individual submissions of this but I do hold the individual submissions to the same standards as the team submissions. One must receive a grade of

at least 85 on each of these submissions in order qualify for the team class presentation option rather than taking a written exam.

First Exam, Second Exam and Final Exam.

First Exam. The First Exam will consist of a team based interactive session graded by the Professor. Look at the paragraph immediately below to understand the subject matter of this interactive session comprising the First Exam. Failure of a student to attend their team's interactive session on the assigned date will result in the student receiving a zero on this component of their course grade. If a student fails to attend their team's interactive session for the First Exam for illness, death in the family, excuse from the Georgia Tech Athletic Department pursuant to the intercollegiate athletic policy, excuse from the Georgia Tech ROTC Department, an unavoidable work conflict, or a military commitment, as stated below in this syllabus, that student shall take a written exam in place of the interactive session. For that student the written First Exam will be sixty-five minutes in length, consisting of multiple choice questions, short answer question. The written First Exam, whether it be the interactive session or the written exam, will cover those materials indicated in the "Course Schedule and Assignments" prior to the date of the First Exam or discussed in the class prior to the date of the First Exam, so if you miss a class you need to get class notes taken by one of your classmates. It is your responsibility to get such class notes and to select the most competent classmate from whom to obtain such class notes. If a student takes the written exam for the First Exam that student may bring one (1) index card with that students handwritten notes (both sides of a 3 x 5 index card may contain notes but only notes in your handwriting). Yes, you may cut your own index card, so long as it 3 x 5 inches. For the written First Exam you **may not** bring calculators, laptops, or any other electronic device.

First Exam interactive session. Below are the issues which each of the teams will negotiate in our First Exam interactive sessions which will take place on June 8 as set forth at the end of this syllabus under the title "Course Schedule and Assignments." You get to choose in class prior to the below interactive sessions if your team wishes to be Team "W," Team "X," Team "Y," or Team "Z" (i.e., you get to choose the topic on which you want to present). The corporation/limited liability company is a high growth company in the social media space which will assist companies in expanding their social media presence. The name of the corporation/limited liability company is Social X. Students will not be graded on negotiating skills but rather on legal issues raised by a team and legal issues raised to respond to requests made by the other team.

Teams 1 and 2 negotiate the below topics:

- Employment Agreements & Separation Agreements (including NDAs and Non-Compete and Non-solicitations)
 - One team- Social X as Employer – **Team W**
 - Other Team--Existing Employee and also potential employee of Social X who is about to get a job offer from Social X - **Team X**
- Shareholder Agreements
 - One team- Social X Founders (younger & less wealthy) - **Team W**

- Other Team- Venture Capitalists & Angel Investors (older & wealthier) seeking to invest in Social X - **Team X**

Teams 3 and 4 negotiate the below topics:

- Formation of Social X as an entity and issuance of stock in Social X (including addressing how to prepare for future infusions of capital)
 - One team- Social X Founders - **Team Y**
 - Other Team- a group of Venture Capitalists and/or Angel Investors seeking to invest in Social X - **Team Z**
- Attorney Client Issues (civil and criminal)
 - One team-CXO level employee of Social X - **Team Y**
 - Other Team- Social X's Counsel - **Team Z**
- Stock Grants, Stock Options & Restricted Stock & any other incentive arrangements (address early phase companies with low valuation and more mature companies that have higher valuations)
 - One team- Social X as Employer – **Team Y**
 - Other Team-Existing Employee and also potential employee of Social X who is about to get a job offer from Social X - **Team Z**

How this will work:

When any Team is presenting on the above topics the remaining Teams act in a questioning role by questioning the Team presenting. Your grade will be based on (i) your team's presentation, (ii) your individual presentation as part of your team (i.e., you cannot sit back and let just the members of your team who are most comfortable verbally communicating carry the presentation), and (iii) your individual questioning of the other Teams during their presentation.

Second Exam. The Second Exam will consist of a team based interactive session graded by the Professor. Look at the paragraph immediately below to understand the subject matter of this interactive session comprising the Second Exam. Failure of a student to attend their team's interactive session on the assigned date will result in the student receiving a zero on this component of their course grade. If a student fails to attend their team's interactive session for the Second Exam for illness, death in the family, excuse from the Georgia Tech Athletic Department pursuant to the intercollegiate athletic policy, excuse from the Georgia Tech ROTC Department, an unavoidable work conflict, or a military commitment, as stated below in this syllabus, that student shall take a written exam in place of the interactive session. For that student the written Second Exam will be sixty-five minutes in length, consisting of multiple choice questions, short answer questions. The written Second Exam, whether it be the interactive session or the written exam, will cover those materials indicated in the "Course Schedule and Assignments" prior to the date of the Second Exam or discussed in the class prior to the date of the Second Exam, so if you miss a class you need to get class notes taken by one of your

classmates. It is your responsibility to get such class notes and to select the most competent classmate from whom to obtain such class notes. If a student takes the written exam for the Second Exam that student may bring one (1) index card with that student's handwritten notes (both sides of a 3 x 5 index card may contain notes but only notes in your handwriting). Yes, you may cut your own index card, so long as it is 3 x 5 inches. For the written Second Exam you **may not** bring calculators, laptops, or any other electronic devices.

Second Exam interactive session. Below are the issues which each of the teams will present in our Second Exam interactive sessions which will take place on June 29 as set forth at the end of this syllabus under the title "Course Schedule and Assignments." You get to choose in class prior to the below interactive sessions if your team wishes to be Team "W," Team "X," Team "Y," or Team "Z" (i.e., you get to choose the topic on which you want to present).

Team "W" presents on the below topic:

- You are company counsel for a corporation/limited liability company which is a fast growing high tech company in the information technology security sector ("We Got Your Back, Inc." or "WGYB") which currently has 60 employees. There is a very competitive hiring environment in Atlanta due to the proliferation of information technology security located in the greater metro Atlanta area and thus many of the employees WGYB recruits and hires work for competing companies. Many of the employees WGYB recruits and hires are in their twenties and early thirties but WGYB also has more seasoned employees. Many of the employees WGYB recruits and hires wind up using WGYB as a social outlet, something WGYB promotes (many WGYB employees even wind up dating each other), as WGYB has a cafeteria which is open 24/7 to offer free food to any of WGYB's employees in hope that WGYB employees want to stick around and discuss creative ideas for new products and ideas. You are training the newly hired WGYB HR department in interviewing new potential employees, addressing on-going labor law matters and on proper procedures to terminating employees.

Team "X" presents on the below topic:

- You are company counsel for a corporation/limited liability company which is a fast growing high tech company in the information technology security sector ("We Got Your Back, Inc." or "WGYB"). Since the formation of WGYB its board of directors has consisted of just the original founding shareholders. You have just been asked to brief and advise management of WGYB and the existing small board of directors of WGYB in the preparation of corporate governance documents and procedures needed in the expansion of the WGYB board of directors into a board which can truly guide management going forward. You have just been asked to brief and advise management and the existing board of directors in what will be entailed in recruiting new directors to this board and on any other approaches which may also assist management in obtaining the guidance it seeks in growing WGYB.

Team “Y” presents on the below topic:

- You are company counsel for a corporation/limited liability company that is a fast growing high tech company in the information technology security sector (“We Got Your Back, Inc.” or “WGYB”). WGYB and its shareholders are, for the first time in the history of WGYB, seeking capital from someone who was not an original founder of WGYB. You have just been asked to brief and advise the management of WGYB and the existing small board of directors of WGYB on how to prepare for discussions with this angel investor and what issues they should be prepared to address.

Team “Z” presents on the below topic:

- You are company counsel for a corporation/limited liability company which is a fast growing high tech company in the information technology security sector (“We Got Your Back, Inc.” or “WGYB”). WGYB (i) is needing to expand its office space in the greater Atlanta area from its existing leased office space to a larger office space in the greater Atlanta area, (ii) is contemplating acquiring a company it has targeted, and (iii) is establishing shipping procedure for its products with its logistics/supply chain division. You have just been asked to brief and advise management of WGYB and the board of directors of WGYB on what to consider (i) in connection with vacating WGYB’s existing office space and entering into a lease for new office space, (ii) in the early phase of structuring a merger or acquisition transaction with the company WGYB has targeted, and (iii) in establishing shipping procedure for its products including the economic and legal effects or different shipping approaches which could be utilized.

How this will work:

When any Team is presenting on the above topics the remaining Teams act in the role of management and/or the board or directors of WGYB by questioning the Team presenting. Your grade will be based on (i) your team’s presentation, (ii) your individual presentation as part of your team (i.e., you cannot sit back and let just the members of your team who are most comfortable verbally communicating carry the presentation), and (iii) your individual questioning of the other Teams during their presentation.

Final Exam. The Final Exam will consist of a team based interactive session graded by the Professor. Look at the paragraph immediately below to understand the subject matter of this interactive session comprising the Final Exam. Failure of a student to attend their team’s interactive session on the assigned date will result in the student receiving a zero on this component of their course grade. If a student fails to attend their team’s interactive session for the First Exam for illness, death in the family, excuse from the Georgia Tech Athletic Department pursuant to the intercollegiate athletic policy, excuse from the Georgia Tech ROTC Department, an unavoidable work conflict, or a military commitment, as stated below in this syllabus, that student shall take a written exam in place of the interactive session. For that student the written Final Exam will be sixty-five minutes in length, consisting of multiple choice questions, short answer questions. The written Final Exam, whether it be the interactive session or the written exam, will cover those materials indicated in the “Course Schedule and Assignments” prior to the date of the Final Exam or discussed in the class prior to the date of the Final Exam, so if you miss a class you need to get class notes taken by one of your classmates. It

is your responsibility to get such class notes and to select the most competent classmate from whom to obtain such class notes. If a student takes the written exam for the Final Exam that student may bring one (1) index card with that student's handwritten notes (both sides of a 3 x 5 index card may contain notes but only notes in your handwriting). Yes, you may cut your own index card, so long as it is 3 x 5 inches. For the written Final Exam you **may not** bring calculators, laptops, etc.

Final Exam interactive session. Below are the issues which each of the teams will present in our Final Exam interactive sessions which will take place on July 27 as set forth at the end of this syllabus under the title "Course Schedule and Assignments." You get to choose in class prior to the below interactive sessions if your team wishes to be Team "W," Team "X," Team "Y," or Team "Z" (i.e., you get to choose the topic on which you want to present).

The company in each of the below presentations is a company in the mobile device space which both (i) develops operating systems for mobile devices, and (ii) designs and manufactures the mobile devices (i.e., the hardware). The name of the company is iInteract, Inc. iInteract has physical retail locations which it leases (mostly located in shopping malls and strip shopping centers) through which it sells its hardware products and iInteract also sells its hardware products through wireless carriers such as AT&T Mobility, Verizon, etc. iInteract additionally sells its products through its website. iInteract also licenses its operating system to other manufacturers of mobile devices (i.e., other hardware manufacturers)

Team "W" presents on the below topic:

- You present to employees and officers of iInteract what they should understand and be aware of in connection with operational liabilities and insurance, including how to address these operational liabilities and what to focus on in obtaining insurance given that iInteract plans on expanding its retail store locations.

Team "X" presents on the below topic:

- You present to employees and officers of iInteract what they should understand and be aware of in connection with intellectual property as the company is in the process of developing more sophisticated operating systems and hardware and in connection with licensing its operating system.

Team "Y" presents on the below topic:

- You present to employees and officers of iInteract what they should understand and be aware of in connection with buying and selling a business as the company is considering, as part of its strategic growth, purchasing some privately owned businesses and may itself be a target for acquisition by a larger privately held or publicly held business.

Team “Z” presents on the below topic:

- You present to employees and officers of iInteract what they should understand and be aware of in connection with venture capital and the points which will be discussed in connection with a venture capital term sheet as the company is considering pursuing a venture capital infusion to fund its R&D and acquisition strategy.

How this will work:

When any Team is presenting on the above topics the remaining Teams act in the role of employees and offices of the company by questioning the Team presenting. Your grade will be based on (i) your team’s presentation, (ii) your individual presentation as part of your team (i.e., you cannot sit back and let just the members of your team who are most comfortable verbally communicating carry the presentation), and (iii) your individual questioning of the other Teams during their presentation.

No Removal of Exams from Classroom: Students are not permitted to remove written exams from the classroom during the exam or after its completion. Students must, at the end of the written exam, hand in to the Professor (or if the Professor is not present to the proctor administering the exam) the written exam along with the marked scantron card indicating the students’ answers to the multiple choice questions. If a student removes the written exam from the classroom or if a student fails at the end of the written exam to hand in to the Professor (or if the Professor is not present to the proctor administering the exam) **both** the written exam and the marked scantron card indicating the students’ answers, the student will receive a zero on the written exam.

Exam Absence Policy: **(1) Absence Due to Illness:** If you are ill for the First Exam or the Final Exam, you must contact the Professor **beforehand** in order to be excused from taking the First Exam, the Second Exam or the Final Exam, respectively. Only a physician-written note stating that you are suffering from an incapacitating illness is considered an excuse which will permit you to take the First Exam, the Second Exam or the Final Exam, respectively, at a date or time other than the date and time indicated in the “Course Schedule and Assignments” (a note that you visited the clinic **is not** sufficient). **(2) Absence Due to Death in Family:** If you have a validated death in your family you must contact the Professor **beforehand** in order to be excused from taking the First Exam, the Second Exam or the Final Exam, respectively. **(3) Absence Due to Unavoidable Work Conflict:** If you have an unavoidable work conflict you must contact the Professor **beforehand** in order to be excused from taking the First Exam, the Second Exam or the Final Exam, respectively. **(4) Absence Due to Participation in Official Georgia Tech Intercollegiate Athletic Event or Georgia Tech ROTC required activity.** If you are participating or traveling to participate in an official Georgia Tech intercollegiate athletic event on the day of an exam you must contact the Professor **beforehand** and provide the Professor **beforehand** with a letter from the Georgia Tech Athletic Department or Georgia Tech ROTC Department in order to be excused from taking the First Exam, the Second Exam or the Final Exam, respectively. **(5) Absence Due to Military Commitment:** If you have a military commitment you must contact the Professor **beforehand** in order to be excused from taking the First Exam, the Second Exam or the Final Exam, respectively. A different examination may or may not be used for make-up exams and it will be an Academic Honor Code violation to talk to anyone about an exam for which you are taking a make-up exam. **Your failure to take the First**

Exam, the Second Exam or the Final Exam, respectively, at the date and time indicated in the “Course Schedule and Assignments” will result in you receiving a grade of zero on the First Exam, the Second Exam or the Final Exam, respectively, unless you: (i) contact the Professor **beforehand** and present the Professor with a physician-written note stating that you are suffering from an incapacitating illness (a note that you visited the clinic **is not** sufficient); (ii) contact the Professor **beforehand** and explain to the Professor that you have a validated death in your family; (iii) contact the Professor **beforehand** and explain to the Professor that you have an unavoidable work conflict; (iv) contact the Professor **beforehand** and explain to the Professor that you have a Georgia Tech intercollegiate athletic event or Georgia Tech ROTC required activity; or (v) contact the Professor **beforehand** and explain to the Professor that you have a military commitment..

Do Not Attend Exam Review Class If You Have Not As Of That Date Taken The Exam: If due to absence you have not taken an exam as of the date the Professor reviews that exam in class as set forth in the “Course Schedule and Assignments” located at the end of this syllabus, do not attend the class in which the Professor reviews that exam. If a student attends the class in which the Professor reviews an exam prior to a student taking that exam, the student will receive a zero on the exam.

Class Participation and Attendance. Since this is an upper level course and students should expect to learn from one another as well as from the Professor, each student has the responsibility to attend class and to actively participate in classroom discussion. Class attendance without active participation in class discussion **is not sufficient** to receive any grade adjustment class participation points for class participation as discussed below in this syllabus under the topic heading “Grading.”

The Professor will either take attendance or pass out a class attendance sheet on such days as the Professor elects to do so at any time during the class that the Professor elects to do so. If you are not present when your name is called in class by the Professor or if you fail to sign the class attendance sheet when the Professor passes it out in class, as applicable, you will be marked as absent from class that day. **You cannot later come up to the Professor and attempt to provide him with an excuse why you were not in class when he called your name or why you did not sign the class attendance sheet.** Arriving late to class or departing early from class can thus adversely affect your final grade in the course as discussed below. Other than excuse for illness pursuant to the illness policy stated below in this syllabus, excuse for a death in your family pursuant to the death in family policy stated below in this syllabus and excuse from the Georgia Tech Athletic Department pursuant to the intercollegiate athletic policy stated below in this syllabus, **you will be allowed only two (2) class absences** during the semester (you do not need to provide a reason). Any class absence after the allowed two class absences, for whatever reason (other than excuse for illness pursuant to the illness policy, excuse for a death in your family pursuant to the death in family policy and excuse from the Georgia Tech Athletic Department pursuant to the intercollegiate athletic policy below), will adversely affect your final grade in the course by **reducing your final grade in the course by three (3) points for each absence after the allowed two (2) class absences** (i.e., if you miss four classes and otherwise had a final course grade of 81 your final grade in the course will be reduced by six points to a 75).

I will be using a seating chart to assist me in getting to know you and to keep track of class participation. By the second class session (the class starting at 6:00 p.m. on Wednesday, May 25, 2016), please select a permanent seat for yourself in the classroom. Class attendance without active participation in class discussion **is not sufficient** to receive the class participation points discussed below in this syllabus. Since you cannot participate in class discussions if you miss all or part of a class it will be impossible for you to receive class participation points if you are absent from class or tardy to class.

Illness Policy and Death In Family Policy and Georgia Tech Athletic Department Policy and Georgia Tech ROTC Policy and other Military Commitment. If you are ill for a class you must contact the Professor **beforehand** in order to be excused from that class. You must present or email the Professor a physician note or a note from a medical clinic you visited indicating that you are ill in order for your illness to be considered an excuse which will permit you to be excused from attending a class. If you have a validated death in your family you must contact the Professor **beforehand** in order to be excused from attending a class. If you will miss class due to participation in an official Georgia Tech intercollegiate athletic event or Georgia Tech ROTC activity you must contact the Professor **beforehand** in order to be excused from that class and you must provide to the Professor a letter from the Georgia Tech Athletic Department or Georgia Tech ROTC Department indicating what days you will be absent. If you have a military commitment you must contact the Professor **beforehand** in order to be excused from that class.

Grading. The grading system for the course will be made up of four components, which are as follows.

Grading-Exams.

The first component of your grade for the course is the First Exam. The First Exam will account for **33 1/3%** of the Final Grade.

The second component of your grade for the course is the Second Exam. The Second Exam will account for **33 1/3%** of the Final Grade.

The third component of your grade for the course is the Final Exam. The Final Exam will account for **33 1/3%** of the Final Grade.

Grading-Class Participation Points.

The fourth component of your Final Grade for the course is your Class Participation. The Professor at his discretion **may increase a student's Final Grade in the course by up to five (5) points** as a result of the student's class participation by awarding the student final grade increase points based on the number of class participation points awarded the student during the semester. By way of example, if a student received a Final Grade of 85 as a result of the grades received by the student on the First Exam, Second Exam and Final Exam, if that student had exceptional class participation, both in the amount and in the quality of the class participation, during the entire course, the Professor could increase that student's Final Grade by up to five (5) final grade increase points thus bringing that student's Final Grade from an 85 to a 90 thus

causing that student to receive an “A” rather than a “B” in the course. The quality of a student’s class participation will be determined based upon the class participation being reflective of critical thinking and absorption of reading materials indicated on the “Course Schedule and Assignments.” A high quality response need not be completely accurate but it must be pertinent and reflective of critical thinking and absorption of reading materials. Random comments made merely to enable a student to say they participated in class discussion will not be considered as participating in class discussion and will not help your final grade in the course. It is important to remember that the quality, not just the quantity, of a student’s class participation will be the critical determinative factor in the Professor’s awarding of class participation points to a student. It will be impossible for a student to have quality class participation if they do not read the course material indicated in the “Course Schedule and Assignments” located at the end of this syllabus prior to each class.

The Professor will create a spreadsheet to enter the class participation points of each student and will use this spreadsheet at the end of the semester to determine how many final grade increase points each student receives. In order to determine how many final grade increase points each student receives, the Professor will average the amount of class participation points of the students in the course who participated in class discussion and determine the average number of class participation points (the average number of class participation points will be based only upon the class participation of those students who participated in class discussion during the semester, i.e., the average amount of class participation points will be the average of the class participation of the students in the course who participated in class discussion, the average amount of class participation points will not reflect the zero class participations of the students who did not participate in class discussion). Those students who participated the average amount of times will receive three final grade increase points. Those who participated above average will earn four or five final grade increase points and those who participated below average will earn one or two final grade increase points. **The Professor will increase a student’s Final Grade in the course by the number of final grade increase points earned by the student.** If a student does not participate in class discussion they will receive no class participation points and thus will receive no final grade increase points.

In the event that at the end of the semester the average amount of class participation points of the students in the course who participated in class discussion during the semester equals thirty (30) or more, any student who received thirty (30) or more class participation points shall be awarded five (5) final grade increase points (i.e., any such student who received thirty (30) or more class participation points will not have to exceed the average of thirty (30) class participation points in order to be awarded five (5) final grade increase points). Additionally, in the event a student earned five (5) final grade increase points and, after increasing such students Final Grade by such five final grade increase points, such student is one final grade point, but no more than one final grade point, shy of the number of final grade points needed for such student’s Final Grade to increase to the next higher final letter grade, the Professor will award such student the needed one additional final grade increase point (i.e., if a student who earned five (5) final grade increase points has an 89 after increasing such students Final Grade by such five final grade increase points, the Professor will award that student one additional final grade increase point so that such student’s final grade point increases from an 89 to a 90 and thus their letter grade increases from a “B” to an “A.”). This awarding by the Professor of one additional final grade increase point, as described in this paragraph, will be done only for students who earned five (5)

final grade increase points and will not be done for students who did not earn five (5) final grade increase points.

Each week the Professor will also be calling on students to verbally summarize material covered in the prior week of classes. If a student is not prepared to give such a verbal summary report, their grade will be negatively impacted by such failure to be prepared. The negative impact will be to reduce the student's final grade in the course by one (1) final grade point for each such failure to be prepared to give such a verbal summary report (i.e., if a student is not prepared on two occasions to give such a verbal summary report, that student's final grade in the course will be negatively impacted and reduced by two points, thus, a student who earned a 91 average on their exams in the course would have their final grade in the course reduced to an 89 and that student's final grade in the course will thus be reduced from an "A" to an "B.").

How a Student Indicates They Want To Participate In Class Discussion. If a student has read the reading materials indicated on the "Course Schedule and Assignments" prior to a class and wishes to participate in class discussion that day, they should display their name tent in front of them on their desk space so that the Professor can read their name on this name tent. Students who display their name tents will be the focus of questions and class discussions, as they have volunteered to participate in that class by displaying their name tent. If a student has not read the reading materials indicated on the "Course Schedule and Assignments" prior to a class they should not display their name tent in that class. **In order for a student to be called on, they must have their name tent on their desk, visible to the Professor.** The Professor will indicate if a student's class participation merits a class participation point that day **by handing that student a Georgia Tech Buzz Buck for each high quality response that day which is pertinent and reflective of critical thinking and absorption of reading materials.**

At the end of each class period, each student whom the Professor indicated during that class period should receive a class participation point by virtue of the Professor handing that student a Georgia Tech Buzz Buck should come to the Professor's podium located in front of the class and at that podium there will be a class participation sheet of paper for them to **print their name in legible printing** for that particular class period (indicating the number of class participation points they received). Students who have displayed their name tent but could not offer discussion reflective of critical thinking and absorption of reading materials will not be allowed to sign their name on the class participation sheet.

The Professor will use the class participation sheets from each of the class periods to access the amount of class participation contributed by each student and the Professor will use his own notes and memory to additionally access the quality of each student's class participation. If a student who participated in class discussion in a particular class period **fails to sign the class participation sheet for that particular class period,** the student **may not** subsequently e-mail or otherwise contact the Professor requesting that their name be added to the class participation sheet for that particular class period. The Professor will stop each class period a few minutes early in order that students who participated in class discussion have ample time to print their name on the class participation sheet for that particular class period (indicating the number of class participation points they received) and still make it to their next class or other commitments on time. It is important to remember that the quality, not just the quantity, of a student's class participation is critical in determining if a student's grade should be increased by class participation points. **If a student has not read the reading materials indicated on the "Course**

Schedule and Assignments” prior to a class they should not display their name tent in that class as it will be impossible for a student to have quality class participation if they do not read the course material indicated in the “Course Schedule and Assignments” located at the end of this syllabus prior to a class.

The class participation points offered in this class are intended to promote (i) reading the course material indicated in the “Course Schedule and Assignments” located at the end of this syllabus prior to each class, (ii) participation in the lectures to help create an open lecture and case study learning format for the class, and (iii) help the Professor learn the names of the students.

Numerical Grade and Corresponding Final Letter Grade in Course.

| <u>Average of Exam Grades + Final Grade Increase Points</u> | <u>Letter Grade Awarded in Course</u> |
|---|---------------------------------------|
| 90 and above | A |
| 80 through 89.99 | B |
| 70 through 79.99 | C |
| 60 through 69.99 | D |
| Less than 60 | F |

The sum of the average of exam grades plus final grade increase points is not rounded up to award a student the next higher letter grade in the course. Students should increase their chance of being awarded the next higher letter grade in the course by maximizing their class participation.

7. Name Tents

The Professor will hand out to each student on the first day of each class a “name tent” on which each student should **legibly print** using a **bold black magic marker** their first and last name. **It is the responsibility** of each student to bring this name tent to each class and place the name tent in front of them on their desk space if they wish to be called on in class so that the Professor can read their name on this name tent. The Professor will have extra name tents and a bold magic marker at the front of each class for any student who lost their name tent. It is the desire of the Professor to get to know the students who elect to participate in class discussion. It is only by having a name tent in front of a student that the Professor will associate that student who is making a high quality contribution to class discussion with that student’s name. **If a student repeatedly fails to display their name tent in class because the student has not read the reading materials indicated on the “Course Schedule and Assignments” prior to each class and thus cannot participate in class discussion that day, the student has no right to request at the end of the course semester that the student be permitted to do an extra credit assignment to raise their course grade. Moreover, the Professor will not take any requests made within three weeks prior to the last day of class that a student be permitted to do an extra credit assignment to raise their course grade.** It is important to remember that class participation sheets on which a student prints their name at the end of each class period in which the Professor indicated they meaningfully participated in class discussion is the key element that the Professor will use at the end of the course semester to determine if a student’s Final Grade

should be increased due to class participation. The main element that the Professor will consider in permitting a student to sign the class participation sheet is the quality of that student's class participation and in order for the Professor to do that a student must have a name tent in front of them to enable the Professor to know that the student is prepared to participate in class discussion.

8. Disability Accommodation

The Georgia Institute of Technology has established policies with respect to disability accommodation through Access Disabled Assistance Program for Tech Students (ADAPTS). These policies may be accessed at the ADAPTS website located at <http://www.adapts.gatech.edu>. Students seeking disability accommodation are specifically referred to the student guide and documentation pages on this website. Students failing to comply with the requirements set forth in ADAPTS will not receive accommodation.

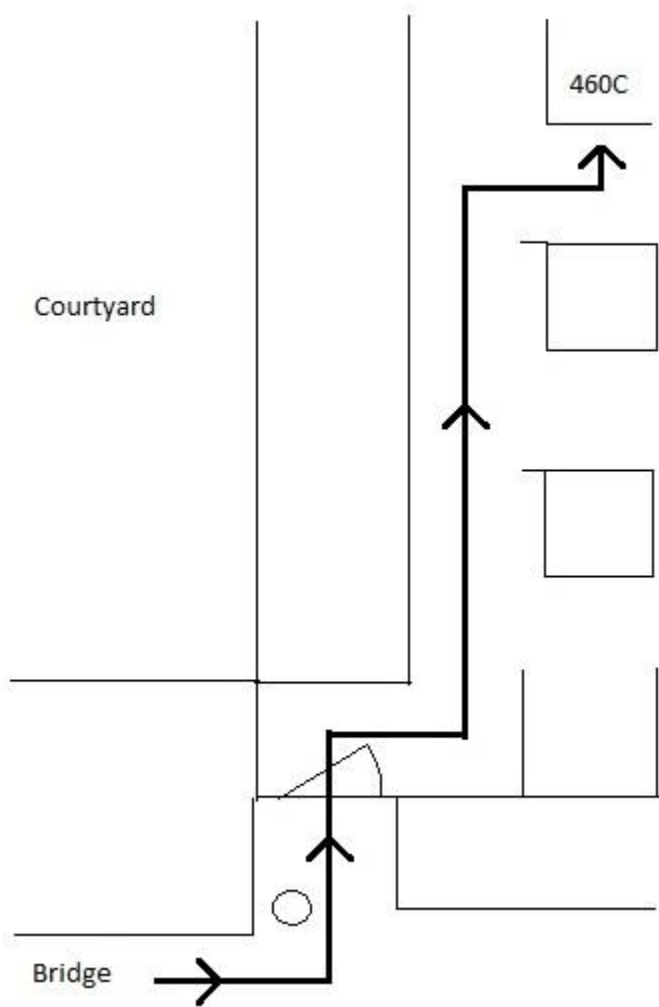
9. Legal Disclaimer

Any and all opinions or statements as to legal matters made by the Professor are for classroom purposes only and are not intended and should not be construed as dispensing legal advice. This disclaimer includes conversations with students during and outside of class.

10. Locating the Professor's Office

The Professor's office is located on the 4th floor of the Scheller College of Business building. The Professor's office number is 4271/460C. To find the Professor's office go to the 4th floor of the Scheller College of Business building and go to the door marked faculty offices and enter through this door (this door is located on the left hand side of the hallway after you cross the bridge, i.e., the door marked faculty offices is located on the northeastern end of the Scheller College of Business building). After you enter through the door marked faculty offices make a right at your third hallway on the right – the Professor's office is the first office on the left.

Below is a map to assist you if the above written directions are not sufficiently clear:



Course Schedule and Assignments

| Date | Topic | Chapters/Assigned Readings |
|-------------|--|---|
| 5/18/16 | Introduction to Course and Introductory Lecture on legal issues encountered by entrepreneurs | Chapter 1 of the Textbook |
| 5/18/16 | Leaving your Employer Covenants Not To Compete; Trade Secrets and Invention Assignments and Work-for-Hire; Strategies for Leaving on Good Terms; Strategy and Documentation to Avoid Hiring Others Who Could Be Subject to Non-Compete, Non-Solicitation and NDAs | Chapter 2 of the Textbook and Handouts posted to T-Square |
| 5/18/16 | Selecting and Working with an Attorney How to use legal counsel in a cost effective manner, The concept of attorney-client privilege and how to preserve it | Chapter 3 of the Textbook |
| 5/25/16 | Deciding Whether to Incorporate Choice of Entity and Tax Considerations in Light of Immediate and Long Term Goals; Maintaining Limited Liability Protection; Organizational Documentation for formation of Corporations and LLCs; Delaware corporations; Role of Partnerships and Joint Ventures | Chapter 4 of the Textbook and Handouts posted to T-Square |

| Date | Topic | Chapters/Assigned Readings |
|---------|---|---|
| 5/25/16 | <p align="center">Structuring the Ownership</p> <p>Financing Through Debt or Equity; Maintaining Voting Control and role of Voting and Non-Voting Stock and Voting and Non-Voting Membership Interests; Deemed Compensation Tax Issues; Employing Stock Options and Vesting; Qualified vs. Non-Qualified Stock Options and Tax Considerations; IRC Section 83(b) election; Shareholder and Membership Interest Agreements and various control, succession and inheritance issues to be considered; Put-Call provisions in Shareholder Agreements and Termination of Employment issues in Shareholder Agreements; Proprietary Information and Inventions, and Non-compete Agreements; How to issue stock and membership interests</p> | Chapter 5 of the Textbook and Handouts posted to T-Square |
| 6/1/16 | <p align="center">Structuring the Ownership</p> <p align="center">(see above topics covered)</p> | Chapter 5 of the Textbook and Handouts posted to T-Square |
| 6/8/16 | <p align="center">FIRST INTERACTIVE SESSION OR WRITTEN EXAM 1</p> <p align="center">(refer to pages 4 through 5 of this syllabus)</p> | Chapters 1 through 5 of the Textbook |

| Date | Topic | Chapters/Assigned Readings |
|--------|---|---|
| 6/8/16 | <p>Review of Exam 1 and Forming and Working With the Board</p> <p>Role of Board of Directors; Inside and outside directors; Size of Board and background of Board members; Concept of an Advisory Board and the role which it plays; What type of information and how to prepare and present information to Board to enable them to perform their function; Impact of Sarbanes-Oxley Act of 2002 on even Boards of privately held corporations; Duties of directors; the Business Judgment Rule; D&O Liability Policies; Shareholder Derivative Lawsuits</p> | Chapter 6 of the Textbook |
| 6/8/16 | <p>Forming and Working With the Board (see above topics covered)</p> <p>and</p> <p>Raising Money and Securities Regulation (see below topics covered)</p> | Chapter 6 of the Textbook and Handouts posted to T-Square |

| Date | Topic | Chapters/Assigned Readings |
|---------|---|--|
| 6/15/16 | <p>Raising Money and Securities Regulation</p> <p>Common vs. Preferred Shares; Preferences angel investors and venture capitalists often want; Raising Capital and Exemptions from Registration under Securities Act of 1933 and how to fall under an exemption (Reg A, Reg D, Section 4(2), Rule 147); Rule 10b-5 of the Securities Exchange Act of 1934 and its applicability to money raised under an exemptions from registration under Securities Act of 1933; Blue Sky laws; Role of Private Placement Memorandum and understanding what goes into preparing one; Role of angel investors vs. venture capitalist; Dilution and change in control issues; raising money through government programs</p> | <p>Chapter 7 of the Textbook and Handouts posted to T-Square</p> |

| Date | Topic | Chapters/Assigned Readings |
|---------|---|--|
| 6/15/16 | <p>Marshaling Human Resources</p> <p>Employees vs. Independent Contractors and IP and tax considerations; Employment Hiring and Firing Practices, Roles which employers are being forced to assume in the workplace; dating in the workplace; Emails and web searching by employees; Discrimination and harassment in the workplace; Role of employment manual and issues to address in it; Liability for acts of employees; employee benefits</p> | <p>Chapter 8 of the Textbook and Handouts posted to T-Square</p> |
| 6/22/16 | <p>Marshaling Human Resources (see above topics covered)</p> | <p>Chapter 8 of the Textbook and Handouts posted to T-Square</p> |
| 6/22/16 | <p>Contracts and Leases</p> <p>Contract drafting skills and business analysis needed to develop a well drafted contract; Issue spotting in connection with contract drafting; Choice of forum and law and strategic significance; Leases, loan agreements and sales contracts and checklists to develop prior to preparing them</p> | <p>Chapter 9 of the Textbook and Handouts posted to T-Square</p> |

| Date | Topic | Chapters/Assigned Readings |
|---------|--|----------------------------|
| 6/22/16 | <p>E-Commerce and Sales of Goods and Services</p> <p>Electronic contracts; UCC Article 2 and warranties contained therein; Significance of disclaimer of implied warranties under the UCC; Significance of express warranties and interpreting the value of express warranties based upon what is being warranted; “As Is sales and C.O.D deliveries and rights being waived in agreeing to C.O.D. deliveries; Limitation of liability provisions and the need for them in connection with the sale of certain goods such a computer software; Thought process behind contractually limiting the length of time of the statute of limitations; Magnuson-Moss Warranty Act; U.N. Convention on Contracts for the International Sale of Goods; Shipping and delivery terms under the UCC and under INCOTERMS; Strict liability in tort for defective products; Consumer privacy and identity theft; U.N. Convention on the Recognition and Enforcement of Foreign Arbitral Awards</p> | Chapter 10 of the Textbook |

| | | |
|----------------|---|--|
| 6/29/16 | SECOND INTERACTIVE SESSION OR WRITTEN EXAM 2 (refer to pages 5 through 7 of this syllabus) | Chapters 6 through 10 of the Textbook |
|----------------|---|--|

| Date | Topic | Chapters/Assigned Readings |
|---------|---|----------------------------|
| 6/29/16 | <p>Review of Exam 2 and Operational Liabilities and Insurance</p> <p>Intentional Torts and Unintentional Torts (negligence); Concept of duty of care and how society has made this a continually evolving standard; The shifting of duty of care from individuals to businesses; The concept of foreseeability and causation (proximate cause) and how business owners should prepare, educate and train employees; Negligence per se; strict liability; antitrust violations, Bribery and FCPA; Role of insurance</p> | Chapter 11 of the Textbook |
| 7/6/16 | <p>Operational Liabilities and Insurance (see above topics covered)</p> | Chapter 11 of the Textbook |
| 7/6/16 | <p>Creditor's Rights and Bankruptcy</p> <p>Secured transactions under UCC Article 9 and importance of perfecting security interest; Bank loan agreements; Types of bankruptcies and role of bankruptcy as a strategic tool; effect of bankruptcies on secured and unsecured creditors; Chapter 11 plan of reorganization; Operating a business while in Chapter 11</p> | Chapter 12 of the Textbook |

| Date | Topic | Chapters/Assigned Readings |
|-------------|--|---|
| 7/6/16 | <p>Venture Capital</p> <p>Venture Capital Term Sheet (discussions surrounding it and drafting it); Full and partial ratchet provisions; The down round; Valuation for venture capital; Due diligence; Convertible debt; Preferences in preferred stock and preferred membership interests; B and C venture capital rounds; How interests of VCs may not run parallel to interests of company founders and how this could affect decisions about the sale of business and IPO; Discussing with VCs and what entrepreneur may want from VC in addition to money; protective provisions for entrepreneur in documents agreed to with VC; VCs seats on board of directors</p> | <p>Chapter 13 of the Textbook and Handouts posted to T-Square</p> |
| 7/13/16 | <p>Venture Capital (see above topics covered)</p> | <p>Chapter 13 of the Textbook and Handouts posted to T-Square</p> |

| Date | Topic | Chapters/Assigned Readings |
|---------|--|---|
| 7/13/16 | <p>Intellectual Property and Cyberlaw</p> <p>Patents (internationally and within the U.S.); types of patents (utility, design and business method); Use of Patent Cooperation Treaty; European Patent Office; Trademarks (value in selecting a fanciful or coined name vs. an arbitrary name or a suggestive mark)to; Copyrights and Berne Convention; Trade dress; Domain names; Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement); Patent reform; Patent sharks; Patent trolls; Rethinking entrepreneurs approach to IP; Patent and trademark licensing; Coordinating IP with lawyer with branding developed by marketing group; Employee Proprietary Information and Invention Agreements; Independent Contractor Proprietary Information and Invention Agreements</p> | <p>Chapter 14 of the Textbook and Handouts posted to T-Square</p> |

| Date | Topic | Chapters/Assigned Readings |
|---------|---|---|
| 7/20/16 | <p align="center">Going Global</p> <p>Selecting the best approach to establishing an overseas presence (branch office, greenfield investment, merger or acquisition of existing overseas business; joint venture, franchising, licensing); tax issues, International human resource management; hiring and employing overseas; ethnocentric approach vs. polycentric approach;</p> | Chapter 15 of the Textbook |
| 7/20/16 | <p align="center">Buying and Selling a Business</p> <p>Stock vs. asset acquisition; issues on which to focus while discussing an acquisition agreement; review of representations and warranties and pre and post-closing covenants and agreements; Merger and risk run; The due diligence process; tax considerations; Ancillary documents and agreements to an acquisition or merger; securities and antitrust law compliance; shareholder approval and dissenters' rights</p> <p align="center">and</p> <p align="center">Going Public</p> <p>Is your company a viable IPO candidate ;</p> | <p>Chapter 16 of the Textbook and Handouts posted to T-Square</p> <p>Chapter 17 of the Textbook</p> |

| | | |
|--|---|--|
| | <p>Advantages and disadvantages of going public; IPO vs. sale of company; Role of the prospectus; Impact of Sarbanes-Oxley Act of 2002 and responsibilities of board of directors;</p> <p>Insider trading; restrictions on sale of shares; Annual, quarterly, and other periodic reporting requirements for a publicly held company</p> | |
|--|---|--|

| Date | Topic | Chapters/Assigned Readings |
|---|--|-----------------------------------|
| | | |
| 7/27/16 | Overall Course Review to Create a Complete Perspective for an Entrepreneur | No new reading assignment |
| Final Exam Date | Final Exam Time | Chapters/Assigned Readings |
| 7/27/16 (Wednesday) Time: 6:00 p.m. | FINAL INTERACTIVE SESSION OR WRITTEN FINAL EXAM (refer to pages 7 through 9 of this syllabus) (This final exam will be scheduled to be given on Wednesday, July 27, at 6:00 p.m.) | Chapters 11 through 17 |

The Professor may on occasion bring in a guest speaker from the legal community which may result in some minor rescheduling in the above course schedule (there will be no rescheduling of exam dates). However, do not deviate from the above reading assignments.

The Professor may from time to time hand out material in class which material will be required reading for the next class. Failure to attend class is no excuse for failing to read any material handed out in that class. **It is the responsibility of each student to obtain from other students in the class material handed out in a class which such student failed to attend.**