INTRODUCTION TO THE LEGAL AND ETHICAL ENVIRONMENT OF BUSINESS:
Social order is essential to successful commerce. As one of the primary means for maintaining social order, legal principles and processes facilitate the creation and operation of markets by providing necessary assurance to investors, sellers, buyers, employees, and others that their reasonable commercial expectations will be realized. While serving this positive function, however, law simultaneously operates as the most pervasive external constraint on business decision making. Customary ethical norms also constitute a significant factor in both the maintenance of social order and the imposition of external constraints on business.

In educating business students about the legal, regulatory, and ethical environment of business, we attempt to achieve at least the following objectives:

1. To improve students’ skills in recognizing and managing legal and ethical risks in business decision making.
2. To enhance students’ understanding of legal processes so that they can use those processes more effectively and efficiently in business decision making.
3. To assist students in making more ethical decisions and designing organizations that act more ethically.
4. To further development of analytical problem-solving skills.
5. To give students a greater appreciation for the role of law in society, both domestically and internationally.
6. To enhance students’ communication skills.

Students should study the legal, regulatory, and ethical environment of business for most of the same reasons that they study other core subjects in which they do not intend to specialize. They must be able to identify issues pertaining to the particular
discipline; recognize potential problems before they become actualized and costly; know when they need to consult an expert and when they do not (it is very inefficient to send every proposed communication or planned course of action past an attorney); understand the language, practices, and methods of reasoning and problem solving in the discipline so that the expert can be used effectively and efficiently; and have sufficient insight into the discipline so that the service and advice of the expert can be knowledgeably evaluated and incorporated into the firm’s decisionmaking processes.

In a post-Enron world, a top executive of a Fortune 50 company recently noted, “[i]t’s not possible to think of a [business] strategy that doesn’t have a legal compliance and regulatory element to it.” As the dean of the Yale School of Management recently wrote that “[a]ll students should gain a fundamental understanding of business law.”

COURSE MATERIALS:
1) BUSINESS LAW: TEXT AND CASES, by Allison & Prentice (13th Custom Edition by University Co-op)

2) COURSE OUTLINE, Spring 2013 version, by Prentice, available at the Paradigm copy shop, located on the Drag at 2116 Guadalupe

GRADING:
Grading will be done in a fair manner. Very fair. Those of you who earn an ‘A’ will agree with me. The rest of you will have to take my word for it. These very fair grades will be derived from three exams, class participation, and assorted homework assignments. I grade on the curve, intending to give roughly half As and half Bs, but giving the occasional C (or worse) to those students who manage through diligence and persistence to separate themselves from the pack in a downwardly direction. Pursuant to new policy, I may also be giving plus and minus grades. I’m sure you will find a D+ much more palatable than a plain old D.

In setting the curve, I assign the following weights:

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>15%</td>
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<tr>
<td>Mid-Term #1</td>
<td>20%</td>
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<tr>
<td>Mid-Term #2</td>
<td>20%</td>
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<tr>
<td>Homework</td>
<td>15%</td>
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<tr>
<td>Final Exam</td>
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<td><strong>Total</strong></td>
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Exams are open-book, open-note. They are also very difficult. I do not give make-up exams for the mid-terms. If you miss one of the mid-terms for any reason (including ‘I stayed up late watching TV and overslept,’ ‘My significant other decided that I wasn’t significant anymore,’ ‘Oh, gosh, I forgot to study,’ etc.) that’s fine with me. The percentage assigned to that exam will be applied to the final exam, which will then be worth 50%. This is a guts move and not recommended. Conventional wisdom indicates that you should take the mid-terms if possible. Practice makes perfect.

The final exam is officially scheduled for **Saturday, May 11, 2-5pm.** Plan your summer accordingly and begin studying now.
The mid-terms are tentatively scheduled for **Thursday Feb. 14** (Happy Valentine’s Day!) and **Thursday March 28** (Just missing April Fool’s Day). Sometimes “stuff happens” and I have to shift them a little bit one way or the other, but that’s what I am shooting for.

**ATTENDANCE:**
Woody Allen once said that 80% of success is simply being there. In this class, it’s more like 95%. Therefore, attendance is required. Coming to class every day won’t be any fun, but humor me. You may miss class 2 times for any reason (good or bad). Absence #3 had better be accompanied by a very good excuse, or you will be subject to academic sanction, involuntary transfer to A&M (and, hence, the SEC), or something worse (if I can think of something worse than transfer to A&M). I wouldn’t chance it if I were you. I am not kidding when I say that students who miss class almost always get poor grades.

**ASSIGNMENTS:**
Assignments will be made at the beginning of every class. (I will also post them on Blackboard when I remember. Announcements will be both sent out via mass e-mail and posted on Blackboard). There will be quite a bit of reading, but I optimistically expect that all assignments will be read on time by all students. I have ways of determining whether this is actually the case during the class participation portion of our festivities. You need not read the assignments (if public humiliation is your idea of a good time).

**CLASS PARTICIPATION:**
Your class participation will be graded in terms of (a) cases that you brief in class (these will be assigned in advance); (b) your answers to questions asked by me in class; (c) questions you ask of me in class; and (d) your participation in general class discussions. Important Note: class participation points can be deducted for counterproductive classroom activity--most specifically, disrupting the class by inappropriately talking to your neighbors or driving me crazy by texting in class.

**Briefs:** Briefs are aptly named. A brief is to a case what a book report is to a book. Your class version of a brief should contain: (i) the name of the case, (ii) the essential facts, (iii) the disposition (if any) of the lower court proceedings, (iv) the issue(s) presented to the court, (v) the resolution of that issue, and, most importantly, (vi) the court’s rationale for deciding the case as it did. If you have any questions, I have several examples of good briefs on file in my office. I want everyone to e-mail their brief to me after presentation in class. I will collect them and periodically e-mail them to the class.

Please stand when you present your brief in class. Also, please read as little as possible. Be familiar with the case and present it in as conversational a style as possible. Brief, clear, and conversational are three good attributes of a brief presentation.
HOMEWORK:
Homework can take many forms in this class. Last fall, students wrote several short individual papers related to business ethics and did a team project that involved arguing a Supreme Court case. At this point, I have not yet decided exactly what all of your homework assignments will look like. I may end up being as surprised as you.

TECHNOLOGY POLICY:
No laptops in class. No cell phones. No Crackberries. No surfing the net. No texting. No nothing. Sorry. Those who preceded you have abused the privilege. You are paying for their sins. Class participation points come in both positive and negative forms. Texting in class falls in the dramatically negative category.

ONLINE SOURCES:
If you have trouble with legal terminology, there are a number of free online law dictionaries, including at http://dictionary.law.com/. One great source for legal research is the Academic Universe from Lexis/Nexis. http://web.lexis-nexis.com/universe
Another is the Jurist website, http://jurist.law.pitt.edu/. Also, there’s the Legal Information Institute at Cornell Law School, see http://www.law.cornell.edu/.

TIPS ON STUDYING FOR THIS CLASS:
There’s no magic; just hard work. Read the assigned materials in the text when they are assigned. Before you come to class, look over the portions of the outline you think we will cover and think carefully about the examples contained therein. Before we talk about the cases in class, see if you can figure out how they will be resolved and why. Many of the extra cases on the outline are former test questions and it is good practice to attempt to figure them out before I talk about them. A student recently wrote me an e-mail saying: “When I read the material before I came to class I had much more fun and felt brilliant because I understood things the first time you explained them.” This student urged me to give pop quizzes to ensure that students did the reading beforehand. I am not going to do that. I am going to rely on your good sense and ambition. You will have more fun, you will learn more, and you will get a better grade if you read the text and look over the course outline before you come to class.

COURSE OUTLINE
Ch. 1: Nature and Sources of Law
Ch. 2: Court Systems, Jurisdiction, and Functions
Ch. 3: Dispute Resolution
Ch. 4: Common and Statutory Law
Ch. 7: Criminal Law and Business
Ch. 28: Securities Regulation
Ch. 8: The Law of Torts
Ch. 20: Sales: Products Liability
Ch. 9: Intellectual Property
Ch. 10: Nature and Classification of Contracts
Ch. 11: The Agreement
Ch. 12: Consideration
Ch. 13: Illegality
Ch. 14: Voidable Contracts
Ch. 15: Contracts in Writing
Ch. 16: Rights of Third Parties
Ch. 22: Agency: Nature, Creation, Duties, and Termination
Ch. 23: Agency: Liability of the Parties
Ch. 29: Antitrust Law
Ch. 30: Employment Law
Ch. 32: Legal Environment of International Business
Ch. 36: Business Ethics and the Law
Ch. 37: Business Ethics and Individual Decision Making
Ch. 38: Ethics, Organizations, Corporate Social Responsiveness
MISCELLANEOUS TIDBITS

1. Bring a #2 pencil and a blue book to each exam.

2. Exams are open-book, open-note, so concentrate on learning the concepts and how to apply them rather than on memorization.

3. After I have graded them, I will return your mid-term exams to you. There will be an answer key attached. If you have any questions about the grading and wish to have your exam re-graded, please submit the exam for regarding one week after I hand it back. Make your arguments for additional points in writing. Regrades are subject to having points taken off as well as added.

4. Please do not ask me for legal advice. That is not my job. Furthermore, I have intentionally avoided becoming a member of the Texas Bar so that I have a legal, as well as a practical, reason to stay out of any legal hassles you may be having with your roommates, your landlord, or the police.

5. The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

6. Religious Holidays. By UT Austin policy, you must notify me of your pending absence at least 14 days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Ethics Flag

This course carries the Ethics and Leadership flag. Ethics and Leadership courses are designed to equip you with skills that are necessary for making ethical decisions in your adult and professional lives. You should therefore expect a substantial portion of your grade to come from assignments involving ethical issues and the process of applying ethical reasoning to real-life situations.

The BHP Honor Code

We, the students of the Business Honors Program (BHP), have adopted this code as an expression of our commitment to ethical standards. We believe honor and trust are essential to a superior academic experience and continued professional success. It is intended to unite us and create an atmosphere of trust and mutual respect. Each student must abide by and defend the code.
Therefore we resolve that:

- We will abide by University of Texas policies for academic integrity.
- We will neither give nor receive unauthorized aid during completion of academic requirements.
- We will not act to gain any unfair advantage as BHP students or to cause academic or professional harm to another student.
- We will not misrepresent facts or qualifications at any time.
- We will not purposely obtain or possess property belonging to the University or another student without consent, nor will we deny other students access to university resources
- We will treat all individuals fairly and with dignity regardless of race, gender, creed, age, disability, national origin, and sexual orientation

**McCombs Scholastic Dishonesty Policy**

The College of Business Administration has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the CBA. By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at [http://www.utexas.edu/depts/dos/](http://www.utexas.edu/depts/dos/) or the General Information catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.