

Corporate Finance  
Fall 2022  
LAW 768-001  
TR 10:30-11:50  
Silverman 280

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Office Hours:  
TR 1:30-2:30

Book: Ivo Welch, Corporate Finance, 5<sup>th</sup> ed (2022) available free online at <https://book.ivo-welch.info/home/> or you can buy a copy on Amazon (5<sup>th</sup> edition available for about \$60; older editions would be fine for the most part too)

Attendance: There is a strong correlation between class attendance and final grades, but you know how to allocate your time better than I do

Participation: Always welcome

Grading: Grade entirely determined by performance on take-home final exam (which will be open book, open notes, etc)

Schedule

September 6: Introduction

Welch, Ch. 1

Jensen and Meckling (1976), "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," Journal of Financial Economics, 3: 305-360

September 8: Financial Statements

Welch, Ch. 14

Twitter Annual Report for the fiscal year ended December 31, 2021

September 13: In re IMAX Securities Litigation 587 F.Supp.2d 471 (SDNY 2008)

Greenstone, Oyer, and Vissing-Jorgensen (2006), "Mandated Disclosure, Stock Returns, and the 1964 Securities Acts Amendments," Quarterly Journal of Economics, 121(2) 399-460

September 15: Welch, Ch. 15

Thomas (2002), "The Rise and Fall of Enron," Journal of Accountancy

<https://asc.fasb.org/1943274/2147480842>

SEC Enforcement Action in the Matter of ADT, Inc (2018)

September 20: Current Event Discussion – Climate Disclosures

For background, you might want to skim (it's 490 pages long, so don't read it all) the SEC proposed rule available at <https://www.sec.gov/rules/proposed/2022/33-11042.pdf>

September 22: Valuation

Welch, Chs. 2-3

September 27: Welch, Chs. 4-6

Munich Reinsurance America, Inc., Plaintiff, v. Tower Insurance Company, Civil Action No. 09-2598 (D.N.J. Mar. 23, 2012)

Gentile v. Rosette, 906 A.2d 91 (Del. 2006)

September 29: Welch, Chs. 7-8

October 4: Welch, Ch. 9

October 6: Welch, Chs. 10-12

Basic v. Levinson, 485 U.S. 224

Kruse v. Synapse Wireless Inc, C.A. No. 12392-VCS (Del. Ch. 2020)

October 11: **NOTE – This class will not be in-person (it will either be pre-recorded or zoom)**  
Welch, Ch. 13

October 13: **NOTE – This class will not be in-person (it will either be pre-recorded or zoom)**  
Capital Structure

Villamil (2008), "The Modigliani-Miller Theorem," The New Palgrave Dictionary of Economics

Welch, Chs. 16-17

October 18: Welch, Chs. 18-19

October 20: Common Stock vs Debt

October 25: Habib and Johnsen (2000), "The Private Placement of Debt and Outside Equity as an Information Revelation Mechanism, The Review of Financial Studies, 13(4): 1017–1055.

Quadrant Structured Prods. Co. v. Vertin, 115 A.3d 535 (Del. Ch. 2015)

October 27: Dividends and Distributions

Welch, Ch. 20

Easterbrook (1984), Two Agency-Cost Explanations of Dividends." The American Economic Review, 74(4): 650–59.

November 1: Current Event Discussion: Stock Buyback Tax

November 3: Fairness Opinions and Appraisal Proceedings

Oracle-Netsuite Fairness Opinion (Moelis & Company 2016)

ACP MASTER, LTD., et al., Plaintiffs, v. SPRINT CORPORATION, et al, C.A. No. 8508-VCL (Del. Ch. Jul. 21, 2017)

November 8: **No Class – Election Day (as per Law School rules to be made up 11/11)**

November 10: Event Studies

Statistics and Regression Primer (if interested, see chapters on statistics and multiple regression in Federal Judicial Center's Reference Manual on Scientific Evidence available free at <https://nap.nationalacademies.org/catalog/13163/reference-manual-on-scientific-evidence-third-edition>)

November 11: Klick and Sitkoff (2008), "Agency Costs, Charitable Trusts, and Corporate Control: Evidence From Hershey's Kiss-Off," Columbia Law Review, 108(4): 749-838.

November 15: Fisch, Gelbach, and Klick (2018), "The Logic and Limits of Event Studies in Securities Fraud Litigation," Texas Law Review, 96(3): 553-621.

November 17: **Note: This class will not be in-person (it will either be pre-recorded or zoom)**

Damage Calculations

Finnerty, J., & Pushner, G. (2003). An improved two-trader model for measuring damages in securities fraud class actions. Stanford Journal of Law, Business & Finance, 8(2), 213-264.

November 22: Derivatives and Options

Andaloro v. PFPC Worldwide, Inc, 830 A.2d 1232 (Del. Ch. 2003)

Welch Supplementary Material (not in textbook; posted on canvas)

November 24: **No Class – Thanksgiving**

November 29: McDonald and Paulson (2015), "AIG in Hindsight," *Journal of Economic Perspectives*, 29(2): 81–106.

December 1: Executive Compensation

In re the Walt Disney Company Derivative Litigation, 906 A.2d 27 (Del. 2006).

December 6: Current Event Discussion: TBD

December 8: Review