

(Current Semester - الفصل الحالي) LAW-101: Legal Environment of Business 25667-Undetermined

Course Materials and Activities Week 9: Business Organizations : Corporations I

Week 9: Business Organizations : Corporations I



Overview, Study Notes, and Media

Click this folder to access this week's overview, study notes, and related media lessons.



Quiz 2

Overview

This quiz will take 5 minutes. You have one attempt to take it. This is an individual assignment.

Action Items

1. Complete the quiz by the due date.



Discussion 2

Discussion Question

Heimdall Corporation's board of directors hired a new CEO, Essa Alharbi. The Executive Search Firm that hired him found that in their search of over 200 candidates, he was the most qualified. He had extensive experience in helping businesses succeed. After the Board of Directors hired him, 11 months into the job, the company experienced significant losses in revenue and market share. As a result, the Board forced him to resign but paid him a handsome sum to leave the company, as was customary in this situation. A group of shareholders filed a lawsuit against the Board of Directors indicating that they were liable for the hiring of the incompetent CEO, and demanding they reimburse the shareholders for their losses due to his actions.

Are the members of the board liable for hiring Mr. Alharbi, and for the losses of the company?

Action Items

1. Create your initial post responding to the discussion prompt above. After you post, you will be able to see your classmates' posts.
2. Reply to at least one of your classmates.

Grading Criteria

Appropriate discussion post and reply to at least one classmate: 5 points



Case Study

Case Study

Ahmad and his friend, A.G. Pennypacker, have come up with a great idea: they have developed a fluoroelastomer liner (a rubber lining) for oil tankers. With this innovation, they believe they can eliminate most oil spills that result from tanker accidents. The liner is highly resistant to fluctuations in temperature as well as physical punctures.

Ahmad wants to set up a company, but is unsure of his options and has come to you for advice for the type of business entity formation he should select. He has the following concerns:

1. He does not want his other business concerns being held liable should there be a lawsuit arising from use/sale of this product.
2. He wants an entity form that will minimize his tax liability.

Based on the entity forms detailed in Chapter 35, select one you feel satisfies his concerns. Make sure to explain why it is the best for Ahmad and Pennypacker.

Action Items

1. Read the case study above.
2. By the due date, submit your answers to the case study questions. Justify your answers.