

Business Organizations & Corporate Law: Chapter 9

Introduction

Business Organizations & Corporate Law: Chapter 9

The screenshot shows a digital interface for Chapter 9. On the left is a sidebar with six buttons: 'Applying Concepts', 'Chapter Review', 'eLecture: Review Answers', 'Reflection', 'Reflection Responses', and 'Chapter Quiz'. The main content area is titled 'Introduction' and 'Chapter 9'. Below this is the chapter title 'The Participants in the Corporation' and a 'Chapter Outline' section. The outline lists the following topics:

- I. Introduction
- II. Shareholders
 - A. The Nature of a Shareholder
 - 1. Qualifications to Be a Shareholder
 - B. Qualifications for Becoming a Shareholder
 - 1. Registered Ownership
 - a. Stock Certificates
 - C. Shareholder Rights
 - 1. Voting Trusts
 - 2. Proxy Voting
 - D. Shareholder Meetings

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Chapter 9

The Participants in the Corporation

Chapter Outline

- I. Introduction
- II. Shareholders
 - A. The Nature of a Shareholder
 - 1. Qualifications to Be a Shareholder
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- C. Shareholder Rights
 - 1. Voting Trusts
 - 2. Proxy Voting
- D. Shareholder Meetings

III. Directors

- A. Duties
 - 1. Conflicts of Interest
- B. Limitations on Directors
 - 1. Shareholder Control of Directors

IV. Officers

- A. President
 - B. Vice President
 - C. Treasurer
 - D. Secretary
 - E. Difference between Officer and Agent
 - F. "Insider Trading"
-

Applying Concepts



Applying Concepts

Chapter Review

eLecture: Review Answers

Reflection

Reflection Responses

Chapter Quiz

Applying Concepts

Instructions: Email your responses to your instructor, making clear that your answers are for the *Applying Concepts* segment of Chapter 9.

1. Based on the explanation of fiduciary duties that corporate directors owe their shareholders, as explained in this chapter, prepare a handout listing the do's and don'ts of ethical behavior that could be given to newly created boards of directors.

Your responses will vary but should include references to the use and abuse of insider information and acting against the interests of the shareholders.

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Chapter Review



Chapter Review

1. What is the definition of a corporate shareholder?
2. What voting rights does share ownership confer?
3. What is voting by proxy?
4. What is cumulative voting?
5. What is a shareholder agreement?
6. What is the purpose of a shareholders meeting?
7. What are some of the limitations placed on shareholders when they wish to transfer ownership in their shares?

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5. What is a shareholder agreement?

6. What is the purpose of a shareholders meeting?

7. What are some of the limitations placed on shareholders when they wish to transfer ownership in their shares?
 8. What rights do shareholders normally enjoy?
 9. How does corporate law define the role of directors?
 10. What are the duties of corporate directors?
 11. Do corporate directors face personal liability? Explain your answer.
 12. Are corporate directors fiduciaries for the corporation? Explain.
 13. What are corporate officers?
 14. Give some examples of the titles held by various corporate officers.
 15. What are the duties of corporate officers?
 16. Are corporate officers protected by limited liability?
 17. What is "insider trading"?
-

eLecture: Review Answers

Business Organizations & Corporate Law: Chapter 9



Applying Concepts

Chapter Review


eLecture: Review Answers

Reflection

Reflection Responses

Chapter Quiz

eLecture: Review Answers



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17. What is "insider trading"?

Narration Script

1. What is the definition of a corporate shareholder?
A shareholder is someone who owns a percentage of a corporation.
 2. What voting rights does share ownership confer?
Share ownership confers the right to vote on management issues and on the composition of the corporate directors.
 3. What is voting by proxy?
Instructor's Manual to Accompany Business Organizations and Corporate Law 57
In voting by proxy, shareholders can also temporarily transfer their voting rights to one individual and allow that individual to vote all the shares in one way.
 4. What is cumulative voting?
Cumulative voting allows shareholders to accumulate their votes on separate issues.
 5. What is a shareholder agreement?
A shareholder agreement is a contract among shareholders and corporate officers to vote in previously determined ways.
 6. What is the purpose of a shareholders meeting?
Shareholders come together at least once per year in an annual shareholders meeting where they vote on issues, including corporate policies and the election of the corporate board of directors.
 7. What are some of the limitations placed on shareholders when they wish
-

to transfer ownership in their shares?

Shareholders can freely transfer their shares to others, unless they have previously agreed to limitations on their transferability.

8. What rights to shareholders normally enjoy?

Shareholders have the right to dividends, if they are declared, and the right to receive corporate assets in the event of corporate dissolution.

9. How does corporate law define the role of directors?

Directors are responsible for administrative issues arising in the corporate business. They also control the business and delegate duties to officers to put policy into practice.

10. What are the duties of corporate directors?

The directors owe fiduciary duties to the corporation and, by extension, to the shareholders.

11. Do corporate directors face personal liability? Explain your answer.

If they violate their duties to the corporation, directors can be held personally liable.

12. Are corporate directors fiduciaries for the corporation? Explain.

Directors owe fiduciary duties to the shareholders. This duty arises because of the position assumed by the directors in the corporation.

13. What are corporate officers?

The officers are the persons who are empowered to carry out specific activities for the corporation.

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14. Give some examples of the titles held by various corporate officers.

Most corporations have the following classifications of officers:

- President
- Vice President
- Treasurer
- Secretary

15. What are the duties of corporate officers?

Corporate officers carry out the day-to-day activities of the corporation, including negotiating contracts and managing employees.

16. Are corporate officers protected by limited liability?

Corporate officers can face personal liability if they violate their duties to their corporate shareholders.

17. What is "insider trading"?

Insider trading is both an unethical and an illegal practice where corporate officers or directors use confidential information acquired from their positions to personally enrich themselves.

Reflection



Applying
Concepts

Chapter Review

eLecture: Review
Answers

Reflection

Reflection
Responses

Chapter Quiz

Reflection

Should the rules about who can hold shares be more relaxed or more stringent? Justify your answer.

Tab Text

Should the rules about who can hold shares be more relaxed or more stringent? Justify your answer.

Reflection Responses



Applying Concepts

Chapter Review

eLecture: Review Answers

Reflection

Reflection Responses

Chapter Quiz

Reflection Responses

Instructions: (Optional) If you want, you may Email your responses to your instructor making clear that your answers are for the *Reflection* segment of Chapter 9.

Should the rules about who can hold shares be more relaxed or more stringent? Justify your answer.

Your responses to this question will vary. If you want feedback, copy this Reflection question and email it to your instructor.

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Instructions: (Optional) If you want, you may Email your responses to your instructor making clear that your answers are for the *Reflection* segment of Chapter 9.

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Chapter Quiz

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Applying Concepts

Chapter Review

eLecture: Review Answers

Reflection

Reflection Responses

Chapter Quiz

Chapter Quiz

[Click here for the Chapter Quiz.](#)

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