

Western State University College of Law  
Business Law Center  
Advising Entrepreneurs 223A  
Spring 2012 Syllabus

223A: Fridays 1:00 – 3:00 p.m.

Room: 206

Professor John E. Ohashi

Email: johashi@aol.com

This course brings together the substantive law and skills learned in other BLC courses by focusing on the unique challenges of representing start-up entrepreneurial clients. Students will study business and legal concepts to increase their understanding of their client's business and financial goals and to provide practical legal solutions to help the client achieve those goals. Students will apply legal and business concepts to real-life situations such as selecting an appropriate business entity and structuring business transactions to reduce legal risks. Students will also examine legal ethics relating to business transactions, including ethical dilemmas that lawyers face in providing legal services as clients try to cut corners and save costs.

### **Prerequisite**

See WSU web site for Basic Required Curriculum. Recommended Curriculum: Business Associations I and II, Sales, Contract Drafting, Financial Principles for Lawyers, Federal Income Tax, and Business Law Ethics.

### **Required Text Book**

David R. Henderson and Charles L. Hooper; [Making Great Decisions in Business and Life](#)

Additional handouts and reading assignments will be distributed during class.

### **Grading**

Grades are earned in two areas:

1. **Completion of writing assignments and final paper.** Several writing assignments will be assigned during the semester. Unless otherwise specified, all writing assignments are to be sent as email attachments (Word or WordPerfect) to [johashi@aol.com](mailto:johashi@aol.com) and are due by 5:00 p.m. on the Wednesday following the date of assignment. A full grade point will be deducted for late papers as of 5:01 p.m., with additional full point deductions for each late day thereafter.

2. **Class attendance and participation.** Class participation is expected and is critical to the development of course related skills. Students do not get points for class attendance but can lose points for absences and tardiness. There is no such thing as an excused absence (moot court competition; best friend's wedding; medical emergency). However, every student gets one absence with no penalty. A second absence will result in a half grade point reduction from a student's final grade. A third absence will disqualify a student from receiving credit for the class. A student may be marked absent for the entire class for tardiness or leaving early.

## Class Topics

### 1. Introduction to Course

Reading Assignment:

Making Great Decisions in Business and Life, Chapters 1-8

<http://online.wsj.com/article/SB123498006564714189.html>

<http://online.wsj.com/article/SB123498004675014187.html>

Topics:

- a. Administrative matters
- b. Course introduction and objectives:
  - (i) identify and address client's business and legal objectives
  - (ii) effectively communicate with clients (non-lawyers)
- c. Characteristics of entrepreneurs and entrepreneurship generally

### 2. Understanding Your Client's Business

Reading Assignment:

Making Great Decisions in Business and Life, Chapters 9-15

Topics:

- a. Economic Concepts:
  - (i) value
  - (ii) opportunity costs
  - (iii) sunk costs
- b. Concepts to Understand Your Client's Business
  - (i) products or services
  - (ii) difference between "aspirin" and "vitamins"
  - (iii) the importance of margin (buy low/sell high)
  - (iv) market pull or product push ("sizzle" or "steak")
  - (v) customers, growth, and competition
  - (vi) start up costs and staying power
  - (vii) exit strategy issues

**3. Applying Business Analysis and Interviewing Skills**

Topics:

- a. Review of business concepts
- b. Interviewing skills
  - (i) T funnel approach
  - (ii) asking questions
  - (iii) active listening
  - (iv) non-judgmental
- c. Differences (if any) between “Business” and “Legal” Issues
  - (i) differences between regulatory, criminal, and civil legal exposure
  - (ii) using business issues (“follow the money”) to spot legal issues
  - (iii) how to explain “legal” issues to your client and get client instructions

**4. Applying Business Analysis and Interviewing Skills**

Topics: Interviewing skills – guest entrepreneur

**5. Discussion of Business Entities**

Topics: Characteristics and uses of sole proprietorships, partnerships, corporations, and limited liability companies

**6. Continue Discussion of Business Entities including Tax Considerations**

Topics:

- a. “C” Corp, “S” Corp, and LLC/partnership income tax issues
- b. California state franchise taxes and LLC “gross receipts” tax

**7. Select Operating Issues of Business Entities**

Topics:

- a. Formation and capitalization
- b. Management and control issues
- c. Shareholder rights
- d. Issues relating to foreign (non-California) entities

**8. Conclude Discussion of Business Entities including Tax Considerations**

Topics: CPA Guest Speaker: practical applications of entity and tax considerations

9. **Securities Laws Overview**

Topics:

- a. framework of Federal and State (Blue-sky) Securities Laws
- b. definition of a security
- c. registration/qualification requirements
- d. importance of exemptions from registration/qualification
- e. anti-fraud provisions
- f. every investor is a potential plaintiff

10. **Select Ethical Considerations for Lawyers in Business Transactions**

Topics:

- a. Discussion of California Rules of Professional Conduct:
  - Rule 3-110 Failing to Act Competently
  - Rule 3-300 Avoiding Interests Adverse to a Client
  - Rule 3-310 Avoiding the Representation of Adverse Interests
  - Rule 3-600 Organization as Client
- b. Avoiding the accidental client – “The Cocktail Party Phenomenon”
- c. Attorney/client privilege issues
- d. Client engagement / retainer agreements
- e. Need to protect yourself at all times

11. **Goal of Predictability - “The best way to predict the future is to create it” Abraham Lincoln**

Topic: Business Buy/Sell Agreements

12. **Goal of Predictability** (continued)

13. **Practical Applications.**

Topic: How to form and organize a California corporation and LLC.

14. **Last Class.**

Topics:

- a. “Hanging Your Own Shingle” – guest speaker
- b. Tips for building a practice
- c. Kaizen – constant little changes result in major changes
- d. Closing

Distribute final writing assignment: TBA