MGT 4803: Corporate Governance
Spring 2014 Tentative Syllabus (as of 1.06.2014)
Monday and Wednesday, 9:35 a.m. to 10:55 a.m., Room 223

Course Professor: Professor Selettha R. Butler
Email: selettha.butler@scheller.gatech.edu
Telephone Number: (404) 385-5105
Mobile Number: (404) 731-0202
Office: Scheller College of Business, Room 4124
CoM Website Link: http://www.scheller.gatech.edu/directory/faculty/butler/
LinkedIn Link: http://www.linkedin.com/pub/seletha-butler/a/a65/530
Office Hours: Mondays, 11:30 a.m. – 12:30 p.m. starting January 13, 2014

———

COURSE DESCRIPTION

MGT 4803: Corporate Governance (the “Course”) examines the evolution of the United States corporate governance model, the meaning of and distinction between corporate governance and management, why understanding corporate governance is important, and how corporate governance matters are addressed from an internal and external perspective. The Course primarily focuses on United States for-profit companies and laws that relate to them, including Sarbanes-Oxley. However, the Course contains a section that explores non-profit corporation governance. The Course also identifies best practices in corporate governance, and briefly explores global corporate governance matters. The Course is an interactive, discussion and project centered course, where students will have an opportunity to analyze and critically discuss legal and ethical situations and issues that businesses and their stakeholders face. Additionally, through guest speakers and films, documentaries and other electronic media, students will experience and examine real-world dilemmas in the corporate governance arena.

"Being the managers of other people’s money rather than their own, it cannot be expected that they . . . should watch over it with the same anxious vigilance which they would watch over their own. Negligence and profusion, therefore, [may exist], more or less, in the management of the affairs of such a company."¹

COURSE OBJECTIVES

On successful completion of the Course, students should be able to or have received the following experiences:

• Describe the difference between corporate governance and management.

• Analyze and address situations in which corporate governance issues exist, providing potential practical solutions to such issues.

¹H. KENT BAKER & RONALD ANDERSON, “Chapter 1, An Overview of Corporate Governance.” CORPORATE GOVERNANCE (2010).
• Understand the legal and ethical responsibilities of shareholders, directors, and management of a corporation.

• Understand the interplay between law, ethics, business and public policy, including obtaining learning experiences and skills in ethical understanding, reasoning, and decision-making and the impact and width of legislated ethics.

• Experience in analyzing and critically discussing legal and business cases and ethical dilemmas.

• Exposure to real-world happenings in the corporate governance arena in order to understand how to stay abreast of issues for purposes of conducting due diligence, making informed business decisions, and employing methodologies and processes to assist in avoiding legal risk and exposure with business activities.

• Understand how to manage time effectively.

• Exposure to (1) situation analysis and judgment decision-making and providing recommendations, through individual, participant-centered learning and group work; (2) writing in an organized and concise manner to the appropriate audience, while identifying and applying the principles of legal business writing; and (3) communicating, presenting and debating issues and positions.

• Understand teamwork, its dynamics and the results that come from working on a team.

COURSE MATERIALS

Textbooks:


• KENNETH A. KIM, JOHN R. NOFSINGER, & DEREK J. MOHR, CORPORATE GOVERNANCE (3rd ed. 2010).

• Business Cases. Listed below in the “Class Schedule” are the required business case readings for the Course. Go to https://cb.hbsp.harvard.edu/cbmp/access/19337297 to register and purchase the applicable business cases.

Dear Student,

You have registered for MGT 4803, Corporate Governance, Spring 2014 (MGT 4803).

This message explains how to get the course materials you need for class on the Harvard Business Publishing for Educators web site.

Course link: https://cb.hbsp.harvard.edu/cbmp/access/19337297

You need to register on the site to create a user name if you do not already have one. Some course materials are PDF documents and you can open them with Adobe Reader. eLearning materials include a link you can use to gain access to them. Some course materials may not be available in digital format and these will be shipped to you. You will have access to the course materials for 6 months.

After you register, you can get to the coursepack at any time by doing the following:
1. Visit hbsp.harvard.edu and log in.
2. Click My Coursepacks, and then click MGT 4803, Corporate Governance, Spring 2014.

I hope you find this a convenient way to get your required course materials. If you have any questions, please contact me at seletha.butler@mgt.gatech.edu.

Thank you.

2 The Course Materials are in addition to the applicable Cases, Articles and Other Readings listed throughout the Syllabus.
**Name Tent.** Each student is required to display his or her name tent in each Class session for the Course. At all times during the Class session, the student’s name tent must be displayed, and if not, the Course Professor will not recognize the student for Class Participation.

**PREREQUISITES**

Successful completion of Management 2106 – Legal Aspects of Business is a prerequisite for the Course.

**ATTIRE**

Business attire is required for guest speakers and your group’s debate. Please let me know if you have questions regarding business attire.

**GRADING**

Identified below are the grade scale and the percentage allocation for assignments that apply to the Course:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 89.50</td>
<td>A</td>
</tr>
<tr>
<td>89.49 – 79.50</td>
<td>B</td>
</tr>
<tr>
<td>79.49 – 69.50</td>
<td>C</td>
</tr>
<tr>
<td>69.49 – 59.50</td>
<td>D</td>
</tr>
<tr>
<td>59.49 and below</td>
<td>F</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Attendance</td>
<td>10%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>10%</td>
</tr>
<tr>
<td>Examination 1</td>
<td>15%</td>
</tr>
<tr>
<td>Examination 2</td>
<td>15%</td>
</tr>
<tr>
<td>Final Examination</td>
<td>15%</td>
</tr>
<tr>
<td>Individual Movie Review (Part I and Part II)</td>
<td>20%</td>
</tr>
<tr>
<td>Group Debate</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

**THE COURSE PROFESSOR DOES NOT GIVE EXTRA CREDIT AND STRICTLY FOLLOW THE GRADING METHOD SET FORTH HEREIN. THUS, DO NOT ASK FOR ADJUSTMENTS. THE COURSE PROFESSOR WILL NOT RESPOND TO ANY REQUESTS.**

**CLASS ATTENDANCE** (10%): Attendance is taken for each Class session (except for Class 1 and Class 2), and in order to be counted for Class attendance you **MUST** sign the sign-in sheet for the applicable Class session and unless you have the prior written approval from the Course Professor, you must stay for the full Class session. After the sign-in sheet is collected from the classroom for the applicable Class session, you will have no further opportunity to sign that sign-in sheet. Please remember the Academic Honor Code, which prohibits you from signing the sign-in sheet for anyone other than yourself. The Course Professor checks the sign-in sheet for violations, and determined violations are subject to punishment pursuant to the Academic
Honor Code. Without penalty on Class attendance, you are permitted three (3) Class absences for any reason. Please use such absences wisely, if at all. After the 3rd absence, each additional absence results in a reduction of 1 point from the 10 points allocated for Class attendance. For example, if Student A misses 4 Classes, her Class Attendance grade is 9/10 = 90, and if Student B misses 13 Classes, her Class Attendance grade is 0/10 = 0. Note however that your absence does not change your deliverable dates and obligations. Additionally, subject to the Course Professor’s discretion, Class slides, in-class exercises, and other Class materials will be provided only to students in Class on the discussion/distribution date. Please contact the Course Professor as soon as possible to discuss any issues that may affect your ability to attend Class and successfully complete the requisite coursework. Most importantly, I encourage each student to attend each Class session as Class attendance and participation are critical to the learning experience. EXCEPT FOR (1) JURY DUTY; (2) LEGAL PROCEEDINGS FOR WHICH YOU ARE A PARTY AND MUST ATTEND THE LEGAL PROCEEDING BY COURT REQUIREMENT; AND (3) OFFICIAL GEORGIA TECH BUSINESS AND REQUIRED WORK-RELATED BUSINESS, WHICH OFFICIAL DOCUMENTATION MUST BE PROVIDED TO THE COURSE PROFESSOR, THERE ARE NO EXCEPTIONS TO THIS CLASS ATTENDANCE POLICY INCLUDING DOCTOR EXCUSES OR BEREAVEMENT MATTERS. IF YOU ARE UNABLE TO ABIDE BY THE ATTENDANCE POLICY, YOU MUST SEE THE DEAN OF STUDENTS FOR A WAIVER TO BE PROVIDED DIRECTLY TO THE COURSE PROFESSOR.

CLASS PARTICIPATION (10%): In order to participate in the Class discussion and meet your Class participation requirement, please display your name tent at each Class session and throughout the Class period. At all times during the Class session, the student’s name tent must be displayed, and if not, the Course Professor will not recognize the student for Class Participation. Also, at the Course Professor’s sole discretion, she may deduct points from your Class Participation grade for your failure to display your name tent at all times during the Class period. As communication, listening, and respect are all key elements to effective business environments, each student should feel free to express his/her points and MUST be respectful of others and their points. An effective contributor is one who is prepared for Class, enhances, builds on, respectfully challenges, or provides contrasting points to existing comments, and makes insightful points. Please note however that no question is a “stupid” question. Also, understand that the Course Professor may randomly call on students during Class.

A “Participation Dollar,” which represents 1 point, will be provided for an effective contribution. At the end of each Class session, each student will return his/her Participation Dollar(s) and sign off on his/her recorded points for that day. To encourage student understanding and engagement of law and ethics outside of the classroom, an alternative method to obtain your Class Participation points is to attend the Spring 2014 IMPACT Speaker Series. For each IMPACT Speaker Series that you attend and for which you provide the Course Professor a written summary of what you learned from the session, you will receive 1 class participation point. You must email the written summary by the next following class session, and the written summary should be no more than 200 words based on Microsoft Word’s word count. The IMPACT Speaker Series schedule with dates, time and location is located at http://ile.gatech.edu/IMPACT.html. This schedule will also be posted on T-Square.

A maximum of 30 points for the Course is available. For example, if Student A has an aggregate of 30 points for the Course, her Class Participation grade is 30/30 = 100, and if Student B has an aggregate of 10 points for the Course, her Class Participation grade is 10/30 = 33. There is no extra credit for exceeding 30 points; however, the Course Professor encourages you to continue to participate in Class as that is how you comprehend and learn the material.

EXAMINATION 1 (15%): Examination 1 will cover the assigned reading and Class discussions covered on the Syllabus prior to the date of Examination 1. Examination 1 will be individual, closed books and notes. Students who must miss Examination 1 due to personal illness or injury, death or illness in the family, jury duty, or religious holidays must contact the Course Professor prior to Examination 1, or as soon as reasonably possible (but no later than one week after Examination 1), to make alternate arrangements. Students seeking
postponement due to personal illness or injury, death or illness in the family or jury duty must provide written
evidence of the underlying reason for the requested postponement. Student athletes should contact the Course
Professor as soon as possible to discuss their ability to sit for Examination 1 on the day set forth in the Syllabus.
Students will not be permitted to sit for Examination 1 after its scheduled date set forth in the Syllabus without
the Course Professor’s approval. Such approval is within the sole discretion of the Course Professor. If the
Course Professor grants you make-up Examination 1 approval, the make-up Examination 1 will occur on such
date as determined by the Course Professor in her sole and absolute discretion. Your grade on Examination 1
will be posted on T-Square. If a student desires to discuss his/her Examination 1 grade, he/she must make an
appointment with the Course Professor to meet with the Course Professor as soon as possible as the Course
Professor will not return Examination 1. **Any student failing to abide by these policies will receive a zero for
Examination 1.**

**EXAMINATION 2 (15%)**: Examination 2 will cover the assigned reading and Class discussions covered since
Examination 1. Examination 2 will be individual, closed books and notes. Students who must miss
Examination 2 due to personal illness or injury, death or illness in the family, jury duty, or religious holidays
must contact the Course Professor prior to Examination 2, or as soon as reasonably possible (but no later than
one week after Examination 2), to make alternate arrangements. Students seeking postponement due to personal
illness or injury, death or illness in the family or jury duty must provide written evidence of the underlying
reason for the requested postponement. Student athletes should contact the Course Professor as soon as possible
to discuss their ability to sit for Examination 2 on the day set forth in the Syllabus. Students will not be
permitted to sit for Examination 2 after its scheduled date set forth in the Syllabus without the Course
Professor’s approval. Such approval is within the sole discretion of the Course Professor. If the Course
Professor grants you make-up Examination 2 approval, the make-up Examination 2 will occur on such date as
determined by the Course Professor in her sole and absolute discretion. Your grade on Examination 2 will be
posted on T-Square. If a student desires to discuss his/her Examination 2 grade, he/she must make an
appointment with the Course Professor to meet with the Course Professor as soon as possible as the Course
Professor will not return Examination 2. **Any student failing to abide by these policies will receive a zero for
Examination 2.**

**FINAL EXAMINATION (15%)**: The final examination will cover the assigned reading and Class discussions
covered since Examination 1. The final examination will be individual, closed books and notes. Students who
must miss the final examination due to personal illness or injury, death or illness in the family, jury duty, or
religious holidays must contact the Course Professor prior to the final examination, or as soon as reasonably
possible (but no later than one week after the final examination), to make alternate arrangements. Students
seeking postponement due to personal illness or injury, death or illness in the family or jury duty must provide
written evidence of the underlying reason for the requested postponement. Student athletes should contact the
Course Professor as soon as possible to discuss their ability to sit for the final examination on the day set forth in
the Syllabus. Students will not be permitted to sit for the final examination after its scheduled date set forth in
the Syllabus without the Course Professor’s approval. Such approval is within the sole discretion of the Course
Professor. If the Course Professor grants you make-up final examination approval, the make-up final
examination will occur during Georgia Institute of Technology’s official make-up examination period on such
date as determined by the Course Professor in her sole and absolute discretion. Your grade on the final
examination will be posted on T-Square. If a student desires to discuss his/her final examination grade, he/she
must make an appointment with the Course Professor to meet with the Course Professor as soon as possible as
the Course Professor will not return the final examination. **Any student failing to abide by these policies will
receive a zero for the final examination.**

**INDIVIDUAL MOVIE REVIEW (20%)**: We will view the made for television movie based upon *Barbarians at
the Gate* by Bryan Burrough and John Helyar (the “Film”), released by Home Box Office on March 20, 1993.
In general, *Barbarians at the Gate* is about the leveraged buyout (“LBO”) of RJR Nabisco. Glenn Jordan
directed the Film, and Larry Gelbart wrote the Film. The Film’s stars include James Garner (F. Ross Johnson,
CEO of RJR Nabisco), and Jonathan Pryce (Henry Kravis, Johnson’s main rival in the RJR Nabisco LBO bid).
The run time is 107 minutes. Given the length of the Film, we will start the Film in Class 1 and conclude it in Class 2.

The movie review deliverable will be in two parts.

Part I (5%): The first part is to obtain an overall sense of your background knowledge and initial thoughts on the overall subject matter of corporate governance. Identify and describe (in short) five (5) corporate governance issues/topics/concerns that you noticed in the Film. Please use your individual assessment and do not refer to existing reviews on the Film or the book. The write-up should be no longer than one page, single spaced (approximately one paragraph for each corporate governance issue/topic/concern). You do not need to include a title page, table of contents, exhibits, appendices and works cited; however, make sure to include your name on the document. The font should be 10-point Times New Roman. An electronic copy in Word format of the one page write-up is due prior to the commencement of Class 3. See the Section in the Syllabus Titled “Class Schedule” for the specific date.

Part II (15%): Select one of your issues/topics/concerns that you identified in the write-up for Part I. Prepare a report or some other form of written communication on this topic using any parts of the Film as examples. The page limit for the Part II write-up is no more than three (3) pages, single spaced (excluding title page, table of contents, exhibits, appendices and works cited). You must give credit to others’ work with appropriate footnote citations. The font should be 10-point Times New Roman. An electronic Word format version of the deliverable is due prior to the commencement of Class 29.

The goal of the Part II assignment is to articulate and apply, in a clear and concise manner, concepts learned in, during and in connection with the Course and demonstrate your ability to enhance or improve existing frameworks, models, laws, and other structures. Weight will be given to original thoughts, external research and the organized and concise manner in which you convey the information.

Given the Course structure, reading the actual book, Barbarians at the Gate, is outside the scope and timing of the Course. I however recommend that in your spare time you read Barbarians at the Gate by Bryan Burrough and John Helyar, as this publication is an often discussed book in legal and corporate settings.

GROUP DEBATE (15%): Each team will debate for or against one of the current corporate governance topics set forth below. The arguments should include legal, ethical and public policy points. Each team will have exactly ten (10) minutes to present its case for or against the applicable topic and a five (5) minute conclusion (or rebuttal) at the end of both arguments (i.e. affirmative argument - 10 minutes; negative argument – 10 minutes; affirmative conclusion/rebuttal – 5 minutes; and negative conclusion/rebuttal – 5 minutes). For purposes of fairness, teams will draw for the topics and positions. Each team shall decide how to allocate the preparation work and presentation, with two (2) team members ONLY engaging in the actual debate. There is no written requirement. However, each team should use its creativity and discretion on how to present the argument and inform the audience of its position. For an example of group affirmative/negative debates see Bloomberg intelligence debates, but there will be no winner or loser in our group debates.

Group Debate Topics:

• The limitation of liability of boards of directors beyond negligent acts should be eliminated (i.e. director liability exposure should be expanded).

• Corporate governance success is better achieved with a more diverse group of stakeholders on the board of directors, with such diverse stakeholders being from an industry/skill set perspective (e.g. labor representative, academic representative, community servant representative).

• Corporate governance success is better achieved with a more diverse group of members from a cultural and gender perspective on boards of directors.

• In 2002, Congress passed the Sarbanes-Oxley Act of 2002 (“SOX”) in response to several high level problems at several U.S. corporations, including WorldCom and Enron. Does SOX provide greater shareholder confidence?

• In 2002, Congress passed SOX in response to several high level problems at several U.S. corporations, including WorldCom and Enron. Do the benefits of SOX outweigh the costs?

• In 2002, Congress passed SOX in response to several high level problems at several U.S. corporations, including WorldCom and Enron. Should Congress repeal SOX?

• Can capital markets alone prevent and correct any defects of inefficiency, fraud and unrestraint or is regulation a must?

• Is Carl Icahn right that “the rights of the shareholders are quite circumscribed”?3

• Was the financial services rescue based on the justification “Too Big to Fail” correct (i.e. are some companies “too big to fail”)? Include in your discussion “systematic risk” and “moral hazard” concepts.

• Private to public: From a corporate governance perspective, was it in the best interest of Google stakeholders for Google to go public?

• Public to private: Did J.Crew’s board of directors meet its legal obligations in going private by selling to TPI Capital and Leonard Green & Partners?

• When Steve Jobs was Chief Executive Officer of Apple, should Apple’s Board of Directors have had a legal obligation to identify in specifics the details of its Chief Executive Officer succession plan given Steve Jobs’ multiple leaves of absence and continuing health issues?

• From a legal and ethical standpoint, should the board of directors be “my brother’s keeper’”?

• Is “pay-for-performance” the right manner to measure executive compensation in public companies?

• Is it in the best interest from a public policy perspective for the U.S. government to be a shareholder of a publicly traded U.S. company?

• Should persons convicted of a felony be allowed to serve on the boards of directors of a publicly traded U.S. Company?

• The U.S. can learn from the European Union (“EU”) in connection with effective transparency frameworks for public companies.

• Should there be diverse boards of directors, and if so, what should such diversity reflect?

• Is diversity on boards of directors important for “shareholder wealth maximization theory” and “collective stakeholder protection theory”?

• Is the real test of a leader’s character when she is in a place of power?

• Will more rules, the threat of stiffer penalties, and the well-televised “walks of shame” deter future employees from circumventing the law?

• Is there a social contract between business and society? If so, can and how can it be restored?

There will be a Peer Assessment, and unless the Course Professor determines (in her sole discretion) based on the Peer Assessment to lower the grade of any or all of the team members, each team member will receive the same score as the other members of the team.

**GENERAL:**

• Except for the Movie Review Part 2 write-up which topic comes from the Movie Review Part 1, all deliverables must be original work prepared for the applicable assignment. A repurpose of another assignment from another course must be approved by the Course Professor in advance, and approval is at the discretion of the Course Professor. ALSO, THE COURSE PROFESSOR RETAINS PRIOR COURSE AND CLASS ASSIGNMENTS FOR COURSES AND CLASSES THAT SHE TAUGHT SO DO NOT UTILIZE THE WORK OF PRIOR COURSES OR CLASSES THAT SHE TAUGHT AS SUCH IS A VIOLATION OF THE ACADEMIC HONOR CODE.

• All emails sent to the Course Professor’s attention should be sent to the email address set forth on page 1 of the Syllabus.

• FULLY CHECK T-SQUARE DAILY TO MAKE SURE THAT YOU OBTAIN ALL POSTED INFORMATION.

• Except for Examination 1, Examination 2 and Final Examination, all deliverables for the Course shall be delivered by electronic mail in Word format prior to the commencement of the applicable Class session or on the date indicated herein (if not delivered by email prior to the commencement of the applicable Class session or the due date in accordance with the instructions provided in the Syllabus). EXCEPT WITH RESPECT TO EXAMINATION 1, EXAMINATION 2 AND FINAL EXAMINATION, WHICH RULES ARE EXPLAINED IN ITS APPLICABLE SECTION, LATE DELIVERABLES WILL BE DEDUCTED ONE LETTER GRADE FOR EACH 24-HOUR PERIOD IT IS LATE. THERE ARE NO EXCEPTIONS TO THIS RULE. You can always turn in such deliverables prior to the due date. As time management is an important learning objective in the Course, you are encouraged to schedule your time and not wait to the last minute to work on assignments.

• Please read the Syllabus in its entirety and refer back to it often as the Course Professor will not provide reminders of due dates.

**POINT TO EVALUATE FOR DECISION-MAKING**

*Ask not only “Can I do this?” but “Should I do this?”*
### CLASS SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MODULE 1 - Introduction: What is Corporate Governance?</strong></td>
<td></td>
</tr>
</tbody>
</table>
| January 6, 2014: Class 1 | • Collection of Student Background Sheet  
• Form Teams  
• View and take notes on the television movie based upon *Barbarians at the Gate.* |
| January 8, 2014: Class 2 | • View and take notes on the television movie based upon *Barbarians at the Gate.* (con’t)  
• Discussion on what is a corporation |
| January 13, 2014: Class 3 | **Deliverable: Part I Movie Review Write-up Due**  
• Evolution of Corporate Governance Business Model  
  • Principal-Agent Theory:  
    - Closely-Held Business (Shareholder = CEO; All in the Family; and “Skin-in the Game” Concept)  
    - Privately-Held Corporation  
    - IPO: Dispersion of Ownership  
    - Public Company  
  • Shareholder Theory  
  • Stakeholder Theory: Multiple Stakeholders |
| **ASSIGNED READING AND HOMEWORK:** |

*Textbook - An Introduction to Corporate Governance and the SEC*: Pages 1 - 5.

*Textbook – Corporate Governance*: Chapter 11.


| January 15, 2014: Class 4 | • Corporate Governance vs. Management  
• Roles |
### ASSIGNED READING AND HOMEWORK:

**Textbook – An Introduction to Corporate Governance and the SEC**: Pages 5 – 7.

**Textbook – Corporate Governance**: Pages 1 – 10.


### Shareholders, Directors and Officers - Roles and Duties (Including How They Come Into Office)

- **Shareholders/Institutional Investors**: (1) Types of shareholders (majority/minority); (activist); (2) Duties; (3) Liability; (4) Indemnification; (5) shareholder derivative suits

### ASSIGNED READING AND HOMEWORK:

**Textbook – An Introduction to Corporate Governance and the SEC**: Pages 7 - 24.

**Textbook – Corporate Governance**: Pages 95 – 110.

- **Board of Directors**: (1) Legal structure of the board of directors; (2) Fiduciary duties; (3) Liability; (4) Indemnification

### ASSIGNED READING AND HOMEWORK:

**Textbook – An Introduction to Corporate Governance and the SEC**: Pages 7 - 24.

**Textbook – Corporate Governance**: Pages 42 – 56.


- **Officers/Management (including CEO, CFO, Corporate Secretary/General Counsel, and Risk Management Officer)**: (1) Legal structure of management; (2) Fiduciary duties; (3) Liability; (4) Indemnification; (5) Whistleblowing and Reporting Up and Out

---

**January 20, 2014 – Martin Luther King, Jr. Holiday**

**January 22, 2014: Class 5**

### Other Stakeholders, Roles and Duties

- **Creditors**
- **Employees**
- **Community**
<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inside and Outside Counsel</td>
<td></td>
</tr>
<tr>
<td>Inside and Outside Auditors</td>
<td></td>
</tr>
</tbody>
</table>

**ASSIGNED READING AND HOMEWORK:**

**Textbook - An Introduction to Corporate Governance and the SEC:** Pages 7 - 24.

**Textbook – Corporate Governance:** Pages 78 – 92 (Credits); 27 – 39 (Inside and Outside Auditors); and Chapter 11 (Non-shareholder Stakeholders).

**ASSIGNED READING AND HOMEWORK:**

• Video on Corporate Governance Matters – Ira Millstein

**Protectionism – Systemic Risk & Moral Hazard**

**MODULE 2 - Purpose: Why is Corporate Governance Important?**

<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 27, 2014: Class 6</td>
<td>• Fifty Shades of Grey: Ethics First: Aaron Beam, Co-Founder and Former CFO, Health South</td>
</tr>
<tr>
<td>January 29, 2014: Class 7</td>
<td>• Encouraging, Practicing and Enforcing Ethics</td>
</tr>
</tbody>
</table>

**ASSIGNED READING AND HOMEWORK:**

**Textbook – Corporate Governance:** Chapters 10 and 11.


**February 3, 2014: Class 8**

*EXAMINATION 1**

**February 5, 2014: Class 9**

• Private versus Public Company

**ASSIGNED READING AND HOMEWORK:**


**Board of Directors’ Perspective: Governance of a Public and Private Company**

**Guest Speaker:** Phil Moise,

**February 10, 2014: Class 10**

• Corporate Strategies and Policies Internal and External Impact

Visit to the David J. Sencer CDC Museum to see the exhibit *Health is a Human Right: Race and Place in America*
### MODULE 3 - Internal Matters: When Do Corporate Governance Issues Exist and Solutions?

**Date**

February 12, 2014: Class 11

**Assignment**

- **Cause of Corporate Governance Issues**
  - Human Beings and Self-Interest
  - Integrity and Transparency Absent
  - Interest and Benefit Misalignment (Executive Officers and Other Managers ≠ Owners)
    - Warren Buffett - Absurd CEO Salaries:
  - GroupThink / Conformity Bias
  - Relationships
    - Warren Buffett - You Must Embarrass the Board Members:
  - Compensation
    - Equilar’s *Behind the Numbers*:
  - Performance Metrics
    - Lynn Stout and Shareholder Wealth Maximization:
  - Management Icons versus Effective Leadership
  - Policymakers and Regulators
  - Power and Moral Overconfidence versus Cultivated Humility and Developed Character

**ASSIGNED READING AND HOMEWORK:**

- **Textbook – Corporate Governance:** Chapters 1, 2, 5 and 10.

**Date**

February 17, 2014: Class 12

**Assignment**

- **Boards of Directors**
  - Director Independence (true independence, safe guards if true independence does not exist, working together as a team to maintain independence, local corporation, chairperson independence, separate CEO and chairperson)
  - Director Scrutiny – Up and Down
  - Board Composition (skill set)
  - Director Accountability
  - Committees (Audit, Compensation and Nominating)
<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Succession Planning</td>
</tr>
<tr>
<td></td>
<td>• Indemnification/D&amp;O Coverage</td>
</tr>
</tbody>
</table>

**ASSIGNED READING AND HOMEWORK:**

*Textbook – Corporate Governance:* Chapter 4.


<table>
<thead>
<tr>
<th>February 19, 2014: Class 13</th>
<th>• Shareholders: A Shareholders’ Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Shareholder Involvement</td>
</tr>
<tr>
<td></td>
<td>• Wal-Mart’s 2012 Annual Shareholders Meeting</td>
</tr>
</tbody>
</table>

**ASSIGNED READING AND HOMEWORK:**

*Textbook – Corporate Governance:* Chapter 7.

<table>
<thead>
<tr>
<th>February 24, 2014: Class 14</th>
<th>• Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Management Compensation</td>
</tr>
<tr>
<td></td>
<td>• Stock Options</td>
</tr>
<tr>
<td></td>
<td>• Employment Contracts</td>
</tr>
<tr>
<td></td>
<td>• Indemnification/D&amp;O Coverage</td>
</tr>
</tbody>
</table>

**ASSIGNED READING AND HOMEWORK:**

*Textbook – Corporate Governance:* Chapter 2.

• **Corporate Approvals and Process**
  • Capital Distribution; Dividends
  • Mergers and Acquisitions
  • Proxy Statements
  • Written Consents
  • Supermajority

**ASSIGNED READING AND HOMEWORK:**

*Textbook – An Introduction to Corporate Governance and the SEC:* Page 57.
<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Textbook – Corporate Governance</strong>: Pages 44 and 100 – 102.</td>
<td></td>
</tr>
<tr>
<td><strong>Statute/Regulation</strong>: Delaware General Corporation Law, Sections 141(b) and 141(f), 212, and 228 – <a href="http://delcode.delaware.gov/title8/c001/index.shtml">http://delcode.delaware.gov/title8/c001/index.shtml</a>.</td>
<td></td>
</tr>
</tbody>
</table>
| **Other Readings**: *Sample of Unanimous Written Consent of Shareholders  
  *Sample Proxy Statement (The Coca-Cola Company)* |
| February 26, 2014: Class 15 | **A Business Perspective: Data Analytics Governance & Ethics**  
  **Guest Speaker: Dr. Flavio Villanustre, Head of HPCC Systems and Vice President of Information Security of LexisNexis Risk Solutions®.** [http://hpccsystems.com/about-us/management_team](http://hpccsystems.com/about-us/management_team) |
| March 3, 2014: Class 16 | **A Legal Perspective: Big Data and Information Governance**  
  **Guest Speaker: Jon Neiditz, Partner at Kilpatrick Townsend & Stockton LLP (Atlanta office) in the big data, privacy and information security practice.** [http://www.kilpatricktownsend.com/en/Who_We_Are/Professionals/N/NeiditzJonathanA16125.aspx](http://www.kilpatricktownsend.com/en/Who_We_Are/Professionals/N/NeiditzJonathanA16125.aspx) |
| March 5, 2014: Class 17 | **Best Practices for Effective Corporate Governance**  
  - Effective Leadership  
  - Communication  
  - Mission Statement  
  - Code of Ethics  
  - Whistle-Blower Policy  
  - SEC Whistleblower Claims Center  
  - Interview with Tom Devine – The Corporate Whistleblower’s Survival Guide  
  - Conflict of Interest Policy  
  - Due Diligence  
  - Transparency  
  - Political Contributions Policy  
  - Financial Audits  
  - Compensation Practices/Policy  
  - Document Retention Policy  
  - Peer Benchmarking |
<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>ASSIGNED READING AND HOMEWORK:</strong></td>
</tr>
<tr>
<td></td>
<td><strong>T-Square Materials:</strong></td>
</tr>
<tr>
<td></td>
<td>*Sample Mission Statement (The Coca-Cola Company)</td>
</tr>
<tr>
<td></td>
<td>*Sample Code of Conduct/Code of Ethics (The Coca-Cola Company)</td>
</tr>
<tr>
<td></td>
<td>*Internal Whistleblowing and Sarbanes-Oxley Section 806: Balancing the Interests of Employee and Employer by Kevin Rubinstein</td>
</tr>
<tr>
<td></td>
<td>*Sample Conflict of Interest Policy (see The Coca-Cola Company Code of Conduct)</td>
</tr>
<tr>
<td></td>
<td>*Sample Political Contributions Policy (see The Coca-Cola Company Code of Conduct)</td>
</tr>
<tr>
<td></td>
<td>*Sample Compensation Committee Charter (The Coca-Cola Company)</td>
</tr>
<tr>
<td></td>
<td>*Sample Document Retention Policy</td>
</tr>
</tbody>
</table>

**MODULE 4 - External Matters: How are Corporate Governance Issues Handled (or can be Handled)?**

March 10, 2014: Class 18

• **The Role and Process of Laws, Regulations, and Regulators**
  - Legislative History
  - Legislation
  - Regulatory Process
  - Statutory Interpretation
  - Case Law
  - Enforcement
  - Regulatory vs. Self-Regulatory Structure
  - 60 Minutes, Prosecuting Wall Street

**ASSIGNED READING AND HOMEWORK:**

**T-Square Materials:** Jamie Dimon Letter to Shareholders Regarding Regulation.

• **Securities Act of 1933**

**ASSIGNED READING AND HOMEWORK:**

*Textbook – Corporate Governance:* Pages 129 – 131.

*Textbook – An Introduction to Corporate Governance and the SEC:* Pages 49 – 53.

• **Securities Exchange Act of 1934**

**ASSIGNED READING AND HOMEWORK:**

*Textbook – Corporate Governance:* Pages 129 – 131.


**T-Square Materials:** How to Read a 10K
<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>•Securities and Exchange Commission</strong></td>
<td><strong>ASSIGNED READING AND HOMEWORK:</strong></td>
</tr>
<tr>
<td><strong>Textbook – Corporate Governance:</strong></td>
<td>Pages 131 – 138.</td>
</tr>
<tr>
<td><strong>Textbook – An Introduction to Corporate Governance and the SEC:</strong></td>
<td>Chapter 2; Pages 47 – 49; and Chapter 6.</td>
</tr>
<tr>
<td><strong>•Sarbanes-Oxley Act of 2002 (&quot;SOX&quot;), including discussing the arguments for and against SOX</strong></td>
<td><strong>ASSIGNED READING AND HOMEWORK:</strong></td>
</tr>
<tr>
<td><strong>Textbook – An Introduction to Corporate Governance and the SEC:</strong></td>
<td>Pages 59 – 77 and 157 - 158.</td>
</tr>
<tr>
<td></td>
<td>(1) Do the main benefits of SOX to the public – gains in shareholder confidence that increase equity market participation and liquidity – justify the costs of SOX compliance?</td>
</tr>
<tr>
<td></td>
<td>(2) Do the benefits of SOX for corporate governance – increased oversight from the board of directors, an increase in the reliability of internal controls, and increased power given to audit committees – help to justify the costs of SOX compliance?</td>
</tr>
<tr>
<td></td>
<td>(3) Does Section 806 on whistleblowing balance the interest of employees and the employer?</td>
</tr>
<tr>
<td></td>
<td>(4) How would you recommend enhancing SOX, including the pros and cons of such modifications?</td>
</tr>
<tr>
<td><strong>•Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (&quot;Dodd-Frank&quot;), including discussing the arguments for and against Dodd-Frank</strong></td>
<td><strong>ASSIGNED READING AND HOMEWORK:</strong></td>
</tr>
<tr>
<td>T-Square Materials: Summary of Dodd-Frank by Davis Polk &amp; Wardwell LLP (July 2010) at <a href="http://www.davispolk.com/files/Publication/708f99fe-4580-413b-b870-b7c925ed2ecf/Presentation/PublicationAttachment/1d4495c7-0be0-4e9e-ba77-f786b90464a/070910_Financial_Reform_Summary.pdf">http://www.davispolk.com/files/Publication/708f99fe-4580-413b-b870-b7c925ed2ecf/Presentation/PublicationAttachment/1d4495c7-0be0-4e9e-ba77-f786b90464a/070910_Financial_Reform_Summary.pdf</a>: Pages i (Summary), 85 – 87 (Executive Compensation and Corporate Governance)</td>
<td>March 12, 2014: Class 19</td>
</tr>
<tr>
<td><strong>•The Role and Process of Laws, Regulations, and Regulators</strong></td>
<td><strong>Guest Speaker:</strong> Clark Porter, MBA Candidate at Georgia Tech’s Scheller College of Business; former Senior Legislative Assistant for U.S. Senator Claire McCaskill. <a href="http://www.linkedin.com/pub/clark-porter/59/989/891">www.linkedin.com/pub/clark-porter/59/989/891</a></td>
</tr>
<tr>
<td>Date</td>
<td>Assignment</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>March 24, 2014:</td>
<td><strong>EXAMINATION 2</strong></td>
</tr>
<tr>
<td>Class 20</td>
<td></td>
</tr>
<tr>
<td>March 26, 2014:</td>
<td>•State Corporate Law (e.g. Delaware General Corporation Law and Georgia Business Corporation Act)</td>
</tr>
<tr>
<td>Class 21</td>
<td>•State Securities Laws (Blue Sky Laws)</td>
</tr>
<tr>
<td></td>
<td>•Secretary of State</td>
</tr>
<tr>
<td></td>
<td>•State Attorney General</td>
</tr>
<tr>
<td>ASSIGNED READING AND HOMEWORK:</td>
<td></td>
</tr>
<tr>
<td>Textbook – An Introduction to Corporate Governance and the SEC: Page 30.</td>
<td></td>
</tr>
<tr>
<td>•Guest Speaker: Thomas W. Zagorsky, Director and Assistant Commissioner of Securities, State of Georgia, Securities Division, Office of Secretary of State Brian P. Kemp. <a href="http://www.linkedin.com/pub/tom-zagorsky/15/930/8a4/">www.linkedin.com/pub/tom-zagorsky/15/930/8a4/</a></td>
<td></td>
</tr>
<tr>
<td>March 31, 2014:</td>
<td>Catch-Up Day</td>
</tr>
<tr>
<td>Class 22</td>
<td></td>
</tr>
<tr>
<td>April 2, 2014:</td>
<td>•External Auditors</td>
</tr>
<tr>
<td>Class 23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>•Trading Organizations</td>
</tr>
<tr>
<td></td>
<td>•New York Stock Exchange (“NYSE”)</td>
</tr>
<tr>
<td></td>
<td>•The NASDAQ Stock Market (“NASDAQ”)</td>
</tr>
<tr>
<td>ASSIGNED READING AND HOMEWORK:</td>
<td></td>
</tr>
<tr>
<td>Textbook – Corporate Governance: Pages 45 – 46 and 142 – 143.</td>
<td></td>
</tr>
<tr>
<td>Viewing: Video clip regarding the NYSE or NASDAQ.</td>
<td></td>
</tr>
<tr>
<td>Other Reading (review only): NYSE Rules - <a href="http://nyserules.nyscex.com/NYSE/Rules/">http://nyserules.nyscex.com/NYSE/Rules/</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NASDAQ Rules - <a href="http://nasdaq.cchwallstreet.com/NASDAQ/Main/">http://nasdaq.cchwallstreet.com/NASDAQ/Main/</a></td>
</tr>
<tr>
<td>•Rating Agencies</td>
<td></td>
</tr>
<tr>
<td>ASSIGNED READING AND HOMEWORK:</td>
<td></td>
</tr>
<tr>
<td>Textbook – Corporate Governance: Pages 82 – 89.</td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Assignment</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| April 7, 2014: Class 24 | • The Federal Prosecution  
  • **Guest Speaker: Josephine Sandler Nelson, Adjunct Professor of Business Law, Stanford Business School and former U.S. federal prosecutor.** [http://www.gsb.stanford.edu/ces/students/advisorbios.html](http://www.gsb.stanford.edu/ces/students/advisorbios.html) |
| April 9, 2014: Class 25 | Deliverables: Group Debates (3 Debates, 6 Teams) |
| April 14, 2014: Class 26 | Deliverables: Group Debates (3 Debates, 6 Teams) |
| April 16, 2014: Class 27 | • Governance in the Non-Profit Sector:  
  • **Guest Speaker: Professor William J. Todd, Professor of the Practice and Executive Director for** |

**Article: “Over Rated,” Bloomberg**

**• Corporate Takeovers**

**ASSIGNED READING AND HOMEWORK:**

**Textbook – Corporate Governance:** Pages 113 - 126.

**• Insider Trading**

- Definition
- Components for Establishing Violation
  
  (2) *Wall Street* trailer
- Insider Trading Policy

**ASSIGNED READING AND HOMEWORK:**


**Other Reading (NOT ON T-SQUARE SO PRINT FROM LINK):** (1) Insider Trading Information Online at the SEC - [http://www.sec.gov/answers/insider.htm](http://www.sec.gov/answers/insider.htm)
  
  (2) Sample Insider Trading Policies -  
### April 21, 2014: Class 28

**Diversity and Inclusion**

**ASSIGNED READING AND HOMEWORK:**

**Articles:**
3. Widening the Lens, The Challenges of Leveraging Boardroom Diversity (HBR)


### April 23, 2014: Class 29

**Deliverables: Part II Movie Review Write-up Due**

**Closing Film**

*Enron: The Smartest Guys in the Room* (2005) – 1 hour and 50 minutes; Directed by Alex Gibney and Starring Peter Coyote and Michel Lugnebuell

**Class Debriefing and Adjournment**

### April 30, 2014 from 8:00 a.m. – 9:30 a.m.

**FINAL EXAMINATION** - Scheduled Georgia Tech Examination Date

---

**POLICIES AND PROCEDURES**

**STUDENT HONOR CODE AND CODE OF ETHICS:** Students shall be aware of and abide by the Georgia Institute of Technology’s Academic Honor Code (the “Academic Honor Code”) with respect to all aspects of their participation in the Course. See [http://www.honor.gatech.edu/plugins/content/index.php?id=9](http://www.honor.gatech.edu/plugins/content/index.php?id=9). Compliance with the Academic Honor Code also includes all aspects of the Honor Agreement signed by students as a condition of their enrollment in the College of Management. Any student suspected of engaging in behavior in violation of the Academic Honor Code or the Honor Agreement shall be referred to the Office of the Dean of Students for appropriate action.

Specifically, all assignments submitted must be your own or your team’s individual thought and words, unless properly cited.

**DISABILITY ACCOMMODATION:** The Georgia Institute of Technology has policies regarding disability accommodation, which are administered through Access Disabled Assistance Program for Tech Students (ADAPTS). See [http://www.adapts.gatech.edu/](http://www.adapts.gatech.edu/). For students with disabilities, please contact the ADAPTS Office, located in the Office of the Dean of Students, to request classroom accommodations.
LEGAL AND FINANCIAL DISCLAIMER: Any and all opinions, statements, discussions or recommendations as to legal and/or financial matters made herein are for academic purposes only and are not intended and should not be construed as providing legal or financial advice or creating any attorney-client relationship or advisor-client relationship. This disclaimer includes all discussions during, within, and in connection with the Course and related activities.

ELECTRONICS: Please be considerate of your classmates and the learning experience. During Class, turn off and put away all mobile and other electronic devices excluding laptop computers or equivalents being used for note taking. With respect to electronic devices, students may use ONLY laptop computers or equivalents during Class for the SOLE purpose of taking notes.

RECOMMENDED READINGS

Listed below are suggestions from my reading list of readings, publications, and media programs that may be of interest and assistance to you in your academic studies and career.


SPENCER JOHNSON, M.D., WHO MOVED MY CHEESE?: AN AMAZING WAY TO DEAL WITH CHANGE IN YOUR WORK AND IN YOUR LIFE (1998).


The Economist