

Business Law: Connecting the Threads CLE
Panel 8 (Padfield)

1. What is a general overarching theory of a corporation?
 - A. A distinct entity that's separate from the state and other stakeholders.
 - B. A statutory entity ("state creature") with deference to the government.
 - C. A only.
 - D. A and B.
2. Who's work does Professor Padfield rely on in his discussion of "Collaboration Theory" of the corporation?
 - A. Warren Buffett
 - B. Ann Lipton
 - C. Eric Chaffee
 - D. Douglas Moll
3. According to Professor Padfield, does shareholder wealth maximization theory allow a less profitable business decision to "save the trees," or pursue an otherwise socially responsible business endeavor in lieu of shareholder wealth?
 - A. Yes.
 - B. No.
4. What is a statutory exception to the shareholder wealth maximization theory?
 - A. Constituency statutes
 - B. Benefit corporation statutes
 - C. Common law situations as recognized by courts
 - D. All the above
5. According to Collaboration Theory, there is a duty to make the socially responsible decision if the financial outcome of a business decision is neutral or even uncertain.
True/ False
6. Professor Padfield tells his students that if a board's justification for a decision includes the phrase "and this will maximize shareholder value in the long run," the decision will pass muster under the business judgment rule.
True/ False
7. What is a corporate personality theories?
 - A. Artificial Entity Theory
 - B. Aggregate Theory
 - C. Real Entity Theory
 - D. All the above
8. Professor's Amarante argued that someone can frame any business decision in a way that would satisfy the business judgment rule with respect to the shareholder wealth maximization theory.

True/ False

9. Which of the four corporate personality theories does Kelsey think supports opting out/ private ordering of shareholder maximization theory?
 - A. Aggregate Theory
 - B. Collaboration Theory
 - C. Artificial Entity Theory
 - D. Real Entity Theory
10. According to Kelsey, the Artificial Entity Theory is least supportive of opting-out of shareholder wealth maximization

True/ False