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BOOK REVIEW

CORPORATION LAW—CASES AND MATERIALS by Hugh L. Sowards, New York: Matthew Bender & Co., Inc. 1973. 740 pages. \$19.50.

“Corporation Law—Cases and Materials,” by Professor Hugh L. Sowards of the University of Miami School of Law is an outstanding casebook for use in law schools throughout the United States. From a practical standpoint, the book is one that can be updated over a period of time because of its looseleaf character. Thus, it is one of the few casebooks that a student who becomes a lawyer will want to keep for his library because by continuing the supplemental service, it will remain a viable instrument.

The book is needed for use in law schools today because most other case books presently in use are outdated due to the rapidity with which corporate and securities laws have changed in the last few years, particularly in the key areas which are of greatest concern to lawyers and business people—conflict-of-interest, close corporation law and planning, and “federal corporation law.”

From the standpoint of both law professor and student, Professor Sowards' book is a valuable teaching tool. Preceding each series of cases on a particular aspect of the law is concise textual treatment which highlights the problems dealt with in the case material. This approach of integrating “hornbook” material with cases should lead the reader to a closer analysis of the material and a better understanding of those problems presented. The cases selected present the leading views of the courts and are well edited, a fact that is at once apparent from an examination of the various portions of the volume. By way of illustration, the closely held corporation as an “incorporated partnership” has gradually come to be looked upon in a more liberal light by state legislatures and the courts. The chapters dealing with close corporation law and planning trace the development of that material from the earlier hostile treatment by the courts to a more recent recognition that associates in a close corporation should be able to structure their enterprise as a “partnership” as long as outsiders are not prejudiced in any manner.

Conflict-of-interest problems have become particularly acute in recent years since almost all major corporations and many thousands of small corporations have become public companies. This involvement with the public has created a sea of trusteeships, where before there existed individuals looking only to themselves or their immediate associates as to what was right or wrong in discharging their duties and responsibilities as corporate officers, directors and principal stockholders. However, with the advent of the Securities Act of 1933 and Securities Exchange Act of 1934, all this changed as more and more companies

sought public funds. Thus, section 10 and rule 10b-5, the antifraud provisions, and section 16 of the Securities Exchange Act of 1934, involving short-swing trading provisions, came to be actively used. The book traces this development and gives the student the opportunity to discover this evolving and dramatic area of law.

Primarily because of the expanding stockholder ownership in America's corporations to 31 million, and the broader jurisdiction that has developed from existing and new federal statutes, rules and regulations, a new federal corporate law has developed, superimposing itself upon the applicable state corporation law. The book's 16 chapters deal with the broad scope of this corporate scene from "history and background" in chapter 1, the "corporate umbrella" in chapter 5, which discusses in part the liability of parent companies for contracts and torts of their subsidiaries, to the authority of directors and officers in chapter 6. In chapters 8, 9, 10, and 11, the common law and the federal securities laws are examined as to the liabilities and loyalties of directors and controlling persons (chapter 8), corporate power (chapter 9), shareholder's rights (chapter 10), and liabilities of shareholders (chapter 11). The monetary aspects of corporations are developed in chapters 12, 13, and 14. Since many attorneys deal with "mom and pop" corporations, "close corporation law and planning" is developed in great detail in chapter 7.

One of the more lucrative areas for the legal practitioner and the fastest developing area of securities law, both substantive and procedural, has been in the area of shareholders actions. Discussion of rule 23.1 of the Federal Rules of Civil Procedure, section 626 of the New York General Business Corporation Law and case law in this area are developed in chapter 15. Finally, the "death" of a corporation is discussed in chapter 16 under "Dissolution and Liquidation" in the context of the Model Business Corporation Act and case law.

It is of special note that the book not only deals with the historical development of corporate case law in certain areas including existing statutes, but also integrates the Model Corporation Act which has been adopted in 36 jurisdictions, in whole or in part. The statutory developments in such leading states as Delaware, Florida, and New York, are also examined in certain parts of the book. With these additions, the book provides source material for analytical classroom discussion. This book by Professor Sowards is certainly a valuable tool for use in law schools as well as a useful reference for the practitioner.

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