

TABLE OF CONTENTS

Chapter 1	How to Use This Work — Summary of Terms, Abbreviations and Conventions	1-1
§1-1.	General	1-1
§1-2.	Defined Terms and Abbreviations	1-1
§1-3.	Additional Definitions	1-3
§1-4.	Presentation of Forms and Comments	1-3
§1-5.	Use of Bold Face Type for Alternative or Optional Provisions	1-3
§1-6.	For-Profit Business Corporations Generally Are Assumed	1-3
§1-7.	The CGCL and Securities Law Are Assumed to Apply	1-4
§1-8.	Legal Descriptions Are Summaries	1-4
§1-9.	Default Provisions	1-4
§1-10.	Provisions That “Relax,” “Restrict” or “Otherwise Provide”	1-6
§1-11.	Language Style	1-7
§1-12.	Limitations on the Use of Forms	1-7
§1-13.	Professional Responsibility; Identifying the Client	1-8
§1-14.	Additional Information Available	1-9
 Chapter 2	 California, the Law of Choice for Many California-Based Corporations	 2-1
§2-1.	Introduction	2-1
§2-2.	Illustrative Provisions Included Herein	2-2
§2-3.	The CGCL Philosophy	2-2
§2-4.	Default Provisions	2-2
§2-5.	Ability to Modify Default Provisions	2-2
§2-6.	The Statute Is Relatively Clear with Useful Legislative History	2-3
§2-7.	Special Provisions for Widely Held Corporations	2-3
§2-8.	Directors and Management, General	2-3
§2-9.	Election of Directors	2-3
§2-10.	Removal of Directors	2-4
§2-11.	Director Vacancies	2-5
§2-12.	Director Duties and Liabilities	2-5
§2-13.	Elimination of Director Liability	2-5
§2-14.	Indemnification of Directors, Officers and Other Parties	2-6
§2-15.	Shareholder Voting Rights	2-7
§2-16.	Corporate Finance	2-8
§2-17.	Reorganizations	2-12
§2-18.	Appraisal and Dissenters’ Rights	2-15
§2-19.	Takeover Defense	2-16

§2-20.	Derivative Suits	2-17
§2-21.	Books, Records, Reports and Inspection Rights	2-19
Chapter 3	The Forms — Suggestions for Their Use, Our Drafting Approach and a Philosophy for Drafting Agreements	3-1
§3-1.	General	3-1
§3-2.	Representative Form Presented	3-1
§3-3.	A Caution on the Use of Forms	3-2
§3-4.	A Philosophy for Drafting Agreements	3-2
§3-5.	Modular Forms	3-4
§3-6.	Drafting Technique — Overdrafting	3-4
§3-7.	Drafting Perspective	3-5
§3-8.	Agreement Forms — Sequence of Provisions	3-5
§3-9.	Agreement Forms — Defined Terms	3-6
§3-10.	Agreement Forms — Schedules and Exhibits	3-6
§3-11.	Presentation of Numbers	3-6
§3-12.	Execution of Documents by Corporations	3-7
§3-13.	Cross-References to Sections “Hereof”	3-7
§3-14.	References to Statutes “As Amended”	3-7
§3-15.	Recitals	3-7
§3-16.	Availability of Other Forms and Samples	3-10
Chapter 4	Overview of the Law	4-1
§4-1.	California Corporation Laws — General Structure	4-1
§4-2.	Brief History of the CGCL	4-2
§4-3.	Coverage of the CGCL	4-3
§4-4.	Corporate Classifications	4-3
Chapter 5	Secretary of State and Other Forms and Filing Procedures	5-1
§5-1.	State Forms; Availability	5-1
§5-2.	Use of Official Forms	5-1
§5-3.	List of Official Forms and Forms Included in This Work	5-1
§5-4.	Filings with the Secretary of State	5-2
§5-5.	Effectiveness of Filings	5-3
§5-6.	Authority of Department to Reject Filings	5-3
§5-7.	Filing Fees	5-3
§5-8.	Addresses to Be Used in Filings; Process Agent	5-4
§5-9.	Certificate of Correction	5-4
§5-10.	Changes in Information	5-4
§5-11.	Suspension and Revival	5-6
§5-12.	Contact the Secretary of State	5-6
§5-13.	Forms	5-6
§5-14.	Form 5-1. Certificate Pursuant to Section 1505 (Corporation Acting as Agent for Service of Process)	5-7

TABLE OF CONTENTS

§5-15.	Form 5-2.	Statement of Information (Domestic Stock and Registered Foreign Corporation)	5-9
§5-16.	Form 5-3.	Statement of No Change (Domestic Stock and Registered Foreign Corporation)	5-14
§5-17.	Form 5-4.	Statement of Information (Domestic Nonprofit Corporation)	5-17
§5-18.	Form 5-5.	Corporate Disclosure Statement (Domestic Stock and Foreign Corporation)	5-22
§5-19.	Form 5-6.	Attachment to Corporate Disclosure Statement (Domestic Stock and Foreign Corporation)	5-24
§5-20.	Form 5-7.	Statement of Information (Limited Liability Company)	5-26
§5-21.	Form 5-8.	Statement of No Change (Limited Liability Company)	5-30
§5-22.	Form 5-9.	Statement by Common Interest Development Association	5-34
§5-23.	Form 5-10.	Secretary of State Contact Information.	5-37
Chapter 6	Section 2115 of the CGCL: The Quasi California Corporation		6-1
§6-1.	Introduction		6-1
§6-2.	Determination of Quasi California Corporation Status		6-2
§6-3.	The Property Factor		6-3
§6-4.	The Payroll Factor		6-3
§6-5.	The Sales Factor		6-4
§6-6.	The Formula		6-4
§6-7.	Ownership of Securities		6-4
§6-8.	Special Provisions for Parent Companies		6-5
§6-9.	Statutory Exemptions from §2115		6-5
§6-10.	Provisions of the CGCL Applicable to Quasi California Corporations		6-6
§6-11.	During What Periods Must a Quasi California Corporation Comply with §2115?		6-7
§6-12.	Practical Problems in Compliance with §2115		6-7
Chapter 7	The Incorporation Process		7-1
§7-1.	Introduction		7-1
§7-2.	Content of Articles of Incorporation		7-1
§7-3.	The Incorporator		7-2
§7-4.	Action by Written Consent of the Incorporator		7-2
§7-5.	Corporate Name		7-3
§7-6.	Availability and Reservation of Corporate Name		7-3
§7-7.	Unavailability of Corporate Name — Consent to Use of Name		7-4
§7-8.	Use of Fictitious Name		7-5
§7-9.	Agent for Service of Process		7-5
§7-10.	Collecting Information		7-5
§7-11.	Form 7-1. Action by Written Consent of the Sole Incorporator.		7-6

CALIFORNIA CORPORATE PRACTICE AND FORMS

§7-12.	Form 7-2.	Name Availability Inquiry Letter	7-7
§7-13.	Form 7-3.	Name Reservation Request	7-8
§7-14.	Form 7-4.	Consent to Use of Name Letter	7-11
§7-15.	Form 7-5.	Incorporation Checklist (Short Form)	7-12
§7-16.	Form 7-6.	Incorporation Checklist (Long Form)	7-17
Chapter 8	Articles of Incorporation		8-1
§8-1.		Introduction	8-1
§8-2.		Forms Included Herein, Their Limitations and Suggestions for Their Use	8-1
§8-3.		Article Provisions in Lieu of Bylaws	8-1
§8-4.		Required and Optional Provisions of Articles	8-2
§8-5.		Approval of Optional Provisions	8-3
§8-6.		Restrictions on Transfer of Capital Stock	8-3
§8-7.		Restating Statutory Default Provisions	8-3
§8-8.		Corporate Powers Generally	8-4
§8-9.		Incorporation by Reference	8-4
§8-10.		Prohibited Provisions Relating to Directors and Shareholders	8-4
§8-11.		Anti-Takeover Concerns	8-5
§8-12.		Description of Forms for Articles	8-6
§8-13.	Form 8-1.	Official Form of Articles of Incorporation	8-7
§8-14.	Form 8-2.	Form of Document Filing Request Letter	8-8
§8-15.	Form 8-3.	Sample Articles Not Using Official Form	8-9
§8-16.		Additional Provisions for Articles—Not on Forms	8-10
§8-17.	Form 8-4.	General Purpose and Powers	8-14
§8-18.	Form 8-5.	Limitations on Business, Purpose or Powers	8-15
§8-19.	Form 8-6.	Right of Shareholders to Remove Directors Without Cause	8-16
§8-20.	Form 8-7.	Calling of Special Meetings of Shareholders	8-17
§8-21.	Form 8-8.	Setting Annual Meetings of Shareholders	8-18
§8-22.	Form 8-9.	Setting a Quorum for Meeting of Shareholders	8-19
§8-23.	Form 8-10.	Notice to Shareholders and Waiver of Notice	8-20
§8-24.	Form 8-11.	Permitting Action by Partial Written Consent of Shareholders in Lieu of a Meeting	8-21
§8-25.	Form 8-12.	Establishing Shareholder Qualification Requirements	8-22
§8-26.	Form 8-13.	Establishing Shareholders' Right to Determine Consideration for Share Issuances	8-23
§8-27.	Form 8-14.	Supermajority Vote of Shareholders	8-24
§8-28.	Form 8-15.	Amendment of Articles by Shareholders	8-25
§8-29.	Form 8-16.	Amendment of Bylaws by Shareholders	8-26
§8-30.	Form 8-17.	Limiting Right of Directors to Participate in Meetings by Conference Equipment	8-27
§8-31.	Form 8-18.	Establishing a Classified Board of Directors of a Listed Corporation with Staggered Terms	8-28

TABLE OF CONTENTS

§8-32.	Form 8-19.	Cumulative Voting to Elect Directors Not Permitted	8-29
§8-33.	Form 8-20.	Amendment of Articles and Bylaws by Board of Directors	8-30
§8-34.	Form 8-21.	Naming Initial Directors	8-31
§8-35.	Form 8-22.	Quorum and Approval for Board of Directors Meeting.	8-32
§8-36.	Form 8-23.	Standard of Care of Directors and Justifiable Reliance	8-33
§8-37.	Form 8-24.	Term of Existence.	8-34
§8-38.	Form 8-25.	Calling and Adjournment of Board of Directors' Meetings	8-35
§8-39.	Form 8-26.	Limiting Liability and Indemnification of Directors, Officers and Others	8-36
§8-40.	Form 8-27.	Board of Directors' Power to Select Officers	8-37
§8-41.	Form 8-28.	Organization and Conduct of Shareholders Meetings	8-38
§8-42.	Form 8-29.	Conduct of Board Meetings	8-39
§8-43.	Form 8-30.	Proxies, Ballots and Vote Tabulations to be Kept Secret	8-40
§8-44.	Form 8-31.	Limitation of Board of Directors' Power.	8-41
§8-45.	Form 8-32.	Filling Vacancies on the Board of Directors	8-42
§8-46.	Form 8-33.	Director Qualifications	8-43
§8-47.	Form 8-34.	Establishing Variable Number of Directors	8-44
§8-48.	Form 8-35.	Distinctions Between Classes or Series of Shares and Preferences	8-45
§8-49.	Form 8-36.	Preemptive Rights	8-48
§8-50.	Form 8-37.	Redeemable and Convertible Shares	8-49
§8-51.	Form 8-38.	Assessment of Shares	8-52
§8-52.	Form 8-39.	Shareholder Buyout Provisions and Dissolution.	8-53
Chapter 9		Capital Stock Generally and Common Stock Provisions.	9-1
§9-1.		Introduction	9-1
§9-2.		Consideration for Issuance.	9-1
§9-3.		The CGCL Does Not Use the Concept of Par Value.	9-2
§9-4.		The CGCL Does Not Use the Concept of Treasury Shares.	9-2
§9-5.		Authorized Capital Stock	9-2
§9-6.		Supermajority Voting	9-3
§9-7.		Elimination of Cumulative Voting	9-3
§9-8.		Disparate Treatment of Certain Persons.	9-3
§9-9.		Creating a Class or Series by the Board	9-3
§9-10.		Distributions in Kind to Holders of Multiple Classes: The CGCL §203 Problem	9-4
§9-11.		Tracking, Alphabet, Notional or Letter Stock	9-4
§9-12.		Publicly Available Description of Tracking Stock.	9-5
§9-13.		Capital Stock Provision	9-8
§9-14.	Form 9-1.	Authorization of a Single Class of Shares	9-9
§9-15.	Form 9-2.	Authorizing Common and Blank Check Preferred Shares	9-10

Chapter 10 Preferred Stock Provisions	10-1
§10-1. Preferred Stock Generally	10-1
§10-2. Enforceable Rights to Dividends, Redemption and Other Distributions.	10-1
§10-3. Preferred Stock Features	10-2
§10-4. “Blank Check” or “Rubber” Preferred Stock.	10-5
§10-5. Forms	10-5
§10-6. Form 10-1. Restated Articles of Incorporation Providing for Series of Preferred Stock.	10-6
§10-7. Form 10-2. Provision for Articles — Blank Check Board Authorization to Issue Preferred	10-18
§10-8. Form 10-3. Provision for Articles — Blank Check Board Authorization to Issue Preferred — More Detailed and Specific	10-19
§10-9. Form 10-4. Provision — Redemption at Option of Company and Preferred Shareholders	10-21
Chapter 11 Bylaws	11-1
§11-1. Introduction	11-1
§11-2. Adoption of the Bylaws	11-1
§11-3. Content of the Bylaws	11-2
§11-4. Maintaining Bylaws and Shareholders’ Right to Inspect.	11-3
§11-5. Amendment of Bylaws.	11-3
§11-6. Amending Bylaws Relating to Number of Directors and Filling Board Vacancies	11-4
§11-7. Bylaws Functioning as Shareholder Agreements.	11-4
§11-8. Form of Bylaws Included.	11-5
§11-9. Form 11-1. Bylaws for a California Corporation	11-6
Chapter 12 The Board of Directors and Officers	12-1
§12-1. General	12-1
§12-2. Default Provisions and Other CGCL Provisions That May Be Relaxed, Restricted or Modified	12-1
§12-3. Number of Directors.	12-2
§12-4. Qualifications	12-2
§12-5. Term of Office	12-3
§12-6. Election of Directors	12-3
§12-7. Vacancies	12-3
§12-8. Classified Board with Staggered Terms.	12-4
§12-9. Classified Board Regarding Shareholders Who Elect Them.	12-5
§12-10. Board Meetings — Notice	12-5
§12-11. Method of Giving Notice of Meetings.	12-5
§12-12. Electronic Transmission by and to the Corporation.	12-5
§12-13. Waiver of Notice of Board Meetings.	12-7
§12-14. Adjournment of Board Meetings	12-7
§12-15. Place of Board Meetings	12-7

TABLE OF CONTENTS

§12-16.	Meetings of Directors — Quorum and Actions Taken	12-7
§12-17.	Attendance at Board Meetings by Conference Telephone, Electronic Video Screen Communication or Electronic Transmission by and to the Corporation.	12-7
§12-18.	Action by Unanimous Written Consent in Lieu of a Meeting.	12-8
§12-19.	Removal of Directors	12-8
§12-20.	Committees.	12-9
§12-21.	Alternate Committee Members	12-10
§12-22.	Status of Committee Action	12-10
§12-23.	Compensation of and Loans to or Guarantees of Obligations of Directors and Officers	12-10
§12-24.	Committees.	12-11
§12-25.	Form 12-1. Creation of an Executive Committee	12-12
§12-26.	Form 12-2. Creation of an Audit Committee	12-13
§12-27.	Form 12-3. Creation of a Compensation Committee	12-15
§12-28.	Form 12-4. Creation of a Nominating Committee	12-16
§12-29.	Form 12-5. Creation of a Special Litigation Committee in Connection with Derivative Actions	12-17
§12-30.	Transactions with Interested Directors or Officers	12-17
§12-31.	Directors' Standard of Care	12-18
§12-32.	Justifiable Reliance by Directors	12-20
§12-33.	Exercise of Directors' Powers; Duty of Loyalty	12-21
§12-34.	Factors That May Be Considered.	12-21
§12-35.	Presumption of Propriety — The Business Judgment Rule	12-21
§12-36.	Inconsistent Articles Ineffective.	12-22
§12-37.	Differences Between California Law and Other Laws Regarding Fiduciary Duties of Directors.	12-22
§12-38.	Personal Liability of Directors	12-24
§12-39.	Management Without Directors	12-24
§12-40.	Need for Board Action if Shareholders Consent Unanimously.	12-25
§12-41.	Officers — Required Officers	12-25
§12-42.	Officers' Qualifications	12-25
§12-43.	Officers' Terms	12-25
§12-44.	Officers' Authority	12-25
§12-45.	Officers' Standard of Care	12-26
§12-46.	Officers — Removal.	12-26
§12-47.	Indemnification in Third-Party Actions	12-26
§12-48.	Indemnification in Derivative and Corporate Actions	12-27
§12-49.	Mandatory Indemnification of Expenses.	12-27
§12-50.	Procedure for Effecting Indemnification.	12-28
§12-51.	Advancing Expenses	12-28
§12-52.	Supplementary Coverage	12-28
§12-53.	Power to Purchase Insurance	12-29
§12-54.	Application to Surviving or New Corporations	12-29

CALIFORNIA CORPORATE PRACTICE AND FORMS

§12-55.	Application to Employee Benefit Plans.	12-29
§12-56.	Duration and Extent of Coverage.	12-30
§12-57.	Corporate Governance Principles Applicable to Boards of Directors	12-30
Chapter 13	Shareholder Matters	13-1
§13-1.	General	13-1
§13-2.	Dividends and Distributions to Shareholders.	13-1
§13-3.	Indebtedness Incurred to Redeem Shares	13-2
§13-4.	Mandatory Redemptions of Preferred Stock.	13-3
§13-5.	Voting Rights of Shareholders	13-3
§13-6.	Exceptions to Shareholder Notice Requirements.	13-5
§13-7.	Shareholder Rights of Creditors and Others	13-5
§13-8.	Right of Inspection.	13-5
§13-9.	Financial Reports to Shareholders and Waivers Thereof.	13-7
§13-10.	Share Certificates	13-9
§13-11.	Restrictions on Transfer of Shares.	13-9
§13-12.	Minors as Security Holders	13-9
§13-13.	Appointment of Provisional Director of Corporation on Deadlock of Directors or Shareholders.	13-9
§13-14.	Form 13-1. Shareholder’s Demand for Inspection of Shareholder Lists	13-11
§13-15.	Form 13-2. Shareholder’s Demand for Inspection of Accounting Books and Records.	13-13
§13-16.	Corporate Governance	13-14
Chapter 14	Minutes and Resolutions	14-1
§14-1.	General	14-1
§14-2.	A Philosophy about Minutes	14-1
§14-3.	Circumstances Calling for Detailed Minutes.	14-2
§14-4.	Consistency.	14-3
§14-5.	Coverage of Minutes	14-3
§14-6.	Sensitive or Confidential Matters.	14-4
§14-7.	Retention of Notes	14-4
§14-8.	Who Takes the Minutes	14-5
§14-9.	Signing of Minutes.	14-6
§14-10.	Distribution and Approval	14-6
§14-11.	Recording Individual Actions.	14-6
§14-12.	Form of Recording Actions	14-7
§14-13.	Committee Meetings	14-7
§14-14.	Attachments and Back-up Material	14-7
§14-15.	Retention.	14-8
§14-16.	Retrieval of Information.	14-8
§14-17.	Additional Information.	14-8
§14-18.	Written Consent Forms	14-9

TABLE OF CONTENTS

§14-19.	Delivery of Written Consents to the Secretary	14-9
§14-20.	Form 14-1. Unanimous Consent in Writing of Directors (Shell) (Modify if There Is a Sole Director)	14-10
§14-21.	Form 14-2. Action by Unanimous Written Consent of Shareholders in Lieu of a Meeting (Shell) (Modify if There Is a Sole Shareholder)	14-11
§14-22.	Form 14-3. Action by Partial Written Consent of Shareholders in Lieu of a Meeting	14-12
§14-23.	Form 14-4. Joint Action by Written Consent of Shareholders and Directors (Shell) (Modify if There Is a Sole Shareholder or a Sole Director)	14-13
§14-24.	Change of Registered Office	14-13
§14-25.	Form 14-5. Change of Registered Office	14-14
§14-26.	General Grant of Authority	14-14
§14-27.	Form 14-6. General Grant of Authority	14-15
§14-28.	Officer’s Certificate Relating to Minutes.	14-15
§14-29.	Form 14-7. Officer’s Certificate Relating to Minutes.	14-16
§14-30.	Ratification	14-16
§14-31.	Form 14-8. Ratification of Previous Actions	14-17
Chapter 15	Amendment of Articles of Incorporation.	15-1
§15-1.	General	15-1
§15-2.	Proposal of Amendments.	15-1
§15-3.	Shareholder Approval.	15-1
§15-4.	Statutory Voting Rights	15-2
§15-5.	Permit from Corporations Commissioner	15-3
§15-6.	Adoption of an Amendment by Board Without Shareholder Action.	15-4
§15-7.	Restatement of the Articles in Their Entirety	15-4
§15-8.	Certificate of Amendment	15-5
§15-9.	Form 15-1. Certificate of Amendment by Incorporators.	15-6
§15-10.	Form 15-2. Certificate of Amendment by Majority of Directors	15-7
§15-11.	Form 15-3. Certificate of Amendment after Shareholder Approval.	15-8
§15-12.	Form 15-4. Restatement of Articles	15-10
§15-13.	Resolutions for Amending Articles of Incorporation.	15-13
§15-14.	Nonprofit Corporations	15-13
Chapter 16	Dissolution.	16-1
§16-1.	General	16-1
§16-2.	Proposal to Dissolve.	16-1
§16-3.	Commencement of Dissolution	16-2
§16-4.	Pre-Dissolution Provision for Liabilities under CGCL §1903	16-2
§16-5.	Certificate of Dissolution.	16-3
§16-6.	Contents of Certificate of Dissolution and Franchise Tax Clearance	16-3
§16-7.	Power of the Board.	16-4

CALIFORNIA CORPORATE PRACTICE AND FORMS

§16-8.	Dissolution of a Corporation That Has Not Commenced Business	16-4
§16-9.	Survival of Rights and Remedies.	16-4
§16-10.	Involuntary Liquidation and Dissolution.	16-6
§16-11.	Intervention by Creditors	16-7
§16-12.	Proceedings by Attorney General; Procedural Requirements	16-7
§16-13.	Winding Up Corporate Affairs and Bulk Sales Compliance	16-8
§16-14.	IRS Form 966	16-11
§16-15.	Form 16-1. Certificate of Election to Wind Up and Dissolve	16-12
§16-16.	Form 16-2. Certificate of Dissolution	16-13
§16-17.	Form 16-3. Resolutions to be Adopted by Directors to Wind Up and Dissolve	16-14
§16-18.	Form 16-4. Resolutions to be Adopted by Shareholders to Voluntarily Wind Up and Dissolve	16-15
§16-19.	Form 16-5. Notice of Dissolution to be Mailed to Known Creditors and Claimants.	16-16
§16-20.	Form 16-6. Notice of Commencement of Proceedings to All Shareholders, Creditors and Claimants	16-17
§16-21.	Form 16-7. Certificate of Revocation of Election to Wind Up and Dissolve	16-18
Chapter 17	Meetings of Shareholders	17-1
§17-1.	General	17-1
§17-2.	Regular Meetings of Shareholders; Time.	17-1
§17-3.	Special Shareholder Meetings; Time	17-1
§17-4.	Shareholder Meetings; Adjournments	17-2
§17-5.	Shareholder Meetings; Place	17-2
§17-6.	Action by Written Consent in Lieu of a Meeting	17-2
§17-7.	Shareholder Meeting; Notice Generally.	17-3
§17-8.	Shareholder Meeting; Contents of Notice	17-3
§17-9.	Form 17-1. Notice of Shareholder Meeting (Shell)	17-4
§17-10.	Shareholder Meeting; Notice of Adjournment.	17-5
§17-11.	Method of Giving of Notice of Shareholder Meetings; Timing; Special Meetings	17-5
§17-12.	Waiver of Notice of Shareholder Meetings	17-6
§17-13.	Fixing the Record Date	17-7
§17-14.	Determination of Shareholders of Record When a Record Date Is Not Fixed	17-7
§17-15.	Quorum for Meetings.	17-7
§17-16.	Proxies — General	17-8
§17-17.	Revocation and Duration of Proxies	17-8
§17-18.	Irrevocable Proxies	17-9
§17-19.	Form of Proxy	17-9
§17-20.	Form 17-2. Private Corporation Proxy — Not Related to Specific Meeting or Purpose	17-11
§17-21.	Form 17-3. Private Corporation — Proxy for a Specific Meeting	17-12

TABLE OF CONTENTS

§17-22.	Form 17-4. Proxy Pursuant to 1934 Act Rules	17-13
§17-23.	Proxies; Number of Shares “Held of Record”	17-14
§17-24.	Inspectors of Election.	17-15
§17-25.	Voting Rights Generally.	17-15
§17-26.	Election of Directors; Need for Ballots.	17-15
§17-27.	Election of Directors; Cumulative Voting	17-16
§17-28.	Election of Directors; Action to Determine Validity of Elections; Judicial Relief.	17-18
§17-29.	Voting by Corporate Shareholders.	17-19
§17-30.	Voting by Fiduciaries, Pledges, etc.	17-19
§17-31.	Voting by Joint Holders of Shares	17-20
§17-32.	Shareholder and Voting Agreements	17-20
§17-33.	Supermajority Voting	17-21
§17-34.	Forms Included.	17-22
§17-35.	Form 17-5. Checklist for Annual Meeting of Shareholders.	17-24
§17-36.	Form 17-6. Timetable for Public Corporation’s Annual Meeting of Shareholders.	17-29
§17-37.	Form 17-7. Letter to SEC re: Omission of Shareholder Proposal from Proxy Material	17-34
§17-38.	Form 17-8. Letter Transmitting Timetable to Client	17-35
§17-39.	Form 17-9. Letter Regarding Bogus Proxy Mailing Services	17-36
§17-40.	Form 17-10. Form of Search Card Including Request for NOBO Information when Registrant Does Not Intend to Mail Materials Directly	17-37
§17-41.	Form 17-11. Form of Search Card Including Request for NOBO Information when Registrant Intends to Mail Materials Directly	17-38
§17-42.	Form 17-12. Form of Letter Requesting NOBO Information Not in Connection with a Meeting of Shareholders.	17-39
§17-43.	Form 17-13. Letter Transmitting Questionnaire	17-40
§17-44.	Form 17-14. Board Resolutions Regarding Annual Meeting	17-41
§17-45.	Form 17-15. Letter to Stock Exchange (To Be Mailed at Least 10 Days for NYSE and AMEX Before Record Date).	17-44
§17-46.	Form 17-16. Letter to Transfer Agent	17-45
§17-47.	Form 17-17. Letter Transmitting Preliminary Proxy Materials to SEC	17-46
§17-48.	Form 17-18. Letter Transmitting Definitive Proxy Materials to SEC when Preliminary Proxy Materials Were Not Filed.	17-47
§17-49.	Form 17-19. Letter Transmitting Definitive Proxy Materials to SEC when Preliminary Proxy Materials Were Filed Previously	17-49
§17-50.	Form 17-20. Script for Annual Meeting.	17-51
§17-51.	Form 17-21. Meeting Sign-in Sheet for Persons Other Than Shareholders or Proxies.	17-55

§17-52.	Form 17-22. Treating Preferred Classes Ratably on Liquidation Defaults	17-56
§17-53.	Form 17-23. Affidavit — List of Shareholders	17-57
§17-54.	Form 17-24. Oath of Judge of Election	17-58
§17-55.	Form 17-25. Ballot for Shareholders Meeting.	17-59
§17-56.	Form 17-26. Inspector of Election Report.	17-60
§17-57.	Form 17-27. Waiver of Notice of Meeting	17-62
§17-58.	Form 17-28. Certificate of Mailing of Materials for Meeting	17-63
§17-59.	Form 17-29. Questions and Answers for Shareholders on Proxy Material and Annual Meeting.	17-64
 Chapter 18 Share Certificates and Uncertificated Shares		18-1
§18-1.	Introduction	18-1
§18-2.	Contents and Form of a Share Certificate	18-1
§18-3.	Execution	18-2
§18-4.	Notation of Restrictions	18-2
§18-5.	Uncertificated Shares..	18-3
§18-6.	Initial Transaction Statement; Uncertificated Shares.	18-4
§18-7.	Fractional Shares or Scrip	18-4
§18-8.	Shares That Are Not Fully Paid	18-4
§18-9.	Transfer Agents and Registrars	18-5
§18-10.	Form of Stock Certificate Face	18-5
§18-11.	Form 18-1. Face of Share Certificate	18-6
§18-12.	Form 18-2. Rear of Share Certificate.	18-7
§18-13.	Form 18-3. Legend for Stock Certificate Relating to Restrictions on Transfer	18-8
§18-14.	Form 18-4. Legend for Stock Certificate Relating to Classes and Series of Shares as Contemplated by CGCL §417	18-9
§18-15.	Form 18-5. Legend for Stock Certificate Relating to Absence of Registration Under Securities Act of 1933.	18-10
§18-16.	Transfer of Share Certificates	18-10
§18-17.	Form 18-6. Stock Transfer Power.	18-11
§18-18.	Form 18-7. Stock/Bond Transfer Power	18-12
§18-19.	Lost, Stolen or Destroyed Share Certificates.	18-12
§18-20.	Form 18-8. Affidavit of Loss, Theft or Destruction of Stock Certificate	18-13
§18-21.	Security Interests in Shares	18-14
 Chapter 19 Transactions with Affiliates		19-1
§19-1.	General.	19-1
§19-2.	Interested Director Transactions.	19-2
§19-3.	Fairness Opinion Requirements.	19-3
§19-4.	Standard of Review of Transactions with Affiliates.	19-4

TABLE OF CONTENTS

§19-5.	Piercing the Corporate Veil	19-4
§19-6.	Regulation of Transactions with Affiliates Outside of the CGCL.	19-5
Chapter 20	Foreign Corporations.	20-1
§20-1.	Foreign Corporations Generally.	20-1
§20-2.	Qualification to Do Business in California	20-1
§20-3.	Activities Not Constituting Doing Business in California.	20-2
§20-4.	Annual Statement of Qualified Foreign Corporation.	20-3
§20-5.	Consequences of Failure to Qualify as Required.	20-5
§20-6.	Suspension of Certificate of Qualification.	20-6
§20-7.	Termination of Qualified Status.	20-6
§20-8.	Application of Certain Corporations Code Sections to Foreign Corporations	20-6
§20-9.	Form 20-1. Statement and Designation by Foreign Corporation	20-7
§20-10.	Form 20-2. Amended Statement by Foreign Corporation.	20-9
§20-11.	Form 20-3. Certificate of Surrender of Right to Transact Intrastate Business.	20-10
Chapter 21	Nonprofit Corporations	21-1
§21-1.	Introduction	21-1
§21-2.	Types of Nonprofit Corporations under the CNPL	21-1
§21-3.	Similarities to the CGCL	21-2
§21-4.	Purposes	21-4
§21-5.	Tax Status.	21-4
§21-6.	The Incorporation Process	21-5
§21-7.	Forms Included.	21-7
§21-8.	Form 21-1. Sample Articles of Incorporation of: (A) A Nonprofit Public Benefit Corporation, (B) A Nonprofit Mutual Benefit Corporation, and (C) A Nonprofit Religious Corporation	21-8
§21-9.	Powers.	21-12
§21-10.	Bylaws	21-12
§21-11.	Board of Directors and Committees.	21-12
§21-12.	Members.	21-13
§21-13.	Liability of Members	21-13
§21-14.	Transferability of Membership.	21-14
§21-15.	Expulsion	21-14
§21-16.	Termination and Expiration of Membership	21-14
§21-17.	Absence of Members	21-14
§21-18.	Other Associates — Use of Term “Member”.	21-14
§21-19.	Financial Matters	21-15
§21-20.	Periodic Reports.	21-16
§21-21.	Uniform Supervision of Trustees for Charitable Purposes Act and the California Nonprofit Integrity Act of 2004.	21-16

§21-22.	Foreign Nonprofit Corporations.	21-17
§21-23.	Form 21-2. Initial and Biennial Statement of Nonprofit Corporation	21-18
§21-24.	Form 21-3. Conflict of Interest Policy	21-19
Chapter 22	Statutory Close Corporations	22-1
§22-1.	Statutory Close Corporations Generally	22-1
§22-2.	Summary of Provisions	22-1
§22-3.	Articles of Incorporation — Mandatory Provisions	22-4
§22-4.	Minimum Vote Requirement	22-4
§22-5.	Share Certificates — Notice of Close Corporation Status and Other Matters.	22-4
§22-6.	Preemptive Rights	22-5
§22-7.	Transfer of Shares in Breach of Transfer Restrictions.	22-5
§22-8.	Dissenters’ Rights.	22-5
§22-9.	Termination of Close Corporation Status.	22-5
Chapter 23	Execution of Corporate Documents	23-1
§23-1.	General	23-1
§23-2.	Statutory Provision on Execution.	23-1
§23-3.	No Seal Required for Validity	23-2
§23-4.	Execution of Documents by Non-Profit Corporations.	23-2
§23-5.	Electronic Execution	23-3
§23-6.	Forms for Execution.	23-5
§23-7.	Form 23-1. Execution of a One Party Document	23-6
§23-8.	Form 23-2. Execution of a One Party Document by Two Signatories.	23-7
§23-9.	Form 23-3. Execution of a Multiparty Document	23-8
Chapter 24	Stock Splits, Dividends and Recapitalizations.	24-1
§24-1.	Introduction	24-1
§24-2.	Stock Splits and Reverse Stock Splits	24-1
§24-3.	Fractional Shares	24-2
§24-4.	Not a Dividend.	24-2
§24-5.	Approval Requirements; Securities Qualification.	24-2
§24-6.	Freezing Out Minority Shareholders Through Reverse Stock Splits	24-3
§24-7.	Dividends	24-3
§24-8.	Limitations on “Distributions to Shareholders”.	24-4
§24-9.	Solvency Test	24-5
§24-10.	Additional Required Tests for Distributions	24-5
§24-11.	Dividend Preference Not a Right to Dividends	24-8
§24-12.	Liability of Directors for Wrongful Distributions	24-9
§24-13.	Liability of Shareholders for Wrongful Distributions	24-10
§24-14.	Who May Bring Suit	24-10

TABLE OF CONTENTS

§24-15.	Recapitalizations.	24-11
§24-16.	Fairness.	24-12
§24-17.	Altering the Number of Authorized Shares.	24-12
§24-18.	Altering the Rights of Authorized Shares/Authorizing New Classes of Shares.	24-13
§24-19.	Imposing Restrictions on Transfer of Shares.	24-13
§24-20.	Eliminating Accrued but Unpaid Dividends from Preferred Stock	24-13
§24-21.	Making Shares Assessable	24-13
§24-22.	Conversion to a Delaware Corporation	24-14
§24-23.	Form 24-1. Resolution Authorizing Stock Split.	24-15
§24-24.	Form 24-2. Resolution Authorizing Reverse Stock Split	24-17
§24-25.	Form 24-3. Stock Split — Certificate of Amendment of Articles of Incorporation	24-19
§24-26.	Form 24-4. Letter Announcing Stock Split	24-21
Chapter 25	Representations and Warranties.	25-1
§25-1.	Introduction	25-1
§25-2.	Drafting the Representations	25-2
§25-3.	Understanding the Protective Mechanisms	25-3
§25-4.	Schedules	25-4
§25-5.	Negotiating the Representations.	25-6
§25-6.	Materiality	25-6
§25-7.	Knowledge	25-8
§25-8.	A Final Note on Qualifiers.	25-9
§25-9.	Using the Forms.	25-9
§25-10.	Form 25-1. Representations and Warranties.	25-10
Chapter 26	Mergers, Consolidations, Asset Sales, Share Exchanges and Business Combinations Generally	26-1
§26-1.	Introduction	26-1
§26-2.	Codification of De Facto Merger Doctrine	26-3
§26-3.	Forms Included.	26-4
§26-4.	Limitation on Use of the Forms.	26-4
§26-5.	Letters of Intent	26-4
§26-6.	Confidentiality Agreements.	26-4
§26-7.	Standstill and No-Shop Agreements	26-4
§26-8.	Attorney-Client Issues	26-4
§26-9.	The Agreement of Merger	26-6
§26-10.	Limitations on Conversion of Securities	26-6
§26-11.	Board Approval of Reorganization.	26-6
§26-12.	Shareholder Approval of Reorganization.	26-7
§26-13.	Interested Party Transactions	26-7
§26-14.	Consideration to Be Issued in Reorganization.	26-8
§26-15.	Filing Requirements.	26-8

CALIFORNIA CORPORATE PRACTICE AND FORMS

§26-16.	Effects of a Merger.	26-9
§26-17.	Dissenters' Rights.	26-10
§26-18.	Specific Performance.	26-10
§26-19.	Mergers Involving Foreign Corporations.	26-10
§26-20.	Interspecies Mergers.	26-11
§26-21.	Other Approvals and Notices	26-11
§26-22.	Other Sources of Information.	26-12
§26-23.	Buyer's Checklist	26-12
§26-24.	Form 26-1. Buyer's Acquisition Checklist.	26-13
§26-25.	Form 26-2. Buyer's Due Diligence Checklist.	26-20
§26-26.	Buyer's Real Estate Checklist.	26-25
§26-27.	Form 26-3. Buyer's Real Estate Checklist.	26-25
§26-28.	Target's Checklist.	26-27
§26-29.	Form 26-4. Target's Checklist.	26-27
§26-30.	Labor/Employment Relations/ERISA Checklist	26-30
§26-31.	Form 26-5. Labor/Employment Relations/ERISA Checklist.	26-30
Chapter 27	Acquisition Forms Generally	27-1
§27-1.	Forms Generally.	27-1
§27-2.	Letters of Intent	27-1
§27-3.	Confidentiality and Standstill Provisions.	27-1
§27-4.	Additional Provisions and Considerations.	27-1
§27-5.	Material Adverse Effects or Changes.	27-2
§27-6.	Forms Included.	27-2
§27-7.	Triangular Mergers.	27-3
§27-8.	Principal Terms of Acquisition Agreements.	27-3
§27-9.	ABA Model Stock Purchase Agreement and Manual and Other References	27-4
§27-10.	Sample Certificate of Ownership.	27-4
§27-11.	Form 27-1. Sample Certificate of Ownership	27-5
§27-12.	Sample Short-Form Agreement of Merger	27-5
§27-13.	Form 27-2. Sample Short-Form Agreement of Merger	27-6
§27-14.	Form 27-3. Sample Certificate of Approval of Agreement of Merger.	27-7
§27-15.	Alternative Definitions.	27-7
§27-16.	Form 27-4. Definitions from ABA Model Stock Purchase Agreement.	27-8
§27-17.	Form 27-5. Additional Definitions	27-15
Chapter 28	Stock Purchase Agreement — Long Form	28-1
§28-1.	Stock Purchase Agreement — Form Included.	28-1
§28-2.	Limitations and Suggestions for Use of the Form.	28-1
§28-3.	Shares.	28-1
§28-4.	Purchase Price Considerations Generally	28-2

TABLE OF CONTENTS

§28-5.	Purchase Price Adjustments; Exchange Ratio.	28-2
§28-6.	Earnout Transactions	28-3
§28-7.	Deferred Closings.	28-4
§28-8.	Purchasing Division, Subsidiary or Portion of a Business	28-5
§28-9.	Payments, Deferred Payments and Escrow Provisions	28-5
§28-10.	Description of the Business and Allocation of Responsibilities	28-6
§28-11.	Advantages and Disadvantages of Stock Purchase	28-6
§28-12.	Form 28-1. Stock Purchase Agreement	28-8
Chapter 29	Asset Purchase Agreement — Long Form.	29-1
§29-1.	Asset Purchase Agreement — Form Included.	29-1
§29-2.	Limitations and Suggestions for Use of the Form.	29-1
§29-3.	Other General Considerations	29-1
§29-4.	Identification of Assets.	29-2
§29-5.	Assumption of Liabilities.	29-2
§29-6.	Purchase Price Considerations.	29-2
§29-7.	Allocation of Purchase Price	29-3
§29-8.	Joinder by Shareholders.	29-3
§29-9.	Additional Corporate Requirements.	29-4
§29-10.	Bulk Sales Laws.	29-4
§29-11.	Conveyance Issues	29-4
§29-12.	Advantages and Disadvantages of Asset Purchase	29-5
§29-13.	Form 29-1. Asset Purchase Agreement	29-6
Chapter 30	Mergers of Corporations and Other Business Entities	30-1
§30-1.	Introduction	30-1
§30-2.	Requirements	30-1
§30-3.	The Agreement of Merger	30-2
§30-4.	Limitations on Conversion of Securities	30-2
§30-5.	Adoption of an Agreement of Merger	30-3
§30-6.	Dissenters' Rights.	30-3
§30-7.	Effect of the Merger.	30-4
§30-8.	Filing of Merger Documents	30-4
§30-9.	The Secretary of State's Form of Certificate of Merger	30-5
§30-10.	Form 30-1. Secretary of State's Official Form of Certificate of Merger.	30-6
§30-11.	Merger with Foreign Entities	30-21
Chapter 31	Dissenters' Rights	31-1
§31-1.	Introduction	31-1
§31-2.	Actions Giving Rise to Dissenters' Rights.	31-2
§31-3.	Generally Applicable Exceptions.	31-2
§31-4.	Procedures to Perfect Dissenters' Rights.	31-3
§31-5.	Restriction on Attack of the Transaction; Exclusivity of Remedy.	31-6

§31-6.	Modification of Dissenters' Rights by Agreement.	31-6
§31-7.	Section 2115 Conflicts.	31-7
§31-8.	Forms Included.	31-8
§31-9.	Form 31-1. Information Statement Summary of Dissenters' Rights	31-9
§31-10.	Form 31-2. Notice of Reorganization and Dissenters' Rights	31-12
Chapter 32	Shareholders' Agreements	32-1
§32-1.	Introduction	32-1
§32-2.	Forms Included Herein, Their Limitations and Suggestions for Their Use.	32-2
§32-3.	Identifying the Client.	32-2
§32-4.	Purposes of a Shareholders' Agreement.	32-2
§32-5.	Parties to the Agreement	32-3
§32-6.	Buy/Sell Arrangements — Purposes	32-4
§32-7.	Buy/Sell Agreements — Triggering Events.	32-4
§32-8.	Rights of First Refusal and First Offer Compared.	32-5
§32-9.	Exceptions to Triggering Events	32-6
§32-10.	Buy/Sell Arrangements — Purchase Price.	32-7
§32-11.	Buy/Sell Arrangements — Identity of Purchasers and Their Obligations.	32-9
§32-12.	Buy/Sell Arrangements — Obligations of Sellers.	32-9
§32-13.	Buy/Sell Arrangements — Payment, Corporate Notes and Related Terms.	32-10
§32-14.	Use of Insurance.	32-11
§32-15.	Buy/Sell Obligation — Sequential Triggering Events.	32-11
§32-16.	Buy/Sell Agreements — Tag-Along and Drag-Along Rights	32-11
§32-17.	Restrictions on Transfer	32-12
§32-18.	Termination of Shareholders' Agreements.	32-12
§32-19.	Dispute Resolution Mechanisms	32-13
§32-20.	Shotgun Buy/Sell Provisions	32-13
§32-21.	Voting Rights	32-14
§32-22.	Ensuring Distributions	32-14
§32-23.	Provisions Need Not Be Reciprocal or Symmetrical.	32-14
§32-24.	Notation on Certificates and Shareholder Records	32-15
§32-25.	Tax Consequences	32-15
§32-26.	Bylaws Provisions in Governing Documents and Other Agreements	32-16
§32-27.	Spousal Consents	32-16
§32-28.	Form 32-1. Form of Shareholders' Agreement	32-17
§32-29.	Form 32-2. Letter to Client on Spousal Consent Issues	32-38
Chapter 33	Employment Agreements	33-1
§33-1.	Introduction	33-1
§33-2.	Applicable Legal Requirements.	33-1
§33-3.	Severance and Deferred Compensation.	33-2
§33-4.	Checklist for Drafting.	33-5
§33-5.	Agreement Forms Included	33-5

§33-6.	Form 33-1. Checklist for Employment Agreement	33-6
§33-7.	Form 33-2. Employment Agreement	33-7
§33-8.	Form 33-3. Additional Provisions for Executive Agreements	33-22
Chapter 34 Stock Purchase Warrants		34-1
§34-1.	General.	34-1
§34-2.	Classes or Series of Warrants.	34-2
§34-3.	A Warrant Agent.	34-3
§34-4.	Related Agreements	34-3
§34-5.	Conversion Rights	34-3
§34-6.	Redeemable Warrants.	34-4
§34-7.	Antidilution Adjustments.	34-4
§34-8.	Warrants for Convertible Securities.	34-5
§34-9.	Forms Included.	34-6
§34-10.	Form 34-1. Stock Purchase Warrant	34-7
§34-11.	Form 34-2. Revisions for a Warrant Agent Agreement	34-21
§34-12.	Form 34-3. Simple Stock Purchase Warrant.	34-27
Chapter 35 Voting Trusts		35-1
§35-1.	Introduction	35-1
§35-2.	Voting Rights of the Trustee.	35-2
§35-3.	Duration of Voting Trust.	35-2
§35-4.	Class of Shares Covered by the Agreement.	35-2
§35-5.	Power of the Trustee to Sell Shares	35-4
§35-6.	Voting for Acquisitions.	35-4
§35-7.	Compromises Regarding Liability Exposure.	35-5
§35-8.	Dissenters' Rights.	35-5
§35-9.	The Corporation as a Party.	35-6
§35-10.	Joinder of Additional Shareholders	35-6
§35-11.	Successor Trustee.	35-6
§35-12.	Termination or Modification of a Voting Trust	35-7
§35-13.	Fees and Expenses	35-7
§35-14.	Shareholders' Agreement.	35-8
§35-15.	Other Voting Arrangements	35-8
§35-16.	Form 35-1. Voting Trust Agreement.	35-9
Chapter 36 Registration Rights Agreements — Variables and Practical Considerations		36-1
§36-1.	Introduction	36-1
§36-2.	Overview of Demand and Piggyback Rights.	36-2
§36-3.	Demand Registration Rights — Frequency and Extent of Exercise	36-4
§36-4.	Demand Rights — Updating Responsibility	36-4
§36-5.	Demand Rights — Obligation to Complete the Process	36-5
§36-6.	Demand Rights — The Holder's Obligation to Suspend Sales if Prospectus Is Not Current.	36-6

§36-7.	Piggyback Registration Rights Generally	36-7
§36-8.	Piggyback Rights — Time Period for Acceptance of Registration Opportunity.	36-8
§36-9.	Proration among and Sequencing of Registration Rights	36-8
§36-10.	Strategies for Negotiating Marketing Arrangements	36-9
§36-11.	Timing of Registration.	36-13
§36-12.	Consequences of Breach	36-13
§36-13.	Coverage of the Agreement	36-15
§36-14.	Additional Considerations	36-16
§36-15.	Conclusion	36-18
§36-16.	Form of Registration Rights Agreement Included Herein	36-18
§36-17.	Form 36-1. Registration Rights Agreement.	36-19
Chapter 37 Final and Formal Agreement Provisions		37-1
§37-1.	Introduction	37-1
§37-2.	Use of These Provisions.	37-2
§37-3.	Choice of Law Provisions	37-3
§37-4.	Execution of Documents by Corporations.	37-5
§37-5.	Form 37-1. Miscellaneous, Formal and Final Clauses	37-6
Chapter 38 Letters of Intent		38-1
§38-1.	Letters of Intent — Generally	38-1
§38-2.	Reasons to Use a Letter of Intent.	38-2
§38-3.	Reasons Not to Use a Letter of Intent	38-3
§38-4.	Cases on Letters of Intent.	38-4
§38-5.	Form of Letter of Intent	38-6
§38-6.	Form 38-1. Letter of Intent	38-7
Chapter 39 Confidentiality Agreements		39-1
§39-1.	Introduction	39-1
§39-2.	Description of Information Covered by the Agreement.	39-2
§39-3.	Exceptions to Confidentiality Requirements.	39-2
§39-4.	Restrictions on Use of Information	39-4
§39-5.	Return or Destruction of Data	39-5
§39-6.	Problems with Electronic Data.	39-5
§39-7.	Term of Restriction.	39-5
§39-8.	Method of Communicating Information	39-6
§39-9.	Phased Disclosure.	39-6
§39-10.	Remedies	39-7
§39-11.	Standstill Provisions.	39-7
§39-12.	No Shopping Provisions.	39-7
§39-13.	Letter of Intent	39-7
§39-14.	Disclaimer of Accuracy of Evaluation Information.	39-8
§39-15.	Non-Disclosure of Discussions	39-8

TABLE OF CONTENTS

§39-16.	Legal Obligations Arising from Receipt of Confidential Data	39-8
§39-17.	Regulation FD and Confidentiality Agreements	39-8
§39-18.	IRS Anti-Tax Shelter Regulations and Confidentiality Agreements	39-9
§39-19.	Forms Included Herein, Their Limitations and Suggestions for Their Use	39-9
§39-20.	Form 39-1. Confidentiality Letter Agreement.	39-11
§39-21.	Form 39-2. Confidentiality Agreement	39-20
§39-22.	Form 39-3. Simple Letter Agreement	39-23
§39-23.	Form 39-4. Simple Terms for Mutual Restrictions.	39-26
§39-24.	Form 39-5. Simple Confidentiality Letter from Recipient.	39-28
Chapter 40	Standstill and No Shopping Agreements	40-1
§40-1.	General	40-1
§40-2.	Standstill Provisions	40-1
§40-3.	Standstill Agreements and Securities Exchange Act Reporting — A Trap for the Unwary	40-3
§40-4.	Form 40-1. Standstill Provisions.	40-6
§40-5.	No Shopping Provisions.	40-8
§40-6.	Form 40-2. No Shopping Provision — Most Detailed Version.	40-10
§40-7.	Form 40-3. No Shopping Provision — Intermediate Version	40-12
§40-8.	Form 40-4. No Shopping Provision — Simplest Version	40-13
§40-9.	Fiduciary Obligations and Fiduciary Outs.	40-14
§40-10.	No Talk Provisions and Fiduciary Outs	40-16
§40-11.	Go Shopping Provisions.	40-18
§40-12.	Interrelationship of Provisions.	40-18
Chapter 41	Trademarks	41-1
§41-1.	Federal and State Law Govern Trademarks.	41-1
§41-2.	Selection of a Trademark	41-2
§41-3.	Overview of Trademark Registration under California Business and Professions Code	41-2
§41-4.	What Constitutes a Trademark.	41-3
§41-5.	Who May Apply for California Registration of a Mark	41-3
§41-6.	A Mark Must Be Used in California to Be Registered under the Trademark Law.	41-3
§41-7.	Requirements for Filing an Application.	41-4
§41-8.	Certain Marks Are Unregistrable	41-5
§41-9.	Duration of Registration and Renewal of Registration	41-6
§41-10.	Assignment of Mark.	41-6
§41-11.	Recordation of Change of Name	41-6
§41-12.	Inspection of the Trademark Register	41-7
§41-13.	Trademark Application, Assignment and Renewal Forms Included	41-7
§41-14.	Limitations and Suggestions for Use of the Forms	41-7

§41-15.	Form 41-1.	Registration of Trademark or Service Mark	41-8
§41-16.	Form 41-2.	Renewal of Trademark or Service Mark	41-12
§41-17.	Form 41-3.	Assignment of Trademark or Service Mark	41-14
§41-18.	Form 41-4.	Name Change-Registered Owner of Trademark or Service Mark	41-17
§41-19.	Form 41-5.	General Form of Assignment of Trademark	41-19
Chapter 42 Social Purpose and Benefit Corporations			42-1
§42-1.		Overview	42-1
§42-2.		The Social Purpose Corporation	42-1
§42-3.		The Benefit Corporation	42-5
Chapter 43 Alternative Dispute Resolution			43-1
§43-1.		Introduction	43-1
§43-2.		Scope of Agreement	43-2
§43-3.		Designation of Regime and Procedure	43-2
§43-4.		Choice of Law	43-3
§43-5.		Type of Transaction	43-3
§43-6.		Description of Forms	43-4
§43-7.	Form 43-1.	Standard Negotiation Clause	43-6
§43-8.	Form 43-2.	Structured Negotiation with Additional Non-Binding Procedures	43-7
§43-9.	Form 43-3.	Structured Negotiation with Assistance of Neutral Clause	43-8
§43-10.	Form 43-4.	Negotiation plus Mini-Trial Agreement	43-9
§43-11.	Form 43-5.	Standard Mediation Clause	43-10
§43-12.	Form 43-6.	Enforcement Clause for Mediation Agreements	43-12
§43-13.	Form 43-7.	Mandatory Mediation	43-13
§43-14.	Form 43-8.	Mini-Trial	43-14
§43-15.	Form 43-9.	Mediation-Arbitration	43-15
§43-16.	Form 43-10.	Standard Arbitration Clause	43-16
§43-17.	Form 43-11.	Standard Arbitration Clauses of International Providers	43-18
§43-18.	Form 43-12.	Appointment of Arbitrator	43-19
§43-19.	Form 43-13.	Qualifications of Arbitrator	43-20
§43-20.	Form 43-14.	Confidentiality of Arbitration Proceedings	43-21
§43-21.	Form 43-15.	Discovery and Evidentiary Rules in Arbitration	43-22
§43-22.	Form 43-16.	Power of Arbitrators: Provisional Relief	43-24
§43-23.	Form 43-17.	Power of Arbitrators: Remedies	43-25
§43-24.	Form 43-18.	Arbitration: Access to the Courts for Interim Relief During Arbitration	43-26
§43-25.	Form 43-19.	Stenographic Records	43-27
§43-26.	Form 43-20.	Time Limits for Decisions and Relief	43-28
§43-27.	Form 43-21.	Written Opinion by Arbitrators	43-29

TABLE OF CONTENTS

§43-28.	Form 43-22. Interest on Arbitration Award	43-30
§43-29.	Form 43-23. Incorporation by Reference	43-31
§43-30.	Form 43-24. Fees and Expenses of Arbitrators	43-32
§43-31.	Form 43-25. Right to Appeal to Appellate Arbitration Panel	43-34
§43-32.	Form 43-26. Right to Judicial Review of Arbitrator’s Decision	43-35
§43-33.	Form 43-27. International Arbitration: Language	43-36
§43-34.	Form 43-28. International Arbitration: Governing Law	43-37
§43-35.	Form 43-29. International Arbitration: Location	43-38
§43-36.	Form 43-30. International Arbitration: Enforceability of Award	43-39
§43-37.	Form 43-31. Judicial Reference	43-40
Chapter 44	Antidilution Adjustments	44-1
§44-1.	General	44-1
§44-2.	Principal Factors Subject to Adjustment	44-2
§44-3.	Basic Types of Adjustment	44-2
§44-4.	Provisions in Revised Model Simplified Indenture	44-3
§44-5.	The Capital Changes Approach	44-3
§44-6.	The Downward Conversion Approach	44-4
§44-7.	The Current Quotient Approach	44-5
§44-8.	The Full Ratchet Approach	44-6
§44-9.	Sales Below the Then-Current Market Price	44-6
§44-10.	The Fixed Percentage Approach	44-8
§44-11.	Cash Dividends and Distributions	44-8
§44-12.	Exceptions	44-10
§44-13.	Reversing Adjustments	44-11
§44-14.	Expressing Antidilution Adjustments as Algebraic Equations	44-11
§44-15.	Reflecting Antidilution Adjustments Corporate Charter	44-12
§44-16.	Cascading Adjustments Resulting from Changes in Other Outstanding Rights	44-12
§44-17.	Catchall Provisions	44-13
§44-18.	Complexity	44-14
§44-19.	Absence of Contractual Provisions	44-15
§44-20.	Antidilution Adjustments under Employee Benefit Plans	44-15
§44-21.	Forms Included	44-17
§44-22.	Form 44-1. Antidilution Provisions	44-18
§44-23.	Form 44-2. The Full Ratchet Approach	44-29
§44-24.	Form 44-3. The Holder Acquires a Fixed Percentage of the Outstanding Shares at the Time of Exercise (See §44-10 of This Work)	44-30
§44-25.	Form 44-4. Capital Changes Adjustment — A Simple Provision	44-31
§44-26.	Form 44-5. Basic Antidilution Adjustments from the Model Simplified Indenture (Using Algebraic Equations) (See §44-14 of This Work)	44-32

§44-27.	Form 44-6. A Simple Clause to Adjust the Number of Shares Based upon the Adjustment to the Exercise Price	44-35
§44-28.	Form 44-7. A Catchall Provision	44-36
§44-29.	Form 44-8. Statement of Adjustment to Be Given to Holders.	44-37
§44-30.	Form 44-9. Statement of Adjustment — Alternative Version	44-38
§44-31.	Form 44-10. Distributions of Rights, Options or Warrants, Convertible Securities or Indebtedness Without Consideration	44-39
§44-32.	Form 44-11. Determining Market Price	44-40
§44-33.	Form 44-12. Readjustments	44-41
§44-34.	Form 44-13. Exceptions to Adjustments on Exercise or Related Rights	44-42
§44-35.	Form 44-14. Preservation of Rights in Merger, Consolidation, etc.	44-43
§44-36.	Form 44-15. Definition of “Shares”	44-44
§44-37.	Form 44-16. Retaining or Replacing Warrant Form after Adjustments in Company’s Discretion	44-45
§44-38.	Form 44-17. Issuance of a New Warrant Certificate to Reflect Certain Adjustments	44-46
§44-39.	Form 44-18. Fractional Shares Rounded.	44-47
§44-40.	Form 44-19. Fractional Shares Paid in Cash	44-48
§44-41.	Form 44-20. Reservation of Shares	44-49
§44-42.	Form 44-21. Status of Shares; Expenses of Issuance	44-50
Chapter 45	The Public Offering Process	45-1
§45-1.	Introduction	45-1
§45-2.	Advantages of Going Public	45-3
§45-3.	Disadvantages of Going Public	45-4
§45-4.	Eligibility for Public Financing	45-5
§45-5.	Selection of an Underwriter	45-6
§45-6.	Going Public Without an Underwriter	45-10
§45-7.	Structure of the Offering	45-11
§45-8.	The Registration Statement	45-13
§45-9.	Smaller Reporting Companies	45-17
§45-10.	Emerging Growth Companies	45-19
§45-11.	Preparing the Registration Statement.	45-20
§45-12.	Review by the SEC.	45-25
§45-13.	Pre-Effective and Post-Effective Offers	45-28
§45-14.	Post-Effective Updating and Delivery of Prospectuses	45-33
§45-15.	The Underwriting Agreement.	45-36
§45-16.	Lockup Agreements	45-38
§45-17.	Friends and Family Shares	45-39
§45-18.	Restrictions on the Purchase and Sale of IPO Shares	45-40
§45-19.	Preliminary Preparation	45-40

TABLE OF CONTENTS

§45-20.	Expenses	45-41
§45-21.	Liabilities	45-44
§45-22.	Stock Trading	45-47
§45-23.	SRO Policies — Conflicts of Interest	45-49
§45-24.	SRO Policies — Voting Rights.	45-49
§45-25.	SRO Policies — Shareholder Votes Required	45-49
§45-26.	SRO Policies — Director Independence	45-50
§45-27.	SRO Policies — Audit Committees	45-51
§45-28.	SRO Policies — Independent Committees	45-52
§45-29.	SRO Policies — Codes of Conduct and Ethics	45-53
§45-30.	SRO Policies — Control on Future Stock Issuances.	45-53
§45-31.	SRO Policies — Timely Disclosure of Information	45-53
§45-32.	The Jobs Act.	45-53
§45-33.	Conclusion	45-59
§45-34.	Questionnaire and Organizational Materials for an IPO	45-59
§45-35.	Form 45-1. Questionnaire for Directors, Officers and 5% Shareholders	45-60
§45-36.	Form 45-2. IPO Organizational Materials	45-106
§45-37.	Public Offerings Exempt from 1933 Act Registration and Subject to State Blue Sky Laws	45-126
§45-38.	SCOR Offerings	45-129
§45-39.	Coordinated Equity Review (CER)	45-130
Chapter 46	Consequences of Public Ownership	46-1
§46-1.	Introduction	46-1
§46-2.	Periodic Reporting Requirements	46-3
§46-3.	Registration under the Securities Exchange Act of 1934	46-18
§46-4.	The Proxy Rules	46-19
§46-5.	Smaller Reporting Companies	46-30
§46-6.	Short-Swing Profit Recapture	46-32
§46-7.	Reports of Beneficial Ownership.	46-33
§46-8.	Short Sale Prohibition	46-36
§46-9.	The Williams Act	46-37
§46-10.	Foreign Corrupt Practices Act	46-38
§46-11.	Financial Disclosure Reform under the Sarbanes-Oxley Act	46-39
§46-12.	Regulation and Accountability of Officers and Directors under the Sarbanes-Oxley Act	46-45
§46-13.	Reports to Shareholders; Use of Electronic Techniques	46-48
§46-14.	Mandated Electronic Filing under the EDGAR System	46-49
§46-15.	Year End Timetable	46-52
§46-16.	Shareholder Nominations.	46-52
§46-17.	Disclosures Generally.	46-53
§46-18.	Selective Disclosure — Regulation FD	46-58
§46-19.	Individual Sales of Shares	46-61

CALIFORNIA CORPORATE PRACTICE AND FORMS

§46-20.	Individual Responsibilities	46-64
§46-21.	Liability	46-67
§46-22.	Form 46-1. Calendar of Recurring Filing Dates and Events.	46-68
§46-23.	Form 46-2. Filings Not Recurring on a Regular Basis.	46-70
§46-24.	Form 46-3. Policy Adopted by the Board of Directors Relating to Insider Trading in Company Securities and Confidentiality of Information	46-71
§46-25.	Form 46-4. Section 16 Compliance Program and Related Documents.	46-74
§46-26.	Form 46-5. Form of Section 906 Certification	46-85
§46-27.	Form 46-6. Form of Section 302 Certification	46-86
Chapter 47 Raising Capital in Private Placements		47-1
§47-1.	Registration or Exemption	47-1
§47-2.	Preemption of Some State Laws	47-3
§47-3.	Federal Exemptions for Private Placements.	47-3
§47-4.	Regulation D.	47-6
§47-5.	Crowdfunding	47-10
§47-5A.	Elimination of Ban on General Solicitation and General Advertising	47-10.5
§47-5B.	Disqualification of Issuers in Connection with Felons and “Bad Actors”	47-10.7
§47-5C.	Regulation A+: Two New Alternatives for Capital Raises.	47-10.7
§47-5D.	Alternatives to Registration Summary Chart	47-10.14
§47-6.	Exemptions from Registration under Applicable California Law	47-12
§47-7.	Documentation in a Private Placement	47-17
§47-8.	Forms	47-18
§47-9.	Form 47-1. Investor Questionnaire	47-19
§47-10.	Form 47-2. Subscription Agreement	47-25
§47-11.	Form 47-3. Private Placement Memorandum.	47-43
§47-12.	Form 47-4. Appointment of Purchaser Representative	47-59
Chapter 48 Debt Instruments		48-1
§48-1.	General	48-1
§48-2.	Form 48-1. Promissory Note.	48-4
Chapter 49 Stock Option/Incentive Plans		49-1
§49-1.	Introduction and Description of Forms Included.	49-1
§49-2.	Executive Summary	49-2
§49-3.	Universal or Omnibus Plans.	49-5
§49-4.	Evergreen Plans	49-8
§49-5.	Methods of Exercise.	49-9
§49-6.	Taxation and Tax Withholding	49-11
§49-7.	Exercisability and Vesting of Shares	49-12
§49-8.	Transferable Options	49-13
§49-9.	Post-Termination Exercise	49-14

TABLE OF CONTENTS

§49-10.	Forfeiture Provisions	49-15
§49-11.	Performance-Based Options.	49-16
§49-12.	Variable Price Options	49-17
§49-13.	Phantom Units	49-18
§49-14.	Premium or Discount Options	49-19
§49-15.	Duration of the Plan	49-20
§49-16.	Persons Covered	49-21
§49-17.	Change of Control and Corporate Transactions.	49-21
§49-18.	Antidilution Provisions.	49-22
§49-19.	Formula Awards	49-22
§49-20.	Options in Lieu of Other Forms of Compensation	49-23
§49-21.	Repriced or Substitute Options	49-23
§49-22.	Stock Ownership and Equity Risk Sharing Provisions	49-24
§49-23.	Amendments and Administration.	49-25
§49-24.	Federal Securities Act Registration	49-25
§49-25.	Blue Sky Laws	49-27
§49-26.	Accounting Issues.	49-28
§49-27.	Introduction to Checklist	49-29
§49-28.	Form 49-1. Checklist for Preparing an Option/Incentive Plan	49-33
§49-29.	Form 49-2. Purpose of Plan	49-34
§49-30.	Form 49-3. Eligibility.	49-35
§49-31.	Form 49-4. Form of Grant or Award	49-36
§49-32.	Form 49-5. Number of Shares Covered by the Plan	49-37
§49-33.	Form 49-6. Methods of Exercise.	49-39
§49-34.	Form 49-7. Reload Options.	49-40
§49-35.	Form 49-8. Fixed Price Options	49-41
§49-36.	Form 49-9. Variable Price Options.	49-42
§49-37.	Form 49-10. Performance-Based Grants and Awards	49-43
§49-38.	Form 49-11. Tax Withholding.	49-44
§49-39.	Form 49-12. Transferable Options.	49-45
§49-40.	Form 49-13. Post-Termination Exercise	49-46
§49-41.	Form 49-14. Forfeiture Provisions	49-47
§49-42.	Form 49-15. Plan Duration	49-49
§49-43.	Form 49-16. Changes of Control	49-50
§49-44.	Form 49-17. Formula Awards.	49-51
§49-45.	Form 49-18. Amendments.	49-52
§49-46.	Form 49-19. Administration	49-53
§49-47.	Form 49-20. Stock Ownership and Equity Risk-Sharing Provisions	49-54
§49-48.	Form 49-21. Options in Lieu of Other Forms of Compensation.	49-55
§49-49.	Form 49-22. Repricing or Extending Options.	49-56
§49-50.	Form 49-23. Accounting Issues.	49-57
§49-51.	Form 49-24. Description of Tax Requirements of Incentive Stock Options	49-58
§49-52.	Form 49-25. Description of Code §162(m)	49-60

§49-53.	Form 49-26. Description of California Option Plan Securities Requirements	49-61
§49-54.	Form 49-27. Requirements for Securities Act of 1933 Form S-8	49-63
§49-55.	Form 49-28. Business Combination Agreement Provision to Convert Options of Acquired Corporation into Options of Acquiring Corporation’s Stock	49-64
§49-56.	Form 49-29. Stock Incentive Plan for Non-Public Company — California Qualified Plan	49-65
§49-57.	Form 49-30. Stock Incentive Plan for Public Company	49-96
§49-58.	Form 49-31. Stock Option Agreement for Use with Public Company Stock Incentive Plan	49-120
§49-59.	Form 49-32. Stock Option Agreement for Use with Non-Public Company — California Qualified Plan	49-132
 Chapter 50 Shareholder Rights Plans or “Poison Pills”		50-1
§50-1.	General	50-1
§50-2.	Effect of and Shareholder Reaction to Plans	50-6
§50-3.	Authority for Rights Plans	50-8
§50-4.	Designing Rights Plans	50-12
§50-5.	Role of Investment Bankers	50-17
§50-6.	Implementing a Rights Plan	50-18
§50-7.	A Caution about Management’s Role	50-19
§50-8.	Forms Included	50-19
§50-9.	Form 50-1. Form of Rights Agreement	50-20
§50-10.	Form 50-2. General Description of Shareholder Rights Plans	50-89
§50-11.	Form 50-3. Form of Board Resolutions	50-99
§50-12.	Form 50-4. Form of Press Release	50-103
§50-13.	Form 50-5. Form of Letter to Stockholders	50-104
 Chapter 51 The California Revised Uniform Limited Liability Company Act:		
The Good, the Bad, and the ugly		51-1
§51-1.	Introduction	51-1
§51-2.	The Good	51-1
§51-3.	The Bad	51-3
§51-4.	The Ugly	51-3
§51-5.	Conclusion	51-5
§51-6.	Chart Comparing Beverly-Killea LLC Act with Revised Uniform LLC Act	51-5
 Forms Index		INDEX-1
Table of Cases		INDEX-11
Table of Federal Statutes		INDEX-21
Table of California Laws		INDEX-37
Subject Index		INDEX-61