You are a new associate at the Madrid office of the law firm of Backer, Backer, Backer & Farther, a renowned American firm of international law specialists, with a practice emphasis in corporate law and the law of the European Union.

The partner for whom you work called you into his office earlier this morning and gave you a letter from the managing partner of the Wilmington, Delaware branch office of the firm. The letter read as follows:

\[\text{Greeting from the United States! As you know, the corporate department partners of the U.S. offices of the firm met recently. A number of interesting points were raised by the partners from the Los Angeles, California and Wilmington, Delaware offices as well as from the partner at the new office in Miami, Florida. Florida, as you may not know, recently revised its corporate code essentially enacting the Revised Model Business Corporation Act as the corporations code of Florida.}\]

\[\text{The issue we discussed at this meeting was the capital requirements of corporate law. As you know, the law in the U.S. is quite varied. What concerned the United States partners, however, was that they knew nothing of the way the capital requirements worked within the Member States of the European Union. This lack of knowledge was especially painful last week. At a meeting with the managing director of our largest German corporate client, we discovered that we were unable to understand his concerns about capital requirements. This was especially embarrassing because we are now in the process of forming various operating corporations (whose stock would be wholly owned by our European client as subsidiaries) here in Delaware, California and Florida. The client was convinced that the corporations we were forming would be inadequately capitalized and that they would be subject to suit for failure to capitalize. He was also convinced that lenders would not loan these new corporations any money, nor would they be able to pay dividends.}\]

\[\text{We need to have your office prepare a memo for us, suitable for delivery to our European clients (and this German corporate client in particular), which explores the nature of the differences in capital requirements between the states in}\]
the U.S. and between the U.S. as a general matter, and the European Union. I understand that there are three significant approaches to capital requirements in the U.S. and that the capital requirement rules may now be in the hands of the institutions of the European Union.

We, of course, need the memo far earlier than you might otherwise be able to prepare it, but such is the life of the law. . . . Ha ha. I understand you have a new associate who considers him(her)self something of a hot shot in these matters. Perhaps you can have him or her give this assignment a whirl.

Sincerely,
Big Daddy Backer
for Backer, Backer, Backer & Farther

P.S. Don't be mean and give the assignment out on Friday night like you usually do!!!

In addition to the letter, the partner gave you a bunch of materials, all of which, together, make up the chapter "On Capital Requirements" included in your course materials.

PREPARE A MEMORANDUM FOR YOUR BOSS WHICH HE CAN SEND TO BIG DADDY BACKER (ESQ.). BE SURE NOT TO FORGET TO FULLY COVER THE FOLLOWING POINTS IN THE MEMO: (i) IDENTIFY THE DIFFERENT RULES AND THEIR SOURCES IN LAW; (ii) DISCUSS THE PURPOSES OF THE DIFFERENT RULES AND HOW DO THEY MEAN TO ACCOMPLISH THESE PURPOSES; (iii) ANALYZE HOW THE APPROACHES IN THE UNITED STATES DIFFER AMONG THEMSELVES AND WITH THE APPROACH ADOPTED IN THE EUROPEAN UNION (being sure to concentrate on the manner in which basic theoretical approaches to the nature of the corporation and its focus, and to those parties which ought to be the object of the state regulation of the corporate enterprise may vary); AND (iv) DISCUSS THE POSSIBLE RAMIFICATIONS AND CONSEQUENCES OF THE ADOPTION OF THESE DIFFERENT APPROACHES.