Chapter 28

1. Thomas Dunham, Charles Elliot, and Charles Shamburger bought a Beech Baron B-55 airplane. Eight months later, articles of incorporation were drawn up for Jackson Air Taxi, Inc., but not delivered to the secretary of state's office. Dunham and Elliot secured a $28,000 loan from the Mount Olive Bank for Jackson Air Taxi, Inc. The next week the articles were sent to the secretary of state. The incorporation, initially rejected because of certain filing irregularities, was eventually approved. However, before the approval, Jackson Air Taxi developed cash flow problems and could not pay its debt. The bank sued the corporation. The court awarded the plane to Mount Olive Bank to satisfy the debt. Dunham, Elliot, and Shamburger argued that the promissory note was not valid because Jackson Air Taxi had not been issued its certificate of incorporation. Because the corporation did not exist when the contract was made, the debt was void. Is this argument correct? Explain your answer. *Mount Olive Bank v. Jackson Air Taxi, Inc*. 356 So.2d 1090 (LA).

2. Hospital Corporation of America (HCA) owned Parkway General Hospital. Both HCA and Parkway were sued by Boafo for injuries that occurred while she was in childbirth. Boafo asked the court to pierce the corporate veil of Parkway to reach the parent corporation of HCA. Evidence indicated that HCA owned 100 percent of Parkway. The two corporations also shared the same offices and they purchased hospital equipment together. HCA argued that Parkway handled its own finances, negotiated its own contracts, and had an adequate amount of money in its treasury. Moreover, there was no evidence of an effort to commit fraud, to conceal a crime, or to evade any legal responsibility. The trial court dismissed the claim against HCA. Should the court of appeals uphold the dismissal? Explain your answer. *Boafo v. Hospital Corporation of America*, 338 S.E. 2d 477 (GA).