

NAME: _____

INSTRUCTIONS:

1. This is a timed quiz. You have **fifteen minutes** to answer ten questions. The end time per the classroom clock is written on the white board.
2. *Select the best answer.*
3. **Only answers on the computer graded answer sheet count.**
4. All students must **turn in both** the quiz and the computer graded answer sheet.

QUESTIONS:

1. **T F** That a contract is "fair" is objective.
2. **T F** Company founders must stay actively involved in the company as it grows **or** those founders forfeit their claims.
3. **T F** It is legally superior **and** is financially superior to form a business corporation in Delaware.
4. Lawful forms of consideration to pay a corporation to purchase its stock include:
 - a. future delivery of cash.
 - b. future delivery of property.
 - c. future delivery of services.
 - d. a. **and** b., **but not** c.
 - e. a. **and** c., **but not** b.
5. Owners of corporate shares may enter into contracts called "shareholder voting agreements" **and** the lawful subject matter of such agreements includes:
 - a. composition of the Board of Directors.
 - b. election of corporate Officers.
 - c. **both a. and** b.
 - d. **neither a. nor** b.
6. **T F** Ideally, the CEO is the Chairman of the Board of Directors.
7. **T F** Ideally, the Board of Directors will possess a diverse set of skills and life experiences.
8. **T F** A corporate Officer violates the Officer's fiduciary duty when the Officer serves on the Board of Directors.
9. **T F** The Business Judgment Rule, when violated by **either** an Officer **or** a member of the Board of Directors, imposes **unlimited** personal liability on that violator.
10. The compensation of members of the Board of Directors is:
 - a. required.
 - b. required to be **no** less than proportional to the Director's value added to the corporation.
 - c. **both a. and** b.
 - d. **neither a. nor** b.