

NAME: _____
Recall INSTRUCTIONS from Quiz #1.

QUESTIONS:

1. **T F** Corporate law requires a separation of ownership **and** control, including a prohibition against shareholders being elected to the corporation's Board of Directors **and** being appointed a corporate Officer.
2. **T F** A venture capitalist (VC) will focus on the terms of exit.
3. **T F** One business plan will serve equally well the needs of all investors.
4. **T F** Federal law requires any equity investment of over \$1,000,000 must be made by a public offering.
5. **T F** The minimum preferences given a preferred stock owner are set by statute, **but** the maximum preferences are set by agreement (*e.g., contract*).
6. **T F** It is **unlawful** for a corporation's subsequent stock issue to dilute the value of the shares sold in a prior issue.
7. **T F** All major investors have the right to compel the corporation to register the corporation's securities with SEC so that the major investor's securities can be sold in a public market.
8. **T F** The law requires the corporation to disclose the material risks of investing in the corporation to all investors, **and** requires an identical disclosure to all investors.
9. **T F** The term "material" is used multiple times in both chapters 7 **and** 13. The term "material" has the same meaning in each such use.
10. "Due diligence" is a task that should be **or** must be completed by:
 - a. the VC.
 - b. the corporation's Board of Directors.
 - c. the issuer of a publicly registered security.
 - d. all of the above.
 - e. a. **and** c., **but not** b.