

NAME: _____

INSTRUCTIONS:

Recall Instructions from Quiz #1.

QUESTIONS:

1. **T F** A corporation that sells more than substantially all of its assets needs the approval of both its Board of Directors **and** its shareholders
2. **T F** To purchase the productive capability of a target corporation the acquiring corporation can buy the target's equity **or** its assets. A purchase by equity exposes the acquiring corporation to more of the target's existing liabilities than does a purchase of all assets.
3. **T F** A single shareholder with a majority interest does **not** owe any fiduciary duties to the minority shareholders, other than those duties that the majority shareholder might owe because of holding a position as an officer **or** a director.
4. **T F** A merger by a subsidiary **and** its parent corporation strips the parent of limited liability for all of the existing liabilities of the subsidiary.
5. **T F** Because the lawyer for the corporation is an expert **and** because the lawyer for the corporation has greater fiduciary duties to the corporation than does an individual board member, an individual board member may delegate the discharge of his/her fiduciary duties (*e.g., due diligence*) to the lawyer.
6. **T F** The issue of security that is exempt from SEC registration (*e.g., intrastate, small, and/or private*) also is exempt from the SEC anti-fraud provisions.
7. **T F** An IPO (*i.e., initial public offering*) requires a prospectus that discloses all material risks. The final prospectus is must be available to the public **no** later than the date of the first road show.
8. **T F** The IPO prospectus must disclose all material agreements **and** the final prospectus must include copies of the material agreements.
9. **T F** If the tippER is civilly liable for the disclosure of material **non**-public information to the tippEE; then, the tippEE is **not**.
10. **T F** A blind trust often can protect a statutory insider (*e.g., director*) from civil liability for short swing profits.

INSTRUCTIONS:

Recall Instructions from Quiz #1.

QUESTIONS:

1. **T F** A corporation that sells less than substantially all of its assets needs the approval of both its Board of Directors **and** its shareholders
2. **T F** To purchase the productive capability of a target corporation the acquiring corporation can buy the target's equity **or** its assets. A purchase by equity exposes the acquiring corporation to less of the target's existing liabilities than does a purchase of all assets.
3. **T F** A single shareholder with a majority interest does **not** owe any fiduciary duties to the minority shareholders, other than those duties that the majority shareholder might owe because of holding a position as an officer **or** a director.
4. **T F** A merger by a subsidiary **and** its parent corporation maintains the parent's limited liability for all of the existing liabilities of the subsidiary.
5. **T F** Because the lawyer for the corporation is an expert **and** because the lawyer for the corporation has greater fiduciary duties to the corporation than does an individual board member, an individual board member may delegate the discharge of his/her fiduciary duties (*e.g., due diligence*) to the lawyer.
6. **T F** The issue of security that is exempt from SEC registration (*e.g., intrastate, small, and/or private*) is **not** exempt from the SEC anti-fraud provisions.
7. **T F** An IPO (*i.e., initial public offering*) requires a prospectus that discloses all material risks. The final prospectus is must be available to the public **no** later than the time of the first public sale.
8. **T F** The IPO prospectus must disclose all material agreements **and** the final prospectus may include copies of the material agreements.
9. **T F** If the tippER is civilly liable for the disclosure of material **non**-public information to the tippEE; then, the tippEE still may be civilly liable.
10. **T F** Often a blind trust can protect a statutory insider (*e.g., director*) from civil liability for short swing profits.