

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (20 points) Explain the difference between *common law* and *civil law*. In most cases, which do you think is better? Explain your logic.
- 2) (20 points) *Venture capitalists* often have a bad reputation that they destroy companies. Explain why it is unlikely that they do that very often.
- 3) (20 points) How are the majority of mid-sized and large companies owned in the Anglo-Saxon model and the Asian model? In general, which do you think is better for the economy? Explain your logic.
- 4) (20) Suppose you were going to start a company in a risky business like a restaurant. Would it be better for you to finance it by selling partial ownership to individuals (like done on Shark Tank and not done on a stock exchange) or by taking a loan? Explain your logic.
- 5) (20 points) When would it be good for a company wanting to get money, to take a loan rather than sell some of the company? Explain your logic. What is the potential down side of that type of finance? Explain your logic.