

Solution:

Let's analyse the liquidation value. The liquidation value is the amount that a company is due to any preferred stockholder in case a company liquidates, over any common stockholders. It consists of the arrear dividends payable as well as a fixed amount that is needed to be paid (as a security deposit).

These values do not reflect in the market value of the stock, which is the price at which the stock can be sold to another person on cash. Thus, calling the liquidation value as the market price, is certainly wrong and hence, the statement is false.