

LAW QUESTIONS

1. Which of the following is the MOST ACCURATE statement about the judicial treatment of privileges from foreign jurisdictions in cross-border litigation?
 - A. The Hague Evidence Convention established a set of standardized rules of privilege for cross-border litigation.
 - B. There is a lack of standardization and predictability with respect to privileges in cross-border litigation.
 - C. The transnational principles and rules established a set of standardized rules of privilege for cross-border litigation.
 - D. Litigants involved in cross-border litigation should expect to have the privilege laws from their own jurisdiction applied when engaged in litigation abroad.
2. Over time, Herman stole \$500,000 in cash from his employer. He deposited the cash in small increments into a bank account to avoid reporting requirements. He then transferred the stolen funds to an overseas account and proceeded with several additional transfers and bogus loans to foreign entities that he controlled. Finally, he moved the funds back home, disguising them as profits from investments. Which of the following stages of money laundering was Herman performing when he engaged in transfers and bogus loans to foreign entities?
 - A. Integration
 - B. Layering
 - C. Structuring
 - D. Placement
3. Which of the following is a legal element that the government must show to prove a criminal conspiracy?
 - A. The defendant entered an agreement to commit an illegal act
 - B. At least one of the conspirators knowingly committed at least one overt act in furtherance of the conspiracy
 - C. The defendant knew the purpose of the agreement and intentionally joined in the agreement
 - D. All of the above
4. Judges in civil law jurisdictions are not bound by previous court decisions, but in practice, many do use previous decisions to guide their interpretations of codes and statutes.
 - A. True
 - B. False
5. While conducting a fraud examination, Black, a Certified Fraud Examiner, obtained a document in Year 1. Since Black obtained the document, several individuals have had it in their possession. In Year 2, the document was introduced at trial. The authenticity of the document, however, was questioned because there was no record of who had possession of it and what they did with it. The question concerning the document's authenticity is based on a failure to maintain _____.
 - A. The attorney's evidence records
 - B. The best form of the evidence
 - C. The chain of custody
 - D. Who validated the evidence
6. Which of the following financial institutions is NOT considered a money services business?
 - A. A cheque cashing company
 - B. A currency exchange
 - C. A depository investment bank
 - D. A prepaid access card provider
7. If a party obtains a domestic judgment against a foreign defendant in a fraud case, the party will be able to enforce that judgment in any jurisdiction where the defendant resides.
 - A. True
 - B. False
8. Which of the following is NOT a legal element that must be shown to prove a claim for official bribery?
 - A. The defendant acted with corrupt intent
 - B. The recipient was (or was selected to be) a public official
 - C. The government suffered damages as a result
 - D. The defendant gave or received a thing of value

9. To determine if a misrepresentation in the offer or sale of any securities is _____, the fraud examiner should answer the following question: "Would a reasonable investor wish to know this information to make an informed decision?"
- A. Material
 - B. Relevant
 - C. Privileged
 - D. Promotional
10. Which of the following statements concerning criminal bargaining agreements is most accurate?
- A. Bargaining agreements are only allowed in common law jurisdictions
 - B. Bargaining agreements are more commonly accepted in civil law jurisdictions
 - C. Bargaining agreements are more commonly accepted civil law jurisdictions than in common law jurisdictions.
 - D. Bargaining agreements are only allowed in civil law jurisdictions.
11. To determine if a misrepresentation in the offer or sale of any securities is material, a fraud examiner should consider which of the following?
- A. Whether the person who made the representation had authorization to make the statements
 - B. Whether the person who made the representation intended to mislead potential investors
 - C. Whether the person who made the representation believed that it was suitable for potential investors
 - D. Whether a reasonable investor would wish to know the information to make an informed decision
12. A defendant in a criminal case may properly use advanced age as a legal defence against charges of criminal conduct.
- A. True
 - B. False
13. ABC Corporation is involved in a reorganisation bankruptcy proceeding, after which it will continue operations. Under the World Bank *Principles and Guidelines for Effective Insolvency and Creditor Rights Systems*, which of the following parties is/are an appropriate option(s) for managing ABC during the proceedings?
- A. ABC's management maintains control
 - B. Exclusive control by an independent insolvency representative
 - C. Supervision of ABC's management in undertaken by an independent insolvency representative
 - D. All of the above
14. Which of the following is considered obstruction of justice?
- A. Destroying documents related to a future proceeding
 - B. Influencing a witness with bribes
 - C. Impeding a government auditor in the performance of his duties
 - D. All of the above
15. When an expert is hired by a court or a party to litigation to testify at trial, the final report of the expert is generally protected from being disclosed to each party to the litigation.
- A. True
 - B. False
16. Craig and Donna each own 40 percent of the shares of Indiewealth and serve as its board of directors. George is also a shareholder, but he is not a member of the board of directors. Donna dies, and her son, Steven, inherits her shares of Indiewealth and replaces her on the board. Steven, however, is inattentive to Indiewealth's corporate affairs. During this time, Craig diverts corporate funds for personal use, and consequently, Indiewealth becomes insolvent. If George decides to sue Steven for violating his fiduciary duties, under what theory is he likely to file the suit?
- A. Violating the duty of care
 - B. Violating the duty of responsibility
 - C. Violating the duty of reasonableness
 - D. Violating the duty of loyalty
17. Which of the following must a plaintiff show to recover for a claim of false imprisonment?
- A. The defendant was not protected under the qualified business privilege
 - B. The defendant knew his conduct was illegal
 - C. The defendant was a law enforcement officer
 - D. The defendant restrained the plaintiff without consent or legal justification
18. XYZ Manufacturing has a document destruction procedure in which emails are automatically deleted after a specified period. A trading partner filed a civil lawsuit against XYZ in a civil law jurisdiction, claiming that XYZ sent fraudulent invoices via email. Under most civil law systems, the court would establish when XYZ should preserve and produce documents.
- A. True
 - B. False

19. Which of the following is an example of a smurfing scheme?
- A. A criminal disguises illicit assets by making them appear to have originated from various small loans
 - B. A criminal deposits large cash deposits well over the jurisdiction's cash transaction threshold on a regular basis to avoid suspicion
 - C. A criminal habitually deposits cash or purchases bearer instruments in amounts just under the jurisdiction's currency reporting requirements.
 - D. A criminal pays down debt in small chunks using electronic transfers from foreign accounts.
20. _____ is comprised of the basic laws of rights and duties. When people refer to something that is "against the law," they are usually referring to this type of law.
- A. Natural law
 - B. Procedural law
 - C. Administrative law
 - D. Substantive law
21. In limited partnerships, the limited partners manage the enterprise's activities.
- A. True
 - B. False
22. Suppose that a court is deciding a case involving a transaction between parties and assets located in different countries. Which of the following statements concerning how courts choose which jurisdiction's laws to apply is most accurate?
- A. Most courts always apply the substantive laws of foreign jurisdictions
 - B. Most courts apply both their own procedural and substantive laws to all cases.
 - C. Most courts always apply the procedural laws of foreign jurisdictions
 - D. Most courts always apply the procedural laws of their own jurisdictions
23. Eagle Hardware and Garden, a home improvement retailer, is concerned about employee theft and wants to retain the right to conduct searches of employee workspaces. It also wants to avoid any possible claims of violating employees' privacy rights as a result of those searches. Which of the following can help accomplish these goals?
- A. Obtain employee consent before conducting any searches
 - B. Openly retain keys to all employee desks, lockers, offices etc
 - C. Issue a written policy that communicates the company's right to search
 - D. All of the above will help eliminate invasion of privacy claims
24. Which of the following is one of the areas of primary concern in which the OECD's Recommendation on Combating Bribery in International Business urges member states to take steps to combat the bribery of foreign public officials?
- A. Tax systems and regulations
 - B. Laws and regulations covering e-commerce
 - C. Sensitive data protection laws
 - D. Public safety systems and regulations
25. Employees' privacy rights that can affect the employer/employee relationship may stem from statutory law, but not contract law.
- A. True
 - B. False
26. In civil law jurisdictions, which of the following might be used as a criminal charging document or the closest thing available to a charging document?
- A. Arrest warrant
 - B. Criminal petition
 - C. Indictment
 - D. All of the above
27. Which of the following best describes the purpose of expert testimony in judicial proceedings?
- A. Provide evidence based on personal knowledge and perceptions of the events at issue
 - B. Assist in providing and establishing one essential circumstances among many others
 - C. Assist the trier of fact to understand the evidence or to determine the fact in issue
 - D. None of the above
28. Which of the following is the MOST ACCURATE statement about laws criminalising false statements to government agencies?
- A. An individual can be found guilty for making a false statement even if the individual did not know the statement was false at the time the statement was made.
 - B. An individual can be found guilty for making a false statement only if the statement was made under oath.
 - C. An individual can be found guilty for making a false statement even if the government did not suffer a loss in reliance on it.

- D. An individual can be found guilty for making a false statement only if the statement is made directly to a government department or agency.
29. Which of the following most accurately describes the primary purpose of securities regulation?
- A. To eliminate market risk ✓
 - B. To restrict the exchange of securities between buyers and sellers ✓
 - C. To balance the legitimate needs of businesses to raise capital against the need to protect investors
 - D. To prevent banking panics ✓
30. Smith, a CFE, works for the ABC Company, a publicly traded company. One day, Smith's manager asks him to search the personal belongings of Green, an employee for the ABC Company, for evidence of securities fraud, even though there is no direct government authorization or order for the search. Smith seizes and searches Green's personal tablet. Assuming that these facts occur in a jurisdiction with laws that provide the public with the right to be free from unreasonable search and seizure by government authorities, which of the following is the MOST ACCURATE statement regarding Green's rights?
- A. The search did not violate Green's right to be free from unreasonable search and seizure by government authorities because such rights do not apply to searches in the workplace.
 - B. Green's right to be free from unreasonable search and seizure by government authorities was likely violated because Smith conducted the search without direct authorization from the government.
 - C. Green's rights were likely violated because all publicly traded companies are considered "government actors" for purposes of determining rights to be free from unreasonable search and seizure by government authorities.
 - D. The search did not violate Green's right to be free from unreasonable search and seizures by government authorities because ABC is not a government authority.
31. A fraud examiner discovers that Fred, a fraud suspect, has made dozens of cash deposits over the last few months into a bank account. None of the deposits have been \$10,000 or more, and none of them have been below \$8,500, either. The currency reporting threshold for cash deposits at financial institutions in the jurisdiction is \$10,000. Based on this information, which of the following schemes is Fred most likely committing?
- A. Sizing currency transactions
 - B. Smurfing
 - C. Check tampering
 - D. Channel stuffing
32. Which of the following statements concerning the criminal discovery process in adversarial jurisdictions is most accurate?
- A. Although the prosecution may request information, the defendant is not allowed to request information unless the judge approves ✓
 - B. Neither party may request evidence from the opposing party until after the trial begins. ✓
 - C. Most discovery between the parties occurs during the pre-trial stage.
 - D. If a party to the litigation fails to comply with a discovery request, the prosecution settles the dispute and may order the party to comply.
33. Charles operates a movie theatre, but also has a stream of illegal cash income. To launder the cash, he over-reports the amount of tickets he sells and disguises the illicit cash as proceeds from those fake sales. Which of the following best describes Charles's scheme?
- A. Skimming ✓
 - B. Overstatement of revenue ✓
 - C. Fictitious liabilities ✓
 - D. Balance sheet laundering ✓
34. Which of the following statements concerning judges and juries is MOST ACCURATE?
- A. Inquisitorial judicial processes are those that do not use juries in a fact-finding role.
 - B. In a bench trial in adversarial jurisdictions, the judge only decides questions of law.
 - C. Juries primarily decide issues of law in adversarial jurisdictions.
 - D. In serious cases, some inquisitorial jurisdictions use juries that include both judges and legal professionals.
35. Which of the following money laundering schemes would be classified as balance sheet laundering?
- A. Depositing illicit proceeds into a company's account without entering them as a sale
 - B. Over-reporting revenue at a company to disguise illegal proceeds
 - C. Over-reporting expenses at a company to mask illicit income
 - D. All of the above
36. In some common law countries, what type of challenge occurs when the defence attorney in a criminal trial excuses a juror for no reason?
- A. For cause
 - B. Challenge to the array
 - C. Peremptory

- D. None of the above
37. In inquisitorial jurisdictions, which of the following parties may access the full evidentiary record prior to the trial phase of criminal proceedings?
- A. The judge and the prosecution only
 - B. The prosecution only
 - C. Both the prosecution and the defense
 - D. The defense only
38. Under the United Nations' International Convention on Civil and Political Rights (ICCPR), those accused of criminal charges are generally entitled to a fair hearing that is private, the results of which should not be disclosed to the public.
- A. True
 - B. False
39. The commencement of a civil action begins with the filing of a(n):
- A. Pleading, usually in the jurisdiction in which the defendant resides or where the claim arose
 - B. Information, usually in the jurisdiction where the plaintiff resides
 - C. Supposition, usually in the jurisdiction where the defendant resides
 - D. Information, usually in the jurisdiction in which the defendant or plaintiff resides or where the claim arose
40. Which of the following refers to investments that are designed to yield a tax benefit to the investor?
- A. Money laundering havens
 - B. Tax havens
 - C. Tax shelters
 - D. Secrecy jurisdictions
41. Baron is currently being prosecuted for financial statement fraud for allegedly intentionally over-reporting earnings. Although Baron did over-report income, he did not do so on purpose. Under these facts, which of the following defences, if any, would likely benefit Baron as a defence (assuming that the relevant jurisdiction recognises each offence)?
- A. Mistake
 - B. Duress
 - C. Ignorance
 - D. None of the above
42. The OECD's *Recommendation on Combating Bribery in International Business* urges member states to combat the bribery of foreign public officials by taking steps to improve certain areas within their respective infrastructures. Which of the following is NOT one of those primary areas?
- A. Tax systems and regulations
 - B. Banking and accounting requirements and practices
 - C. Criminal, civil, commercial and administrative laws
 - D. Laws and regulations covering the handling of sensitive protected data
43. Edward is being prosecuted in a common law system using adversarial processes for committing data theft after hacking into a victim's website. In defence of the charges, Edward claims that he did not have the technical skills required to gain access to the site, and therefore could not have committed the crime. The prosecution wants to show evidence of Edward's previous convictions for data theft to prove that he has the technical skills required to gain access to the site. Could the court allow the prosecution to introduce the evidence of Edward's previous convictions?
- A. No, because Edward's prior convictions are inadmissible character evidence.
 - B. No, because the evidence is not relevant
 - C. Yes, because the evidence is being entered to prove Edward's ability to commit the crime
 - D. Yes, because the evidence is self-authenticating.
44. Walters is the mayor of a mid-size town. Because he is well-known and liked in the town, the prosecutor wants to move the trial to another town in which Walters is not known. The prosecution believes that such a move will ensure a more unbiased verdict. If the prosecution wishes to move the trial to a different city, it must request which of the following?
- A. Change of venue
 - B. An appeal
 - C. A new trial
 - D. Change of jurisdiction
45. Which of the following statements concerning the United Nations' International Convention on Civil and Political Rights (ICCPR) is FALSE?
- A. It states that the right of the accused to a fair hearing includes the right to trial by jury.
 - B. It states that the right of the accused to a fair hearing includes adequate time to prepare a defence.
 - C. It states that the results of criminal hearings should be publicized in most cases to promote transparency in the criminal justice system.

- D. It states that the right of the accused to a fair hearing includes the right to examine or have examined witnessed against the accused.
- 46. Blue, a Certified Fraud Examiner, is a government agent in a jurisdiction with a warrant requirement. Based on evidence that White is manufacturing forged identification documents to facilitate large-scale identity theft, Blue obtains a valid warrant to search White's residence. While conducting a lawful search, Blue immediately recognises several plastic bags containing many different types of illegal drugs. Even though the items were not mentioned in the search warrant, Blue retrieves the items without a warrant based on the:
 - A. Warrantless search doctrine
 - B. Incidental evidence doctrine
 - C. Plain view doctrine
 - D. None of the above
- 47. In most countries, which of the following is something that a government prosecutor must prove in order to convict someone of the crime of making a false statement to the government?
 - A. The individual acted knowingly and willfully when making the statement.
 - B. The statement was the result of a mistake or other innocent reason.
 - C. The government was influenced by or suffered a loss because of the statement
 - D. The individual made the statement directly to the government.
- 48. Litigation privileges and other similar evidentiary protections, such as the work product doctrine, only protect documents and materials prepared by an attorney.
 - A. True
 - B. False
- 49. Which of the following parties might serve to make factual findings in criminal proceedings in various civil law systems?
 - A. A jury
 - B. A judge
 - C. A panel of both professional and lay judges
 - D. All of the above
- 50. Relevant evidence is evidence that tends to make some fact at issue more or less likely than it would be without the evidence.
 - A. True
 - B. False
- 51. The main distinction between mediation and arbitration is that with arbitration, the arbitrator actually decides who wins the case. In contrast, in mediation, the mediator simply tries to help the parties work out a settlement.
 - A. True
 - B. False
- 52. In tax fraud cases, wilfulness to commit the offence can be inferred from all but which of the following types of conduct?
 - A. Covering up sources of income.
 - B. Concealment of assets
 - C. Keeping a set of tax records separate from standard financial reporting records
 - D. Destruction of books or records
- 53. According to the Financial Action Task Force's *Recommendations*, which of the following should financial institutions implement as part of their anti-money laundering programmes?
 - A. Employee screening procedures
 - B. An ongoing employee training programme
 - C. A designated compliance officer
 - D. All of the above
- 54. Two parties entered into a real estate contract for various properties, but the vague nature of the contract led to confusion about who owned a particular property. The parties took the issue to court, and the court interpreted and stated the rights of each party under the contract. What type of remedy did the court provide?
 - A. Monetary relief
 - B. Punitive damages
 - C. Exemplary damages
 - D. Declaratory relief
- 55. Fraud is any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.
 - A. True
 - B. False

56. A criminal used illicit funds to purchase a piece of real estate. Next, the criminal used the real estate as collateral to obtain a loan from a bank, making the income look like funds from a legitimate loan. Which of the following money laundering schemes did the criminal engage in?
 A. Back-to-back loan scheme
 B. Shell property scheme
 C. Loan-back scheme
 D. Appraisal fraud scheme
57. Greg purchased restaurant supplies from a supplier with a lump sum of \$15,000 in cash. Under the best practices in the Financial Action Task Force's *Recommendations* concerning large cash transactions with customers, the restaurant supplier would be required to report the transaction to the government.
 A. True
 B. False
58. In civil law jurisdictions, which of the following might be used as a criminal charging document or the closest thing available to a charging document?
 A. Indictment
 B. Criminal petition
 C. Arrest warrant
 D. All of the above
59. To prove a claim for an illegal gratuity, the government must prove that a thing of value was given, offered, or promised to (or demanded, sought, received, or accepted by) a public official for or because of an official act performed or to be performed by such public official.
 A. True
 B. False
60. Which of the following offences occurs when a person steals property for which he has legal custody or possession?
 A. Larceny
 B. Fraudulent misrepresentation
 C. Robbery
 D. Embezzlement
61. If a person consents to a search by a government officer, but the consent is obtained by force, duress, or bribery, the consent will not constitute a valid waiver of the person's right to be free from searches.
 A. True
 B. False
62. Which of the following is an element that must be established to prove fraud based on the concealment of material facts?
 A. The defendant failed to disclose a material fact that he had a duty to disclose
 B. The defendant acted with intent to mislead or deceive the victim(s)
 C. The defendant had knowledge of a material fact that he had a duty to disclose
 D. All of the above
63. In most common law systems, a party can introduce relevant exhibits as evidence in trial even if the items are not established as authentic.
 A. True
 B. False
64. If, in a country with comprehensive whistleblower protection laws, an employee qualifies as a "whistleblower" for reporting unlawful conduct by his employer, the employer cannot fire the whistleblowing employee for any reason, including for engaging in an unrelated fraud.
 A. True
 B. False
65. The reduction of systemic risk is one of the objectives on which the International Organisation of Securities Commissions (IOSCO) *Objectives and Principles of Securities Regulation* are based.
 A. True
 B. False
66. In civil law jurisdictions, judges most commonly serve as the fact-finder in criminal proceedings, but some jurisdictions use juries or panels of professional judges and lay judges for serious cases.
 A. True
 B. False
67. In adversarial systems, which of the following is generally NOT a purpose of opposing counsel during the cross-examination of an expert witness?
 A. To make the expert contradict former statements the expert made during the litigation process
 B. To obtain information about the expert witness's analysis previously unknown to opposing counsel
 C. To discredit the expert's testimony itself

- D. To diminish the importance of the expert's testimony
68. Which of the following ~~would be~~ an example of direct evidence?
- A. Witness testimony about a suspicious situation in which the defendant was involved
 - B. Expert testimony regarding the defendant's mental functioning and drug addiction
 - C. Eyewitness testimony of someone saying that she saw the defendant steal items from his employer's inventory
 - D. Testimony that the defendant deposited \$2,000 into his account on the same day \$2,000 was stolen from his employer
69. The U.S. Foreign Corrupt Practices Act (FCPA) has two major parts. The first part criminalises the bribery of a foreign public official to obtain or retain business. The second part pertains to money laundering, requiring publicly traded companies to adopt policies, procedures, and internal controls reasonably designed to prevent money laundering.
- A. True
 - B. False
70. Which of the following types of law is/are created by legislatures?
- A. Case law
 - B. Common law
 - C. Statutory law
 - D. All of the above
71. Which of the following statements about criminal charging documents in common law jurisdictions is CORRECT?
- A. Indictments are accusations in writing of offences and are brought in the name of the government.
 - B. The primary charging document in common law jurisdictions is the arrest warrant
 - C. All crimes are charged by indictment (unless waived by the defendant)
 - D. Informations are charging documents that are typically prepared by the jury
72. An individual is a defendant in a civil fraud lawsuit filed by his employer. In the same proceeding, the jurisdiction allows the defendant to file a claim stating the employer owes him backpay. The defendant's claim in this case is called a counterclaim.
- A. True
 - B. False
- *73. Under the best practices listed in the Financial Action Task Force's *Recommendations*, which of the following should be required to submit reports to the government when they engage in large cash transactions with customers?
- A. Real estate agents
 - B. Casinos
 - C. Depository institutions (banks)
 - D. All of the above
74. Paige is going to testify as a witness regarding her team's fraud examination report for a complex fraud case involving thousands of documents. She delegated much of the document analysis to subordinates at her firm, who wrote summaries of the key documents they found. In preparing for her testimony, Paige only needs to analyse the summaries prepared by her subordinates.
- A. True
 - B. False
75. In systems using adversarial processes, an attorney may impeach an opposing party's witness by showing/proving that the witness:
- A. Made prior inconsistent statements
 - B. Has a reputation for untruthfulness
 - C. Is influenced by bias or self-interest
 - D. All of the above
76. In civil litigation in civil law jurisdictions, when is the trial record typically created?
- A. After the judge has announced the court's decision
 - B. Throughout the trial as the court gathers evidence
 - C. After the court has completed the evidence-gathering process
 - D. In the pre-trial stage
77. _____ is any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.
- A. Bribery
 - B. Fraud
 - C. Extortion
 - D. Embezzlement

78. Under the World Bank *Principles and Guidelines for Effective Insolvency and Creditor Rights Systems*, which of the following statements **MOST ACCURATELY** represents the recommended powers of a bankruptcy administrator (or equivalent appointee)?
- A. The administrator is not authorized to compel testimony from third parties with knowledge of the debtor's financial affairs. ✗
 - B. The administrator must abide by all contracts the debtor entered into prior to bankruptcy ✗
 - C. The administrator is allowed to collect and preserve the debtor's property, but has no power to dispose of it. ✗
 - D. The administrator has the ability to cancel fraudulent transactions entered into by the debtor
79. An expert witness may not express opinions or draw conclusions in his testimony during a legal proceeding.
- A. True
 - B. False
80. Officers and directors of a corporation have a fiduciary duty to act solely in the best interest of non-shareholder constituencies.
- A. True
 - B. False
81. The fact that an item of evidence is relevant does not automatically mean that it will be admitted in adversarial trials. Evidence may be relevant but still excluded for other reasons.. Which of the following is one of those reasons?
- A. Misleading ✓
 - B. Waste of time
 - C. Unduly prejudicial ✓
 - D. All of the above
82. A photograph can be either demonstrative evidence or real evidence
- A. True
 - B. False
83. Which of the following is the **MOST ACCURATE** definition of *insider trading*?
- A. Issuing equity illegally through capital markets
 - B. Trading in securities based on material, non-public information
 - C. Using publicly available information to manage investment portfolios
 - D. Systematically trading accounts against each other
84. In a particular jurisdiction, criminal trials often involve a single judge responsible for determining factual issues. In serious cases, the court uses a panel comprised of both professional judges and lay judges to determine such issues. Based on this information alone, the jurisdiction would likely be characterised as which of the following systems?
- A. Federal system
 - B. Unitary system
 - C. Civil law system
 - D. Common law system
85. Which of the following best describes the primary source(s) of law in civil law jurisdictions?
- A. Judge made-law
 - B. A combination of judge-made law and codified principles or statutes
 - C. Codified principles or statutes
 - D. None of the above
86. The three basic forms of evidence are demonstrative, real, and direct.
- A. True
 - B. False
87. Smurfing is a money laundering scheme where a criminal purchases multiple life insurance contracts and exercises the redemption clauses in each of them.
- A. True
 - B. False
88. The International Councils of Securities Associations (ICSA) is recognised as the international standard setter for securities markets.
- A. True
 - B. False
89. Assuming a jurisdiction is adhering to the Financial Action Task Force's *Recommendations*, if a securities broker suspects that a client might be engaging in transactions to launder money, the broker is required to file a suspicious transaction report.
- A. True
 - B. False

90. To be guilty of larceny in a jurisdiction in which larceny is an offence, the perpetrator must have lawful possession of the cash or property that he steals.
A. True
 B. False
91. In jurisdictions that recognise corporate criminal liability, which of the following is (are) required to hold the corporation vicariously liable for the acts of one of its employees?
A. The employment was acting within the scope of his employment ✓
B. An employee committed each element of a criminal violation ✓
C. The employee was acting for the benefit of the corporation ✓
 D. All of the above
92. In the context of money laundering, a typical real estate loan-back scheme involves the launderer depositing illicit assets into a foreign property investment entity the launderer owns, and then using the entity to loan funds back to the launderer to make the income appear like it came from a legitimate loan.
 A. True
B. False
93. A civil action is a legal proceeding brought by a private (non-government) party.
A. True
 B. False
94. If a subject has purchased a large number of bearer instruments, each for less than the jurisdiction's threshold for mandatory reports on currency transactions, this could be an indication of which of the following?
A. Forged cheque scheme
B. Entrapment scheme ✓
C. Counterfeit cheques scheme ✓
 D. Smurfing/structuring operation
95. Most inquisitorial judicial jurisdictions have more standardised requirements for expert witnesses than adversarial jurisdictions, such as the use of national standards to qualify experts.
 A. True
B. False
96. The placement stage of the money laundering process occurs when a criminal first steals or obtains illicit proceeds.
A. True
 B. False
97. Under a common law legal system, judges are not bound by precedent and are free to decide cases based on their interpretation of the matters at issue.
A. True
 B. False
98. The primary reason for maintaining the chain of custody on an item of evidence is to deter or prevent unauthorised individuals from handling the evidence before its production in court.
 A. True
 B. False
99. In cross-examination of an expert witness, the questioning party often will use the "Is it not true?" and "Would you agree with me?" approach. This technique of cross-examination is used to:
A. Show that the witness's bias prevents him from objectively considering an issue or situation ✓
B. Lull the expert into a feeling of false security ✓
C. Confuse the expert in the hope that the witness might contradict himself ✓
 D. Make the expert appear to be a sounding board by generally agreeing with the questioning party's position
100. Acme Corporation initiated a bankruptcy proceeding in which all of its assets will be sold and the proceeds will be distributed to creditors. Under the World Bank *Principles and Guidelines for Effective Insolvency and Creditor Rights Systems*, which of the following parties is/are an appropriate option(s) for managing Acme's estate in the proceedings?
 A. An independent insolvency representative
B. Acme's directors
C. Acme's creditors
D. All of the above
101. Under the ACFE Code of Professional Ethics, CFEs who testify as expert witnesses are prohibited from:
A. Testifying to opinions that the trier of fact cannot test empirically •
B. Testifying to opinions regarding the quality of other expert witness testimony
 C. Testifying to opinions concerning the defendant's innocence •
D. Testifying that, according to the evidence, they believe the accused committed the offence •

102. In a particular country, the judicial system involves courts applying laws from codified statutes to each case. The court is not required to consider previous similar court decisions when deciding legal issues. Which of the following best describes this judicial system?
- A. Statutory law system
 - B. Unitary law system
 - C. Civil law system
 - D. Common law system
103. In most common law jurisdictions, for a document to be admitted into evidence, it must be properly _____; that is, the party offering the document must produce some evidence to show it is, in fact, what the party says it is.
- A. Authenticated
 - B. Certified
 - C. Marked
 - D. Validated
104. Which of the following would be classified as a falsified tax deduction scheme?
- A. A taxpayer smuggles cigarettes into the country to avoid excise taxes
 - B. A taxpayer bribes a vendor to create a fictitious invoice that appears to increase the taxpayer's cost of goods sold
 - C. A taxpayer fraudulently claims income or wealth was earned in a foreign jurisdiction to reduce tax liability
 - D. All of the above
105. A(n) _____ is a legally binding commitment to make delivery (i.e., sell) or to take delivery of (i.e., buy) a given quantity and quality of a commodity at a specified price and on a specified future date.
- A. Certificate of deposit(CD)
 - B. Futures contract(future)
 - C. Option contract
 - D. Warrant
106. One of the main objectives of the International Organisation of Securities Commissions is to assist its members in promoting high standards of regulation in order to maintain just, efficient, and sound markets.
- A. True
 - B. False
107. The body of judge-made law that developed from England and is still used today in many jurisdictions is called:
- A. Common law
 - B. Consensus law
 - C. Original law
 - D. Statutory law
108. An injunction is a type of equitable remedy in which a court orders a party to perform, or refrain from performing, a specific act.
- A. True
 - B. False
109. The Financial Action Task Force's Recommendations regarding cross-border cash transfers state that countries should require individuals to disclose currency or currency equivalents (i.e., bearer instruments) above the designated threshold only if they are transporting money OUT of the country.
- A. True
 - B. False
110. Which of the following is the MOST ACCURATE explanation of when the duty to preserve information arises?
- A. When a legal action is filed with the court
 - B. When a court files a written order directing a party to preserve certain information
 - C. When litigation is reasonably anticipated or contemplated
 - D. When an action for a negligent or intentional injury against a person or property is filed.
111. In most jurisdictions, a taxpayer will typically be guilty of conducting a tax offence "wilfully" even though he had a good faith or legitimate misunderstanding of the requirements.
- A. True
 - B. False
112. Which of the following best describes the prosecution's right to obtain disclosure of information from defendants in criminal proceedings in adversarial jurisdictions?

- A. The prosecution is typically entitled to more disclosures from the defendant than parties in civil litigation.
- B. The prosecution is heavily limited in disclosures it may obtain, but might be entitled to some types of evidence that form the basis of the defendant's case
- C. The prosecution is entitled to any relevant disclosures.
- D. The prosecution is not entitled to any disclosures
113. Assuming that the relevant jurisdiction recognises each of the legal defences below, which of the following is the best defence against a tax fraud charge, assuming the facts will support the defence?
- A. Reliance on an accountant
- B. Lack of deficiency
- C. Lack of willfulness
- D. Reliance on an attorney
114. White, a Certified Fraud Examiner, believes that Blue, a fraud suspect, is guilty of embezzlement. White shares his theory with his supervisor. Blue later turns out to be innocent. Blue can sue and probably recover from White on a theory of defamation.
- A. True
- B. False
115. Which of the following is a legal element that must be shown to prove a claim for fraudulent misrepresentation of material facts?
- A. The victim failed to exercise due care in relying on the representation.
- B. The defendant had a duty to disclose the information.
- C. The defendant acted negligently
- D. The defendant misrepresented a material fact
116. Steven, an investment professional, was responsible for managing the brokerage account of his client Joe Fisher. Joe had little investment experience and trusted Steven to control his account. Over an eight-month period, Steven executed more than 100 trades on Joe's behalf for the purpose of increasing his own commissions. Steven made the trades without regard for Joe's investment goals. This securities fraud scheme is best known as:
- A. Running
- B. Insider trading
- C. Churning
- D. Selling away
117. In most civil law jurisdictions, oral testimony is favoured over written evidence in civil litigation.
- A. True
- B. False
118. Which of the following is NOT one of the three basic options by which organisations can legitimise cross-border transfers of personal information?
- A. Get the consent of the data subject.
- B. Establish a contract between the entities exchanging the information
- C. Obtain a warrant granting permission to transfer the data.
- D. Rely on adequacy decisions (if transmitting from the European union)
119. Which of the following is an element the government must prove to establish that an individual violated a law criminalising false statements to government agencies?
- A. The false statement was material
- B. The defendant made a false statement
- C. The statement concerned a matter within the jurisdiction of a government agency
- D. All of the above
120. Waiver of a legal professional privilege occurs when a client shares privileged information with an outside party who has nothing to do with the client's pursuit of legal representation.
- A. True
- B. False
121. Which of the following statements concerning the alternative dispute resolution process is accurate?
- A. Mediation agreements are enforceable as binding contracts
- B. Arbitration decisions are binding until a party challenges the decision in court
- C. Mediation agreements are generally non-binding
- D. Arbitration decisions are always binding
122. Nelson, a CFE, works for Electric Avenue Manufacturing, a private company that operates in a jurisdiction with civil laws for defamation, invasion of privacy, and conflict of interest. Nelson searched the purse of Harriet, one of Electric Avenue's employees. Assuming that Harriet had a reasonable expectation of privacy in the purse and Nelson conducted the search without a legitimate interest or

authority, under which of the following claims would Harriet most likely be able to recover damages against Nelson?

- A. Slander
- B. Intrusion into Harriet's private matters
- C. Conflict of interest
- D. Libel

123. In an arbitration, the arbitrator acts as a judge or jury by deciding the case on its merits.

- A. True
- B. False

124. In common law jurisdictions, a criminal defendant's prior convictions usually are NOT admissible to determine the defendant's guilt at trial unless the defendant takes the stand.

- A. True
- B. False

125. Harris is retained by a court to provide an opinion involving specialised knowledge in the accounting field for a trial. Which of the following best describes his role?

- A. Expert witness
- B. Informal expert
- C. Consulting expert
- D. Fact witness