

1. *According to the article, "City Abuses Citizens' Trust":*
  - a. The SEC charged the city of San Diego with nondisclosure to the investing public of its pension fund deficiencies when in 2006 and 2007 it issued municipal securities for sale.
  - b. The SEC filed charges against seven current city officials for withholding the information that they had intentionally underfunded the city's imprest fund, clearly acting against the public interest.
  - c. In a January 2006 civil case predating the SEC's involvement, five former San Diego City Employees Retirement System (SDCERS) board members went to trial for violating California state conflict-of-interest laws.
  - d. A class action suit charged the San Diego Metropolitan Water Department with embezzlement.
  
2. *According to the article, "City Abuses Citizens' Trust":*
  - a. Municipal security issuers have more requirements than others when accessing U.S. capital markets.
  - b. The registration and reporting provisions of the Securities Exchange Act and a majority of federal security laws are applicable to state and local governments.
  - c. The SEC's power to establish accounting and financial reporting rules for security issuers does extend to issuers of municipal securities.
  - d. Compliance with GASB pronouncements is voluntary.
  
3. *According to the article, "Ponzi Strikes Again":*
  - a. A federal grand jury indicted Tom Peters on 18 counts of conspiracy, money laundering, and mail and wire fraud.
  - b. The alleged scheme primarily involved five companies.
  - c. Prosecutors have found false documentation alleging the sale of electronic goods to very small retailers.
  - d. The alleged fictitious transactions and phony documents were used to convince investors that PCI, NIR, and EFBC were legitimate, profitable companies, Bisswurm reports.
  
4. *According to the article, "Ponzi Strikes Again," if potential or current investors in PCI needed questions answered about PCI's business, the investors would be directed to talk with NIR's owner, who would verify that PCI's purchase orders were legitimate.*
  - a. true
  - b. false
  
5. *According to the article, "Fighting Fraud with Internet Searches," one good trade-secret leak or advance notice of a product release could be worth millions of dollars to insiders, who could use the knowledge to gain an edge in the market.*
  - a. true
  - b. false
  
6. *According to the opening case in the article, "Fighting Fraud with Internet Searches":*
  - a. The author's client's investigative and loss-prevention team hadn't worked closely with the police.
  - b. The author had found an HVAC vendor on AuctionsRus.com.
  - c. To the author's best knowledge, the reseller had bought the hot equipment at a garage sale.
  - d. The author found the crook by posing as a prospective buyer.
  
7. *According to the article, "Sub-material Fraud Risk":*
  - a. Company executives should only concern themselves with material fraud.
  - b. In many cases, a company's accounting firm, other than its external auditor, has developed its internal controls over financial reporting.
  - c. External auditors seldom will focus on whether a company's financial statements are materially accurate.
  - d. Few companies are relying on their auditors or risk-advisory firms (often other Big 4 firms) to provide a list of SOD conflicts to "pass" SOX audits.
  
8. *According to the article, "Sub-material Fraud Risk":*
  - a. Prior to SOX, only external auditors designed controls for the prevention of fraud incorporating SOD.
  - b. At most audit firms, companywide standard conflict matrices existed prior to SOX.
  - c. The primary testing of controls is dedicated to prevention of material misstatements in a company's financial records.
  - d. There are few risks in manual processes outside the system.
  
9. *According to the article, "Now's the Time to Update Your Anti-fraud Plan":*
  - a. In today's "instant media" environment, rumors of potentially fraudulent behavior can have a profound effect on the investing and regulatory community.
  - b. The government is no longer clamping down on FCPA regulations.
  - c. Five organizations have developed a comprehensive guide describing the elements of an effective program.
  - d. Only a handful of organizations embrace the principles outlined in "Managing the Business Risk of Fraud."
  
10. *According to the article, "Now's the Time to Update Your Anti-fraud Plan," the FCPA also requires companies whose securities are listed in the United States to meet its accounting provisions.*
  - a. true
  - b. false

Circle the correct answers and mail to the ACFE with four other CPE Quizzes from issues of *Fraud Magazine* from the last two years.