
Certified Professional in Forensic Accounting and Fraud Prevention

Legal and Ethical Environment

Acceptance Sampling: A statistical quality control technique where a sample is drawn from a population and the decision to accept or reject the population is based on the sample data.

Admissible Evidence: Evidence that is allowed to be presented in a court of law, based on its relevance and reliability.

Affirmative Action: A proactive measure taken by an organization to ensure equal opportunity and treatment for all employees, regardless of race, gender, age, or disability.

Agent-Principal Relationship: A legal relationship between two parties, where one party (the agent) is authorized to act on behalf of another party (the principal).

Anti-Money Laundering (AML): A set of procedures, laws, and regulations designed to prevent and detect money laundering activities.

Audit Committee: A committee of the board of directors responsible for overseeing the financial reporting process, internal controls, and independent auditor relationships.

Bribery: The act of offering, giving, receiving, or soliciting something of value in exchange for influence or action in a business or government context.

Business Ethics: The moral principles and values that guide the conduct of a business and its employees.

Code of Ethics: A set of principles and guidelines that outline the expected behavior and values of an organization and its employees.

Commercial Reasonableness: A legal standard used to determine if a business transaction is fair and just.

Common Law: A legal system based on court decisions and precedents, as opposed to statutes or codes.

Computer Fraud: The use of computers and technology to commit fraud, such as hacking, phishing, and identity theft.

Conflict of Interest: A situation where an individual's personal interests or loyalties conflict with their professional duties or responsibilities.

Consent: The voluntary agreement of a competent individual to a proposed action or decision.

Corporate Governance: The system of rules, practices, and processes by which a company is directed and controlled.

Corporate Social Responsibility (CSR): A self-regulating business model that helps a company be socially

accountable to itself, its stakeholders, and the public.

Crime: An act that is prohibited by law and punishable by sanctions.

Criminal Law: The body of law that deals with crimes and their punishment.

Data Privacy: The protection of personal information and data from unauthorized access, use, or disclosure.

Deceptive Trade Practices: Unfair or fraudulent business practices that deceive or mislead consumers.

Digital Forensics: The process of collecting, analyzing, and preserving electronic evidence in a manner that is legally admissible.

Direct Evidence: Evidence that directly proves a fact, without the need for inference or interpretation.

Disclosure: The act of making information or facts known to others.

Due Diligence: The process of investigating and evaluating a potential business transaction or investment to ensure its legitimacy and viability.

Embezzlement: The act of misappropriating funds or assets that have been entrusted to an individual.

Enterprise Risk Management (ERM): The process of identifying, assessing, and mitigating risks to an organization's operations, assets, and reputation.

Evidence: Information or facts presented in a legal proceeding to prove or disprove a point.

Exclusionary Rule: A legal principle that prohibits the use of illegally obtained evidence in a court of law.

Expert Witness: A witness who has specialized knowledge or skill in a particular area and is called to testify in a legal proceeding.

Fiduciary Duty: A legal obligation to act in the best interests of another party, typically in a financial or business context.

Fraud: The intentional deception or misrepresentation of facts for personal gain or to harm others.

Fraudulent Conveyance: The transfer of assets or funds with the intent to defraud creditors or avoid payment of debts.

Free Exercise Clause: A provision of the First Amendment to the US Constitution that guarantees the right to freedom of religion.

Generally Accepted Accounting Principles (GAAP): A set of rules and guidelines that govern financial reporting and accounting practices in the US.

Insider Trading: The illegal practice of trading securities based on material, non-public information about a company.

Intellectual Property (IP): Creations of the mind, such as inventions, literary and artistic works, symbols, names, images, and designs, that are protected by law.

Internal Controls: Processes and procedures designed to ensure the accuracy, reliability, and integrity of financial and operational information.

International Financial Reporting Standards (IFRS): A set of accounting standards used by companies around the world to prepare and present their financial statements.

Jury Nullification: The power of a jury to acquit a defendant, even if they believe the defendant is guilty, based on their own conscience or sense of justice.

Legal Liability: The legal responsibility for one's actions or omissions, and the potential for legal consequences such as fines, damages, or imprisonment.

Litigation: The process of resolving disputes through the court system.

Mens Rea: The mental state or intent required for the commission of a crime.

Money Laundering: The process of making illegally-gained proceeds appear legitimate through a series of transactions or financial maneuvers.

Negligence: The failure to exercise reasonable care, resulting in harm or damage to another party.

Perjury: The act of lying under oath in a legal proceeding.

Privilege: A legal right or immunity that protects certain communications or relationships from disclosure in a legal proceeding.

Probable Cause: A reasonable belief, based on objective facts, that a crime has been committed or that evidence of a crime will be found.

Prosecutorial Discretion: The power of a prosecutor to decide whether or not to bring charges against a suspect, and what charges to bring.

Qui Tam Lawsuits: Lawsuits brought by private citizens on behalf of the government, alleging fraud or other illegal activities.

Regulation FD: A Securities and Exchange Commission (SEC) rule that requires publicly traded companies to disclose material information to all investors at the same time.

Res Ipsa Loquitur: A legal doctrine that allows a plaintiff to infer negligence based on the circumstances of an incident, without direct evidence of the defendant's actions or intent.

RICO Act: The Racketeer Influenced and Corrupt Organizations Act, a federal law that provides for criminal penalties and civil remedies for racketeering activity.

Securities Fraud: The illegal manipulation or misrepresentation of financial securities, such as stocks, bonds, or mutual funds.

Standard of Care: The degree of care that a reasonable person would exercise in a similar situation.

Statute of Limitations: The time period within which a legal action must be brought, or it will be barred by law.

Statutory Law: Laws that are enacted by a legislative body, such as a Congress or state legislature.

Subpoena: A legal document issued by a court or other competent authority, commanding a person to appear and give testimony or produce evidence.

Testimonial Privilege: A legal privilege that allows a witness to refuse to testify about confidential communications made to them.

Tort Law: The body of law that