

United States of America
CUSTOMS SERVICE

Customs Broker Licensing Examination

DIRECTIONS TO THE COMPETITOR - READ CAREFULLY

This examination consists of 80 questions. A passing score is 75%. You are to choose the correct answer to each question from among the five alternatives (A, B, C, D, or E) presented. Then, record your answer on the separate answer sheet by darkening the answer space which corresponds to the letter of the alternative you chose.

You may refer **ONLY** to the following:

- **Harmonized Tariff Schedule of the United States (1999)** (USITC Publication 3138)
(No supplements)
- **Title 19, Code of Federal Regulations** (19 CFR Parts 1 to 199) Revised as of April 1, 1999

Applicants are responsible for having current references. Although you may also use the Customs Regulations received by subscription or privately printed reprints of the two specified references, Customs does not guarantee that they are up to date, and their use is at the applicant's risk.

You may use a silent battery-operated calculator.

There is no penalty for guessing. Therefore, it is to your advantage to answer every question that you can, even if you are not sure of the correct answer.

The examination lasts 4 hours. When you finish, give this booklet and your answer sheet to the test administrator.

DO NOT TURN THIS PAGE UNTIL TOLD TO DO SO BY THE EXAMINER.

1. ABC Company sends electrical conduit for processing to Mexico with the intention to return the conduit to the United States for entry under HTSUS subheading 9802.00.60. It is determined that additional proof of exportation is required to prove actual exportation of the articles from the United States. Which of the following is **NOT** an acceptable document?
 - A) Manufacturers affidavit
 - B) Foreign customs entry
 - C) Foreign customs invoice
 - D) Bill of lading
 - E) Airway bill

2. Jane Smith is a licensed broker. Jane has been conducting Customs business as a sole proprietor under her own name for the past five years. She decides that she would now like to operate under the trade name of "Bargain Brokers". She receives the necessary State authorization to use this name, and presents the evidence of her authority to Customs. Customs approves the use of the new name. Jane must sign all future Customs documents in the following manner:
 - A) "Jane Smith, Licensed Customs Broker"
 - B) "Bargain Brokers"
 - C) "Bargain Brokers, Licensed Customs Broker"
 - D) "Jane Smith d/b/a Bargain Brokers" (d/b/a=doing business as)
 - E) "Jane Smith"

3. Bill imports widgets which he sells to Carol. Carol exports the widgets and is now filing for unused merchandise drawback. Which document is required to document the transfer, assign the right to drawback and identify the widgets?
 - A) A certificate of manufacture and delivery
 - B) A bill of sale
 - C) A certificate of delivery
 - D) A copy of the original invoice
 - E) A copy of the consumption entry

4. In applying the rules of origin when determining which one of two materials imparts the essential character of a good, various factors may be examined depending upon the type of good involved. Which one of the following **WOULD NOT** be a factor to consider?
 - A) The bulk
 - B) The color
 - C) The value
 - D) The quantity
 - E) The weight

5. Wally's Watermelons, a large agricultural market in Tucson, Arizona, imports, through the U.S. Customs port of Nogales, Arizona, 500 cartons of seedless watermelons on consignment from a grower in Mexico. Once placed for sale at the market, all of the cartons are sold to unrelated parties within two days. Based upon an examination of the merchandise, including identical or similar watermelons, the unit price sold in the greatest aggregate quantity is \$15 per carton (300 cartons). The cartons of watermelons are appraised under deductive value. Wally's Watermelons submits the following cost sheets:

All figures are for one carton of watermelon.

-Profit & General Expenses:	\$1.50	
-Commissions:		\$1.50
-Transportation & Insurance from Mexico to Nogales, Arizona:		\$1.00
-Transportation & Insurance from Nogales, Arizona, to Tucson, Arizona: (not included as a general expense)		\$0.85
-Customs Duties:		\$1.14

What is the appraised value?

- A) \$ 9.01 per carton
 - B) \$13.51 per carton
 - C) \$15.00 per carton
 - D) \$10.51 per carton
 - E) \$11.51 per carton
6. There are some imported articles that are exempted from the country of origin marking requirements. Which one of the following is **NOT EXEMPTED** from country of origin marking requirements?
- A) Works of Art
 - B) Unstrung Beads
 - C) Playing Cards
 - D) Wooden dowels
 - E) Bundles of red-cedar shingles

7. Each importer claiming preferential tariff treatment under NAFTA for a good imported into the United States shall maintain in the United States all documentation relating to the importation of the merchandise for a period of:
- A) 3 years after the date of entry.
 - B) 6 years after the date of entry.
 - C) 4 years after the date of entry.
 - D) 5 years after the date of entry.
 - E) 1 year after the date of entry.
8. When merchandise is withdrawn from a bonded warehouse for transportation to another port of entry, the Customs Form 7501/7512 does **NOT** need to show which one of the following?
- A) The date of liquidation of the entry.
 - B) The name of the consignee at the port of destination.
 - C) The original entry number.
 - D) The entered value of the merchandise.
 - E) The estimated duties, if any.
9. All of the following types of entries and withdrawals may be made for merchandise to be transported in bond **EXCEPT** for which one of the following?
- A) Entry for exportation.
 - B) Rwarehouse withdrawal for transportation and exportation.
 - C) Entry for immediate transportation without appraisalment.
 - D) Entry for temporary importation under bond.
 - E) Entry for transportation and exportation.
10. U.S. Customs has several exemptions for the collection of the merchandise processing fee. Which one of the following statements does **NOT** qualify for an exemption?
- A) Products of beneficiary countries under CBI.
 - B) Products of least developed countries.
 - C) Articles for Subheading 9813.00.50.
 - D) Goods originated in Canada.
 - E) Goods originated in Mexico.

11. If several protests by different persons are timely filed and treated as a consolidated protest, a request for accelerated disposition filed by one of the protesting parties shall have the following effect:
- A) It will only affect protests filed by the party requesting accelerated disposition.
 - B) The request will be denied; consolidated protests are not eligible for accelerated disposition.
 - C) It will only affect the individual protest for which the request was filed.
 - D) The request will be treated as a request for accelerated disposition by all the parties.
 - E) All the protests will be denied.
12. Which one of the following types of entry is not subject to liquidation?
- A) Consumption entry
 - B) Warehouse entry
 - C) Temporary importation under bond entry
 - D) Informal entry
 - E) Appraisement entry
13. Follow the Light, Inc. imports flashlights from Portugal. Large and small flashlights are shipped to Boston in bulk with “Made in Portugal” stamped on the shipping boxes only. Once released from Customs custody, two sizes of flashlights will be repacked by the importer in blister packs suitable for retail sale. Which one of the following statements regarding the country of origin marking of the flashlights is **INCORRECT**?
- A) The importer can advise the manufacturer to mark “Made in Portugal” on each flashlight in such a manner that it will be visible to the ultimate consumer through the blister pack.
 - B) The importer can continue importing the flashlights as stated but must submit certification at time of entry summary that the new container/packaging will contain the country of origin.
 - C) A bond can be given for the production of a certification of repacking in the event that it is not available at the time of entry summary.
 - D) No action or changes need to be made to the marking of the flashlights since the country of origin is marked on the shipping boxes.
 - E) The importer can continue importing the flashlights as stated but must notify a subsequent purchaser or repacker of the country of origin marking requirements for the goods and provide certification to the Port Director of such notification.
14. Under normal circumstances, which one of the following is the **MINIMUM** bond amount that shall be accepted by U.S. Customs, unless otherwise indicated by law or regulation?
- A) \$ 250
 - B) \$1000
 - C) \$ 500
 - D) \$ 50
 - E) \$ 100

15. All merchandise imported into the United States is required to be entered, unless specifically excepted. Which one of the following is exempt from entry?
- A) Flowers imported for a funeral.
 - B) Photographs of glacial movements taken on a recent scientific expedition to the Arctic.
 - C) Computer chips exported from California to Japan which are returned one month after such exportation by the Japanese purchaser for failing to meet specification.
 - D) An aircraft engine which has remained in the custody of the carrier, returned to the United States 60 days after removal from a U.S.-registered aircraft after a breakdown on the London-Nairobi route.
 - E) A sailboat classified under subheading 8903.91.00, HTSUS.
16. ACX Container Station is a newly established business. On November 30, 1998, the San Juan Area Port Director requested an updated list of employees from ACX Container Station. The list was submitted timely. One month later the ACX Container Station manager was fired. How many days does ACX Container have to notify U.S. Customs of the employee's termination?
- A) 30 calendar days
 - B) 15 calendar days
 - C) 10 calendar days
 - D) 30 business days
 - E) 10 business days
17. Dependable Brokers hires a new employee, Jim Littlefield, on May 24, 1999. Jim's first day is the following Monday. Jim arrives on time for a few days, but by the end of his first week is showing up at the office 15 minutes late. He blames a faulty alarm clock. During the second week on the job, Jim routinely makes an appearance 30 minutes after his scheduled start time. His manager has had it with Jim and fires him on June 11, 1999. Dependable Brokers is required to do which ONE of the following?
- A) Submit a written termination notice containing Jim's name to Customs within 10 days.
 - B) Submit a written termination notice containing Jim's name to Customs within 5 days.
 - C) Contact Customs by telephone to give oral notice of Jim's firing.
 - D) List the information about Jim in its next triennial status report.
 - E) Take no action.
18. Which one of the following statements is **NOT** a requirement when filing an Automated Broker Interface (ABI) Letter of Intent?
- A) A description of the computer hardware.
 - B) The participant's entry filer code.
 - C) The software cost.
 - D) The software vendor's name.
 - E) The average number of entries and monthly volume.

19. A foreign manufacturer offers widgets for sale either in bulk, 100 gross packed in a carton, or in individual small paper boxes containing 1 gross each. If packed in bulk the cost is \$100 per 100 gross. If packed in individual boxes the cost is \$125 per 100 gross. An importer purchases 2,000 gross of the widgets. 1,000 gross are packed in bulk and 1,000 are packed in the individual cartons containing one gross each. At what value would you appraise the shipment?
- A) \$2000
 - B) \$2500
 - C) \$1000
 - D) \$2250
 - E) \$1250
20. The Port Director may waive the requirement for surety or cash deposit on the bond required at the time of entry. Which one of the following items does **NOT** constitute a condition for granting this waiver?
- A) The value of the merchandise which the bond secures does not exceed \$2,500.
 - B) The importer has not been remiss in any transaction with Customs.
 - C) The entry summary documentation is filed with estimated duties attached prior to release.
 - D) The importer has not been delinquent in any transaction with Customs.
 - E) The value of the quota merchandise which the bond secures does not exceed \$1,250.
21. Ready Broker's Services, Inc. files an entry under subheading 9813.00.25 Harmonized Tariff Schedule of the United States of America (HTSUSA), covering a motion picture advertising a film entitled "Joe's Voyage to Wonderland". Which one of the following is the correct bond amount required for this type of entry?
- A) A bond is not required for motion pictures when used for advertising purposes.
 - B) A bond for the amount of 110 percent of the estimated duties, including fees determined at the time of entry.
 - C) A bond amount equal to double the duties, including fees.
 - D) A bond amount equal to double the duties, not including fees.
 - E) A bond in the amount of 110 percent of the fees only.
22. Which of the following statements is **INCORRECT** with regards to ruling letters?
- A) A tariff classification ruling will be applied only to identical merchandise.
 - B) Valuation rulings are applied only to transactions involving the same merchandise and like facts.
 - C) Carrier rulings will be applied only to transactions involving operations identical to those set forth in the ruling.
 - D) The application of a ruling letter is subject to verification of the facts incorporated into the ruling letter.
 - E) Once issued, a ruling letter can only be modified or revoked at the importer's request.

23. Jim's Sheet Metal Shop in California imports used sheet metal from around the world and then sends it to Mexico. The sheet metal undergoes several processing steps which include sizing, cleaning, and restoring the sheet metal to its original shape. The processing also includes etching and drilling predetermined holes on each sheet which creates distinct new characteristics. The broker is instructed to arrange the paperwork for the re-importation of the sheet metal. The broker submits entry documentation claiming duty free entry under subheading 9802.00.50. Under the provisions of the NAFTA which of the following is **NOT** considered a repair or alteration?
- A) Additions
 - B) Cleaning and polishing
 - C) Etching and drilling
 - D) Restorations and repacking
 - E) Renovations
24. To be eligible for filing electronic immediate delivery and electronic entry (CF-3461), the filer must be which one of the following?
- A) Qualified to use the Automated Broker Interface (ABI) feature of Automated Commercial System (ACS).
 - B) Authorized to use the Automated Clearinghouse (ACH) statement processing.
 - C) Qualified to file electronic export entries via Automated Export System (AES).
 - D) Authorized to use the Customs Electronic Bulletin Board.
 - E) Authorized to file electronic protests.
25. Phillip usually imports 800 bikes for \$10,000 per shipment from Joe, his German manufacturer. Joe tells Phillip if he imports 1,000 bikes for \$12,400 per shipment that Joe will give Phillip a rebate of \$2,000 one month after the goods arrive in the United States. Phillip agrees to import 1,000 bikes. What is the transaction value of these 1,000 bikes?
- A) \$10,000
 - B) \$10,400
 - C) \$14,400
 - D) \$12,000
 - E) \$12,400

26. Jena, an importer, is repetitively late in filing her entry summaries and payments with Customs. Customs issues a notice of liquidated damages and a demand for payment. Jena does not petition for relief, or pay, or make arrangements to pay the liquidated damages within the time frame prescribed in the Code of Federal Regulations. Customs Fines, Penalty, and Forfeiture Officer shall promptly _____.
- A) refer the claim to the Department of Commerce.
 - B) assess penalties in the amount of 2 times the liquidated damages.
 - C) refer the claim to the Department of Justice.
 - D) assess penalties in the amount of 3 times the liquidated damages.
 - E) refer the claim to the Internal Revenue Service.
27. What is the correct classification for an adult sized knit ski cap made of 100% wool?
- A) 6505.90.1560
 - B) 6505.90.3090
 - C) 6505.90.4090
 - D) 6505.90.6040
 - E) 6505.90.3030
28. Which one of the following, for legal purposes, will determine classification?
- A) The titles of sections
 - B) The alphabetical index
 - C) The table of contents
 - D) The section notes
 - E) The chapter number
29. A gift set of stationery items including writing paper, envelopes, and a pen, is packaged in an intricately carved cherry wood box. The box has been specially shaped to contain the items and is suitable for long-term use. The box imparts the essential character. Which GRI would apply in the determination of the correct classification of the box?
- A) GRI 3(a)
 - B) GRI 3(b)
 - C) GRI 3(c)
 - D) GRI 5(a)
 - E) GRI 5(b)

30. What is the correct classification for whole red fox furskins which have been dressed and dyed blue?
- A) 4301.60.3000
 - B) 4301.60.6000
 - C) 4302.19.1500
 - D) 4302.19.4530
 - E) 4302.19.7500
31. A sporting goods company which sells bicycles and accessories has just imported a shipment of bells from Taiwan. Each base metal bell is non-electric and can be attached to the handlebar of a bicycle. What is the proper classification of the bells?
- A) 7326.90.8585
 - B) 8306.10.0000
 - C) 8712.00.4800
 - D) 8714.99.6000
 - E) 8714.99.8000
32. Gabriella makes additional money by playing a harp at weddings. At the last event, she was furiously playing a piece when a string broke. She went to her local music store, which had just received an importation of her favorite brand of strings, to get replacements. What is the correct classification for the harp strings?
- A) 9202.10.00
 - B) 9202.90.60
 - C) 9209.30.00
 - D) 9209.92.60
 - E) 9209.92.80
33. The flute section of the philharmonic orchestra is in dire need of stands to hold their sheet music. The stands are made of aluminum and are collapsible. They are imported from Belize. What is the correct classification and duty rate for the music stands?
- A) 9209.92.2000 / Free
 - B) 9209.93.8000 / 2.7%
 - C) 9209.94.4000 / Free
 - D) 9209.99.1000 / Free
 - E) 9209.99.8000 / 5.3%

34. Murphy's Beverage Company plans to import one liter bottles of brandy from France. Each one liter bottle of brandy has a value of \$3.50. What is the correct classification for the brandy?
- A) 2208.90.1200
 - B) 2208.70.0030
 - C) 2208.90.2000
 - D) 2208.90.2500
 - E) 2208.90.3000
35. An incomplete canoe is being imported in an unassembled form. It does not have the essential character of a canoe. Using the General Rules of Interpretation (GRIs), how would the vessel be classified?
- A) Under 8903 using GRI 1
 - B) Under 8903 using GRI 2(a)
 - C) Under 8906 using GRI 1
 - D) Under 8906 using GRI 2(a)
 - E) Under 8906 using GRI 3(b)
36. Conveyor belts of vulcanized rubber are being entered by C.J. Fish Company. The belts are reinforced with plastics only. What is the correct classification for the conveyor belts?
- A) 4010.19.9000
 - B) 4010.13.0000
 - C) 4010.12.9000
 - D) 3926.90.6090
 - E) 3926.90.5900
37. The White Mountains Hiking Club intends to import trail mix from Israel which they plan to sell at their base camps. The trail mix consists of dried apricots, raisins, and dried cashews without their shells. The raisins provide over 50% of the weight of the trail mix but the cashews provide over 50% of the value of the trail mix. Using the GRI's (general rules of interpretation), what is the correct classification for the trail mix?
- A) HTS 0801.32.0000 using GRI 3(b)
 - B) HTS 0806.20.2000 using GRI 3(b)
 - C) HTS 0809.10.0000 using GRI 2(b)
 - D) HTS 0813.10.0000 using GRI 3(c)
 - E) HTS 0813.50.0060 using GRI 1

38. Smells R Us intends to import glass perfume bottles without the stoppers. They will fill the bottles with perfume once they arrive in the United States. Once filled, they will place domestically made stoppers in the bottles. The bottles are plain and have a value of \$2.50. What is the correct classification for the imported perfume bottles?
- A) 7013.99.5000
 - B) 7013.99.8000
 - C) 7013.99.3000
 - D) 7013.99.6000
 - E) 7013.99.1000
39. Strawberries Music Store intends to import CD (compact disc) carrying cases. The carrying cases will hold up to five CDs. The carrying case is made of 100% nylon. What is the correct classification for the carrying case?
- A) 4202.92.3031
 - B) 4202.92.6091
 - C) 4202.92.9026
 - D) 4202.92.9050
 - E) 4202.92.9060
40. Carved figurines of amber are being imported from Russia. Which one of the following classifications is correct?
- A) 2530.90.0050
 - B) 7116.20.3500
 - C) 7116.20.5000
 - D) 9602.00.4000
 - E) 9602.00.5000
41. The column two rate of duty is applicable to all products from which one of the following countries?
- A) Albania
 - B) Afghanistan
 - C) Cambodia
 - D) Iran
 - E) Iraq

42. Anthony's Wholesale Flowers imports fresh cut lilies from Colombia. The importer can claim GSP. What is the correct classification and duty rate of the fresh cut lilies?
- A) 0603.10.8030 / Free
 - B) 0603.10.8030 / 6.7%
 - C) 0604.91.0080 / Free
 - D) 6702.90.6500 / 17%
 - E) 0603.90.0000 / Free
43. Which of the following is the correct classification of a knit blazer with right over left front closure and fiber content of 45% by weight of polyester, 40% by weight of cotton, and 15% by weight of wool?
- A) 6103.23.0007
 - B) 6104.33.2000
 - C) 6103.23.0037
 - D) 6204.33.5010
 - E) 6203.23.0055
44. The local recreation center wants to import a ping-pong table (table tennis) for the kids in the neighborhood. The ping-pong table is made of pressed particle board with a laminated plastic surface. What is the correct classification for the ping-pong table?
- A) 9403.60.8080
 - B) 9403.70.4030
 - C) 9506.40.0000
 - D) 9506.99.3000
 - E) 9506.99.6080
45. Sunflower seeds are being imported by A. J. Snack Company. They are the newest product in a line that already includes corn chips, pretzels and peanuts. The seeds have been shelled and salted and packaged in 3 ounce bags. Which one of the following is the correct classification for the sunflower seeds?
- A) 1206.00.0090
 - B) 1206.00.0069
 - C) 1206.00.0061
 - D) 1206.00.0040
 - E) 1206.00.0020

46. When goods are classified as a set in accordance with GRI 3(b) or 3(c), the set is to be identified by placing a prefix in front of the statistical reporting numbers applicable to the set. Which one of the following is the correct prefix?
- A) S
 - B) V
 - C) X
 - D) Y
 - E) Z
47. Which of the following General Rules or Notes apply in the classification of knit fabric brassieres which are listed under subheading 6212?
- A) GN 12(t)
 - B) GRI 1
 - C) GRI 6
 - D) GRI 3 (b)
 - E) GN 17
48. Jean Pierre is a French citizen who just won the lottery and has decided to make a grand tour of the U.S. He decides to import his automobile so that he can travel in comfort. The sports car arrives on July 15th. He goes to the Customs office and enters the car under 9804.00.35, a provision with a free rate of duty, and begins his trip. After five months of touring, he decides his sports car is not as comfortable as he thought it would be and he decides to buy a motor home instead. He sells his sports car on December 19th. Which of the following statements is correct?
- A) Without prior payment to the U.S. of the duties which would have been payable at the time of entry if the Chapter 98 provision hadn't been used, the sports car shall be subject to forfeiture.
 - B) Jean Pierre must proceed to the nearest Customs office and pay the applicable duty for the vehicle plus a \$100 penalty for selling the vehicle.
 - C) No duty is due to Customs since entry was already made upon importation of the vehicle.
 - D) The purchaser of the sports car must proceed to the nearest Customs office and pay the applicable duty for the vehicle but the \$100 penalty will not be assessed.
 - E) Without prior payment to the U.S. of the duties which would have been payable at the time of entry if the Chapter 98 provision hadn't been used, the sports car shall be subject to immediate exportation.

49. A man's jacket manufactured from 100% cotton woven corduroy fabric is presented to you for classification. The jacket also has a lining of 100% nylon, which has been coated with plastic. The coating is not visible to the naked eye, but because of the coating the jacket is water resistant. Based on the information provided, which one of the following Harmonized Tariff System of the USA numbers is the correct classification?
- A) 6201.92.2021
 - B) 6201.92.1500
 - C) 6210.20.9020
 - D) 6201.93.3000
 - E) 6202.92.2026
50. Buffy imports certain merchandise under a temporary importation bond which she further processes. The process results in a finished article which Buffy exports in compliance with the terms of the bond. However, the processing also produces valuable waste. Buffy has a U.S. buyer for the waste, and she will sell the waste to him and will not export the waste. In order for her to do this which of the following is correct?
- A) Buffy can tender duties on such waste in lieu of exportation or destruction.
 - B) Buffy must destroy the valuable waste in order to comply with the terms of the bond.
 - C) Buffy has to place the waste in a foreign trade zone in zone-restricted status.
 - D) Buffy must export the valuable waste in order to comply with the terms of the bond.
 - E) Buffy can breach the bond and sell the waste in lieu of exportation or destruction.
51. A container of wooden desks arrives in Baltimore from Finland. ABC Carriers ships the container in-bond to XYZ Imports in Miami, where the desks are to be entered. The carrier received 100 boxes but fails to deliver half of the shipment. Only 50 boxes are delivered. How many days does Customs have to demand the return of this merchandise to Customs custody?
- A) 60 days from discovery
 - B) 90 days from arrival
 - C) 10 days from discovery
 - D) 5 days from arrival
 - E) 30 days from discovery
52. For purposes of filing a drawback claim, what is the required retention period for records supporting a certificate of delivery?
- A) Six months from the date of payment of the related claim.
 - B) One year from the date of payment of the related claim.
 - C) Two years from the date of payment of the related claim.
 - D) Three years from the date of payment of the related claim.
 - E) Three months from the date of payment of the related claim.

53. Lagoda Enterprises, in Texas, is an importer of gardening tools and equipment from all over the world. In an effort to keep its costs down, Lagoda Enterprises asks its broker to consolidate as many of its entries onto one entry summary as possible. In which one of the following circumstances would the broker be able to file one entry summary for Lagoda Enterprises' multiple entries?
- A) A container of English concrete bird baths and a container of books printed and published in England on English country gardens arrive in Baltimore on a ship from Liverpool and are entered separately.
 - B) Six separate shipments of cotton gardening gloves from China subject to quota are entered in Blaine, Washington, over a four-day period after being trucked down from Vancouver.
 - C) Two separate shipments of hand-pushed lawn mowers from the same factory in Mexico arrive and are entered in El Paso within a ten-day period.
 - D) Three separate shipments of gardening hoses from Israel, France and Malta arrive in New York on the same air carrier from London and are entered on separate CF-3461s.
 - E) Three separate shipments of precision metal gardening tools made by the same German manufacturer arrive in Chicago on two different air carriers over a two-day period and are entered on separate CF-3461s.
54. Magic Carpets, an importer of clothing finds that the quota for their merchandise is filling up quickly. In the case where it becomes necessary for their quota quantities to be prorated, which of the following statements is **INCORRECT**?
- A) Entry summaries, or withdrawals, with estimated duties attached and submitted simultaneously shall be eligible for proration against the quota quantity admissible .
 - B) The quantities on all entry summaries and withdrawals submitted simultaneously shall be prorated by Headquarters against the quota quantity admissible to determine the percentage to be allocated to each importer under the quota.
 - C) Entry summaries, or withdrawals, shall be returned to the importer for adjustment .
 - D) An adjusted entry summary, or withdrawal, with estimated duties attached must be deposited within 10 working days in order to be eligible for proration.
 - E) An importer must take delivery of the merchandise within 15 working days after release is authorized in order to be eligible for proration.
55. Which one of the following changes **CANNOT** be made by a bond rider?
- A) Deletion of trade names.
 - B) Addition of unincorporated divisions.
 - C) Changing the principal's address.
 - D) Changing the bond amount.
 - E) Changing the principal's name.

56. A broker submits a protest in a timely manner on behalf of their client. After the submission, it is realized that a key argument in support of their claim was not included. A decision has not yet been made on the protest. Which one of the following statements is **INCORRECT**?
- A) The broker may call the import specialist and give only an oral argument, then close the file until the decision is received.
 - B) The broker may submit the argument in writing.
 - C) The broker may call the import specialist and give an oral argument, then submit it in writing 30 days later.
 - D) The broker may call the import specialist and give an oral argument, then submit it in writing no later than 60 days later.
 - E) The broker may call the import specialist and give an oral argument, then submit it in writing 45 days later.
57. After conducting a spot check of BNC Bonded Warehouse, the Customs review team finds five discrepancies. Which ONE of the following discrepancies listed in the Regulations can be considered a valid ground for revocation/suspension of warehouse status?
- A) BNC failed to file CF-300 for the last three years.
 - B) BNC failed to file two permit file folders within the 30 day period.
 - C) BNC warehouse is empty. They have not been storing merchandise for a period of two years.
 - D) BNC moved an inbound shipment from the arrival port to the warehouse without a bonded carrier's license.
 - E) BNC had five permit file folders for which the transfer forms were missing.
58. Tom is told that a presidential proclamation may be signed within the next 30 days that would entitle the merchandise he imports to a 5% rate of duty. Normally the rate of duty for his merchandise is 10%. When Tom imports his goods on April 5th he elects immediate delivery procedures. On April 6th the President signs the proclamation. On April 8th Tom files his entry summary. Which one of the following is correct?
- A) Tom's merchandise is subject to a 5% rate of duty.
 - B) Tom's merchandise does not need an entry summary due to the fact that he elected immediate delivery.
 - C) Tom's merchandise is subject to a 10% rate of duty.
 - D) Tom's merchandise has not been released and the release date determines the applicable rate of duty.
 - E) Tom's merchandise is subject to a 15% rate of duty.

59. Which of the following statements is **NOT** true in regard to the Caribbean Basin Initiative (CBI)?
- A) To qualify for treatment under the Caribbean Basin Initiative (CBI), an article must be imported directly from a beneficiary country into the United States.
 - B) The general country of origin marking requirements that apply to all importations are also applicable to articles imported under the Caribbean Basin Initiative (CBI).
 - C) An article which has undergone only a simple combining operation in the beneficiary country will not qualify for duty-free treatment under the Caribbean Basin Initiative (CBI) although the operation meets the 35% value-content requirement.
 - D) An amount not to exceed 10% of the appraised value of the article at the time it is entered may be attributed to the cost or value of materials produced in the Customs territory of the U.S. (other than the Commonwealth of Puerto Rico).
 - E) Duty free treatment under the Caribbean Basin Initiative (CBI) may be claimed at the time of filing the entry summary by placing the symbol "E" as a prefix to the HTSUSA subheading number for each article for which such treatment is claimed.
60. Leon of Brussels, Belgium sells his original artwork to Anthony of Arizona Arts for \$100 a painting. In addition, Leon will assess a \$50 right to reproduce charge on every painting Anthony wishes to reproduce in the U.S. International freight charges to the U.S. are \$10 per painting, and insurance charges \$20 per painting. The agreed upon terms of sale are CIF-Sedona, Arizona. Based on the information provided, which one of the following is the correct transaction value for each painting?
- A) \$100
 - B) \$150
 - C) \$110
 - D) \$130
 - E) \$180
61. Larry imports blue jeans made in Mexico. Larry has thought up a scheme to circumvent paying duties on the jeans and has been paying Miguel \$50 a week to bring 50 pairs of jeans in the trunk of Miguel's car. Miguel has to cross the bridge from Nuevo Laredo, Mexico everyday to work at Larry's warehouse in Eagle Pass, Texas. One day, Miguel is stopped at the port of entry and questioned by Customs officials. Miguel fears losing his green card so he tells the officials about Larry's scheme. The Port Director determines that there was a violation by Larry and promptly issues a written notice of a claim for a monetary penalty. The notice of a claim for a monetary penalty shall contain the information provided in the prepenalty notice. Which of the following is **NOT** a valid statement of the notice?
- A) The notice shall contain any changes in the information provided in the prepenalty notice.
 - B) The notice shall inform the person of his right to apply for relief.
 - C) The notice shall identify the entries involved.
 - D) The notice shall state the amount of duties payable and how it was calculated.
 - E) The notice shall require the person to arrange for payment of duties within 10 days of the date of the notice.

62. All brokers shall file a status report. Which one of the following is the correct reporting time frame and fee for this report?
- A) The report is due every three years and must be accompanied by a \$300 fee.
 - B) The report is due every three years and must be accompanied by a \$100 fee.
 - C) The report is due every three years and must be accompanied by a \$125 fee.
 - D) The report is due every year and must be accompanied by a \$300 fee.
 - E) The report is due every year and must be accompanied by a \$100 fee.
63. Oscar has imported certain gadgets into the United States. He disagrees with the port as to the classification of the gadgets. Oscar is aware that the proper classification of gadgets is an issue currently pending before the Court of International Trade. Oscar requests that liquidation of his entry be suspended until such time as the court reaches a decision. Is there a basis for suspending liquidation of Oscar's entry?
- A) Yes, because liquidation can be suspended at the Port Director's discretion.
 - B) No, liquidation of an entry shall not be suspended simply because the issue may be the subject of pending litigation.
 - C) Yes, because liquidation can be suspended at the importer's request.
 - D) No, liquidation cannot be suspended under any circumstances.
 - E) Yes, if Oscar agrees not to protest the final liquidation of his entry should the court rule against him.
64. Tina stores her imported merchandise in two integrated bonded warehouses. She is aware that she must maintain a centralized inventory control system for transfers of goods between warehouses, as required by regulation. Which one of the following statements is **INCORRECT** with respect to inventory control requirements?
- A) Tina must maintain records for all intracompany movements.
 - B) Tina must maintain a consolidated permit file folder at the location where the merchandise was originally warehoused.
 - C) Tina must file documentation for all intracompany movements in the consolidated permit file folder within 10 business days.
 - D) Tina must file the withdrawal at the original warehouse location at which the merchandise was entered.
 - E) Tina must provide on demand the on-hand balance of each inventory item in each warehouse facility and each storage location within each warehouse.

65. Joe Cool took and passed the Customs broker exam in New York and received his license after successfully completing the background investigation. He received a permit for the Customs broker district through which his application had been submitted. Joe is applying for an additional permit to conduct business in the port of Boston. To obtain the additional permit Joe must pay which one of the following?
- A) \$100 permit fee and \$125 user fee
 - B) \$300 permit fee
 - C) \$125 permit fee and \$100 user fee
 - D) \$125 permit fee
 - E) \$300 user fee
66. The Port Director may review transactions for correctness and take appropriate action under his general authority to correct errors. In which of the following situations would the Port Director **NOT** be able to do this?
- A) Liquidation of an entry.
 - B) Voluntary Liquidation completed within 1 year after liquidation.
 - C) Voluntary correction of an exaction within 90 days after the exaction was made.
 - D) Reliquidation made pursuant to a valid protest covering the particular merchandise as to which a change is in order.
 - E) Modification, pursuant to a valid protest, of a transaction or decision which is neither a liquidation or reliquidation.
67. Hampton Motors Inc. of Baltimore imports automobile brake parts from an unrelated German seller, AutoPart Inc. The terms of sale are FOB Hamburg. The costs associated with the transaction are as follows:
- | | |
|---|-----------|
| -Invoice price: | \$ 50,000 |
| -Cost of specialized tools sold by Hampton Motors, Inc. to AutoPart Inc. for full price: | \$ 5,000 |
| -Buying commissions not included in invoice price: | \$ 1,000 |
| -Freight and insurance charges Hamburg-Baltimore: | \$ 3,000 |
| -Proceeds of subsequent resale of parts in U.S. remitted by Hampton Motors, Inc. to AutoPart Inc: | \$ 4,000 |

What is the transaction value of the automobile brake parts?

- A) \$50,000
- B) \$63,000
- C) \$54,000
- D) \$59,000
- E) \$60,000

68. Merchandise that is formally entered or released is subject to the payment to Customs of an *ad valorem* merchandise processing fee. When is this fee due and payable to Customs?
- A) At the time of importation.
 - B) At the time of unloading from a commercial vessel at the port of entry.
 - C) At the time of release under a special permit for immediate delivery.
 - D) At the time of presentation of the entry summary.
 - E) At the time of liquidation.
69. XYAN, Corp. received a shipment of cotton carpets manufactured in China subject to absolute quota. The total shipment consisted of 200 cartons containing 12,000 carpets. At the time of entry 4,000 carpets exceeded the allowable quota quantity. How can this excess merchandise be handled?
- A) Quota merchandise imported in excess may be placed in a class 5 bonded warehouse only.
 - B) Quota merchandise may remain at the dock for a period not to exceed two years.
 - C) Quota merchandise imported in excess may be entered using informal entry procedures.
 - D) Quota merchandise imported in excess may be placed in a class 7 bonded warehouse only.
 - E) Quota merchandise may be placed in a bonded warehouse or foreign trade zone.
70. Trina Brokerage Services recently celebrated its fifth anniversary. The company's regional director asked for a file cleanup of all inactive files before year 2000. Which ONE of the following documents does not fall within the "five year from the date of entry" retention requirement?
- A) CF 7501 Entry Summary
 - B) Invoice
 - C) CF 3461 Special permit for immediate delivery
 - D) Packing list
 - E) Power of Attorney
71. Under NAFTA, Customs may initiate a verification in order to determine whether a good qualifies as an originating good for purposes of preferential tariff treatment. Such a verification **CANNOT** be conducted by which of the following means?
- A) A written questionnaire sent to a U.S. manufacturer or producer.
 - B) A verification letter requesting information from a Canadian or Mexican exporter.
 - C) Visits to the premises of a Canadian or Mexican exporter or producer.
 - D) A written questionnaire sent to the exporter or producer.
 - E) Any method which results in information from a Canadian or Mexican exporter or producer.

72. Once merchandise is admitted into a foreign trade zone under privileged foreign status the status is binding **EXCEPT** for which one of the following?
- A) Petroleum products
 - B) Furniture
 - C) Recoverable waste
 - D) Textiles
 - E) Bicycle parts
73. Tom Jones, a newly licensed broker who has gone into business for himself, receives a visit by a special agent from Customs. The special agent tells Tom that Customs is investigating one of his clients. The special agent asks to review Tom's file relating to that client. Tom panics. He tells the special agent to come back tomorrow, when the records will be made available. He then pulls the file, and races next door to the offices of Trade Facilitators Inc., another broker which has been in business for 20 years. Tom wants to seek the advice of Mike Brown, the licensed broker in charge of Trade Facilitators Inc. What action should Mike take to help Tom?
- A) Mike should advise Tom to immediately terminate the client's account.
 - B) Mike should advise Tom to go through the file and destroy any evidence that will incriminate Tom or his client.
 - C) Mike should go through the file with Tom and help him devise a strategy for the client's defense.
 - D) Mike should advise Tom to deny Customs all access to the client's files.
 - E) Mike should prevent Tom from showing him the file and from discussing the particulars of any transactions with him.
74. Importers are sometimes required by Customs to file a "live entry". A live entry is the filing of the entry summary and the deposit of estimated duties at the time of entry prior to the release of the merchandise. An importer will be required to file a live entry in all of the following circumstances **EXCEPT**?
- A) The importer has repeatedly delivered entry summary documentation which is incomplete or which contains erroneous information.
 - B) The importer has failed repeatedly to file timely entry summary documentation without justification.
 - C) The importer has not taken prompt action to settle a claim for liquidated damages issued under the basic importation and entry bond for failure to deposit estimated duties, taxes and charges timely.
 - D) The imported merchandise is subject to antidumping duties.
 - E) The importer is substantially or habitually delinquent in the payment of Customs bills.

75. Tom is under investigation by Customs. Half of the entries and entry summaries Customs lists in its investigation have liquidated. Which one of the following is correct?
- A) Entries and entry summaries that have liquidated are not subject to investigatory actions, therefore penalties cannot be assessed.
 - B) Entries and entry summaries that have liquidated are subject to investigatory actions and penalties.
 - C) If the investigation began prior to the liquidation of the entries and entry summaries then and only then are they subject to investigatory actions and penalties.
 - D) Entries and entry summaries that have liquidated are not subject to investigatory actions, but liquidated damages can be assessed.
 - E) Entries and entry summaries that have liquidated are not subject to investigatory actions if a Notice of Marking or Redelivery (CF-4647) had been issued by Customs prior to the release of the merchandise.
76. Fred is importing used screws and nails from Germany dutiable at 6.2% and 3%. (The country of origin of the screws and nails is Germany.) Fred plans to smelt the used nails and screws and mold them into brackets. The German supplier mixes both the nails and screws together. What is the rate of duty that would apply for the commingled goods?
- A) 6.2%, the highest rate of duty.
 - B) 3%, the lowest rate of duty.
 - C) 9.2%, the combination of the applicable rates of duty.
 - D) 4.6%, average of the applicable rates of duty.
 - E) When goods of this nature are commingled they are not admissible.
77. Except as otherwise provided, foreign materials that **DO NOT** undergo the applicable change in tariff classification or satisfy applicable tariff shift requirements when incorporated into a good shall be disregarded in determining the country of origin of the good for purposes of NAFTA marking. Which one of the following statements is true?
- A) The value of the material is less than 15 percent of the total value of good.
 - B) The value of the material is more than 15 percent of the value of the good.
 - C) The value of the materials is no more than 7 percent of the value of the good.
 - D) The value of the materials is less than 25 percent of the value of the good.
 - E) The value of the materials is more than 7 percent of the value of the good.

78. Accelerated disposition of a protest may be obtained:
- A) At any time after 90 days from the filing of such protest.
 - B) At the same time the protest is filed.
 - C) At no time. Accelerated disposition may never be requested.
 - D) At any time prior to 90 days from the filing of such protest.
 - E) At any time after 30 days from the filing of such protest.
79. Within 90 days from the date of liquidation, the Port Director may reliquidate any entry summary on his/her own initiative. Which one of the following statements is **NOT** correct?
- A) The Port Director may reliquidate an entry summary to correct an error based on the misconstruction of an applicable law.
 - B) The Port Director may reliquidate an entry summary to correct an error in classification.
 - C) The Port Director may reliquidate an entry summary even if a protest has been filed against that entry summary.
 - D) The Port Director may reliquidate an entry summary to correct an error which he/she did not discover but was brought to his/her attention by an interested party.
 - E) The Port Director may reliquidate an entry summary only if the action is favorable to the importer.
80. The Grinch Toy Company offers toy telephones for sale at \$10.00 per dozen. They also offer a 5% cash discount for payment within ten days from the date of delivery. The phones are purchased by two unrelated U.S. importers. Mom's Toy Company purchases the phones, pays within ten days, and takes advantage of the cash discount. Joe's Toys and Games decides to pay after 30 days from the date of delivery. How should each shipment be appraised?
- A) Mom's shipment should be appraised at \$9.50 per dozen, and Joe's shipment should be appraised at \$10.00 per dozen.
 - B) Both shipments should be appraised at \$9.00 per dozen.
 - C) Both shipments should be appraised at \$9.50 per dozen.
 - D) Both shipments should be appraised at \$10.00 per dozen.
 - E) Mom's shipment should be appraised at \$9.00 per dozen, and Joe's shipment should be appraised at \$9.50 per dozen.

STOP.
THIS IS THE END OF THE TEST.
You may use the remaining time to go back and check your answers.

Item	Answer	Cite
1	A	19 CFR 10.9(b)
2	D	19 CFR 111.30(c)
3	C	19 CFR 191.10
4	B	19 CFR 102.18(a)(2)(i)
5	D	19 CFR 152.105
6	E	19 CFR 134.33
7	D	19 CFR 181.22(a)
8	A	19 CFR 144.36(d)
9	D	19 CFR 18.10
10	E	19 CFR 24.23(c)(2)(i) and (ii)
11	D	19 CFR 174.15
12	C	19 CFR 159.2
13	D	19 CFR 134.26
14	E	19 CFR 113.13
15	B	19 CFR 141.4
16	C	19 CFR 19.46
17	E	19 CFR 111.28(b)(3)
18	C	19 CFR 143.2(a), (b), (c), (d), (e) & (f)
19	D	19 CFR 152.103(b)(1)(i)
20	E	19 CFR 142.4(c)(2)
21	B	19 CFR 10.31 (f)
22	E	19 CFR 177.9
23	C	19 CFR 181.64(a)
24	A	19 CFR 143.33
25	E	19 CFR 152.103(a)(4)
26	C	19 CFR 172.1 & 172.2
27	B	Section XII, Ch 65
28	D	GRI 1
29	B	GRI 3(b)
30	D	Section VIII
31	B	Section XV, Chp 83, Section XVII, Note 2(d)
32	C	Section XVIII
33	D	Section XVIII
34	E	Section IV
35	C	GRI 1; Ch 89 note 1
36	B	Section VII
37	E	GRI 1
38	A	Section XIII
39	C	Section VIII
40	E	Section XX, Ch 96, Note 2(b)
41	B	GN 3(b)
42	A	Sec II Ch 6
43	B	Section XI, Ch 61, Note 9
44	C	Section XX, Ch 94, Note 1(i)
45	B	Section II
46	C	GSN 3(e)
47	B	GRI 1
48	A	HTS XXII, Subchapter IV, U.S. Notes 1(b)
49	B	Section XI, Ch 62; Add'l US Note 2
50	A	Section XXII, U.S. Note 2(b)

51	E	19 CFR 18.6(b)
52	D	19 CFR 191.10(d)
53	A	19 CFR 142.17
54	D	19 CFR 132.12(c)
55	D	19 CFR 113.26(d) & (e)
56	A	19 CFR 174.28
57	C	19 CFR 19.3(e)(7)
58	A	19 CFR 141.69
59	D	19 CFR 10.192, 193, 194, 195
60	A	19 CFR 152.103(h)
61	E	19 CFR 162.79(b)(2)
62	B	19 CFR 111.30 (d) & 111.96 (d)
63	B	19 CFR 159.51
64	C	19 CFR 144.34(c)(iv)(4)
65	A	19 CFR 111.96 (b) & (c)
66	B	19 CFR 173.2
67	C	19 CFR 152.103
68	D	19 CFR 24.23(b)(1)(i)(A)
69	E	19 CFR 132.5(c)
70	E	19 CFR 111.21 & 111.23
71	A	19 CFR 181.72(a)(3)
72	C	19 CFR 146.42(b) & 146.41(e)
73	E	19 CFR 111.24, 111.25, & 111.26
74	D	19 CFR 142.13
75	B	19 CFR 162.80
76	A	19 CFR 152.13
77	C	19 CFR 102.13
78	A	19 CFR 174.22(a)
79	E	19 CFR 173.3(a)
80	A	19 CFR 152.103(a)