

# ACFE

## Exam Questions CFE-Law

Certified Fraud Examiner (CFE) - Law



#### NEW QUESTION 1

Greg is serving as an expert witness and is being cross-examined at trial. The questioning party gets Greg to state that he spent considerable time working on a certain issue in the case. Then the questioning party asks many questions on a tangential issue in the case that Greg knows little about. Which of the following describes the questioning party's method?

- A. Myopic vision
- B. Personal attack
- C. Bias
- D. Sounding board

**Answer:** A

#### NEW QUESTION 2

Which of the following statements about the appeals process in cranial cases is MOST ACCURATE?

- A. In common law jurisdictions, appellate courts are generally not permitted to make their own factual determinations when reviewing a case
- B. In civil law jurisdictions appellate courts are generally not permitted to make their own legal conclusions when reviewing a case
- C. Appellate courts will usually hear an appeal even if the petition was not filed in a timely manner
- D. Appellate courts will usually reverse a conviction even if the trial court's error did not affect the outcome of the case

**Answer:** A

#### NEW QUESTION 3

Which of the following is NOT a right of the accused under the United Nations' (UN) International Covenant on Civil and Political Rights (ICCPR)?

- A. Right of the accused to be informed of criminal charges
- B. Right to be presumed innocent until proven guilty
- C. Right to a trial by jury
- D. Freedom from arbitrary arrests

**Answer:** C

#### NEW QUESTION 4

Which of the following is NOT one of the elements that the government must prove to establish a violation of a law criminalizing false statements to government agencies?

- A. The government relied on the false statement
- B. The defendant knew the statement was false
- C. The defendant made a false statement
- D. The false statement was material

**Answer:** A

#### NEW QUESTION 5

Davis is an employee at Waccamaw Homeplace a publicly traded corporation Davis knows that Waccamaw is about to publicly announce a new joint venture project in China, so he buys shares of Waccamaw stock Assuming that his conduct was illegal m the jurisdiction in which he works and resides, what type of crime did Davis MOST LIKELY commit?

- A. Churning
- B. Futures fraud
- C. Insider trading
- D. Trading on margin

**Answer:** C

#### NEW QUESTION 6

Dodd is a Certified Fraud Examiner (CFE) who works for Weathervane, a private company Dodd suspects that Burton a Weathervane employee has embezzled money from the company Dodd plans to conduct an internal investigation into the missing funds Based on these facts which of the following is the MOST ACCURATE statement?

- A. Burton has a duty to cooperate with the investigation even if what is requested from him is not reasonable
- B. Burton can refuse to cooperate with the investigation because he has a fundamental right to privacy
- C. Burton likely has a duty to cooperate with the investigation as part of the employer-employee relationship
- D. Burton can refuse to cooperate with the investigation because he has a fundamental right to remain silent

**Answer:** C

#### NEW QUESTION 7

Which of the following is a red flag that an entity is operating a security business without the proper license or registration?

- A. The entity's website contains detailed background information.
- B. There is an unexplained absence of customer complaints against the entity.
- C. There are justified gaps in the work history of promoters at the entity
- D. The agents working at the entity have criminal records.

**Answer:** D

**NEW QUESTION 8**

Which of the following can affect the rights that employees may have during an internal investigation?

- A. Existence of fraud risk factors
- B. Existence of violation red flags
- C. Existence of interstate compacts
- D. Existence of an employment contract

**Answer:** D

**NEW QUESTION 9**

Each day, Rachel purchases \$14 500 in bearer instruments with cash from a bank where all currency transactions above 515,000 must be reported to the government. Rachel's actions are a red flag of which of the following schemes?

- A. Channel stuffing
- B. Alternative remittance system
- C. Structuring
- D. Real estate laundering

**Answer:** C

**NEW QUESTION 10**

Before her criminal trial for embezzlement, Monique contacts witnesses against her and offers to pay them if they change their stories. Based on her actions, the government would MOST LIKELY bring additional charges against Monique for:

- A. Obstruction of justice
- B. Fraudulent misrepresentation
- C. Conspiracy to influence the court
- D. Judicial extortion

**Answer:** A

**NEW QUESTION 10**

Even if a government agent obtains consent to search by force, duress, or bribery, the consent will still constitute a valid waiver of the consenting party's right to be free from searches.

- A. true
- B. False

**Answer:** B

**NEW QUESTION 12**

Which of the following is NOT an element that must be proven to establish a perjury offense?

- A. The defendant made a false statement that was material
- B. The defendant made a false statement while under oath.
- C. The defendant made the statement with knowledge of its falsity
- D. The defendant made a false statement in a court of law.

**Answer:** D

**NEW QUESTION 15**

Company A sued Company B to recover damages for the breach of a contract. In the same proceeding, Company B sought damages for an allegation that Company A fraudulently induced Company B into entering the contract. In this case, what would Company B's claim against Company A be called?

- A. Counterclaim
- B. Collateral attack
- C. Reversal
- D. Cross-claim

**Answer:** A

**NEW QUESTION 18**

The Financial Action Task Force (FATF) Recommendations advise countries to do all of the following EXCEPT:

- A. Use a risk-based approach when setting anti-money laundering policies
- B. Require financial institutions to keep certain records and establish anti-money laundering policies.
- C. Require financial institutions to monitor their customers' political affiliations.
- D. Enable authorities to trace, freeze, and confiscate assets suspected in money laundering and terrorist financing

**Answer:** C

**NEW QUESTION 21**

Which of the following is the MOST ACCURATE statement about self-regulatory organizations (SROs) in the securities industry?

- A. An SRO generally has sole regulatory authority over the securities industry in the jurisdiction in which it operates
- B. In most jurisdiction
- C. SROs are prohibited from participating in the resolution of disputes related to securities transactions
- D. An SRO is a governmental entity that exercises regulatory authority over the securities industry in its jurisdiction
- E. In some jurisdictions SROs establish the standards and rules under which members of the securities industry operate

**Answer:** D

**NEW QUESTION 24**

Which of the following describes the purpose of an expert witness testimony at trial?

- A. To offer an opinion as to a party's guilt or innocence
- B. To give a firsthand account of the facts of the case on the record
- C. To give an opinion when the fact finder needs specialized knowledge
- D. None of the above

**Answer:** C

**NEW QUESTION 25**

Greta is convicted of white-collar crime. However, her sentence is suspended in return for her promise of good behavior. Which of the following BEST describes Greta's sentence?

- A. Determinate sentence
- B. Probation
- C. indeterminate sentence
- D. Deferred prosecution agreement

**Answer:** B

**NEW QUESTION 28**

The MOST COMMON bankruptcy fraud scheme is:

- A. Forged filing
- B. A planned bustcut
- C. A credit card bustout
- D. Concealment of assets

**Answer:** D

**NEW QUESTION 31**

A prosecutor filed criminal charges against Rosa claiming that she stole Juan's personal information and sold his identity on the dark web. Juan wants to file a civil lawsuit against Rosa to recover damages arising from the identity theft. Can Juan file the civil action before the criminal action against Rosa is completed?

- A. Yes, the civil action can be filed if the jurisdiction permits parallel proceedings.
- B. No, the civil action cannot be filed if the jurisdiction prohibits counterclaims.
- C. Yes, the civil action can be filed if the jurisdiction permits analogous claims.
- D. No, the civil action cannot be filed if the jurisdiction prohibits double jeopardy.

**Answer:** A

**NEW QUESTION 32**

At the end of a civil proceeding, the court finds the defendant, a company, liable and orders it to pay a large sum of money to compensate for the plaintiff's losses. Which of the following BEST describes this type of remedy?

- A. Declaratory relief
- B. Damages
- C. Equitable relief
- D. Injunction

**Answer:** B

**NEW QUESTION 36**

Raj is an employee who works in a jurisdiction that prohibits unreasonable workplace searches and surveillance in areas or items where employees have a reasonable expectation of privacy. In which of the following is Raj MOST LIKELY to have a reasonable expectation of privacy?

- A. A backpack brought from home
- B. A filing cabinet in the office lobby
- C. A waste bin in the employee's office
- D. A company-issued tablet computer

**Answer:** A

#### NEW QUESTION 39

In most countries employers must provide notice to their employees before they implement an employee monitoring program

- A. True
- B. False

**Answer:** A

#### NEW QUESTION 43

Which of the following is the MOST ACCURATE statement about the circumstances under which a conflict of interest claim would be actionable against an agent?

- A. The agent must have purported to act on behalf of or as an agent for an identified principal
- B. The agent must have had an undisclosed interest in a matter that could influence their professional role
- C. The agent must have informed the principal of their actions
- D. The agent must have been authorized by someone with actual authority to carry out the transaction at issue

**Answer:** B

#### NEW QUESTION 47

Tatiana is the chief executive officer (CEO) of Mattress World Warehouse, a retail mattress store that has been struggling financially. A week before Mattress World Warehouse files for bankruptcy, Tatiana sets ten mattresses to her husband at 80% below market value. Which type of fraud scheme has Tatiana MOST LIKELY committed?

- A. A fraudulent bankruptcy
- B. A fraudulent conveyance
- C. A planned bustout
- D. A concealed transfer

**Answer:** D

#### NEW QUESTION 50

Under the best practices listed in the Financial Action Task Force (FATF) Recommendations concerning large cash transactions with customers, which of the following transactions would require a report to be filed with the government?

- A. A domestic credit card purchase of a piece of jewelry above the jurisdiction's designated threshold
- B. A cash payment to a restaurant supplier for restaurant supplies above the jurisdiction's designated threshold
- C. An international purchase of a small boat with a lump-sum cash payment below the jurisdiction's designated threshold
- D. A lump-sum cash deposit to a bank above the jurisdiction's designated threshold

**Answer:** D

#### NEW QUESTION 54

Which of the following is the MOST ACCURATE statement about the different types of alternative dispute resolution?

- A. The agreements reached in mediations are generally nonbinding.
- B. In a mediation session, the mediator decides who should win the dispute at issue.
- C. The decisions reached in all arbitrations are always binding.
- D. In an arbitration proceeding, the arbitrator acts as a judge or jury by deciding the dispute at issue on its merits.

**Answer:** C

#### NEW QUESTION 57

Grant, a fraud examiner, is investigating Beatrice for embezzlement on his employer's behalf. During his investigation, Grant learns that Beatrice has cheated on her spouse and he tells several of Beatrice's coworkers about it. Beatrice discovers that Grant revealed the unflattering (albeit true) information about her and decides to file a claim of defamation against Grant. Which of the following is the BEST Explanation of why Beatrice will not win her defamation case?

- A. The information was true.
- B. The communications to the subject's coworkers were privileged.
- C. The news was not communicated to enough people.
- D. The statement was not printed and distributed.

**Answer:** A

#### NEW QUESTION 61

The Organisation for Economic Co-operation and Development (OECD) Recommendation on Combating Bribery in International Business (Recommendation) urges member states to combat the bribery of foreign public officials by taking steps to improve which of the following primary areas within their respective infrastructures?

- A. Public health and safety regulations
- B. Laws and regulations related to public subsidies, licenses, and contract procurement
- C. Laws and regulations covering e-commerce
- D. Consumer data protection laws

**Answer:** B

#### NEW QUESTION 65

Ramona is investigating Eugene for misconduct Ramona and Eugene both work for Elek-Tek, which operates in a jurisdiction with evil laws for defamation, invasion of privacy and conflict of interest During the investigation Ramona obtained information that Eugene is cheating on his spouse Ramona to a large group of Elek-Tek employees that Eugene was committing adultery, which turned out to be true Which cause of action would give Eugene the BEST chance for success in a civil suit against Ramona?

- A. Conflict of interest
- B. Defamation
- C. Public disclosure of private facts
- D. Slander

**Answer: C**

#### NEW QUESTION 69

Which of the following situations would constitute a violation of the US Foreign Corrupt Practices Act (FCPA)

- A. A private U.S company pays a \$2,000 foreign corporation fee that is required in order to do business within the country
- B. A private UK company transfers \$25,000 to a Chilean public official to influence the award of lucrative overseas contracts.
- C. A private U.S company transfers \$45,000 to a foreign official to influence the award of a public construction contract.
- D. A private U.S company transfers \$100,000 to the sole proprietor of a Brazilian company to influence the award of a commercial imports contract.

**Answer: C**

#### NEW QUESTION 72

Which of the following statements about the International Organization of Securities Commissions (IOSCO) is TRUE?

- A. IOSCO is a self-regulatory organization for companies that have securities traded on international securities markets
- B. IOSCO provides a forum for regular cooperation on banking supervisory matters affecting developing nations
- C. IOSCO is an oversight body responsible for issuing and enforcing regulations that govern all international securities markets
- D. IOSCO is recognized as the international standard-setter for securities markets

**Answer: D**

#### NEW QUESTION 76

Which of the following examples of judicial systems would BEST be described as a civil law system?

- A. The courts are allowed to consider both codified statutes and previous court decisions but are bound by neither
- B. The courts are bound by both previous court decisions and codified principles or statutes
- C. The courts are bound primarily by previous court decisions to reserve legal issues
- D. The courts are bound by codified principles or statutes but are not bound by previous court decisions

**Answer: D**

#### NEW QUESTION 79

Which of the following statements concerning judgments involving parties in multiple jurisdictions is MOST ACCURATE?

- A. Whether a foreign judgment is enforceable always depends on where the defendant's assets are located
- B. If a party obtains a judgment in one jurisdiction, that party will automatically be able to enforce the judgment in any jurisdiction
- C. If a party obtains a judgment in one jurisdiction, that party will automatically be able to enforce the judgment wherever the defendant resides
- D. Whether a foreign judgment is enforceable might depend on whether the two jurisdictions have an enforcement treaty

**Answer: D**

#### NEW QUESTION 83

Ellis works for a business that filed for bankruptcy. The administrator presiding over the bankruptcy contacts Ellis and requests information regarding his employer's financial affairs Assuming the administrator has all of the powers recommended in the World Bank Principles for Effective Insolvency and Creditor/Debtor Regimes (World Bank Principles) which of the following is TRUE?

- A. The administrator may only seek information regarding the business that filed bankruptcy if Ellis consents to providing it.
- B. The administrator has no power to obtain the information under any circumstances
- C. The administrator may compel Ellis to provide the information despite Ellis's relationship to the business
- D. The administrator may not obtain the information unless the business agrees in writing

**Answer: C**

#### NEW QUESTION 84

Which of the following statements regarding civil lawsuits in most jurisdictions is CORRECT?

- A. The plaintiff's initial filing does not typically need to contain a summary of the evidence
- B. Civil lawsuits begin with the filing of a pleading, usually in the jurisdiction in which the defendant resides or where the claim arose
- C. The plaintiff's initial filing with the court does not typically need to include the specific facts on which the claim relies.
- D. All of the above are correct

**Answer: B**



#### NEW QUESTION 89

Claude stole a large amount of cash from his employer and then deposited the funds into a domestic bank account Next, he wired the illicit funds to a foreign bank account and engaged in several other transactions using foreign accounts to make them difficult to trace Finally, he transferred the funds back to a domestic account and then spent the money. Which of the following actions was the layering stage of Claude's money laundering scheme?

- A. When he first deposited the funds into a domestic account
- B. When he first stole the cash from his employer
- C. When he moved the funds through several transactions using foreign accounts
- D. When he spent the money

**Answer: C**

#### NEW QUESTION 93

During a bankruptcy bustout scheme, or planned bankruptcy, the debtor committing the fraud typically performs which of the following actions?

- A. Colludes with creditors and the trustee to pay some creditors but not others
- B. Bribes a trustee to overlook assets in the debtor's possession
- C. Conspires with suppliers to produce fraudulent invoices
- D. Purchases large quantities of goods on credit

**Answer: D**

#### NEW QUESTION 95

During an internal investigation Todd a Certified Fraud Examiner (CFE) interviewed Janessa a fraud suspect Although Janessa wanted to leave in the middle of the interview, Todd blocked the exit and prevented her from leaving Janessa subsequently confessed to committing fraud If under these facts Janessa files a lawsuit (or false imprisonment against Todd, Todd will likely

- A. Win the case because he is protected under the qualified business privilege
- B. Lose the case if a trier of fact concludes that he restrained Janessa without consent or legal justification
- C. Lose the case because Janessa did not leave the interview
- D. Win the case if he did not know the conduct was illegal

**Answer: B**

#### NEW QUESTION 97

A custodial arrest occurs when a law enforcement officer informs the suspect of their rights as a criminal defendant

- A. True
- B. False

**Answer: A**

#### NEW QUESTION 99

The requires that an employee act solely in the best interest of their employer, free of any self-dealing, conflicts of interest, or other abuse that results in a personal advantage

- A. Duty of care
- B. Duty of responsibility
- C. Duty of employee trust
- D. Duty of loyalty

**Answer: D**

#### NEW QUESTION 102

Which of the following statements is MOST ACCURATE regarding cross-examination of witnesses in adversarial systems?

- A. If opposing counsel asks an overly complex question during cross-examination, witnesses should ask for the question to be rephrased
- B. If an expert witness's opinion is at risk of being distorted during cross-examination, the expert should avoid answering the question
- C. The primary purpose of cross-examination is for opposing counsel to discover information previously unknown to opposing counsel.
- D. The general rule is for opposing counsel to cross-examine all witnesses to ensure that important details are not missed by the fact finder

**Answer: A**

#### NEW QUESTION 105

Smith, a Certified Fraud Examiner (CFE). works for the ABC Company, a private entity that operates in a jurisdiction with civil laws for defamation, invasion of privacy. and conflict of interest Smith seizes and searches the personal smartphone of Green an employee of ABC even though Green was not suspected of any wrongdoing Assuming that Green had a reasonable expectation of privacy in the smartphone and Smith conducted the search without a legitimate interest or authority, under which of the following claims would Green MOST LIKELY be able to recover damages against Smith?

- A. Slander
- B. Intrusion into Green's private matters
- C. Public disclosure of private facts
- D. Conflict of interest

**Answer: B**

#### NEW QUESTION 106

Frederick has multiple high-volume foreign bank accounts. The country he lives in requires him to report such accounts annually for tax purposes but he regularly and intentionally fails to report his accounts in order to reduce the amount of taxes he must pay. Which of the following schemes has Frederick MOST LIKELY committed?

- A. A tax credit evasion scheme
- B. A value-added tax evasion scheme
- C. An excise tax evasion scheme
- D. An income and wealth tax evasion scheme

**Answer:** D

#### NEW QUESTION 111

IBC Manufacturing is a private company in a jurisdiction in which the public has the legal right to be free from unreasonable search and seizure by government authorities. An investigator at IBC searches the desk of Denise an IBC employee and finds illegal narcotics. The investigator seizes the narcotics and turns them over to members of law enforcement. The investigator violated Denises rights by failing to obtain a search warrant before conducting the search

- A. True
- B. False

**Answer:** A

#### NEW QUESTION 114

The MAIN PURPOSE for maintaining the chain of custody on an item of evidence is to

- A. Establish that the evidence has not been altered or changed from the time it was collected through its production in court
- B. Verify that the item of evidence has only been handled by court officials prior to its production in court.
- C. event opposing parties from accessing evidence without a court order
- D. Eliminate the need to authenticate the item of evidence in court

**Answer:** A

#### NEW QUESTION 115

In jurisdictions that allow criminal bargaining agreements the defendant's counsel generally has the discretion to determine whether a bargaining agreement is available to the defendant.

- A. True
- B. False

**Answer:** B

#### NEW QUESTION 118

During a trial in an adversarial system an attorney calls an expert witness to the stand and asks "Could you please describe the procedures you performed in your examination?" Based on this question, which type of testimony is MOST LIKELY being presented'?

- A. Impeachment
- B. Direct examination
- C. Cross-examination
- D. Request for admission

**Answer:** B

#### NEW QUESTION 119

Which of the following is NOT one of the elements that the government must prove to establish a violation of a law criminalizing false statements to government agencies?

- A. The government relied on the false statement
- B. The defendant knew the statement was false
- C. The defendant made a false statement
- D. The false statement was material

**Answer:** A

#### NEW QUESTION 124

Which of the following statements concerning front businesses as a method of laundering money is the LEAST ACCURATE?

- A. A red flag of a front business is the observation of a large number of customers during peak operating hours
- B. Front businesses provide cover for delivery and transportation related to illegal activity
- C. From criminals' perspective a disadvantage to front businesses is that they generally must pay taxes on the illicit income
- D. Front businesses benefit launderers by providing a safe place to manage criminal activities

**Answer:** A

#### NEW QUESTION 125

Nora, a health care provider convicted of health care fraud in criminal court After her conviction, the national health agency begins a proceeding to prohibit Nora



from seeking reimbursement from government health care programs for five years Which type of administrative penalty is the national health agency seeking?

- A. License suspension
- B. Debarment
- C. License revocation
- D. Disenfranchisement

**Answer:** A

#### **NEW QUESTION 129**

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