

ACFE

Exam Questions CFE-Law

Certified Fraud Examiner (CFE) - Law



NEW QUESTION 1

The government filed a civil action against a politician for accepting real estate as a bribe. There is a possibility that the politician could transfer the real estate to a third party before the court enters a final judgment. Which type of order should the government seek from the court to prevent the politician from transferring the real estate?

- A. Preservation order
- B. Declaratory relief
- C. Prejudgment attachment
- D. Litigation hold

Answer: C

NEW QUESTION 2

Which of the following statements concerning digital currencies, such as bitcoin, is MOST ACCURATE?

- A. Digital currencies are subject to all of the same regulations as payments made through traditional financial institutions
- B. Digital currencies are attractive to money launderers because payments often cross jurisdictional boundaries, making it difficult for authorities to pursue enforcement
- C. Digital currencies are attractive to money launderers because they are a payment method that provides complete anonymity
- D. Digital currencies are not typically used to launder money due to strict customer identification or recordkeeping requirements enforced in all jurisdictions

Answer: B

NEW QUESTION 3

Which of the following is NOT a requirement of the European Union's (EU) General Data Protection Regulation (GDPR)?

- A. An organization must delete a data subject's personal data automatically when the data are no longer in use.
- B. An organization must have a documented lawful basis for collecting or processing personal data.
- C. An organization generally must notify all affected data subjects without undue delay when a high-risk data breach occurs
- D. An organization must confirm or deny that it possesses a data subject's personal data upon that individual's request

Answer: B

NEW QUESTION 4

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 5

Ethan, a U.S. resident, is running a Ponzi scheme. As part of the scheme, he uses the U.S. mail system to send promotional materials to potential victims in France. If the U.S. government decides to prosecute Ethan, which of the following would provide the MOST LIKELY basis for the charges?

- A. Mail fraud
- B. Wire fraud
- C. Insider trading fraud
- D. Communications fraud

Answer: A

NEW QUESTION 6

Which of the following is an example of a trade-based money laundering scheme?

- A. An importer and an exporter conspire to conceal illicit funds by creating invoices that understate the quantity of goods shipped internationally
- B. An accountant overstates a restaurant's revenues to hide illegal funds that are secretly laundered through the business
- C. A drug cartel outside of the United States launders illicit funds by hiring runners to deposit small amounts of money in bank accounts throughout the United States
- D. A businessperson deposits illicit funds into the bank account of a company they secretly own, which then lends the funds back to them

Answer: A

NEW QUESTION 7

In most civil law systems, the burden of proof for the government to convict a defendant in a criminal case is beyond a reasonable doubt.

- A. True
- B. False

Answer: B

NEW QUESTION 8

Which of the following statements concerning civil trials in common law jurisdictions is MOST ACCURATE?

- A. Civil jury trials must have the same number of jurors as in criminal jury trials.
- B. Neither side may appeal an adverse judgment in a civil case
- C. Jury verdicts in civil trials must always be unanimous
- D. In most civil cases, the standard of proof is the preponderance of the evidence

Answer: C

NEW QUESTION 9

Each day, Rachel purchases \$14,500 in bearer instruments with cash from a bank where all currency transactions above \$15,000 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

Which of the following is a legal element that the government must show to prove a criminal conspiracy?

- A. One of the conspirators knowingly committed an overt act in furtherance of the conspiracy
- B. The conspirators accomplished the purpose of the conspiracy that was initially established
- C. The defendant knew all the details or objectives of the conspiracy
- D. The defendant knew the identity of all the participants in the conspiracy

Answer: C

NEW QUESTION 11

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 15

A business files for bankruptcy with the goal of obtaining relief from creditors so that it can rearrange its financial affairs and continue as a going concern. Which of the following describes this type of bankruptcy proceeding?

- A. Reorganization bankruptcy
- B. Debt adjustment bankruptcy
- C. Debt dismissal bankruptcy
- D. Liquidation bankruptcy

Answer: A

NEW QUESTION 17

Which of the following is the MOST ACCURATE statement about the UK Bribery Act?

- A. Like the FCPA, the UK Bribery Act contains an explicit exception for facilitating payments
- B. Even if an organization's anti-corruption program complies with the FCPA, it might not be sufficient for the purpose of complying with the UK Bribery Act
- C. Unlike the FCPA
- D. The UK Bribery Act makes it a crime to bribe a foreign public official in connection with international business transactions
- E. The UK Bribery Act only exercises jurisdiction over individuals and corporate entities for acts of corruption when the offense occurs outside the United Kingdom

Answer: B

NEW QUESTION 22

Which of the following is the MOST ACCURATE statement about rules prohibiting securities broker-dealers from making unsuitable recommendations on investments or investment strategies?

- A. A suitability violation occurs when a broker does not carry out a trade requested by or promised to a customer
- B. A suitability violation occurs when a broker recommends an investment or investment strategy that is inconsistent with the client's objectives
- C. A suitability violation occurs when a broker trades in a client's account without obtaining prior approval for making the transaction(s).
- D. A suitability violation occurs when a broker enters into transactions and manages a client's account for the purpose of generating excessive commissions

Answer: D

NEW QUESTION 23

Which of the following is NOT a legal element that must be shown to prove a claim for fraudulent misrepresentation of material facts?

- A. The victim relied on the misrepresentation
- B. The defendant acted negligently
- C. The defendant made a false statement (i, e., a misrepresentation of fact)
- D. The victim suffered damages as a result of the misrepresentation

Answer: B

NEW QUESTION 27

Which of the following typically does NOT have to be present for communications between an attorney and the attorney's client to be protected by a legal professional privilege?

- A. Purpose of the communications was to seek or provide legal advice
- B. A lawsuit has been filed
- C. Intent to keep the communications confidential
- D. Communication between a legal advisor and a client

Answer: B

NEW QUESTION 28

Which of the following statements is TRUE regarding criminal proceedings and discovery in adversarial jurisdictions?

- A. Most criminal proceedings are divided into pretrial, investigative and trial phases
- B. Parties typically cannot request evidence from each other until after the trial begins.
- C. The majority of criminal discovery usually occurs before the trial begins.
- D. The judge is the primary driver of the discovery process in criminal proceedings.

Answer: D

NEW QUESTION 31

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 33

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 37

In most civil law jurisdictions which of the following BEST describes when a party is required to begin taking steps to preserve and produce relevant evidence?

- A. When the court orders such steps to be taken
- B. When litigation has started
- C. When the party receives a service of process
- D. When the charging documents are filed

Answer: B

NEW QUESTION 42

If Mary uses legal means to lower her tax bill through legitimate deductions and credits she is engaging in tax evasion

- A. True
- B. False

Answer: B

NEW QUESTION 43

Which of the following is TRUE in regard to authenticating evidence in most common law systems?

- A. Digital records cannot be authenticated by testimony from a witness with personal knowledge
- B. For evidence to be authenticated it must be reviewed and voted on by a jury
- C. Exhibits that cannot be authenticated will not be admitted regardless of relevance
- D. The purpose of authentication is to ensure that hearsay is not admitted into evidence

Answer: D

NEW QUESTION 47

Which of the following statements concerning money services businesses (MSBs) is INCORRECT?

- A. MSBs tend to have a lower money laundering risk than other financial institutions.
- B. MSBs are generally less strictly regulated than traditional financial institutions.
- C. A check cashing company is classified as an MSB.
- D. A currency exchange is classified as an MSB.

Answer: B

NEW QUESTION 48

Under the World Bank Principles for Effective Insolvency and Credit/Debtor Regimes (World Bank Principles), which of the following parties should administer the debtor's estate in liquidation bankruptcy proceedings?

- A. The jurisdiction's commerce department or equivalent agency
- B. The creditor with the largest claim against the debtor
- C. The debtor, supervised by an independent insolvency representative
- D. An independent insolvency representative

Answer: D

NEW QUESTION 53

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 54

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 58

The same customer comes into a casino each day and deposits a large amount of cash into an account but after very little gambling the customer withdraws the funds. The casino employees suspect that the customer may be engaged in money laundering activity. Assuming that the anti-money laundering (AML) regulations that govern the casino's activities correspond to the Financial Action Task Force (FATF) Recommendations, the casino:

- A. May, but is not required to file a report of suspicious transactions related to possible money laundering with appropriate authorities
- B. May not file a report of suspicious transactions related to potential criminal activity with appropriate authorities
- C. Is required to file a report of suspicious transactions with appropriate authorities because the employees suspect money laundering violations
- D. Is required to file a cash transaction report for possible criminal activity with appropriate authorities because cash was involved

Answer: C

NEW QUESTION 59

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 61

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 jurisdiction have an enforcement treaty

Answer: D

NEW QUESTION 63

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 68

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

- A. The plaintiffs 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 70

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 75

Which of the following schemes involves disguising money from illegal nonbusiness sources by recording more income on a business's books than the business actually generates?

- A. Overstate revenues
- B. Structured deposits
- C. Trade-based laundering
- D. None of the above

Answer: A

NEW QUESTION 78

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 81

Which of the following statements concerning the appointment of expert witnesses at trial is accurate?

- A. Generally, the court appoints the primary expert witnesses in inquisitorial jurisdictions.
- B. Generally, only the parties may select expert witnesses in inquisitorial jurisdictions.
- C. Generally the court selects the primary expert witnesses in adversarial jurisdictions.

D. Generally, only the parties may select experts to introduce testimony in adversarial jurisdictions

Answer: B

NEW QUESTION 86

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 88

Which of the following statements concerning fact finders in criminal trials in common law jurisdictions is MOST ACCURATE?

- A. The presence of a jury is always required to make factual findings in a common law criminal trial
- B. A panel of a professional judge and lay judges usually serves as the fact finder in serious cases
- C. A judge is typically responsible for factual findings
- D. Juries usually serve as the fact finder in serious cases

Answer: C

NEW QUESTION 92

Smith, a Certified Fraud Examiner (CFE), works for the ABC Company, a private entity that operates w\ 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 95

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 96

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 101

Which of the following is a legal element that must be shown to prove a claim for commercial bribery?

- A. The defendant acted negligently.
- B. The defendant gave or received a thing of value.
- C. The principal suffered damages as a result of the bribe
- D. The defendant failed to exercise due care.

Answer: B

NEW QUESTION 103

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 106

Which of the following statements concerning alternative remittance systems is INCORRECT?

- A. The systems are not necessarily illegal.
- B. Funds are sent and received without the use of traditional financial institutions.
- C. The systems are characterized by a lack of physical or digital transfer of currency between payers and payees.
- D. The ledgers used typically contain information regarding payers and payees, such as names and account numbers.

Answer: A

NEW QUESTION 107

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 112

Evidence that tends to make some fact at issue more or less likely than it would be without the evidence is called:

- A. Circumstantial evidence
- B. Testamentary evidence
- C. Demonstrative evidence
- D. Relevant evidence

Answer: D

NEW QUESTION 116

To determine if a misrepresentation in the offer or sale of any securities is material a fraud examiner should answer which of the following questions?

- A. "Did the person who made the representation believe that it was suitable for potential investors?"
- B. "Was the misrepresentation made by an authorized individual?"
- C. "Would a reasonable investor wish to know the information to make an informed decision?"
- D. "Did the person who made the representation intend to mislead potential investors?"

Answer: C

NEW QUESTION 121

Which of the following is NOT required for a contract transaction or scheme to be classified as an investment contract?

- A. The expectation of making a profit
- B. Profits derived solely from the investor's management activity
- C. Investment in a common enterprise
- D. An investment of money or other asset

Answer: B

NEW QUESTION 123

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