



ACFE

Exam Questions CFE-Law

Certified Fraud Examiner (CFE) - Law

NEW QUESTION 1

Which of the following would be direct evidence that the criminal defendant a former cashier for a home improvement store committed a cash larceny scheme that resulted in the theft of more than \$5 000 from the store?

- A. A diagram is used to display the location of the store's registers
- B. A witness testifies that they saw the defendant take the money
- C. A witness testifies that the defendant was almost always the last cashier to leave the store
- D. A coworker testifies that the defendant was acting nervously the day the money was taken

Answer: B

NEW QUESTION 2

Which of the following statements about the appeals process in criminal 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 the MOST ACCURATE statement about the litigation privilege in common law jurisdictions?

- A. The primary purpose of the litigation privilege is to protect confidential communications between a client and the client's legal representative
- B. The litigation privilege only protects documents and materials prepared by an attorney
- C. The litigation privilege applies only while a trial is underway
- D. The litigation privilege applies only to documents and materials prepared in anticipation of litigation

Answer: A

NEW QUESTION 4

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 5

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 6

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 7

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: A

NEW QUESTION 8

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 9

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 10

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 10

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 15

In a particular country's judicial process, the judge oversees the investigation of a case is primarily responsible for questioning witnesses and generally plays a larger role in the evidence-gathering process than the parties' legal counsel Which of the following BEST describes this type of judicial process'?

- A. Adversarial process
- B. Substantive law process
- C. Inquisitorial process
- D. Common law process

Answer: A

NEW QUESTION 18

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 19

Allison works for a government contractor She informs the government that her employer has been submitting false claims to the government for payment Later it is discovered that Allison has misappropriated more than \$50,000 of her employer's money Alison qualifies as a whistleblower entitled to anti-retaliation protection under the law because of her report to the government Which of the following statements about Allison is CORRECT?

- A. Allison cannot be fired for misappropriating funds from her employer
- B. Allison cannot be fired for any reason
- C. Alison cannot be fired for informing the government of her employee's fraud
- D. None of the above

Answer: C

NEW QUESTION 22

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 24

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 FCP
- 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 28

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 31

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 33

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 36

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 38

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 39

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 44

Countries A and B both follow the Financial Action Task Force (FATF) Recommendations concerning cross-border transfers of currency Trevor is traveling from Country A to Country B while carrying \$16,000 in cash which exceeds Country B's reporting threshold Trevor is required to disclose the amount of currency he is carrying to authorities in Country B.

- A. True
- B. False

Answer: A

NEW QUESTION 48

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

- A. MSBs tend to have a tower 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 49

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 54

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 59

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 61

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 65

In systems using adversarial processes, an attorney may impeach an opposing party's witness by showing that the witness:

- A. Has a keen ability to observe
- B. Made poor consistent statements
- C. Testified from personal knowledge
- D. Is influenced by bias or self-interest

Answer: D

NEW QUESTION 67

Which of the following is one of the three basic options by which organizations can legitimize cross-border transfers of personal information?

- A. Use a third-party transferring service
- B. Obtain approval from a Certified Information Privacy Professional (C PP)
- C. Establish a contract between the entities exchanging the information
- D. Obtain a warrant granting permission to transfer the data

Answer: C

NEW QUESTION 68

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 73

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 bus ness 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 78

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 re above

Answer: A

NEW QUESTION 79

Which of the following statements concerning the appointment of expert witnesses at that 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 83

Which of the following is generally NOT one of the goals of deferred prosecution agreements?

- A. To postpone prosecution until a company conducts an extensive internal investigation
- B. To get an organization to reform its policies
- C. To allow prosecutors to resolve a case while still punishing malfeasance
- D. To reduce the risk of illegal practices at an organization

Answer: A

NEW QUESTION 86

In jurisdictions that allow for corporate criminal liability which of the following is typically required for the corporation to be vicariously liable for the acts of one of its employees?

- A. Management was directly involved with the offense

- B. Management knew of the underlying offense but did not correct it
- C. The corporation had previous violations of a similar nature
- D. The employee was acting within the scope of their employment

Answer: D

NEW QUESTION 91

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 92

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 95

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 100

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 105

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