

CFE-Law Dumps

Certified Fraud Examiner (CFE) - Law

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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 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 statements concerning examinations of expert witnesses in most inquisitorial jurisdictions is accurate?

- A. The expert has the discretion to determine the scope of the examinations
- B. The judge is not allowed to question the expert's credibility under any circumstance
- C. The parties determine the extent of consideration to be given to the expert's testimony
- D. The parties are often allowed to question the expert's methods and analysis

Answer: D

NEW QUESTION 4

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 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 in 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

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 7

Which of the following scenarios is an example of the criminal sanction known as criminal forfeiture?

- A. As part of his sentence for embezzlement, a defendant is ordered to pay back his employer for the money he stole.
- B. As part of her sentence for bribery a defendant is ordered to transfer a car she received as a bribe to the government
- C. As part of her sentence for money laundering a defendant is sentenced to a three- to five-year term of incarceration
- D. As part of his sentence for tax evasion, a Defendant is ordered to pay a fine of \$10,000 to the government

Answer: B

NEW QUESTION 8

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 9

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 10

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 10

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 14

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 19

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

Answer: D

NEW QUESTION 21

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 22

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 26

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 employer's fraud
- D. None of the above

Answer: C

NEW QUESTION 27

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 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 33

Which of the following statements regarding the qualifications of expert witnesses in most inquisitorial jurisdictions is CORRECT?

- A. Certification in a specific field is always enough to qualify an expert
- B. An expert is not qualified to testify unless all parties to the litigation approve
- C. Experts are generally prohibited from serving as expert witnesses in multiple cases
- D. The qualification of an expert is generally based on standardized requirements

Answer: D

NEW QUESTION 36

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 40

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 43

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 45

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 50

In common law jurisdictions, failing to suspend routine destruction of electronic data can result in sanctions for failure to preserve relevant evidence.

- A. True
- B. False

Answer: B

NEW QUESTION 55

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 59

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 62

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 66

Bob receives a memorandum from his attorney that is protected by a legal professional privilege. Bob emails the memorandum to a third party who has no need to know the information in the memorandum. Which of the following statements is MOST ACCURATE?

- A. Bob did not waive the privilege because the legal professional privilege belongs to the attorney, not the client.
- B. Bob might have waived the privilege because he transmitted the protected information to a third party who has no need to know the information.
- C. Bob might have waived the privilege because he used email to transmit the protected information.
- D. Bob did not waive the privilege because the legal professional privilege cannot be waived by transmitting protected information to a third party.

Answer: B

NEW QUESTION 68

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 70

Jackson believes he has a legal cause of action against Alice, who lives in a foreign country. The fact that Jackson is the plaintiff allows him to bring the lawsuit against Alice in any court in the country where he lives.

- A. True
- B. False

Answer: A

NEW QUESTION 71

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 73

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 77

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 82

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 86

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 87

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 89

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 91

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

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 100

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 Denise's rights by failing to obtain a search warrant before conducting the search.

- A. True
- B. False

Answer: A

NEW QUESTION 104

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 109

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 112

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 117

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 120

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 124

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