

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 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 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 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

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

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

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

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 10

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 12

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 17

Which of the following is NOT an element generally required to establish a claim alleging the common law avil wrong for intentional infliction of emotional distress?

- A. The defendant acted intentionally or recklessly
- B. The victim was an employee of the defendant
- C. The victim suffered distress as a result of the defendants conduct
- D. The defendant engaged in extreme and outrageous conduct

Answer: B

NEW QUESTION 20

A prosecutor died 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 21

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 plaintiffs 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 25

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 27

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 30

All of the following are methods of pretrial civil discovery commonly found in common law jurisdictions EXCEPT:

- A. Affidavits of documents or records
- B. Written examinations
- C. Injunctions
- D. Oral examinations

Answer: C

NEW QUESTION 31

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 36

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 38

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 39

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 44

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 48

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 51

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 52

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 57

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 59

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 62

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 65

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 68

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 73

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 78

Cory has been charged with tax evasion for filing a false tax return. As a defense, Cory claims that he made an honest mistake due to the tax law's complexity, and he did not intentionally submit an incorrect tax return If the court finds that his mistake was in good faith the most likely will NOT be found to have "willfully" engaged in fraudulent actions to avoid reporting or paying his taxes.

- A. True
- B. False

Answer: A

NEW QUESTION 81

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 exam MI mi
- C. Cross-examination
- D. Request for admission

Answer: B

NEW QUESTION 82

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 86

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 89

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 91

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