

# 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 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 4

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 5

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 6

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 7

The Financial Action Task Force (FATF) Recommendations state that a financial institution's customer due diligence (CDD) procedures should include continued monitoring of a customer's business relationships and transactions.

- A. True
- B. False

**Answer: A**

#### NEW QUESTION 8

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 9

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 10

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

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 12

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 jurisdictions
- 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 14

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

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. Allison 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. Allison cannot be fired for informing the government of her employer's fraud
- D. None of the above

**Answer:** C

#### NEW QUESTION 20

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 25**

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 28**

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 33**

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 38**

All of the following are common legal defenses for tax evasion EXCEPT:

- A. Mental illness of the taxpayer
- B. Death of the taxpayer
- C. The taxpayer's reliance on an attorney or accountant
- D. The actions were tax avoidance not tax evasion

**Answer:** B

**NEW QUESTION 43**

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 45**

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 48**

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 50

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 53

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 55

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 56

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 57

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 61

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 65

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 66**

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 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 m 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 73**

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 ethers
- 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 77**

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 80**

The requires that an employee act solely in the best interest of their employer, free of any serf-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 81**

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 legitmate 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 83**

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 85**

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 88**

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 90**

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 m a common enterprise
- D. An investment of money or other asset

**Answer:** B

**NEW QUESTION 93**

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