

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 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 3

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 4

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 5

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 6

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 7

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 8

Which of the following is NOT an element that must be proven to establish a perjury offense?

- A. The defendant made a false statement that was material
- B. The defendant made a false statement while under oath.
- C. The defendant made the statement with knowledge of its falsity
- D. The defendant made a false statement in a court of law.

Answer: D

NEW QUESTION 9

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 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 10

In a particular country's judicial process, the judge oversees the investigation of a case and 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 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

Which of the following is NOT an element generally required to establish a claim alleging the common law tort of 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 defendant's conduct
- D. The defendant engaged in extreme and outrageous conduct

Answer: B

NEW QUESTION 25

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 28

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 excerpt 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 30

Raj is an employee who works in a jurisdiction that prohibits unreasonable workplace searches and surveillance in areas or items where employees have a reasonable expectation of privacy. In which of the following is Raj MOST LIKELY to have a reasonable expectation of privacy?

- A. A backpack brought from home
- B. A filing cabinet in the office lobby
- C. A waste bin in the employee's office
- D. A company-issued tablet computer

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

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 37

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 41

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 43

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 45

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 47

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 52

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 57

Which of the following, if available, would help an organization recover losses from an instance of internal fraud?

- A. Privilege insurance
- B. Customer liability policy
- C. Fidelity insurance
- D. Deposition

Answer: C

NEW QUESTION 58

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 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 62

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 71

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 74

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 79

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 80

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 85

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 86

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 91

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 92

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 96

One of the purposes of securities regulation is to maintain market confidence.

- A. True
- B. False

Answer: A

NEW QUESTION 97

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 98

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 99

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 103

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 104

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 107

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