



**ACFE**

## **Exam Questions CFE-Law**

Certified Fraud Examiner (CFE) - Law

#### NEW QUESTION 1

In most civil law systems, which of the following parties typically serves as the fact finder in criminal proceedings?

- A. judge
- B. A jury
- C. A panel comprised of laypersons
- D. A panel of court-appointed attorneys

**Answer:** A

#### NEW QUESTION 2

Which of the following statements about the appeals process in cranial 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 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 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

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 m 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

Ethan a U S resident, is running a Ponzi scheme As part of the scheme, he uses the U S mail system to send promotional materials to potential victims in France If the US government decides to prosecute Ethan, which of the following would provide the MOST LIKELY basis for the charges?

- A. Mail fraud
- B. Wire fraud
- C. Insider trading fraud
- D. Communications fraud

**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

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

- A. True
- B. False

**Answer:** A

#### NEW QUESTION 9

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 m 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 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 Rachets 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 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 inquisitor 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 12

Company A sued Company B to recover damages tor 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 17

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 22

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 24

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

- A. The defendant made a false statement that was material

- B. The defendant made a false statement white 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 28

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 30

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 32

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 33

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 37

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 41

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 43

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 FCPA

- 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 48

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 51

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 56

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 58

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 61

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 66

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 68

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 69

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 73

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 78

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 81

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 83

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 85

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 88

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 89

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 90

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 91

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 95

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 97

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 100

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 103

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 106

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 108

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 113

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 118

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 123

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 125

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 126

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 127



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 131**

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