



# ACFE

## Exam Questions CFE-Law

Certified Fraud Examiner (CFE) - Law

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#### 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 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

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 4

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 5

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 restaurants 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 6

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 7

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 8

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 9

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 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 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 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

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

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 20

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 21

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 FCP
- 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 22

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 27

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 29

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 34

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 38

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 41

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 43

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 45

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 48

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 51

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 56

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 (CIPP)
- C. Establish a contract between the entities exchanging the information
- D. Obtain a warrant granting permission to transfer the data

**Answer:** C

#### NEW QUESTION 60

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 62

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 66

The requires that an employee act solely in the best interest of their employer, free of any self-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 69

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 74

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 76

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 81

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 84

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 87

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 89



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 93

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 94

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 96

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 97

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 98

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