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Certified Fraud Examiner - Investigation Exam

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Question: 1

Which of the following is NOT true with regard to tracing the disposition of loan proceeds?

- A. Tracing loan proceeds can reveal previous civil offenses committed by the subject
- B. Tracing loan proceeds can determine if the proceeds were deposited into hidden accounts
- C. Tracing loan proceeds can uncover previously unknown witnesses
- D. Tracing loan proceeds can determine if hidden accounts were used for loan payments.

Answer: A

Explanation:

From the 2014 International Fraud Examiners Manual, under the section related to tracing financial transactions, specifically tracing the disposition of loan proceeds, the following objectives of tracing activities are explicitly outlined:

“Tracing the disposition of loan proceeds can help fraud examiners:

Determine whether loan proceeds were deposited into hidden or unknown accounts

Determine whether loan proceeds were used to pay off other loans

Identify the involvement of previously unknown individuals (potential witnesses)

Determine whether payments were made from hidden accounts

Identify undisclosed related-party transactions”

There is no mention that tracing loan proceeds can uncover previous civil offenses committed by the subject. Civil offenses refer to non-criminal violations (e.g., breach of contract, torts), which tracing of financial transactions like loan proceeds is not directly designed to uncover.

This is not a recognized purpose of tracing as taught in the CFE Investigation section. The core objectives revolve around uncovering hidden assets, hidden accounts, payments, and potential witnesses — not prior legal infractions.

Therefore, the correct answer is A, as it is the only option that is NOT true according to official CFE investigation materials.

Question: 2

If you are seizing a computer for forensic analysis, why is it generally necessary to seize any copiers connected to it?

- A. Many copiers connect via parallel cables, which store and transmit copy job data.
- B. Most copiers store, process, and transmit data in a cloud environment
- C. Many copiers have internal hard drives that might contain information relevant to a fraud examination
- D. Most copiers today are nonimpact copiers, meaning that they store copied images indefinitely.

Answer: C

Explanation:

The 2014 International Fraud Examiners Manual and CFE Prep - Investigations explicitly state: "Like some printers, copiers and other multifunction machines might have internal storage devices that store relevant data. In fact, almost every copier built since 2002 has a hard drive that stores images of documents the machines have copied, scanned, or emailed. Some copiers store user access records and a history of copies made. ... when seizing a computer for forensic analysis, it is generally necessary to seize any copiers and scanners connected to it." Thus, the correct answer is C.

Question: 3

Which of the following can be obtained from a wire transfer record?

- A. The name of the receiving institution's registered agent
- B. The recipient's government identification number
- C. The name of the sender or originator
- D. The sending institution's accreditation type

Answer: C

Explanation:

The 2014 International Fraud Examiners Manual states:

"The information contained on a wire transfer generally will include the following items:

- The amount of the transfer
- The date of the transfer
- The name of the sender or originator
- The routing number of the originating bank or financial institution."

Therefore, the correct answer is C.

Question: 4

Jackson, a digital forensic examiner for a government agency, is conducting a criminal investigation into the alleged embezzlement of funds from the government's Welfare Department (WD). Ginny, a WD employee, is the prime suspect. Jackson obtains a court order authorizing him to seize Ginny's personal computer for forensic examination. Which of the following is the MOST ACCURATE statement?

- A. If Ginny's computer is running, Jackson should perform a graceful shutdown by turning it off using the normal shutdown process
- B. If Ginny's computer is off and Jackson needs evidence that exists only in the form of volatile data, he should turn the computer on and retrieve data directly via the computer's normal interface.

- C. If Ginny's computer is off. Jackson should not turn it on unless he plans to use an encryption device that can guarantee that the system's hard drive will not be accessed during startup.
- D. If Ginny's computer is running. Jackson may retrieve data from the computer directly via its normal interface if the evidence that he needs exists only in the form of volatile data

Answer: D

Explanation:

The 2014 International Fraud Examiners Manual explains:

“Often, the most important evidence exists only in the form of volatile data (e.g., RAM)... If the evidence that a formally trained computer investigator needs to collect exists only in the form of volatile data stored in volatile computer memory such as RAM, and the data is expected to disappear when the computer is shut down, he should collect the data live from the suspect computer.”

Also,

“If the computer is off, leave it off... Booting up a system can alter its files... Accordingly, turning a system on could damage and taint any evidence.”

Thus, the most accurate statement is D — live data collection may be performed directly if volatile data is required.

Question: 5

Which of the following terms refers to a process of resolving allegations of fraud from inception to disposition?

- A. Forensic methodology
- B. Fraud theory
- C. Fraud assessment
- D. Fraud examination

Answer: D

Explanation:

The 2014 International Fraud Examiners Manual defines:

“Fraud examination is a methodology of resolving signs or allegations of fraud from inception to disposition. The fraud examination methodology establishes a uniform, legal process for resolving signs or allegations of fraud on a timely basis.”

Similarly, CFE Prep – Investigations confirms:

“The term fraud examination refers to a process of resolving allegations of fraud from inception to disposition, and it is the primary function of the anti-fraud professional.”

Thus, the correct answer is D.

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