

## CFE-Financial-Transactions-and-Fraud-Schemes Dumps

### Certified Fraud Examiner - Financial Transactions and Fraud Schemes Exam

<https://www.certleader.com/CFE-Financial-Transactions-and-Fraud-Schemes-dumps.html>



**NEW QUESTION 1**

Bank cut-off statements should be requested for 10-15 days after the closing date of the balance sheet.

- A. True
- B. False

**Answer:** A

**NEW QUESTION 2**

False billing scheme states that:

- A. employees do not cause their company to purchase merchandise that the company does not need.
- B. employees cause their company to sale merchandise that the company does not need.
- C. employees do not cause their company to sale merchandise that the company does not need.
- D. employees cause their company to purchase merchandise that the company does not need

**Answer:** D

**NEW QUESTION 3**

The principle behind full disclosure is:

- A. Any material deviation from GAAP must be explained to the reader of the financial information.
- B. Any material deviation from SAS must be explained to the writer oh the financial information.
- C. Any material deviation from GAAP must be explained to writer of the financial information.
- D. None of above

**Answer:** A

**NEW QUESTION 4**

The fraudsters?? interest lies with an employer other than a company.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 5**

The most common method for billing scheme is:

- A. Register
- B. Tips
- C. Accident
- D. None of the above

**Answer:** B

**NEW QUESTION 6**

Bid-rigging scheme occurs when:

- A. an employee fraudulently assists a vendor in winning a contract through the competitive bidding process.
- B. an employee does not assist a vendor in winning a contract through the competitive bidding process.
- C. an employee once assists a vendor in winning a contract through a single competitive bidding process.
- D. an employee once assists a vendor in winning a contract through a single competitive bidding process.

**Answer:** A

**NEW QUESTION 7**

The most basic skimming scheme occurs when:

- A. An employee sells goods or services to a customer, collects the customer??s payment, but makes no record of the sale.
- B. An employee buy goods or services from a customer, drop the customer??s payment, but makes no record of the purchase.
- C. An employee sells goods or services to a stakeholder, collects the stakeholder??s payment and makes record of the sale too.
- D. An employee buy goods or services from a stakeholder, drop the stakeholder??s payment and makes record of the purchase too.

**Answer:** A

**NEW QUESTION 8**

Larceny by Fraud or deception means that:

- A. Creates or reinforce a false impression
- B. Fails to correct a false impression
- C. Fails to disclose a known lien, adverse claim or other legal impediment
- D. All of the above

**Answer:** D

**NEW QUESTION 9**

The most common method of detection in corruption cases is:

- A. Internal audits
- B. Internal controls
- C. Tips
- D. By accident

**Answer:** C

**NEW QUESTION 10**

Most of the shell company schemes involve the purchase of goods rather than services.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 10**

A tangible asset is one which is:

- A. capable of being perceived
- B. capable of being appraised
- C. Both A & B
- D. Neither A nor B

**Answer:** C

**NEW QUESTION 13**

A variation between the physical inventory and the perpetual inventory totals is called:

- A. Altered inventory
- B. Account receivable
- C. Shrinkage
- D. Write-offs

**Answer:** C

**NEW QUESTION 15**

Which of the following is NOT the type of billing scheme?

- A. Invoicing via shell companies
- B. Invoicing via non-accomplice companies
- C. Invoicing via accomplice companies
- D. Personal purchases with company funds

**Answer:** C

**NEW QUESTION 16**

According to fraud tree, cash has three following schemes:

- A. Skimming, cash larceny and fraudulent disbursements
- B. Fraud analysis, skimming and cash misappropriations
- C. Cash larceny, cash distribution and fraudulent disbursements
- D. Cash distribution, skimming and fraud analysis

**Answer:** A

**NEW QUESTION 18**

A fabricated name and the post office box that an employee uses to collect disbursements from false billings is called:

- A. Accomplice residence
- B. Shell company
- C. Perpetrator check
- D. Cash generator

**Answer:** B

**NEW QUESTION 21**

One reason employees might be hesitant to use PO boxes in shell company schemes is that some businesses are specially vary of sending checks to vendors that have street addresses only.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 22**

Depreciation is especially applicable when companies try to overvalue their assets and net worth; the lower their depreciation expense, the higher the company's profits.

- A. True
- B. False

**Answer:** A

**NEW QUESTION 27**

According to Marshall, \_\_\_\_\_ are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events.

- A. Assets
- B. Liabilities
- C. Credentials
- D. None of above

**Answer:** A

**NEW QUESTION 31**

Perceived certainty of detection is directly related to employee theft for respondents in all industry sectors, that is the stronger the perception that theft would be detected, the more the likelihood that the employee would engage in deviant behavior.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 36**

A special scheme in which employees know their employer is seeking to purchase a certain asset and take advantage of the situation by purchasing the asset themselves is:

- A. Conflict of interest in sale
- B. Turnaround sale or flip
- C. Unauthorized sale
- D. Written sale of unique assets

**Answer:** B

**NEW QUESTION 41**

\_\_\_\_\_ revenues involve the recording sales of goods or services that did not occur.

- A. Fictitious or fabricated revenues
- B. Financial revenues
- C. Red flag revenues
- D. Concealed revenues

**Answer:** A

**NEW QUESTION 45**

A shell company scheme in which actual goods or services are sold to the victim company is known as:

- A. Maintenance scheme
- B. Allocation scheme
- C. Distribution scheme
- D. Pass-through scheme

**Answer:** D

**NEW QUESTION 46**

Bank statements are diligently reviewed to ensure that amounts and signatures have not been altered, is an activity for:

- A. Account analysis
- B. Bank reconciliation
- C. Check disbursement controls
- D. Check tampering

**Answer:** C

**NEW QUESTION 50**

\_\_\_\_\_ normally are carried on an organization's books as expenses because they tend to be consumed by the organization within a year of purchase.

- A. Supplies
- B. Expenses
- C. Assets
- D. Equity

**Answer:** A

**NEW QUESTION 54**

A \_\_\_\_\_ can be very costly for an organization to undertake, both in terms of money and time spent.

- A. Mastered
- B. Not Mastered

**Answer:** A

**Explanation:**

Civil lawsuit

**NEW QUESTION 58**

The forms that allow noncash assets to be moved from one location in a company to another can be used to facilitate the misappropriation of those assets are called:

- A. Inventory usages
- B. Fake sales
- C. Asset requisition
- D. All of the above

**Answer:** C

**NEW QUESTION 62**

Collusion or bid-rigging between bidders is called

- A. Bribery receipt
- B. Bid solicitation
- C. To withdraw low bids
- D. Contract acceptance

**Answer:** D

**NEW QUESTION 65**

The scheme which reduces victim companies to issue fraudulent payments for goods or services that they have not received is called:

- A. Bogus claims
- B. Billing scheme
- C. Reliance billing
- D. Misappropriate claims

**Answer:** A

**NEW QUESTION 69**

The heart of book keeping system is the \_\_\_\_\_.

- A. Asset
- B. Liability
- C. Checkbook
- D. Journal

**Answer:** C

**NEW QUESTION 71**

Asset misappropriation schemes were the "middle children" of the study; they were more common than fraudulent statements and more costly than corruption.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 73**

Which of the following must be present for a fraud to exist?

- A. A material false statement
- B. Knowledge that the statement was false when it was uttered

- C. Reliance on the fast statement by the victim
- D. All of the above

**Answer:** D

**NEW QUESTION 78**

Which of the following are not of Basic types of non-sharable problems?

- A. Violation of ascribed obligations
- B. Business reversals
- C. Physical Isolation
- D. Larceny by Fraud

**Answer:** D

**NEW QUESTION 83**

Multiple cashiers operate from a single cash drawer without separate access codes is a red flag for:

- A. Fraudulent scheme
- B. Disbursement scheme
- C. Register scheme
- D. Force inventory scheme

**Answer:** C

**NEW QUESTION 84**

Physical tampering prevention is a check tampering technique that is used to secure bankassisted controls.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 89**

The behavior profile of employees who are involved in bribery schemes may include:

- A. Gambling habit
- B. Extravagant lifestyle
- C. Drug and/or alcohol addiction
- D. All of the above

**Answer:** D

**NEW QUESTION 90**

A technique by which checks are numbered using a new technique that is revealed by a colored highlighter pen or by a bright light held behind the check is called:

- A. Microline numbering
- B. Holographic safety border
- C. Embossed pearlescent numbering
- D. None of the above

**Answer:** B

**NEW QUESTION 95**

The seller's price to the buyer is not fixed or determinable when:

- A. When the price is not contingent on some future events
- B. The transaction includes an option to exchange the product for others.
- C. A service or membership fee is not subject predictable cancellation during the contract period.
- D. Payment terms are not extended for a substantial period.

**Answer:** B

**NEW QUESTION 97**

Conflict of interest cases are more easily prevented than detected.

- A. True
- B. False

**Answer:** A

**NEW QUESTION 99**

According to accounting principles, \_\_\_\_\_ and \_\_\_\_\_ should be recorded or atched in the same accounting period; failing to do so violates the matching principle of AAP.

- A. Revenue and corresponding expenses
- B. Revenue and Income statement
- C. Income statement and Long-term contracts
- D. Capitalized expenses and Liabilities

**Answer:** A

**NEW QUESTION 100**

The \_\_\_\_\_ cost method of pricing would carry an asset's value on the financial statements as what it would currently cost, considering inflation.

- A. Mastered
- B. Not Mastered

**Answer:** A

**Explanation:**

Price-level adjusted historical cost

**NEW QUESTION 103**

Maintain the presence of a manager or supervisor near the area of the cash register as a deterrent to theft is a prevention for:

- A. Fraudulent statement scheme
- B. Asset misappropriation scheme
- C. Larceny scheme
- D. Register disbursement scheme

**Answer:** D

**NEW QUESTION 105**

What is sometimes used to overcome well-designed internal controls of a victim company?

- A. Shell company
- B. Fraudulent invoices
- C. Collusion
- D. Rubber stamp supervisors

**Answer:** C

**NEW QUESTION 110**

Employees with the authority to grant discounts in order to skim revenues may use which authority?

- A. False discounts
- B. Recording a discount on sale procedure
- C. Internal discount sales audits
- D. None of the above

**Answer:** A

**NEW QUESTION 115**

\_\_\_\_\_ is a summary of the account balances carried in a ledger.

- A. Balance sheet
- B. Income statement
- C. Financial statement
- D. General journal

**Answer:** C

**NEW QUESTION 119**

One reason employees might be hesitant to use PO boxes in shell company schemes is that some businesses are specially vary of sending checks to vendors that have street addresses only.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 120**

Revenue is recognized when it is:

- A. Realized and Earned
- B. Fictitious and Earned
- C. Realized and Evidenced
- D. All of the above

**Answer:** A

**NEW QUESTION 123**

Which counts sometimes can give rise to inventory theft detection?

- A. Perpetual inventory counts
- B. Physical inventory counts
- C. Concealment inventory counts
- D. None of the above

**Answer:** B

**NEW QUESTION 128**

Asset misappropriations have an effect on the liabilities and do also have an indirect effect on the equity account.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 133**

When a victim company purchases unnecessary goods or services from a supplier at the direction of the corrupt employee, this results in:

- A. Presolicitation scheme
- B. Need recognition scheme
- C. False sole-source scheme
- D. Submission scheme

**Answer:** B

**NEW QUESTION 138**

Skimming is:

- A. The removal of cash from a victim entity prior to its entry in an accounting system.
- B. The addition of cash from a victim entity prior to its entry in an accounting system.
- C. The removal of cash from a victim entity after its entry in an accounting system.
- D. None of above

**Answer:** A

**NEW QUESTION 142**

Physical assets including \_\_\_\_\_ and \_\_\_\_\_ are the most commonly misappropriated noncash asset in our study.

- A. Interest & Collusion
- B. Inventory & Equipment
- C. Inventory & Purchase
- D. Sales & Equipment

**Answer:** B

**NEW QUESTION 146**

\_\_\_\_\_ are the amounts which are owned to other entities:

- A. Supplies
- B. Expenses
- C. Assets
- D. Liabilities

**Answer:** D

**NEW QUESTION 149**

People commit financial statement fraud to:

- A. Conceal false business performances
- B. Preserve personal status/control
- C. Maintain personal income
- D. Stand outside the accounting system

**Answer:** B

**NEW QUESTION 150**

\_\_\_\_\_ should be examined to see that all are properly documented and that inappropriate payments have not been made to employees.

- A. Payable cash

- B. Cash advances
- C. counterfeit checks
- D. Payable checks

**Answer:** B

**NEW QUESTION 155**

When situational pressures and perceived opportunities are low and personal integrity is high, occupational fraud is much more likely to occur than when the opposite is true.

- A. True
- B. False

**Answer:** B

**NEW QUESTION 157**

Assets that are long-lived and that differ from property, plant and equipment that has been purchased outright or acquired under a capital lease are:

- A. Tangible Assets
- B. Intangible Assets
- C. Forced Assets
- D. None of above

**Answer:** B

**NEW QUESTION 158**

The most common method for billing scheme is:

- A. Register
- B. Tips
- C. Accident
- D. None of the above

**Answer:** B

**NEW QUESTION 163**

The difference between assets and liabilities is called:

- A. Equity
- B. Expense
- C. Revenue
- D. Income statement

**Answer:** A

**NEW QUESTION 168**

When employees avoid detection in a refund scheme to keep the sizes of the disbursement low, is referred to:

- A. Small disbursements
- B. Very small disbursements
- C. Simple disbursements
- D. None of the above

**Answer:** A

**NEW QUESTION 173**

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