

ACFE CERTIFIED FRAUD EXAMINER (CFE) INVESTIGATIONS PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Bob calls Jim's parents to obtain his address under false pretenses. Is this act illegal pretexting?**
 - A. True
 - B. False
 - C. Only if it leads to criminal charges
 - D. Only if parents report it

- 2. Which term refers to an individual's need for the esteem of others?**
 - A. Altruism
 - B. Catharsis
 - C. Recognition
 - D. None of the above

- 3. What is meant by "fraudulent conveyance"?**
 - A. The transferring of ownership of tangible property
 - B. The transfer of assets to hinder, delay, or defraud creditors
 - C. The sale of a business to a third party
 - D. The leasing of assets for financial gain

- 4. Which of the following best describes financial fraud?**
 - A. Mismanagement of company resources
 - B. Manipulation of information to gain an unfair advantage
 - C. Disputes between employees over compensation
 - D. Inconsistent application of policies and procedures

- 5. What is the primary purpose of an investigation in fraud examination?**
 - A. To gather evidence for legal proceedings
 - B. To determine whether fraud has occurred
 - C. To analyze financial transactions
 - D. To assess company policies

- 6. Which statement about computer forensic recovery is MOST ACCURATE?**
 - A. Deleted files that have been overwritten usually cannot be recovered
 - B. Hidden files can never be recovered
 - C. Data that is corrupted cannot be uncorrupted
 - D. Communications sent via chat cannot be recovered

- 7. Which data analysis tool is especially effective in identifying indirect relationships?**
- A. Link analysis
 - B. Geospatial analysis
 - C. Tree maps
 - D. Word maps
- 8. What can be a consequence of failing to report suspected fraud?**
- A. Increased employee morale
 - B. No impact on company performance
 - C. Legal repercussions and financial losses
 - D. Enhanced team collaboration
- 9. In fraud investigations, why is confidentiality important?**
- A. To protect the identities of employees
 - B. To comply with legal standards
 - C. To maintain the integrity of the investigation
 - D. All of the above
- 10. What type of questions in interviews makes it hard for the respondent to say "yes" or "no"?**
- A. Monologue
 - B. Complex
 - C. Open
 - D. None of the above

Answers

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1. B
2. C
3. B
4. B
5. B
6. A
7. A
8. C
9. D
10. C

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Explanations

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1. Bob calls Jim's parents to obtain his address under false pretenses. Is this act illegal pretexting?

- A. True
- B. False**
- C. Only if it leads to criminal charges
- D. Only if parents report it

The assertion that Bob's act of calling Jim's parents to obtain his address under false pretenses is not illegal pretexting is correct. Pretexting, in the context of fraud examination, refers to the act of obtaining information under false pretenses or by impersonating someone else. However, the legalities surrounding pretexting can vary based on jurisdiction and specific circumstances. In many places, it's crucial to determine whether the act was conducted with malicious intent or if it violated specific laws concerning privacy or communication. Just because someone uses a false pretext does not automatically render their action illegal—it must also breach applicable statutes or regulations concerning privacy. Thus, stating that the act is not illegal under all conditions is correct because not every instance of pretexting leads to legal consequences unless established by a violation of particular laws or statutes. Legal interpretations can vary, so the determination of legality might depend significantly on context and the intent behind the act, as well as whether there are any established laws in that jurisdiction that have been violated.

2. Which term refers to an individual's need for the esteem of others?

- A. Altruism
- B. Catharsis
- C. Recognition**
- D. None of the above

Recognition refers to an individual's need for esteem from others, reflecting their desire to be acknowledged and valued within social contexts. This concept is often linked to self-esteem and self-worth, highlighting the importance of social validation and feedback. Individuals who seek recognition tend to be motivated by the approval and appreciation of their actions and achievements by peers, colleagues, or society. Options like altruism involve selfless concern for the well-being of others, while catharsis refers to the emotional release that can come from expressing feelings. These terms do not pertain directly to the need for esteem from others, which is specifically captured by the term recognition. Therefore, recognition is the most appropriate term to describe this need for social acknowledgment and validation.

3. What is meant by "fraudulent conveyance"?

- A. The transferring of ownership of tangible property
- B. The transfer of assets to hinder, delay, or defraud creditors**
- C. The sale of a business to a third party
- D. The leasing of assets for financial gain

The term "fraudulent conveyance" refers specifically to the transfer of assets intended to hinder, delay, or defraud creditors. This typically occurs when individuals or entities facing financial difficulties transfer their property to others to evade obligations or debts. Such transfers are scrutinized under law because they can undermine the ability of creditors to collect what is owed to them. In this context, this form of asset transfer can be seen as a deceptive practice, as it diverts resources away from legitimate claims and can create a false sense of financial stability for the debtor while they are in fact attempting to shield their assets from creditors. Laws against fraudulent conveyance exist to protect the rights of creditors and ensure fair treatment in financial dealings. Other options do not accurately capture the essence of fraudulent conveyance. The transferring of ownership of tangible property can occur for a variety of legitimate reasons that do not necessarily involve deceit. Selling a business to a third party and leasing assets for financial gain may also involve lawful transactions that do not have the element of fraud intended to deceive creditors. Thus, the correct understanding of fraudulent conveyance lies in its focus on the intent behind the transfer of assets.

4. Which of the following best describes financial fraud?

- A. Mismanagement of company resources
- B. Manipulation of information to gain an unfair advantage**
- C. Disputes between employees over compensation
- D. Inconsistent application of policies and procedures

Financial fraud is best described as the manipulation of information to gain an unfair advantage. This definition encompasses the various methods employed by individuals or entities to deceive others, particularly in the context of financial transactions or reporting. Such manipulation can involve misrepresenting financial statements, inflating revenues, or hiding debts, all of which are intended to mislead stakeholders like investors, creditors, and regulators for personal gain. In this context, this answer captures the essence of financial fraud which focuses on deception aimed at benefiting the perpetrator financially, rather than simply mismanagement or interpersonal disputes. While there can be elements of mismanagement or inconsistent application of policies within a company, those do not specifically constitute fraudulent activities. Disputes between employees also relate more to operational issues rather than the financial deception that defines financial fraud. Therefore, the correct choice highlights the core aspect of financial fraud: the deliberate manipulation of information for unfair advantage.

5. What is the primary purpose of an investigation in fraud examination?

- A. To gather evidence for legal proceedings
- B. To determine whether fraud has occurred**
- C. To analyze financial transactions
- D. To assess company policies

The primary purpose of an investigation in fraud examination is to determine whether fraud has occurred. This involves systematically analyzing various elements and indicators that suggest fraudulent activity within an organization. Fraud examination seeks to gather information and evidence that will help clarify the presence or absence of fraud, including fraudulent intent, mechanisms, and impacts. While gathering evidence for legal proceedings, analyzing financial transactions, and assessing company policies are important aspects of a comprehensive investigation, they are often components that support the main goal of identifying fraud. The ultimate objective revolves around establishing whether fraudulent actions have taken place, which will inform subsequent actions, including legal measures, policy revisions, or remedial steps to mitigate future risks. Understanding this core purpose is essential for professionals in the field, as it shapes the direction of the investigative process and the methodologies employed.

6. Which statement about computer forensic recovery is MOST ACCURATE?

- A. Deleted files that have been overwritten usually cannot be recovered**
- B. Hidden files can never be recovered
- C. Data that is corrupted cannot be uncorrupted
- D. Communications sent via chat cannot be recovered

The statement regarding recovered deleted files being unable to be retrieved once they have been overwritten is the most accurate. In computer forensics, when a file is deleted, the space it occupied on the hard drive is marked as available for new data. If new data is then written to that space, it can overwrite the original file, making its recovery virtually impossible. This principle is key in forensic investigations as it highlights the importance of acting quickly to preserve data before it can be overwritten, which may occur frequently during standard computer usage. The other statements do not take into account the nuances of computer forensics. For instance, while it's often challenging, hidden files can usually be recovered using appropriate forensic tools or techniques. Similarly, depending on the extent of corruption and the methods used, some forms of corrupted data might be recovered; there are specialized tools designed for data recovery that can sometimes retrieve it. Finally, chat communications can often be recovered from various sources, including server logs, archives, or local device storage, depending on the circumstances surrounding the communication and whether proper forensic investigation techniques are applied.

7. Which data analysis tool is especially effective in identifying indirect relationships?

- A. Link analysis**
- B. Geospatial analysis
- C. Tree maps
- D. Word maps

Link analysis is particularly effective in identifying indirect relationships because it visualizes the connections and interactions between entities within a dataset. By employing nodes to represent entities (such as individuals or organizations) and links to show relationships or transactions between them, link analysis allows investigators to see not only direct relationships but also how these entities are connected through intermediaries or chains of connections. This method can uncover hidden patterns and associations that may not be immediately obvious, making it a powerful tool in fraud investigations. For example, it can show how individuals are connected through previous transactions or shared associations, helping to identify potential fraud schemes that involve several parties and indirect relationships that could otherwise go unnoticed. Other data analysis tools, while useful, do not focus on the detection of indirect relationships in the same way. Geospatial analysis typically examines data based on geographic locations, tree maps visually represent hierarchical data, and word maps emphasize text data and frequency, none of which are primarily designed to reveal complex indirect relationships among diverse entities.

8. What can be a consequence of failing to report suspected fraud?

- A. Increased employee morale
- B. No impact on company performance
- C. Legal repercussions and financial losses**
- D. Enhanced team collaboration

Failing to report suspected fraud can lead to significant legal repercussions and financial losses for an organization. When fraud goes unreported, it not only allows the fraudulent activity to continue but can also result in further financial damage, as the initial loss may compound over time. Legal repercussions might arise from regulatory violations or damages stemming from failure to protect stakeholders or comply with the law, potentially leading to lawsuits or penalties. Additionally, the financial losses may impact profitability, damage reputation, and erode trust among employees and clients. The other options do not accurately reflect the serious nature of the consequences stemming from a lack of reporting. For example, increased employee morale, no impact on company performance, and enhanced team collaboration generally imply positive outcomes, which are unlikely scenarios in the context of ignoring fraud. When fraud is suspected but not reported, it can create an environment of distrust, lower morale, and hinder collaboration, as employees may feel insecure or question the integrity of the organization.

9. In fraud investigations, why is confidentiality important?

- A. To protect the identities of employees
- B. To comply with legal standards
- C. To maintain the integrity of the investigation

D. All of the above

Confidentiality is crucial in fraud investigations for several interconnected reasons, all of which are encompassed in the correct choice. Protecting the identities of employees is fundamental to ensuring that individuals feel safe when providing information or evidence. Whistleblowers or witnesses may hesitate to come forward if they fear retaliation or exposure, which can significantly hinder the investigation. By maintaining confidentiality, the investigation fosters an environment where employees can speak freely, leading to more comprehensive discovery of fraudulent actions. Moreover, complying with legal standards is a critical component of conducting investigations. Many laws and regulations protect certain information and the rights of individuals involved in legal matters. Upholding confidentiality helps organizations adhere to these legal requirements, which not only shields the organization from potential legal repercussions but also helps maintain public trust. Finally, maintaining the integrity of the investigation itself is pivotal. A breach of confidentiality can lead to the contamination of evidence, witness influence, or even the undue influence of public opinion. The trust in the investigation process must be preserved to ensure that findings are credible and defensible. Keeping details confidential helps to ensure that the investigation proceeds without interference and that the conclusions drawn are based on facts rather than external pressures. In conclusion, confidentiality in fraud investigations is essential to protect individuals, comply with laws,

10. What type of questions in interviews makes it hard for the respondent to say "yes" or "no"?

- A. Monologue
- B. Complex

C. Open

D. None of the above

Open questions are those that allow respondents to elaborate on their answers and express their thoughts in greater detail. By design, open questions require more than a simple "yes" or "no" response, encouraging the interviewee to share information and insights that may not be uncovered through closed questions, which often limit responses to binary answers. This type of questioning is particularly useful in investigations, as it enables the interviewer to gather comprehensive information, explore the respondent's reasoning, and gain a deeper understanding of their perspective or experience. Using open questions fosters a conversational atmosphere, making it easier for the respondent to provide more context and engage in dialogue, which can uncover critical information relevant to the investigation. In contrast, monologue questions would typically involve the interviewer speaking at length without soliciting much input, and complex questions may overwhelm the respondent or confuse them, potentially leading to unclear or less informative responses. Thus, open questions stand out as a highly effective tool in investigative interviewing.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://acfecfeinvestigations.examzify.com>

We wish you the very best on your exam journey. You've got this!

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