

# Coach CFE Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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. Which of the following is an example of a way in which an electronic funds transfer (EFT) fraud scheme can be committed?**
  - A. An employee of a person-to-person (P2P) provider misappropriates a customer's account and password information**
  - B. A hacker obtains consumer account and password information to direct funds from consumers' accounts**
  - C. A person who has stolen information about another person's bank account instructs a biller to obtain payment from that account**
  - D. All of the above**
  
- 2. In credit repair scams, the fraudster promises to erase or doctor an applicant's credit history, but there is no way to erase bad credit.**
  - A. False**
  - B. True**
  - C. It is illegal to erase credit in all cases**
  - D. There are legitimate methods to erase bad credit**
  
- 3. An official received an all-expenses-paid trip after a land development deal was approved. What term best describes this conduct?**
  - A. Need recognition**
  - B. Illegal gratuity**
  - C. Economic extortion**
  - D. Collusion**
  
- 4. Notes payable, current assets, retained earnings, and accumulated depreciation are found on which financial statement?**
  - A. Balance Sheet**
  - B. Income Statement**
  - C. Statement of Changes in Owners' Equity**
  - D. Statement of Cash Flows**

- 5. Which statement about P2P payment systems is accurate?**
- A. They are limited to domestic use.**
  - B. They do not support currency exchange.**
  - C. They enable online payments and international transfers with competitive exchange rates.**
  - D. They require a bank account.**
- 6. In a fictitious void scheme, what is the primary fraud objective?**
- A. Create fictitious refunds**
  - B. Hide skimming by making disbursements appear legitimate**
  - C. Increase refunds to customers**
  - D. Falsify sales**
- 7. Which of the following is a common avenue through which proprietary company information is compromised?**
- A. Publications**
  - B. Speeches by executives**
  - C. Company website**
  - D. All of the above**
- 8. Which statement best describes the audit-trail difference between skimming and cash larceny?**
- A. Skimming leaves an audit trail; cash larceny does not**
  - B. Skimming leaves no audit trail; cash larceny leaves an audit trail**
  - C. Both leave audit trails**
  - D. Neither leaves an audit trail**
- 9. In Acme Widgets' conflict of interest scenario, which statement is MOST accurate regarding the chances of success in a lawsuit?**
- A. Acme's chances are good because it is clear that Bruce had a conflict of interest.**
  - B. Acme's chances are poor because the company was aware of the situation.**
  - C. Acme's chances depend on whether Bruce received favors.**
  - D. Acme's chances are good since the purchases were reviewed by a senior manager.**

**10. Which statement correctly describes positive pay for ACH?**

- A. The bank verifies ACH payments against a list of legitimate and expected payments provided by the account holder.**
- B. It blocks all ACH debits from the account.**
- C. It notifies the account holder after every ACH payment is processed.**
- D. It filters outgoing ACH payments based on a set of criteria.**

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## Answers

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

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## **Explanations**

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**1. Which of the following is an example of a way in which an electronic funds transfer (EFT) fraud scheme can be committed?**

- A. An employee of a person-to-person (P2P) provider misappropriates a customer's account and password information**
- B. A hacker obtains consumer account and password information to direct funds from consumers' accounts**
- C. A person who has stolen information about another person's bank account instructs a biller to obtain payment from that account**

**D. All of the above**

EFT fraud can occur through multiple attack paths that exploit electronic payment channels. In one scenario, an insider at a P2P service misuses a customer's account and password information, showing how credential theft or abuse from within a trusted system can enable unauthorized transfers. In another, a hacker steals consumer account credentials to direct funds from those accounts, which is the classic external cybercrime of unauthorized transfers. In the third, someone who has stolen another person's bank account details uses a biller to obtain payment from that account, illustrating fraudulent instruction to a payment processor to pull funds. Each scenario demonstrates a real method by which electronic funds transfers can be fraudulently initiated, so a choice that includes all of them best reflects the range of EFT fraud methods.

**2. In credit repair scams, the fraudster promises to erase or doctor an applicant's credit history, but there is no way to erase bad credit.**

**A. False**

**B. True**

**C. It is illegal to erase credit in all cases**

**D. There are legitimate methods to erase bad credit**

When you look at credit history, it records actual past borrowing and how it was repaid. For legitimate items, there isn't a process to erase bad credit. In scams, the promise to wipe or doctor a report sounds enticing but is false and illegal; only items that are inaccurate can be removed through disputes, and accurate negative information generally stays for years and then ages off. You can improve your credit over time by paying on time, reducing debt, and building positive history, but you can't simply erase a legitimate bad credit record. That's why the statement is true.

**3. An official received an all-expenses-paid trip after a land development deal was approved. What term best describes this conduct?**

- A. Need recognition**
- B. Illegal gratuity**
- C. Economic extortion**
- D. Collusion**

Accepting a thing of value as a reward for an official act that has already occurred is illegal gratuity. Here, the official got an all-expenses-paid trip after approving the land development deal, which serves as a reward for a decision that was just made. The key point is that the benefit is given after the act in exchange for that act being completed, not to influence it beforehand. That timing and purpose align with illegal gratuity. It isn't economic extortion, which involves threats to obtain something, nor collusion, which is a secret agreement to commit wrongdoing. The option about need recognition isn't a standard fit for this scenario.

**4. Notes payable, current assets, retained earnings, and accumulated depreciation are found on which financial statement?**

- A. Balance Sheet**
- B. Income Statement**
- C. Statement of Changes in Owners' Equity**
- D. Statement of Cash Flows**

The balance sheet is a snapshot of a company's financial position at a specific moment, showing assets, liabilities, and equity. Current assets belong on the asset side, notes payable is a liability, and retained earnings is part of shareholders' equity. Accumulated depreciation is a contra-asset account that reduces the book value of long-term assets on the asset side. Because all of these items relate to the company's resources and obligations at a point in time, they appear on the balance sheet. The other statements don't fit these items as they're described. The income statement reports performance over a period (revenues and expenses) and would show depreciation expense, not accumulated depreciation. The statement of changes in owners' equity tracks changes in equity accounts over a period, not the asset and liability balances. The statement of cash flows focuses on cash movements.

5. Which statement about P2P payment systems is accurate?

- A. They are limited to domestic use.
- B. They do not support currency exchange.
- C. They enable online payments and international transfers with competitive exchange rates.**
- D. They require a bank account.

P2P platforms connect individuals to send money online, often across borders, by skipping traditional intermediaries. They typically enable online payments and international transfers, and many offer currency conversion at rates that are competitive with or better than traditional banks. That combination—easy online payments plus cross-border transfers with favorable exchange rates—is what makes this statement true. It's worth noting that funding methods vary: some services require linking a bank account, while others can be funded by cards or wallet balances, so a bank account isn't universally required. Currency exchange is a common feature of P2P systems, contributing to lower overall costs for international transfers.

6. In a fictitious void scheme, what is the primary fraud objective?

- A. Create fictitious refunds
- B. Hide skimming by making disbursements appear legitimate**
- C. Increase refunds to customers
- D. Falsify sales

A fictitious void scheme centers on concealing cash skimming by making disbursements appear legitimate. The thief uses voids to remove a sale from the records and then processes a disbursement or refund that looks like a normal, legitimate transaction. By disguising the cash outflow as an ordinary refund or adjustment, the skim isn't readily detected in the books. The key objective is to hide the theft in plain sight, not to create or inflate refunds or sales. Other patterns would shift money for other purposes—such as issuing refunds that never occurred, boosting refunds to customers, or falsifying sales—yet none specifically target masking the cash skimming through voided transactions the way a fictitious void does.

7. Which of the following is a common avenue through which proprietary company information is compromised?

- A. Publications
- B. Speeches by executives
- C. Company website
- D. All of the above**

Proprietary information often leaks through public channels, so anything shared externally can become a vulnerability. Publications such as reports, white papers, or press materials can inadvertently reveal confidential details about products, customers, pricing, or strategies. When executives speak publicly, their remarks might disclose plans, timelines, or partnerships that weren't intended for broad audiences. Even the company website can expose sensitive information through pages, posts, or investor materials that expose capabilities or strategic directions. Because these channels are accessible to the outside world, they are all common avenues for information compromise. To reduce risk, implement strong disclosure controls, classify information properly, train leadership on what can be shared publicly, and ensure website governance and content review processes are in place.

8. Which statement best describes the audit-trail difference between skimming and cash larceny?

- A. Skimming leaves an audit trail; cash larceny does not
- B. Skimming leaves no audit trail; cash larceny leaves an audit trail**
- C. Both leave audit trails
- D. Neither leaves an audit trail

The key idea is how the theft timing affects what gets recorded and thus the audit trail. Skimming is theft of cash before it's recorded, so there's no entry in the books to show the cash was received. That means no audit trail for the stolen amount. Cash larceny, on the other hand, takes cash after it has already been recorded as a receipt, so the books show the receipt even though the cash is missing. The audit trail exists in the recorded transactions, even though the physical cash isn't there. So the statement that skimming leaves no audit trail while cash larceny leaves one best captures the difference.

**9. In Acme Widgets' conflict of interest scenario, which statement is MOST accurate regarding the chances of success in a lawsuit?**

- A. Acme's chances are good because it is clear that Bruce had a conflict of interest.**
- B. Acme's chances are poor because the company was aware of the situation.**
- C. Acme's chances depend on whether Bruce received favors.**
- D. Acme's chances are good since the purchases were reviewed by a senior manager.**

The main idea is that disclosed conflicts with proper governance can shield a company from liability. When a potential conflict of interest is acknowledged and steps are taken to manage it—such as making the conflict known and having a senior manager review related purchases—those actions support that the company acted with due care and in good faith. This strengthens a defense under the business judgment rule, making it harder for a plaintiff to prove a breach of fiduciary duty. In this scenario, Bruce's conflict was known and oversight existed, so Acme's chances of a successful lawsuit are reduced. The other options assume that mere existence of a conflict or lack of oversight automatically leads to liability, which isn't as strong given the documented awareness and review.

**10. Which statement correctly describes positive pay for ACH?**

- A. The bank verifies ACH payments against a list of legitimate and expected payments provided by the account holder.**
- B. It blocks all ACH debits from the account.**
- C. It notifies the account holder after every ACH payment is processed.**
- D. It filters outgoing ACH payments based on a set of criteria.**

Positive pay for ACH is a fraud-prevention measure where the bank checks each incoming ACH debit against a pre-approved list provided by the account holder. If the debit matches an item on the list, it's posted; if it doesn't, the item becomes an exception and may be blocked or require customer review. This is why stating that the bank verifies ACH payments against a list of legitimate and expected payments provided by the account holder is the best description. The other options describe actions that aren't how positive pay works: it doesn't block all debits by default, it isn't defined by notifying after every payment, and it isn't about filtering outgoing payments.

## 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](mailto:hello@examzify.com).**

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

**<https://coachcfe.examzify.com>**

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

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