



ACAMS

Exam Questions CAMS

Certified Anti-Money Laundering Specialist (the 6th edition)

NEW QUESTION 1

A compliance officer identifies a potentially significant risk in a popular financial product. Further investigation reveals there is no mitigating control. Which course of action should the compliance officer take?

- A. Launch a long-term project to remediate the control deficiency
- B. Note the risk and address it during the next round of policy and procedure review
- C. Immediately cease providing the product and only offer it after effective permanent mitigation is implemented
- D. Implement a temporary mitigation that enables effective management of the risk until a permanent plan can be developed

Answer: D

NEW QUESTION 2

A high-volume dealer of precious metals and stones in a high-risk jurisdiction is approached by a new customer interested in selling gold worth \$200,000. The customer was referred by a longtime family friend of the dealer and provides no indication of background or business purpose for the sale. The dealer agrees to make the purchase based solely on the reference.

What is the money laundering red flag?

- A. The customer was referred by a longtime friend of the dealer
- B. The precious metals dealer is operating in a high-risk jurisdiction
- C. A new customer is selling gold worth \$200,000 to a high volume dealer
- D. The customer provides no background information or business purpose for the transaction

Answer: D

NEW QUESTION 3

A law enforcement agent calls a bank anti-money laundering investigator for supporting information about a suspicious transaction report that was filed the previous month. How should the investigator respond?

- A. Refer the agent to the bank's compliance officer
- B. Send the information to an address provided by the agent
- C. Share the requested information during the telephone call
- D. Require a search warrant before releasing the information

Answer: B

NEW QUESTION 4

When must a United States (U.S.) bank block or reject an international funds transfer when there is an Office of Foreign Assets Control designated party to the transaction?

- A. Only if the U.
- B. bank is involved in the funds transfer
- C. Only if a U.
- D. person or entity is the ultimate beneficiary
- E. Only if a non-U.
- F. person or entity is the ultimate beneficiary
- G. Only if the U.
- H. bank's correspondent informs it of the involvement of the designated party

Answer: D

NEW QUESTION 5

What is the currency threshold under the European Union Fourth Anti-Money Laundering Directive?

- A. 3,000 Euros
- B. 5,000 Euros
- C. 10,000 Euros
- D. 15,000 Euros

Answer: C

NEW QUESTION 6

What are two requirements of United States financial institutions when conducting business with an international institution as a result of the USA PATRIOT Act? (Choose two.)

- A. Performing enhanced due diligence on shell banks
- B. Performing due diligence on correspondent accounts
- C. Visiting the head office of the international financial institution
- D. Complying with Special Measures issued under the USA PATRIOT Act

Answer: AD

NEW QUESTION 7

Which method is used to launder money via wire remittances sent through a bureau de change or money services business? A. A customer in country A makes a weekly small wire transfer to the bank account of an individual in country B.

- A. A customer in country A makes frequent wire transfers to a single customer in country B that are slightly under the legal reporting threshold.
- B. A large number of wire transfers are sent from a large number of senders in country A to a large number of recipients in country B during the period of December 1 to December 15.
- C. A customer in country A receives four small wire transfers from four different individuals located in country B on December 21. The aggregate of the wire transfers falls below the legal reporting threshold.

Answer: B

NEW QUESTION 8

A client opens a bank account for a multi-level marketing company. The debits and credits of the account are numerous and very involved. Further, there are a lot of international transactions. Also, funds are being tunneled from the company to the client's personal account in another jurisdiction. Which two steps should law enforcement take in investigating this matter? (Choose two.)

- A. Determine who are the signatories on the account
- B. Ask the bank for the history of this multi-level marketing company
- C. Examine the flow of money from the company to the individual in an effort to determine if it is legitimate
- D. Examine possible Suspicious Activity Report information received from the local Financial Intelligence Units

Answer: AC

NEW QUESTION 9

Which two aspects of precious metals pose the highest risk of money laundering? (Choose two.)

- A. Some precious metals can be formed into other objects, making easier to transport
- B. Precious metals have high intrinsic value in a relatively compact form and are easy to convert into currency
- C. The value of precious metals can be inflated easily, making it easy to increase the amount of money laundered
- D. Precious metals can be readily used in many high-tech commercial applications, making them all the more valuable

Answer: BD

NEW QUESTION 10

Which two methods have terrorist groups used to diversify their revenue stream and to fund their operations? (Choose two.)

- A. Human trafficking
- B. Engaging in civil conflict
- C. Smuggling cultural artifacts
- D. Engaging in wire transfer activity

Answer: AB

NEW QUESTION 10

Which two statements are true regarding the European Union Money Laundering Directives? (Choose two.)

- A. They apply to member states of the European Union
- B. They require member states to enact laws and/or regulations to comply with the directives
- C. They set forth non-binding best practices for financial institutions within the member states
- D. They have extraterritorial impact and apply to states that have diplomatic relations with member states

Answer: AB

NEW QUESTION 11

A customer has held an account at a bank and has lived locally for over 25 years. Historically he has come into the bank monthly to deposit a \$1,500 retirement check from the company where he worked. He is well known at the bank and often brings the staff cookies. Over the past four months, he has come into the bank every Monday, Wednesday, and Thursday to make \$3,000 cash deposits into his account. A review of his account shows that an \$8,500 check made out to cash clears his account each week. The bank has decided to file a suspicious transaction report (STR). What is the important fact to include in the STR?

- A. The recent change in the timing of deposits and withdrawals in the account
- B. The customer's work history and the amount of his monthly retirement check
- C. The fact that the account holder is well known to the bank staff
- D. The fact that the customer has lived in the area and has banked at this bank for 25 years

Answer: B

NEW QUESTION 13

During a law enforcement investigative interview regarding potential money laundering, the suspect starts making assertions and statements that the investigator believes are false. How should the investigator respond?

- A. Inform the suspect that deception is obvious and continue the interview
- B. Advise the suspect that the interview will be terminated if there is suspicion of deception
- C. Direct the interview in another direction until there is better rapport before returning back to the troubling questions
- D. Ask questions of a material nature about the suspected false statements without revealing the suspected deception

Answer: D

NEW QUESTION 16

A bank receives an anonymous tip from an employee about another employee through its confidential hotline. Which activity warrants further review?

- A. A mortgage officer works with home loan applicants to resolve adverse credit issues
- B. An employee in bookkeeping accepts funds transfer requests from customers via telephone
- C. An employee in accounting works with customers to help understand how to reduce service charges
- D. A teller distributes bank brochures to customers who regularly conduct cash transactions below reporting limits

Answer: B

NEW QUESTION 19

A corporate services provider in a European Union (EU) country has a prospect from an African country who deals in oil and gas. The prospect intends to develop an oil terminal in his home country with a \$75 million dollar loan secured by a third party, which is a trust formed in a Caribbean island with a holding company based in a European secrecy haven. A young lady is presented as an ultimate beneficial owner who has gained her wealth through a fitness studio in her home country.

What are two red flags that could indicate money laundering or financing terrorism? (Choose two.)

- A. A loan worth \$75 million with a third-party guarantor
- B. The guarantor company's ownership structure is overly complex
- C. The prospect wishes to have a corporate structure with a holding company in EU country
- D. The ultimate beneficial owner is young lady who has gained her wealth through a small business

Answer: BD

NEW QUESTION 24

Under which two circumstances may law enforcement be given access to a financial institution customer's financial records? (Choose two.)

- A. If the person is named in a suspicious transaction report
- B. If law enforcement serves a legal summons or subpoena
- C. If the investigation of a customer is made public in the media
- D. If law enforcement has circumstantial evidence to suspect money laundering

Answer: BD

NEW QUESTION 28

A bank compliance officer discovers cash deposit activity inconsistent with the expected and historical cash activity within the personal accounts of the chairman of the board. The cash activity appears structured to avoid the local legal filing requirements for large cash transactions, and a suspicious transaction report (STR) was filed.

How should the compliance officer report the filing of the STR to the board of directors without revealing the existence of the filing to the subject?

- A. Inform the legal counsel of the bank
- B. Follow the financial institution's established STR reporting policy
- C. Notify the financial institution's regulator to disclose the activity
- D. The compliance officer and the chief executive officer should jointly interview the chairman

Answer: A

NEW QUESTION 31

A compliance officer provides an overview of the bank's anti-money laundering program to a group of new tellers during employee orientation. Which training element should be delivered to this audience?

- A. Results of recent risk assessments
- B. Large cash transaction reporting procedures
- C. The financial institution's surprise cash audit policy
- D. Past check fraud losses incurred by the financial institution

Answer: B

NEW QUESTION 35

Who has the ultimate responsibility within a bank for ensuring that the bank has a comprehensive and effective Bank Secrecy Act / anti-money laundering (BSA/AML) program and oversight framework that is reasonably designed to ensure compliance with applicable regulations?

- A. Senior management
- B. Board of directors
- C. Business line managers
- D. BSA/AML compliance officer

Answer: B

NEW QUESTION 39

A bank employee reviews wire transactions looking for indications of wire stripping.

Which two actions should the employee take to complete appropriate bank procedures? (Choose two.)

- A. Compare the wire transaction as it enters and after it leaves the bank
- B. Check for suspicious phrases usually used to conceal originator or beneficiary identity
- C. Identify large incoming wire transactions received on behalf of a foreign client with no explicit reason

D. Identify wire transaction activity to or from a financial institution located in a higher risk jurisdiction

Answer: CD

NEW QUESTION 43

Law enforcement submitted a request to a bank for information regarding one of its customers. How should the bank respond according to Financial Action Task Force Guidance?

- A. Provide all information requested to support the investigation
- B. Ensure that the request will not violate any local privacy regulations or legislation
- C. Ensure the information is necessary to the investigation before responding to the request
- D. Contact the customer informing the person of the investigation to ensure the bank provides information

Answer: C

NEW QUESTION 48

A bank maintains a relationship with a customer who owns a small bakery business. Which customer action indicates potential money laundering?

- A. The customer continually makes regular cash deposits
- B. The customer has multiple bank accounts at several locations
- C. The customer purchased property insurance that is twice the value of the business
- D. The customer recently wired a large amount to a foreign jurisdiction where family is located

Answer: D

NEW QUESTION 53

What is true regarding disclosure to a law enforcement agency by a financial institution of the supporting documentation for a suspicious transaction report?

- A. Documentation must be provided as quickly as possible using email
- B. The financial institution may notify the account holder of the request
- C. Confirm that the request originated from a representative of the law enforcement agency
- D. A copy of all the documentation released must also be provided to the account holder's attorney

Answer: C

NEW QUESTION 57

As a result of an audit, a policy exception was identified that had been approved by the compliance officer. The auditor determined that the policy exception is a violation of a regulatory requirement. What should the auditor do?

- A. Advise the compliance officer on how to appropriately respond to policy exceptions.
- B. Include the regulatory violation in the audit report and report it to the board of directors.
- C. Consult with legal counsel to determine if the approval of the policy exception was acceptable.
- D. Include the regulatory violation in the audit report and recommend the compliance officer be subject to disciplinary action by the board of directors.

Answer: B

NEW QUESTION 62

What is a major economic consequence of money laundering through the use of front companies?

- A. Placing more emphasis on manufacturing
- B. Weakening of the legitimate private sector
- C. Creating a more competitive pricing environment
- D. Aligning management principles between criminal enterprises and legitimate businesses

Answer: B

NEW QUESTION 65

An institution is about to release a new peer to peer (P2P) funds transfer product to provide much needed remittance services to an under-banked population segment in the country.

The service allows customers to transfer funds through a mobile banking application to individuals worldwide entering only a name and mobile number. The new service charges less than comparable market solutions and offers real time transfer of funds. The customer onboarding process is conducted at branch locations with identity verification.

Which three present the highest anti-money laundering or sanctions risk and will require controls prior to launch? (Choose three.)

- A. Customer onboarding
- B. Cross-border functionality
- C. Real time transfer of funds
- D. Servicing the under-banked population
- E. Limited access to counterparty information

Answer: ACE

NEW QUESTION 69

An automotive parts company in South America sends multiple \$500,000 wire transfers per week to ABC Holdings Ltd. in Asia referencing payment for silk flower shipments. Research reveals Sunrise Holdings, Ltd is registered in the British Virgin Islands with no available ownership information. What are two red flags that indicate how trade-based money laundering could be occurring in this instance? (Choose two.)

- A. The transaction involves the use of front (or shell) companies
- B. The packaging is inconsistent with the commodity or shipping method
- C. Significant discrepancies appear between the description of the commodity on the bill of lading and the invoice
- D. The type of commodity being shipped appears inconsistent with the exporter or importer's regular business activities

Answer: AC

NEW QUESTION 70

What are two reasons physical certificates present a money laundering risk to broker-dealers? (Choose two.)

- A. The trade information on a physical certificate can be easily altered
- B. Physical certificates do not expire and may be held by the owner for perpetuity
- C. There is little information readily available to the broker confirming the source of the funds
- D. Physical certificates may be provided to nominees for deposit or settled in off-market transactions

Answer: CD

NEW QUESTION 75

The Wolfsberg Anti-Money Laundering Principles for Private Banking require new clients to be approved by whom?

- A. The board of directors
- B. Only the private banker
- C. The private banker's supervisor
- D. At least one person other than the private banker

Answer: D

NEW QUESTION 77

A law enforcement agency is reviewing a suspicious transaction report (STR) filed by a financial institution for suspicious activity on a client's account. Subsequently, the agency requests further information. Which supporting documentation might the law enforcement agency request from the institution to facilitate its investigation?

- A. Previously filed STRs on the same customer
- B. Account opening documents and account statements
- C. Copies of promotional materials sent to the customer
- D. A copy of the institution's STR policy and procedures

Answer: B

NEW QUESTION 81

What is a key risk associated with Correspondent Accounts according to the Basel Customer Due Diligence paper?

- A. It is not used on a daily basis
- B. The service fees are insufficient to cover the cost of managing the account
- C. The respondent bank's customer acceptance and know your customer policies are ineffective
- D. The volume and value of transactions passing through the account may not be in line with the original correspondent agreement

Answer: C

NEW QUESTION 84

A bank located in Arizona is considering a loan application for a new client. The collateral for the loan is a property in Florida. The loan will be in the name of a limited company (LLC) whose ownership is not disclosed to the bank. The LLC was established by a New York-based attorney. The loan will be repaid by the LLC in monthly wire transfers of \$9,000 which is more than the required monthly payment. Which aspect indicates potential for money laundering?

- A. The LLC's ownership is not disclosed to the bank
- B. The collateral, a property in Florida, is not located in Arizona
- C. The repayment in the amount of \$9,000 indicates potential structuring
- D. The attorney associated with the account is outside the bank's lending area

Answer: AC

NEW QUESTION 85

In reviewing recent activity, a compliance officer for a money transmitter that several customers are each remitting the same amount of money but much more frequently. How should the institution respond?

- A. File a suspicious transaction report
- B. Instruct the tellers not to process remittances for these customers in the future
- C. Conduct further investigation to determine whether this is truly suspicious activity
- D. Immediately contact the customers and ask them why they are remitting money more often

Answer: C

NEW QUESTION 86

Why do governments and multi-national bodies impose economic sanctions?

- A. To impede kleptocracy
- B. To enforce foreign policy objectives
- C. To combat an imminent terrorist threat
- D. To prevent fraudulent international trade transactions

Answer: B

NEW QUESTION 91

A retail bank has just acquired a credit card business. The bank's anti-money laundering policy requires that new employees are trained within 30 days of their hire date and refresher training is delivered to all employees on an annual basis. Is the bank's existing anti-money laundering training adequate to be delivered to employee of the newly acquired credit card business?

- A. Yes, the existing training covers the bank's policies, procedures, and processes.
- B. No, anti-money laundering training needs to be delivered face-to-face for credit card businesses.
- C. No, anti-money laundering training needs to be tailored and focused on the risks specific to the business.
- D. Yes, the existing training covers the anti-money laundering regulations that the bank is required to follow.

Answer: D

NEW QUESTION 93

A customer living in a high-risk jurisdiction makes frequent, large cash deposits at a bank. The same customer sends small wire transfers to unrelated parties in other high-risk jurisdictions. What are two red flags that may indicate money laundering? (Choose two.)

- A. The bank allows cash deposits
- B. The client resides in a high-risk jurisdiction
- C. Wire transfers are to high-risk jurisdiction
- D. Large cash deposits are from a high-risk jurisdiction

Answer: CD

NEW QUESTION 98

An immigrant residing in the United States opens a bank account that includes a debit card. Several months later, the transactional monitoring system identifies small deposits into the account followed by corresponding ATM withdrawals from a country bordering a conflict zone. How should the bank respond?

- A. Block any further activity
- B. File a suspicious transaction report
- C. Initiate an investigation into the activity
- D. Contact the customer if the transaction activity continues

Answer: C

NEW QUESTION 101

A foreign bank operating under an offshore license wants to open a correspondent account with a United States (U.S.) bank. The foreign bank plans to provide payable through account services to some of its customers. What must the foreign bank provide to the U.S. bank under the USA PATRIOT Act?

- A. A list of politically exposed persons who are owners of the correspondent bank
- B. A list of account holders at the financial institution who will use the payable through account
- C. The person in the United States who can receive service of legal process for the correspondent bank
- D. A list of anti-money laundering training records for the financial institution employees monitoring payable through account transactions

Answer: A

NEW QUESTION 105

The compliance officer for a private bank has been tasked with writing a policy on how the bank will deal with intermediaries. Which two aspects should be included in the policy in respect of intermediaries to align it with the Wolfsberg Anti-Money Laundering Principles for Private Banking? (Choose two.)

- A. When an intermediary introduces clients to the bank, it is not necessary for the bank to perform due diligence on the intermediary's clients.
- B. Where an intermediary introduces clients to the bank, the bank must obtain the same type of information with respect to an introduced client that would otherwise be obtained by the bank, absent the involvement of the intermediary.
- C. Where an intermediary manages assets on behalf of a number of clients and is the account holder with the bank, but that intermediary does not conduct the same level of due diligence as the bank, it is necessary for the bank to undertake due diligence on the intermediary's clients.
- D. Where an intermediary manages assets on behalf of a number of clients and arranges for the opening of accounts for its clients with the bank, and that intermediary is a financial institution subject to similar regulations, it is necessary for the bank to perform due diligence on the intermediary's clients.

Answer: BD

NEW QUESTION 107

A law enforcement official calls a bank inquiring about a customer who is currently under investigation. The law enforcement official requests information about the customer. How should the bank respond?

- A. Confirm the customer is either a current or former customer

- B. Inform the board of directors before responding to the request
- C. Provide the requested information to help aid in the investigation
- D. Request a formal letter be submitted to verify the validity of the request

Answer: D

NEW QUESTION 112

A bank compliance officer has implemented enhanced monitoring rules that have identified some unusual activity that may be indicative of human trafficking. Which red flag should prompt additional transactional review?

- A. Wire transfer activity from countries with significant migrant populations
- B. Cash deposits that occur in cities where the customer resides and conducts business
- C. Cash deposits that occur in cities where the customer does not reside or conduct business
- D. Cash deposits that occur in cities where the customer does not reside or conduct business followed by same-day withdrawals

Answer: C

NEW QUESTION 114

A compliance officer at an insurance company has been reviewing the transaction activity of several clients. Which transaction is considered a red flag for potential money laundering?

- A. A client paid the quarterly life insurance premium using money orders from two different banks.
- B. A client from a high-risk jurisdiction recently purchased property insurance for a real-estate development.
- C. A corporation owns several affiliates and recently opened separate group life insurance policies for each of the affiliates.
- D. A client established a \$100,000 charitable annuity with a non-profit organization that provides health and safety assistance internationally.

Answer: D

NEW QUESTION 118

The branch manager notices that a number of customers come in weekly and always use the same teller to process their deposits. The manager notices that the customers and the teller, who are from the same ethnic group, are speaking in a foreign language and every once in a while the customers from local ethnic restaurants will bring the teller lunch. The commercial customers that visit the teller generally deposit the same amount of cash each time they come in. How should the branch manager respond to this activity?

- A. Transfer the teller to another branch
- B. Conduct further investigation before taking any other action
- C. Encourage the teller to bring in more business from the ethnic community
- D. Suggest to the teller to send the customers to other tellers to avoid the opportunity for collusion

Answer: B

NEW QUESTION 120

Upon a routine account review a money laundering investigator identified a number of large round dollar wire transfer deposits into a business account owned by a local auto repair shop. The wire transfers all originated from a country that is a known financial secrecy haven with poor anti-money laundering controls. The investigator concludes there appears to be no legitimate business purpose for the wire transfers and files a suspicious transaction report. The owner of the auto repair shop is popular in the community and is a well-known philanthropist. To whom should the investigator escalate these concerns?

- A. Audit committee
- B. Chairman of the Board
- C. The owner of the auto repair shop
- D. The bank anti-money laundering officer

Answer: A

NEW QUESTION 121

A United States (U.S.) bank was recently alerted by law enforcement of an increase in sale of large denomination U.S. bank notes to casas de cambio. They suspect that a Mexican syndicate is operating a money laundering scheme in the bank's jurisdiction. Which two steps should be taken to trace funds through the bank to assist law enforcement in their investigation? (Choose two.)

- A. Identify the money laundering scheme and submit a suspicious transaction report
- B. Identify if there is a decrease in the sale of large denomination U.
- C. bank notes to casas de cambio by the bank
- D. Identify deposits by casas de cambio that include third-party items including sequentially numbered monetary instruments
- E. Identify multiple wire transfers initiated by casas de cambio to jurisdictions outside of Mexico that bear no apparent business relationship with that casa de cambio

Answer: CD

NEW QUESTION 122

What are two sources for maintaining up-to-date sanctions information? (Choose two.)

- A. U.
- B. Federal Bureau of Investigation's National Security Letters
- C. U.
- D. Department of the Treasury Office of Foreign Assets Control
- E. U.

- F. Department of the Treasury – Section 311 – Special Measures
- G. Financial Action Task Force’s list of High Risk and Non-Cooperative Jurisdictions

Answer: BD

NEW QUESTION 125

What is an example of the integration stage of money laundering involving a bank or another deposit- taking institution?

- A. Depositing illicit funds into an account set up for a front company
- B. Directing third parties to exchange illicit cash for negotiable instruments
- C. Wiring illicit funds from an account at one bank to an account at another bank
- D. Using illicit funds that had previously been deposited to purchase a luxury vehicle

Answer: D

NEW QUESTION 126

What are two legal risks of having inadequate privacy policies and procedures? (Choose two.)

- A. Diminished reputation
- B. Industry of regulatory sanctions
- C. Charges of deceptive business practices
- D. Higher marketing and public relations costs

Answer: AB

NEW QUESTION 130

A bank account is established for a new business customer. The business was established five years ago with an address in another state. The business website contains few details other than stating it is a real estate business. One principal has an international telephone number and appears to be living in another country. The other principal works out of a recreational vehicle.

What warrants enhanced due diligence in this scenario?

- A. Shell company
- B. Human trafficker
- C. Politically exposed person
- D. Money laundering through real estate

Answer: A

NEW QUESTION 133

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