

# 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

Which action should countries take related to the financing of terrorist acts in accordance with the Financial Action Task Force 40 Recommendations?

- A. Oppose
- B. Sanction
- C. Prosecute
- D. Criminalize

**Answer: D**

#### NEW QUESTION 4

A client is a wholesale auto business that operates as a used car lot. The client regularly ships vehicles internationally. In a four-month period, the client received wires totaling \$ 1,250,000 from a dealer in Benin in West Africa. All wires originated from Benin and were in increments of \$50,000.

Account debits made to the account were payable to various transport companies. All incoming checks reference various vehicles purchased. Dock shipping receipts produced by the client to support account activity identify the vehicles but cannot easily be tied to the wires receives.

What is the suspicious behavior?

- A. The dock shipping receipts match the vehicles
- B. Vehicles are regularly shipped internationally
- C. Wires received are in large, even dollar amounts
- D. Account debits are payable to transport companies

**Answer: C**

#### NEW QUESTION 5

One key aspect of the Office of Foreign Assets Control's extraterritorial reach includes the blocking of certain non-United States initiated transactions for or through the United States (U.S.) for benefit of a restricted person or entity. Under which three circumstances are U.S. banks required to block transactions? (Choose three.)

- A. The transactions are to, or go through, a blocked entity
- B. Those that are by, or on behalf of, a blocked individual or entity
- C. Those that are by or on behalf of a blocked individual and a licensed entity
- D. Those that are in connection with a transaction in which a blocked individual or entity has an interest
- E. Those that are in connection with a transaction in which a blocked individual or entity has no interest

**Answer: ABD**

#### NEW QUESTION 6

Historically, a tour guide has made monthly cash deposits averaging \$10,000. Over the past three months, the monthly deposits have averaged \$100,000. When the financial institution questions the increased deposits, the tour guide explains that there have been numerous conventions in town so business has increased substantially.

Which further action(s) should the financial institution take?

- A. Immediately terminate the relationship
- B. Schedule a periodic review of activity
- C. Perform further investigation, if appropriate report the activity to the authorities and consider terminating the relationship
- D. Perform further investigation, if appropriate report the activity to the authorities and place a limit on future transactions

**Answer: C**

#### NEW QUESTION 7

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 8**

Which two channels can be utilized during a cross-border money laundering investigation to assist in gathering information according to Financial Action Task Force? (Choose two.)

- A. Contacting existing liaison officers in the foreign jurisdiction
- B. Exchanging information between national law enforcement agencies
- C. Contacting the potential suspect or their family members to request information
- D. Submitting only formal requests for information to a financial intelligence unit

**Answer: AB**

#### **NEW QUESTION 9**

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 10**

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 10**

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 14**

Financial Action Task Force (FATF)-style regional bodies are created and obliged to understand the inherent money laundering and terrorist financing risks in the region of the world they serve. What is one of the methods they use to understand these risks?

- A. They require member countries to develop statistical metrics over money laundering and terrorist financing crimes
- B. They require participating financial institutions of their members to file suspicious transaction reports to the regional body
- C. They conduct global research on money laundering and terrorist financing trends and report their findings in their own typologies report
- D. They conduct regional-level research and analysis of the money laundering and terrorist financing methods and trends using standards and templates used for FATF typologies reports

**Answer: B**

#### **NEW QUESTION 15**

A bank operates in multiple countries and offers a variety of products and services. The compliance officer recently joined the bank and wants to better understand the inherent level of anti-money laundering risk across the entire organization. Which two factors should be considered? (Choose two.)

- A. The Transaction Monitoring program
- B. The Customer Due Diligence program
- C. Countries that the bank operates in
- D. Products and services offered by the bank

**Answer:** AB

**NEW QUESTION 16**

What is a key objective of the Egmont Group?

- A. To find ways to promote the development of Financial Intelligence Units and the sharing of expertise.
- B. To safeguard the financial system from illicit use and combat money laundering and promote national security.
- C. To issue binding standards that establish consistently operated Financial Intelligence Units in member jurisdictions.
- D. To provide best practices for financial institutions on how to report suspicious activity to best share the information with law enforcement.

**Answer:** B

**NEW QUESTION 18**

A U.K. real estate agent has three foreign clients interested in purchasing an apartment building, valued at £30 million, in the outskirts of London as an investment property. The clients are not willing to have their names provided to the bank. The clients want to purchase to be made in the names of three private companies for privacy reasons. The plan is to wire the funds into an account held in the name of another private company at a bank in London. Which red flag should stop the agent from discussing this potential purchase further?

- A. The clients are foreign
- B. The clients have the funds necessary to fund a £30 million purchase
- C. The clients are not willing to have their names provided to the bank
- D. The clients want to purchase to be made in the names of the private companies

**Answer:** C

**NEW QUESTION 22**

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 27**

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 32**

What are two requirements with respect to supporting documentation that is used to identify potentially suspicious activity, according to Financial Action Task Force? (Choose two.)

- A. It must be retained for at least five years
- B. It must be retained for at least seven years
- C. It must be kept in a manner so that it can be provided promptly
- D. It must only be released to the government through a subpoena process

**Answer:** AC

**NEW QUESTION 36**

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 40**

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 41**

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 46**

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 50**

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 52**

A politically exposed person (PEP) maintains an account at a bank. Last month a money laundering analyst filed a suspicious transaction report about unusual wire deposits originated by unknown individuals in the home country of the official. To whom should this situation be escalated?

- A. The board of directors
- B. The line of business executive
- C. The bank's anti-money laundering officer
- D. The Financial Action Task Force's PEP Hotline

**Answer:** C

#### **NEW QUESTION 54**

What is the appropriate compliance control for identifying politically exposed persons (PEPs) according to the Basel Committee's paper on Customer Due Diligence for Banks?

- A. Determining that a local figure is a PEP
- B. Reviewing when a relationship is established
- C. Reviewing relationships at account opening and on a periodic basis
- D. Requiring that the customer discloses that they are a PEP or an associate of a PEP

**Answer:** C

#### **NEW QUESTION 56**

A customer opens a corporate account with a broker-dealer on behalf of several beneficial owners, with a stated long-term investment goal. The customer deposits \$25.5 million into the account and three days later transfers \$5 million to an overseas bank. Shortly thereafter, the customer begins making numerous purchases of pesos. The compliance officer receives a query regarding the movement of funds. Within a month of account opening, the customer depletes the account. Which two red flags should prompt the firm's compliance officer to take action? (Choose two.)

- A. The new account deposit is \$25.5 million
- B. A corporate account is opened on behalf of several beneficial owners
- C. The compliance officer receives the query regarding the movement of funds

D. The customer's stated investment goal is not reflective of account activity

**Answer:** CD

**NEW QUESTION 61**

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