



**ACAMS**

## **Exam Questions CAMS**

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

#### NEW QUESTION 1

What does the Financial Action Task Force 40 Recommendations address on transparency of beneficial ownership?

- A. Gatekeepers
- B. Correspondent banking
- C. Payable through accounts
- D. Legal persons and arrangements

**Answer: D**

#### NEW QUESTION 2

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 3

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 4

A banker in the credit department wants to assess the risk of all customers, and contacts the compliance officer to request a list of customers with suspicious transaction report filings. What should be done to protect suspicious transaction report information?

- A. Provide the suspicious transaction report information to the credit department
- B. Decline to provide the suspicious transaction report information to the credit department
- C. Seek approval from the board of directors to disclose the suspicious transaction report information
- D. Contact the credit department manager to determine how the suspicious transaction report information can be provided

**Answer: C**

#### NEW QUESTION 5

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 6

A bank employee recently opened an account for a new restaurant. Daily cash deposits over a three-month period are close to \$9,500. What are two red flags that indicate possible money laundering or terrorist financing? (Choose two.)

- A. The restaurant is located in a different city
- B. The daily cash deposits are so close in amount
- C. It is a new account that has daily cash deposits
- D. The new account demonstrates a steady flow of income

**Answer: BD**

#### NEW QUESTION 7

A bank located in New York has identified suspicious transactions at a correspondent bank in China. For one of the international customers, the correspondent bank is not following agreed upon protocols. Which factor indicates that the bank should terminate the relationship?

- A. The correspondent bank has opened branches in a country on the Office of Foreign Assets Control list.
- B. The compliance officer at the correspondent bank is currently being investigated due to bribery allegations.
- C. The correspondent bank has recently exceeded acceptable limits in the primary banks' recently developed risk model.

D. The primary institution has requested transactional details from the correspondent bank to aide in their investigation.

**Answer:** C

#### NEW QUESTION 8

A recent anti-money laundering audit revealed several regulatory reporting violations and lapses with the organization's anti-money laundering policy. As a result, the compliance officer has created a follow-up matrix to document progress in correcting the identified deficiencies.

To whom should the compliance officer provide regular updates of corrective action to help ensure the appropriate oversight?

- A. Audit management
- B. Human Resources
- C. Business line managers
- D. Designated board committee

**Answer:** D

#### NEW QUESTION 9

Findings from a regulatory examination report states that the job descriptions of personnel outside of the compliance department do not include references to anti-money laundering responsibilities. Which action should the firm take?

- A. Update all job descriptions to include anti-money laundering responsibilities
- B. Respond that only compliance personnel have anti-money laundering responsibilities
- C. Send an email to all staff stating that personnel must observe the anti-money laundering policy
- D. Reply that a description of anti-money laundering responsibilities is included in the annual training

**Answer:** D

#### 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 10

A bank's anti-money laundering section receives an anonymous tip that a customer might be engaging in possible money laundering. Which two facts should be considered during the course of an investigation into this matter? (Choose two.)

- A. The customer has had a long-standing account at the bank
- B. The customer is on the exempt list for currency transaction reporting requirements
- C. The customer is issuing a number of wires to several relatively high-risk jurisdictions
- D. The customer's account has had a large volume of activity, but the month-end balance is usually low

**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 16

How should a financial institution respond to a verbal request from a law enforcement agency to keep an account open to assist in an investigation?

- A. Agree to keep the account open
- B. Request a subpoena to maintain the account
- C. Request a letter on the agency's letterhead
- D. Request a search warrant from the local court

**Answer:** C

#### NEW QUESTION 19

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 20

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 24

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 25

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 28

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 30

What are the regulatory risks to a bank employee who willfully violates anti-money laundering laws?

- A. Investigation and reputational damage
- B. Fines and suspension from the industry
- C. Criminal investigation and imprisonment
- D. Enforcement actions including fines against the financial institution

**Answer: C**

#### NEW QUESTION 32

Which two factors should increase the risk of a correspondent bank customer and require additional due diligence according to the Wolfsberg Anti-Money Laundering Principles for Correspondent Banking? (Choose two.)

- A. The customer is located in a Financial Action Task Force member country and provides services primarily to a local individual customer.
- B. The customer is located in a Financial Action Task Force member country and the bank's head of information security is a politically exposed person.
- C. The customer is located in a Financial Action Task Force member country and provides services to other correspondent banks in neighboring countries.
- D. The customer is located in a non-Financial Action Task Force member country and services mostly commercial customers who engage in international trade.

**Answer: CD**

#### NEW QUESTION 33

A new compliance officer is reviewing the bank's anti-money laundering program and notices that the risk assessment was completed six months ago. Since that

time, the bank acquired another financial institution, re-named the internal records group, and streamlined cash handling procedures. Which factor causes the compliance officer to update the bank's risk assessment?

- A. The bank acquired another institution
- B. The internal records group has been re-named
- C. The cash handling procedures were streamlined
- D. The risk assessment was completed six months ago

**Answer: B**

#### NEW QUESTION 37

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 39

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 42

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 46

An institution has made the decision to exit a client relationship due to anti-money laundering concerns. Prior to starting the close out process, the institution receives a written request from a law enforcement agency to keep the account open. The client is the subject of an ongoing investigation and law enforcement wants the institution to continue to monitor the account and report any suspicious activity.

What is primary consideration the institution should keep in mind when deciding whether to agree to this request?

- A. The anticipated cost of complying with the law enforcement request
- B. The number of suspicious transaction reports previously filed on the client
- C. The fact that the institution has a solid record in complying with law enforcement requests
- D. Whether the institution can continue to meet its regulatory obligations with the accounts open

**Answer: D**

#### NEW QUESTION 51

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 56

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 57**

A popular restaurant in town has begun depositing less cash than it has in prior years. In a review of the customer's accounts, you notice that credit card receipts have increased with no explanation. The account officer discovers that the restaurant has installed a privately-owned automated teller machine (ATM) onsite and has begun construction on a patio dining area.

Which red flag should trigger additional investigation?

- A. Privately-owned ATM
- B. Lower cash deposits
- C. Increased credit card receipts
- D. Construction of the new patio dining area

**Answer:** C

**NEW QUESTION 62**

Which two factors assist a money laundering investigation that involves multiple countries? (Choose two.)

- A. Law enforcement and other authorities should have access to financial information that is pertinent to the investigation.
- B. Every country should share all their information with foreign law enforcement and government authorities to facilitate rapid investigations.
- C. Law enforcement and other authorities should be allowed to establish and utilize joint investigative teams with law enforcement in other countries.
- D. Law enforcement and other authorities should not expedite information sharing between countries to ensure that all information is provided at the same time to avoid premature conclusions.

**Answer:** BC

**NEW QUESTION 66**

When should the anti-money laundering risk assessment be updated?

- A. Every two years
- B. After a merger or acquisition
- C. When the board of directors changes
- D. When instructed to by the Financial Action Task Force

**Answer:** B

**NEW QUESTION 70**

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 74**

Which two individuals are ordinarily beneficial owners of a private banking account according to the Wolfsberg Anti-Money Laundering Principles for Private Banking? (Choose two.)

- A. Those two are authorized signers on the account
- B. Those who have legal title to a controlling share interest in the customer
- C. Those who generally have ultimate control through ownership or other means over the funds in the account
- D. Those who are the ultimate source of funds for the account and whose source of wealth should be subject to due diligence

**Answer:** CD

**NEW QUESTION 77**

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 81**

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 83

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 85

The USA PATRIOT Act requires United States (U.S.) financial institutions to collect certain information from non-U.S. banks that hold a correspondent account. Which two pieces of information must a non-U.S. bank provide to its U.S. correspondent to enable them to comply with this requirement? (Choose two.)

- A. The name and address of all shell banks the bank maintains accounts for
- B. The name and address of all beneficial owners who own 25% or more of the bank
- C. Prompt notice of any suspicious activity it detects on any customer who uses the correspondent account
- D. The name and address of a U.
- E. person who is authorized to receive service of legal process for the bank

**Answer:** BC

#### NEW QUESTION 90

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 94

An employee hears a colleague on the telephone with a customer giving advice on how to ensure that a suspicious transaction report will not be filed as a result of a future transaction. What action should the employee take?

- A. Report the conversation to the local police
- B. Report the conversation to the compliance officer
- C. Tell the colleague that it is against policy to give such advice
- D. Ignore the situation because the colleague is the relationship manager for that customer

**Answer:** C

#### NEW QUESTION 95

What should countries do to help prevent non-profit organizations from being abused for the financing of terrorism according to the Financial Action Task Force 40 Recommendations?

- A. Allow for freezing assets of non-profit organizations
- B. Require all non-profit organizations to register with the country's financial intelligence unit
- C. Ensure non-profit organizations cannot be used to conceal or obscure the diversion of funds intended for legitimate purposes to terrorists' organizations
- D. Create laws that forbid non-profit organizations from completing cross-border transactions without first running them through known terrorist data bases

**Answer:** C

#### NEW QUESTION 97

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 100

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