

Exam Questions CAMS

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

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NEW QUESTION 1

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 2

To ensure compliance with economic sanctions established by governmental authorities in the jurisdictions where it operates, a financial institution requires that all new and existing customers be screened at onboarding and quarterly thereafter. Is this step sufficient to ensure compliance?

- A. No, screening should occur promptly after list updates
- B. Yes, this is recommended by the international guidance
- C. No, it is necessary to screen and perform enhanced due diligence on new relationships
- D. Yes, screening all existing customer relationships ensures the institutions is not dealing with a sanctioned individual or entity

Answer: B

NEW QUESTION 3

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 4

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 5

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 6

A financial institution receives a regulatory enforcement action because of deficiencies in its anti-money laundering program. Which action should the board of directors take?

- A. Terminate the compliance officer and staff
- B. Purchase and install a new suspicious activity monitoring system
- C. Hire an attorney with instructions to protest the enforcement action
- D. Instruct the compliance officer to develop a plan to remediate the institution's anti-money laundering program

Answer: D

NEW QUESTION 7

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 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 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 10

What must be materially true regarding transactions for United States (U.S.) sanctions laws to have jurisdiction?

- A. Transactions are traced to illegal proceeds
- B. Transactions are processed by a U. person
- C. person
- D. Transactions are stripped of beneficial owner information
- E. Transactions are identified as proceeds of foreign corruption

Answer: B

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 15

Which method is used to launder money in casinos?

- A. Purchase chips with cash and play at a table
- B. Purchase chips with cash and redeem for cash
- C. Purchase chips with cash and redeem for a check
- D. Purchase chips with cash and sell to another person for cash

Answer: C

NEW QUESTION 17

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 18

The compliance officer for a bank is reviewing on-boarding documents for a new business account for a domestic corporation. The officer is unable to verify the identity of the beneficial owners of the company. Only information on the nominee owners was provided, and none of the listed addresses are local. The purpose of the business and future expected activity were disclosed to include cash letters, money orders and international remittance transfers. Which red flag identifies a heightened money laundering risk?

- A. Expected activity was advised to include cash letter and money orders
- B. The nature and purpose of the business include international remittance transfers
- C. The names provided at account opening are identified as the corporation's representative nominees
- D. Account signer's government issued identification lists addresses outside of where the branch account was opened

Answer: B

NEW QUESTION 20

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 22

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 25

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 30

In which two ways does a government Financial Intelligence Unit interact with public and private sectors? (Choose two.)

- A. It governs the methods of investigation used by competent authorities
- B. It mediates disputes between financial institutions and investigative authorities
- C. It receives and analyzes disclosures filed by financial and non-bank institutions
- D. It disseminates information and the results of its analysis to competent authorities

Answer: CD

NEW QUESTION 32

In the summer, an institution identifies anti-money laundering concerns regarding a customer's account activity. The customer, an ice cream, has deposited a lot of checks drawn on banks in foreign countries, sent large number of high dollar international wires to different countries, made cash deposits of a few hundred dollars every few days and written multiple checks for a few hundred dollars to the same dozen payees every two weeks. Which two transaction types warrant investigation? (Choose two.)

- A. Regular cash deposits
- B. The wires to foreign countries
- C. Repeated checks to the same payees
- D. Checks drawn on banks in foreign countries

Answer: BD

NEW QUESTION 35

What is an essential element of Know Your Customer (KYC) standards according to the Basel Committee's Customer Due Diligence for Banks paper?

- A. Annual staff training
- B. A customer acceptance policy
- C. The same KYC requirements must be applied in all cases
- D. All completed KYC documents must be reviewed by a senior manager not involved in the account opening process

Answer: B

NEW QUESTION 36

What is the goal of the Egmont Group in providing a forum for Financial Intelligence Units (FIUs) around the world?

- A. To improve international laws to combat money laundering and the financing of terrorism and foster the implementation of domestic programs.
- B. To provide a forum for FIUs to improve cooperation in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field.
- C. To improve communication with law enforcement in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field.
- D. To improve cooperation with state and federal governments in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field.

Answer: B

NEW QUESTION 39

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 43

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 48

A customer brings \$15,000 worth of chips into a casino and plays various games. The customer redeems all the remaining chips and requests a wire transfer of the proceeds to an unrelated third party. What are two red flags that indicate money laundering? (Choose two.)

- A. Customer redeeming all remaining chips
- B. Playing various games before cashing out
- C. Bringing \$15,000 worth of chips into the casino
- D. Requesting a wire transfer to an unrelated third party

Answer: AD

NEW QUESTION 50

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 55

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