

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 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 3

What are two risks to institutions for violating anti-money laundering laws as demonstrated by the 2012 HSBC settlement with United States authorities? (Choose two.)

- A. Forfeiture of assets
- B. Civil money penalties
- C. Loss of bank charter/license
- D. Imprisonment of bank employees

Answer: AB

NEW QUESTION 4

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 5

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 6

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 7

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 8

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 9

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 10

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 10

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 11

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 16

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 18

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 20

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 23

A compliance officer at a small community bank has been asked to review existing customer onboarding policies and procedures to ensure they adequately address anti-money laundering risks. How should customer due diligence be implemented?

- A. With an annual compliance review and approval of customers
- B. With a one-time event conducted at initial customer onboarding
- C. As an ongoing activity that may vary commensurate with the risk profile of the customer
- D. As applicable to customers that pose higher money laundering or terrorist financing risk

Answer: C

NEW QUESTION 26

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 31

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 36

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 40

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 44

A bank is preparing for its anti-money laundering independent review, which is performed every two years under the direction of the compliance officer. The bank's corporate audit department will conduct the review. The compliance officer will review the final report before it is released to the Board of Directors. What is the issue with this situation?

- A. Independent reviews must be performed annually
- B. The review must be performed by a group outside of the bank
- C. The final report must be presented directly to the board of directors
- D. There is a conflict of interest with the management of the review process

Answer: A

NEW QUESTION 49

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 52

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 53

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 58

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 62

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 63

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 67

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 70

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 71

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 73

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 74

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 77

A non-U.S. bank wants to open an account at Bank A, which is a U.S.-based bank. Which information must Bank A obtain under the USA PATRIOT Act?

- A. A complete client list from the non-U.
- B. bank

- C. The identity of owners and percentage of ownership of the non-U.
- D. bank
- E. The structure and identity of the management team at the non-U.
- F. bank
- G. The details of the non-U.
- H. bank's anti-money laundering compliance training program

Answer: C

NEW QUESTION 80

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 84

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 86

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 87

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 88

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 92

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 94

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 96

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 97

The vice president of the foreign correspondent banking department at a large United States bank has been notified that a foreign bank with an offshore license wants to open a correspondent account.

Which two things must the vice president acquire under the USA PATRIOT Act? (Choose two.)

- A. A list of all the customers of the correspondent bank
- B. A list of the types of businesses served by the correspondent bank
- C. Information relating to the foreign bank's anti-money laundering program
- D. The identity of 10% owners of the correspondent bank, unless it is publicly traded

Answer: CD

NEW QUESTION 101

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 104

Which method to launder money through deposit-taking institutions is closely associated with international trade?

- A. Forming a shell company
- B. Using Black Market Peso Exchange
- C. Structuring cash deposits withdrawals
- D. Investing in legitimate business with illicit funds

Answer: B

NEW QUESTION 106

An anti-money laundering audit identifies a significant weakness in how transaction monitoring alerts are cleared. Audit sampling identified potentially suspicious activity that was cleared as not suspicious. Management accepts the audit finding and develops a remediation plan.

What is the role of the auditor during the correction phase?

- A. Directing the remediation of the deficiency in a timely manner
- B. Developing procedures to provide sufficient risk-based documentation for clearing alerts
- C. Providing training to the alert clearing department on the importance of effective alert clearing
- D. Validating the successful remediation of the issue once management indicates the issue is resolved

Answer: B

NEW QUESTION 107

A branch manager for a small community bank has a new customer who deposits for EUR 50,000 checks into one account. Shortly thereafter, the customer goes to another branch and asks to transfer all but EUR 1,500 to three accounts in different foreign jurisdictions.

Which suspicious activity should be the focus of the suspicious transaction report?

- A. The customer opened the account with four large checks
- B. The customer goes to a different branch to make this transaction
- C. The customer transfers almost all of the funds out of the account
- D. The customer asks to transfer funds to accounts in three different foreign jurisdictions

Answer: D

NEW QUESTION 112

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 116

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