

CAMS Dumps

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

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NEW QUESTION 1

Which factor should a bank consider before sharing information about a customer with its broker-dealer affiliate in the case of an investigation?

- A. Whether the broker-dealer affiliate can rely on the due diligence done by the bank
- B. Whether there is a mutual legal assistance treaty in place between the two institutions
- C. Whether privacy and data protection rules permit the bank to share the information with the affiliate
- D. Whether both institutions have an account or are in the process of opening an account for the customer

Answer: B

NEW QUESTION 2

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 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

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 6

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 7

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 8

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 9

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 10

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

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 12

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 17

How does the Financial Action Task Force (FATF) communicate its findings regarding jurisdictions with strategic anti-money laundering / Counter Financing of Terrorism deficiencies?

- A. By issuing documentation to the private sector
- B. By issuing two formal documents three times per year
- C. By issuing informal communication to FATF members
- D. By issuing four formal documents to the deficient jurisdictions

Answer: D

NEW QUESTION 22

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 23

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 24

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 29

Which red flag indicates high potential for money laundering in a real estate purchase?

- A. The purchaser is a nominee
- B. The purchaser had a previous bankruptcy
- C. The purchaser owns a cash intensive business
- D. The purchaser is not a resident where the property is located

Answer: C

NEW QUESTION 34

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 35

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 39

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 41

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 46

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 47

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 50

Which requirement is included in the Fourth European Union Directive on money laundering?

- A. It requires obliged entities to consider politically exposed persons as high risk for life
- B. It requires obliged entities to conduct enhanced due diligence on all prepaid card holders
- C. It requires member countries to maintain registries of the beneficial owners of legal entities
- D. It requires member states to enact economic sanctions against countries that do not cooperate with Financial Action Task Force recommendations

Answer: C

NEW QUESTION 53

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 58

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 59

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 63

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 64

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 68

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 73

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 74

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 78

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 83

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 84

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 89

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 92

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 97

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 102

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 105

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.S. bank notes to casas de cambio by the bank
- C. Identify deposits by casas de cambio that include third-party items including sequentially numbered monetary instruments
- D. 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
- 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 107

What are two requirements for monitoring and reporting suspicious activity for correspondent banking according to the Wolfsberg Principles? (Choose two.)

- A. Incorporate suspicious activity monitoring into periodic reviews
- B. Incorporate due diligence results such as customer risk ratings
- C. Utilize downstream correspondents to investigate and report suspicious activity
- D. Investigate and report suspicious activity only for the correspondent bank's clients

Answer: BC

NEW QUESTION 112

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 115

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 118

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 123

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

A bank has maintained an account for a European charity for several years. The charity provides clothing to persons in need in various countries with active terrorists' cells. Which action by the charity indicates possible terrorist financing?

- A. The charity frequently withdraws cash from the bank
- B. The charity has branch locations located in various countries
- C. The charity receives cash donations primarily from European countries
- D. The charity maintains a bank account for non-business-related expenses

Answer: B

NEW QUESTION 126

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 127

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 130

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.S. person who is authorized to receive service of legal process for the bank
- E. person who is authorized to receive service of legal process for the bank

Answer: BC

NEW QUESTION 132

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 134

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 and withdrawals
- D. Investing in legitimate business with illicit funds

Answer: B

NEW QUESTION 137

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 140

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 142

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 147

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