

Enhance Your Career With Available Preparation Guide for CAMS Exam [Q13-Q37]



Enhance Your Career With Available Preparation Guide for CAMS Exam Get Special Discount Offer of CAMS Certification Exam Sample Questions and Answers

Who Is It for?

The CAMS endorsement is ideal for those seeking to signify a high understanding of international AML/CFT principles. Obtaining this certification will help recognize you as an AML/CFT authority and prevent institutional financial crime risks.

CAMS Exam topics

Candidates must know the exam topics before they start of preparation. Because it will really help them in hitting the core. Our **CAMS exam dumps** will include the following topics:

- Conducting or supporting the investigation process- Money laundering and terrorist financing methods- Recognition of AML compliance risks- Maintenance of an effective AML/CFT compliance program- SAR and STR filing- AML/CFT compliance program designs in several business settings- Important elements of an Anti-Money Laundering (AML) program

QUESTION 13

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?

- * Wire transfer activity from countries with significant migrant populations
- * Cash deposits that occur in cities where the customer resides and conducts business
- * Cash deposits that occur in cities where the customer does not reside or conduct business
- * Cash deposits that occur in cities where the customer does not reside or conduct business followed by same-day withdrawals

QUESTION 14

Which indicator should be suspicious to a compliance officer at a brokerage firm?

- * Trading between accounts controlled by the same person
- * Large number of bid/ask prior to market opening
- * The client imposed limits to their losses from the outset of the relationship
- * A broker splits the bid-ask spread with the investor when matching buy and sell orders

QUESTION 15

An account officer who maintains an excellent relationship with the finance manager for a correspondent bank customer learns that many records for the correspondent bank have been requested by law enforcement. In the interest of maintaining a good relationship with the customer, the account officer sets up a meeting to discuss the legal request with the customer. The account officer intends to discuss points related to the investigation during the meeting.

What should an anti-money laundering specialist recommend?

- * Discuss all the points being investigated by law enforcement to ensure the correspondent bank is well prepared when approached
- * Let the account manager's manager know what conversations have taken place with the customer and document the account file accordingly
- * Limit discussions about the investigation with the customer and be satisfied that the account manager has provided proper notice to the customer
- * Cancelled the meeting as he has already behaved inappropriately by alerting to the investigation

QUESTION 16

Which three measures are contained in Financial Action Task Force 40 Recommendations for reporting suspicious activity? (Choose three.)

- * The activity should be reported promptly to the country's financial intelligence unit.
- * The financial institution has been contacted by law enforcement regarding the activity.
- * The financial institution has grounds to believe the activity is related to terrorist financing.
- * The financial institution has contacted the account holder to determine the activity of the account.
- * The financial institution has reasonable grounds to suspect the funds are proceeds of criminal activity.

Explanation

REPORTING OF SUSPICIOUS TRANSACTIONS [[https://www.fatf-](https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf)

[gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf](https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf)] If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorist financing, it should be required, by law, to report promptly its suspicions to the financial intelligence unit (FIU). According to the Financial Action Task Force's (FATF) Recommendation 20, a suspicious transaction report (STR) or a suspicious activity report (SAR) is filed by a financial institution or, by a concerned citizen, to the local Financial Intelligence Unit if they have reasonable grounds to believe that a transaction is related to criminal activity.

[<https://aml-cft.net/library/suspicious-transaction-report-str-suspicious-activity-report-sar/>]

QUESTION 17

Which information must a United States financial institution retain for having foreign correspondent accounts as part of the USA PATRIOT Act record keeping requirements?

- * Records identifying the owners of each foreign bank
- * Section 314(b) information sharing results related to foreign correspondent accounts
- * Purchase of monetary instruments of \$3,000 or more involving foreign correspondent accounts
- * A suspicious activity report filed and the supporting documentation involving foreign correspondent accounts

Reference: <https://www.moneylaunderingnews.com/2017/10/aml-information-sharing-in-the-u-s/>

QUESTION 18

Which is a red flag for funds transfers?

- * Funds transfers are received in numerous small quantities from entities that are in related industries.
- * Funds transfers are repeatedly sent to the same beneficiary out of line with the business purpose.
- * Funds transfers are repetitive and within expected patterns.
- * Funds transfers are to a higher-risk geographic location with a known supplier within the same industry as the originator.

QUESTION 19

The owner of a local retail store makes multiple deposits daily at a bank. When the owner makes these deposits, it is noted that he goes to different tellers (cashiers). The deposits consist of cash in amounts less than the currency reporting threshold. Which of the following best describes this activity?

- * layering
- * structuring
- * integration
- * commingling

QUESTION 20

Which element is generally required of all anti-money laundering programs?

- * A computer-based suspicious activity monitoring system
- * A qualified compliance officer to manage the program
- * Annual in-person AML training for all employees
- * An enhanced due diligence program for all new customers

QUESTION 21

The purpose of an anti-money laundering program should be to do what?

- * Detect all illegal activity perpetrated by customers
- * Avoid criticism and sanctions from government regulators
- * Focus monitoring efforts on riskier transactions and customers
- * Detect and report cash structuring and suspicious wire transactions

QUESTION 22

Which are the requirements of the Fifth AML Directive of the EU? (Select Two.)

- * Promoting the record keeping obligations of banks to the maximum amount of data necessary for the purposes of AML

investigations

- * Broadening the criteria for assessing high-risk third countries
- * Extending AML rules to entities that provide virtual currency services
- * Developing a variant approach in the strategy for the treatment of organized crime and terrorism threats
- * Providing information access to financial intelligence units according to the differences in the nature of their functions, competences, and powers

Explanation

Promoting the record-keeping obligations of banks to the maximum amount of data necessary for the purposes of AML investigations: The Fifth AML Directive emphasizes that record-keeping obligations of banks must extend to the maximum amount of data necessary for the purposes of anti-money laundering investigations; (CAMS Manual, 6th Edition, page 79).

Extending AML rules to entities that provide virtual currency services: The 5 AMLD expands the scope of the EU's anti-money laundering rules to include virtual currency exchange platforms and custodian wallet providers; (CAMS Manual, 6th Edition, page 80).

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QUESTION 23

In May 2002, the Wolfsberg Principles on Private Banking were revised and included a section that prohibits the use of internal non-client accounts in a manner that would prevent officials from appropriate monitoring movements of funds or keep clients from being linked to the movement of funds on their behalf.

What is another name for these internal, non-client accounts?

- * Trust accounts
- * Correspondent accounts
- * Concentration accounts
- * Pay through accounts

Reference: <http://www.wolfsberg-principles.com/privat-banking.html>(1.2.2, 5th bullet)

QUESTION 24

Which activity is most likely to facilitate money laundering through on-line banking systems with inadequate controls?

- * Conducting a large volume of transactions
- * Providing continuous worldwide access
- * Conducting anonymous transactions
- * Conducting large value transactions

QUESTION 25

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

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

Explanation/Reference: <https://www.bis.org/publ/bcbs77.pdf>

QUESTION 26

A client who owns a swimming pool company requests to open 19 accounts at a bank, each with a debit card for its swimming pool technicians. When asked about the purpose of each account, the client explains that each technician needs a separate checking account to purchase pool chemicals.

Which available source could be used in the bank's internal investigation on this client's activities?

- * Client's credit bureau report
- * Local law enforcement investigation report
- * Interview swimming pool technicians and chemical suppliers
- * Internet search showing how such business are typically operated

QUESTION 27

Your company has factories in 10 countries. Each factory contains several thousand IoT devices.

The devices present status and trending data on a dashboard.

You need to ingest the data from the IoT devices into a data warehouse.

Which two Microsoft Azure technologies should you use? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

- * Azure Stream Analytics
- * Azure Data Factory
- * an Azure HDInsight cluster
- * Azure Batch
- * Azure Data Lake

With Azure Data Lake Store (ADLS) serving as the hyper-scale storage layer and HDInsight serving as the Hadoop-based compute engine services. It can be used for prepping large amounts of data for insertion into a Data Warehouse References:

<https://www.blue-granite.com/blog/azure-data-lake-analytics-holds-a-unique-spot-in-the-modern-data-architecture>

QUESTION 28

What describes the Black Market Peso Exchange money laundering method?

- * The best known money laundering method used by known terrorists
- * An undercover technique to identify politically exposed persons who may assist money launderers
- * A method primarily used by narcotics traffickers to transfer value back to the source country
- * A method used to smuggle dollars or pesos across that border from the U.S. to Mexico, and vice versa

QUESTION 29

In many jurisdictions, financial institutions are prohibited from hiring a person who has been convicted of what type of offense?

- * Kidnapping
- * Offenses involving dishonesty
- * Driving while under the influence
- * Protests of government action

QUESTION 30

A financial institution files a suspicious transaction report on a customer as the result of a high volume of large currency deposits to pay off a loan. A law enforcement officer calls the anti-money laundering officer to discuss the suspicious transaction report. Which of the following is the anti-money laundering officer legally permitted to do?

1. Discuss any aspects of the reported activity.
 2. Provide copies of the customer's loan documents.
 3. Explain the customer's loan payment history.
 4. Send the deposit documents referenced in the suspicious transaction report.
- * 1 and 2 only
 - * 1 and 4 only
 - * 2 and 3 only
 - * 2 and 4 only

QUESTION 31

Under requirements for correspondent accounts in the USA PATRIOT Act, the word "certification" refers to a written representation by a

- * federal receiver; certifying that he is not the beneficial owner of the correspondent account.
- * respondent bank, certifying that they do not do business with politically exposed persons.
- * correspondent bank, certifying that they do not open correspondent accounts for alternative remittance companies.
- * respondent bank, certifying that they do not do business with shell banks.

Explanation

Explanation/Reference:

The information contained in this Certification is sought pursuant to Sections 5318(j) and 5318(k) of Title 31 of the United State Code, as added by sections 313 and 319(b) of the USA PATRIOT Act of 2001 (Public Law 107-56).

This Certification should be completed by any foreign bank that maintains a correspondent account with any

U.S. bank or broker-dealer in securities (a covered financial institution as defined in 31 CFR 1010.605(e)). An entity that is not a foreign bank is not required to complete this Certification.

A foreign bank is a bank organized under foreign law and located outside of the United States (see definition at 31 CFR 1010.100(u)). A bank includes offices, branches, and agencies of commercial banks or trust companies, private banks, national banks, thrift institutions, credit unions, and other organizations chartered under banking laws and supervised by banking supervisors of any state (see definition at 31 CFR

1010.100(d)).

A correspondent account for a foreign bank is any account to receive deposits from, make payments or other disbursements on behalf of a foreign bank, or handle other financial transactions related to the foreign bank.

Special instructions for foreign branches of U.S. banks: A branch or office of a U.S. bank outside the United State is a foreign bank. Such a branch or office is not required to complete this Certification with respect to Correspondent Accounts with U.S. branches and

offices of the same U.S. bank.

QUESTION 32

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 was disclosed to include cash letters, money orders and international remittance transfers.

Which red flag identifies a heightened money laundering risk?

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

QUESTION 33

Which method most likely indicates the placement stage of laundering dirty money in a land based casino?

- * Transferring substantial amounts of money from a client's credit card to a client's casino's VIP account
- * Buying casino chips against a bank draft
- * Redeeming smaller denomination casino chips for largest denomination chips
- * Using cash to buy casino winnings from legitimate winners at a premium

QUESTION 34

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.)

- * The customer is located in a Financial Action Task Force member country and provides services primarily to a local individual customer.
- * 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.
- * The customer is located in a Financial Action Task Force member country and provides services to other correspondent banks in neighboring countries.
- * The customer is located in a non-Financial Action Task Force member country and services mostly commercial customers who engage in international trade.

QUESTION 35

To guard against acquisition or control of a financial institution by money launderers or their associates, what should supervisory agencies require?

- * Adequate surety bonds, cash deposits, or equivalencies
- * Comprehensive compliance programs
- * Prospective owners have prior experience in the area of finance
- * Thorough due diligence on prospective owners

QUESTION 36

A bank customer operates a fuel station as a sole proprietorship. The customer places deposits and other credits in a business account. The customer routinely transfers money from the business account to a brokerage account where he invests in money market securities. The customer also routinely makes monthly transfers to a credit card and line of credit to pay off balances. The

volume of activity flowing through the business account has doubled in the past 3 months. An internal investigator reviews business account statements and credit card activity for the past 3 months, scans media articles about the customer, and interviews the account officer about the customer and account activity. This internal investigation did not provide an explanation for the increased activity. Which of the following should the anti-money laundering specialist recommend to the internal investigator?

- * Concentrate on trades made in the brokerage account.
- * Review activity in all related customer accounts in the past year.
- * Analyze account activity for selected accounts since the accounts were opened.
- * No additional steps are necessary because this was a thorough review of the activity.

QUESTION 37

The most important concerns imposed on foreign financial institutions maintaining correspondent accounts with

U.S. banks under the USA PATRIOT Act are:

- * Cancellation of correspondent banking relationships.
- * Forfeiture of funds in a U.S. interbank account.
- * Prohibition of correspondent accounts for shell banks.
- * U.S. residents maintaining private banking accounts.

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<https://www.vceprep.com/CAMS-latest-vce-prep.html>]