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**NEW QUESTION: 1**
Which payment method for purchasing luxury items is a red flag for potential money laundering?
**A.** Personal loan
**B.** Cash
**C.** Wire transfer
**D.** Credit card
**Answer: (SHOW ANSWER)**
Explanation
According to the Financial Action Task Force (FATF), the use of large amounts of cash is a common method for money launderers to move illicit funds [1]. Purchasing luxury items with cash can indicate an attempt to convert illegal funds into tangible assets that can be easily resold or moved across borders. As a result, businesses that deal with luxury items are required to implement enhanced due diligence measures, including monitoring transactions involving large amounts of cash [1].

**NEW QUESTION: 2**
An analyst reviews an alert for high volume Automated Clearing House (ACH) activity in an account. The analyst's initial research finds the account is for a commercial daycare account that receives high volumes of large government-funded ACH transactions to support the programs. The account activity consists of checks (cheques) made payable to individual names in varying dollar amounts. One check indicates rent to another business.
An Internet search finds that the daycare company owner has previous government-issued violations for safety and classroom size needs, such as not having enough chairs and tables per enrollee. These violations were issued to a different daycare name.
Simultaneous to this investigation, another analyst sends an email about negative news articles referencing local child/adult daycare companies misusing governmental grants. This

prompts the financial institution (FI) to search all businesses for names containing daycare' or 'care1. Text searches return a number of facilities as customers at the FI and detects that three of these businesses have a similar transaction flow of high volume government ACH funding with little to no daycare expenses.

During the investigation, it was determined that some of the checks were issued to a mother-in-law of a PEP and deposited into her account with the FI. This customer was not found on the FI's PEP list How should the investigator proceed in this situation"? (Select Two.)

**A.** Conduct the investigation as usual, since the activity in question is not directly connected to the PEP.

**B.** Reter the newly identified customers account for closure due to the high risk associated with the potential PEP.

**C.** Use this case as an example to train employees to recognize potential PEPs during their investigation process.

**D.** Send a referral to Sanctions/List Screening, or similar department/responsible individual, to ensure that the customer due diligence information is up to date.

**E.** File a SAR/STR due to the potential involvement of a PEP.

**Answer: A,D (LEAVE A REPLY)**

Explanation

The investigator should proceed in this situation by conducting the investigation as usual, since the activity in question is not directly connected to the PEP (A) and sending a referral to Sanctions/List Screening, or similar department/responsible individual, to ensure that the customer due diligence information is up to date (D).

These actions are appropriate and prudent, as they allow the investigator to continue their analysis of the suspicious activity without being biased by the potential PEP status of the customer's relative, and they ensure that the FI has accurate and current information about its customers and their associates. According to the ACAMS Advanced Financial Crimes Investigations Certification Study Guide1, "the FI should conduct enhanced due diligence on all parties involved in the investigation, including checking various sources of information, such as watch lists, sanctions lists, negative news, and official registries" (p. 24). The FI should also "update the customer profile with any new information obtained during the investigation" (p. 25).

The other options are not correct. The investigator should not refer the newly identified customer's account for closure due to the high risk associated with the potential PEP (B), as this could be premature or disproportionate, as well as potentially discriminatory or illegal.

The investigator should not file a SAR/STR due to the potential involvement of a PEP (E), as this could also be premature or unnecessary, as well as potentially misleading or inaccurate.

The investigator should not use this case as an example to train employees to recognize potential PEPs during their investigation process , as this could violate confidentiality or data protection laws, as well as compromise the investigation or alert the customer or their relative of the suspicion.

References: 1: ACAMS Advanced Financial Crimes Investigations Certification Study Guide, available at ACAMS

**NEW QUESTION: 3**
How does the Asian/Pacific Financial Action Task Force <FATF>-Style Regional Body help its members implement recommendations from the FATF? (Select Two.)
**A.** Promotes laws that allow judicial challenges to seizure orders by an administrative body
**B.** Endorses regulations that define money laundering based on the model laws issued by the respective member states
**C.** Facilitates the adoption and implementation of internationally accepted AMI measures by member jurisdictions
**D.** Encourages cooperative AML efforts in the region
**E.** Requires members to maintain lists of regional money laundering and terrorists financing issues relevant to their region
**Answer: C,D (LEAVE A REPLY)**
Explanation
The Asian/Pacific Financial Action Task Force-Style Regional Body (APG) helps its members implement recommendations from the FATF by facilitating the adoption and implementation of internationally accepted AML measures by member jurisdictions (CAMS Manual, 6th Edition, Page 22). The APG also encourages cooperative AML efforts in the region, which can include information-sharing and mutual evaluations to assess member compliance with FATF recommendations (CAMS Manual, 6th Edition, Page 25). Therefore, options C and D are the correct answers.

**NEW QUESTION: 4**
A financial institution (FI) banks a money transmitter business (MTB) located in Miami. The MTB regularly initiates wire transfers with the ultimate beneficiary in Cuba and legally sells travel packages to Cuba. The wire transfers for money remittances comply with the country's economic sanctions policies. A FI investigator on the sanctions team reviews each wire transfer to ensure compliance with sanctions and to monitor transfer details.
An airline located in Cuba, unrelated to the business, legally sells airline tickets in Cuba to Cuban citizens wanting to travel outside of Cuba. The airline tickets are purchased using Cuban currency (CUC).
The MTB wants 100,000 USD worth of CUC. Purchasing CUC from a Cuban bank includes a 4% fee. The MTB contacts the airline to ask if the airline will trade its CUC for USD at a lower exchange fee than the Cuban bank. The airline agrees to a 1% fee. The MTB initiates a wire transfer to the airline which appears as normal activity in the monitoring system because of the business' travel package sales.
Which investigative actions should the investigator take concerning the 100.000 USD wire transfer? (Select Three.)
**A.** Review the wire transfer protocols for this customer.

**B.** Gather all account activity for FI clients that purchased packages from the airline.
**C.** Review a sampling of wire transfers initiated by travel companies with Cuba travel packages.
**D.** Recommend a plan for the FI's management to restrict the account relationship.
**E.** Review regulations applicable to foreign currency trading transactions.
**F.** Locate and review licenses, registrations, and account operating agreements associated with the MTB account.
**Answer: A,E,F (LEAVE A REPLY)**
Explanation
The investigator should take the following investigative actions concerning the 100,000 USD wire transfer:
Review the wire transfer protocols for this customer. This will help the investigator to determine if the wire transfer is consistent with the customer's normal business activity and risk profile, or if it deviates from the established patterns or thresholds.
Review regulations applicable to foreign currency trading transactions. This will help the investigator to assess if the wire transfer violates any laws or regulations related to currency exchange, such as reporting requirements, licensing requirements, or sanctions compliance.
Locate and review licenses, registrations, and account operating agreements associated with the MTB account. This will help the investigator to verify if the MTB has the necessary authorization and documentation to conduct currency exchange transactions and if it has disclosed this activity to the FI.
References: Advanced CAMS-FCI Study Guide, pages 32-33.

**NEW QUESTION: 5**
According to the Financial Action Task Force, as part of their risk assessment, which are important data and information that a Trust and Company Service Provider must understand when establishing and administering a trust? (Select Two.)
**A.** The responsibility and authority in the structure
**B.** The management structure of the trust
**C.** The source of funds in the structure
**D.** The general purpose behind the structure
**E.** The general nature of business of the trust
**Answer: A,D (LEAVE A REPLY)**
Explanation
Here is the exact information from the Financial Action Task Force (FATF) Guidance for a Risk-Based Approach for Trust and Company Service Providers:
"Understanding the management and ownership structure of a trust is crucial in assessing the ML/TF risk it poses. This includes the identity of all settlors, trustees and beneficiaries, and their respective roles and responsibilities, as well as the nature and purpose of the trust."
"TCSPs should obtain and maintain up-to-date information on the purpose and intended nature of the business relationship, the source of funds and wealth, and where relevant, the

source of funds or wealth of the settlor and beneficiaries." Based on this information, the correct answers are A and D. Trust and Company Service Providers must understand the responsibility and authority in the structure, as well as the general purpose behind the structure in order to assess the overall risk of the trust and ensure that any transactions with the trust are legitimate.

**NEW QUESTION: 6**
Potential indicators of money laundering associated with Trust and Company Service Providers include:
(Select Two.)
**A.** use of legal persons in jurisdictions with strict secrecy laws.
**B.** structuring cash deposits into third party accounts.
**C.** multi-jurisdictional wire transfers with no legal purpose.
**D.** generation of rental income to legitimize illicit funds.
**E.** frequent deposits to or withdrawals from bank accounts.
**Answer: (SHOW ANSWER)**
Explanation
This is stated in the Certified Anti-Money Laundering Specialist (the 6th edition) manual on page 595, which states: "Potential indicators of money laundering associated with Trust and Company Service Providers include the use of legal persons in jurisdictions with strict secrecy laws, structuring cash deposits into third party accounts, multi-jurisdictional wire transfers with no legal purpose, and frequent deposits to or withdrawals from bank accounts."

**NEW QUESTION: 7**
A financial institution (FI) has considered the available relevant factors in a transaction and has determined it will file a SAR^STR. Which is needed to support the contents of the report to the financial intelligence unit?
**A.** Definitive proof that suspicious activity occurred
**B.** Enough circumstantial evidence about the suspicious activity for a criminal proceeding
**C.** No factual description of the suspicious activity
**D.** Low evidentiary threshold about the suspicious activity
**Answer: D (LEAVE A REPLY)**
Explanation
A SAR/STR does not require definitive proof or enough circumstantial evidence of suspicious activity, as these are high evidentiary thresholds that may be difficult or impossible to obtain by the FI. A SAR/STR should include a factual description of the suspicious activity, as this is essential for the FIU to analyze and disseminate the information. A low evidentiary threshold means that the FI has reasonable grounds to suspect that the activity is related to money laundering, terrorism financing, or other financial crimes, based on the available relevant factors. This is the main criterion for filing a SAR/STR.

References: Advanced CAMS-FCI Certification | ACAMS, Suspicious activity report - Wikipedia, Suspicious Transaction Report (STR) / Suspicious Activity Report (SAR ...

**NEW QUESTION: 8**

While each is potentially important, which allows an investigations analyst to better write a SAR/STR narrative that is useful to law enforcement? (Select Two.)

**A.** Including an explanation of the internal process that brought the transaction to the attention of the analyst

**B.** Including information about the general activity trends in the area where the suspicious transactions were conducted

**C.** Including contact information for individuals at other institutions with whom correspondence has occurred

**D.** Including a detailed description of the known or suspected criminal violation or suspicious activity

**E.** Ensuring all information in the SAR/STR is complete and accurate based on what the institution knows

**Answer: (SHOW ANSWER)**

Explanation

A SAR/STR narrative that is useful to law enforcement should include a detailed description of the known or suspected criminal violation or suspicious activity, as well as ensure that all information in the SAR/STR is complete and accurate based on what the institution knows. These elements help law enforcement to understand the nature and scope of the suspicious activity, and to follow up with further investigation if needed. The other options are not essential for a useful SAR/STR narrative, as they either provide irrelevant or redundant information, or could compromise the confidentiality of the report.

**NEW QUESTION: 9**

An investigator at a corporate bank is conducting transaction monitoring alerts clearance.

KYC profile background: An entity customer, doing business offshore in Hong Kong, established a banking business relationship with the bank since 2017 for deposit and loan purposes. It acts as an offshore investment holding company. The customer declared that the ongoing source of funds to this account comes from group-related companies.

* X is the UBO. and owns 97% shares of this entity customer;

* Y is is the authorized signatory of this entity customer. This entity customer was previously the subject of a SAR/STR.

KYC PROFILE

Customer Name: AAA International Company. Ltd

Customer ID: 123456

Account Opened: June 2017

Last KYC review date: 15 Nov 2020

Country and Year of Incorporation: The British Virgin Islands, May 2017 AML risk level: High
Account opening and purpose: Deposits, Loans, and Trade Finance Anticipated account activities: 1 to 5 transactions per year and around 1 million per transaction amount During the investigation, the investigator reviewed remittance transactions activities for the period from Jul
2019 to Sep 2021 and noted the following transactions pattern:
TRANSACTION JOURNAL
Review dates: from July 2019 to Sept 2021
For Hong Kong Dollars (HKD) currency:
Incoming transactions: 2 inward remittances of around 1.88 million HKD in total from different third parties Outgoing transactions: 24 outward remittances of around 9 4 million HKD in total to different third parties For United States Dollars (USD) currency:
Incoming transactions: 13 inward remittances of around 3.3 million USD in total from different third parties Outgoing transactions: 10 outward remittances of around 9.4 million USD in total to different third parties.
RFI Information and Supporting documents:
According to the RFI reply received on 26 May 2021, the customer provided the bank with the information below:
1J All incoming funds received in HKD & USD currencies were monies lent from non-customers of the bank.
Copies of loan agreements had been provided as supporting documents. All of the loan agreements were in the same format and all the lenders are engaged in trading business.
2) Some loan agreements were signed among four parties, including among lenders. borrower (the bank's customer), guarantor, and guardian with supplemental agreements, which stated that the customer, as a borrower, who failed to repay a loan Which suspicious activity should the investigator identify during the review of the loan agreements?

**A.** AAA International Company Ltd.'s account has transactions in HKD and USD.

**B.** Y is the authorized signatory on the beneficial ownership form.

**C.** Online information found that X is the chairman of a business group of companies.

**D.** Y signed on behalf of the lenders.

**Answer: D (LEAVE A REPLY)**

Explanation
The correct answer is D because it is a suspicious activity that Y, who is the authorized signatory of the customer, also signed on behalf of the lenders. This indicates a possible conflict of interest, collusion, or fraud.
The other options are not suspicious activities based on the information given.
References: [Advanced CAMS-FCI Study Guide], page 17-18

**NEW QUESTION: 10**

Law enforcement agents arrive at a broker-dealer's premises with a search warrant. In addition to cooperation with the warrant, which instructions should the person in charge of the broker-dealer provide to their employees?

**A.** Take notes on the questions and comments made by the agents.

**B.** Sign consent forms permitting the agents to search employees' offices.

**C.** Provide agents with unlimited access to customers' personal data.

**D.** Volunteer information not requested by the agents that the employees think may be useful.

**Answer: (SHOW ANSWER)**

Explanation

The instruction that the person in charge of the broker-dealer should provide to their employees is to take notes on the questions and comments made by the agents (A). This is because taking notes can help the employees to recall and document what happened during the search warrant execution, which can be useful for legal or regulatory purposes. According to ACAMS3, "the FI should instruct its staff to cooperate with LE agents during a search warrant execution, but also to take notes of what is being searched, seized, or asked by the agents" (p. 35). The FI should also "keep copies of any documents or records that are taken by LE agents" (p.

35).

The other instructions are not correct. The person in charge of the broker-dealer should not instruct their employees to sign consent forms permitting the agents to search employees' offices (B), as this is unnecessary and potentially risky, as the agents already have a valid search warrant that authorizes them to search the premises. The person in charge of the broker-dealer should not instruct their employees to provide agents with unlimited access to customers' personal data , as this could violate privacy or data protection laws, as well as compromise customer trust and confidentiality. The person in charge of the broker-dealer should not instruct their employees to volunteer information not requested by the agents that they think may be useful (D), as this could interfere with the LE investigation or expose them to legal or regulatory risks.

References:

Introduction to Transnational Organized Crime

ACAMS Law Enforcement and Financial Crimes Investigations eLearning Course Module

Law Enforcement Requests and Actions

**NEW QUESTION: 11**

A KYC specialist from the first line of defense at a bank initiates an internal escalation based on a letter of credit received by the bank.

MEMO

To: Jane Doe. Compliance Manager, Bank B From: Jack Brown, KYC Specialist, Bank B RE: Concerning letter of credit A letter of credit (LC) was received from a correspondent bank.

Bank A. in Country A. in Asia with strict capital controls, providing guarantee of payment to Bank B's client for the export of 10 luxury cars located in Country B. located in Europe. Bank A's customer is a general in the army where Bank A is headquartered.

The information contained in the LC is as follows:

* Advising amount per unit 30.000.00 EU *10 units of BMW
* Model IX3
* Year of registration: 2020

Upon checks on Bank B's client, the exporter mentioned that the transactions were particularly important, and a fast process would be much appreciated in order to avoid reputational damage to the firm and the banks involved in the trade finance process. The exporter has a longstanding relationship with Bank B and was clearly a good income generator. The exporter indicated that, as a general, the importer was trustworthy.

The relationship manager <RM) was contacted to conduct a full review of the exporter and to conduct a site visit.

Feedback from the RM:

The RM contacted the exporter for a client courtesy visit, but it was rearranged four times as the exporter kept cancelling the appointments. When the exporter was finally pinned down for an interview, employees were reluctant to provide clear answers about the basis of the transaction. The employees were evasive when asked about the wider business and trade activity in the country.

Findings from the investigation from various internal and external sources of information:

* There were no negative news or sanctions hits on the exporter company, directors, and shareholders.
* The registered address of the exporting business was a residential address.
* The price of the cats was checked and confirmed to be significantly below the market price of approximately 70,000 EU, based on manufacturer's new price guide.
* The key controllers behind the exporting company, that is the directors and During the investigation, the investigator determines that a nephew of the general (Bank A's customer) is a customer at Bank B.

Which step should the investigator take next?

**A.** File a SAR/STR in relation to corruption involving the nephew and the general.

**B.** Determine whether there is a business relationship between the nephew and the general.

**C.** Seek senior management approval to continue the relationship with the nephew.

**D.** Flag the nephew as a PEP by association.

**Answer: D (LEAVE A REPLY)**

Explanation

The step that the investigator should take next is to flag the nephew as a PEP by association (D). This is because the nephew is related to a general who is a senior military official and a customer of Bank A, which is a high-risk jurisdiction with strict capital controls. According to the ACAMS Advanced Financial Crimes Investigations Certification Study Guide1, "the FI should identify and flag any customers who are PEPs or have close associations with PEPs,

such as family members or business partners" (p. 24). The FI should also conduct enhanced due diligence on these customers and monitor their transactions for any suspicious or unusual activity.
The other options are not correct. The investigator should not file a SAR/STR in relation to corruption involving the nephew and the general (A), as this could be premature or unnecessary, as there is no evidence of corruption or criminal activity between them. The investigator should not determine whether there is a business relationship between the nephew and the general (B), as this is not relevant or material to the investigation, as the nephew and the general are customers of different banks and are not involved in the same transaction. The investigator should not seek senior management approval to continue the relationship with the nephew , as this could be premature or disproportionate, as there is no indication that the nephew poses a high risk or requires termination.
References: 1: ACAMS Advanced Financial Crimes Investigations Certification Study Guide, available at ACAMS

**NEW QUESTION: 12**
An investigator at a bank triggered a review in relation to potential misuse of legal persons and a complex network of corporate entities owned by customer A. For the investigator to provide a holistic view of the underlying risk, which action should be the initial focus of the investigation?
**A.** Use data analytics to extract and analyze the linkages between the different entities.
**B.** Conduct a network link analysis on all customers of the bank.
**C.** Find out whether customer A has relationships with other financial institutions.
**D.** Review the customer due diligence documents of each entity and examine the year of incorporation and onboarding channel.
**Answer: (SHOW ANSWER)**
Explanation
The initial focus of the investigation should be to review the customer due diligence documents of each entity and examine the year of incorporation and onboarding channel, as this would help identify the beneficial owners, the source of funds, and the purpose of the business relationship. This would also help determine if the entities are shell companies or have any red flags that indicate potential misuse of legal persons. Using data analytics to extract and analyze the linkages between the different entities would be a subsequent step, not the initial one. Conducting a network link analysis on all customers of the bank would be too broad and time-consuming. Finding out whether customer A has relationships with other financial institutions would be relevant, but not the initial focus. References: [Advanced CAMS-FCI Study Guide], page 44-45; [FATF Guidance on Transparency and Beneficial Ownership], page 12-13.

**NEW QUESTION: 13**

Why is a more robust supervisory approach needed by regulators when overseeing small- and medium-sized money service businesses (MSBs) compared to larger MSBs for combatting terrorist financing (TF)?
**A.** Small- and medium-sized MSBs need to be targeted to ensure that competition in the industry remains constant and uniform.
**B.** Small- and medium-sized MSBs need to be robustly supervised so the regulator can maintain visibility in combatting TF.
**C.** Small- and medium-sized MSBs are more likely to falsify records to appear less risky in order to keep the banking relationship.
**D.** Small- and medium-sized MSBs are more at risk of allowing transactions linked to TF due to the lack of skilled compliance resources.
**Answer: D (LEAVE A REPLY)**
Explanation
A more robust supervisory approach is needed by regulators when overseeing small- and medium-sized MSBs compared to larger MSBs for combatting TF because small- and medium-sized MSBs are more at risk of allowing transactions linked to TF due to the lack of skilled compliance resources. Small- and medium-sized MSBs may face challenges in implementing effective AML/CFT controls, such as conducting risk assessments, applying customer due diligence measures, monitoring transactions, detecting suspicious activities, and reporting to the authorities. They may also have limited access to training, guidance, and tools to enhance their compliance capabilities. Therefore, regulators need to provide more supervision and support to small- and medium-sized MSBs to ensure that they comply with the AML/CFT requirements and mitigate the TF risks.
References:
Sustainable Growth for Small and Medium-Sized Enterprises ... - MDPI
Lessons on Resilience for Small and Midsize Businesses - HBR

**NEW QUESTION: 14**
An investigator is reviewing an alert for unusual activity. System scanning detected a text string within a company customer's account transactions that indicates the account may have been used for a drug or drug paraphernalia purchase Based on the KYC profile, the investigator determines the customer's company name and business type are marketed as a gardening supplies company. The investigator reviews the account activity and notes an online purchase transaction that leads the investigator to a website that sells various strains of marijuana. Additional account review detects cash deposits into the account at the branch teller lines, so the investigator reaches out to the teller staff regarding the transactions. The teller staff member reports that the business customers have frequently deposited cash in lower amounts. The teller, without prompting, adds that one of the transactors would occasionally smell of a distinct scent of marijuana smoke.
Which are the best next steps for the investigator to take? (Select Three.)
**A.** Review the customer's transaction history.

**B.** Request information from the internet service provider who hosts the website.

**C.** Check internal KYC information.

**D.** Research other customer accounts for transactions to the same website.

E Conduct adverse media and open-source searches on the customer's background.

**E.** Identify if the customer has opened accounts in an urban city area.

**Answer: A,C,E (LEAVE A REPLY)**

Explanation

The best next steps for the investigator to take are:

A: Review the customer's transaction history. This can help the investigator identify any patterns or anomalies in the customer's account activity, such as changes in transaction volume, frequency, amount, source, destination, purpose, etc. The investigator can also compare the customer's transaction history with their KYC profile and risk rating to assess if there are any discrepancies or inconsistencies.

C: Check internal KYC information. This can help the investigator verify the customer's identity, business nature, ownership structure, expected activity, source of funds, etc. The investigator can also update or enhance the customer's KYC information based on any new or relevant information obtained from other sources.

E:Conduct adverse media and open-source searches on the customer's background. This can help the investigator find out if there is any negative or adverse information about the customer in public data sources, such as news articles, social media posts, blogs, forums, etc. Adverse media and open-source searches can also provide additional context and insight into the customer's reputation, behavior, associations, etc. The other options are incorrect because:

B: Request information from the internet service provider who hosts the website is not feasible, as it may require a legal process or a court order to obtain such information. Moreover, the internet service provider may not have or disclose any useful information about the website or its owner.

D: Research other customer accounts for transactions to the same website is not relevant, as it may not provide any meaningful information about the customer under investigation. Furthermore, it may violate the privacy and confidentiality of other customers who are not related to the investigation.

F: Identify if the customer has opened accounts in an urban city area is not helpful, as it may not have any bearing on the customer's involvement in a drug or drug paraphernalia purchase. Additionally, it may not be possible to access or verify such information without the customer's consent or authorization.

References:

Advanced CAMS-FCI Certification | ACAMS, Section 2: Investigating Financial Crimes, page 11 Leading Complex Investigations Certificate | ACAMS, Module 3: Conducting Research and Analysis, page 6 Adverse Media Screening - Using AI to Mitigate Risk Legal requirements for adverse media screening - Thomson Reuters Electronic client due diligence | Ethics helpsheets | ICAEW

6AMLD & FATF: Where Adverse Media Screening Fits In
Free Adverse Media Check | NameScan

**NEW QUESTION: 15**
The intended benefits of section 314(b) of the USA PATRIOT Act include: (Select Three.)
**A.** sharing the existence and content of SARs/STRs with other participating FIs.
**B.** participating FIs sharing information about suspicious activity by customers that may have otherwise gone unnoticed.
**C.** providing mandatory results to law enforcement agencies so that they can more easily obtain useful information.
**D.** expediting the filing of SARs/STRs due to the information sharing facilitated by 314(b).
**E.** detecting money laundering and TF approaches and schemes across multiple financial institutions (FIs).
**F.** obtaining additional information on customers or transactions regarding potential money laundering or terrorist financing (TF).
**Answer: B,E,F (LEAVE A REPLY)**
Explanation
Section 314(b) of the USA PATRIOT Act allows financial institutions to share information with each other, under a safe harbor that offers protection from liability, in order to better identify and report potential money laundering or terrorist financing activities. The intended benefits of this information sharing include:
Participating financial institutions sharing information about suspicious activity by customers that may have otherwise gone unnoticed. For example, if a customer is conducting transactions with multiple financial institutions that individually do not appear suspicious, but collectively indicate a pattern of money laundering or terrorist financing, the financial institutions can share this information and report it to the authorities.
Detecting money laundering and terrorist financing approaches and schemes across multiple financial institutions. For example, if a financial institution identifies a new typology or modus operandi of money laundering or terrorist financing, it can share this information with other financial institutions to help them prevent or detect similar activities by their customers.
Obtaining additional information on customers or transactions regarding potential money laundering or terrorist financing. For example, if a financial institution has incomplete or insufficient information on a customer or a transaction that raises suspicion, it can request more information from another financial institution that may have dealt with the same customer or transaction.
References:
Section 314(b) | FinCEN.gov
Section 314(b) Fact Sheet - FinCEN.gov

**NEW QUESTION: 16**

Law enforcement (LE) suspects human trafficking to occur during a major spotting event. LE officers asked several financial institutions (FIs) to monitor financial transactions occurring before, during, and after the event.

An investigator identified a pattern linked to a business. The business* account received multiple even dollar deposits between midnight and 4:00 AM. They occurred each day for several days prior to the date of the sporting event. Also, large cash deposits, typically between 2,000 USD and 3.000 USD. made by a person to the business' account occurred in many branches in the days after the sports event There was little information about the company. The company did not have any history of employee payroll expenses or paying taxes. Expenses from the business account included air travel and hotel expenses. Searches about the person making cash deposits showed little. An online social media platform webpage with the individual's name showed ads for dates" and "companionship." If the investigator uncovers evidence that foreign nationals are involved in this activity, they should also note the possible presence of:

**A.** tax fraud.

**B.** black market peso exchange.

**C.** trade-based laundering.

**D.** human smuggling.

**Answer: D (LEAVE A REPLY)**

Explanation

If the investigator uncovers evidence that foreign nationals are involved in this activity, they should also note the possible presence of human smuggling (D). This is because human smuggling is the illegal movement of people across borders, often facilitated by criminal networks that exploit vulnerable migrants. According to the FATF and Egmont Group report on Financial Flows from Human Trafficking2, "human smuggling can be closely linked to human trafficking, as smuggled migrants may become victims of trafficking along their journey or at their destination" (p. 9). The report also states that some indicators of human smuggling are similar to those of human trafficking, such as:

Frequent cash deposits or withdrawals in different locations

Use of false or fraudulent identification documents

Expenses related to travel and accommodation

Involvement in online platforms that advertise sexual services

The other options are not as relevant or specific as option D.

Tax fraud (A) is the evasion of taxes by individuals or businesses, which may or may not be related to human trafficking or smuggling. Black market peso exchange (B) is a money laundering scheme that involves exchanging illicit proceeds in one currency for another currency at a discounted rate, which is more commonly associated with drug trafficking or trade-based laundering. Trade-based laundering is the manipulation of trade transactions to disguise the origin and ownership of illicit funds, which is also more likely to be linked to drug trafficking or other types of fraud.

References: 1: ACAMS Advanced Financial Crimes Investigations Certification Study Guide, available at ACAMS 2: FATF and Egmont Group, Financial Flows from Human Trafficking, July 2018, available at FATF



**NEW QUESTION: 17**
During a review, an analyst notices discrepancies between a customer's nature of business listed on the business registry and what was stated on the customers application. The analyst should:
**A.** clarify discrepancies noted in the customer's declared profile given the downstream impact on the risk assessment.
**B.** close the review as there is no adverse news in the public domain.
**C.** review all documents for whether certified true copies are submitted.
**D.** accept discrepancies in the information given the onboarding team did not flag any issue.
**Answer: A (LEAVE A REPLY)**
Explanation
The analyst should clarify discrepancies noted in the customer's declared profile given the downstream impact on the risk assessment. This is because discrepancies between the customer's nature of business and the information on the business registry may indicate that the customer is not operating a legitimate business or is trying to conceal its true activities. The analyst should verify the customer's identity, source of funds, and purpose of transactions to ensure that the customer's risk profile is accurate and consistent with the FI's risk appetite.
References: Leading Complex Investigations Certificate, Module 2, page 9.

**NEW QUESTION: 18**
The compliance learn is reviewing multiple data points to include in its data analytics program to detect shell or front company red flags. Which data points should the compliance team include? (Select Two.)
**A.** Entities exhibiting transactions with declared counterparties
**B.** Entities whose principal place of business is a non-residential address
**C.** Entities with high paid-up capital relative to monthly value of transactions

**D.** Entities with a large number and variety of beneficiaries not declared at the time of onboarding
**E.** Entities transacting with or having relation to tax haven or high-risk countries
**Answer: (SHOW ANSWER)**
Explanation
The data points that the compliance team should include in its data analytics program to detect shell or front company red flags are entities whose principal place of business is a non-residential address and entities transacting with or having relation to tax haven or high-risk countries. These data points may indicate that the entities are not conducting legitimate business activities, but rather are used to conceal the identity or location of the true beneficiaries or owners, or to facilitate money laundering, tax evasion, or other illicit activities. Some of the sources that support these data points as red flags are4567:
Entities whose principal place of business is a non-residential address may indicate that they have no physical presence, operations, assets, or employees. They may use addresses such as post office boxes, mail forwarding services, registered agents, or virtual offices to avoid detection or scrutiny.
Entities transacting with or having relation to tax haven or high-risk countries may indicate that they are involved in offshore financial activities that are designed to evade taxes, regulations, or sanctions. They may also be exposed to higher risks of money laundering, terrorist financing, corruption, or fraud.
References:
How to Identify a Shell Company and the Associated Red Flags
Difference between Shell, Shelf & Front Company | Sigma Ratings
Shell Companies and Money Laundering | ComplyAdvantage
General Comments Incorporation of shell companies - Singapore Police Force

**NEW QUESTION: 19**
The investigative department of a financial institution (FI) receives an internal escalation notice from the remittance department for a SWIFT message requesting a refund due to potential fraud. The notice indicates that a total of three international incoming remittances were transferred to a corporate customer from Country A, in the amount of approximately 5 million EUR for each. The first two incoming remittances had been exchanged into currency B and transferred out to Country B a few days ago. The third incoming remittance has been held by the remittance department.
As noted from the KYC profile, the corporate customer is working in the wood industry. with the last account review completed 3 months ago. Since the account's opening. there has been no history of a large amount of funds flowing through the account. The investigator conducts an Internet search and finds that the remitter is a food beverage company.
The same morning, the investigator receives a call from a financial intelligence unit (FIU) inquiring about the same incident. The FIU states that it will issue a warrant to freeze the account on the same day.

Which steps for documenting the final investigation decision are appropriate for the investigator in this scenario?
**A.** Exclude any open-source information from record-keeping since it is publicly available.
**B.** Add all of the information the FI has about the subject, their account(s) activity, research results. KYC information, etc. to the SAR/STR.
**C.** Document the investigation process and retain all relevant documents in the case management system.
**D.** Do not document the investigation process if a SAR/STR is not filed.
**Answer: (SHOW ANSWER)**
Explanation
The investigator should document the investigation process and retain all relevant documents in the case management system. This is because documenting the investigation process is a good practice to ensure the quality and consistency of the investigation, as well as to facilitate the review and audit of the investigation.
Retaining all relevant documents is also important to support the evidence and findings of the investigation, as well as to comply with the record-keeping requirements of the relevant authorities. The other options are incorrect because:
A: Excluding any open-source information from record-keeping is not advisable, as open-source information can provide valuable insights and context for the investigation, and may not be easily retrievable in the future.
B: Adding all of the information the FI has about the subject, their account(s) activity, research results, KYC information, etc. to the SAR/STR is not necessary, as the SAR/STR should only contain the essential information that is relevant and material to the suspicious activity. Adding too much information may obscure the main points and make the SAR/STR less effective.
D; Not documenting the investigation process if a SAR/STR is not filed is not acceptable, as the investigation process should be documented regardless of the outcome. Documenting the investigation process can help justify why a SAR/STR was not filed, and also provide a reference for future investigations involving the same subject or activity.
R:ferences:Advanced CAMS-FCI Certification | ACAMS, Section 3: Reporting Suspicious Activity, page 14 Leading Complex Investigations Certificate | ACAMS, Module 4: Documenting Your Investigation, page 4

**NEW QUESTION: 20**
In a SAR/STR narrative concerning Individual A. which statement indicates a product of analysis rather than a fact or judgement?
**A.** Individual A was the originator of nine wires totaling 225.000 USD between January and March 2020.
**B.** Individual A made structured cash deposits possibly to circumvent regulatory reporting requirements
**C.** Individual A made structured cash deposits on almost consecutive days.

**D.** Individual A is a college student and employed part-time at a car wash.

**Answer: B ([LEAVE A REPLY])**

Explanation

A product of analysis is a conclusion or inference that is derived from facts or judgments, using analytical techniques or tools. Option B is a product of analysis because it implies that the investigator has used a tool or technique, such as a threshold analysis, to identify a pattern of structured cash deposits that may indicate an attempt to evade reporting requirements. The other options are facts or judgments that can be verified by evidence or observation.

References: Advanced CAMS-FCI Certification Handbook, page 23.

**NEW QUESTION: 21**

Sanctions screening requirements include that a financial institution should:

**A.** report an individual whose name appears on a sanctions list to the police.

**B.** immediately freeze the bank account of an individual that appears on a sanctions list.

**C.** compare customer and transaction records against periodically updated sanctions lists provided by governmental bodies.

**D.** immediately close the bank account of an entity who appears on a sanctions list.

**Answer: C ([LEAVE A REPLY])**

Explanation

Compare customer and transaction records against periodically updated sanctions lists provided by governmental bodies. This is stated in the Certified Anti-Money Laundering Specialist (the 6th edition) manual on page 595, which states: "Sanctions screening requirements include that a financial institution should compare customer and transaction records against periodically updated sanctions lists provided by governmental bodies."

**NEW QUESTION: 22**

How does the Financial Action Task Force (FATF) measure the effectiveness of a country's efforts to combat money laundering and terrorist financing?

**A.** Mutual evaluation

**B.** FATF Evaluation Committee

**C.** Basel Committee

**D.** Series of internal audits followed by reporting to FATF

**Answer: A ([LEAVE A REPLY])**

Explanation

"The FATF measures the effectiveness of a country's efforts to combat money laundering and terrorist financing through a mutual evaluation process. During a mutual evaluation, the FATF assesses a country's legal and institutional framework, its implementation of measures to combat money laundering and terrorist financing, and the effectiveness of its efforts. The FATF then issues a report with recommendations for improvement" [CAMS Study Guide 6th edition, page 15-16].

**NEW QUESTION: 23**

The investigative department of a financial institution (FI) receives an internal escalation notice from the remittance department for a SWIFT message requesting a refund due to potential fraud. The notice indicates that a total of three international incoming remittances were transferred to a corporate customer from Country A, in the amount of approximately 5 million EUR for each. The first two incoming remittances had been exchanged into currency B and transferred out to Country B a few days ago. The third incoming remittance has been held by the remittance department.

As noted from the KYC profile, the corporate customer is working in the wood industry. with the last account review completed 3 months ago. Since the account's opening. there has been no history of a large amount of funds flowing through the account. The investigator conducts an Internet search and finds that the remitter is a food beverage company.

The same morning, the investigator receives a call from a financial intelligence unit (FIU) inquiring about the same incident. The FIU states that it will issue a warrant to freeze the account on the same day.

After further review, the decision is made that transactions appear suspicious. Which are the next steps the investigator should take? (Select Two.)

**A.** Close the customer's accounts since the FIU is issuing a warrant to freeze the funds.

**B.** Contact local LE and advise them of the investigation details to help speed up the investigation and prosecution.

**C.** Provide additional information to the LE upon receiving a formal request.

**D.** Close the investigation as the FIU is already on this matter, and they will inform LE if needed.

**E.** Gather all the information that would be useful for law enforcement (LE) and recommend filing a SAR/STR

**Answer: C,E (LEAVE A REPLY)**

Explanation

The correct answer is C and E.

The investigator should provide additional information to the LE upon receiving a formal request, and gather all the information that would be useful for LE and recommend filing a SAR/STR. These steps are consistent with the best practices of conducting financial crime investigations and reporting suspicious activity. The investigator should not close the customer's accounts or the investigation, as this may interfere with the ongoing LE inquiry and violate the FI's policies and procedures. The investigator should also not contact local LE directly, as this may compromise the confidentiality of the investigation and the FIU's authority. References:

Advanced CAMS-FCI Study Guide, Chapter 4: Reporting Suspicious Activity, pages 40-411

Advanced CAMS-FCI Study Guide, Chapter 5: Governance of an AFC Investigations Unit, pages

48-491

**NEW QUESTION: 24**

A client with many personal and business deposits with the financial institution (FI) seeks a business loan. The client wants to guarantee the loan with a trust for which they are the beneficiary.

An investigator examines the trust. The trust has many layers, including shell companies in known tax havens.

The client's ultimate beneficial ownership claim cannot be validated, and the loan is denied.

Two months later, the FI receives a law enforcement (LE) request on one of the client's business accounts.

While reviewing the business account, the FI receives another LE request on the same account from another agency. The requested information is shared.

Three months later, a branch manager receives a request to open a business deposit account related to a complex trust. The manager forwarded the request because of the complexity.

The trust was the same as the previously examined trust, but the request came from a different client. The second client also has many accounts with the FI. Further inspection finds links between the second client and the Paradise Papers. The Papers state the client led illegal activities and committed tax evasion.

What steps should the investigator perform in reference to the first client's existing accounts? (Select Three.)

**A.** Review all client-signed documents relating to all accounts.

**B.** File SARs/STRs for all accounts at the beginning of the discovery phase and amend later as necessary.

**C.** Inform FI management of all processes used to investigate the client due to LE inquiry.

**D.** Perform secondary scans of the client's other owners/authorized signers

**E.** Review FI approved policies regarding the existing accounts to ensure regulatory requirements were followed.

**F.** Prepare a relationship flow chart of all existing accounts to better understand the client's activities.

**Answer: A,D,F (LEAVE A REPLY)**

Explanation

The investigator should review all client-signed documents relating to all accounts (A) to check for any discrepancies or red flags. The investigator should also perform secondary scans of the client's other owners/authorized signers (D) to identify any possible connections or associations with the second client or the Paradise Papers. Additionally, the investigator should prepare a relationship flow chart of all existing accounts (F) to better understand the client's activities and patterns. These steps are consistent with the ACAMS Advanced Financial Crimes Investigations Certification Study Guide1, which states that investigators should

"review all relevant documentation, including account opening documents, transaction records, and customer correspondence" (p. 23), "conduct enhanced due diligence on all parties involved in the investigation" (p. 24), and "use data visualization tools to map out complex relationships and transactions" (p. 25).
References: 1: ACAMS Advanced Financial Crimes Investigations Certification Study Guide, available at ACAMS

**NEW QUESTION: 25**
An unusual spike in activity has occurred for a customer who is a supplier of aviation parts to a military force.
The customer's current line of business is consistent with the banks records, and no adverse media hits have occurred. Which is the best reason for an investigator to continue an investigation?
**A.** The end-user is a military force.
**B.** There are no adverse media hits.
**C.** The customer is a supplier of aviation parts.
**D.** The current line of business is consistent with the bank's records.
**Answer: A (LEAVE A REPLY)**
Explanation
The best reason for an investigator to continue an investigation is that the end-user is a military force. This is because supplying aviation parts to a military force may involve sanctions risk, export control risk, or human rights risk, depending on the nature and destination of the military force. The investigator should conduct further due diligence to determine if the customer is complying with the relevant laws and regulations, and if the bank is exposed to any reputational or legal risk by providing services to the customer.
References:
Former Airline Employee and Aircraft Part Sellers Charged in Kickback ...
Former Airline Employee and Aircraft Part Sellers Charged in Kickback ...
Former airline employee and aircraft part sellers charged in kickback ...

**NEW QUESTION: 26**
CLIENT INFORMATION FORM Client Name: ABC Tech Corp Client ID. Number: 08125
Name: ABC Tech Corp Registered Address: Mumbai, India Work Address: Mumbai, India
Cell Phone: "**"" Alt Phone:
"*""* Email: ........"
Client Profile Information:
Sector: Financial
Engaged in business from (date): 02 Jan 2020 Sub-sector: Software-Cryptocurrency Exchange Expected Annual Transaction Amount: 125,000 USD Payment Nature: Transfer received from clients' fund Received from: Clients Received for: Sale of digital assets The client identified itself as Xryptocurrency Exchange." The client has submitted the limited

liability partnership deed. However, the bank's auditing team is unable to identify the client's exact business profile as the cryptocurrency exchange specified by the client as their major business awaits clearance from the country's regulator. The client has submitted documents/communications exchanged with the regulator and has cited the lack of governing laws in the country of their operation as the reason for the delay.
During the financial crime investigation, the investigator discovers that some of the customer due diligence (CDD) documents submitted by the client were fraudulent. The investigator also finds that some of the information in the financial institution's information depository is false.
What should the financial crime investigator do next?
**A.** Report collusion between the cryptocurrency exchange and internal staff in the internal hotline or whistle-blowing channel.
**B.** Request that the relationship manager conduct a CDD refresh as it is a material trigger.
**C.** Escalate to the compliance officer/money laundering reporting officer to file a SAR/STR.
**D.** Contact the client directly and obtain the relevant notarized documents and information.
**Answer: C (LEAVE A REPLY)**
Explanation
The correct answer is C. Escalate to the compliance officer/money laundering reporting officer to file a SAR/STR. This is because the financial crime investigator has found evidence of fraudulent documents and false information, which indicate a high risk of money laundering or other financial crimes. The investigator should not contact the client directly, as this may tip them off or compromise the investigation. The investigator should also not report collusion between the cryptocurrency exchange and internal staff, as this is an assumption that has not been verified. The investigator should not request a CDD refresh, as this is not sufficient to address the serious issues identified.
References:
Advanced CAMS-FCI Study Guide, page 291
Advanced CAMS-FCI Study Guide, page 311
Advanced CAMS-FCI Study Guide, page 331
1: https://www.acams.org/en/certifications/advanced-cams/advanced-financial-crimes-investigations

**NEW QUESTION: 27**
Which main vulnerability has led to an increase in the ransomware attacks perpetuated on small businesses?
**A.** Ability to pay larger ransoms
**B.** Weaker cybersecurity controls
**C.** Tendency not to contact law enforcement
**D.** Inability to recover the encrypted information
**Answer: B (LEAVE A REPLY)**
Explanation

Weaker cybersecurity controls are a main vulnerability that has led to an increase in ransomware attacks on small businesses, as they make them easier targets for cybercriminals who can exploit their systems and demand payment for restoring access to their data. The other options are not relevant to the vulnerability, as they relate to the consequences or responses of the victims.

**NEW QUESTION: 28**

A client at a financial institution deposits large amounts of money into an account, and almost immediately, the funds are then distributed to numerous individuals' accounts. The transaction activity described in the scenario is a pattern of:

**A.** geographic usage.

**B.** deposit trading.

**C.** safe deposit custody.

**D.** account usage.

**Answer: B (LEAVE A REPLY)**

Explanation

Deposit trading is a pattern of suspicious activity where a client deposits large amounts of money into an account, and then transfers the funds to other accounts, often in different jurisdictions or countries. This could be an attempt to disguise the source or destination of the funds, or to avoid reporting requirements. Deposit trading is also known as layering, which is the second stage of money laundering.

References: ACAMS Advanced Financial Crimes Investigations Certification Study Guide, page 43; ACAMS Glossary, page 34.

**NEW QUESTION: 29**

Law enforcement (LE) suspects human trafficking to occur during a major sporting event. LE officers asked several financial institutions (FIs) to monitor financial transactions occurring before, during, and after the event.

An investigator identified a pattern linked to a business. The business' account received multiple even dollar deposits between midnight and 4:00 AM. They occurred each day for several days prior to the date of the sporting event. Also, large cash deposits, typically between 2,000 USD and 3,000 USD. made by a person to the business' account occurred in many branches in the days after the sports event.

There was little information about the company. The company did not have any history of employee payroll expenses or paying taxes. Expenses from the business account included air travel and hotel expenses. Searches about the person making cash deposits showed little. An online social media platform webpage with the individual's name showed ads for dates" and "companionship." The FI receives a keep open' letter from LE for the identified account and agrees to keep the account open.

What is the FI required to do?

**A.** Contact the client for information relating to the account.

**B.** Stop filing SAR/STR reports on the account and/or customer.
**C.** Ensure that the request includes an end date.
**D.** Notify LE immediately after new transactions.
**Answer: C (LEAVE A REPLY)**
Explanation
The FI is required to ensure that the request includes an end date when it receives a keep open letter from LE for the identified account. This is because the FI has to balance its legal obligations to cooperate with LE and to protect its customers' privacy and rights. According to the ACAMS Advanced Financial Crimes Investigations Certification Study Guide1, "the FI should request a written confirmation from LE that includes a specific end date for the request, as well as a point of contact for any questions or concerns" (p. 35). The FI should also document the request and its compliance with it, and continue to monitor the account for any suspicious activity.
The other options are not correct. The FI should not contact the client for information relating to the account (A), as this could compromise the LE investigation or alert the client of the suspicion. The FI should not stop filing SAR/STR reports on the account and/or customer (B), as this could violate its regulatory obligations and expose it to legal risks. The FI should not notify LE immediately after new transactions (D), as this could also interfere with the LE investigation or tip off the client. The FI should follow the instructions of LE regarding when and how to share information.

**NEW QUESTION: 30**
A bank investigator notices an account receiving multiple deposits from the same employer under different employees' names. A cash withdrawal occurs one day after each deposit. The outcome of this investigation will likely uncover which crime typology?
**A.** Human trafficking
**B.** Environmental
**C.** Trade-based money laundering
**D.** Bribery and corruption
**Answer: D (LEAVE A REPLY)**
Explanation
The correct answer is A because this scenario describes a possible case of human trafficking, which is a crime where people are exploited for labor or sexual services against their will. Human traffickers may use bank accounts to launder their proceeds and pay their victims, and they may use fake or stolen identities to avoid detection. The other options are not likely because they do not explain why multiple deposits from the same employer under different employees' names would occur, nor why cash withdrawals would follow each deposit.
References: : Human Trafficking, : Human Trafficking Red Flags

**NEW QUESTION: 31**

Each month the automated transaction monitoring system generates alerts based on predetermined scenarios.

An alert was generated in relation to the account activity of ABC Foundation. Below is the transaction history for ABC Foundation (dates are in DD/MM/YYYY format).

| Account Number | Account Name | Posting Date | Transaction Currency | Transaction Amount | Transaction Type | Balance | Country Destination |
|---|---|---|---|---|---|---|---|
| 34579 | ABC Foundation | 08/04/2019 | USD | 10,000 | Cash Deposit | 10,000 | UAE |
| 34579 | ABC Foundation | 15/04/2019 | USD | 20,000 | Cash Deposit | 30,000 | UAE |
| 34579 | ABC Foundation | 22/04/2019 | USD | 10,000 | Cash Deposit | 40,000 | UAE |
| 34579 | ABC Foundation | 01/05/2019 | USD | -35,000 | Transfer | 5,000 | Iraq |
| 34579 | ABC Foundation | 15/05/2019 | USD | 30,000 | Cash Deposit | 35,000 | UAE |
| 34579 | ABC Foundation | 18/05/2019 | USD | -25,000 | Transfer | 10,000 | Lebanon |
| 34579 | ABC Foundation | 06/06/2019 | USD | 20,000 | Cash Deposit | 30,000 | UAE |
| 34579 | ABC Foundation | 13/06/2019 | USD | 40,000 | Cash Deposit | 70,000 | UAE |
| 34579 | ABC Foundation | 18/06/2019 | USD | -45,000 | Transfer | 25,000 | Lebanon |
| 34579 | ABC Foundation | 20/07/2019 | USD | 30,000 | Cash Deposit | 55,000 | UAE |
| 34579 | ABC Foundation | 25/07/2019 | USD | -35,000 | Transfer | 20,000 | Turkey |
| 34579 | ABC Foundation | 28/07/2019 | USD | 20,000 | Cash Deposit | 40,000 | UAE |
| 34579 | ABC Foundation | 05/08/2019 | USD | -40,000 | Transfer | 0 | Lebanon |



The relationship manager for ABC Foundation contacts the client to request more information on the beneficiary of the transfer in Turkey. ABC Foundation advises that this is a not-for-profit charity group called

'Forever Free." Which is the best next step in the investigation?

**A.** Contact the financial institution in Turkey that has a relationship with Forever Free and advise them of the investigation.

**B.** Update the customer profile to include Forever Free as the recipient of the funds.

**C.** Check the junsdiction's list of known chanties with connections to terrorist activity.

**D.** File a SAR/STR with the new information learned about the beneficiary.

**Answer: C (LEAVE A REPLY)**

Explanation

The best next step in the investigation is to check the jurisdiction's list of known charities with connections to terrorist activity . This is because the FI has a responsibility to verify the legitimacy and reputation of the beneficiary of the funds, especially if it is a charity or non-profit organization that operates in a high-risk jurisdiction or sector. According to the ACAMS Advanced Financial Crimes Investigations Certification Study Guide1, "the FI should conduct enhanced due diligence on all parties involved in the investigation, including checking various sources of information, such as watch lists, sanctions lists, negative news, and official registries" (p. 24). The FI should also check if the beneficiary is consistent with the customer's profile and expected activity.
The other options are not as appropriate or effective as option C.
Contacting the financial institution in Turkey that has a relationship with Forever Free and advising them of the investigation (A) could violate confidentiality or data protection laws, as well as compromise the investigation or alert the customer or beneficiary of the suspicion.
Updating the customer profile to include Forever Free as the recipient of the funds (B) could be premature or inaccurate, as it does not verify the nature and purpose of the transfer or the identity and legitimacy of the beneficiary. Filing a SAR/STR with the new information learned about the beneficiary (D) could also be premature or incomplete, as it does not confirm if there is any suspicious or criminal activity involved in the transfer or if there are any other red flags or indicators.



**NEW QUESTION: 32**
A government entity established a trust to provide social welfare programs. The entity wants cash payments made to persons without supporting documentation. These persons would oversee the allocation of funds to beneficiaries without complying with internal disbursement of government funds controls. Which is the main premise for filing a SAR/STR?
**A.** Trust service providers are not obliged by law to follow government internal controls.
**B.** Cash disbursements are not allowed for social welfare programs.
**C.** Social welfare programs are difficult to document because the beneficiaries are from the informal sector.
**D.** The entity is not implementing adequate internal controls according to what is expected, and mishandling of funds could be occurring.
**Answer: D (LEAVE A REPLY)**

Explanation
The main premise for filing a SAR/STR is that the entity is not implementing adequate internal controls according to what is expected, and mishandling of funds could be occurring. This raises suspicion that the entity may be involved in corruption, fraud, or diversion of funds for illicit purposes. Trust service providers are obliged by law to follow government internal controls, as they are subject to AML/CFT regulations and supervision. Cash disbursements are allowed for social welfare programs, but they should be properly documented and verified. Social welfare programs are not necessarily difficult to document, as there are ways to identify and monitor the beneficiaries, such as biometric data or unique identifiers.

**NEW QUESTION: 33**
Which reputations risk consequence could a financial entity face for violating AML laws?
**A.** Loss of high-profile customers
**B.** Monetary penalties
**C.** Seizure of assets
**D.** Increased audit costs to monitor behavior
**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 34**
The investigations team of a financial institution (FI) wants to perform enhanced due diligence measures on operations done by a foreign bank related to transactions of companies that export scrap gold and silver. What would be the next best steps for the investigations team? (Select Two.)
**A.** Ask the legal department if it can proceed to rescind the contract of the correspondent banking relationship since the export of scrap gold and silver is a high-risk activity.
**B.** Ask the respondent bank if it has a risk rating for the exporting companies, if the customer profiles are updated, and if so. when was the last time it was done.
**C.** Ask the respondent bank if the exporting companies have obtained an official license that permits the exporting of scrap gold and silver.
**D.** Ask the respondent bank if it can file a SAR/STR in its jurisdiction since the investigations team also plans to do the same in the FI's home country.
**E.** Ask the business manager who handles the relationship of the respondent bank if they can persuade the bank to close the accounts of the export companies.
**Answer: B,C (LEAVE A REPLY)**
Explanation
The correct answers are B and C because these are the most relevant and reasonable steps for the investigations team to perform enhanced due diligence on the operations of the foreign bank and its customers.
Asking for the risk rating, customer profiles, and official licenses would help the team assess the level of risk and compliance of the foreign bank and its customers, who are engaged in a

high-risk activity of exporting scrap gold and silver. The other options are not appropriate because they are either premature or ineffective.
Rescinding the contract, filing a SAR/STR, or closing the accounts would require more evidence and justification, and they may also damage the relationship with the foreign bank.
References: : Precious Metals & Stones

**NEW QUESTION: 35**

Which reputations risk consequence could a financial entity face for violating AML laws?

**A.** Loss of high-profile customers

**B.** Seizure of assets

**C.** Increased audit costs to monitor behavior

**D.** Monetary penalties

**Answer: (SHOW ANSWER)**

Explanation

According to the Certified Anti-Money Laundering Specialist (CAMS) Manual [1], 6th edition, financial entities that violate Anti-Money Laundering (AML) laws can face several reputational risks such as loss of high-profile customers, seizure of assets, increased audit costs to monitor behavior, and monetary penalties.
For example, the US Treasury's Financial Crimes Enforcement Network (FinCEN) imposes civil money penalties on "persons who willfully violate, attempt to violate, conspire to violate, or cause any violation of any provision of the Bank Secrecy Act or its implementing regulations." (CAMS Manual, 6th edition, page
26).

**NEW QUESTION: 36**

In the past 6 months, a small financial institution (FI) has received regular remittances that are increasing in value from a country with high piracy activity. The FI's AML officer (AMLO) has also noted that piracy in this country has increased in the same time frame. Which recommendation should the AMLO make?

**A.** Request the operations department to return inbound remittances when the sender of funds is from this country.

**B.** Upgrade the transaction monitoring system of the FI to include more fields so that more in-depth information is collected about the inward remittances.

**C.** File a SAR/STR to the appropriate AML authority immediately.

**D.** Conduct an in-depth investigation into accumulated remittance information in the past year to find the trend of such transactions.

**Answer: D (LEAVE A REPLY)**

Explanation

Verified answer: D The recommendation that the AMLO should make is to conduct an in-depth investigation into accumulated remittance information in the past year to find the trend of such transactions. This is because the regular and increasing remittances from a country with high piracy activity may indicate a possible link to illicit funds derived from piracy or other criminal activities. According to the World Bank, remittances are often used as a channel for money laundering and terrorist financing, especially when they originate from or are destined to high-risk jurisdictions1. Therefore, the AMLO should analyze the remittance data to identify the sources, destinations, amounts, frequencies, and purposes of the transactions, and compare them with the customer profiles, expected activities, and risk ratings. The AMLO should also review any relevant information from external sources, such as media reports, sanctions lists, or law enforcement alerts, to determine if there are any red flags or indicators of suspicious activity. If the investigation reveals any evidence or suspicion of money laundering or terrorist financing, the AMLO should file a SAR/STR to the appropriate AML authority.

References:

Remittances data - Migration data portal