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

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QUESTION 1

Which product type is subject to US extra jurisdictional reach over non-US banks and non- US persons under the USA PATRIOT Act?

- A. Correspondent banking
- B. Commercial lending
- C. Trade finance
- D. Private banking

Correct Answer: A

Explanation: The product type that is subject to US extra jurisdictional reach over non-US banks and non- US persons under the USA PATRIOT Act is Correspondent Banking. According to the Certified Anti- Money Laundering Specialist (the 6th edition) Study Guide, "The USA PATRIOT Act extends the reach of the Bank Secrecy Act and other anti-money laundering statutes to non-U.S. banks and non-U.S. persons. This extra jurisdictional reach includes, but is not limited to, correspondent banking."

QUESTION 2

What are three factors a financial institution should examine with regard to a new customer who is opening up a new account? Choose 3 answers

- A. The country or location where the customer is from or does business
- B. The type and size of the business the customer runs
- C. The legal structure of the customer's business
- D. The previous financial institutions where the customer has banked

Correct Answer: BCD

QUESTION 3

The bank's Compliance Officer is tasked with designing standards based on Basel's KYC principles. Which essential elements should be included in the program? (Choose two.)

- A. Appointing an independent audit function
- B. Conducting a money laundering risk assessment
- C. Documenting a customer acceptance policy
- D. Establishing on-going monitoring of high-risk accounts
- E. Reporting suspicious activity



Correct Answer: CE

QUESTION 4

A law enforcement agency is conducting an investigation of a financial institution (FI). How should the FI respond to the law enforcement agency's requests?

- A. Disregard requests when there is a justifiable reason for doing so.
- B. Share information about the investigation with analysts so they are aware.
- C. Delay responses by informing senior management of requests.
- D. Address all requests completely and in a timely manner.

Correct Answer: D

Explanation: The Certified Anti-Money Laundering Specialist (the 6th edition) Study Guide states that financial institutions should address all requests from law enforcement agencies completely and in a timely manner (Page 83). Disregarding requests when there is a justifiable reason for doing so is not recommended, as this could impede the investigation. Sharing information about the investigation with analysts is not recommended, as this could compromise the investigation. Delaying responses by informing senior management of requests is also not recommended, as this could result in a delay in the investigation.

QUESTION 5

Findings from a regulatory examination report states that the job descriptions of personnel outside of the compliance department do not include references to anti-money laundering responsibilities.

Which action should the firm take?

- A. Update all job descriptions to include anti-money laundering responsibilities
- B. Respond that only compliance personnel have anti-money laundering responsibilities
- C. Send an email to all staff stating that personnel must observe the anti-money laundering policy
- D. Reply that a description of anti-money laundering responsibilities is included in the annual training

Correct Answer: D

QUESTION 6

What does designating a country as being of "prime money laundering concern" allow the U.S. government to do?

- A. Obtain transactional information from U.S.-owned subsidiary banks located outside the U.S.
- B. Close some or all correspondent or payable-through accounts
- C. Ensure the inclusion of that country onto FATF's Non-Cooperative Country and Territory list



D. Ensure the inclusion of that country into the office of Foreign Asset Control country sanctions programs

Correct Answer: C

QUESTION 7

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

Correct Answer: CD

QUESTION 8

Which of the following represents the first Financial Action Task Force initiative?

- A. The 40 Recommendations on Money Laundering
- B. The Report on Non-Cooperative Countries and Territories
- C. The Report on Money Laundering Typologies
- D. The Special Recommendations on Terrorist Financing

Correct Answer: D

QUESTION 9

A private banker of a major international bank is onboarding a new private investment company. The banker has verified the identity of the two directors, a husband and wife, who are equal shareholders. The funds in the account will be provided solely by the wife.

The banker was later informed by the company that an additional director and shareholder will be added to the company although the new shareholder will not provide funds.



What is the next step for due diligence in respect to the additional director and shareholder according to the Wolfsberg Anti-Money Laundering Principles for Private Banking?

- A. Refuse to open the account as it is not usual for an individual to be a director and shareholder of a private investment company without providing funds.
- B. Seek to further understand the relationship between the shareholders and undertake due diligence on the source of funds and wealth for each of the shareholders
- C. Verify the identity of this individual, including due diligence in respect of background and reputation, and undertake due diligence on her source of funds and wealth
- D. Seek to further understand the relationship between the shareholders and verify the identity of the individual which may include due diligence in respect to her background and reputation

Correct Answer: B

QUESTION 10

How does a regulatory body typically obtain international assistance in a money Laundering inquiry?

- A. By filing a request under Egmont guidelines
- B. By submitting a request for overseas assistance to the corresponding supervisory body
- C. By contacting the FATF, Organization for Economic Co-operation and Development, or other international organizations and seeking their intervention
- D. By communicating with the Head of Compliance for the financial institution

Correct Answer: B

QUESTION 11

Which two statements in the Wolfsberg Group's "Suppression of the Financing of Terrorism" define the role financial institutions should play in the fight against terrorism? (Choose two.)

- A. Financial institutions need to assist competent authorities in fighting terrorist financing through prevention, detection and information sharing.
- B. Financial institutions need to continuously analyze the types of activity related to terrorist financing and develop models that in the long term will drive down terrorism.
- C. Financial institutions should have financial intelligence units dedicated to the investigation of activity that would lead to the detection of terrorist financing as a means to decrease global terrorism.
- D. Financial institutions should apply extra due diligence whenever they see suspicious or irregular activities, especially when customers are engaged in sectors or activities that have been identified by competent authorities as being used for the financing of terrorism.

Correct Answer: AD

Reference: <https://www.wolfsberg-principles.com/sites/default/files/wb/pdfs/The-Wolfsberg-Group.pdf>



QUESTION 12

When using virtual assets such as Bitcoin to finance terrorism, which tactic may be used to ensure that the virtual assets are not easily seized by law enforcement?

- A. Using self-hosted wallets to create many different donation addresses that are updated continuously
- B. Posting donation addresses that are linked to accounts at centralized virtual asset service providers
- C. Using the same donation address across multiple donation campaigns and media types
- D. Forming relationships with virtual asset service providers that have strong KYC processes in place to avoid suspicion

Correct Answer: A

Explanation: Using self-hosted wallets, or wallets that are stored on the user's computer, is one of the tactics that may be used to finance terrorism with virtual assets such as Bitcoin. By creating many different donation addresses that are updated continuously, law enforcement will have a harder time tracing transactions. It is also important to note that using the same donation address across multiple donation campaigns and media types, as well as forming relationships with virtual asset service providers that have strong KYC processes in place, can draw attention from law enforcement and should be avoided.

QUESTION 13

Which type of sanctions are likely to be used first in order to avoid escalating violent conflicts and/or proliferation of weapons?

- A. Asset freeze
- B. Financial prohibitions
- C. Export and import restrictions
- D. Arms and related materials embargo

Correct Answer: C

Explanation: Export and import restrictions are sanctions imposed by countries to limit or prevent the import or export of certain goods and services. Export and import restrictions are typically used in order to protect a country's economic or political interests, or to prevent the proliferation of weapons or other dangerous materials. Export and import restrictions are often the first type of sanctions used in order to avoid escalating violent conflicts and/or proliferation of weapons. Examples of export and import restrictions include embargoes, quotas, or tariffs.

QUESTION 14

When and how should an institution appraise the AML risk of a newly developed product? Choose 3 answers

- A. The institution should request the Compliance Officer to review and evaluate the AML risk prior to the product going live



- B. The institution should roll the product out on a preliminary basis to determine what risks develop with regard to the product
- C. The institution should review previous administrative actions to determine if the product has created problems for other institutions
- D. The institution should evaluated where, how and to what extent the product is going to be used

Correct Answer: ABD

QUESTION 15

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

Correct Answer: C

Reference: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32018L0843andfrom=EN>

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