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QUESTION 1

A bank\\'s transaction surveillance system triggers an alert for a deposit of 250.000 USO into a client\\'s account. According to the bank\\'s KYC information, the client works for a financial advisory firm, and earns approximately 100,000 USD per year. Which actions should be taken? (Select Three.)

File the suspicious transaction immediately to the financial intelligence unit.

A. Discard the alert as a false positive hit

B. Request information and documentation from the client on the background of the transaction.

C. Contact the client advisor to learn if he has any insight on the transaction background.

D. Review the alert if the deposit is made in cash.

E. Review the transaction background in the bank\\'s transaction platform.

Correct Answer: BCE

According to the Certified Anti-Money Laundering Specialist (CAMS) Manual , 6th edition, if a bank\\'s transaction surveillance system triggers an alert for a deposit of 250.000 USD into a client\\'s account, the bank should take the following

actions:

Request information and documentation from the client on the background of the transaction (CAMS Manual, 6th edition, page 46).

Contact the client advisor to learn if he has any insight on the transaction background (CAMS Manual, 6th edition, page 47).

Review the transaction background in the bank\\'s transaction platform (CAMS Manual, 6th edition, page 47).

Discarding the alert as a false positive hit and reviewing the alert if the deposit is made in cash should not be done.

The bank should request additional information and documentation from the client to better understand the nature of the transaction. Additionally, the bank should reach out to the client advisor to learn if they have any insight on the

transaction background. Finally, the bank should review the transaction background in the bank\\'s transaction platform to determine if any additional alerts or anomalies are present. (CAMS Manual, 6th Edition, Pages 117-118)

QUESTION 2

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

Correct Answer: BE

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 and Front Company | Sigma Ratings Shell Companies and Money Laundering | ComplyAdvantage General Comments Incorporation of shell

companies - Singapore Police Force

QUESTION 3

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.

Correct Answer: D

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

QUESTION 4

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.

Correct Answer: A

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

QUESTION 5

A criminal is engaged in chain hopping while trying to launder ransomware payments. The criminal will likely:

A. obscure the funds using a mixer.

B. convert the funds to a different type of cryptocurrency.

C. store the funds in a cold wallet.

D. move the funds to an offshore cryptocurrency wallet.

Correct Answer: B

Chain hopping is a technique used by criminals to obscure the traceability of cryptocurrency transactions by converting the funds to a different type of cryptocurrency, often using multiple exchanges or platforms. The other options are not related to chain hopping. References: Advanced CAMS-FCI Study Guide, page 38.