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NEW QUESTION: 1

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: 2

SAR/STR NARRATIVE

A SAR/STR has been submitted on five transactions conducted on the correspondent banking relationship with ABC Bank.

Client Information:

Remitter information: DEF Oil Resource Ltd. is the oldest member of the DEF Group. It was founded in 1977 as a general trading business with a primary focus on exports from Africa and North America. The group has business activities that span the entire energy value chain. Their core field of endeavor is centered within the oil and gas industry and its associated sub-sectors.

Beneficiary Information:

As per the response received from ABC Bank, it was determined that the beneficiaries are related to DEF Oil Resource Ltd. These were created by DEF Oil Resource Ltd. to purchase property in a foreign country on behalf of their senior management as part of a bonus scheme. The purpose behind this payment was for the purchase of property in another country.

Payment Reference:

ABCXXXXX31PZFG2H

ABCXXXXX51PQGEH

ABCXXXXX214QWVG

ABCXXXXX41PSXA2

ABCXXXXX815QWS3

Concerns:

- * We are unsure about the country of incorporation of the beneficiaries.
- * We are concerned about the transactional activity since the payment made towards entities (conducted on behalf of individuals) appears to be possible tax evasion.
- * There appears to be an attempt to conceal the identity of individuals (senior management), which again raises concerns about the source of funds.
- * Referring to the response received from ABC Bank, we are unclear about the ultimate beneficiary of funds.

* The remitter is involved in a high-risk business, (i.e., oil and crude products trading), and the beneficiary is involved in real estate business which again poses a higher risk. While reviewing the account activity, it is noted that several transfers are sent to a company located in an offshore jurisdiction. Which step should the investigator take next?

- A. Request information from the company.
- B. File a SAR/STR to the FIU where the company is located.
- C. Request information about the beneficiaries related to the company.
- D. Conduct an open-source search to determine the ownership and registration of the company.

Answer: (SHOW ANSWER)

Explanation

The best step for the investigator to take next is to request information about the beneficiaries related to the company. This will help to identify the ultimate beneficial owners of the funds and the purpose of the transactions. Requesting information from the company or filing a SAR/STR to the FIU where the company is located may not be feasible or effective, as the company may not cooperate or the FIU may not have jurisdiction over the offshore entity. Conducting an open-source search may provide some information about the ownership and registration of the company, but it may not be sufficient or reliable to determine the nature and legitimacy of the transactions.

References:

SAR Narrative Guidance Package

Best Practices for Drafting an STR or SAR

NEW QUESTION: 3

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: (SHOW ANSWER)

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: 4

Which statement most accurately characterizes the methods used by transnational criminal organizations?

- A.** They are unlikely to associate with known terrorist organizations due to the reputational risks.
- B.** They are likely to specialize in one particular method and continue to refine that method to escape detection.
- C.** They routinely engage in many different types of criminal activities as long as they think it will benefit them.
- D.** They see each other as competitors and rarely cooperate.

Answer: C (LEAVE A REPLY)

Explanation

The statement that most accurately characterizes the methods used by transnational criminal organizations is that they routinely engage in many different types of criminal activities as long as they think it will benefit them. This is because transnational criminal organizations are flexible and adaptable, and they exploit opportunities and vulnerabilities in different markets and jurisdictions. According to ACAMS2, "Transnational criminal organizations are involved in a wide range of illicit activities, such as drug trafficking, human trafficking, arms trafficking, money laundering, cybercrime, environmental crime, fraud, corruption, and terrorism" (p. 3). They also "operate across borders and regions, using complex networks and structures to evade detection and prosecution" (p. 3).

The other statements are not as accurate or comprehensive as option C. Transnational criminal organizations are unlikely to associate with known terrorist organizations due to the reputational risks (A) is false, as transnational criminal organizations may collaborate or cooperate with terrorist organizations for mutual benefit or convenience, such as sharing resources, routes, or contacts. Transnational criminal organizations are likely to specialize in one particular method and continue to refine that method to escape detection (B) is false, as transnational criminal organizations may diversify or change their methods depending on the circumstances or opportunities, such as shifting products, markets, or modus operandi. Transnational criminal organizations see each other as competitors and rarely cooperate (D) is false, as transnational criminal organizations may form alliances or partnerships with other criminal groups for strategic or tactical reasons, such as sharing information, expertise, or influence.

NEW QUESTION: 5

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: 6

The law enforcement agency (LEA) of a foreign jurisdiction contacts a financial institution (FI) regarding one of the FI's clients. The LEA advises that the client is currently wanted for prosecution as a result of a series of human trafficking charges. What should the FI do? (Select Two.)

- A. Review the client's activity, determine if suspicious activity exists, and report accordingly.
- B. Advise the LEA that the government needs to be contacted for extradition.
- C. Comply immediately with the foreign jurisdiction and turn over all client information.
- D. Inform local LEA and regulator of the request for awareness.
- E. Close the clients accounts immediately to avoid any undue risk.

Answer: A,D (LEAVE A REPLY)

Explanation

According to the Certified Anti-Money Laundering Specialist (the 6th edition), the financial institution (FI) should take the following actions:

A: Review the client's activity, determine if suspicious activity exists, and report accordingly. The FI should assess the risk of the situation and determine if there is any suspicious activity that needs to be reported to the appropriate authorities. This would involve conducting a review of the client's account activity and transactions to determine if there are any indicators of money laundering or terrorist financing.

D: Inform local LEA and regulator of the request for awareness. The FI should inform the local law enforcement agency and regulator of the request from the foreign jurisdiction to raise awareness of the situation and determine if any further actions need to be taken.

NEW QUESTION: 7

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: A (LEAVE A REPLY)

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: 8

In which case should an investigator avoid escalating a suspicious event to the chief compliance officer and pursue other channels?

- A.** The transaction chain is likely connected to a known member of a terrorist organization.
- B.** A close family member of the chief compliance officer is the beneficiary of a cross-border transfer.
- C.** A trade entity engages in complex trade deals involving numerous third-party intermediaries in incongruent lines of business.
- D.** An individual involved in a large sum transaction is a foreign PEP.

Answer: ([SHOW ANSWER](#))

Explanation

An investigator should avoid escalating a suspicious event to the chief compliance officer if there is a potential conflict of interest, such as when a close family member of the officer is involved in the transaction. In such a case, the investigator should pursue other channels, such as reporting to a higher authority or an independent committee. The other options do not present a conflict of interest and should be escalated to the chief compliance officer as part of the normal procedure.

References: Advanced CAMS-FCI Certification Handbook, page 18.

NEW QUESTION: 9

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." 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: (SHOW ANSWER)

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: 10

Potentially suspicious activity following an increase in the volume of transactions by an import company included outgoing wires to Indonesia and Uganda referencing invoice numbers. Incoming funds included large cash deposits and checks/wires from pet stores,

breeders, and private individuals. What financial crime might the bank reference in the SAR/STR?

- A. Tax evasion scheme
- B. International drug trafficking
- C. Illegal wildlife trade
- D. Black market peso exchange

Answer: (SHOW ANSWER)

Explanation

The best reason the EU bank should file a SAR/STR is that the events raise concerns that the payment represents proceeds from illegal wildlife trade, which is a serious financial crime and a predicate offense for money laundering in many jurisdictions³. The fact that the incoming funds came from pet stores, breeders, and private individuals suggests that the import company may be involved in smuggling or trafficking endangered or protected animals or their parts⁴. The outgoing wires to Indonesia and Uganda, which are known source countries for wildlife trafficking, may indicate payments to suppliers or facilitators of this illicit activity.

References: 3: Financial Action Task Force Report on Money Laundering from the Illegal Wildlife Trade, page 9 4: Financial Crime Typologies - Intermediate, page 18 : [World Wildlife Crime Report], page 16

NEW QUESTION: 11

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 information should be included in the SAR/STR?

- A. The customer information, including KYC background
- B. A transaction that is commensurate with the customer's background
- C. The fact that one of the transactors occasionally smelled of marijuana smoke
- D. Details of the transactor's social media accounts

Answer: C (LEAVE A REPLY)

Explanation

The SAR/STR should include any information that is relevant to the suspicious activity, such as the customer information, the transaction details, and any other indicators of

potential money laundering or criminal activity. The fact that one of the transactors occasionally smelled of marijuana smoke is an indicator that the customer may be involved in the illicit drug trade, which is a predicate offense for money laundering. Therefore, this information should be included in the SAR/STR. References: Advanced CAMS-FCI Study Guide, page 25.

NEW QUESTION: 12

Which is the first valid step in the Mutual Legal Assistance Treaties international cooperation process?

- A.** The investigator may remove the evidence collected without asking permission to do so.
- B.** The central authority of the requesting country sends a letter of request to the central authority of the other country.
- C.** An investigator from the requesting country visits the country where the information is sought and takes statements from the identified witnesses or suspects.
- D.** The central authority that receives the request sends it to a local judicial officer to find out if the information is available.

Answer: B (LEAVE A REPLY)

Explanation

The first valid step in the Mutual Legal Assistance Treaty (MLAT) international cooperation process is for the central authority of the requesting country to send a letter of request to the central authority of the other country. The letter of request should provide a summary of the facts and information required, the reasons for the request, and any specific legal or procedural requirements that need to be met. (CAMS Manual, 6th Edition, Page 233).

NEW QUESTION: 13

A compliance analyst is reviewing the account activity of a customer that they suspect may be indicative of money laundering activity. Which is difficult to determine solely from the customer's account activity and KYC file?

- A.** If the activity is materially different from related businesses
- B.** If the account has multiple transfers to the same, related businesses
- C.** If there is negative media associated with counterparties
- D.** If the account is mostly dormant or has little activity

Answer: C (LEAVE A REPLY)

Explanation

According to the Certified Anti-Money Laundering Specialist (CAMS) study guide, 6th edition, page 105, the correct answer is C. It can be difficult to determine if there is negative media associated with counterparties solely from the customer's account activity and KYC file.

The study guide explains that negative media can include news articles, government sanctions lists, and other sources of public information that may indicate that a counterparty is involved in illicit activities. However, this information may not be readily

available in a customer's account activity or KYC file, and may require additional research or investigation.

NEW QUESTION: 14

A compliance officer of a financial institution is reviewing a payment for sanctions compliance between two parties in Europe and Asia. The payment is in Euros and involves the provision of services to a company located in a jurisdiction subject to Office of Foreign Assets Control secondary sanctions. Which factor is most important in determining the compliance officer's response?

- A.** Asset freezes only prohibit US companies from engaging in certain activities with counterparts from a sanctioned jurisdiction.
- B.** A one-off commercial transaction conducted between parties in Europe and Asia is not subject to secondary sanctions.
- C.** The threat of US sanctions against foreign individuals and entities continues to exist despite the absence of a US nexus.
- D.** Secondary sanctions only target specific sectors of the economy such as the banking and finance sectors.

Answer: C (LEAVE A REPLY)

Explanation

The threat of US sanctions against foreign individuals and entities continues to exist despite the absence of a US nexus. This is stated in the Certified Anti-Money Laundering Specialist (the 6th edition) manual on page

591, which states: "It is important to note that the threat of US sanctions against foreign individuals and entities continues to exist even when there is no direct US nexus (i.e., no US persons or assets involved)."

NEW QUESTION: 15

During transaction monitoring, Bank A learns that one of their customers, Med Supplies 123, is attempting to make a payment via wire totaling 382,500 USD to PPE Business LLC located in Mexico to purchase a large order of personal protective equipment, specifically surgical masks and face shields. Upon further verification,

Bank A decides to escalate and refers the case to investigators.

Bank A notes that, days prior to the above transaction, the same customer went to a Bank A location to wire

1,215,280 USD to Breath Well LTD located in Singapore. Breath Well was acting as an intermediary to purchase both 3-ply surgical masks and face shields from China. Bank A decided not to complete the transaction due to concerns with the involved supplier in China. Moreover, the customer is attempting to send a third wire in the amount of 350,000 USD for the purchase of these items, this time using a different vendor in China. The investigator must determine next steps in the investigation and what actions, if any, should be taken against relevant parties.

Upon further investigation. Bank As investigator learns that both the Mexico- and Singapore-based companies are linked to the alleged suppliers in China. Which additional indicators would the investigator need to identify to determine if this fits a fentanyl (drug) trafficking typology? (Select Two.)

- A.** Review of the account activity reveals that account is inconsistent with the expected business activity as it shows multiple charges at various hotels, transportation tickets for unrelated 3rd parties, etc.
- B.** Review of the Food and Drug Administration (FDA) product certifications provided by the customer reveals that documents were falsified.
- C.** Review of the account activity reveals that wires were mainly funded by multiple cash deposits, conducted in amounts of 10,000 USD or below.
- D.** Review of the invoices and transportation documents, provided by the customer, reveal significant discrepancies between the description of goods.

Internet research reveals that suppliers are newly established companies with no history of sales of medical equipment.

Answer: B,D (LEAVE A REPLY)

NEW QUESTION: 16

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: (SHOW ANSWER)

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.

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NEW QUESTION: 17

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: 18

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: (SHOW ANSWER)

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: 19

A U.S. financial institution (FI) receives a grand jury subpoena for a corporate client's account. The FI should:

- A. request the client's consent for the disclosure of account information.
- B. review the corporate account's activity and transactions.
- C. file a SAR/STR.
- D. provide the client with a copy of the subpoena.

Answer: B (LEAVE A REPLY)

Explanation

The FI should review the corporate account's activity and transactions. This is because a grand jury subpoena is a legal request for information or testimony that may be used in a criminal investigation or prosecution. The FI should review the account for any suspicious or unusual activity that may be related to the subpoena or indicate money laundering, terrorist financing, or other financial crimes. The FI should also document its review and retain any relevant records.

References: Leading Complex Investigations Certificate, Module 3, page 14.

NEW QUESTION: 20

What action does the USA PATRIOT Act allow the US government to take regarding financial institutions (FIs) that are based outside of the US?

- A. Sanction a country when an individual FI does not comply with US law.
- B. Subpoena documents from FIs that have no presence in the US.
- C. Revoke the banking licenses of non-US FIs in countries outside the US.
- D. Allow all US regulators to place a non-US FI on the Specially Designated Nationals and Blocked Persons List.

Answer: (SHOW ANSWER)

Explanation

According to the CAMS manual 6th edition, the USA PATRIOT Act allows the US government to subpoena documents from foreign financial institutions (FIs) that have no presence in the US (option B). The manual states that "The USA PATRIOT Act provides US law enforcement agencies with the power to subpoena documents from foreign banks that maintain correspondent accounts with US banks or have no presence in the United States" (p. 77).

NEW QUESTION: 21

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. Refer 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: (SHOW ANSWER)

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: 22

A SAR/STR regarding money-mule activity prompts law enforcement action. Under U.S. law, the alleged money mules can be prosecuted:

A. only if they were aware of their role and actively participated.

B. in a country only if funds were transferred between accounts maintained in the same country.

C. unless they can prove they were not aware of the origin of the funds.

D. even if they were unaware that money was transferred.

Answer: D (LEAVE A REPLY)

Explanation

According to U.S. law, money mules can be prosecuted even if they were unaware that money was transferred, as long as they acted with reckless disregard of the source of the funds or the purpose of the transaction¹.

This is because money mules are considered to be aiding and abetting money laundering, which does not require proof of specific intent².

References: 1: Money Mule Awareness Booklet, page 8 2: Money Laundering: An Overview of 18 U.S.C. § 1956 and Related Federal Criminal Law, page 7

NEW QUESTION: 23

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 jurisdiction's list of known charities 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: 24

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 AML 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: 25

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.

Answer: ([SHOW ANSWER](#))

Explanation

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.

NEW QUESTION: 26

As part of an internal fraud investigation, an AML officer has decided to interview an employee. Which statement is most consistent with best practices?

- A.** Information on the employee can be gathered from coworkers and supervisors before the employee is interviewed.
- B.** Prior to the interview, the investigator should inform the employee about the allegations.
- C.** The employee should be supplied with all information about any ongoing fraud investigations.
- D.** The employee should be notified that failing to cooperate can lead to loss of employment.

Answer: ([SHOW ANSWER](#))

Explanation

As part of an internal fraud investigation, an AML officer should gather information on the employee from coworkers and supervisors before the interview, as this can help to establish a baseline of the employee's behavior, role, and responsibilities, and identify any red flags or anomalies. The other options are not consistent with best practices because they can compromise the integrity of the investigation, violate the employee's rights, or discourage cooperation.

References: Advanced CAMS-FCI Certification Handbook, page 28.

NEW QUESTION: 27

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 'care*. 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, new suspicious patterns and trends related to check cashing are observed. The FI decides to conduct a training to ensure that 1) the AML program is robust and 2) the training program is relevant and appropriate. Which parties should be trained on emerging trends and red flags? (Select Two.)

- A. Financial crimes investigation unit
- B. Loan department
- C. Branch personnel
- D. Senior management
- E. The board of directors

Answer: (SHOW ANSWER)

Explanation

The parties that should be trained on emerging trends and red flags are the financial crimes investigation unit (A) and the branch personnel . These parties are directly involved in detecting, investigating, and reporting suspicious activity related to check cashing or other types of fraud or money laundering. According to the ACAMS Advanced Financial Crimes Investigations Certification Study Guide¹, "the FI should provide regular and relevant training to its staff on the AML program, policies, procedures, and systems, as well as on the latest typologies, indicators, and best practices for financial crimes investigations" (p. 36). The FI should also "ensure that the training is tailored to the specific roles and responsibilities of the staff, and that it is updated and evaluated periodically" (p. 36).

The other parties are not as relevant or appropriate as options A and C. The loan department (B) is not directly related to check cashing or other types of fraud or money laundering, although it may have some exposure to credit or identity fraud. The senior management (D) is responsible for overseeing and supporting the AML program, but not for conducting or supervising financial crimes investigations. The board of directors (E) is responsible for approving and reviewing the AML program, but not for implementing or monitoring it.

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

NEW QUESTION: 28

Which pattern of activity most strongly indicates an individual is a foreign terrorist fighter?

- A.** A large purchase at a gas station immediately followed by several smaller purchases at an electronics store
- B.** A large cash advance on a credit card and purchases at travel and sporting goods websites
- C.** A series of small deposits followed by a large international wire to a well-known international charity
- D.** A series of small cash deposits made in rapid succession totaling just over 10,000 USD followed by a purchase at a jewelry store

Answer: B (LEAVE A REPLY)

Explanation

The pattern of activity that most strongly indicates an individual is a foreign terrorist fighter is a large cash advance on a credit card and purchases at travel and sporting goods websites. This is because this pattern may suggest that the individual is preparing to travel to a conflict zone and purchase equipment or supplies for terrorist activities. According to the United Nations Office on Drugs and Crime, some of the indicators of foreign terrorist fighters include¹:

Sudden or increased financial activity, such as cash withdrawals, transfers, or deposits, especially in large amounts or involving foreign currency or locations.

Purchases of travel-related items, such as airline tickets, passports, visas, luggage, or clothing, especially to or from high-risk destinations or transit hubs.

Purchases of items that could be used for terrorist purposes, such as weapons, explosives, chemicals, communication devices, or survival gear.

Changes in behavior, such as expressing radical views, cutting ties with family or friends, joining extremist groups, or displaying signs of emotional distress.

References:

Foreign Terrorist Fighters - United Nations Office on Drugs and Crime

NEW QUESTION: 29

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: 30

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:

1) 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 the loan
After reviewing the transaction journal, request for information response, and supporting documentation, the investigator determines that additional information is needed. Which additional information should the investigator request?

A. Previously filed SARVSTR unrelated to the customer, but similar in content

- B.** Formation document/description of the group-related companies
- C.** Source of the incoming funds to the group-related companies
- D.** Adverse news screening on all names listed in the formation documents

Answer: C (LEAVE A REPLY)

Explanation

The additional information that the investigator should request is the source of the incoming funds to the group-related companies. This is because the customer declared that the ongoing source of funds to this account comes from group-related companies, but the transaction journal shows that the customer received funds from different third parties, not from group-related companies. Therefore, the investigator should verify the relationship and legitimacy of these third parties and their funds with the customer and the group-related companies. The other options are not relevant or necessary for this investigation.

References: Advanced CAMS-FCI Certification | ACAMS

NEW QUESTION: 31

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: D (LEAVE A REPLY)

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.

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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: (SHOW ANSWER)

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

An investigator receives an alert documenting a series of transactions. A limited liability corporation (LLC) wired 59,000,000 USD to an overseas account associated with a state-run oil company. A second account associated with the state-run oil company wired 600,000,000 USD to the LLC. The LLC then wired money to other accounts, a money brokerage firm, and real estate purchases.

The investigator initiated an enhanced KYC investigation on the LLC. The financial institution opened the LLC account a couple of weeks prior to the series of transactions. The names associated with the LLC had changed multiple times since the account

opened. A search of those names revealed relations with multiple LLCs. Public records about the LLCs did not show any identifiable business activities.

Open-source research identified mixed reports about the brokerage firm. The firm indicated it purchased mutual funds for its clients and dispensed returns to clients.

Media reports claimed the firm laundered money by holding for a fee before returning it to investors.

The investigator discovers that the bank has no records pertaining to ownership of the LLC. What would this mean for the bank and/or investigator?

- A. The bank may not be able to file a SAR/STR without the ownership data.
- B. The bank is out of compliance with beneficial ownership regulations.
- C. The bank is out of compliance with CIP regulations.
- D. The bank cannot respond to law enforcement requests without the ownership data.

Answer: (SHOW ANSWER)

Explanation

The bank is out of compliance with CIP regulations because it did not obtain the minimum identifying information from the customer prior to opening the account, as required by 31 CFR § 1020.220(a)(2)(i)(A).

The bank should have obtained the name, date of birth, address, and identification number of the customer, as well as verified the identity of the customer to the extent reasonable and practicable. The lack of ownership data may also indicate a violation of beneficial ownership regulations, but that is not the primary issue in this case.

NEW QUESTION: 34

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 bank's 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 ...

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