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What is money laundering? Ans- taking CRIMINAL proceeds and disguising their illegal sources to USE the funds for LEGAL or ILLEGAL acts.

Give an example of the SECOND stage of money laundering. Ans- Layering - Electronically moving funds between countries; moving funds between financial institutions; and converting cash placed into the system into monetary instruments.

Give an example of the THIRD stage of money laundering. Ans- Integration - Purchasing luxury assets; and investing in business enterprises.

Give an example of the FIRST stage of money laundering. Ans- Placement - Co-mingling ILLEGITIMATE and LEGITIMATE funds; foreign exchange transactions with illegal funds; and depositing small amounts of cash into multiple accounts.

What does the (Sally Yates - Then-Deputy Attorney General of the Department of Justice) Yates memo say? Ans- It reminds prosecutors that criminal and civil corporate misconduct investigations should also focus on the individuals who perpetrated the wrongdoing.

What are some indicators of money laundering using electronic funds transfers? Ans- Funds transfers to or from a financial secrecy haven; large, incoming fund transfers from a foreign client with little or no explanation or apparent reason; and fund transfers that have no apparent link to legitimate business.

What is REMOTE DEPOSIT CAPTURE and what risk is associated with it? Ans- A product offered by banks that allows customers to SCAN A CHECK AND TRANSMIT an electronic image to the bank FOR DEPOSIT. Associated risks include ENABLING a money launderer to deposit checks without visiting the bank thus avoiding detection.

What are some of the money laundering RISKS pertaining to the use of Payable Through Accounts (PTAs)? Ans- Where foreign institutions licensed in offshore centers, each bank having its own supervision; where the respondent bank (the foreign bank) fails to conduct adequate customer due diligence; and where the sub-account holders have currency deposit and withdrawal privileges.

What is a money laundering RISK pertaining to the use of CONCENTRATION ACCOUNTS? Ans- The fact that CUSTOMER IDENTIFYING INFORMATION MAY NOT BE INCLUDED, making the audit trail difficult or impossible to follow.

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Topics Covered

All in all, the CAMS exam is based on four domains. The first of which is **Risks and Methods of Money Laundering & Terrorism Financing**. This topic accounts for 26% of the exam items and consists of several subdomains. Thus, the following is a brief portion of the list of those subdomains: recognize ways of money laundering used by banks and similar institutions, by insurance companies, by broker-dealers, capital markets, or investment advisors. What's more, you need to also be aware of recognizing methods of money laundering utilized by organizations such as casinos or other game-related industries, by companies dealing with precious metals or other high-value goods, real estate, etc. In addition, here, you need to know more about the red flags, commercial transactions, human trafficking, and the like.

The second objective is **Compliance Standards for Anti-money Laundering (AML) and Combating the Financing of Terrorism (CFT)** which stands for 25% of all test content. In particular, this domain consists of 11 areas. So, to master this topic in full, you need to learn to recognize the main aspects of the EU Directives on money laundering, the USA PATRIOT Act, and the OFAC sanctions. On top of that, you need to touch on how to identify the FATF 40 Recommendations and how to deal with the aspects of the BASEL Committee Customer Due Diligence Principles including the coverage of Egmont Group objectives.

The third section the real exam tests individuals on are **AML, CFT, and Sanctions Compliance Programs** that covers 28% of the exam and consists of 31 subdomains. In all, under this category, you have to recognize the main items of an anti-money laundering training program and the part that senior management and director boards play in how an organization deals with anti-money laundering oversight. Then, you need to also be proficient in handling AML tools, governance, audits, and situation.

The last part covered is **Conducting and Supporting the Investigation Process** detailing 21% of the exam questions. All in all, such a portion focuses on recognizing suitable methods of conducting interviews for potential parties involved in an anti-money laundering event, dealing with public source information or other sources of information that may be available for use in an investigation given a specific scenario, accepting ways in which law enforcement organizations may request data from an institution with regards to money laundering, etc.

ACAMS CAMS (Certified Anti-Money Laundering Specialists) Certification Exam is a highly respected and globally recognized certification for professionals who are involved in the prevention and detection of money laundering and other financial crimes. Certified Anti-Money Laundering Specialists (the 6th edition) certification is offered by the Association of Certified Anti-Money Laundering Specialists (ACAMS), which is the largest international organization dedicated to enhancing the knowledge and skills of professionals in the anti-money laundering (AML) field.

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The Association of Certified Anti-Money Laundering Specialists (ACAMS) is a professional organization dedicated to preventing money laundering and financial crime. The ACAMS CAMS (Certified Anti-Money Laundering Specialists) Exam is a rigorous certification exam designed to test the knowledge and skills of professionals working in the anti-money laundering field. The CAMS Certification is highly regarded in the industry and is often a requirement for many AML-related job positions.

ACAMS Certified Anti-Money Laundering Specialists (the 6th edition) Sample Questions (Q22-Q27):

NEW QUESTION # 22
To deter money laundering through new accounts, a financial institution should:
1. document the identity of the party opening the account.
2. determine the beneficial owner(s) of the account.
3. query owners' names against Financial Action Task Force databases.
4. seek to determine the source of deposited funds.

- A. 2, 3, and 4 only
- B. 1, 2, and 3 only
- C. 1, 3, and 4 only
- D. 1, 2, and 4 only

Answer: D

NEW QUESTION # 23
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. Contact the client advisor to learn if he has any insight on the transaction background.
- B. Review the alert if the deposit is made in cash.

- C. Request information and documentation from the client on the background of the transaction.
- D. Review the transaction background in the bank's transaction platform.
- E. Discard the alert as a false positive hit

Answer: A,C,D

Explanation:
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)

NEW QUESTION # 24
Which activity is most likely to facilitate money laundering through on-line banking systems with inadequate controls?

- A. Providing continuous worldwide access
- B. Conducting large value transactions
- C. Conducting anonymous transactions
- D. Conducting a large volume of transactions

Answer: C

Explanation:
Conducting anonymous transactions is the most likely activity to facilitate money laundering through online banking systems with inadequate controls. Anonymous transactions allow money launderers to hide their identity, source and destination of funds, and the purpose of their transactions from the authorities and the financial institutions. Online banking systems that do not have proper KYC, customer due diligence, and transaction monitoring controls are vulnerable to being exploited by money launderers who can use various techniques, such as encryption, proxy servers, virtual currencies, prepaid cards, and online gambling, to conduct anonymous transactions123.
ACAMS CAMS Certification Study Guide, 6th Edition, Chapter 2, page 40-41, 43-44 ACAMS CAMS Certification Video Training Course, Module 2, Lesson 2.4, Money Laundering Using New Payment Methods
1, Fighting money laundering in the age of online banking, virtual currencies and internet gambling | ERA Forum
2, Financial crime risk management in digital payments | McKinsey
3, The Relationship Between Digital Banking and Financial Crime

NEW QUESTION # 25
Which piece of information identified by customer screening would be the most likely reason to trigger consideration of exiting a business relationship with a customer because of financial crime concerns?

- A. The customer is a shareholder of a corporation declared bankrupt.
- B. The customer is a politically exposed person (PEP).
- C. The customer allegedly violated a construction permit limit.
- D. The customer is linked to an organized crime group.

Answer: D

Explanation:
Financial institutions must screen customers against adverse information and determine whether they pose a significant financial crime risk.
* Option B (Correct):A direct link to an organized crime group is a severe red flag. Organized crime networks engage in money laundering, corruption, and other illicit activities. UnderFATF Recommendations 10 and 12, financial institutions must implement enhanced due diligence (EDD) for high-risk customers and consider account closure if they pose undue risk.
* Option A (Incorrect):Bankruptcy does not necessarily indicate financial crime risk, though it may raise financial stability concerns.

* Option C (Incorrect):While PEPs pose a higher risk for corruption, financial institutions typically apply EDD rather than immediately terminating the relationship.
* Option D (Incorrect):Violating a construction permit is a regulatory issue, not directly linked to financial crime.
Reference:FATF Recommendation 10 (Customer Due Diligence); FATF Recommendation 12 (PEPs); Wolfsberg Principles on Risk-Based Due Diligence.

NEW QUESTION # 26
A profitable commercial customer who operates an import-export business has multiple accounts with the same institution at branches m different locations. The customer receives funds from a jurisdiction perceived as highly corrupt according to Transparency International ratings. The customer makes frequent transfers among the accounts and prefers to manage the accounts separately. What should the institution do to mitigate the risk associated with these accounts?

- A. Conduct a trade-price manipulation analysis
- B. File a suspicious transaction report
- C. Diminish the importance of the subjective Transparency International rating
- D. Develop a system to monitor all the activity

Answer: D

Explanation:
According to the Anti-Money Laundering Specialist (the 6th edition) resources, the institution should develop a system to monitor all the activity of the customer's accounts to mitigate the risk associated with these accounts. This is because the customer's behavior and profile may indicate some red flags of money laundering, such as:
Operating an import-export business, which is a common sector for trade-based money laundering, where trade transactions are used to disguise the movement of illicit funds, either by over- or under-invoicing, misrepresenting the quantity or quality of goods, or falsifying documents1.
Receiving funds from a jurisdiction perceived as highly corrupt, which may increase the risk of the funds being derived from bribery, embezzlement, fraud, or other predicate offences2. Transparency International is a global civil society organization that publishes an annual Corruption Perceptions Index, which ranks countries by their perceived levels of public sector corruption based on expert assessments and surveys3.
Making frequent transfers among the accounts, which may indicate a layering technique, where funds are moved through multiple accounts, institutions, or jurisdictions to obscure the audit trail and the source and ownership of the funds4.
Preferring to manage the accounts separately, which may indicate a lack of transparency or an attempt to avoid detection or reporting by the institution.
By developing a system to monitor all the activity of the customer's accounts, the institution can:
Identify and verify the identity and beneficial ownership of the customer and the parties involved in the transactions.
Obtain and verify information on the nature and purpose of the business relationship and the source and destination of the funds.
Conduct a risk assessment of the customer and the transactions based on the customer's profile, behavior, and geographic locations.
Apply enhanced due diligence and ongoing monitoring measures for higher-risk customers and transactions, such as obtaining additional information, documentation, or approval, or conducting more frequent or in-depth reviews.
Detect and report any suspicious or unusual transactions or activities to the relevant authorities.
The other three options are incorrect because:
File a suspicious transaction report is not the best answer, as it is a reactive measure that should be taken after the institution has identified or suspected money laundering or terrorist financing activity, not before. The institution should first conduct due diligence and monitoring of the customer and the transactions, and then file a report if there are reasonable grounds to believe that the activity is suspicious or unusual.
Diminish the importance of the subjective Transparency International rating is not the best answer, as it is a complacent and irresponsible attitude that may expose the institution to legal, regulatory, reputational, or operational risks. The Transparency International rating is not subjective, but based on credible sources and methodologies, and it is widely used as a reference by governments, businesses, civil society, and the public to assess the level of corruption in different countries3. The institution should not ignore or downplay the rating, but rather use it as one of the factors to evaluate the risk of the customer and the transactions.
Conduct a trade-price manipulation analysis is not the best answer, as it is a specific and technical measure that may not be sufficient or appropriate to mitigate the risk associated with these accounts. A trade-price manipulation analysis is a method of detecting trade-based money laundering by comparing the prices of goods or services in a transaction with the market prices or other benchmarks, and identifying any significant discrepancies or anomalies. However, this measure may not be feasible or effective if the institution does not have access to reliable and comparable data, or if the goods or services are not standardized or homogeneous. Moreover, this measure may not address other aspects of the risk, such as the identity, ownership, or behavior of the customer and the parties involved in the transactions.
References:
1: ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 108 2: ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 107

3: Transparency International, Corruption Perceptions Index, 3 4: ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 106 : ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 103 :
ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 103 : ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 104 : ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 105 : ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 105 : ACAMS, CAMS Study Guide, 6th Edition, Chapter 5, p. 109

NEW QUESTION # 27
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