Topic 1 - Single Topic

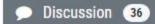
Question #1 Topic 1

A bank account is established for a new business customer. The business was established five years ago with an address in another state. The business website contains few details other than stating it is a real estate business.

One principal has an international telephone number and appears to be living in another country. The other principal works out of a recreational vehicle. What warrants enhanced due diligence in this scenario?

- A. Shell company
- B. Human trafficker
- C. Politically exposed person
- D. Money laundering through real estate

Reveal Solution



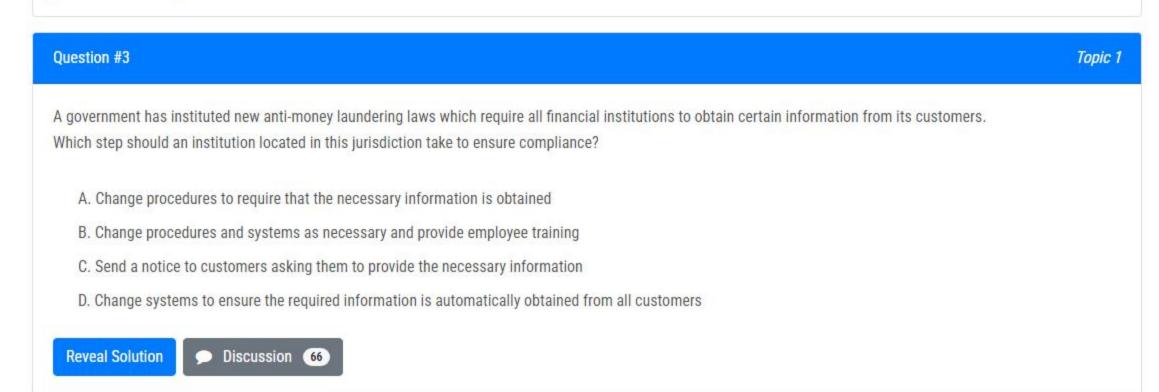
Question #2 Topic 1

A branch manager for a small community bank has a new customer who deposits four EUR 50,000 checks into one account. Shortly thereafter, the customer goes to another branch and asks to transfer all but EUR 1,500 to three accounts in different foreign jurisdictions.

Which suspicious activity should be the focus of the suspicious transaction report?

- A. The customer opened the account with four large checks
- B. The customer goes to a different branch to make this transaction



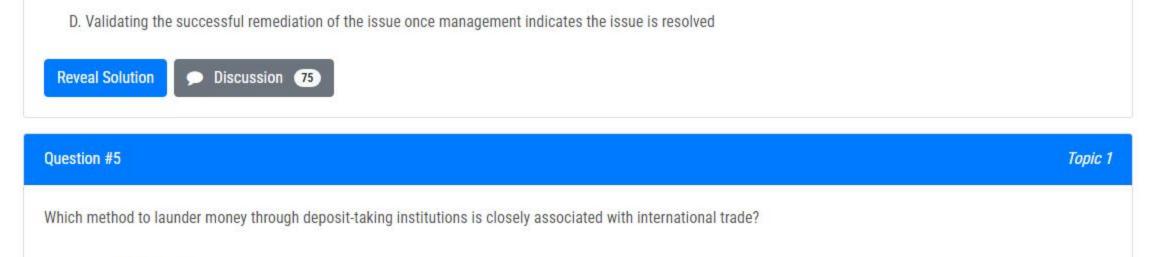


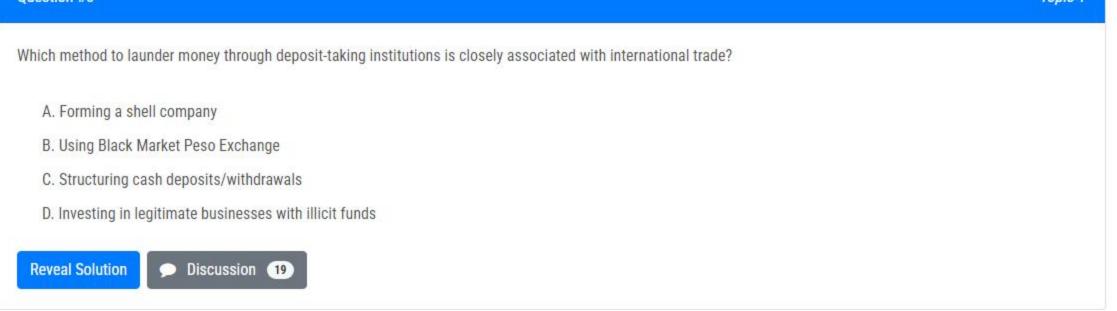
Question #4 Topic 1

An anti-money laundering audit identifies a significant weakness in how transaction monitoring alerts are cleared. Audit sampling identified potentially suspicious activity that was cleared as not suspicious. Management accepts the audit finding and develops a remediation plan.

What is the role of the auditor during the correction phase?

- A. Directing the remediation of the deficiency in a timely manner
- B. Developing procedures to provide sufficient risk-based documentation for clearing alerts
- C. Providing training to the alert clearing department on the importance of effective alert clearing





Question #6 Topic 1

A customer opens a corporate account with a broker-dealer on behalf of several beneficial owners, with a stated long-term investment goal. The customer deposits \$25.5 million into the account and three days later transfers \$5 million to an overseas bank. Shortly thereafter, the customer begins making numerous purchases of pesos. The compliance officer receives a query regarding the movement of funds. Within a month of account opening, the customer depletes the account.

Which two red flags should prompt the firm's compliance officer to take action? (Choose two.)

- A. The new account deposit is \$25.5 million
- B. A corporate account is opened on behalf of several beneficial owners
- C. The compliance officer receives the query regarding the movement of funds
- D. The customer's stated investment goal is not reflective of account activity

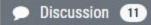




What should countries do to help prevent non-profit organizations from being abused for the financing of terrorism according to the Financial Action Task Force 40 Recommendations?

- A. Allow for freezing assets of non-profit organizations
- B. Require all non-profit organizations to register with the country's financial intelligence unit
- C. Ensure non-profit organizations cannot be used to conceal or obscure the diversion of funds intended for legitimate purposes to terrorists' organizations
- D. Create laws that forbid non-profit organizations from completing cross-border transactions without first running them through known terrorist data bases

Reveal Solution

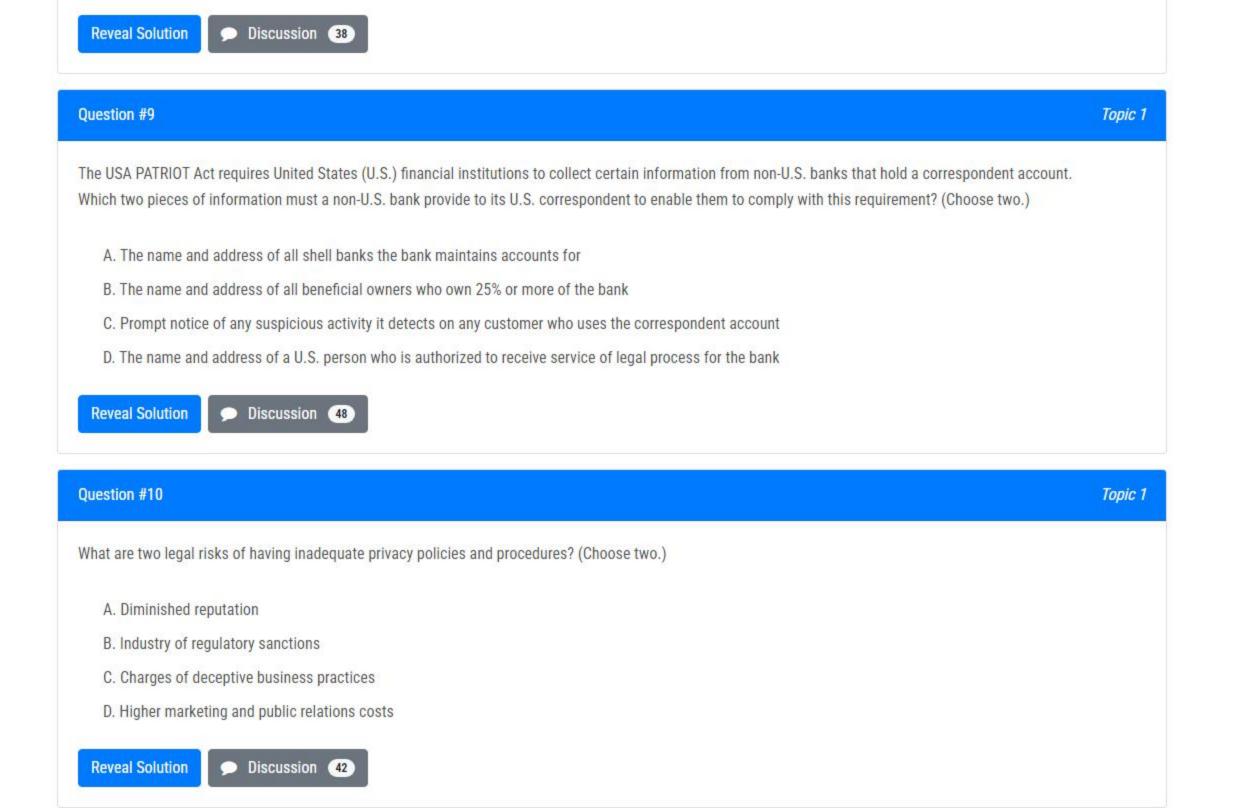


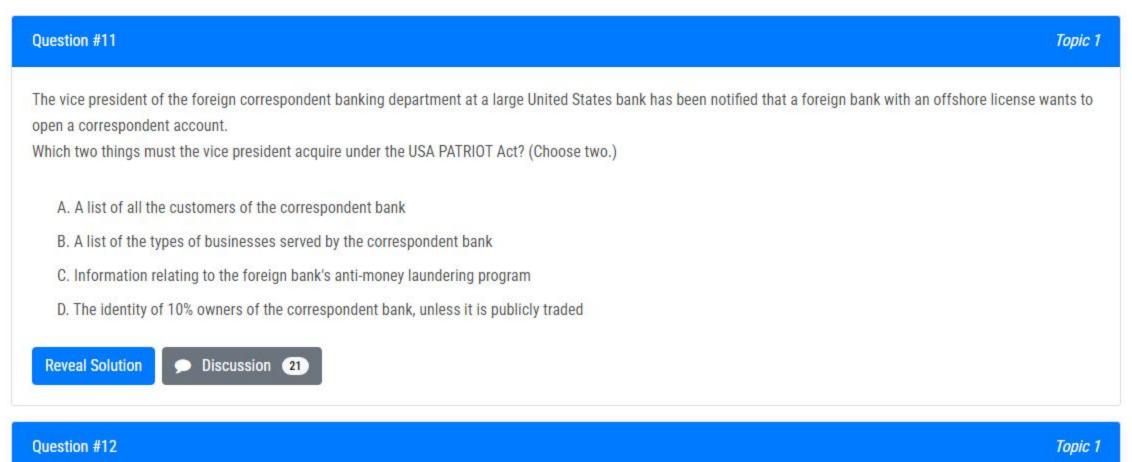
Question #8 Topic 1

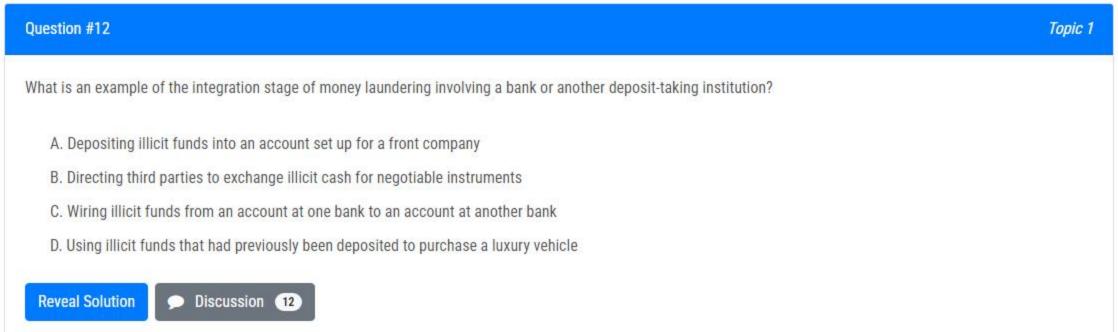
An employee hears a colleague on the telephone with a customer giving advice on how to ensure that a suspicious transaction report will not be filed as a result of a future transaction.

What action should the employee take?

- A. Report the conversation to the local police
- B. Report the conversation to the compliance officer
- C. Tell the colleague that it is against policy to give such advice
- D. Ignore the situation because the colleague is the relationship manager for that customer

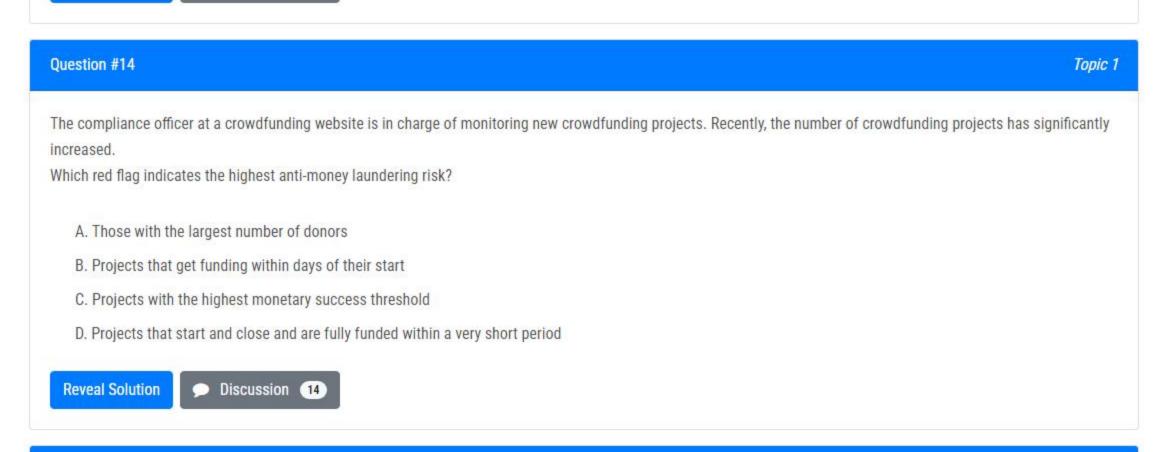






Question #13 Topic 1



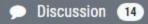


Question #15 Topic 1



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

Reveal Solution



Question #16 Topic 1

What is the appropriate compliance control for identifying politically exposed persons (PEPs) according to the Basel Committee's paper on Customer Due Diligence for Banks?

- A. Determining that a local figure is a PEP
- B. Reviewing when a relationship is established
- C. Reviewing relationships at account opening and on a periodic basis
- D. Requiring that the customer discloses that they are a PEP or an associate of a PEP

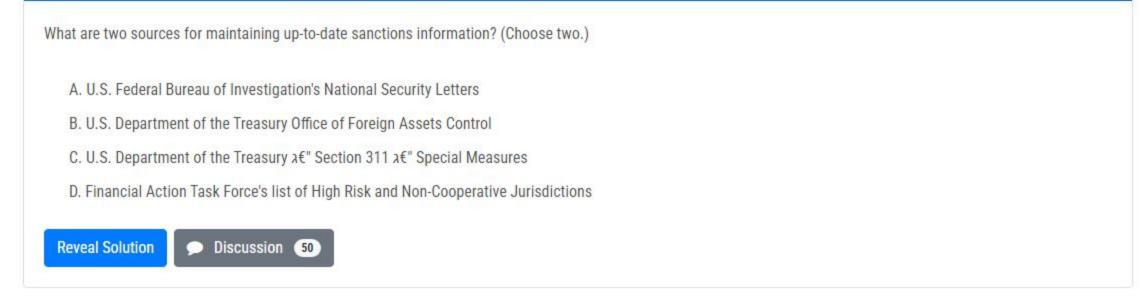
Reveal Solution

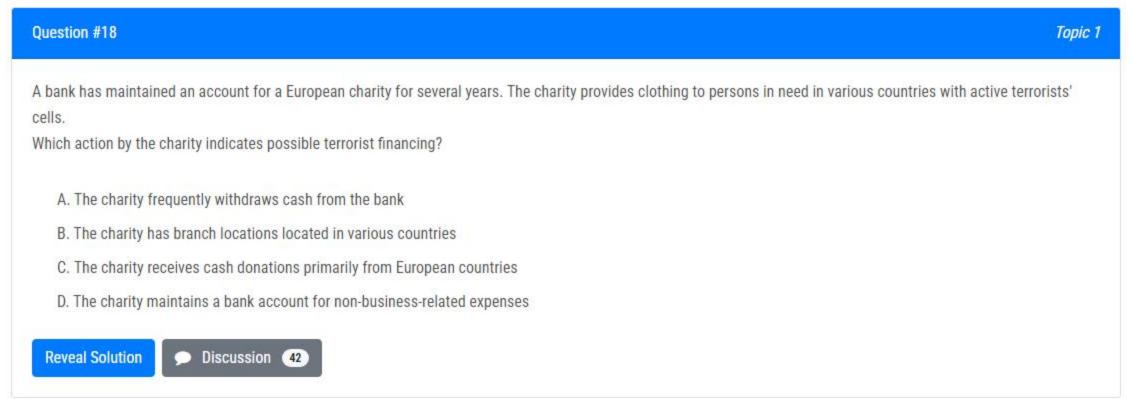


Discussion 18



Question #17 Topic 1





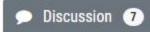
Question #19 Topic 1

A politically exposed person (PEP) maintains an account at a bank. Last month a money laundering analyst filed a suspicious transaction report about unusual wire

deposits originated by unknown individuals in the home country of the official. Recently a negative news search revealed political corruption in the home country of the To whom should this situation be escalated?

- A. The board of directors
- B. The line of business executive
- C. The bank's anti-money laundering officer
- D. The Financial Action Task Force's PEP Hotline

Reveal Solution



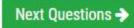
Question #20 Topic 1

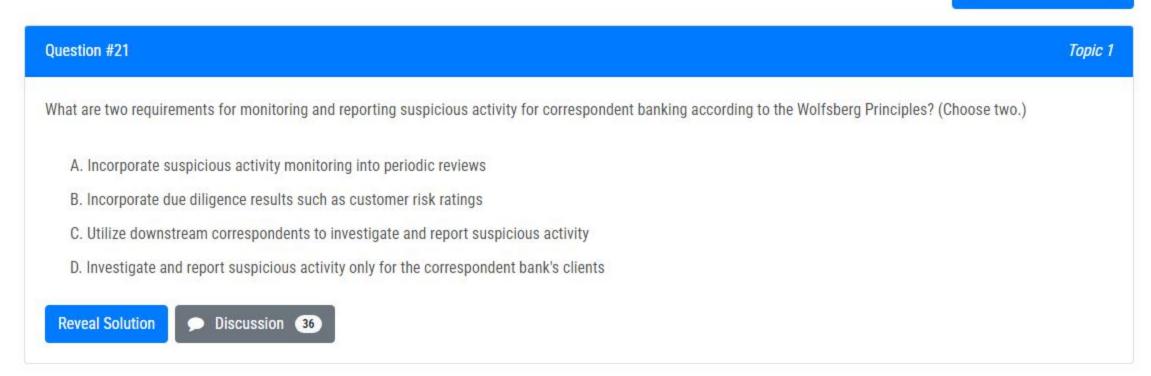
Which two individuals are ordinarily beneficial owners of a private banking account according to the Wolfsberg Anti-Money Laundering Principles for Private Banking? (Choose two.)

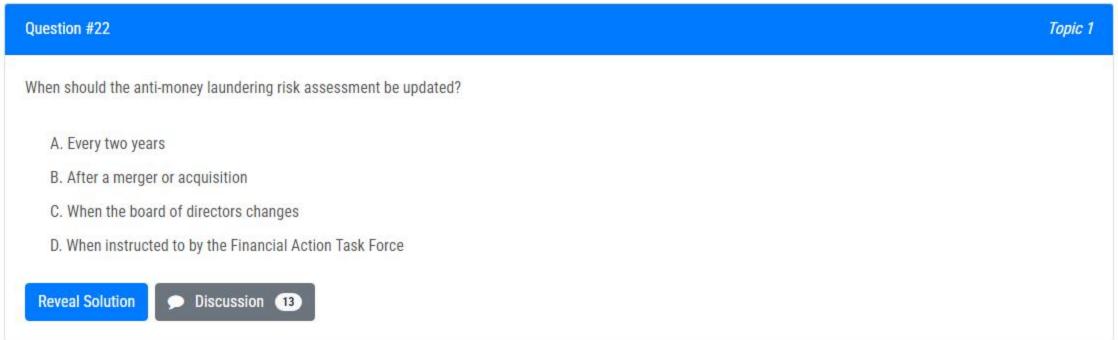
- A. Those who are authorized signers on the account
- B. Those who have legal title to a controlling share interest in the customer
- C. Those who generally have ultimate control through ownership or other means over the funds in the account
- D. Those who are the ultimate source of funds for the account and whose source of wealth should be subject to due diligence











Question #23 Topic 1

A customer brings \$15,000 worth of chips into a casino and plays various games. The customer redeems all the remaining chips and requests a wire transfer of the proceeds to an unrelated third party.

What are two red flags that indicate money laundering? (Choose two.)

- A. Customer redeeming all remaining chips
- B. Playing various games before cashing out
- C. Bringing \$15,000 worth of chips into the casino
- D. Requesting a wire transfer to an unrelated third party

Reveal Solution

Discussion 52

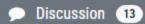
Question #24 Topic 1

A United States (U.S.) bank was recently alerted by law enforcement of an increase in sale of large denomination U.S. bank notes to casas de cambio. They suspect that a Mexican syndicate is operating a money laundering scheme in the bank's jurisdiction.

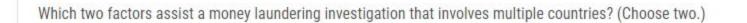
Which two steps should be taken to trace funds through the bank to assist law enforcement in their investigation? (Choose two.)

- A. Identify the money laundering scheme and submit a suspicious transaction report
- B. Identify if there is a decrease in the sale of large denomination U.S. bank notes to casas de cambio by the bank
- C. Identify deposits by casas de cambio that include third-party items including sequentially numbered monetary instruments
- D. Identify multiple wire transfers initiated by casas de cambio to jurisdictions outside of Mexico that bear no apparent business relationship with that casa de cambio

Reveal Solution

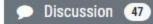


Question #25 Topic 1



- A. Law enforcement and other authorities should have access to financial information that is pertinent to the investigation.
- B. Every country should share all their information with foreign law enforcement and government authorities to facilitate rapid investigations.
- C. Law enforcement and other authorities should be allowed to establish and utilize joint investigative teams with law enforcement in other countries.
- D. Law enforcement and other authorities should not expedite information sharing between countries to ensure that all information is provided at the same time to avoid premature conclusions.

Reveal Solution



Question #26 Topic 1

A popular restaurant in town has begun depositing less cash than it has in prior years. In a review of the customer's accounts, you notice that credit card receipts have increased with no explanation.

The account officer discovers that the restaurant has installed a privately-owned automated teller machine (ATM) onsite and has begun construction of a patio dining area.

Which red flag should trigger additional investigation?

- A. Privately-owned ATM
- B. Lower cash deposits
- C. Increased credit card receipts
- D. Construction of the new patio dining area

Reveal Solution

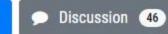


Question #27 Topic 1 An organization's automated surveillance system identifies large fluctuations in customer activity. As a result of an audit, the compliance officer is informed that the system is not generating alerts when activity is consistently abnormal over a long period of time. Currently the organization is evaluating new alert scenarios in an attempt to address this problem.

Which type of scenario is helpful in mitigating this weakness?

- A. Peer
- B. Income
- C. Mapping
- D. Below-the-line

Reveal Solution

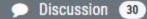


Question #28 Topic 1

Upon a routine account review a money laundering investigator identified a number of large round dollar wire transfer deposits into a business account owned by a local auto repair shop. The wire transfers all originated from a country that is a known financial secrecy haven with poor anti-money laundering controls. The investigator concludes there appears to be no legitimate business purpose for the wire transfers and files a suspicious transaction report. The owner of the auto repair shop is popular in the community and is a well-known philanthropist.

To whom should the investigator escalate these concerns?

- A. Audit committee
- B. Chairman of the Board
- C. The owner of the auto repair shop
- D. The bank anti-money laundering officer



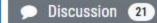


Ouestion #29 Topic 1

A compliance officer learns from an Information Technology (IT) source of a potential new financial service being discussed by the new product approval committee. What is the correct next course of action?

- A. Request that the new product approval committee include the compliance officer.
- B. Go to the board of directors and try to shut the new service down immediately because the committee did not communicate with the compliance officer.
- C. Get as much information as possible from the source so that potential risks can be researched and a report prepared and presented to the head of marketing.
- D. Start initial research into potential risks but wait until notified that the service has been approved by the committee before initiating extensive research.

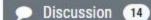
Reveal Solution



Question #30 Topic 1

What is the goal of the Egmont Group in providing a forum for Financial Intelligence Units (FIUs) around the world?

- A. To improve international laws to combat money laundering and the financing of terrorism and foster the implementation of domestic programs.
- B. To provide a forum for FIUs to improve cooperation in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field.
- C. To improve communication with law enforcement in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field.
- D. To improve cooperation with state and federal governments in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field.



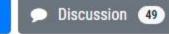


Question #31 Topic 1

A compliance officer at an insurance company has been reviewing the transaction activity of several clients. Which transaction is considered a red flag for potential money laundering?

- A. A client paid the quarterly life insurance premium using money orders from two different banks.
- B. A client from a high-risk jurisdiction recently purchased property insurance for a real-estate development.
- C. A corporation owns several affiliates and recently opened separate group life insurance policies for each of the affiliates.
- D. A client established a \$100,000 charitable annuity with a non-profit organization that provides health and safety assistance internationally.

Reveal Solution



Question #32 Topic 1

The branch manager notices that a number of customers come in weekly and always use the same teller to process their deposits. The manager notices that the customers and the teller, who are from the same ethnic group, are speaking in a foreign language and every once in a while the customers from local ethnic restaurants will bring the teller lunch. The commercial customers that visit the teller generally deposit the same amount of cash each time they come in. How should the branch manager respond to this activity?

- A. Transfer the teller to another branch
- B. Conduct further investigation before taking any other action
- C. Encourage the teller to bring in more business from the ethnic community
- D. Suggest to the teller to send the customers to other tellers to avoid the opportunity for collusion



Question #33 Topic 1

A law enforcement official calls a bank inquiring about a customer who is currently under investigation. The law enforcement official requests information about the customer.

How should the bank respond?

- A. Confirm the customer is either a current or former customer
- B. Inform the board of directors before responding to the request
- C. Provide the requested information to help aid in the investigation
- D. Request a formal letter be submitted to verify the validity of the request



Question #34 Topic 1

A bank compliance officer has implemented enhanced monitoring rules that have identified some unusual activity that may be indicative of human trafficking. Which red flag should prompt additional transactional review?

- A. Wire transfer activity from countries with significant migrant populations
- B. Cash deposits that occur in cities where the customer resides and conducts business
- C. Cash deposits that occur in cities where the customer does not reside or conduct business
- D. Cash deposits that occur in cities where the customer does not reside or conduct business followed by same-day withdrawals

Reveal Solution Discussion 61

Question #35 Topic 1

The compliance officer for a private bank has been tasked with writing a policy on how the bank will deal with intermediaries.

Which two aspects should be included in the policy in respect of intermediaries to align it with the Wolfsberg Anti-Money Laundering Principles for Private Banking? (Choose two.)

- A. When an intermediary introduces clients to the bank, it is not necessary for the bank to perform due diligence on the intermediary's clients.
- B. Where an intermediary introduces clients to the bank, the bank must obtain the same type of information with respect to an introduced client that would otherwise be obtained by the bank, absent the involvement of the intermediary.
- C. Where an intermediary manages assets on behalf of a number of clients and is the account holder with the bank, but that intermediary does not conduct the same level of due diligence as the bank, it is necessary for the bank to undertake due diligence on the intermediary's clients.
- D. Where an intermediary manages assets on behalf of a number of clients and arranges for the opening of accounts for its clients with the bank, and that intermediary is a financial institution subject to similar regulations, it is necessary for the bank to perform due diligence on the intermediary's clients.



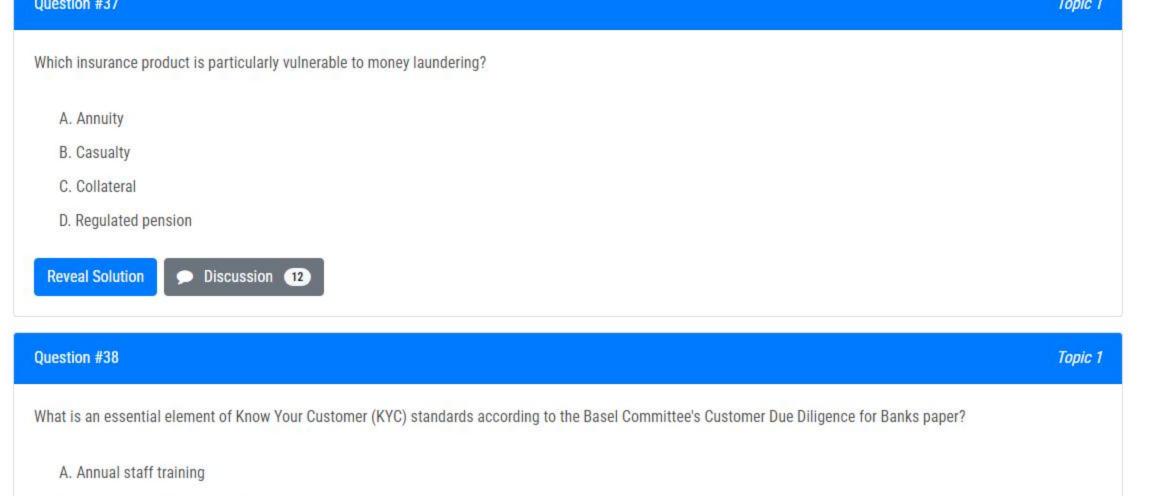
Question #36 Topic 1

A non-U.S. bank wants to open an account at Bank A, which is a U.S.-based bank.

Which information must Bank A obtain under the USA PATRIOT Act?

- A. A complete client list from the non-U.S. bank
- B. The identity of owners and percentage of ownership of the non-U.S. bank
- C. The structure and identity of the management team at the non-U.S. bank
- D. The details of the non-U.S. bank's anti-money laundering compliance training program

Reveal Solution Discussion 36



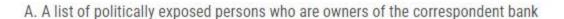
- B. A customer acceptance policy
- C. The same KYC requirements must be applied in all cases
- D. All completed KYC documents must be reviewed by a senior manager not involved in the account opening process



Question #39 Topic 1

A foreign bank operating under an offshore license wants to open a correspondent account with a United States (U.S.) bank. The foreign bank plans to provide payable through account services to some of its customers.

What must the foreign bank provide to the U.S. bank under the USA PATRIOT Act?



- B. A list of account holders at the financial institution who will use the payable through account
- C. The person in the United States who can receive service of legal process for the correspondent bank
- D. A list of anti-money laundering training records for the financial institution employees monitoring payable through account transactions



Question #40 Topic 1

An institution has made the decision to exit a client relationship due to anti-money laundering concerns. Prior to starting the close out process, the institution receives a written request from a law enforcement agency to keep the account open. The client is the subject of an ongoing investigation and law enforcement wants the institution to continue to monitor the account and report any suspicious activity.

What is a primary consideration the institution should keep in mind when deciding whether to agree to this request?

- A. The anticipated cost of complying with the law enforcement request
- B. The number of suspicious transaction reports previously filed on the client
- C. The fact that the institution has a solid record in complying with law enforcement requests
- D. Whether the institution can continue to meet its regulatory obligations with the accounts open



Question #41 Topic 1

An immigrant residing in the United States opens a bank account that includes a debit card. Several months later, the transactional monitoring system identifies small deposits into the account followed by corresponding ATM withdrawals from a country bordering a conflict zone.

How should the bank respond?

- A. Block any further activity
- B. File a suspicious transaction report
- C. Initiate an investigation into the activity
- D. Contact the customer if the transaction activity continues

Reveal Solution



Discussion 30



Question #42 Topic 1

A customer living in a high-risk jurisdiction makes frequent, large cash deposits at a bank. The same customer sends small wire transfers to unrelated parties in other high-risk jurisdictions.

What are two red flags that may indicate money laundering? (Choose two.)

- A. The bank allows cash deposits
- B. The client resides in a high-risk jurisdiction
- C. Wire transfers are to high-risk jurisdiction
- D. Large cash deposits are from a high-risk jurisdiction



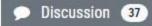
Question #43 Topic 1

A retail bank has just acquired a credit card business. The bank's anti-money laundering policy requires that new employees are trained within 30 days of their hire date and refresher training is delivered to all employees on an annual basis.

Is the bank's existing anti-money laundering training adequate to be delivered to employees of the newly acquired credit card business?

- A. Yes, the existing training covers the bank's policies, procedures, and processes.
- B. No, anti-money laundering training needs to be delivered face-to-face for credit card businesses.
- C. No, anti-money laundering training needs to be tailored and focused on the risks specific to the business.
- D. Yes, the existing training covers the anti-money laundering regulations that the bank is required to follow.

Reveal Solution

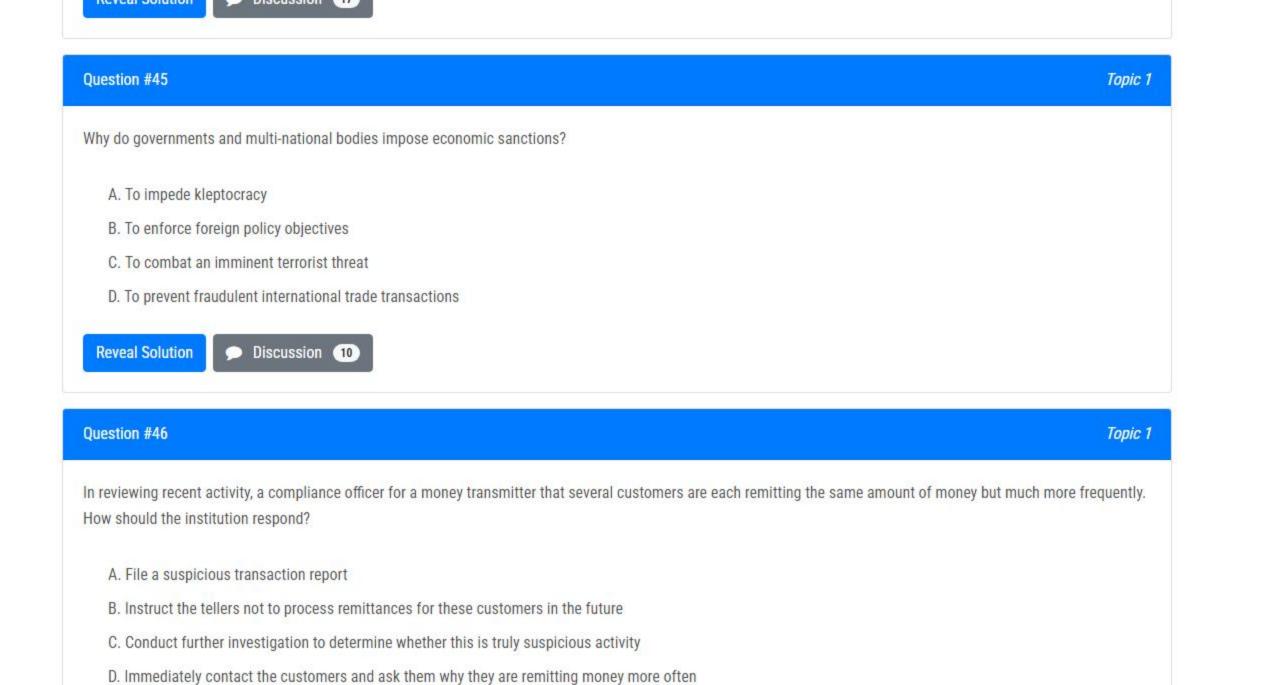


Question #44 Topic 1

Which method do terrorist financiers use to move funds without leaving an audit trail?

- A. Extortion
- B. Cash couriers
- C. Casa de cambio
- D. Virtual currency

Poved Solution Discussion 17



Discussion 25

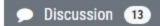
Question #47 Topic 1

In the summer, an institution identifies anti-money laundering concerns regarding a customer's account activity. The customer, an ice cream parlor, has deposited a lot of checks drawn on banks in foreign countries, sent large number of high dollar international wires to different countries, made cash deposits of a few hundred dollars every few days and written multiple checks for a few hundred dollars to the same dozen payees every two weeks.

Which two transaction types warrant investigation? (Choose two.)

- A. Regular cash deposits
- B. The wires to foreign countries
- C. Repeated checks to the same payees
- D. Checks drawn on banks in foreign countries

Reveal Solution





Question #48 Topic 1

Which three methods are commonly used by an accountant to launder money? (Choose three.)

- A. Representing a client in court
- B. Understating income to take a tax loss
- C. Overstating income to hide excess cash
- D. Acting as a conduit for transferring cash between accounts
- E. Acting as a designee for someone who wishes to hide their identity

Reveal Solution



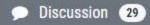
Discussion 26



Ouestion #49 Topic 1 A bank located in Arizona is considering a loan application for a new client. The collateral for the loan is a property in Florida. The loan will be in the name of a limited liability company (LLC) whose ownership is not disclosed to the bank. The LLC was established by a New York-based attorney. The loan will be repaid by the LLC in monthly wire transfers of \$9,000 which is more than the required monthly payment. Which aspect indicates the potential for money laundering?

- A. The LLC's ownership is not disclosed to the bank
- B. The collateral, a property in Florida, is not located in Arizona
- C. The repayment in the amount of \$9,000 indicates potential structuring
- D. The attorney associated with the account is outside the bank's lending area

Reveal Solution





Question #50 Topic 1

What is a key risk associated with Correspondent Accounts according to the Basel Customer Due Diligence paper?

- A. It is not used on a daily basis
- B. The service fees are insufficient to cover the cost of managing the account
- C. The respondent bank's customer acceptance and know your customer policies are ineffective
- D. The volume and value of transactions passing through the account may not be in line with the original correspondent agreement



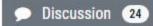
Question #51 Topic 1

A law enforcement agency is reviewing a suspicious transaction report (STR) filed by a financial institution for suspicious activity on a client's account. Subsequently, the agency requests further information.

Which supporting documentation might the law enforcement agency request from the institution to facilitate its investigation?

- A. Previously filed STRs on the same customer
- B. Account opening documents and account statements
- C. Copies of promotional materials sent to the customer
- D. A copy of the institution's STR policy and procedures

Reveal Solution



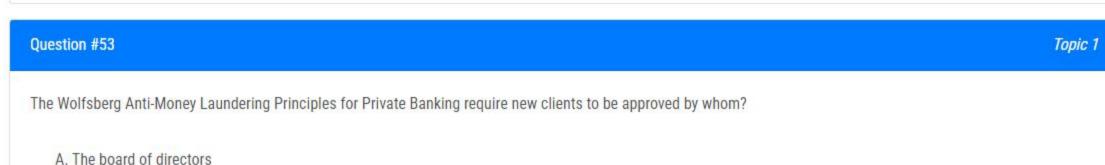
Question #52 Topic 1

A new compliance officer is reviewing the bank's anti-money laundering program and notices that the risk assessment was completed six months ago. Since that time, the bank acquired another financial institution, re-named the internal records group, and streamlined cash handling procedures.

Which factor causes the compliance officer to update the bank's risk assessment?

- A. The bank acquired another institution
- B. The internal records group has been re-named
- C. The cash handling procedures were streamlined
- D. The risk assessment was completed six months ago





- B. Only the private banker
- C. The private banker's supervisor
- D. At least one person other than the private banker

Reveal Solution

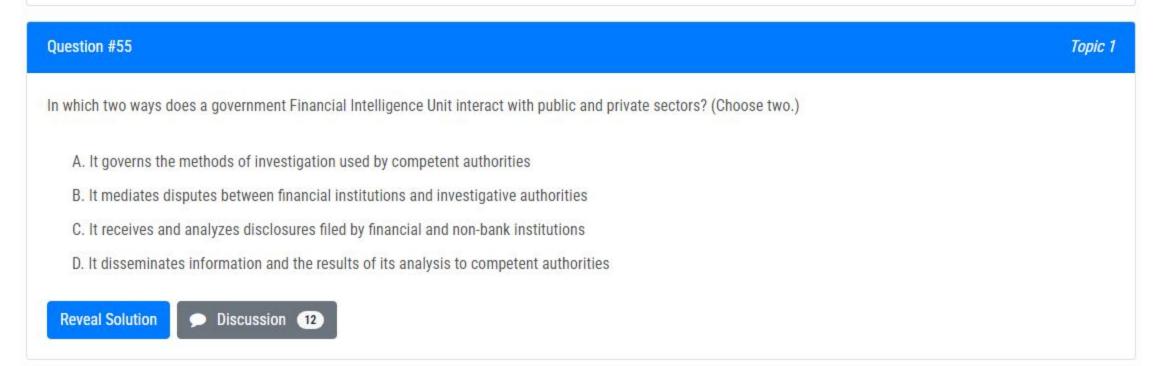


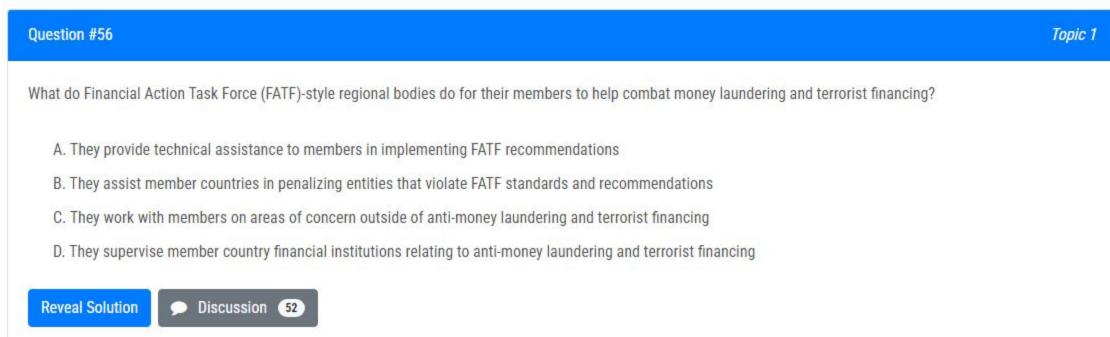
Question #54 Topic 1

Which two factors should increase the risk of a correspondent bank customer and require additional due diligence according to the Wolfsberg Anti-Money Laundering Principles for Correspondent Banking? (Choose two.)

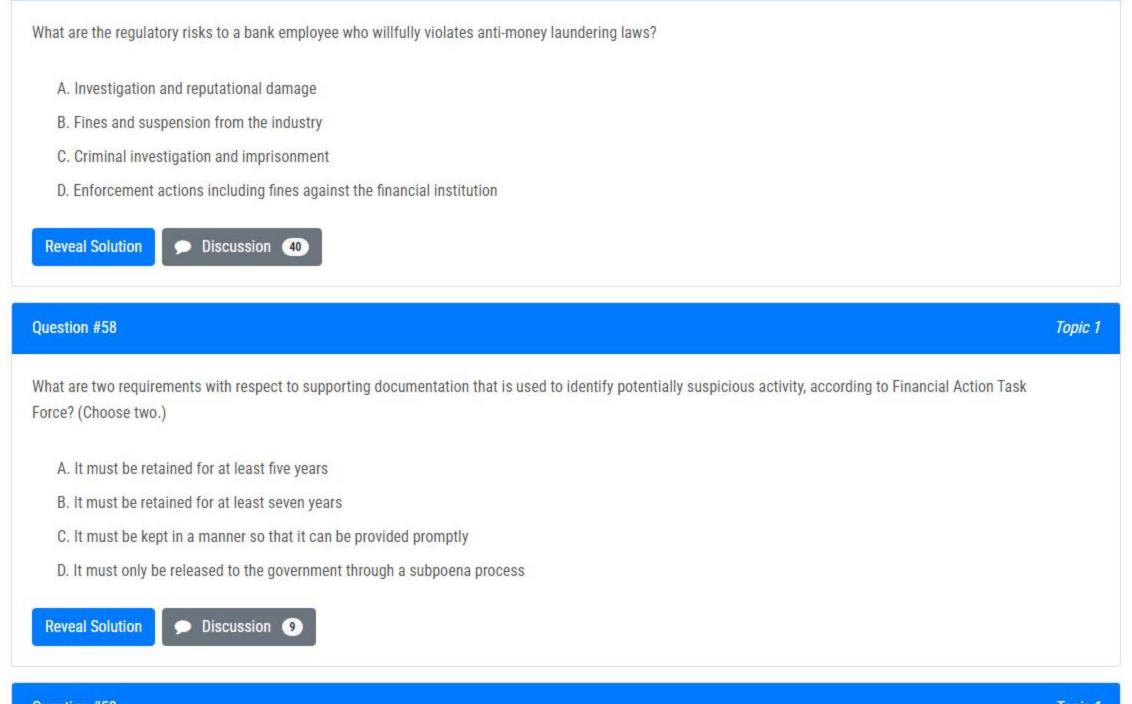
- A. The customer is located in a Financial Action Task Force member country and provides services primarily to a local individual customer.
- B. The customer is located in a Financial Action Task Force member country and the bank's head of information security is a politically exposed person.
- C. The customer is located in a Financial Action Task Force member country and provides services to other correspondent banks in neighboring countries.
- D. The customer is located in a non-Financial Action Task Force member country and services mostly commercial customers who engage in international trade.







Question #57 Topic 1



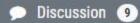
Question #59 Topic 1

What are two reasons physical certificates present a money laundering risk to broker-dealers? (Choose two.)



- B. Physical certificates do not expire and may be held by the owner for perpetuity
- C. There is little information readily available to the broker confirming the source of the funds
- D. Physical certificates may be provided to nominees for deposit or settled in off-market transactions

Reveal Solution



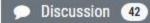
Question #60 Topic 1

An automotive parts company in South America sends multiple \$500,000 wire transfers per week to ABC Holdings Ltd. in Asia referencing payment for silk flower shipments. Research reveals Sunrise Holdings, Ltd is registered in the British Virgin Islands with no available ownership information.

What are two red flags that indicate how trade-based money laundering could be occurring in this instance? (Choose two.)

- A. The transaction involves the use of front (or shell) companies
- B. The packaging is inconsistent with the commodity or shipping method
- C. Significant discrepancies appear between the description of the commodity on the bill of lading and the invoice
- D. The type of commodity being shipped appears inconsistent with the exporter or importer's regular business activities

Reveal Solution





Next Questions ->



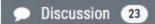


The branch manager calls the compliance officer and informs her that a law enforcement officer has just left the branch and was asking a lot of questions and left a business card.

What should the compliance officer do?

- A. File a suspicious transaction report
- B. Follow up to verify that the officer received all necessary information
- C. Verify that the reported officer was an actual authorized representative
- D. Require the branch manager to write a detailed memo about the request

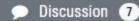
Reveal Solution



Question #62 Topic 1

What is a major economic consequence of money laundering through the use of front companies?

- A. Placing more emphasis on manufacturing
- B. Weakening of the legitimate private sector
- C. Creating a more competitive pricing environment
- D. Aligning management principles between criminal enterprises and legitimate businesses





Question #63 Topic 1

An institution is about to release a new peer to peer (P2P) funds transfer product to provide much needed remittance services to an under-banked population segment in the country.

The service allows customers to transfer funds through a mobile banking application to individuals worldwide entering only a name and mobile number. The new service charges less than comparable market solutions and offers real time transfer of funds. The customer onboarding process is conducted at branch locations with identity verification.

Which three present the highest anti-money laundering or sanctions risk and will require controls prior to launch? (Choose three.)

- A. Customer onboarding
- B. Cross-border functionality
- C. Real time transfer of funds
- D. Servicing the under-banked population
- E. Limited access to counterparty information

Reveal Solution



Discussion 70



Question #64 Topic 1

What is true regarding disclosure to a law enforcement agency by a financial institution of the supporting documentation for a suspicious transaction report?

- A. Documentation must be provided as quickly as possible using email
- B. The financial institution may notify the account holder of the request
- C. Confirm that the request originated from a representative of the law enforcement agency
- D. A copy of all the documentation released must also be provided to the account holder's attorney



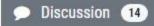
Question #65 Topic 1

As a result of an audit, a policy exception was identified that had been approved by the compliance officer. The auditor determined that the policy exception is a violation of a regulatory requirement.

What should the auditor do?

- A. Advise the compliance officer on how to appropriately respond to policy exceptions.
- B. Include the regulatory violation in the audit report and report it to the board of directors.
- C. Consult with legal counsel to determine if the approval of the policy exception was acceptable.
- D. Include the regulatory violation in the audit report and recommend the compliance officer be subject to disciplinary action by the board of directors.

Reveal Solution

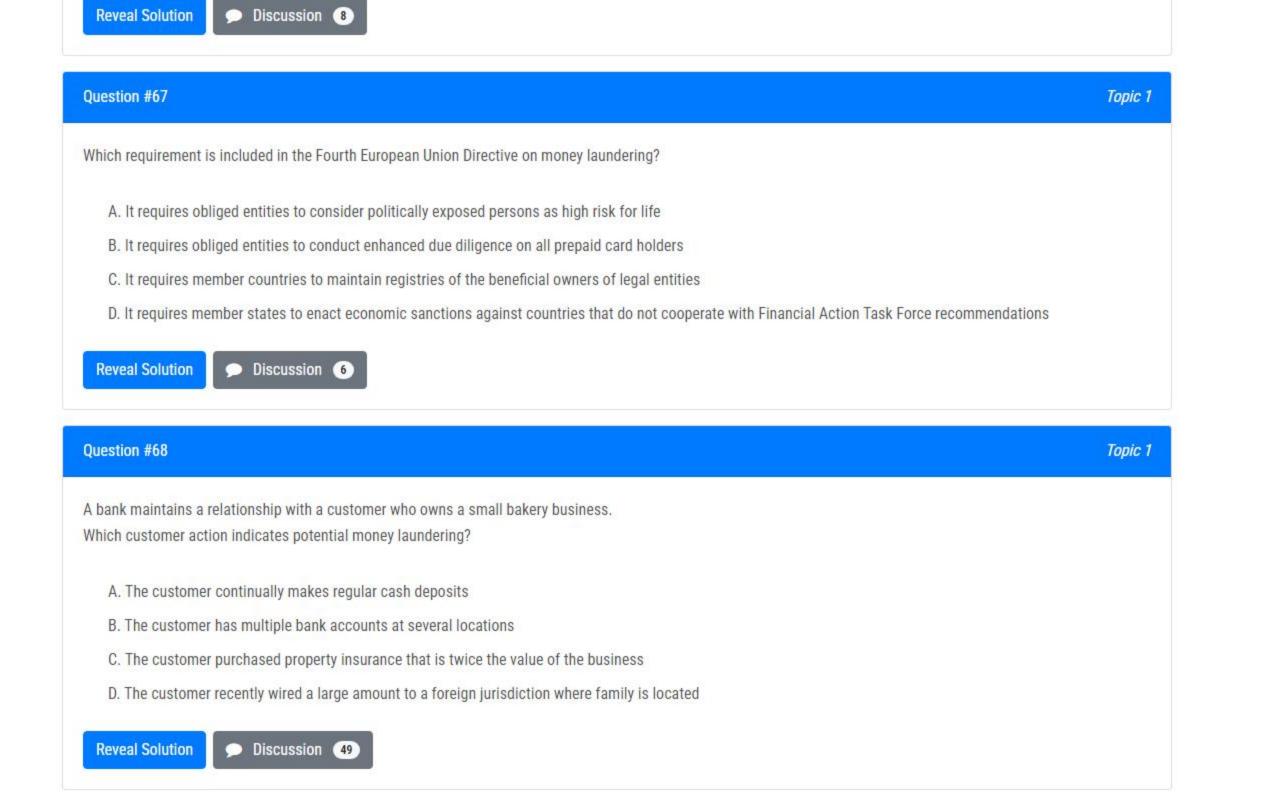


Question #66 Topic 1

A foreign politically exposed person (PEP) requests to add a beneficiary to a life insurance policy.

How should the request be processed to mitigate risk?

- A. Perform due diligence on the beneficiary
- B. Determine the source of wealth and source of funds
- C. Decline the request if the beneficiary is a foreign PEP
- D. Decline the request to add a beneficiary due to increased risk

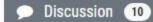


Question #69 Topic 1

A U.K. real estate agent has three foreign clients interested in purchasing an apartment building, valued at £30 million, in the outskirts of London as an investment property. The clients are not willing to have their names provided to the bank. The clients want the purchase to be made in the names of three private companies for privacy reasons. The plan is to wire the funds into an account held in the name of another private company at a bank in London. Which red flag should stop the agent from discussing this potential purchase further?

- A. The clients are foreign
- B. The clients have the funds necessary to fund a £30 million purchase
- C. The clients are not willing to have their names provided to the bank
- D. The clients want the purchase to be made in the names of the private companies

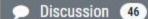
Reveal Solution



Question #70 Topic 1

What is a key objective of the Egmont Group?

- A. To find ways to promote the development of Financial Intelligence Units and the sharing of expertise.
- B. To safeguard the financial system from illicit use and combat money laundering and promote national security.
- C. To issue binding standards that establish consistently operated Financial Intelligence Units in member jurisdictions.
- D. To provide best practices for financial institutions on how to report suspicious activity to best share the information with law enforcement.



Question #71 Topic 1

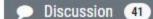
The compliance officer for a bank is reviewing on-boarding documents for a new business account for a domestic corporation. The officer is unable to verify the identity of the beneficial owners of the company. Only information on the nominee owners was provided, and none of the listed addresses are local. The purpose of the business and future expected activity was disclosed to include cash letters, money orders and international remittance transfers.

Topic 1

Which red flag identifies a heightened money laundering risk?

- A. Expected activity was advised to include cash letter and money orders
- B. The nature and purpose of the business include international remittance transfers
- C. The names provided at account opening are identified as the corporation's representative nominees
- D. Account signer's government issued identification lists addresses outside of where the branch account was opened

Reveal Solution



Question #72

Law enforcement submitted a request to a bank for information regarding one of its customers.

How should the bank respond according to Financial Action Task Force Guidance?

- A. Provide all information requested to support the investigation
- B. Ensure that the request will not violate any local privacy regulations or legislation
- C. Ensure the information is necessary to the investigation before responding to the request
- D. Contact the customer informing the person of the investigation to ensure the bank provides correct information



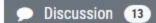
Discussion 49





- A. Agree to keep the account open
- B. Request a subpoena to maintain the account
- C. Request a letter on the agency's letterhead
- D. Request a search warrant from the local court

Reveal Solution



Question #74 Topic 1

A bank operates in multiple countries and offers a variety of products and services. The compliance officer recently joined the bank and wants to better understand the inherent level of anti-money laundering risk across the entire organization.

Which two factors should be considered? (Choose two.)

- A. The Transaction Monitoring program
- B. The Customer Due Diligence program
- C. Countries that the bank operates in
- D. Products and services offered by the bank

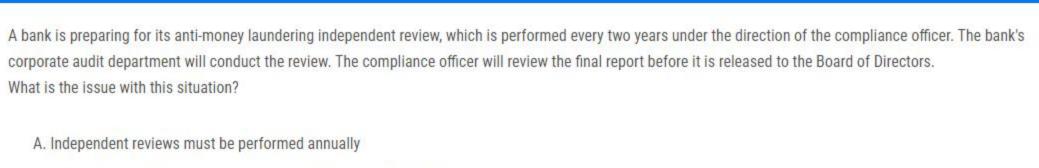
Reveal Solution



Discussion 43

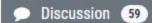


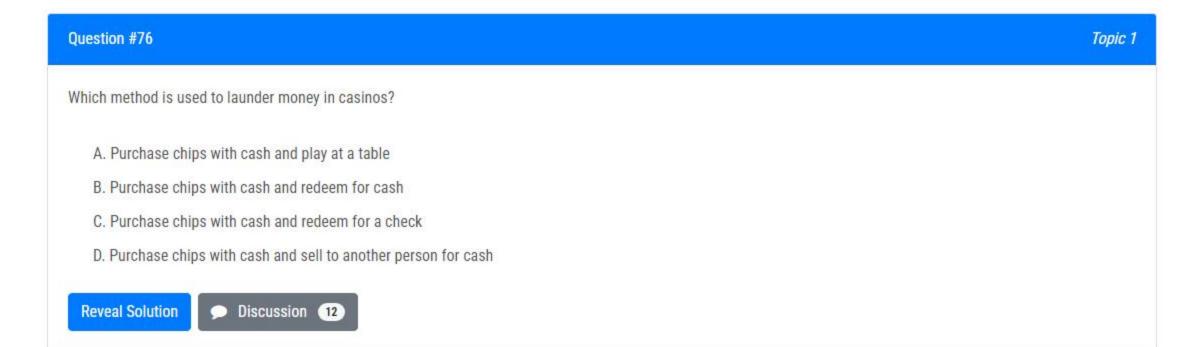
Question #75 Topic 1



- B. The review must be performed by a group outside of the bank
- C. The final report must be presented directly to the board of directors
- D. There is a conflict of interest with the management of the review process

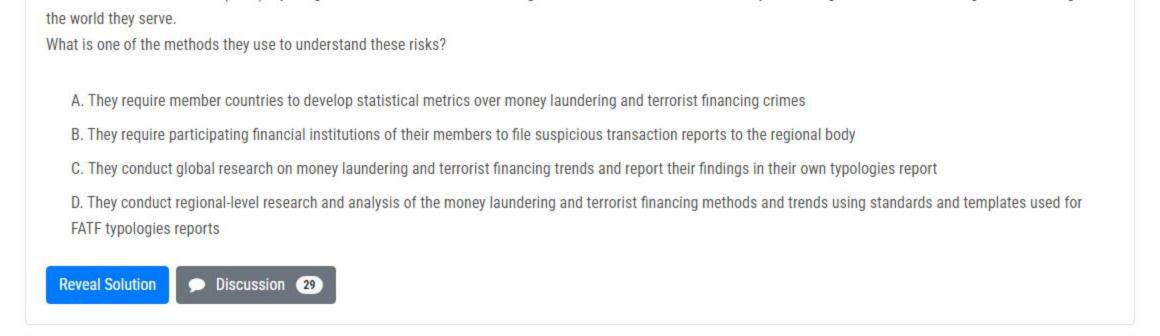
Reveal Solution

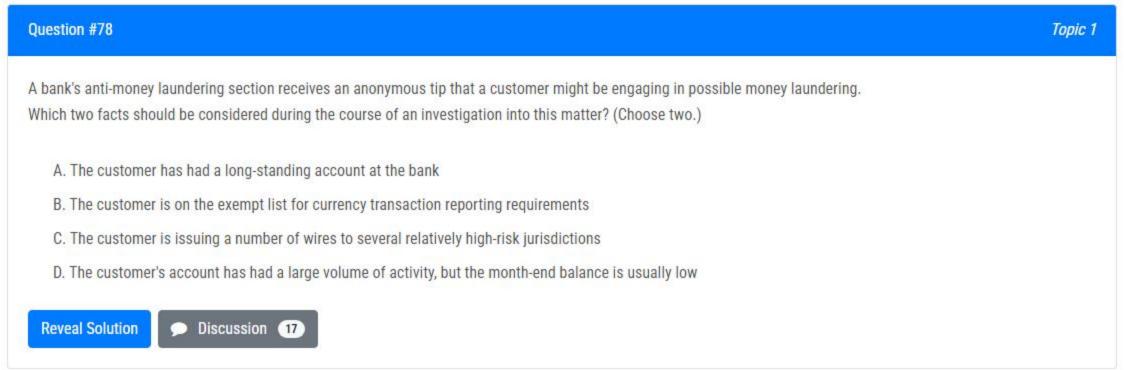




Question #77 Topic 1

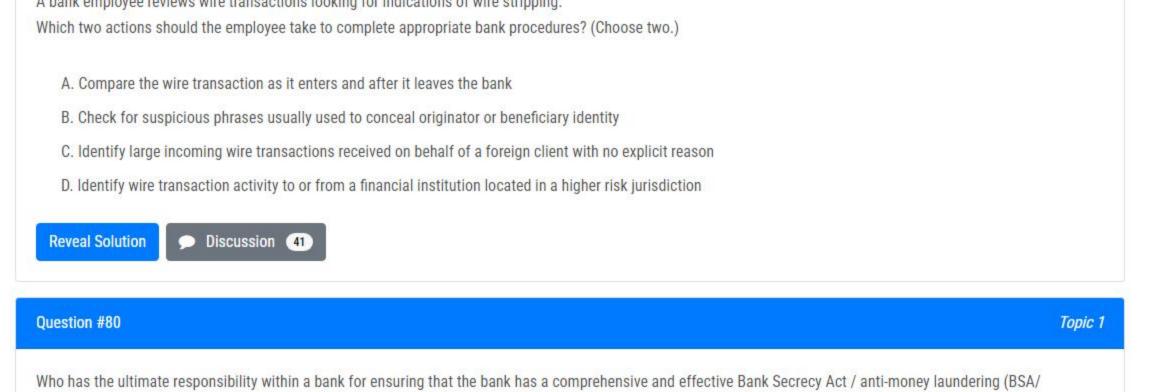
Financial Action Task Force (FATF)-style regional bodies are created and obliged to understand the inherent money laundering and terrorist financing risks in the region of

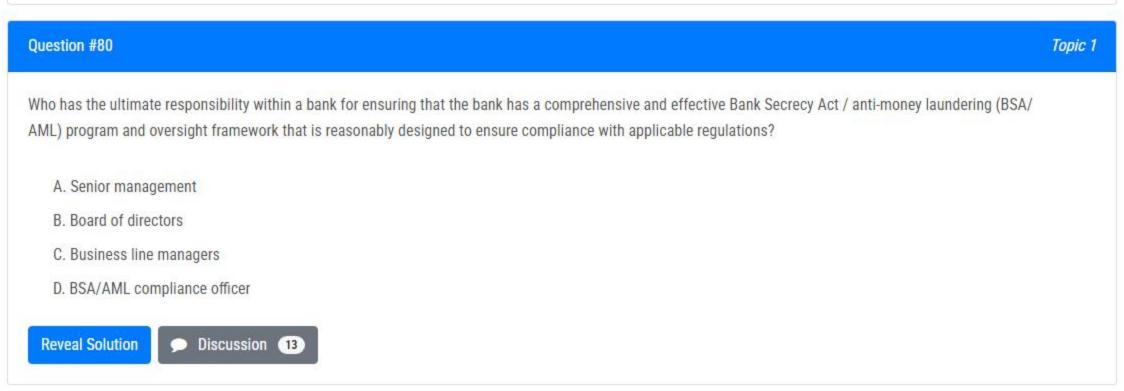


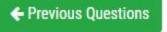


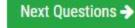
Question #79 Topic 1

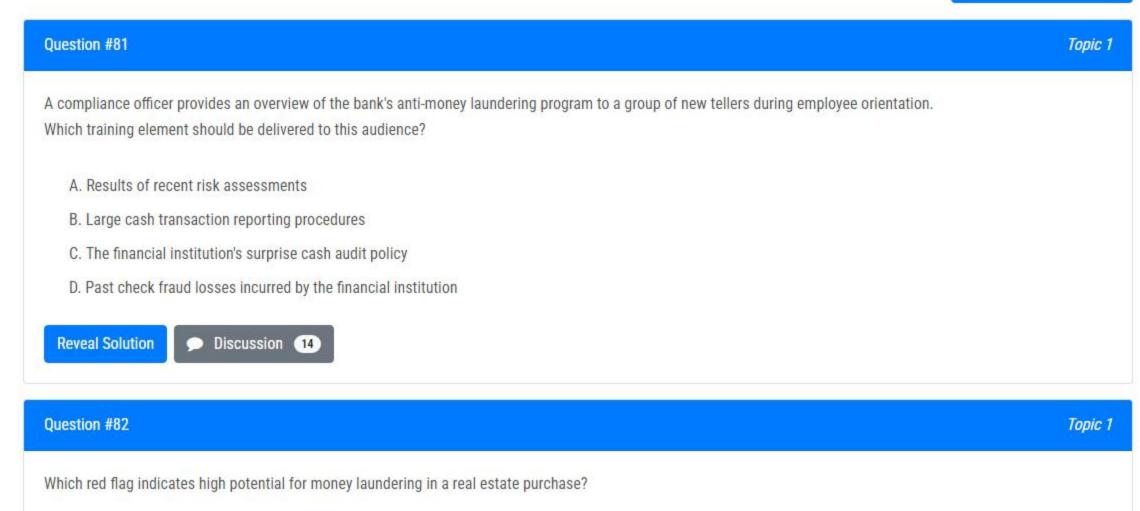
A bank anniques reviews with the sense attack landing for indications of wire attacks

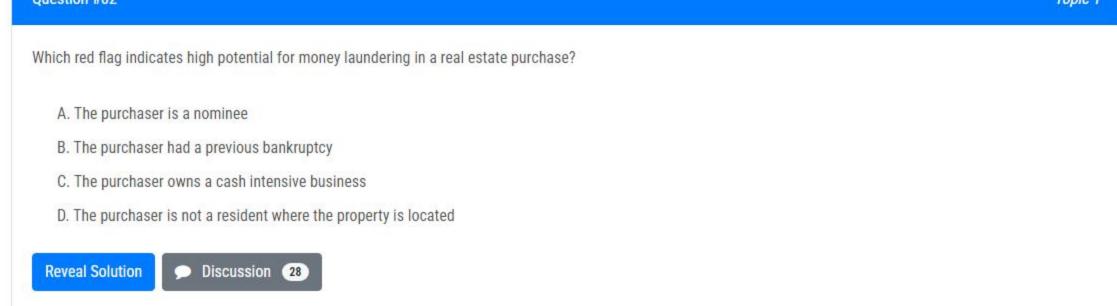












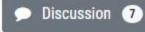
Question #83 Topic 1

A compliance officer at a small community bank has been asked to review existing customer onboarding policies and procedures to ensure they adequately address antimoney laundering risks.

How should customer due diligence be implemented?

- A. With an annual compliance review and approval of customers
- B. With a one-time event conducted at initial customer onboarding
- C. As an ongoing activity that may vary commensurate with the risk profile of the customer
- D. As applicable to customers that pose higher money laundering or terrorist financing risk

Reveal Solution



Question #84 Topic 1

A bank compliance officer discovers cash deposit activity inconsistent with the expected and historical cash activity within the personal accounts of the chairman of the board. The cash activity appears structured to avoid the local legal filing requirements for large cash transactions, and a suspicious transaction report (STR) was filed. How should the compliance officer report the filing of the STR to the board of directors without revealing the existence of the filing to the subject?

- A. Inform the legal counsel of the bank
- B. Follow the financial institution's established STR reporting policy
- C. Notify the financial institution's regulator to disclose the activity
- D. The compliance officer and the chief executive officer should jointly interview the chairman

Reveal Solution



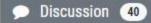
Discussion 33



Under which two circumstances may law enforcement be given access to a financial institution customer's financial records? (Choose two.)

- A. If the person is named in a suspicious transaction report
- B. If law enforcement serves a legal summons or subpoena
- C. If the investigation of a customer is made public in the media
- D. If law enforcement has circumstantial evidence to suspect money laundering

Reveal Solution



Question #86 Topic 1

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

Which action should the firm take?

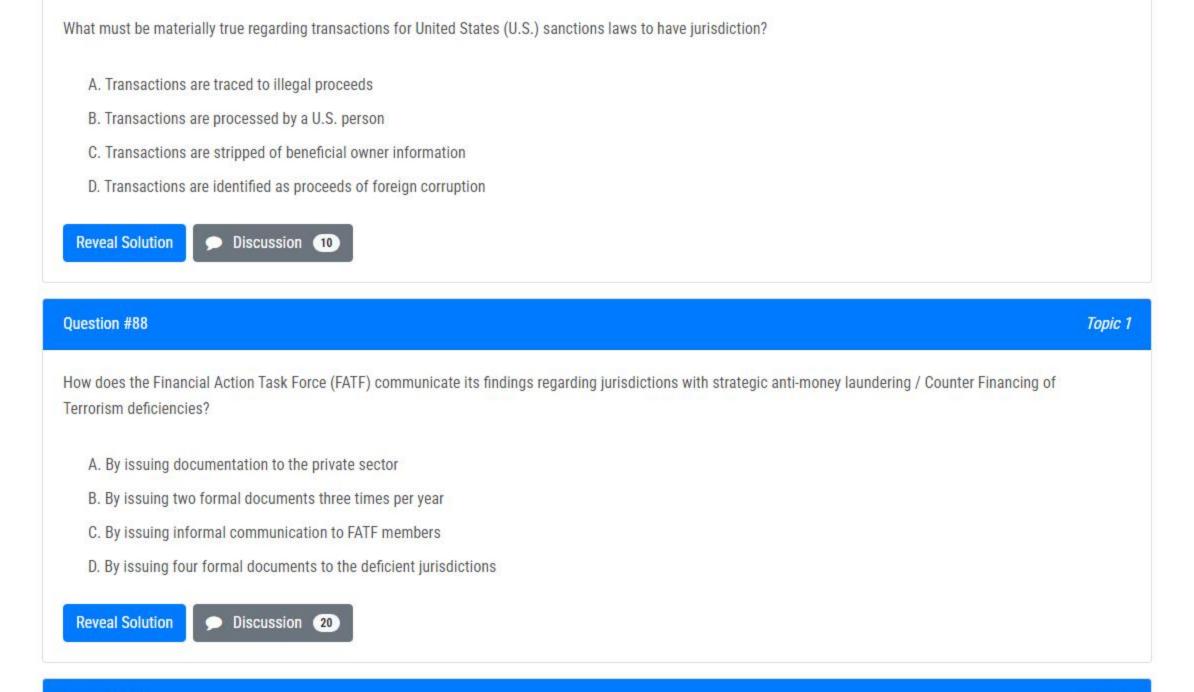
- A. Update all job descriptions to include anti-money laundering responsibilities
- B. Respond that only compliance personnel have anti-money laundering responsibilities
- C. Send an email to all staff stating that personnel must observe the anti-money laundering policy
- D. Reply that a description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

Reveal Solution



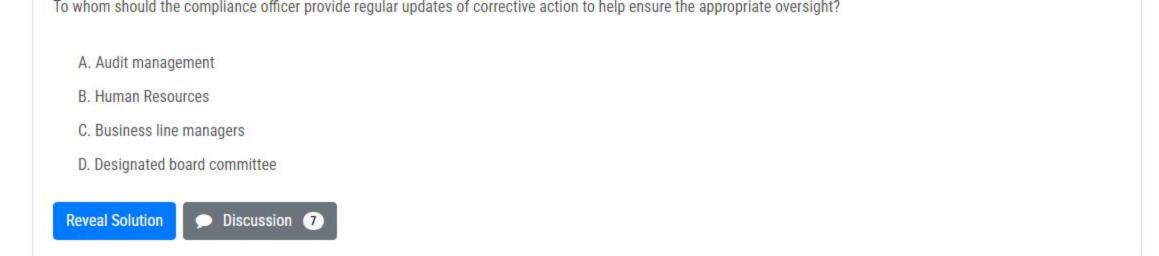
Discussion 35

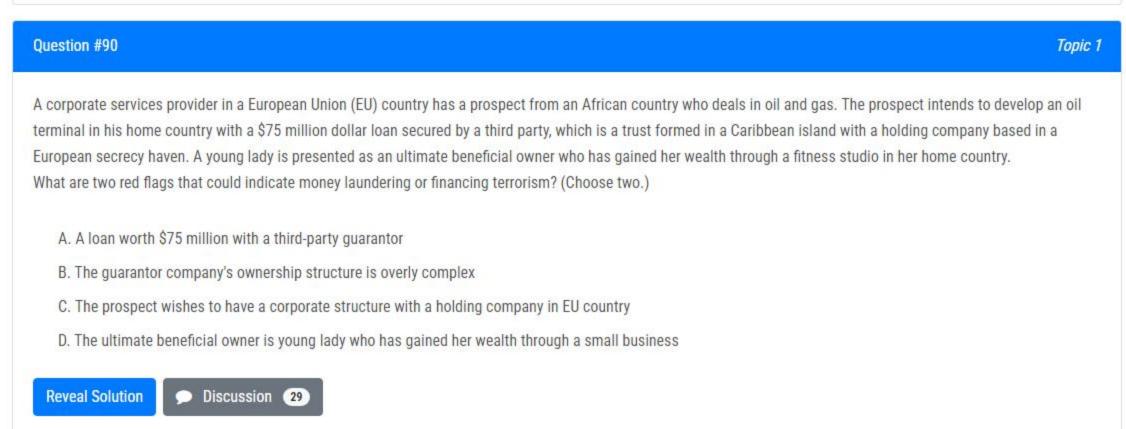
Question #87 Topic 1



Question #89 Topic 1

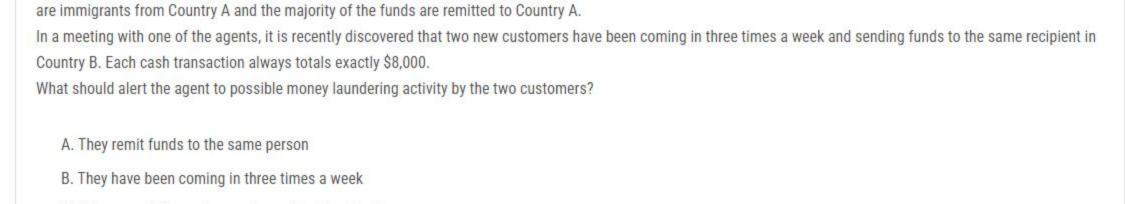
A recent anti-money laundering audit revealed several regulatory reporting violations and lapses with the organization's anti-money laundering policy. As a result, the compliance officer has created a follow-up matrix to document progress in correcting the identified deficiencies.





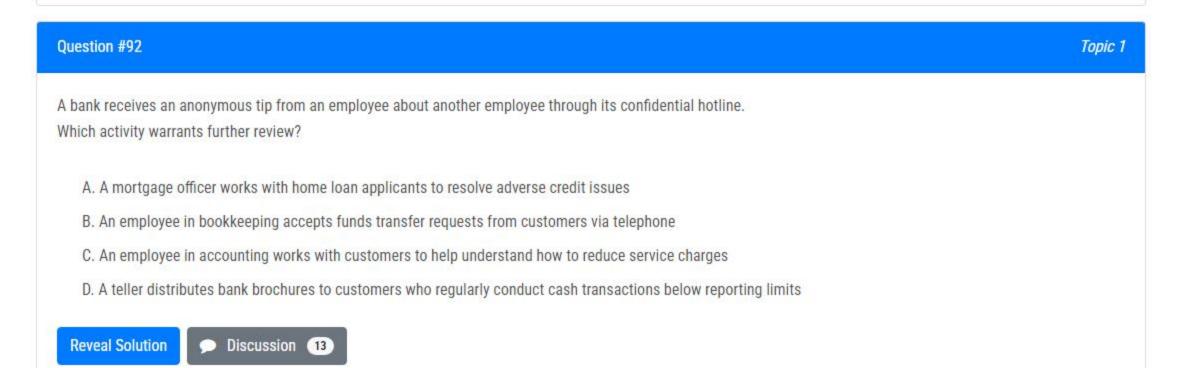
Question #91 Topic 1

The anti-money laundering compliance officer for a small money transmitter has several agent locations in the same geographic area in the United States. The customers



- C. It is unusual for customers to remit to Country B
- D. Each of their transactions is just below the cash reporting threshold





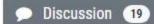
Question #93 Topic 1

A bank located in New York has identified suspicious transactions at a correspondent bank in China. For one of the international customers, the correspondent bank is not following agreed upon protocols.

Which factor indicates that the bank should terminate the relationship?

- A. The correspondent bank has opened branches in a country on the Office of Foreign Assets Control list.
- B. The compliance officer at the correspondent bank is currently being investigated due to bribery allegations.
- C. The correspondent bank has recently exceeded acceptable limits in the primary banks' recently developed risk model.
- D. The primary institution has requested transactional details from the correspondent bank to aide in their investigation.

Reveal Solution



Question #94 Topic 1

Which two channels can be utilized during a cross-border money laundering investigation to assist in gathering information according to Financial Action Task Force? (Choose two.)

- A. Contacting existing liaison officers in the foreign jurisdiction
- B. Exchanging information between national law enforcement agencies
- C. Contacting the potential suspect or their family members to request information
- D. Submitting only formal requests for information to a financial intelligence unit

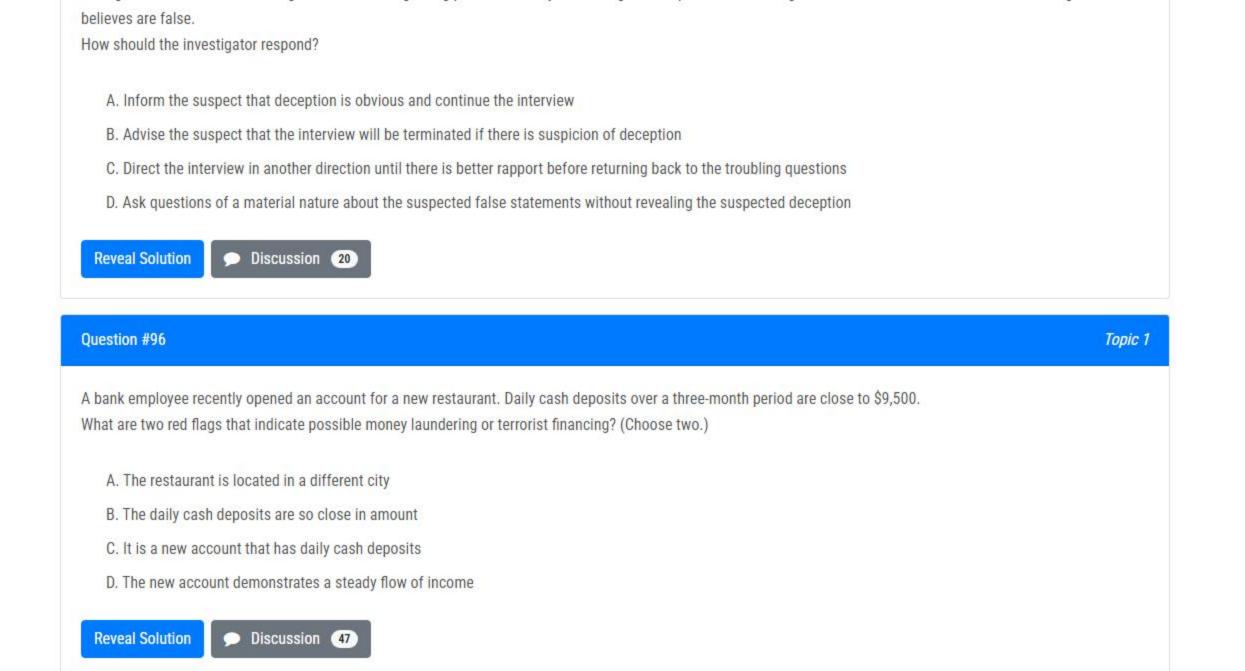
Reveal Solution



Discussion 15

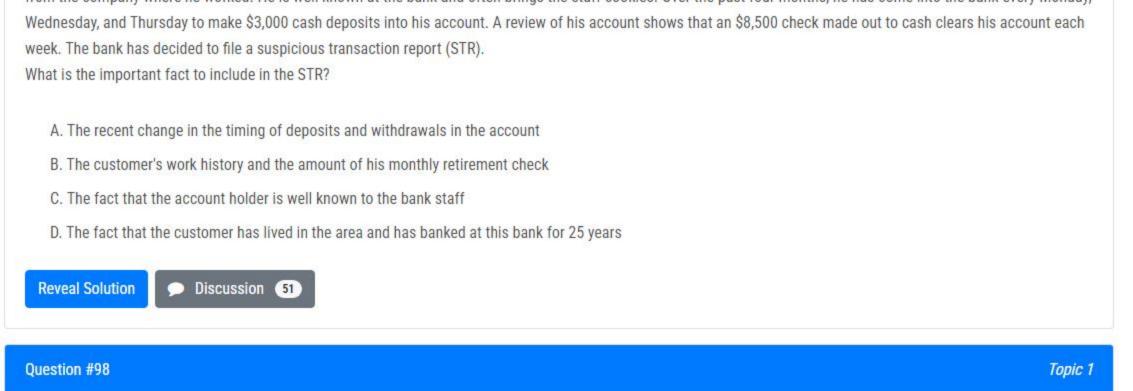
Question #95 Topic 1

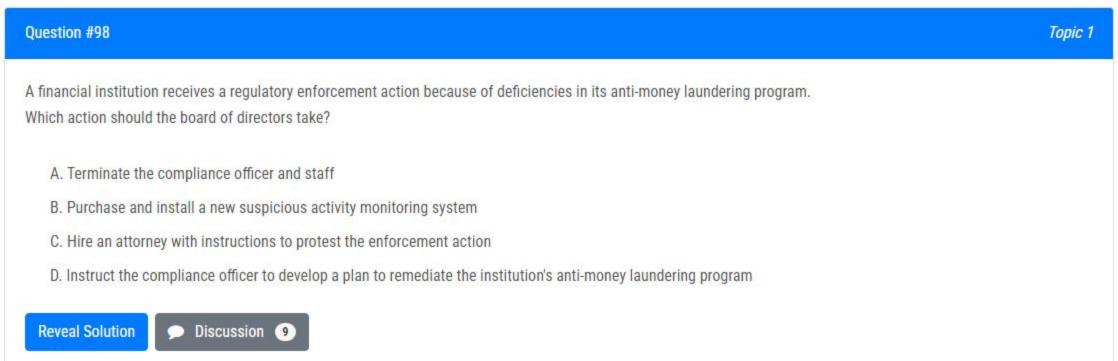
During a law enforcement investigative interview regarding potential money laundering, the suspect starts making assertions and statements that the investigator



Question #97 Topic 1

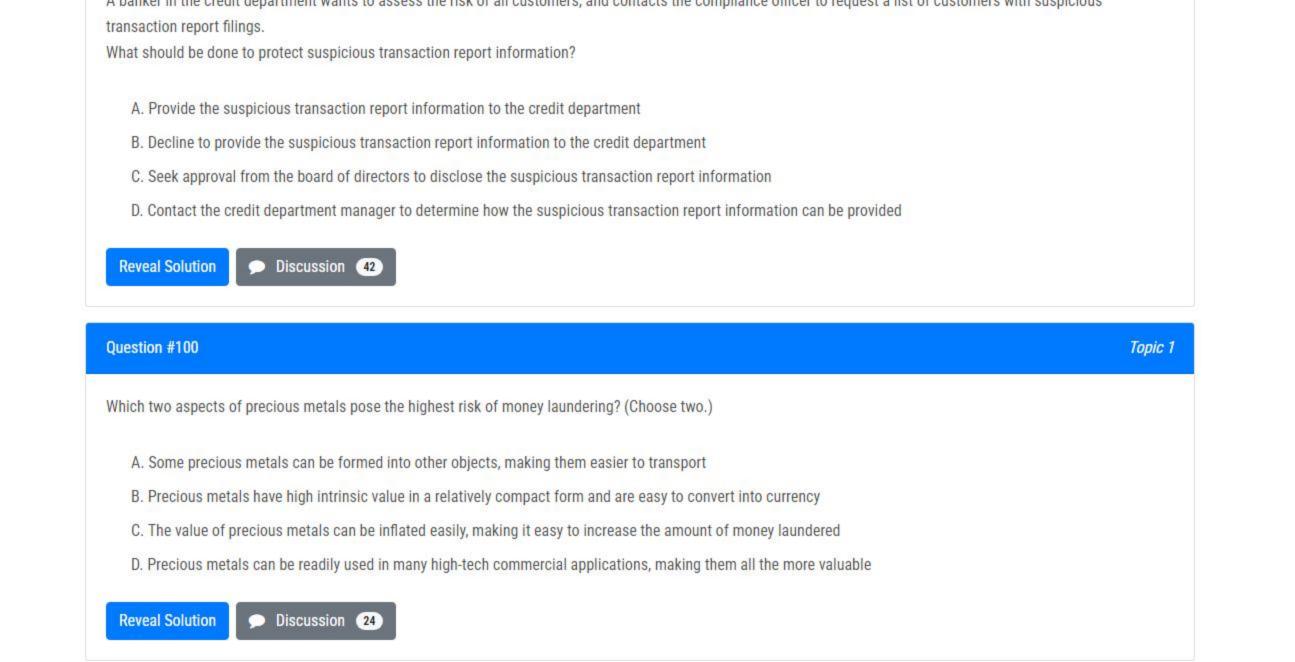
A customer has held an account at a bank and has lived locally for over 25 years. Historically he has come into the bank monthly to deposit a \$1,500 retirement check from the company where he worked. He is well known at the bank and often brings the staff cookies. Over the past four months, he has come into the bank every Monday.

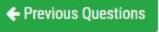




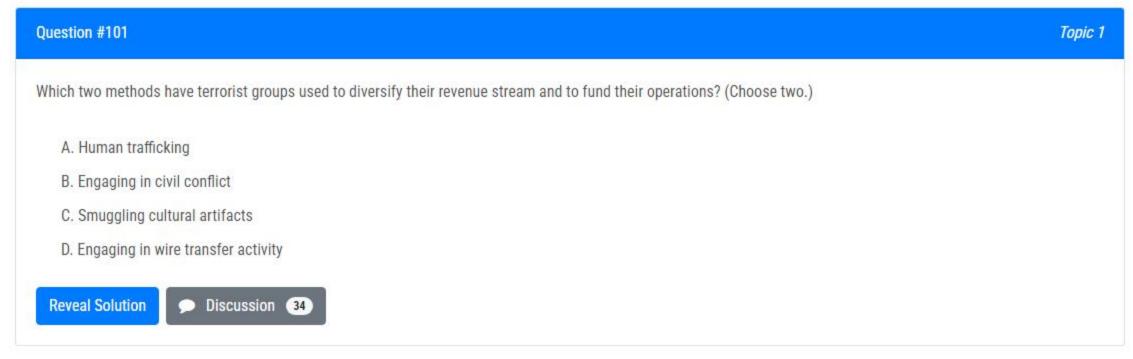
Question #99 Topic 1

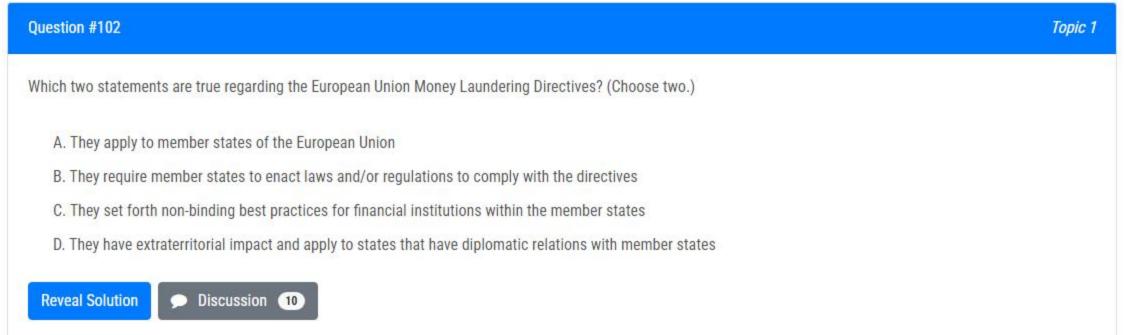
A banker in the gradit department wants to appear the rick of all systemers, and contacts the compliance officer to request a list of systemers with symbols up



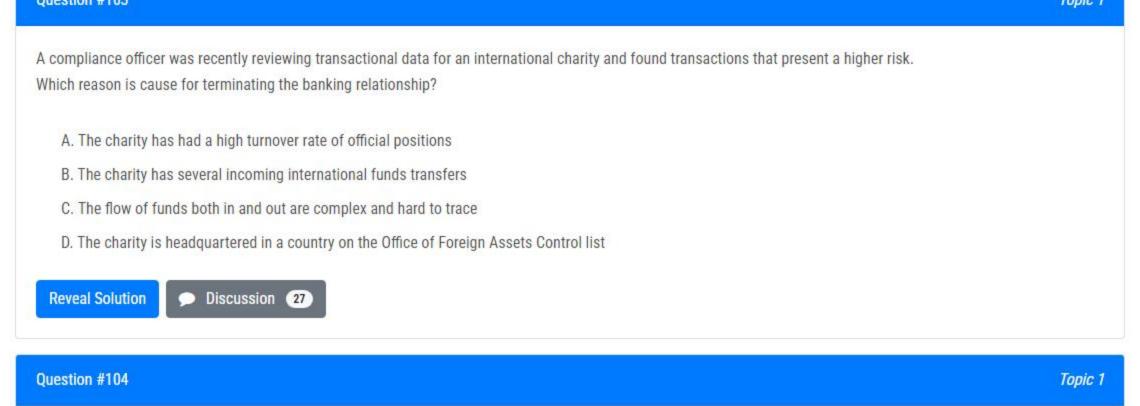


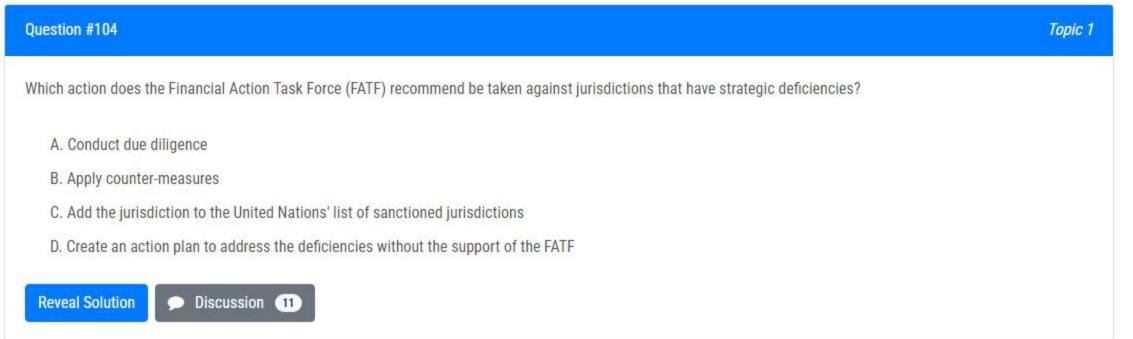






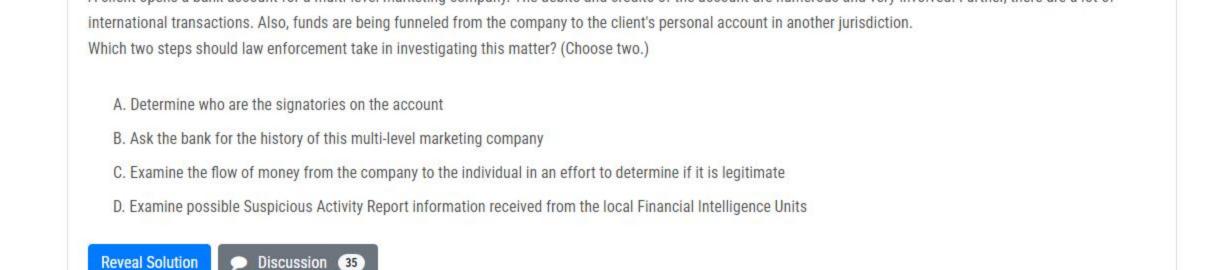
Question #103

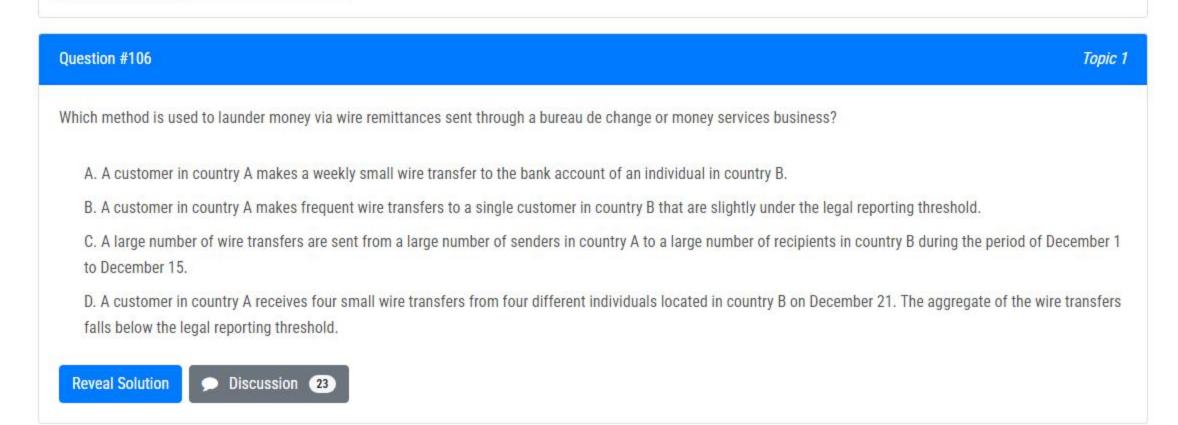




Question #105 Topic 1

A client opens a bank account for a multi-level marketing company. The debits and credits of the account are numerous and very involved. Further there are a lot of





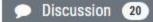
Question #107 Topic 1

Historically, a tour guide has made monthly cash deposits averaging \$10,000. Over the past three months, the monthly deposits have averaged \$100,000. When the financial institution questions the increased deposits, the tour guide explains that there have been numerous conventions in town so business has increased substantially.

Which further action(s) should the financial institution take?

- A. Immediately terminate the relationship
- B. Schedule a periodic review of activity
- C. Perform further investigation, if appropriate report the activity to the authorities and consider terminating the relationship
- D. Perform further investigation, if appropriate report the activity to the authorities and place a limit on future transactions

Reveal Solution



Question #108 Topic 1

One key aspect of the Office of Foreign Assets Control's extraterritorial reach includes the blocking of certain non-United States initiated transactions for or through the United States (U.S.) for benefit of a restricted person or entity.

Under which three circumstances are U.S. banks required to block transactions? (Choose three.)

- A. The transactions are to, or go through, a blocked entity
- B. Those that are by, or on behalf of, a blocked individual or entity
- C. Those that are by or on behalf of a blocked individual and a licensed entity
- D. Those that are in connection with a transaction in which a blocked individual or entity has an interest
- E. Those that are in connection with a transaction in which a blocked individual or entity has no interest

Reveal Solution



Discussion 11

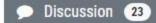
Question #109 Topic 1

To ensure compliance with economic sanctions established by governmental authorities in the jurisdictions where it operates, a financial institution requires that all new and existing customers be screened at onboarding and quarterly thereafter.

Is this step sufficient to ensure compliance?

- A. No, screening should occur promptly after list updates
- B. Yes, this is recommended by the international guidance
- C. No, it is necessary to screen and perform enhanced due diligence on new relationships
- D. Yes, screening all existing customer relationships ensures the institution is not dealing with a sanctioned individual or entity

Reveal Solution



Question #110 Topic 1

What is the currency threshold under the European Union Fourth Anti-Money Laundering Directive?

- A. 3,000 Euros
- B. 5,000 Euros
- C. 10,000 Euros
- D. 15,000 Euros

Reveal Solution

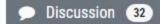


Discussion 8

Question #111 Topic 1 What are two requirements of United States financial institutions when conducting business with an international financial institution as a result of the USA PATRIOT Act? (Choose two.)

- A. Performing enhanced due diligence on shell banks
- B. Performing due diligence on correspondent accounts
- C. Visiting the head office of the international financial institution
- D. Complying with Special Measures issued under the USA PATRIOT Act

Reveal Solution



Question #112 Topic 1

What are two risks to institutions for violating anti-money laundering laws as demonstrated by the 2012 HSBC settlement with United States authorities? (Choose two.)

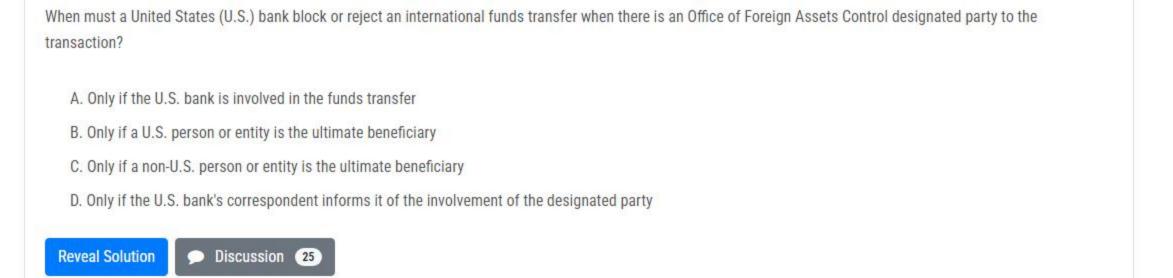
- A. Forfeiture of assets
- B. Civil money penalties
- C. Loss of bank charter/license
- D. Imprisonment of bank employees

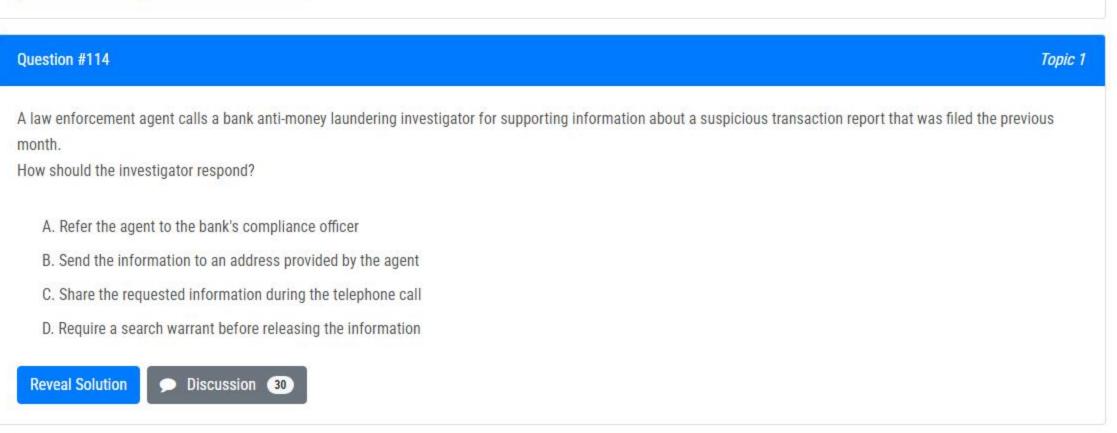
Reveal Solution



Discussion 14

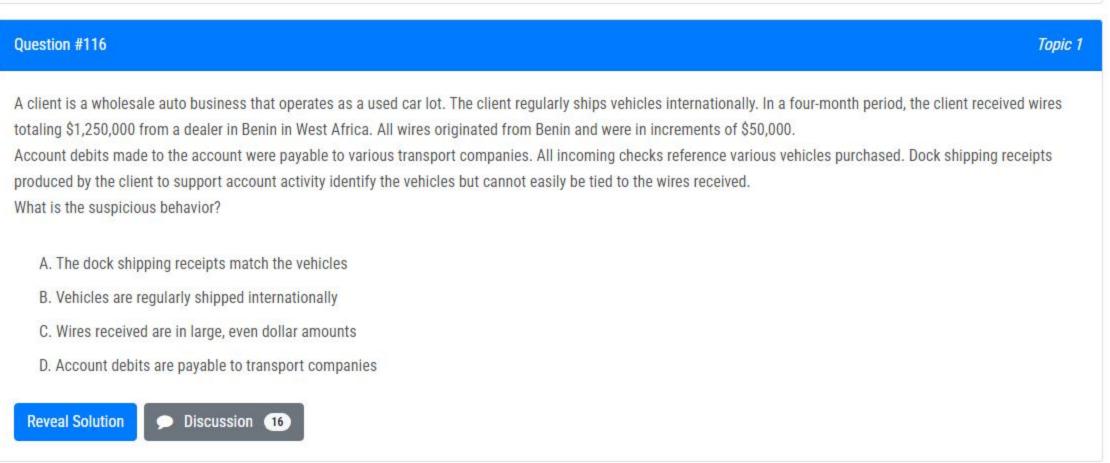
Question #113 Topic 1





Question #115 Topic 1





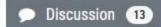
Question #117 Topic 1

A high-volume dealer of precious metals and stones in a high-risk jurisdiction is approached by a new customer interested in selling gold worth \$200,000. The customer was referred by a longtime family friend of the dealer and provides no indication of background or business purpose for the sale. The dealer agrees to make the purchase based solely on the reference.

What is the money laundering red flag?

- A. The customer was referred by a longtime friend of the dealer
- B. The precious metals dealer is operating in a high-risk jurisdiction
- C. A new customer is selling gold worth \$200,000 to a high volume dealer
- D. The customer provides no background information or business purpose for the transaction

Reveal Solution



Question #118 Topic 1

What does the Financial Action Task Force 40 Recommendations address on transparency of beneficial ownership?

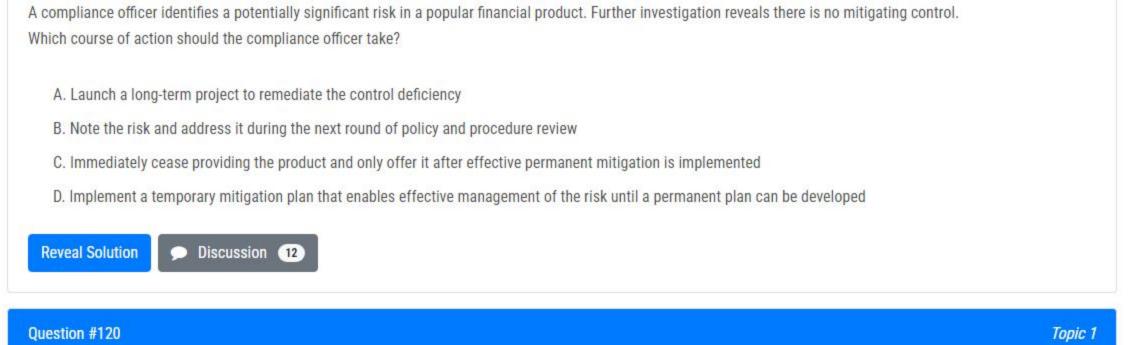
- A. Gatekeepers
- B. Correspondent banking
- C. Payable through accounts
- D. Legal persons and arrangements

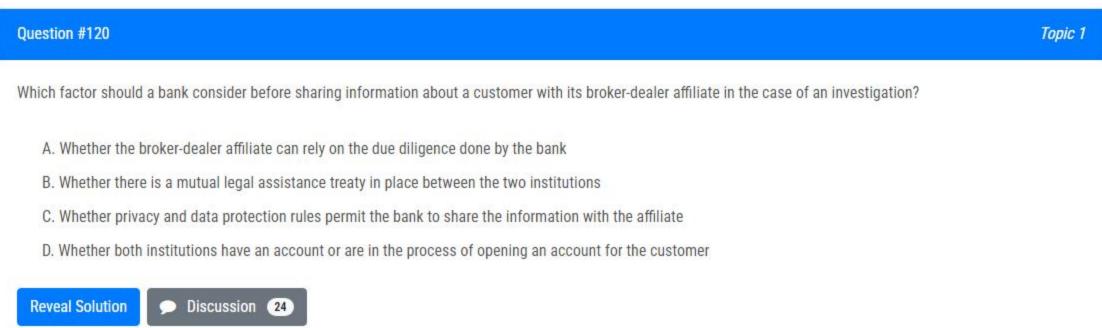
Reveal Solution



Discussion 14

Question #119 Topic 1









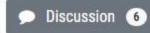
Question #121 Topic 1

A client who owns a swimming pool company requests to open 19 accounts at a bank, each with a debit card for its swimming pool technicians. When asked about the purpose of each account, the client explains that each technician needs a separate checking account to purchase pool chemicals.

Which available source could be used in the bank's internal investigation on this client's activities?

- A. Client's credit bureau report
- B. Local law enforcement investigation report
- C. Interview swimming pool technicians and chemical suppliers
- D. Internet search showing how such business are typically operated

Reveal Solution

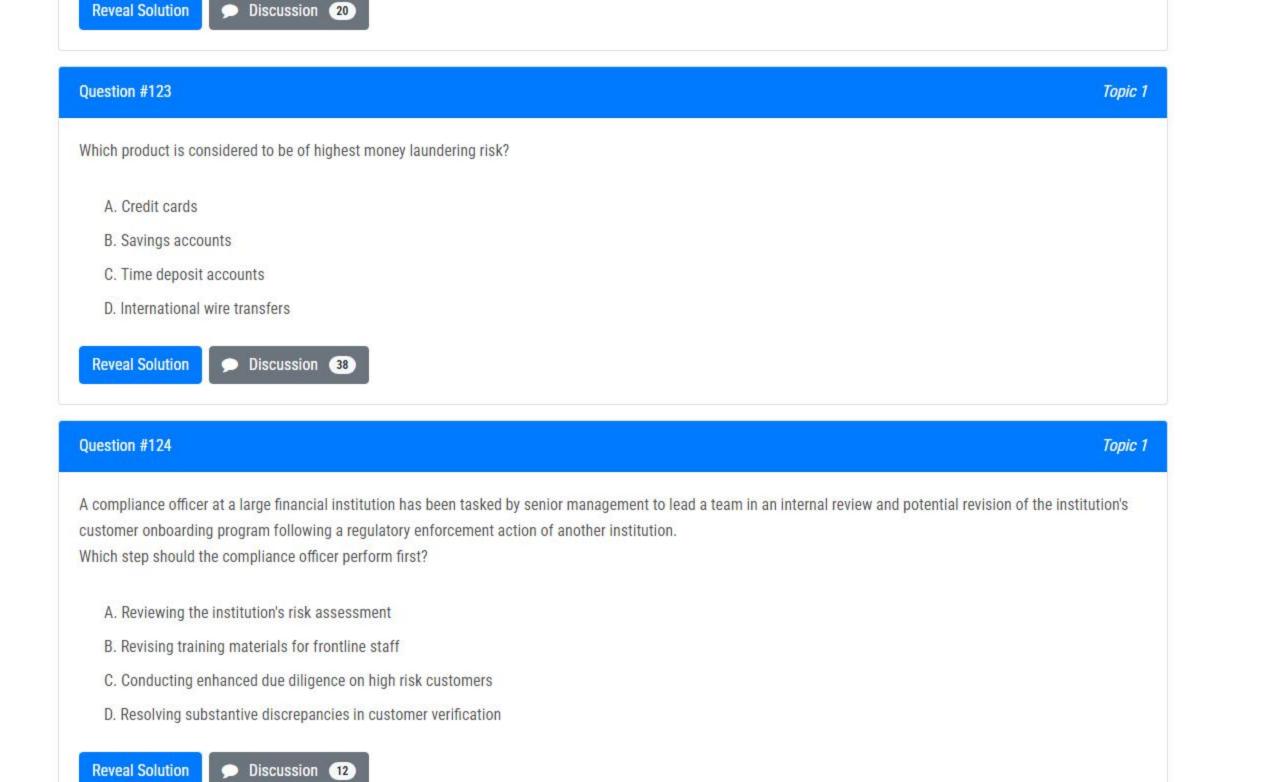


Question #122 Topic 1

A bank sells reloadable open-loop prepaid cards to both customers and non-customers.

What is a red flag associated with these cards that may indicate money laundering?

- A. A bank customer historically purchases several prepaid cards near year-end.
- B. A non-bank customer regularly loads large amounts of cash onto several prepaid cards.
- C. A non-bank customer consistently uses the bank to obtain cash advances using a prepaid card.
- D. A bank customer routinely purchases five prepaid cards in small even-dollar amounts on a monthly basis.



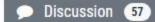
Question #125 Topic 1

A bank provides trade financing for a company whose primary export is steel.

Which action by the company indicates possible money laundering?

- A. The company often deals with foreign currency exchanges.
- B. The company regularly understates the value of goods exported.
- C. The company frequently sells above or below its competitors' price.
- D. The company frequently transfers funds to other bank accounts located in other jurisdictions.

Reveal Solution



Question #126

An anti-money laundering analyst is reviewing a new customer list to confirm potentially high risk customers have been identified and subject to enhanced due diligence. Which new customer warrants enhanced due diligence?

Topic 1

- A. A non-profit hospital
- B. A fundraising organization
- C. An employee benefit plan trust
- D. A medical practice limited partnership

Reveal Solution



Discussion 16

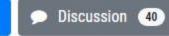


Question #127 Topic 1

Which statement about a multinational institution's ability to fully investigate unusual activity in all its foreign operations is correct?

- A. Local privacy and data protection laws may prevent an affiliate from sharing information.
- B. Certain account documents may be stored only in local language which will prohibit a global assessment.
- C. The institution should consult with the customer and request permission to conduct a full investigation into all the accounts.
- D. Enterprise-wide compliance oversight rules issued in the global institution's headquarters country will override any local limitations in other countries.

Reveal Solution



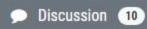
Question #128

Which step should be taken to understand the types of financial institutions to whom the services are being offered when a correspondent bank permits 'nested' relationships according to the Wolfsberg Group?

Topic 1

- A. Review peer-group clients by risk category
- B. Understand the type and volume of accounts serviced
- C. Evaluate the distribution of downstream correspondents and identify any direct or indirect issues
- D. Obtain independent audits or examination reports for a€nesteda€ relationships to determine risk levels

Reveal Solution



Quantion #120

QUESTION TILES

What does the Basel Committee's Customer Due Diligence for Banks paper suggest that a bank needs to have in place when establishing an account for a corporate business entity?

- A. An understanding of the structure of the company
- B. A policy requiring all identified beneficial owners to undergo a national police check
- C. A process to ensure that the approval of senior management is obtained prior to opening the account
- D. A fee structure that reflects the banks' costs in monitoring the risks associated with entity's business activities

Reveal Solution

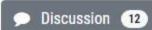
Discussion 29

Question #130 Topic 1

Which measure to mitigate risk does the Basel Committee's Customer Due Diligence Principles suggest banks apply when accepting business from non-face-to-face customers?

- A. Certification of documents presented
- B. Requiring an in person interview with the customer
- C. Imposing a limit on permissible account activity for a defined period of time
- D. Requiring additional review of account opening documents by senior management

Reveal Solution

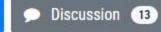


Question #131 Topic 1 A comprehensive set of risk-based guidelines for maintaining business relationships is being developed.

Which situation indicates that the institution should terminate the relationship with a client?

- A. The client does business in countries with active terrorist organizations.
- B. The client conducts international financial transactions exceeding U.S. \$500 million.
- C. The client exceeds the criteria of an acceptable risk model created by another institution that is not similar in size and complexity.
- D. The client exceeds the criteria of an acceptable risk model created by the institution and does not perform acceptable remedial actions.

Reveal Solution

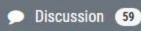


Question #132 Topic 1

At a small community bank, the compliance officer identifies unusual activity on a customer, who with his personal and company accounts, is the bank's largest depositor. The customer's companies have significant balances on their outstanding loans. The compliance officer notices that there is a lot of unusual movements of money between the customer's individual and business accounts. After filing a suspicious transaction report (STR), the compliance officer gets a call from law enforcement indicating that they want the bank to keep the account open while they conduct an investigation into the customer.

- How should the compliance officer escalate this information to the board of directors?
 - A. By providing a copy of the STR to the board
 - B. By informing the regulator to bring it up with their next meeting with the board
 - C. By providing a high level summary of the activity and the interactions with law enforcement
 - D. By providing a copy of the letter from law enforcement asking the bank to keep the account open.

Reveal Solution

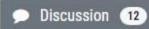




What does the Egmont Group's support for its members include?

- A. Issuing due diligence models for financial institutions
- B. Expanding and systematizing international cooperation in the reciprocal exchange of information
- C. Issuing strategic products for law enforcement agencies and FIUs on topics of international interest
- D. Expanding the ability of FIUs to enforce laws and exchange information globally to combat money laundering and terrorist financing

Reveal Solution

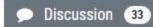


Question #134 Topic 1

Which statement identifies one of the duties of a government Financial Intelligence Unit?

- A. It serves as the central agency for the receipt of disclosures filed by reporting entities.
- B. It administers and enforces economic and trade sanctions based on a government's foreign policy and national security goals.
- C. It supervises and regulates banking institutions to ensure the safety and soundness of the nation's banking and financial system.
- D. It prosecutes suspected money launderers and terrorist financiers based on financial institution suspicious transaction report filings.

Reveal Solution

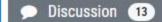


A new accounts representative recently opened an account for individual whose stated employment is tutoring students.

Which customer action indicates possible money laundering?

- A. Continually making weekly small cash deposits
- B. Periodically initiating wire transfers to another account owned by a relative
- C. Transferring all funds to another bank on the same day of large cash deposits
- D. Opening a savings account and makes frequent transfers from the checking account

Reveal Solution



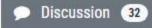
Question #136 Topic 1

A large international bank has detected potentially suspicious activity in one of its customer accounts. Following an investigation, the bank has determined the activity to be typical of suspected money laundering.

To which entity should this activity be reported on a suspicious transaction report according to Financial Action Task Force?

- A. National Security Council
- B. Financial Intelligence Unit
- C. Local law enforcement agency
- D. Federal law enforcement agency

Reveal Solution

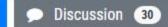


Question #137 Topic 1



- A. To establish regulations that countries must use when establishing their own FIUs
- B. To find ways that FIUs can better cooperate amongst themselves and exchange information
- C. To require that all countries participate in a global repository for the sharing of information
- D. To create standards that countries can use when drafting laws to combat money laundering and terrorist financing

Reveal Solution



Question #138

Topic 1

An organization uses an automated surveillance system that generates a very large volume of anti-money laundering alerts. The monthly volume of alerts has increased over the last year causing the compliance staff to fall significantly behind reviewing the alerts. As a result, the system settings are under review to determine if they are appropriate.

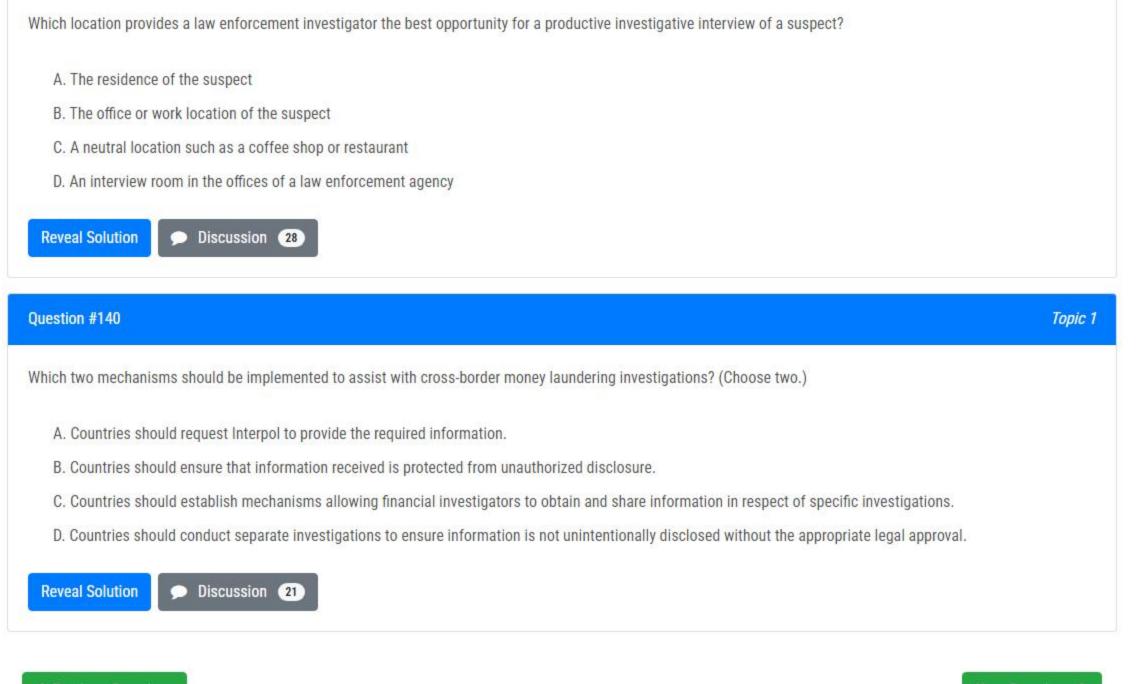
Which action should be included in the evaluation of system settings?

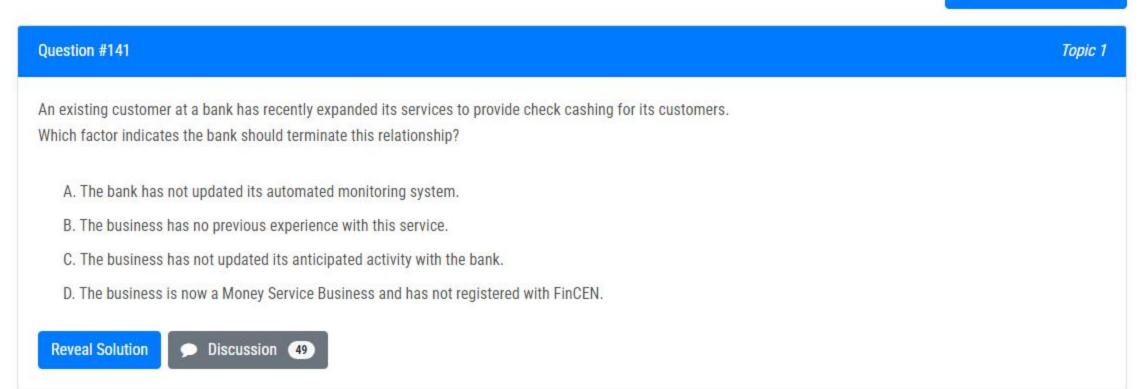
- A. Compare settings to organizations within its peer group
- B. Flag filters with no history of generating an alert for removal
- C. Review parameter settings based on the latest risk assessment
- D. Calibrate parameters based on staffing capabilities to clear alerts

Reveal Solution



Question #139 Topic 1





Question #142 Topic 1

Which key aspect of the Office of Foreign Assets Control's extraterritorial reach specifically relates to prohibited transactions?

- A. Prohibit or reject unlicensed trade and financial transactions with specified countries, entities, and individuals
- B. Prohibit or reject licensed trade and financial transactions with specified countries, entities and U.S. individuals
- C. Prohibit or reject licensed trade and financial transactions with specified countries, entities and non-U.S. individuals
- D. Prohibit or reject unlicensed foreign trade and financial transactions with specified countries, entities, and individuals

Reveal Solution Discussion 29

A bank has opened a new account for a well-known attorney to manage client funds. During the first six months, bank staff observe the account receives multiple deposits via wire transfer. They also observe that the attorney withdraws cash, makes payments to various people, and transfers funds to the law firm's account online. What is considered a red flag for potential money laundering in this situation?

- A. Withdrawing cash
- B. Making payment to various people
- C. Receiving multiple deposits via wire transfer
- D. Transferring funds to his law firm's account online

Reveal Solution



Question #144 Topic 1

How can a 'free-look provision' as part of a life insurance policy help criminals to launder money?

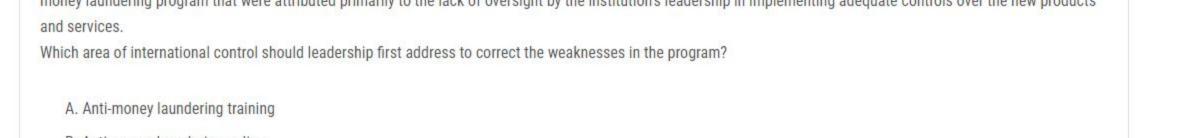
- A. A policy owner can decide how to pay the premium within a pre-defined period.
- B. A policy owner is able to terminate the contract without penalties such as surrender charges.
- C. A policy owner has freedom to decide who the beneficiary of the policy will be and can in this way move money to a related third party.
- D. A policy owner has freedom to decide who the beneficiary of the policy will be and can in this way move money to an unrelated third party.

Reveal Solution



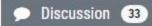
Question #145 Topic 1

Since its last regulatory examination, a financial institution has aggressively grown by adding profitable new products and services. The institution has not historically received regulatory criticism regarding its anti-money laundering compliance program. However, a recent regulatory examination cited significant deficiencies in the anti-money laundering program that were attributed primarily to the lack of everyight by the institution's leadership in implementing adequate centrals over the new products.



- B. Anti-money laundering policy
- C. Money laundering risk assessment
- D. Anti-money laundering compliance staff

Reveal Solution



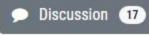
Question #146 Topic 1

A periodic review of the account of a small household goods business reveals multiple shipments of goods to a country classified by the bank as high risk. They were transshipped through another country prior to the final destination. In the past three months, volumes over 25,000 units. The business has been a customer of a bank for 10 years.

Records show previous shipments to destinations primarily in Europe involving quantities of 5,000 units or less. Recent shipments are listed as being received by the same company as the earlier shipments and payments are being received from the same originator, but the unit price of the goods is three times higher than before. Which two red flags indicate potential trade-based money laundering? (Choose two.)

- A. The shipments of the same goods are now going to a different location.
- B. The goods are transshipped through one or more jurisdictions for no apparent economic reason.
- C. The size of the shipments appear inconsistent with the exporter's previous business activities.
- D. The goods are shipped to a jurisdiction that the bank classifies as a€high riska€ for money laundering activities.

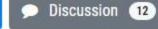
Reveal Solution



Question #147 Topic 1 Which three definitions of money laundering are included in the expanded definition of the European Union Fourth Directive? (Choose three.)

- A. The creation of shell companies to disguise the identity of its owners
- B. The conversion or transfer of property with knowledge that it is derived from criminal activity
- C. The acquisition or use of property knowing, when it was received, that it was derived from criminal activity
- D. The transfer of cash in excess of 15,000 euros across country borders regardless of whatever the cash was derived from criminal activity
- E. Concealing or disguising the nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that the property is derived from criminal activity

Reveal Solution



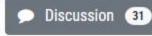
Which action should the sanctions team take?

Question #148 Topic 1

An incoming urgent international wire transfer in U.S. dollars has been identified by the sanctions screening team. The transaction is a large rounded amount and the name of the beneficiary is 'North Korean Cigars Company' with an address in an industrial zone in Tianjin, China.

- A. Hold the transaction and investigate the company before releasing the funds
- B. Block the transaction immediately because it contains a reference to North Korea
- C. Call the correspondent bank and ask if it has performed due diligence on the originator
- D. Release the transaction so that the Chinese correspondent bank will not be negatively impacted

Reveal Solution

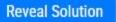


Question #149

Topic 1

What does the Financial Action Task Force (FATF) urge its members and all other jurisdictions to do when a jurisdiction is identified as having lax anti-money laundering / counter financing of terrorism controls?

- A. Apply counter-measures to that jurisdiction
- B. Consider customers from that jurisdiction as high risk
- C. Cease doing business with that jurisdiction immediately
- D. Apply economic sanctions until otherwise notified by FATF

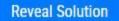


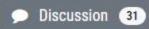


Question #150 Topic 1

What might limit a compliance officer's ability to respond to a foreign law enforcement official's request to provide information with regard to an anti-money laundering investigation?

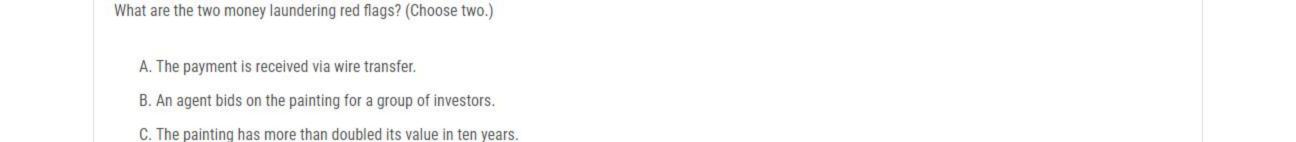
- A. Privacy and data protection laws in the compliance officer's country
- B. Whether there is a mutual legal assistance treaty between the countries of the compliance officer and the law enforcement official
- C. Whether the request has been processed by the foreign law enforcement official's embassy in the compliance officer's country
- D. Anti-money laundering laws that require the confidential treatment of Suspicious Transaction Reports in the law enforcement official's country





Question #151 Topic 1

An auction house dealing in fine art and antiques sells a well-known painting at a price of \$12 million to an agent bidding for a group of local investors. The same painting sold ten years prior at auction for \$5 million. The auction house receives payment for the painting via wire transfer from an account maintained in an offshore jurisdiction by the investor group. No beneficial ownership information is available for the account.



Question #152 Topic 1

How can violations of anti-money laundering laws be a risk to individuals?

D. Payment is received from an account in an offshore jurisdiction.

E. Lack of beneficial ownership details for the originating account.

Discussion 30

Reveal Solution

- A. Violations can result in civil and criminal fines and penalties against the individuals.
- B. Violations can result in additional legislation that the individuals have to comply with.
- C. Violations can result in enforcement actions that damage the reputation of the individual's employer.
- D. Violations can result in additional and more stringent anti-money laundering training for individuals.

Reveal Solution Discussion 10

Question #153 Topic 1

A director of a financial institution was convicted of laundering money as part of a Ponzi scheme and terminated. As a result of an internal investigation evidence proved that an employee assisted in the illegal activity.

Which action should the institution take?

- A. Discipline the employee with no further action
- B. Discipline the employee and inform local authorities
- C. Since the employee was not charged, no further action is required
- D. Require all employees to complete additional anti-money laundering training

Reveal Solution Discussion 6

Question #154 Topic 1

The new compliance officer has reviewed the bank's anti-money laundering training program. The program consists of online training for all new employees within 30 days of hire date and annual refresher training to all employees. In addition, there is specialized training for areas that deal with higher risk products and customers. Over the last year, there have been no regulatory changes and no new products or services have been introduced. The compliance officer wants to propose to the board of directors that the annual refresher training is still current and can be delivered unchanged to all employees.

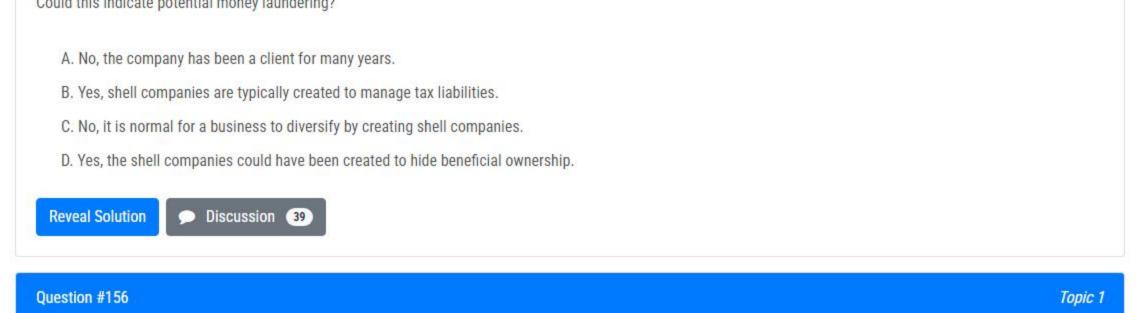
Which two critical pieces of information could be missed by taking this approach? (Choose two.)

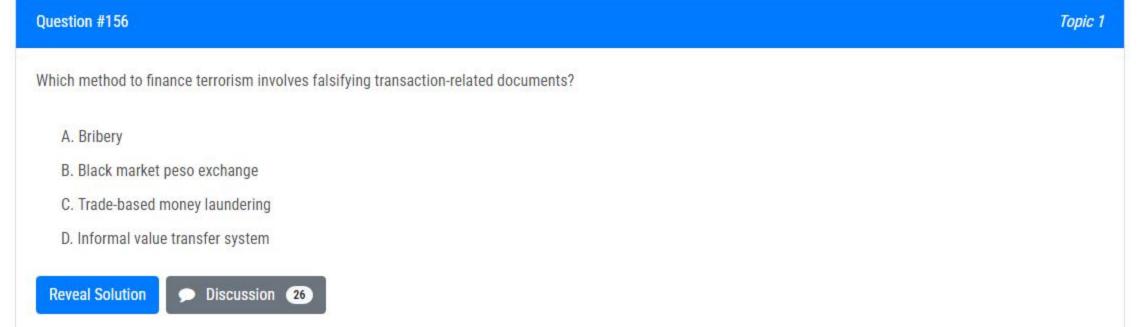
- A. Any new trends, developments, or risks
- B. Results of the previous year's risk assessment
- C. Changes to internal policies, procedures, and processes
- D. Links to enforcement actions identifying violations in other financial institutions

Reveal Solution Discussion 46

Question #155 Topic 1

An institution receives a request for credit from a local company that has been a client for many years. The information provided by the company indicates that its assets have increased substantially with the addition of several new subsidiaries. Further research performed by the institution indicates the new subsidiaries are recently created shell companies.





Question #157 Topic 1

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

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

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

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



Question #158 Topic 1

What are two purposes of the USA PATRIOT Act? (Choose two.)

- A. To strengthen United States' measures to prevent, detect, and prosecute international money laundering and financing of terrorism
- B. To subject to special scrutiny foreign jurisdictions, foreign financial institutions, and classes of international transactions or types of accounts that are susceptible to criminal abuse
- C. To administer and enforce economic and trade sanctions based on United States foreign policy and national security goals against targeted foreign countries and regimes, terrorists, and international narcotics traffickers
- D. To set standards and promote effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system



Question #159 Topic 1

After review of the financial institution's enterprise-wide anti-money laundering risk assessment, the new compliance officer identifies several deficiencies that need



- C. The risk assessment is managed by a different team from the previous assessment therefore disrupting continuity of institutional knowledge.
- D. The risk assessment does not anticipate potential risks even though the financial institution has no immediate plans involving those risks.



Question #160 Topic 1

Bank A is a non-United States (U.S.) bank that has \$5 million in a correspondent account at a bank in New York City. The Worldwide Terrorist Syndicate (WTS) has \$1 million in its account at a non-US branch of Bank A. The U.S. government has initiated forfeiture action against the WTS.

Which potential action can the U.S. take under the USA PATRIOT ACT pursuant to the issuance seizure warrant?

- A. Seize Bank A's \$5 million correspondent account in the U.S.
- B. Seize WTS' \$1 million account at the non-U.S. branch of Bank A.
- C. Seize \$1 million from Bank A's correspondent account in the U.S.
- D. Seize \$5 million from the non-U.S. branch of Bank A where the WTS' account is located.



Question #161 Topic 1

A money transmitter's nation-wide agent network remits funds to a country in Africa on behalf of an immigrant community based in the United States. A terrorist group is known to operate openly in this African country. In reviewing transaction records, the compliance officer detects a pattern where two customers together visit the same agent each week and remit the same amount of funds, \$2,500, to the same recipient in the country in Africa.

What should alert the compliance officer to possible money laundering or terrorist financing activity by the two customers?

- A. The customers always visit together.
- B. The customers always visit the same agent.
- C. The funds are being sent to the same recipient each week.
- D. The dollar amount of each transaction is just below the record keeping threshold.

Reveal Solution



Question #162 Topic 1

A large United States (U.S.) bank is performing due diligence on a non-U.S. bank. The non-U.S. bank has applied for a correspondent account at the U.S. bank. Which two steps should the U.S. bank take under the USA PATRIOT Act? (Choose two.)

- A. Verify the identity of the customers of the foreign bank
- B. Determine whether enhanced due diligence is necessary
- C. Assess the money laundering risk presented by the correspondent account
- D. Verify the identity of politically exposed persons in management positions at the non-U.S. bank

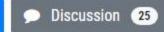
Question #163 Topic 1

In reviewing recent transaction activity, a compliance officer for a money transmitter notices that several customers are each remitting the same amount of money but much more frequently.

How should the institution respond?

- A. File a suspicious transaction report
- B. Instruct the tellers not to process remittances for these customers in the future
- C. Conduct further investigation to determine whether this is truly suspicious activity
- D. Immediately contact the customers and ask them why they are remitting money more often

Reveal Solution



Question #164 Topic 1

A local law enforcement officer notifies the bank compliance officer that he is working on an insurance fraud scheme that appears to be running transactions using the account of a bank employee. The law enforcement officer refers to a kiting suspicious transaction report filed by the compliance officer and requests further information. What action should the compliance officer take?

- A. Inform the board of directors
- B. Call the employee and demand an explanation
- C. Allow access to the bank's documents immediately
- D. Provide the information to the law enforcement in response to a formal written request

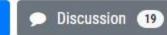
Question #165 Topic 1

A compliance officer is tasked with implementing an enterprise-wide anti-money laundering program for a bank, which operates in multiple countries. Not all the bank products and services are available in all countries.

Which three factors should be considered as part of the approach? (Choose three.)

- A. The types of customers serviced by the bank
- B. The customer onboarding platform that will be used
- C. The extent of anti-money laundering regulations in the various countries
- D. The anti-money laundering risk posed by the products and services offered by the bank
- E. The amount of resources needed to implement the anti-money laundering program in the countries

Reveal Solution



Question #166

Topic 1

A compliance officer receives a report from the institution's monitoring system. One account was identified in multiple alerts for the amount of cash deposited and international wires sent.

Which two sources of information held within the institution will enable the compliance officer to determine whether the activity should be reported? (Choose two.)

- A. The signature card for the account
- B. The customer due diligence information on file
- C. The monitoring system parameters for identifying unusual activity
- D. Transaction records for the period during which the unusual activity occurred

Question #167 Topic 1

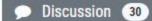
A company service provider in Country A sets up a corporate structure for a client from Country B, which is known for corruption. The corporate structure includes a holding company in Country A with a bank account in one of the international banks located there.

During on-boarding, the client's wealth was estimated at \$7 million. Shortly thereafter, the client's father became president of Country B. During a routine client review two years later, it was identified that client's wealth had grown to \$510 million.

What are two red flags that indicate money laundering or financial terrorism? (Choose two.)

- A. The client is from a country known for corruption.
- B. The substantial growth in wealth during a short period of time.
- C. The client is a family member of a PEP from a country known for corruption.
- D. The holding company is in Country A with a bank account in one of the international banks.

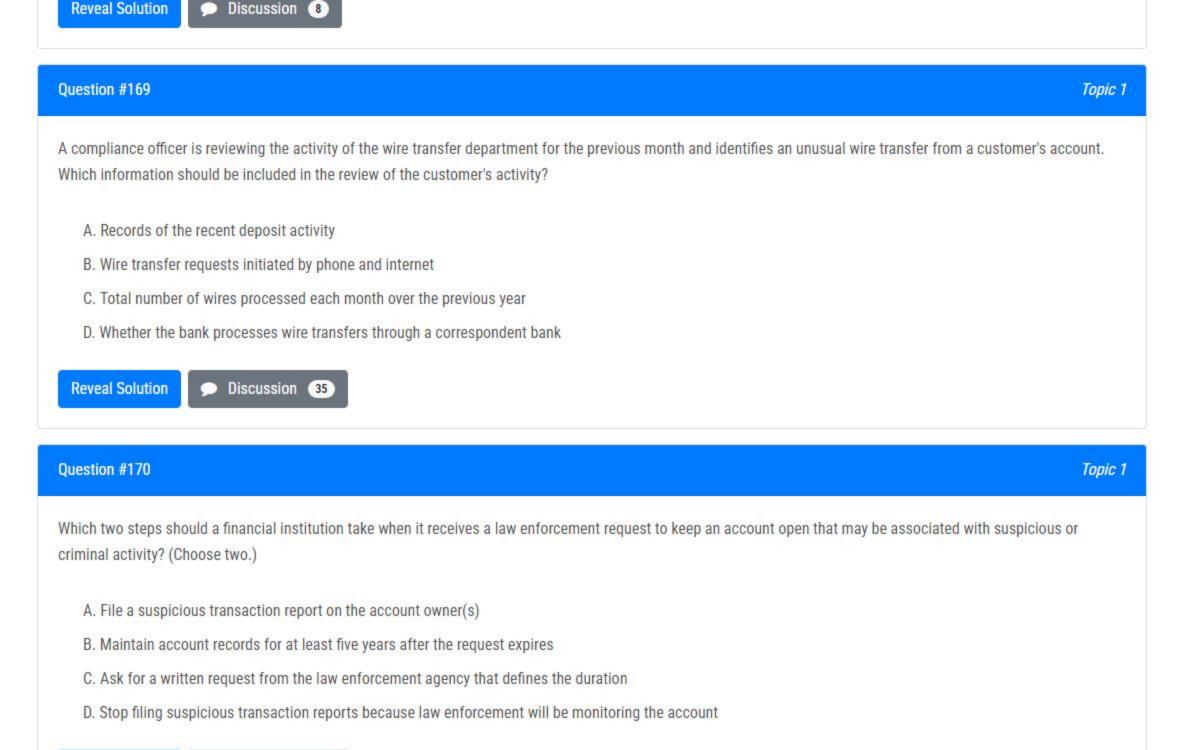
Reveal Solution



Question #168 Topic 1

What do the Financial Action Task Force (FATF) mutual evaluations of each member assess?

- A. The levels of implementation of the FATF Recommendations
- B. The member's ability to send a representative to the plenary sessions
- C. If the member has a large enough economy to maintain its membership
- D. If the member has made any suggestions for updates to the FATF Recommendations





Question #171 Topic 1

A startup virtual currency exchange has registered as a money services business and will commence operations in six months. The company will provide digital wallets to customers to hold their virtual currency after purchase. Customers will have the option to conduct purchases of the virtual currency and transfer the currency to and from the digital wallet. The startup must develop an anti-money laundering compliance program prior to launch.

Which two anti-money laundering responsibilities should be considered before business launch? (Choose two.)

- A. A customer onboarding process
- B. Transaction limits consistent with risk appetite
- C. Employees to handle complaints in a timely fashion
- D. Mechanisms to monitor and protect customers' digital wallets from cyber-attacks

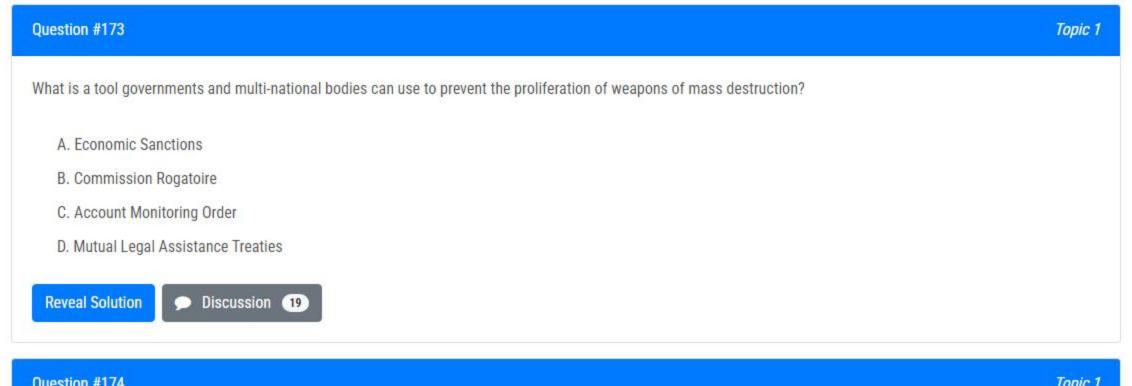
Reveal Solution Discussion 25

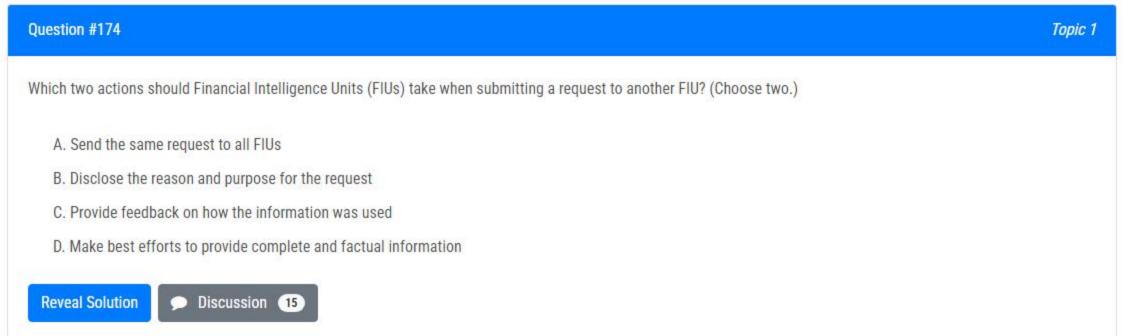
Question #172 Topic 1

Which three measures are contained in Financial Action Task Force 40 Recommendations for reporting suspicious activity? (Choose three.)

- A. The activity should be reported promptly to the country's financial intelligence unit.
- B. The financial institution has been contracted by law enforcement regarding the activity.
- C. The financial institution has grounds to believe the activity is related to terrorist financing.
- D. The financial institution has contacted the account holder to determine the activity of the account.
- E. The financial institution has reasonable grounds to suspect the funds are proceeds of criminal activity.

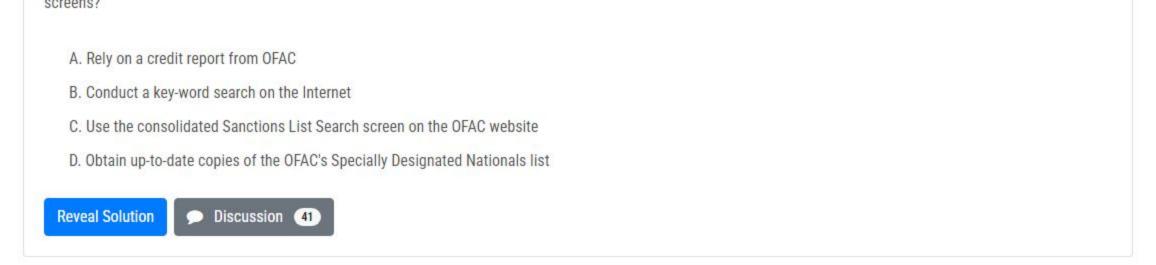
Reveal Solution Discussion 8





Question #175 Topic 1

What can a compliance officer do in the absence of automated software to conduct U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) sanction





A bank maintains a number of United States (U.S.) dollar correspondent accounts for foreign financial institutions. Upon a routine review of a U.S. dollar correspondent account owned by Foreign Bank A, a number of transactions appear to have been originated by Foreign Bank B outside the expected activity for this account. These transactions appear suspicious and a suspicious transaction report was filed by the compliance officer.

Which step should the compliance officer take?

- A. File a report with the appropriate tax authorities in the jurisdictions of Foreign Bank A and Foreign Bank B
- B. Notify senior management of the money laundering risks by allowing Foreign Bank A to maintain its U.S. dollar correspondent account
- C. Notify Foreign Bank A of the discovery and seek documentation supporting Foreign Bank A was collusive and a willing partner with Foreign Bank B in the activity
- D. Notify other U.S. financial institutions who maintain U.S. dollar correspondent accounts for Foreign Bank A and Foreign Bank B in an effort to shut down the activity



Question #177 Topic 1

A New York-based lawyer is interested in purchasing a luxury condo in Manhattan listed at \$30 million for a client based in the Caribbean.

The client does not want to be named on the deed and wants the purchase to be made under the name of a limited liability company (LLC). The client states that the reason for this arrangement is that he is a high level government official who is concerned about his privacy if the purchase were to be made in his name.

The funds for the purchase are to be wired from several accounts in various countries.

Which two facts lead to gathering more information about this potential client before moving forward with the transaction? (Choose two.)

- A. The client is from a Caribbean country
- B. The use of an LLC to make the purchase
- C. The client is a high level government official
- D. The funds are coming from several accounts in various countries.



Question #178 Topic 1

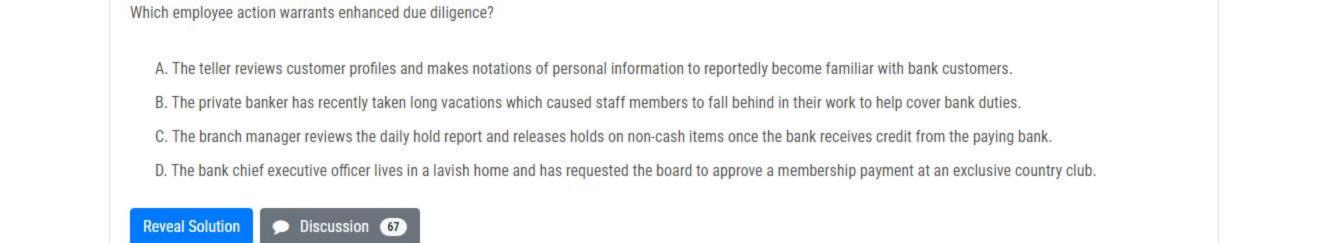
Which two methods can be used to structure casino-related transactions? (Choose two.)

- A. Playing at the same game
- B. Purchase of chips at multiple gaming tables
- C. Use of third parties to conduct transactions
- D. One time deposit of cash at a single gaming machine



Question #179 Topic 1

An anti-money laundering officer is conducting employee reviews.



The local manager of a remote mortgage origination department of a financial institution has just discovered that sanctions screening of new customers is not being

Topic 1

Next Questions >

Question #180

performed.

Reveal Solution

← Previous Questions

Which action should the local manager take in this situation?

Discussion 20

D. Do nothing because the department only handles a very small number of mortgages

A. Start screening new customers

B. Immediately inform the regulators

C. Immediately inform senior management

Question #181 Topic 1

What is a method of placement that can be used by a money launderer in a deposit taking institution?

- A. Depositing cash into the money launderer's account
- B. Sending a large number of funds transfers between accounts
- C. Withdrawing large amounts of cash from the money launderer's account
- D. Depositing cashier's checks and money orders into the money launderer's account

Reveal Solution



Question #182

Topic 1

The compliance officer for a private bank has been tasked with reviewing the procedure for authorized signatories on customer accounts to ensure it is in line with relevant Wolfsberg Anti-Money Laundering Principles for Private Banking.

Which three statements from the procedure are in line with Wolfsberg? (Choose three.)

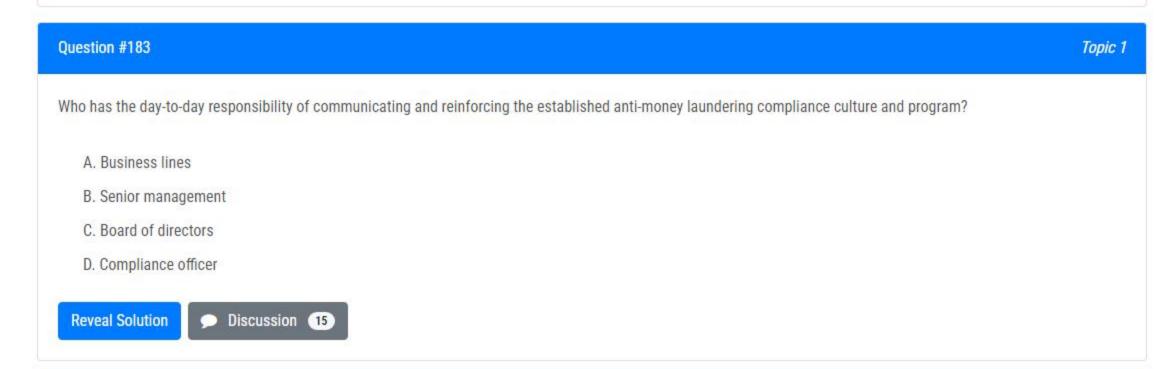
- A. Where the Authorized Signatory is not a lawyer or accountant, due diligence as to the source of funds and wealth of the Authorized Signatory should be undertaken.
- B. The responsible private banker must establish the identity of a holder of general powers over an account (e.g. a signatory for the account) and, as appropriate, verify that identity.
- C. Where due diligence has been satisfactorily completed on all authorized signers, the responsible private banker may reduce the due diligence performed on the account holder and/or beneficial owner.

D. The responsible private banker must obtain the necessary documentation establishing the authorized signer's authority to act on behalf of the account holder or beneficial owner (e.g. a Power of Attorney).

E. If an individual has signing authority over an account but does not act on a professional basis as a manager of funds, the responsible private banker must understand and document the relationship between that authorized signer, the account holder, and, if different, the beneficial owner of the account.

Reveal Solution





Question #184 Topic 1

The board of directors receives notice from the primary regulator of the bank that potentially suspicious activity has been identified and the bank president appears to be involved. The Board asks the compliance officer for advice.

Which action should the compliance officer take when informed?

- A. Destroy all records relating to the matter
- P. Ingiet on the president's immediate regionation





In which two ways do Financial Action Task Force-style regional bodies influence anti-money laundering and terrorist financing standards within their respective regions? (Choose two.)

A. They issue typologies specific to their geographical region.

Discussion 11

Reveal Solution

- B. They administer mutual evaluations of participating members.
- C. They enforce the laws of the member countries in their geographic region.
- D. They require participating countries to adopt laws in line with their recommendations.



Question #186 Topic 1

What are two aspects of the Wolfsberg Anti-Money Laundering (AML) Principles for Correspondent Banking? (Choose two.)

- A. At least one person, aside from the person sponsoring the relationship, should approve the correspondent relationship.
- B. Correspondent banking is an inherently high risk business and all correspondent bank relationships should be reviewed on an annual basis.
- C. Factors such as politically exposed person involvement and downstream (nested) correspondents increase the risk inherent in a correspondent relationship.

D. An Institution may assign a low risk rating to a correspondent bank located in a jurisdiction deemed to have an adequate AML environment (e.g., Financial Action Task Force member country) without needing to consider other factors.

Reveal Solution Discussion 44

Question #187 Topic 1

A local law enforcement officer, who is conducting a criminal investigation, requests information about a customer.

Which two actions should the bank take? (Choose two.)

- A. Close the account immediately
- B. File a suspicious transaction report
- C. Monitor the account for suspicious activity
- D. Review the money laundering risk posed by the account

Reveal Solution

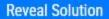


Question #188 Topic 1

Which action should financial institutions with cross border correspondent banking activity be required to perform according to the Financial Action Task Force 40 Recommendations?

- A. Gather a list of their politically exposed customers
- B. Identify natural persons who own or control more than 5%
- C. Obtain senior management approval before establishing the relationship

D. Obtain a third party independent review of the respondent's anti-money laundering program



Discussion 8



Question #189

Topic 1

Which information must a United States financial institution retain for having foreign correspondent accounts as part of the USA PATRIOT Act record keeping requirements?

- A. Records identifying the owners of each foreign bank
- B. Section 314(b) information sharing results related to foreign correspondent accounts
- C. Purchase of monetary instruments of \$3,000 or more involving foreign correspondent accounts
- D. A suspicious activity report filed and the supporting documentation involving foreign correspondent accounts

Reveal Solution



Discussion 16



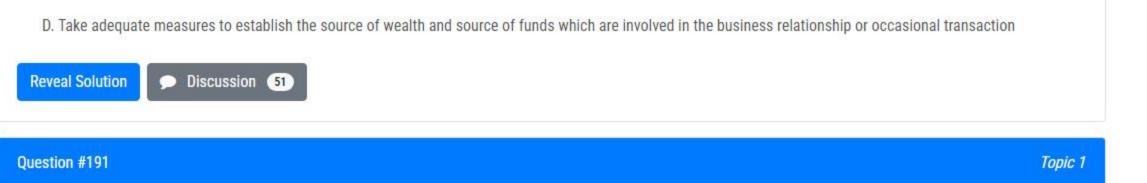
Question #190

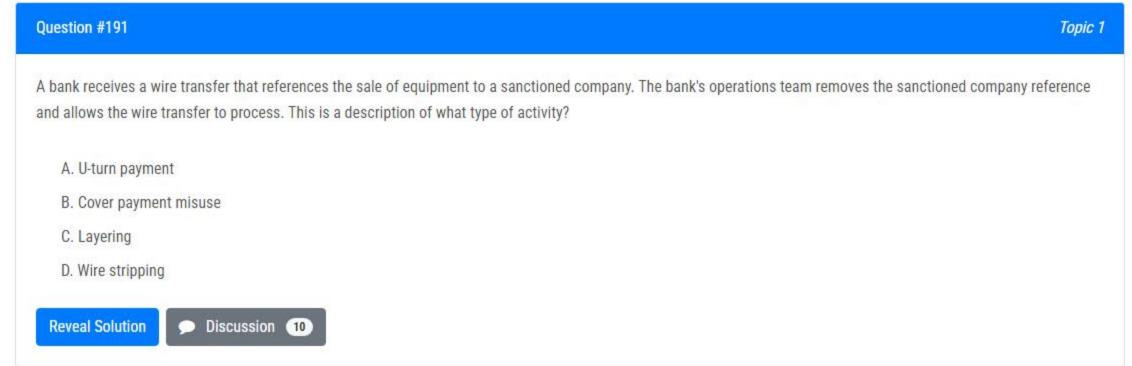
Topic 1

A financial institution has expanded its scope of services so that it is attracting the business of politically exposed persons (PEPs) who had previously never been part of the customer base.

Which two courses of action should the compliance officer include in the institution's procedures for considering PEPs as customers? (Choose two.)

- A. Conduct enhanced ongoing monitoring of the business relationship
- B. Expedite due diligence when a PEP is pre-approved by a member of senior management
- C. Obtain appropriate senior management approval for establishing a business relationship with a PEP from a high risk country

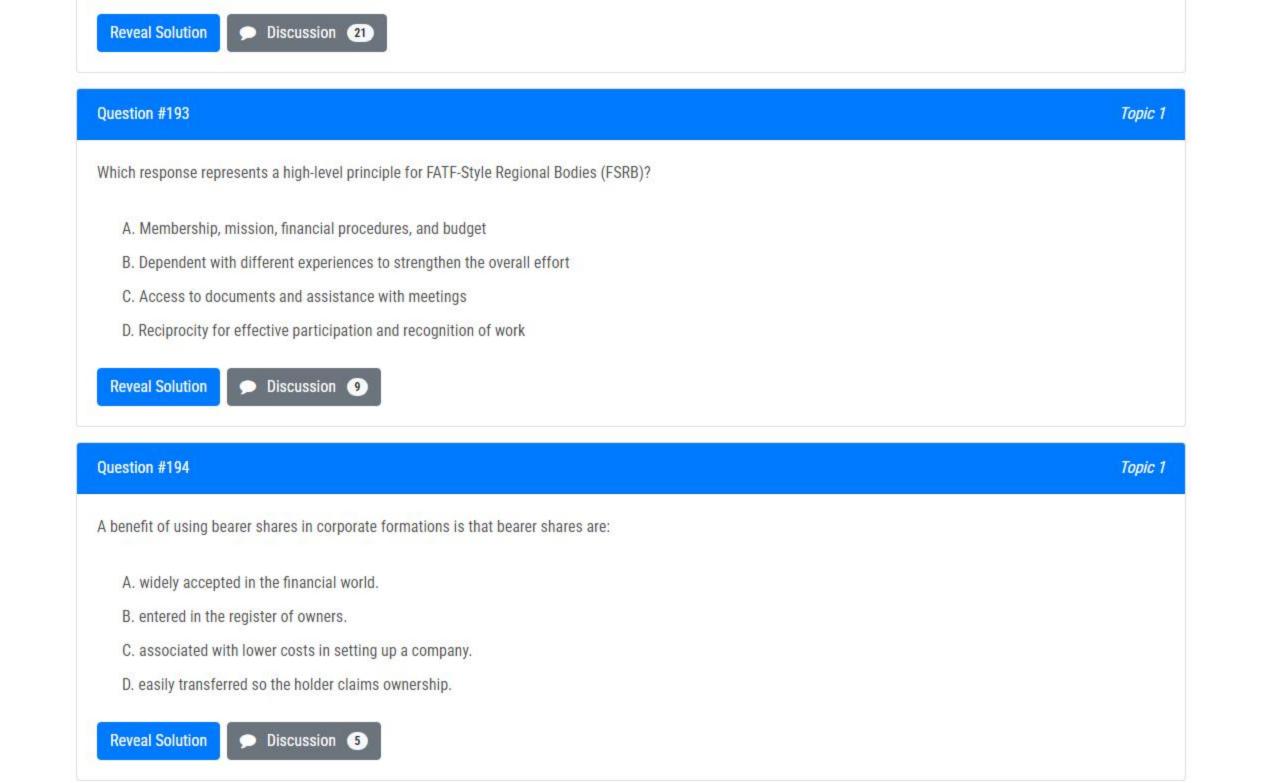


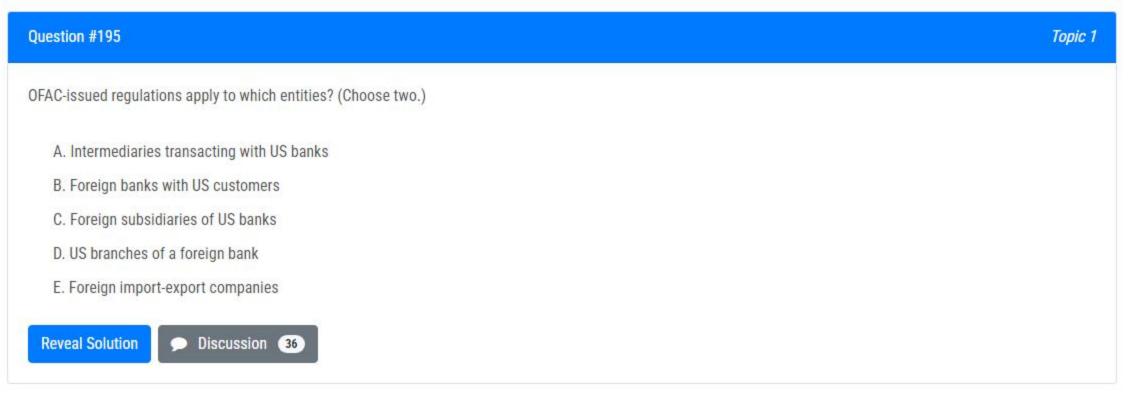


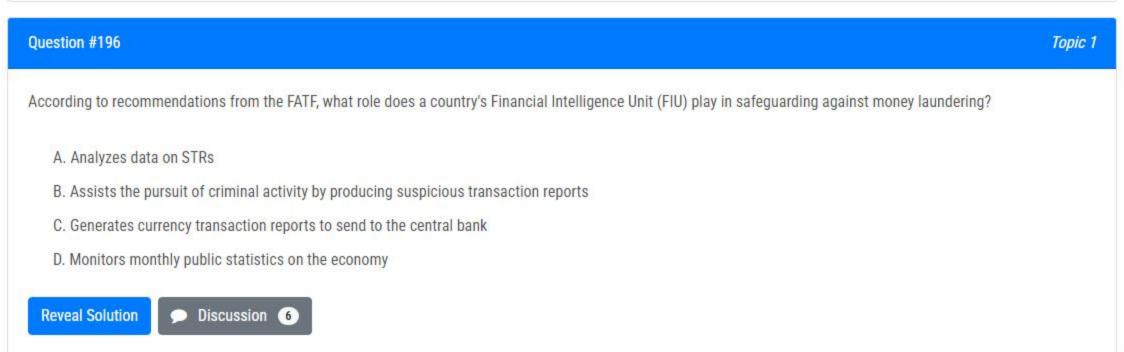
Question #192 Topic 1

A compliance officer for a casino may suspect money laundering if an individual:

- A. invokes reporting requirements through a lump sum payment.
- B. refers to casino associates by their first name.
- C. purchases a low volume of chips with cash and turns them in for a casino check.
- D. requests to have winnings transferred to a bank account of a third party.





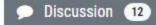


Question #197 Tonic 1

A compliance officer of a financial institution (FI) is reviewing an international wire transfer flagged by the system for incomplete beneficiary information. According to the Wolfsberg Group and Clearing House Associations' transparency standards, which should the compliance officer do first?

- A. Confirm the beneficiary and account number
- B. Request to obtain further information
- C. Escalate to management
- D. Verify the source of the funds involved

Reveal Solution

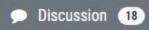


Question #198 Topic 1

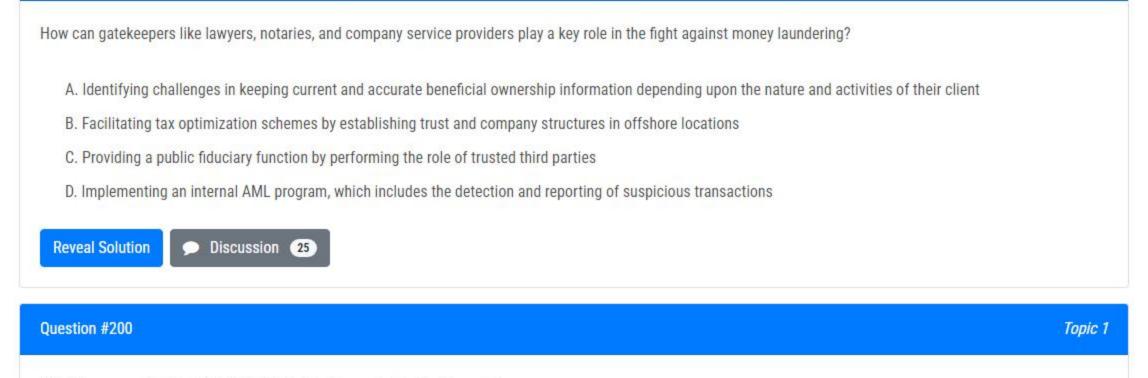
An analyst for a broker-dealer finds a client has been systematically purchasing securities at a high price but selling the same securities only when the price falls. Which type of activity is this trading pattern indicative of?

- A. The account is being used as a depository account.
- B. The client is potentially transferring value from one party to another.
- C. The account is being used for cuckoo smurfing.
- D. The client has potential insider knowledge.

Reveal Solution



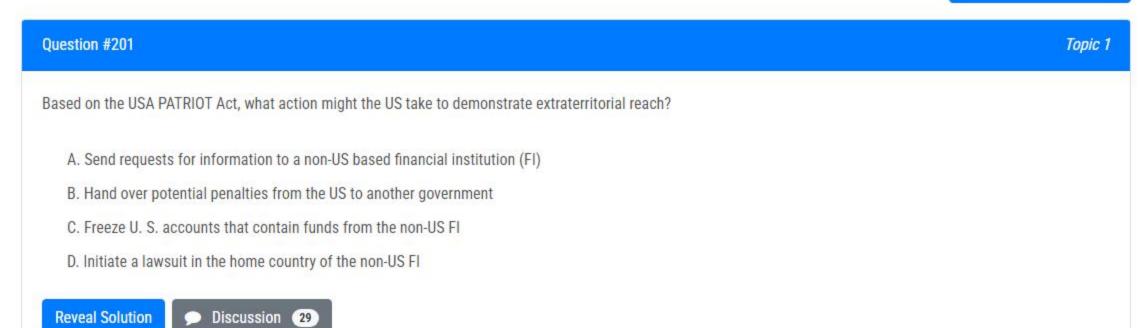
Question #199 Topic 1













How should a compliance officer respond to law enforcement agencies' request for information on a customer undergoing an investigation?

- A. Collaborate with the financial institution's (FI's) designated department to determine the appropriate course of action to comply with the request.
- B. Gather all requested documentation and send via secure email to the requesting authority.
- C. Share details of the investigation with respective colleagues who deal with this customer type on a daily basis.
- D. Freeze account assets and advise the customer that assets will not be released until the investigation has been completed.

Reveal Solution

Discussion 15

Question #203 Topic 1

Which factor should a financial institution (FI) consider prior to sharing customer records within the same jurisdiction?

- A. The availability of the institution's information sharing practices
- B. The degree to which the collected client data is complete
- C. The locally applicable restrictions regarding the disclosure of client information
- D. The potential different time zones within the same jurisdiction

Reveal Solution

Discussion 18

Question #204 Topic 1

Which actions should a compliance officer take when implementing an enterprise-wide approach to managing money laundering risks in institutions operating with multiple lines of business and in various jurisdictions? (Choose three.)

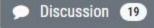
- A. Design systematic controls specific to local regulatory expectations.
- B. Create processes to obtain and review information in accordance with its global anti-money laundering policies and procedures.
- C. Adopt policies and procedures that comply with relevant laws and work to identify, monitor, and mitigate group-wide risks.
- D. Institute a risk-based approach utilizing the most recent risk assessment of only the head office.
- E. Establish jurisdiction centric committees where relevant laws are reviewed and analyzed to understand their impact on the organization.
- F. Implement a comprehensive baseline for managing risks by administering a process that applies policies and procedures on a group-wide basis.

Question #205 Topic 1

A financial institution's (FI's) compliance officer is developing targeted role specific training for those involved in managing the institution's Correspondent Banking relationships. Which key messages are important to be included in the training to align with the Wolfsberg Group's Principles? (Choose two.)

- A. Funds used in the financing of terrorism and associated activities do not necessarily always come from criminal activity.
- B. The respondent has sole responsibility for reporting suspicious activities regardless of the jurisdictions involved.
- C. The correspondent and the respondent pose the same risk to each other so the level of due diligence would be the same.
- D. Tier 1 banks can be subject to simplified due diligence provided enhanced due diligence is undertaken on the Directors.
- E. Through the sharing of information, FI's can help combat and fight against terrorism.

Reveal Solution



Question #206 Topic 1

Upon receipt of a law enforcement or government request about a customer, a financial institution (FI) should immediately perform which task?

- A. Notify the board of directors that the customer is currently under investigation.
- B. File a suspicious activity report or suspicious transaction report.
- C. Contact the customer to inform them of the request.
- D. Review account activity for the customer to determine their overall risk.

Question #207 Topic 1

Which principles should be included in a FATF-Style Regional Body (FSRB) update? (Choose two.)

- A. Issue country-specific Mutual Evaluation reports
- B. Address AML/CFT technical assistance of individual members
- C. Identify jurisdictions with weak AML/CFT regimes
- D. Establish AML/CFT standards and typologies
- E. Protect the reputation and standing of FATF

Reveal Solution



Question #208 Topic 1

A money service business (MSB) has implemented an automated transaction monitoring system. Upon reviewing an alert, an analyst suspects the activity may be indicative of terrorism financing. Which additional information would indicate the alert should be escalated for further investigation?

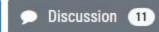
- A. The use of funds by a non-profit organization is consistent with the purpose for which it was established.
- B. The raising of donations takes place in an official, registered manner.
- C. Transactions in the name of an entity, a foundation, or association are linked to a trust fund.
- D. A customer donates to an organization that is a sanctioned entity.

Question #209 Topic 1

A precious metals dealer opens a new account with a bank. Which requires a referral to AML Investigations for further review?

- A. International outgoing wires to diamond dealers that are part of the diamond pipeline.
- B. Payments received on the account reference unknown companies in the instructions.
- C. International incoming payments from foreign companies in which the precious metals dealer has an established relationship.
- D. Multiple daily point of sale transactions from third parties that appear to be individuals.

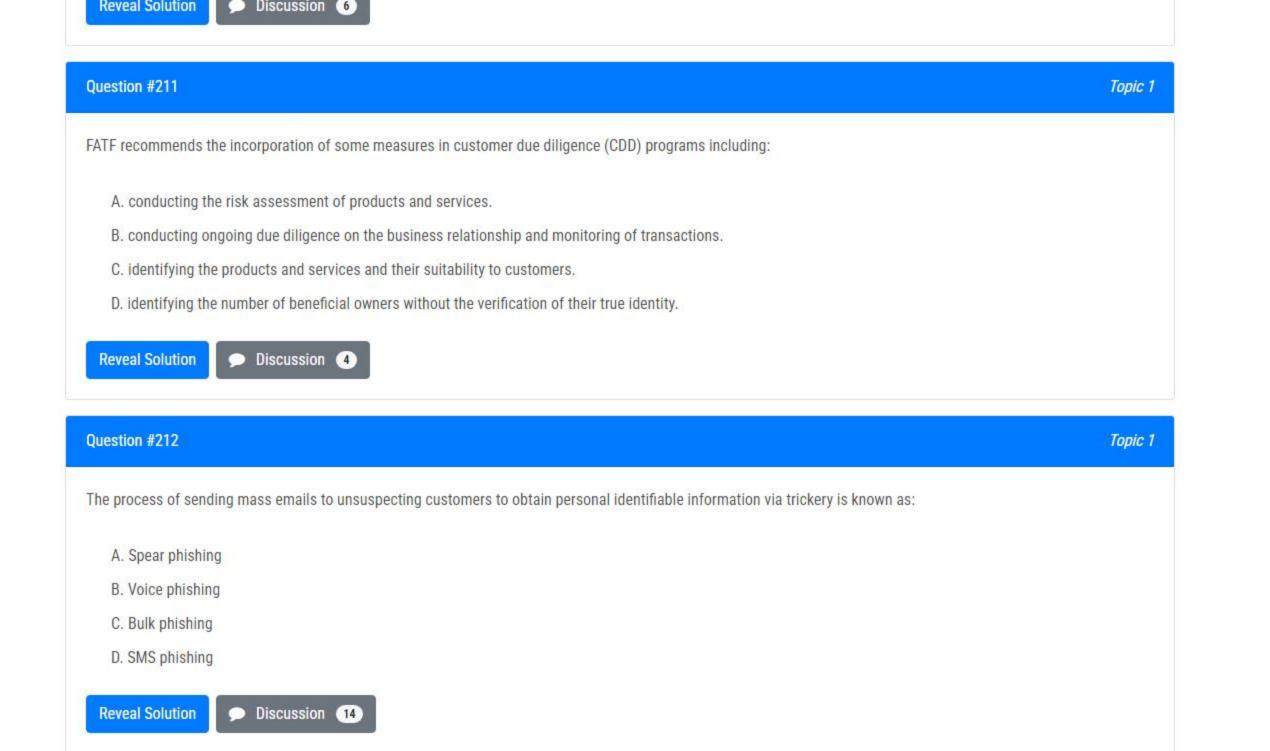
Reveal Solution



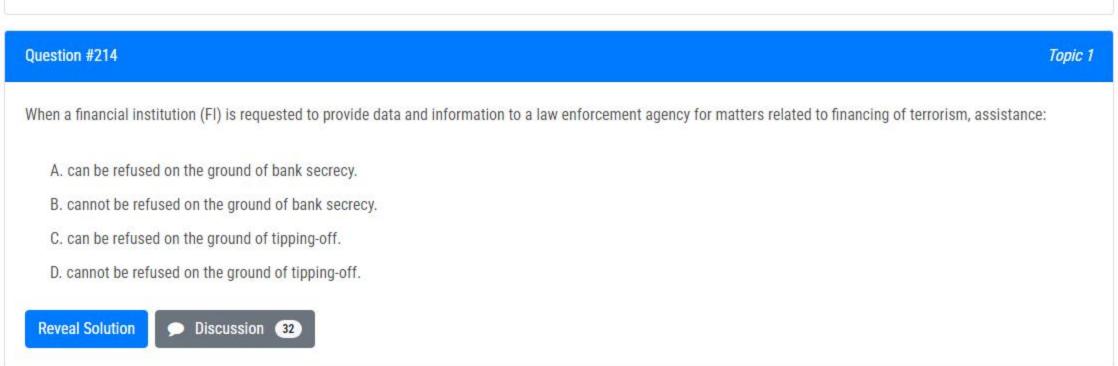
Question #210 Topic 1

Under the USA PATRIOT Act, in which scenario would the US not have jurisdiction?

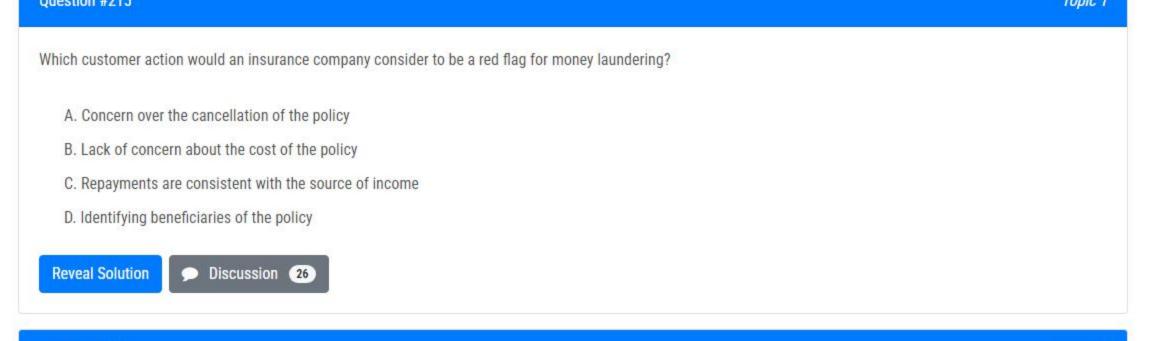
- A. US bank subsidiaries located in foreign jurisdictions
- B. Foreign branch of a bank located in the US
- C. Foreign bank with a US correspondent account
- D. Shell banks operating in foreign jurisdictions







Ougstion #215



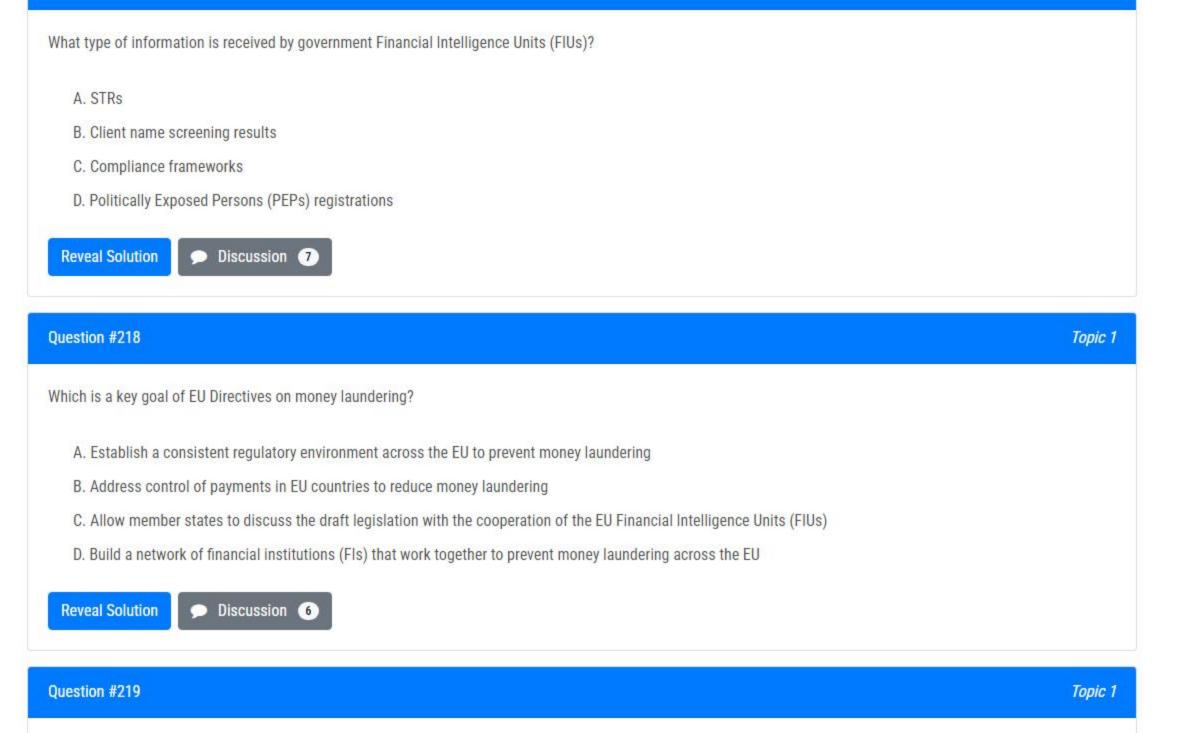
Question #216 Topic 1

A Money Laundering Reporting Officer's (MLRO) lack of action led to deficiencies in the bank's AML program and a civil monetary penalty being levied against the MLRO. Why was this direct action taken against the MLRO?

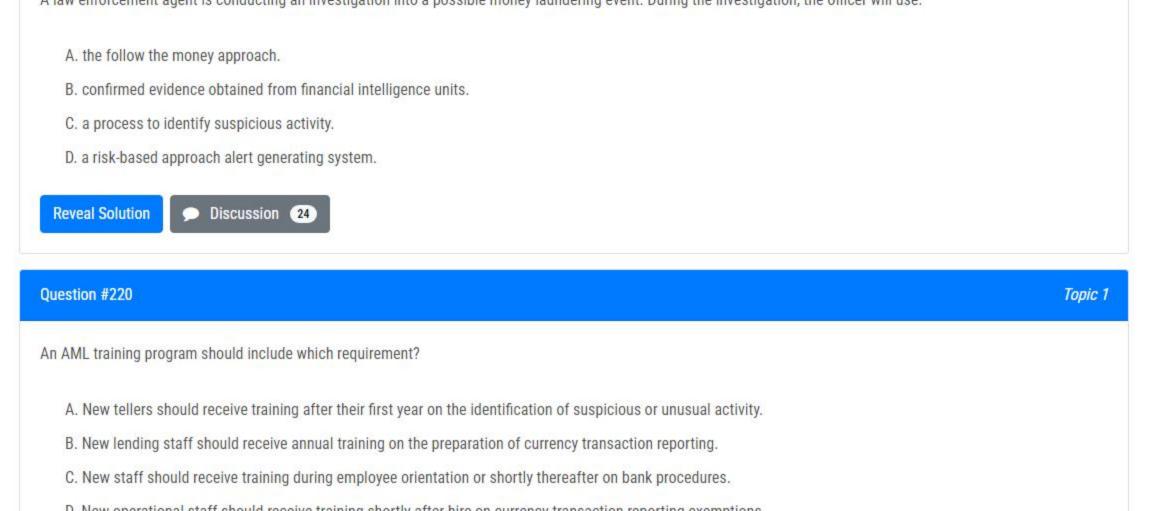
- A. The MLRO is the only individual that can be held responsible for AML program deficiencies.
- B. MLROs can be held to an individual accountability standard and face potential penalties for contributing to AML program deficiencies.
- C. The MLRO agreed to the civil penalty so that the bank would not be found liable for the AML program deficiencies.
- D. Action was brought against the MLRO because banks cannot be found liable for AML program deficiencies.

Reveal Solution Discussion 14

Question #217 Topic 1



A law enforcement agent is conducting an investigation into a possible money laundering event. During the investigation, the efficer will use:



D. New operational staff should receive training shortly after hire on currency transaction reporting exemptions.



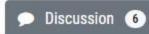


Ouestion #221 Topic 1

A Money Laundering Reporting Officer (MLRO) was aware that a strategically important client of the bank was sending money to human traffickers. However, the MLRO did not report the activity to law enforcement or move to exit the relationship. What is the legal term for the activity the MLRO engaged in?

- A. Avoidance
- B. Circumvention
- C. Negligent conduct
- D. Willful blindness

Reveal Solution



Question #222 Topic 1

Which statement best describes a key aspect of the AML Directive of the EU regarding business relationships and transactions with high-risk third countries?

- A. Obliged entities should voluntarily consider the implementation of increased external audit requirements for branches and subsidiaries located in high-risk countries.
- B. Obliged entities, in accordance with the member state regulations, should determine at a national level the measures that can be used for enhanced due diligence.
- C. Obliged entities should implement additional mitigating measures complementary to the enhanced customer due diligence procedures, in accordance with a risk based approach.
- D. Obliged entities should not take into account specific circumstances when performing enhanced due diligence measures.



Which action by a prospective customer during the account opening process requires further investigation?

- A. Listing a long-distance phone number
- B. Questioning reporting requirements
- C. Expressing knowledge of the financial industry
- D. Providing driver's license

Reveal Solution



Discussion 12



Question #224 Topic 1

Enhanced due diligence (EDD) may be bypassed for which situation?

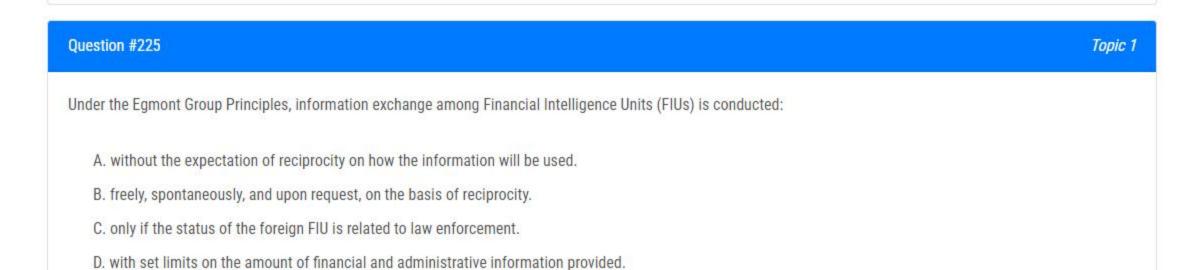
- A. On-boarding a branch or majority-owned subsidiary of an EU or US FI located in a high-risk third country that fully complies with group-wide policies and procedures.
- B. On-boarding a subsidiary in a high-risk country with a complex ownership structure of a long-standing and reputable customer based in the EU or US.
- C. On-boarding a casino headquartered in the EU or US that is part of an international hotel chain, provides less than 50% of overall revenue and that fully complies with group-wide policies and procedures.
- D. On-boarding a reputable Politically Exposed Person (PEP) from the EU onto the wealth management arm of a US financial institution (FI).

Reveal Solution



Discussion 17







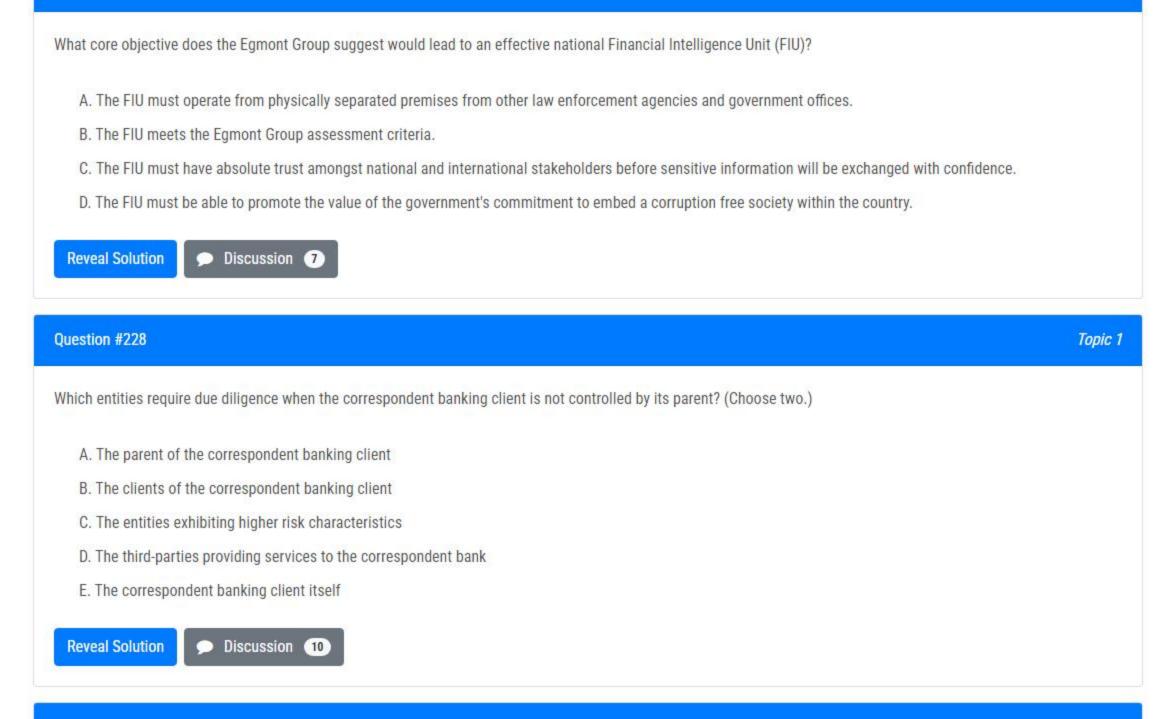
Question #226 Topic 1

A high volume of incoming wire transfers generates an alert about a client. The funds are immediately debited by cash withdrawals and outgoing wire transfers. Which information should be reviewed first to investigate this alert/case?

- A. Open source information
- B. Adverse media search
- C. Customer profile
- D. Account activity

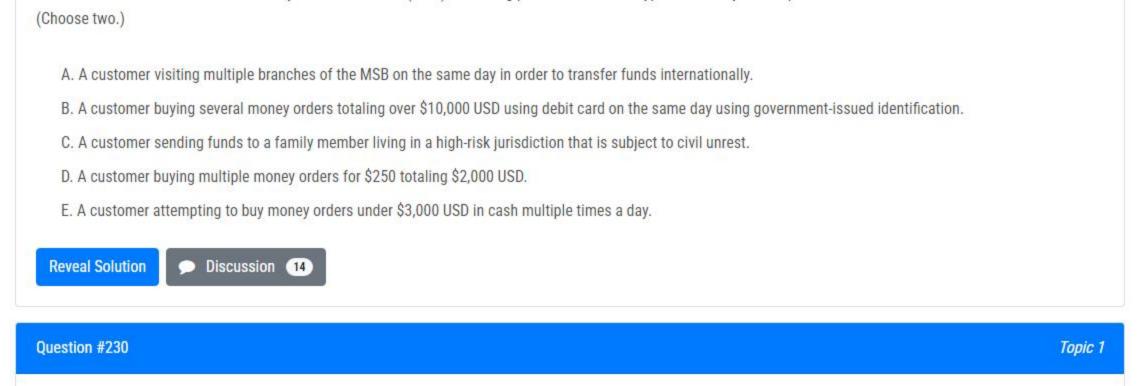
Reveal Solution Discussion 19

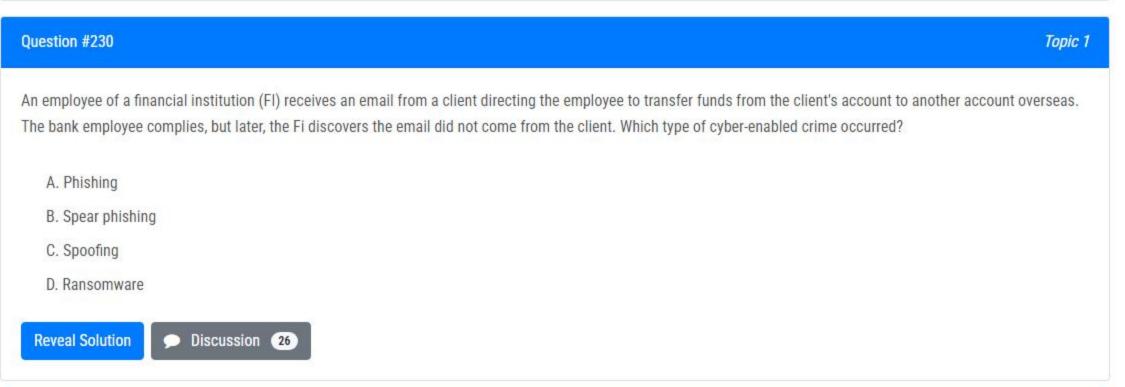
Question #227 Topic 1



Question #229 Topic 1

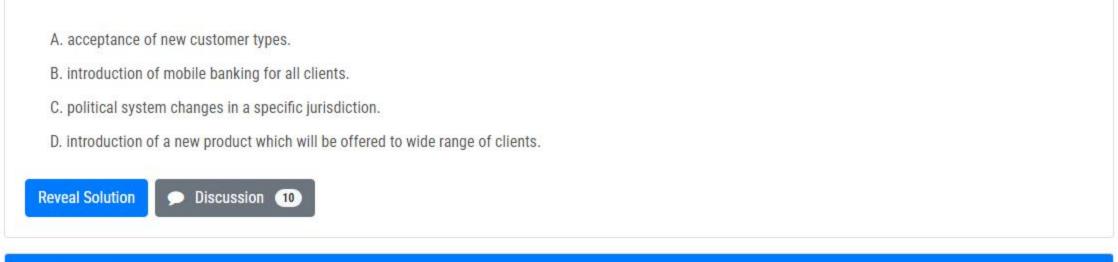
A new AML Officer for a US-based money service business (MSB) is drafting procedures around types of activity that require further review. Which should be included?

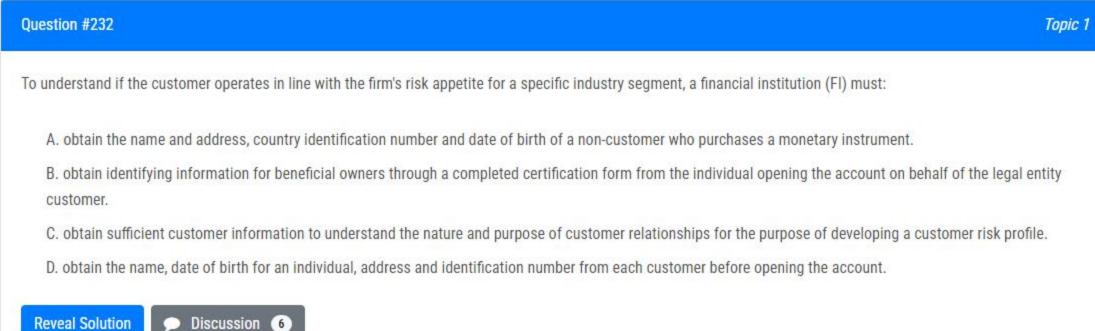




Question #231 Topic 1

One example of an external factor that will affect an organization's AML risk includes:

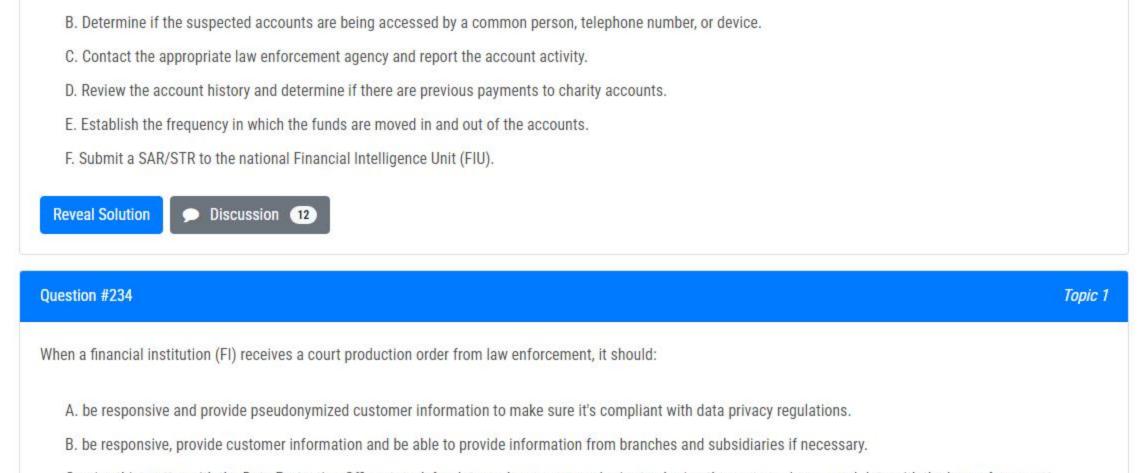




Question #233

When investigating an AML event, which techniques would be used to investigate suspected mule accounts? (Choose three.)

A. Reconcile the stated purpose of the account with actual transaction history and compare with peer groups.



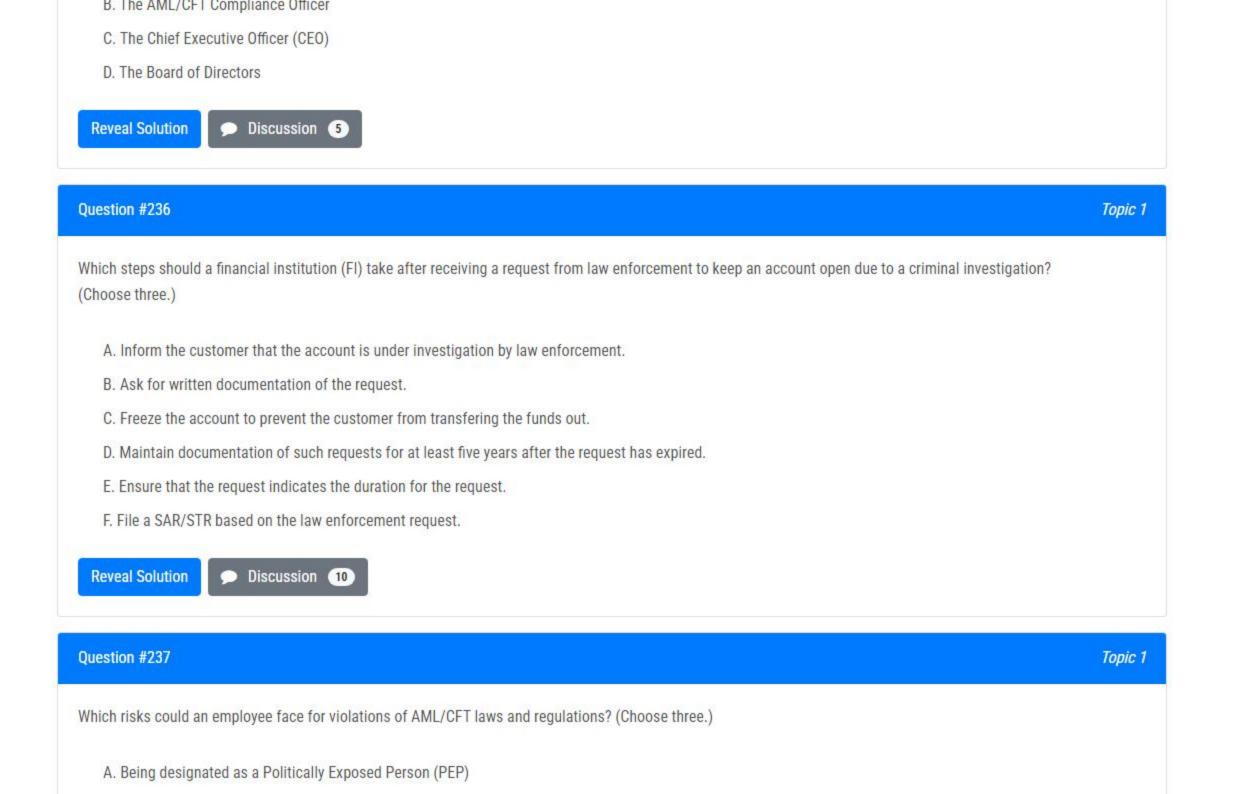
- C. raise this matter with the Data Protection Officer to ask for data exchange approval prior to sharing the customer's personal data with the law enforcement.
- D. raise this matter with the Board to ask for data exchange approval and include corporate lawyers to make sure there is a legal basis for such exchange.

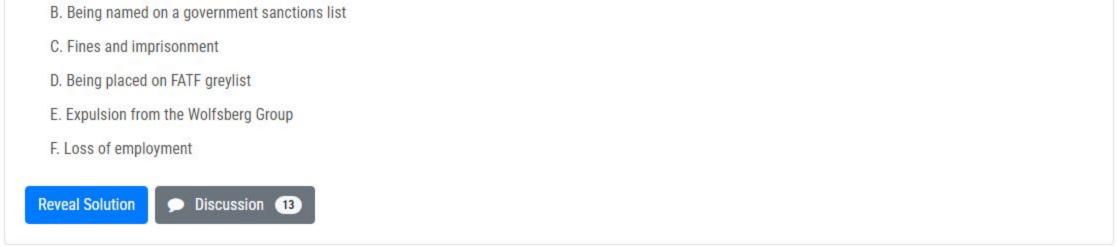


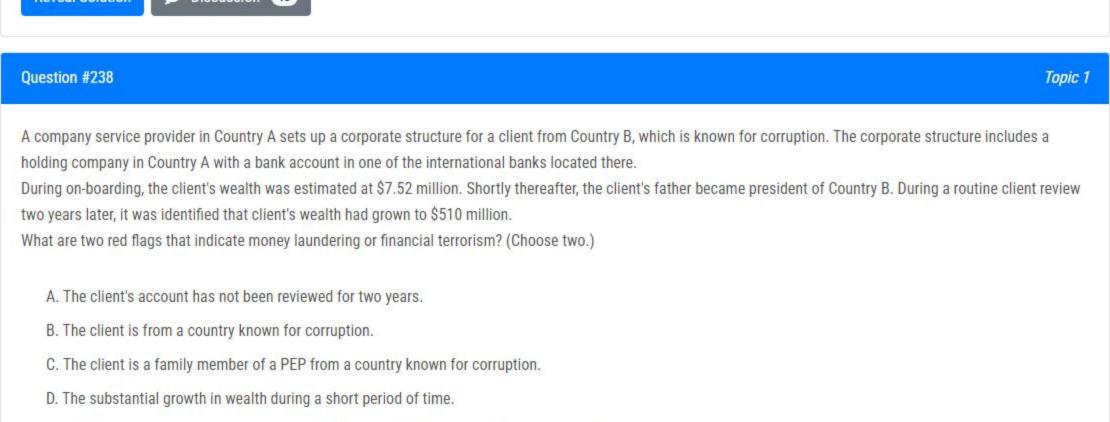
Question #235 Topic 1

What person or group is ultimately responsible for the institution's AML/CFT Program?

A. The AML audit committee





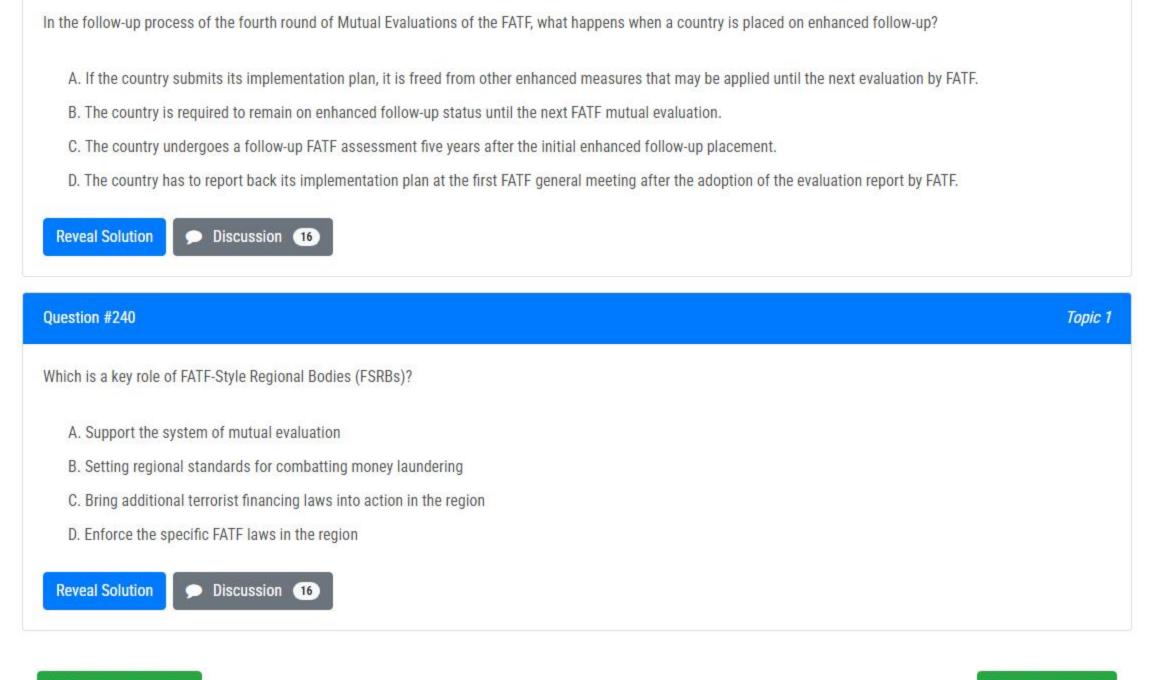


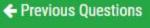
Question #239 Topic 1

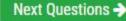
E. The holding company is in Country A with a bank account in one of the international banks.

Discussion 11

Reveal Solution





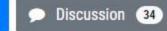


Question #241 Topic 1

When implementing a risk-based approach related to casinos, which risks are related to the customer as an individual? (Choose two.)

- A. Transfer between customers
- B. Casual customers
- C. Improper use of third parties as customers
- D. Customer from a high-risk country
- E. Use of casino deposit accounts by the customer

Reveal Solution



Question #242 Topic 1

A financial institution (FI) is being investigated for possible money laundering. When cooperating with law enforcement agencies, which additional steps should the FI ensure are taken? (Choose two.)

- A. Centralized control is maintained over all requests and responses to ensure completeness and timely responses.
- B. Make employees, including corporate officers, unavailable for interviews and refuse documents upon receipt of a subpoena.
- C. Subpoenas and other information requests should be reviewed by senior management and an investigations group or counsel.
- D. Address the document destruction policy to ensure the relevant documents are destroyed.
- E. Inquiries from the media are not answered directly, but rather are addressed by replying, "No comment."

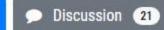


Question #243 Topic 1

When should a financial institution (FI) exit a relationship? (Choose two.)

- A. The reputational risk to the FI posed by closing the account
- B. The request from law enforcement to close the account
- C. The FI's requirements for opening an account
- D. The suspicious conduct of the account holder
- E. The FI's stated policies and procedures for closing an account

Reveal Solution



Question #244 Topic 1

Which statement is true regarding the FATF standards for SARs/STRs information sharing within a financial group?

- A. FIs must retain copies of SARs/STRs and supporting documentation for five years from the date of filing the STRs.
- B. FIs cannot share customer information at all since it is confidential.
- C. Financial institutions (FIs) should establish sufficient safeguards concerning the confidentiality of information shared for AML purposes.
- D. FIs must require approval from regulators to share SARs/STRs information and supporting documentation.

Reveal Solution Discussion 20



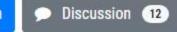


Question #245 Topic 1

Which statements regarding the USA PATRIOT ACT best describe key aspects that have extraterritorial reach? (Choose three.)

- A. It allows for the US Attorney General to subpoena records from a foreign bank with US correspondent accounts, including those that are located outside the US.
- B. It allows foreign banks to voluntarily designate a registered agent in the US to accept service of subpoenas.
- C. It allows the Secretary of the Treasury to order a US financial institution (FI) to close a correspondent account when a subpoena has not been responded by a foreign bank in a timely manner.
- D. It obliges the government to trace the origin of the funds when a seizure of assets occurs in a correspondent account that has been opened and maintained for a foreign bank in the US.
- E. It excludes as foreign Fls businesses that would be considered broker-dealers, money transmitters, and currency exchangers.
- F. It allows federal banking supervisors to require records of the identity of the owners of a foreign bank from a FI operating in the US.

Reveal Solution



Question #246 Topic 1

The ultimate goal of economic sanctions is to:

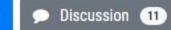
- A. protect the reputation of the country.
- B. prevent terrorists from profiting from trade.
- C. protect national security.
- D. reduce the profits of sanctioned countries.

Question #247

Why do organized crime groups often use front companies? (Choose two).

- A. Because they are not registered, front companies are not subject to income and other sales taxes.
- B. Because using multiple front companies can make it easier to control an entire sector of the economy.
- C. Because they are generally subject to lighter due diligence requirements by banks and other financial services providers.
- D. Because front companies generally charge higher prices than legitimate companies, so profit margins are higher.
- E. Because they can use the company's bank accounts to comingle deposits with those of legal businesses.

Reveal Solution



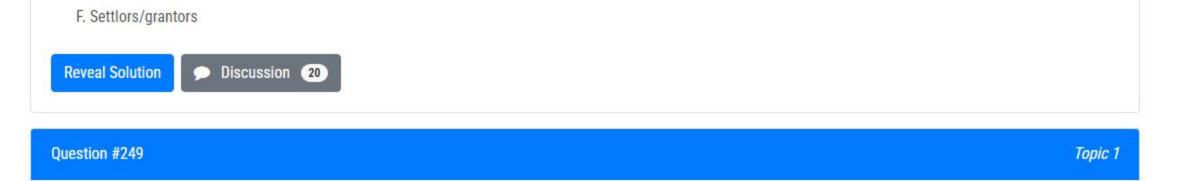
Question #248

Which Trust parties should be identified to determine the true nature of the Trust relationship according to Basel guidelines? (Choose three.)

- A. Respondents
- B. Payees
- C. Trust Administrators
- D. Trustees
- E. Beneficiaries

Topic 1

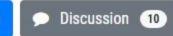
Topic 1



Which unusual or suspicious activity by a financial institution's (FI's) employee requires additional investigation and scrutiny?

- A. The employee avoids taking periodic vacations despite having accrued vacation time.
- B. The employee assists with transactions of a disclosed ultimate beneficiary.
- C. The employee lives a lavish lifestyle within their means.
- D. The employee is involved in a minimal number of unresolved exceptions.

Reveal Solution

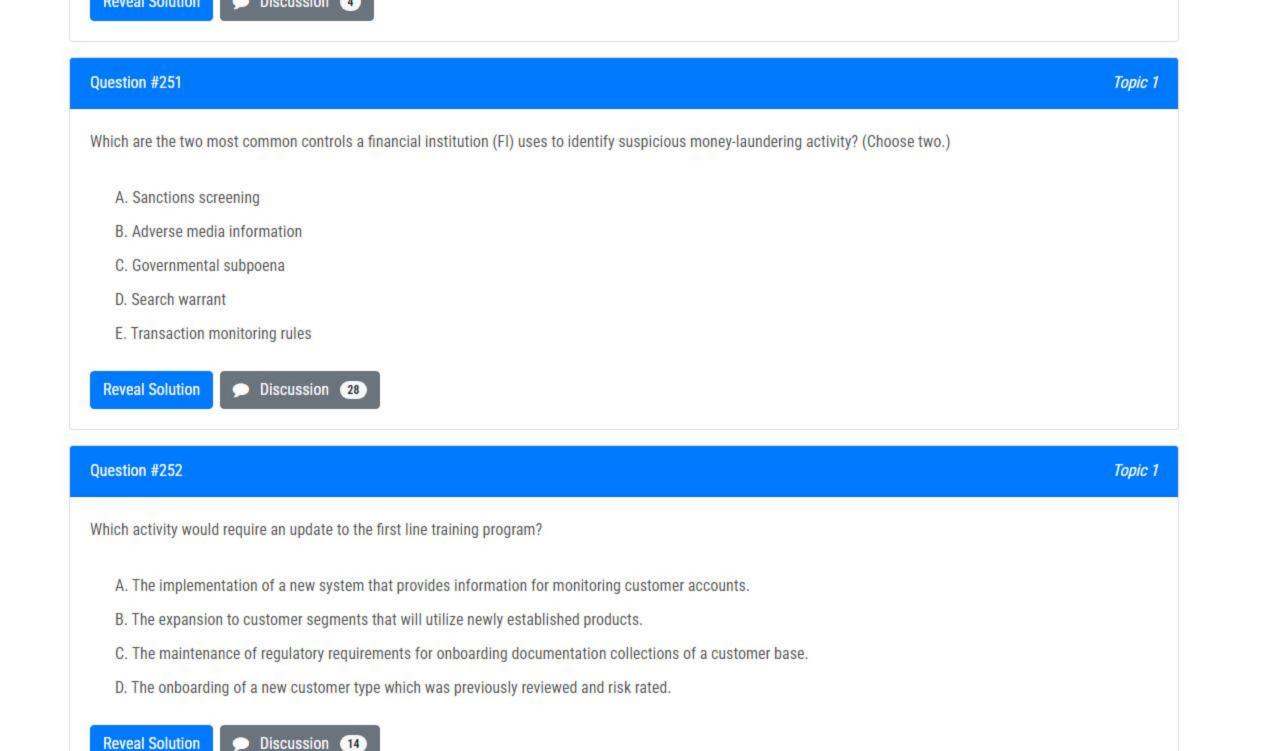


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Question #250 Topic 1

Which is a key reason why a financial institution (FI) conducts an enterprise-wide AML risk assessment?

- A. The need to assess money laundering and terrorist financing risks and ensure there are adequate controls to mitigate those risks.
- B. The identification of specific risk categories (i.e., export, inactivity, layman, and false locations) unique to the bank.
- C. The need to understand its overall budget needs for each department and for internal audit.
- D. The board of directors and senior management are required to have an AML risk assessment for the bank.

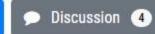


Question #253 Topic 1

A foreign bank maintains a correspondent account in the US. According to an investigation carried out by US authorities, the specific correspondent account seems to have facilitated a transaction involving tainted funds. Which allows the US authorities to seize the funds of the foreign bank held with the US bank?

- A. The FinCEN CDD Final Rule
- B. The 6th EU AML Directive
- C. Regulations of the OFAC, US Department of Treasury
- D. The USA PATRIOT Act

Reveal Solution

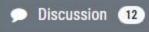


Question #254 Topic 1

Financial Intelligence Units (FIUs) are responsible for:

- A. the timely dissemination of cases to law enforcement agencies.
- B. responding to requests from law enforcement agencies for information contained in regulatory reports.
- C. sharing evidence with other FIUs.
- D. receiving confirmed reports about committed crimes from accountable and reporting institutions.

Reveal Solution



Ougstion #255

One key aspect of promoting an enterprise-wide compliance culture within a financial institution (FI) is that the:

- A. first line of defense should establish its own policies independently.
- B. revenue generating business sectors should have precedence over compliance.
- C. relevant information should be shared throughout the organization.
- D. cost of compliance should increase proportionately to revenues.

Reveal Solution



Question #256

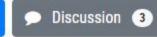
Topic 1

Topic 1

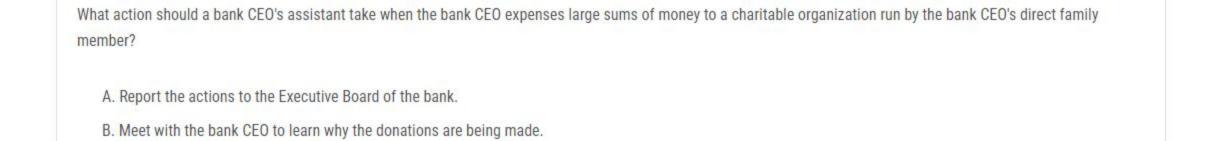
A bank teller receives a written request from a police officer to review a previous customer's account on a pre-populated form with the officer's official letter head. The officer suspects the previous customer is engaging in smurfing. Which action should the bank teller perform?

- A. Provide the police officer the customer's account information.
- B. Reject the police officer's request for the customer's account information and escalate to the compliance officer.
- C. Provide the police officer the customer's account information after management approval.
- D. Escalate the police officer's request for the customer's account information to the compliance officer.

Reveal Solution



Question #257



D. Submit the concern anonymously to the bank's internal Compliance Hotline.

C. Investigate the charitable organization's relationship with the bank CEO.

Reveal Solution Discussion 11

Question #258 Topic 1

What is an example of a legal risk a financial institution (FI) could face if it is sanctioned for failure to report suspected fraud activity?

- A. Foreign correspondents could terminate their relationships with the sanctioned bank.
- B. Clients of the bank might draw down the reserves of the bank and lead to liquidity issues.
- C. The bank could be forced to reimburse the victims of the fraudster for the losses suffered.
- D. The bank could see higher default rates on loans granted to companies owned by the fraudster.

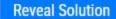


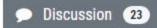
Question #259 Topic 1

How should law enforcement obtain documentation from an institution when suspicious activity was identified? (Choose two.)



- B. Pay an employee of the accountable institution to make copies of the documents.
- C. Request a Financial Intelligence Unit (FIU) share copies of suspicious transaction reports.
- D. Request the documents from the FIU.
- E. Acquire a search warrant to obtain the documents.





Question #260 Topic 1

A compliance officer at a financial institution (FI) received an investigation request for a customer from a local law enforcement agency. The compliance officer informs the senior management team. Which action should be taken by the FI?

- A. Obtain approval from the Financial Intelligence Unit (FIU) before submitting the customer's information.
- B. Omit some responses to meet the regulatory deadline.
- C. Assign employees responsible for the customer to the investigation team.
- D. Consider retaining qualified, experienced legal counsel.

Reveal Solution



Discussion 15



C. Use the court system to ensure confidentiality of exchanged information through court orders.

B. Require the use of non-disclosure agreements with anyone accessing the exchanged information.

D. Destroy the information once the investigation is complete.



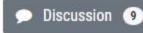


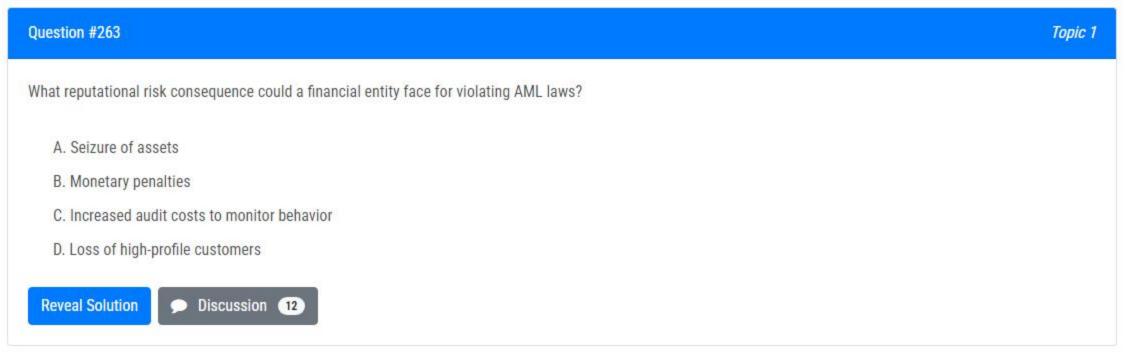
Question #262 Topic 1

Which is a red flag for funds transfers?

- A. Funds transfers are received in numerous small quantities from entities that are in related industries.
- B. Funds transfers are repeatedly sent to the same beneficiary out of line with the business purpose.
- C. Funds transfers are repetitive and within expected patterns.
- D. Funds transfers are to a higher-risk geographic location with a known supplier within the same industry as the originator.

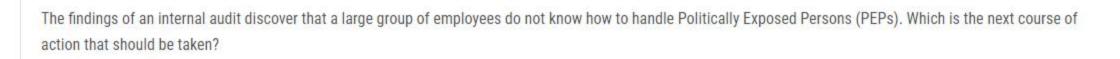
Reveal Solution







Question #265 Topic 1



- A. Create a company-wide training program.
- B. Revamp the compliance program to better identify PEPs.
- C. Ensure all new-hire individuals have in-depth knowledge of PEPs.
- D. De-risk all PEPs from the financial institution (FI) to ensure compliance.



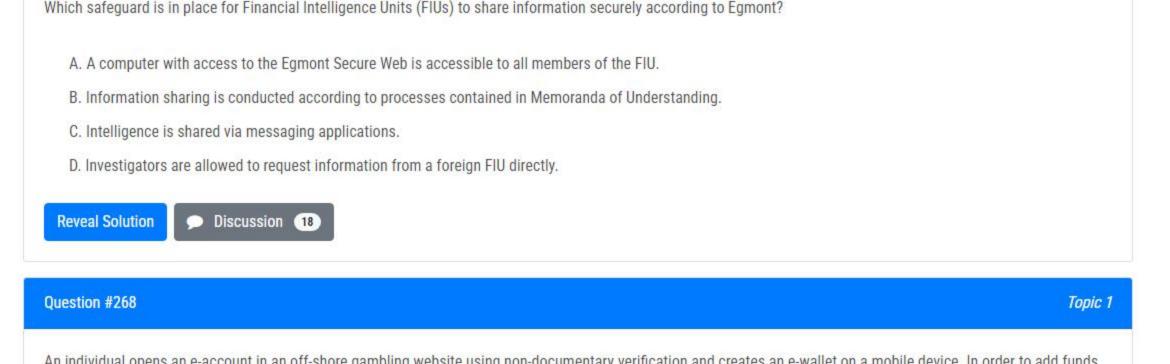
Question #266 Topic 1

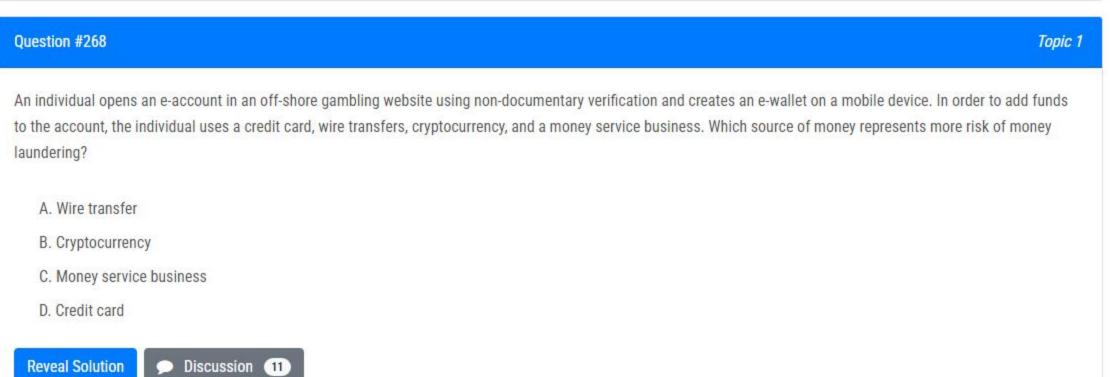
Which type of sanctions are most likely to be used in order to avoid escalating violent conflicts and/or proliferation of weapons?

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



Question #267 Topic 1



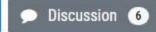


Question #269 Topic 1



- B. A domestic business account receives a wire transfer from an international business with no history of such activity or business needs.
- C. A convenience store makes daily deposits or withdrawals primarily in cash.
- D. A corporate account deposits large checks and wire transfers on a frequent basis from existing customers.

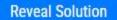




Question #270 Topic 1

A potential client calls a broker-dealer wishing to purchase securities. The client does not appear to be concerned with any fees associated with the account or price of the securities. Further information provided by the potential client indicates the individual may have relatives working for a company in which the potential client wants to invest. Which type of activity is the potential client attempting to commit?

- A. Transfer of value to relatives
- B. Usage as a deposit account
- C. Usage of insider information
- D. Transfer funds to a third-party





Question #271 Topic 1

What appropriate hanking risk feater ingresses the risk for a Correspondent Bank?





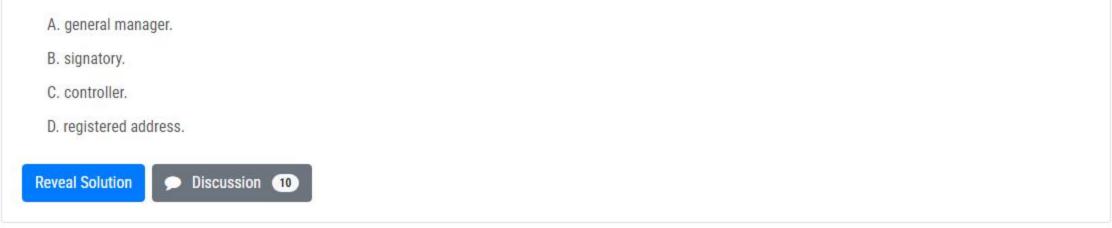
When performing an investigation, which key steps should be taken to maintain and secure supporting documentation used to perform an investigation of a suspicious activity?

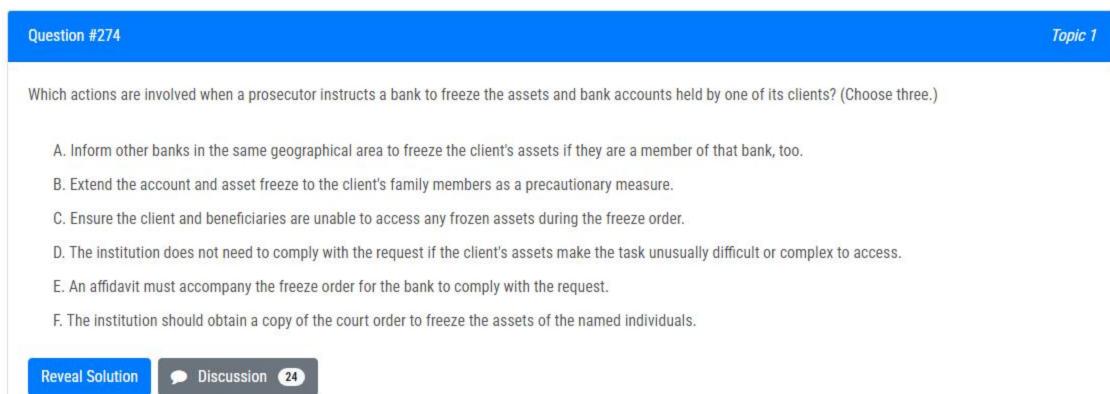
- A. Disseminate the rationale for the investigative approach and the objective basis for the determination.
- B. Perform the alerting transaction with alternative thresholds to ensure they are calibrated correctly.
- C. Ensure that a secure archive has information available to the client.
- D. Maintain a record of the transaction activity that generated the alert.



Question #273 Topic 1

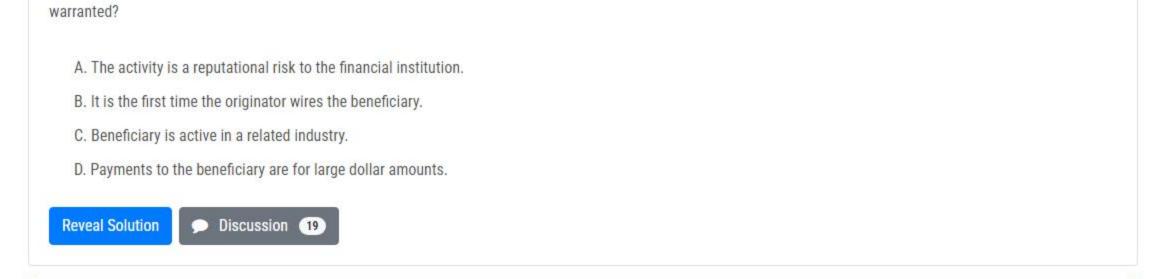
A Trust and Company Service Provider (TCSP) providing services should have policies and procedures in place to identify critical information of the:





Question #275 Topic 1

A compliance analyst is reviewing recent activity between a publicly traded company and a company in a high risk jurisdiction. Which detail suggests that escalation is





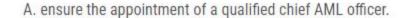
An EU Trust and Company Service Provider (TCSP) analyst notices some unusual activity while looking through a customer's financial statements and detailed general ledger. The customer is in the business of importing and exporting machineries. Which transaction indicator warrants further escalation to the compliance officer?

- A. Inter-company loans from the holding company to the subsidiary company to finance the shipment of machinery.
- B. The payment of virtual offices services overseas.
- C. The payment of consultancy fees to unrelated companies and service providers established in a foreign jurisdiction.
- D. The payment of company secretarial retainer fees to a foreign company in a tax efficient jurisdiction.



Question #277 Topic 1

One area of responsibility for the Board of Directors when implementing a successful AML program is to:



- B. create a culture of compliance based on the profit expectation.
- C. manage the day-to-day processes of the compliance program.
- D. hire a third-party firm to be responsible for the AML compliance.



Question #278 Topic 1

An accounting firm opened an account at a bank that is intended to be used as the operational account for the business. After a few months, a comprehensive review of the account was triggered due to unusual activity on the account. Which most likely triggered the review?

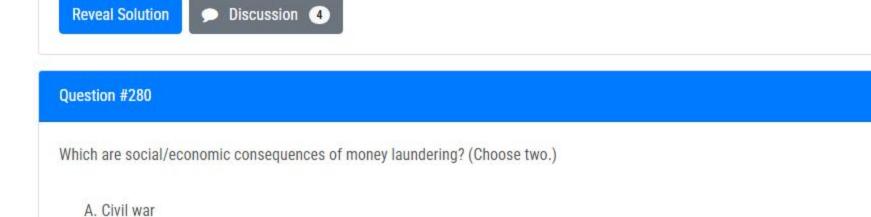
- A. The account receives international payments that are substantially higher than other fees they typically receive.
- B. The account sends monthly donations to several charities that operate in the same communities as the accounting firm.
- C. The account receives several payments a day from multiple customers who operate in different industries.
- D. The account receives international wires from companies in the Middle East where the accounting firm has several branches.



Question #279 Topic 1

Which is a key aspect in the FATF Recommendations that best describes the essential foundation for allocating resources in AML/CFT regimes for countries and financial institutions (FIs)?





- B. Weakening financial institutions
 C. Increase in corruption and organized crime
 D. Increase in tax revenue
- E. Weakening of the country's infrastructure

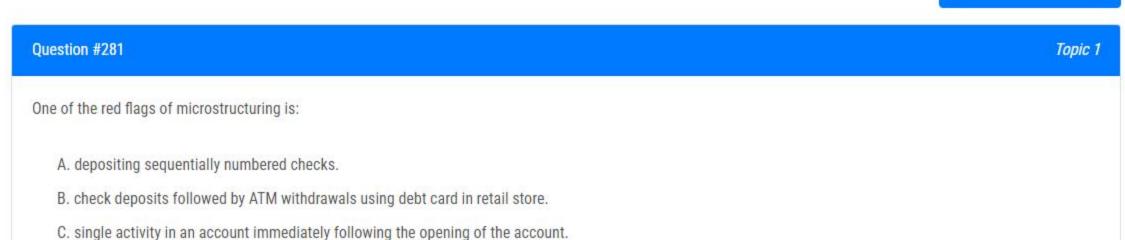


Previous Questions

Next Questions ->

Topic 1

Topic 1



Reveal Solution

Discussion 9

D. frequent visits to make cash deposits of nominal amounts.

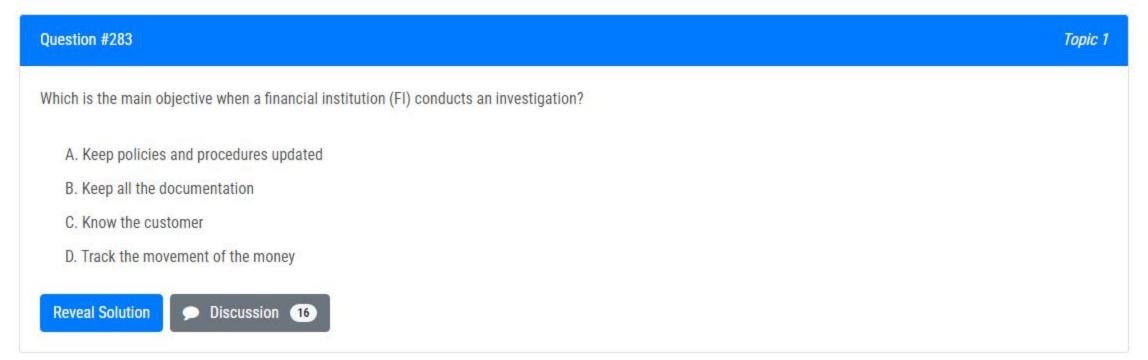
Question #282

Which are red-flag indicators of possible money laundering through online gambling? (Choose two.)

- A. The player is identified as a Politically Exposed Person (PEP).
- B. The player opens several accounts under the same name using different IP addresses.
- C. The customer uses their credit card to fund an online gambling account.
- D. The player deposits small amounts of funds into their online gambling account.
- E. The customer logs on to the account from multiple countries.

Discussion 40







According to the Basel Committee on Banking Supervision standards, which statements best describe sound practices in relation to customer due diligence (CDD) policies and procedures? (Choose three.)

- A. Banks should identify its customers based on a general-rules based assessment without considering the expected size and use of the account.
- B. Banks should never allow for verification to be completed after the establishment of the business relationship since it would not be essential for the normal conduct of business.
- C. Banks should take into consideration the occasional banking transaction or the size/level of assets to build an understanding of the customer's profile and behavior.
- D. Banks should develop and implement clear acceptance policies and procedures to identify the types of customer that are likely to pose a higher risk of financing terrorism or money laundering.
- E. Banks should implement enhanced due diligence measures for entering business relationships with high-risk customers, such as approval by senior management.
- F. Banks should use CDD procedures based in another bank's standards when subject to the same criteria for handling funds of a shared customer.

Reveal Solution

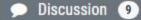
Discussion 16

Question #286 Topic 1

Which information should be gathered as part of enhanced due diligence (EDD) for a high-risk customer?

- A. Explanations for changes in marital status
- B. Details on individuals with control over the account
- C. Plans for traveling in business trips
- D. Personal references

Reveal Solution

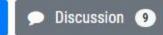


Question #287 Topic 1

Which transaction should result in a SAR/STR filing?

- A. A small business owner deposits checks totaling \$9,950 USD on a daily basis without providing a legitimate purpose.
- B. A small business owner deposits \$25,000 USD in cash proceeds with a business equipment bill of sale.
- C. A national food-chain restaurant with multiple cash transactions at various branch locations.
- D. A national food-chain restaurant makes multiple, anticipated cash transactions that are above the daily reporting threshold.

Reveal Solution



Question #288

According to the 5th EU Money Laundering Directive, member states require entities to apply enhanced customer due diligence measures with respect to business relationships or transactions involving high-risk third country nationals. Which are included in these requirements? (Choose three.)

Topic 1

- A. Obtaining the approval of senior management for establishing or continuing the business relationship
- B. Obtaining copies of passports for all authorized persons
- C. Establishing and verifying the address of the client
- D. Obtaining information on the reasons for intended or performed transactions
- E. Obtaining tax reference details for the client
- F. Obtaining information on the source of funds and source of wealth of the customer and of the beneficial owner(s)





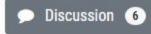


Question #289 Topic 1

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

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

Reveal Solution

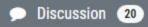


Question #290 Topic 1

A financial institution (FI) has decided to revamp its compliance program to be more risk-based. Which option should the FI use as part of the new risk-based compliance program?

- A. Leadership-based
- B. Predictive-based
- C. Transaction-based
- D. Data-based

Reveal Solution



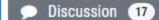


Question #291 Topic 1

Which red flag should a compliance officer prioritize first for investigation?

- A. A loan is paid off in full with cash after the sale of the vehicle that was used as collateral for the loan.
- B. Several cross-border transfers are received and immediately wired to another beneficiary.
- C. A customer has 20 monthly transactions that are repetitive but less than \$500 USD per transaction.
- D. A convenience store cashes government checks for its customers in amounts less than \$1,000 USD per day.

Reveal Solution



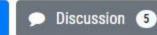
Question #292

Topic 1

After a FATF mutual evaluation process, which are resulting actions for jurisdictions that are determined to have strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing? (Choose two.)

- A. Expect private statements from FATF regarding the level of compliance of the jurisdiction, when insufficient progress is made.
- B. Appeal to FATF for a technical compliance re-rating based on the jurisdiction's own experts criteria.
- C. Demonstrate a high-level commitment to swiftly resolve the identified deficiencies in the FATF mutual evaluation report.
- D. Request FATF for an extension of deadlines in order to provide local awareness on the improvements that are necessary to solve the deficiencies.
- E. Report to FATF on the implementation of their progress under the enhanced follow-up mechanism.

Reveal Solution



Question #293 Topic 1 Which methods are typically used to launder money using insurance companies? (Choose two.) A. The policy holder overpays the policy and moves the funds out of the policy despite paying early withdrawal penalties. B. The policy holder enters a sibling as a beneficiary of the insurance policy rather than themselves. C. The policy holder purchases a bond and redeems it at a discount prior to its full term. D. The policy holder uses an offshore company to pay the insurance installments. E. The policy holder is strongly interested in how many costs are incurred when taking out an insurance policy. Discussion 18 **Reveal Solution** Question #294 Topic 1 Based on studies executed by the Organization for Economic Cooperation and Development (OECD), which occupations are particularly vulnerable to the use of false identities and identity theft? A. Government officers B. Sea port officers C. Lawyers D. Laborers Discussion 14 **Reveal Solution**

Ouestion #295 Topic 1



- A. When new products, services or customer types are introduced
- B. When new board members are elected
- C. When the AML compliance team hires new employees
- D. When the institution faces a merger or acquisition
- E. When opening a sales point in a new location in the same city

Reveal Solution

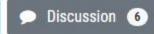
Discussion 15

Question #296 Topic 1

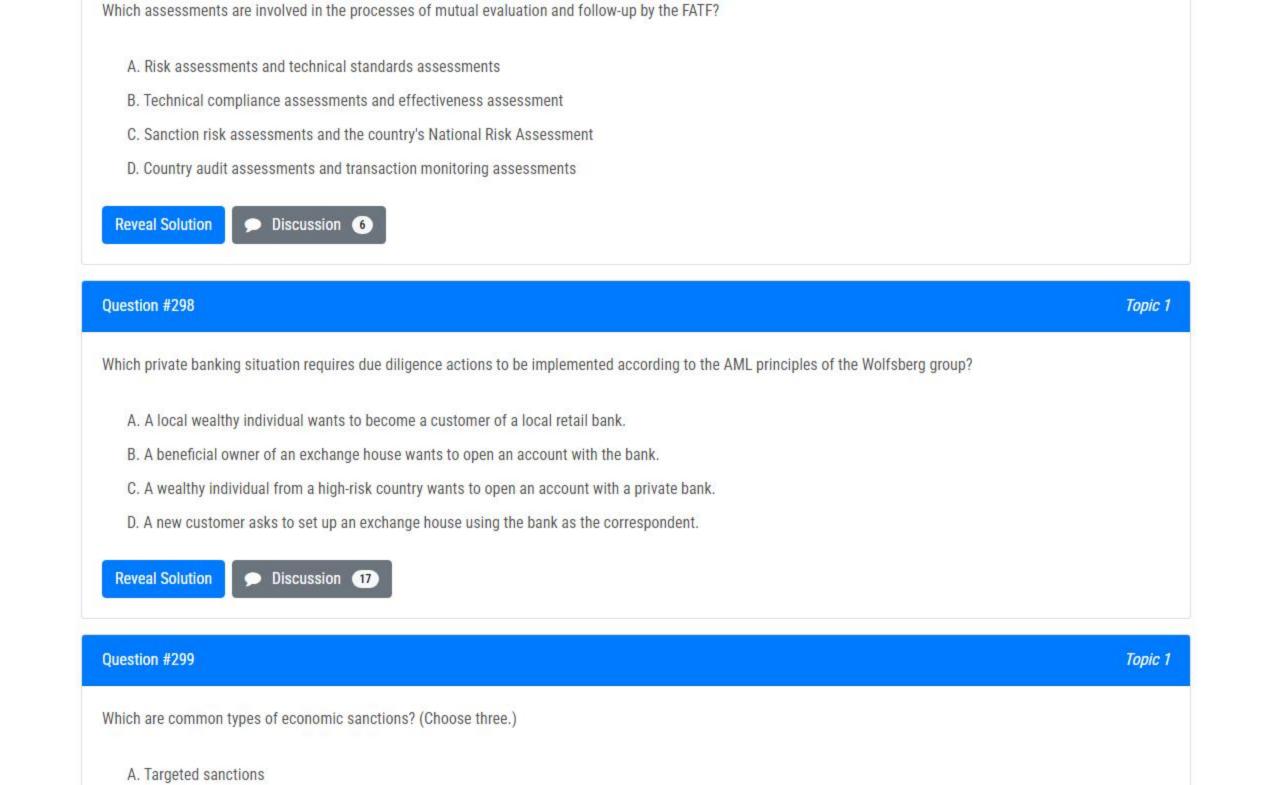
According to the Basel Committee on Banking Supervision, banks should deal with high-risk customers by:

- A. maintaining segregated records to enable easy inspection by law enforcement in case of a subpoena.
- B. assigning those customers to specified private bankers for better monitoring of their offshore transactions.
- C. performing enhanced due diligence including enhanced ongoing monitoring of the account activity.
- D. seeking approval from the board of directors before establishing the relationship.

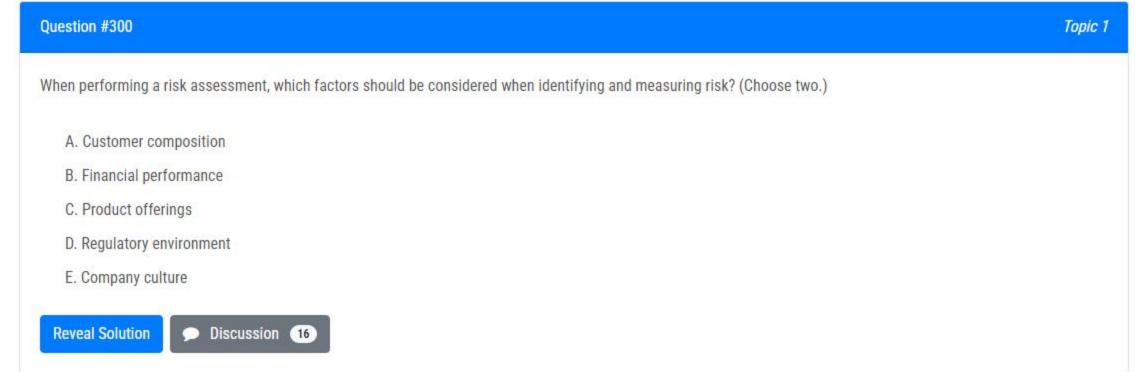
Reveal Solution

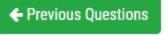


Question #297 Topic 1







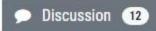


Question #301 Topic 1

What national agency is responsible for analyzing and assessing the information it receives to substantiate possible existence of money laundering or terrorist financing activities?

- A. The Financial Intelligence Unit (FIU)
- B. FATF
- C. The Basel Committee
- D. The Wolfsberg Group

Reveal Solution



Question #302 Topic 1

Financial institutions (FIs) perform AML risk assessments to ensure:

- A. a record for regulators indicating an AML risk assessment was completed at least once.
- B. internal audit assurance that all AML-related policy and procedures are board approved.
- C. satisfaction of the board of directors' approved risk appetite.
- D. proper controls surrounding higher-risk products, services, customers, and geographic locations.

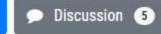
Reveal Solution

Question #303 Topic 1

Which key factor would result in the decision for a financial institution (FI) to exit a client relationship?

- A. After assessing all risk factors the level of residual client risk exceeds the FI's risk appetite.
- B. The client is a registered charity known to remit funds to high risk geographies where there is limited due diligence information available.
- C. Closing the client accounts will help reduce the number of transaction monitoring alerts.
- D. Client transactions generate ongoing transaction monitoring alerts that did not result in any SAR/STR filings.

Reveal Solution



Question #304 Topic 1

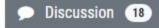
An analyst reviewing trade finance transactions notices an increase in price of 25% over 12 months for commodities with the same specification and quantity. Which action should the analyst take?

- A. Produce an investigation report that finds evidence to substantiate the analyst's suspicion and submit a SAR/STR.
- B. Produce an investigation report that considers client activity and factors that may have legitimately affected transaction cost.
- C. Produce an updated due diligence record for the client so that monitoring can be enhanced.
- D. Produce a SAR/STR that describes apparent trade-based money laundering and submit to the Financial Investigation Unit (FIU).

Question #305 Topic 1 A SAR/STR should be filed when the accountable institution identifies that: A. a customer makes a cash deposit in round dollars.

- B. cash transactions have values which avoid reporting thresholds.
- C. an alert is generated by a transaction monitoring system.
- D. an employee is not clearing alerts in a timely manner.

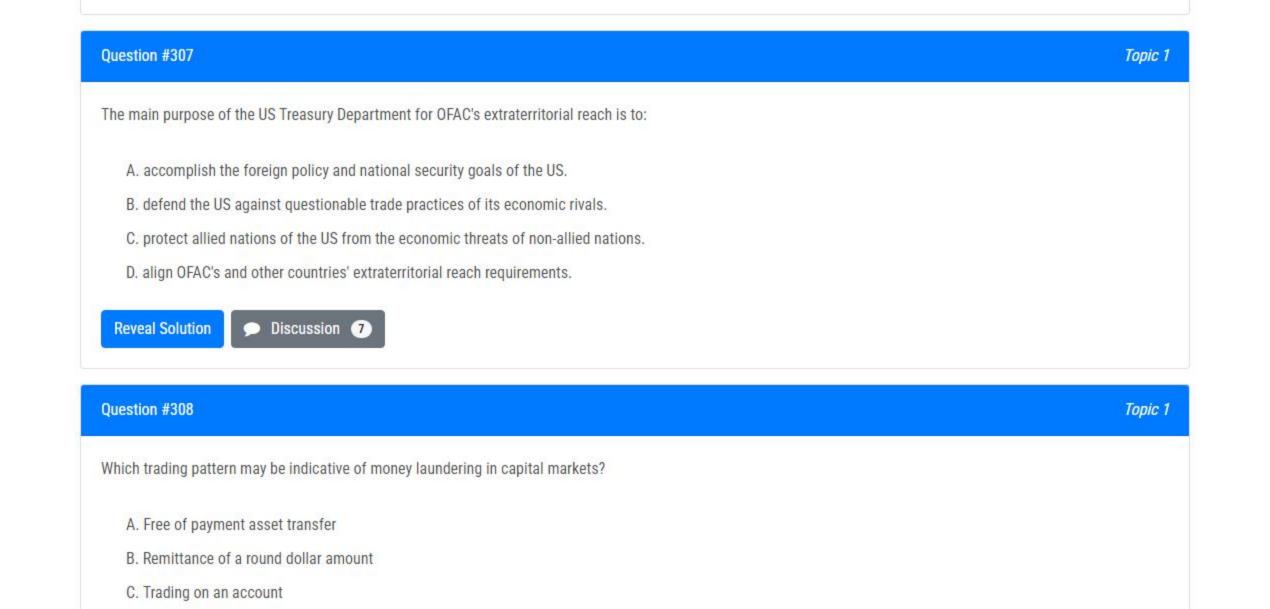
Reveal Solution



Question #306 Topic 1

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

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



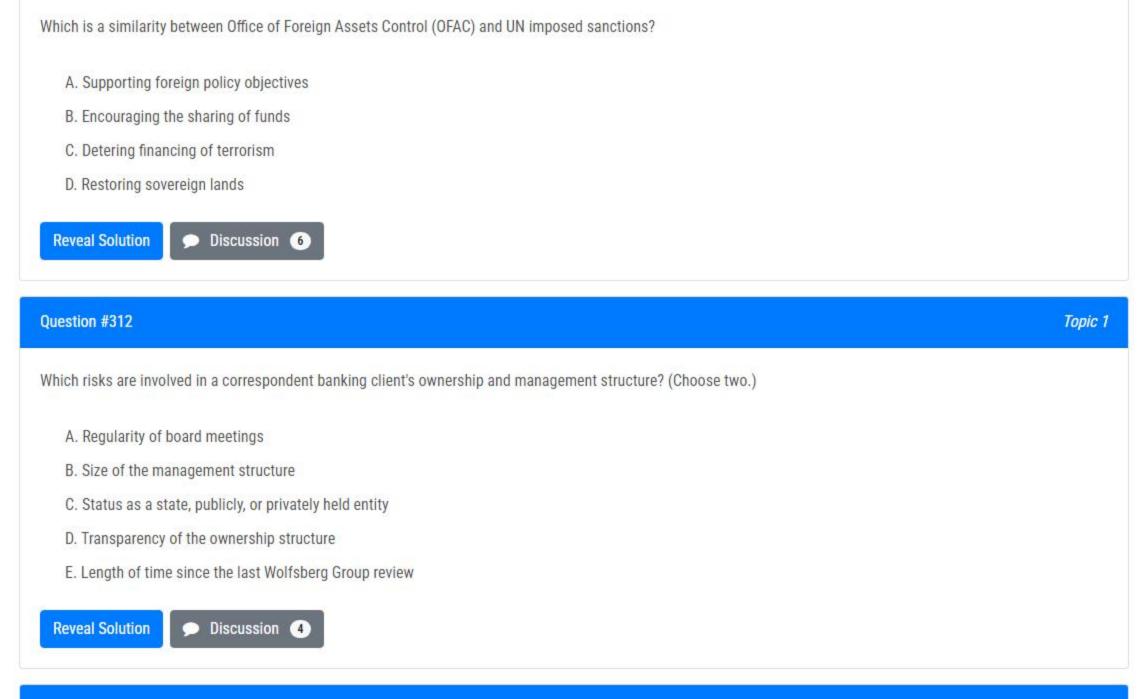
D. Transacting with multiple counterparties

Reveal Solution

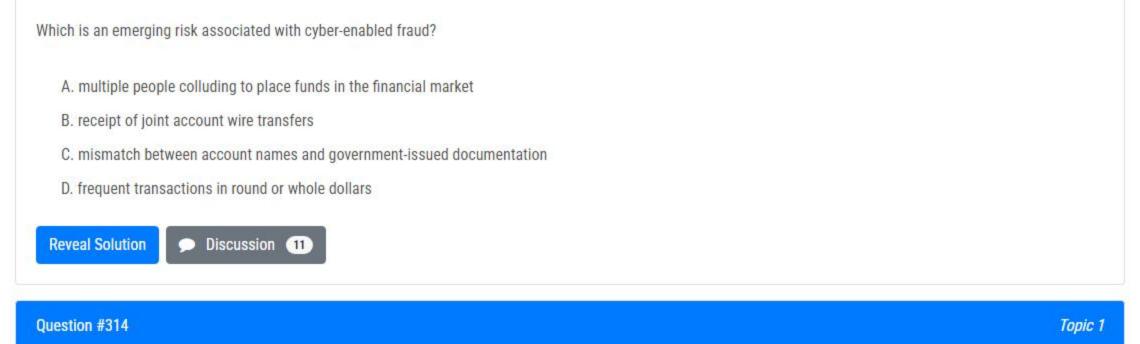
Discussion (13)

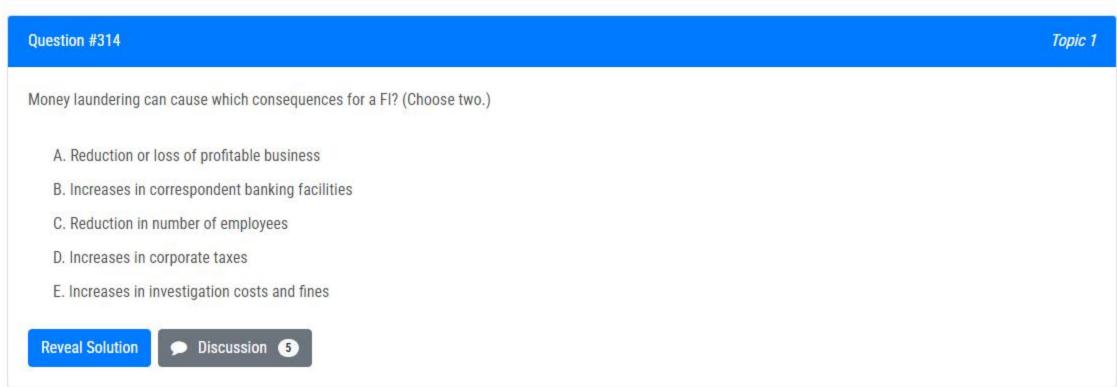
Question #309 Topic 1 The bank's internal financial intelligence unit (FIU) has reviewed activity related to a politically exposed person (PEP); the activity in the account contains a large, round number, one time wire to an obscure organization. Which would not be a sufficient reason to file a SAR/STR? A. Beneficiary is largely unknown B. Maintain the bank's reputation C. Wire is a large amount D. Customer activity is unreasonable Discussion 20 **Reveal Solution** Question #310 Topic 1 What is a key objective of the Egmont Group? A. Exchange international law interpretations among regulators through plenary sessions B. Foster better and secure communications across Financial Intelligence Units (FIUs) through the application of technology C. Provide enforcement recommendations to national law enforcement agencies pursuant to a memorandum of understanding D. Validate FATF implementations in countries and territories through a system of evaluations Discussion 4 Reveal Solution Question #311

Topic 1



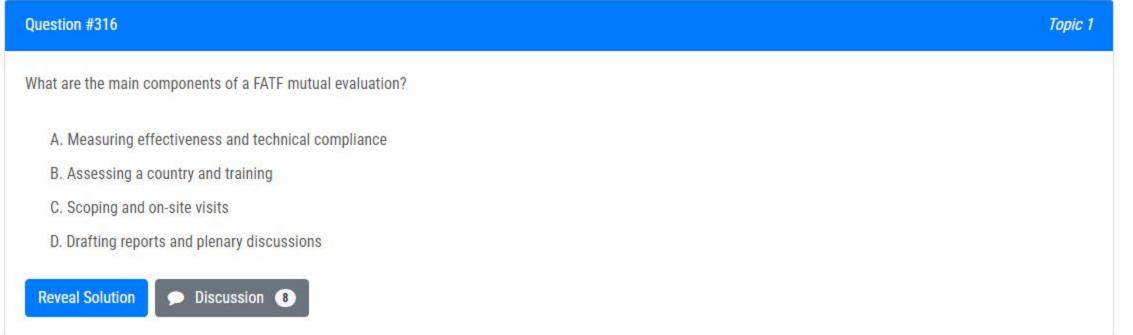
Question #313 Topic 1





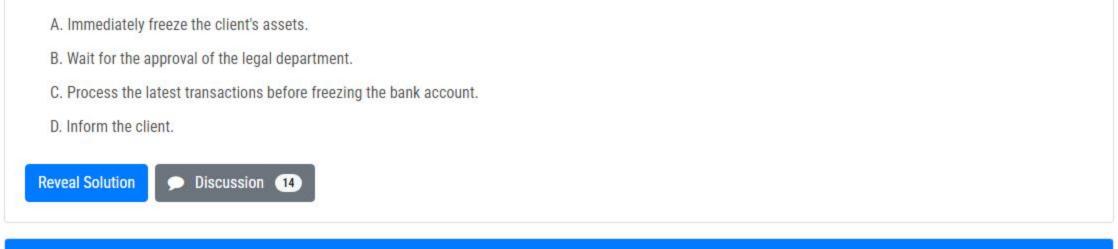
Question #315 Topic 1

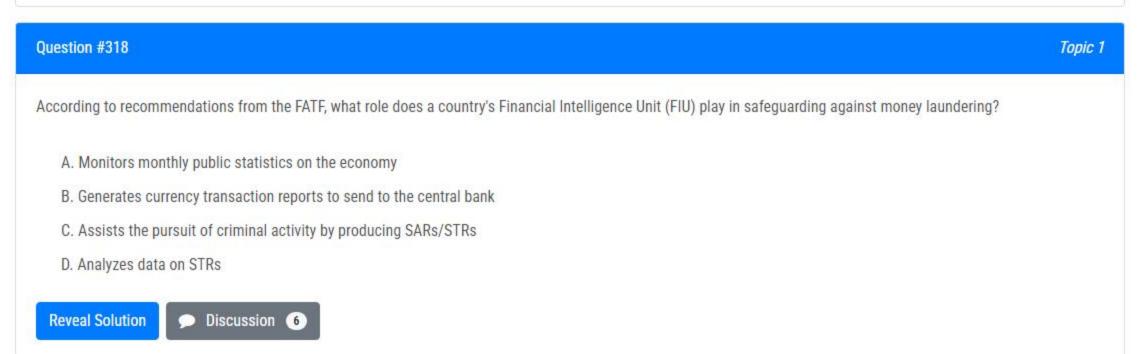






A FI receives a legal request to freeze assets of a client. Which action should be taken?





Question #319 Topic 1

A company is endorsing the execution of terrorism through different activities, such as the development of content for pro-terrorist TV messages, encouraging the support of terrorist activities via web, advertising the use of cryptocurrencies and paying producers and reporters for the TV and web messaging. What specific action should be considered financing of terrorism?



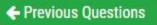




An existing customer has changed its business scope and jurisdictions it deals with. Which are the steps the bank needs to take to manage sanctions compliance risk for this, customer?

- A. Perform a politically exposed persons and negative media screening
- B. Conduct further sanction screening on the customer's directors and ultimate beneficial owners
- C. Deploy an independent risk-based test to ensure the screening on this customer is effective
- D. Collect further customer reference data and determine what must be screened and at which frequency





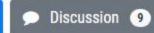
Next Questions ->

Question #321 Topic 1

A prospective client walks into an accounting firm wanting to incorporate a company. The accountant feels uncomfortable after the meeting. Which two of the accountant's observations warrants escalation to the compliance officer? (Choose two.)

- A. The prospective client presents confusing details about the proposed business and has very little knowledge about the proposed business activity.
- B. The prospective client is able to provide source of funds and source of wealth documents.
- C. The prospective client exhibits confidence when speaking to the accountant when providing personal details.
- D. The principal activities of the proposed company are importing and exporting new furniture.
- E. The prospective client is unable to provide information about the beneficial owners.

Reveal Solution



Devel Colution Discussion C

Question #322 Topic 1

What should be proven about the effectiveness of FATF 40 recommendations during a FATF mutual evaluation of a country?

- A. Money laundering and terrorist financial risks are understood by the FIs in the evaluated country.
- B. The evaluated country has implemented compliant AML/CFT laws and regulations.
- C. There is evidence that the defined outcomes of the evaluated country's AML/CFT system are achieved.
- D. The assessed country has created a Financial Intelligence Unit (FIU) to manage suspicious activities.



Law enforcement is conducting an investigation of a FI and has submitted an overly broad and unduly intrusive request. Which is a FIs most appropriate response?

Topic 1

A. immediately close the bank account of an entity that appears on a sanctions list.

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

A. Contest the request with the company's board of directors and key senior management.

B. Delay a response until all documents can be gathered regardless of the duration.

C. Narrow the request through a prompt response to the law enforcement agency.

D. Ignore the request due to the unacceptable volume of information contained within.

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

Discussion 8

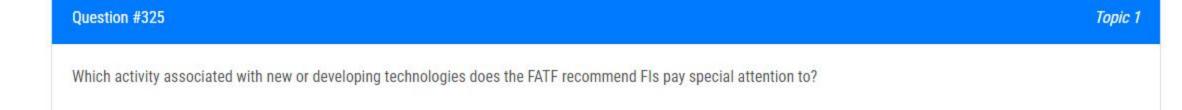
Discussion 8

Reveal Solution

Question #324

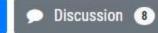
Reveal Solution

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



- A. Financial intermediaries performing transactions for customers
- B. High volumes of cash transactions
- C. Complex or unusually large transactions
- D. Non-face to face business relationships or transactions

Reveal Solution

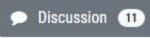


Question #326 Topic 1

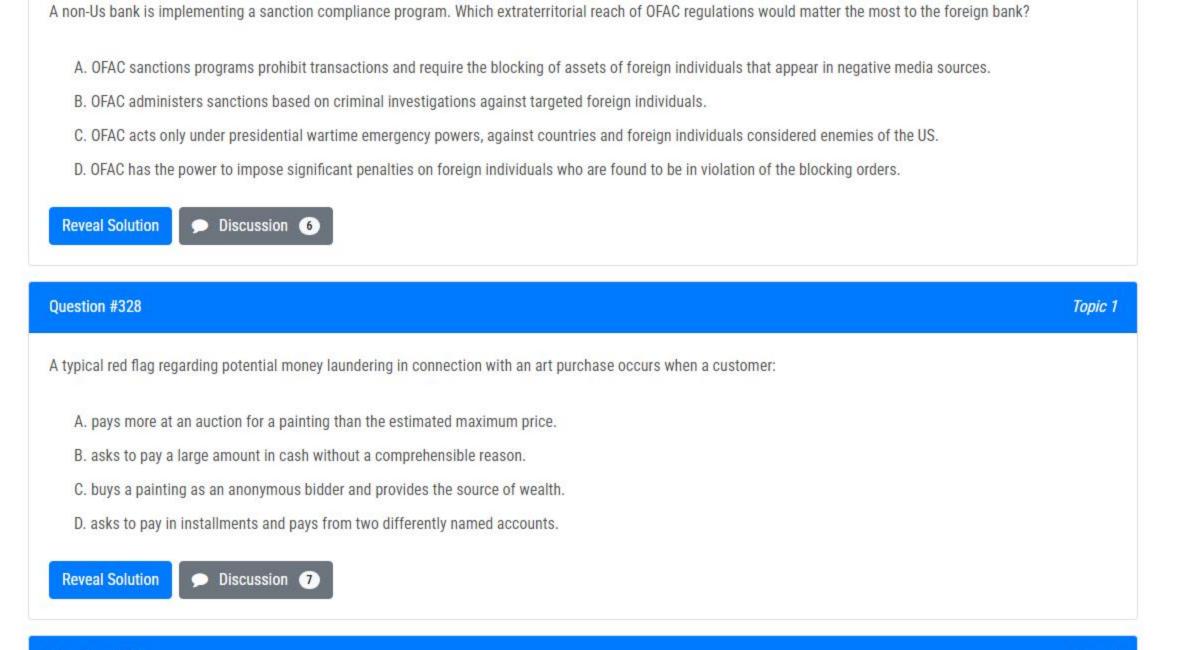
What is a primary responsibility of a FIU?

- A. Legislate regulations that enhance the effectiveness of anti-money laundering and Sanctions compliance.
- B. Provide expertise to Egmont working groups including the development of new techniques to launder money.
- C. Act as an intermediary between the entities subject to money laundering obligations and law enforcement agencies.
- D. Publish suspicious activity reports so that entities subject to money laundering obligations are aware of the identities of criminals.

Reveal Solution

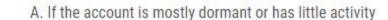


Question #327 Topic 1



Question #329 Topic 1

A compliance analyst is reviewing 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?



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





Which are the requirements of the Fifth AML Directive of the European Union (EU)? (Choose two.)

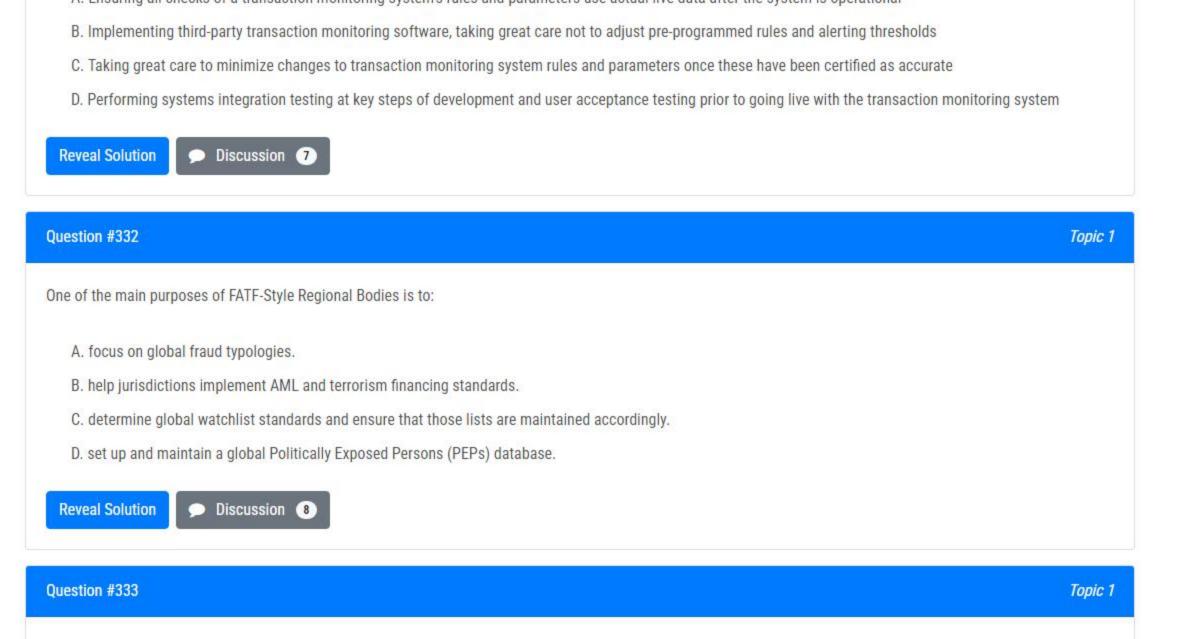
- A. Promoting the record keeping obligations of banks to the maximum amount of data necessary for the purposes of AML/CFT investigations.
- B. Extending AML/CFT rules to entities that provide virtual currency services.
- C. Broadening the criteria for assessing high-risk third countries.
- D. Developing a variant approach in the strategy for the treatment of organized crime and terrorism threats.
- E. Providing information access to Financial Intelligence Units (FIUs) according to the differences in the nature of their functions, competences and powers.



Question #331 Topic 1

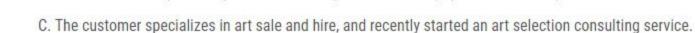
Which approach ensures the successful implementation of a transaction monitoring system?

A Ensuring all checks of a transaction monitoring system's rules and parameters use actual live data after the system is operational



A customer of a bank is an established art dealer. Within KYC due diligence processes, which constitutes a triggering event that requires ongoing due diligence on this client?

- A. The owner wants to exchange some foreign currency for an overseas business travel.
- B. The customer keeps adding artwork service providers to the payment beneficiary list.



D. The customer moves their headquarters from New Zealand to China and opens a branch in Malaysia.

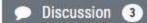
Discussion 9 Reveal Solution



A large FI is considering expanding business to an area of the world with weak AML laws. The risk-based assessment indicates that the location will increase the FI's risk appetite beyond the stated acceptable amount. Which risk factors should be used to identify the priority of the FI?

- A. Geographic risks
- B. Unknown third-party risks
- C. Anonymous transactions risks
- D. Cash-intensive businesses risks

Reveal Solution



Question #335 Topic 1

Which activities could be considered a potential spear phishing scam? (Choose three.)

- A. Members of a religious organization receive a donation request by email claiming to be from their leader.
- B. Payroll receives an external email from an employee looking to update their bank account information.
- C. A courier delivers a business a duplicate invoice that contains updated payment details of an existing supplier.



- E. An employee receives a phone call requesting that money be sent to assist someone in trouble.
- F. A business sends its employees an email warning that email passwords must be changed to prevent cyber-fraud.

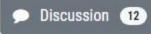
Reveal Solution Discussion 18

Question #336 Topic 1

A financial institution (FI) is fined for failure to implement an effective AML program. Which consequences could the regulator impose on the bank's Chief AML Officer? (Choose three.)

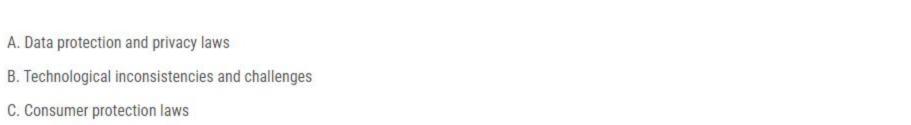
- A. Recommend termination of employment from the FI
- B. Civil and criminal prosecution, fines, and imprisonment
- C. Loss of professional accounting and legal designations
- D. Add to the OFAC Specially Designated Nationals (SDNs) list
- E. Ban from employment in the financial services industry
- F. Prohibition from dealing with goods on the Wassenaar List

Reveal Solution



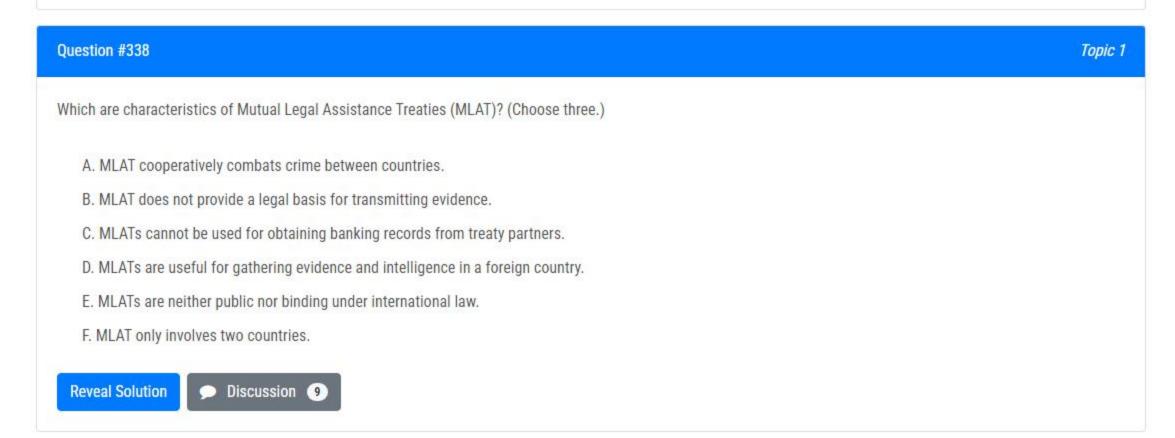
Question #337 Topic 1

When considering sharing information across the institution or within the same jurisdiction, what is the key legal issue that poses challenges to sharing customer-related information?



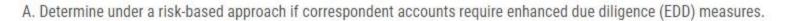
D. Conflicting AML/CFT regulations





Question #339 Topic 1

The USA PATRIOT Act on correspondent banking requires U.S. FIs that onboard new non-U.S. FIs to address which of the following? (Choose two.)



- B. Close correspondent accounts that the foreign banks allow other FIs to use.
- C. Ascertain the identity of the owners of the accounts that reside in the U.S.
- D. Perform scrutiny for possible money laundering by obtaining information of the foreign bank's AML program.
- E. Implement monitoring activities in a reasonable manner only for inbound transactions.



Question #340 Topic 1

The recommended way for a FI to respond to a request from a law enforcement agency is to:

- A. hand over documents that are protected by attorney-client privilege.
- B. have an audit trail system to produce requested documentation.
- C. freeze the identified account immediately.
- D. train all staff to enable them to respond to subpoenas.

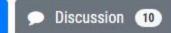


Question #341 Topic 1

The owner of a real estate investment company deposits multiple cashier's checks that were bought using cash over a three month period, from the sale of two apartments. This account also receives several electronic transfers from other financial institutions for \$10,000 USD each. What activity is considered suspicious of money laundering?

- A. Receiving electronic transfers for \$10,000 USD amounts from other financial institutions
- B. Using cashier's checks in the transactions with the real estate investment company's account
- C. Performing operations with real estate investment companies
- D. Using cash to buy multiple cashier's checks over a period of time

Reveal Solution



Question #342 Topic 1

Under the Wolfsberg Correspondent Banking Principles, which action is considered an enhanced due diligence (EDD) obligation to correspondent banking clients that present greater risks?

- A. Approval of a high-risk relationship by a senior management committee.
- B. Ongoing monitoring of clients located in tax haven countries.
- C. An evaluation done by the compliance officer in charge of the account.
- D. Conduct reviews on all high-risk relationships.

Question #343 Topic 1

Which are reasons organized crime groups often use front companies? (Choose two.)

- A. Front companies generally charge higher prices than legitimate companies, so profit margins are higher.
- B. They can use the company's bank accounts to comingle deposits with those of legal businesses.
- C. Using multiple front companies can make it easier to control an entire sector of the economy.
- D. Front companies are generally subject to lighter due diligence requirements by banks and other financial services providers,
- E. Front companies are not subject to income and other sales taxes because they are not registered.

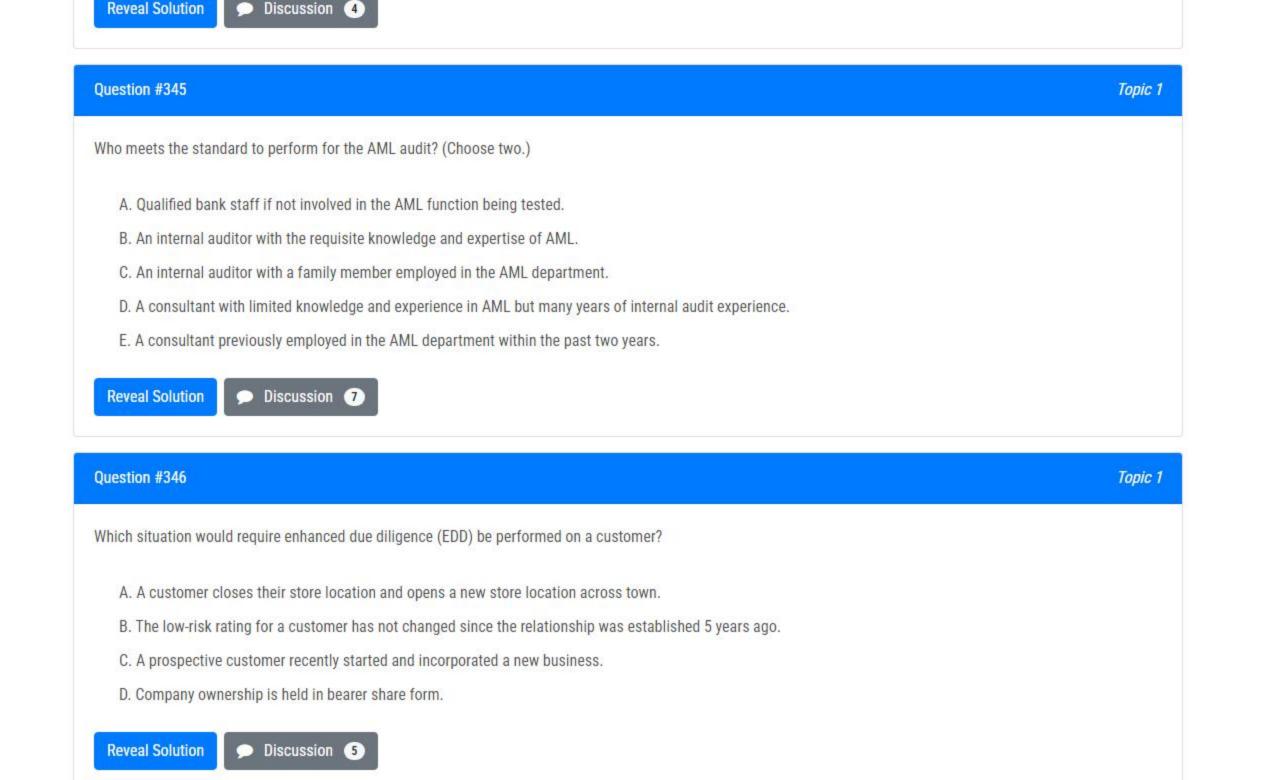
Reveal Solution

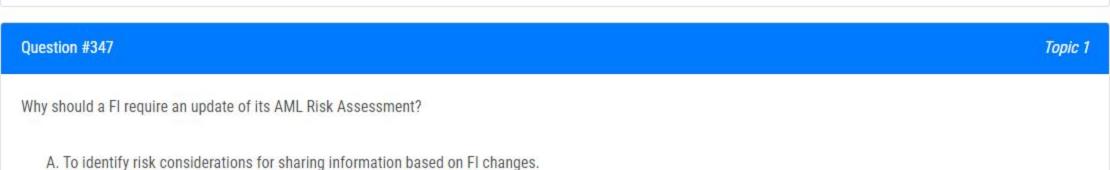


Question #344 Topic 1

Which are key objectives of the Egmont Group? (Choose two.)

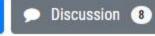
- A. Serving as a united body of financial intelligence units across the world
- B. Setting international standards that aim to prevent AML/CFT
- C. Serving as a prudential regulator for global financial institutions (FIs)
- D. Providing a platform for the secure exchange of financial intelligence
- E. Serving as an authoritative body in the field of anti-corruption





- B. To satisfy law enforcement when reporting suspicious activity.
- C. To ensure the FI's alignment with the board-approved strategic plan.
- D. To ensure an accurate reflection of the FI's money laundering and other illicit financial activity risks.

Reveal Solution



Question #348 Topic 1

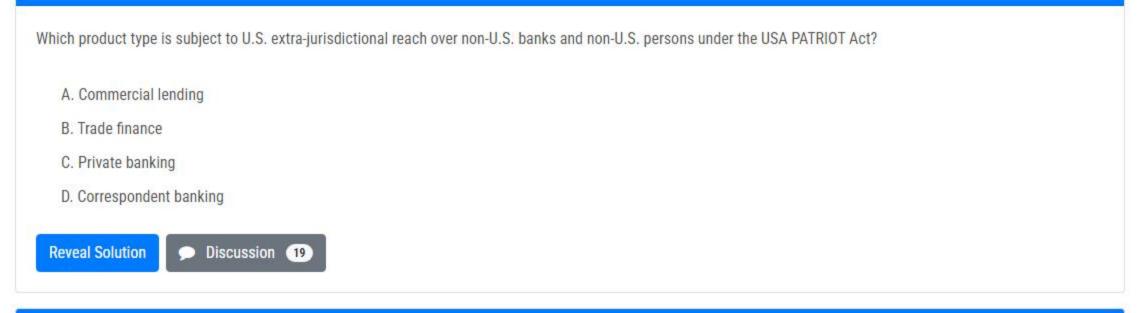
A law enforcement agency is conducting an investigation on a Fl. How should the Fl respond to the law enforcement agency's requests?

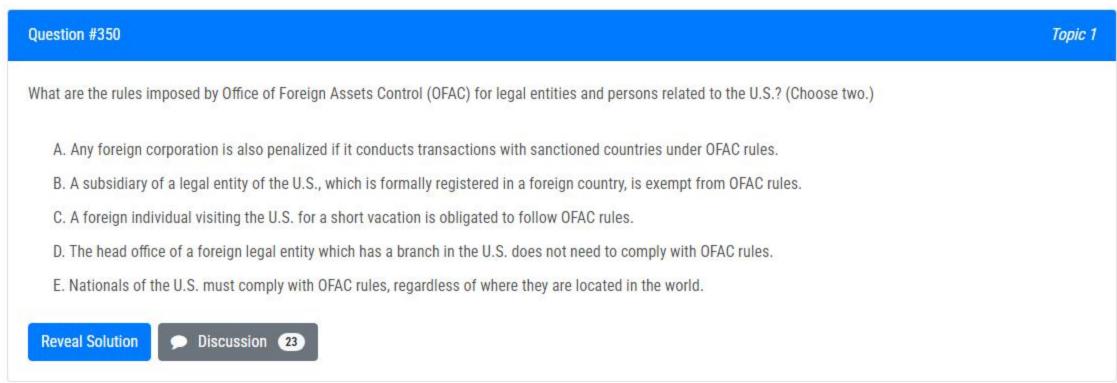
- A. Share information about the investigation with analysts so they are aware
- B. Address all requests completely and in a timely manner
- C. Disregard requests when there is a justifiable reason for doing so
- D. Delay responses by informing senior management of requests

Reveal Solution



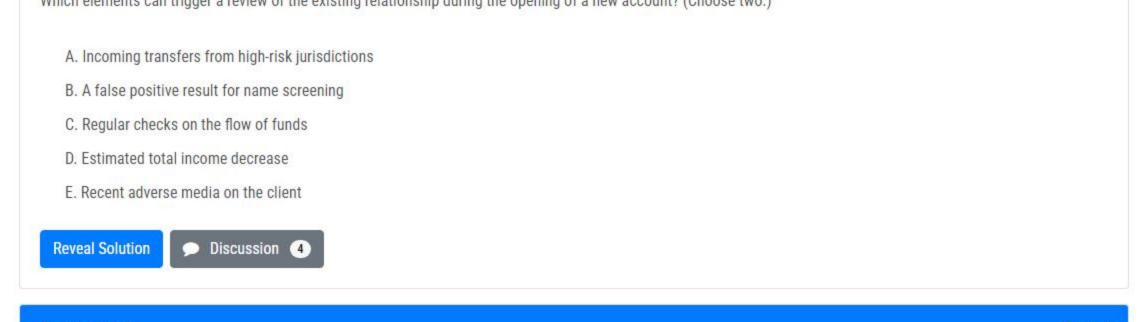
Question #349 Topic 1

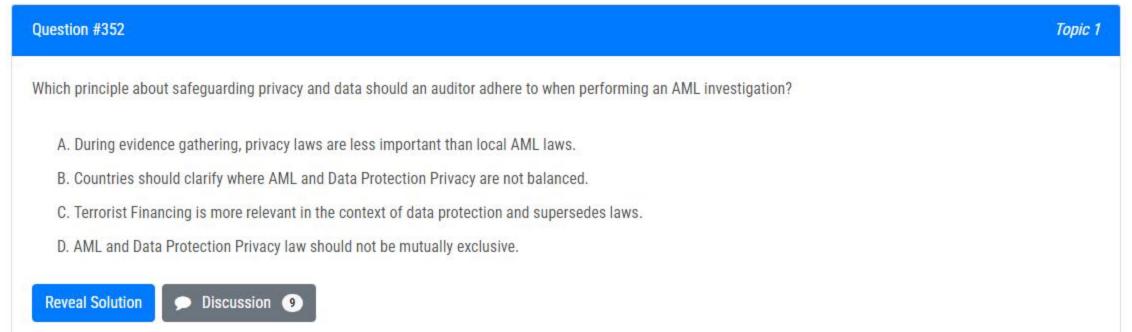




Question #351 Topic 1

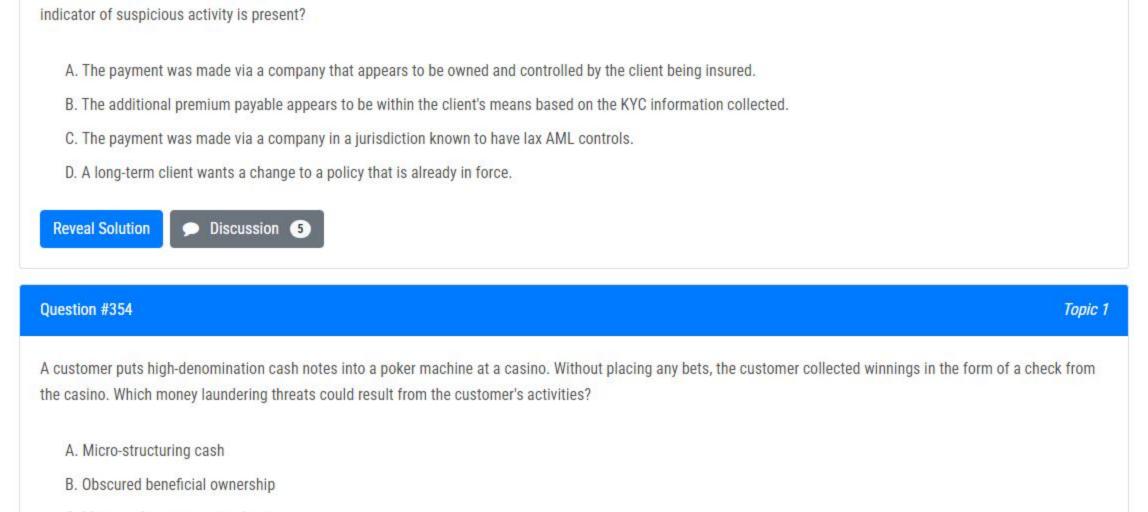
Which elements can trigger a review of the existing relationship during the eneming of a new account? (Change two.)





Question #353 Topic 1

A long-term client of an insurance company makes changes to a policy that require payment of an additional lump sum. The amount payable is high, though within the client's means based on the KYC information collected. The payment is made via a company in another jurisdiction that is known to have lax AML controls. Which

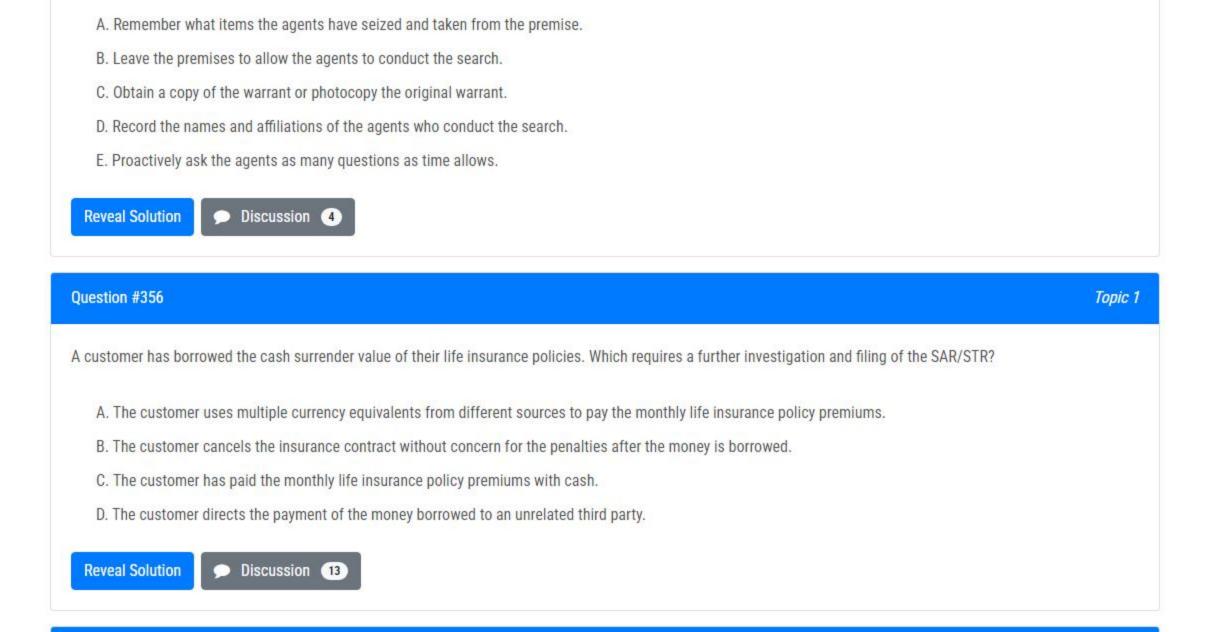


- C. Misuse of money service business
- D. Legitimizing illicit funds



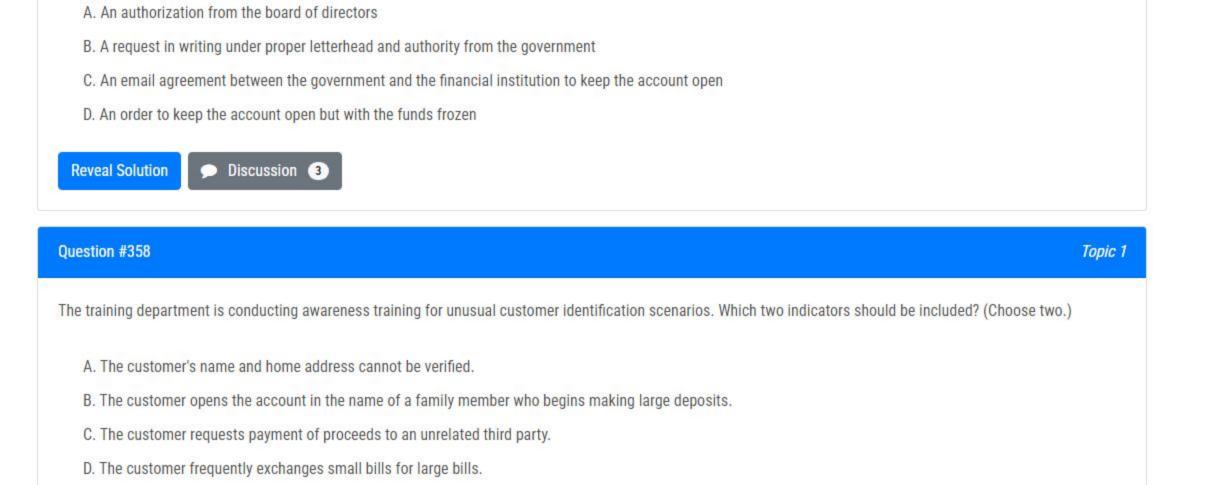
Question #355 Topic 1

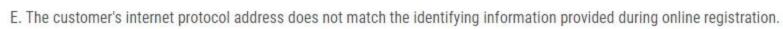
An AML specialist at a FI is presented with a search warrant. Which action should be taken to comply with the search? (Choose two.)



Question #357 Topic 1

A bank receives a request for a subpoena for a client who has been the subject of monitoring for several months. The bank wishes to close the account in order to mitigate any additional risk. However, the government requires that the account remain open. What document must be provided to the bank to keep the account open?







Question #359 Topic 1

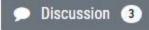
Which is most relevant when examining transactions suspected of being associated with money laundering via real estate?

A. The financial institutions involved in the transaction



- C. The beneficial owner of the asset
- D. The currency used for payment

Reveal Solution



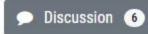
Question #360 Topic 1

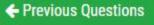
Law enforcement is confidentially investigating 20 individuals suspected of belonging to a criminal network allegedly involved in laundering tens of millions of euros for cybercriminals.

Which actions need to be taken by the AML Specialist at a bank upon learning the alert? (Choose two.)

- A. Respond to law enforcement that their request without a judicial order would breach the bank's GDPR duty with respect to its clients
- B. Report findings back to law enforcement only if they are of any significance
- C. Send out an email to all of the bank's client advisors to request information on any of the individuals
- D. Involve the bank's legal and compliance function to address the gravity of the matter
- E. Perform a search on the bank's client data platform to determine if the bank has had any business with the named individuals

Reveal Solution





Next Questions ->

Question #361 Topic 1 What is the core function of a FIU? A. Receive, analyze, and transmit reports of suspicions identified and filed. B. Set international standards for AML and terrorism financing for law enforcement.

Reveal Solution

Discussion 7



C. Coordinate, investigate, and prosecute money laundering and terrorism financing.

Question #362 Topic 1

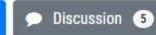
Which is an objective of the FATF-Style Regional Bodies (FSRBs)?

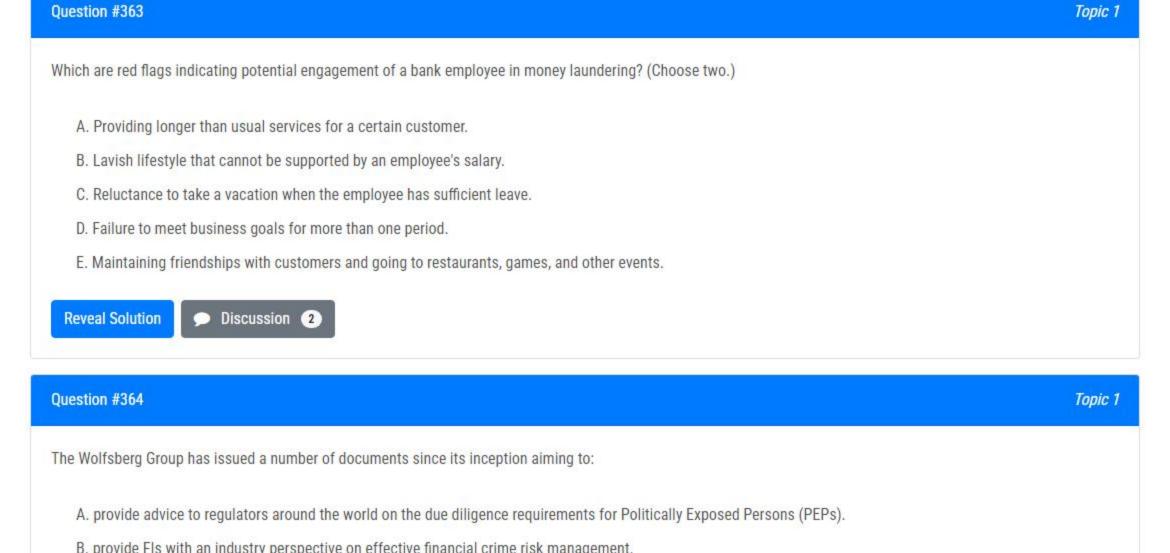
A. To issue their own recommendations, considering local typologies, ignoring the FATF 40 recommendations.

D. Pursue the eradication of money laundering and terrorism financing as the main law enforcement function.

- B. To work independently from FATF and to be closely involved in improving law enforcement outcomes in their regions.
- C. To work in parallel with FATF by operating on the basis of (mutual, joint, or common) recognition of their work.
- D. To enforce implementation of the FATF recommendations amongst its member countries.

Reveal Solution





The Wolfsberg Group has issued a number of documents since its inception aiming to:

A. provide advice to regulators around the world on the due diligence requirements for Politically Exposed Persons (PEPs).

B. provide Fls with an industry perspective on effective financial crime risk management.

C. prevent money laundering or terrorist financing by establishing consistent regulatory standards across the EU.

D. provide a standardized process amongst its bank members for combatting ML/TF in private banking.

Reveal Solution

Discussion

Question #365 Topic 1

A high-profile, successful entrepreneur has been a client of a Swiss private bank for more than a decade. Recently, the entrepreneur launched a political career, with rather extremist political views. On which grounds can the bank terminate the client's bank relationship? (Choose two.)

- A. The client has made its fortune in the mining and excavation industry, which the bank has deemed as a high-risk industry.
- B. The client is not able (or willing) to provide documentary evidence of tax compliance.
- C. The client's account has an increase in unusual and significant monthly inflows.
- D. Continuing the client relationship poses an increasing reputational risk, which could negatively affect the bank's future business.
- E. A business partner of the account holder requests an asset freeze, stating a business dispute and disagreement over the quality of goods and services sold to the partner.

Topic 1

Reveal Solution

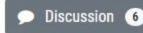


Question #366

How does the Egmont Group assist FI member units to accomplish their goals? (Choose three.)

- A. Maintains uniform global formats for funds transfers that assist in the detection of money laundering
- B. Fosters better and secure communication through the application of technology
- C. Provides support to expand and systematize cooperation related to the reciprocal exchange of information
- D. Supplies information on the common money laundering tactics used by terrorists and financial supporters of terrorism
- E. Develops official lists of suspected terrorists on a globally coordinated basis by relevant authorities
- F. Encourages operational autonomy of FIUs

Reveal Solution

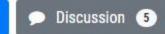


Question #367 Topic 1

Which is true about FATF-Style Regional Bodies (FSRBs)?

- A. Tools used by FRSBs include training measures and mutual evaluations of Its members.
- B. A FATF member country cannot also be a member of an FSRB.
- C. FSRBs set standards for their member countries that supplement FATF's standards.
- D. To be a member of an FSRB, a country must have enacted AML and Anti-Terrorist Financing laws.

Reveal Solution



Question #368

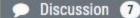
Topic 1

In accordance with FATF standards, when the minimum AML requirements of the host country where a FI operates are less strict than those of the FI's home country, the

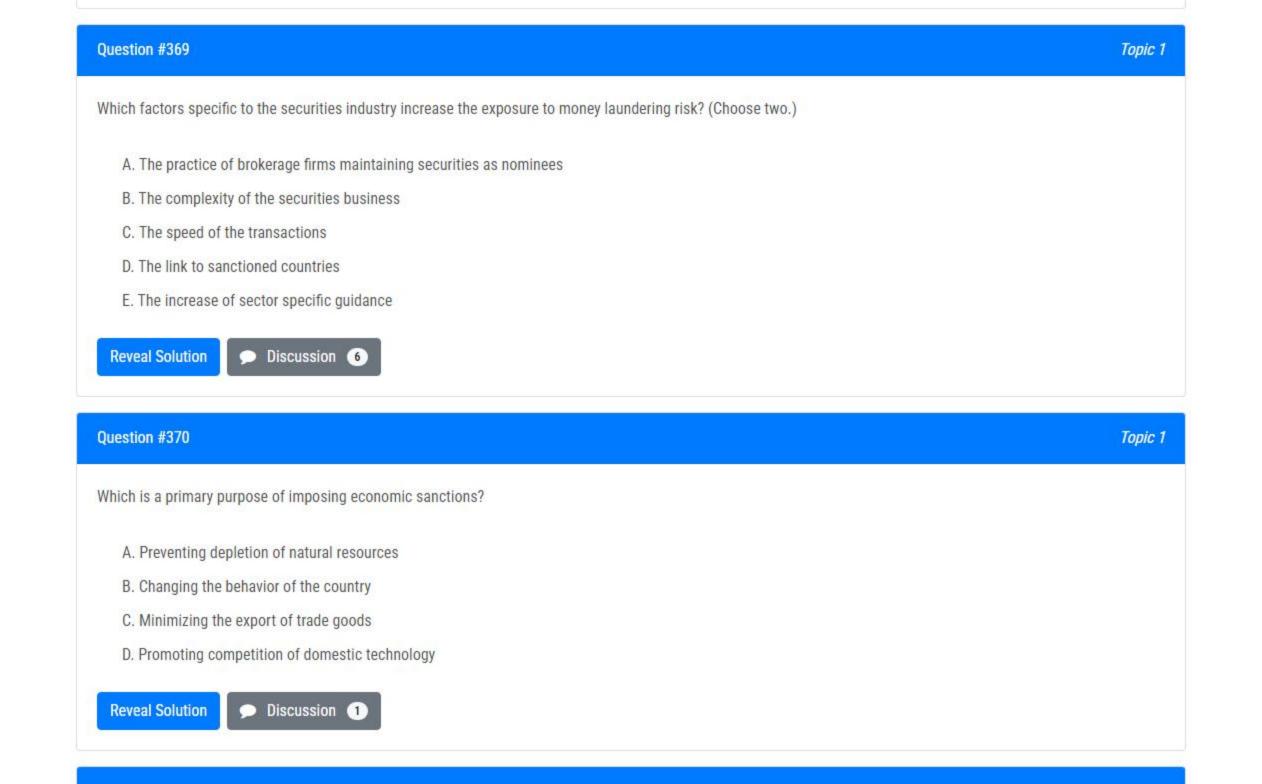
- A. is required to impose more strict requirements on host country branches, disregarding if host country laws and regulation permit such action.
- B. should close down its operations in the host countries where minimum AML/CFT requirements are less strict than those of the home country.
- C. should always apply additional measures on their branches and majority-owned subsidiaries in host countries to manage the money laundering and terrorist financing risk overseas.
- D. is required to ensure that their branches and majority-owned subsidiaries in host countries implement the requirements of the home country, to the extent that host country laws and regulations permit.

Reveal Solution









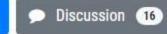
Question #371 Topic 1

Topic 1

A compliance officer of a FI 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 OFAC secondary sanctions. Which factor is most important in determining the compliance officer's response?

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

Reveal Solution

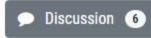


Question #372

Which are essential elements of a KYC program identified by the Basel Committee on Banking Supervision? (Choose two.)

- A. Risk appetite
- B. Code of conduct
- C. Risk management
- D. Internal control
- E. Customer acceptance policy

Reveal Solution



Question #373 Topic 1

To ensure the independence of an audit for an AML/CFT program, those involved in the audit would best be described as being:

- A. not involved in the organization's AML/CFT compliance program and having a reporting line to the organization's CEO.
- B. not involved in the organization's STR/SAR filing process having a reporting line to the board of directors or committee thereof.
- C. not involved in the organization's STR/SAR filing process and having a reporting line to the organization's CEO.
- D. not involved in the organization's AML/CFT compliance program and having a reporting line to the board of directors or committee thereof.

Reveal Solution

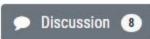


Question #374 Topic 1

Which test should be included in a bank's OFAC sanctions screening audit program?

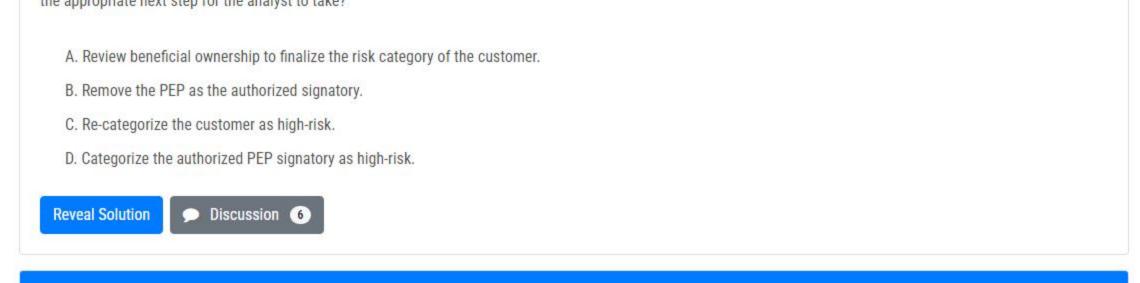
- A. Looking at copies of SARs/STRs filed with regulators to ensure completeness.
- B. Ensuring that all clients with foreign identification are subject to enhanced due diligence (EDD).
- C. Examining Human Resources processes for conducting criminal background checks on executives.
- D. Reviewing wire transfer screening processes to ensure that potential name hits are investigated promptly.

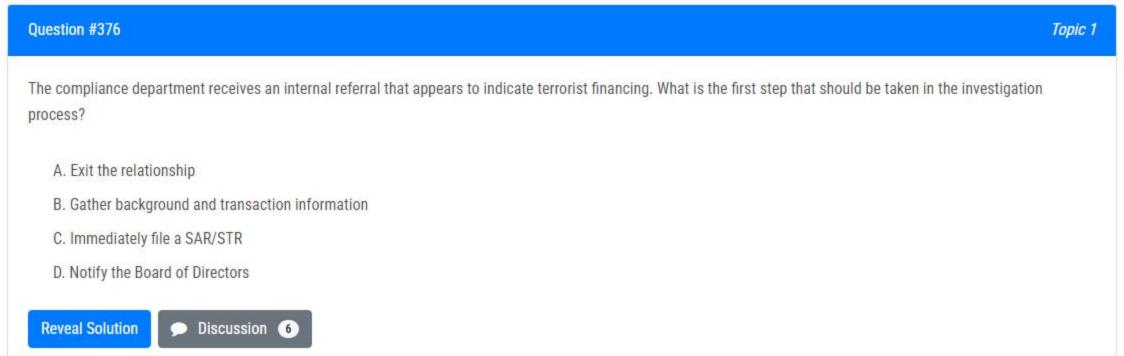
Reveal Solution



Question #375 Topic 1

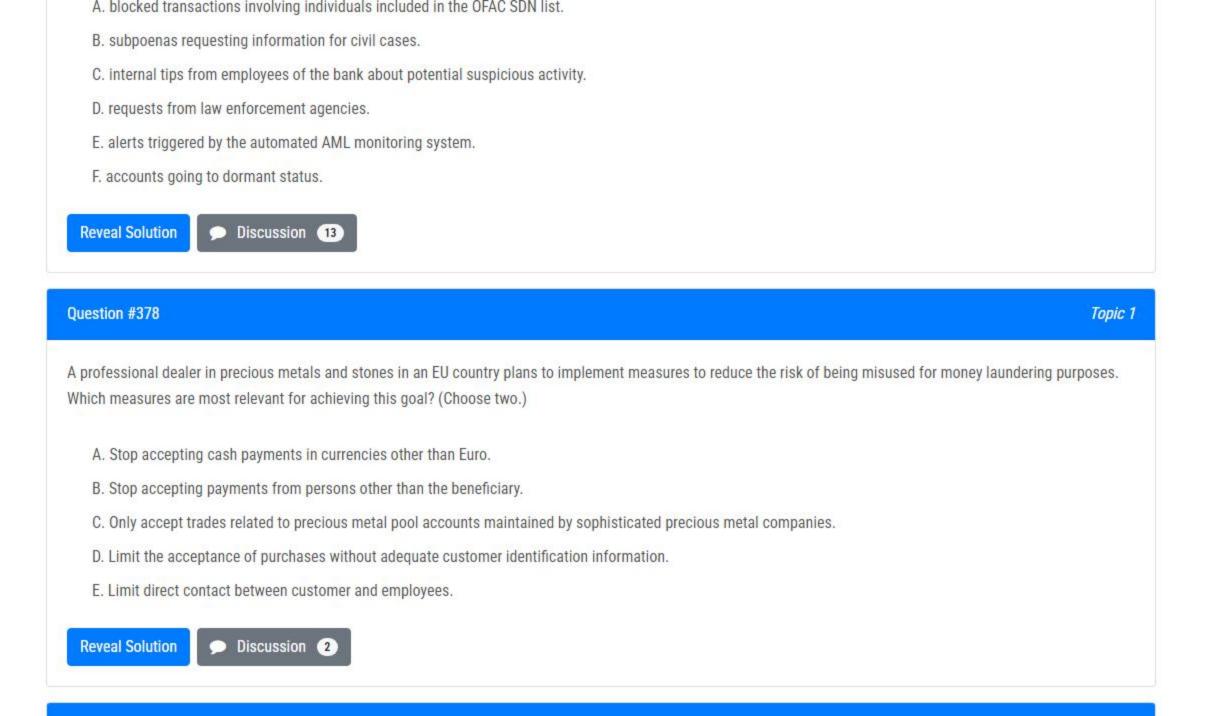
While conducting a review of a medium-risk customer, an analyst noted that a newly added authorized signatory is a foreign politically exposed person (PEP). Which is





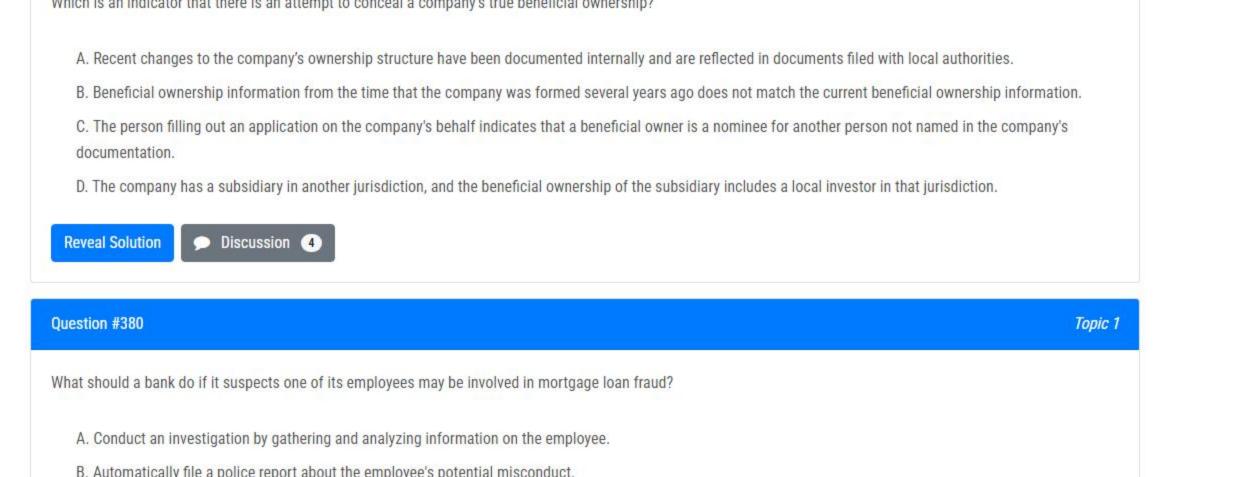
Question #377 Topic 1

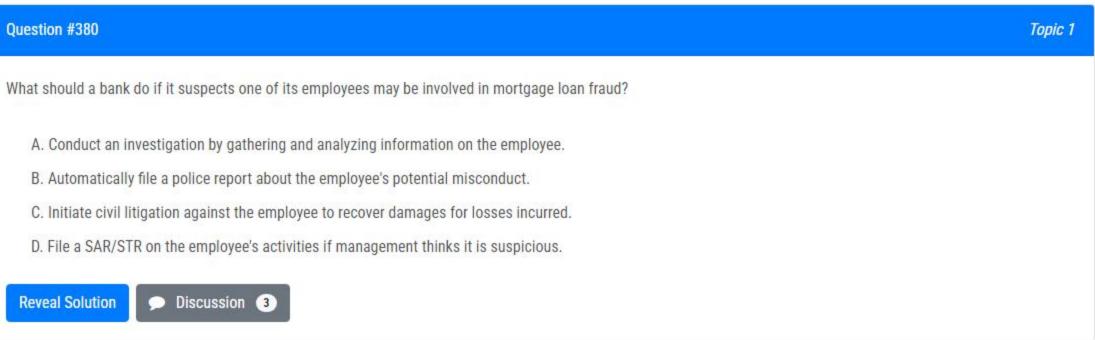
Typical events to identify and investigate potential AML activities include: (Choose three.)



Question #379 Topic 1

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Previous Questions

Next Questions ->





- A. Allow all US regulators to place a non-US FI on the list of Specially Designated Nationals (SDN).
- 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. Sanction a country when an individual FI does not comply with US law.

Reveal Solution



Question #382 Topic 1

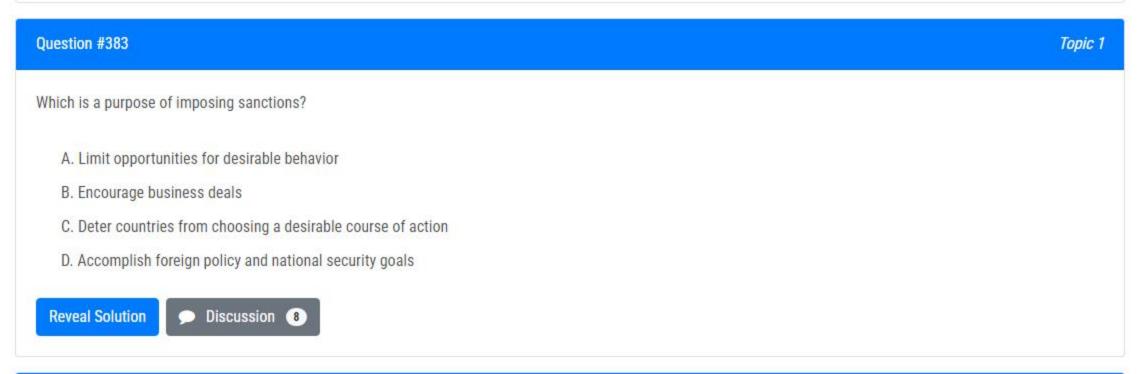
AML training programs should extend beyond basic concepts to deliver targeted training by:

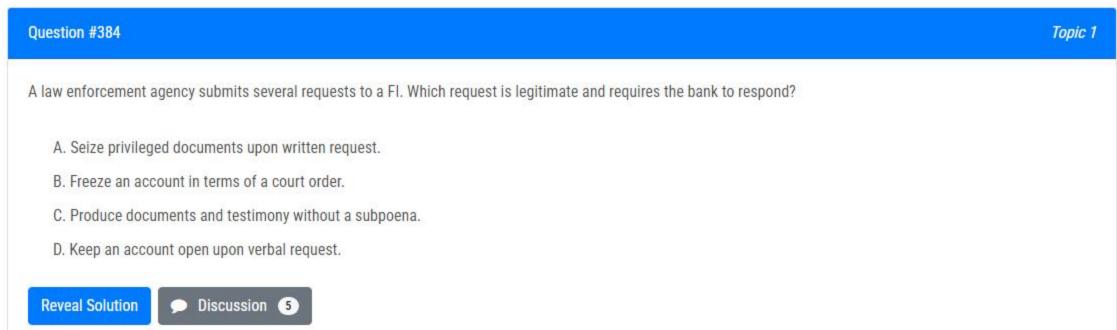
- A. offering internal policies training, such as customer identification and verification procedures and policies.
- B. offering periodic refresher training on AML bases (usually annually) for existing employees.
- C. offering general background and history training pertaining to money laundering controls.
- D. offering appropriate training tailored to the individual's specific roles, like alerts investigators and SARs writers.

Reveal Solution

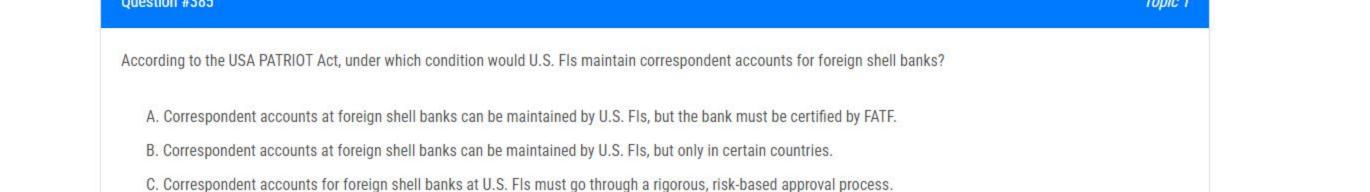
Discussion 4







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Topic 1

D. Correspondent accounts for foreign shell banks at U.S. Fls cannot maintain these types of accounts.

Who bears the ultimate responsibility for approving a FI's relationship with a politically exposed person (PEP)?

Reveal Solution

Question #386

B. Relationship manager

D. Senior management

C. KYC analyst

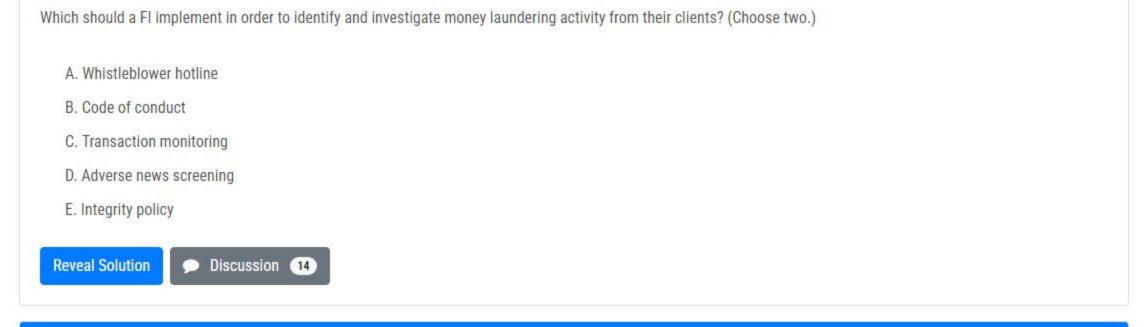
Reveal Solution

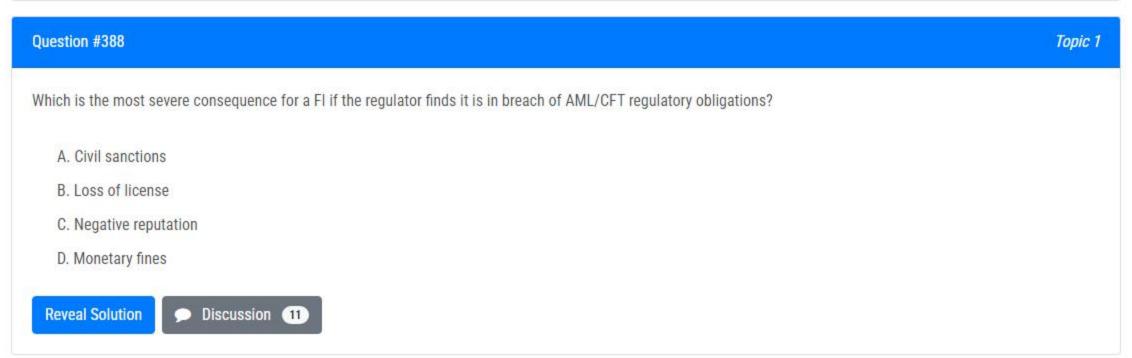
Discussion 4

A. Enhanced due diligence (EDD) compliance officer

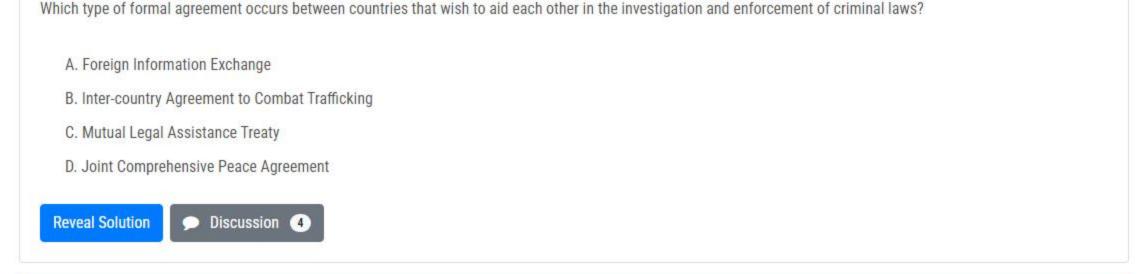
Discussion 6

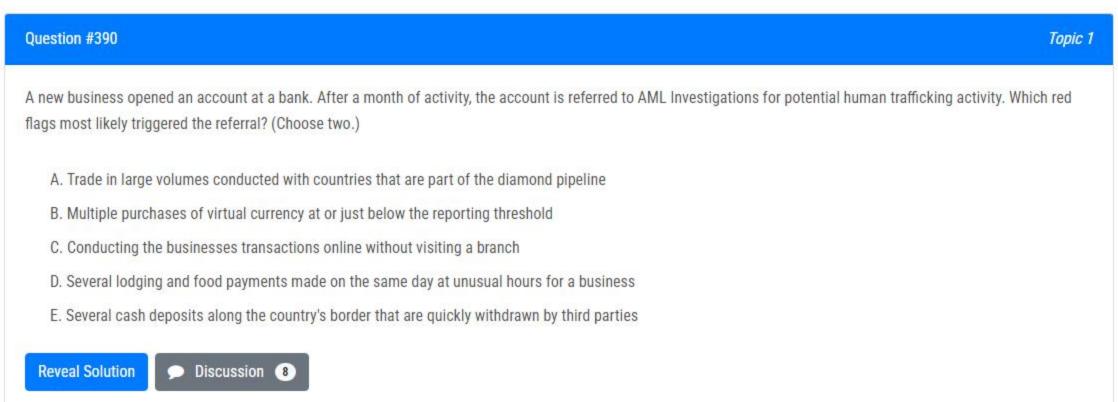
Question #387 Topic 1



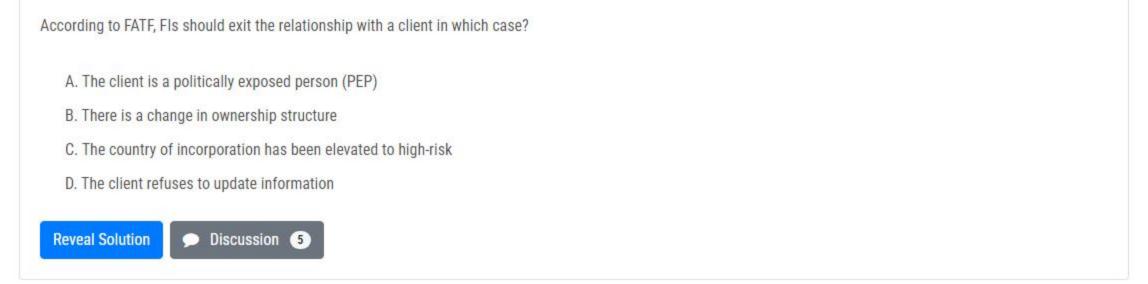


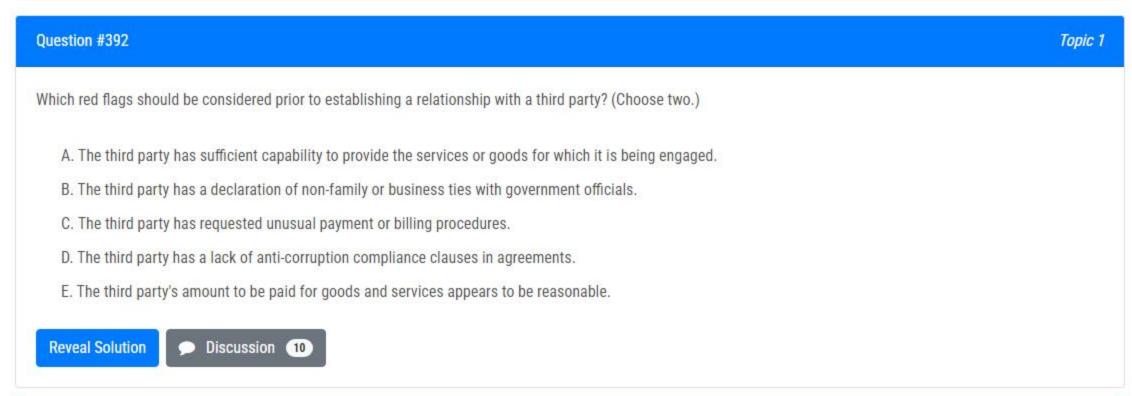
Question #389 Topic 1



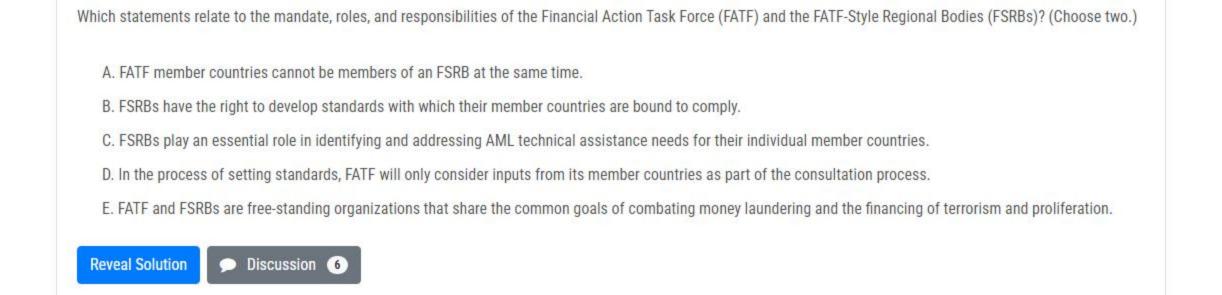


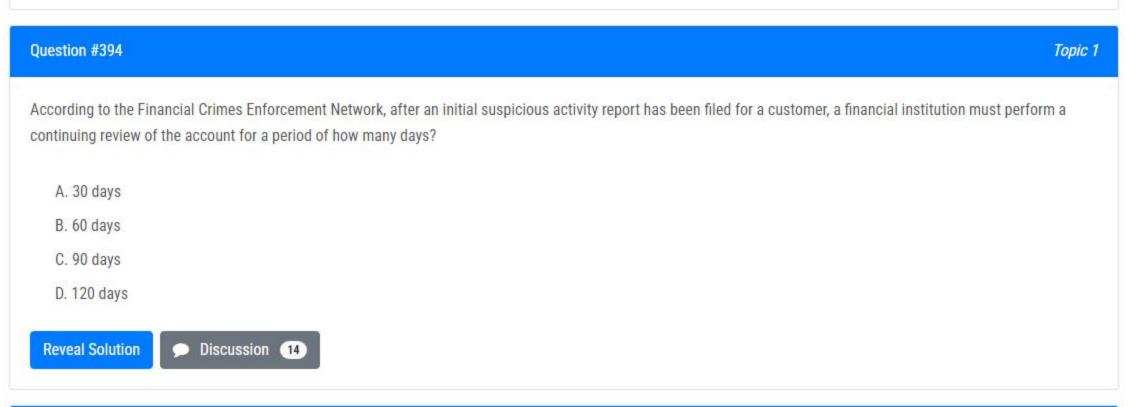
Question #391 Topic 1



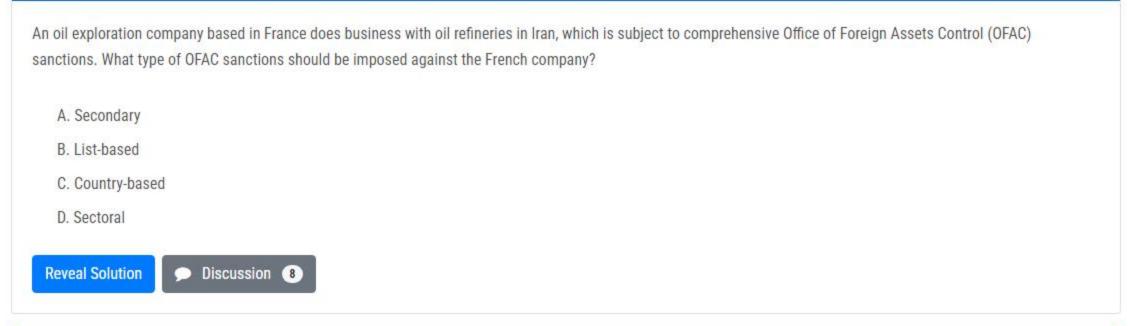


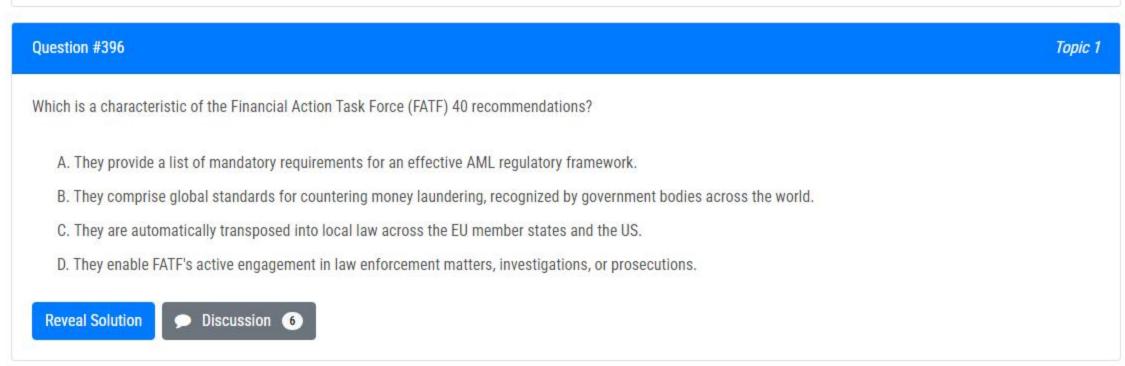
Question #393 Topic 1



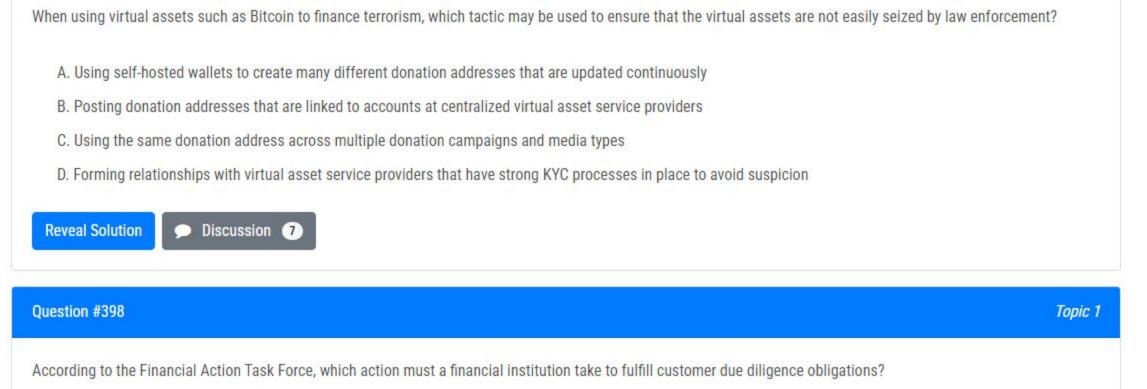


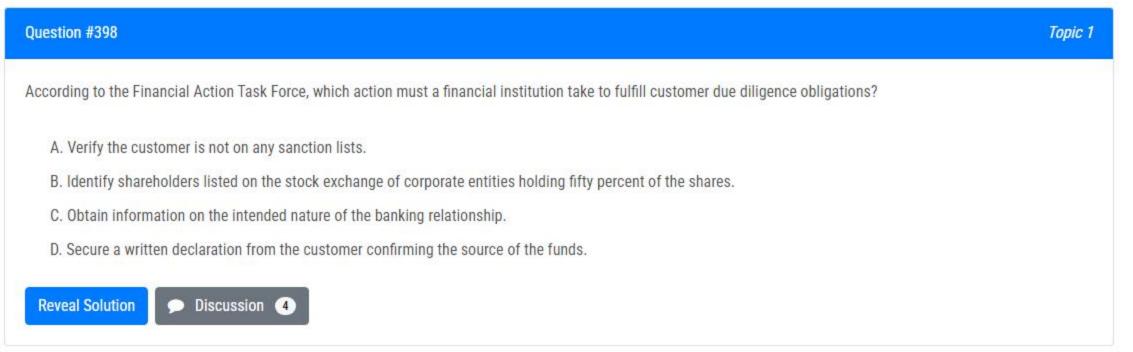
Question #395 Topic 1





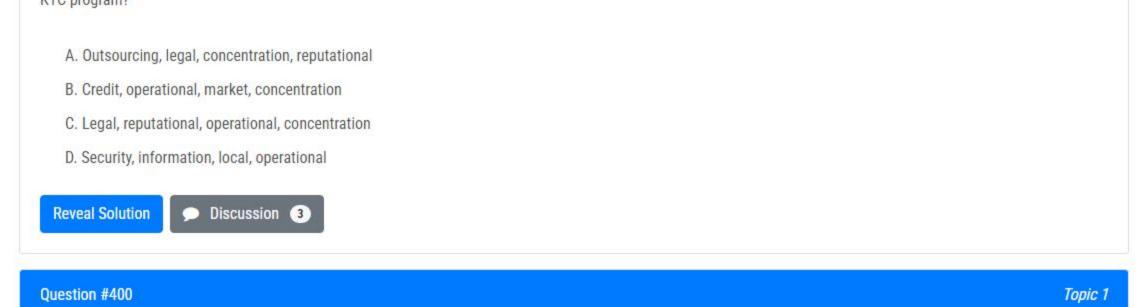
Question #397 Topic 1

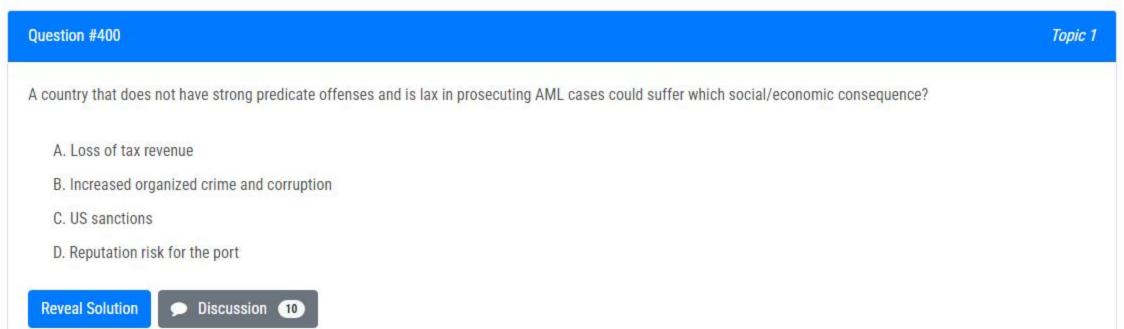




Question #399 Topic 1

In its paper, Customer Due Diligence for Banks, the Basel Committee on Banking Supervision identified which risks on banking institutions as a result of an inadequate





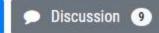


Question #401 Topic 1

The AML compliance officer of a financial institution (FI) has been advised that the institution is being investigated by the country's financial intelligence unit (FIU). What should the AML compliance officer do? (Choose two.)

- A. Monitor the progress of the investigation by keeping clear records.
- B. Share investigation results with other FIs to help them prepare.
- C. Send an informative communication to all employees about the investigation.
- D. Provide all information to the FIU as soon as possible to avoid delays.
- E. Inform senior leadership and the board of the investigation.

Reveal Solution



Question #402 Topic 1

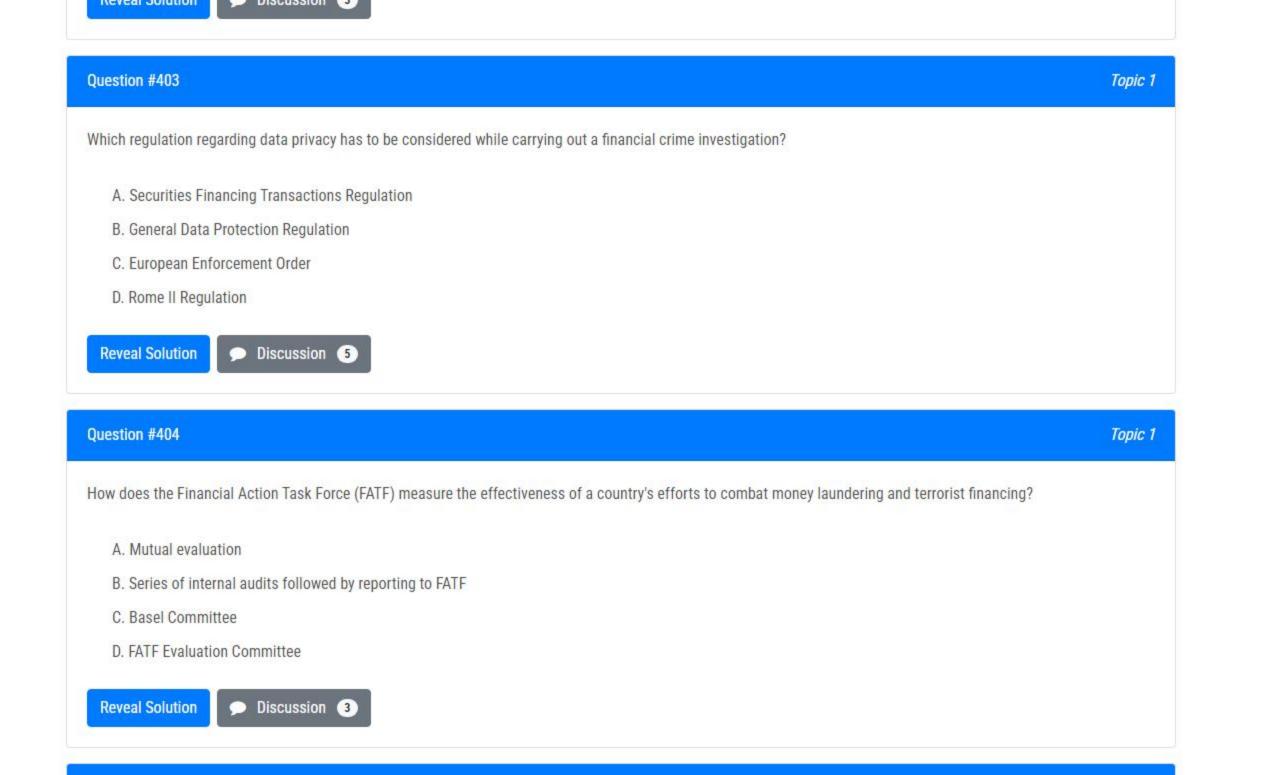
Which regulatory bodies cooperate when dealing with cross-border suspicious or unusual financial activity investigations?

- A. European Commissions
- B. Wolfsberg Groups
- C. Financial Action Task Forces
- D. Financial Intelligence Units







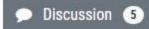


Question #405 Topic 1

Which principles of the Egmont Group of Financial Intelligence Units (FIUs) are aimed at maximizing cooperation between FIUs to more effectively combat money laundering? (Choose two.)

- A. Information exchange should take place informally, without too many formal prerequisites.
- B. FIU cooperation should always be channeled through designated intermediaries.
- C. Formal Egmont Group membership requirements ensure a high commitment of the eligible FIUs.
- D. It is within an FIU's authority to sign Memorandums of Understanding independently.
- E. Eliminating spontaneous information sharing between FIUs to reduce the burden of excess investigative work.

Reveal Solution



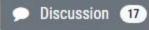
Question #406

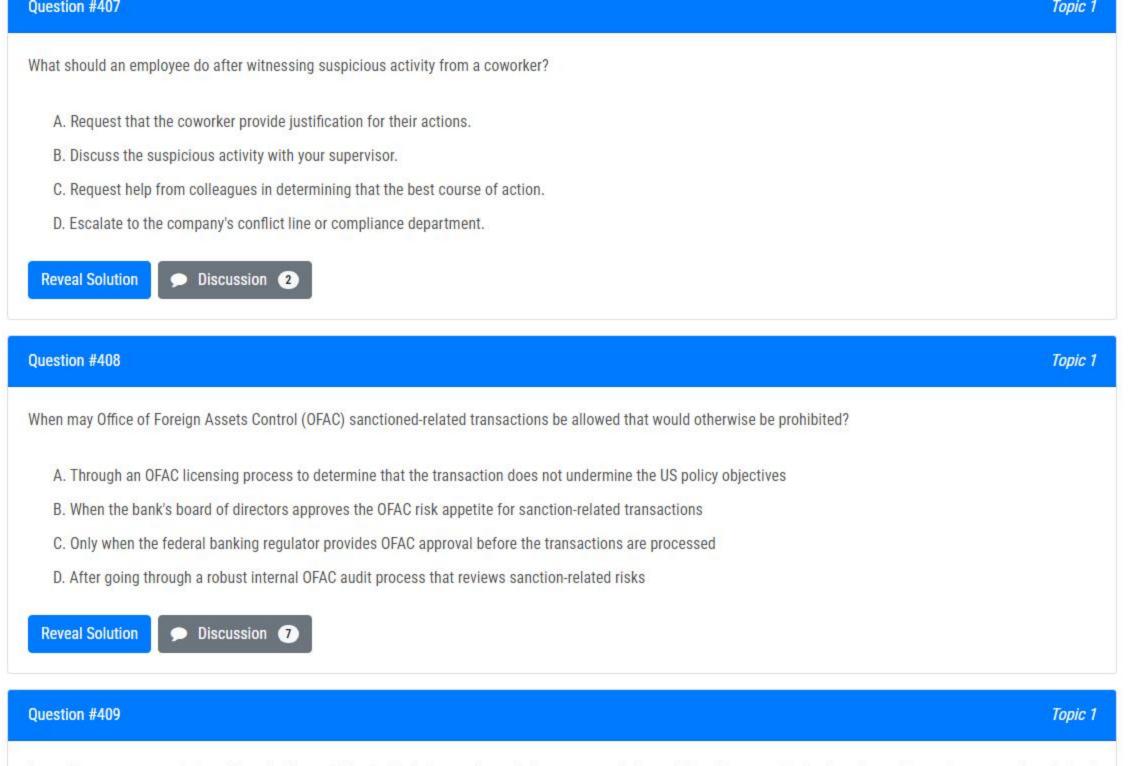
Topic 1

Using the customer profile and expected activity information, a financial institution should be able to identify transactions that are difficult to:

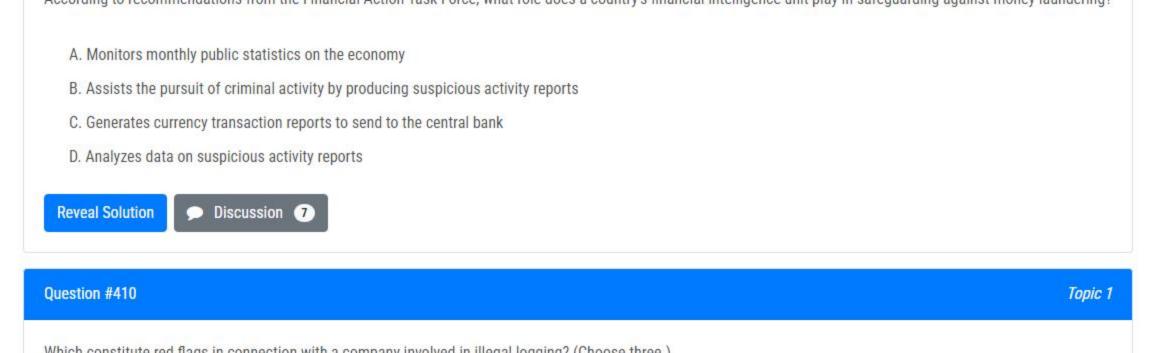
- A. make economic sense.
- B. be strategically viable.
- C. make viable profitability.
- D. cross verify.

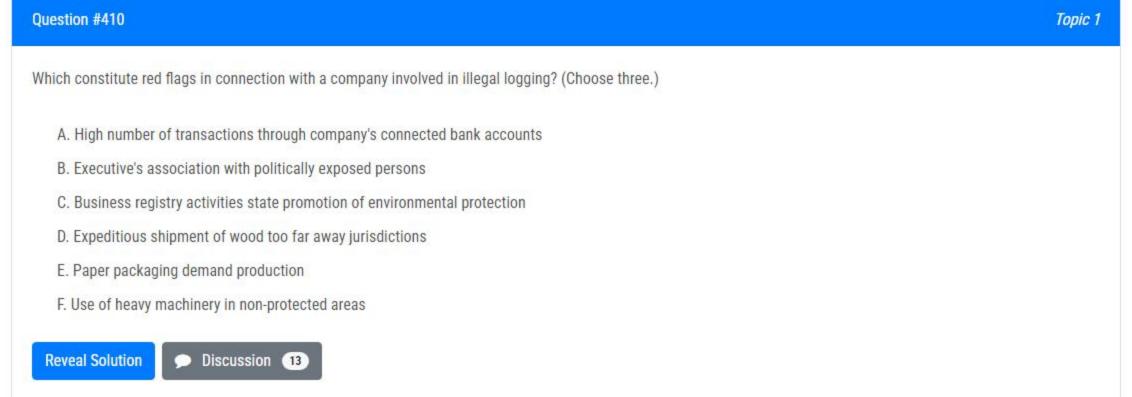
Reveal Solution





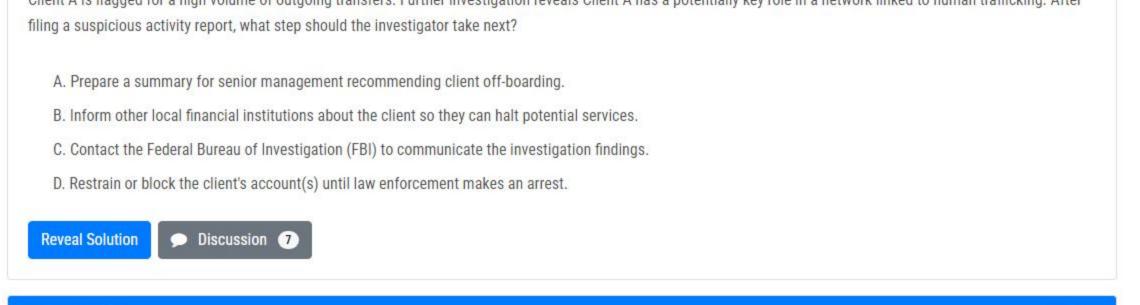
According to recommendations from the Financial Action Task Force, what role does a country's financial intelligence unit play in safeguarding against money laundering?

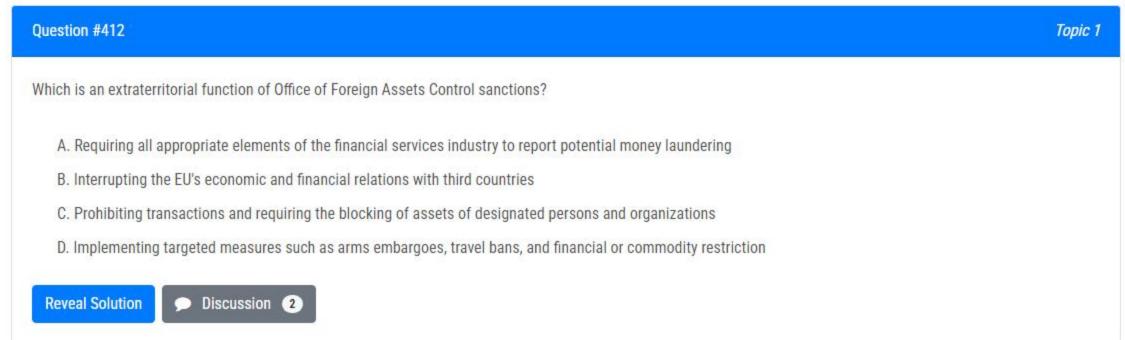




Question #411 Topic 1

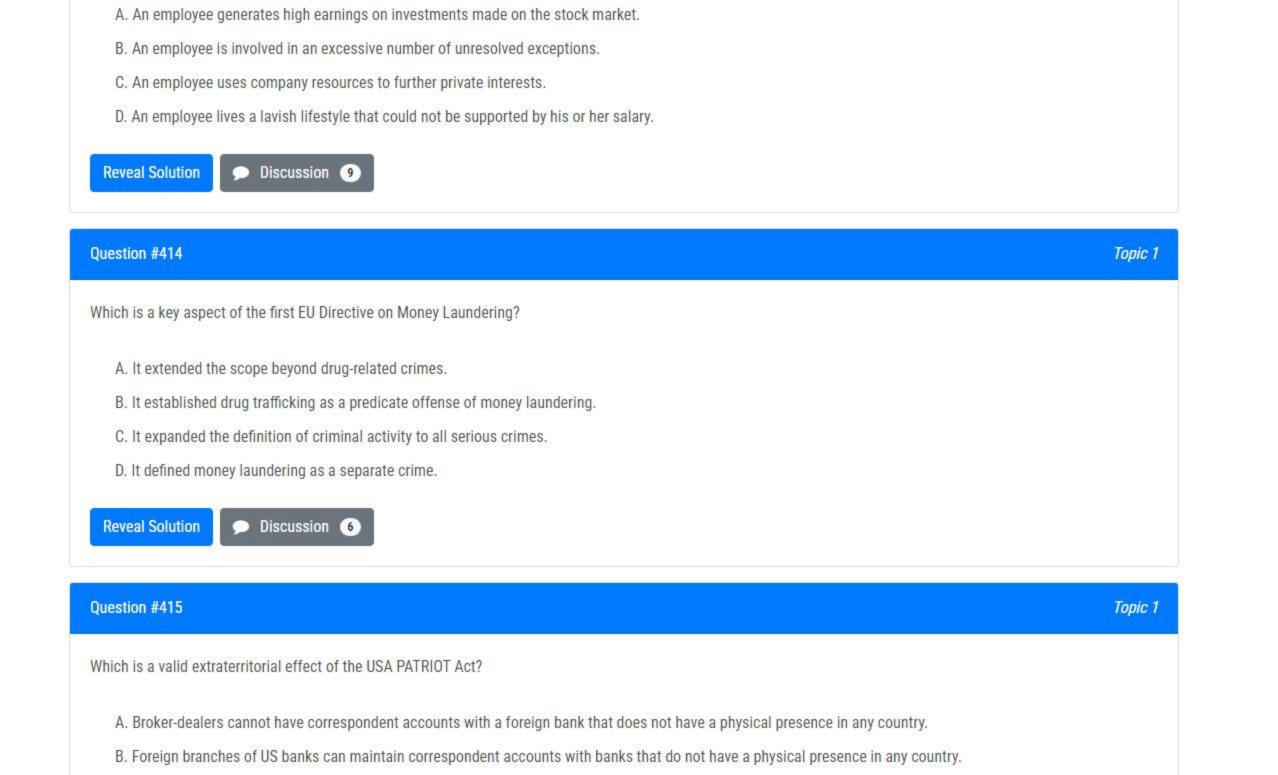
Client A is flagged for a high volume of outgoing transfers. Further investigation reveals Client A has a notentially key role in a network linked to human trafficking. After





Question #413 Topic 1

Which of the following employee behaviors would not trigger an AML red flag?





D. Financial institutions are allowed to specifically direct client transactions that move their funds into, out of, or through an internal bank concentration account.

Reveal Solution Discussion 6

Question #416 Topic 1

A compliance officer is reviewing transactions related to a company suspected of being involved in wildlife trafficking. Which of the activities below are common in wildlife trafficking schemes? (Choose two.)

- A. Payment of transportation charges using a fraudulent financial instrument
- B. Exchanging fiat currency to cryptocurrency to accomplish payment to the wildlife farm
- C. Large dollar wire transfers between wildlife farms and firms operating in inconsistent lines of business
- D. Customer requests payment of proceeds to an unrelated third party
- E. Activity involving politically exposed persons with environmental, game, or forestry oversight

Reveal Solution



Question #417 Topic 1

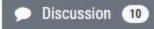
Three individuals enter a casino and use cash to purchase chips worth 20,000 USD. The trio uses 200 USD in chips to play games and then combine their funds to request a casino cheque.

What is the potential red flag that alludes to money laundering?



- B. The trio purchased chips worth 20,000 USD and requested a casino cheque for the remaining chips.
- C. The trio uses chips worth 200 USD to gamble before requesting the refund.
- D. The trio purchased the chips with cash and proceeded to gamble.

Reveal Solution



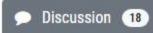
Question #418

Topic 1

A bank's transaction surveillance system triggers an alert for a deposit of 250,000 USD 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? (Choose three.)

- A. File the suspicious transaction immediately to the financial intelligence unit.
- B. Review the transaction background in the bank's transaction platform.
- C. Review the alert if the deposit is made in cash.
- D. Discard the alert as a false positive hit.
- E. Contact the client advisor to learn if he has any insight on the transaction background.
- F. Request information and documentation from the client on the background of the transaction.

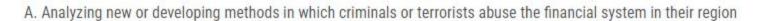
Reveal Solution



Question #419

Topic 1

Which is a goal of Financial Action Task Force Regional-Style Bodies?



- B. Executing sound AML processes in response to recommendations
- C. Setting standards to assess whether members have an adequate AML regime
- D. Enforcing local AML laws and regulations



Question #420 Topic 1

Potential indicators of money laundering associated with Trust and Company Service Providers include: (Choose two.)

- A. multi-jurisdictional wire transfers with no legal purpose.
- B. house of legal persons in jurisdictions with strict secrecy laws.
- C. structuring cash deposits into third party accounts.
- D. generation of rental income to legitimize illicit funds.
- E. frequent deposits to or withdrawals from bank accounts.

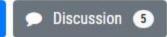


Question #421 Topic 1

A foreign bank's compliance officer receives a request for information from a US bank, alerting the foreign bank to the possibility that it may have transferred funds on behalf of an Office of Foreign Assets Control (OFAC)-sanctioned person, who holds an account with the foreign bank. Which statements are true with respect to said funds and the information in relation to the transaction under scrutiny? (Choose two.)

- A. US authorities are only permitted to seize the funds transferred by the foreign bank under OFAC sanctions if there is an equivalent sanctions regime of the UN which has been contravened.
- B. The USA PATRIOT Act authorizes the Secretary of the Treasury or the Attorney General to subpoena records from the foreign bank that maintains a correspondent account with a US bank.
- C. If a US citizen were part of the foreign bank's Board deliberations where a decision was made to onboard the OFAC-sanctioned entity as a client, then they can be confronted with criminal charges.
- D. If the funds are seized, then the foreign bank would be within its rights to dispute such seizure.
- E. US authorities have no power (in terms of the PATRIOT Act) to sanction the foreign bank for transferring funds on behalf of an OFAC-sanctioned entity.

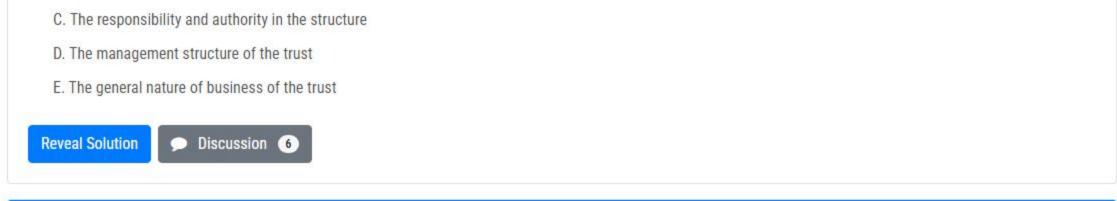
Reveal Solution

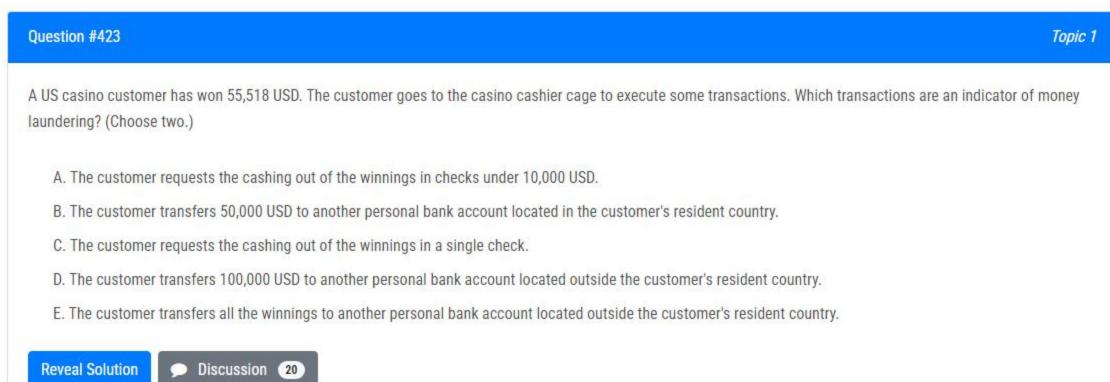


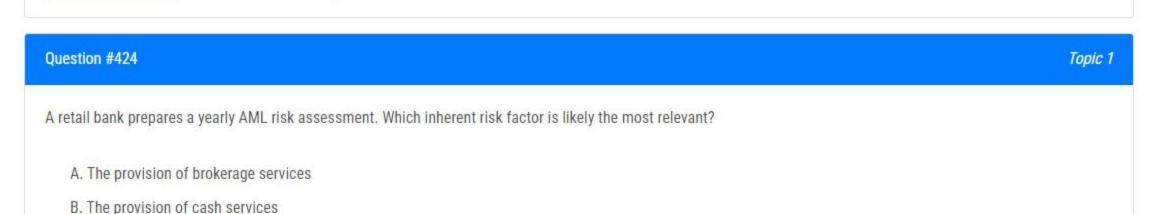
Question #422 Topic 1

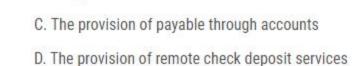
According to the Financial Action Task Force, as part of their risk assessment, which are important data and information that a Trust and Company Service Provider must understand when establishing and administering a trust? (Choose two.)

- A. The source of funds in the structure
- B. The general purpose behind the structure









Reveal Solution

Discussion 9



Question #425 Topic 1

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? (Choose two.)

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

Reveal Solution



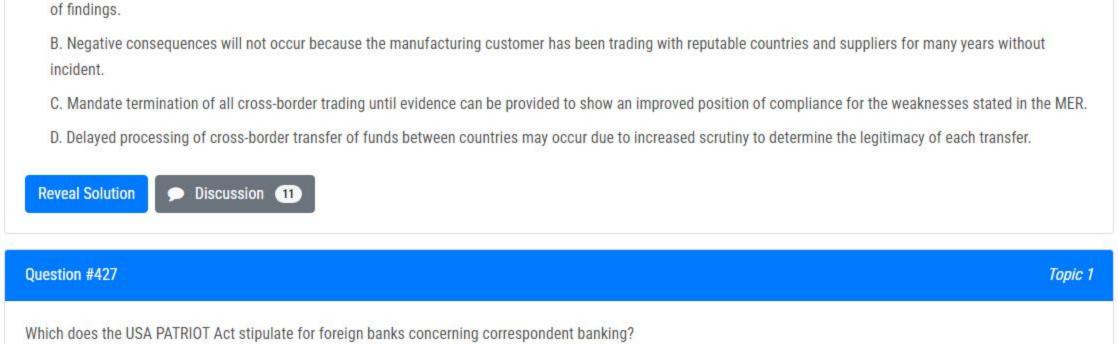
Discussion 4

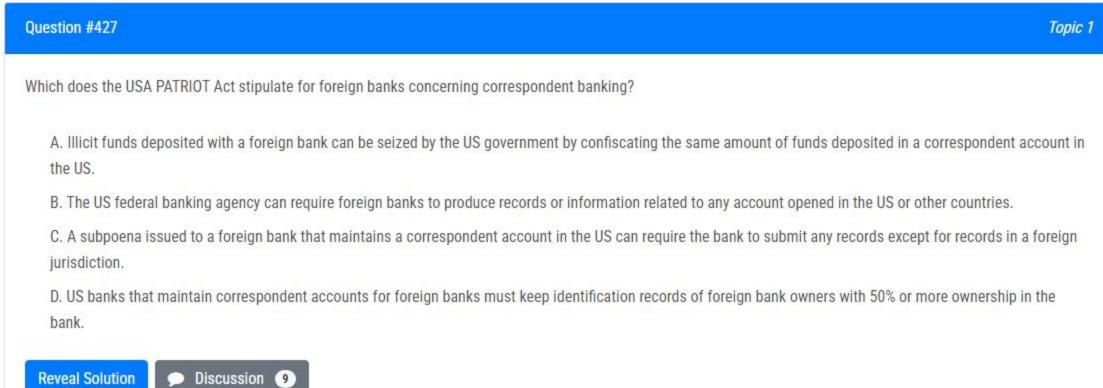


Question #426 Topic 1

The Chief Compliance Officer (CCO) of a financial institution has been asked by a manufacturing customer reliant upon imported raw materials if there will be repercussions to his business following the weak assessment of the recent publicly issued Financial Action Task Force (FATF) Mutual Evaluation Report (MER). How should the CCO respond?

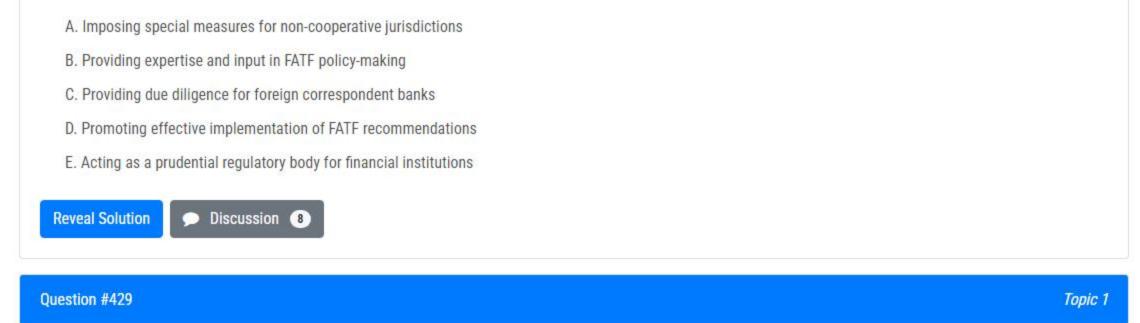
A. Citing inaccurate content of the MER, the president of the country has called upon the FATF to publicly withdraw the MER and commission an independent review

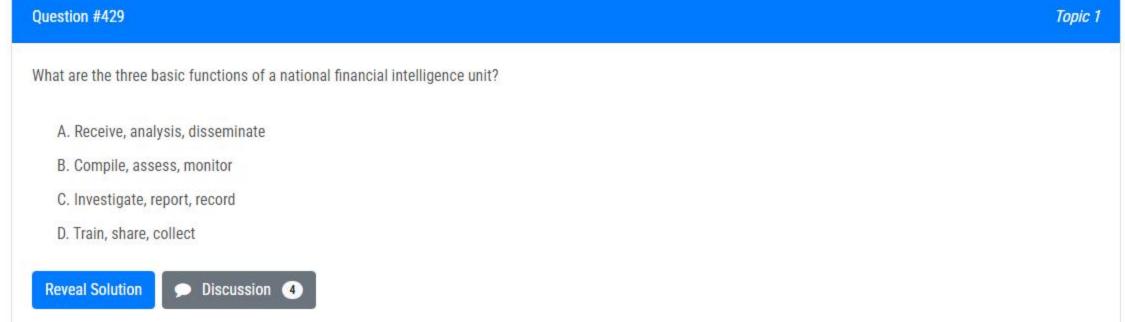


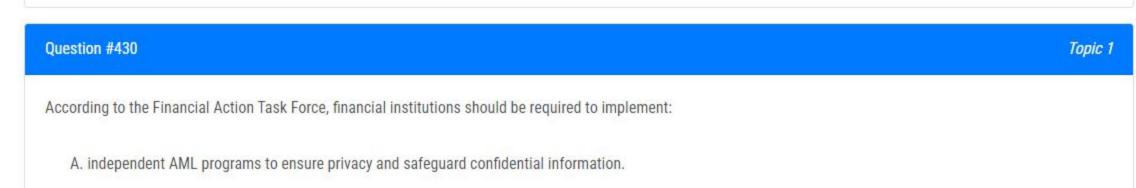


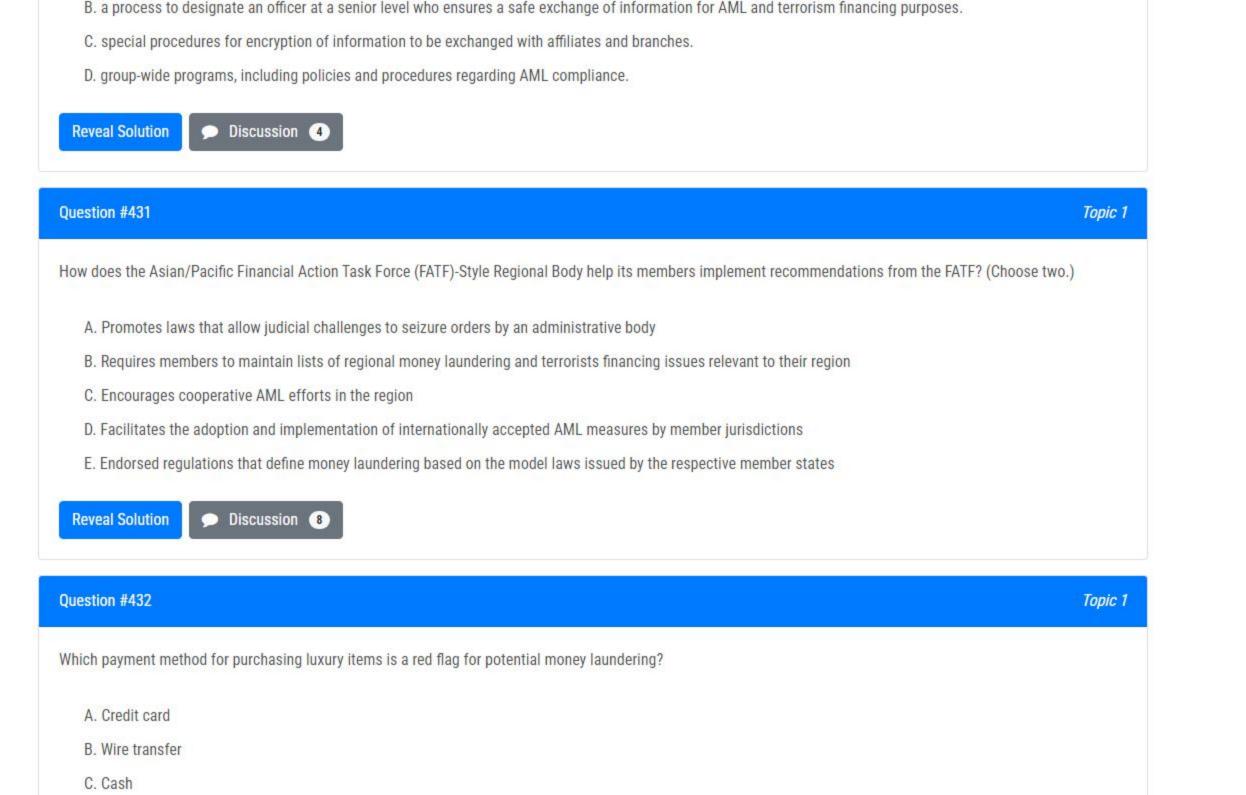
Question #428 Topic 1

Which are primary purposes of Financial Action Task Force (FATF)-Style Regional Bodies? (Choose two.)

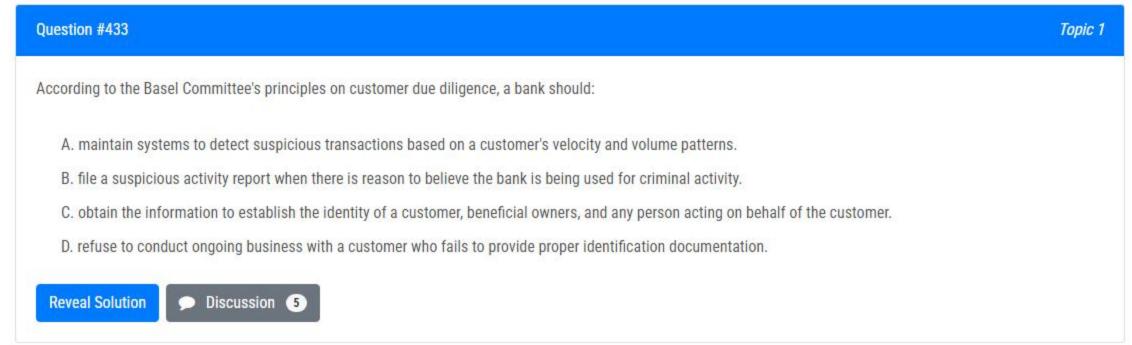








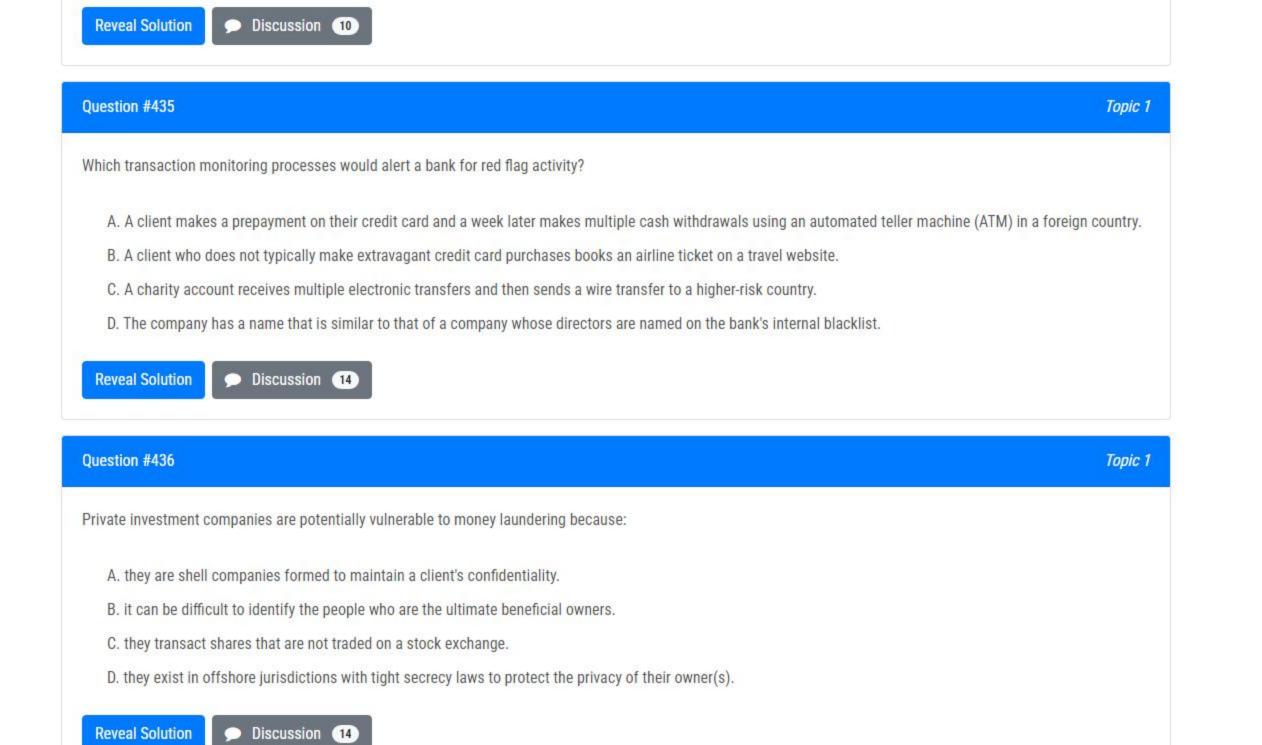




Question #434 Topic 1

Release of the EU's Fourth AML Directive resulted in what change to member state's procedures? (Choose two.)

- A. Knowledge of criminal conduct could be inferred from objective factual circumstances.
- B. Money laundering and terrorist financing were defined as separate crimes, expanding the directive's measures.
- C. The threshold for reporting suspicious transactions decreased from 15,000 EUR to 10,000 EUR.
- D. The scope of obliged entities was enlarged from casinos to all providers of gambling services.
- E. All financial institutions were required to identify and verify the beneficial owner of legal entities.

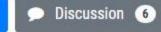


Question #437 Topic 1

Which is a key characteristic of the Financial Action Task Force (FATF) Regional Style Bodies for combatting money laundering/terrorist financing?

- A. Emphasizing regional co-operation between member countries
- B. Implementing regional mutual evaluation procedures
- C. Instructing each member country to place FATF recommendations into law
- D. Enabling FATF standards to be specific to each region

Reveal Solution

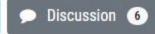


Question #438 Topic 1

When assessing and managing money laundering risks while operating in foreign jurisdictions different from that of the head office, an effective AML monitoring program should:

- A. be tailored to the higher of standards between the jurisdictions.
- B. conform to the foreign jurisdiction policies to align with the head office policies.
- C. Be consistent with the head office audits.
- D. Provide all foreign jurisdiction reports to the head office for approval.

Reveal Solution



Question #439 Topic 1



