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Guarantee

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QUESTION 1

During a review of the accounts related to Richard Aston, an investigator notices a high number of incoming payments from various individuals.

An investigator at a financial institution (FI) receives an automated transaction alert based on average KYC data within the institution.

Client name	Risk rating	Profession	Country of Tax Residence	Annual Income as per KYC	Monthly Transaction Volume (Month 1)	Monthly Transaction Volume (Month 2)	Monthly Transaction Volume (Month 3)	Average Monthly Spending
Mike Jacob	Low	Accountant	Cyprus	\$ 45,000	\$ 3,251.00	\$ 8,777.70	\$11,378.50	\$ 525.00
Carl Ahmad	High	Car Dealer	Cyprus	\$ 350,000	\$ 9,333.33	\$12,600.00	\$10,360.00	\$ 6,708.33
Farah Zein	Medium	Owner of Travel Agency	Cyprus	\$ 180,000	\$ 4,800.00	\$ 6,480.00	\$ 5,328.00	\$ 4,200.00
Henry Lock	High	Owner of Jewelry Store	Cyprus	\$ 630,000	\$ 16,800.00	\$36,960.00	\$18,648.00	\$ 9,975.00
Jason Right	Low	Teacher	Cyprus	\$ 62,000	\$ 1,653.33	\$ 2,232.00	\$ 1,835.20	\$ 1,395.00
Nadine Kien	High	Trader	Cyprus	\$ 280,000	\$ 7,466.67	\$ 10,080.00	\$ 8,288.00	\$ 5,600.00
May Clous	Low	Employee at a bank	Cyprus	\$ 54,000	\$ 1,440.00	\$ 1,944.00	\$ 1,598.40	\$ 765.00
Richard Aston	Medium	Hotel Manager	Cyprus	\$ 120,000	\$ 3,200.00	\$ 4,320.00	\$ 3,552.00	\$ 1,800.00
Mason Jacob	High	Ecommerce business owner	Cyprus	\$ 430,000	\$ 11,466.67	\$15,480.00	\$28,666.67	\$ 9,316.67
Joshua White	Low	Manager at engineering company	Cyprus	\$ 90,000	\$ 2,400.00	\$ 3,240.00	\$ 2,664.00	\$1,470.00

They also notice that these incoming payments typically occur during large sporting events or conferences. As a result of the account review, of which illegal activity does the investigator have reasonable grounds to suspect Richard Aston?

- A. Embezzling from the hotel
- B. Aftermarket sales of entertainment admission tickets
- C. Human trafficking
- D. Sports betting

Correct Answer: B

The illegal activity that the investigator has reasonable grounds to suspect Richard Aston of is aftermarket sales of entertainment admission tickets. This is because aftermarket sales of entertainment admission tickets involve reselling tickets for events, concerts, festivals, etc. at a higher price than their face value, often through online platforms or scalpers. This practice can be illegal or unethical, depending on the jurisdiction and the terms and conditions of the original ticket seller. The investigator should look for indicators of aftermarket sales of entertainment admission tickets, such as high volume or frequency of incoming payments from various individuals, correlation between incoming payments and major events or conferences, and discrepancy between the customer's profile and the nature of the transactions. The other options are incorrect because:

A. Embezzling from the hotel is not likely, as it would involve stealing money or property from the hotel by an employee or a person in a position of trust. There is no evidence that Richard Aston works for or has access to the hotel's assets.
C. Human trafficking is not probable, as it would involve exploiting people for forced labor or commercial sexual exploitation. There is no indication that Richard Aston is involved in any form of human trafficking or has any connection to victims or perpetrators.
D. Sports betting is not plausible, as it would involve wagering money on the outcome of sporting events or games. There is no sign that Richard Aston is engaged in any sports betting activity or has any association with bookmakers or gamblers. References: Advanced CAMS-FCI Certification | ACAMS, Section 2: Investigating Financial Crimes, page 10 TicketSwap: The safest way to buy and sell tickets Ticketing 101 | Ticketmaster 10 Types of Tickets For Events (+ Why and When To Use Them) - Eventbrite

QUESTION 2

Which actions should financial institutions perform to ensure proper data governance? (Select Three.)

- A. Establish an appropriate data management method for collecting and storing information.
- B. Ensure the accuracy of customer identification records and transaction records and appropriately manage data as a prerequisite for the effective use of IT systems.
- C. For customers who are determined to be at high risk, review their risk rating and apply risk mitigation measures as appropriate.
- D. Periodically validate integrity and accuracy of information used for IT systems such as customer information, customer identification records, and transaction records.
- E. Evaluate the nature of foreign remittance under a risk-based structure of AML/CFT and take necessary measures in accordance with the risk-based approach.
- F. Review significant discrepancies between the values of the product reported on the invoice and the fair market value.

Correct Answer: ABD

Financial institutions should perform the following actions to ensure proper data governance:

Establish an appropriate data management method for collecting and storing information. This is important to ensure that the data is consistent, reliable, and accessible for various purposes, such as risk assessment, compliance reporting,

and customer service. Data management methods may include defining data standards, policies, and procedures; implementing data quality controls and validation checks; and using appropriate data storage systems and formats.

Ensure the accuracy of customer identification records and transaction records and appropriately manage data as a prerequisite for the effective use of IT systems. This is important to comply with the anti-money laundering and counter-terrorist financing (AML/CFT) requirements, such as customer due diligence, transaction monitoring, and suspicious activity reporting. Accurate and complete customer and transaction data also enables financial institutions to use IT

systems

more effectively for data analysis, risk management, and decision making.

Periodically validate integrity and accuracy of information used for IT systems such as customer information, customer identification records, and transaction records. This is important to ensure that the data remains up-to-date, relevant, and

reliable over time. Data validation may include verifying the source and quality of the data; identifying and correcting any errors or inconsistencies; and updating or deleting any obsolete or redundant data.

References:

Data Governance for Financial Institutions - Capgemini Small and Medium-Sized Deposit-Taking Institutions (SMSBs)
Capital and Liquidity Requirements - OSFI

QUESTION 3

In a SAR/STR narrative concerning Individual A, which statement indicates a product of analysis rather than a fact or judgement?

- A. Individual A was the originator of nine wires totaling 225,000 USD between January and March 2020.
- B. Individual A made structured cash deposits possibly to circumvent regulatory reporting requirements
- C. Individual A made structured cash deposits on almost consecutive days.
- D. Individual A is a college student and employed part-time at a car wash.

Correct Answer: B

A product of analysis is a conclusion or inference that is derived from facts or judgments, using analytical techniques or tools. Option B is a product of analysis because it implies that the investigator has used a tool or technique, such as a threshold analysis, to identify a pattern of structured cash deposits that may indicate an attempt to evade reporting requirements. The other options are facts or judgments that can be verified by evidence or observation.

References: Advanced CAMS-FCI Certification Handbook, page 23.

QUESTION 4

An investigator is reviewing a case generated from the transaction monitoring system, with two large amounts of incoming remittance (IR) to an individual customer. Based on the KYC profile, the customer is a plant manager of a famous multi-national electronics manufacturing firm. As the customer has no similarly large transaction patterns for the past 2 years, the investigator sends an inquiry to the relationship manager (RM) about the nature of the transaction. The RM replies that the transaction is a consultancy fee provided from two different electronics companies with a debit note provided. However, there is no detail of service provided on the debit note, and the remitters are two individuals.

Which actions should the investigator recommend to mitigate risk? (Select Two.)

- A. Exit the relationship with the customer.
- B. Document and maintain a file with the investigative findings.

- C. Discuss the investigation findings with the customer.
- D. Conduct enhanced due diligence.
- E. Re-evaluate the customer risk profile.

Correct Answer: DE

The actions that the investigator should recommend to mitigate risk are conducting enhanced due diligence (D) and re-evaluating the customer risk profile (E). These actions are appropriate and prudent, as they allow the investigator to obtain more information and evidence about the nature and purpose of the transactions, the source and destination of the funds, and the identity and legitimacy of the parties involved. According to the ACAMS Advanced Financial Crimes Investigations Certification Study Guide¹, "the FI should conduct enhanced due diligence on all parties involved in the investigation, including checking various sources of information, such as watch lists, sanctions lists, negative news, and official registries" (p. 24). The FI should also "re-assess the customer risk profile based on any new information obtained during the investigation, and adjust the customer due diligence and monitoring requirements accordingly" (p. 25).

The other options are not as appropriate or effective as options D and E. The investigator should not recommend exiting the relationship with the customer (A), as this could be premature or disproportionate, as well as potentially discriminatory or illegal. The investigator should not recommend documenting and maintaining a file with the investigative findings (B), as this is not an action to mitigate risk, but rather a standard procedure for any investigation. The investigator should not recommend discussing the investigation findings with the customer ? as this could compromise the integrity and objectivity of the investigation, as well as expose the FI to legal or regulatory risks. References: 1: ACAMS Advanced Financial Crimes Investigations Certification Study Guide

QUESTION 5

An analyst reviews an alert for high volume Automated Clearing House (ACH) activity in an account. The analyst's initial research finds the account is for a commercial daycare account that receives high volumes of large government-funded ACH transactions to support the programs. The account activity consists of checks (cheques) made payable to individual names in varying dollar amounts. One check indicates rent to another business.

An Internet search finds that the daycare company owner has previous government-issued violations for safety and classroom size needs, such as not having enough chairs and tables per enrollee. These violations were issued to a different daycare name.

Simultaneous to this investigation, another analyst sends an email about negative news articles referencing local child/adult daycare companies misusing governmental grants. This prompts the financial institution (FI) to search all businesses for names containing daycare or care*. Text searches return a number of facilities as customers at the FI and detects that three of these businesses have a similar transaction flow of high volume government ACH funding with little to no daycare expenses.

The analyst determines that site visits should be conducted for the three daycare businesses. Which observations at the on-site visits would justify writing a SAR/STR? (Select Three.)

- A. Signs of severe wear and poor maintenance at the site
- B. A site located in a commercial building
- C. Lights turned off at the site during operational hours
- D. Visible attendance with children being dropped off by parents
- E. Visible signage indicating the purpose of the building

F. A full parking lot of cars with no staff at the site

Correct Answer: ACF

The observations at the on-site visits that would justify writing a SAR/STR are signs of severe wear and poor maintenance at the site (A), lights turned off at the site during operational hours ? and a full parking lot of cars with no staff at the site (F). These observations suggest that the daycare businesses are not operating legitimately or providing adequate services to their customers, and that they may be misusing governmental grants or laundering money through their accounts. These observations are consistent with some of the red flags for fraud identified by ACAMS2, such as:

Inadequate facilities or equipment for the type of business Lack of visible activity or customers at the business location Discrepancy between reported income and expenses Unusual volume or frequency of transactions The other observations are not as relevant or indicative of fraud as options A, C, and F. A site located in a commercial building (B) could be a normal or legitimate choice for a daycare business, depending on its size, location, and availability. Visible attendance with children being dropped off by parents (D) could show that the daycare business is providing genuine services to its customers, although it does not rule out possible fraud or money laundering. Visible signage indicating the purpose of building (E) could also show that the daycare business is transparent and legitimate, although it does not guarantee its quality or compliance.

References: 1: ACAMS Advanced Financial Crimes Investigations Certification Study Guide, available at ACAMS 2: ACAMS Fraud Prevention eLearning Course Module 3: Fraud Detection Techniques

QUESTION 6

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

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

Correct Answer: B

An investigator should avoid escalating a suspicious event to the chief compliance officer if there is a potential conflict of interest, such as when a close family member of the officer is involved in the transaction. In such a case, the investigator should pursue other channels, such as reporting to a higher authority or an independent committee. The other options do not present a conflict of interest and should be escalated to the chief compliance officer as part of the normal procedure. References: Advanced CAMS-FCI Certification Handbook, page 18.

QUESTION 7

SAR/STR NARRATIVE

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

Client Information:

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

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

Payment Reference:

ABCXXXXX31PZFG2H

ABCXXXXX51PQGEH

ABCXXXXX214QWVG

ABCXXXXX41PSXA2

ABCXXXXX815QWS3

Concerns:

1.

We are unsure about the country of incorporation of the beneficiaries.

2.

We are concerned about the transactional activity since the payment made towards entities (conducted on behalf of individuals) appears to be possible tax evasion.

3.

There appears to be an attempt to conceal the identity of individuals (senior management), which again raises concerns about the source of funds.

4.

Referring to the response received from ABC Bank, we are unclear about the ultimate beneficiary of funds.

5.

The remitter is involved in a high-risk business, (i.e., oil and crude products trading), and the beneficiary is involved in real estate business which again poses a higher risk.

While reviewing the account activity, it is noted that several transfers are sent to a company located in an offshore jurisdiction. Which step should the investigator take next?

A. Request information from the company.

B. File a SAR/STR to the FIU where the company is located.

C. Request information about the beneficiaries related to the company.

D. Conduct an open-source search to determine the ownership and registration of the company.

Correct Answer: C

The best step for the investigator to take next is to request information about the beneficiaries related to the company. This will help to identify the ultimate beneficial owners of the funds and the purpose of the transactions. Requesting

information from the company or filing a SAR/STR to the FIU where the company is located may not be feasible or effective, as the company may not cooperate or the FIU may not have jurisdiction over the offshore entity. Conducting an

open-source search may provide some information about the ownership and registration of the company, but it may not be sufficient or reliable to determine the nature and legitimacy of the transactions.

References:

SAR Narrative Guidance Package

Best Practices for Drafting an STR or SAR

QUESTION 8

An EU bank account received 1.8 million EUR from a Swiss bank. The EU bank determines the originator was indicted by U.S. law enforcement, arrested in Switzerland, and extradited for alleged insider trading. Which is the best reason the EU bank should file a SAR/STR?

- A. The originator was indicted by U.S. law enforcement.
- B. Insider trading is a predicate offense in the U.S. and Switzerland.
- C. The events raise concerns that the payment represents proceeds from insider trading.
- D. The Swiss bank filed a SAR/STR with the Money Laundering Reporting Office Switzerland.

Correct Answer: C

The best reason the EU bank should file a SAR/STR is that the events raise concerns that the payment represents proceeds from insider trading, which is a form of market abuse and a predicate offense for money laundering in many jurisdictions. The fact that the originator was indicted by U.S. law enforcement, arrested in Switzerland, and extradited for alleged insider trading indicates that there is a strong suspicion that the funds are derived from criminal activity. The other options are not sufficient reasons to file a SAR/STR, as they do not directly relate to the nature or source of the funds. References: [Financial Action Task Force Report on Money Laundering and Terrorist Financing Risks and Vulnerabilities Associated with Gold], page 17 : [Leading Complex Investigations Certificate], page 12

QUESTION 9

An investigator at a corporate bank is conducting transaction monitoring alerts clearance.

KYC profile background: An entity customer, doing business offshore in Hong Kong, established a banking business relationship with the bank in 2017 for deposit and loan purposes. It acts as an offshore investment holding company. The customer declared that the ongoing source of funds to this account comes from group-related companies.

1.

X is the UBO. and owns 97% shares of this entity customer;

2.

Y is the authorized signatory of this entity customer. This entity customer was previously the subject of a SAR/STR. KYC PROFILE Customer Name: AAA International Company. Ltd Customer ID: 123456 Account Opened: June 2017 Last KYC review date: 15 Nov 2020 Country and Year of Incorporation: The British Virgin Islands, May 2017 AML risk level: High

Account opening and purpose: Deposits, Loans, and Trade Finance Anticipated account activities: 1 to 5 transactions per year and around 1 million per transaction amount During the investigation, the investigator reviewed remittance transactions activities for the period from Jul 2019 to Sep 2021 and noted the following transactions pattern: TRANSACTION JOURNAL Review dates: from July 2019 to Sept 2021 For Hong Kong Dollars (HKD) currency: Incoming transactions: 2 inward remittances of around 1.88 million HKD in total from different third parties Outgoing transactions: 24 outward remittances of around 9.4 million HKD in total to different third parties For United States Dollars (USD) currency: Incoming transactions: 13 inward remittances of around 3.3 million USD in total from different third parties Outgoing transactions: 10 outward remittances of around 9.4 million USD in total to different third parties. RFI Information and Supporting documents: According to the RFI reply received on 26 May 2021, the customer provided the bank with the information below: 1J All incoming funds received in HKD and USD currencies were monies lent from non- customers of the bank. Copies of loan agreements had been provided as supporting documents. All of the loan agreements were in the same format and all

the lenders are engaged in trading business.

2) Some loan agreements were signed among four parties, including among lenders, borrower (the bank's customer), guarantor, and guardian with supplemental agreements, which stated that the customer, as a borrower, who failed to repay the loan

Which additional information would support escalating this account for closure?

- A. The bank files SARs/STRs indicating that Y opened accounts for small companies located in close proximity to the bank.
- B. A follow-up request reveals that the account receives funds from loans, collects payments from group-related companies, and sends the payments to the lenders.
- C. A review of outward remittances reveals the same pattern of several simple steps for each transaction,
- D. A review of X's personal bank account shows that X received wire transfers that aggregate the amounts transferred to the group-related companies.

Correct Answer: C

A review of outward remittances reveals the same pattern of several simple steps for each transaction, which could indicate a layering scheme to obscure the origin and destination of the funds. This would support escalating this account for closure, as it is inconsistent with the customer's declared purpose and anticipated activities. The other options are not relevant or sufficient to warrant account closure. References: Advanced CAMS-FCI Certification | ACAMS

QUESTION 10

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

- A. Instructing each member country to place FATF recommendations into law
- B. Implementing regional mutual evaluation procedures

- C. Emphasizing regional co-operation between member countries
- D. Enabling FATF standards to be specific to each region

Correct Answer: B

According to the CAMS study guide, the Financial Action Task Force (FATF) Regional Style Bodies are organizations created by the FATF to promote the implementation of anti-money laundering and countering the financing of terrorism (AML/CFT) measures in specific regions. One of the key characteristics of these bodies is the implementation of regional mutual evaluation procedures. Regional mutual evaluations involve member countries evaluating each other's AML/CFT regimes to identify strengths and weaknesses and to develop best practices for improvement. This process allows for greater cooperation between countries and can help to identify and address regional AML/CFT risks more effectively. It also promotes consistency in AML/CFT standards and practices within the region.

QUESTION 11

When crafting internal procedures on writing and submitting SARs/STRs, one should:

- A. use internal keywords and standard industry terms to better provide context within which the suspicious activity was identified.
- B. consider the guidelines issued by the national financial intelligence unit (FIU) and local regulator and incorporate any country-specific requirements.
- C. include attachments with the SARs/STRs as all information needs to be at the disposal of the financial intelligence unit (FIU)
- D. adhere to home jurisdiction guidelines across the whole group when local requirements of the country of operation and home jurisdiction conflict.

Correct Answer: B

When writing and submitting SARs/STRs, one should consider the guidelines issued by the national financial intelligence unit (FIU) and local regulator and incorporate any country-specific requirements. This ensures that the reports are

compliant with the relevant laws and regulations and provide useful information to the authorities. The other options are either incorrect or not best practices. References: Advanced CAMS-FCI Study Guide, page 48-49.

QUESTION 12

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? (Select Three.)

File the suspicious transaction immediately to the financial intelligence unit.

- A. Discard the alert as a false positive hit
- B. Request information and documentation from the client on the background of the transaction.
- C. Contact the client advisor to learn if he has any insight on the transaction background.

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

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

Correct Answer: BCE

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

actions:

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

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

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

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

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

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