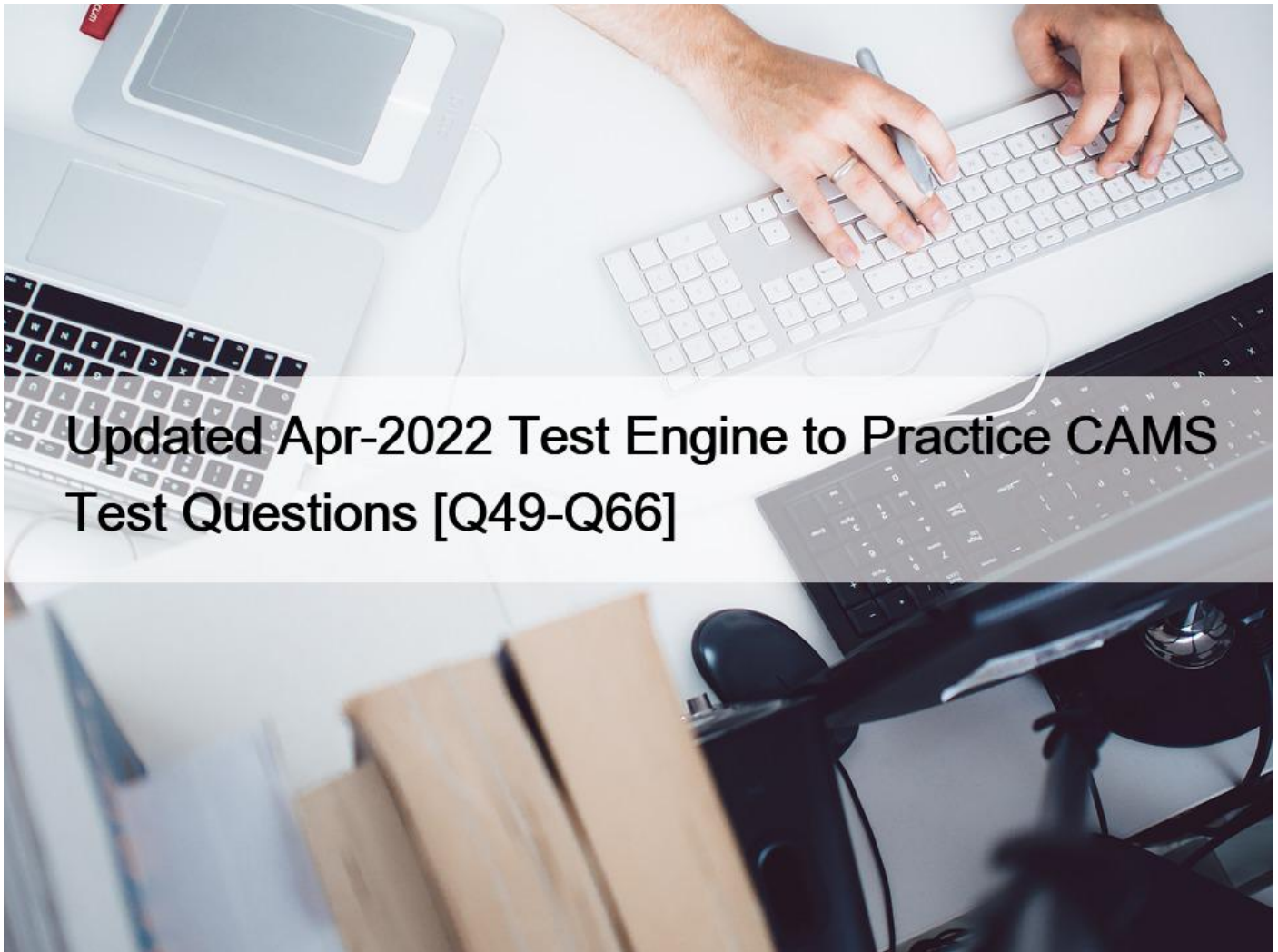


## Updated Apr-2022 Test Engine to Practice CAMS Test Questions [Q49-Q66]



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**Q49.** A profitable commercial customer who operates an import-export business has multiple accounts with the same institution at branches in different locations. The customer receives funds from a jurisdiction perceived as highly corrupt according to Transparency International ratings. The customer makes frequent transfers among the accounts and prefers to manage the accounts separately. What should the institution do to mitigate the risk associated with these accounts?

- \* File a suspicious transaction report
- \* Diminish the importance of the subjective Transparency International rating
- \* Conduct a trade-prnce manipulation analysis
- \* Develop a system to monitor all the activity

**Q50.** 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 screens?

- \* Rely on a credit report from OFAC

- \* Conduct a key-word search on the Internet
- \* Use the consolidated Sanctions List Search screen on the OFAC website
- \* Obtain up-to-date copies of the OFAC's Specially Designated Nationals list

Explanation

As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called Specially Designated Nationals; or SDNs. Their assets are blocked and U.S. persons are generally prohibited from dealing with them. So it's covering all

**Q51.** What facilitates law enforcement agent obtaining evidence from authorities in a foreign country relating to criminal activity?

- \* Mutual Legal Assistance Treaties (MLAT)
- \* Patriot Act Communications System
- \* The World Wide Network of Information Sharing
- \* MLAT Executive Agreement

**Q52.** A junior account manager within an international private bank in Country A noticed that one of his valued customers, who has held an account for several years in the institution, started making cash deposits in batches through various banks in Country B.

The account never received cash deposits and the junior account manager knew that banks in Country B were located very close to each other. What should the junior account manager do?

- \* Close the account.
- \* File a suspicious transaction report with the Financial Intelligence Unit.
- \* Notify the anti-money laundering specialist of his bank, but do not call the customer.
- \* Offer the customer a more secure method of depositing in the hope of learning something more during the conversation.

**Q53.** Which is a key goal of EU Directives on money laundering?

- \* Establish a consistent regulatory environment across the EU to prevent money laundering
- \* Address control of payments in EU countries to reduce money laundering
- \* Allow member states to discuss the draft legislation with the cooperation of the EU Financial Intelligence Units (FIUs)
- \* Build a network of financial institutions (FIs) that work together to prevent money laundering across the EU

**Q54.** 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 oversight by the institution's leadership in implementing adequate controls over the new products and services.

Which area of international control should leadership first address to correct the weaknesses in the program?

- \* Anti-money laundering training
- \* Anti-money laundering policy
- \* Money laundering risk assessment
- \* Anti-money laundering compliance staff

Explanation/Reference:

**Q55.** According to the Financial Action Task Force 40 Recommendations, Designated Non-Financial Businesses and Professionals include which entities?

- \* Commodities traders
- \* Money services businesses

- \* Hawala operators
- \* Real estate agents

Reference: [http://www.fatfgafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%20\(approved%20February%202012\)%20reprint%20May%202012%20web%20version.pdf](http://www.fatfgafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%20(approved%20February%202012)%20reprint%20May%202012%20web%20version.pdf)(page 19, DNFBPs: customer due diligence, bulleted point (b))

**Q56.** A customer has held an account at a local credit institution for 10 years. The account has received deposits twice weekly for the same amount and has never shown signs of suspect behavior. Monitoring software indicated that in the past few months the account has received several large deposits that were not in line with the account history.

When asked, the customer states she recently sold a piece of property, which is supported with a proof of sale.

Which of the following should the compliance officer do next?

- \* Investigate these unusual transactions further.
- \* Contact the local Financial Intelligence Unit for advice.
- \* File a suspicious transaction report with the competent authorities.
- \* Document reasons for not filing a suspicious transaction report.

Explanation

The decision of whether or not to file a suspicious transaction report (also known as a suspicious activity report or SAR in the United States) often involves weighing the aggravating and mitigating factors arising from the research conducted during the investigative process. The final decision should be documented and supported by the reasoning that was used to make the determination. The transaction has already been investigated which led to the requesting of the document. The document checked out and the question did not specify the document was suspicious, therefore we can conclude an STR does not need to be completed and thus should move to document the reason why an STR wasn't completed.

**Q57.** The line of business is responsible for creating, implementing and maintaining policies and procedures, as well as communicating these to all personnel. It must also establish processes for screening employees to ensure high ethical and professional standards and deliver appropriate training on AML policies and procedures based on roles and functions performed so employees aware of their responsibilities. To facilitate this, employees should be trained as soon as possible after being hired, with refresher training as appropriate.

To guard against acquisition or control of a financial institution by money launderers or their associates, what should supervisory agencies require?

- \* Adequate surety bonds, cash deposits, or equivalencies
- \* Comprehensive compliance programs
- \* Prospective owners have prior experience in the area of finance
- \* Thorough due diligence on prospective owners

**Q58.** Can trading in antiques be useful for money laundering?

- \* No, because the antiques market is rather small and unusual transactions would draw attention.
- \* No, because antique sales and purchases are highly regulated worldwide.
- \* Yes, because cash is often physically hidden within the antiques themselves.
- \* Yes, because antiques can be of high value and often easily transported.

**Q59.** Which two statements about the Wolfsberg Group are true?

- \* It is composed of representatives of financial intelligence units from around the world
- \* It focuses primarily on Know Your Customer, AML and CTF guidance
- \* It based its original guidance around combating the laundering of proceeds of narcotic trafficking
- \* It has no power to impose its principles/guidance

**Q60.** Which step should be taken to understand the types of financial institutions to whom the services are being offered when a correspondent bank permits relationships according to the Wolfsberg Group?

- \* Review peer-group clients by risk category
- \* Understand the type and volume of accounts serviced
- \* Evaluate the distribution of downstream correspondents and identify any direct or indirect issues
- \* Obtain independent audits or examination reports for relationships to determine risk levels

Explanation/Reference: <http://www.qfcra.com/en-us/whatwedo/AntiMoneyLaundering/Documents/Guidance%20on%20Correspondent%20Banking%20May%202018.pdf> (7)

**Q61.** In order to protect investigative materials from disclosure when conducting an internal Investigation of any employee of a financial institution, legal counsel of that financial should \_\_\_\_\_?

- \* Request formal company authorization to conduct the investigation. Such authorization should be granted, if possible, by the board of directors or audit committee
- \* Refuse to provide any records or documents to law enforcement because the bank has client privilege with its bank customers
- \* Let the bank hire any and all contract investigators to conduct the internal investigation. That way Legal is not a party to the action and may remain independent
- \* Not mark files or documents with privileged and Confidential: Attorney-Client Privilege and/or Work-Product.

Those marks will only encourage law enforcement or opposing attorneys to seize those files

**Q62.** 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.

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

- \* The payment is received via wire transfer.
- \* An agent bids on the painting for a group of investors.
- \* The painting has more than doubled its value in ten years.
- \* Payment is received from an account in an offshore jurisdiction.
- \* Lack of beneficial ownership details for the originating account.

**Q63.** What is a key objective of the Egmont Group?

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

Explanation/Reference: <https://egmontgroup.org/en>

**Q64.** Which action should be taken regarding a particular account once suspicious activity is reported by the institution?

- \* Notify the client that the transaction has been reported
- \* Freeze the funds pending notification from the competent authority
- \* Secure all supporting documentation
- \* Immediately close the account

**Q65.** You need to build a solution to monitor Twitter. The solution must meet the following requirements:

- \* Send an email message to the marketing department when negative Twitter messages are detected.
- \* Run sentiment analysis on Twitter messages that mention specific tags.
- \* Use the least amount of custom code possible.

Which two services should you include in the solution? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

- \* Azure Databricks
- \* Azure Stream Analytics
- \* Azure Functions
- \* Azure Cognitive Services
- \* Azure Logic Apps

Explanation/Reference:

References:

<https://docs.microsoft.com/en-us/azure/stream-analytics/streaming-technologies>

<https://docs.microsoft.com/en-us/azure/stream-analytics/stream-analytics-twitter-sentiment-analysis-trends>

**Q66.** In establishing procedures for the review of suspicious transactions and filling of STRs, what thing should an institution focus on?

- \* The need to have on-going training as to potential red flags that the institution might encounter
- \* The appropriateness of having a centralized review of suspicious transactions and recommendations to file an STR to ensure consistency
- \* A system for tracking STRs and ensuring that appropriate supporting documentation is segregated and maintained
- \* The need not to ensure that the institution has a strong case of impropriety before filling an STR

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