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Advanced CAMS-Financial Crimes Investigations

ACAMS CAMS-FCI

Version Demo

Total Demo Questions: 12

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QUESTION NO: 1

Which payment method for purchasing luxury items is a red flag for potential money laundering?

A. Personal loan

B. Cash

C. Wire transfer

D. Credit card

ANSWER: B

Explanation:

Cash is the correct answer because a high-value cash purchase of a luxury item can be a warning sign that illicit proceeds are being placed into the legitimate economy and converted into a portable store of value. Luxury goods, including high-end vehicles, jewelry, watches, art, and similar assets, may be attractive in financial-crime schemes because they can preserve value, be resold, and in some circumstances be transported or transferred more easily than large volumes of currency. The risk is particularly elevated where the cash amount is unusually large, the purchase is inconsistent with the customer's known profile or apparent means, the customer avoids providing identifying information, or the transaction lacks an evident economic purpose. Cash reduces the transparency and audit trail available from regulated financial institutions, which can make it harder to identify the source of funds and assess whether the activity is consistent with legitimate wealth. The Financial Action Task Force identifies the use of cash and the misuse of high-value goods among risks relevant to money laundering and stresses a risk-based approach to recognizing and mitigating such activity. See the FATF's International Standards on Combating Money Laundering and its guidance on cash-related money-laundering risks.

QUESTION NO: 2

A financial institution (FI) banks a money transmitter business (MTB) located in Miami. The MTB regularly initiates wire transfers with the ultimate beneficiary in Cuba and legally sells travel packages to Cuba. The wire transfers for money remittances comply with the country's economic sanctions policies. A FI investigator on the sanctions team reviews each wire transfer to ensure compliance with sanctions and to monitor transfer details.

An airline located in Cuba, unrelated to the business, legally sells airline tickets in Cuba to Cuban citizens wanting to travel outside of Cuba. The airline tickets are purchased using Cuban currency (CUC).

The MTB wants 100,000 USD worth of CUC. Purchasing CUC from a Cuban bank includes a 4% fee. The MTB contacts the airline to ask if the airline will trade its CUC for USD at a lower exchange fee than the Cuban bank. The airline agrees to a 1% fee. The MTB initiates a wire transfer to the airline which appears as normal activity in the monitoring system because of the business' travel package sales.

The investigator recommends that a SAR/STR be filed. What documentation should be referenced in the SAR/STR filing? (Select Three.)

A. All documents related to the agreement between the airline and the MTB

B. Cumulative dollar amount of the wire transfer activity

C. Airline's ticket sales and passenger list

D. Cumulative dollar amount for transactions listing for all the MTB account's wire activity regarding travel packages

E. Licensing information regarding the travel agency providing tourist sales to Cuba

F. Account documentation on all related accounts maintained by the MTB

ANSWER: B

Explanation:

Cumulative dollar amount of the wire transfer activity should be referenced because a SAR/STR must clearly quantify the suspicious activity being reported. In this scenario, the institution has identified a wire transfer that appears consistent with the money transmitter's ordinary Cuba-related travel activity but is actually connected to an unusual currency-exchange arrangement with an unrelated airline. Stating the cumulative dollar value of the relevant wire activity allows law enforcement and the FIU to assess the scale of the suspected conduct, compare it with the customer's expected activity, and connect the reported transaction to other potentially related transfers. The narrative should also identify the relevant date range, involved parties, accounts, transaction instruments, and the facts that caused the institution to consider the activity suspicious. FinCEN's SAR instructions specifically call for a clear, complete narrative that includes the total dollar amount of suspicious activity and the supporting transactional details needed to understand the activity. Supporting records should be retained and made available upon request, rather than unnecessarily attached or incorporated without relevance. See FinCEN's guidance on preparing a complete and sufficient SAR narrative and its Bank Secrecy Act resources.

QUESTION NO: 3

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 purchase of property in another country.

Payment Reference:

ABCXXXXX31PZFG2H

ABCXXXXXX51PQGEH

ABCXXXXXX214QWVG

ABCXXXXXX41PSXA2

ABCXXXXXX815QWS3

Concerns:

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

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

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

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

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

The monitoring system of the correspondent institution flags the transaction as suspicious activity. The correspondent bank needs to send a request for information to the respondent bank. Which elements should be included in the request? (Select Three.)

A. Details of DEF Oil Resource Ltd parent company and the name(s) of the beneficial owner(s)

B. Full transaction history of the correspondent bank's customer

C. The account profile of the customer and their KYC data

D. The respondent bank's customer's senior management bonus plan

E. The contract pertaining to the purchase of property in another country

F. The last 6 months of transactional history

ANSWER: A C E

Explanation:

The request should seek **Details of DEF Oil Resource Ltd parent company and the name(s) of the beneficial owner(s)**, **The account profile of the customer and their KYC data**, and **The contract pertaining to the purchase of property in another country**. Together, these items provide targeted evidence needed to resolve the principal concerns identified by transaction monitoring: who controls the remitter and beneficiary entities, whether their stated business activity and relationship are understood by the respondent, and whether the payments have a legitimate economic purpose.

Ownership information is particularly important because the payments are reportedly being made through entities established for senior management, while the ultimate recipients are unclear. The customer account profile and KYC information establish the respondent bank's understanding of the customer's expected activity, business operations, jurisdictional exposure, and beneficial ownership. The property-purchase contract provides underlying documentary support for the stated purpose of the transfers and helps identify the property purchaser, parties to the transaction, payment terms, and ultimate beneficiary of funds.

This focused approach reflects risk-based correspondent-banking due diligence and supports effective review of unusual activity. FATF recommends that correspondent institutions understand the respondent institution's business and assess its AML/CFT controls; sound investigations also require obtaining relevant supporting records for the specific activity under review. See [FATF Recommendations, Recommendation 13] and [Wolfsberg Correspondent Banking Due Diligence Questionnaire].

QUESTION NO: 4

Which reputations risk consequence could a financial entity face for violating AML laws?

A. Loss of high-profile customers

B. Seizure of assets

C. Increased audit costs to monitor behavior

D. Monetary penalties

ANSWER: A

Explanation:

Loss of high-profile customers is the reputational-risk consequence of an AML-law violation. A public enforcement action, allegations of weak controls, or evidence that an institution enabled illicit finance can damage confidence among customers, counterparties, investors, and the wider market. High-profile customers are particularly sensitive to association with a financial institution whose name has become linked to financial crime, regulatory failures, or adverse media. Their departure can amplify reputational damage because it attracts further attention and may signal diminished trust in the institution's governance and compliance culture.

Reputation is a core nonfinancial risk because confidence is essential to a financial entity's ability to retain relationships and conduct business. AML compliance programs are therefore expected to be risk-based and reasonably designed to identify suspicious activity, maintain appropriate records, and support reporting obligations. Effective compliance helps protect not only against enforcement exposure but also against the loss of trust that can cause prominent customers to move their business elsewhere. FinCEN describes Bank Secrecy Act compliance expectations and enforcement authority at [FinCEN's Bank Secrecy Act resource page]. The Financial Action Task Force also explains the importance of effective AML/CFT systems at [the FATF Recommendations page].

QUESTION NO: 5

Due to an ever-diversifying business model and multi-jurisdictional footprint, a casino has decided to outsource the source of funds and wealth checks to a third-party provider. Why is it important for the casino to maintain control of the output from the provider?

A. Clients of the casino prefer to know that the casino is keeping their information secure when being held by a third-party.

B. As with all third-party relationships, proper control must be maintained to ensure profitability.

C. The casino maintains ultimate responsibility for this activity and should maintain control to avoid non-compliance.

D. Other casinos are frequently looking to reduce costs and share ideas, so if this relationship is successful, the model can be used by other businesses.

ANSWER: C

Explanation:

The casino maintains ultimate responsibility for this activity and should maintain control to avoid non-compliance. Outsourcing source-of-funds and source-of-wealth checks may provide specialist capacity, technology, or jurisdictional expertise, but it does not transfer the casino’s legal and regulatory accountability for customer due diligence, risk assessment, recordkeeping, and suspicious-activity reporting. The casino therefore needs effective governance over the provider’s work: defined standards and service levels, access to underlying evidence and case records, quality assurance, escalation procedures, audit and monitoring rights, and prompt remediation of deficiencies. Maintaining this control enables the casino to determine whether conclusions reached by the provider are sufficiently supported, consistent with its risk appetite, and appropriate for the customer relationship before relying on them. This is especially important where adverse information, complex ownership structures, politically exposed persons, or inconsistencies in declared wealth require enhanced due diligence and an informed internal decision. FATF states that financial institutions may rely on third parties for elements of customer due diligence only subject to specified conditions; reliance does not remove the institution’s responsibility for CDD compliance. See FATF Recommendations, Recommendation 17. For casinos, risk-based AML/CFT controls and accountable oversight remain central to effective compliance, as reflected in FATF’s risk-based approach guidance for casinos.

QUESTION NO: 6

An investigator is reviewing possible trade-based money laundering involving a customer that imports industrial machinery. The customer has made repeated payments to newly formed overseas suppliers. Shipping records show that the same machinery serial numbers may have been used in more than one import declaration.

Which additional information would be most useful to corroborate the concern? (Select Two.)

A. Customs and carrier records for the relevant shipments

B. Manufacturer records validating the machinery serial numbers

C. The customer's prior-year personal tax return

D. The suppliers' online marketing materials

E. A list of invoices previously paid by the customer

ANSWER: A B

Explanation:

Independent customs or shipping information and manufacturer records tied to the machinery serial numbers are the most useful information because they can establish whether the goods existed, moved as represented, and were legitimately sold only once. Duplicate use of serial numbers can indicate multiple invoicing, phantom shipments, or misrepresentation of trade activity.

A generic statement that the customer has paid invoices does not validate the underlying trade. The customer's tax return may provide broad financial context but does not directly resolve whether the declared machinery and shipments are genuine. The supplier's marketing materials are also weak evidence of the specific transactions under review.

QUESTION NO: 7

The investigative department of a financial institution (FI) receives an internal escalation notice from the remittance department for a SWIFT message requesting a refund due to potential fraud. The notice indicates that a total of three international incoming remittances were transferred to a corporate customer from Country A, in the amount of approximately 5 million EUR for each. The first two incoming remittances had been exchanged into currency B and transferred out to Country B a few days ago. The third incoming remittance has been held by the remittance department.

As noted from the KYC profile, the corporate customer is working in the wood industry. with the last account review completed 3 months ago. Since the account's opening. there has been no history of a large amount of funds flowing through the account. The investigator conducts an Internet search and finds that the remitter is a food beverage company.

The same morning, the investigator receives a call from a financial intelligence unit (FIU) inquiring about the same incident. The FIU states that it will issue a warrant to freeze the account on the same day.

After further review, the decision is made that transactions appear suspicious. Which are the next steps the investigator should take? (Select Two.)

A. Close the customer's accounts since the FIU is issuing a warrant to freeze the funds.

B. Contact local LE and advise them of the investigation details to help speed up the investigation and prosecution.

C. Provide additional information to the LE upon receiving a formal request.

D. Close the investigation as the FIU is already on this matter, and they will inform LE if needed.

E. Gather all the information that would be useful for law enforcement (LE) and recommend filing a SAR/STR

ANSWER: C E

Explanation:

"Provide additional information to the LE upon receiving a formal request" is appropriate because the institution should preserve, organize, and be prepared to disclose relevant records through authorized legal or regulatory channels. This supports the law-enforcement inquiry while ensuring disclosures follow applicable legal process, internal procedures, and information-sharing controls. The investigator should document the chronology of the incoming remittances, currency conversion and outbound transfers, account activity, customer due-diligence information, transaction records, SWIFT messages, and the basis for suspicion so the information can be supplied accurately if formally requested.

"Gather all the information that would be useful for law enforcement (LE) and recommend filing a SAR/STR" is also required investigative practice. The unusual transaction size compared with the customer's historical activity, the apparent mismatch between the customer's wood-industry profile and the food-and-beverage remitter, rapid movement of funds, and potential fraud-related refund request establish a reasonable basis to escalate for suspicious-activity reporting. A complete SAR/STR recommendation should present a clear narrative, relevant parties and accounts, dates, amounts, jurisdictions, transaction flow, and supporting documentation. FATF Recommendation 20 requires prompt reporting when a financial institution suspects that funds are the proceeds of criminal activity or are related to such activity. See FATF Recommendations and FinCEN guidance on suspicious activity reporting.

QUESTION NO: 8

A financial institution is investigating a virtual asset customer that received proceeds from a ransomware payment. Blockchain analysis shows that the funds moved through several addresses, were converted into a privacy-enhancing virtual asset, and were later sent to a virtual asset service provider. The customer claims the activity reflects investment trading.

Which information should the investigator obtain to evaluate the customer's explanation? (Select Two.)

A. Wallet addresses, transaction hashes, and evidence linking them to the customer

B. Records supporting the claimed trading activity and source of funds

C. General market-price movements for the virtual assets involved

D. The customer's stated preference for privacy-enhancing virtual assets

E. Confirmation that the alert can be closed before further customer review

ANSWER: A B

Explanation:

The investigator should obtain information linking the customer to the relevant wallet addresses and transaction hashes, as well as records supporting the customer's claimed trading activity and source of funds. These records help determine whether the customer controlled the addresses, whether the conversions correspond to genuine investment activity, and whether the movement of value is consistent with the explanation.

General market-price information does not establish the customer's ownership or purpose. The customer's preference for a particular virtual asset is not evidence of legitimate activity. Closing the alert before obtaining relevant information would be inconsistent with a risk-based investigation.

QUESTION NO: 9

A financial institution (FI) receives an urgent request for information from the financial intelligence unit (FI country. According to FATF recommendations, which is the best action for the FI to take?

A. Request an official court subpoena with details of the investigation.

B. Provide as much information as possible to the FIU immediately.

C. Establish a committee from different areas of the FI to determine if the request should be answered.

D. Inform the public relations department to prepare for negative news.

E. ling the financing of terrorism that could imply an imminenl threat in the

ANSWER: B

Explanation:

Provide as much information as possible to the FIU immediately. is the best action because an FIU must be able to obtain and use additional information needed to analyze suspicious activity and disseminate financial intelligence effectively. FATF Recommendation 29 requires countries to give their FIUs timely access, directly or indirectly, to the widest possible range of financial, administrative, and law-enforcement information necessary to perform their functions properly. In practice, this means a financial institution should treat an urgent FIU request as a priority, promptly supply responsive information and records within the applicable legal and regulatory framework, and protect the confidentiality of both the request and the underlying investigation. Timeliness is particularly significant when the information may support tracing, freezing, or disrupting funds connected to money laundering, predicate crime, or terrorist financing. The institution should use established FIU-response procedures, ensure the material is accurate and complete, and retain appropriate records of the disclosure. FATF's framework recognizes the FIU as the national center for receiving and analyzing suspicious transaction reports and for obtaining supplementary information, so efficient cooperation with a lawful urgent request supports the FIU's core operational role. See FATF Recommendations and the FATF Recommendations document, including Recommendation 29 and its Interpretive Note.

QUESTION NO: 10

The investigations team of a financial institution (FI) wants to perform enhanced due diligence measures on operations done by a foreign bank related to transactions of companies that export scrap gold and silver. What would be the next best steps for the investigations team? (Select Two.)

A. Ask the legal department if it can proceed to rescind the contract of the correspondent banking relationship since the export of scrap gold and silver is a high-risk activity.

B. Ask the respondent bank if it has a risk rating for the exporting companies, if the customer profiles are updated, and if so. when was the last time it was done.

C. Ask the respondent bank if the exporting companies have obtained an official license that permits the exporting of scrap gold and silver.

D. Ask the respondent bank if it can file a SAR/STR in its jurisdiction since the investigations team also plans to do the same in the FI ' s home country.

E. Ask the business manager who handles the relationship of the respondent bank if they can persuade the bank to close the accounts of the export companies.

ANSWER: B C

Explanation:

“Ask the respondent bank if it has a risk rating for the exporting companies, if the customer profiles are updated, and if so. when was the last time it was done.” is an appropriate enhanced due diligence step because it enables the financial institution to evaluate whether the respondent bank understands the customers conducting the activity, has assessed their inherent and residual risk, and maintains current customer due diligence information. Risk ratings and refreshed profiles are particularly important where transaction activity involves commodities with elevated money-laundering exposure and cross-border trade.

“Ask the respondent bank if the exporting companies have obtained an official license that permits the exporting of scrap gold and silver.” is also appropriate because verifying required regulatory authorization helps establish whether the underlying activity is legitimate and consistent with the customers’ stated business purpose. Licensing information can be assessed alongside expected transaction volumes, destination countries, beneficial ownership, and available adverse information to determine whether the correspondent relationship and related activity are being appropriately controlled. FATF’s standards require financial institutions to apply enhanced due diligence in higher-risk situations and require correspondent institutions to gather sufficient information to understand respondent institutions’ business, reputation, supervision, and AML/CFT controls. See the FATF Recommendations and FATF’s risk-based approach guidance for dealers in precious metals and stones.

QUESTION NO: 11

The compliance learn is reviewing multiple data points to include in its data analytics program to detect shell or front company red flags. Which data points should the compliance team include? (Select Two.)

A. Entities exhibiting transactions with declared counterparties

B. Entities whose principal place of business is a non-residential address

C. Entities with high paid-up capital relative to monthly value of transactions

D. Entities with a large number and variety of beneficiaries not declared at the time of onboarding

E. Entities transacting with or having relation to tax haven or high-risk countries

ANSWER: B E

Explanation:

Entities whose principal place of business is a non-residential address are an important analytic data point because a shell or front company may lack a genuine operating presence consistent with its stated business purpose. Address information can be tested against business type, expected staffing, commercial records, and other customer due-diligence information to identify entities using mail drops, virtual offices, or other locations that do not reasonably support claimed operations. This indicator is most useful when assessed alongside ownership, transaction, and expected-activity data rather than in isolation.

Entities transacting with or having relation to tax haven or high-risk countries should also be included because geographic exposure can increase the risk that corporate structures, cross-border payments, or intermediaries are being used to obscure beneficial ownership, move illicit proceeds, or evade controls. A risk-based analytics program should account for the customer's jurisdictions of incorporation, counterparties, payment flows, and links to countries identified through institutional risk assessments and authoritative sources. These indicators support enhanced review and investigation when they are inconsistent with the entity's known legitimate business activity. See FATF's report on concealment of beneficial ownership and FinCEN's advisory on money laundering through shell companies.

QUESTION NO: 12

A government entity established a trust to provide social welfare programs. The entity wants cash payments made to persons without supporting documentation. These persons would oversee the allocation of funds to beneficiaries without complying with internal disbursement of government funds controls. Which is the main premise for filing a SAR/STR?

A. Trust service providers are not obliged by law to follow government internal controls.

B. Cash disbursements are not allowed for social welfare programs.

C. Social welfare programs are difficult to document because the beneficiaries are from the informal sector.

D. The entity is not implementing adequate internal controls according to what is expected, and mishandling of funds could be occurring.

ANSWER: D

Explanation:

The entity is not implementing adequate internal controls according to what is expected, and mishandling of funds could be occurring. This is the central suspicious indicator because the proposed arrangement combines undocumented cash payments, delegation of fund-allocation authority to individuals without appropriate accountability, and deliberate noncompliance with established public-fund disbursement controls. Taken together, these facts create a reasonable basis to suspect that funds intended for social welfare beneficiaries could be diverted, misappropriated, or used in a corrupt scheme. A SAR/STR does not require proof that a financial crime has occurred; it is based on reasonable grounds for suspicion arising from unusual activity and insufficiently explained control failures. For a government-related trust, transparent records, beneficiary verification, authorization controls, and traceable payment processes are especially important because they help prevent and detect fraud, corruption, and misuse of public resources. The Financial Action Task Force identifies corruption as a significant predicate offense for money laundering and emphasizes effective controls and reporting where suspicious financial activity is identified. FinCEN likewise states that suspicious activity reporting supports the detection of transactions that may involve illicit activity. See the FATF material on corruption and money laundering and FinCEN's Bank Secrecy Act overview.