

## Question: 1

An anti-money laundering expert is hired by a new Internet bank to assess the money laundering threat to the bank. What is the most important recommendation for the expert to make given it is an on-line bank?

- A. The bank should limit the amount of money which can be processed per transaction
- B. The bank should ensure that prospective new customers can be properly identified
- C. The bank should set up automated programs to analyze transactions for money laundering activity
- D. The bank should ensure that a firewall is set up to protect the transactions

**Answer: A**

## Question: 2

Why is the Mutual Legal Assistance Treaty (MLAT) a gateway for international cooperation?

- A. They provide a legal basis for transmitting evidence that can be used for prosecution and judicial proceedings
- B. They receive reports of suspicious transactions from financial institutions to disseminate to local Law enforcement and foreign FIUs
- C. They obtain intelligence that might lead to evidence
- D. They issue the Prmc4es of Information Exchange Between Financial intelligence Units (FIUs)

**Answer: A**

## Question: 3

Which element is generally required of all anti-money laundering programs?

- A. A computer-based suspicious activity monitoring system
- B. A qualified compliance officer to manage the program
- C. Annual in-person AML training for all employees
- D. An enhanced due diligence program for all new customers

**Answer: B**

## Question: 4

After an institution files an STR with regard to a particular account, a law enforcement agent requests the institution to keep the account open until advised otherwise by law enforcement.

What steps should the institution take?

- A. The institution should close the account in order not to be caught in the middle of a law enforcement investigation
- B. The institution should follow the request of the law enforcement agent and keep the account open
- C. The institution should request a written letter From the law enforcement ( agency signed by an appropriate authorized signature
- D. The institution should keep the account open only if doing so comports with the bank's own AML procedures

**Answer: C**

### Question: 5

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. What should the compliance officer do next?

- A. Investigate these unusual transactions further
- B. Contact the local FIU for advice
- C. File an STR with the competent authorities
- D. Document reasons for not filing a STR

**Answer: C**

### Question: 6

What is one recommendation of the Basel Committee's 2001 paper "Customer Due Diligence for Banks"?

- A. Numbered accounts should not be allowed
- B. Certain types of private banking can be exempt from KYC procedures
- C. Banks should develop clear descriptions of acceptable customers
- D. Politically Exposed Persons (PEPs) should not be accepted as customers

**Answer: C**

### Question: 7

A remittance company received a money order from a senior political figure in the Philippines to transfer a large sum of money to a charity group in the Philippines. A review of the charity group revealed a director having close ties with a known terrorist group primarily financed through kidnapping and extortion.

What is a key risk indicator associated with terrorism financing?

- A. The sender is a Political Exposed Person (PEP) and should be subject to enhanced due diligence
- B. A large sum sent by money order to a charity
- C. There is no risk relating to terrorism financing when the charity group is operating legitimately in that country
- D. There is a link between the charity group and a known terrorist group

**Answer: D**

### Question: 8

In performing a risk analysis, which factor(s) should a financial institution review?

- A. The level of its gross revenue
- B. Recent regulatory actions against financial institutions of comparable size
- C. Its customer base, location, products and services
- D. The adequacy and completeness of its STR filings

**Answer: C**

### Question: 9

What should law enforcement provide when asking an institution to keep an account open?

- A. An explanation of the underlying conduct that is being investigated
- B. A written request with an explanation of the scope of the investigation
- C. An in-person visit by an investigating official to explain the reasons why the account must remain open
- D. A written request on government agency letterhead with the appropriate signature

**Answer: D**

### Question: 10

Which example describes the vulnerability of the securities sector for money laundering?

- A. A non-U.S. person seeks to open a brokerage account with a U.S. broker-dealer

- B. A broker-dealer must have a customer identification program in place
- C. Broker-dealers generally have a higher percentage of inexperienced staff
- D. Compensation for broker-dealers is generally based on commissions

**Answer: D**

### Question: 11

In addition to monitoring for suspicious activity, what are electronic monitoring systems also valuable for?

- A. Identifying how customers are using products
- B. Highlighting the skills of the system analysts
- C. Proving to the Board of Directors that the FIU is doing its job
- D. Meeting mandatory regulatory requirements for system implementation

**Answer: D**

### Question: 12

In which three situations is correspondent banking most vulnerable to money laundering? Choose 3 answers

- A. When allowing foreign banks to use the correspondent account to conduct large financial transactions on behalf of their customers
- B. When allowing the correspondent bank account to be used as a payable through account (PTA)
- C. When allowing the correspondent bank account to be used by other banks
- D. When allowing financial institutions, without proper due diligence, to access correspondent network for routing their financial transactions

**Answer: A,B,C**

### Question: 13

How does a regulatory body typically obtain international assistance in a money Laundering inquiry?

- A. By filing a request under Egmont guidelines
- B. By submitting a request for overseas assistance to the corresponding supervisory body
- C. By contacting the FATF, Organization for Economic Co-operation and Development, or other international organizations and seeking their intervention
- D. By communicating with the Head of Compliance for the financial institution

**Answer: B**

### Question: 14

Federal law requires all U.S. financial institutions to secure and maintain all records and supporting documentation used in suspicious activity reporting for how many years?

- A. 2 years
- B. 5 years
- C. 10 years
- D. No requirement

**Answer: B**

### Question: 15

What is a major money laundering risk associated with a number of prepaid cards as opposed to credit or debit cards?

- A. The risk of losing the prepaid cards
- B. The inability to load the card with cash
- C. The global access to cash through ATMs
- D. The anonymous access to funds

**Answer: D**