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QUESTION 1

A financial regulator is evaluating the effectiveness of a financial institution's (FI) anti-financial crime program. Which condition should be met to satisfy the regulator?

- A. The program is aligned with the financial industry's anti-financial crime priorities.
- B. The program meets the minimum requirements of anti-financial crime standards, which are published by a financial industry association.
- C. In the past 3 years, internal auditing results show no high-severity issues and a maximum of three medium-severity and four low-severity issues.
- D. The program is drafted using a risk-based approach to avoid the FI being used as a conduit for criminal activities.

Correct Answer: D

The condition that should be met to satisfy the regulator is that the program is drafted using a risk-based approach to avoid the FI being used as a conduit for criminal activities. A risk-based approach means that the FI identifies, assesses, and understands its exposure to financial crime risks and applies appropriate measures to mitigate them. This is consistent with the international standards and best practices for anti-financial crime compliance. The program being aligned with the financial industry's anti-financial crime priorities, meeting the minimum requirements of anti-financial crime standards published by a financial industry association, or having no high-severity issues in internal auditing results are not sufficient to satisfy the regulator, as they do not necessarily reflect the specific risks faced by the FI or demonstrate its effectiveness in preventing and detecting financial crimes. References: [Advanced CAMS-FCI Study Guide], page 14-15; [FATF Guidance on Risk- Based Approach for Effective Supervision], page 7-8.

QUESTION 2

Which are some of the negative impacts from illegal wildlife trade and environmental crimes? (Select Two.)

- A. Barriers to banking by low income population
- B. Loss of potential tax proceeds
- C. Public health consequences
- D. Threats to biodiversity
- E. Threats to a country's political stability

Correct Answer: BD

Some of the negative impacts of illegal wildlife trade and environmental crimes are loss of potential tax proceeds and threats to biodiversity. Loss of potential tax proceeds occurs when illegal wildlife trade and environmental crimes evade taxation and customs duties, depriving governments of revenues that could be used for public services and development. Threats to biodiversity occur when illegal wildlife trade and environmental crimes endanger species, habitats, and ecosystems, reducing their resilience and ability to provide essential services for human well-being. Public health consequences and threats to a country's political stability are not directly related to illegal wildlife trade and environmental crimes, but rather to other types of financial crimes such as money laundering, terrorism financing, or corruption. References: [Advanced CAMS-FCI Study Guide], page 68-69; [FATF Report on Money Laundering from Environmental Crime], page 9-10.



QUESTION 3

Law enforcement (LE) suspects human trafficking to occur during a major sporting event. LE officers asked several financial institutions (FIs) to monitor financial transactions occurring before, during, and after the event.

An investigator identified a pattern linked to a business. The business* account received multiple even dollar deposits between midnight and 4:00 AM. They occurred each day for several days prior to the date of the sporting event. Also, large cash deposits, typically between 2,000 USD and 3,000 USD, made by a person to the business account occurred in many branches in the days after the sports event. There was little information about the company. The company did not have any history of employee payroll expenses or paying taxes. Expenses from the business account included air travel and hotel expenses. Searches about the person

making cash deposits showed little. An online social media platform webpage with the individual's name showed ads for dates" and "companionship." Which fact should not be included in the SAR/STR narrative?

- A. The air travel and hotel expenses
- B. The time of the cash deposits
- C. The sporting event
- D. The request by law enforcement

Correct Answer: B

The fact that should not be included in the SAR/STR narrative is the request by law enforcement (D). This is because the request by law enforcement is confidential and should not be disclosed to the customer or anyone else who is not authorized to know it. According to the ACAMS Advanced Financial Crimes Investigations Certification Study Guide¹, "the FI should not include any reference to the LE request in the SAR/STR narrative, as this could compromise the LE investigation or alert the customer of the suspicion" (p. 35). The FI should also not inform the customer of the LE request or delay filing the SAR/STR because of it.

The other facts should be included in the SAR/STR narrative, as they are relevant and indicative of human trafficking money laundering. The air travel and hotel expenses (A) show that the customer is involved in moving people across different locations, which could be a sign of human smuggling or trafficking. The time of the cash deposits (B) shows that the customer is receiving cash payments during unusual hours, which could be a sign of illicit activities or services. The sporting event shows that the customer is exploiting a high-demand situation for their business, which could be a sign of opportunistic or organized crime.

QUESTION 4

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 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.

During the investigation, it was determined that some of the checks were issued to a mother-in-law of a PEP and deposited into her account with the FI. This customer was not found on the FI's PEP list How should the investigator proceed in

this situation"? (Select Two.)

- A. Conduct the investigation as usual, since the activity in question is not directly connected to the PEP.
- B. Reter the newly identified customers account for closure due to the high risk associated with the potential PEP.
- C. Use this case as an example to train employees to recognize potential PEPs during their investigation process.
- D. Send a referral to Sanctions/List Screening, or similar department/responsible individual, to ensure that the customer due diligence information is up to date.
- E. File a SAR/STR due to the potential involvement of a PEP.

Correct Answer: AD

The investigator should proceed in this situation by conducting the investigation as usual, since the activity in question is not directly connected to the PEP (A) and sending a referral to Sanctions/List Screening, or similar department/

responsible individual, to ensure that the customer due diligence information is up to date (D). These actions are appropriate and prudent, as they allow the investigator to continue their analysis of the suspicious activity without being biased



by the potential PEP status of the customer's relative, and they ensure that the FI has accurate and current information about its customers and their associates. 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 "update the customer profile with any new information obtained during the investigation" (p. 25).

The other options are not correct. The investigator should not refer the newly identified customer's account for closure due to the high risk associated with the potential PEP (B), as this could be premature or disproportionate, as well as

potentially discriminatory or illegal. The investigator should not file a SAR/STR due to the potential involvement of a PEP (E), as this could also be premature or unnecessary, as well as potentially misleading or inaccurate. The investigator

should not use this case as an example to train employees to recognize potential PEPs during their investigation process ? as this could violate confidentiality or data protection laws, as well as compromise the investigation or alert the

customer or their relative of the suspicion.

References: 1: ACAMS Advanced Financial Crimes Investigations Certification Study Guide, available at ACAMS

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