CCCA
CHARTERED COMPLIANCE AND CYBER ANALYST

**AML/CFT OPERATIONS**

**SAMPLE QUESTIONS**
**SECTION A**

1. In general, the three phases of money laundering are said to be: Placement:

A. Structuring and manipulation.
B. Layering and integration.
C. Layering and smurfing.
D. Integration and infiltration.

2. The greatest risk for money laundering is for casinos that

A. Provide their customers with a wide array of gambling services.
B. Operate in a non-Egmont member country.
C. Allow customers with credit balances to withdraw funds by check in another jurisdiction.
D. Only send suspicious transaction reports to the financial intelligence unit of the country it operates in.

3. According to the FATF 40 Recommendations, “designated non-financial businesses and professions” include:

A. Casinos, real estate agents and dealers in precious stones.
B. Money service businesses, gatekeepers, and issuers of electronic money.
C. Dealers in precious metals, lawyers, commodity futures traders.
D. Life insurance companies, real estate agents and notaries.

4. According to the FATF 40 Recommendations, the threshold for identifying occasional customers at financial institutions is:

A. EURO/US$ 5,000.
B. EURO/US$ 10,000.
C. EURO/US$ 15,000.
D. EURO/US$ 20,000.

5. What is the definition of a predicate offense?

A. Lawful or unlawful activity that involves willful blindness, and if there is an international element to the crime, can lead to a suspicious activity report.
B. Unlawful activity whose proceeds, if involved in the transaction, can give rise to prosecution for the crime of money laundering.
C. An interface which is the underlying segment of a suspicious transaction monitoring system.
D. A specified unlawful activity that is committed through concentration accounts deceiving customers that are not directly related to the account.

6. Dirty money, derived from criminal activities of Belgian Criminal A, is sent to a foreign bank account of Corporation B. Then in Belgium, a new investment Company C is incorporated. Criminal A is appointed as a director of Company C. Company C borrows money from the foreign Company B and buys real estate in Belgium.

The real estate is rented to third parties. Director (Criminal) A also rents an apartment in the building. With the funds generated by the rent, Company C pays off the loan to Corporation B, and the salary of Director A. Criminal A now converted his dirty money in legal funds.

This laundering method is commonly referred to as what?

A. Offsetting real estate transactions.
B. Loan back.
C. Cuckoo smurfing.
D. Loan manipulation.

7**.** The FATF has consistently noted the use of casinos in money laundering schemes in its annual typologies reports. One laundering technique involving casinos is:
A. Asking for winners' checks to be made out in the name of third persons or without a payee.
B. Abusing casinos by circumventing its gatekeepers.
C. Prepaying a casino token or chip by using funds that are already in the casino system, creating a debit
balance.
D. Extensive gambling via multiple games throughout the casino.

8. Which statement is true regarding the risk of Politically Exposed Persons (PEPs)?
A. PEPs provide access to third parties on whom the
financial institution has not conducted sufficient due diligence.
B. PEPs have significantly greater exposure to the politically corrupt funds, including accepting bribes or
misappropriating government funds.
C. PEPs are foreign customers who inherently present additional risk as they are engaged in cross-border
transactions.
D. PEPs generally do not pose enhanced risks to an institution due to their political standing; rather, PEPs increase the prestige of an institution.

9.Bagella et al. (2009) develop a ………………………………model to estimate time series on the amount of money laundering for the US and the EU-15 based on simulations.
A. Two-sector dynamic general equilibrium
B. Dynamic
C. Latent
D. Spurious

10. The trade based model of money laundering can be attributed to?
A. Bagella
B. Zdanowicz
C. United States Department of Commerce
D. Unger

11. Masciandaro models what criminals do with their proceeds of crime and the role of money laundering (regulation) in this. He shows that money laundering can be seen as a ……………………………that transforms illegal potential purchasing power into legal effective purchasing power.

A. Panacea
B. Multiplier of criminal activities
C. Job
D. Force

12. The costs and benefits of the anti-money laundering policies differ in different models and therefore these models all find their own conditions for countries to participate in the international fight against money laundering.
A. True B. False C. Uncertain

13. The theoretical models on the behaviour of countries in the international fight against money laundering all question whether countries would want to fight money laundering.
A. True B. False C. Uncertain

14. The tactic in which individuals make multiple deposits in small quantities to avoid detection is called:

A. Paralleling.

B. Integration.

C. Investing.

D. Structuring.

15. As part of their role in fighting money laundering, financial institutions should:
A. Designate a compliance officer.
B. Depend solely on The State’s staff for combating money laundering.
C. Refuse small cash deposits under the reporting threshold.
D. Not open accounts for people from high risk jurisdictions.

16. In anti-money laundering terminology a “red flag” is:
A. A warning sign used to bring attention to potentially suspicious, risky transactions or activities.
B. A general banking term used once the balance is negative / overdue.
C. The standard flag of countries not cooperative in fighting money laundering and terrorist financing.
D. An indicator that a customer is listed on an economic sanctions list.

17. According to the FATF 40 Recommendations, “designated non-financial businesses and professions” include:
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18. Kathy works as a senior Money Laundering Reporting Officer at Firmus Bank. She is taking a closer look at the activity of several customers. What would arouse her suspicion the MOST?
A. A customer who owns several check cashing companies in town and rents safe deposit boxes at different branches.
B. A customer who avoids taking vacations.
C. A small business that provides financial statements which are not prepared by an accountant.
D. A customer involved in investment management who guarantees a very high rate of return, well above what other competitors can offer.

19. The Third EU Money Laundering Directive of 2005 applies to which of the following firms?
A. Auditors, estate agents based in the EU.
B.U.S. Financial institutions covered by the USA Patriot Act.
C. Shell firms inside and outside the EU.
D. EU based high value good dealers who deal in cash of 10,000 Euro or more.

20. According to the EU Directives of 2001, an independent legal professional is obligated to report suspicion of money laundering in a client relationship when:
A. Representing a client in a legal matter.
B. Ascertaining the legal position for a client.
C. Participating in financial or corporate transactions.
D. Obtaining information associated with a judicial proceeding.

**SECTION B**

1. Discuss the advantages and disadvantages of the Walker model for estimating money laundering.

2. Discuss the **tenets** of the **FATF recommendations** on combating money laundering and the financing of terrorism & proliferation.

3. (a) Differentiate between money laundering and terrorist financing.

(b) Briefly explain five socio-economic consequences of money laundering.

4. An individual opened an account with a minimal cash deposit at a financial institution. He presented a foreign passport and stated he would be working locally for a few months. He also requested information about making electronic fund transfers. The institution was subsequently unable to verify the employment or residence information provided by the individual. Soon after this, a large transfer was sent to the customer's account.

Based on the Basel Committee recommendation on customer due diligence for financial institutions, how will you address the problem as a compliance officer.