



# CRCM<sup>Q&As</sup>

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### QUESTION 1

Which of the following transactions does NOT require prior approval of the Federal Reserve Board?

- A. The formation of a bank holding company
- B. The acquisition by a bank holding company of a subsidiary
- C. The acquisition of 25 percent of voting stock of a bank by another bank, in good faith, in its fiduciary capacity with no power to vote
- D. The acquisition of 25 percent of voting stock of a bank by another bank in its fiduciary capacity for the benefit of the acquiring bank's employees

Correct Answer: C

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### QUESTION 2

Which of the following banks CANNOT select Montana as its home state for deposit production purposes?

- A. ABC National Bank with its headquarters in Missoula, Montana
- B. XYZ State Bank, with a Montana state charter
- C. ACME National Bank with its headquarters in Minneapolis, MN, but with most of its branches and the majority of its loans in Montana
- D. Friendly Bank, a U.S. branch of a foreign bank with two U.S. locations, one in Montana and one in Wyoming

Correct Answer: C

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### QUESTION 3

Under the Interagency Statement on Retail Sales of Nondeposit Investment Products, what may a bank teller do?

- A. Discuss the past performance of a bank-related mutual fund
- B. Transfer mutual fund shares from an investment savings account to an IRA account
- C. Take the business card of a customer who has asked to purchase a bank-related mutual fund and give it to a licensed representative
- D. Assist a customer in determining eligibility to purchase a bank-related mutual fund

Correct Answer: C

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### QUESTION 4



governs the collection of checks and other cash and noncash items and the handling of returned checks by Federal Reserve Banks. It also covers the rules governing funds transfers sent through the Fedwire. Its purpose is to provide rules for collecting and returning items and settling balances.

- A. Regulation Z
- B. Regulation X
- C. Regulation J
- D. None of the above

Correct Answer: C

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#### QUESTION 5

Which of the following is NOT considered an acceptable form of identification for an individual when completing a CTR?

- A. U.S. passport
- B. Long-term deposit account relationship
- C. State-issued photo identification (e.g., driver's license)
- D. Photo identification card issued by a local government agency

Correct Answer: B

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#### QUESTION 6

Under Consumer Leasing Act Enforcement-15 USC 1667d section FIRREA penalties include:

- A. Penalties up to \$8,500 per day for violations of laws and regulations
- B. Penalties up to \$37,500 per day if violations or unsafe or unsound practices are engaged in recklessly or are part of a pattern of misconduct that causes more than a minimal loss to the bank or any pecuniary gain to the parties involved
- C. Penalties up to \$1,375,000 per day against persons who knowingly commit a violation and knowingly or recklessly cause a substantial loss to the bank or a substantial benefit to the party
- D. Penalties up to \$9,500 per day for violations of laws and regulations

Correct Answer: AB

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#### QUESTION 7

Following mentioned are the responsibilities of:

- 1.



Must notify the bank, either orally or in writing, of error within 60 days:

Of the institution's transmission of a statement or other documentation on which the error first appears or

Of receiving additional information or clarification provided pursuant to the consumer's request

2.

Consumer's notification should include the following items:

Consumer's name and account number or information that allows the institution to identify the consumer's name or account number

Consumer's belief and reasons for the belief that an error exists and, if possible, the type, date, and amount of the error (this information does not have to be given if the consumer is simply requesting further information or clarification)

A. Consumer

B. Financial institution

C. Reserve Bank

D. A third party

Correct Answer: A

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### QUESTION 8

Milton Edwards leased an automobile from First National Bank. The lease contained a provision whereby Milton would be liable for the automobile at the end of the lease based on its fair market value. At the end of the lease, the bank notified Milton that the value of the automobile, based on industry publications, was \$10,500 and required him to pay that amount to obtain ownership of the property. Milton objected and requested that the car be individually appraised. What must the bank do?

A. Nothing; an estimate of the value based on industry standards is sufficient

B. Hire an independent appraiser to appraise the automobile (both parties agree to be bound by the appraisal)

C. Allow Milton to hire an independent appraiser to appraise the automobile (both parties agree to be bound by the appraisal)

D. Use the average of the car value as determined by a third party appraiser Milton hires with the original bank appraisal

Correct Answer: C

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### QUESTION 9

Which of the following elements is NOT required to be in a repurchase agreement between a bank that is a government securities dealer and a counterparty?



- A. A statement that the funds are not insured by the FDIC
- B. A list of the specific securities that are the subject of the agreement
- C. A provision for substitution of securities if they can be substituted
- D. A statement that the bank is a regulated government securities dealer

Correct Answer: D

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#### QUESTION 10

First National Bank opened a letter of credit in favor of ABC Co., a U.S. company, for ABC's sale of goods to Country X, a foreign country that participates in a boycott. The letter of credit contains no boycott provisions, but First National Bank knows that ABC Co. has agreed to supply a certification to Country X that ABC has not dealt with any blacklisted firms as a condition of receiving the letter of credit in its favor. What should First National Bank do?

- A. Implement the letter of credit because there is no boycott language on its face
- B. Require ABC to indemnify the bank against any potential loss for participation in a boycott
- C. Not implement the letter of credit
- D. Have the letter of credit confirmed by a bank in Country X

Correct Answer: C

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#### QUESTION 11

It means a direction by the consumer that the financial institution not disclose nonpublic personal information about the consumer to a non-affiliated third party, except as permitted by the regulation.

What is it?

- A. Opt-out
- B. Re-disclosure
- C. Non-affiliated
- D. Both B and C

Correct Answer: A

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#### QUESTION 12

Below mentioned list shows the significant risks of .

Borrowers with cash-flow difficulties Borrowers with no lower-cost credit alternatives Minimal analysis of borrower's



ability to repay the loan Minimal review of borrower's credit history Credit is usually unsecured

- A. Payday lending
- B. Loan flipping
- C. Equity stripping
- D. None of these

Correct Answer: A

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### QUESTION 13

What should a bank do when it receives a request from a customer to transfer funds to an individual in Iraq?

- A. Conduct the transfer as requested
- B. Conduct the transfer if the individual and the financial institution are not on the SDN list
- C. Block the transfer
- D. Conduct the transfer and then notify OFAC immediately

Correct Answer: B

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### QUESTION 14

Implemented by , EFTA is intended to provide certain rights to individual consumers using EFT payment systems. It also places responsibilities on financial institutions whose accounts are affected by EFTs.

- A. Regulation E (Electronic Fund Transfers)
- B. Regulation F (Electronic Fund Transfers)
- C. Regulation T (Electronic Fund Transfers)
- D. Regulation A (Electronic Fund Transfers)

Correct Answer: A

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### QUESTION 15

ACME Bank is a \$600 million institution with 15 branches within three counties. Because of its proximity to Mexico, the bank has many foreign national customers and makes many foreign wire transfers for its customers. Currently the bank's branch managers print the OFAC list of SDNs and place them in strategic places in each branch. The wire transfer department keeps its own copy of the list. The compliance officer has implemented an annual auditing program



to check the bank's compliance with OFAC regulations. The findings of this audit are provided to the bank's board of directors annually. The bank's regulatory agency has indicated to management that the bank has a high risk for BSA/AML/OFAC compliance. Of the following actions, which would be the most effective to strengthen the bank's OFAC compliance?

- A. Conduct compliance audits twice a year
- B. Purchase and implement interdiction software for the wire transfer area
- C. As an internal control procedure, require the BSA officer to check the OFAC Web site daily for any changes to the SDN list
- D. Routinely provide account transaction information to federal security agencies so suspicious patterns can be detected

Correct Answer: B

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