20 True or False

Decide, then check the answer and reason below each statement.

Question 1

Money laundering always moves through three stages: Placement, Layering and Integration.

TRUE

This P-L-I sequence is the standard framework tested in AML KYC exams.

Question 2

Placement is the stage where laundered money is reintroduced as clean, legitimate funds.

FALSE

That describes Integration; Placement is the stage where illegal money first enters the financial system.

Question 3

Layering involves moving funds across different accounts and locations to hide the source.

TRUE

This stage deliberately confuses the trail between the money and the crime that produced it.

Question 4

Integration is the first stage of money laundering.

FALSE

Integration is the final stage; Placement is the first stage of money laundering.

Question 5

Structuring, or smurfing, breaks large sums into small deposits to avoid detection.

TRUE

This technique removes suspicion by keeping individual deposits small.

Question 6

Bulk cash smuggling involves electronically transferring funds rather than physically moving cash.

FALSE

Bulk cash smuggling involves physically moving cash to a jurisdiction with weaker AML enforcement.

Question 7

Cash-intensive businesses like car washes and casinos can be used to mix illegal proceeds with genuine cash revenue.

TRUE

These businesses generate real cash income alongside illegitimate inflows, making detection harder.

Question 8

Criminals never use commodities like gold or diamonds for laundering since they are too easily traced.

FALSE

Investing in easily movable commodities like gold, diamonds and gems is a recognised laundering technique.

Question 9

Trade-based laundering disguises money movement through under-valued or over-valued invoices.

TRUE

This is one of the newer and more complex forms of laundering, often linked to the art market.

Question 10

Shell companies are effective for laundering because they always publicly disclose beneficial ownership.

FALSE

Shell companies are effective precisely because many jurisdictions do not require disclosure of true owners.

Question 11

Round-tripping brings criminal money back as foreign direct investment, often exempt from taxation.

TRUE

This is typically routed through an offshore corporation in a tax-haven country first.

Question 12

Bank capture involves launderers buying a controlling interest in a bank in a jurisdiction with weak AML controls.

TRUE

This allows money to move through the banking system with little scrutiny.

Question 13

Casinos cannot be used for money laundering because all chip purchases are fully traceable.

FALSE

Chips can be bought with dirty money and cashed out as claimed gambling winnings.

Question 14

Black salaries involve paying unregistered employees in cash using illicit funds.

TRUE

This helps a firm quietly dispose of illegal money through informal payroll.

Question 15

Business Email Compromise (BEC) targets businesses that make regular wire transfers to foreign suppliers.

TRUE

Criminals compromise legitimate business emails to conduct unauthorised fund transfers.

Question 16

Transaction laundering occurs when a merchant openly declares processing another business's illicit payments.

FALSE

Transaction laundering hides even the occurrence of the underlying transaction, not openly declares it.

Question 17

Cyber-laundering exploits online transactions, e-commerce and digital currencies to launder money quickly.

TRUE

Digital channels make this method fast and borderless compared to traditional techniques.

Question 18

Currency exchanges and double invoicing are examples of recognised money laundering methods.

TRUE

Like other techniques, they ultimately rely on the placement, layering and integration stages.

Question 19

Repeated small cash deposits are described as a red flag that can indicate structuring.

TRUE

Bankers are trained to treat such patterns as a possible sign of smurfing.

Question 20

Digital-age techniques like BEC and cyber-laundering do not map onto the placement-layering-integration framework.

FALSE

Like every technique described, they ultimately rely on the same three classic stages.