

AML RIGHTSOURCE TRAINING PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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1. LLC benefits include:

- A. Not as many formalities as a corporation
- B. Higher taxes than corporations
- C. No liability protection
- D. More paperwork

2. Which statement describes layering in money laundering?

- A. Introduction of illicit funds to the financial system.
- B. Integration of funds back into the economy.
- C. Movement of funds, converting the funds into another form. Create a complex audit trail.
- D. Reporting of suspicious activities.

3. Interest in Lawyers Trust Accounts (IOLTA) refers to which type of deposit account?

- A. A personal retirement account
- B. A corporate savings plan
- C. A student loan program
- D. Interest in Lawyers Trust Accounts (IOLTA)

4. Within how many days must an MSB register with FinCEN after establishment?

- A. 90 days
- B. 180 days
- C. 365 days
- D. 30 days

5. Which statement describes a risk related to SAR confidentiality?

- A. Disclosure can undermine ongoing and future investigations
- B. Disclosure strengthens all investigations
- C. Disclosure has no impact on investigations
- D. Disclosures are routinely shared with the public

- 6. Which statement about the SAR narrative is true?**
- A. Explain why the activity is suspicious and why we are filing
 - B. List the customer's favorite movies
 - C. Provide a detailed audit trail
 - D. Reconcile the accounts
- 7. Which of the following is a red flag for a front company?**
- A. Cash deposits align with revenue
 - B. Clear business type
 - C. Cash deposit volume not commensurate with other revenue/services/location/expenses
 - D. Verified online research shows credible business model
- 8. Funnel accounts are most prevalent in which types of crime?**
- A. Real estate fraud
 - B. Human trafficking, human smuggling, drug trafficking
 - C. Tax evasion
 - D. Charitable donations
- 9. Which statement about the Specially Designated Nationals (SDN) List is accurate?**
- A. It excludes non-country-specific entities
 - B. List of individuals and companies owned, controlled by, or acting on behalf of targeted countries or programs (Correct)
 - C. Only lists country-specific entities
 - D. U.S. Persons may freely deal with SDN-listed entities
- 10. In the San Bernardino self-funding case study, which financing detail helped facilitate weapons purchase?**
- A. A straw purchaser to obtain the weapons
 - B. A \$28,500 loan provided by an online peer to peer lender
 - C. Funds were provided by a foreign government
 - D. Received cash donations from a charity

Answers

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1. A
2. C
3. D
4. B
5. A
6. A
7. C
8. B
9. B
10. B

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Explanations

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1. LLC benefits include:

A. Not as many formalities as a corporation

B. Higher taxes than corporations

C. No liability protection

D. More paperwork

LLCs are designed to combine limited liability with flexible, simpler governance than corporations. A key benefit is not having to deal with many formalities that corporations require, such as mandatory annual meetings, extensive minutes, and rigid resolutions. In practice, you can operate with a simpler structure and fewer ongoing compliance steps, which is why this option best describes an LLC's advantage. In contrast, choosing to be taxed higher than a corporation isn't a typical benefit—LLCs can often use pass-through taxation, avoiding double taxation unless the entity elects corporate tax treatment. And LLCs do provide liability protection, so "no liability protection" isn't accurate. They also generally involve less paperwork than corporations, not more.

2. Which statement describes layering in money laundering?

A. Introduction of illicit funds to the financial system.

B. Integration of funds back into the economy.

C. Movement of funds, converting the funds into another form. Create a complex audit trail.

D. Reporting of suspicious activities.

Layering involves moving funds and transforming their form to sever the connection to their illicit origin, often through a sequence of transactions across accounts, jurisdictions, and financial instruments. The goal is to create a complex audit trail that obscures the money's origin, making it hard for investigators to trace back to the crime. This is why describing layering as the movement of funds and conversion into another form, with a complex audit trail, best fits the concept. In contrast, placement is about introducing illicit funds into the financial system, and integration is about reintroducing funds into legitimate activity; reporting suspicious activities is a compliance action, not a laundering step.

3. Interest in Lawyers Trust Accounts (IOLTA) refers to which type of deposit account?

A. A personal retirement account

B. A corporate savings plan

C. A student loan program

D. Interest in Lawyers Trust Accounts (IOLTA)

The question is testing your knowledge of what IOLTA stands for and what kind of account it is. IOLTA means Interest on Lawyers Trust Accounts, which refers to a deposit account lawyers use to hold clients' funds in trust. The key idea is that these funds are held for clients and the interest earned on small or short term balances is pooled and used to support access to justice through legal aid programs. It's not about a personal retirement account, a corporate savings plan, or a student loan program—the IOLTA concept is specifically about trust funds held for clients and the interest that supports justice initiatives.

4. Within how many days must an MSB register with FinCEN after establishment?

- A. 90 days
- B. 180 days**
- C. 365 days
- D. 30 days

MSBs must register with FinCEN within 180 days of starting business. This six-month window gives FinCEN the necessary information about the new MSB—who runs it, what services it plans to offer, and where it operates—so regulators can begin AML/CTF risk monitoring early in its life cycle. Registering in this timeframe helps bring the MSB into the regulatory framework promptly, supporting ongoing compliance and oversight. Shorter or longer windows would either rush the onboarding of accurate data or delay regulatory visibility, respectively.

5. Which statement describes a risk related to SAR confidentiality?

- A. Disclosure can undermine ongoing and future investigations**
- B. Disclosure strengthens all investigations
- C. Disclosure has no impact on investigations
- D. Disclosures are routinely shared with the public

Preserving SAR confidentiality is essential to prevent tipping off criminals and protecting investigative integrity. If a SAR is disclosed beyond authorized personnel, it can alert the subject and associates, causing them to alter or halt illicit activity, move funds to avoid detection, or destroy evidence, which undermines both ongoing and future investigations. That risk—disclosure undermining investigations—is the best description. Confidentiality isn't about strengthening all investigations, and SARs aren't routinely shared with the public; disclosures are tightly controlled to support enforcement.

6. Which statement about the SAR narrative is true?

- A. Explain why the activity is suspicious and why we are filing**
- B. List the customer's favorite movies
- C. Provide a detailed audit trail
- D. Reconcile the accounts

The SAR narrative serves to translate observed activity into a concise, defensible rationale for why the activity is suspicious and why a SAR is being filed. It should summarize the facts: dates, amounts, counterparties, locations, and the sequence of events, and highlight red flags or unusual patterns that raised concern. The goal is to show how these factors together indicate potential illicit activity, giving investigators a clear, logical basis for the filing decision. It must be factual, objective, and based on verifiable information, avoiding speculation about the person's intent. Include references to supporting documentation or internal findings where relevant, so the narrative is testable and actionable. The other options don't fit because they don't contribute to explaining the risk or the filing decision. Listing a customer's favorite movies adds irrelevant information; a detailed audit trail is a separate type of record and not the narrative itself; reconciling accounts is an accounting task unrelated to describing why the SAR was filed.

7. Which of the following is a red flag for a front company?

- A. Cash deposits align with revenue
- B. Clear business type
- C. Cash deposit volume not commensurate with other revenue/services/location/expenses**
- D. Verified online research shows credible business model

When evaluating a front company, the key warning sign is that cash activity doesn't line up with what the business claims to do. If the volume of cash deposits is not commensurate with the reported revenue, services, location, or expenses, it suggests funds may be coming from or being funneled through illicit activity rather than reflecting a legitimate, sustainable business. This misalignment is a strong indicator that the company could be used to mask illegal proceeds or launder money, since legitimate businesses typically show deposits that are proportionate to their described operations and financial footprint. The other scenarios describe normal or low-risk situations: cash deposits that align with revenue fit expected cash flows; a clear, identifiable business type makes due diligence straightforward; and credible online research supporting a feasible business model reduces suspicion. None of these raise the same red flag as deposits that don't match the business's stated activity.

8. Funnel accounts are most prevalent in which types of crime?

- A. Real estate fraud
- B. Human trafficking, human smuggling, drug trafficking**
- C. Tax evasion
- D. Charitable donations

Funnel accounts are a money-laundering technique used to move illicit proceeds through multiple layers and jurisdictions, obscuring where the money came from and where it's going. They're especially common in cash-intensive, transnational crimes because networks need to quickly receive, distribute, and reinvest profits while making tracing difficult. In human trafficking, human smuggling, and drug trafficking, profits are often generated in cash and must be relocated to pay operatives, suppliers, and facilitators, or to bribe officials and conceal ownership. By spreading funds across several accounts, often under different names and in different countries, criminals create a web that confuses investigators and regulators, increasing the chance that illicit money blends into legitimate activity and appears legitimate. While other crimes can involve funneling, the scale, cross-border reach, and immediate cash dynamics of these networks make funnel accounts particularly prevalent there.

9. Which statement about the Specially Designated Nationals (SDN) List is accurate?

- A. It excludes non-country-specific entities
- B. List of individuals and companies owned, controlled by, or acting on behalf of targeted countries or programs (Correct)**
- C. Only lists country-specific entities
- D. U.S. Persons may freely deal with SDN-listed entities

The SDN List is a roster used to block assets and restrict transactions with individuals and entities connected to sanctioned regimes or programs. The statement that best describes it is that it includes individuals and companies owned, controlled by, or acting on behalf of targeted countries or programs. This captures both direct control (owned or controlled by) and representation or actions taken on behalf of those targets, which is precisely what triggers sanctions. The list is not limited to country-specific entities, and U.S. Persons may not freely deal with SDN-listed entities unless a specific OFAC license or exemption applies.

10. In the San Bernardino self-funding case study, which financing detail helped facilitate weapons purchase?

- A. A straw purchaser to obtain the weapons
- B. A \$28,500 loan provided by an online peer to peer lender**
- C. Funds were provided by a foreign government
- D. Received cash donations from a charity

Understanding how illicit purchases are financed is essential in AML investigations. The San Bernardino self-funding case highlights how a non-traditional financing path can enable weapon purchases: a \$28,500 loan from an online peer-to-peer lender provided the funds. This shows self-funding through a readily accessible lending platform can supply the cash needed for purchases while not relying on obvious sources like government funding or charitable donations, or on a straw purchaser. The loan amount is large enough to cover a weapon purchase, and using a P2P loan can slip past conventional financial controls, making it a notable red flag for investigators.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://amlrightsourcetraining.examzify.com>

We wish you the very best on your exam journey. You've got this!

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