

ASSOCIATION OF CERTIFIED ANTI-MONEY LAUNDERING SPECIALISTS (ACAMS) 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. When evaluating qualifications for money laundering representation, which factor is considered essential?**
 - A. Experience in civil litigation
 - B. Credibility with local small business owners
 - C. Understanding of both domestic and international regulations
 - D. History of winning high-profile cases

- 2. What concern should an AML compliance officer have regarding new treasury management customers?**
 - A. Customer names compatibility with software
 - B. Government regulations for new accounts
 - C. Evidence of customer identity verification
 - D. Monitoring capabilities of the system

- 3. What type of documentation is critical for filing an STR?**
 - A. Audio recordings of conversations
 - B. Formal letters from customers
 - C. Detailed notes on suspicious behaviors
 - D. Standard account opening forms

- 4. Which statement accurately describes bust-out schemes?**
 - A. They involve bankruptcy fraud through excess loans.
 - B. They utilize nested accounts with shell banks for structuring.
 - C. They are recommended tactics by the FATF for money laundering.
 - D. They are ineffective due to the constraints of e-cash.

- 5. What should a Reporting Officer do when suspicious activity arises?**
 - A. Report every incident reported by any employee
 - B. File a report only for suspicious customers
 - C. Consult with the Board of Directors before reporting
 - D. Ignore incidents unless confirmed by higher management

- 6. What is the greatest risk for money laundering for casinos?**
- 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.
- 7. What indicator might suggest a suspicious insurance transaction?**
- A. A policyholder from overseas pays for an insurance policy in cash.
 - B. The insurance agent is from the same country as the policyholder.
 - C. The policy had a low face value.
 - D. The policyholder had multiple existing policies.
- 8. What is NOT a required component of a written Customer Identification Program (CIP)?**
- A. Verification processes must always be conducted by the company.
 - B. Procedures for opening new accounts.
 - C. Suspicious transaction reporting procedures.
 - D. Strategies for training and audits of the CIP.
- 9. Why is a risk-based approach preferred in global compliance programs for anti-money laundering and terrorist financing?**
- A. It is less costly
 - B. It is more flexible
 - C. It promotes a "check the box" approach
 - D. It discourages customer due diligence
- 10. Which information is essential when obtaining Customer Identification details?**
- A. A phone number for all financial interactions.
 - B. A permanent street address must be provided.
 - C. Temporary mailing addresses are acceptable.
 - D. Only the date of birth is necessary for verification.

Answers

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

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Explanations

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1. When evaluating qualifications for money laundering representation, which factor is considered essential?

- A. Experience in civil litigation
- B. Credibility with local small business owners
- C. Understanding of both domestic and international regulations**
- D. History of winning high-profile cases

Understanding both domestic and international regulations is crucial for effective representation in money laundering cases. Money laundering is a complex crime that involves the concealment of the origins of illegally obtained money, which often transcends national borders. Familiarity with regulations such as the Bank Secrecy Act, the USA PATRIOT Act, and relevant international standards like the Financial Action Task Force (FATF) recommendations is vital. This knowledge enables legal professionals to navigate the intricate legal landscape and provide informed counsel in money laundering cases. Without a strong grasp of the applicable regulations on both domestic and international levels, a representative might miss critical compliance issues or fail to understand the global implications of financial transactions. This understanding not only aids in constructing a solid defense strategy but also helps in advising clients on risk management and compliance matters in a world where financial crimes are increasingly sophisticated and global in nature.

2. What concern should an AML compliance officer have regarding new treasury management customers?

- A. Customer names compatibility with software
- B. Government regulations for new accounts
- C. Evidence of customer identity verification
- D. Monitoring capabilities of the system**

The concern regarding the monitoring capabilities of the system is crucial for the AML compliance officer when dealing with new treasury management customers. Ensuring that the monitoring system has robust capabilities is essential to effectively detect, report, and prevent potential money laundering activities. This includes the ability to analyze transaction patterns and identify suspicious activities in real-time. An effective system should be capable of adapting to various transaction types and customer behaviors, which is key in treasury management where high volumes and values of transactions are common. Additionally, the system should meet regulatory requirements and support the institution's overall compliance framework. While other options address important factors, such as ensuring adherence to government regulations and verifying customer identities, the monitoring capabilities directly influence the organization's ability to manage risk and maintain compliance effectively. This proactive oversight helps in safeguarding the institution from being exploited for illicit financial activities.

3. What type of documentation is critical for filing an STR?

- A. Audio recordings of conversations
- B. Formal letters from customers
- C. Detailed notes on suspicious behaviors**
- D. Standard account opening forms

The critical documentation for filing a Suspicious Transaction Report (STR) is detailed notes on suspicious behaviors. These notes capture the specific actions, conduct, or transactions that prompted the suspicion of money laundering or other illicit activities. Such documentation provides the necessary context and evidence to support the filing of an STR, helping authorities to understand the nature of the suspicious activity. Thorough and well-documented notes ensure that relevant details are preserved, including dates, times, amounts, and any unusual patterns or behaviors observed. This information is essential for law enforcement and regulatory agencies when conducting their investigations, as it helps in tracking and understanding the flow of potentially illicit funds. In contrast, audio recordings of conversations are less common in STR documentation, as they may not provide the necessary context without accompanying analysis or notes. Formal letters from customers do not typically contribute to identifying suspicious behavior unless they contain direct observations about illicit activities. Standard account opening forms are usually part of routine compliance but do not provide sufficient evidence of suspicious behavior relevant for an STR. Therefore, detailed notes about suspicious behaviors are crucial for effective detection and reporting in anti-money laundering efforts.

4. Which statement accurately describes bust-out schemes?

- A. They involve bankruptcy fraud through excess loans.**
- B. They utilize nested accounts with shell banks for structuring.
- C. They are recommended tactics by the FATF for money laundering.
- D. They are ineffective due to the constraints of e-cash.

Bust-out schemes are indeed characterized by bankruptcy fraud through obtaining excess loans. In this type of scheme, an individual or entity will establish credit relations with lenders or financial institutions with the intention of borrowing much more than they can repay. After accumulating significant debt, they will typically engage in fraudulent activities to deplete their assets or vanish altogether, ultimately leading to bankruptcy. This form of fraud is designed to take advantage of the credit system and exploit it for monetary gain. The individuals involved often make an initial façade of financial stability to secure loans and then quickly max out their credit lines before disappearing or declaring bankruptcy. Understanding this aspect of bust-out schemes helps in identifying patterns of financial exploitation and potential red flags within the lending process. The other options, while covering aspects of financial crime and anti-money laundering, do not accurately define bust-out schemes. For example, nested accounts and shell banks are associated more with complex money laundering operations rather than the specific actions taken in bust-out schemes. Additionally, FATF recommendations are geared toward best practices in combating money laundering, not recommending specific tactics that would benefit such schemes. Lastly, e-cash constraints do not directly relate to the structure or efficacy of bust-out schemes.

5. What should a Reporting Officer do when suspicious activity arises?

- A. Report every incident reported by any employee
- B. File a report only for suspicious customers**
- C. Consult with the Board of Directors before reporting
- D. Ignore incidents unless confirmed by higher management

When suspicious activity arises, it is essential for a Reporting Officer to take appropriate measures based on the context of the situation and the organization's policies. Filing a report only for suspicious customers is correct because it focuses on the necessity to assess the situation critically and ensure that only credible suspicions — those that arise from the behavior or transactions of customers — are reported. It is vital for Reporting Officers to evaluate the circumstances surrounding the suspicious activity. The decision to file a report should be based on reasonable grounds and evidence of potentially illicit activities, rather than simply responding to every report made by employees or seeking approval from higher levels of management. This practice ensures that the reporting process is efficient and focused on actual risks, allowing for better allocation of resources and more effective monitoring of suspicious activities. The approaches of reporting every incident, consulting the Board of Directors, or ignoring incidents do not align with established protocols and could lead to inefficiencies or potential regulatory issues. Reporting every incident without a clear basis may overwhelm the system and dilute the importance of genuine threats. Consulting with the Board also may not always be practical or necessary for every suspicious activity, as it could lead to delays in reporting. Conversely, ignoring suspicious activities undermines compliance efforts and could facilitate ongoing illicit behavior.

6. What is the greatest risk for money laundering for casinos?

- 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.

The greatest risk for money laundering in casinos is allowing customers with credit balances to withdraw funds by check in another jurisdiction. This practice can create opportunities for money laundering because it may involve individuals attempting to disguise the origin of funds. When customers can withdraw significant amounts through checks, especially in different jurisdictions, it becomes easier to obscure the trail of money and its source, which is a critical aspect of money laundering. Withdrawing funds in this manner may facilitate cross-border transactions that lack transparency, making it difficult for authorities to track the origin and movement of the funds. Criminals often exploit such systems to convert illicit gains into apparently legitimate funds, posing significant risks to the integrity of the casino operations and the broader financial system. The other choices, while they may involve risks, do not directly contribute to the highest risk factor in the same manner. For instance, having a wide array of gambling services or operating in non-Egmont member countries may present challenges but do not inherently create the same level of opportunity for laundering funds as the ability to withdraw credit balances in checks across jurisdictions. Also, sending suspicious transaction reports only to the financial intelligence unit within the operating country fails to capture the international aspects of potential money laundering activities, which places greater emphasis on the geographic and cross-j

7. What indicator might suggest a suspicious insurance transaction?

- A. A policyholder from overseas pays for an insurance policy in cash.
- B. The insurance agent is from the same country as the policyholder.
- C. The policy had a low face value.
- D. The policyholder had multiple existing policies.

The most telling indicator of a suspicious insurance transaction is when a policyholder from overseas pays for an insurance policy in cash. This situation raises red flags due to several factors typically associated with money laundering activities. Firstly, cash transactions are generally harder to trace than those made through bank channels, which can obscure the source of the funds used to pay for the policy. Secondly, overseas policyholders might be using insurance as a means to transfer illicit funds across borders, thus circumventing scrutiny from their home country's financial regulations. Additionally, cash payments in insurance suggest a level of anonymity and a potential attempt to distance the policyholder from the financial provenance of the funds. In financial crime contexts, individuals might avoid traditional banking methods to enhance their own concealment efforts, which is a common behavior seen in suspicious activities. On the other hand, factors such as the insurance agent being from the same country as the policyholder, a policy having a low face value, or a policyholder having multiple existing policies do not inherently raise the same level of suspicion. They may not indicate any unusual behavior or intentions regarding financial crime, making them less significant as indicators compared to cash payments from overseas. Therefore, the cash payment from an overseas policyholder is a strong red flag suggesting potential money laundering

8. What is NOT a required component of a written Customer Identification Program (CIP)?

- A. Verification processes must always be conducted by the company.
- B. Procedures for opening new accounts.
- C. Suspicious transaction reporting procedures.
- D. Strategies for training and audits of the CIP.

The correct answer identifies that verification processes do not always need to be conducted by the company itself as part of a written Customer Identification Program (CIP). While companies are required to implement verification processes to confirm a customer's identity, they may also rely on third-party or external entities to perform these checks. This flexibility allows organizations to outsource certain functions while still adhering to regulatory requirements. A robust CIP must include procedures for opening new accounts, as this is essential for ensuring that any prospective customers undergo the appropriate identity verification before establishing a business relationship. Additionally, suspicious transaction reporting procedures are critical for compliance with anti-money laundering (AML) regulations, as they enable institutions to report any potentially illicit activities to the appropriate authorities. Furthermore, strategies for training and audits of the CIP are necessary components to ensure that employees are well-versed in the procedures and that the program is regularly evaluated for effectiveness and compliance.

9. Why is a risk-based approach preferred in global compliance programs for anti-money laundering and terrorist financing?

- A. It is less costly
- B. It is more flexible**
- C. It promotes a "check the box" approach
- D. It discourages customer due diligence

A risk-based approach is favored in global compliance programs for anti-money laundering (AML) and terrorist financing because it is more flexible and allows organizations to allocate resources and tailor their compliance measures based on the specific level of risk associated with different customers, transactions, and geographic regions. This approach recognizes that not all customers pose the same risk of engaging in money laundering or terrorist financing activities. By focusing on higher-risk areas, organizations can ensure that their compliance measures are more effective and proportionate to the threat level. This leads to a more efficient use of resources, where efforts can be concentrated on those that present a greater risk, while less scrutiny can be applied to lower-risk scenarios. Additionally, a risk-based approach encourages continuous monitoring and reassessment of risks, adapting to any changes in customer behavior or external factors. By being flexible, compliance programs can swiftly respond to emerging threats or changes in regulatory expectations, ensuring that they remain effective over time. In contrast, a "check the box" approach tends to involve rigid, one-size-fits-all measures that do not effectively address varying levels of risk and can result in wasted resources and potential gaps in compliance. Similarly, discouraging customer due diligence would undermine the purpose of an AML program, as thorough due diligence is

10. Which information is essential when obtaining Customer Identification details?

- A. A phone number for all financial interactions.
- B. A permanent street address must be provided.**
- C. Temporary mailing addresses are acceptable.
- D. Only the date of birth is necessary for verification.

When obtaining Customer Identification details, a permanent street address is crucial for several reasons. It serves as a reliable point of contact for the customer and is an essential element in the Know Your Customer (KYC) process. A permanent street address helps financial institutions establish a customer's identity and assess the risk associated with that customer. This information aids in verifying the customer's identity and can be cross-referenced with various databases to prevent identity theft and fraud. In many regulatory frameworks, including those influenced by the Financial Action Task Force (FATF) guidelines, having a permanent address is a key requirement in establishing the identity of a customer. It not only helps institutions maintain accurate records but also assures compliance with anti-money laundering (AML) laws and regulations. A permanent address indicates that the customer has a stable and verifiable location, which is essential for effective due diligence. While alternative options may suggest the acceptance of temporary addresses or the importance of other types of information, the permanent address remains a foundational element of customer identification processes. It is a critical component that supports the integrity of the financial system and helps institutions fulfill their legal obligations regarding customer verification and monitoring.

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:

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

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