Today money laundering is the one of biggest problem in cycle of economy and security of governments. In general, money laundering is called what it is because that perfectly describes what takes place - illegal, or dirty money is put through cycle of transactions, or washed, so that is comes out the other end as legal, or clean money. In other words, the source of illegally obtained funds is obscured through a succession of transfers and deals in order that those some funds can eventually be made to appear as legitimate income.

In past, the term “money laundering” was applied only to financial transactions related to organized crime, today its definition is often expanded by government regulations, to encompass any financial transaction which generates an assets or a value as the result of an illegal act, which may involve actions such as tax evasion or false accounting. However, as money laundering technique becomes more sophisticated, so too is the technology and to fight it.

Early anti-money laundering programs flagged transactions exceeding a certain amount. This proved to be ineffective because money laundering soon adjusted their schemes to avoid detection. The fight against money laundering aims at a more effective enforcement of the criminal law in relation to profit-oriented crime.

It will be shown that the introduction of the two main legal devices that are used in the fight against money laundering, the confiscation of the proceeds from crime and the incrimination of money laundering, are closely linked to changes that occurred on a legal and a socio-economical level. These criminal law instruments have, however, created a momentum of their own.

The most important example of how the fight against money laundering has separated itself from the background that gave rise to it is the drastic expansion of the application field of the confiscation of the proceeds from crime and the incrimination of money laundering also signifies an evolution of the norm-making process in the field of the law enforcement.
However, money laundering has two dimensions:

1. National dimension
2. International dimension

The national dimension of money laundering is more easily understood by the residents of a country, because they are familiar with the socio-economic and cultural of that country.

The international dimension of money laundering calls for an understanding at international finance and banking which, like high finance, seems very complicated to the general public. This international dimension is becoming more and more important with the march of most countries at the world towards economic, where in “free market” is the new mantra.

The next thing to be done is to analyze mechanism of money laundering. On the issue of mechanics, a point to be borne in mind is that money laundering is not something that can be taught or learned in a comprehensive course. It is a dynamic and continually evolving process and one has to keep abreast of the latest developments in the field with regard to both techniques and the instruments through which money laundering is effected. While discussing the various techniques of money laundering, it will be observed that some are foolproof methods, some are half-hearted attempts and some are downright amateurish attempts.

Techniques divide in two national and international levels. Techniques at the national level discussed examples same retail businesses, wholesale trade, casinos etc. Once the international level of money laundering techniques comes into play, money in laundered more effectively and its becomes extremely difficult, if not impossible, the complex web of transactions in order to expose the origin of money that is the proceeds of crime.

At the outset, one may also ask where the money that has been laundered through the international circuit goes. One answer is that the money that moves from the national jurisdiction to the international circuit returns to the national jurisdiction. Another trend
is that money which has gone from the national jurisdiction to the international circuit need never return to the original national jurisdiction.

The international money laundering circuit, comprising the stage of money laundering, i.e., placement, layering, and integration, where by illegal money is transformed to legitimate money, has also been mentioned briefly. The international money laundering circuit can be structured in various ways, so that each corresponds to a particular technique or classification of money laundering.

The structuring of money laundering circuit is one of several permutations and combinations of concepts, practices, trends and structures. In a particular money laundering circuit/technique/typology, some features might be preferred to others, depending upon service rendered by the particular financial haven being used. Due to growing concern about increased international drug trafficking and the tremendous amounts of related money laundering the bank system, the UN, through the UNDCP\textsuperscript{228} initiated an international agreement to combat drug trafficking and money laundering.

In 1988, this effort resulted in the adoption of the Vienna Convention\textsuperscript{229}.

Although it does not use the term money laundering, the convention defines the concept and call upon countries to criminalize the activity. The Vienna convention is limited, however, to drug trafficking offences as predicate offences and does not address the preventive aspects of money laundering. With note into fundamental position this convention, and with general considering other international documents that approved after the Vienna convention, this is easily finding this point that all of these documents and conventions have been inspired by the Vienna convention.

After the Vienna convention, one of the most important conventions was council of Europe convention. The council of Europe does not have the power, as does the EU, to bind the U.K. The enormous significance of the requirements of the council of Europe is that its membership extends too many of the areas, in particular central and Eastern Europe, in or from which “dirty” money is suspected to originate.

\textsuperscript{228} - United Nations Drug Control Program.
\textsuperscript{229} - United Nations Drug Convention Against Illicit Traffic in Narcotic Drug and Psychotropic Substances
The convention, in general, was perfect and it could make good way for countries that do not have laws against money laundering, such countries can take effect from convention and make acceptable laws with domestic and international effective. The Convention do not have important predicate project and deny banking and financial rule, but this convention with extent widely meaning proceeds that derived from drug dealers to proceeds that derived from any economic advantage, covered all criminal offences.

In order to expand the effort to fight international organized crime, the UN adopted the Palermo convention. The convention is important because its AML provisions adopt the same approach previously adopted by the FATF in its Forty Recommendations on money laundering. The purpose of this convention is to promote co-operate to prevent and combat transnational organized crime more effectively.

In general, the Palermo convention considered money laundering, its extent and effect in international view. There is another framework of international law for the prevention and prohibition of money laundering.

In December 1988, the Basel Committee on Banking Supervision issues its statement on Preventing of Criminal Use of the Banking System for the purpose of money laundering statement on prevention. The statement on prevention outlines basic policies and procedures that bank managements should ensure are in place within their institutions to assist in suppressing money laundering through the banking system, both domestically and internationally.

The FATF that is an inter-governmental body has another framework in this area, its purpose to establish international standards and develop and promote policies, both at national and international levels to combat money laundering and terrorist financing. The FATF issued its first set of international anti-money laundering standards in 1990 the Forty Recommendations on money laundering.

In October 2001, in response to the September 11 attacks, expanded its mandate and issue 8 Special Recommendations to deal with the issue of terrorist financing. In October 2004, the FATF added 9th Recommendations.
These Recommendations consider fewer than 4 categories:

i) Legal system

ii) Measures to be taken by financial institutions and non-financial businesses and professions to prevent money laundering and terrorist finance.

iii) Institutional and other measures necessary in systems for combating money laundering and terrorist finance.

iv) International co-operation

These are basic principles that FATF explain its aims in them. With view to legislation in some governments we can find progressive in AML.

The U.K has fulfilled its international obligations to create money laundering offences in several pieces of primary legislation, the criminal justice Act 1988, the Drug Trafficking Act 1994 and the Terrorism Act 2000. The POCA consolidate the provisions of the Drug Trafficking Act and the Criminal Justice Act so that the law on laundering the proceeds of drug trafficking and laundering the proceeds of other crime is contained in one piece of legislation. The POCA replaced the money laundering provisions in the Criminal Justice Act and Drug Trafficking Act. In general, the money laundering legislation in the United Kingdom under the proceeds of crime Act 2002 (POCA) and all of the money laundering regulations 2003 and 2007, is wide ranging and encompasses mere possession of criminal or terrorist property as well as acquisition, transfer, removal, use, conversion, concealment or disguise.

Legislation about money laundering in U.S.A started with the BSA of 1970 that requires banks to report cash transactions of $10000 or more. The MLCA of 1986 further defined money laundering as a federal crime. The USA PATRIOT Act of 2001 expanded the scope of prior laws to more types of financial institutions, added a focus on terrorism financing, and specified that financial institutions take specific actions to KYC. After September 11, 2001, money laundering became a major concern of the United States war on terror, although critics argue that it has become less and less an important

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231 Anti-money Laundering Legislation
232 Proceeds Of Crime Act
matter for the White House. While money laundering typically involves the flow of dirty money into a clean bank account or negotiable instrument, terrorist financing frequently involves the reverse flow: apparently clean fund converted to dirty purposes.

In India, the bill, that now becomes law after receiving presidential assent, for the prevention of money laundering enact in 2002. This act filled a big gap that was against combat money laundering in India. The act was one of the few pieces of legislation that has been passed by the Indian Parliament pursuant to a United Nations Resolution. During its determent in India Parliament, India was under considerable pressure from various international forums and expert groups to enact a law to counter money laundering considering the seriousness of the problem posed worldwide.

The Act introduces a revolutionary concept and defining money laundering, by adding the provision that except in offences relating to the state on drugs, an offence can be classified as a money laundering offence only if the property involved is worth INR 3 million or more. No other country in the world has such a provision in their law pertaining to money laundering. In fact, such a provision would only encourage the technique known as “smurfing” in the United States where by keeping transactions blow INR 3 million; one can avoid the so-called “long arm of the law”.

Perhaps the biggest grey area in this act is with regard to enforcement. Under the act enforcement agencies have not been specified at all. The act talk about searches, seizures, arrests, attachment, confiscation, public prosecutors and empowerment in general, in talking about empowerment, it tends to confuse it with providing assistance. It is nowhere specifically mentioned which are the agencies or authorities that can investigate cases and file charges in a count of law for offences committed under the act.

As final conclusion, the laws against money laundering is not effective and complete. Like developed countries, another countries must enact and actual enforce these laws in dealing with money laundering.