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## **Indonesia's Cross-Border Statutes to Curb Money Laundering Criminal Activities**

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### **Background**

It was not until February 11, 2005 when the Financial Action Task Force (FATF) announced at the Paris plenary session that Indonesia was removed from the Non-Cooperative Countries and Territories (NCCT) list. Formerly, the country was categorized as a "safe-heaven" for money laundering criminal activities. Since June 1, 2001 the country had been classified as a non-cooperative country (NCCTs) by the Financial Action Task Force (FATF). In 17 April, 2002 the country promulgated Law Number 15, 2002 concerning the Crime of Money Laundering (UU-TPPU).<sup>1</sup> But the Law considered as not complies yet with the international standard to curb money laundering. Eventhough the country amended the Law on Money Laundering by Law Number 25, 2003, however, the amendment does not alter the status of a non-cooperative country by the Financial Action Task Force (FATF).<sup>2</sup>

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<sup>1</sup> State Gazette of the Republic of Indonesia Year 2002 Number 30, Supplement to State Gazette Number 4191

<sup>2</sup> PPATK: Question & Answer, 2005, p. 5.

## Definitions

The Law define the crime of money laundering as an act of placing, transferring, disbursing, spending, donating, contributing, entrusting, taking out of the country, exchanging or other such acts related to, Assets known or reasonably suspected by a Person to constitute proceeds of crime, for the purpose of hiding or disguising the origins of assets as if such assets shall be legitimate.<sup>3</sup>

Furthermore, the law defines the proceeds of crime shall be Assets derived from the offence of:

- a. corruption;
- b. bribery;
- c. smuggling of goods;
- d. smuggling of workers;
- e. smuggling of immigrants;
- f. banking offences;
- g. capital market offences;
- h. insurance offences;
- i. narcotics offences;
- j. psychotropic substance offences;
- k. trade in people;
- l. illegal trading in arms;
- m. kidnapping;
- n. terrorism;
- o. theft;
- p. embezzlement;
- q. fraud;
- r. counterfeiting of currencies;
- s. gambling;
- t. prostitution;
- u. taxation offences;
- v. forestry offences;
- w. environmental offences;
- x. maritime offences; or
- y. other offences for which the penalty that may be imposed is a sentence of 4 years imprisonment or more; **committed** in the territory of The Republic of Indonesia or **outside** the territory of The Republic of Indonesia and such crime is also a crime according to Indonesian law; and

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<sup>3</sup> Law Number 15, 2002 concerning the Crime of Money Laundering, as amended by the Law Number 25, 2003

z. Assets employed directly or indirectly for terrorist activities.<sup>4</sup>

## **Authority**

Law Number 15 year 2002 which was revised by Law Number 25 year 2003 (UU-TPPU) provided for the establishment of PPATK as Indonesian Financial Transaction Reports and Analysis Center (IFTRAC). The Law positioned PPATK as the focal point in the anti money laundering regime in Indonesia. PPATK is an institution with the mission of preventing and eradicate money laundering in Indonesia. The Law stipulated that the Center for Financial Transactions Reporting and Analysis hereinafter referred to as the PPATK shall be an independent agency established in the context of prevention and eradication of the crime of money laundering.<sup>5</sup> Furthermore, the Presidential Decree Number 81, 2003 concerning the Working Procedure of the Power of the Center for Financial Transactions Reporting and Analysis Article 1: (2) elaborate the meaning of PPATK as an independent agency, that the agency shall be responsible to the President.

## **Functions and Duties of PPATK**

Article 26 Law Number 15, 2002 as amended by Law Number 25 year 2003, stipulates that in the course of implementing its functions PPATK has the following duties:

- a. collect, maintain, analyze and evaluate information obtained by the PPATK in accordance with this Law;

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<sup>4</sup> Article 2, Law Number 15 year 2002 which was revised by Law Number 25 year 2003

<sup>5</sup> Article 1: (10).

- b. monitor records in the exempt registry prepared by Providers of Financial Services;
- c. prepare guidelines for procedures for reporting of suspicious financial transactions;
- d. provide advice and assistance to relevant authorities concerning information obtained by the PPATK in accordance with the provisions of this Law;
- e. issue guidelines and publications to Providers of Financial Services concerning their obligations as set forth this Law or in other prevailing laws and regulations, and assist in detecting suspicious customer behavior;
- f. give recommendations to the Government concerning measures for the prevention and eradication of money laundering criminal acts;
- g. report the results of analysis of financial transactions indicating the existence of the crime of money laundering to the Police and to the Public Prosecutor's Office;
- h. prepare and provide reports regarding the results of analysis of financial transactions and other activities once every 6 (six) months to the President, the Peoples' Representative Assembly, and to agencies authorized to conduct supervision of Providers of Financial Services;
- i. provide information to the public concerning its institutional performance, to the extent that such disclosure is not contrary to the provisions of this Law.

### **The Power of PPATK**

Article 27 Law Number 15, 2002 as amended by Law Number 25, 2003, stipulates that in performing its tasks, the PPATK has the following powers:

- a. To request and receive reports from Providers of Financial Services;
- b. Request information concerning the progress of investigation or prosecution of money laundering criminal acts reported the investigator or public prosecutor;
- c. Conduct audits of Providers of Services in respect of their compliance with the provisions of this Law and guidelines for reporting financial transactions;
- d. Grant exemptions from the reporting obligation for financial transactions using cash referred to in Article 13 paragraph (1) sub-paragraph b of the Law Number 15, 2002 as amended by Law Number 25, 2003.

In conducting audits as referred to in paragraph sub-paragraph c, the PPATK should be conduct prior coordination with agencies supervising Providers of

Financial Services. Furthermore, the Law stipulated that in the exercise of the powers referred to in this paragraph, the provisions of other laws related to bank secrecy and the secrecy of other financial transactions shall not apply to the PPATK.

The Law also stipulated that provisions on the procedures for implementing the powers of PPATK shall be further stipulated by Presidential Decree.

### **Implementing Laws**

In order to support the efficiency of duties and to implement the authority of the Center for Financial Transactions Reporting and Analysis as referred to in Article 26 and Article 27 of Law Number 15 Year 2002 concerning the Money Laundering Criminal Acts as amended by Law Number 25 Year 2003, the Government of Indonesia stipulated Presidential Decree Number 81, 2003 concerning the Working Procedure of the Power of the Center for Financial Transactions Reporting and Analysis, and Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

According to this Decree the duties and the function of The PPATK is exactly the same as the article 26 and 27 of the Law Number 15, 2002 as amended by Law Number 25 year 2003. Furthermore, the Decree elaborated that in order to perform its powers to request for and to receive reports on suspicious financial transactions and cash transactions, the PPATK shall:

- a. request for and receive reports on suspicious financial transactions and cash transactions;
- b. request for additional information in the event that reports submitted by Providers of Financial Services are incomplete, disbelieved for its truth, or need further clarification as required;

- c. request for other information in relation to suspicious financial transactions from Providers of financial services, reporting parties or other providers of financial services;
- d. stipulate procedures for reporting suspicious financial transactions and cash transactions for Providers of financial services.<sup>6</sup>

In order to perform its powers to request information concerning the progress of investigation or prosecution of money laundering criminal acts reported the investigator or public prosecutor, the PPATK shall:

- a. request for information to the investigator or public prosecutor on progress of investigation or prosecution of money laundering crimes;
- b. request for additional information on progress of investigation and prosecution of money laundering crimes reported to the investigator or public prosecutor as needed;
- c. request for information as referred to in point a and b case-by-case or collective.<sup>7</sup>

In order to perform its powers to conduct audits of Providers of Services in respect of their compliance with the provisions of this Law and guidelines for reporting financial transactions, the PPATK shall:

- a. audit for certain time as needed;
- b. request for and oblige Providers of financial services to provide document, data, record and information owned and or controlled by Providers of financial services;
- c. enter into the area, land, building or other properties owned or controlled by Providers of Financial Services.<sup>8</sup>

The Decree also stipulated that in conducting audit as referred to in point a, the PPATK shall conduct coordination first with authorized agencies to conduct supervision over Providers of Financial Services.<sup>9</sup> Audit on the Providers of Financial Services shall be conducted together with authorized agencies to

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<sup>6</sup> Article 3, Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>7</sup> Article 4, Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>8</sup> Article 5: (1), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>9</sup> Article 5: (2), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

conduct supervision over Providers of Financial Services,<sup>10</sup> and procedures for auditing Providers of Financial Services shall be stipulated in a Decision of the Head of the PPATK.<sup>11</sup>

In order to perform its powers to grant exemptions from the reporting obligation for financial transactions using cash referred to in Article 13 paragraph (1) subparagraph b of the Decree, the PPATK shall:

- a. approve or disapprove request for the exemption of cash transactions reporting obligations proposed by Providers of Financial Services;
- b. examine list and administration of exempt cash transactions database made by Providers of Financial Services.<sup>12</sup>

The Decree stipulated that Providers of financial services shall propose request of the exemption of cash transactions reporting obligations in writing to the PPATK.<sup>13</sup> Procedures for requesting for the exemption of cash transactions reporting obligations shall be stipulated in a Decision of Head of the PPATK.<sup>14</sup> The Decree also ordered The PPATK to issue general guidelines on “Know Your Customer Principles” as guidelines for authorized institutions to conduct supervision over Providers of Financial Services in stipulating “Know Your Customer Principles”.<sup>15</sup>

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<sup>10</sup> Article 5: (3), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>11</sup> Article 5: (4), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>12</sup> Article 6: (1), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>13</sup> Article 6: (2), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>14</sup> Article 6: (3), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

<sup>15</sup> Article 7: (1), Presidential Decree Number 82, 2003 concerning Procedure for Implementing Powers of the Center for Financial Transactions Reporting and Analysis.

## Protection of Reporting Parties and Witnesses

In the context of the implementation of examination process of criminal acts of money laundering, in accordance with Law Number 15 Year 2002 regarding Criminal Acts of Money Laundering as amended by Law Number 25 Year 2003, Reporting Parties and Witnesses need to obtain special protection from the state against any threats endangering themselves, the safety of their life and/or properties including their family from any party whatsoever.<sup>16</sup>

It is expected that by providing such special protection both Reporting Parties and Witnesses will feel that their safety is guaranteed enabling them to provide accurate information for appropriate implementation of the judicial process in criminal acts of money laundering. Hence, it is expected that Reporting Parties and Witnesses will be able to participate actively in endeavors to prevent and eradicate criminal acts of money laundering.<sup>17</sup>

This Government Regulation provides for the form and procedure for special protection granted to Reporting Parties and Witnesses including the protection for personal safety and/or the safety of the Reporting Parties' and Witnesses' family against physical or mental threats, protection of their properties, keeping confidential and disguising the identity of Reporting Parties and Witnesses, and/or giving testimony without being confronted with the suspect or defendant at any case examination level.<sup>18</sup>

In addition to the above, in the context of preventing and eradicating Criminal Acts of Money Laundering, special protection for Witnesses with regard to mutual

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<sup>16</sup> General elucidation, Regulation of the Republic of Indonesia, Number 57 year 2003 concerning the Procedure for Special Protection of Reporting Parties and Witnesses in Criminal Acts of Money Laundering.

<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

assistance cooperation agreement in criminal cases with other states is also provided for.

The regulation stipulated that Special Protection is a form of protection provided by the state to secure Reporting Parties or Witnesses against any possible threats endangering such persons, their life, and/or their properties including their family.<sup>19</sup> It specified that Reporting Parties is anyone who:

- a. due to their obligations under laws and regulations reports Suspicious Financial Transaction or Cash Financial Transaction as intended in the Law to the PPATK; or
- b. voluntarily reports to investigators alleged criminal acts of money laundering as intended in the Law.<sup>20</sup>

Furthermore, the regulation determined that Witnesses is persons capable of providing information regarding a criminal case of money laundering that they hear by themselves, see by themselves and experience by themselves, for the purpose of investigation, prosecution, and court hearing.<sup>21</sup>

The regulation also determined that special protection must be provided for every Reporting Party or Witness in a case of criminal acts of money laundering, either prior to, during or following a case examination proceeding, by the Police of the

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<sup>19</sup> Article 1: (1), Regulation of the Republic of Indonesia, Number 57 year 2003 concerning the Procedure for Special Protection of Reporting Parties and Witnesses in Criminal Acts of Money Laundering.

<sup>20</sup> Article 1: (2), Regulation of the Republic of Indonesia, Number 57 year 2003 concerning the Procedure for Special Protection of Reporting Parties and Witnesses in Criminal Acts of Money Laundering.

<sup>21</sup> Article 1: (3), Regulation of the Republic of Indonesia, Number 57 year 2003 concerning the Procedure for Special Protection of Reporting Parties and Witnesses in Criminal Acts of Money Laundering.

Republic of Indonesia.<sup>22</sup> Reporting Parties and Witnesses shall not be charged for the special protection provided for them.<sup>23</sup>

Special protection as intended in Article 2 and Article 3 of the regulation shall be provided in the following forms:

- a. protection of personal safety and/or the safety of the relevant Reporting Party's and Witness' family against physical or mental threats;
- b. protection of the Reporting Party's and Witness' property;
- c. keeping confidential and disguise the identity of the Reporting Party and Witness concerned; and/or
- d. giving testimony without being confronted with the suspect or defendant at any case examination level.

### **Cross-Border Statute, International Cooperation, and Law Enforcement**

The Law Number 15 year 2002 which was revised by Law Number 25 year 2003 is a cross-border statute. The consideration of the law stated that:

- a. whereas crime resulting in large amounts of Assets is increasing, both crime committed within the territory of The Republic of Indonesia as well as crime committed **outside the State's borders**; ...
- d. whereas money laundering is not only a national crime but also a transnational crime, therefore it has to be eradicated, among other things by engaging in **regional or international cooperation** through **bilateral or multilateral forums**;

Article 2 of the law stipulates that the proceeds of crime shall be Assets derived from the offence **committed** in the territory of The Republic of Indonesia or **outside** the territory of The Republic of Indonesia and such crime is also a crime according to Indonesian law.

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<sup>22</sup> Article 2, Regulation of the Republic of Indonesia, Number 57 year 2003 concerning the Procedure for Special Protection of Reporting Parties and Witnesses in Criminal Acts of Money Laundering.

<sup>23</sup> Article 4, Regulation of the Republic of Indonesia, Number 57 year 2003 concerning the Procedure for Special Protection of Reporting Parties and Witnesses in Criminal Acts of Money Laundering.

Article 25: (3) of the Law stated that in the prevention and eradication of the crime of money laundering, the PPATK can engage in **cooperation** with relevant parties, both **national as well as international**.

Article 44B of the Law stated that in the event of developments in **international conventions** or **international recommendations** in the field of prevention and eradication of the crime of money laundering, the PPATK can, in accordance with this law, implement such provisions, in a manner consistent with law and regulation.

Furthermore, the general elucidation of the Law Number 15 year 2002 which was revised by Law Number 25 year 2003 stated that various crimes committed both by individuals as well as corporations within the territory of a country or **across the borders** of another country are increasing. Such crimes include among other things the criminal acts of corruption, bribery, smuggling, smuggling of workers, smuggling of immigrants, banking, illegal trafficking in narcotics and psychotropic substances, slavery, the trade in women and children, illegal trading in arms, kidnapping, terrorism, theft, embezzlement, fraud and various white collar crimes. ... Attempts to hide or conceal the origins of assets derived from criminal acts as intended in this Law are known as money laundering.

There are several treaty or international agreements that can be utilized to enforce this Cross-Border Statute regional as well as international, among others are:

- The Law Number 1 Year 1999 concerning ATreaty Between The Republic of Indonesia and Australia on Mutual Assistance in Criminal Matters; and
- The Law Number 1 Year 2001 concerning An Agreement Between The Republic of Indonesia and the Government of Hongkong for the Surrender of Fugitive Offenders.

The nature of these Laws is quite different. The Law Number 1 Year 1999 concerning ATreaty Between The Republic of Indonesia and Australia on Mutual Assistance in Criminal Matters is an agreement between two countries. But The

Law Number 1 Year 2001 concerning An Agreement Between The Republic of Indonesia and the Government of Hongkong for the Surrender of Fugitive Offenders is an agreement between Indonesia, a country, and Hongkong, which is not a country, but as a part of a country: the People Republic of China. That is why the title of this agreement is not an “Extradition Agreement”, but an “Agreement for the Surrender of Fugitive Offenders”. Article 22 of the agreement stipulated that if there is an unsolve dispute regarding the interpretation or implementation of the agreement, the solution shall be conducted by consultation or negotiation between government of Indonesia and the sovereign government which responsible for Hongkong foreign matter, that is the government of the People Republic of China.

The Indonesian Foreign Minister confirmed that Indonesian Government has been working closely with various other governments in the region, and with the financial services industry, in order to frustrate and expose any attempt to use the country as a conduit for money laundering and financing of terrorism.<sup>24</sup> Indonesia has established cooperation in legal matters with a number of countries, particularly on extradition and mutual legal assistance in criminal matters. Indonesia has signed bilateral extradition agreements with Malaysia, the Philippines, Thailand, Australia, the Republic of Korea, and the People’s Republic of China.<sup>25</sup>

In August 3, 2005 a new regional centre for joint law enforcement efforts between Indonesia and Australia was opened in Indonesia by Australian Justice Minister, Chris Ellison. The centre includes classrooms and conference facilities for training anti-money laundering officers. The Australian Government is

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<sup>24</sup> Statements by Indonesian Foreign Minister in The Conference on Combating Money Laundering and Terrorist Financing, Nusa Dua, Bali, 17 December 2002.

<sup>25</sup> *Ibid.*

contributing more than AUS\$38 million over five years to the development of the facility.<sup>26</sup>

USAID is providing \$3.2 million through FCPP (Financial Crime Prevention Project) implemented by Booz Allen Hamilton over two years to assist Indonesia to create a modern legal and institutional framework to detect and prosecute financial crimes, and to facilitate cooperation among the interested ministries and agencies responsible for financial crime prevention. USAID Grantee, FSVC (Financial Sector Services Corps), is also playing a role working with Indonesia Central Bank and commercial banks on Know-Your-Customer principles; and in training Indonesia's Attorney General on anti-money laundering (AML) prosecutions. USAID's efforts are assisting the Government to fight financial crime and corruption, which will promote financial sector safety and soundness and lead to increased investment, growth and job creation.<sup>27</sup>

### **Suspicious Transaction and Cash Transaction Reports**

Having struggle for compliance to international standard, the Law Number 15 Year 2002 concerning the Money Laundering Criminal Acts was amended by Law Number 25 Year 2003, however, the Financial Action Task Force (FATF) has not been restored the status of Indonesia as a non-cooperative country (NCCTs). The FATF was in opinion that the status of the country is not only depend on the compliance of the Law to international standard, but also build upon the implementation of the Law.<sup>28</sup>

The FATK clarified several weakness of the PPATK, among others the loophole in regulations on the monetary sector, i.e.:

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<sup>26</sup> Hammersley, John, "United Kingdom: A Month in Money Laundering - August 2005," 19 September, 2005.

<sup>27</sup> USAID-INDONESIA.

<sup>28</sup> PPATK: Question & Answer, 2005, p. 5.

- there is no provision concerning mandatory fit and proper test for non-bank insitutions;
- impediments in the regulation concerning non-financial sectors;
- lack of international cooperation; and
- lack of human resources in an effort of to deter and to eradicate money laundering criminal activities.<sup>29</sup>

The worst thing is that Indonesia has no regulation which determined money laundering as a criminal offence.

Data in the early of 2004 shows that PPATK recorded 410 report on Suspicious Transaction Report (STR) from 34 Financial Services Provider, all of them are general banking. Among the report, 291 STR are the finding of Special Unit of Banking Investigation – Indonesian Central Bank. The analises by PPATK concluded that 59 cases are indicated as money laundering criminal activities. In accordance to the law, PPATK submitted its finding to the Indonesian Police Department and Public Attorney. The Police Department reported that 5 (five) STR cases are submitted to the Procecutur, 2 (two) cases are dropped due to lack of criminal elements, and 5 (five) cases are dropped due to procedural matter. In this year 2 (two) cases are in trial. The recent PPATK data on Suspicious Transaction Reports and Cash Transaction Reports are as follows:

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<sup>29</sup> *Ibid.*, p. 4.

## Suspicious Transaction Reports and Cash Transaction Reports As of 30 July 2005

### 1. Suspicious Transaction Reports (STR)

#### 1.a. STR filed to PPAATK

Reporting institutions	The number of reporting institutions	# of STR
Commercial bank	93 Banks, 1 Rural Bank	2.355
<b>Non bank financial institutions</b>		
Securities	4	5
Money changer	6	9
Pension fund	1	1
Financing company	3	6
Insurance	5	16
<b>Sub total non bank financial institutions</b>		<b>37</b>
<b>Total STR filed</b>		<b>2.392</b>

\*) All STRs are being analyzed, if meeting money laundering criteria, the results are disseminated to law enforcement agencies, as follows

#### 1.b. The number of cases disseminated to the law enforcement agencies (LEA)

LEA	Number of cases	Description	ML / Non ML
Police	304	Derived from analysis on 584 STR	227/84
Prosecutor	3	Derived from analysis on 11 STR	2/-
<b>Total</b>	<b>307</b>	<b>Derived from analysis on 595 STR</b>	<b>227/84</b>

### 2. Cash Transaction Reports (CTR)

The number of Financial Service Provider filing CTR	: 142*
The number of CTR (received through online and manual)	: 1.304.336 Reports

\*) 112 commercial banks, 20 money changers, 8 rural banks, 2 insurance

Source: PPAATK, 2005.

One of the STR case in early 2004 involve The Jakarta Stock Exchange. The government anti money-laundering agency admitted on January 27, 2004 that "hot money" being laundered through the local stock market might have been a key driver behind the high-flying bourse in recent months. Yunus Husein,

chairman of the Financial Transaction and Report Analysis Center (PPATK), said that a money-laundering probe was in full swing.<sup>30</sup>

Yunus' remarks should confirm earlier suggestions by a number of economists that hot money had played a role in pushing the Jakarta Stock Composite Index to recent record highs, especially when taking into account that little had been done to improve the fundamentals of local companies. The Jakarta stock market -- despite suffering a setback this week due to heavy profit-taking and the bird flu outbreak -- has been on an upward bound roller-coaster over the last several months. The index is currently hovering at a level higher than it was before the 1997-8 economic crisis, reaching new record highs several times in recent weeks.<sup>31</sup>

PPATK also confirmed that it was investigating a report alleging that a high-profile political party figure had received part of the Rp 1.7 trillion embezzled from state-owned Bank Negara Indonesia (BNI) in a lending scam. Yunus did not provide the name or the party, but did predict that funds derived from money-laundering activities by or for political parties might increase during this year's national election campaigns. There seems to be a gaping window-of-opportunity for such machinations, particularly because there is no law or regulation that authorizes any institution to track the sources of funds for each political party.<sup>32</sup>

The most interesting STR is involving the account of 15 Police officials. It has been well-known that among the most corrupt public officials in Indonesia are Custom Officials,<sup>33</sup> Tax Officials,<sup>34</sup> and Police Officers.<sup>35</sup> The Financial

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<sup>30</sup> The Jakarta Post, January 31, 2004.

<sup>31</sup> *Ibid.*

<sup>32</sup> *Ibid.*

<sup>33</sup> LPEM, in cooperation with the World Bank: "Research on Custom Practice in Indonesia", 2005.

<sup>34</sup> Rendi A. Witular: "Graft spirals out of control at tax office". The Jakarta Post, Friday, December 10, 2004.

<sup>35</sup> See: Agus Brotosusilo, "International Trade Law Indicators, 2003: Indonesia." Indonesian Journal of International Law, Vol.1., No. 2, January, 2004. See also: Seminar on Strategy to Curb Corruption in Indonesian Police Institution (*Seminar Strategi Penanggulangan Korupsi di Tubuh Kepolisian RI*), Conducted by PerguruanTinggi Ilmu Kepolisian, Jakarta: Februari 12, 2004, Kompas Daily, Februari 13, 2004.

Transactions and Report Analysis Center (PPATK) submitted a report to the National Police in August on money laundering activities allegedly committed by 15 serving police officers, including some generals. The PPATK said that suspicious transactions had occurred in the bank accounts of the officers and that the amount of money involved was "huge", much higher than the salaries of even police generals. Neither the police nor the PPATK, Indonesia's anti-money laundering watchdog, have disclosed the names of the officers.<sup>36</sup>

At present, the National Police's internal affairs division is investigating the report. The public wonder whether the National Police will conduct the investigation properly, since the suspect is an active Police Officer. National Police chief Gen. Sutanto has appealed to the mass media not to exaggerate reports of the alleged money laundering case in which 15 police officers have been implicated. He said there was no need to continue with intensive coverage of the crime as the police were committed to investigating and resolving it. Sutanto said resolving the money laundering case was crucial to showing the international community that Indonesia was serious in supporting the global fight against money laundering. Analysts have requested that the government transfer the investigation of the money laundering case to the KPK (*the Corruption Eradication Commission*) in order to effectively track down the source of the money and to be more independent in handling the case.<sup>37</sup>

Meanwhile, chairman of the Corruption Eradication Commission (KPK) Taufiqurrahman Ruki said the agency was now in the process of tracking down the source of the funds in the bank accounts of the 15 police officers. The agency, however, is only willing to track down and investigate accounts belonging to high- and middle-ranking officers, while those owned by low-ranking officers will be handled by National Police Headquarters. Taufiqurrahman said that he would not try to cover up the case or to keep it out of court, although he is

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<sup>36</sup> Witular, Rendi A. "Sutanto urges media not to exaggerate money laundering case", *The Jakarta Post*, *September 22, 2005*.

<sup>37</sup> *Ibid.*

a former police officer and would likely face his former juniors in the police force. He also mentioned: "The public can be suspicious of me handling the case since I am a former police officer. But that is okay. I will try to prove that I am independent, and that the KPK has the courage to handle the case."<sup>38</sup>

## Conclusion

Indonesia was successfully to draft and to amend the Law concerning the Crime of Money Laundering; however, the country has been struggled to enforce the Law. As a result, the country mission to provide financial intelligence to law enforcement and provide inter-agency cooperation for preventing and eradicating money laundering, as well as supporting a sound domestic financial system as part of Indonesia's Anti Money Laundering Regime, has not been accomplished yet. In order to pursue this goal, it is a necessity for the country not only to improve the legal instruments, but also to strengthen the institutional as well as to fix up the political support of the ruling power to curb the money laundering criminal activities.

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<sup>38</sup> *Ibid.*