

Fictitious Procurement - 1

Head of Division, Head of Project in SOE

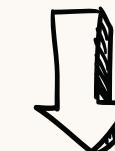
They agreed to raise funds through infrastructure activities by creating subcontractor jobs (fictional)



The officials of the State-Owned Enterprises (SOE) collaborated with

SOE Company Officials and Third Party

a third party (a private company affiliated with the SOE officials) to carry out subcontractor work (fictional) on a project undertaken by the SOE company



- The State-Owned Enterprises disbursed funds to the subcontracting company by creating a Proforma Invoice (SPJ Proforma)
- The funds transferred to the subcontractor company's account are subsequently returned in cash or via a check to the appointed personnel of the State-Owned Enterprises (individual involved) who acts as the fund manager

Funds gathered by the State-Owned Enterprises are suspected to be used for various purposes, including alleged fund transfers to the officials of the company, providing gratifications to project owners or other parties, and purchasing equipment and other expenses.

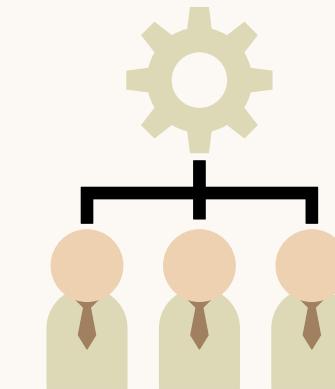


The subcontractor company is granted a fee of a certain percentage (ranging from 1.5% to 2.5%) of the net contract value



NB:

SOE= State-Owned Enterprise



FICTITIOUS PROCUREMENT - 2

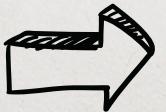
**BOD BUMN Meeting,
Discussing, and Approving
(Agreement)**



- Utilizing sales partners and the amount of project funds obtained through business partners to provide funds to users for acquiring projects and other purposes;
- The technical implementation of sales partner activities is carried out by the relevant Directorate without requiring the approval of the Board of Directors, based on the delegation of authority by the Board of Directors to the respective Directorate; and
- Making changes to the SOP regarding the Appointment of Sales Partners.



**Establishing Collaboration
with Partners (Private
Companies).**



- Officials of state-owned enterprises collaborate with business partners (private companies);
- The partners and management sign a contract, but the partners do not carry out activities according to the contract and only prepare a Proforma SPJ (Statement of Expenditure) as the basis for fund disbursement.



**Disbursement of Funds to
The Partners**



The state-owned company transfers funds directly to the sales partner's company account, which will subsequently be returned via transfer/cash/cheque to the (individuals involved) of the state-owned company or to other parties upon the instruction of the state-owned company



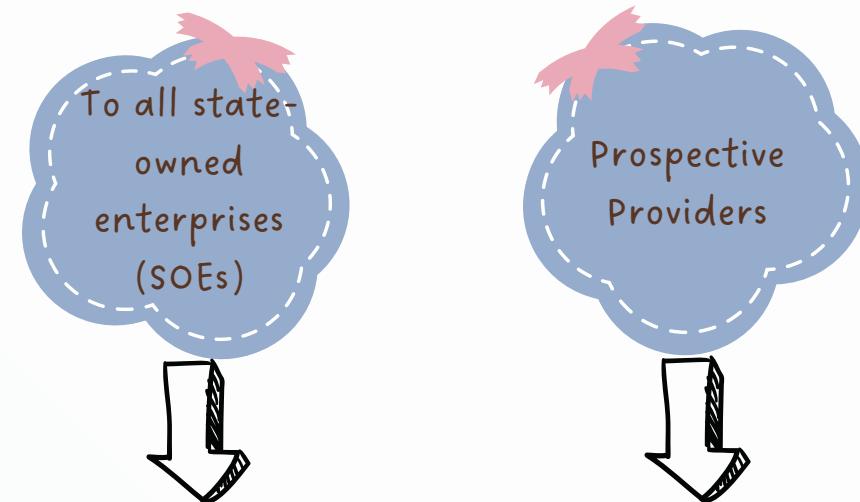
Utilization of Funds



The collected funds are used for providing financial flows to specific officials of state-owned enterprises, paying management commitments to the job owners (customers/end users) and other parties, as well as other expenditures not supported by evidence

AUCTION ARRANGEMENT

BEFORE PROCUREMENT IMPLEMENTATION



Conducting benchmarking visits together to prospective supplier companies abroad, and providing pocket money to parties (persons) from state-owned enterprises during the trip.



After returning from the benchmarking visit, parties (persons) from the state-owned enterprises verbally instructed the Procurement Committee to process the procurement and secure the victory of a specific Prospective Provider Company.

Parties (persons) from the state-owned enterprises allocate the budget and prepare the procurement documents (including Estimated Budget) using the data provided by the Prospective Provider.



The Prospective Provider party seeks/borrows another company to be used as a partnering company in the provider selection process.

THE PROCUREMENT PROCESS

The Prospective Provider assists in the bid evaluation process carried out by the Committee to provide justification for awarding the contract to the specific Prospective Provider Company.



The committee regulates the requirements and assessment in the bid evaluation (based on information from prospective providers).



Parties (persons) from the state-owned enterprises designate the Prospective Provider as the Winner as a result of arranging the bidding process



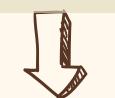
The Provider provides a flow of funds to the (certain individual) from the state-owned company.

procurement Arrangement & Price Mark-up

The CEO prepares the project for Procurement of Goods and Services



- The CEO initiates the preparation of the company's investment project without adequate needs assessment;
- Ensures/organizes activities to be included in the company's activity plan and budget, and initiates the acquisition of funds from loans and/or additional government capital participation.



The board of directors is searching for a partner/implementation company.



- The CEO directs the directors/employees of the state-owned company to collaborate with a specific party (private company) that is their business partner to search for equipment that is the target of the investment project. During the equipment search process, the partner company finances the overseas travel and provides allowances to the officials assigned by the CEO.
- After obtaining the targeted investment equipment, the private company (partner) is asked to purchase the equipment at a specific price and then sell it to the state-owned company at a much higher price. The pricing agreement is made between the CEO of the state-owned company and the CEO of the private company (partner).



The state-owned company made the payment for the equipment, even though the equipment could not be delivered. The partner company was unable to refund the funds.



Realization of Procurement of Goods

To make the equipment procurement appear as if it complies with regulations, the CEO instructs the BUMN official to:

- Seek assistance from a consulting company to provide support and prepare the documentation for the ship procurement;
- Request a private company (partner/prospective contractor) to create bids on behalf of several companies;
- The CEO approves the backdated revision of the procurement regulations for goods and services.

Preparation of Documentation Formalities

Offer of Programs Outside the Official Bank

Programs

MARKETING LEADER



Offer of a deposit with interest rates
much higher than the official bank
interest rate

Placement of deposits by customers

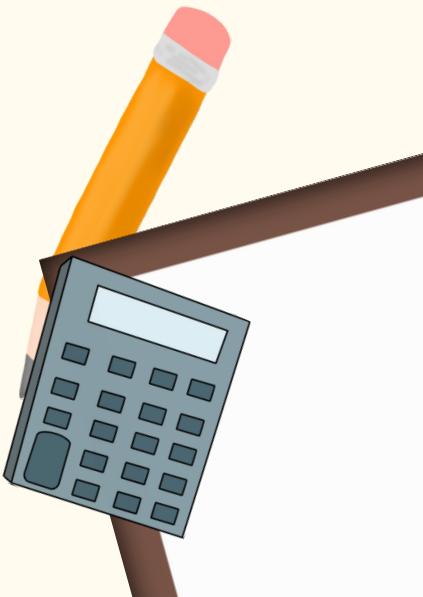
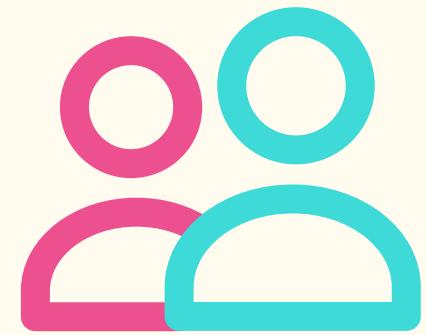
With the assistance of the Assistant
Branch Manager and tellers, the
withdrawal of the deposit is facilitated,
with compensation

The Branch Manager creates a report of
the physical cash check results, making
it appear consistent with the
bookkeeping

Instructing the Assistant Branch
Manager to deposit cash and transfer to
accounts specified by the Marketing
Leader without any physical money
involved, with a promise to reconcile at
the end of the day

**Detected during the
replacement of the Assistant
Branch Manager**

CUSTOMER



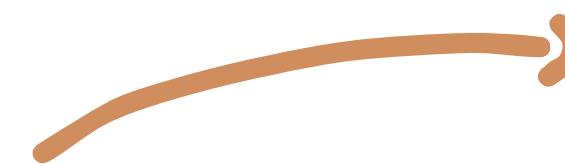
CASH OVERDRAFTS



WITHDRAW MONEY AT THE ATM MACHINE

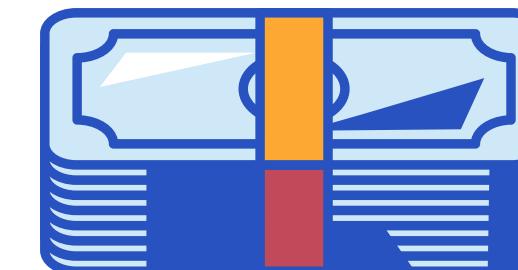


COORDINATOR



REFILLING MONEY

withdrawal of money at
the ATM when refilling money



GEEK MONEY

money to be taken tied up with rubber



FRAUD EXPOSED

Fraud is revealed when a stock opname of the money-
outsourcing plan



INVESTMENT IN MTN AND MUTUAL FUNDS



BANK

GUIDELINES
CHANGES

LIQUIDATED

the MTN issuing company
was liquidated

SUBSCRIPT MUTUAL FUNDS



INVESTMENT MANAGER

BREAKING THE RULES
without checking debtor
information on slick

LOSS

investment in MTN
suffered a loss

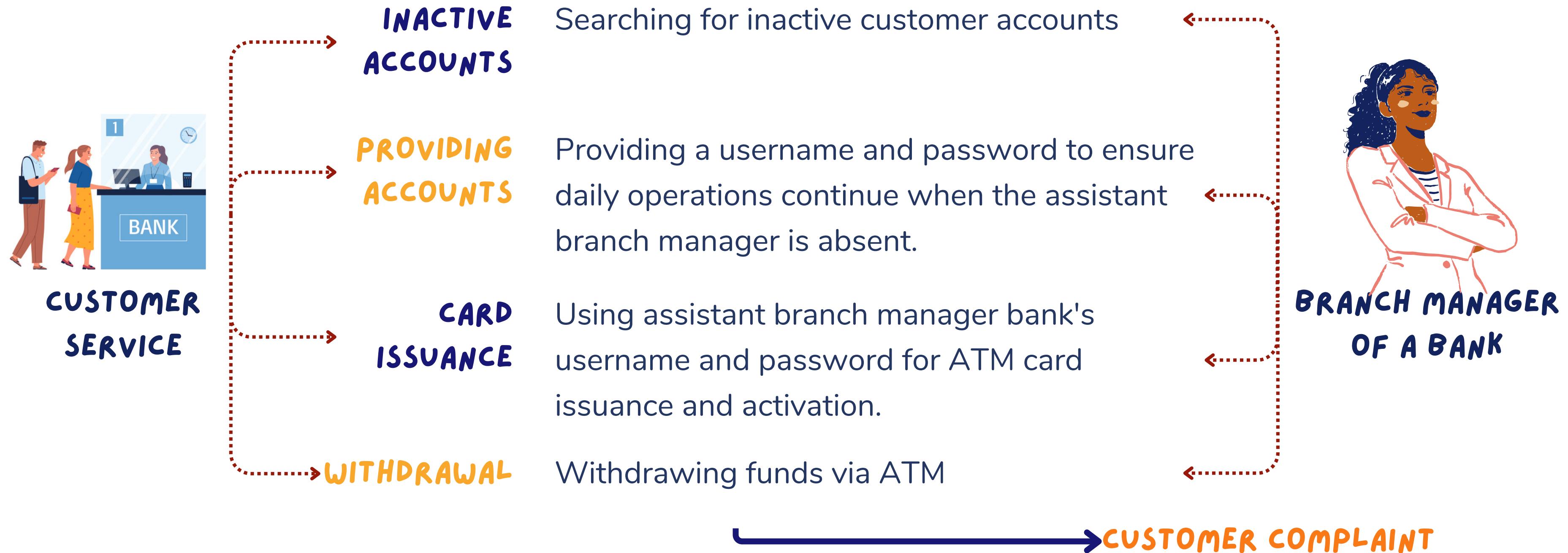
SALE

sale of bonds at
unreasonable prices

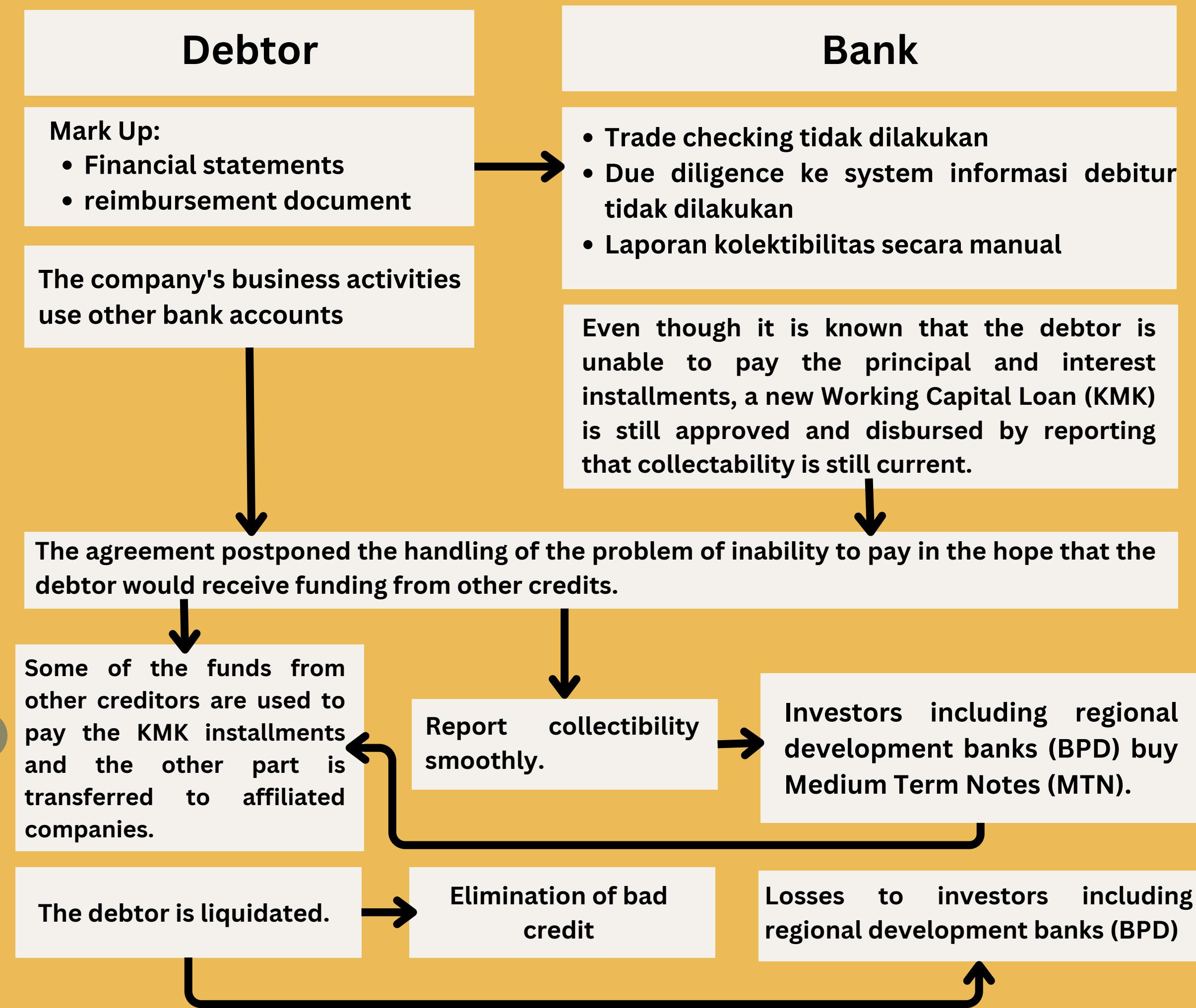
GAIN

gain on the sale of bonds

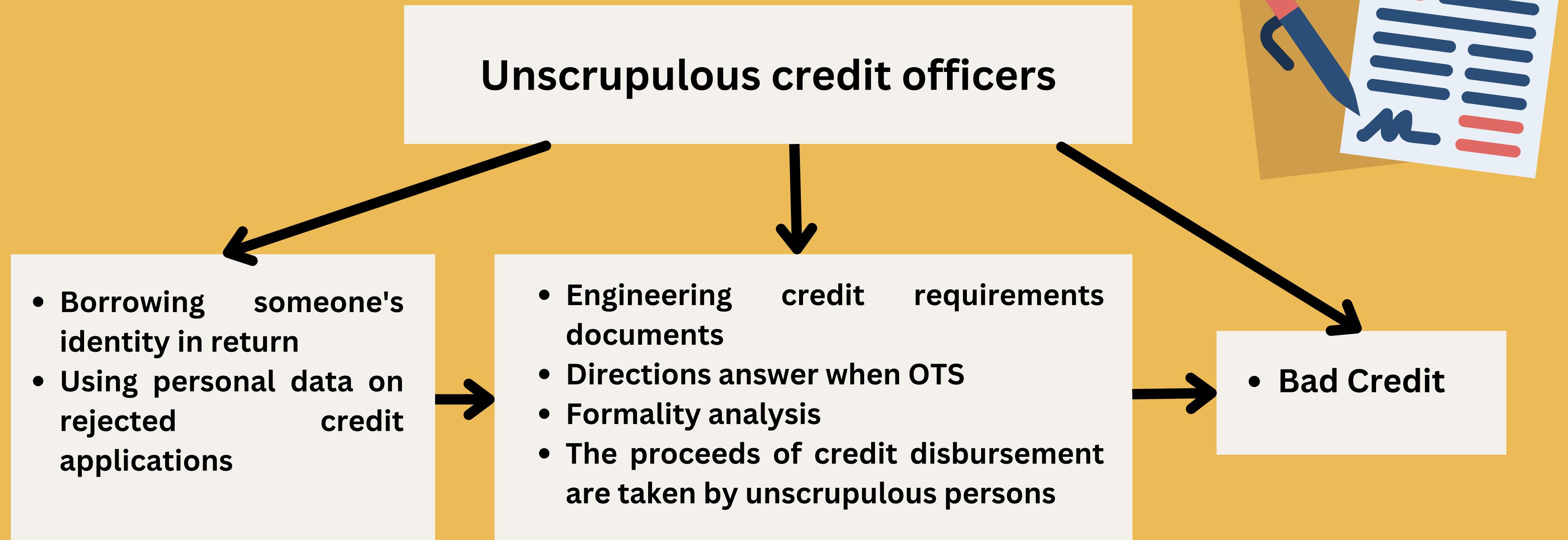
ATM ISSUANCE WITHOUT CUSTOMER'S KNOWLEDGE



Mark up the amount of working capital credit



Fictitious Loan



Project working capital loans with Fictitious Underlying Projects (1/2)

Offer to apply for a working capital loan with a value according to the authorization of the branch office



Entrepreneurs make Work Order documents as if there is work from the Regional Government for dozens of companies to apply for Project Working Capital Loans



- Analysis and credit approval formalities;
- no confirmation is made to the employer and OTS;
- Additional collateral in the form of SHM is not perfectly bound



Credit is not repaid so that it becomes bad credit



Project working capital loans with Fictitious Underlying Projects (2/2)

Debtor

- Cooperation with unscrupulous government agency employees as if there was a project
- Application for capital credit by submitting a copy of a work order accompanied by an expired trading business license (SIUP)



Bank Branch Office

The analysis process is still being carried out even though the required documents are not complete, such as the Work Agreement (PK) and original Work Order (SPK), financial reports, Budget Plan (RAB), and valid trading business license (SIUP)

Together with unscrupulous employees, they prohibited analysts from meeting officials who signed the Work Order (SPK) and OTS at the project site on the grounds that the project was sensitive and land acquisition was in progress.



- There was no confirmation from the employer.
- OTS cannot ensure the correctness of the project progress.
- OTS results are reported to the Head of the Branch with credit directions still being given as long as there is an insurance guarantee.

Credit with Collateral from Someone Else's Deposit

