


DIRGANTARA'S TRIBUTE TO THE MILITARY



Defense Minister Purnomo Yusrianto (third from right) with East Kalimantan Governor Awang Faroek Ishak (second from right) witness the signing of the hand-over of Bell-412EP helicopters from the East Kalimantan Province at Dirgantara Indonesia, Bandung, West Java, July 2013.



TEMPO DOC./ADITYA HERLAMBA

Dirgantara Indonesia allegedly paid Rp178.98 billion in kickbacks to generals and middle-grade officials in the defense ministry, Indonesian Military (TNI), and officials at other ministries. The money is taken from aircraft and helicopter procurement and maintenance projects, which were run by the state-owned aircraft manufacturer from 2008 to 2016. Dirgantara labels the money as 'marketing fee' using fictitious partners.

THE ledgers contain the names of generals and middle-grade officers in the defense ministry, three branches of the TNI, as well as officials at other institutions. Written in a non-uniform format, columns in the ledger contain positions, names of officials, and amounts of money.

The name of then-secretary-general at the defense ministry, Vice Marshal Eris Herryanto, is mentioned in one of these ledgers, titled *Defense Ministry-Indonesian Army Bell 412EP Helicopter Project in Revised State Budget 2011*, with Rp250 million written in the money column. A number of other defense ministry and TNI Army officials are written underneath Eris's name. The amount US\$100,000 is

written next to the name of then-Army deputy chief of staff, Lt. Gen. Budiman.

Eris' name appeared in another procurement ledger, also with an amount of money next to it. In yet another document, the name of current Presidential Chief of Staff Gen. Moeldoko, who was army chief of staff (KSAD) for three months in 2013, is written next to the number Rp1 billion. The names of other military officers as well as amounts of money, from tens to hundreds of millions of rupiah, are written below Moeldoko's, with the total figure for "Indonesian Army Headquarters" numbering at Rp2.35 billion.

These ledgers record the names of tens of generals to lieutenant colonels—with one name sometimes appearing more than once—suspected of having received kickbacks from Dirgantara Indonesia (DI) through its partner companies from 2008-2016. The names of officials from other institutions, such as the state secretariat, are also mentioned, with a total amount of Rp178.98 billion.

Corruption Eradication Commission (KPK) acting spokesman, Ali Fikri, said his institution already obtained these documents from DI's partner during a corruption investigation into the state-owned aircraft manufacturer. "Investigators will look further into the money paid by DI for partners and re-used for various purposes," said Ali on Tuesday, October 13.



1. CN-235 aircraft for the Navy was handed over to the defense ministry by Dirgantara Indonesia at the company's hangar in Bandung, West Java, October 2013.

2. The assembly of Army's Bell 412EP helicopter at Dirgantara Indonesia's hangar in Bandung, July 2013.

3

PT. BUMILOKA TEGAR PERKASA
ENGINEERING GENERAL CONTRACTOR AND SUPPLIER
Komplek Kebayoran Centre Blok A, No.10
Jl. Kebayoran Baru - Jakarta Selatan
Phone : (021) 7245149 (Hunting) Fax. (021) 7245121
E-mail : bumiloka@cbn.net.id

KWITANSI
No. 007/BTP-FP/III/2014

Sudah terima dari : **PT. DIRGANTARA INDONESIA**
JL. PAJAJARAN NO. 154. BANDUNG

Banyaknya uang : **SATU JUTA ENAM RATUS ENAM PULUH TUJUH RIBU DELAPAN RATUS DUA PULUH US DOLLAR**

Untuk Pembayaran : **Pelunasan atas Imbalan Mitra Penjualan atas kontrak 6 (enam) unit Bell-412 EP kepada TNI AD - Kementerian Pertahanan RI sebesar USD 30.324.000, sesuai Surat Perjanjian Kemitraan No.35/AI0000/B1/02/2010 tanggal 16 Februari 2010.**

Jakarta, ... 20 Maret 2014

PERHATIAN !!!
Barang-barang yang sudah dibeli tidak dapat ditukar atau dikembalikan dan pembayaran dengan cek / giro dianggap sah setelah cair.

Jumlah Rp. **USD 1.667.820.00**

PT. BUMILOKA TEGAR PERKASA
ENGINEERING
6000-BTP
Nasir Hamdani Basnawi
Director

4

PT. ANGKASA MITRA KAR
WISMA BENHIL LT. VII, JL. JEND. SUDIRMAN
JAKARTA. 10210 INDONESIA
TEL : (62-21) 570 0337, 910 8183, 574 2043
FAX : (62-21) 570 4418, 573 4922

PT. DIRGANTARA INDONESIA
JL. PAJAJARAN NO. 154. BANDUNG

Sudah terima dari : **PT. DIRGANTARA INDONESIA**
JL. PAJAJARAN NO. 154. BANDUNG

Banyaknya uang : **DELAPAN MILIAR TUJUH RATUS SEM DELAPAN RATUS DELAPAN PULUH E**

Untuk Pembayaran : **Imbalan Mitra Penjualan atas koi Bell-412EP TNI AL sebesar Rp. 25.296.920.61 Perjanjian Kemitraan No.02/AI0000/B1/12**

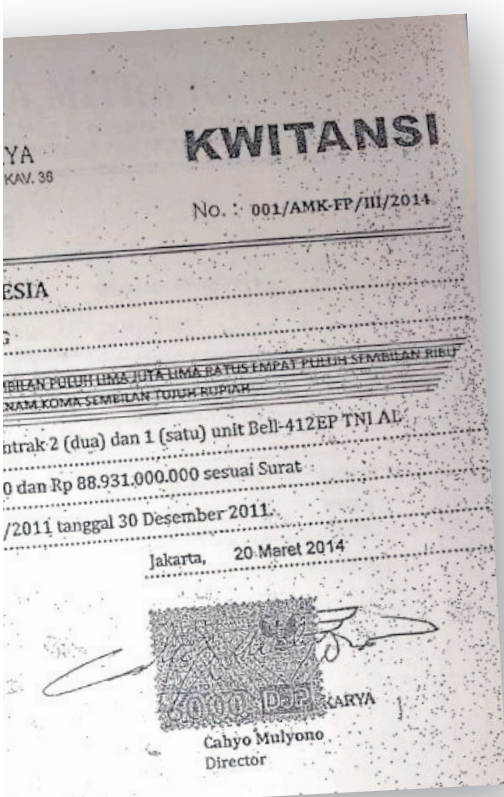
PERHATIAN !!!
Barang-barang yang sudah dibeli tidak dapat ditukar atau dikembalikan dan pembayaran dengan cek / giro dianggap sah setelah cair.

Jumlah Rp. **8.795.549.886,97**



TEMPO/PRIMA MULIA (CN 235), TEMPO/PRIMA MULIA (BELL 412 EP)

3, 4. Receipts suspected as the prove of kickbacks.



SPECIAL PHOTO (RECEIPTS)

Ali was reluctant to name the individuals who received the money. According to him, investigators are still focused on resolving the investigation into corruption surrounding aircraft and helicopter procurements by DI. Six suspects have been charged with inflicting state losses in the amount of Rp202.19 billion and US\$8.6 million, or a total of Rp303 billion. They are, among other, former DI chief executive officer (CEO) Budi Santoso; former marketing chief, Irzal Rinaldi Zailani; former trade and restructuring director, Budiman Saleh; as well as DI chief of sales and marketing in 2007-2012, Arie Wibowo.

For eight years, most of the money, which is calculated into state losses, was distributed to numerous officials in the defense ministry, TNI officers, officials at other institutions, and House of Representatives members. The Rp178.98 billion is believed to have been kickbacks for these individuals, while the rest was enjoyed by officials at DI and its partner companies. "As to who (were involved), this will be exposed in court by the public prosecutor," said Ali.

Eris Herryanto denied having received money as written in the ledger. "Don't ask me to comment on news that I myself don't admit to. A secretary-general is not an official who makes decisions, why should one receive money? Better go to the defense ministry to get accurate data," he said. Likewise, Budiman also claimed that he never received kickbacks from DI nor its partner companies. "Never whatsoever because we didn't want to," said Budiman, who was KSAD before he was succeeded by Moeldoko.

Moeldoko also denied the allegation. "I was only (KSAD) for three months, I wasn't there long enough to get involved in procurement," he said, "and I definitely don't remember."

THE two-story shophouse in Block A/10 Kebayoran Centre, South Jakarta, seemed quiet on Thursday, October 22. There was no company sign placed at the front. A man, who said his name was Bahari, was sitting in the 2 x 3-meter lobby. He said the building is an office for both Bumiloka Tegar Perkasa and Anugerah Mitra Karya, owned by Didi Laksamana. "Pak Didi is not at the office," said Bahari, who watches over the office.

Both companies are two of Dirgantara Indonesia's six marketing partners, alongside Penta Mitra Abadi, Niaga Putra Bangsa, Abadi Sentosa Perkasa, and Selaras Bangun Usaha. Selaras joined as a 'partner' in 2012, while the remaining five were prepared by Didi in early 2008.

Tempo looked into these companies' directors and shareholders, some of whom are housewives and university students. One of Penta Mitra Abadi's directors, Monica Anastasia, sells food and clothing online. When we contacted Monica, who was once examined by the KPK as a witness against DI CEO in 2007-2017, Budi Santoso, she refused to answer. "Wrong number," she said.

Ali Fikri, KPK spokesperson, said the six 'partners' were recruited by Dirgantara to smooth the company's business. The idea to use sales partners emerged in 2007, when DI's directors felt the company needed to allocate special funds, called "cashback," to be submitted to budget

owners so that the aircraft manufacturer would continue to be granted aircraft procurement and maintenance projects.

Budi Santoso agreed to the idea and asked for the special fund to be calculated into the cost structure, under the code “81A Agency Cost,” in the amount of 1-9 percent of a project’s value. Budi also asked for payments to be done through the company’s partners. “The partners have contracts but no work, just to hold money,” said Ali.

In early 2008, Irzal Rinaldi Zailani, who was DI’s marketing chief, contacted Didi Laksamana and offered Didi partnership under the condition that the company prepared by Didi must return 90 percent of the payment as stated in the contract with Dirgantara. The remaining 10 percent would belong to the ‘partner’.

After the fictitious partnership was formed, Dirgantara diligently approached ministries and institutions. According to a document *Tempo* obtained, Dirgantara told budget holding institutions that the company would pay contract awarders a maximum of a “single digit”—less than 10 percent of a project’s value.

In 2008-2016, DI under Budi Santoso held six fictitious contracts with companies for marketing DI’s products and services to the National Search and Rescue Agency (Basarnas), defense ministry, the Army’s Aviation Command, the Navy’s Aviation Command, as well as seven other institutions. Based on documents *Tempo* managed to obtain, there was a total number of 79 contracts for the procurement of Bell 421EP and Super Puma NAS-332 helicopters, as well as CN-235 aircraft, not to mention their maintenance. The value of these projects came to Rp3.05 trillion, US\$374.8 million, and €74.3 million—or a total of around Rp10 trillion.

Among the procurement projects that used fictitious partners was the defense ministry’s six Bell 421EP helicopters purchased for the Indonesian Army. The contract was signed on March 6, 2012, with budget taken from export credit financing. Bumiloka Tegar Perkasa was a partner for the US\$30.324-million project despite not contributing to the sale. Payment for the project was done in stages in 2012-2014.



The offices of Bumiloka Tegar Perkasa and Angkasa Mitra Karya in Kebayoran Centre, South Jakarta, October 22.

Abadi Sentosa Perkasa CEO Didi Laksamana.



The money, said to be ‘marketing fee’, was, in fact, kickbacks for generals, submitted in cash either by partner companies or DI officials. Defense ministry and TNI officials repeatedly received money for awarding projects to DI. For the CN-235, DI sold its aircraft on its own. But DI ordered the Bell and Super Puma helicopters from their manufacturing countries and assembled them in Indonesia according to specifications requested by the end users, in this case, the defense ministry and TNI.

TNI Commander Expert Staff Coordinator, Maj. Gen. Sisriadi said the budget for procuring armaments and munitions for the TNI is with the defense ministry. In the Indonesian Army, demand for armaments is usually formulated by the pro-

curement council, chaired by the Army deputy chief of staff. After the process is completed within the internal circle, the Army would then submit the plan to the defense ministry, which would take over the process.

Sisriadi, who has been an officer in charge of Army logistics, claimed he was often asked by the defense ministry to join the procurement team. According to the Bell 412EP procurement document for 2011, Sisriadi, who was a lieutenant colonel at the time, was recorded as having received Rp75 million. Sisriadi denied that he took the money. "I never took it," said the former TNI chief of information center.

According to Sisriadi, for all of those procurement projects, the Army only conveyed the helicopters they wanted to order and the technical specifications to DI. After that, a procurement evaluation team—usually with members such as the defense ministry secretary-general, defense ministry inspector-general, and their subordinates—will take over the process. "They were the ones who evaluated the implementation process, the procurement process," he said.

Erri Herryanto, defense ministry secretary-general in 2010-2013, claimed he only collected data from all TNI branches to be reported to the defense ministry as the policy-maker. "I'm afraid I've forgotten much and my memory is not very accurate," he said.

DIRGANTARA Indonesia split profits in all procurement projects for the three TNI branches. In the procurement of three CN-235-200 Patmar aircraft for the Indonesian Navy with a budget of US\$3.99 million from the defense ministry in 2009, whose payment continued on to the following year, DI also enlisted Bumiloka Tegarperkasa. This time, Bumiloka received a fee of 7 percent from the total 'marketing fee'.

Some of the 'fee' was then distributed to

several defense ministry officials. Again, Eris Herryanto's name was mentioned, with the ledger citing an amount of Rp200 million next to his name. Besides for ministry officials, there is reason to believe that the money also went to then-Navy officials. One admiral received over Rp1 billion, while others received Rp250-500 million.

Navy Chief of Information, Col. Yulius Widjoono, said he was unaware of the corruption and kickbacks surrounding the procurement of aircrafts. "I'm unaware and it was already several years ago. It would be impossible for me to

"I'm afraid I've forgotten much and my memory is not very accurate."

— ERIS HERRYANTO,
DEFENSE MINISTRY
SECRETARY-GENERAL
OF 2010-2013

study it further. Go ahead and ask the defense ministry," he said.

Meanwhile, Defense Ministry Chief of Public Relations, Brig. Gen. I.E. Djoko Purwanto, did not directly answer *Tempo's* questions. He sent his subordinate, Lieut. Col. Susanto, to respond to the questions. "The PR division will not comment because the issue has already entered the legal area," said Susanto.

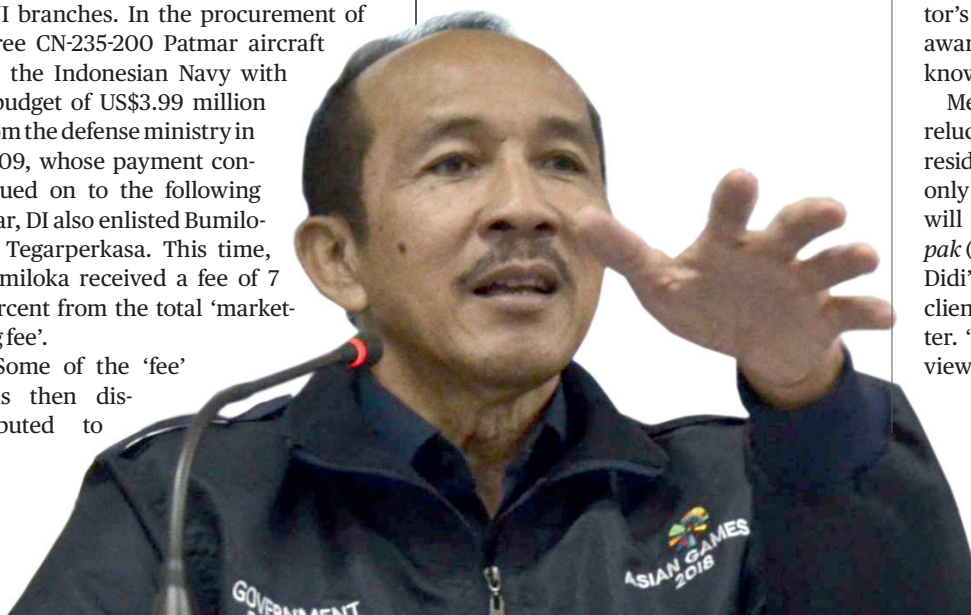
DI did not only procure aircraft and helicopters. On occasion, the company would also provide maintenance. Other companies were enlisted for these projects, but they were still under Didi Laksamana. One example was the maintenance of Super Puma NAS-332 LI helicopters in 2016. To take some of the money in the project's budget, DI used Abadi Sentosa Perkasa. The maintenance contract amounted to Rp29.05 billion. Abadi also received some of the 'marketing fee'.

Through his attorney, former DI CEO Budi Santoso said the partners or sales agents already had a relationship with DI before he led the company in 2007. "Pak Budi only continued (the business relationship). Before, the partner fee would go to double-digit figures," said Muhammad Arief Sulaiman, Budi's attorney. Arief claimed he is unaware that the fee was reallocated for kickbacks for budget holding institutions. According to Arief, the person who managed the process was Irzal Rinaldi, former marketing chief, and Didi Laksamana from the partner company.

Irzal's attorney, Tjoetjoe Sandjaja Hernanto, maintained that his client, as the division chief, simply implemented director's instructions. He said Irzal was unaware of the kickbacks. "My client had no knowledge," he said.

Meanwhile, Didi Laksamana has been reluctant to comment. *Tempo* visited his residence in Sunter, North Jakarta, but only a household assistant appeared. "I will give the confirmation letter to Bapak (Didi)," said the woman named Atun. Didi's attorney, Yanuar Wasesa, said his client has already received *Tempo's* letter. "Pak Didi does not want to be interviewed," said Yanuar.

① LINDA TRIANITA, RIKY FERDIANTO, MUSTAFA SILALAH, ANTON SEPTIAN





STATE LOSSES

Rp 202,196,497,761.42 and US\$ 8,659,945.27

4. Contracting parties

Total: **Rp178.9 billion**

It is suspected that those funds for contracting parties referred to as "cashback" flowed to tens of high and mid-ranking officers at three branches of the armed forces. In records of the money outlays, those mentioned by name include:

1. CN-235-220 Patmar airplane Navy project for the 2009 budget year

- » Secretary-General of the Ministry of Defense Air Marshal Eris Herryanto: **Rp200 million**
- » Inspector-General of the Ministry of Defense Vice Admiral G: **Rp200 million**
- » Director-General of Defense Planning of the Ministry of Defense Air Vice Marshal MS: **Rp400 million**
- » Secretary of The Directorate-General of Defense Planning Brig. Gen. DS: **Rp100 million**
- » Admiral TEP: **US\$163,043**

RECIPIENTS:

1. Officials and employees of Dirgantara, including:

- » Budi Santoso **Rp2.009 billion**
- » Irzal Rinaldi Zailani **Rp13.09 billion**
- » Budiman Saleh **Rp686.15 million**
- » Arie Wibowo **Rp1.03 billion**
- » Others **Rp3.5 billion**

2. Parties outside of Dirgantara:

Total: **Rp8.1 billion**

3. Procurement partners alias contractors:

Total: **Rp82.43 billion**

'CASHBACK' FROM THE SKIES

FROM 2008-2016, Dirgantara Indonesia channeled funds to some generals and mid-ranking officers at the defense ministry and the Indonesian Military (TNI) through some contractors. Money was given in both rupiah and US dollars to officials at the ministry/state secretariat and members of the House of Representatives (DPR). The total outlay was Rp178.98 billion. These funds were given in return for 79 contracts from the contracting parties, the institutions which had the budgets and are referred to as the "end users," some of which was for the procurement of airplanes and helicopters. The total amount of the contracts given by the contracting parties comes to Rp3.052 trillion, US\$374.85 million, and 74.31 million Euro—about Rp10 trillion in all.

Number of contracts:

79

Project value:

Rp **3.052**
trillion

US\$ **374.85**
million

74.31
million Euro

CONTRACTS AGENCY

1. National Search and Rescue Agency (Basarnas)
2. Agency for the Assessment and Application of Technology (BPPT)
3. Ministry of Defense
4. Ministry of Defense—Directorate-General of Defense Potential
5. Ministry of Defense—Indonesian Army
6. Ministry of Defense—Indonesian Navy
7. Ministry of Defense—Indonesian Air Force
8. Air Police
9. Army Flight Center
10. Navy Flight Center
11. State Secretariat

NUMBER OF CONTRACTS

2
1
4
2
3
4
22
3
24
5
9

CONTRACT VALUE

Rp267.2 billion
Rp2.78 billion
Rp66.35 billion
Rp28.98 billion
US\$234.97 million
and 74.31 million Euro
Rp330 billion
and US\$139.87 million
Rp1.291 trillion
Rp134.29 billion
Rp655.61 billion
Rp16.93 billion
Rp258.82 billion

TEXT: LINDA TRIANITA SOURCES: CORRUPTION ERADICATION COMMISSION PRESS CONFERENCE, LEGAL ADVISORY TEAM DOCUMENTS



- » Air Vice Marshal BP: **Rp200 million**
- » Rear Admiral S: **Rp500 million**
- » Rear Admiral AS: **Rp250 million**
- » Col. SS: **Rp1.8 billion**

2. Bell 412EP helicopter project for the ministry of defense-Indonesian Army, 2011 Revised National Budget

- » Secretary-General of the Ministry of Defense Air Marshal Eris Herryanto: **Rp250 million**
- » Inspector-General of the Ministry of Defense Vice Admiral G: **Rp200 million**
- » Director-General of Defense Planning of the

- Ministry of Defense Air Marshal S: **Rp125 million**
- » Assistant Army Chief of Staff Lieut. Gen. Budiman: **US\$100,000**
- » Maj. Gen. SW: **Rp200 million**

3. Bell 412EP helicopter project (a grant from the East Kalimantan Province government) 2012 budget year

- » Secretary-General of the Ministry of Defense Air Marshal Eris Herryanto: **Rp100 million**
- » Inspector-General of the Ministry

of Defense Vice Admiral G: **Rp100 million**

- » Director-General of Defense Planning of the Ministry of Defense Rear Admiral RL: **Rp50 million**
- » Brig. Gen. SA: **Rp50 million**
- » Rear Admiral RL: **Rp50 million**
- » Maj. Gen. EP: **Rp75 million**

4. Other flows of funds to officials of the Directorate-General of Defense Planning of the Ministry of Defense

- » Air Marshal M. Syaugi: **Rp200 million**
- » Rear Admiral EM: **Rp100 million**
- » Air Vice Marshal BP: **Rp100 million**
- » Brig. Gen. A: **Rp100 million**
- » Lieut. Col. CP: **Rp30 million**

5. Flow of money to the Directorate-General of Defense Planning of the Ministry of Defense (in the following period)

- » Rear Admiral S: **Rp200 million**
- » Commodore DAG: **Rp150 million**
- » Air Commander MEL: **Rp100 million**
- » Brig. Gen. MS: **Rp100 million**
- » Brig. Gen. MB: **Rp100 million**

6. Flow of funds to the Defense Facilities Agency of the Ministry of Defense

- » Rear Admiral L: **Rp200 million**
- » Rear Admiral S: **Rp100 million**
- » Air Vice Marshal DDI: **Rp150 million**
- » Air Vice Marshal AS: **Rp100 million**
- » Brig. Gen. AS: **Rp100 million**

7. Money to Air Force Headquarters

- » Air Vice Marshal MN: **Rp200 million**
- » Air Commander NPS: **Rp100 million**
- » Air Commander RSM: **Rp100 million**
- » Air Commander MS: **Rp100 million**
- » Air Vice Marshal SB: **Rp200 million**
- » Air Vice Marshal AM: **Rp100 million**
- » Air Vice Marshal B: **Rp200 million**
- » Air Commander YS: **Rp100 million**

8. Flow of money to Army Headquarters

- » Army Chief of Staff Gen. Moeldoko: **Rp1 billion**
- » Lieut. Gen. MM: **Rp300 million**
- » Maj. Gen. RP: **Rp200 million**
- » Maj. Gen. M: **Rp200 million**
- » Brig. Gen. S: **Rp100 million**

FLOWS TO THE LEGISLATURE

- » Proof of transfer of Rp1.5 billion from Angkasa Mitra Karya to the bank account of Francyanto Widjaja with the note "In Appreciation for Senayan," March 2011.
- » Sending of US\$149.6 million to the bank account of JP Morgan International Bank Limited Brussels in the name of Forestry Green Investment Ltd, a shell company in the British Virgin Islands, in July 2014, with the note "In Appreciation for Senayan for the PT DI CN-235 Patmar Serie II No: 16.579 Project."

FAKE WORKS

To make these payouts, Dirgantara Indonesia used an indirect route. Funds first flowed to six contracted companies which are referred to as procurement partners or sales partners. Those companies received fees of up to 10 percent of the contract value, which was packaged as contracts for particular work, ranging from procurement and sales services to maintenance services and rocket procurement. However, it is suspected that fictitious work was involved.

COMPANY

Bumiloka Tegar Perkasa

Sample contract: Sales partner service for three CN-235-200 Maritime Patrol airplanes to the ministry of defense/Indonesian Navy, 2008

Angkasa Mitra Karya

Sample contracts:

- Procurement of a Bell 412EP helicopter for the ministry of defense/Indonesian Army/ East Kalimantan Provincial Government, 2012
- Procurement of four Bell 412EP attack helicopters for the Indonesian Army, 2011
- Procurement of two Super Puma NAS-332 helicopters for the ministry of defense/ Indonesian Air Force, 2011

Penta Mitra Abadi

Sample contract: Procurement of seven weather radars made by Dirgantara Indonesia for the Indonesian Army/Army Flight Center, 2015

Niaga Putra Bangsa

Sample contract: Procurement and installation services for an engine fire extinguishing system for the Army Flight Center, 2014

Abadi Sentosa Perkasa

Sample contract: Maintenance services for Super Puma NAS-332 LI helicopters, 2016

Selaras Bangun Usaha

Sample contract: Procurement of MK4/40 rocket motor, FZ-32 head smoke, and inert practice, 2012

TOTAL CONTRACT

Rp55.71 billion and US\$3.68 million

Rp97 billion and US\$4.96 million

Rp2.96 billion

Rp835 million

Rp29.05 billion

Rp20.05 billion

A CARIBBEAN DETOUR

Dirgantara Indonesia and its partner companies used a shell company overseas to distribute kickbacks. The same account was used in a bribery for the Indonesian Maritime Security Agency.

A RECEIPT from Bumiloka Tegar Perkasa threw Francyanto Widjaja, a dentist, inside the Corruption Eradication Commission's (KPK) radar. In 2014, Bumiloka sent Francyanto Rp1.5 billion. According to the receipt, the money was "Appreciation for Senayan."

When contacted via telephone, Francyanto admitted to having received money from Bumiloka. Besides a dental practice, the 70-year-old man has a money changer business. "But the money wasn't for me," he said on Saturday, October 24. "I also don't know what 'Appreciation for Senayan' on the receipt meant." Francyanto knows that he is being investigated by the KPK because he has received a summons.

Bumiloka was Dirgantara Indonesia's (DI) 'marketing partner', but the company never played an actual role. Bumiloka as well as five other companies under Didi Laksamana, have allegedly been used as a front to hold money for kickbacks paid to officials in the defense ministry, the Indonesian Military (TNI), ministry officials, as well as House of Representatives (DPR) members. "Appreciation for Senayan" meant kickbacks for DPR members.

Another receipt records kickbacks paid to DPR members. On September 17, 2004, Didi Laksamana sent money to DI marketing chief, Irzal Rinaldi Zailani, and wrote "Appreciation for Senayan PTDI CN-235 Patmar Serie II project" on the receipt. The number of the aircraft procurement project was written as "16,579." The money transferred was in the amount of US\$149,600, or Rp2.2 billion under the current exchange rate.

The money noted in the first "Appreciation for Senayan" receipt was distributed through Francyanto, while the money recorded in the second receipt took a detour

to the Caribbean. The address was written as No. 98903xx at JP Morgan, Brussels, Belgium. The account was owned by a shell company called Forestry Green Investment Ltd based in the tax haven, British Virgin Islands.

Francyanto and Forestry Investment Ltd were already implicated in two corruption cases. The KPK summoned Francyanto as a witness for EK Prima Ekspor Indonesia's tax bribery on March 7, 2017. The examination ran simultaneously with that of a tax directorate general official, who was a suspect. Francyanto admitted to the questioning but was reluctant to explain the results in detail.

Meanwhile, Forestry Green Investment Ltd's name appeared in the corruption case concerning the procurement of drones and satellites by the Indonesian Maritime Security Agency (Bakamla), which implicated member of DPR Defense Commission, Fayakhun Andriadi. In court, it was exposed that the Golkar Party politician had received a money transfer from JP Morgan from Forestry Green Investment Ltd.

Fayakhun's attorney, Ahmad Hadi Firman, confirmed that an overseas account was used, but he claimed he was un-



aware of the account holder. Neither was he aware of the relationship between the bank account and the kickbacks from DI to DPR members. "Our client was never involved in DI's bribery," he said.

According to a law enforcement officer, the practice of using layered names and accounts is common for disguising bribery. Francyanto's name and account, as well as Forestry Green's, are believed to have been used for this purpose.

Tempo's investigation found that the company has been shut down by local authorities for failing to pay its annual fee. The shutdown of Forestry as well as tens of other companies was reported by the *Virgin Islands Official Gazette*, the Brit-

TEMPO/IMAM SUKAMTO (IRZAL),
SPECIAL PHOTO (RECEIPT)

"I was KSAD (Army Chief of Staff) for just three months, and I did not deal with procurement. And for sure I no longer remember."

— MOELDOKO, ARMY CHIEF OF STAFF (MAY 20–AUGUST 20, 2013), CHAIR OF PRESIDENTIAL STAFF

"Don't try to get me to comment on news which I do not recognize. As secretary-general, not the official who makes the determination, why should I receive money?"

— ERIS HERRYANTO, SECRETARY-GENERAL OF THE MINISTRY OF DEFENSE FROM 2010–2013



Irzal Rinaldi, the suspect in the case of corruption of the sale of aircraft in Dirgantara Indonesia, at the KPK building, Jakarta, September 1.

The receipt of the suspected kickback to Commission I at the DPR.

PT. BUMILOKA TEGAR PERKASA		PERMINTAAN PEMBAYARA	
Dibayar Kepada :	<u>Kpk. IRZAL RINALDI</u>	No. Proyek :	<u>16,579</u>
	<u>PF. DI</u>		
Jumlah	Keterangan		
<u>USD 149,696,14</u>	<u>Apresiasi "Senayan" Proyek PF. DI ON-23</u>		
	<u>PATMAR SERIE II NO: 16,579</u>		
	<u>Transfer ke rekening JP Morgan Laksamana</u>		
Diminta / dibuat oleh	Diperiksa oleh :	Disetujui oleh :	
Nama : <u>IRZAL</u>	Nama :		
Tgl : <u>17-07-2014</u>	Tgl :		

secretariat. The amount depended on the project's value. The KPK said the commission for each project amounted to 5 to 10 percent of the project's value.

Basarnas had two contracts with Dirgantara, with a total value of Rp267 billion. Former Basarnas chief, Vice Marshal (ret) Muhammad Syaugi denied that his institution received kickbacks from a project with Dirgantara. "I never accepted bribery," said Syaugi, who is also former director-general of defense planning at the defense ministry.

Meanwhile, BPPT Chief Hammam Riza claimed to be unaware of the kickbacks from DI nor the Rp2.7-billion contract with DI. "I only took office in 2019," he said. State Secretariat Secretary, Surya Utama, had not responded to our questions as of Saturday, October 24.

As implied by the two "Appreciation for Senayan" receipts, Didi Laksamana is said to be aware of the money given to officials who awarded projects to DI. But, according to a person close to Didi, he simply executed instructions given by Irzal Rinaldi Zailani, who was later on promoted to chief executive officer's assistant. Irzal allegedly gave the order to send money. Irzal's attorney, Tjoetjoe Sandjaja Hernanto, denied the accusation. "He was not involved in bribery," he said.

KPK's Prosecution spokesman, Ali Fikri, has yet to comment on DI's kickbacks to officials in numerous institutions. The KPK is still questioning witnesses to develop the case. "We will expose it all in court. We'll wait and follow the process. Currently, I can't provide information," he said.

RIKY FERDIANTO, LINDATRIANITA

ish Virgin Islands' official newspaper, on April 14, 2016.

DIRGANTARA Indonesia has partnered with Bumiloka Tegar Perkasa, Angkasa Mitra Karya, Penta Mitra Abadi, Niaga Putra Bangsa, and Abadi Sentosa Perkasa since 2008. Meanwhile, Selaras Bangun Usaha only joined in 2012. These companies were involved in the government's various aircraft and helicopter procurement projects, especially with the defense ministry.

These fictitious partners received commission, in the form of 'marketing fee', from contracts with DI. Bumiloka, for example, received a contract of Rp55.7 billion and US\$3.68 million. Of this value, the partner company was entitled to 10 percent, while the rest had to be returned to Dirgantara. It was this money that was paid to officials.

According to the documents *Tempo* obtained, DI also paid officials in the Agency for the Assessment and Application of Technology (BPPT), National Search and Rescue Agency (Basarnas), and the state

"I need to stress that those who said there was any entertainment expenses or so forth, myself and these friends did not receive any at all because we indeed did not want any."

— BUDIMAN, ASSISTANT ARMY CHIEF OF STAFF 2011-2013, ARMY CHIEF OF STAFF 2013-2014



"That procurement is at the Baranahan (Defense Facilities Agency). Moreover, it is said that money was received? There is no such thing."

— M. SYAUGI, DIRECTOR-GENERAL OF DEFENSE PLANNING OF THE MINISTRY OF DEFENSE 2014-2017, CHIEF OF BASARNAS 2017-2019

FICTITIOUS AGENT IN SOUTH KOREA

Dirgantara Indonesia's sale of CN-235 aircraft to South Korea is being investigated by South Korean law enforcement. A shell company was allegedly used as a sales agent.

DIRGANTARA Indonesia's (DI) bribery is believed to have reached South Korea. In fact, the Corruption Eradication Commission (KPK) has already received a report of bribery surrounding DI's aircraft sold to South Korea three years ago.

But the KPK's investigation is still focused in the country. "For now, the case we're investigating is within the country. It's possible that the developments may take us there (overseas contract)," said KPK acting spokesperson, Ali Fikri, on Tuesday, October 13.

In 2010, the Korean Coast Guard planned to purchase four CN-235 series 110 aircraft. After a negotiation process, the Korean government and Dirgantara agreed on a price of US\$25 million per unit. The aircraft were then handed over by Dirgantara to the Korean Coast Guard in 2012.

Meanwhile, in Indonesia, it was as if nothing had occurred. But the negotiation process and the payment for the aircraft were suspicious. One member of the State-Owned Enterprises Workers Union, who reported the bribery to the KPK three years ago, said Dirgantara has a similar *modus operandi* for selling its products inside the country and overseas. "Both use fictitious partners," said the employee, who wished to remain anonymous, in mid-October.

For the sale of CN-235 series 110 aircraft to South Korea, DI appointed Lee Kang & Partners as its agent there. Suspicion of corruption emerged because Lee Kang & Partners' commission fee continued to change. The contract was frequently amended although Lee Kang & Partners played close to no role in the sale.

The Korean Air Force has even black-listed Lee Kang & Partners. But in Indonesia, Lee Kang & Partners partnered with Bumiloka Tegar Perkasa, a company being investigated by the KPK. Dirgantara still chose to partner with Lee Kang & Partners despite its poor track record in its own country.

The same source says DI's chief executive officer (CEO) in 2007-2017, Budi Santoso, is good friends with the owner of Lee Kang & Partners. They became acquainted when Budi was Pindad's CEO. Budi, one of the six suspects in the DI corruption case that the KPK has been investigating since early last year, had a career at Pindad from 1998 to 2007.

Based on the investigation of *Tempo's* collaborative partner in Korea, *KCIJ Newstapa*, Lee Kang & Partners became DI's agent in 2008. Lee Kang & Partners' owner, Lee Deok-gyu, only established the company when the Korean Coast Guard decided to purchase four units of CN-235 series 110 aircraft from Indonesia in 2010.

At the time, Lee was still working at Korea's largest trade company, Daewoo International. According to an officer with the Korean Coast Guard, who has been observing the sale agreement since 10 years ago, Dirgantara appointed Lee as the agent for the sale of CN-235 aircraft to South Korea despite Lee's nonexistent experience in aircraft trade.

In Lee's hands, the price of the four aircraft increased to US\$112 million, up from the US\$100 million agreed upon previously. Korean law enforcement became suspicious of the negotiation process. Lee Kang & Partners' owner and employees are believed to be holding Dirgantara's commission fee, in the amount of 6 billion won, or Rp77.9 billion, in the shell compa-



The signing of the cooperation agreement between the Indonesian and South Korean defense ministries on the purchase of T-50 training jets made by South Korea and CN-235 aircraft made by Dirgantara Indonesia.

ny, Contour Pacific Limited, located in the British Virgin Islands.

In court, South Korean prosecutors are charging Lee Kang & Partners with money laundering, which is believed to



have been done both within and outside the country. Lee Deok-gyu and a manager at Lee Kang & Partners have both been charged, although they are not detained.

Contour Pacific was mentioned in the Panama Papers—leaked Mossack Fonseca client data from various countries with companies in tax havens—which were exposed in 2016. According to the Panama Papers, Lee established Contour Pacific in July 2005. Lee was the only director and shareholder.

Lee told *KCIJ Newstapa* that a shell company can only be formed with the decision of a general manager in the level of a director. “Due to the nature of general trade,” he said. Once his court case in South Korea is resolved, Lee plans to sue Dirgantara in Seoul. He has not yet mentioned his reason.

Muhammad Arief Sulaiman, the attorney of former DI CEO, Budi Santoso, claimed to be unaware of DI’s sale in South Korea. “*Pak* Budi didn’t tell us,” he

said.

As of mid-October, the KPK had already named six suspects connected to DI’s sales inside the country. Besides Budi Santoso, these suspects are Irzal Rinaldi Zailani, former marketing chief, who later on became assistant to CEO; former trade and restructuring director, Budiman Saleh; as well as DI chief of sales and marketing in 2007-2012, Arie Wibowo.

Despite the legal troubles, Dirgantara’s partnership with the South Korean government still continued after the CN-235 transaction. Both have been working on the generation 4.5 jetfighter Korean Fighter Xperiment/Indonesian Fighter Xperiment (KFX/IFX) project since 2011.

Mass production for the aircraft is scheduled for 2026. Angkasa Mitra Karya is believed to be attempting to be a partner in the prestigious project. Like Bumiloka, Angkasa is currently being investigated by the KPK.

According to the notes *Tempo* obtained, Angkasa allegedly paid Rp18.4 billion and US\$60,000 for making the jetfighter project happen. The money came from Angkasa’s owner, Didi Laksamana. There was also money meant for DI CEO’s assistant, Irzal Rinaldi Zailani.

The money was given in nine stages. According to a law enforcement officer familiar with the case, all of the money was taken from the implementation fee for the procurement of aircraft spare parts, obtained by Angkasa from DI.

Didi’s attorney, Yanuar Wasesa, said his client refused to comment on the sale of the CN-235 aircraft to South Korea. “*Pak* Didi also forbade me to comment,” said Yanuar. Irzal’s attorney, Tjoetjoe Sandjaja Hernanto, claimed his client did not necessarily receive money from the project. “It’s possible that *Pak* Didi is being cunning, claiming (that the money) was given to Irzal when he took it himself,” said Tjoetjoe.

KPK spokesperson Ali Fikri said the investigation into Dirgantara’s bribery still has a long way to go and that investigators are open to naming new suspects and new developments in the case. “We’ll wait for the process,” he said.

 LINDA TRIANITA, CHOI WONSUK (KCIJ NEWSTAPA)

FORMER ARMY CHIEF OF STAFF,
GENERAL (RET) MOELDOKO:

I DO NOT UNDERSTAND LOGISTICS

THE name of the Chief of the Presidential Staff office Gen. (ret) Moeldoko is mentioned in a list noting recipients of monies from Dirgantara Indonesia channeled by partner companies. The note mentioned Moeldoko as having received Rp1 billion during his appointment as chief of staff of the Indonesian Army. In an interview through a video conference on Friday, October 23, to *Tempo*, Moeldoko refuted the contents of the memo.



A memo from a partner company of Dirgantara noted that you received Rp1 billion when you were Army Chief of Staff. Your response?

I think that is not true. The year of that procurement was 2011 (procurement of four Bell 412EP helicopters for the Indonesian Army—Ed.). At the time, I was still commander of the Siliwangi Military Region Command or Governor of the National Defense Institute. In that short period of three months, I experienced the fact that a chief of staff is more into maintaining relations. From the outset, as a chief and a commander, I was more into building relations. Things concerning logistics, I do not understand.

(According to a Tempo source, even though the actual procurement year has passed, payment of installments may continue in several stages over subsequent years.)

What are the procurement procedures for aircraft or helicopters within the Indonesian Army?

I was Army Chief of Staff for only three months, May 2013 to August 2013. I did not have time to handle procurements. My time was indeed short, right. The procedures for procurements are lengthy and take years. I did not wish to delve into this. At the time I was more concerned with training issues, building up the units.

Is it true there were commissions given out by Dirgantara Indonesia partner companies for each procurement project to the Indonesian Army?

And for sure I would not remember. 🚫

IRZAL RINALDI ZAILANI'S ATTORNEY, TJOETJOE SANDJAJA HERNANTO:

SELLING AIRCRAFT IS NO EASY MATTER

THE Corruption Eradication Commission (KPK) has suspected that Irzal Rinaldi Zailani played a central role in bribery by Dirgantara Indonesia to officials at the defense ministry and the Indonesian Military. He signed off 20 project contracts for aircraft and helicopter procurements when he was Head of Sales Division of Dirgantara. Irzal's attorney, Tjoetjoe Sandjaja Hernanto, discussed the bribery issue to *Tempo* reporters Linda Trianita and Riky Ferdianto, in his office in Jalan Jenderal Sudirman, Central Jakarta, on Tuesday, October 20.



Did your client arrange bribes?

The fact that Dirgantara Indonesia partner companies had good relations with officials at the ministry and related bodies is only natural. Regarding any indication of bribery to officials, that would not be in my client's jurisdiction.

But there is an invoice for cash from Bumiloka Tegar Perkasa to Irzal for officials?

My client has no knowledge regarding the invoice. His name has been abused. I also only just heard about the involvement of several other companies to hold and to distribute monies. In his examination, Irzal was never asked about this.

Why did Dirgantara involve partner companies?

They were appointed not through a bid. At the time, Dirgantara had no money. Selling aircraft is no easy matter. This state-owned enterprise was on the verge of collapse for being bankrupt. So the option was chosen to team up with partner companies. This method saved Dirgantara. This is a common practice in the aircraft business.

The KPK considered the involvement of partner companies has potential of corruption. Your response?

The losses questioned by the KPK are the kickbacks for the partner companies. They had the right to this commission as it was drawn out in the cooperation agreement contract. Because it was they who worked at seeking buyers for the Dirgantara products. If there was a flow of cash to officials in the ministry or institutions, then it was not Dirgantara money, but that of the partner companies.

What about the accusation of losses sustained by the state of up to Rp300 billion because of Irzal's actions?

How big was the responsibility of my client? Irzal technically only executed things, his position was head of sales division. His additional task was assistant to the board of directors. He was an executor of tasks, working based on orders from the board of directors and company policy. It is unfair if the KPK saddles all the wrongs onto my client. What about his superiors, the partner companies, and the bribery recipients? 🚫