

Violations of the Prudential Principle and Fraudulent Practices in Indonesia's Capital Market: A Case Analysis of OJK Sanctions Against Listed Firms

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Received: 22/09/2025 | Revised: 29/11/2025 | Accepted: 12/12/2025 | Published: 27/12/2025

Abstract : This research investigates how breaches of the prudential principle contribute to fraud within Indonesia's capital market, focusing on listed entities penalized by the Financial Services Authority (OJK). Utilizing a qualitative multiple-case study approach, the analysis centers on four prominent cases: PT Repower Asia Indonesia Tbk (REAL), PT Multi Makmur Lemindo Tbk (PIPA), PT Bliss Properti Indonesia Tbk (POSA), and PT Mirae Asset Sekuritas Indonesia. Secondary data were gathered from OJK official statements, sanction rulings, national media reports, and legal documents spanning 2022–2025. Through pattern-matching and cross-case synthesis, three recurring violation patterns emerged: inadequate customer due diligence by underwriters, submission of inaccurate information during share subscription and allocation, and lapses in directors' internal oversight. Fraudulent schemes primarily involved masking true beneficial ownership via nominee structures and offshore vehicles, alongside the fictitious recognition of assets financed by IPO proceeds. OJK's enforcement strategy demonstrates a tiered, proportionate approach that extends to market intermediaries and, in select instances, crosses national borders. A notable systemic flaw identified is an enforcement delay of up to two years, which may weaken deterrence. The study validates the applicability of the fraud pentagon framework in emerging markets and offers actionable recommendations for enhancing risk-oriented supervision.

Keywords : *Prudential Principle, Capital Market Fraud, OJK Sanctions, Customer Due Diligence, Fraud Pentagon.*

How to Cite: Sandopart, D. P. Y. A. L., Adek, L., Sandopart, D. A. I. I. L., & Wijayanti, E. (2025). Violations of the Prudential Principle and Fraudulent Practices in Indonesia's Capital Market: A Case Analysis of OJK Sanctions Against Listed Firms. *Journal of Economics and Management*, 3(3), 131–143. <https://doi.org/10.70716/ecoma.v3i3.461>

INTRODUCTION

The capital market plays a fundamental role in modern economies as a mechanism for mobilizing public funds for corporate financing while simultaneously serving as an investment vehicle for the public. In Indonesia, the Financial Services Authority (Otoritas Jasa Keuangan – OJK) holds the mandate as the regulator responsible for maintaining the integrity, transparency, and stability of the capital market through prudential principle-based supervision. This principle requires every market participant, particularly listed

companies and underwriters, to conduct their activities with due care, professionalism, and a primary focus on investor protection (OJK, 2025).

Despite regulatory frameworks, empirical evidence shows persistent violations of prudential standards that frequently enable fraudulent activities. Over the past three years, high-profile scandals have exposed systemic breaches, including manipulated financial reports, misappropriation of public offerings, and IPO regulation violations. Ritter (2023) analyzed how low public float and concentrated insider ownership create structural vulnerabilities enabling pump-and-dump schemes, directly supporting the argument that IPO structural conditions enable manipulation. These incidents highlight gaps not only in corporate governance but also in regulatory oversight and enforcement efficiency.

According to OJK statistics (2025), administrative penalties totaling IDR 542.49 billion were levied against 3,418 entities between 2022 and January 2025. Among them, 151 were confirmed participants in stock manipulation schemes, underscoring that market misconduct is structural rather than incidental. Risalah (2025) reported that OJK imposed IDR 123.3 billion in administrative sanctions in 2025 alone, issued 10 new regulations, and conducted 216 technical inspections amid surging investor growth.

A prominent example is PT Bliss Properti Indonesia Tbk (POSA), which misstated asset valuations and redirected IDR 126.6 billion in IPO proceeds to an affiliate, Benny Tjokrosaputro, who subsequently received a lifetime ban from capital market leadership roles (OJK, 2025c). This case illustrates how weak prudential compliance at the offering stage enables large-scale investor harm.

Previously, the case of PT Investree Radika Jaya also shook the financial services industry. The OJK revoked the license of this peer-to-peer (P2P) lending company in October 2024 after the company failed to meet the minimum equity requirement of IDR 7.5 billion (The Jakarta Post, 2024). The latest development in September 2025 showed that the company's founder had been repatriated from Qatar after being an Interpol fugitive and is now detained on suspicion of illegal fundraising amounting to IDR 2.7 trillion (The Jakarta Post, 2025). This fact raises serious questions about the effectiveness of OJK supervision over non-bank financial service companies.

In export financing, the Lembaga Pembiayaan Ekspor Indonesia (LPEI) reported a gross non-performing financing ratio of 43.5% (IDR 32.1 trillion) in mid-2024. OJK officials attributed part of this deterioration to credit expansion lacking prudential foundations (ANTARA News, 2024). Sulistyandari et al. (2024) emphasized that violations of the prudential principle are generally committed by managers who have decision-making authority and access to internal company data, ultimately leading to banking law violations and breaches of standard operating procedures. The KPK further identified six firms implicated in structured fraud linked to LPEI facilities, indicating multi-actor collusion.

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The research gap this study seeks to fill is the lack of systematic analysis specifically linking prudential principle violations to their impact on fraud practices in the Indonesian capital market, using real cases that have obtained permanent legal effect through OJK sanctions. Most existing research remains normative or qualitatively descriptive. Kusnawirawan et al. (2025), for example, although providing a comprehensive analysis of the investor protection framework in Indonesia, focuses more on regulatory aspects and supervisory management without conducting in-depth empirical testing. Adhi et al. (2025) identified that the public offering stage has loopholes that allow for insider trading

and market manipulation, while Rasji (2025) analyzed the legal evidentiary challenges in proving elements of intent and causal relationships in Indonesian capital market manipulation cases.

The novelty of this research lies in: (1) a multi-case study approach that comparatively analyzes four major cases; (2) the integration of fraud pentagon theory with the prudential principle in the context of the Indonesian capital market; (3) analysis of OJK's cross-jurisdictional sanctions against foreign entities; and (4) identification of systemic factors causing law enforcement delays.

Based on this background, this study aims to: (1) identify patterns of prudential principle violations committed by listed companies sanctioned by OJK; (2) analyze the fraud modus operandi that emerge due to weak application of the prudential principle; (3) evaluate the patterns of sanctions imposed by OJK; and (4) formulate policy implications for strengthening capital market supervision.

LITERATURE REVIEW

Fraud Theory: From Fraud Triangle to Fraud Pentagon

Research on fraud from financial and business perspectives has undergone significant development since first introduced by Cressey (1953). Cressey developed the concept known as the Fraud Triangle based on his research of 250 trust violators. This theory identifies three conditions that simultaneously coexist in fraud situations: pressure, opportunity, and rationalization (Cressey, 1953).

Wolfe and Hermanson (2004) proposed an extension of the Fraud Triangle into the Fraud Diamond by adding a fourth element: capability. This element highlights the importance of individuals who possess the position, intelligence, ego, and ability to exploit existing systems. Further development was made by Vousinas (2019), who introduced the Fraud Pentagon by adding a fifth element: arrogance or ego, reflecting the perpetrator's attitude of feeling immune to the rules. Kim (2025) documented how the skewed profit-risk ratio in IPO-related violations creates strong economic incentives for manipulation, with underwriter conflicts of interest remaining largely unaddressed by current regulatory frameworks, which aligns with the arrogance element of the fraud pentagon.

The Prudential Principle in the Capital Market

The prudential principle is a fundamental pillar of financial services regulation and supervision. This principle requires every financial service business actor to conduct their operations with due care, caution, and professionalism to protect the interests of customers, investors, and the broader public (OJK, 2017). In the context of the Indonesian capital market, this principle is explicitly regulated in Law Number 8 of 1995 concerning the Capital Market, as amended by Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK). Sulistyandari et al. (2024) emphasized that violations of the prudential principle are generally committed by managers who have decision-making authority and access to internal company data, ultimately leading to banking law violations and breaches of standard operating procedures. Their study also recommended the placement of OJK supervisors with banking expertise to strengthen supervisory effectiveness. OECD (2023) argued that international best practice consistently couples regulatory relaxations with higher governance standards, ongoing transparency, and explicit review triggers to protect minority shareholders.

Previous Research

Recent studies offer mixed insights. Azizah (2025) found significant stock price declines post-fraud disclosure on the Indonesia Stock Exchange ($p = 0.044$). Simamora and Juliarto (2025) observed that only financial pressure significantly influenced reporting fraud in Indonesian mining firms. Reinhart (2024) noted limited statistical significance in pentagon variables, advocating multi-stakeholder fraud detection. Nathania (2024) validated the fraud triangle's relevance in Indonesian financial reporting contexts. Abd. Sukor et al. (2025) examined pump-and-dump schemes in South Asian emerging markets using SADF and GSADF tests, finding that information asymmetry and weak regulatory oversight create fertile ground for manipulation, providing comparative context for the Indonesian cases.

Furthermore, Pamungkas et al. (2018) identified that from the fraud pentagon perspective, only changes in directors significantly influenced accounting fraud in companies listed on the Indonesia Stock Exchange. Their study also found that corporate governance mechanisms in the form of institutional ownership could weaken the relationship between changes in directors and accounting fraud. The European Court of Auditors (2020) defines related party transactions as "transfers of resources or obligations between related parties, regardless of whether a price is charged," and emphasizes auditor responsibilities under ISA 550 to identify risks of material misstatement from such transactions.

Meanwhile, Yusuf, Rochayatun, and Kartikasari (2025) found that only the pressure element significantly influenced financial statement fraud in Indonesian financial sector companies, while the variables of opportunity, rationalization, capability, and arrogance showed no significant influence. This finding indicates that financial sector companies tend to face fraud risk when under pressure to manipulate. Podishetti (2025) documented similar patterns in India, where IPO proceeds were diverted and used to artificially support post-listing prices, demonstrating that this phenomenon is not unique to Indonesia.

Sagala, Sirait, and Sitorus (2024), in their study of BUMN20 companies listed on the Indonesia Stock Exchange for the 2020-2022 period, reported that partially no fraud pentagon variables had a significant effect, but simultaneously all these variables influenced financial statement fraud. This demonstrates the complexity of interactions among fraud pentagon elements in capital market fraud practices. Supatmi et al. (2021) analyzed how abnormal related party transactions (RPTs) in Indonesian firms can tunnel value from public companies, directly supporting the findings on discrepancies in IPO fund usage in the analyzed cases.

RESEARCH METHODS

Research Design

A qualitative multiple-case study design (Yin, 2018) was adopted to capture the complex, context-dependent nature of prudential breaches and fraud. This approach enables analytical generalization through logical replication across cases. Lincoln and Guba (1985) provided the trustworthiness criteria framework used to ensure research quality, including credibility, transferability, dependability, and confirmability.

Case Selection

Purposive sampling applied four criteria: (1) OJK-sanctioned listed firms (2020–2025), (2) documented prudential violations, (3) complete evidentiary records, and (4) involvement of market intermediaries. Four cases met all criteria:

Table 1. Cases Analyzed

Case	Primary Sanction	Primary Violation
PT Repower Asia Indonesia Tbk (REAL)	IDR 925 million fine	Material transaction without proper procedure, CDD violation
PT Multi Makmur Lemindo Tbk (PIPA)	IDR 1.85 billion fine	Recognition of fake assets
PT Bliss Properti Indonesia Tbk (POSA)	IDR 5.625 billion fine	Diversion of IPO funds IDR 126.6 billion
PT Mirae Asset Sekuritas Indonesia	Criminal investigation	Stock manipulation, wash trading, IDR 14.5 trillion loss

Source: Authors, 2025

Secondary data included: (1) OJK press release SP 32/GKPB/OJK/II/2025, (2) formal sanction rulings, (3) national media (CNBC Indonesia, Republika, Katadata, Warta Ekonomi, Garuda TV), (4) regulatory texts, and (5) peer-reviewed literature. Data were systematically archived into a structured case repository. Miles, Huberman, and Saldaña (2020) provided the interactive data analysis model used, consisting of data condensation, data display, and conclusion

Data Analysis Techniques

Following Yin (2018), analysis involved data compilation, coding, pattern matching, explanation building, and cross-case synthesis. Trustworthiness was ensured via source triangulation, audit trails, researcher reflexivity, and thick descriptive reporting.

RESULTS AND DISCUSSION

Patterns of Prudential Principle Violations

The research identified three main patterns of prudential principle violations in the Indonesian capital market.

First Pattern: Failure of Customer Due Diligence by Underwriters

The REAL case revealed a systemic failure in the implementation of customer due diligence (CDD) by PT UOB Kay Hian Sekuritas as the underwriter. The OJK found that PT UOB Kay Hian Sekuritas did not verify the beneficial owners represented by UOB Kay Hian Pte. Ltd. from Singapore, which represented eight investors/referral clients in the firm allocation of the REAL IPO (OJK, 2025a). These eight beneficial owners had filled in their occupation as staff of PT Repower Asia Indonesia Tbk on bank account opening forms at PT Bank UOB Indonesia in October 2019, but this information was not verified for accuracy. FINRA (2022) has identified nominee accounts as a core mechanism for ramp-and-dump schemes, with red flags including accounts opened for foreign nationals, contradictions between trading activity and customer profiles, and indicators of centralized control.

This CDD failure violated the provisions of Article 15 letters a and b of POJK Number 12/POJK.01/2017, which requires financial service businesses to apply CDD principles including identification, verification, and monitoring of customers, as well as applying

enhanced CDD in high-risk conditions (OJK, 2017). As argued by Sulistyandari et al. (2024), violations of the prudential principle are generally committed by managers with decision-making authority and access to internal company data, leading to banking law violations and breaches of standard operating procedures. DealStreetAsia (2025) reported that OJK suspended UOB Kay Hian Sekuritas' underwriting license for one year and imposed an IDR 250 million fine for these CDD failures

The POSA case also showed a similar pattern. PT NH Korindo Sekuritas Indonesia as the underwriter was fined IDR 525 million and had its business license suspended for one year for failing to conduct adequate customer due diligence and facilitating nominee accounts for fraudulent share allocation (OJK, 2025c).

Second Pattern: Use of False Information

Both the REAL and PIPA cases involved the use of false information, although in different forms. In the REAL case, UOB Kay Hian Pte. Ltd. provided false answers on the Share Purchase Order Form by answering "No" to statement number 5 of the Requirements and Declaration section, when it should have answered "Yes" regarding the relationship with the issuer (OJK, 2025a). OJK Deputy Commissioner Eddy Manindo Harahap explained in a press conference that the main root of stock price manipulation practices is deviation in the IPO process, particularly share allocation that does not reflect the true condition of investors, as well as weak application of the prudential principle (CNBC Indonesia, 2025). Purwanto (2014) developed the concept of "bad IPO firms" companies that deliberately manipulate to create false signals---which receives empirical validation from these cases.

In the PIPA case, false information manifested in the form of fake asset recognition in the financial statements. OJK found that PIPA recognized assets originating from the use of IPO proceeds in the Annual Financial Statements as of December 31, 2023, which were not supported by adequate transaction evidence (OJK, 2025a). This violation breached the Conceptual Framework for Financial Reporting and PSAK 1 concerning Presentation of Financial Statements. Riadi and Mita (2019) demonstrated how concentrated ownership structures enable tunneling activities, directly supporting the findings on discrepancies in asset recognition

Third Pattern: Failure of Internal Supervision by Directors

In both cases, the OJK imposed sanctions on individual directors. Aulia Firdaus (President Director of REAL for the 2024 period) was fined IDR 240,000,000 for failing to carry out management duties and responsibilities with due care as regulated in Article 12 of POJK No.33/POJK.04/2014 (OJK, 2025a). Four directors of PIPA (Junaedi, Imanuel Kevin Mayola, Hendri Saputra, Airlangga) were jointly and severally fined IDR 3,360,000,000 for misrepresentation of financial statements, with Junaedi as President Director also receiving a 5-year prohibition from capital market activities. Ekadjaja et al. (2023) found that fundamental company characteristics such as profitability, capital structure, and company age have no significant association with the level of underpricing, indicating that conventional signaling theory fails to explain IPO pricing in Indonesia, which may contribute to weak internal oversight as directors focus on market factors rather than fundamentals.

These findings indicate that OJK applies a personal liability approach that is important for creating a deterrent effect, as sanctions against the corporation alone are insufficient to change individual behavior. Heriyanto, Chen, and Lyani (2023) also reported that underpricing is more influenced by market factors and investor sentiment

than fundamentals, suggesting that directors may prioritize market perception over prudential compliance.

Fraud Modus Operandi

The research identified two main fraud modus operandi in the Indonesian capital market.

Modus 1: Concealment of Beneficial Owners through Nominee Accounts and Foreign Entities

The REAL case revealed a sophisticated modus: the use of nominee accounts through a foreign securities company (UOB Kay Hian Pte. Ltd.) licensed by the Monetary Authority of Singapore. Eight investors who were employees of REAL were concealed behind this foreign corporate entity. Furthermore, the share subscriptions of these eight parties were funded by UOB Kay Hian Credit Pte. Ltd., indicating structured coordination (OJK, 2025a). OJK (2025e) reported that authorities froze a substantial volume of shares in the Mirae Asset manipulation case, demonstrating the large-scale nature of nominee account schemes and their significant impact on market integrity.

The case of PT Mirae Asset Sekuritas Indonesia was even more massive, involving 58 nominee accounts to facilitate wash trading and stock price manipulation of up to 7,150%. Illegal profits from these insider trading and manipulation practices reached IDR 14.5 trillion, with approximately two billion shares frozen to prevent further illegal trading (OJK, 2025e). This modus operandi aligns with the capability element of the fraud pentagon, as described by Pamungkas et al. (2018), who emphasized that sophisticated fraud schemes require perpetrators to possess specific positions, intelligence, and understanding of system vulnerabilities. U.S. SEC (2023) investigated how impersonators and social media are used to coordinate pump-and-dump schemes, demonstrating how modern manipulation tactics exploit regulatory loopholes and weak enforcement.

Modus 2: Recognition of Fake Assets from IPO Funds

The PIPA and POSA cases showed a similar modus: IPO proceeds were recognized as assets in financial statements without adequate transaction evidence. The POSA case was even more severe, with IPO funds found to have flowed to the company controller through the recording of receivables without economic benefit, resulting in a lifetime ban from holding executive positions in the capital market sector (OJK, 2025c). Ambarwati et al. (2020) identified pump-and-dump and flipping patterns in early IPO trading, which is empirically validated by the POSA case where IPO funds were diverted before any legitimate business activity could occur.

Pattern of OJK Sanctions

Based on the analysis of sanctions imposed, several important patterns were identified.

Pattern 1: Tiered and Proportional Sanctions

OJK applies tiered sanctions proportional to the level of fault. REAL, which committed procedural violations, was fined IDR 925 million, while PIPA, which committed material violations in financial statements, received a larger fine (IDR 1.85 billion). Individual sanctions also varied: the director of REAL was fined IDR 240 million, while the President Director of PIPA received a 5-year ban. Fariskya and Sari (2024) reported that ROA and DER have no significant effect on initial returns in Indonesian IPOs, suggesting that financial metrics alone cannot predict fraud risk, which justifies OJK's case-by-case, tiered sanction approach.

Pattern 2: Sanctions Involving Capital Market Supporting Parties

OJK not only targets issuers but also capital market supporting parties. In the REAL case, PT UOB Kay Hian Sekuritas received a 1-year license suspension. In the PIPA case, public accountant Agung Dwi Pramono received a 2-year suspension of his STTD (Certificate of Registration) for failing to apply professional audit standards. In the POSA case, PT NH Korindo Sekuritas Indonesia had its license suspended for 1 year. Tempo.com (2024) reported MSCI's warning that Indonesia risks being downgraded from an emerging market to a frontier market due to market opacity, highlighting the urgency of OJK's enforcement against all market participants.

Pattern 3: Cross-Jurisdictional Sanctions

The REAL case was unique in that it involved sanctions against a foreign entity (UOB Kay Hian Pte. Ltd. from Singapore). OJK imposed a fine of IDR 125 million on this entity for providing false information for firm allocation purposes. This demonstrates that OJK has the authority to take action against foreign parties involved in violations in the Indonesian capital market, which is reinforced by Law Number 4 of 2023 concerning P2SK. Mirae Asset Sekuritas (2025) reported that IDX is reviewing free float adjustment to 30% for IPO issuers as a direct regulatory response to manipulation cases, which complements OJK's cross-jurisdictional enforcement strategy.

Law Enforcement Delays

Data from an interview with the Chief Executive of the Capital Market Supervisor at OJK, Hasan Fawzi, revealed law enforcement delays. In the REAL case, violations occurred in 2024 (land transaction in February 2024 and IPO with CDD violations), yet sanctions were only imposed in February 2025, creating a time lag of approximately two years (Garuda TV, 2025). Emitennews.com (2025) reported that IDX is reviewing free float adjustment to 30% for IPO issuers, but regulatory changes alone cannot address enforcement delays without accompanying procedural reforms.

This delay is caused by a very meticulous examination process. The Head of the Special Examination Department of OJK, Yasa, explained that for some cases, testimony from 100 parties was required before a conclusion could be drawn (Republika, 2025). Although thoroughness is important to avoid errors, this delay potentially reduces the deterrent effect and allows perpetrators to continue enjoying the benefits of their violations over an extended period. Wahyuningtyas (2025) discussed how capital market integrity and investor confidence are interdependent, suggesting that enforcement delays may erode public trust regardless of eventual sanctions imposed.

Relevance to Fraud Pentagon Theory

The findings of this research demonstrate strong relevance to all five elements of the fraud pentagon (Vousinas, 2019).

Table 2. Mapping Fraud Pentagon to Analyzed Cases

Element	Theoretical Definition	Empirical Evidence from Cases
Pressure	Financial/operational pressure	REAL: need to create illusion of market demand; PIPA: post-IPO performance pressure
Opportunity	Weak internal control	REAL: CDD failure; PIPA: low audit quality; POSA: weak IPO supervision
Rationalization	Self-justification	REAL: false "No" answer on FPPS;

		PIPA: temporary asset recording
Capability	Position and understanding	REAL: use of Singapore-licensed foreign entity; Mirae: 58 structured nominee accounts
Arrogance	Belief of being above the law	REAL: disregard for material transaction procedures; POSA: lifetime ban

Source: Authors, 2025

This research found that all five elements play important roles in the analyzed cases. This finding differs from Simamora and Juliarto (2025), who only found a significant effect from the pressure variable. This result aligns with the findings of Yusuf *et al.* (2025), who also found only a significant influence from the pressure variable in the context of Indonesian financial sector companies. This indicates that quantitative approaches with certain proxies have limitations in capturing the nuances and complexity of fraud involving multi-party collaboration and continuously evolving *modus operandi*. As argued by Reinhart (2024), effective fraud detection requires multi-stakeholder collaboration that cannot be fully captured by statistical models alone. News & Insights (2025) reported FINRA's enforcement actions for IPO conflicts of interest, demonstrating that international regulators face similar challenges in proving complex fraud cases, which supports the argument for qualitative case study approaches.

This difference indicates limitations in quantitative approaches to capturing the complexity of fraud, as quantitative research with certain proxies may not be able to capture the nuances and specific contexts of each fraud case. Insight & Opinion (2025) documented how underwriter conflicts of interest facilitate IPO deviations, with retail investors ultimately bearing the cost, which aligns with the rationalization and arrogance elements of the fraud pentagon as perpetrators justify their actions by believing retail investors are unsophisticated.

Comparison with Previous Research

The findings of this research can be compared with several previous studies. Azizah (2025) found that fraud negatively affects stock prices, and this research confirms that OJK considers fraud a serious threat to market integrity. Reinhart (2024) emphasized the need for collaboration among various parties in detecting fraud, and this research supports this statement because in the REAL case, violations could only be detected because OJK conducted an examination involving various parties, including foreign entities in Singapore. Insight & Opinion (2025) documented how underwriter conflicts of interest facilitate IPO deviations, with retail investors ultimately bearing the cost, which aligns with the rationalization and arrogance elements of the fraud pentagon as perpetrators justify their actions by believing retail investors are unsophisticated.

This research also extends the findings of Nathania (2024) regarding fraud triangle theory by demonstrating that besides pressure, opportunity, and rationalization, the elements of capability and arrogance also play important roles in large-scale fraud involving multi-party collaboration and cross-jurisdictional corporate structures. Furthermore, the findings strengthen the argument of Sulistyandari *et al.* (2024) that prudential principle violations are inseparable from weak internal and external supervision. They recommended strengthening the role of OJK supervisors with technical expertise in banking and capital markets to prevent the recurrence of similar cases in the future.

CONCLUSION

This research yields five main conclusions. First, prudential principle violations in the Indonesian capital market manifest in three patterns: failure of customer due diligence by underwriters, use of false information in the share subscription and allocation process, and failure of internal supervision by directors. Second, these violations create opportunities for fraud through two main modus operandi: concealment of beneficial owners through nominee accounts and foreign entities (REAL case with 8 beneficial owners who were issuer employees, Mirae case with 58 nominee accounts), and recognition of fake assets from IPO funds without adequate transaction evidence (PIPA and POSA cases with fund diversion of IDR 126.6 billion). Third, OJK imposes sanctions with a tiered and proportional pattern, involving capital market supporting parties, and in certain cases, cross-jurisdictional. The accumulated fines in the REAL case reached IDR 1,570,000,000, while the PIPA case reached IDR 5,210,000,000. Individual sanctions against directors demonstrate a personal liability approach to create a deterrent effect. Fourth, there is a time lag of up to two years between violation and sanction imposition, which OJK acknowledges as a systemic weakness that potentially reduces the deterrent effect. Fifth, theoretically, this research confirms the relevance of the fraud pentagon in explaining fraud in the Indonesian capital market, while also demonstrating the limitations of quantitative approaches in capturing the complexity of fraud involving multi-party collaboration and continuously evolving modus operandi.

For OJK, this research recommends accelerating law enforcement processes through strengthening cross-institutional collaboration, enhancing supervision of CDD implementation by underwriters, especially for IPOs involving foreign entities, developing an early detection system based on red flags (nominee accounts, discrepancies in investor employment data, asset recognition without transaction evidence), and increasing sanctions against public accountants who repeatedly violate professional standards.

For the Indonesia Stock Exchange, strengthening trading monitoring systems is needed to detect suspicious transaction patterns indicating the use of nominee accounts. For the KPK, closer coordination with OJK is required in handling fraud cases involving corruption elements, as occurred in the LPEI case.

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