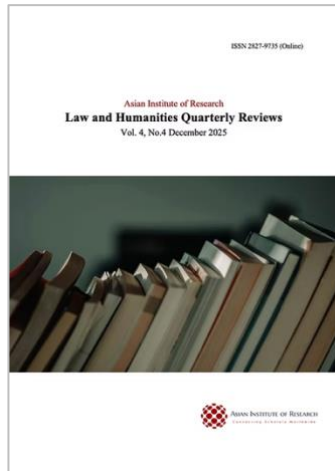




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Disclosure Methods of Beneficial Ownership by Notaries in Money Laundering Crimes: A Case Study

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Abstract

Money laundering often occurs alongside corruption. Although qualitatively distinct, the two crimes remain closely connected. Perpetrators use money laundering as a method to conceal the proceeds of corruption. This study focuses on the role of notaries in preventing money laundering through the disclosure of corporate beneficial ownership. The researchers applied a qualitative case study method. The findings reveal that money laundering networks position beneficial owners as the main actors who control other participants within corporations, personal relationships, and professional intermediaries such as accountants, lawyers, and notaries. This study supports white-collar crime theory and money laundering network theory by highlighting Politically Exposed Persons (PEPs) as beneficial owners who use corporations as vehicles for laundering illicit funds.

Keywords: Money Laundering, Professional Mediator, Beneficial Ownership, Corporation

1. Introduction

Research on money laundering over the past decades has firmly established that corruption and money laundering are closely related, distinct yet interconnected phenomena (Gordon, 2009). Corruption generates demand for money laundering, while money laundering provides the mechanism that enables corruption (Christensen, 2011; Barone, 2019).

Contemporary corruption in the modern era often relies on cross-border networks and financial transactions that conceal ties between political elites and business actors who expand their enterprises through bribery of corrupt officials (Cooley & Sharman, 2015). These relational and financial spaces consist of national and transnational corporate networks, offshore companies, professional intermediaries, corporate service providers, and financial institutions that cooperate to channel illicit funds and disguise them from public and legal scrutiny. Cooley and Sharman (2017) emphasize the role of financial and legal professionals in managing these networks.

Certain jurisdictions protect confidentiality and adopt “criminogenic” regulations that foster criminal behavior in otherwise legal activities (Tillman, 2009). Despite jurisdictional differences, some multinational companies design and provide financial services to corporations and foreign nationals, enabling the laundering of corrupt proceeds from other countries (Sharman, 2010; Christensen, 2011). Evidence of corporate misuse for money laundering

appears in schemes that move illicit funds into the public domain (Willebois, 2011). Leaked confidential information from the Panama and Paradise Papers exposed the extensive reach of these offshore financial networks (Obermaier & Obermayer, 2017). Research has identified key jurisdictions that facilitate laundering within multinational corporate networks, including the British Virgin Islands, Hong Kong, Singapore, Taiwan, China, and the United States.

These jurisdictions and service providers separate ownership from non-ownership of resources and assets. On one hand, they guarantee indirect control mediated through corporate beneficiaries and other financial entities; on the other, they systematically obscure links between companies and their beneficial owners through intermediaries, nominees, front men, and cross-border corporate networks (Sharman, 2010).

Kejriwal and Dang (2020) found that concealing beneficial owners depends on network structures with different classes and specific structural, functional, and operational characteristics. These mechanisms separate various financial and relational clusters, such as the use of financial companies, cooperation with corporate service providers, and the employment of nominees and associates to obscure the identity of beneficial owners.

In the private sector, literature highlights the role of entrepreneurs as initiators of corruption schemes. Ariano-Gault (2019) describes the practices and routines actors use to repeatedly engage in corruption, such as building covert communication networks, forming decision-making chains within companies, and designing organizational structures to manage corrupt activities. Through internal processes, perpetrators establish procedures and operational strategies to sustain these crimes. Willebois (2011) stresses that beneficial owners play a pivotal role in linking corruption and money laundering. They are often Politically Exposed Persons (PEPs), assisted by nominees and individuals in close social relationships with politicians and business elites. Beneficial owners ultimately control and profit from assets, even when their control remains indirect and hidden.

PEPs are individuals who hold public trust and official functions, are publicly known, and generally face higher risks of corruption due to their influence and authority. A core anti-money laundering technique is to specifically monitor PEPs (Gordon & Sharman, 2009). PEPs who exploit their privileged access for corruption rarely act alone; instead, they rely on inner circles that include political allies, family members, business partners, close friends, and trusted associates. These inner circles help PEPs manage finances, facilitate connections with private actors, launder funds, and control the legal status of assets concealed in corporate financial structures. Members of the inner circle often assume formal contractual roles as substitutes or responsible parties for assets within companies to disguise the identities of beneficial owners. The primary entities in these arrangements include corporate service providers, trusts, companies, and foundations.

Operational companies run real businesses, employ workers, and manage asset inflows and outflows, often functioning as front companies for money laundering schemes. Trusts establish fiduciary relationships in which one party, the settlor, authorizes another to hold property rights for the benefit of a third party (the beneficiary). Foundations serve as legal entities without ownership, where asset contributors transfer both ownership rights and benefits to the foundation.

Money laundering plays a central role in organized crime because it integrates criminal proceeds into legal business activities, such as establishing legal entities or conducting legitimate business transactions. The goal of money laundering is to conceal the origin of illicit funds. For example, a drug dealer may build a property or restaurant business to create seemingly lawful profits (Soudijn, 2014).

A proper understanding of clients and their sources of funds helps prevent the spread of money laundering. Financial institutions and other parties capable of conducting business transactions must perform customer due diligence or know-your-customer checks to detect possible money laundering activities. Customer due diligence requires more than storing and reporting data; it involves uncovering the true identity of transactions to identify potential crimes.

FATF case studies reveal that corrupt actors often use laundering methods similar to those employed by organized crime. Corrupt officials conceal their ownership by exploiting corporations and companies suitable for laundering, and they employ gatekeepers as the first line of defense. When corrupt actors are public officials, they use their authority to seize state assets, manipulate law enforcement, and intervene in financial institutions (FATF, 2015).

Hutajulu (2016) found that money laundering consists of two acts: committing a predicate crime that generates illicit funds and channeling those funds into legitimate activities. Consequently, the term "predicate crime" refers to the initial offense, while money laundering constitutes the subsequent handling of criminal proceeds. According to Law No. 8 of 2010 on Money Laundering, predicate crimes may occur outside business activities, such as corruption, or within business activities, such as market manipulation or securities fraud.

In organized crime, launderers use corporations, social organizations, and other entities to obscure individual involvement, since these entities can hide ownership and transactions for the benefit of criminals. Beneficial owners are individuals who receive advantages from corporate transactions and investments while concealing their identity. They play a crucial role in corporations because corporate profits may stem from illegal practices such as tax evasion or money laundering. To prevent laundering, governments require disclosure of beneficial ownership information (Wijaya, 2019).

Beneficial owners are the actual owners of corporate funds and therefore hold the right to benefits from company-managed accounts. Legal ownership differs from beneficial ownership because formal owners may act only as nominees, while another person substantively controls the assets (Sinaga, 2019). Beneficial owners hold control over corporations and possess entitlement to corporate benefits. They are the true owners of corporate assets as defined by relevant regulations. To prevent crime, protect corporations, and support ease of doing business, governments mandate transparency in beneficial ownership information (Tan, 2021).

The disclosure of corporate beneficial ownership forms part of policies to prevent money laundering (ML) and terrorism financing (TF). These policies assume that corporations are vulnerable to misuse as laundering vehicles, making open and accessible information necessary. Crimes increasingly involve not only individuals but also corporations, which function as instruments to obscure and conceal unlawful activities.

2. Method

This study applied a qualitative method using secondary data in the form of case studies. The case studies involved money laundering cases that used corporations and had obtained permanent legal force (*in kracht van gewijsde*) through:

1. The Case Tracking Information System (SIPP) in the databases of District Courts, High Courts, and the Supreme Court, filtered within the last five years and limited to corporate-related money laundering cases;
2. Official institutional reports on suspicious financial transactions and corporate beneficial ownership reporting;
3. Relevant prior research.

The analysis examined the patterns and methods of corporate-related money laundering cases, mapped them to each stage of corruption risk, identified corporate profiles with opportunities to engage in laundering, and assessed legal, social, and institutional responses. The results then informed follow-up interviews to deepen the research analysis.

3. Results

The documentary study results about money laundering cases are useful for further analysis matters and essential to determine any notary roles in revealing money laundering committed by corporation. The observed cases already have legitimate law. Here are the breakdown.

3.1. MAL Case

Case Description

ADI, as Director of Capital Market at PT. MSS Sekuritas, and MAL, as Head of the Treasury Division at PT. Bank SUT, engaged in a corruption case involving the issuance of Medium Term Notes (MTN) by PT. SNP to cover additional operational expenses. They offered these securities to PT. Bank SUT, represented by MAL as the investor, with PT. MSS Sekuritas, represented by ADI, acting as the underwriter, through three consecutive offering schemes.

In the process, MAL failed to review PT. SNP's request to set a credit line was ignored, with the requirement to determine the Maximum Credit Submission Limit (BMPK). Meanwhile, ADI facilitated the underwriting process by PT. MSS Sekuritas so that the nominal offer would be approved. In fact, the offering was unreasonable and disproportionate to the funds disbursed, considering PT. SNP was a financing company operating in retail with a high risk of default. As a result, the state suffered a loss through the funds disbursed by PT. Bank SUT. From the collected funds, PT. SNP, as the debtor, received part of the proceeds, while both defendants also took money that they used to purchase assets and transfer to associates at PT. Bank SUT. In this case, investigators alleged both defendants committed corruption and money laundering, causing state losses amounting to Rp202,072,450,000.

Money Laundering Crime

ADI personally received Rp1,286,750,000 to settle a house purchase and a transfer of Rp1,156,109,244 between October 30, 2017, and November 24, 2017. He then funneled part of the funds to associates at PT. Bank SUT which helped facilitate the MTN disbursement, including Rp514 million to MAL, Rp200 million to NAN (Head of the Global Market Division at PT. Bank SUT), and Rp100 million to RPH (Commissioner of PT. Bank SUT). These fee payments allegedly originated from 55 holding accounts under ARF, whose whereabouts remain unknown.

The case also revealed a land purchase transaction from MAL to ADI worth Rp500 million, although the court could not prove it, and no notary was presented to validate the transaction. The typology of money laundering in this case remains unclear, since LDR (the child of PT. SNP's owner) and SLG controlled the proceeds of MTN sales. Interpol is still searching for LDR, who is strongly suspected to be in Japan.

Variable Descriptions of Money Laundering

Predicate Crime	: Corruption
Perpetrator Profile	: Director of a Private Company (ADI)
Transaction Type	: Transfer via RTGS
Transaction Instruments	: Savings Account and Shares
Industry Sector	: Banking and Securities
Source of Funds	: Domestic Third Party
Involved Parties	: Colleagues
Type of Asset	: House

Money Laundering Typology

- a. The perpetrator misused a legitimate business by falsifying documents, which caused administrative defects.
- b. The perpetrator purchased a luxury house as an asset.

3.2. Case 2 (PT. TRD)

Case Description

In 2018, the court sentenced MYZ, the Regent of KBM, to four years in prison, a fine of IDR 300 million, and the revocation of political rights for three years for violating Article 12(a) of Law No. 31/1999 as amended by Law No. 20/2001 on the Eradication of Corruption Crimes. The court found MYZ guilty of accepting bribes totaling IDR 12 billion from several project partners in KBM Regency. He used part of the money for his inauguration celebration, and transferred another portion to his company PT. TRD, and distributed the rest to other parties.

The court also convicted PT. TRD of violating Articles 3 and 5(1) of Law No. 8/2010 on the Prevention and Eradication of Money Laundering. It imposed a fine of IDR 500 million, with subsidiary confiscation of assets belonging to PT. TRD or MYF (the Regent of KBM) as the beneficial owner of PT. TRD, equal to the fine. Additionally, the court ordered the confiscation of assets for the state amounting to IDR 3.605 billion and IDR 2.330 billion, after deducting restitution payments made through the Corruption Eradication Commission.

After winning the KBM Regional Election, two days before his inauguration as Regent, MYF resigned from PT. TRD's management through a General Meeting of Shareholders' Deed executed before a notary in February 2016. Despite his formal resignation, MYF maintained control over PT. TRD as its beneficial owner. In July 2016, MYF met with KML and AP and informed them that KBM Regency would receive approximately IDR 100 billion in Special Allocation Funds (DAK) for Fiscal Year 2016.

During the meeting, MYF, acting as Regent, interfered in the procurement of goods and services by allocating DAK funds: IDR 15 billion to HA, IDR 15 billion to MH alias A, IDR 36 billion to KML, and IDR 23 billion to PT. TRD, with a 7% advance fee, except for PT. TRD because it was his.

Following this allocation, PT. TRD secured several projects from the 2016 DAK budget using other companies as fronts: PT. MAK (two road projects, total contract IDR 6.7 billion), PT. CGB (road project, contract IDR 10.8 billion), and PT. SMU (road project, contract IDR 18 billion). PT. TRD earned IDR 3.2 billion in profits, which it booked as company income. Between December 2016 and July 2017, under MYF's instructions, PT. TRD mixed these funds with company finances and used them to pay MYF's salary (IDR 50 million), his wife's salary (IDR 60 million), land purchases for his wife (IDR 150 million), Alphard car installments (IDR 35 million), his wife's expenses (IDR 500 million), transfers for his wife's needs (IDR 20 million), his personal expenses (IDR 60 million), family holiday allowances (IDR 500 million), household expenses (IDR 36 million), the Director of PT. TRD (IDR 81 million), and equipment and labor rentals (IDR 36 million).

In 2017, PT. TRD also received projects funded by the General Allocation Fund (DAU) using other companies as fronts: PT. CGB (road project, IDR 7 billion), PT. LJU (road project, IDR 2.7 billion), and PT. APS (road projects, IDR 6.8 billion and IDR 8.4 billion). PT. TRD gained IDR 387 million in profits, which it mixed with its company finances and used to pay MYF's salary (IDR 50 million), his family's credit card (IDR 40 million), car installments (IDR 35 million), household expenses (IDR 10 million), plaques, and daily labor (IDR 65 million).

PT. TRD operated under the control of MYF as the beneficial owner, with PN as president and director, and employees AM, PK, and MF acting as his representatives by dividing tasks under his direction. The company also used affiliated firms, including PT. ABS and CV. ASR, to support operations. PT. TRD supplied operational needs for PT. ABS and CV. ASR merged its finances and bookkeeping with those companies, managed by the same individuals under MYF's control.

This case demonstrates how MYF, the Regent of KBM, and the beneficial owner of PT. TRD and its affiliates PT. APS and CV. ASR used these companies to channel funds from DAU and DAK projects in KBM Regency by borrowing the names of other companies for procurement processes he controlled. MYF and his family used the profits from PT. TRD, PT. APS and CV. ASR to further their own interests. PT. TRD also acted as a conduit for bribe payments from project partners in KBM Regency. PT. TRD functioned as a front company engaged in operational activities. MYF's role as beneficial owner was evident from his control of PT. TRD's operations, despite not being its formal president director. The court also qualified him as the beneficial owner of PT. TRD and its two affiliates because he controlled their operations and received the ultimate benefits. Supporting evidence included deeds of establishment, articles of association, and amendments for PT. SA, PT. APS and CV. ASR; bank

statements and financial records; financial transactions of borrowed companies; and witness testimony confirming MYF's role as owner, controller, and beneficiary of PT. TRD, PT. APS and CV. ASR.

Money Laundering Scheme

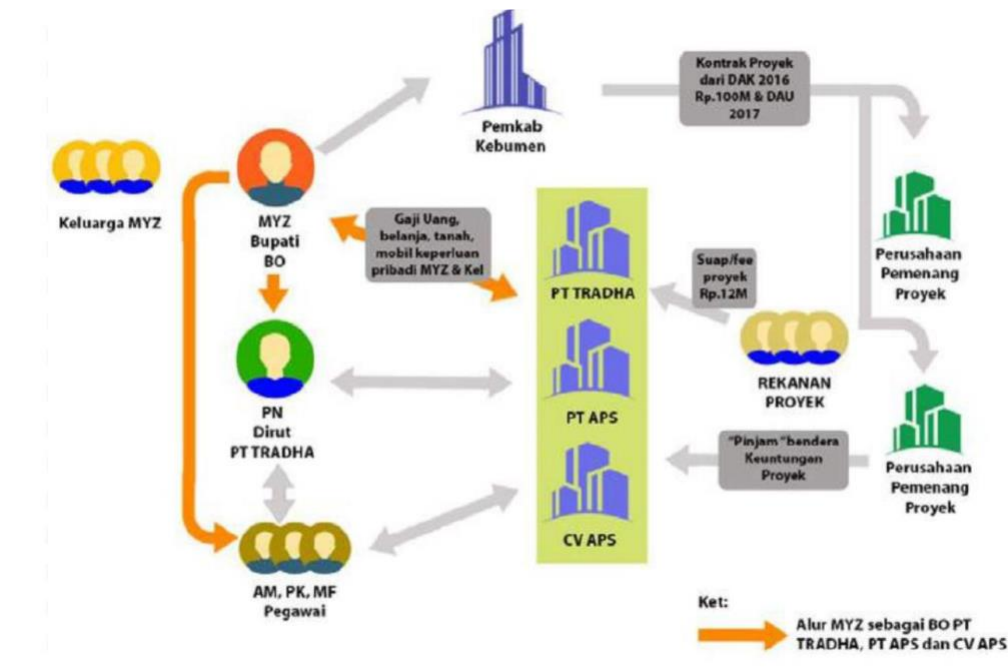


Figure 1: Processed from various sources by the researchers

Variable Descriptions of Money Laundering

Predicate Crime	: Corruption (Misuse of Regional Budget/APBD)
Offender Profile	: State Officials, PEPs (Politically Exposed Persons)
Transaction Type	: Bank Transfers & Cash
Transaction Instrument	: Savings Accounts
Industry Group	: Construction Companies
Source of Funds	: Local Government
Related Parties	: Colleagues & Family (Wife)
Asset Types	: Land, Cars, Machinery/Equipment

Money Laundering Typology

- Mixing company funds with personal funds for private or family use.
- Purchasing assets such as land and financing luxury daily needs.
- Abusing power to use state funds.

3.3. Case 3 (ZAI-Regent LS)

Case Description

ZAI, Regent of LS District (2016–2021), exercised his authority from 2016 to 2018 to receive money or commitment fees through AGU (Head of Finance Subdivision, PUPR Office, 2015–Jan 2017) and ANJ (Head of PUPR LS, Dec 2017–Jul 2018). Together with HER and SYA, ZAI accepted cash payments in stages from contractors related to infrastructure project tenders at the LS PUPR Office. From 2016 to 2018, they collected a

total of IDR 72,742,792,145 from contractors who obtained project packages at the PUPR Office, Ministry of Public Works and Public Housing.

Variable Descriptions of Money Laundering

Predicate Crime	: Corruption
Offender Profile	: Executive, Legislative, and Judicial Officials
Transaction Types	: Cash Deposits via Teller, Investment Product Openings, Loan/Credit Installment Payments, Transfers, Cash Transactions
Transaction Instruments	: Cash, Checks/Giros
Industry Groups	: Banks, Financing Companies, Motor Vehicle Dealers
Source of Funds	: Domestic Third Parties
Related Parties	: Children, Colleagues, Other Parties/Intermediaries
Asset Types	: Cash, Land and Buildings, Cars, Motorcycles, Ships, Operational Machinery

Money Laundering Typology

1. ZAI used nominees, trusts, family members, or third parties—SDR, SJN, GTS, and BBZ—as company executives in PT. ASM, PT. BLK, PT. BCM and PT. PLS, where he acted as the beneficial owner.
2. ZAI purchased valuable assets—cars, large motorcycles, land, and buildings—either under his own name or under nominees.
3. ZAI invested funds in financial products such as stocks.
4. ZAI conducted transactions mainly in cash rather than through the banking industry.
5. ZAI purchased assets using company accounts.

Financial Transaction Redflag

1. Transactions deviated from the user's profile, characteristics, or usual patterns.
2. The user's accounts received frequent deposits or transfers from unrelated third parties.
3. The user made large cash deposits to other parties.

3.4. Case 4 – Toledo (External Case of Indonesia)

President Toledo's corruption and money laundering occurred through a transnational network that exploited hidden financial infrastructure connected to private and public actors. The crime cycle began in late 2004, when Maiman and Toledo's associates demanded a USD 35 million bribe from Jorge Barata, Director of Odebrecht in Peru, in exchange for awarding part of the Interoceanic Highway South project. After Barata and Toledo's associates agreed, President Toledo used his influence over bureaucratic and political actors to shape decision-making and administrative procedures for awarding the contract.

Toledo legitimized the project by enacting legislation that declared it strategic for public interest, ensured Odebrecht and its partners received the contract, and granted private contractors concession rights to manage the highway (Pari, 2016). At the same time, Barata informed Odebrecht's president about Toledo's demand for USD 35 million. DOE, operating in Brazil and other countries, used its financial infrastructure to deliver the payments. In 2007, after Toledo's presidency ended in 2006, DOE activated the flow of funds from Odebrecht and related companies into Toledo's inner circle.

The first stage of the scheme involved transfers among private entities. Odebrecht subsidiaries, including CNO, wired money from their bank accounts to shell companies in the British Virgin Islands, Panama, Antigua, Uruguay, and Belize. Offshore service providers formally managed these firms, while Odebrecht employees controlled them informally. The funds passed through a Peruvian sub-network serving as a financial gateway. Odebrecht's offshore entities then transferred funds to Constructora Area SAC and Construmaq SAC in Peru. At this point, Gonzalo

Monteverde Bussalleu and his associates controlled the funds, cycling them through Peruvian and offshore companies they owned. The funds later moved to another Odebrecht offshore chain, including Panama-based Balmer Holding Assets (C32), formally managed by a Panamanian service provider but informally run by Odebrecht employees.

Balmer Holding Assets, along with other Odebrecht offshore companies, transferred funds to three firms controlled by Toledo's close collaborator, Josef Maiman. These firms moved the money among themselves to obscure its origin, then transferred it to Confiado International in Panama, also tied to Maiman. Confiado moved the funds to Milan Ecotech and Ecostate Consulting, managed by Toledo's associates, such as Avraham Dan On. Finally, Milan Ecotech and Ecostate Consulting transferred the funds to Ecoteva Consulting in Costa Rica, headed by Toledo's mother-in-law. Toledo and his wife accessed these accounts to buy a house registered under their daughter's name, two offices in Lima, and two coastal houses in Peru. They also purchased real estate in the United States, where Toledo relocated after leaving the office. On paper, Toledo rented these properties from the offshore firm, but in reality, he was the beneficial owner. Safeguards such as omitting his name from mailboxes and issuing bank checks as "rent" payments preserved his anonymity.

The bribery scheme relied on ongoing polyadic relationships involving multiple actors. For example, two directors of Banca Privada d'Andorra contracted with Odebrecht's DOE to manage illicit financial flows and corrupt agreements. Court records and national reports revealed that DOE staff often introduced these financiers to politicians and officials as consultants who could build financial infrastructure to launder corruption proceeds.

Odebrecht's network used complex strategies to separate legal and illegal activities. Under Marcelo Odebrecht's leadership, the group created internal departments with specialized roles. DOE operated under the guise of routine procedures, enabling it to conduct illicit activities. The scale of corruption allowed standardized protocols and repetitive use of offshore vehicles and OFCs. Service providers further professionalized the system by acting as shareholders, directors, and resident agents for shell companies, concealing Odebrecht employees' roles in managing hidden infrastructure.

Analysis shows that Toledo's inner circle—family, friends, and associates—managed the financial infrastructure. Maiman's expertise and social capital proved critical in building this network. For example, Maiman opened Confiado in Panama in 2003, managed through a Swiss law firm that acted as a financial intermediary (Peacock, 2018). Formally, Panamanian service providers incorporated the company and appointed their employees as shareholders and directors. These nominal managers held only administrative powers; Maiman retained ultimate control. Living between Israel and Peru, Maiman issued instructions through his sister, who relayed them to the Swiss law firm, which then instructed Panamanian resident agents to execute them.

The creation of Costa Rican shell companies Milan Ecotech, Ecostate Consulting, and Ecoteva followed a different approach. Toledo, with support from Maiman and his security chief Avraham Dan On, traveled to Costa Rica to meet with notaries. For Ecoteva, Toledo arranged for his mother-in-law to serve as the nominal head, while he maintained *de facto* control over its finances. Toledo's inner circle employed an Israeli lawyer to manage Ecoteva's bank accounts, which included Toledo's mother-in-law.

3.5. Case 5 Analysis

The primary functional role in this case belongs to the owners and beneficiaries of the corruption and money laundering scheme. They act as the main actors who profit from illegal transactions on both the demand side (receiving bribes) and the supply side (paying bribes to win contracts). In this case study, they refer to Alejandro Toledo and the senior managers and directors of the Odebrecht Group. Private actors gained benefits by illegally obtaining public contracts worth millions of dollars, while public actors profited from bribes. These private and public actors provided the main operational inputs that formed the basis of the corruption and money laundering scheme.

Both groups maintained mutually beneficial ties with political and business elites. For example, they joined official meetings and philanthropic, cultural, and social events. They used these ties to present to society, politicians, the international community, and civil society the image of a public-private partnership that promoted modernization, economic growth, and development. This visible relationship paralleled the hidden financial ties that connected the groups through informal transnational networks.

The executors were the inner-circle members who surrounded the owners and beneficiaries. Members of each corrupt bloc's inner circle organized and carried out the scheme to conceal the links between Toledo and Odebrecht. These executors included Odebrecht's senior and mid-level managers and financial operators, as well as Toledo's relatives, friends, and associates.

Executors handled multiple tasks: they operationalized the inputs of the main corruption actors, negotiated corrupt agreements, and designed modalities for transferring financial flows. They coordinated with service providers to establish shell companies, offshore vehicles, and bank accounts as basic money laundering mechanisms. At the same time, they managed the smooth integration of public and private financial infrastructures.

Toledo's inner circle directly managed the financial infrastructure. Odebrecht's higher professionalism and economic capacity allowed it to exploit routine practices and outsourcing mechanisms more effectively. Odebrecht's financial infrastructure facilitated hundreds of corrupt deals, while Toledo's infrastructure only supported a few. As a result, the public-side infrastructure remained amateurish compared to Odebrecht's professional system.

Operators were service providers and financial intermediaries who implemented mechanisms to separate corruption proceeds from illegal financial flows. They built and managed infrastructure that transferred illicit funds worldwide. After receiving inputs from scheme designers, operators created and structured shell companies, offshore vehicles, and bank accounts, thereby establishing a highly complex financial system. Service providers and intermediaries offered complete administrative packages, including expertise, skills, and human resources, as well as the creation of offshore instruments tailored to client needs. Acting as shareholders, directors, presidents, or secretaries, they could register and manage offshore vehicles. They also handled accounting, tax payments, and contract signing. Within this framework, service providers and intermediaries acted as skilled suppliers operating legally within their jurisdictions.

The transnational network featured complex socio-financial ties: individuals acting as nominees and front men, companies, shell firms, and offshore vehicles constituted its core. Sub-networks functioned as transit hubs for financial flows. Their specific role was to further obscure and launder funds moving from private to public clusters, making the laundering scheme more complex. These sub-networks are formally detached from the core corruption and money laundering network. Small clusters of operational firms mixed corruption proceeds with legal business revenues, ensuring financial flows were better hidden and harder to trace.

The Toledo case revealed corruption and money laundering in cross-border exchanges that used advanced technology in financially and socially complex networks. A hidden financial infrastructure was built to conceal the beneficiaries of corruption proceeds by exploiting political and business pillars. Public and private financial infrastructures interacted smoothly and efficiently. Inner-circle members and service providers coordinated this interaction. The network facilitated it through shell companies, offshore vehicles, and bank accounts under their management. Relationships between individuals and companies created what is called a socio-financial complex, which constituted the relational and operational substance of financial infrastructure. This socio-financial complex enabled corrupt actors to achieve their goals through money laundering and served to disconnect beneficiaries from the illicit transactions.

4. Discussion

4.1. Notary Duty to Keep Data Secret

The establishment of a corporation in Indonesia begins with fulfilling legal requirements for legal entity status. This process requires a notary to prepare the deed of incorporation and any amendments, including access to the Legal Entity Administration System. As required by law and the code of ethics, before drafting a deed, notaries must identify their clients and the services requested.

Clients seek authentic proof of their transactions. Notaries typically identify clients through their official identification and written evidence of the transaction's object. Article 16(1) of Law No. 2 of 2014 on the Notary Profession obliges notaries to keep confidential all matters regarding deeds they draft and any information obtained in preparing those deeds, consistent with their oath of office, unless otherwise required by law. The explanation of this article clarifies that the duty of confidentiality protects the interests of all parties related to the deed. When taking their oath, notaries also pledge to keep secret the contents of deeds and any information obtained in the course of their duties. Any breach of this duty is subject to sanctions under Article 322 of the Indonesian Penal Code (KUHP).

Article 41(1) of Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering states: "In performing its functions of preventing and eradicating money laundering, the Financial Transaction Reports and Analysis Center (PPATK) has the authority to request and obtain data and information from government agencies and private institutions authorized to manage such data and information, including government agencies and private institutions that receive reports from certain professions." The explanation specifies that private institutions include lawyers, notary associations, and accountant associations, while the designated professions include lawyers, financial consultants, notaries, land deed officials, and independent accountants.

4.2. Notary Roles in Revealing Corporate Beneficial Owner

According to Presidential Regulation No. 13 of 2018, a beneficial owner is a natural person who can appoint or dismiss a company's directors and board of commissioners, foundation management, supervisors, or trustees, and who can control the corporation as well as directly or indirectly receive benefits from it. The author emphasizes that a beneficial owner is the person who truly owns the capital or assets of a corporation and thus can control it informally.

As part of the anti-money laundering system (Go-AML), notaries must report the beneficial owners identified through client transactions involving their services. Corporations must submit beneficial owner information during incorporation and when making changes. This information includes the beneficial owner's identity and the criteria described above. If the notary does not obtain beneficial owner information from the client, then a member of the board of directors is designated as the beneficial owner.

In practice, research data show that many notaries interviewed do not fully understand the concept of beneficial ownership or its criteria. Most report the majority shareholder as the beneficial owner, especially if the person also serves as a director. Reporting of corporate beneficial owners reaches 100%, as corporations that fail to report are subject to blocked access to the Legal Entity Administration System.

However, the reported beneficial owner information has not yet advanced to the stage of full disclosure. Corporations have not prioritized beneficial owner reporting, and there is no uniform understanding of the concept. Based on notary interviews, several measures are needed:

1. Government agencies overseeing notaries and notary organizations must provide training on the notary's role in anti-money laundering.
2. Authorities must establish uniform standard procedures for notaries to identify clients in the anti-money laundering context so they can accurately obtain beneficial owner information.
3. Professional service providers must adopt a shared perspective to support disclosure of corporate beneficial owners.

4. The law must provide protection for notaries who disclose corporate beneficial owners, not only require them to comply with reporting obligations.
5. Notaries must receive more detailed information on the criteria of suspicious financial transactions that they are required to report.
6. Requiring further detailed information related to suspicious financial transaction criteria to report by notary

5. Conclusion

The corruption and money laundering network perspective shows that corporations launder money from corruption through systemic schemes and networks. These schemes involve not only corporations and corrupt bureaucrats/politicians but also financial and non-financial professionals. In this context, both corruption and money laundering pursue mutual gain for the original offenders and the launderers. They achieve these gains through organized criminal actions involving key actors—beneficial owners, namely Politically Exposed Persons (PEPs), corporations, and third parties such as financial and non-financial professionals.

Case analysis shows how the main actors and their relationships shape corruption and money laundering networks. First, beneficial owners—corrupt bureaucrats or politicians—dominate the network. This dominance creates an unequal relationship between beneficial owners, corporations, and third parties. Third parties act as intermediaries who provide financial and legal mechanisms to facilitate cooperation between corporations and PEPs/beneficial owners.

From a white-collar crime perspective, corruption arises when actors exploit power to form mutually beneficial relationships. The involvement of corporations and professional intermediaries adds further complexity to money laundering networks.

Second, corporations sometimes dominate the relationship. In this case, the relationship becomes more balanced: corruption requires laundering mechanisms, and corporations can offer them under market-based arrangements.

Third, corruption and money laundering networks operate through structured and professional systems and schemes that assign roles and tasks to each member. The beneficial owners (PEPs) serve as the main strategists. They control corporations and third-party intermediaries—such as accountants, lawyers, and notaries—and involve trusted individuals in their inner circle, including family members, relatives, close friends, and associates.

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