

Criminal Act of Embezzlement of Funds and Positions in Foundations for Personal Interests

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Abstract

This study examines the phenomenon of criminal acts of fund embezzlement and position abuse in foundations as non-profit organizations in Indonesia. Using normative juridical method with descriptive-analytical approach, the research analyzes characteristics and modus operandi of embezzlement, causative factors, effectiveness of criminal law enforcement, impacts on foundation operations and public trust, and comprehensive prevention strategies. Research findings indicate that inclusion in foundations is generally committed by individuals with direct access to financial management through financial report manipulation, aid fund diversion, and procurement abuse. Main causative factors include weak corporate governance, paternalistic culture, and minimal internal-external oversight. Implementation of criminal law provisions faces obstacles of regulatory overlap, evidence complexity, and verdict inconsistency. Systemic impacts in the form of public trust erosion hinder the philanthropic sector as a whole. Prevention strategies require governance structure improvement, law enforcement coordination enhancement, and technology utilization for fraud detection in maintaining the integrity of Indonesia's philanthropic sector.

Keywords: fund attachment, foundation, corporate governance

INTRODUCTION

Foundations as non-profit legal entities have a strategic role in social development and the welfare of Indonesian society (Yuliana, 2014). Based on Law Number 28 of 2004 concerning Amendments to Law Number 16 of 2001 concerning Foundations, this institution was established to carry out activities in the social, religious, and humanitarian fields without prioritizing profit. However, in practice, the non-profit status of foundations is often misused by certain individuals for personal interests through various modes of operation that are detrimental to the public interest. The phenomenon of misuse of funds and positions in foundations has become a serious problem that threatens the integrity of the Indonesian philanthropic sector (Jenniviera et al., 2024). Data from the Indonesian Corruption Watch (ICW) shows that corruption cases in the education and social sectors, the majority of which involve foundations, have increased significantly in the last decade. The most common modes are embezzlement of government aid funds, manipulation of financial reports, and abuse of authority in managing foundation assets.

The complexity of the organizational structure of foundations involving Trustees, Administrators, and Supervisors often creates gaps for moral hazard. The unclear separation of

functions and authorities, coupled with a weak internal monitoring system, opens up opportunities for individuals to commit criminal acts of embezzlement (Management et al., 2023). This is exacerbated by the lack of transparency and accountability in the management of foundation finances, which should be a fundamental principle in non-profit organizations. From a criminal law perspective, acts of embezzlement and abuse of office in foundations can be categorized as embezzlement (Article 372 of the Criminal Code), embezzlement in office (Article 374 of the Criminal Code), and abuse of authority (Article 3 of the Corruption Law). However, law enforcement against these cases still faces various obstacles, ranging from the complexity of evidence, limited law enforcement resources, to resistance from interested parties (Puanandini et al., 2023).

The impact of this criminal act not only harms the foundation financially, but also erodes public trust in philanthropic institutions as a whole (Togatorop & Wulan, 2024). The public becomes skeptical about participating in social activities, while beneficiaries lose access to programs that should improve their welfare. Furthermore, these practices can hinder the achievement of sustainable development goals (SDGs) that are highly dependent on the contribution of the non-profit sector. The problem of embezzlement in foundations is increasingly complex with the involvement of public funds through various government assistance schemes. Programs such as school operational assistance, village funds, and other social grants channeled through foundations are often the target of embezzlement. This not only harms state finances, but also hinders the effectiveness of development programs aimed at community welfare. When these aid funds do not reach the right targets due to embezzlement, the goals of social development and poverty alleviation are hampered (Farudin et al., 2025).

The phenomenon of embezzlement in foundations is also closely related to the weak external monitoring system from the authorities (Tiara Alfarissa, Fauzan Muhammad, 2023). The Ministry of Law and Human Rights as the agency authorized to supervise foundations has limited resources to conduct comprehensive monitoring of the thousands of foundations registered in Indonesia. Likewise, the Financial and Development Supervisory Agency (BPKP) and the Audit Board of Indonesia (BPK) have a primary focus on government entities, so that supervision of foundations receiving public funds is often not optimal. This condition creates a gray area in supervision that is exploited by individuals to commit criminal acts. Psychological and sociological aspects also play an important role in the occurrence of embezzlement in foundations. The paternalistic culture in many foundations in Indonesia often places the figure of the founder or chairman of the foundation as a figure who cannot be questioned (Ramli, 2017). This creates an atmosphere where questions about transparency and accountability are seen as a form of distrust or even betrayal. In addition, the founder or administrator's misunderstanding of the concept of "ownership" of the foundation also contributes to abuse of authority and embezzlement of funds.

Globalization and digitalization also bring new challenges in the embezzlement of Foundation funds (Sudarmanto et al., 2024). The ease of cross-border fund transfers through digital platforms allows perpetrators to move the proceeds of embezzlement abroad more easily. Meanwhile, the use of financial technology and cryptocurrency in foundation transactions can complicate the audit and investigation process due to the more complex digital footprint. This requires increasing the capacity of law enforcement and auditors in understanding modern financial technology to be able to uncover increasingly sophisticated embezzlement modes (Judge & Nisa, 2024). The international dimension of embezzlement in foundations also cannot be ignored, especially for foundations that receive funds from international donors or operate across countries. Differences in accounting standards, regulations, and legal systems between countries can be exploited by perpetrators to hide traces of embezzlement. In addition, the involvement of foundations in sensitive issues such as terrorism or money laundering adds to the complexity of the problem and demands a more comprehensive

approach in preventing and handling criminal acts of embezzlement in the philanthropic sector (Simanjuntak et al., 2024).

Based on the background that has been described, this study formulates several main problems that are the focus of the study. First, what are the characteristics and *modus operandi* of criminal acts of embezzlement of funds and positions that occur in foundations, where this question aims to identify general patterns in embezzlement practices, both in terms of perpetrators, methods used, and factors that allow these actions to occur. Second, what are the factors that contribute to the occurrence of criminal acts of embezzlement of funds and positions in foundations, which will explore the structural, cultural, and regulatory aspects that create conducive conditions for embezzlement practices in foundations. Third, how effective is the application of criminal law provisions in handling cases of embezzlement of funds and positions in foundations, which will analyze the performance of the criminal justice system in handling cases of embezzlement in foundations, including the obstacles faced in the law enforcement process. Fourth, what is the impact of criminal acts of embezzlement of funds and positions on foundation operations and public trust, which will examine the short-term and long-term consequences of embezzlement practices on the sustainability of foundations and the philanthropic sector in general. Fifth, what are the effective prevention and handling strategies to minimize the risk of criminal acts of embezzlement in foundations, which will focus on developing policy recommendations and best practices to prevent and handle cases of embezzlement in foundations with a comprehensive and sustainable approach.

This study has a general objective to provide a comprehensive understanding of the phenomenon of criminal acts of embezzlement of funds and positions in foundations, as well as to formulate effective prevention and handling strategies to maintain the integrity of the Indonesian philanthropic sector. To achieve this general objective, this study has several specific objectives that are interrelated and supportive. The first specific objective is to analyze the characteristics and *modus operandi* of criminal acts of embezzlement by identifying and classifying various forms of embezzlement that occur in foundations, including the profiles of the perpetrators, the methods used, and the objects targeted by the embezzlement. The second specific objective is to identify the factors causing embezzlement by examining the root causes that allow criminal acts of embezzlement to occur, both from the aspects of governance, regulation, and organizational culture in foundations. The third specific objective is to evaluate the effectiveness of criminal law enforcement by examining the performance of the criminal justice system in handling cases of embezzlement in foundations, including an analysis of relevant court decisions. The fourth specific objective is to analyze the multidimensional impact of embezzlement by examining the consequences of embezzlement on the financial, operational, reputational, and social aspects of foundations and the philanthropic sector as a whole. The fifth specific objective is to formulate prevention and handling strategies by developing policy recommendations and best practices to prevent embezzlement and increase the effectiveness of handling cases that occur in the future.

This research provides significant benefits both from theoretical and practical aspects. In terms of theoretical benefits, this research is expected to contribute to the development of criminal law theory, especially in the context of crimes in the non-profit sector, where an in-depth analysis of the characteristics of embezzlement in foundations will enrich the literature on economic criminal law and provide a new perspective in understanding white-collar crime in Indonesia. In addition, from a criminological perspective, this research will provide insight into specific criminogenic factors in the context of non-profit organizations, as well as the dynamics of crime that occur in complex organizational structures. This research will also contribute to the development of corporate governance and nonprofit governance theories, especially in the context of preventing fraud and abuse of authority in non-profit organizations. In terms of practical benefits, this research provides extensive

contributions to various stakeholders. For law enforcers, the results of this study can be used as a reference in understanding the characteristics and *modus operandi* of embezzlement in foundations, so that it can increase the effectiveness of investigations, inquiries, and prosecutions of similar cases, as well as assist in the development of more targeted law enforcement strategies. For foundation managers, this study provides practical guidance for foundation administrators, supervisors, and supervisors in identifying red flags and implementing an effective internal control system to prevent embezzlement, including as a reference in developing a code of conduct and standard operating procedures. Other practical benefits are for regulators and policy makers, where the research findings can be valuable input for the government and regulatory institutions in formulating more comprehensive policies and regulations to regulate and supervise foundation activities, including improving the Foundation Law and its implementing regulations. For the public and donors, this study will raise awareness of the importance of transparency and accountability in foundation management, so that they can make more informed decisions in providing support to philanthropic institutions. Finally, for academics and researchers, the results of this study can be a baseline for further research in the fields of criminal law, criminology, and nonprofit management, where the methodology and findings produced can be used as a reference for developing more specific or comparative research in regional and international contexts.

RESEARCH METHODS

Types and Approaches of Research

This study uses a normative juridical method which is a doctrinal legal research with a descriptive-analytical approach to examine laws and regulations related to criminal acts of embezzlement of funds and positions in foundations. This approach was chosen because the study aims to analyze the implementation and effectiveness of legal norms in practice, using a comparative approach to compare various cases of embezzlement in foundations and an evaluative approach to assess the suitability between *das sollen* (what should be) and *das sein* (what happens in reality) in handling cases of embezzlement in foundations.

Data source

This study uses secondary data consisting of primary legal materials in the form of laws and regulations (Criminal Code, Criminal Procedure Code, Foundation Law, Corruption Law, and related implementing regulations), secondary legal materials in the form of court decisions, scientific journals, legal textbooks, reports from supervisory institutions, and tertiary legal materials in the form of legal dictionaries, legal encyclopedias, and statistical data from related institutions such as the Supreme Court, the Attorney General's Office, and the Indonesian Police regarding cases of embezzlement in foundations that have been legally processed.

Data collection technique

Data collection techniques were carried out through systematic library research with an inventory of all relevant laws and regulations through official legal databases such as JDIHN, collection of court decisions through the Directory of Supreme Court Decisions of the Republic of Indonesia with relevant criteria for embezzlement in foundations, and academic literature searches through databases such as Google Scholar, JSTOR, and He in Online using relevant keywords in Indonesian and English to ensure the completeness of references that support the research analysis.

Data Analysis Techniques

Data analysis uses qualitative analysis methods with a legal hermeneutic approach through data systematization based on relevant categories and themes, content analysis to identify patterns and meanings in legal materials, comparative analysis to compare cases of embezzlement in foundations, gap analysis to identify gaps between legal provisions and practices, and triangulation of data from various sources to ensure the validity and reliability of research findings which are then synthesized to formulate comprehensive conclusions and recommendations.

Framework

The framework is built based on the integration of criminal law, criminology, and corporate governance theories in the context of non-profit organizations, using agency theory to analyze the principal-agent relationship in foundations, the fraud triangle theory (pressure, opportunity, rationalization) to understand the factors driving embezzlement, the criminal justice system theory to evaluate the effectiveness of law enforcement, and the restorative justice perspective as an alternative solution that focuses on restoring losses and preventing similar crimes in the future.

Research Systematics

The research was conducted in four systematic stages, namely the preparation stage including the preparation of proposals and identification of data sources, the stage of systematic data collection based on the categorization of legal materials with verification and validation to ensure the credibility of the sources, the data analysis stage using a predetermined theoretical framework with triangulation to ensure the validity of the findings, and the stage of preparing research reports which include writing the results of the analysis, formulating conclusions, and preparing recommendations according to the rules for writing scientific papers and academic journal publication standards.

RESULTS AND DISCUSSION

Characteristics and Modus Operandi of Embezzlement of Funds in Foundations

Based on the analysis of various cases of embezzlement in foundations that have been decided by the court, a fairly consistent characteristic pattern has been identified in this criminal act. The perpetrators of embezzlement are generally individuals who have direct access to the financial management of the foundation, such as the chairman of the foundation, treasurer, or operational director who has the authority to authorize financial transactions. The perpetrator's profile shows the characteristics of people who have been involved in the organization for a long time, have high trust from other administrators, and are often respected figures within the foundation environment. This creates a blind spot in supervision because their good reputation and track record make their actions rarely questioned. The most common modus operandi found is the manipulation of financial reports by recording fictitious transactions or inflating the value of expenditures for foundation programs. Another technique that is often used is the diversion of government assistance funds or donations to personal accounts through a tiered transfer scheme involving intermediary accounts to obscure the audit trail.(Rodliyah et al., 2021). Perpetrators also often exploit loopholes in the procurement system by creating fictitious vendors or marking up the price of goods and services procurement, where the price difference then goes into personal pockets. In several cases, the method of using foundation funds for personal investment or purchasing assets in personal names under the pretext of investment for the foundation was also found. The temporal pattern of embezzlement also shows interesting characteristics, where most cases begin with taking small amounts of funds which then increase gradually as the vigilance of the monitoring system decreases. Perpetrators often take advantage of

certain periods such as approaching annual reporting or when changing external auditors to carry out large-scale embezzlement. Digital technology has also changed the landscape of the *modus operandi*, where perpetrators use multiple bank accounts, digital payment platforms, and even cryptocurrency to hide illegal fund flows, while social engineering techniques are used to manipulate other staff to unknowingly assist the embezzlement process through authorization of transactions that appear legitimate (Gusni et al., 2022).

Factors Causing Embezzlement in Foundations

The weakness of the corporate governance system is the main factor contributing to the embezzlement of funds at the Foundation (Widyawati et al., 2023). The organizational structure of the foundation involving the Trustees, Management, and Supervisors often does not function effectively due to the unclear separation of functions and authorities between organs. The Trustees as the highest organ of the foundation are often ceremonial and do not actively carry out supervisory functions, while the Supervisors who should be the internal check and balance are actually involved in daily operations and thus lose their independence. This condition is exacerbated by the absence of an adequate internal audit system, where most foundations rely on annual external audits that are compliance-based and do not focus on fraud detection. Organizational culture factors also play a significant role in creating conditions conducive to embezzlement (Sirait & Rangkuti, 2023). A paternalistic culture that glorifies the figure of the founder or leader of the foundation creates an atmosphere where transparency and accountability are considered a form of distrust. Misunderstanding of the concept of "ownership" of the foundation by the founder or his family blurs the line between organizational assets and personal assets. In addition, the lack of financial and legal literacy among foundation administrators makes them unable to identify red flags in financial management. Personal financial pressures experienced by administrators, combined with easy access to foundation funds and the rationalization that they have "done a favor" to the organization, create a perfect storm for fraud to occur in accordance with the fraud triangle theory. The dynamics of power relationships within foundations also create vulnerability to abuse of authority, where the concentration of power in one or several individuals without adequate checks and balances allows abuse of authority to occur. The phenomenon of "founder syndrome" which is common in Indonesian foundations, where the founder or his family maintains absolute control over the organization even though it has developed into a complex entity, creates blind spots in governance that are exploited by perpetrators. Pressure from external stakeholders such as donors or the government to show good performance also encourages window dressing practices in financial reporting, which then develops into systematic manipulation to hide embezzlement that has occurred.

Effectiveness of Implementation of Criminal Law Provisions

Analysis of court decisions shows that the application of criminal law provisions in cases of embezzlement in foundations still faces various significant obstacles. From the aspect of legal substance, there is overlapping regulation between the Criminal Code and the Corruption Law in qualifying acts of embezzlement in foundations, where Articles 372 and 374 of the Criminal Code on embezzlement often conflict with Articles 2 and 3 of the Corruption Law in terms of the element of state financial loss when foundations manage government aid funds (Yanlua, 2017). The complexity of proving the elements of the crime is a challenge in itself, especially in proving the element of "trust" in embezzlement and the element of "against the law" in the context of unclear authority in the foundation structure. The verdicts handed down by the court also tend to vary for cases with similar characteristics, indicating inconsistency in the application of criminal provisions. In terms of the structure of law enforcement, coordination between law enforcement agencies is still not optimal in handling embezzlement cases in foundations. The police as investigators often face difficulties in

collecting evidence due to limited expertise in financial forensics and investigative audits. The prosecutor's office in carrying out prosecutions also faces challenges in compiling appropriate charges considering the complexity of the foundation's organizational structure and the flow of funds that often involve multiple entities. Judges in making decisions often face a dilemma in determining the qualifications of the act and the exact amount of loss, especially when the loss is indirect such as opportunity cost or reputational damage which are difficult to quantify with certainty. Procedural constraints in the judicial process also affect the effectiveness of law enforcement, where the process of confiscating embezzled assets is often hampered by the complexity of proving ownership and mixing personal assets with organizational assets. The weakness of the asset recovery mechanism makes most of the financial losses unrecoverable, so that the deterrent effect of criminal sanctions is reduced. In addition, significant disparities in decisions between courts for similar cases create legal uncertainty and reduce predictability in law enforcement. Political interference and social pressure factors also sometimes affect the judicial process, especially when the perpetrator is a public figure who has influence or the foundation involved has strong political connections (Viranti et al., 2025).

Impact on Foundation Operations and Public Trust

The direct financial impact of embezzlement on a foundation is not only limited to the amount of funds embezzled, but also includes indirect costs such as legal fees, forensic audits, and the opportunity cost of programs that are hampered or stopped (Khairunnisa et al., 2024). Foundations that are victims of embezzlement often experience serious cash flow problems because donors and the government temporarily stop distributing funds until the case is resolved. This has an impact on the termination or reduction of ongoing social programs, where beneficiaries become indirect victims of the embezzlement. In the long term, foundations experience difficulties in fundraising due to damaged reputation and decreased credibility in the eyes of stakeholders. The impact on public trust is systemic and affects the entire Indonesian philanthropic sector. Surveys conducted by various institutions show a decrease in the level of public trust in charities and foundations after the revelation of embezzlement cases that received widespread media coverage. This has an impact on decreasing public participation in philanthropic activities, both in the form of donations and volunteer work. The government has also become stricter in providing grants and assistance to foundations, by implementing various more complicated administrative requirements that ultimately increase compliance costs for foundations with integrity. This domino effect ultimately hinders the achievement of social development goals that depend on the contribution of the philanthropic sector. The psychological impact on the staff and volunteers of the foundation who became victims also cannot be ignored, where they experienced trauma and lost motivation to work in the nonprofit sector because they felt betrayed by the leaders they trusted. The spillover effect phenomenon also occurred where other foundations that were not involved in the embezzlement case also felt the negative impact in the form of decreased donations and increased skepticism from stakeholders. Sensational media coverage of embezzlement cases in foundations also contributed to the stigmatization of the nonprofit sector as a whole, where public perception tends to generalize that all foundations have the potential to be corrupt, thus hampering the growth and development of a healthy philanthropic sector in Indonesia (Stevani et al., 2024).

Weaknesses of Internal and External Monitoring Systems

The internal control system in most foundations in Indonesia is still very weak and does not follow best practices in nonprofit governance. The Supervisory Organ in the foundation structure often does not have adequate competence in finance and audit, so it is unable to carry out the oversight function effectively. The existing internal control system is generally still manual and not integrated, making the monitoring and evaluation process inefficient and vulnerable to manipulation (Nasution

et al., 2023). Most foundations also do not have adequate whistleblowing mechanisms, so that the early warning system to detect fraud does not function properly. Low board diversity, where foundation administrators generally come from the same circle or have close personal relationships, also reduces the effectiveness of supervision due to the lack of independent oversight. External supervision from regulators also faces significant limitations. The Ministry of Law and Human Rights as the agency authorized to supervise foundations has limited capacity to monitor thousands of registered foundations, while the existing reporting system is still administrative and does not focus on the substantive aspects of foundation management. External auditors appointed to audit foundation financial statements generally conduct compliance audits and not fraud audits, so they are not designed to detect systematic embezzlement. Other supervisory institutions such as BPKP and BPK have a primary focus on government entities, so that supervision of foundations that manage public funds is often not optimal due to limited resources and specific expertise in the nonprofit sector. The technological challenges in supervision are also increasingly complex with the digitalization of financial transactions, where conventional supervisory systems are unable to keep up with increasingly sophisticated modus operandi. The limited data sharing between supervisory institutions also hampers early detection of red flags that may be detected by one institution but not communicated to other relevant institutions. In addition, the lack of standardization in audit procedures for nonprofit organizations makes audit results non-comparable and difficult to use as a basis for risk assessment. The phenomenon of regulatory capture also occurs where several large foundations with strong political or economic connections are able to influence the supervision process so that they receive different treatment compared to foundations in general (Masnila et al., 2024).

Comparative Analysis with Other Countries

Comparative studies with foundation regulatory systems in developed countries show significant differences in the approach to fraud prevention and handling in the nonprofit sector. In the United States, the oversight system involving the IRS (Internal Revenue Service) in monitoring tax-exempt organizations is very strict with detailed reporting requirements through Form 990 which is available to the public, creating high transparency and accountability. The Sarbanes-Oxley Act which was originally intended for corporations has also been extended to large non profit organizations, with requirements for an independent audit committee and strong whistleblower protection. In the UK, the Charity Commission has broad statutory powers to investigate and enforce charities, including the authority to stop charity operations and replace trustees if there is evidence of misconduct. The oversight model in European countries such as Germany and the Netherlands relies on a combination of self-regulation and co-regulation, where the nonprofit sector has umbrella organizations that set standards and conduct peer monitoring, while the government focuses on the regulatory framework and enforcement. This system creates a balance between the independence of the nonprofit sector and accountability to the public. Australia developed the ACNC (Australian Charities and Not-for-profits Commission) as a dedicated regulator for the charity sector with a special focus on governance, financial management, and reporting compliance. Lessons learned from these countries show the importance of a comprehensive regulatory framework, consistent enforcement, and public transparency in maintaining the integrity of the nonprofit sector. The technological aspect of supervision also shows significant differences, where developed countries have implemented data analytics and artificial intelligence for fraud detection in the nonprofit sector (Shinta Dewi & Dewayanto, 2024). A digital reporting system integrated with government databases enables real-time monitoring of foundation activities and an early warning system for suspicious transactions. Cross-border cooperation in dealing with international charity fraud is also further developed through bilateral and multilateral agreements that facilitate information sharing and joint investigations. Cultural factors also play a role where high levels of social capital and trust in society

support the effectiveness of self-regulation, while strong investigative media serve as external watchdogs that complement formal regulatory oversight.

Comprehensive Prevention and Handling Strategy

The strategy to prevent embezzlement in foundations must start from fundamental improvements in the corporate governance structure through the implementation of good governance principles adapted for the context of nonprofit organizations. This includes the establishment of board diversity by involving independent directors who have expertise in finance, law, and audit, as well as a clear separation between governance and management functions. The implementation of a robust internal control system with segregation of duties, dual authorization for material transactions, and regular internal audits are non-negotiable requirements. Foundations also need to develop a comprehensive risk management framework that focuses not only on operational risk but also reputational risk and compliance risk. Digital transformation in financial management by using an integrated accounting system and digital payment platform can reduce opportunities for manual manipulation and improve the audit trail. From the regulatory and enforcement aspects, it is necessary to improve coordination between supervisory institutions through the establishment of a special task force that handles fraud in the nonprofit sector by involving expertise from various disciplines (Humaira, 2023). Increasing the capacity of law enforcement in forensic accounting and digital forensics is an urgent need considering the increasingly sophisticated modes of embezzlement. The government needs to consider the establishment of a dedicated regulator for the nonprofit sector such as the ACNC model in Australia, which has specialized expertise and resources to conduct comprehensive oversight. The prevention aspect also needs to be strengthened through mandatory financial literacy training for foundation administrators, the implementation of a legally protected whistleblowing mechanism, and increased transparency through mandatory public disclosure of financial information. The restorative justice approach also needs to be considered as an alternative solution that focuses on asset recovery and organizational rehabilitation, especially for cases where the perpetrators are cooperative and committed to improving the governance system. Technological innovation must be optimally utilized in prevention strategies through the implementation of blockchain technology for transparency in fund management, artificial intelligence for fraud detection and risk assessment, and a digital platform for public reporting that allows real-time monitoring by stakeholders. Capacity building must also be carried out systematically not only for foundation administrators but also for auditors, regulators, and law enforcers through certification programs and continuous professional development. The multi-stakeholder collaboration approach is the key to success where involvement from academia, professional associations, civil society organizations, and the media in monitoring and advocacy can create a supportive ecosystem for good governance. The implementation of international best practices also needs to be adapted to the local Indonesian context, including considerations of the unique cultural values and social dynamics in Indonesian society to ensure the sustainability and effectiveness of the prevention strategies developed.

CONCLUSION

Based on the comprehensive analysis that has been conducted, the criminal act of embezzlement of funds and positions in foundations is a complex phenomenon caused by the interaction between weak corporate governance systems, paternalistic organizational culture, and minimal internal and external supervision. The characteristics of the perpetrators are generally individuals who have direct access to financial management with a good reputation in the organization, while the dominant *modus operandi* includes manipulation of financial reports, diversion of aid funds to personal accounts, and misuse of procurement through fictitious vendors. The main causal factors include the unclear separation of functions in the organizational structure of

the foundation, the absence of an adequate internal control system, and a mistaken understanding of the concept of foundation ownership that blurs the boundaries between organizational and personal assets. The effectiveness of the implementation of criminal law provisions still faces significant obstacles in the form of overlapping regulations between the Criminal Code and the Corruption Law, the complexity of proving elements of the crime, and inconsistent court sentences that create legal uncertainty. The impact of embezzlement not only harms foundations financially but also erodes public trust in the philanthropic sector systematically, which ultimately hinders the achievement of social development goals and poverty alleviation. Effective prevention and handling strategies require a comprehensive approach including fundamental improvements in corporate governance structure through the implementation of board diversity and robust internal control system, increased coordination between supervisory institutions with the establishment of a special task force, and the use of technological innovations such as blockchain and artificial intelligence for fraud detection. In addition, systematic capacity building is needed for all stakeholders, the implementation of restorative justice as an alternative solution, and the adaptation of international best practices that are adjusted to the local context of Indonesia to ensure sustainability and effectiveness in maintaining the integrity of the Indonesian philanthropic sector in the future.

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