Impact Analysis of PT Fraud Cases: The Three Pillars of Sejahtera Food.Tbk and Efforts by Capital Market Regulators to Compensate Capital Market Investors' Losses

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Abstract
Financial statements are important information needed by investors, creditors, analysts and certain parties which are used as a basis for investing in an asset. However, fraud is often found in financial reports. PT. Tiga Pilar Sejahtera Food Tbk is an example in cases of financial report manipulation practices. The method used in this research is descriptive, in which this research uses a type of research that produces descriptive data or results in the form of written or spoken words from the object of observation. The results of this study concluded that PT. Tiga Pilar Sejahtera Food Tbk has resulted in losses to investors and the OJK as a regulator has imposed administrative sanctions, suspended assets and revoked business licenses.

Keywords: Finance, Fraud, and Losses

INTRODUCTION
The capital market is a market that functions to provide trading facilities for financial instruments such as stocks, bonds, derivatives. The capital market is a meeting place between investors or investors and those who need funds. The Capital Market is an activity concerned with the issuance and trading of securities through public offerings and long-term trading, through the primary and secondary markets. The government’s efforts to provide comfortable transactions in the capital market for investors are carried out through the establishment of appropriate regulations. These rules serve to uphold law and justice in order to create a strong, modern, efficient and orderly capital market. The financial services sector regulator currently responsible for the Indonesian capital market is the Financial Services Authority. The Financial Services Authority, hereinafter referred to as OJK, is a government agency established under Law Number 21 of 2011 concerning OJK. The definition of OJK contained in Article 1 paragraph 1 of the OJK Law explains that "The Financial Services Authority, hereinafter abbreviated as OJK, is an independent institution and free from interference from other parties that has the functions, duties and powers of regulation, supervision, inspection and investigation as referred to in Law Number 21 of 2011". It cannot be denied that the development of a country's capital market cannot be separated from crimes that harm users of capital market services. Crimes that occur in the capital market rarely cause obvious losses. The losses experienced by victims are often not directly realized by victims and are often considered incalculable. This is what might cause no law enforcement to be carried out by bringing the perpetrators to court as has happened so far.

UUPM has detailed the forms of capital market violations and criminal acts in Articles 90 to 99, such as fraud, market manipulation and insider trading. In addition, Article 102 UUPM also regulates administrative sanctions and Articles 103 to 110 criminal law provisions that are used by criminal prosecutions as the basis for sentencing for perpetrators of capital market
crimes and criminal acts. Article 111 UUPM also regulates provisions for investors who feel disadvantaged as a result of criminal acts or capital market violations. Based on Article 111 UUPM, states that: “Every party who suffers losses as a result of violations of this Law and/or its implementing regulations can claim compensation, either individually or jointly with other parties who have similar demands, against the Party or Parties responsible for the violation.”

Within a company, there is financial statement information that is useful in the process of making economic decisions for most parties who use the financial statements. The financial report itself is a report that contains information about the results of a company's economic performance, its financial position and its changes and also the cash flow of the company's entities in a certain period, which is summarized from the financial records. Financial statements serve as the basis used by an investor, creditor, analyst and certain parties to consider the financial health of a company to make decisions to buy or sell shares of a company, invest or make other decisions. Financial reports are also the basis for calculating taxes and meeting applicable regulatory and legal requirements. Therefore, the accuracy and integrity of financial reports is very important and must be maintained properly.

When a company decides to sell their shares in the capital market, the company certainly wants to describe the condition of the financial statements that are in the best condition. In the capital market, accurate financial reports are a key in building investor confidence. If the company has financial reports that perform well and are convincing, then investor confidence will increase and this will also affect the increase in the company's stock price. Conversely, if a company's financial statements are inaccurate or fake, then the level of investor confidence decreases and this results in a decrease in the company's stock price. Basically financial reports are a very important aspect of a company's financial accounting. The Indonesian Institute of Accountants (IAI) through the Accounting and Financial Standards Regulations (PSAK) states that financial reports must meet the requirements, namely understandable, relevant, reliable, timely and comparable. The things written in the requirements for a financial report in Indonesia are clear and getting better, but this cannot ensure that all companies provide accurate financial reports. There are many loopholes that can be passed by certain individuals to commit fraud in financial statements.

Falsification of financial statements by companies is an act of financial manipulation in financial reports carried out by internal or external parties of the company with the aim of deceiving parties who depend on this information, especially investors and creditors. The manipulations carried out include falsifying the amount of income, eliminating or hiding costs, changing the value of assets or liabilities, or exploiting loopholes in accounting procedures. In some cases, the act of falsifying financial statements also involves collusion between the company’s internal parties and external parties, such as auditors or regulators. This is a serious problem and can be detrimental to shareholders, investors and other related parties. Not only is it detrimental to many parties, Fraud can also cause a financial crisis. The purpose of fraud is to influence the company's stock price and gain personal benefits or maintain the company's financial position. Financial statement fraud can be divided into three categories, namely: Overstating (inflating) company revenues and profits; Understating (eliminating) costs or losses; Alter or falsify financial transactions. PT. Tiga Pilar Sejatera Food Tbk became the object of research on fraud cases, in which the company manipulated financial statements for several years with the aim of making the company’s financial reports appear to have good performance and prospects so as to attract investors in the capital market to buy assets in the company.

RESEARCH METHOD
The research method is a tool in the development of science and technology. A method is a way or guide used by a scientist in studying and understanding the environments he
encounters. Research is a scientific activity related to analysis and construction which is carried out methodologically, systematically, and consistently in its implementation. The method used in this research is descriptive, in which this research uses a type of research that produces descriptive data or results in the form of written or spoken words from the object of observation. Therefore, the researcher will collect some data from different sources to produce interesting and useful results. The data used for this research were taken from books, news, articles, and the internet.

RESEARCH RESULTS AND DISCUSSION

Case Chronology

PT Tiga Pilar Sejahtera Food Tbk is an Indonesia-based company in the food and beverage industry. This company was first established on January 26, 1990. In 2017, on July 20, 2017 to be precise, the two subsidiaries of PT. Three Pillars of Sejahtera Food, Tbk namely PT. Indo Beras Unggul and PT. Jati Sari Rezeki is suspected of carrying out fraudulent practices in selling rice by producing rice that is different from what is written on the label. The company collects subsidized farmers’ rice and processes it and then repackages it into premium rice. This incident caused the company's stock to drop dramatically and the company's management decided to manipulate the 2017 financial statements by falsifying the balance sheet and income statement. This manipulation is done with the aim that the company's financial performance looks better than it really is. At the 2018 Extraordinary General Meeting of Shareholders (EGMS), shareholders raised questions about the 2017 financial statements and gave orders to Ernst & Young Indonesia (EY) to conduct a re-audit of the 2017 financial statements. After investigation, it was discovered that there were several people in the management of companies involved in such manipulative practices. The company's main director, several other directors and several members of the company's accounting department have been sanctioned by the Financial Services Authority (OJK) for violating capital market regulations. This, of course, had a huge impact on the company's stock price. The share price of PT Tiga Pilar Sejahtera Food Tbk fell and caused the company to suffer significant losses. The company’s shareholders also lost big because their share price dropped drastically.

Impact of Financial Statement Manipulation by PT. Tiga Pilar Sejahtera Food Tbk towards Capital Market Investors

Financial statement fraud or manipulation of financial statements by PT. Tiga Pilar Sejahtera Food Tbk, has a significant impact especially on capital market investors, including:

1. Decreasing share price: After the case of financial report manipulation by PT. Tiga Pilar Sejahtera Food Tbk revealed, the share price of PT. Tiga Pilar Sejahtera Food Tbk. on the stock market fell drastically. The company's share price even fell by more than 50% from the previous year's high.

2. Loss of investor confidence: Investor trust in the company has also disappeared as a result of the manipulation of the financial statements of PT. Tiga Pilar Sejahtera Food Tbk. This can make it more difficult for the company to get investment in the future.

3. Lawsuits: Investors filed lawsuits because they felt aggrieved by the manipulation of financial statements by PT. Tiga Pilar Sejahtera Food Tbk.

4. Administrative sanctions: The capital market regulator, namely the Financial Services Authority (OJK) also imposed administrative sanctions on PT. Tiga Pilar Sejahtera Food Tbk. The sanctions given to PT. Tiga Pilar Sejahtera Food Tbk includes freezing company assets and revocation of business licenses.
5. Impact on the economy: The case of manipulation of PT. Tiga Pilar Sejahtera Food Tbk. can also have an impact on the economy as a whole, especially if the company has links with other sectors.

**Fraud Case Settlement Efforts at PT. Three Pillars of Sejahtera Food from a Legal Perspective**

Efforts to resolve fraud cases carried out by PT. Tiga Pilar Sejahtera Food Tbk from a legal perspective can involve various processes and institutions, including:

1. Investigative processes carried out by law enforcers, such as the police or prosecutors. This process is carried out to investigate and collect evidence that can prove the existence of acts of manipulation in the financial statements of PT. Tiga Pilar Sejahtera Food Tbk.
2. Court proceedings in which law enforcers submit cases to court for further trials. In this process, parties who commit fraud are prosecuted by law enforcement officials.
3. The Mediation Process, which can be carried out when both parties have agreed to resolve the case amicably or amicably without having to go through a court process. Mediation is carried out outside the court and only involves the parties concerned.
4. Law enforcement against perpetrators of fraud, namely providing legal sanctions against perpetrators of fraud such as imprisonment, fines or other penalties commensurate with the actions taken.
5. Enforcement of civil action, which can be taken when parties who feel aggrieved experience significant material losses.

In an effort to overcome the problem of fraud PT. Tiga Pilar Sejahtera Food Tbk, internal steps can also be taken by the company to prevent the same fraud from happening again, such as conducting regular internal audits, improving internal controls, and improving the company’s internal control system. Collaboration between various parties, such as law enforcement, companies and related parties is also needed to find the best solution so that the impact of the fraud case can be reduced.

**Legal Protection from the Financial Services Authority (OJK) for Investors in Fraud Cases conducted by PT. Tiga Pilar Sejahtera Food Tbk**

The Financial Services Authority (OJK) is an institution established based on Law Number 21 of 2011 which aims to supervise the financial services industry in an integrated manner. Juridically, in Article 1 it is formulated that “The Financial Services Authority, hereinafter abbreviated as OJK, is an institution that is independent and free from interference from other parties that has the functions, duties and authority to regulate, supervise, examine and investigate as referred to in the Law this law”

Basically Law Number 21 of 2011 concerning OJK contains provisions regarding the organization and governance of regulatory and supervisory authorities for the financial services sector. Regarding further matters regarding the types of financial service products, scope, limits on the activities of financial service institutions, qualifications and criteria for financial service institutions, the level of soundness of the financial services sector and other matters relating to financial service transactions are regulated in separate sectoral laws, namely Laws concerning Banking, Capital Markets, Insurance Businesses, Pension Funds, and other laws and regulations related to other financial services sectors. In addition, OJK is also based on the principles of good corporate governance, which include independence, responsibility, transparency, accountability and fairness. OJK institutionally stands outside the government, but that does not rule out the possibility of the existence of government officials.
within the institution, because OJK is basically an institution that is in the financial services sector and it has a close relationship with other institutions, in this case the tax authority, and monetary. Therefore, ex officio representatives of the two authorities in the framework of coordination, cooperation and harmonization of policies in the tax, monetary and financial services sectors are also involved in this institution.

One of the duties of the OJK is to uphold the protection of consumers of financial services in Indonesia. In the capital market sector, investors are consumers and this allows investors to get consumer protection from OJK institutions. Consumer protection is written in Article 28, Article 29 and Article 30 of the OJK Law, which contain provisions regarding explicit arrangements regarding consumer protection. The legal protection provided by OJK to capital market investors is divided into two forms, namely preventive legal protection and repressive legal protection. The preventive legal protection carried out by OJK for investors is written in Article 28 of the OJK Law, namely Article 28 of the OJK Law, which states that: For consumer and public protection, OJK has the authority to take actions to prevent losses for consumers and society, which include: providing information and educating the public on the characteristics of the financial services sector, its services and products; ask the Financial Services Institution to stop its activities if the activity has the potential to harm the community; and other actions deemed necessary in accordance with the provisions of laws and regulations in the financial services sector.

As written in Article 28 of the OJK Law, OJK has the authority to provide legal protection for the public by providing education about features, products and services in the financial services sector. Furthermore, OJK also has the authority to ask financial service institutions to stop their activities if these activities have the potential to harm the community and take other actions deemed necessary and in accordance with the provisions of the financial services laws and regulations. The repressive legal protection carried out by the OJK for investors is written in Article 29 and Article 30 of the OJK Law, namely: Article 29 of the OJK Law, states that: OJK conducts consumer complaint services which include: preparing adequate devices for consumer complaint services that harmed by perpetrators in Financial Services Institutions; create a consumer complaint mechanism that is harmed by perpetrators in Financial Services Institutions; and facilitating the resolution of consumer complaints that have been harmed by actors in the Financial Services Institution in accordance with laws and regulations in the financial services sector. Furthermore, Article 30 of the OJK Law, states that:
1. For consumer and public protection, OJK has the authority to conduct legal defense, which includes:
   a. Order or take certain actions to the Financial Services Institution to resolve complaints of consumers who have been harmed by the said Financial Services Institution;
   b. Filing a lawsuit: to recover the assets belonging to the injured party from the party causing the loss, whether under the control of the party causing the said loss or under the control of another party in bad faith; and/or to obtain compensation from parties causing losses to Consumers and/or Financial Services Institutions as a result of violations of laws and regulations in the financial services sector.

2. Compensation as referred to in paragraph (1) letter b number 2 is only used for payment of compensation to the injured party. Article 29 of Law Number 21 of 2011 concerning the OJK explains that if a company harms the community as an investor, the OJK must provide complaint services to the community that has been harmed by preparing devices, creating a complaint mechanism and providing facilities for resolving complaints to the public who have been harmed by the company.
Article 30 of Law Number 21 of 2011 concerning OJK explains that OJK has the authority to order or take certain actions against companies that cause losses by filing lawsuits or compensation. OJK as a regulator has the authority to regulate the mechanism for protecting investors in the capital market, including:

1. Investor protection through the Securities Investor Protection Fund (SIPF). In POJK Number 49/POJK.04/2016 concerning Investor Protection Funds, it is written that SIPF is an institution that administers Investor Protection Funds (DPP) in the Indonesian Capital Market. Article 1 POJK Number 49/POJK.04/2016 states that "Investor Protection Fund is a collection of funds established to protect investors from loss of investor assets, as stipulated in this Financial Services Authority Regulation". The DPP is carried out by the Indonesian Sekuritas Investor Protection Program Organizer (P3IEI) or often known as SIPF Indonesia, with its implementing regulations POJK number 50/POJK.04/2016 to maintain investor protection funds. The Investor Protection Fund is used to provide compensation to investors for the loss of investor assets, as written in Article 22 POJK Number 49/POJK.04/2016, where compensation is carried out if there are fraudulent practices that result in the loss of investor assets that have been deposited through a securities company or custodian bank. However, it cannot protect all forms of violations or losses experienced by capital market investors, the protection provided by SIPF is limited to securities companies.

2. Investor protection through disgorgement and disgorgement funds. In POJK Number 65/POJK.04/2020 concerning Return of Unauthorized Profits and Compensation Fund for Investor Losses in the Capital Market Sector, it has been regulated regarding Arrangements for disgorgement and investor loss compensation funds (disgorgement fund), in which OJK can order the return of illegal profits with the aim of returning profits obtained or losses that were illegally avoided by the party that committed and or the party that caused the violation of laws and regulations in the field of Capital Markets. Disgorgement Fund in Article 1 point 4 POJK Number 65/POJK.04/2020 states, that "investor loss compensation funds are funds raised from the imposition of illegal profit returns with the aim of being administered and distributed to investors who are disadvantaged and meet the requirements to submit claims "To return investors' funds, investor protection is very important to reduce losses suffered by investors due to fraud. With this mechanism, investors can recover their losses effectively and efficiently.

Responsibilities of the Parties for Return of Investor Funds in Accordance with Regulatory Administrative Sanctions

In the case of PT Tiga Pilar Sejahtera Food Tbk, the company received administrative sanctions imposed by the relevant regulator, namely the Financial Services Authority (OJK). These administrative sanctions include a fine of Rp 1.2 billion that must be paid by the company and revocation of business licenses for securities trading activities. As a result of these sanctions, the company PT. Tiga Pilar Sejahtera Food Tbk is required to refund investors' funds that were withdrawn before fraud was discovered. Those responsible for returning investor funds are the company itself, the directors and commissioners who are responsible for managing the company, as well as the auditors who are in charge of reviewing the company's financial statements.

The company shall be directly responsible for the return of investors' funds and for ensuring that the funds are returned in full. Directors and commissioners must also be responsible for decisions made in managing the company, including the management of investor funds. Meanwhile, the auditor is responsible for reviewing the company's financial statements and providing a reasonable opinion on the company's financial condition. In
addition, the regulator is also tasked with ensuring that returns to investors can be realized correctly and in accordance with applicable regulations. Regulators can monitor and ensure that companies fulfill their obligations to return investors’ funds.

CONCLUSION

The capital market is a means of facilitating trade between parties who have excess funds and those who need funds. Financial reports are important documents that contain financial information for a company or organization and are important for the capital market because they help investors, financial analysts and other related parties evaluate a company’s financial performance and make the right investment decisions. Therefore, the capital market and the financial statements of a company are closely related. Accurate financial reports are the key to attracting an investor and providing capital assistance to the company. But there are lots of people who falsify their financial statements with the aim of beautifying their financial statements so that their company’s prospects look attractive and make many investors invest their capital in the company. This is of course a fraudulent practice that is very detrimental to investors. Financial report fraud is an action taken by an irresponsible party in order to present good financial reports. Therefore, investors must be more careful in order to prevent investing in the wrong place. In this study, researchers took the case of PT. Tiga Pilar Sejahtera Food Tbk as research object. PT. Tiga Pilar Sejahtera Food Tbk is a Jakarta-based company engaged in the food and beverage sector. In 2017, precisely on July 20 2017, the two subsidiaries of PT. Three Pillars of Sejahtera Food, Tbk namely PT. Indo Beras Unggul and PT. Jati Sari Rezeki is suspected of carrying out fraudulent practices in selling rice by producing rice that is different from what is written on the label. The company collects subsidized farmers’ rice and processes it and then repackages it into premium rice. After investigation, it turned out that the company had also been manipulating financial reports for several years with the aim of presenting the best financial performance. The impact of this case, the share price of PT. Tiga Pilar Sejahtera Food Tbk fell drastically and caused investors to feel very disadvantaged. The Financial Services Authority (OJK) as a consumer protection institution can carry out legal protection for investors who feel disadvantaged as written in Article 28, Article 29 and Article 30 of Law Number 21 of 2011 concerning the Financial Services Authority, where there are two forms of protection, namely preventive legal protection and also repressive legal protection. Preventive legal protection is prevention efforts to avoid violating the law, for example: (1) Strict regulation; (2) Auditor training and certification; and (3) Risk assessment. Meanwhile, repressive legal protection is efforts made after a violation of the law has occurred. Examples of legal protection, for example: (1) Law enforcement; (2) Compensation; and (3) Disgorgement and disgorgement funds.

In this case, PT. Tiga Pilar Sejahtera Food Tbk received an administrative sanction in the form of a fine of IDR 1.2 billion which had to be paid by the company and revocation of its business license for securities trading activities. Some lessons that can be learned from this case include: The importance of auditor independence: This case shows the importance of auditor independence in auditing a company’s financial statements. If the auditor is not independent or is involved in fraud, the accuracy of the published financial reports may be questioned. Need for supervisory role of regulators: Regulators such as the OJK have an important role in ensuring that companies comply with capital market regulations. In this case, OJK imposes sanctions on companies and company directors who are proven to have violated capital market regulations. The Importance of Transparency and Accountability in Financial Reporting: Manipulation of financial reports can undermine public trust in a company. Therefore, transparency and accountability in financial reporting must be properly maintained to ensure
the credibility of the company. Effect of financial scandals on stock prices and company success: Financial scandals can have a negative impact on stock prices and company success. This can be detrimental to shareholders and endanger the continuity of the company's business.

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