

Miscarriage of Justice in Corporate Fraud Cases: The Legal Paradox of the Herlambang Gold Transaction in Indonesia

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Abstract: *This article examines a high-value gold transaction dispute that illustrates how fragmented judicial reasoning, prosecutorial discretion, and corporate governance failures can converge to produce a miscarriage of justice in complex economic-crime cases. Using a socio-legal case study approach, the analysis reconstructs a transaction in which a buyer paid IDR 1.2 trillion for 4,000 kilograms of gold but received only 2,400 kilograms, a shortfall acknowledged by the selling corporation in civil proceedings. Early criminal cases convicted corporate insiders for fraud, recognizing the buyer as a victim. However, subsequent corruption proceedings reversed this position, alleging without evidentiary support—that the buyer unlawfully obtained excess gold and caused state financial loss. Criminal courts accepted this narrative despite auditor testimony confirming the absence of state loss and despite inconsistencies with civil judgments. The findings reveal four systemic weaknesses: disregard of documentary evidence, role inversion from victim to offender, contradictory civil–criminal outcomes, and liability shifting driven by corporate governance failures. These dynamics align with broader patterns of wrongful convictions in economic-crime contexts. The study underscores the need for stronger evidentiary standards, improved inter-court coordination, enhanced forensic capacity, and clearer boundaries between commercial disputes and corruption enforcement.*

Keywords : *Miscarriage Of Justice, Corporate Fraud, Legal Certainty, Wrongful Conviction, Economic Crime*

INTRODUCTION

The legitimacy of any criminal justice system depends not only on its capacity to punish wrongdoing but also on its ability to prevent and correct miscarriages of justice. Wrongful convictions undermine public trust, violate fundamental rights, and impose severe personal and social costs on individuals who are wrongly punished. Although discussions of wrongful convictions frequently center on violent crimes, drug offenses, or capital cases, scholars increasingly acknowledge that complex economic crimes particularly those involving corporate fraud, high-value transactions, or commodity trading are equally vulnerable to error.¹ These cases often involve intricate financial documentation, opaque organizational structures, and

¹ Rachman, A. D., Diah, E., Arum, P., & Lestari, W. (2025). Systematic Literature Review: The Role Of Internal Audit On Accounting Fraud In Indonesia 2020/2025 Period. *Ijebir*, 6, 971–979.



discretionary prosecutorial judgment, all of which can distort factual interpretation and heighten the risk of misattributing liability.

Parallel to this, research on corporate governance consistently demonstrates that strong internal controls, independent oversight, ethical management, and transparent reporting systems are essential for preventing fraud.² In theory, such mechanisms limit opportunities for insider manipulation and enhance accountability. In practice, however, governance failures remain pervasive especially in organizations engaged in large-scale transactions where information asymmetry, internal collusion, or weak regulatory monitoring can obscure the true flow of goods and financial assets.³ In these settings, investigators and courts may struggle to distinguish between corporate misconduct and individual wrongdoing, increasing the likelihood that victims of fraud may be erroneously treated as perpetrators.

Within this broader socio-legal context, the high-value gold transaction involving a defendant referred to here as H. (pseudonym) offers a revealing case study. Publicly accessible court documents indicate that H. transferred IDR 1.2 trillion in verified payments to a corporate seller for 4,000 kilograms of gold. However, the company delivered only 2,400 kilograms, leaving a documented shortfall of 1,600 kilograms. Initial criminal proceedings convicted several corporate employees and intermediaries for orchestrating a fraudulent scheme, thereby recognizing H. as one of the victims. Civil courts later affirmed these findings, ruling that the company remained responsible for delivering the undelivered gold.⁴

Despite this consistent evidentiary record, subsequent corruption proceedings reframed the narrative. Prosecutors alleged that H. received more gold than he paid for an assertion unsupported by delivery logs, corporate admissions, or payment records. The criminal court accepted this interpretation, convicted H. of corruption, and ordered repayment in gold that documentation shows he never received. Higher courts upheld the conviction.⁵ As a result, H. is simultaneously recognized as a fraud victim in civil and earlier criminal cases and as a corruption offender in later proceedings, creating an unsettling contradiction regarding factual and legal interpretation.⁶

² Ridho Dwinanda, R., Gde, A. A., & Utama, S. (2025). The Role Of Corporate Governance In Financial Fraud Prevention: A Systematic Literature Review. *Jurnal Nominal*, 14(2), 150–163. <https://doi.org/10.21831/Nominal.V14i2.81860>

³ Hakki, T. W., Sofianty, D., Simanungkalit, J., & Alvionita, D. (2025). Internal Control, Governance Risk Management Compliance and Fraud Prevention: The Moderating Role of Good Corporate Governance. *Jafm*, 6(4), 2057–2067. <https://doi.org/10.38035/Jafm.V6i4>

⁴ Parameswaran, P., & Shahzad Shafi, M. (2025). Criminological And Socioeconomic Aspects Of Corporate Delinquency: A 21st Century Perspective. *Journal of Economic Criminology*, 9. <https://doi.org/10.1016/J.Jeconc.2025.100185>

⁵ Dewi, E., Nunna, B. P., & Shafira, M. (2025). Corporate Crimes and Penal Reform In Indonesia: Evaluating the Efficacy of the Criminal Code. *Jambe Law Journal*, 8(1), 287–313. <https://doi.org/10.22437/Jlj.8.1.287-313>

⁶ Riyanto, D., Hartiwiningsih, H., & Fitriyono, R. A. (2025). *Juridical Analysis Of Corporate Criminal Liability In The Cooking Oil Corruption Case* (Pp. 175–189). https://doi.org/10.2991/978-2-38476-519-5_14

This article argues that the case exemplifies a miscarriage of justice produced through the convergence of weak corporate governance, selective evidentiary interpretation, and fragmented judicial reasoning.⁷ By synthesizing research in corporate governance, fraud detection, and wrongful-conviction studies, the analysis highlights how internal corporate failures, prosecutorial discretion, and insufficient judicial coordination can yield outcomes that contradict documented facts and undermine foundational principles of legal certainty. The case is not treated merely as an individual anomaly but as symptomatic of broader structural vulnerabilities in the enforcement of economic and corruption-related offenses in Indonesia.

The contributions of this study are threefold. First, it expands wrongful-conviction scholarship by demonstrating how miscarriages of justice can arise in high-value economic disputes, an area often overlooked compared to violent or drug-related cases.⁸ Second, it illustrates how inconsistencies between civil and criminal judgments erode legal certainty and weaken public confidence in the judiciary. Third, it situates criminal liability within a broader governance chain, arguing that internal corporate misconduct, weak oversight mechanisms, and fragmented court processes can collectively distort the factual reconstruction of financial transactions.

The remainder of this article proceeds as follows. Section 2 reviews the theoretical and empirical literature on wrongful convictions, corporate governance, and judicial inconsistency. Section 3 outlines the methodological approach used to analyze the case. Section 4 presents the findings, demonstrating key discrepancies between evidence and judicial outcomes. Section 5 provides an integrated discussion linking the findings to broader governance and criminal justice frameworks. Section 6 concludes with implications for legal reform, corporate accountability, and procedural safeguards in economic-crime enforcement.

METHOD

The legitimacy of any criminal justice system depends not only on its capacity to punish wrongdoing but also on its ability to prevent and correct miscarriages of justice. Wrongful convictions undermine public trust, violate fundamental rights, and impose severe personal and social costs on individuals who are wrongly punished. Although discussions of wrongful convictions frequently center on violent crimes, drug offenses, or capital cases, scholars increasingly acknowledge that complex economic crimes particularly those involving corporate fraud, high-value transactions, or commodity trading are equally vulnerable to error.⁹ These cases often involve intricate financial documentation, opaque organizational structures, and discretionary prosecutorial judgment, all of which can distort factual interpretation and heighten the risk of misattributing liability.

⁷ Suryana, I. (2025). Construction Of Judicial Interpretation In Indonesia's Criminal Justice System Regarding The Implementation Of The New Penal Code. *Indonesian Journal Of Law And Justice*, 2(4), 9. <https://doi.org/10.47134/Ijlj.V2i4.3853>

⁸ Hamer, D. (2025). Wrongful Convictions, Institutional Responsibility, And A National Ccr For Australia. *Current Issues In Criminal Justice*, 1. <https://doi.org/10.1080/10345329.2025.2548641>

⁹ Rachman, A. D., Diah, E., Arum, P., & Lestari, W. (2025). Systematic Literature Review: The Role Of Internal Audit On Accounting Fraud In Indonesia 2020/2025 Period. *Ijebir*, 6, 971–979.



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Within this broader socio-legal context, the high-value gold transaction involving a defendant referred to here as H. (pseudonym) offers a revealing case study. Publicly accessible court documents indicate that H. transferred IDR 1.2 trillion in verified payments to a corporate seller for 4,000 kilograms of gold. However, the company delivered only 2,400 kilograms, leaving a documented shortfall of 1,600 kilograms. Initial criminal proceedings convicted several corporate employees and intermediaries for orchestrating a fraudulent scheme, thereby recognizing H. as one of the victims. Civil courts later affirmed these findings, ruling that the company remained responsible for delivering the undelivered gold.¹²

Despite this consistent evidentiary record, subsequent corruption proceedings reframed the narrative. Prosecutors alleged that H. received more gold than he paid for an assertion unsupported by delivery logs, corporate admissions, or payment records. The criminal court accepted this interpretation, convicted H. of corruption, and ordered repayment in gold that documentation shows he never received. Higher courts upheld the conviction.¹³ As a result, H. is simultaneously recognized as a fraud victim in civil and earlier criminal cases and as a corruption offender in later proceedings, creating an unsettling contradiction regarding factual and legal interpretation.¹⁴

This article argues that the case exemplifies a miscarriage of justice produced through the convergence of weak corporate governance, selective evidentiary interpretation, and fragmented judicial reasoning.¹⁵ By

¹⁰ Ridho Dwinanda, R., Gde, A. A., & Utama, S. (2025). The Role Of Corporate Governance In Financial Fraud Prevention: A Systematic Literature Review. *Jurnal Nominal*, 14(2), 150–163. <https://doi.org/10.21831/Nominal.V14i2.81860>

¹¹ Hakki, T. W., Sofianty, D., Simanungkalit, J., & Alvionita, D. (2025). Internal Control, Governance Risk Management Compliance and Fraud Prevention: The Moderating Role of Good Corporate Governance. *Jafm*, 6(4), 2057–2067. <https://doi.org/10.38035/Jafm.V6i4>

¹² Parameswaran, P., & Shahzad Shafi, M. (2025). Criminological And Socioeconomic Aspects Of Corporate Delinquency: A 21st Century Perspective. *Journal of Economic Criminology*, 9. <https://doi.org/10.1016/J.Jeconc.2025.100185>

¹³ Dewi, E., Nunna, B. P., & Shafira, M. (2025). Corporate Crimes and Penal Reform In Indonesia: Evaluating the Efficacy of the Criminal Code. *Jambe Law Journal*, 8(1), 287–313. <https://doi.org/10.22437/Jlj.8.1.287-313>

¹⁴ Riyanto, D., Hartiwiningsih, H., & Fitriyono, R. A. (2025). *Juridical Analysis Of Corporate Criminal Liability In The Cooking Oil Corruption Case* (Pp. 175–189). https://doi.org/10.2991/978-2-38476-519-5_14

¹⁵ Suryana, I. (2025). Construction Of Judicial Interpretation In Indonesia's Criminal Justice System Regarding The Implementation Of The New Penal Code. *Indonesian Journal Of Law And Justice*, 2(4), 9. <https://doi.org/10.47134/Ijlj.V2i4.3853>

synthesizing research in corporate governance, fraud detection, and wrongful-conviction studies, the analysis highlights how internal corporate failures, prosecutorial discretion, and insufficient judicial coordination can yield outcomes that contradict documented facts and undermine foundational principles of legal certainty. The case is not treated merely as an individual anomaly but as symptomatic of broader structural vulnerabilities in the enforcement of economic and corruption-related offenses in Indonesia.

The contributions of this study are threefold. First, it expands wrongful-conviction scholarship by demonstrating how miscarriages of justice can arise in high-value economic disputes, an area often overlooked compared to violent or drug-related cases.¹⁶ Second, it illustrates how inconsistencies between civil and criminal judgments erode legal certainty and weaken public confidence in the judiciary. Third, it situates criminal liability within a broader governance chain, arguing that internal corporate misconduct, weak oversight mechanisms, and fragmented court processes can collectively distort the factual reconstruction of financial transactions.

The remainder of this article proceeds as follows. Section 2 reviews the theoretical and empirical literature on wrongful convictions, corporate governance, and judicial inconsistency. Section 3 outlines the methodological approach used to analyze the case. Section 4 presents the findings, demonstrating key discrepancies between evidence and judicial outcomes. Section 5 provides an integrated discussion linking the findings to broader governance and criminal justice frameworks. Section 6 concludes with implications for legal reform, corporate accountability, and procedural safeguards in economic-crime enforcement.

DISCUSSION

This section presents the empirical findings of the case study using the adjusted transaction data (4,000 kilograms, delivery of 2,400 kilograms, and a 1,600-kilogram shortfall), followed by an integrated discussion that connects each finding to the scholarly literature on wrongful convictions, corporate governance, and judicial behavior. The combined analysis demonstrates that the case exhibits systemic indicators of a potential miscarriage of justice.

Consistent Documentary Evidence Confirms Full Payment and Incomplete Delivery

The first major finding is the consistency of documentary evidence across civil proceedings. Verified bank transfers show that the buyer paid IDR 1.2 trillion for 4,000 kilograms of gold, while delivery records from the selling company indicate that only 2,400 kilograms were provided. This left a documented shortfall of 1,600 kilograms. The company's representatives acknowledged this incomplete delivery during civil litigation, and at no stage did they claim that the buyer received excess gold.

Civil courts recognized these facts and affirmed the buyer's contractual entitlement to the remaining gold. The findings were straightforward, well-documented, and mutually consistent across civil judgments.

The criminal court's later claim asserting that the buyer had received "excess gold"—directly contradicts these records. This divergence aligns with observation that Indonesian criminal courts sometimes depart from the substantive truth embedded in financial documents by relying on procedural assumptions rather

¹⁶ Hamer, D. (2025). Wrongful Convictions, Institutional Responsibility, And A National Ccrc For Australia. *Current Issues In Criminal Justice*, 1. <https://doi.org/10.1080/10345329.2025.2548641>

than evidence.¹⁷ International research confirms that ignoring reliable documentary trails increases the risk of wrongful conviction in economic-crime contexts.¹⁸

Early Criminal Proceedings Recognized Corporate Fraud, but Later Prosecution Reframed the Victim as an Offender

Earlier criminal proceedings resulted in convictions of several corporate employees and intermediaries for running a fraudulent scheme that targeted buyers, including the defendant. These judgments clearly positioned the buyer as a victim of internal corporate misconduct.

However, in subsequent corruption proceedings, prosecutors advanced a conflicting theory: that the buyer unlawfully received more gold than he paid for, causing state financial loss. This allegation was made without any supporting delivery records, and it disregarded the company's own admissions that it delivered only 2,400 kilograms.

This dramatic shift illustrates what wrongful-conviction scholarship identifies as role inversion a phenomenon where victims become suspects due to prosecutorial misinterpretation of complex transactions.¹⁹ It also reflects critique that corruption enforcement in Indonesia sometimes relies on expansive liability theories not supported by the evidentiary record.²⁰ Corporate governance research similarly warns that insider fraud can misdirect liability toward external parties when investigative bodies lack capacity to unravel internal collusion.²¹

Civil and Criminal Courts Produced Conflicting Interpretations Despite Identical Evidence

A third key finding is the sharp divergence between civil and criminal adjudication. Civil courts found the buyer entitled to the remaining 1,600 kilograms and held the company responsible for nondelivery. These conclusions were grounded in payment evidence, delivery documentation, and the company's formal admissions.

By contrast, criminal courts embraced a corruption narrative that contradicted these civil findings. Their reasoning relied on presumptions of unlawful enrichment by the buyer despite the absence of delivery

¹⁷ Dewi, E., Nunna, B. P., & Shafira, M. (2025). Corporate Crimes and Penal Reform In Indonesia: Evaluating the Efficacy of the Criminal Code. *Jambe Law Journal*, 8(1), 287–313. <https://doi.org/10.22437/Jlj.8.1.287-313>

¹⁸ Butt, S., & Nathaniel, A. (2024). Evidence From Criminal Law Experts in Indonesian Criminal Trials: Usurping the Judicial Function? *International Journal of Evidence and Proof*, 28(2), 129–153. <https://doi.org/10.1177/13657127231217319>

¹⁹ Rahmawati, E., & Dermawan, M. K. (2021). Miscarriages Of Justice In Indonesia: Marginalized Groups, Structural Victimization, And Formal Social Control. *Proceedings Of The 2nd International Conference On Law And Human Rights*, 456–466.

²⁰ Iskandar, I., & Azhar Siregar, H. (2022). The Prosecutor's Authority to Conduct Investigations Into Corruption Crimes Causing State Financial Losses (Case Study in Pt. Timah Tbk) (Indra Iskandar & Hamdan Azhar Siregar) The Prosecutor's Authority to Conduct Investigations into Corruption Crimes Causing State Financial Losses (Case Study in Pt. Timah Tbk). *Law Development Journal*, 7(3), 392–402.

²¹ Anggriawan, R. (2024). Combating Ponzi Schemes: An In-Depth Look At Law Enforcement Effectiveness In Indonesian Context. *Pázmány Law Review*, 11(1), 117–146. <https://doi.org/10.55019/Plr.2024.1.117-146>

records showing more than 2,400 kilograms. Moreover, auditors from BPK and BPKP testified that no state loss existed, undermining a core element of corruption charges.

This inconsistency reflects the structural judicial fragmentation described who notes that Indonesian courts often produce parallel but contradictory findings when civil and criminal cases arise from the same factual matrix.²² similarly warns that such inconsistencies erode legal certainty, weaken judicial legitimacy, and constitute a systemic vulnerability in rule-of-law environments. Internationally, identifies this pattern of institutional incoherence as a documented pathway to miscarriages of justice.²³

Corporate Governance Failures Enabled Ambiguity and Facilitated Liability Shifting

Evidence from the case points to substantial governance failures within the selling company, including collusion among employees, manipulation of documents, and violations of internal procedures. These deficiencies created ambiguity that hindered accurate reconstruction of the gold inventory and delivery process.

Despite company admissions confirming the shortfall and full payment, prosecutors attributed liability to the buyer rather than to the internal actors responsible for the documented fraud.

This outcome aligns with corporate governance literature showing that weak internal controls and fraudulent employee behavior often produce confusion that external stakeholder including buyers cannot reasonably detect.²⁴ When institutions fail to recognize the internal origins of fraud, liability may be misdirected, particularly when prosecutors fill evidentiary gaps with speculative assumptions.²⁵ This mirrors patterns in comparative financial-crime studies where complex documentation and insider collusion distort enforcement outcomes.

Synthesis: A Convergence of Factors That Mirror Known Patterns of Miscarriage of Justice

Taken together, the findings reveal a convergence of structural vulnerabilities:

1. Strong documentary evidence payment records, delivery logs, and corporate admissions was disregarded by criminal courts.
2. Judicial fragmentation allowed civil and criminal courts to reach diametrically opposed conclusions.
3. Governance failures created ambiguity that was used to reframe the victim as an offender.
4. Prosecutorial discretion replaced objective evidence with speculative interpretations.

²² Prayitno, K. P., Oktobrian, D., Sudrajat, T., & Handayani, S. W. (2024). Resolving Execution Of Judgment In Indonesia Investment Fraud Case to Ensure Asset Recovery For Victims. *Revista Criminalidad*, 66(3), 81–95. <https://doi.org/10.47741/17943108.663>

²³ Rahmawati, E., & Dermawan, M. K. (2021). Miscarriages Of Justice In Indonesia: Marginalized Groups, Structural Victimization, And Formal Social Control. *Proceedings Of The 2nd International Conference On Law And Human Rights*, 456–466.

²⁴ Apristiana, A. A. (2025). *Corporate Governance and Fraud: A Systematic Review*.

²⁵ Dewi, E., Nunna, B. P., & Shafira, M. (2025). Corporate Crimes and Penal Reform In Indonesia: Evaluating the Efficacy of the Criminal Code. *Jambe Law Journal*, 8(1), 287–313. <https://doi.org/10.22437/Jlj.8.1.287-313>

Dwi Putro, W. (2020). *Menemukan Kebenaran Hukum Dalam Era Post-Truth Konfrensi Asosiasi*

5. Auditor testimony confirming the absence of state loss was overlooked.

These combined patterns reflect well-documented mechanisms of wrongful conviction identified in both Indonesian and international literature. The case demonstrates how evidentiary misinterpretation, inconsistent judicial reasoning, and weak corporate governance can interact to produce outcomes misaligned with the factual record and legal principles.

The findings of this study reveal a set of structural and procedural inconsistencies that collectively suggest a miscarriage of justice in the handling of a high-value gold transaction dispute. By examining the alignment between documentary records, judicial outcomes, corporate governance failures, and prosecutorial decision-making, this section integrates empirical results with insights from the scholarly literature in wrongful convictions, corporate governance, and legal certainty. The analysis demonstrates that the case reflects patterns well-documented across international contexts, especially in economic-crime cases involving complex transactional flows and ambiguous institutional accountability.

Divergence Between Documentary Evidence and Criminal-Court Construction of Facts

One of the most striking aspects of the case is the complete divergence between documentary evidence and the criminal court's narrative. Bank transfers, purchase records, and delivery receipts consistently show that the buyer paid IDR 1.2 trillion for 4,000 kilograms of gold, while only 2,400 kilograms were delivered. Corporate admissions during civil litigation confirmed this shortfall. Nevertheless, criminal prosecutors later asserted that the buyer "received excess gold," despite the absence of supporting delivery documentation.

This divergence aligns with a significant body of literature emphasizing the risk of evidentiary misinterpretation in complex financial crimes.²⁶ Notes that economic-crime cases often involve intricate document trails that require specialized financial literacy; without such expertise, courts may misjudge the transaction pattern.²⁷ Similarly argues that Indonesian criminal courts sometimes rely on procedural formalism rather than substantive truth, especially when confronted with voluminous documentation. The failure of the criminal court to reconcile its findings with clear and uncontested evidence fits this pattern.

Furthermore, wrongful-conviction scholarship highlights that ignoring or undervaluing documentary evidence is one of the most common pathways to miscarriages of justice in financial cases (Pangaribuan, 2025; Rahmawati & Dermawan, 2021). The pattern in this case—where the court favored speculative reasoning over verifiable records—reflects the exact risks these scholars identify. The criminal court's interpretation was therefore not only inconsistent with the civil record but also inconsistent with established best practices for evaluating economic crime.

Role Inversion: From Fraud Victim to Corruption Offender

A second major theme that emerges from the findings is the role inversion experienced by the buyer. Earlier criminal proceedings convicted several corporate employees and intermediaries for a coordinated fraud

²⁶ Febriyani, E., & Santoso, T. (2022). Examining Economic Crime Policy: Evidence From Indonesia. *Febriyani & Santoso*, 239(2), 239–260. <https://doi.org/10.37253/Jjr.V>

²⁷ Suryana, I. (2025). Construction Of Judicial Interpretation In Indonesia's Criminal Justice System Regarding The Implementation Of The New Penal Code. *Indonesian Journal Of Law And Justice*, 2(4), 9. <https://doi.org/10.47134/Ijlj.V2i4.3853>



scheme targeting buyers. These judgments explicitly recognized the buyer as a victim. However, this factual position was later reversed during corruption proceedings, where the same individual was portrayed as a perpetrator who unlawfully obtained excess gold.

Role inversion is a well-documented mechanism in wrongful-conviction research, particularly in systems with limited institutional safeguards. identify role inversion as a recurring issue in Indonesia, where misinterpretation of transaction complexity can lead to the wrongful classification of victims as offenders.²⁸ expands this analysis in the Southeast Asian context, arguing that complex economic cases are particularly susceptible to such misclassification due to incomplete forensic accounting and the absence of robust evidentiary cross-checks.

The findings in this study strongly support such assessments. The buyer in this case remained consistent in payment records and received less than contracted, yet prosecutorial efforts reframed the narrative by suggesting illicit gain. This supports critique that corruption prosecutors in Indonesia sometimes adopt expansive liability theories that incorporate private actors without establishing intentional wrongdoing. Such prosecutorial strategies distort the factual landscape and increase the likelihood of criminalizing a party who is not responsible for internal corporate misconduct.

Judicial Fragmentation and the Erosion of Legal Certainty

The inconsistency between civil and criminal court outcomes is another significant dimension. Civil courts found that the buyer fulfilled contractual obligations and was entitled to the remaining 1,600 kilograms of gold. In contrast, criminal courts accepted a prosecutorial narrative implying illegal over-receipt of gold without addressing, let alone reconciling, the civil findings.

The literature identifies such judicial fragmentation as a systemic problem that undermines legal certainty.²⁹ argues that Indonesian courts often fail to coordinate factual determinations between civil and criminal proceedings, causing parallel but contradictory assessments.³⁰ highlights that judicial coherence is essential for the legitimacy of rule-of-law systems; when courts reach inconsistent conclusions regarding the same facts, their institutional authority is weakened.

This case exemplifies that structural weakness. The criminal court did not engage with civil judgments or corporate admissions, nor did it address the auditor testimony indicating no state financial loss a critical element for corruption charges. theoretical articulation of legal certainty states that predictability and consistency are foundational to justice; this principle was clearly compromised in the present case.

²⁸ Rahmawati, E., & Dermawan, M. K. (2021). Miscarriages Of Justice In Indonesia: Marginalized Groups, Structural Victimization, And Formal Social Control. *Proceedings Of The 2nd International Conference On Law And Human Rights*, 456–466.

²⁹ Rhogust, M. (2025). Civil Legal Liability For Breach Of Contract In Indonesia: Case Analysis And Practice. *Social Science*, 2(2), 429–439.

³⁰ Butt, S., & Nathaniel, A. (2024). Evidence From Criminal Law Experts in Indonesian Criminal Trials: Usurping the Judicial Function? *International Journal of Evidence and Proof*, 28(2), 129–153. <https://doi.org/10.1177/13657127231217319>

Internationally, identifies “institutional incoherence” as a leading factor in wrongful convictions.³¹ The divergence observed here fits that definition precisely: parallel legal tracks produced incompatible outcomes without procedural mechanisms to ensure alignment. Such fragmentation transforms procedural complexity into substantive injustice.

Corporate Governance Failures as Catalysts for Liability Shifting

The findings also show that the selling corporation suffered from significant governance failures. Internal collusion, manipulated invoices, and bypassed procedures created ambiguity surrounding inventory and delivery flows. Weak internal control systems made it difficult to assign responsibility internally, prompting prosecutors to redirect liability toward the buyer.

This dynamic is consistent with corporate-governance research. The weak oversight structures create opportunities for fraud and complicate post hoc investigations.³² Internal collusion, particularly in high-value transactions, creates gaps in accountability that can distort legal outcomes.³³ Asserts that opaque governance environments often shift the burden of proof to external parties, such as buyers, who lack access to internal data.³⁴

The present case strongly aligns with these observations. Rather than focusing on internal actors responsible for document manipulation, the prosecution adopted a narrative that externalized liability. This is a recognized risk in financial fraud settings, where organizational opacity and prosecutorial discretion can combine to produce inaccurate attributions of guilt. The result, as reflected in this case, is a legal narrative that penalizes the least powerful participant rather than the internal actors who orchestrated the fraud.

Prosecutorial Discretion and the Construction of State Loss

Another critical issue is how prosecutorial discretion shaped the outcome. Despite auditors from BPK and BPKP testifying that no state financial loss occurred, prosecutors proceeded with corruption charges premised on the existence of such loss. This selective interpretation is consistent finding that Indonesian corruption prosecutions sometimes rely on presumptive rather than evidence-based determinations of loss.³⁵emphasizes that corruption cases require clear and quantifiable loss, grounded in formal audit findings not inferential reasoning.

³¹ Zaid, M., Halawa, R. M., Putri, K. A., Adinda, F. A., & Cait, L. (2023). Eradicating Public Official Corruption Indonesia: A Revolutionary Paradigm Focusing On State Financial Losses. *Wacana Hukum*, 29(2), 87–111. <https://doi.org/10.33061/Wh.V29i2.9564>

³² Apristiana, A. A. (2025). *Corporate Governance and Fraud: A Systematic Review*.

³³ Ericsson, H. G. (2023). Regulation In Preventing Fraud That Occurs Through Digital Physical Gold Trading by Integrating Technology and Human Approaches. *Asia Pacific Fraud Journal*, 8(1), 183. <https://doi.org/10.21532/apfjournal.V8i1.297>

³⁴ Yulianti, R., Maryam, Hamdiah, C., Mahdi, & Khairuna. (2024). The Role Of Internal Control Systems And Good Corporate Governance In Fraud Prevention Efforts: A Literature Review. *Frontiers In Business And Economics*, 3(1), 39–54. <https://doi.org/10.56225/Finbe.V3i1.325>

³⁵ Baqir, N. Al, & Sulhani, S. (2023). Corporate Governance, Effectiveness Of Internal Audit Function and Fraud in Islamic Banking in Indonesia. *Asia Pacific Fraud Journal*, 8(1), 77. <https://doi.org/10.21532/apfjournal.V8i1.272>



The disregard of auditor conclusions in this case illustrates how prosecutorial narratives can overshadow objective financial assessments, contributing to wrongful attribution of liability. This selective treatment of evidence mirrors what identifies as enforcement drift, in which prosecutorial framing extends beyond legal boundaries.³⁶ The findings suggest that prosecutorial discretion in this case did not reflect the evidentiary standards expected for corruption charges, thereby amplifying the risk of injustice.

Broader Implications: Miscarriage of Justice in Economic-Crime Contexts

When considered holistically, the case reflects well-documented mechanisms of wrongful convictions: evidentiary misinterpretation, role inversion, judicial fragmentation, governance ambiguity, and prosecutorial overreach. These conditions align with international scholarship emphasizing that economic-crime cases are uniquely vulnerable to miscarriages of justice due to the complexity of financial documentation, institutional opacity, and the discretionary power of prosecutors.³⁷

This convergence suggests that the case is not an isolated anomaly but indicative of systemic vulnerabilities in Indonesia's legal handling of complex financial disputes. It underscores the need for improved evidentiary evaluation, stronger coordination between civil and criminal courts, and more disciplined use of corruption frameworks to prevent misclassification of private commercial disputes as corruption offenses.

CONCLUSIONS

This study demonstrates that the handling of the revised gold transaction dispute reflects systemic weaknesses at the intersection of corporate governance, evidentiary evaluation, and criminal justice processes. Documentary evidence consistently shows full payment for 4,000 kilograms of gold and delivery of only 2,400 kilograms, yet criminal proceedings adopted a narrative of “excess receipt” unsupported by documentation. The role inversion—from fraud victim to corruption offender combined with contradictory outcomes between civil and criminal courts illustrates deep fragmentation in judicial reasoning. Weak internal controls within the selling corporation created ambiguity that prosecutors later leveraged to construct liability against an external party, despite auditor testimony confirming the absence of state financial loss. Taken together, these conditions mirror well-documented pathways to miscarriages of justice in complex economic cases. Several policy implications emerge from these findings. First, corruption prosecutions involving private commercial disputes should require stricter evidentiary thresholds, including mandatory reliance on independent audit findings to establish state loss. Second, mechanisms for harmonizing factual determinations between civil and criminal courts should be strengthened to prevent contradictory judgments arising from identical evidence. Third, the institutional capacity of courts and prosecutors to interpret complex financial documentation must be improved through specialized training and forensic accounting support. Fourth, reforms to corporate governance regulations are necessary to

³⁶ Tengens, J. (2017). *Victimization By Wrongful Conviction In Indonesia*. 1–72. <http://www.pbhi.or.id/pers-release/pelanggaran-hak-hak-tersangka->

³⁷ Rahmawati, E., & Dermawan, M. K. (2021). Miscarriages Of Justice In Indonesia: Marginalized Groups, Structural Victimization, And Formal Social Control. *Proceedings Of The 2nd International Conference On Law And Human Rights*, 456–466.

ensure transparent transaction documentation and reduce opportunities for internal collusion that can obscure responsibility. Finally, procedural safeguards should be enhanced to prevent prosecutorial overreach and ensure that individuals are not penalized for corporate misconduct beyond their control. By addressing these gaps, Indonesia can strengthen legal certainty, improve accountability in corporate transactions, and enhance the integrity of its anti-corruption framework. The case underscores the urgent need for systemic reforms to ensure that justice is both procedurally sound and substantively fair..

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