



**The Voice Of Mahein Number 14, 10 November 2010**

## **THE OPERATIONS OF ORGANIZED CRIME IN TIMOR-LESTE**

### **Introduction**

Organized crime is an illegal activity that involves individuals or organizations, which own capital as well as engage into illegal business such as human trafficking, illegal electronic transaction, prostitution, money laundering, drug trafficking, terrorism and groups of professional thieves conducting operations such as vehicle theft, robbery, assault, and extortion.

The 13 August 2010 edition of Tempo Semanal weekly newspaper reported the arrest of two Indonesian citizens allegedly involved in drug trafficking by the National Police of Timor-Leste (PNTL). In the same month, PNTL conducted raids in several nightclubs and arrested dozens of foreign women allegedly involved in prostitution. Additionally, in October 2010, customs officers at President Nicolau Lobato International Airport arrested an Indonesian citizen for smuggling US\$ 54,800 into Timor-Leste. These cases show that organized crime has begun to infiltrate Timor-Leste.

Organized crime usually occurs in places where the perpetrators can secure lots of financial as well as material profits. The 2010 Timor-Leste State Budget was US \$ 837,981 million, which is in addition to several different financial packages for development projects such as the Referendum and Decentralization Development packages. The large State Budget and the cash flow it entails has the potential to attract organized crime and turn Timor-Leste into a breeding ground where organized crime thrives.

On the other hand, it can also be asserted that the absence of an integrated security system, only recently established with the Border Pass system launched between the governments of Timor-Leste and Indonesia, may have contributed to an influx of organized crime into Timor-Leste.

According to Fundasaun Mahein (FM), many organized crimes have taken place in Timor-Leste in the form of human trafficking, prostitution and drug trafficking. These crimes have occurred and gradually increased since the approval of the 2008 State Budget until the present day.

In October 8, 2008- the RDTL Council of Ministers approved a number of decree laws such as the Decree Law on Private Investment, Social Competition and Diploma on the Pricing of Consumables. All of these decree laws prohibit crimes such as the illegal transfer of money, drug trafficking and money laundering.

FundasaunMahein believes that the operation of organized crime in Timor-Leste undermines government authority because of the threat it poses to public security. The unsettled organized crime issue will also hamper the development process in Timor-Leste. It is also the opinion of FundasaunMahein that the decree laws passed by the Timor-Leste government remain insufficient for dealing with organized crime currently occurring in Timor-Leste.<sup>1</sup>

Creating more effective legislation would not only have positive impacts for the country but would also help decrease the criminal operations addressed, whether perpetrated against foreign nationals or the citizens of Timor-Leste, such as prostitution, drug trafficking, theft and also money laundering.<sup>2</sup>

The crimes mentioned above have slowly begun to make us concerned, as it has been repeatedly reported on by national media in both print and web. There is a concern that the increasing organized crime rate in Timor-Leste is actually the result of the news coverage by mass media. Given the current lack of evidence to substantiate this belief, we must ignore it for the time being and focus on the more important issue: anticipating the worst-case scenario that would occur as the result of organized crime.<sup>3</sup>

Organized crime is a term to refer to a crime which is conducted by an individual or a group of people who have made a plan with a specific purpose in mind, in which all involved has a specific duty to implement.<sup>4</sup>

Furthermore, according to *United Nations Convention Against Transnational Organized Crime* (UNCATOC), an organized criminal group" shall mean a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit.<sup>5</sup>

## **List of Organized Crime that Occurs in Timor-Leste**

### **a. Prostitution**

Organized crime syndicates have been increasingly concerning the civil society of Timor-Leste. FundasaunMahein observes that many of the organized crimes conducted in Timor-Leste were conducted by foreign nationals. This can be seen when the raid carried out by Drug Enforcement Task Force Unit of PNTL and UNPOL on 3 January 2008, resulted in the arrest of ten women and seven men at Monalisa Bar and Moon Bar in Bairro dos Grilos.

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<sup>1</sup>FundasaunMahein Press Release on Organized Crime, 19 August 2010.

<sup>2</sup>[http://www.imigrasi.go.id/index.php?option=com\\_content&task=view&id=136&Itemid=34](http://www.imigrasi.go.id/index.php?option=com_content&task=view&id=136&Itemid=34)

<sup>3</sup> Satjipto Rahardjo, *Membangun Polisi Sipil Perspektif Hukum, Sosial dan Kemasyarakatan*, Kompas, Jakarta, 2007, hal: 176.

<sup>4</sup>[http://id.wikipedia.org/wiki/Kejahatan\\_terorganisir](http://id.wikipedia.org/wiki/Kejahatan_terorganisir)

<sup>5</sup> <http://www.hukumonline.com/berita/baca/hol20723/pemerintah-dan-dpr-bahas-ratifikasi-konvensi-kejahatan-transnasional>

And in the previous week, the Task Force Unit of PNTL arrested 73 women and men in five different bars. Among the 73 people arrested, 20 were Timorese citizens and the rest were foreign nationals.

Regarding the raids, the Dili District Police Commander, Pedro Belo stated that he has gathered and submitted all evidence from the February 2008 raids to the Immigration Police. Meanwhile, the former chief of Immigration Police, Carlos Jeronimo, stated that many of foreign nationals from Indonesia, China and the Philippines, entered Timor-Leste with tourist visas but abused their visas and worked in prostitution as sex workers<sup>6</sup>.

In the recent months, the *Serviso Investigasaun Criminal* (SEC) of PNTL (Criminal Investigation Task Force Unit) conducted raids in several nightclubs, discotheques, bars and restaurants that are suspected as prostitution and drug trafficking locations.

According to the the Chief Superintendent Commander of Criminal Investigation Task Force Unit, Jose Soares, the raids have been conducted in more than 10 places in Dili<sup>7</sup>, including hotels, bars and restaurants.

During the raids, PNTL arrested dozens of women, who were allegedly working as commercial sex workers. They worked as massage parlor workers or lady escorts as undercover prostitutes in karaoke bars such as My Flower bar and Monkey bar<sup>8</sup>.

In one of the raids, which was conducted by the National Police of Timor-Leste (PNTL), police arrested 43 women who worked in nightclubs in Dili<sup>9</sup>. Most of them came from China and Indonesia. They were arrested for allegedly working as commercial sex workers (CSW) in karaoke bars and also discotheques.

Subsequently placed under arrest during the raid, their immigration documents were investigated by the police and they were handed over to the Immigration Department to be deported to their home country for abusing their tourist visas.

In the recent months, police have been actively conducting raid operations in nightclubs which are suspected to run prostitution operations.

#### **b. Drug Trafficking**

The National Police of Timor-Leste (PNTL) do not only conduct prostitution raids in cooperation with the Immigration Department but also other organized crimes such as drug trafficking, which is rampant in Timor-Leste.

The joint operation between PNTL and the Immigration Department resulted in the successful arrest of foreign nationals carrying drugs. According to the Chief Superintendent Commander of Criminal Investigation Task Force Unit, Jose Soares, PNTL arrested numerous foreign nationals who carried different types of drugs into the country from 2009 to 2010. The

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<sup>6</sup>[cjtitl.org/index.php?option=com...task...](http://cjtitl.org/index.php?option=com...task...)

<sup>7</sup>Suara Timor Lorosae, Thursday 2 September 2010 edition.

<sup>8</sup>Timor Post, Tuesday 21 September 2010 edition.

<sup>9</sup>Suara Timor Lorosae, Friday, 27 August 2010 edition.

suspects have been brought to court and are going through the legal process according to the applicable laws in Timor-Leste<sup>10</sup>.

Previously, PNTL also arrested two foreign nationals from Indonesia, who worked for a company in Dili<sup>11</sup>. According to the report from Superintendent Commander of Criminal Investigation Task Force Unit, Calistro Gonzaga, the two Indonesian citizens were drug users as well as suppliers<sup>12</sup>.

Rampant prostitution and drug trafficking have raised concerns for parliament members. The Vice President of Parliament Commission B, Paul de Fatima, is one of the members concerned with the involvement of foreign nationals in the rampant organized criminal operations in Timor-Leste.

Paul de Fatima said that the number of foreign nationals who have abused tourist visas to work in prostitution has increased in Timor-Leste. Furthermore, she said that foreign nationals, who have been granted tourist visas should not abuse it or conduct any activities which are not in the best interests of Timor-Leste. If this plea is not met, the national dignity of Timor-Leste could be indirectly tampered.<sup>13</sup>

Meanwhile, the President of the Timor-Leste Parliamentary Women's Group, Josefa Pereira said that narcotics have been widely circulated in Timor-Leste and became a threat for the life of Timorese citizens, especially among the women<sup>14</sup>.

### **c. Vehicle Theft**

Another rampant crime, which occurred undetected by the authorities, is vehicle theft. According to FundasaunMahein's observations, most of the vehicle theft cases happened in Dili and surrounding areas. In the last few years, vehicle theft has tended to occur in government institutions, mainly targeting vehicles with a government license plate.

According to an officer from the Ministry of Social Affairs, who did not want to mention his identity, vehicle theft has occurred on four separate occasions at the Ministry of Social Affairs during 2009. The four vehicles were three Honda Mega Pro motorcycles with government license plates and one Honda Win motorcycle, owned by the village chief while visiting the Ministry office for some documentation business<sup>15</sup>.

Additionally, Henrique de Araujo, an officer from Electricity of Timor-Leste (EDTL), said that a Honda Mega Pro and a Honda Vega motorcycle were stolen from the EDTL office in Kaikoli. The motorcycles were parked in the back of the office and were stolen in the afternoon<sup>16</sup>.

Also in 2009, a Honda Mega Pro and a Motor Kros motorcycle were stolen from two students

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<sup>10</sup>Suara Timor Lorosae, Thursday 2 September 2010 edition.

<sup>11</sup>Tempo Semanal, Friday 13 August 2010 edition.

<sup>12</sup>JornalNasionalDeario, 13 August 2010 edition.

<sup>13</sup>Timor Lorosae, Wednesday 18 August 2010 edition.

<sup>14</sup>JornalNasionalDiario, Friday 03 September 2010 edition.

<sup>15</sup> Interview with an officer at Ministry of Social Affairs in Dili, 6 October 2010.

<sup>16</sup> Interview with Henrique de Araujo, an officer from Electricity of Timor-Leste (EDTL) in Dili, 6 October 2010.

of the National University of East Timor (UNTL), on the universities campus. According to Joao Almedia, a student from UNTL explained that the Motor Kros motorcycle was stolen while the owner was taking a final exam. At that time it was a holiday therefore there were no students in the campus and the thief freely commit his act<sup>17</sup>.

Another vehicle theft also occurred at the Ministry of State Administration (Estatal) office in 2009. According to officer from the Estatal office, a Honda Mega Pro motorcycle with a government license plate was stolen from the office. He explained that before the thievery happened, a visitor went inside to the office and when he left the office, he took the motorcycle as if it was his own. We, the officers, thought that he might be the owner of the motorcycle because his action was not suspicious at all<sup>18</sup>.

Similar thefts also occurred at the Secretary of State of Security office. According to an officer from the Secretary of State of Security office, there were two Honda Mega Pro motorcycles stolen. One of them was stolen when an officer delivered a letter to the Ministry of Economic Affairs office. As soon as he was going to leave the Ministry of Economic Affairs office, he could not find his motorcycle. It was assumed that the alleged thief had been following the officer since he departed from the Secretary of State of Security office.

The other motorcycle was stolen in the parking lot of the Secretary of State of Security office. According to an officer from the Secretary of State of Security office, there were dozens of new motorcycles that did not have vehicle registration plates in addition to four Honda Mega Pro motorcycles, which were parked at the end of the parking lot. The officer assumed that the thief might have targeted one of the four Honda Mega Pro motorcycles. But they did not see any suspicious actions until the owner of the motorcycle was looking for it<sup>19</sup>.

Vehicle theft also occurred in the National Directorate of Security of Public Building (DNSEP) office. An officer from the office said that a motorcycle was stolen from DNSEP office a few months ago. It is suspected that the alleged thief had been monitoring the office because his action was not known by anyone<sup>20</sup>.

Another vehicle theft also occurred at the Ministry of Education office, which happened at the Estatal office and Secretary of State of Security office. An officer, who did not want to reveal his identity, said that the alleged thief was dressed up and came to the office to search for information about scholarship programs. He then went inside the office.

As soon as the alleged thief finished, he went straight to the parking lot and drove one of the

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<sup>17</sup> Interview with Joao Almedia, a student from National University of East Timor (UNTL), in Dili, 13 October 2010

<sup>18</sup> Interview with an officer at the Ministry of State Administration (Estatal) in Dili, 1 October 2010.

<sup>19</sup> Interview with an officer at the Secretary of State of Security office, in Dili, 1 October 2010.

<sup>20</sup> Interview with an officer at the National Directorate of Security of Public Building (DNSEP) office, Dili, 6 October 2010.

motorcycles, which was parked there. Two more vehicles were stolen under similar methods. Later, the officers found out the method when they successfully thwarted the theft of a third motorcycle in the area of Ministry of Education office. The alleged thief was beaten before being handed over to the authorities.

However, a few days later the alleged thief was seen again. The officers were not sure whether the alleged thief escaped from the prison or was released by the authorities because they were committed to the vehicle theft in Dili.<sup>21</sup>

A source told FundasaunMahein that the motor vehicle theft was not only done by one person but by a group of people. The group usually consists of five to six people, who drove a white Kijang pickup car. This group usually conducts their activity in tourist areas such as Pasir-Putih or Cristo Rei.

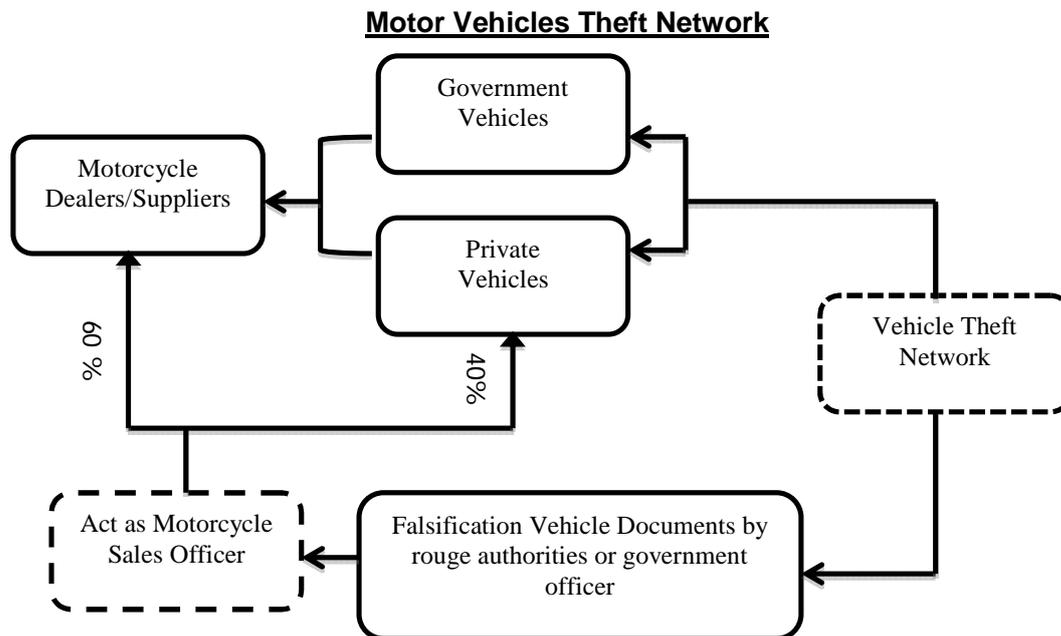
Each member of the group has their own tasks. These tasks include 1) monitoring the victim, (someone who left their motorcycle in the parking lot) 2) monitoring the surrounding area; 3) removing the motorcycle ignition switch or carrying the motorcycle off by a car.

After the motorcycle has been successfully stolen, one member would find an agent to make a false vehicle registration number and license plate. Some of the motorcycle would be brought to a mechanic to have it repaired before it is sold to the market<sup>22</sup>.

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<sup>21</sup>Interview with an officer at the Ministry of Education office in Dili, 1 October 2010.

<sup>22</sup>Interview with FundasaunMahein Second Source in Dili, 1 October 2010.



Source: *FundasaunMaheinResearch 2010*, by FreiGuterres<sup>23</sup>

The chart above shows how stolen motorcycle are supplied to motorcycle dealers and later sold to the government as well as civil society for transportation to perform their daily activities. Unfortunately, the owners of the vehicle were often careless allowing the thieves to conduct their operations with ease.

The motor vehicle theft syndicates often working together with corrupt police officers as well as corrupt officers from the Department of Transportation (LLAJR) to issue fake vehicle documents such as fake vehicle registration letters and plates. Hence the vehicles could be sold to motorcycle dealers in Dili or other districts.

Approximately 40 percent of the stolen motorcycles were sold to other cities, while the rest were repaired by mechanics before being soldto motorcycle dealers.

In other words, some organized crime groups also involve corrupt authorities and police officers. Therefore this phenomenon has become a threat for the public service system in Timor-Leste. With the involvement of corrupt authorities and police officers in organized crime, this problem will be very hard to be eradicate. As a result, organized criminal activity continues to occur in a vicious circle.

According to the FundasaunMahein’s observations, the phenomenon of motor vehicle theft has been increasing in the last few years. There are three main factors of increasing motor vehicle theft in Timor-Leste, which are 1) the increasing use of motorcycles in society 2) the failure by law enforcement to arrest and punish thieves 3) the fact that traffic police rarely

<sup>23</sup>Graphic of Motor Vehicles Theft Network was made by FundasaunMahein, Dili, 15 Oktober2010.

conduct vehicle raids to check vehicle registration letters and 4) vehicle owners are often careless regarding the security of their vehicle.

#### **d. Money Laundering**

Money laundering is an attempt to obscure or hide the true origins of money and the ownership of the proceeds of various illegal operations such as prostitution, drug trafficking and robbery. As a result the money can be used to produce large profits.

Prostitution and drug trafficking are the top two illegal businesses in the world, and are very hard to eradicate because the perpetrators often use money laundering to disguise the source of their funds. Hence their profits often appear to be legitimate funds and assets<sup>24</sup>.

Money laundering is a serious crime, which has become a white-collar offense that involves any individuals who have access to the government as well as to the banking system<sup>25</sup>.

On a Tuesday in October 2010, customs officers at Presidente Nicolau Lobato International Airport arrested an Indonesian citizen for smuggling US\$ 54,800 into Timor-Leste.

The Indonesian businessman brought a large amount of money without following proper procedure. Hence the customs officers arrested and investigated him before handing him over to the National Police of Timor-Leste. He immediately asked the customs officers to make a phone call to one of the state officials to provide him protection<sup>26</sup>.

The President of the Parliament, Fernando La Sama Arujo, admitted this incident. It required an intensive investigation because he believed there was a minister who had provided him with protection.

Rampant money laundering has raised concerns among the members of parliament. Some time ago, the President of Committee C for Economy, Finance and Anti-Corruption, Manuel Tilman, said that the government should monitor the circulation of illegal money in Timor-Leste. He stated this during the Committee C meeting on banks in Timor-Leste<sup>27</sup>.

Moreover, Tilman also said that money laundering could occur in Timor-Leste because it is very easy to commit financial transactions without noticing whether it was a legal or illegal fund. Therefore, the government must provide maximum control toward financial transactions by producing an anti-money laundering law.

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<sup>24</sup>Mohamad Sochib, *TNI-POLRI di Masa Perubahan Politik, Program Magister Studi Pertahanan ITB dan*

*Inpersial*, Bandung, 2008, hal: 129.

<sup>25</sup><http://suaramerdeka.com/v1/index.php/read/layar/2010/07/31/585/Revisi-UU-Pencucian-Uang-Sangat-Diperlukan>.

<sup>26</sup>Suara Timor Lorosae, Wednesday 20 October 2010 edition

<sup>27</sup>Timor Post, Saturday 16 Oktober 2010 edition

Up to now Timor-Leste still has not had an anti-money laundering law. It is one of the factors why the practice of money laundering occurs in the country. At this point, anti-money laundering law is needed to prevent the practice of money laundering and avoid the misuse of financial transaction data. For this reason, any government institutions cannot monopolize the jurisdiction over money laundering crime<sup>28</sup>.

Currently, the National Parliament Committee A and C is scheduled to discuss three important laws for the future of national economic development: the Central Bank Law, the Private Investment Law and the Anti-Money Laundering Law<sup>29</sup>. Among the three, the Anti-Money Laundering Law is their main priority.

The parliament predicted that passage of the Anti-Money Laundering Law would create a threat for drug trafficking syndicates, prostitution, as well as the thieves who have been freely conducting their crimes because of the lack of regulation.

New legislation would mean that any money laundering practice whether it is in drug trafficking business, prostitution business, robbery, firearm trafficking business as well as corruption, could be charged with Anti-Money Laundering Law.

By having an Anti-Money Laundering Law as a legal instrument, the authorities would be able to investigate and/ or seize any criminal assets, including from drug trafficking, prostitution and robbery. Hence any transaction from illegal business would become the main focus of investigation<sup>30</sup>.

According to the analysis of Financial Transaction, Money Laundering is defined as the process by which criminals attempt to conceal the true origin and ownership of the proceeds of criminal activities. Hence, the money can lose its criminal identity and appear legitimate.

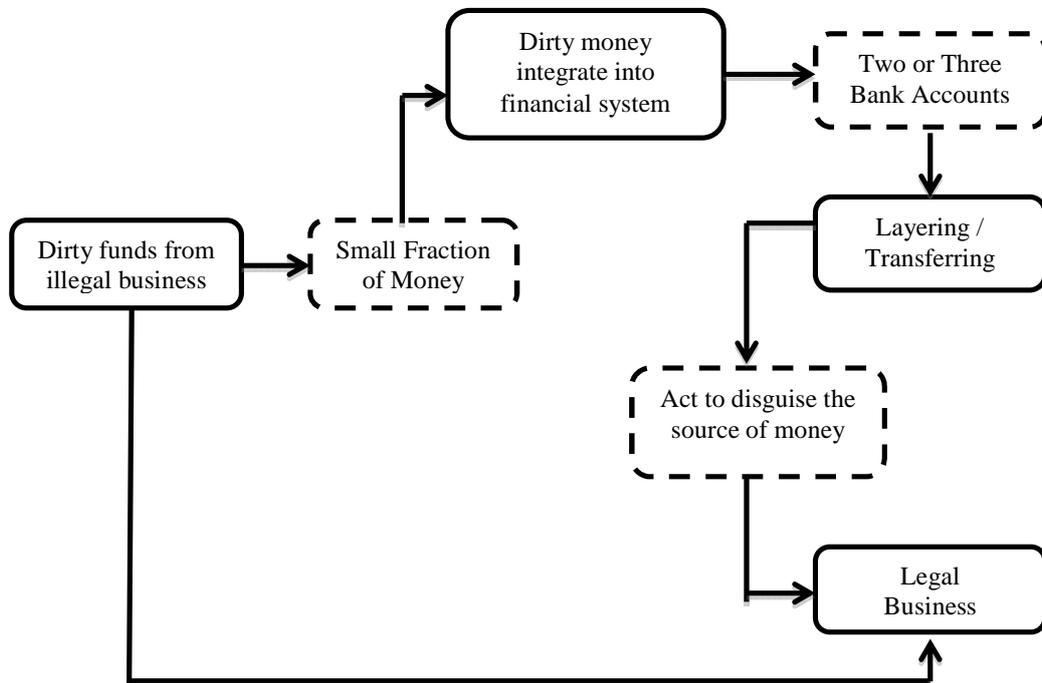
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<sup>28</sup><http://suaramerdeka.com/v1/index.php/read/layar/2010/07/31/585/Revisi-UU-Pencucian-Uang-Sangat-Diperlukan>

<sup>29</sup>Buisness Timor, Edisi XXIV 18-24 Oktober 2010.

<sup>30</sup>[antikorupsi.org/indo/content/view/12542/6/](http://antikorupsi.org/indo/content/view/12542/6/)

### The Process of Money Laundering



Source: Internet, Graphic Was Made by FundasaunMahein (2010)<sup>31</sup>

The chart above shows that generally the process of money laundering can be grouped into three stages. First is *placement stage*, which is to place the 'dirty' funds into a legitimate financial system that involves breaking down cash transactions into small amounts to avoid triggering mandatory reporting of cash transactions. Second is *layering stage*, which is to transfer the funds through various financial transactions to change its form, thereby disguising the illegal funds to conceal their true origin and make them difficult to trace.

The third is *integration stage*, which is to invest the funds or assets in further criminal activity or legitimate business or high-value assets and luxury goods. In other words, through the placement and layering stage, the funds or assets appear to have been legitimately acquired<sup>32</sup>.

Illegal business syndicates sometimes only use one of the three stages or all of the stages to launder the funds. The criminal funds were broken down into small fractions of money and invested to the bank (*placement stage*); then to transfer the funds through various financial transactions to change its form, disguising the illegal funds to conceal their true origin and make them difficult to follow (*layering stage*) and then invested into legal business (*integration stage*). In these three stages, the bank has big role to facilitate the practice of money laundering.

<sup>31</sup>Graphic of The Process of Money Laundering was made by FundasaunMahein, Dili, 27 October 2010.

<sup>32</sup> [antikorupsi.org/indo/content/view/full/12542/6/](http://antikorupsi.org/indo/content/view/full/12542/6/)

The banking system is the most common formal channel to be used in money-laundering practices because it has various forms of monetary instruments. The banking system has become the most effective system to launder the criminal funds into Timor-Leste, given the fact that any financial transaction can be done very easily both in the government-owned bank as well as an international bank.

Therefore, one of the most important points on the Anti-Money Laundering bill is that banks have an obligation to file a report to the authorities if they find any suspicious transactions.

According to FundasaunMahein observations, there are many money-laundering operations in Timor-Leste. Unfortunately, FundasaunMahein could not provide any evidence because Timor-Leste's banking system is very restricted. Hence FundasaunMahein could not have any access to the financial transactions, which are done in some banks in Dili, Timor-Leste.

### **The Problem**

According to news media reporting, FundasaunMahein noted that drug addiction is prevalent. It appears that Timor-Leste is no longer only the transit point for drug-trafficking but also a potential market as well as producer in the near future. Despite the counter-narcotics efforts by the Criminal Investigation Task Force Unit, drug-trafficking cases continue to increase.

On the other hand, prostitution, which involves many foreign national women from mainland China, Philippines and Indonesia, appears to be part of the international human trafficking syndicate that is controlled by a large network.

Foreign commercial sex workers have been around in Dili for quite awhile, send here by trafficking syndicates. It appears that Timor-Leste has become an easy target for the human trafficking syndicate because we find many foreign commercial sex workers in many of nightclubs in Dili.

Based on the police investigation report, many of the foreign national commercial sex workers come to Timor-Leste with official passports and visas which they subsequently abuse. The human trafficking syndicate handle their travel to Timor-Leste including the immigration documents. As soon as they arrived in Timor-Leste, they were placed in a house, which then became therehome-base while staying in the country.

### **The Impact of Drug Trafficking and Prostitution**

The number of organized crime operations has certainly been alarming for Timor-Leste. The prostitution business could spread the HIV/AIDS virus in the community. According to the 2008 Church World Service (CWS) report, there were 49 Timorese citizens infected by the HIV/AIDS virus and six of them have died<sup>33</sup>. Meanwhile, HIV/AIDS cases increased to 198 in 2010 and 22 of them reported dead.

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<sup>33</sup>[cjtitl.org/index.php?option=com...task...](http://cjtitl.org/index.php?option=com...task...)

The National AIDS Commission of Timor-Leste (KNLHS)'s data showed that from 2003 to 2010, there have been 198 confirmed HIV/AIDS cases, including 22 deaths. The chief of staff of KNLHS, Marcal Duarte said that there is a 52 percent rate for women testing positive, while there is a 48 percent rate for men testing positive for HIV.<sup>34</sup> Clearly drug trafficking has become a threat for Timor-Leste, especially for the youth.

The questions are how effective are the law enforcement's efforts in fighting organized crime in Timor-Leste? What is the role of law enforcement in combating organized crime in Timor-Leste? What about the implementation of legal sanctions?

### **Lack of Organized Crime Regulation**

The lack of national monitoring and security has attracted many parties to run illegal businesses in Timor-Leste including prostitution, drug trafficking, money laundering and also robbery. These operations cause a big loss for the country every year.

The fact that there were many foreign nationals who obtained legal documents and were arrested by local authorities in Timor-Leste for committing prostitution, drug trafficking and also money laundering, shows that organized crime has not decreased at all.

Other than the implementation of land and air security, which have not been particularly effective, one of the obstacles in fighting organized crime in Timor-Leste is the lack of immigration law enforcement. As a result, there is no heavy legal sanction towards foreign nationals who involved with organized criminal activity in Timor-Leste because we do not have the proper legal instruments to stop them.

In order to improve the security and prevent organized crime, the government needs to reduce the level of organized crime in the country. Hence the society can do their daily activities without being worried. The effectiveness in decreasing the level of organized crime would become the basic sustainable development in many sectors.

On the top of that, the professionalism of law enforcement in handling organized crimes, revealing the transnational organized crime networks, preventing communal conflict, securing the border from any security threat as well as illegal business threats would be achieved because it is very important to create a safe and comfortable environment for investment in the business sector of Timor-Leste<sup>35</sup>.

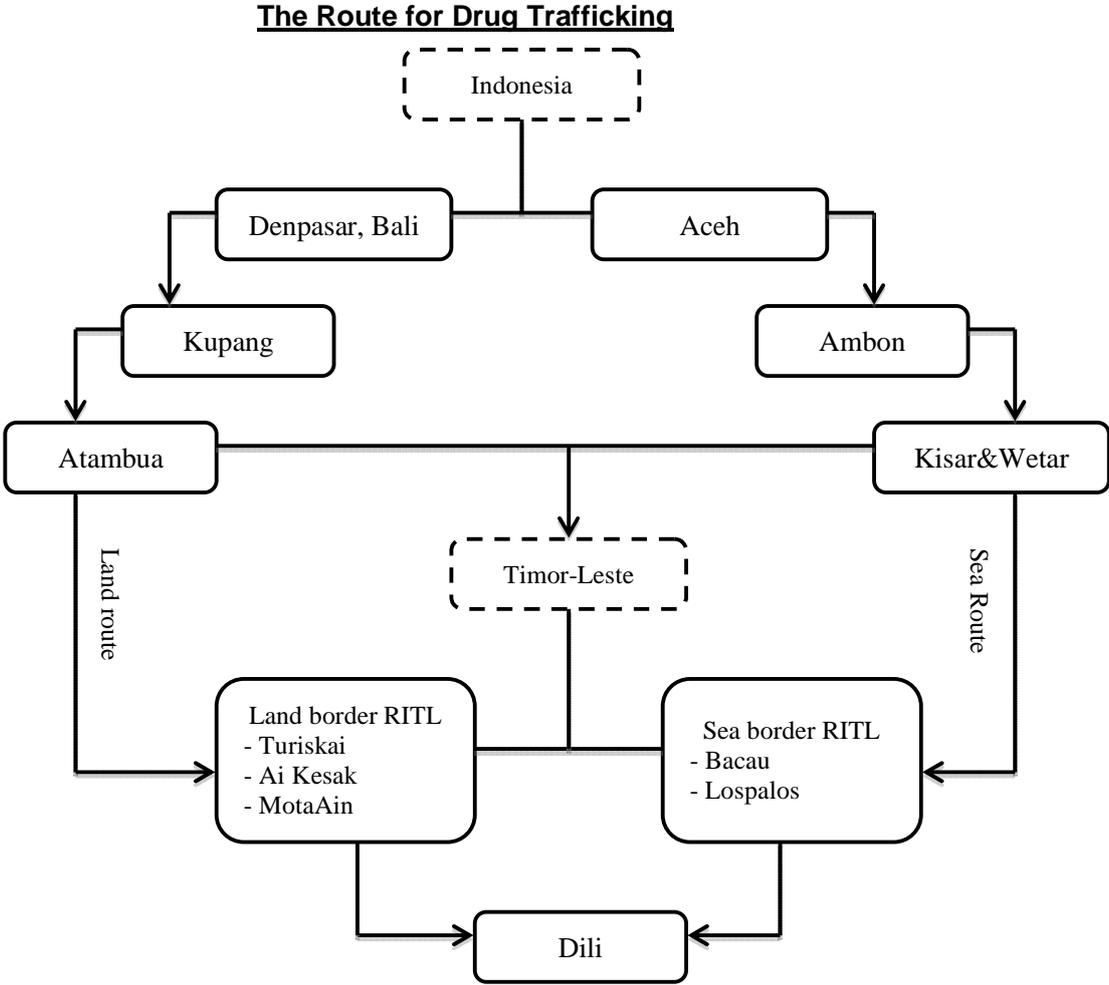
### **The Route of Organized Crime into Timor-Leste**

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<sup>34</sup>JornalNacionalDeario, 15 October 2010 edition.

<sup>35</sup><http://www.bappenas.go.id/get-file-server/node/1107/>

The route of organized crime such as prostitution, drug trafficking, robbery and arms trafficking to Timor-Leste is via air and sea routes. Drug trafficking transportation is done through airports, seaports or a small boat harbor in Timor-Leste.



Source: 2010 FundasaunMahein Research Report by FreiGuetters<sup>36</sup>

The chart above shows that the most common route for drug trafficking to Timor-Leste is via Denpasar, Bali particularly through an illegal route or short-cut in the border of Timor-Leste and Indonesia. For larger scale drug smuggling, the drug trafficking syndicate often used the sea route with fishing boats. Over all, there are two routes for organized crime entering Timor-Leste.

The first drug trafficking route uses Aceh as the point of departure with Timor-Leste as the point of arrival. Aceh is a top marijuana plantation center in Indonesia. Hence it is believed that marijuana and narcotics were sent from Aceh to Timor-Leste. Before it is sent to Timor-Leste,

<sup>36</sup>Graphic of The Route for Drug Trafficking was made by FundasaunMahein, Dili, 2010.

marijuana and narcotics were sent to a transit point in Ambon. From Ambon, the marijuana and narcotics were smuggled to Wetar and Kaisar Island with fishing boats and passing through maritime border between Indonesia and Timor-Leste. Those fishing vessels docked in a small harbor in Baucau and Lospalos.

The Marine Police Commander, Superintendent Linoda S. Saldaha, explained that drug trafficking is not the only organized crime occurring in the Timor-Leste sea. This is because the Marine Police have not had any proper authority to investigate and detect any specific crime in the ocean, and cannot prevent crimes from occurring as a result.<sup>37</sup>

Up until now, there is no fishing vessel monitoring system in the Maritime Police, especially when it comes to preventing the smuggling of illegal drugs into Timor-Leste. Lino Saldaha explained that all the ship's activities need to be regulated properly in the near future, whether it is a passenger vessel, cargo vessel or fishing vessel. Therefore it would be easier for Maritime Police to conduct ship checking as well as ship monitoring, especially those ships that operate in Timor-Leste water<sup>38</sup>.

The second route is via land. This route is normally started by plane from Denpasar, Bali to a transit point in Kupang. In Kupang, the illegal drug syndicate coordinates with a former militia commander, Joao (not his real name). Joao would send his drug courier, Aris (not his real name), to send the narcotics to Timor-Leste via Atambua. In Atambua, they coordinate with other former militia to smuggle the narcotics from Indonesia to Timor-Leste through the land border of Indonesia and Timor-Leste.

Many smuggling activities from East Nusa Tenggara (NTT) to Timor-Leste, which are done via road route, often go through the forest or short cut to pass through the border<sup>39</sup>.

Meanwhile, according to one of Fundasaun Mahein's sources, drug smuggling of marijuana, ecstasy, methamphetamine and also heroine, are usually transported via Turiskai and Aikesak from Indonesia to Timor-Leste. Before it is sent to Timor-Leste, the drugs were sent from Bali to a transit point in Kupang, NTT.

Moreover, Fundasaun Mahein's source also explained that a Chinese restaurant with the initials A.M., in Bidau, is believed to be the center of drug transactions between the local and foreign drug syndicates. Joni (not his real name) is believed to be the main drug supplier from Bali. He owns a ferry which he uses for transportation between Bali and Java.

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<sup>37</sup> Interview with The Marine Police Commander, Superintendent Lino da S. Saldaha, in Dili headquarter in 4 September 2010.

<sup>38</sup> Interview with The Marine Police Commander, Superintendent Lino da S. Saldaha, in Dili headquarter in 4 September 2010.

<sup>39</sup> Ganewati Wuryandaridkk, *Keamanan di Perbatasan Indonesia-Timor Leste Sumber Ancaman dan Kebijakan Pengelolaannya*, Pustaka Pelajar, Yogyakarta, 2009, hal, 216.

Joni is believed to be a former Indonesian National Army (TNI) officer from Ambon. He was fired for violating many of policies and regulations. Joni also has a connection in Kupang by the name of Jonathan (not his real name). Jonathan has a link to a drug syndicate network, of which many of the members are Indonesian citizens but Timorese by birth and former militia who live in East Nusa Tenggara. They were in charge of couriers from Indonesia to Timor-Leste<sup>40</sup>.

Furthermore, FundasaunMahein's source also said that previously drug syndicates used to choose the sea route and use fishing vessels to smuggle drugs from Indonesia to Timor-Leste. They changed their method after an illegal vessel incident in which a woman died in the Batugade area. The source also explained that they might also use another route to smuggle the drugs but that apparently many of drug smuggling activities are done via Turiskai and Aikesak<sup>41</sup>.

Drug smuggling activities are usually conducted at midnight or very early in the morning. According to some rumors, some Indonesian National Army (TNI) officers, who work in the border, and former militia escorted the smuggling activities across the border.

Rudi (not his real name), a local citizen, said that even though he knew that there is drug smuggling across the border, he is not brave enough to report it to the police because he is afraid of death threats. The transactions are done openly, far differently from when the UN personnel or UNPOL were present and regulated the area strictly.<sup>42</sup>

Moreover, FundasaunMahein's source also explained that many illegal arms, which have been circulated in Timor-Leste, are largely supplied from Indonesia with coordination between an Indonesian citizen and a Timorese citizen with the initials RL. The illegal arms smuggling has occurred since 2006 and is transported via Suai and Atambua<sup>43</sup>.

It should be noted that the smuggling activities done via shortcut through the border are not as prevalent as the smuggling that occurs through the legal route across the border. It has become public knowledge that the main gate opens at 09.00 A.M but many of the trucks, which contained groceries, fuel and also building materials, pass the Indonesia-Timor-Leste border via MotaAin very early in the morning<sup>44</sup>.

It is assumed that illegal goods often pass through the Indonesian-Timor-Leste border freely. On Friday, 23 September 2010<sup>45</sup>, The Chamber of Commerce and Industry of Timor-Leste

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<sup>40</sup>Interview with FundasaunMahein First Source in Dili, 18 August 2010.

<sup>41</sup>Interview with FundasaunMahein First Source in Dili, 18 August 2010.

<sup>42</sup><http://groups.yahoo.com/group/ambon/message/6645>

<sup>43</sup>Interview with FundasaunMahein First Source in Dili, 18 August 2010.

<sup>44</sup> Ganewati Wuryandaridkk, *Keamanan di Perbatasan Indonesia-Timor Leste Sumber Ancaman dan Kebijakan*

*Pengelolaannya*, Pustaka Pelajar, Yogyakarta, 2009, hal:218.

<sup>45</sup>Timor Post, Monday 27 September 2010 edition

(CCI-TL) and National Police of Timor-Leste (PNTL) seized 11 trucks from East Nusa Tenggara, Indonesia, with DH license plates. But the law enforcement officers from both sides, Indonesia and Timor-Leste, set the trucks free because they had allegedly been given bribe money<sup>46</sup>.

Some of the local businessmen from Kupang and Atambua allegedly have been coordinating with rogue law enforcement officials to smuggle goods from Indonesia to Timor-Leste. As a result, their illegal activities effectively became legal in both countries because some rogue law enforcement offices established their own 'regulation' instead of implementing the applicable international law.

All the alleged smuggling activities occurred on the Indonesia-Timor-Leste border. Unfortunately, there is no strong evidence to prove that the smuggling activities are illegal activities because they are done via a legal route<sup>47</sup>.

Regarding the 11 Mitsubishi Fuso Trucks, which carried illegal goods from East Nusa Tenggara, Natalino dos Santos, a parliament member from National Congress for Timorese Reconstruction (CNRT) faction, said the smuggling happened because there was a conspiracy between the law enforcement officers on the border and the Indonesian businessmen to allow the goods to enter Timor-Leste illegally.

Moreover, Natalino urged the relevant ministries to conduct an investigation into smuggling cases with a specific focus on the law enforcement officers, who were in charge on the border, such as custom officers, immigration officers and also border police<sup>48</sup>.

It is odd enough that some vehicles pass through the Indonesia-Timor-Leste border without being checked by any officers. FundasaunMahein's source said that one of the drug suppliers with the initial T.L usually drives from Indonesia to Timor-Leste via MotaAin without being checked by any officers. Therefore he could smuggle drugs to Timor-Leste very easily.

Therefore, it can be concluded that there are law enforcement officers involved in drug smuggling on the Indonesia-Timor-Leste border, where they provide protection for the drug trafficking syndicate<sup>49</sup>.

## **Fighting Against Organized Crime**

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<sup>46</sup>Timor Post, Monday 27 September 2010 edition

<sup>47</sup> GanewatiWuryandaridkk, *Keamanan di Perbatasan Indonesia-Timor Leste Sumber Ancaman dan Kebijakan Pengelolaannya*, PustakaPelajar, Yogyakarta, 2009, hal:218-219.

<sup>48</sup>TVTL in Tele Jornal, Senin, 27 September 2010.

<sup>49</sup>Interview with FundasaunMahein Second Source in Dili, 1 October 2010.

There have been so many efforts to fight organized crime including drug trafficking in Timor-Leste. President of the Democratic Republic of Timor-Leste, Jose Ramos Horta, has refused to compromise and has warned foreigners allegedly smuggling drugs into Timor-Leste. This means that all drug trafficking cases should be solved based on the applicable law<sup>50</sup>.

There has been no complacency towards dealing with drug trafficking cases and this needs to be understood by all personnel of the National Police of Timor-Leste (PNTL) who are still serving in the institution. This is very important because it affects the PNTL assessment on how to fight against drug trafficking, prostitution, money laundering and motor vehicle theft. Hence, PNTL must implement the law the same way to everyone, without being selective.

In order to create consistent law enforcement, PNTL must be able to provide legal certainty and process all the law violations, especially related to organized crime. PNTL must improve their work in handling organized crime cases, including drug trafficking, prostitution, money laundering and also motor vehicle theft<sup>51</sup>.

This is because society depends on the PNTL to do their duty and provide security as law enforcement officers. Since 2002, PNTL has been mentioned in the Constitution of the Democratic Republic of Timor-Leste. The article 147 on the national police and army, paragraph 2, stated that the crime prevention must be carried out while respecting human rights<sup>52</sup>.

It is mentioned that the function of National Police is to provide security and maintain public order<sup>53</sup>. Therefore in order to prevent all the organized crime entering Timor-Leste either via land route, sea route or air route, PNTL must improve their surveillance. For instance, the Marine Police must improve the usage of their vessels and the Marine Police's investigator needs to have a better knowledge about narcotics. In addition, the Marine Police's vessel needs to be equipped with drug screening equipment. In this way they can be effective in breaking the ring of drug trafficking and prostitution in Timor-Leste.

In the near future, Immigration officers, Maritime Police officers and Custom officers should also implement these changes. They can improve and control the prevention of drug trafficking and prostitution entering Timor-Leste either via sea route, land route or air route.

It needs to be understood that to handle drug crimes in Timor-Leste, proper equipment is required to investigate the case, such as tapping equipment, GT-200 drug screening and Vapour Tracer drug screening<sup>54</sup>. With these tools, the entire law enforcement staff,

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<sup>50</sup> Jurnal Nasional Diario, Wednesday 01 September 2010 edition.

<sup>51</sup> <http://kurhadi-hadi.blog.friendster.com/2007/12/maraknya-kasus-narkoba/>

<sup>52</sup> Constitution of the Democratic Republic of Timor-Leste, page 64

<sup>53</sup> M. Khoidin Sadjijono, *Mengenai Figur Polisi Kita*, LaksBang PRESS Indo, Yogyakarta, 2006, page: 69.

<sup>54</sup> <http://www.suarapembaruan.com/News/2006/10/14/Jabotabe/jab06.htm>

including immigration officers, customs officers and PNTL, could conduct effective prevention of organized crime.

## **Conclusion**

Organized crimes have been increasing significantly and dangerously. The sub district Laga, District Baucau, District Suai and Dili, the capital city of Timor-Leste have become the main destinations for international drug trafficking, prostitution, money laundering and motor vehicle theft.

In order to stop the increase in organized crime, the government needs to take firm action in handling organized crime according to the applicable law. This is because there are many possible negative impacts of organized crime toward the society, whether it is in the security aspect, public health aspect, sociology aspect or public psychology aspect.

Fighting against organized crime should not only be the responsibility of the immigration department, National Police of Timor-Leste (PNTL) and the customs department. Money laundering cases also use the banking system, for instance. Fighting organized crime requires the cooperation of the banking system with law enforcement. On the other hand, drug trafficking or human trafficking cases need the involvement of the immigration department. Therefore the involvement of multiple institutions as well as their competence in handling the cases must be increased and improved.

Other than improving competence in their own sector, all these institutions need to work together in fighting against organized crime. The intensive national cooperation, which involves various government institutions, becomes a necessity.

## **Recommendations from Fundasaun Mahein**

- FM 1. In order to avoid misuse of tourist visas, the immigration officer should improve the monitoring of foreigners who are granted tourist visas.
- FM 2. The government and the parliament of Democratic Republic of Timor-Leste must increase the fine and punishment toward foreigners who violated immigration law. Foreigners should pay a fine minimum of 10,000 USD and be quarantined, so they would not do the same action again.
- FM 3. Increasing the international cooperation with neighboring countries such as Indonesia and Australia, in monitoring drug trafficking routes.
- FM 4. The government must conduct regular monitoring of civil servants and the related government institution performance in running their duties, especially those in charge in the Indonesia-Timor-Leste border, harbor or airport to prevent the involvement of rogue civil servants in any organized crime in Timor-Leste.

- FM 5. The government must improve the competence of officers, especially in narcotics and provide proper drug screening equipment. Hence the government could break the drug trafficking ring as early as possible.
- FM 6. The usage of criminal operation system and method must be narrowed toward organized crimes such as drug trafficking and prostitution, especially in breaking the ring and also revealing the organized crime syndicate network.
- FM 7. The government must hold joint training between the National Police of Timor-Leste (PNTL), Immigration Department, Custom Department and also Maritime Police Unit in fighting against drug trafficking. The training should include data understanding related to the source of drug, courier network, distribution network and circulation network.
- FM 8. Timor-Leste must have an extradition agreement on drug trafficking crimes with neighboring countries including Indonesia and Australia, as this agreement currently does not exist.
- FM 9. In order to reduce the number of motor vehicle thefts in Timor-Leste, National Police of Timor-Leste (PNTL) must improve their performance in chasing the motor vehicle theft syndicate.
- FM 10. In order to prevent motor vehicle theft syndicate to sell stolen motorcycles easily, the National Police of Timor-Leste (PNTL) must conduct a regular vehicle raid, whether it comes with authentic vehicle registration documentation or not.
- FM 11. The National Police of Timor-Leste (PNTL) must give a public announcement regularly about the list of raided motorcycles that do not have authentic vehicle registration documents. At the same time, police also must urge the citizens who lost their motorcycle to confirm whether the raided motorcycles are theirs or not.
- FM 12. In the money-laundering bill, the government must add an important point: banks have an obligation to report suspicious financial transactions to the authorities.
- FM 13. Government must work together with any International Banks and National Banks that operate in Timor-Leste to create a banking security system to prevent the practice of money laundering.
- FM 14. The government must conduct an in depth investigation and audit any national and international companies that operate in Timor-Leste because there is a possibility that any company may be involved in illegal business, human trafficking and other organized crime. Other than that, the government must also monitor the migrant worker movement in Timor-Leste, especially in regard to their activity, background and also their previous employer or institutions.
- FM 15. The government must establish an integrated security system in the border of Indonesia-Timor-Leste, especially among the law enforcement officers as well as local leaders who live in the border. The law enforcement officers and the local leaders would be able to share any information related to organized crime, which occurs both in Indonesia or Timor-Leste. In that way, the government would be able to find out who is involved in any organized crime on the border. The government should provide a proper salary so they would not involve themselves with any organized crime. By monitoring their performance properly, the government could prevent the spread of organized crime in Timor-Leste.

FM 16. In order to prevent the falsification of documents by organized crime syndicates, the government must identify anyone who uses a border pass or passport to enter or exit Timor-Leste via border gates.

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