



Transnational Crime activities at the international border between Timor-Leste and Indonesia

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Photo: timoragora.blogspot.com

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Introduction

In 2010, a report by Fundasaun Mahein (FM) identified the land border of the Republic of Indonesia (RI) and the Democratic Republic of Timor-Leste (RDTL), as an area which is used by organized crime groups (OCG's) for their illegal activities. This has included cross-border infiltration by air, land and sea, as these OCG's know that the border territory is porous and easy to cross, due to a lack of control by security authorities, who lack the equipment, facilities and capacity for detecting and preventing illegal border crossings.¹ FM has previously recommended that both the RDTL and RI enact stronger joint border control mechanisms to deter and counter the activities of OCG's engaging in transnational crime across their shared border.

Apart from OCG activities, FM has also identified that illegal border crossings are occurring in communities on both sides of the border, due to family and cultural reasons, which is undermining and ignoring the standing legal process for crossing over the RDTL/RI border. Security actors on both sides of the border are facilitating and acquiescing to this rationale for subverting policy on border control, which is effectively allowing members of communities in both the RDTL and RI to use this rationale to conduct cross-border business activities illegally.²

Over the last 5 years FM has monitored the activities of OCG's conducting transnational crime across the RDTL-RI frontier, and noted that their ability to do this is due to the porous border and a lack of security which allows these OCG's to operate across the border unimpeded. FM's 2016 report on Human Trafficking, also indicated that an Indonesian citizen and a Timorese citizen suspected of involvement in human trafficking, and the Timorese citizens they are suspected of trafficking, have used the the RDTL-RI land border as their point of transit.³

A report from Indonesia which has become controversial in Timor-Leste over the last five years indicates that Timor-Leste is becoming a *transit* country for drug trafficking by OCG networks, with the destination being Indonesia after transit through the shared RDTL-RI frontier.

In mid 2016 Indonesian observers suspected that two containers disappeared from Dili port containing weapons for the Free Papua Movement (OPM) in West Papua and communists in Indonesia, and warned Indonesian authorities to strengthen

¹Relatóriu Fundasaun Mahein (2010). Operasaun Krime Organizadu iha Timor-Leste. Dili. Disponivel iha: http://www.fundasaunmahein.org/wp-content/uploads/2010/11/mahein_nia_lian_no14_101110indonesia.pdf

²Relatóriu Fundasaun Mahein (2013). Jestau Fronteira no Kontrolu Migratoriu. Dili. Disponivel iha: http://www.fundasaunmahein.org/wp-content/uploads/2013/02/MNH_no-03_13022013Tetun.pdf..pdf

³Relatóriu Fundadaun Mahein (2016). Trafiku Umanu iha Timor-Leste. Dili. Disponivel iha: <http://www.fundasaunmahein.org/wp-content/uploads/2016/08/MNL-116-Trafiku-Umanu-Final-1.pdf>



security measures along the RDTL-RI frontier.⁴Even though these accusations are unverifiable, it is clear that the RDTL-RI frontier is at risk for transnational criminal activities.

Contraband activities along the RDTL-RI border became a focus issue for FM in early 2017, after FM's monitoring at the end of 2016 identified that the RDTL-RI frontier continues to face security gaps which are exploited by OCG's. Therefore, the focus of this report is on the use of illegal credit schemes orchestrated by OCG's and the smuggling of stolen vehicles.

Methodology

The methodology for this report derives from monitoring of national and international media during the period of 2012-2016 that considered transnational criminal activities that exploited the shared RDTL-RI frontier. This facilitated monitoring and investigation by FM staff in the field, in order to identify the process behind the different forms of transnational criminal activities that are occurring.

This process was followed by a *Security Sector Discussion*(SSD). This method involves FM research and executive staff discussing and analyzing the data that is collected and determining essential policy recommendations.

Business with Illegal Credits

At the end of 2016, FM's monitoring in Covalima identified suspects from Atambua-Indonesia and Covalima -Timor-Leste, where an OCG created a credit system for clients requiring local currency to establish businesses. However, before they receive such credits they have to fulfill the criteria to be a member by collecting an administration fund. The credits are lent from a company based in Atambua - Indonesia called COMPANHIA MITRATIN GROUP Lda, run by an Indonesian citizen (a Timorese refugee who lives in Atambua) who works as the commissary for the company, and its board in Dili is led by a Timorese man as program manager. Their clients are based in Ainaro, Bobonaro and Covalima Districts. This company while lending credits to its clients, also seeks to recruit new ones. Yet, FM has determined that the company has no licence for performing such activities, and consider it to be illegal, as it manipulates its clients in for its own financial benefit.

1. Suspected Company operating illegally

Name	: COMPANHIA: MITRATIN GROUP, Lda.
Commissary of the Company	: Armando Ximenes (Indonézia)
Program Manager	: Mariana Gusmão (Timor-Leste)
Contact Number	: 77313810/76123730

⁴Replita Online, Maiu 2016. Disponivel iha: <http://www.replita.com/indonesia-perlu-kewaspadaan-adanya-dua-contener-senjata-hilang-dipelabuhan-dili-timor-leste/>



Central Base : Atambua – Indonézia
Branch in Timor-Leste : Surikmas, Dili, Timor-Leste

According to company staff as well as victims who were recruited by the company, the name of the company was COMPANHIA: MITRATINDO GROUP Lda, which was then changed to COMPANHIA: MITRATIN GROUP Lda. (Hereafter referred to as the Company).

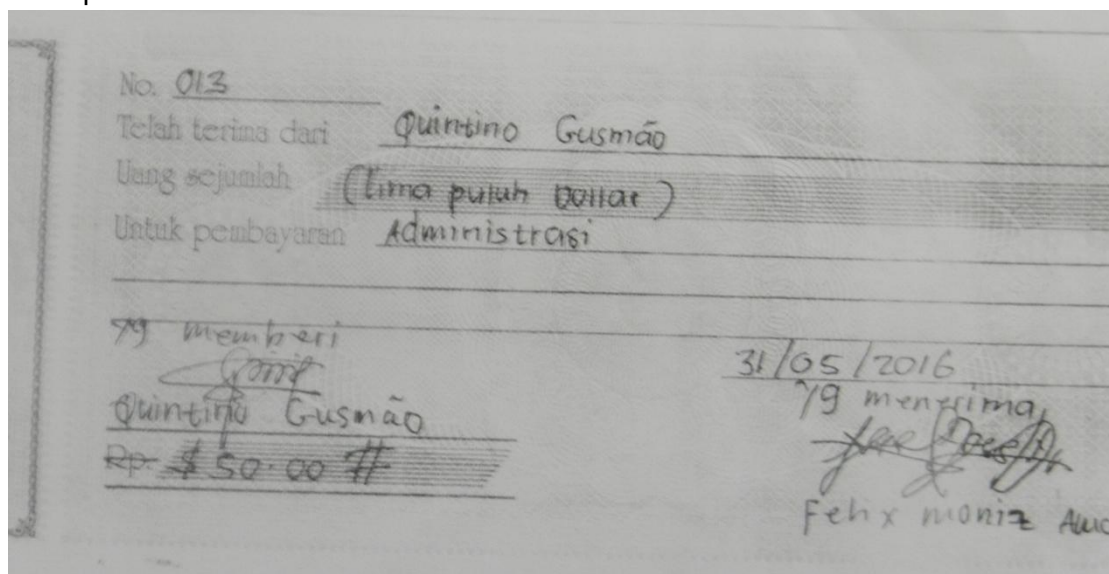
The Commissary of the Company, identified as Armando Ximenes (a Timorese man who was a refugee in Atambua in 1999 and then became an Indonesian citizen) runs the organisation out of Atambua, Indonesia. The program manager, Mariana Gusmao, a Timorese citizen from Lohorai, Suai, is the person responsible for running operations in Dili, out of Surikmas, Dili. She was responsible for recruiting staff and clients for Company operations in Ainaro, Bobonaro and Covalima municipalities, as well as other municipalities.

Victims that spoke with FM declared that Company officials recruited staff in Cova Lima municipality, and sought clients by offering credits for business start-ups, based on the following criteria:


- a) Clients will receive credits for basic start-up costs
- b) Clients will receive credits for the purchase of equipment
- c) Clients will receive credits for construction materials

The implication is that the Company will provide financial credits for its clients. However, to receive these credits, clients must register as members of the Company first and make a deposit of US\$50 as an administration fee. Clients are then required to reimburse the Company for these credits on a step-by-step payment plan.

Receipt of Administration Fee from COMPANY: MITRATIN GROUP Lda



Mandatory registration form for members of COMPANY: MITRATIN GROUP Lda


COMPANHIA : MITRATINDO GROUP Lda

BUKTI REGIS ANGGOTA UNTUK MENJADI ANGGOTA SUB DISTRIBUTOR

Nama : Quintino Gusmão

No.KTP : 0276010

Alamat : Takaco Foot

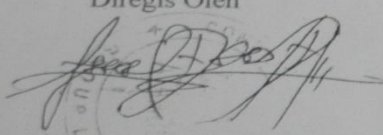
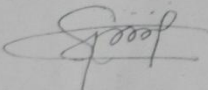
No. Telp : 75732120

Pekerjaan : perofessor / Guru

Anggota Mitra Untuk Usaha : Sembako

Jumlah Modal Investasi \$: 1005.75

Data 31 / 05 / 2016

Diregis Oleh  <u>(Felix Moniz Amaral)</u> Ketua Paket	Calon Anggota  <u>(Quintino Gusmão)</u> Anggota
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Before receiving the financial credit from the Company, clients first have to submit a list of the proposed materials required, which the Company will import from Atambua, then deliver to its clients. However, victims declared that no such process took place, and that the Company's program manager took their administration fee whilst failing to deliver the agreed credits.

2. Staff and Clients both victims of the Company

According to Company staff and clients, the number of clients registered as members number over 50. Company staff further stressed that they were unsure of the total number of clients, as these documents are all in the possession of the program manager, Mariana Gusmao. FM identifies that staff recruited by the Company in Cova Lima include:

- 1) Felix Moniz Amaral
- 2) Elvira Pereira
- 3) Gaspar
- 4) Mariano
- 5) Bonifacio
- 6) Rui
- 7) Natalino

8) Tome do Rosario (*Ran a successful team for MITRATIN GROUP Lda Company; but wasn't contracted with the Company.*)

According to Company staff interviewed by FM, all staff were victims, with some staff receiving no salary, some only partial salary and some no payment at all. These 7 staff signed a three month probationary employment contract for the period of May 2016 – August 2016. However, the Company only provided salaries for one month, with 2 staff receiving \$100, 3 staff receiving \$100 and 2 staff receiving no payment at all. These staff declared that when they signed the contract, they were not given a copy of the contract by the program manager and were only given a staff ID. Below is an example of the ID provided.

Official ID Card of the Company MITRATIN GROUP Lda



Whilst working, these staff asked the program manager regarding the Company's legal standing and licensing, yet they were told that "we will get the license later, just focus on your jobs as that the license was not important". The staff also asked to meet the Commissary of the Company, Armando Ximenes, but were told that "no staff will be able to meet him as he is too busy".

Furthermore, these staff indicated that if they worked for a full day without developing any clients, they were verbally abused and threatened with dismissal by the program manager. They were urged to develop 25 clients a week, and if they did not their administration fee would be taken. The program manager disappeared with their administration fees soon after.

Those interviewed by FM also indicated that during their time working with the Company, Mariana Gusmao, Armando Ximenes and 3 Indonesian citizens named



Yano, Fridus and Edy had imported basic materials to sell in Dili via vehicle after crossing the RDTL-RI frontier illegally at Mota-Masin, Cova-Lima. When questioned in regards to the legal documentation and license, all 3 Indonesian citizens indicated that there was no documentation as the documents were still being processed in Atambua-Indonesia.

3. Summary of Illegal Activities

Based on the data collected FM considers that:

- 1) MITRATIN GROUP Lda is an illegal company that deceives its staff and clients for its own financial gain
- 2) Armando Ximenes (Indonesian) and Mariana Gusmão (Timorese) used the Company for their own financial benefit.
- 3) Company staff are also victims because Armando Ximenes and Mariana Gusmão used them to recruit clients, whilst failing to pay their stipulated salaries
- 4) Armando Ximenes and Mariana Gusmão benefited from the administration fees collected from clients
got are money of the administration fee (\$50) from clients.
- 5) There are likely more victims of both (Armando Ximenes and Mariana Gusmão) apart from those identified in this report
- 6) Mariana Gusmão lives in Dili, but has still been unlocatable by Company staff and clients
- 7) The Company staff feel traumatised by these events, as they were threatened by clients from whom they had collected the administration fee from, and these funds and their employers have disappeared, with no compensation for either staff or clients
- 8) Staff declared that more than 50 clients in Cova Lima municipality had paid the administration fee
- 9) There are likely more victims from Ainaro, Bobonaro and other undisclosed municipalities, as the program manager informed Company staff that there were clients in these municipalities as well
- 10) Rent has not been paid for a building rented by the Company in Suai-Covalima, with the owners demanding payment from Company staff
- 11) Company staff declared that Armando Ximenes and Mariana Gusmão along with 3 Indonesian citizens illegally imported materials via vehicle from Mota-Masi, Covalima. These staff suspected that this illegal importation was facilitated by individuals from the Indonesian National Armed Forces (TNI), Indonesian National Police (POLRI), Indonesian Customs and the Border Patrol Unit (UPF) of the PNTL.



Illegal Vehicles

FM identified as well around 6000 vehicles (cars and motorbikes) imported from Indonesia illegally to Timor-Leste from 2000 through to 2016.⁵ The majority of these vehicles cross the border at security checkpoints, facilitated by security authorities at the border.⁶ FM understands that these vehicles are being stolen by OCGs in Indonesia, who rent the vehicles in Java then transport them to the province of Nusa Tenggara Timur (NTT), from where they are moved across the RI-RDTL border.

1. Base of Operations, networks and methods of Organised Crime Groups

Indonesian media reports that the Indonesian security authorities have arrested numerous suspects purported to be involved in these activities, who were arrested when attempting to send the vehicles from Java to NTT, Kupang. Despite this, the illegal importation of stolen vehicles has continued. FM has identified that these OCG's operate out of Jogjakarta and Kupang, Indonesia, and acquire their vehicles through rental car dealerships in Java.

These OCG's have a common modus operandi for their operations. For example, an OCG is established as a company through the use of falsified documents. They rent an office as a legitimate front for their operations, and propose payment plans to the dealerships for the purchase of vehicles. After this, the dealers inspect their office to certify the company's existence, legal standing and activities. After this process is completed, the dealers provide a line of credit for the OCG's rental of vehicles. Once these vehicles are delivered they are immediately transported by the OCG's to East Indonesia (Kupang) by their field operatives. Following this, the office posing as a legitimate front is vacated by the OCG, with no payment having been made for the stolen vehicles.

These vehicles are then moved from Kupang to Atambua along the RDTL-RI frontier, and moved across the border whilst the main border crossing is closed. Data collected by FM indicates that these illegal border crossings are facilitated by these OCG's working in collusion with both Indonesian and Timorese security actors, who are bribed with between Rp 5-20 million. After taking these bribes and facilitating the cross-border smuggling of these stolen vehicles, security actors are said to hand over vehicles to customers from Timor-Leste who have waited at the border territory Mota-Ain of RI – RDTL.⁷

⁵6000 Kendaraan dari Indonesia Masuk Secara Ilegal ke Timor Leste. Loron 23 Julu 2016. Disponivel iha: <http://news.okezone.com/read/2016/07/23/340/1444944/6-000-kendaraan-dari-indonesia-masuk-secara-ilegal-ke-timor-leste>

⁶MetroTv, 13 November 2014. Penyuludupan 6000 mobil ilegal dari Indonesia ke Timor-Leste: disponivel iha: <https://www.youtube.com/watch?v=XQs7gtqjYM4>

⁷MetroTv, 13 November 2014. Penyuludupan 6000 mobil ilegal dari Indonesia ke Timor-Leste: disponivel iha: <https://www.youtube.com/watch?v=XQs7gtqjYM4>



2. Sale of stolen vehicles in Timor-Leste

Local Indonesian media reports that these OCG's are stealing Avanza and Xenia model vehicles, which upon arrival in Dili, are sold for between US \$7500 and \$12 000, with their number plates changed from Indonesian registration to that of Timor-Leste.⁸ Whilst the PNTL recognises that these vehicles are sent to Timor-Leste illegally, in 2016 only one vehicle was apprehended by Indonesian security forces whilst passing through Atambua, whilst the PNTL failed to apprehend any stolen vehicles or OCG operatives.⁹

The PNTL has an agreement with Indonesian National Police (POLRI) to combat contraband activities on the RI-RDTL border. However, it has proven difficult for them to identify those stolen vehicles once they have been smuggled into Timor-Leste. FM also believes that these vehicles are not only purchased by individuals, but by powerfully placed individuals and groups within Timor-Leste. That the majority of vehicles pass through security checkpoints on both sides of the RI-RDTL border signifies that the elements within the security forces on both sides of the border are complicit in these illegal activities, and directly facilitate the movement of contraband goods by OCG's.

This illegal smuggling racket may be being used to generate additional income for customers buying these vehicles in bulk orders in Timor-Leste. Therefore, the PNTL should be actively seeking to identify the vehicles involved in these transactions, in order to identify those individuals and/or groups who are taking advantage of this for their own self-interest. Increased monitoring of cross-border vehicle traffic would be the best means of determining their delivery locations, those responsible for distribution and their customers.

It also essential that the agencies responsible for vehicle registration, and the purchase and distribution of state vehicles, The National Directorate of Land Transportation (DNLT) and The Ministry of Public Reconstruction, Transport and Communications (MOPTR), use the mechanisms available to them to verify that vehicles delivered with "Kareta Estada" (State Car) markings are actually purchased legitimately.

The Memorandum of Understanding (MoU) signed in 2009, between the POLRI and the PNTL to combat transnational crime along the border also needs to be strengthened, towards effective implementation on both sides of the border.

⁸MetroTv, 13 November 2014. Penyuludupan 6000 mobil illegal dari Indonesia ke Timor-Leste: disponivel iha: <https://www.youtube.com/watch?v=XQs7gtqjYM4>

⁹Komandante PNTL Departamentu Tranzitu no Seguransa Rodoviaria Nasional hato'o iha diskusaun ne'ebé organiza husi Diresaun Nasional Seguransa Rodoviaria – Ministériu Interior.Dili, Janeiro 2017.



Recommendations

1. Security authorities of RI and RDTL need to strengthen coordination and cooperation, in terms of management, detection and control along the border territory between RI and RDTL.
2. Security authorities of Timor-Leste must continue to investigate the cases described above, towards identifying those involved, inclusive of OCG members, complicit security actors, and purchasing agents and customers knowingly engaging in illegal activities



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