

Payment of Replacement Money in the Execution of Corporate Assets Based on Bankruptcy Law

Lingga Nugraha¹ , Evita Isretno Israhadi² 

¹ Universitas Borobudur, Indonesia

² Universitas Borobudur, Indonesia

ABSTRACT

Background: This study examines the legal framework governing the payment of compensation in the execution of corporate assets declared bankrupt under Indonesian bankruptcy law. The research highlights issues such as payment prioritization, creditor protection, and dispute resolution in cases involving bankrupt corporate assets. Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations serves as the primary legal reference.

Objectives: The primary objective is to analyze the application of existing legal provisions related to compensation payments in bankruptcy cases. It also seeks to identify challenges in executing bankrupt assets and propose solutions to improve legal certainty and fairness for creditors.

Methods: This research employs a normative juridical approach, utilizing legal statutes, court decisions, and scholarly literature to analyze bankruptcy law. A qualitative method is applied to explore the interpretation and application of legal norms.

Research Findings: The findings reveal that challenges such as ambiguity in payment prioritization, inconsistent creditor protection, and lengthy dispute resolution processes hinder the effective execution of bankrupt assets. These issues impact the equitable distribution of corporate assets among creditors.

Conclusion: A clearer legal framework is essential to protect creditors' rights and ensure the execution process aligns with justice principles. Improved clarity in legal provisions can mitigate existing challenges.

KEYWORDS

Asset Execution, Bankruptcy Law, Compensation Payment, Creditor Rights, Legal Framework.

Citation: Nugraha, L., & Israhadi, I, E. (2024). Payment of Replacement Money in the Execution of Corporate Assets Based on Bankruptcy Law. *Rechtsnormen Journal of Law*, 2(4), 411-421.

<https://doi.org/10.70177/rjl.v2i4.1649>

Correspondence:

Lingga Nugraha,
lingganugraha1319@gmail.com

Received: December 7, 2024

Accepted: December 17, 2024

Published: December 30, 2024

INTRODUCTION

Bankruptcy law plays a vital role in the dynamics of business activities. As a function of law, it provides protection and certainty in every aspect of life and legal relationships, and bankruptcy law works to ensure the certainty of debt dispute resolution among business actors. This law regulates the protection of the interests of each party involved in the dispute. The object of bankruptcy legal disputes, according to the definition and objectives, is debt and more than one creditor as stipulated in the provisions of Article 2 of the Bankruptcy Law and Suspension of Debt Payment Obligations (UUK-PKPU).



This fundamental requirement regarding debt and the number of creditors must be more than one serves as a fundamental condition for filing a bankruptcy petition against a debtor to be examined and decided by the Commercial Court. When the execution of bankrupt assets begins, it should be noted that separate creditors, as holders of property guarantees, have the privilege to execute independently against the bankrupt assets that are the object of their guarantees. After the bankruptcy decision is issued, the settlement of bankrupt assets follows (Ritter, 2024). Specifically, if during the Suspension of Debt Payment Obligations (PKPU) process the debtor's peace proposal is rejected, or in bankruptcy cases where the debtor does not submit a peace proposal, then according to the provisions of Article 178 of the Bankruptcy Law and PKPU (UUK-PKPU), a state of insolvency occurs.

In the bankruptcy process, two parties are authorized to file for execution, namely: a). The curator, and b). The separate creditors (holders of property guarantees) (Kumar, 2024). After the bankruptcy decision is made, separate creditors are allowed to execute their assets independently without involving the curator.

However, if within two months after the state of insolvency, the separate creditors have not executed or failed to execute their assets, based on the UUK-PKPU provisions, the right to execute will be taken over by the curator (Liu & Shen, 2024). The issue that arises is that the bankrupt assets of the debtor cannot be left without execution, as the rights of other creditors are also involved in the process. In this context, we turn to a more complex issue, namely the criminal act of corruption involving corporations (Jadiyappa & Kakani, 2023). Combating corporate crime requires the implementation of a comprehensively designed strategy, as conventional methods are no longer sufficient. The presence of bankrupt assets in the context of corporations involved in corruption adds a layer of complexity, as they not only function to settle debts but also to restore losses caused by these illegal acts.

Therefore, extraordinary measures are needed to tackle the complexities of corporate corruption. Law enforcement against corporate corruption crimes is a repressive step aimed at realizing legal objectives, namely justice, utility, and legal certainty (Singh, 2024). In this context, Radbruch's theory of priority, where justice is prioritized above all, followed by utility, and then legal certainty, becomes highly relevant. This shows that in tackling corruption, law enforcement must focus on recovering state losses and protecting the rights of other creditors, thus creating a climate of greater justice and legal certainty in the corporate environment. It is further noted that the eradication of corporate corruption necessitates a comprehensive approach since traditional methods are inadequate (Jadiyappa & Shrivastav, 2022). Therefore, extraordinary measures must be adopted to address the complexities of corporate corruption. The enforcement of law against corporate crime serves as a means to achieve the legal objectives of justice, utility, and legal certainty. Radbruch's priority theory suggests that justice is the primary concern, followed by utility, and lastly, legal certainty.

The execution of additional criminal sanctions, namely payment of compensation by the Indonesian Attorney General's Office, does not operate seamlessly and its results remain suboptimal. In some cases, the execution of compensation payments cannot be performed for years (Al-Sarraf, 2020). According to data from the Financial and Development Supervisory Agency, the resolution rate for compensation payments only reaches approximately 31.38% of the total compensation determined by the court. The Attorney General often faces obstacles in executing corporate assets, especially since these assets are used as debt guarantees for creditors, leading to specific legal issues. In conditions where it is not possible to execute corporate assets as a form of

payment of replacement money, then another legal instrument is needed that functions more optimally by using the bankruptcy law instrument (Parry & Long, 2020). The problems that will be analyzed in this article are the obstacles faced by the Prosecutor's Office in executing replacement money in corruption cases and the use of bankruptcy law in executing corporate assets as convicts in corruption cases.

RESEARCH METHODOLOGY

This research employs a legal approach or statute approach, which refers to a process of finding legal rules, principles, and doctrines to answer legal issues concerning the barriers faced by the Attorney General in executing compensation for corruption cases (Işık, 2021). Additionally, a case approach is used to analyze and examine guidelines for legal problems regarding the use of bankruptcy law to execute corporate assets as they relate to criminal corruption cases (Singh, 2024). Furthermore, a conceptual approach is undertaken based on the views and doctrines developed by legal scholars.

RESULT AND DISCUSSION

The Use of Bankruptcy Law in Executing Corporate Assets as Convicted Entities in Corruption Cases

Bankruptcy serves as a solution for debtors unable to fulfill their obligations to creditors. The debtor's inability to pay debts that have become due makes bankruptcy law an appropriate legal instrument for resolution (Sadeghi & Kibler, 2022). Thus, bankruptcy law is viewed as a mechanism for resolving debt disputes that can be executed quickly, efficiently, and transparently. Bankruptcy refers to a condition where a debtor cannot meet their debt obligations to creditors. In this situation, the debtor faces a serious financial difficulty that hinders them from continuing normal business activities (Damaraju dkk., 2021). Bankruptcy law functions as a solution for debtors experiencing insolvency, providing a framework to manage debt and obligations in an organized manner. Through the bankruptcy process, debtors can obtain protection from legal actions that creditors may initiate, while also providing an opportunity to restructure their debts and restart their business activities.

One of the primary advantages of bankruptcy law is its capability to quickly and efficiently resolve debt disputes (Rastogi & Kumar, 2024). This process is conducted in a court that has the authority to supervise and manage debt settlement. In many cases, the court may appoint a curator responsible for managing the debtor's assets and distributing the proceeds to creditors. With curatorial oversight, the debt resolution process can be implemented more transparently and systematically, thereby reducing potential conflicts among creditors. Moreover, bankruptcy law creates legal certainty for all parties involved. Creditors are assured that they will be treated fairly in the debt settlement process, while debtors have the opportunity to protect their crucial assets from unplanned seizing (Bose dkk., 2021). This also fosters confidence in the market, as it demonstrates that a clear legal mechanism exists to resolve debts and provide protection to honest but financially troubled debtors. Thus, bankruptcy law benefits both debtors and creditors while contributing to overall economic stability.

Essentially, bankruptcy law is a mechanism for general seizure of all assets of the bankrupt debtor, whether presently existing or future, with the primary aim of selling these assets to pay the debtor's debts proportionally (prorate parte) in accordance with creditors' priorities (Martínez Muñoz, 2022). It is hoped that bankruptcy law will facilitate an equitable and proportional distribution of the debtor's assets among the creditors, aside from ensuring that some creditors, as

stipulated by law, have priority in receiving their debt payments. This guarantees the interests of all parties and safeguards payment security (Mazumdar & Rastogi, 2021). The execution of general seizure must also avoid separate executions by creditors, meaning that all creditors must act collectively (*concursum creditorium*) following the principles outlined in Article 1132 of the Indonesian Civil Code.

Bankruptcy law serves as a structured mechanism for resolving debt problems faced by bankrupt debtors. This process entails a general seizure of all debtor assets, both existing and anticipated in the future (Heuer, 2020). The primary objective of this law is to sell the assets and utilize the proceeds to satisfy the debtor's obligations proportionately to the creditors, ensuring that each creditor receives a fair share according to the legal priority established. The division of the debtor's assets through bankruptcy law is expected to minimize injustices often arising in bankruptcy situations. In practice, some creditors may have the right to be prioritized in receiving payment of their debts (Gan dkk., 2021). This provision is significant, as it aims to protect their interests in compliance with legal stipulations. In this case, bankruptcy law provides clarity and certainty regarding payment priority, further enhancing creditors' trust in the legal system.

The regulations concerning bankruptcy in Indonesia have undergone several changes, beginning with the *Faillissements Verordening Stb. 1905 No. 217* jo *Stb. 1906 No. 348*, leading up to the final revision under Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (Bankruptcy Law and PKPU). Several factors motivating these revisions include: First, to prevent the seizure of debtor assets in the event multiple creditors claim debts simultaneously (Bolek & Szymańska, 2023). Second, to avoid secured creditors from selling debtor assets without considering the interests of other parties. Third, to prevent potential fraud perpetrated by creditors or the debtor themselves. Changes to bankruptcy regulations in Indonesia aim not only to provide legal certainty in resolving debt disputes but also have implications for handling corruption cases involving corporations. In this context, corporate corruption can be categorized within the violations outlined in the Republic of Indonesia Law Number 31 of 1999 on Eradication of Corruption Crimes, later amended by Law Number 20 of 2001. This classification encompasses various illegal acts that could harm state finances, including acts related to bribery, embezzlement in office, conflicts of interest in procurement, and other fraudulent actions (Borowicz, 2022). By understanding these types of corruption crimes, it is hoped that law enforcement processes can be carried out more effectively and comprehensively, both in bankruptcy contexts and in efforts to combat corruption in the corporate sector.

Utilizing bankruptcy law to execute corporate assets involved in corruption cases represents a strategic step aimed at recovering state losses and ensuring justice for creditors (Toha & Retnaningsih, 2020). In this context, bankruptcy law operates not just as a mechanism for settling debts, but as a tool for enforcing law and accountability within corporations. When a corporation engages in corruption crimes, the financial impacts are often extensive for both the state and society. Therefore, the implementation of bankruptcy law enables curators to seize and manage the assets of these corporations, allowing those assets to serve as a source for paying compensation or damages mandated by the court (Gaffar dkk., 2024). By executing planned seizures, bankruptcy law helps avoid unilateral actions by creditors, thereby rendering the debt resolution process more equitable and coordinated.

One challenge in applying bankruptcy law to corruption cases is asset tracing. Corruption is often accompanied by efforts to conceal or relocate assets beyond the reach of law. In this regard, the curator's role becomes essential, as they possess the authority to conduct thorough investigations to identify and locate executory assets (Chen dkk., 2020). By employing existing

legal instruments, curators can conduct comprehensive asset tracing to ensure that all bankrupt debtor properties can be utilized to meet obligations. Moreover, enforcing bankruptcy law in the context of convicted corporate entities for corruption sends a clear signal to society that corruption crimes will face severe repercussions (Gilo Gómez, 2021). This process not only enforces the law but also contributes to systemic reforms in corporate governance in Indonesia. By emphasizing accountability and transparency, it is hoped that corrupt practices may diminish in the future, thus fostering a healthier and fairer business environment.

To achieve greater legal certainty, changes to bankruptcy regulations in Indonesia must also be understood within a broader context: the handling of corruption cases involving corporations. When corporations engage in corrupt practices, the consequences extend beyond financial losses, disrupting the integrity of the entire legal system (Ece Oba, 2023). Thus, understanding the types of corruption crimes categorized under the Republic of Indonesia Law Number 31 of 1999 and revised by Law Number 20 of 2001 is crucial.

This classification of corruption cases includes various illegal acts that can harm state finances, ranging from criminal acts that cause financial losses to bribery and embezzlement in office. In this case, a comprehensive understanding of the types of corruption crimes is very crucial, both for more effective law enforcement and for resolving debt problems through bankruptcy mechanisms. With this systematic approach, it is hoped that efforts to eradicate corruption in the corporate sector can be carried out more comprehensively and integrated, thus creating a positive impact on economic stability and public trust in the legal system in Indonesia. (Schoenherr & Starmans, 2022) Corruption cases in corporations are divided into types of corruption crimes regulated in Law of the Republic of Indonesia Number 31 of 1999 concerning the Eradication of Corruption, which has been amended through Law of the Republic of Indonesia Number 20 of 2001 concerning Amendments to Law Number 31 of 1999, grouped into several categories: a). Crimes resulting in financial losses to the state; b). Bribery offenses; c). Embezzlement conducted in office; d). Conflicts of interest in procurement; e). Fraud offenses; f). Extortion; g). Gratification.

Article 20 of the Corruption Eradication Law clearly states that corporations involved in corruption can be prosecuted and sentenced to criminal penalties. This applies if the crime is committed by individuals acting based on employment relationships or other relationships, either individually or together, in a corporate environment. This provision is reinforced by Article 4 of Supreme Court Regulation Number 13 of 2016 concerning Procedures for Handling Criminal Cases by Corporations, which states that corporations can be held criminally liable in accordance with the applicable corporate criminal provisions in the law. Corporate criminal liability is an important issue in criminal law in Indonesia and continues to develop to this day. There are several theories or doctrines that underlie thinking about corporate criminal liability. The theory of identification or direct criminal liability, argues that corporations can commit crimes through their managers who act on behalf of and for the interests of the corporation so that they are seen as representatives of the corporation itself. The theory of strict liability emphasizes that criminal liability is imposed without the need for proof of fault. The theory of vicarious liability applies criminal liability to a person for the actions of another person. Aggregation theory states that criminal responsibility can be imposed on a legal entity if the crime is committed by several people who together fulfill the elements of a crime that are interrelated.

Corporate criminal liability is becoming an increasingly relevant issue in the Indonesian criminal law system, given the significant role played by corporations in various sectors. As awareness of corrupt practices and violations of the law at the corporate level increases, the concept of criminal liability for this legal entity needs to be well understood. There are several theories or

doctrines that underlie thinking about corporate criminal liability, each of which provides a different perspective on how and when a corporation can be held accountable for illegal acts committed by individuals within it. The first theory is the identification theory or direct criminal liability. This theory argues that a corporation can be considered to have committed a crime through the actions of its management, who act on behalf of and for the benefit of the corporation. Thus, management who commits a crime in carrying out their functions in the company can be seen as a representation of the corporation itself. This emphasizes the importance of the role of management in determining corporate criminal liability, as well as how their actions can lead to legal consequences for the corporate entity.

The second theory is strict liability, where criminal liability can be imposed on a corporation without the need to prove any wrongdoing. This means that a corporation can be held accountable for the crimes it commits, regardless of whether or not they have the intent. This concept is often applied in cases involving regulatory violations, where compliance with the law is important. Next, there is the theory of vicarious liability, which states that an individual can be held criminally liable for the actions of another person, in this case, the actions of an employee or director of a corporation. This means that if an employee commits an illegal act in his or her employment capacity, then the corporation can be held liable for that act (De Los Bueis Castañares, 2021). This theory creates a link between the individual and the corporation and shows that the corporation cannot escape the actions of its employees in carrying out their duties. Finally, the aggregation theory emphasizes that criminal liability can be imposed on a legal entity if the crime is committed by several people who together fulfill the elements of an interrelated crime. In this case, collaboration between individuals within a corporation in committing an illegal act can make the corporation liable. Thus, these theories provide a framework for understanding and implementing corporate criminal liability in Indonesia and are essential for the development of more effective legal policies in preventing and addressing corruption and other violations of the law in the corporate sector.

Corporate criminal liability is a crucial aspect of law enforcement against corruption, which has a significant impact on state finances. When a corporation is involved in a criminal act of corruption, either through the actions of management who carry out their functions on behalf of the corporation or through the collaboration of individuals within it, the corporation's responsibility to provide compensation becomes important. This is closely related to efforts to restore losses caused by acts of corruption (Tuzovskij, 2021). Compensation in corruption cases is contained in Article 2 Paragraph (1) and Article 3 of the Corruption Eradication Law, which identifies various impacts of corruption on state finances, including corruption tends to increase public spending due to manipulation practices carried out by high-ranking officials. Corruption can change the composition of government spending from operational and maintenance to spending on purchasing new goods; Corruption has the potential to shift the composition of spending on public projects to development activities that do not directly benefit the public. Corruption will reduce the productivity of public investment and infrastructure, and corruption will have a negative impact on tax revenues.

Replacement money is the amount of money that is truly "enjoyed" by the defendant from the proceeds of the corruption crime that he/she committed, and the amount must be clear. That replacement money is the amount of money that must be paid by the party that enjoys it, and its nature is only as a replacement for what has been used so the term "joint" is not known in the context of payment of replacement money (Jing, 2024). Replacement money follows the nature of the principal crime, which means that after proof of the act of corruption that harms state finances,

all assets obtained from the crime will be withdrawn as replacement money. This aims so that what has been enjoyed by the defendant can be returned to the state as the injured party.

Obstacles and Efforts Faced by the Prosecutor's Office in Executing Replacement Money in Corruption Cases

Asset tracing in corruption cases presents one of the most significant challenges for the Attorney General. Many defendants attempt to evade legal consequences by concealing assets obtained from these crimes. Common tactics include shifting assets to hard-to-trace offshore accounts, establishing shell companies lacking real activity, or registering assets in the names of third parties. Such actions aim to obscure the trail and protect their wealth from lawful execution. The process of tracing hidden assets requires not only a high level of investigative expertise but also advanced techniques and tools for evidence collection (Hardman, 2021). The Attorney General must collaborate with various domestic and international agencies to obtain accurate and relevant information. This cooperation may involve banks, financial monitoring institutions, and other legal entities in foreign jurisdictions to gain access to suspicious account or transaction information. Naturally, this is a lengthy and complex process often hampered by the differing regulations of each jurisdiction.

Additionally, limitations in resources concerning time, manpower, and funding can hinder asset tracing initiatives. The Attorney General frequently faces competing case priorities that also demand attention. As such, the resources available for tracing corruption assets can be severely restricted. This limitation can lead to delays in legal proceedings and ultimately reduce the likelihood of recovering assets that have been lost to state finances (Marpi dkk., 2023). Moreover, potential corruption and collusion among officials responsible for enforcing the law can present additional challenges to the Attorney General's efforts in executing asset recovery. If the authorized officials have relationships with defendants or are involved in corrupt practices, they may obstruct asset tracing. This creates a situation where public trust in the legal system deteriorates, which can in turn affect the overall efficacy of law enforcement.

In executing compensation in corruption cases, the Attorney General must navigate substantial challenges related to the necessity for strong evidence. Strong and clear evidence is vital to support claims for execution, as legal processes heavily depend on the validity of information and documents submitted. If the Attorney General fails to present convincing evidence, this may represent a weakness in their case and result in the failure of execution (Miller, 2022). One difficulty encountered is when defendants employ legal strategies to obstruct the execution process. They might file objections or appeal decisions supporting compensation payments. In such instances, defendants can exploit legal loopholes or inadequate arguments to delay execution, thereby forcing the Attorney General to exert greater effort to validate their claims. Any delay not only prolongs legal proceedings, but also heightens uncertainty for the state regarding the recovery of assets that should have been returned.

In many cases, gathering necessary evidence necessitates substantial time and resources. The Attorney General must conduct comprehensive investigations to identify and collect evidence demonstrating the losses incurred from corruption crimes. This process may involve reviewing financial documents, audits, and collecting testimony from relevant witnesses. This not only requires legal expertise but also profound investigative skills. A lack of robust evidence not only impacts the efficiency of the execution process but may also diminish public trust in law enforcement institutions (Fammler & Krieger, 2020). When the public witnesses' legal processes that are unable to yield fair results or recover state losses, it can undermine the image and

legitimacy of the Attorney General's Office. Thus, it is critical for the Attorney General to continually enhance evidence-gathering methods, including training for investigators and collaborating with other institutions to access relevant data.

Legal and regulatory challenges stand as significant impeding factors for the Attorney General in executing compensation claims in corruption cases. A prominent issue is the existence of legal provisions allowing defendants to file appeals or request stays of execution. Such provisions are often exploited by defendants as strategies to delay legal processes, enabling them to evade compensation obligations. This creates scenarios where execution processes may be stalled for months or even years, while the funds that should be returned to the state are put on hold. Moreover, differing regulations at local and national levels can complicate the execution of compensation claims. Each region may have varying policies and legal procedures regarding law enforcement, which potentially leads to confusion and inconsistency. Poor coordination among various law enforcement agencies, such as the Attorney General's Office, Police, and other institutions, may further delay execution actions. Without harmony and alignment in legal implementation, the efficiency of law enforcement processes becomes impeded.

Such legal challenges also risk creating the perception that the judicial system permits continued corrupt practices to flourish. When defendants can effortlessly postpone execution and file various legal requests, the public can become disillusioned with the effectiveness of the legal system in battling corruption (Fammler & Krieger, 2020). This frustration can erode public trust in legal and enforcement institutions, which is crucial in combating corruption. Furthermore, legal uncertainty arising from inconsistent regulations can lead to complications in dispute resolution. If existing rules are unclear or ambiguous, this can result in varying interpretations by different parties, creating additional challenges in execution processes. Therefore, it is imperative for policymakers to evaluate and revise the regulations governing compensation execution to facilitate more effective and just law enforcement.

The influence of networks and corruption within the law enforcement system emerges as a significant issue in executing compensation in corruption cases. In some instances, there is suspicion that broader networks, including public officials and influential individuals, may impact the course of legal proceedings. The involvement of these networks often adds layers of complexity, making it difficult for the Attorney General to execute compensation. Participants within such networks can collude to obstruct investigations and impede effective law enforcement, ultimately resulting in losses to the state. Corruption within the legal system itself has the potential to create constraints in executing compensation. When certain individuals within the legal system have a vested interest in protecting the defendants, they may wield their influence to hinder legal processes. For instance, they could intervene by applying pressure on investigators or prosecutors to prolong execution processes or even neglect them altogether (Cybulska-Bienioszek & Witosz, 2023). This situation results in inequity, with the creditors' rights and the state's interests being disregarded while corrupt individuals are allowed to continue their activities without fear of consequences. These networks and corruption not only affect those directly involved in the corruption cases but also undermine the integrity of the entire legal system. As public trust declines due to corrupt practices and network influence, society may become skeptical of the judicial system's ability to deliver justice. This could also lead to diminished community cooperation in reporting crimes or providing necessary information for investigations, further hampering law enforcement efforts.

A crucial challenge faced by the Attorney General in executing compensation from corruption cases is resource limitations. These limitations encompass not only the number of personnel

available, but also technical capabilities and access to tools and technologies necessary for effective investigations. Without adequate support in terms of human resources and technology, the Attorney General may struggle to conduct thorough investigations or to gather evidence and information needed to support compensation claims (Prihasmoro dkk., 2024). In this context, limited personnel can directly impact the capacity of the Attorney General's Office to handle multiple cases simultaneously. Given the high number of corruption cases requiring attention, the restricted personnel may cause delays in investigation and execution processes. This risk of accumulating unresolved cases can erode public trust in the legal system and the effectiveness of the judicial process. Additionally, the inadequacies in technical capabilities play a vital role in the effectiveness of law enforcement efforts. In an era of advancing technology for information and communication, modern investigative techniques are essential for detecting and tracing assets obtained from corruption crimes. However, if the Attorney General lacks access to data analysis tools or sufficient training in using said technology, then the processes of tracing and collecting evidence can become obstructed.

Public perception of the legal system and corruption enforcement can significantly influence how the Attorney General carries out its functions. When the public possesses a negative perspective on the effectiveness of law enforcement, this can exert additional pressure on legal institutions to act more swiftly and decisively. Yet, such a scenario may also create uncertainty, whereby the Attorney General feels compelled to approach each step cautiously in order to avoid criticism or media scrutiny that could impair their reputation. Intense media attention on corruption cases often serves as public oversight, but can simultaneously alter the dynamics of law enforcement (Ram Mohan & Raj, 2022). When media extensively report a case, there tends to be a public expectation for prompt outcomes. This pressure may affect the Attorney General's enforcement strategies, which could feel compelled to meet public expectations even within a complex context. Consequently, the Attorney General might take less aggressive steps than warranted to avoid potential backlash if such steps are perceived adversely by the public or media. Moreover, media narratives surrounding corruption cases may shape how public opinion reacts. If media coverage highlights failures and shortcomings in law enforcement, this could exacerbate the Attorney General's image in the public eye. This may create a snowballing effect, where negative perceptions become reinforced, leading society to question the Attorney General's ability to combat corruption. Conversely, favorable media coverage of successful law enforcement efforts can boost the morale of the Attorney General's Office to act more proactively in their tasks.

CONCLUSION

Bankruptcy law is a vital instrument in addressing debts for debtors facing financial difficulties, especially in situations involving corruption crimes. The bankruptcy process not only provides protection to debtors but also offers a structured and transparent mechanism for resolving debt disputes. Through this process, debtors have the opportunity to restructure their debts and shield critical assets from unplanned seizure. Furthermore, applying bankruptcy law to corporations implicated in corruption cases is a strategic measure to ensure justice for creditors and to restore losses incurred due to corrupt actions. The execution of seizures and management of corporate assets undertaken by curators can help assure fair distribution of outcomes among creditors while minimizing conflicts among them. On the other hand, the significance of corporate criminal liability in the handling of corruption underscores that corporations can be held accountable for illegal actions taken by individuals within them. In conclusion, bankruptcy law and provisions

regarding corporate criminal liability both contribute to more effective law enforcement and enhance public trust in the legal system.

The execution of compensation in corruption cases reveals that the Attorney General faces complex and layered challenges. From asset concealment by defendants to limitations in human and technical resources, the law enforcement process becomes increasingly difficult. The involvement of networks and potential corruption within the legal framework can also hinder the Attorney General's efforts to uphold effective law enforcement. Furthermore, existing legal challenges and regulations, such as defendants' opportunities to appeal or request suspension of execution, add an additional layer of complexity to the legal process. In this context, collecting strong evidence is crucial, but often requires substantial time and resources, which affect public trust in legal institutions. Public perception and media scrutiny also influence law enforcement dynamics, where public pressure for swift outcomes may disrupt the Attorney General's strategic decisions. Therefore, improvements in evidence-gathering methods, inter-agency coordination, and revising regulations to support more effective law enforcement are necessary.

AUTHORS' CONTRIBUTION

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

Author 2: Conceptualization; Data curation; In-vestigation.

REFERENCES

- Al-Sarraf, A. (2020). Bankruptcy reform in the Middle East and North Africa: Analyzing the new bankruptcy Laws in the UAE, Saudi Arabia, Morocco, Egypt, and Bahrain. *International Insolvency Review*, 29(2), 159–180. <https://doi.org/10.1002/iir.1378>
- Bolek, M., & Szymańska, A. G. (2023). Is solvency influencing EPS growth in Poland, Austria and Germany A comparison study of markets with a similar bankruptcy law. *International Journal of Accounting, Auditing and Performance Evaluation*, 19(2), 250–267. <https://doi.org/10.1504/IJAPE.2023.132383>
- Borowicz, M. K. (2022). Law and macro finance of corporate debt: Managing the business cycle through bankruptcy. *International Insolvency Review*, 31(3), 343–362. <https://doi.org/10.1002/iir.1466>
- Bose, U., Filomeni, S., & Mallick, S. (2021). Does bankruptcy law improve the fate of distressed firms? The role of credit channels. *Journal of Corporate Finance*, 68, 101836. <https://doi.org/10.1016/j.jcorpfin.2020.101836>
- Chen, Y.-W., Halford, J. T., Hsu, H.-C. S., & Lin, C.-B. (2020). Personal Bankruptcy Laws and Corporate Policies. *Journal of Financial and Quantitative Analysis*, 55(7), 2397–2428. <https://doi.org/10.1017/S0022109019000620>
- Cybulska-Bienioszek, A., & Witosz, A. J. (2023). The Death of an Insolvent Entrepreneur in the Light of Bankruptcy Law Regulations. *Białostockie Studia Prawnicze*, 28(3), 315–329. <https://doi.org/10.15290/bsp.2023.28.03.14>
- Damaraju, N. L., Barney, J. B., & Dess, G. G. (2021). Do Stringent Bankruptcy Laws Always Deter Entrepreneurial Activities? A Study of Cultural Influences. *Entrepreneurship Theory and Practice*, 45(2), 418–439. <https://doi.org/10.1177/1042258720913017>
- De Los Bueis Castañares, R. (2021). Una visión panorámica de la regulación del beneficio de la exoneración del pasivo insatisfecho en el texto refundido de la Ley Concursal y en la Directiva (UE) 2019/1023. *InDret*, 25–50. <https://doi.org/10.31009/InDret.2021.i2.02>

- Ece Oba, M. (2023). Procedural issues in international bankruptcy under Turkish law. *Journal of Private International Law*, 19(3), 530–568. <https://doi.org/10.1080/17441048.2023.2294916>
- Fammler, M. A., & Krieger, C. (2020). The Fate of a Trademark License in the Case of Bankruptcy of the Licensor – The U.S. Supreme Court Decision Mission Product Holdings Inc. V Tempnology, LLC in the Light of German Law & Practice. *GRUR International*, 69(1), 35–38. <https://doi.org/10.1093/grurint/ikz003>
- Gaffar, F., Sudiro, A., & Gunadi, A. (2024). Pattern of Care for the Bankruptcy Trustee: Is Transplantation to Indonesian Law Possible for SDGs? *Journal of Lifestyle and SDGs Review*, 4(1), e01631. <https://doi.org/10.47172/2965-730X.SDGsReview.v4.n00.pe01631>
- Gan, L., Hernandez, M. A., & Zhang, S. (2021). Insurance or deliberate use of the bankruptcy law for financial gain? Testing for heterogeneous filing behaviors in the United States. *Economic Modelling*, 105, 105673. <https://doi.org/10.1016/j.econmod.2021.105673>
- Gilo Gómez, C. (2021). Pre-pack concursal y Derecho comparado. *Estudios de Deusto*, 69(2), 111–121. [https://doi.org/10.18543/ed-69\(2\)-2021pp111-121](https://doi.org/10.18543/ed-69(2)-2021pp111-121)
- Hardman, J. (2021). The law and economics of lockdown mitigation: Bankruptcy errors in the UNITED KINGDOM. *International Insolvency Review*, 30(3), 344–360. <https://doi.org/10.1002/iir.1428>
- Heuer, J. (2020). Hurdles to debt relief for “no income no assets” debtors in Germany: A case study of failed consumer bankruptcy law reforms. *International Insolvency Review*, 29(S1). <https://doi.org/10.1002/iir.1359>
- Işık, S. (2021). Concordat Procedure as a Way to Escape Bankruptcy and the Evaluation of the Temporary Respite Decision Following the Amendment to the Law no. 7101: Current Developments and Experiences in Turkey. *Annales de La Faculté de Droit d'Istanbul*, 0(70), 147–194. <https://doi.org/10.26650/Annales.2021.70.0006>
- Jadiyappa, N., & Kakani, R. K. (2023). Bankruptcy law, creditors’ rights and dividend policy: Evidence from a quasi-natural experiment. *International Journal of Managerial Finance*, 19(5), 1178–1202. <https://doi.org/10.1108/IJMF-09-2022-0390>
- Jadiyappa, N., & Shrivastav, S. (2022). Bankruptcy law, creditors’ rights, and cash holdings: Evidence from a quasi-natural experiment in India. *Finance Research Letters*, 46, 102261. <https://doi.org/10.1016/j.frl.2021.102261>
- Jing, H. (2024). Third-Party and Bankruptcy Effects under Chinese Trust Law: Comparisons with English Trust Law. *Asian Journal of Comparative Law*, 1–17. <https://doi.org/10.1017/asjcl.2024.8>
- Kumar, S. (2024). Bankruptcy law and the leverage speed of adjustment. *Finance Research Letters*, 66, 105673. <https://doi.org/10.1016/j.frl.2024.105673>
- Liu, Y., & Shen, X. (2024). Bankruptcy law enforcement and corporate digital transformation: Evidence from a quasi-natural experiment in China. *Applied Economics*, 1–17. <https://doi.org/10.1080/00036846.2024.2379509>
- Marpi, Y., Pujiyono, P., & Purwadi, H. (2023). The Implementation of Actio Pauliana Creditor Law Bankruptcy Boedel Dispute Process to Achieve Substantive Justice. *Jurnal IUS Kajian Hukum dan Keadilan*, 11(3), 528–538. <https://doi.org/10.29303/ius.v11i3.1305>
- Martínez Muñoz, M. (2022). El arrastre de acreedores en la Directiva UE 2019/1023 sobre marcos de reestructuración preventiva y su transposición al Derecho preconcursal español. *Cuadernos Europeos de Deusto*, 66, 133–162. <https://doi.org/10.18543/ced.2370>

- Mazumdar, S., & Rastogi, A. (2021). Financial restructuring of firms under weak bankruptcy laws—An Indian experience. *Afro-Asian J. of Finance and Accounting*, 11(4), 518. <https://doi.org/10.1504/AJFA.2021.117723>
- Miller, M. M. (2022). The impact of paid sick leave laws on consumer and business bankruptcies. *Journal of Empirical Legal Studies*, 19(4), 844–896. <https://doi.org/10.1111/jels.12329>
- Parry, R., & Long, Y. (2020). China’s enterprise bankruptcy law, building an infrastructure towards a market-based approach. *Journal of Corporate Law Studies*, 20(1), 157–178. <https://doi.org/10.1080/14735970.2019.1647018>
- Prihasmoro, A., Sopyan, Y., Abdullah, R., & Sufiarina, S. (2024). Sharia Economic Bankruptcy Law (al-Taflis) and the Dualism of Court Competency in Indonesia. *JURIS (Jurnal Ilmiah Syariah)*, 23(2), 227. <https://doi.org/10.31958/juris.v23i2.11045>
- Ram Mohan, M. P., & Raj, V. (2022). Section 29A of India’s Insolvency and Bankruptcy Code: An instance of hard cases making bad law? *Journal of Corporate Law Studies*, 22(1), 365–390. <https://doi.org/10.1080/14735970.2022.2083771>
- Rastogi, N., & Kumar, S. (2024). Does bankruptcy law affect the relation between leverage and firm performance? *Indian Growth and Development Review*, 17(1), 63–85. <https://doi.org/10.1108/IGDR-10-2022-0122>
- Ritter, G. (2024). A principled examination of US bankruptcy law and the accounting for value in conversions between chapters 7 and 13. *International Insolvency Review*, 33(2), 205–226. <https://doi.org/10.1002/iir.1526>
- Sadeghi, A., & Kibler, E. (2022). Do bankruptcy laws matter for entrepreneurship? A Synthetic Control Method analysis of a bankruptcy reform in Finland. *Journal of Business Venturing Insights*, 18, e00346. <https://doi.org/10.1016/j.jbvi.2022.e00346>
- Schoenherr, D., & Starman, J. (2022). When Should Bankruptcy Law Be Creditor- or Debtor-Friendly? Theory and Evidence. *The Journal of Finance*, 77(5), 2669–2717. <https://doi.org/10.1111/jofi.13171>
- Singh, G. (2024). Dividend policy adjustments under bankruptcy law: Insights from distressed firms. *Finance Research Letters*, 70, 106253. <https://doi.org/10.1016/j.frl.2024.106253>
- Toha, K., & Retnaningsih, S. (2020). Legal Policy Granting Status of Fresh Start to the Individual Bankrupt Debtor in Developing the Bankruptcy Law in Indonesia. *Academic Journal of Interdisciplinary Studies*, 9(2), 157. <https://doi.org/10.36941/ajis-2020-0033>
- Tuzovskij, P. V. (2021). Two new water mite species of the Sperchon tridentatus-group from Asia (Acari, Hydrachnidia, Sperchontidae). *Zootaxa*, 4970(1). <https://doi.org/10.11646/zootaxa.4970.1.6>

Copyright Holder :

© Lingga Nugraha et al. (2024).

First Publication Right :

© Rechtsnormen Journal of Law

This article is under: