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Juridical Analysis of Criminal Sanctions Against Perpetrators of Money Games Using a Ponzi Scheme Model

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Abstract. *The rapid development of financial technology has contributed to the emergence of various digital investment platforms, some of which are misused to conduct illegal activities such as Ponzi schemes. A Ponzi scheme is a fraudulent investment model that promises unusually high returns within a short period by using funds from new participants to pay earlier investors rather than generating legitimate profits. This study aims to analyze law enforcement against perpetrators of Ponzi schemes, particularly the legal implications for upline actors and the legal protection available for victims. The research employs a normative juridical method using statutory and case study approaches, with legal materials derived from legislation, legal literature, and related references. The findings indicate that Indonesia does not yet have specific regulations governing Ponzi scheme practices. Nevertheless, perpetrators may be prosecuted under Article 378 of the Criminal Code concerning fraud, Article 103 of Law Number 8 of 1995 on Capital Markets, and Article 28 paragraph (1) of Law Number 11 of 2008 on Electronic Information and Transactions as amended by Law Number 19 of 2016. Therefore, stronger and more specific regulations are needed to provide legal certainty and better protection for victims.*

Keywords: *Financial Technology, Investment Fraud, Law Enforcement, Legal Protection, Ponzi Scheme.*

1. Introduction

Human beings continuously develop over time, and this development is always accompanied by change, including in the trade sector. Changes in trade have both positive and negative impacts, as they can improve a country's economic condition but also increase the level of crime in the trade sector. One form of crime that has increasingly occurred in Indonesia in recent years is money games using a Ponzi scheme system, which relies solely on income from registration fees or the recruitment of new members (Suwandono, 2020).

Ponzi scheme practices only benefit certain parties, particularly companies and uplines who have joined earlier (Trisnawati et al., 2015). This scheme often causes losses for those involved because it is able to attract new members quickly and collect significant funds from new participants. When the scheme reaches a point where it can no longer recruit new individuals, those at the lowest level or downlines are the ones who inevitably suffer losses (Fitri & Elvianti, 2021; Anggriawan et al., 2023).

From a regulatory perspective, efforts to address money game practices involving Ponzi scheme fraud in investment activities still face a number of complex challenges. The legal instruments commonly used as references include Article 378 of the Indonesian Criminal Code (*Kitab Undang-Undang Hukum Pidana*/KUHP), which regulates fraud, and Article 372 of the KUHP concerning embezzlement. In addition, several provisions under the Electronic Information and Transactions Law (*Undang-Undang Informasi dan Transaksi Elektronik*/UU ITE) and the Capital Market Law are also applied to prosecute perpetrators of investment fraud, particularly those conducted through digital media (Zulkhafri et al., 2023; Rizaldy, 2024). However, at present there are still no comprehensive regulations that specifically govern and impose strict sanctions on perpetrators of illegal investment schemes. As a result, many offenders do not receive punishments that are proportionate to their actions. On the other hand, legal protection efforts for victims also remain suboptimal and have not yet been able to provide a proper sense of justice (Timomor et al., 2026).

Law enforcement against companies using Multi-Level Marketing-based trading systems for Ponzi scheme practices in Indonesia is regulated under various provisions, including Law Number 7 of 2014 concerning Trade. Meanwhile, dispute resolution can be carried out through two methods, namely litigation and non-litigation (Uppiah, 2018; Myranikam & Mail, 2023). Moreover, those involved in money game operations based on Ponzi schemes may be held criminally liable under Article 378 of the Indonesian Criminal Code, since such activities are considered acts of fraud.

Perpetrators of fraudulent investment schemes using Ponzi systems may also be subject to Article 3 of Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering, where their actions fall within the meaning of the article, as the perpetrators are deemed to have placed investment funds from victims that are strongly suspected to be proceeds of crime in the form of fraud, which are then intended to be laundered (Rizki & Suryokencono, 2023; Zulkhafri et al., 2023).

Generally, salespeople sell company products directly to consumers who are usually close acquaintances or through word-of-mouth marketing. However, Ponzi schemes focus on a “member-get-member” approach or recruiting new members to join. The products offered are typically not sustainable for long-term sales, so the income generated does not come from product sales but rather from commissions obtained through recruiting new members (Rizaldy, 2024; Tri, & Antari, 2025).

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In addition to Ponzi schemes and pyramid schemes, money game practices are also often found in Multi-Level Marketing (MLM) systems, which operate through a distribution network where customers or consumers act as marketers, using a cooperative network-based marketing method (Agus et al., 2016; Rahmi, 2021). Multi-Level Marketing (MLM) is a structured promotional method in which sellers not only earn compensation from their own sales but also receive benefits from the sales generated by individuals they recruit into the system. MLM typically operates using a pyramid sales structure or network marketing model. In this MLM sales model, the terms “upline” and “downline” are commonly used to describe the hierarchical relationship between recruiters and recruited members.

An upline is an MLM member who, within the membership hierarchy, registers earlier than others and is usually responsible for guiding their downlines (members who join later through the upline’s recommendation) to learn independently, achieve success, and reach the targeted goals (Uppiah, 2018; Yuwono & Kharisma, 2024; Fahmi et al., 2025). In simple terms, their relationship can be explained as follows: A joins an MLM company as a member and then invites B and C to become members under their recommendation. In this case, A is referred to as the upline, while B and C are referred to as downlines. In an MLM system, uplines are often encouraged to recruit as many downlines as possible in order to obtain bonuses or significantly increased income (Kasanova, 2016; Mutiah & Apriani, 2022).

Money game practices are often present in society without being realized, but because they are easily disguised and usually hidden behind legitimate Multi-Level Marketing (MLM) businesses, even authorities and victims themselves may not be aware of their existence and the dangers they pose (Nolasco et al., 2013; Sari & Rinwigati, 2023). Therefore, the presence of legal MLM businesses is often exploited by irresponsible actors to deceive the public by using MLM as a business model. Money games, also known as pyramid schemes or Ponzi schemes, are activities that collect funds from the public by promising profits through continuously recruiting new members, while product sales are merely a façade and sometimes have no real benefit at all (Pradnyani et al., 2022).

The rise of investment fraud in Indonesia is caused by various factors, including low public understanding of the financial sector and the tendency of individuals to pursue high profits without considering the associated risks. Victims of these illegal investments do not only come from low-income communities but also include educated individuals or wealthy people with a good level of education (Anggriawan, 2025).

There are two categories of individuals targeted by illegal investment companies, namely those who are unaware that the offered company or investment products are not licensed (with unclear legality), and those who are already aware of the company’s licensing status but still maintain high profit expectations (Myranikam & Mail, 2023; Jhohari, 2023). The increasing number of investment fraud cases in recent times indicates a lack of government oversight over activities that may threaten public financial security. Currently, many individuals in society disguise fraudulent schemes as legitimate investment activities, including gold investments, cooperatives, MLM schemes, and even religion-based schemes. The main characteristic of these practices is clearly an activity focused on fund collection with the promise of exceptionally high returns.

This study aims to examines law enforcement against Ponzi scheme perpetrators, with the aim of analyzing the legal implications for upline actors and assessing the extent of legal protection available to victims of such schemes. The problem identified is that Indonesia does not yet have specific regulations addressing fraudulent investment activities in the form of Ponzi schemes

1. How are legal regulations governing money games using Ponzi schemes structured?
2. What is the criminal liability of upline actors in money games that use Ponzi schemes?

2. Research Methods

The research method applied in this study is a normative legal research method, which focuses on examining library materials and secondary data as the primary sources of analysis. This type of research emphasizes the study of legal norms, principles, and regulations related to the issues being discussed rather than relying on field observations or empirical data collection. Since the study is based on library research, the legal materials analyzed consist of both primary and secondary legal materials. Primary legal materials include laws and regulations that are directly related to the research topic, while secondary legal materials include legal textbooks, journal articles, scientific papers, expert opinions, internet sources, and other scholarly references. Through these materials, the study seeks to provide a comprehensive understanding of legal protection and the implementation of relevant legal provisions concerning the issues examined in the research.

Furthermore, the analysis in this study is conducted through a library research approach that emphasizes the examination of statutory regulations as the central foundation of the research. The statutory approach means that the study primarily focuses on reviewing and analyzing legislation relevant to the legal issues being discussed. In this method, laws and regulations are used as the main reference in understanding legal principles, determining legal norms, and evaluating the implementation of legal protection within society. The researcher examines various provisions contained in legislation to identify their relevance, consistency, and effectiveness in addressing the problems under study. In addition, supporting references such as legal literature, scholarly articles, and academic writings are also used to strengthen the analysis and provide broader perspectives regarding the interpretation and application of the law in practice.

3. Results and Discussion

3.1. Legal Regulations on Money Game Activities Using Ponzi Schemes

The mechanism of a Ponzi scheme begins with the perpetrator recruiting investors to participate in a long-term investment, but the promised profits are withheld and instead used by the perpetrator. When victims attempt to withdraw their investment, they are usually encouraged to keep their funds in the scheme by being offered bonuses if they are able to recruit new investors (Ani et al., 2022). This is what makes Ponzi schemes dangerous, as investors can appear to gain profits without actually engaging in real economic activity, since the system only requires recruiting new participants and distributing funds from new investors to earlier ones, creating a cycle that continues until new investors can no longer be recruited. This scheme is often compared to Multi-Level Marketing (MLM), but the key difference lies in the source of profit or bonuses, where in a Ponzi scheme the returns are not generated from legitimate product sales or real business activities, but primarily from the recruitment of new investors (Iroth et al., 2025).

Ponzi schemes focus primarily on a “member-get-member” model, or recruiting new participants to join continuously. Money game practices often use multi-level marketing (MLM) systems as a disguise. While MLM itself is a legitimate marketing system, in money games, MLM is misused and manipulated to collect funds through the registration of new members (Rizaldy, 2024). Money game companies often offer promises of high returns in a short period, sometimes exceeding 20% per month, which attracts many people to invest. However, in the end, many investors suffer losses. Illegal investments using money game schemes also frequently appear in various online forms such as gold, forex, stocks, and others. It should be noted that money game practices are prohibited in many countries and do not have any legitimate business license (Suroadji, 2025).

Regulations regarding Ponzi schemes are not specifically regulated, but are instead incorporated under fraud cases, because money game practices using Ponzi schemes contain elements of deception and a series of false representations. This can be seen in the actions of perpetrators who offer certain opportunities to victims through social media, agent networks, or even public figures, which ultimately lead many victims to unknowingly become involved in the Ponzi scheme (Sari & Rinwigati, 2023).

A Ponzi scheme or pyramid scheme is a form of fraud based on the recruitment of a number of investors, where the initial promoter or upline recruit’s investors, and these recruited investors are then encouraged to bring in additional investors who may or may not actually sell any products (Ani et al., 2022; Sahroni, 2023). Ponzi schemes are regulated under Article 378 of the Indonesian Criminal Code (KUHP) in conjunction with Article 55 paragraph (1) KUHP and Article 64 paragraph (1) KUHP, as well as Article 372 KUHP in conjunction with Article 55 paragraph (1) KUHP and Article 64 paragraph (1) KUHP. Which state that:

“Any person who, with the intention of unlawfully benefiting themselves or others, uses a false name or false status, deception, or a series of lies to persuade another person to hand over property to them, or to incur debt or cancel a receivable, shall be punished for fraud with a maximum imprisonment of four years.”

Article 378 of the Indonesian Criminal Code (KUHP) concerning fraud states that: “Any person who, with the intent to unlawfully benefit themselves or others, uses a false name or false identity, deception, or a series of false statements to persuade another person to hand over something belonging wholly or partly to that person, or to incur a debt or cancel a receivable, shall be punished for fraud with a maximum imprisonment of four years or a maximum fine of nine hundred rupiah."

Article 372 of the Criminal Code concerning Embezzlement said that: "The following shall be punished as perpetrators of this crime: 1) Those who commit, order, and participate in the act; 2) Those who, by giving or promising something, by abusing power or dignity, by using violence, threats, or deception, or by providing an opportunity, means, or information, intentionally encourage another person to commit an act."

Article 55 paragraph (1) of the Criminal Code concerning accomplices said that: "If several acts, even though each constitutes a crime or violation, are related in such a way that they must be viewed as one continuous act, then only one criminal provision shall apply; if they differ, the one containing the most severe principal criminal penalty shall apply."

Article 64 paragraph (1) of the Indonesian Criminal Code (KUHP) on the concurrence of criminal acts also relates to one form of Ponzi scheme in money games, where perpetrators obtain profits or bonuses derived from funds collected from newly joined members, which are then used to pay earlier participants along with their upstream network.

Money games using Ponzi systems are generally regulated under Article 378 KUHP, which serves as the main legal basis for prosecuting illegal investment fraud. This article requires the existence of intent to unlawfully benefit oneself or others, the use of deception or a series of lies, and the success of the perpetrator in influencing victims to hand over property or incur debt. In practice, perpetrators of illegal investment fraud often use false identities, fabricated testimonials, and digital referral schemes presented in an attractive manner.

The provisions in the Indonesian Criminal Code (KUHP) related to MLM-based business crimes include Article 372 and Article 374 concerning embezzlement, and/or Article 378 concerning fraud. Meanwhile, pyramid schemes are closely related to Ponzi scheme fraud; however, Ponzi schemes are not explicitly regulated under Indonesian law, including Law Number 7 of 2014 concerning Trade, so they are not expressly defined within the statutory framework.

Law enforcement efforts in resolving this issue are still far from public expectations. This is due to the absence of clear legal provisions regulating the recovery of victims' losses. Currently, Law Number 7 of 2014 concerning Trade regulates and imposes strict criminal sanctions, including imprisonment and heavy fines, against perpetrators of pyramid schemes. However, Ponzi schemes are not explicitly regulated under Indonesian law and are therefore still not clearly addressed within Law Number 7 of 2014 (Suryana, 2020).

3.2. Criminal Liability of Upline Actors in Money Game Schemes Using a Ponzi System

Article 20 of Law Number 1 of 2023 (New Criminal Code) regulates participation (*deelneming*), which stipulates that perpetrators of criminal acts include those who commit, order, participate in, and encourage (motivate) others. This article stipulates criminal liability for all involved, whether physically or through persuasion, as a unified act. If an upline person is aware that the system is illegal but still persuades others to participate in order to earn commissions, they can be considered an advocate or accomplice.

Participants in a Ponzi scheme are structured in a way that resembles a pyramid scheme (Jhohari, 2023). A pyramid scheme, or Ponzi scheme, is a fraudulent investment system that pays commissions to existing participants from the funds of newly recruited participants, rather than from real profits. These schemes are doomed to collapse because any revenue is insufficient to pay out profits to participants. The illegality of this scheme lies in the losses incurred by participants at the lowest level (downline) due to the loss of the money invested in the business.

In money games, the terms "leader" and "investor" are used. The leader is the head of the game, while investors, uplines, and downlines are members subordinate to the leader. Although it has been decades since money games first appeared, similar patterns continue to emerge in society. Business or partnership offers promising multiple profits evolve with various adjustments to attract investors. To deceive potential victims and reduce suspicion, investor recruitment activities are often disguised as selling a product (Amanda et al., 2022; Kurniawan, 2023).

Criminal liability in such crimes not only falls on the main perpetrator but can also be imposed on those who participate or assist, such as uplines, as stipulated in Articles 55 and 56 of the Indonesian Criminal Code. Furthermore, evidence in investment fraud cases relies heavily on victim witnesses and documents demonstrating the existence of misleading information.

Criminal liability for upline perpetrators depends on the fulfillment of two main elements: an unlawful act (actus reus) and fault (mens rea). In cases of investment fraud, the actus reus can be seen in the perpetrator's actions in spreading misleading information about Ponzi schemes, promising high returns without a justifiable basis, and collecting funds from the public without official permission from financial authorities such as the Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) or the Commodity Futures Trading Regulatory Agency (*Badan Pengawas Perdagangan Berjangka Komoditi*/Bappebti) (Yuwono & Kharisma, 2024).

Meanwhile, mens rea is proven when the perpetrator consciously and intentionally creates a scheme aimed at deceiving investors. This is in accordance with the concept of dolus directus, which is a form of direct intent where the perpetrator knows the consequences of their actions and intends them to be achieved. In Indonesian positive law, criminal liability rests on the principle of legality as stipulated in Article 1 paragraph (1) of the Criminal Code: "No act may be punished except by virtue of criminal provisions in pre-existing legislation."”

However, the development of digital-based crimes encourages a reinterpretation of conventional criminal norms. Article 378 of the Indonesian Criminal Code (KUHP) must be interpreted broadly in order to remain relevant to cybercrimes that use digital media as a tool for deception. The role of judges and investigators is crucial in interpreting the element of “a series of false statements” in a digital context, such as the creation of fake websites, bot-generated testimonials, dissemination of false information on social media, and the use of fraudulent investment applications.

Currently, Indonesia is facing a high number of fraudulent investment cases in society, which are unfortunately still followed by law enforcement processes that do not meet the expectations of victims. Among law enforcement officials, differences in interpretation often occur, resulting in perpetrators being charged only under conventional provisions of the Criminal Code (KUHP) with relatively low criminal penalties.

Specific regulations on Ponzi schemes have not yet been formally established; existing provisions only address pyramid schemes, as outlined in Article 9 of Law Number 7 of 2014 concerning Trade, which provides that:

"Distribution Business Actors are prohibited from implementing pyramid schemes in distributing goods."

The penalty for uplines and downlines in Ponzi schemes can be imposed under Article 105 of Law Number 7 of 2014 concerning Trade, which states:

"Distribution Business Actors who implement pyramid schemes in distributing goods as referred to in Article 9 shall be punished with imprisonment of up to 10 (ten) years and/or a maximum fine of Rp 10,000,000,000.00 (ten billion rupiah)."

Meanwhile, Article 106 explains that:

"Business actors who carry out trade business activities without a trade permit issued by the Minister as referred to in Article 24 paragraph (1) shall be subject to a maximum prison sentence of 4 (four) years or a maximum fine of Rp. 10,000,000,000.00 (ten billion rupiah)."

Moreover, upline actors involved in fraudulent investments based on Ponzi schemes may also be charged under Article 103 of Law Number 8 of 1995 on Capital Markets, which stipulates that:

“any party conducting capital market activities without a license, approval, or registration as referred to in Article 6, Article 13, Article 18, Article 30, Article 34, Article 43, Article 48, Article 50, and Article 64 shall be punished with a maximum imprisonment of 5 (five) years and a maximum fine of Rp5,000,000,000.00 (five billion rupiah),” and that “any party conducting activities without obtaining a license as referred to in Article 32 shall be punished with a maximum imprisonment of 1 (one) year and a maximum fine of Rp1,000,000,000.00 (one billion rupiah).”

In accordance with the previously explained Legal Protection Theory, Article 378 of the Criminal Code (KUHP), Article 3 of Law Number 8 of 2010 concerning the Prevention and Eradication of

Money Laundering, and Article 103 of Law Number 8 of 1995 concerning Capital Markets can be used as repressive measures against fraudulent investments using Ponzi schemes, due to the absence of specific regulations governing Ponzi schemes (Trisnawati et al., 2015; Fitri & Elvianti, 2021). If perpetrators of Ponzi-based fraudulent investments flee, die, or are unable to provide compensation to victims, the state is expected to assume responsibility for compensating the victims of such schemes, and the compensation funds may be taken from the state tax revenue budget (Surahmi, 2017; Amanda et al., 2022).

Upline actors in money games using Ponzi schemes are subject to criminal liability for fraud under Article 378 of the Indonesian Criminal Code (KUHP), violations of Law Number 7 of 2014 concerning Trade particularly in relation to pyramid schemes and Article 28 paragraph (1) of the Electronic Information and Transactions Law (UU ITE), which may be applied when Ponzi schemes are conducted through electronic media or the internet to recruit members and disseminate false information. Criminal sanctions in the form of imprisonment and heavy fines may be imposed to deter fraudulent investment practices.

Upline actors involved in Ponzi schemes may also be held criminally liable under Article 3 of Law Number 8 of 2010 on the Prevention and Eradication of Money Laundering (*Undang Undang Tindak Pidana Pencucian Uang*/UU TPPU). Based on the substance of this provision, if the perpetrator places investment funds obtained from victims that are reasonably suspected to be the proceeds of fraud and subsequently attempts to conceal or disguise their origin, they may be subject to a maximum imprisonment of 20 (twenty) years and a maximum fine of Rp10,000,000,000.00 (ten billion rupiah) (Lorien & Tantimin, 2022).

Based on the previous explanation, it can be seen that Indonesia does not yet have specific regulations governing Ponzi-based investments. Therefore, legal interpretation is required to address Ponzi scheme practices within the existing legal framework. At present, only several legal provisions indirectly regulate such practices, including Article 378 of the Indonesian Criminal Code, which is closely related to fraud and forms the basis for criminal liability in such cases (Quraini, 2022; Anggriawan et al., 2023).

This situation, however, does not create a strong deterrent effect for perpetrators, and in many cases, offenders even escape legal sanctions. In practice, Indonesian law has not yet been fully effective in preventing the emergence of such fraudulent investment schemes. In reality, when losses occur, law enforcement authorities are often unable to take swift and effective legal action (Huzaini, 2017). Through the laws described above, money game crimes occurring in Indonesia most of which use Ponzi schemes or fraudulent fund multiplication models can be prevented and minimized by establishing specific legal provisions that impose stricter criminal sanctions on perpetrators and upline actors involved in fraud or money game schemes using Ponzi structures (Rahmadani, 2021; Zulkhafri et al., 2023).

Victims who suffer losses as a result of illegal investment schemes naturally expect to recover their rights and obtain compensation for the damages they have experienced due to such fraudulent practices. Compensation is closely related to the responsibility of illegal investment business actors toward their victims, namely whether they can be held accountable for the crimes and losses they have caused. However, in practice, victims of pyramid scheme or Ponzi scheme investments often do not receive refunds from the perpetrators, because the companies used to conduct the fraud are not officially registered with the Financial Services Authority (OJK) (Rahmi, 2021; Wibowo, 2025).

In a Ponzi system, an upline cannot simply be regarded as a “victim” if they actively recruit others by offering unrealistic profits. Under the New Criminal Code (Law Number 1 of 2023), Article 20 regulates participation (deelneming), stating that perpetrators of a criminal act include those who commit the act, order it to be committed, participate in committing it, and those who encourage or induce others to commit it. This provision governs criminal responsibility for all parties involved, both through physical acts and persuasion, as a single criminal act (Nolasco et al., 2013; Anggriawan, 2025). If an upline is aware that the system is unlawful but still persuades others to join in order to obtain commissions, they may be considered an instigator or accomplice involved in the offense.

The New Criminal Code also strengthens sanctions for anyone who, through deception or a series of false statements, induces another person to hand over money or property. An upline who spreads false promises and fulfills these elements may be charged under Article 492 of Law Number 1 of 2023 concerning the Criminal Code (a refinement of the former Article 378 of the KUHP), which regulates the crime of fraud (Hamzah, 2023).

The new Criminal Code (Law Number 1 of 2023) regulates the criminal liability of upline actors in Ponzi scheme money games under Article 492 on fraud, as it involves deception through false promises of profit derived from recruitment activities. An upline, as a main perpetrator or promoter, may be punished if the element of intentional unlawful enrichment is fulfilled. The provision states: “Any person who, with the intent to unlawfully benefit themselves or others, uses a false name or false status, employs deception or a series of false statements, and thereby induces another person to hand over property… shall be punished for fraud with a maximum imprisonment of 4 years or a fine of category V” (Amalia, 2025).

Money game practices using Ponzi schemes, such as those carried out by TikTok Cash, constitute illegal acts that meet the criteria of fraud and violations in trade. TikTok Cash users reported the alleged fraud to the Indonesian National Police Criminal Investigation Agency (*Badan Reserse Kriminal Kepolisian Negara Republik Indonesia*/Bareskrim Polri) in Jakarta under Police Report Number LP/B/0105/II/2021 dated February 15, 2021, which stated that the case involved alleged fraud using electronic media and money laundering (TPPU) offenses. From a legal standpoint, perpetrators may be prosecuted under Article 378 of the Indonesian Criminal Code (KUHP) for fraud or deceit, as the substantial profits they promise are in fact generated from the registration fees of new members rather than from legitimate business operations. In addition, perpetrators also violate Article 9 of Law Number 7 of 2014 concerning Trade, which explicitly prohibits the distribution of goods or services using pyramid or Ponzi schemes (Kharisma, 2021).

The legal violations committed by the TikTok Cash business include Article 9 of Law Number 7 of 2014 concerning Trade, Article 28 paragraph (1) of Law Number 19 of 2016 concerning Information and Electronic Transactions (*Informasi dan Transaksi Elektrnonik*/ITE) Law, Article 378 of the Criminal Code (*Kitab UNdang Undang Hukum Pidana*/KUHP) on fraud as stipulated in Law Number 1 of 1946, and Articles 3, 4, and 5 of Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering (*Tindak Pidana Pencucian Uang*/TPPU) Law.

4. Conclusion

Law enforcement against perpetrators of Ponzi scheme investment fraud in Indonesia is currently considered less effective and efficient due to the absence of specific and comprehensive regulations governing such schemes. So far, law enforcement authorities still rely on general provisions such as Article 378 of the Criminal Code (KUHP) concerning fraud, Article 372 KUHP concerning embezzlement, as well as Law Number 7 of 2014 concerning Trade, which in fact is more specifically aimed at regulating pyramid schemes. The absence of a dedicated legal framework creates legal loopholes that allow perpetrators to evade proportionate sanctions and often leads to differing interpretations among law enforcement officials, resulting in relatively light sentences that fail to provide a strong deterrent effect. Nevertheless, criminal liability can still be imposed on both main perpetrators and upline actors who actively persuade others for personal gain. Under the New Criminal Code (Law Number 1 of 2023), the involvement of uplines may be charged under Article 20 concerning participation (*deelneming*) and Article 492 on fraud. In addition, perpetrators may also be sanctioned under the Capital Market Law if they operate without proper licensing, under the Electronic Information and Transactions Law (*Undang Undang Informasi dan Transaksi Elektronik*/ITE Law) if electronic media is used, and under the Law on the Prevention and Eradication of Money Laundering (TPPU Law), with penalties of up to 20 years imprisonment and fines of up to Rp10 billion. However, legal protection for victims remains suboptimal due to the difficulty in recovering lost investment funds once they have been circulated within the scheme.

Based on the findings above, it is important for the government to immediately pay serious attention to illegal investment practices. There is an expectation for updates or amendments to investment-related laws, including the addition of specific provisions on Ponzi schemes, so that individuals involved in such illegal investments can receive appropriate legal sanctions. In addition, guidance, socialization, and financial education from the government or relevant institutions are also needed so that the public becomes more aware and is not easily deceived when making investment decisions. On the other hand, supervision of Ponzi schemes is not specifically regulated and tends to be reactive, relying on reports of fraud cases. The Financial Services Authority (OJK) plays a role in issuing licenses to companies whose legality has been verified, but regulation regarding Ponzi schemes is still largely limited to Article 378 of the Criminal Code concerning fraud. This creates legal uncertainty and potential ambiguity in law enforcement. The public often still falls victim to illegal investments due to a lack of education and effective supervision. To address Ponzi scheme problems in Indonesia, several strategic steps need to be taken. It is important to strengthen regulations by drafting specific laws on

Ponzi schemes to provide legal certainty and facilitate law enforcement. Coordination between the Financial Services Authority (OJK) and other related institutions must also be improved to ensure more effective supervision.

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Pasal 378 KUHP Tentang Tindak Pidana Penipuan

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UNDANG-UNDANG NO. 19 Tahun 2016 Tentang Informasi dan Transaksi Elektronik

UNDANG-UNDANG NO. 7 Tahun 2014 Tentang Perdagangan

UNDANG-UNDANG NO. 8 Tahun 1995 Tentang Pasar Modal

UNDANG-UNDANG NO. 8 Tahun 2010 Tentang Pencegahan dan Pemberantasan Tindak Pidana Pencucian Uang

UNDANG-UNDANG NO. 1 TAHUN 2024 Tentang Informasi dan Transaksi Elektronik

UNDANG-UNDANG NO. 1 TAHUN 2023 Tentang Kitab Undang-Undang Hukum Pidana (KUHP baru), Pasal 492 KUHP Baru Tentang Pidana Penipuan

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