

**PONZI SCHEME AND RESTORATIVE JUSTICE: A COMPARATIVE FRAMEWORKS
AND PRACTICES BETWEEN INDONESIA AND HUNGARY**

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ABSTRACT: This study examines how restorative justice can be applied to Ponzi schemes by comparing legal frameworks in Indonesia and Hungary. The research problem lies in determining how restorative justice, traditionally used for interpersonal crimes, can function effectively in complex financial fraud cases involving multiple victims and significant economic harm. Using a doctrinal legal approach, the paper analyzes statutory provisions, regulations, and institutional mechanisms in both countries. Findings reveal that Indonesia is in a transitional stage, gradually incorporating restorative justice through recent laws such as Law No. 1 of 2023 and Law No. 4 of 2023, while Hungary has already institutionalized victim-offender mediation as part of its criminal justice framework. Despite this, both face similar challenges: definitional ambiguities of Ponzi schemes, limited compensation mechanisms, and procedural difficulties due to dispersed victims. The comparative analysis shows that Hungary's established mediation system offers practical insights for Indonesia's ongoing reform, yet both systems need clearer legal coherence and victim-centered implementation strategies. Bridging theory and practice, this study advances restorative justice in economic crimes, calling for integrated reforms that balance accountability, restitution, and systemic prevention in transnational financial fraud.

Keywords: Comparative Criminal Justice; Financial Fraud Governance; Legal Harmonization; Mediation Frameworks; Victim Restitution.

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ESQUEMA PONZI E JUSTIÇA RESTAURATIVA: UMA ESTRUTURA E PRÁTICAS COMPARATIVAS ENTRE A INDONÉSIA E A HUNGRIA

RESUMO: Este estudo examina como a justiça restaurativa pode ser aplicada a esquemas de pirâmide financeira, Ponzi, comparando os marcos legais na Indonésia e na Hungria. O problema de pesquisa reside em determinar como a justiça restaurativa, tradicionalmente utilizada para crimes interpessoais, pode funcionar de forma eficaz em casos complexos de fraude financeira que envolvem múltiplas vítimas e significativos danos econômicos. Utilizando uma abordagem jurídico-doutrinal, o artigo analisa disposições legais, regulamentos e mecanismos institucionais em ambos os países. Os resultados revelam que a Indonésia está em um estágio de transição, incorporando gradualmente a justiça restaurativa por meio de leis recentes, como a Lei nº 1 de 2023 e a Lei nº 4 de 2023, enquanto a Hungria já institucionalizou a mediação vítima-ofensor como parte de seu sistema de justiça criminal. Apesar disso, ambos enfrentam desafios semelhantes: ambiguidades conceituais sobre os esquemas de pirâmide, mecanismos limitados de reparação e dificuldades processuais devido ao grande número de vítimas dispersas. A análise comparativa mostra que o sistema húngaro consolidado de mediação oferece insights práticos para a reforma em curso na Indonésia, embora ambos os sistemas necessitem de maior coerência legal e estratégias de implementação centradas na vítima. Unindo teoria e prática, este estudo avança a justiça restaurativa em crimes econômicos, propondo reformas integradas que equilibrem responsabilização, reparação e prevenção sistêmica em fraudes financeiras transnacionais.

Palavras-chave: Justiça Criminal Comparada; Governança de Fraudes Financeiras; Harmonização Legal; Mecanismos de Mediação; Reparação à Vítima.

INTRODUCTION

Ponzi investment schemes have long been recognized as a pervasive and destructive form of financial fraud, in which investors are enticed by the promise of high returns but ultimately left financially devastated (Hidajat et al., 2021). In the aftermath of Ponzi schemes, the

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focus traditionally has been on prosecuting and punishing the perpetrators, while victims often struggle to recover their losses (Suryono et al., 2021). However, in recent years, there has been a growing interest in exploring alternative approaches to address the aftermath of Ponzi investment cases, with a particular emphasis on restorative justice. Restorative justice seeks to repair the harm caused by crimes and conflicts by involving all affected parties in a constructive and reconciliatory process. This comparative research delves into the emerging field of restorative justice as a viable response to Ponzi investment cases, with specific insights from the contrasting experiences of Indonesia and Hungary.

Despite growing attention to restorative justice in general criminal law, its role in addressing financial crimes, particularly Ponzi schemes, remains insufficiently explored and lacks a coherent framework in most jurisdictions. The core research problem of this study, therefore, lies in determining how restorative justice can be effectively applied to complex economic crimes like Ponzi schemes, where harm extends beyond individual victims to broader social and financial systems.

The debate surrounding Restorative Justice (RJ) revolves around its fundamental philosophy, which sees crime not merely as a violation of laws but, more significantly, as a breach of relationships and harm to individuals and communities. Howard Zehr, a key figure in the field, succinctly defines restorative justice as a process to involve, to the extent possible, those who have a stake in a specific offense and to collectively identify and address harms, needs, and obligations, in order to heal and put things as right as possible (Zehr, 2015). This definition underscores the participatory essence of RJ, emphasizing the inclusion of victims, offenders, and the community in the resolution process (Zehr, 1998).

In contrast, Nils Christie's concept of the "ideal victim" and "ideal offender" has come under scrutiny within the framework of Restorative Justice. Christie proposed that societal perspectives on crime often rely on stereotypes, shaping expectations of victim behavior and attributing culpability to offenders (Christie, 1986). Restorative Justice, however, seeks to challenge and dismantle these stereotypes. It advocates for a more nuanced understanding of crime that takes into account the unique circumstances of each case, promoting a departure from rigid and generalized perceptions.

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The primary objective of this research is to examine the application of restorative justice in the context of Ponzi investment schemes. By drawing lessons from Indonesia and Hungary, two countries with distinct legal and cultural backgrounds, it aims to shed light on the challenges and opportunities associated with this innovative approach. Through a comparative analysis, it also seeks to explore the similarities and differences of restorative justice application in addressing the complex aftermath of Ponzi schemes, ultimately contributing to the development of more balanced and victim-centered solutions.

Traditionally, research on Ponzi investment cases has predominantly focused on the legal aspects, such as prosecution, regulation, and compensation as discussed by several notable scholars, such as Tajti (2019) Nolasco et al (2013) and Cherry and Wong (2009). In addition, recent studies have also started to explore the potential benefits of restorative justice in the context of financial fraud, emphasizing the importance of facilitating a dialogue between victims, offenders, and other stakeholders as conferred by Button et al (2015) and Lokanan (2023). While these studies have provided valuable insights into the prevention and deterrence of such schemes, there is still considerable room for improvement in the field. Furthermore, a noticeable gap exists in comprehensive research that directly compares the challenges of restorative justice interventions across various jurisdictions.

What sets this research apart from previous studies is its in-depth examination of the application of restorative justice in Ponzi investment cases, particularly in two diverse contexts: Indonesia and Hungary. The comparative approach allows for a unique exploration of the legal and systemic factors that influence the implementation of restorative justice and its outcomes. By uncovering the distinctions and commonalities between these experiences, the research aims to provide a comprehensive perspective on the issue of restorative justice as a response to Ponzi schemes.

The originality of this study lies in its comparative perspective, which bridges two jurisdictions — Indonesia, a developing legal system in transition toward restorative justice, and Hungary, an established EU member with a mature mediation framework. This comparison is scientifically significant because no prior research has systematically analyzed how restorative justice principles operate within distinct socio-legal environments to address Ponzi schemes. By

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juxtaposing these differing models, this paper offers new theoretical and practical insights into how restorative justice can evolve as a tool for complex financial crime resolution.

This article is structured beginning with an introduction that provides an overview of the research topic, its background, significance, and the study's objectives. Following that, it explores the legal framework and procedure of restorative justice in Ponzi investment schemes in Indonesia, as well as examining the Hungarian experience with restorative justice in the context of Ponzi schemes. A comparative analysis is then presented, highlighting the similarities and differences in Indonesia and Hungary and shedding light on the unique challenges of each system. The research finally proceeds to summarize a comprehensive conclusion that underscores the commonalities and disparities between both jurisdictions in terms of restorative justice in the Ponzi scheme. Through this structured analysis, it aims to advance the discourse on restorative justice as a promising solution for addressing the aftermath of Ponzi investment cases, providing valuable insights for legal practitioners, policymakers, and scholars in the field for both countries.

Methodologically, this study adopts a doctrinal legal research approach, which is theoretical rather than empirical in nature. The doctrinal method focuses on examining, interpreting, and systematizing existing legal norms and principles to understand how restorative justice is positioned within national legal systems. In this context, the research relies on the analysis of primary legal sources such as legislation, criminal codes, and policy documents relevant to restorative justice and Ponzi schemes in Indonesia and Hungary. These are complemented by secondary materials including scholarly articles, comparative law studies, and academic commentaries that provide theoretical insights into restorative justice and financial crime regulation. Through this approach, the study aims to construct a coherent and comparative understanding of how both jurisdictions conceptualize and operationalize restorative justice within their respective legal frameworks.

In addition to the doctrinal approach, this study employs a comparative legal method to examine how restorative justice is conceptualized and practiced in two distinct legal systems. The comparison between Indonesia and Hungary is conducted using a functional approach, focusing on how each jurisdiction addresses similar legal problems — specifically, compensating victims and integrating restorative processes in financial fraud cases — within their respective normative and institutional frameworks. The choice of these two countries enables an exploration of

contrast: Indonesia as a developing jurisdiction in transition toward incorporating restorative justice, and Hungary as a European Union member with a more established mediation framework. Through this comparative lens, the study seeks to identify both convergence and divergence in practice, allowing for critical reflection on how contextual factors shape the effectiveness of restorative justice in complex financial crimes.

1 RESTORATIVE JUSTICE IN INDONESIA

1.1 The Existing Legal Framework

Suryandari, the Director of Regulatory Drafting at the Ministry of Law and Human Rights, sheds light on the conceptual foundations of restorative justice in Indonesia. She emphasizes that restorative justice represents a departure from the traditional retributive justice model that has historically dominated the criminal justice system (Fitouchi; Singh, 2023). According to Suryandari as quoted by Thea, retributive justice often falls short in making offenders fully cognizant of the impact of their crimes, instead fostering a climate where perpetrators may rationalize their actions (Ady, 2023). In contrast, she contends that true justice should extend beyond a focus solely on the violated law, the offender, and the imposed sanctions. Suryandari argues for a more comprehensive approach that takes into account the well-being of the victim, the steps necessary for their recovery, and the identification of parties responsible for fulfilling the rights of the victim (Sufriadi, 2023).

In advocating for this broader perspective, Suryandari underscores the need for a justice system that not only addresses legal transgressions but also prioritizes the restoration of individuals and communities affected by crime. By incorporating these elements into the justice framework, restorative justice in Indonesia aims to create a more holistic and reparative approach that goes beyond punitive measures, promoting a deeper understanding of the consequences of criminal actions and fostering a pathway towards rehabilitation and reconciliation (Banjarani et al., 2023).

The evolving legal landscape in Indonesia regarding restorative justice is underscored by legislative developments. While the term “restorative justice” is not explicitly embraced in Law No. 8 of 1981 on the Criminal Procedure Law, recent regulations signal a commitment to incorporate restorative justice processes into the country's legal framework. Notably, Law No.11

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of 2012 addresses the Juvenile Justice System, reflecting an early acknowledgment of the necessity for alternative approaches in handling younger offenders (Yulia et al., 2023). Moreover, Law No.12 of 2022 on Sexual Crime plays a pivotal role in regulating restitution and compensation for victims, demonstrating the legislature's dedication to addressing the unique challenges posed by such cases.

Recent legislative responses to financial crimes, particularly addressing Ponzi investment schemes, are evident in Indonesia's legal landscape. Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector represents the latest enactment in this regard. This legislative initiative recognizes the unique nature of financial crimes, emphasizing the need for tailored legal measures. It reflects Indonesia's commitment to adapting its legal system to effectively address emerging challenges and provide a more nuanced response to distinct categories of offenses (Rochaeti et al., 2023).

Law No. 4 of 2023 in Indonesia intricately weaves the principles of restorative justice into its regulatory framework, particularly in the realm of financial crimes. Noteworthy is Article 48B, paragraph (1), which outlines a nuanced approach to criminal cases in the financial services sector. While acknowledging the customary progression of such cases to the investigation stage, the law allows for the Financial Services Authority to opt for restorative measures, recognizing the potential impact on Financial System Stability and Consumer Protection (Hamjen et al., 2022). This underscores a deliberate effort to balance the pursuit of justice with the broader considerations of stability and protection within the financial sector.

In the context of the current enforcing Criminal Code (Law No. 1 of 1946), the issue of restorative justice is not regulated. However, the recently enacted Law No.1 of 2023 on the Criminal Code that would be enforced in 2026 subtly incorporates restorative justice principles, offering a more comprehensive perspective on criminal sanctions. Although not explicitly labeled as restorative justice, Article 54 introduces a significant element by requiring sentencing guidelines to take into account forgiveness from the victim or the victim's family (Hamzani et al., 2023). This provision recognizes the importance of acknowledging the victim's perspective and encourages a more empathetic approach in determining appropriate penalties. The new Criminal Code goes even further by empowering judges to grant forgiveness or judicial pardon, providing a legal mechanism to foster reconciliation between offenders and victims. Furthermore, the

inclusion of penalties such as supervision and social work within the Criminal Code aligns with the principles of restorative justice, emphasizing rehabilitation and reintegration into society as essential components of the justice system. The incorporation of compensation and restitution further underscores a shift toward a more victim-centered and reparative approach in the Indonesian legal landscape (Andini; Eurian, 2023).

To better illustrate the impact of the new legislation, when enforced in 2026, it is anticipated that the legal landscape will undergo a transformation. Judges, armed with the authority to grant forgiveness, will play a pivotal role in steering the justice system towards a more restorative approach. The explicit recognition of compensation and restitution as part of the legal framework underscores a pronounced shift toward a victim-centered and reparative ethos in the Indonesian legal landscape. In essence, the enforcement of Law No. 1 of 2023 is poised to usher in a new era of criminal justice, marked by a heightened focus on reconciliation and the well-being of both victims and offenders.

1.2 The Guiding Procedure to Restorative Justice

Applying restorative justice principles to the context of Ponzi investment scams offers a unique and nuanced perspective on the resolution of these complex financial crimes. Ponzi schemes, by their nature, involve fraudulent investment operations in which returns to earlier investors are sourced from funds contributed by new investors rather than legitimate profits (Madjid; Istiqomah, 2023). The deceptive financial practices inherent in Ponzi schemes create a tangled web of deceit, and when viewed through the lens of restorative justice, it becomes crucial to navigate and address the intricate dynamics of financial deception and its profound impact on victims.

In the pursuit of restorative justice in the aftermath of Ponzi schemes, the focus extends beyond traditional punitive measures. Instead, the emphasis is placed on acknowledging the harm inflicted on victims, understanding the broader implications on affected communities, and crafting resolutions that not only hold perpetrators accountable but also seek to restore financial stability, provide restitution to victims, and foster a sense of justice that goes beyond punitive retribution. This approach recognizes the need for a comprehensive and empathetic response that

takes into account the complex interplay of financial relationships and the emotional toll experienced by those who fall victim to these fraudulent schemes (Setiawan et al., 2023).

Article 5, paragraph (1) of Attorney General Regulation Number 15 of 2020 outlines specific criteria that must be satisfied for the implementation of restorative justice in Indonesia. The regulations set forth that the perpetrator of the criminal act should be a first-time offender, and the financial losses incurred by the victim should not exceed IDR 2.5 million. Importantly, the resolution of the case requires a mutual agreement between the perpetrator and the victim. The criminal offense committed should be one that is punishable by either a fine or imprisonment, with a maximum penalty not exceeding 5 years (Sukardi; Purnama, 2022). Furthermore, the regulations mandate that the perpetrator must return any items acquired through the criminal act to the victim, emphasizing the restitution of wrongfully obtained goods.

Furthermore, the regulations impose an obligation on the perpetrator to compensate for the victim's losses comprehensively. This compensation covers not only direct expenses resulting from the criminal act but also extends to addressing any damages caused by it (Priambada; Suwadi, 2023). By incorporating these criteria, the regulations provide a structured framework for the application of restorative justice, ensuring that it is applied judiciously and in cases where the nature of the offense aligns with the principles of reconciliation, restitution, and mutual agreement between the parties involved.

The execution of restorative justice within the Indonesian police force is regulated by Article 6 of National Police Chief Regulation No. 8 of 2021, which establishes a structured process for its implementation. When a peace request, duly signed and stamped by both parties, is received, the police initiate an administrative scrutiny to evaluate whether the formal prerequisites for case resolution through restorative justice are met. This initial assessment ensures that the process is initiated only when all necessary formal criteria are fulfilled (Sukendar et al., 2023). Upon confirmation of the request meeting the formal requirements, it is then presented to the investigator's superior for approval. Subsequent approvals are sought from higher-ranking investigators, including the Chief of the Criminal Investigation Department (*Kabareskrim*), the Provincial Police Chief (*Kapolda*), or the District/City Police Chief (*Kapolres*). Once these approvals are secured, the next step involves scheduling the signing of the peace statement, marking a crucial phase in the restorative justice process within the police force.

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This structured approach outlined in the regulation reflects a commitment to ensuring that victim-offender mediation is applied in a systematic and controlled manner within the police force. By incorporating a series of hierarchical approvals, the regulation aims to maintain oversight and adherence to established criteria, contributing to a more consistent and accountable application of restorative justice principles in resolving cases within the law enforcement context.

Following the approval process, a conference is convened as part of the restorative justice procedure within the Indonesian police force. This conference serves as a forum for all relevant parties involved in the case to come together and reach a mutual agreement. The agreement, once endorsed by the complainant, the accused, and any other pertinent individuals, becomes a pivotal component of the restorative justice process. Simultaneously, a memorandum is generated and directed to the investigator supervisor or the Head of the Criminal Unit (Harefa, 2022). This memorandum formally requests a special case hearing with the specific intent of resolving the case through restorative justice mechanisms, showcasing the procedural commitment to ensuring a fair and just resolution.

The special case hearing, a key phase in the restorative justice process, involves a diverse group of participants. This includes the complainant and/or their family, the accused and/or their family, as well as community representatives designated by the investigator. Furthermore, the hearing incorporates the active involvement of the handling investigator, representatives from internal supervisory and legal functions, and government officials if their participation is deemed necessary (Faharuddin; Hakim, 2023). This inclusive approach aims to foster a comprehensive and collaborative resolution, allowing for the diverse perspectives of all involved parties to be considered in the pursuit of justice within the context of restorative practices within the police force.

After the conclusion of the special case hearing within the Indonesian police force's restorative justice process, the subsequent steps involve meticulous administrative work. Administrative completeness and documentation are prepared, and a comprehensive report is compiled, detailing the outcomes and agreements reached during the hearing. This thorough documentation is a critical aspect of the process, ensuring that all relevant information is captured accurately and transparently. Subsequently, an official order to cease the investigation is issued, with restorative justice cited as the underlying rationale for bringing the case resolution to this

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particular conclusion. This order signifies a departure from traditional investigative routes, emphasizing the commitment to resolving cases through restorative principles (Syaufi, 2023).

Throughout these procedural steps, the investigator issues orders at various levels, including the national, provincial, and district/police station levels. The careful recording of each step in the new B-19 register book is integral to maintaining a clear and organized record of the case resolution through restorative justice. This meticulous record-keeping not only ensures accountability within the law enforcement process but also contributes to the development of a systematic approach to restorative justice implementation within the police force, allowing for future reference and analysis of cases resolved through this alternative and collaborative method (Faried; Mahmud, 2022).

In the prosecution stage of addressing Ponzi schemes within the restorative justice framework, the role of the prosecutor is pivotal. The prosecutor not only advocates for compensation for victims within the indictment but also plays an active role in facilitating communication between victims and offenders. This proactive engagement may involve negotiating collective settlements or structured restitution plans that take into account the financial capacity of the offenders and the extent of harm suffered by the victims. By actively involving the prosecutor in the restorative justice process, there is an opportunity to create a more collaborative and victim-centered approach to resolving Ponzi scheme cases, aiming to address the needs of those affected and promote restitution over punitive measures (Budianto, 2020).

Concurrently, during the trial phase, the judge's role is also pivotal in directly ensuring that restorative justice principles are integrated into the judicial decision-making process as stipulated in Decree of the Director General of the General Judiciary Agency of the Supreme Court No.1691/DJU/DK/PS.00/12/2020 on the Guidelines for the Implementation of Restorative Justice in the General Judiciary Environment. Moreover, recognizing the intricate nature and scale of Ponzi schemes, the judge can contribute by exploring innovative sentencing approaches that extend beyond conventional fines and imprisonment (Susilo et al., 2022). This may involve the imposition of restitution orders or conditions that mandate offenders to actively contribute to compensating the victims, thereby incorporating restorative elements into the punitive aspects of the legal resolution. Such a nuanced judicial approach acknowledges the unique challenges posed

by Ponzi schemes and emphasizes a more comprehensive and victim-oriented response within the broader criminal justice system.

When viewed comparatively, Indonesia's framework represents a system in the process of transition from a punitive to a restorative paradigm. Its initiatives to incorporate restorative justice into financial crime regulation, particularly through sectoral instruments, such as Law No. 4 of 2023, indicate a forward-looking legislative intent. However, the fragmented nature of these provisions and their dependence on future enforcement suggest that restorative justice remains largely conceptual rather than operational. This transitional character contrasts with the more entrenched and procedural system found in Hungary, setting the stage for a meaningful comparative inquiry into how differing legal maturity and institutional capacity affect restorative justice outcomes.

2 RESTORATIVE JUSTICE IN HUNGARY

2.1 The Existing Legal Framework

The history of mediation in Hungary traces its origins to 1992, marking its initial application in civil cases by several non-governmental organizations, with a particular focus on family and youth-related matters. During this period, mediation served as an alternative dispute resolution mechanism, offering a more amicable and collaborative approach to conflict resolution. However, it was not until the mid-1990s that criminologists in Hungary started championing the inclusion of mediation in criminal cases, recognizing its potential to foster restorative justice principles (Fellegi et al., n.d.).

In a pivotal development in 2003, restorative justice took center stage as a priority within Hungary's National Strategy for Community Crime Prevention. This strategic move signified a broader acknowledgment of the transformative impact mediation could have on the criminal justice system. Emphasizing community involvement and rehabilitation, the integration of restorative justice principles aimed to address the root causes of criminal behavior while fostering a sense of accountability and reconciliation. This marked a significant evolution in Hungary's approach to conflict resolution, emphasizing a more holistic and community-oriented perspective within the criminal justice framework.

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In 2006, Hungary took significant legal and institutional measures to incorporate victim-offender mediation (VOM) into its criminal justice system, demonstrating a commitment to fulfilling legislative responsibilities and aligning with international standards (Schmidt, 2023). This initiative was particularly driven by the country's dedication to complying with the European Union Council Framework Decision 2001/220/JHA on the Standing of Victims in Criminal Proceedings. Recognizing the importance of incorporating restorative justice practices and prioritizing the rights and needs of victims, Hungary underwent substantial legal revisions. Amendments to both the Code of Criminal Procedure and the Criminal Code were enacted, establishing a comprehensive set of rules specifically governing the practice of mediation in criminal proceedings.

These legal modifications served as the foundational framework for the systematic integration of VOM within Hungary's criminal justice system. By delineating clear guidelines and procedures, the amendments aimed to ensure the effective implementation of victim-offender mediation, fostering an environment that emphasized communication, understanding, and accountability. This marked a crucial step toward creating a more victim-centered and rehabilitative approach to criminal justice, aligning Hungary's practices with broader European Union standards on victim rights and the promotion of restorative justice principles (Gönczöl, 2005).

The progression of mediation and restorative justice practices in Hungary, with a specific focus on victim-offender mediation (VOM), underscores a commitment to redefining the approach to criminal justice in a manner that is more comprehensive and community-oriented. The adoption of these practices seeks to bridge the gap between offenders and victims, fostering meaningful dialogue and facilitating the process of reparation for the consequences of criminal offenses. This evolution reflects a recognition that addressing criminal behavior goes beyond punitive measures and involves a concerted effort to understand the root causes of offenses while promoting accountability and rehabilitation (Julesz, 2012).

In the context of financial crimes such as Ponzi investment scams, the application of restorative justice practices, including VOM, holds the potential to play a crucial role in addressing the harm inflicted upon victims. By bringing together those affected by such crimes, these processes create opportunities for open communication, empathy, and restitution. This not

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only allows victims to express the impact of the offense on their lives but also provides offenders with a platform for acknowledging and taking responsibility for their actions. In doing so, Hungary's commitment to incorporating restorative justice practices into its criminal justice system demonstrates a nuanced approach to addressing the complex and multifaceted challenges posed by financial crimes, emphasizing both accountability and healing within the community.

In Hungary, the integration of mediation into criminal justice proceedings has undergone a transformative evolution, marked by the interchangeable use of terms such as "mediation" and "restorative justice." This shift signifies a broader recognition of the holistic and community-oriented principles that restorative justice embodies. Notably, the amendment of the Hungarian Criminal Code in 2006 stands out as a pivotal moment in this progression. This legal milestone reflects a concerted effort to institutionalize restorative justice practices within the country's criminal justice framework, emphasizing a departure from traditional punitive measures towards a more collaborative and rehabilitative approach.

One notable facet of Hungary's commitment to restorative justice is the emphasis on victim-offender mediation (VOM), which has gained prominence since the legal amendments in 2006. This practice seeks to bring together offenders and victims, fostering dialogue and reparative actions to address the consequences of criminal acts. The institutionalization of VOM underscores Hungary's dedication to creating a justice system that not only holds offenders accountable but also actively involves them in the process of repairing the harm caused to victims (Herczog, 2005). Through these initiatives, Hungary is actively contributing to the global discourse on the role of restorative justice in contemporary legal systems and exemplifying a commitment to a more balanced and humane approach to criminal justice.

The legal foundations for restorative justice in Hungary are firmly established through two key legislative instruments. Firstly, the Act XC of 2017 on the Code of Criminal Procedure plays a pivotal role in defining the conditions for the implementation of restorative justice practices, particularly mediation procedures. Within this legal framework, Chapter LXVI, Section 412, specifically delineates the circumstances under which criminal proceedings can be temporarily suspended to facilitate mediation. This includes conditions such as the initiation or consent of both the suspect and the aggrieved party, the suspect's confession before indictment, and an expectation of reparative actions aimed at addressing the consequences of the criminal

offense. Significantly, the Act underscores the importance of ensuring that mediation procedures align with the fundamental principles of sentencing, ensuring that the restorative justice process remains consistent with broader legal principles.

By enshrining these provisions in the legal framework, Hungary's legislation not only legitimizes the use of restorative justice but also outlines clear criteria for its application within the criminal justice system. The emphasis on voluntariness, acknowledgment of wrongdoing, and the potential for reparative actions highlights Hungary's commitment to integrating restorative justice principles in a manner that is both effective and in harmony with the broader legal ethos (Vanfraechem; Aertsen, 2017). This legal foundation provides a structured and principled approach to the implementation of restorative justice, contributing to a more nuanced and rehabilitative criminal justice system in Hungary.

Furthermore, in the context of the Ponzi scheme, the legal framework established by Act C of 2012 on the Criminal Code explicitly prohibits the formation of organizations involved in pyramid schemes. Section 412 of the Criminal Code outlines the legal parameters, defining the offense as arranging a scheme that involves the collection and distribution of money from participants in a predetermined manner. The scheme incorporates an element of risk, and participants join in a chain-like manner, making payments or providing services to those preceding them in the chain, either directly or through the organizer (Tajti, 2021). According to this legal provision, individuals engaging in such activities are deemed guilty of a felony, and the offense is punishable by imprisonment for a period not exceeding three years. This regulation reflects Hungary's commitment to combating fraudulent financial practices and protecting individuals from the detrimental consequences of pyramid schemes.

In tandem with the Act XC of 2017, Hungary further fortifies its commitment to restorative justice through the Law on Mediation in Criminal Cases, designated as CXXIII of 2006. This legislation offers a well-defined framework for the mediation process within the realm of criminal justice, explicitly outlining the roles, responsibilities, and activities of mediators. By addressing practical issues and providing specific guidelines, this law serves to enhance the procedural clarity and consistency of restorative justice implementation. The Law on Mediation in Criminal Cases plays a crucial role in shaping the operational aspects of mediation, offering a

comprehensive structure that ensures the methodical integration of restorative justice practices into the broader criminal justice system.

Through CXXIII of 2006, Hungary not only acknowledges the importance of restorative justice but also takes a proactive step in establishing a robust infrastructure to support its effective application. By laying out the parameters of mediation and delineating the obligations of those involved, the law contributes to a more transparent and accountable criminal justice system. This legal framework not only reinforces the commitment to restorative justice principles but also acts as a guide for practitioners, mediators, and stakeholders, fostering a more cohesive and standardized approach to incorporating these transformative practices within Hungary's legal landscape.

2.2 The Guiding Procedure to Restorative Justice

Building on these legislative strides, Hungary has established a structured timeline for the application of mediation in criminal cases. Generally, mediation is accessible before the formal court phase and can extend up until the point of a formal accusation if the offender pleads guilty. The initiation of the mediation procedure is flexible, allowing for involvement by the public prosecutor, the parties, or their representatives. Section 414 (1) of the Act XC of 2017 on the Code of Criminal Procedure outlines the legal provisions for suspending criminal proceedings for a maximum of six months, providing a dedicated period for the parties involved to reach and implement a mutually agreeable resolution. This provision not only emphasizes the importance of early intervention through mediation but also underscores the flexibility inherent in Hungary's approach to incorporating restorative justice practices into its legal system.

Furthermore, Hungary's legal framework recognizes the dynamic nature of criminal cases, acknowledging that circumstances may arise during the court phase necessitating the use of mediation. In such cases, the availability of mediation is preserved, ensuring that this restorative justice tool remains an option throughout the criminal justice process. By allowing for adaptability in the timing of mediation procedures, Hungary demonstrates a commitment to ensuring that restorative justice is not only an early intervention strategy but also a responsive and inclusive mechanism that can be applied at various stages of the legal proceedings, promoting flexibility and effectiveness in addressing criminal conflicts (Rixer, 2023).

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While Hungary has embraced mediation as a valuable tool within its criminal justice system, there are statutory limitations that restrict its application to specific cases. The mediation procedure is contingent upon the concept of active repentance, as outlined in Section 29 (1) of the Criminal Code. This legal provision establishes grounds for the exemption of culpability and serves as the foundation for the eligibility of cases for mediation. Notably, active repentance can only be invoked in the context of misdemeanor offenses against crucial aspects such as life, physical integrity, health, personal freedom, human dignity, fundamental rights, traffic-related offenses, offenses against property or intellectual property rights, or crimes carrying a maximum imprisonment sentence of three years. These restrictions ensure that mediation is selectively employed in cases where the underlying offenses align with the specified criteria, maintaining a balance between the utilization of restorative justice and the severity of the criminal conduct involved.

By delineating these statutory boundaries, Hungary aims to tailor the application of mediation to cases where its principles are deemed most appropriate and effective. This strategic approach reflects a nuanced understanding of the nature and gravity of offenses that can benefit from the restorative justice process, ensuring that mediation is utilized judiciously in alignment with the legal and ethical considerations surrounding each specific category of crime.

A successful mediation procedure in Hungary brings about substantial benefits for the offender, emphasizing a departure from traditional punitive measures. When conflicts are effectively resolved through dialogue and negotiation, and an agreement is reached that satisfies both the victim and the offender, the public prosecutor has the authority to close the legal procedure. This resolution absolves the offender from further punishment, reflecting a pronounced shift towards restorative justice principles. By prioritizing reconciliation and reintegration, Hungary's legal system acknowledges the potential for personal growth and rehabilitation, recognizing that the process of addressing the harm caused by the offense is often more constructive than strictly punitive measures (Tünde, 2009).

Conversely, if mediation fails to yield a resolution acceptable to both parties, the public prosecutor retains the option to formally accuse the offender and initiate traditional legal proceedings (Fellegi, 2011). This dual-track approach underscores the importance of accountability and the recognition that certain offenses may require redress through established

legal channels. The flexibility inherent in this system allows for a pragmatic response to diverse criminal cases, ensuring that victim-offender mediation is applied judiciously while also acknowledging the necessity of traditional legal procedures in cases where mediation may not be a suitable resolution (Springmann, 2008).

Section 29(3) of Act C of 2012 on the Criminal Code in Hungary provides clear guidelines on scenarios where mediation is expressly prohibited. The legislation identifies specific situations in which the restorative justice process is deemed inappropriate, reinforcing the recognition that certain cases require a more formal legal approach. One notable exclusion involves multi-recidivist offenders, especially those who have committed a similar crime for the second time or engaged in criminal activities on multiple occasions. The prohibition of mediation in these cases reflects a concern for public safety and a recognition that repeat offenders may necessitate a more rigorous legal response to address underlying issues and ensure public protection. Furthermore, mediation is explicitly ruled out when the offender is affiliated with a criminal organization, emphasizing the inherent challenges and complexities associated with cases involving organized crime.

Furthermore, mediation is not applicable in situations where the criminal act has resulted in a fatality. This prohibition acknowledges the gravity of such offenses and the heightened emotional and societal impact they entail. By delineating these specific scenarios where mediation is expressly prohibited, Hungary's legal framework ensures that the limitations of the restorative justice process are recognized and that more severe offenses or cases involving repeat offenders are addressed through established legal channels, balancing the principles of restorative justice with the necessity for formal legal consequences.

The enactment of the new Criminal Code in 2017 marked a significant milestone for the scope of mediation in Hungary, expanding its application and introducing a more comprehensive approach to reparations. With the revised legal framework, it is now possible to consider reparations provided by the offender and accepted by the victim even before the formal initiation of the mediation procedure. This extension allows for a more flexible and proactive engagement with restorative justice principles, enabling the acknowledgment and acceptance of reparative actions outside the structured mediation process. The emphasis on reparations within this expanded scope is noteworthy, indicating a recognition that restoration can take various forms

beyond mere financial compensation, reflecting a nuanced understanding of the diverse ways in which offenders can address the harm caused to victims.

It is crucial to note that the concept of reparations under the new Criminal Code is not confined to financial restitution; it encompasses a broader spectrum of activities. This includes non-monetary reparations, such as an apology, emphasizing the importance of acknowledgment and remorse in the restorative justice process. The incorporation of these elements reflects a commitment to recognizing the multifaceted nature of harm caused by criminal offenses and underscores Hungary's dedication to fostering a restorative justice system that is responsive to the diverse needs and preferences of victims and offenders alike.

Comparing the Hungarian experience with Indonesia's evolving framework highlights a fundamental divergence in implementation philosophy. While Hungary prioritizes procedural consistency and adherence to established mediation principles, Indonesia emphasizes legislative experimentation and adaptive reform. Hungary's institutionalized model benefits from legal stability, but faces rigidity when applied to complex financial cases such as Ponzi schemes. Conversely, Indonesia's fluid framework allows greater adaptability but lacks the procedural coherence and oversight mechanisms necessary to ensure accountability. These differences underscore that the success of restorative justice mechanisms depends not only on their legal codification but also on the balance between institutional stability and regulatory flexibility.

3 NOTABLE CHALLENGES IN THE IMPLEMENTATION OF RESTORATIVE JUSTICE

While the preceding sections have outlined the legal frameworks and procedural structures in both countries, this section moves beyond description to engage in a more analytical discussion. It critically evaluates the implications of these frameworks, questioning the extent to which restorative justice mechanisms can realistically function within each legal system when confronted with the structural and financial complexities of Ponzi schemes. The discussion interrogates not only legal consistency and regulatory adequacy but also the broader issue of whether restorative justice can achieve meaningful victim restitution in cases involving widespread economic harm.

3.1 The Regulatory Issue

3.1.1 Indonesia

In the Indonesian criminal justice system, restorative justice has emerged as a method for resolving various criminal cases through Victim-Offender Mediation (VOM), including those involving illegal investment schemes such as Ponzi schemes. Notably, this approach is adopted not only by law enforcement agencies, such as the police and the prosecutor's office, but also by the judiciary. The utilization of restorative justice reflects a broader shift towards alternative dispute resolution methods, emphasizing reconciliation and rehabilitation over punitive measures (Eddyono, 2021). However, a notable challenge in the current landscape is the absence of uniform rules governing the application of restorative justice. Each law enforcement agency operates under its own set of regulations, leading to a lack of standardization in the implementation of restorative justice practices across the criminal justice system.

This lack of uniformity raises questions about consistency and fairness in the application of restorative justice in Indonesia. While the overarching principle of seeking non-adversarial resolutions is commendable, the absence of standardized procedures may result in varied outcomes for individuals involved in criminal cases. Establishing a more cohesive and standardized framework for the application of restorative justice could enhance its effectiveness and ensure a more consistent approach across different law enforcement agencies in the Indonesian legal system (Rochaeti; Muthia, 2021).

Various law enforcement institutions, including the Prosecutor's Office, Police, and the Judiciary, have issued regulations like Prosecutor's Office Regulation No.15 of 2020, Police Regulation No.8 of 2021, and the Directorate General of the Judiciary of the Supreme Court Decree No.1691/DJU/SK/PS.00/12/2020, delineating procedures for restorative justice. However, the multiplicity of regulations creates a challenge, as differences in interpretation and application may arise among law enforcement agencies due to the lack of a standardized framework. For example, there is a fundamental difference between the public prosecutor's office and the police in determining the conditions for a suspect to be eligible to request restorative justice. This can be seen when Attorney General Regulation Number 15 of 2020 stipulates that only criminal acts resulting in a maximum loss of IDR 2.5 million can be submitted for restorative measures. On the other hand, National Police Chief Regulation No. 8 of 2021 does not stipulate the same standards

applied by the prosecutor's regulation (Syaufi; Haiti, 2021). This ambiguity may impede its effective implementation, as law enforcement officers might interpret and apply restorative justice differently. To overcome this challenge, a concerted effort is required to establish a clear and universally accepted definition of restorative justice, accompanied by standardized guidelines (Zarkasi; Azisa, 2022). Such measures would promote consistency in the application of restorative justice across diverse law enforcement agencies, fostering a more cohesive and equitable approach to criminal justice in Indonesia.

The financial threshold of IDR 2.5 million for losses resulting from the criminal act, as stipulated in Attorney General Regulation Number 15 of 2020, may pose challenges when directly applied to Ponzi schemes, given the scale of financial losses often incurred by victims. Ponzi schemes typically involve substantial financial harm affecting numerous individuals who may collectively face losses far exceeding the specified threshold. For example, the Wahyu Kenzo trading robot case, which gathered a membership base of 25,000 individuals and caused losses of IDR 9 trillion (Defri, 2023). Apart from that, there is also the Indosurya Savings and Loans Cooperative led by Henry Surya involving approximately 23,000 customers with a total loss of IDR 106 trillion, which is one of the largest Ponzi scheme cases in Indonesia. Looking at this fact, it is very certain that it is impossible for cases of Ponzi scheme fraud to be subject to restorative efforts. Therefore, it is important for the prosecutor's office in particular to review the relevant regulations so that they can accommodate restorative efforts without having to limit the maximum value of losses that can be proposed for peace in a restorative way between the perpetrator of the crime and the victims.

3.1.2 Hungary

The intricate relationship between pyramid schemes and Ponzi schemes, coupled with their overlapping characteristics, introduces a layer of complexity within national legal systems, especially in Hungary. In this context, Hungary stands out as one of the few countries that have nominated a sector-specific crime rather than relying on the broader category of fraud. The Hungarian Criminal Code notably incorporates the term "pyramid game" (*piramisjáték*) to encompass the features of both pyramid and Ponzi schemes, reflecting a unique legal approach. Interestingly, the term "Ponzi scheme" is conspicuously absent in Hungary's legal lexicon, and

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this deviation extends to media discourse within the country. Consequently, the Hungarian legal framework employs the term "pyramid game" comprehensively, encapsulating the nuances of both fraudulent financial structures (Hock; Button, 2023).

In addition, Hungary's more limited approach to addressing Ponzi schemes places a significant burden on its criminal law and the broader criminal justice system. This limitation in legal specificity poses a challenge to restorative justice implementation in Hungary, as the nuanced nature of Ponzi schemes requires a more tailored and precise legal response to ensure fair and just outcomes for victims. Moreover, the characterization of the Hungarian Securities and Exchange Commission (SEC) as having "dominantly ad hoc reactions" underscores a broader challenge in responding to financial fraud within the country. The reactive and situation-specific nature of the SEC's responses suggests a lack of a comprehensive, pre-established strategy to combat Ponzi schemes. This reactive stance could impede the development of a proactive and preventive approach to financial crimes, further complicating the implementation of restorative justice in Hungary. A comprehensive and proactive strategy is crucial to effectively deter and address Ponzi schemes, providing a foundation for a more robust restorative justice framework that can navigate the intricacies of financial fraud in a systematic and equitable manner (Tajti, 2022).

The collapse of the three largest pyramid schemes labeled as 'real property investment cooperatives' in Hungary in September 2003 marked a significant financial catastrophe, capturing widespread attention in the media. Despite the intense focus during the aftermath of the collapses, the issue of 'pyramid games' faded from public discourse once the scars healed. Surprisingly, no legal reforms or lessons emerged from this crisis, and no governmental officials faced consequences for failing to detect the cooperative scams or the resulting hardships experienced by consumer-investors, predominantly pensioners. This lack of accountability and proactive response poses a challenge to the implementation of restorative justice in Hungary, as it reflects a systemic failure to address and prevent fraudulent financial activities. A notable aspect arising from the aftermath was a court case filed in 2003 against the Hungarian Securities and Exchange Commission (SEC) by a victim of one of the cooperatives. The plaintiff, having lost one million Hungarian Forints, accused the SEC of negligence in failing to detect and halt the illegal financial activities of the cooperative. This case exemplifies the challenges faced in seeking justice, with a

lack of regulatory oversight and accountability hindering the protection of consumer-investors. The episode underscores the need for a more vigilant and responsive legal framework to prevent future financial scams and to facilitate the effective implementation of restorative justice in Hungary (Tajti, 2005).

In May 2018, the National Bank of Hungary (NB) launched a campaign specifically targeting 'pyramid games,' likely prompted by the detection of several new schemes in the first months of 2018. Despite this proactive approach, the overall effectiveness remains uncertain, and the NB's emphasis on collected fines raises questions about the adequacy of punitive measures in deterring fraudulent financial activities. This increased focus on enforcement, indicated by the rise in fines imposed on illegal financial service providers, suggests a heightened awareness of the issue. However, the lack of clarity on how many of these cases involved pyramid and Ponzi schemes poses challenges for evaluating the true impact of these efforts. The disheartening aspect for consumer-investors is the NB's explicit clarification that the fines imposed are distinct from the losses incurred by investors, and compensation cannot be sought from the collected fines. While the state's Investor Protection Fund theoretically provides an avenue for compensation, it remains uncertain how investments in schemes are viewed by the Fund and the limitations of its payments. This complexity adds layers of uncertainty and frustration for investors seeking redress, highlighting a significant challenge for restorative justice implementation in Hungary (Tajti, 2021).

Despite some positive developments, such as the NB filing more criminal charges for financial fraud and pyramid games, these advancements do not sufficiently strengthen the position of consumer-investors. The need for ancillary remedies like disgorgement and fair funds remains unmet. The underlying regulatory framework in Hungary, while showing some progress, is far from perfect, and the challenges in securing just outcomes for victims persist. Effectively implementing restorative justice in this context requires not only stronger regulatory measures but also a comprehensive approach that considers the unique needs and vulnerabilities of consumer-investors affected by fraudulent schemes.

3.2 The Widespread of Victims

3.2.1 Indonesia

The condition necessitating an agreement between the offender and the victim within the resolution process becomes intricate when applied to Ponzi schemes. Adapting the procedural aspects outlined in the Circular of the Indonesian National Police Number 8 of 2018 to Ponzi schemes requires a nuanced approach to address the inherent complexity of these financial frauds. The conventional submission of a peace settlement request, which typically involves both parties, becomes notably challenging when dealing with a multitude of victims affected by Ponzi schemes. However, collective restitution principles, such as class-action settlements or representative victim participation can be explored. These methods allow for a more collective resolution process, streamlining the engagement of numerous victims and ensuring that their interests are considered collectively rather than individually. The processes can involve representatives or groups of victims engaging in discussions with the perpetrators, striving for a comprehensive resolution that takes into account the interests and losses of all affected parties (Susilowati, 2019). This collaborative approach acknowledges the unique challenges posed by Ponzi schemes and seeks to ensure a fair and inclusive resolution that considers the broader implications of the financial harm inflicted (Nicholson, 2001).

3.2.1 Hungary

Despite a historically low number of cases related to fraudulent schemes in Hungary, there is a notable lack of awareness among lawmakers regarding the necessity to bolster regulatory responses. The relatively infrequent occurrence of such cases may contribute to this oversight. A specific concern arises with schemes disguised as multi-level-marketing (MLM) ventures, colloquially labeled as "pyramids" (Harison; Mihály, 2021). This designation implies the potential existence of deceptive schemes masquerading as legitimate MLM ventures, presenting a unique challenge for regulatory authorities. Moreover, the emergence of online versions of these schemes introduces new and potentially more significant threats. The global reach of these online schemes extends beyond national borders, making them more difficult to detect and regulate, thus amplifying the challenges associated with implementing restorative justice in the Hungarian context. Addressing these issues requires heightened regulatory vigilance and an adaptive legal framework to effectively combat fraudulent activities and ensure justice for victims (Tajti, 2021).

A comparative reflection reveals that both countries confront similar obstacles when restorative justice is applied to mass-victimization contexts, yet the sources of these obstacles differ. Indonesia's challenge stems from logistical and administrative constraints in coordinating restitution among thousands of victims dispersed across regions. Hungary, on the other hand, faces conceptual and procedural limitations, as its mediation framework was designed primarily for individualized offenses rather than collective financial fraud. These contrasts highlight the need for a reimagined form of restorative justice that extends beyond interpersonal reconciliation to encompass collective redress mechanisms.

4 VISUALIZING SIMILARITIES AND DIFFERENCES: A TABLE-BASED EXPLORATION

This section undertakes a detailed analysis of the restorative justice systems in Indonesia and Hungary, with also some variables focusing on the Ponzi scheme context. Noteworthy similarities and differences are meticulously documented and presented in tables, offering a structured and visual exploration of the contrasting elements in these two frameworks. By employing tables as a visual aid, this discussion aims to provide a clear and concise overview of the commonalities and disparities in how Indonesia and Hungary approach restorative justice in the context of Ponzi scheme cases.

Table 1 - Similarities in Restorative Justice Application for Ponzi Schemes between Indonesia and Hungary

Aspect	Indonesia	Hungary
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General Legislation	The issue of restorative justice is not regulated in the current Indonesian Criminal Code. However, it is implicitly regulated in the Article 54, Law No.1 of 2023 on the Criminal Code that would be enforced in 2026.	The issue of restorative justice in the form of mediation is regulated Section 29, Act C of 2012 in the Criminal Code.
Specific Legislation on the Implementation of Restorative Justice for Ponzi scheme cases	The possibility to settle the financial crimes such as Ponzi schemes through restorative justice is regulated in Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector.	Section 412, Act C of 2012 on the Criminal Code explicitly prohibits the formation of organizations involved in pyramid schemes, including Ponzi schemes.
Common Challenges Definition	The absence of a comprehensive definition and explanation of restorative justice as the law and regulations on the matter scattered around sectoral laws among legal authorities. It raises the question whether or not the Ponzi scheme can actually be settled through restorative justice.	The limited legal specificity for Ponzi schemes in Hungary, relying on broader criminal law as stipulated in the Criminal Code.

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Perpetrators of Ponzi The expansive reach of schemes and victims from online pyramid or Ponzi diverse regions pose schemes, rendering them **Spread of obstacles** in endeavors to more difficult to identify **Perpetrators implement** restorative and regulate, presents a **and Victims justice for** reaching formidable challenge in the **settlement agreements.** implementation of **restorative justice measures.**

Source: The authors (2025).

Table 2 - Differences in Restorative Justice Application for Ponzi Schemes between Indonesia and Hungary

Aspect	Indonesia	Hungary
Terminology	The term “restorative justice” is not explicitly adopted in Law No. 8 of 1981 on the Criminal Procedure Law.	Hungary adopted the term “mediation” in Chapter LXVI, Section 412, Act XC of 2017 on the Code of Criminal Procedure to delineate the implementation of restorative justice.

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<p>Sectoral Legislation on Restorative Justice Procedure</p>	<p>Several sectoral legislations on the implementation of restorative justice include: Attorney General Regulation Number 15 of 2020, National Police Chief Regulation No. 6 of 2019, Decree of the Director General of the General Judiciary Agency of the Supreme Court No.1691/DJU/DK/PS.00/12/2020</p>	<p>No sectoral legislation on the implementation of restorative justice.</p>
<p>Decision-Making Authority for Opting Restorative Justice</p>	<p>The discretionary power to ascertain the appropriateness of employing restorative justice in specific cases lies within the purview of the police, public prosecutor, and judge.</p>	<p>The discretionary power to ascertain the appropriateness of employing restorative justice lies only with the public prosecutor.</p>
<p>Involving Parties in Mediation</p>	<p>The victim, offender, mediator, legal authorities (police, prosecutor, and judge), and related parties to the case may be involved in the mediation process.</p>	<p>The victim, offender, and mediator involved in the mediation process.</p>

Source: The authors (2025).

While the tables above outline the normative similarities and differences between Indonesia and Hungary, a deeper comparative analysis reveals the underlying structural and conceptual factors that shape these distinctions. Indonesia's restorative justice framework reflects a system in legal transition, in which the integration of restorative principles is largely

aspirational and dependent on forthcoming legislation. The fragmented regulatory structure and limited financial thresholds show that restorative justice is still perceived as a supplementary mechanism rather than a mainstream legal remedy. In contrast, Hungary's framework demonstrates a mature institutionalization of restorative practices through mediation, but its scope remains narrowly confined to minor offenses, revealing a conservative application of restorative principles in economic crimes. This contrast suggests that while Indonesia's challenge lies in institutionalizing restorative justice through coherent legal codification, Hungary's lies in expanding its normative boundaries to encompass more complex financial harms. Taken together, the comparison underscores that successful implementation of restorative justice in Ponzi schemes requires not only legal recognition, but also a reconfiguration of procedural mechanisms and policy priorities to address collective victimization and systemic economic damage.

CONCLUSION

This study set out to address the problem of how restorative justice can be meaningfully applied to Ponzi investment schemes, a form of financial crime that causes diffuse and large-scale harm. Through a doctrinal and comparative legal analysis of Indonesia and Hungary, the research has demonstrated that while both jurisdictions recognize restorative principles, their integration into financial crime regulation remains partial and fragmented. Indonesia is in a formative stage, gradually embedding restorative elements into its forthcoming Criminal Code and financial sector legislation, whereas Hungary has institutionalized mediation but limits its application primarily to less severe offenses.

The comparative findings reveal that the main barriers to implementing restorative justice in Ponzi cases are structural rather than conceptual: both systems struggle with defining collective victimhood, determining appropriate restitution mechanisms, and reconciling restorative objectives with the punitive logic of financial crime prosecution. Nevertheless, each jurisdiction offers complementary lessons — the Indonesian approach underscores the potential of legislative reform to incorporate restorative principles more broadly, while the Hungarian experience illustrates the importance of procedural safeguards and institutional maturity in sustaining mediation practices.

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In responding to the research problem, this paper argues that restorative justice can contribute to addressing the complex harms of Ponzi schemes only if adapted beyond its traditional scope. It must evolve from an interpersonal reconciliation model toward a hybrid framework that accommodates collective redress, financial restitution, and systemic accountability. By highlighting the contextual and functional contrasts between Indonesia and Hungary, this study contributes an original comparative insight: restorative justice, when properly contextualized within financial regulation and victim compensation systems, can serve as a viable complement, not an alternative, to criminal prosecution in cases of financial fraud. This conclusion not only reaffirms the theoretical potential of restorative justice but also points toward a practical path for integrating its principles into the governance of transnational financial crimes.

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