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The Family Firm

A TIME investigation into the wealth of Indonesia's Suharto and his children uncovers a \$15 billion fortune in cash, property, art, jewelry and jets

By JOHN COLMEY and DAVID LIEBHOLD
Jakarta



When the end came for Suharto, Indonesia's long-serving President appeared oddly passive. As students and angry mobs took to the streets and soldiers responded with gunfire and tear gas, the five-star general hovered in the background, making few attempts to set things right. When he finally quit a year ago this week, he stood meekly to the side as his successor, B.J. Habibie, took the oath of office. Suharto has hardly been heard from since.

But Indonesia's onetime autocrat has been far busier than most of his countrymen realize. Just after his fall from power there began feverish movements of his personal fortune. In July 1998, reports emerged that a staggering sum of money linked to Indonesia had been shifted from a bank in Switzerland to another in Austria, now considered a safer haven for hush-hush deposits. The transfer caught the attention of the United States Treasury, which tracks such movements, and set in motion diplomatic inquiries in Vienna. Now, as part of a four-month investigation that covered 11 countries, TIME has learned that \$9 billion of Suharto money was transferred from Switzerland to a nominee bank account in Austria. Not bad for a man whose presidential salary was \$1,764 a month when he left office. (Suharto, for his part, denies that he has any bank deposits abroad and insists that his wealth amounts to a mere 19 hectares of land in Indonesia, plus \$2.4 million in savings.)

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Those billions are just part of the Suharto wealth. Though the Asian financial crisis has trimmed the family empire considerably, the former President and his children retain a staggering fortune. It was built over three decades from a skein of companies, monopolies and control over vast sectors of economic activity in Indonesia--from oil exports to humble pilgrims making the yearly visit to Mecca. (They flew on planes leased from companies controlled by Suharto's children.) According to data from the National Land Agency and Properti Indonesia magazine, the Suharto family on its own or through corporate entities controls some 3.6 million hectares of real estate in Indonesia, an area larger than Belgium. That includes 100,000 sq m of prime office space in Jakarta and nearly 40% of the entire province of East Timor.

Within Indonesia, the six Suharto offspring have significant equity in at least 564 companies, and their overseas interests include hundreds of other firms, scattered from the U.S. to Uzbekistan, the Netherlands, Nigeria and Vanuatu. The Suhartos also possess plenty of the trappings of wealth. In addition to a \$4 million hunting ranch in New Zealand and a half-share in a \$4 million yacht moored outside Darwin, Australia, youngest son [Hutomo Mandala Putra](#) (nicknamed Tommy) owns a 75% stake in an 18-hole golf course with 22 luxury apartments in Ascot, England. [Bambang Trihatmodjo](#), Suharto's second son, has an \$8 million penthouse in Singapore and a \$12 million mansion in an exclusive neighborhood of Los Angeles, two doors down from rock star Rod Stewart and just up the street from his brother [Sigit Harjoyudanto's](#) \$9 million home. Eldest daughter Siti Hardiyanti Rukmana may have sold her Boeing 747-200 jumbo jet, but the family's fleet of planes included, at least until recently, a DC-10, a blue-and-red Boeing 737, a Canadian Challenger 601 and a BAC-111. The latter once belonged to the Royal Squadron of Britain's Queen Elizabeth II, according to Dudi Sudibyo, managing editor of Indonesia's Angkasa aerospace magazine.

Neither Suharto nor his six children responded to requests for interviews, though lawyers for the former President and son Bambang asserted that their clients did nothing illegal. Indeed, no one has proven that the Suhartos broke any laws. Their companies mostly consist of operating entities that turn profits, create jobs and import Western technology. Yet allegations that the former First Family benefited from favoritism, commonly heard in Indonesia since the early 1980s, began to grow louder when the former President resigned. His successor quickly announced an official investigation into such charges. Tommy, the youngest son whose corporate empire at one point included the Lamborghini sports car company, is already in legal jeopardy, facing charges of defrauding a state agency of \$11 million in a real estate deal.

Author Pramoedya Ananta Toer says that Suharto's sins run much deeper than greed

The South Jakarta district court recently rejected a plea from Tommy's lawyers that he be tried in a civil court and is proceeding with a criminal trial.

In an interview at the State Palace, Habibie told TIME he will not cover up for his former mentor, but he has so far declined to freeze the family's holdings or to follow up on the investigation in any meaningful way. Private asset-tracing firms are excited at the prospect of a Suharto treasure hunt, if only Jakarta would hire them. "In terms of dollars, we think this could be bigger than anything we have ever seen before," says Stephen Vickers, Asia chief for Kroll Associates, which helped investigate the wealth of the Philippines' former President Ferdinand Marcos. "My bags are packed."

The search won't start in earnest unless the man in charge of the government's investigation, Attorney General Andi Muhammad Ghalib, gives the go-ahead. Ghalib, a three-star general in the Indonesian military, told TIME that he has found no evidence that his former supreme commander wrongly acquired state assets. But Ghalib has been moving slowly, and some of his own staff members are not convinced the investigation is serious. In the opinion of an official in the Attorney General's office, "Ghalib is on a mission to protect Suharto."

Nonetheless, the code of secrecy shielding the family is breaking down. After hundreds of interviews with former and current Suharto friends and government officials, business associates, lawyers, accountants, bankers and relatives, as well as examinations of dozens of documents (including bank records of outstanding loans), TIME correspondents found indications that at least \$73 billion passed through the family's hands between 1966 and last year. Much of that was from the mining, timber, commodities and petroleum industries. Bad investments and Indonesia's financial crisis have reduced the sum substantially. But evidence indicates that Suharto and his six children still have a conservatively estimated \$15 billion in cash, shares, corporate assets, real estate, jewelry and fine art--including works by Indonesian masters Affandi and Basoeki Abdullah in the collection of Siti Hediati Hariyadi, the middle daughter known as "[Titiek](#)."

Suharto laid the foundation for the family fortune by establishing the intricate nationwide system of patronage that kept him in power for 32 years. His children, in turn, parlayed their ties to the President into the role of middlemen for government purchases and sales of oil products, plastics, arms, airplane parts and petrochemicals. They held monopolies on the distribution and import of major commodities. They obtained low-interest loans by colluding with or even strong-arming bankers, who were often afraid to ask for repayment. Subarjo

Joyosumarto, managing director of Bank Indonesia, the central bank, confirms that during the time of Suharto, "there was an environment that made it difficult for the state banks to refuse them."

While the Indonesian economy was growing fast, it was possible to make light of the Suhartos' rent-seeking ways. Now, with half the population below the poverty line as a result of the financial crash, there is little doubt that the family grew wealthy at the expense of the nation. A former business associate of the children estimates that they skipped tax payments of between \$2.5 billion and \$10 billion on commissions alone. "It is very likely that none of the Suharto companies has ever paid more than 10% of its real tax obligations," says Teten Masduki, an executive member of Indonesian Corruption Watch, an anti-graft non-governmental organization. "Can you imagine how much revenue has been forgone?"

Many Indonesians also blame Suharto for creating a climate of corruption that pervaded the entire economy. The World Bank estimates that as much as 30% of Indonesia's development budget over two decades disappeared through civil-service-wide corruption that filtered down from the top. "If you don't pay bribes, people think you're odd," says Edwin Soeryadjaya, a director of an Indonesian-U.S. telecommunications joint venture. "It's very sad. I cannot say that I'm proud to be an Indonesian. This is one of the most corrupt countries in the world."

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The Suharto Children

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