



## **PALADIN'S INVESTIGATION REPORT (DRAFT)**

ON BEHALF OF

**PT Sarif Industries**

REGARDING

**PT VERSALIFE**

***SAMPLE ONLY – ALL ENTITIES ARE FICTITIOUS***

**DOCUMENT REFERENCE:  
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## **EXECUTIVE SUMMARY**

1. Paladin was engaged by PT Sarif to conduct a due diligence investigation on PT Versalife. PT Versalife distributes imported pharmaceutical products throughout Indonesia. One of the companies that it distributes products from is Sarif Industries, a manufacturer of pharmaceuticals based in Detroit USA. PT Sarif is a local branch of Sarif Industries and operates a modestly-sized representative office in Jakarta that handles potential legal issues arising from Sarif Industries products. PT Sarif does not handle the sales and distribution of said products in Indonesia, leaving that side of the business to PT Versalife.
2. PT Sarif was tasked by its Detroit based headquarters to provide information for an evaluation of PT Versalife as a distributor. Allegations of missing products and potential lost sales and rumours about bad management practices led Sarif Industries to believe that PT Versalife may not be performing adequately as a distributor. Sarif Industries was concerned that low sales of their products may have been caused by a number of opportunistic individuals within PT Versalife, which in turn may reflect badly on the system and management of PT Versalife overall.
3. Investigations reveal that PT Versalife does not have many visible owned assets that justify their size and reputation as a leading distributor. Specifically, PT Versalife does not own and control many of its warehouses, nor does it have a large fleet of transport vehicles. The usual explanation for this is that the company sub-contracts its projects to other smaller companies. PT Versalife heavily uses warehouses belonging to other smaller companies and transport services of other smaller logistics providers. Although this is a serious matter, most other leading pharmaceutical distributors in Indonesia are known to do the same, and so PT Versalife is not seen to be less than capable than their competitors in this regard. Still it must be iterated that this leads situation where there is a lack of tight supervision and accountability regarding the quality of storage of products; as well as security of the products in storage and transport. Investigations have found indications of this through address and location checks.
4. Investigations on the third party warehouses that PT Versalife uses to store Sarif products reveal alarming indications of lack of monitoring systems in place, resulting in many cases where contracted staff, security, and truck drivers may be working together to smuggle Sarif products out of the warehouses. A lot of these activities are believed to involve unmarked trucks (trucks without a company logo identifying them to be from a registered logistics company) that have been spotted entering and leaving the warehouse premises without adequate checking.
5. Investigations found instances that support the allegation that PT Versalife may not have the best system and management policy in place. PT Versalife has been known in the past, of three instances of not paying their employees THR (annual religious bonus). This resulted in demonstrations by their employees. Sources say that after these events, a number of their more talented employees left the company and this is said to have had an adverse affect to quality of services.
6. Investigations have revealed a number of staff of PT Sarif that have a history of being former employees of PT Versalife. A deeper investigation is required to gather physical evidence of any potential conflict of interest issues as there appear to be indications of a long running relationship between middle level staff of PT Sarif and PT Versalife management. This relationship is said to have caused some sort of communication gap between middle level staff of PT Sarif and the Sarif top level foreign management.

7. These issues at PT Versalife have until recently not been detected by top level management of PT Sarif. This is believed due to some of PT Sarif's managers and supervisors not reporting these problems to their superiors. Findings indicate that these middle-level staff may have been paid by PT Versalife in order to continue to support them as a distributor.
8. As part of the due diligence objective stated by the client, Paladin conducted credit checks and found four instances of late payment of bank loans taken by PT Versalife. The loans to PT Versalife were issued by the same bank Director four times. This bank director is rumoured to hold great influence and control of the bank due to political ties. PT Versalife, or more likely its owners, is likely to have a close relationship with this bank director. The finding generally indicates that PT Versalife's continued business has highly depended more on top level management to lobbying of institutions like banks and clients, less so due to the actual quality of service.
9. Paladin's investigation of PT Versalife identified two individuals that run and own the company. They are John Smith and Jane Doe. Paladin conducted civil and criminal checks under three names. The names PT Versalife, and company owners John Smith and Jane Doe. Company profile reveals two additional commissioners for PT Versalife by the name of JC Denton and Adam Jensen, but those two are not said to be involved anymore in company activities. Paladin investigations did not find them to even be in the country. Sources say that they may have been former top level management that have left the company, but their names have not been taken off from company records that the Justice Ministry holds. The Justice Ministry may not have updated all their company documents.
10. Paladin checks on company owners John Smith and Jane Doe reveal them to be living an extravagant lifestyle. There may be a situation where they might be living beyond their means. The issue here is that John Smith and Jane Doe, like other owners of Indonesian companies, are able to access all company funds for their personal use. Business owners have been known take out large amounts of company funds when it may have been more prudent to leave them in the company bank accounts, to be used as operational expenses instead. There is also likely possibility, in light of information of generous bank loans given to PT Versalife as mentioned above, that John Smith and Jane Doe may be using part of the loan money for personal use.

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**RECOMMENDATIONS**

11. The Table below lists Paladin recommendations to PT Sarif regarding issues found on PT Versalife.

	<b>RECOMMENDATIONS</b>
1	PT Sarif or Sarif Industries recommended to directly confront PT Versalife regarding issues of lack of monitoring systems found in their third party warehouses and logistics providers. PT Versalife to provide time to consider and give appropriate response.
2	Paladin recommends PT Sarif advises PT Versalife to change managements systems or consider utilizing external consultants that offers service of improving management and/or security measures. Paladin is able to provide such service also upon consent of PT Sarif, PT Versalife and its subcontractors. Should this be a viable option, Paladin advises PT Sarif not to let it be known that PT Versalife was discreetly investigated by Paladin to avoid possible unfavourable reaction or resistance. [Analyst Note: still need input on whether this is a good recommendation to give]
3	Should no measures be taken by PT Versalife after a specific agreed timeline and/or PT Versalife shows resistance to such improvement measures, Paladin recommends Sarif Industries consider changing distributors. Paladin offers its due diligence service to carefully asses any potential distributors.
4	Paladin recommends deep level infiltration to obtain confidential financial records of PT Versalife and Bank Page in order to determine how Page bank loans to PT Versalife have actually been used. The real question here is whether they have been used fully for PT Versalife's business?

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## **INTRODUCTION**

12. This document represents the formal report regarding the investigation conducted by Paladin Group Limited (Paladin) on PT Versalife on behalf of PT Sarif.
13. This report outlines the conduct of the investigation and reports all findings as required within the defined scope of work.

## **BACKGROUND**

14. As part of Paladin's response to PT Sarif tender for Supplier Business Ethics and Code of Conduct Compliance Due Diligence Services.
15. Paladin was subsequently requested to conduct due diligence on PT Versalife – an existing service supplier of Sarif Industries Detroit.
16. PALADIN commenced operations in support of this task on 18 June 2011 and concluded on 20 July 2011.

## **OBJECTIVE**

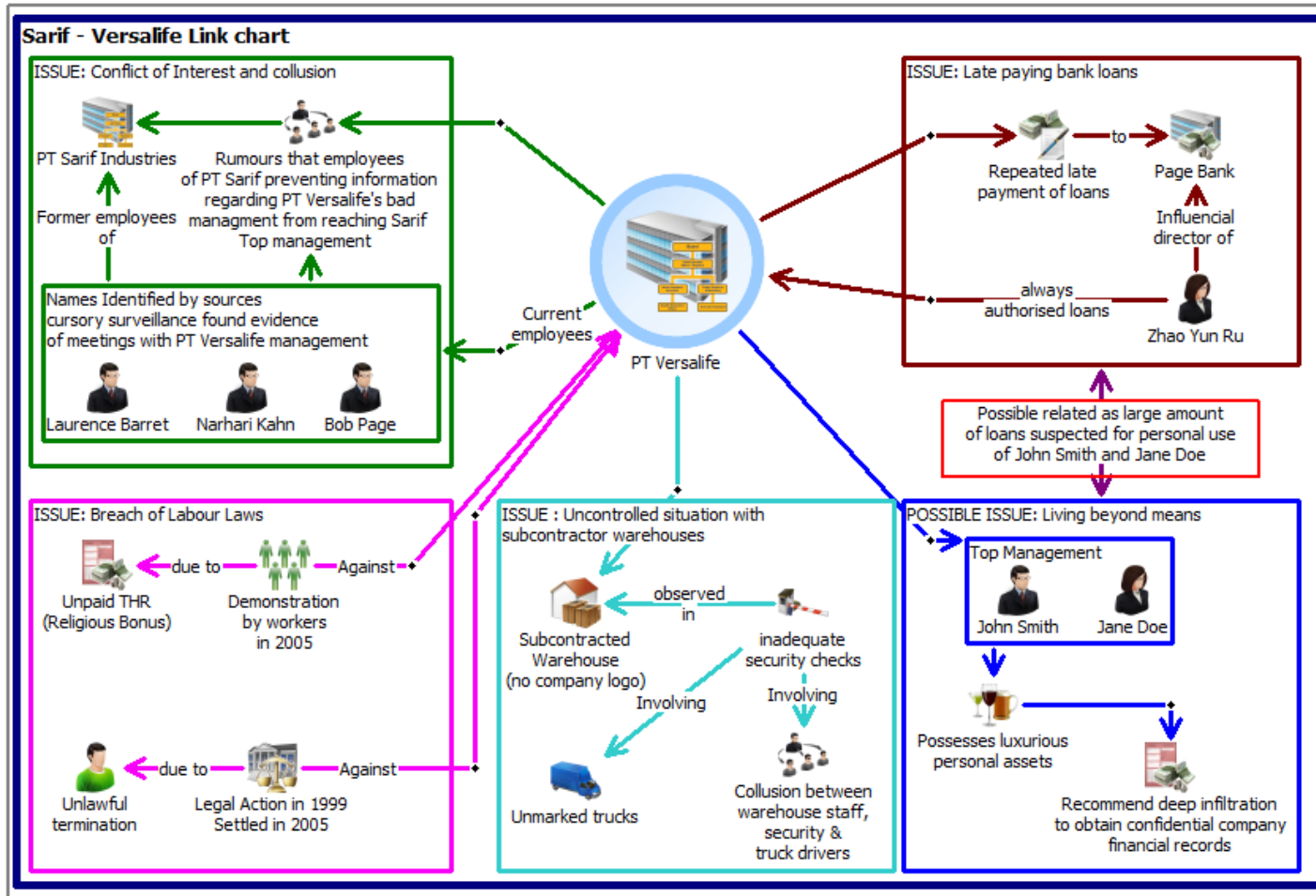
17. PALADIN's understanding of PT Sarif's overall objective in relation to the above matter was to conduct due diligence on PT Versalife, to a medium level depth of analysis, in order to identify and assess any risks to PT Sarif through the continued engagement of Sarif Industries with this service supplier.

## **SCOPE OF WORK**

18. In particular, in relation to Paladin's basic due diligence elements the client has identified a specific need of the following elements:
  - 1) Business Registration check
  - 2) Conflicts of Interest & Collusion Checking;
  - 3) Politically Exposed Persons check
  - 4) Media and Industry check
  - 5) Civil Litigation and Arbitration check
  - 6) Criminal Litigation Check
  - 7) Personnel Profiling
  - 8) Credit Checks
  - 9) Address Checks

**FINDINGS**  
**I2 CHART**

The chart below attempts to make a summarised detail for quick reference of four main issues, and one potential issue, that is revealed through Paladin investigations of PT Versalife.



**BUSINESS REGISTRATION CHECK**

19. Investigations have found minor concerns with business registration checks. Business registration records provide a different company address and tax number from field investigations. But this is likely due to the Justice Ministry simply not provided updated details of PT Versalife after they changed address and tax number.

<b>CORROBORATED</b>			
	<b>FINDING</b>	<b>DEDUCTION</b>	<b>SOURCE</b>
1	Paladin obtained registration details of PT Versalife from the relevant institution. Details of PT Versalife’s registration are detailed in the end of this report under the Company Registration Data section.	The registration details do not seem to contain any discrepancies or inconsistencies. All documents support each other.	<b>Government Sources</b>
2	Field investigations found that the actual address of PT Versalife is not the same as the registered address of the company. Investigations reveal that the company was located in the registered address but moved location in 2007. Full addresses found in address section below.	Although it seems like there is a discrepancy between documents and actual data, this sort of situation is common in Indonesia where companies do not always update their change in address to government institutions unless specifically asked. A company may also undergo a change in tax number after a change of address, this may be recorded in the Tax Directorate, but may not be updated in the Ministry of Justice where company documents are usually kept.	<b>Open Sources</b>



**CONFLICT OF INTEREST AND COLLUSION CHECK**

- 20. Investigations have revealed a number of staff of PT Sarif that have a history of being former employees of PT Versalife. A deeper investigation is required to obtain physical evidence of possible potential conflict of interest issues, as there appear to be indications of a long running relationship between middle level staff of PT Sarif and PT Versalife management. This relationship is said to have caused some sort of communication gap between middle level staff of PT Sarif and PT Sarif top level foreign managements.
- 21. The issues at PT Versalife have, until recently, not been detected by top level staff of PT Sarif. , This is believed due to some PT Sarif’s managers and supervisors are not reporting these problems to their superiors. Findings indicate that these middle level staff may have been paid by PT Versalife in order to continue to support them as a vendor distributor.
- 22. Findings of conflict of interest and collusion involving third party subcontractor vendors of PT Versalife are described in more detail in the address checks section of this report where Paladin checked the location address of third party warehouses.

CORROBORATED			
	FINDING	DEDUCTION	SOURCE
1	Paladin made discreet inquiries with staff of PT Versalife in order to investigate alleged conflict of interest and collusion. It was revealed that this issue is something of an open secret for various staff members in the company. The issue is that middle level staffs of PT Sarif are being paid by PT Versalife Top Management to continue to support PT Versalife as a distributor for Sarif Products as well as to have kept the information that could adversely affect PT Versalife’s position, from reaching top management of PT Sarif.	This finding reveals major organisational problems within PT Sarif. Paladin recommends a major organisational change within PT Sarif to ensure communication and information flow is not cut in any way. Details of what type of major organisational change is not in the scope of this current report and would best be addressed in a separate review of the existing management systems of PT Sarif.	<b>Human Sources</b>

2	Sources have often indicated that loss of Sarif products, and other products, from warehouses controlled by PT Versalife through third party companies, is common.	As identified in the Address checks section, PT Versalife relies heavily on third party subcontractors. This is commonly known to lead to many cases of problems with lack of tight supervisions and accountability regarding the quality of storage of the products; as well as security of the products in storage and transport.	<b>Human Sources</b>
3	Paladin has identified three employees that are working for PT Sarif, that have a history of having worked in PT Versalife before. The names are listed below.	Further investigations may be needed to obtain physical proof of conflict of interest or collusion	<b>Human Sources</b>
a	<p>Laurence Barret  Supervisor, PT Sarif Industries  (July 2005 – Present)  Staff, PT Versalife  (January 2000 – July 2005)</p>	Further investigation and possible surveillance recommended in order to monitoring his relationships with PT Versalife. Alternatively, PT Sarif is questioning the individual regarding his relationship with PT Versalife is also recommended.	<b>Human Sources</b>
b	<p>Narhari Kahn  Supervisor, PT Sarif Industries  (March 2006 – Present)  Staff, PT Versalife  (December 2003 – March 2006)</p>	Further investigation and possible surveillance recommended in order to monitoring his relationships with PT Versalife. Alternatively, PT Sarif questioning the individual regarding his relationship with PT Versalife is also recommended.	<b>Human Sources</b>

c	<p>Bob Page Manager, PT Sarif Industries (June 2005 – Present) Supervisor for PT Sarif (March 2000 – May 2005) Assistant Supervisor, PT Versalife (December 1997 – February 2000)</p>	<p>Further investigation and possible surveillance recommended in order to monitoring his relationships with PT Versalife. Alternatively, PT Sarif questioning the individual regarding his relationship with PT Versalife is also recommended.</p>	<p><b>Human Sources</b></p>
5	<p>Sources from PT Versalife and PT Sarif state that the three people identified have had occasional meetings with PT Versalife management John smith and Jane Doe. Sources heavily suspect physical money transfers in those meetings.</p>	<p>See finding below on surveillance conducted.</p>	<p><b>Human Sources</b></p>
6	<p>Paladin conducted cursory surveillance on tip-offs provided by sources and found evidence that the three people did meet with PT Versalife. Bob Page had met with Jane Doe on 15 July 2011 in Pho Restaurant in Pacific Place Mall. A magazine was observed exchanged by Jane Doe to Bob Page.</p>	<p>As have been observed in Indonesia, this is typical of how money is sometimes transferred between people. Paladin has photographs of the transaction, but recommends caution before using the pictures should PT Sarif chooses to confront Bob Page, as Page may choose to initiate legal proceedings against PT Sarif for spying on him.</p>	<p><b>Human Sources</b></p>
7	<p>Cursory surveillance also found that Laurence Barrett and Narhari Kahn had met with both John Smith and Jane Doe at the Urban Kitchen in Senayan City mall on the 18 July 2011. A magazine was again observed exchanged, specifically between Jane Doe and Laurence Barrett this time.</p>	<p>As mentioned above, photographs are available, but care must be taken when choosing to confront employees with such evidence.</p>	<p><b>Human Sources</b></p>

**POLITICALLY EXPOSED PERSONS CHECK**

23. Investigations have found no indications of politically exposed persons in PT Versalife. Sources do admit that PT Versalife does have a network with high government officials; thus the company is able to conduct their business in Indonesia without problems.

<b>CORROBORATED</b>			
	<b>FINDING</b>	<b>DEDUCTION</b>	<b>SOURCE</b>
1	Although there are no indications of specific politically exposed persons, sources have said that PT Versalife does have relationships with high government officials that helps the company do business in Indonesia smoothly. These officials have not yet been identified.	It is common for companies operating in Indonesia to have high level government contacts. Investigations simply suggest that there is no indication that PT Versalife is directly owned or controlled by any government officials or members of their family.	<b>Human Sources</b>

**MEDIA AND INDUSTRY CHECK**

24. PT Versalife has been known in the past, of three instances of not paying their employees THR (annual religious bonus). This has resulted in demonstrations by their employees. Sources say that after these events, a number of their more talented engineers and researchers left the company and this is said to have had an adverse affect to quality of services.

CORROBORATED			
	FINDING	DEDUCTION	SOURCE
1	There have been some media stories of demonstrations held by employees of PT Versalife in front of the company offices. A recurring problem that occurred in 1999, 2003 and 2005 is that PT Versalife failed to pay the workers 'Tunjangan Hari Raya' (THR) {annual religious bonus}. News reports did not cover how the issue was ultimately resolved. Current sources say that closed room mediation between the company management and the workers fixed the problem in all three instances. Sources also say that after these events, a number of their more talented engineers left the company and this is said to have had an adverse affect to quality of services.	In all the stories, the workers had chosen to hold demonstrations instead of using the courts in order to get their compensation. This is known to happen in Indonesia as courts are usually considered unreliable and slow in resolving issues (The Civil litigation section of this report shows an example of an issue taking too long a time to be resolved by the courts). Management of PT Versalife has not changed much since the demonstrations, and workers are said to be always wary each year during religious holidays to see if the management plans again to avoid paying THR. Indonesian Law puts THR as compulsory under labour laws.	Open Sources

**CIVIL LITIGATION AND ARBITRATION CHECK**

25. Checks under the name of PT Versalife and their shareholders found some records of civil litigation involvement. The findings below show a lack of care by PT Versalife management with regards to workers rights labour laws. A demonstration against PT Versalife in 2005 helped to settle many of these previous cases, some of these cases were said to be over 6 years old. PT Versalife is believed to have been forced to deal with many past pending grievances that they thought they could get away with otherwise at the time. As a result, some opportunists managed to ‘cash in’ and get compensation from PT Versalife. This final fact indicates the lack of a system in PT Versalife where employee records may not be accurately maintained, thus a number of people who did not work for PT Versalife, were still awarded compensation.

CORROBORATED			
	FINDING	DEDUCTION	SOURCE
1	Paladin made inquiries with the local court to check for records of civil litigation. This check covers civil cases, criminal cases, company law and arbitration:  1. PT Versalife 2. John Smith (Company management) 3. Jane Doe (Company management)	Findings of the check are detailed below:	<b>Human Sources</b>

2	<p>Civil litigation checks found that in 1999, a former employee of PT Versalife by the name of Sugeng brought a case against the company for dismissing him without his rightful severance compensation pay. The case was eventually settled six years later in 2005 amid demonstrations of existing workers that demanded their rightful THR (annual religious bonus)</p>	<p>This finding suggests that although Sugeng did not meet with much success with his case when he first brought it up in 1999, yet during a separate instance with the 2005 demonstrations, he was able to more successfully make his case against PT Versalife. The company's tarnished reputation in 2005 may have actually helped Sugeng's case, a factor he could not take advantage of when he first brought his claim in 1999. The demonstrations may have helped to strengthen his position in pushing his claims, at the least, it made the PT Versalife was more willing to negotiate with him and came to a settlement.</p>	<p><b>Human Sources</b></p>
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3	<p>Sources say that during the Sugeng case in 1999, a number of employees who were dismissed without severance pay even previously before Sugeng, had attempted to bring their case against PT Versalife and somehow 'tie' their case with Sugeng's. Some of these people were found to be pretending to be former employees attempting to gain financial benefit from claims. The demonstrations in 2005 led PT Versalife to swiftly handle all such cases and distribute compensation (whether the cases were valid or not) as they were handling the demonstrators. As a result, previously terminated employees, as well as some of those who only pretended to be so, were all compensated.</p>	<p>This finding indicates the lack of some sort of system in PT Versalife where employee records may not be accurately maintained, thus a number of people who protested, who did not actually work for PT Versalife, were still awarded compensation. Evidently, PT Versalife may have initially been at fault, but a number of opportunistic individuals were still able to gain financial benefit from the company. The fact that the company turnover had a record of being unusually high, did not lead to many cases where workers and former workers were suspicious if many of their fellow demonstrators, or case bringers, were genuine as to be previous company staffs or not. On a final note, the high turnover of PT Versalife is said to reflect badly on the company's overall management system.</p>	<b>Human Sources</b>
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**CRIMINAL LITIGATION CHECK**

26. No major concerns found. Checks under the name of PT Versalife shareholders found no records of criminal involvement.

CORROBORATED			
	FINDING	DEDUCTION	SOURCE
1	<p>Paladin made inquiries with the National police headquarters database section to check for criminal records. The names below were checked in the database.</p> <ol style="list-style-type: none"> <li>1. PT Versalife</li> <li>2. John Smith (Company management)</li> <li>3. Jane Doe (Company management)</li> </ol>	<p>It must be said that there have been individuals with powerful connections to the police and they have been able to use these connections to erase any crimes relating to them. No evidences of such are seen with PT Versalife, John Smith or Jane Doe. PT Versalife and its owners may have strong government connections (as mentioned in section of Political Exposed Persons) but none of these connections so far indicate that they have the influential power to arrange for their criminal records to be wiped out if any existed in the first place.</p>	<p><b>Human Sources</b></p>

**PERSONNEL PROFILING**

4. John Smith and Jane Doe were found to live an extravagant lifestyle. PT Versalife is known to have declined following the 2005 demonstrations. A deep-level investigation into PT Versalife’s company finances will help reveal whether their owners are indeed living above their means and siphoning company funds. The issue here is that John Smith and Jane Doe, like other owners of Indonesian companies, are able to access all company funds for their personal use. Business owners have been known to take out large amounts of company funds when it may have been more prudent to leave them in the company bank accounts, and to be used as operational expenses instead. Credit Checks below talk about bank loans provided to PT Versalife. It has been known to occur where company owners use only a partial amount of bank loans for their company growth, and keep the rest for themselves.

<b>CORROBORATED</b>			
	<b>FINDING</b>	<b>DEDUCTION</b>	<b>SOURCE</b>
1	Investigations on John Smith and Jane Doe, identified as the registered Director and Commissioner of PT Versalife, show that they live a luxurious life although financial data is required to fully determine if they are living beyond their means. PT Versalife may have been severely impacted financially after past demonstrations (detailed in the media and industry section of this report), but the company continues to survive and is still one of the largest companies in their line of business in Indonesia.	Without detailed internal company financial records, a speculative deduction regarding John Smith and Jane Doe is that they may not be living beyond their means. Paladin recommends a deep level investigation onto PT Versalife’s internal finances in order to fully determine this. This deep level investigation may require a long term plan to infiltrate an agent inside PT Versalife’s finances	<b>Open Source</b>
2	Residence checks of John Smith revealed that he lives in a large three storey house in Jakarta’s prestigious Pondok Indah area. Smith is observed to have three cars in his possession, a Dark Green BMW 7 series, a Lexus CT 200h and a Jaguar XJ.	John Smith does appear to be living a wealthy lifestyle, but only deep-level investigation on PT Versalife’s financial details will indicate whether he is living beyond his means.	<b>Open Source</b>

3	Residence checks of Jane Doe revealed that she lives in a large villa in Permata Hijau. Doe's house is observed to have a personal helicopter landing pad (no chopper present at the time), a swimming pool, and a 1959 Mercedes-Benz W120 Model 180.	Jane Doe does appear to be living in a wealthy lifestyle, but only deep-level investigations on PT Versalife's financial details will indicate whether she is living beyond her means.	<b>Human Source</b>
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CREDIT CHECKS

5. Credit checks have revealed some registered loans under the names of PT Versalife. The loans were approved by the same director four times which indicates a probability that PT Versalife, or its owners John Smith and Jane Doe, may have a relationship with the Bank Director. The Bank Director is believed to have approved of the loans without going through any proper processes. The Director, Identified as Zhao Yun Ru, is also known to have an unusually large amount of control and influence over loan provision decisions.

CORROBORATED			
	FINDING	DEDUCTION	SOURCE
1	<p>Paladin made inquiries with financial sources such as the Indonesian Central Bank, Bank Indonesia, regarding credit checks on the following names:</p> <ol style="list-style-type: none"> <li>1. PT Versalife</li> <li>2. John Smith (Company management)</li> <li>3. Jane Doe (Company management)</li> </ol>	<p>Findings below will reveal several cases of late payment. The interesting question here is why Bank Indonesia, whose duties include being a bank regulator, has not <b>taken</b> any action in light of this. Source' explanation is because this issue is common spread within many Indonesian banks and companies; and Bank Indonesia does not have the necessary resources, nor always the will, to chase up all such cases. PT Versalife may be a large company but not considered to be a 'large enough' to warrant such an investigation according to source. It is known that Bank Indonesia usually starts an investigation defaulted or late-paying loans to a large company after the issue is picked up on by the local media and questions arise as to why no action has yet been taken.</p>	<p><b>Human Source</b></p>

2	Credit checks found four instances of late paying bank loans taken by PT Versalife. The same bank Director, identified by the name Zhao Yun Ru, is believed to have authorized the loans despite repeated late payments or past loans.	What is interesting is that the loans to PT Versalife were issued by the same bank Director four times. This bank director is rumoured to hold great influence and control of the bank due to political ties. This suggests that PT Versalife may have a connection with that particular bank director. A deep level investigation into the nature of this relationship is highly recommended as there may be indications of bank loans being granted to PT Versalife without the proper processes. The Director may have had an influencing say in favour of giving bank loans to PT Versalife. It is possible that this bank Director's relationship may be with either PT Versalife owners John Smith and Jane Doe, perhaps both.	<b>Human Source</b>
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**ADDRESS CHECKS**

4. Address checks confirmed the location of PT Versalife registered office address. No major concerns were identified.
5. Investigations on the third party warehouses that PT Versalife uses to store PT Sarif products reveal alarming indications of lack of monitoring systems in place, resulting in many cases where contracted staff, security, and truck drivers may be working together to smuggle Sarif goods out of the warehouses. A lot of these activities are believed to involve unmarked trucks (trucks without a company logo identifying them to be from a registered logistics company) that have been spotted entering and leaving the warehouse premises without adequate checking.

<b>CORROBORATED</b>			
	<b>FINDING</b>	<b>DEDUCTION</b>	<b>SOURCE</b>
1	Paladin performed physical checks on the provided address and confirmed the location and facilities.	Findings below	<b>Human Source</b>
2	Observation of the office premises found an office space that was mostly empty. Sources say that the company does not hire much full time staff. Finance and admin staff appear smaller than what is expected of a company that controls, through ownership or rent, of warehouses and transport vehicles from all over Indonesia	This finding initially makes it difficult to justify how PT Versalife has been able to maintain their status as one of the largest companies in their line of business. The usual explanation for this is that the PT Versalife heavily sub contracts its projects to other smaller companies (confirmed also through investigations). Although this is a serious matter and leads to problems with accountability, security and quality of service; most other leading companies in Indonesia in this field are known to do the same. PT Versalife is not seen to be less than capable than their competitors in this regard; but the risks associated, of accountability, security and quality of service, should still be highlighted.	<b>Human Source</b>

3	PT Versalife's address is currently in the Jack Tower Suite. The company moved addresses in 2006 from its previous address in Menara Jill due to cheaper rent.	Full addresses below.	<b>Human Source</b>
4	Below are the addresses of PT Versalife current and previous office:  Current Address: Jack Tower Suite 1234, Jl. Jend Sudirman Kav. 1 Jakarta Indonesia  Previous address: Menara Jill 17 suite 3214 Jalan Gatot Subroto Kav 2 Karet Setiabudi Jakarta Selatan	Again, addresses have been confirmed.	<b>Human Source</b>
5	PT Versalife is reported to own 5 warehouses from all over Indonesia, and one of which is located in Jakarta.	It is apparent that goods may just be stored in different warehouses to make it harder for the products to be tracked.	<b>Human Source</b>

6	<p>Investigations revealed that goods of PT Sarif are, however, stored in warehouses belonging to vendors, and are outside Jakarta. Checks on these warehouses confirmed them to belong to vendors companies that serve PT Versalife, but many of these warehouses did not have any logo or sign identifying their company name. Security was observed to be tight against outsiders but people that were familiar to security were observed to freely exit and enter the premises without any checking. During the few hours Paladin investigators were in the premises, a number of unmarked trucks were seen to be allowed to enter and exit the premises without checks by security. Security staff was observed to be familiar with the truck drivers and let them enter and leave. Checks were observed to be made only sometimes on the contents of the goods of the unmarked trucks. A weighing scale for trucks was observed on most of these warehouses but they were not often used. A number of unmarked trucks were observed to be not weighed when they entered and exited the warehouse.</p>	<p>Paladin recommends deeper investigation of the vendor warehouses, perhaps accompanied by a longer surveillance period of the warehouses that store PT Sarif products. Inquiries regarding warehouse activities are found to be difficult as most of the security and staff are wary of people they do not recognise. Paladin recommends a deep cover infiltration of a 'mole' under the guise of a contracted employee. It is possible that this agent may require 1-3 weeks working inside the warehouse before he will be fully aware of all possible unlawful acts conducted by warehouse staff and security involving PT Sarif goods in that particular warehouse. Initial observations on the warehouse indicated that security, staff and recognised truck drivers all appear to be in league with each other. One particular question regarding the unmarked trucks is that they could belong to the warehouse company as the warehouses are also unmarked.</p>	<b>Human Source</b>
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7	<p>According to provided information by client, PT Sarif products are known to be stored in 35 of the 78 warehouses that PT Versalife controls through third party subcontracted companies. Paladin confirms this to be mostly true but sources have revealed that PT Sarif products have been known to be stored in other warehouses of that than the 35, but still from the 78. The system of distribution of PT Sarif products is not very well recorded, Sources reveal that products from all companies, not just Sarif, are mixed around in order to purposely make it harder for the products to be tracked. As warehouse staff may have been wary against outsiders, but Paladin investigators found that some information and 'gossip' has trickled out and found its way to the surrounding local residents in the villages around the warehouses. Sources from these villages say that missing products are common from these warehouses and the unmarked trucks are largely involved.</p>	<p>Again, A 'mole' or agent within the ranks of warehouse staff, for each of the 78 warehouses, or even in the surrounding villages for a period of 1-3 weeks will be helpful in revealing names of specific people involved. Constant surveillance of the unmarked trucks, recording the license numbers of each truck and back-tracking the records to identify the owners will be helpful in identifying specific names. This is highly recommended in order to get specific figures on precisely how many people are truly involved. Is it small scale or large scale involving almost everybody? Paladin believes that this would require a larger undertaking in terms of manpower and time as hundreds of names are expected to be revealed at the end of this investigation. Another alternative, aiming for future loss prevention rather than catching the culprits of past issues, is for PT Sarif to simply demand PT Versalife takes measures to tighten up security of their vendor warehouses or, as much as possible, use PT Versalife's own warehouses and not vendor warehouses for storing Sarif products.</p>	<b>Human Source</b>
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**COMPANY REGISTRATION DATA**

6. This section contains only data gathered from business registration records of PT Versalife and individuals identified in the registration records.

**PT VERSALIFE**

PT VERSALIFE		
<b>Established</b>	16 March 1995	
<b>NPWP</b>	12.345.345-345.000	
<b>Last Revised Company listing number</b>	AHU-1231234-AH.09 Date 22 August 1995	
<b>Company Director</b>	John Smith	
<b>Company Commissioner</b>	Jane Doe	
<b>Company Address</b>	Jack Tower Suite 1234, Jl. Jend Sudirman Kav. 1 Jakarta Indonesia  Previous address: Menara Jill 17 suite 3214 Jalan Gatot Subroto Kav 2 Karet Setiabudi Jakarta Selatan	
<b>Share Division</b>	Jane Doe	800 shares amounting (USD 80,000)
	John Smith	400 shares amounting (USD 40,000)
	<b>Total Shares</b>	1,200 shares amounting (USD 120.000)

**JOHN SMITH**

7. Company registration documents provide the following details of John Smith:

JOHN SMITH	
<b>Date of Birth</b>	22 October 1934
<b>Place of Birth</b>	London
<b>Nationality</b>	UK
<b>Registered Address</b>	Baker Street, London
<b>UK Passport Number</b>	1234567

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**JANE DOE**

8. Company registration documents provide the following details of Jane Doe:

<b>JANE DOE</b>	
<b>Date of Birth</b>	20 April 1940
<b>Place of Birth</b>	New York,
<b>Nationality</b>	Unites States of America
<b>Registered Address</b>	Yancy Street, New York
<b>US Passport Number</b>	12345678

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**PREPARED & RELEASED BY**

For and on behalf of  
PALADIN GROUP LIMITED

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Country Manager - Indonesia  
PALADIN GROUP LIMITED  
2011