

A Vietnamese property tycoon accused of embezzling \$12.5 billion begins her trial

Aniruddha Ghosal • AP

HANOI, Vietnam (AP) — Real estate tycoon Truong My Lan faces the death penalty in a trial that began Tuesday over alleged fraud amounting to \$12.5 billion — nearly 3% of the country's 2022 GDP and Vietnam's largest financial fraud case on record.

The 66-year-old chair of the real estate company Van Thinh Phat allegedly used “thousands of ghost companies,” paid bribes to government officials and violated banking regulations, according to a government document. She is accused of illegally controlling the Saigon Joint Stock Commercial Bank between 2012 to 2022 and using it to embezzle \$12.5 billion, the document adds.

Another 85 people are being prosecuted in connection, including a former State Bank of Vietnam official accused of accepting \$5.2 million in bribes. Lan was arrested in October 2022 and could get a death sentence if found guilty. She was escorted to the court by the authorities at around 7 a.m. Her husband Eric Chu Nap-kee, who works in real estate in Hong Kong, was also summoned, state media VN Express reported. VTP was among Vietnam's richest real estate firms and its projects include luxury residential buildings, offices, hotels and shopping centers.



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Lan's arrest is among the most high-profile in an ongoing anti-corruption drive in Vietnam that gained momentum since 2022. **The so-called Blazing Furnace campaign has seen thousands of officials and business executives come under investigation.** It reached the highest echelons of the Vietnamese government in January 2023 with the resignation of former President Nguyen Xuan Phuc and two deputy prime ministers for the “political responsibility” of corruption scandals during the pandemic.

But analysts added the anti-corruption drive has also dampened Vietnam's economic outlook and **made foreign investors jittery** at a time when the southeast Asian nation has been positioning itself as the ideal home for businesses looking to shift their supply chains away from China.

It's the scale of Lan's alleged scam that has been surprising, said Linh Nguyen, the lead analyst for consultancy Control Risks. Lan is accused of **disbursing \$44 billion in loans to herself** and her allies between 2012 to 2022, and the documents related to the case weigh 6 tons, according to VN Express. *“More than 3% of the GDP is very large, Nguyen said, adding that it also raised questions about whether other banks and businesses had “done the same (and) just haven't been discovered.”*

The anti-corruption drive has also resulted in Vietnam's bureaucracy slowing down with “public officials becoming anxious about being investigated and shirking their responsibilities,” according to a report from Singapore's ISEAS-Yusof Ishak Institute. The most glaring evidence of this has been in the slow spending rates for public investment. As of October 2023, a little over 55% of the annual budget had been spent with \$10.19 billion needing to be disbursed within 35 days, state media Vietnam News reported. These are **funds necessary for development projects — ranging from bridges to highways to airports —** and not spending it in time results in long delays.



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Nguyen said that investors — especially in banking, finance and real estate — are much more cautious now. *“It’s a more ‘let us wait and see’ with investors at the moment,”* she said. The real estate sector in Vietnam has been hit particularly hard — an estimated 1,300 property firms withdrew from the market in 2023, **developers have been offering discounts and gold as gifts to attract buyers**, and despite rent for shophouses falling by a third in Ho Chi Minh City, many in the city center are still empty, according to state media.

Poor global demand and slowing public

investment meant that Vietnam’s economic growth slowed down to 5.05% last year, compared to 8.02% in 2022, according to government data.

In November, Communist Party General Secretary Nguyen Phu Trong, Vietnam's top politician, said that the anti-corruption fight would “continue for the long term.” Around that time, Vietnamese authorities said they were investigating two other cases linked to Lan's real estate companies that involved **laundering money overseas through real estate**.