



REVES - Revista Relações Sociais (eISSN 2595-4490)

Ethical Implications and Ramifications in the Case of Truong My Lan: A Deep Dive into Vietnam's Largest Financial Fraud

Implicações Éticas e Ramificações no Caso de Truong My Lan: Um Mergulho Profundo sobre a Maior Fraude Financeira do Vietnam

Edgar Manuel Cambaza

ORCID: <https://orcid.org/0000-0002-0592-7812>

Universidade Aberta ISCED (UnISCED), Moçambique

E-mail: ecambaza@unisced.edu.mz

Article Info:

Article history: Received 2024-04-01

Accepted 2024-08-04

Available online 2024-08-04

doi: 10.18540/revesv17iss1pp19424



Abstract. This article examines the ethical and systemic failures surrounding the massive financial fraud orchestrated by Vietnamese real estate tycoon Truong My Lan. This study aims to analyze the intricate web of relationships, rights, duties, and potential responses to prevent such unethical practices in the future. Using a case study approach, the research critically evaluates the most appropriate responses and considers future preventive measures. The study draws on various scholarly sources and legal frameworks, including the Vietnamese Enterprise Law, the Labor Code, and international conventions such as the United Nations Convention Against Corruption. Findings suggest that strengthening regulatory oversight, enhancing corporate governance, and fostering a culture of transparency and accountability are crucial steps in addressing and preventing financial fraud. The research also highlights the importance of technological integration, public education, and international collaboration in building a resilient financial system. This study contributes to the broader discourse on business ethics and corporate governance by comprehensively analyzing one of Vietnam's most prominent fraud cases and proposing actionable measures to mitigate similar risks in the future.

Keywords: Financial fraud. Corporate governance. Business ethics. Regulatory oversight. Vietnam.

Resumo. Este artigo examina as falhas éticas e sistêmicas em torno da fraude financeira massiva orquestrada pela magnata imobiliária vietnamita Truong My Lan. O objetivo deste estudo é analisar a complexa rede de relacionamentos, direitos, deveres e possíveis respostas para prevenir tais práticas antiéticas no futuro. Utilizando uma abordagem de estudo de caso, a pesquisa avalia criticamente as respostas mais adequadas e considera medidas preventivas futuras. O estudo baseia-

se em uma variedade de fontes acadêmicas e quadros legais, incluindo a Lei das Empresas do Vietnã, o Código do Trabalho e convenções internacionais como a Convenção das Nações Unidas Contra a Corrupção. Os resultados sugerem que o fortalecimento da supervisão regulatória, a melhoria da governança corporativa e o fomento a uma cultura de transparência e responsabilidade são passos cruciais para abordar e prevenir fraudes financeiras. A pesquisa também destaca a importância da integração tecnológica, da educação pública e da colaboração internacional na construção de um sistema financeiro resiliente. Este estudo contribui para o discurso mais amplo sobre ética nos negócios e governança corporativa, fornecendo uma análise abrangente de um dos maiores casos de fraude do Vietnã e propondo medidas acionáveis para mitigar riscos semelhantes no futuro.

Palavras-chave: Fraude financeira. Governança corporativa. Ética nos negócios. Supervisão regulatória. Vietnã.

1. Introduction

The case of Truong My Lan, a Vietnamese property tycoon sentenced to death for orchestrating the most significant financial fraud in Vietnam's history, provides a compelling backdrop for exploring the ethical implications inherent in high-stakes financial misconduct. Lan, the chairwoman of Van Thinh Phat Holdings, was convicted of looting \$44 billion from the Saigon Commercial Bank (SCB) for eleven years through a complex network of shell companies and fraudulent transactions. This case not only highlights the personal culpability of Lan but also raises significant questions about the systemic issues within Vietnam's banking sector and the broader socio-political context (Al Jazeera, 2024; Head and Bui, 2024).

Ethical theories such as deontology and consequentialism offer a framework for examining the actions of Lan and the response of the Vietnamese government. Deontology, focusing on adherence to rules and duties, suggests that Lan's actions were fundamentally unethical due to her blatant disregard for legal and moral standards (Kant, 2022). Conversely, consequentialism, particularly utilitarianism, would assess the outcomes of her actions, which include substantial financial harm to numerous stakeholders and damage to public trust in financial institutions (Mill, 2014).

The severity of Lan's punishment, including the death penalty, underscores the Vietnamese government's attempt to reassert control and signal zero tolerance for corruption. This response can be analyzed through ethical governance and public administration theories, emphasizing transparency, accountability, and integrity as pillars of ethical leadership (Denhardt and Denhardt, 2015; Frederickson, 2015). Furthermore, this case exemplifies the ethical challenges in corporate governance, particularly in environments where regulatory oversight is weak or compromised. The failure of SCB's internal controls and the complicity of regulatory bodies underscore the necessity for robust ethical standards and effective enforcement mechanisms in corporate governance (Asher *et al.*, 2005; Jensen and Meckling, 2019).

This essay delves into these ethical issues, exploring the ramifications of Lan's actions and the broader implications for ethical governance and corporate responsibility in Vietnam and beyond.

2. Material and method

This study adopts a qualitative research approach, utilizing a case study method to examine the ethical and systemic failures in the financial fraud case of Truong My Lan. The case study method is chosen for its ability to provide an in-depth and comprehensive understanding of complex issues within their real-life context (Yin, 2018). The material and method section outlines the data sources, data collection procedures, and analytical framework used in the study.

The primary data sources for this study include legal documents issued by the National Assembly of the Socialist Republic of Vietnam (2010a; 2010b; 2014; 2019), namely the Vietnamese Enterprise Law (Law No. 68/2014/QH13), Labor Code (Law No. 45/2019/QH14), Law on Credit Institutions (Law No. 47/2010/QH12), Law on the State Bank of Vietnam (Law No. 46/2010/QH12), by the United Nations (1966; 2004), which are United Nations Convention Against Corruption (UNCAC) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). Additionally, a diverse range of peer-reviewed journal articles on corporate governance, business ethics, regulatory oversight, and fraud prevention, published between 2015 and 2024, were reviewed. Detailed reports and articles from reputable news sources, including the Associated Press, Al Jazeera, and Vietnam Investment Review, provided information and context about the fraud case.

The data collection process involved document analysis and a comprehensive literature review. By 3 August 2024, Google Scholar, Scilit, Jstor, Scopus, Dimensions, and Web of Science did not show relevant documents due to the topic's novelty and lack of published content. Thus, the search was conducted on Google. The search terms were "Truong My Lan," "Vietnam," "fraud," and "corruption." Most of the information was in online newspapers, and the starting point for analysis was reputed sources such as BBC, Al Jazeera, CNN, CBS, The Diplomat, and Vietnam Investment Review (VIR), among others. A measure to ensure the quality of information was the triangulation between different sources and the minimization of cross-reference when possible. Further document analysis included reviewing and extracting relevant information to analyze the case from legal documents, scholarly articles, and more media reports, identifying key themes, legal provisions, ethical considerations, and the roles of various stakeholders. The literature review helped gather insights from existing research on business ethics, corporate governance, and regulatory frameworks, aiding in understanding the theoretical underpinnings and best practices in fraud prevention and ethical business conduct.

The analysis was conducted on Atlas.ti 7 (Atlas.ti Scientific Software Development GmbH, Berlin, Germany, 2016) using a thematic approach. Thematic coding was used to identify and categorize themes related to ethical issues, stakeholder relationships, regulatory failures, and potential responses. This coding process helped organize the data and highlight the most critical aspects of the case (Braun and Clarke, 2006). An ethical evaluation was performed by applying ethical theories and principles, such as virtue ethics, deontology, and utilitarianism, to evaluate Truong My Lan's and other stakeholders' actions. This evaluation provided a nuanced understanding of the ethical breaches and their implications (Macintyre, 2007). Critical analysis involved assessing the effectiveness of potential responses and preventive measures using moral imagination. This process involved envisioning various solutions, considering their ethical implications, and evaluating their feasibility and long-term impact (Werhane, 1999).

The study acknowledges certain limitations, including the reliance on secondary

data sources, which may not capture all nuances of the case. Additionally, the evolving nature of legal and regulatory frameworks means that some findings may need to be revisited as new information and reforms emerge.

3. Nature of the Ethical Issue

The ethical issues surrounding the case of Truong My Lan are multifaceted, touching upon the core principles of corporate governance, regulatory oversight, and the moral responsibilities of individuals in positions of power. Lan's actions, which involved the embezzlement of \$44 billion through fraudulent loans and shell companies, represent a profound breach of fiduciary duty and corporate ethics. At the heart of this scandal is the violation of the trust placed in her by stakeholders, including investors, employees, and the public (Al Jazeera, 2024; Head and Bui, 2024).

One primary ethical issue is the blatant abuse of power and manipulation of financial systems for personal gain. Lan's control over SCB, achieved through deceptive practices and exploitation of regulatory loopholes, highlights the ethical dilemma of self-dealing and conflicts of interest in corporate governance (Asher *et al.*, 2005; Jensen and Meckling, 2019). This undermines the integrity of the financial institution and erodes public trust in the banking sector and the broader economy. Moreover, the complicity of regulatory bodies and officials who either looked the other way or actively participated in the fraud exacerbates the ethical violations. The involvement of a former chief inspector at the central bank, who accepted bribes to ignore Lan's malpractices, underscores the systemic corruption within regulatory frameworks (Denhardt and Denhardt, 2015; Frederickson, 2015). This raises critical questions about the effectiveness of regulatory oversight and the ethical obligations of public officials to act in the public's best interest.

The severity of Lan's punishment, including the death penalty, further complicates the ethical landscape. While it reflects the Vietnamese government's stringent stance on corruption, it also raises concerns about the proportionality and humaneness of such a sentence in addressing white-collar crime (Rawls, 2009; Beccaria *et al.*, 2016). The use of the death penalty as a deterrent is contentious, especially in the context of ensuring justice and ethical governance. Additionally, this case highlights the ethical implications of corporate governance failures. The lack of internal controls and ethical leadership within SCB allowed for the perpetuating of fraudulent activities, emphasizing the need for robust governance structures and ethical standards in corporations (The Committee on the Financial Aspects of Corporate Governance, 1992; Oecd, 1999).

4. Relevant facts

The case of Truong My Lan, chairwoman of Van Thinh Phat Holdings, stands as a monumental instance of financial fraud in Vietnam. Lan was sentenced to death on 11 April 2024 for embezzling \$44 billion from SCB over 11 years, starting in 2011 (Al Jazeera, 2024; Head and Bui, 2024). She devised a scheme to gain control over SCB (Figure 1). This fraud involved manipulating hundreds of shell companies and proxies to illegally control over 90% of SCB's shares, despite Vietnamese Law prohibiting individuals from holding more than 5% in any bank (Al Jazeera, 2024).

Significant lapses in regulatory oversight facilitated Lan's fraudulent activities. She withdrew vast sums of money, including \$4 billion in cash, reportedly stored in her

basement. This was possible due to the complicity of bank officials and regulators, including a former chief inspector at the central bank who accepted a \$5 million bribe to ignore her illegal actions (Al Jazeera, 2024; Head and Bui, 2024).

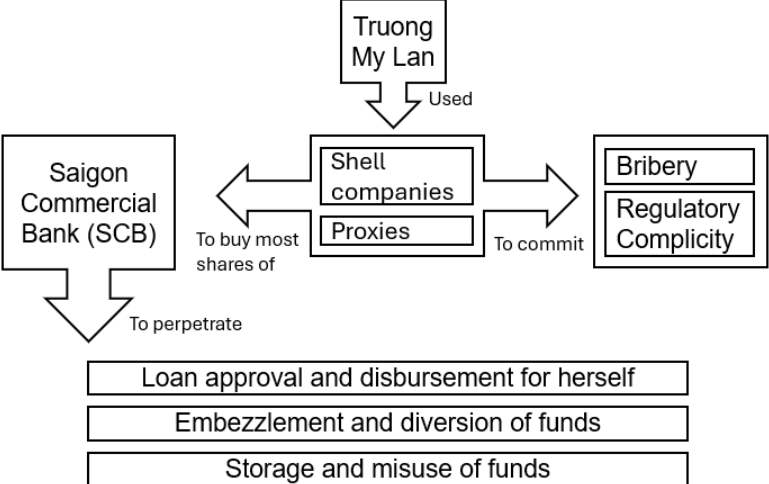


Figure 1. Truong My Lan's *modus operandis* flow chart.

The trial at the Ho Chi Minh City People's Court was unprecedented. It involved 85 defendants, 2,700 witnesses, ten state prosecutors, and around 200 lawyers. The evidence was substantial, filling 104 boxes weighing six tonnes. While all defendants were found guilty, Lan received the most severe punishment: the death penalty, with her husband and niece receiving nine and 17 years in prison, respectively (Woods and Altraide, 2024).

The Vietnamese government's response, led by Communist Party Secretary-General Nguyen Phu Trong, was part of the broader "Blazing Furnaces" anticorruption campaign initiated in 2016. This campaign has seen high-profile resignations and convictions to restore public trust and demonstrate the government's commitment to combating corruption (Denhardt and Denhardt, 2015; Frederickson, 2015). However, the case raises concerns about the effectiveness of Vietnam's financial regulatory framework and the ethical integrity of its corporate governance. The systemic nature of the fraud suggests deep-rooted issues within the financial and regulatory systems, necessitating comprehensive reforms to prevent future occurrences (Donaldson and Preston, 1995; Oecd, 1999; Jensen and Meckling, 2019).

5. Stakeholders

Table 1 summarizes the involvement of each stakeholder. The stakeholders in the Truong My Lan case span various sectors and encompass a wide range of interests, highlighting the intricate web of connections and the extensive impact of this financial scandal. First and foremost are the shareholders and investors of Saigon Commercial Bank (SCB), who have suffered significant financial losses due to the fraudulent activities orchestrated by Lan and her associates. The embezzlement of \$44 billion substantially eroded the bank's financial stability, affecting individual and institutional investors (Al Jazeera, 2024; Head and Bui, 2024). The broader Vietnamese financial market is also a stakeholder, as the case undermines trust in the banking sector and raises concerns about the efficacy of regulatory oversight.

Table 1. The role of the different stakeholders, impact, and potential outcome.

Stakeholder	Participation	Impact	The outcome if nothing changes	References
Truong My Lan	Perpetrator	Orchestrated massive financial fraud, causing significant economic damage	Execution of death sentence, loss of personal assets, and ongoing legal battles	Head and Bui (2024); Al Jazeera (2024); Ghosal (2024a)
Shareholders and Investors of SCB	Victims	Significant financial losses, loss of trust	Continued loss of financial stability and trust in the banking sector	Head and Bui (2024); Al Jazeera (2024); Donaldson and Preston (1995)
Employees of SCB and Van Thinh Phat	Victims	Job loss, financial insecurity, and reduced morale	Job loss, financial insecurity, and reduced morale	Ghosal (2024a); Denhardt and Denhardt (2015)
Customers of SCB	Victims	Disruption in services and potential financial losses	Disruption in banking services, potential financial losses	Asia Pacific Newsroom (2024); Frederickson (2015)
Regulatory Bodies and Government	Perpetrators/Victims	Damage to credibility and effectiveness, exposure of regulatory failures	Ongoing regulatory failures and diminished public trust	Vna (2024); Strangio (2024)
Vietnamese Government	Perpetrators/Victims	Erosion of public trust, challenges in governance, and anticorruption efforts	Erosion of public trust, difficulties in governance, and anticorruption efforts	Strangio (2024); Jensen and Meckling (2019)
International Investors and Business Community	Victims	Decreased confidence in Vietnam's business environment	Decreased foreign investment and economic instability	Ghosal (2024a); Oecd (1999)
General Public in Vietnam	Victims	Loss of trust in financial institutions and government	Loss of trust in financial institutions and governance	Vna (2024); Rawls (2009)

The employees of SCB and Van Thinh Phat Holdings are directly impacted. Due to the scandal, many have lost jobs or faced uncertain employment status. This case also affects these employees' families, extending the reach of the scandal's repercussions (Ghosal, 2024b). Customers of SCB are another critical group. The bank's instability and the subsequent special control measures imposed by the central bank could disrupt banking services, affecting millions of account holders and loan beneficiaries (Asia Pacific Newsroom, 2024).

Regulatory bodies and government officials are stakeholders, particularly those involved in oversight and anticorruption efforts. As highlighted by the case, the complicity of some officials in the fraud puts regulatory integrity under scrutiny,

necessitating reforms and stricter enforcement of banking regulations (Denhardt and Denhardt, 2015; Frederickson, 2015). The Vietnamese government, particularly the Communist Party, is deeply implicated as a stakeholder. The "Blazing Furnaces" anticorruption campaign led by Secretary-General Nguyen Phu Trong aims to restore public trust and demonstrate a commitment to clean governance. The high-profile nature of this case serves as both a test and a showcase of the government's resolve in combating corruption (Strangio, 2024).

International investors and business communities also have a stake in this case. Vietnam's reputation as a stable and attractive destination for foreign investment is at risk, particularly when it seeks to position itself as an alternative to China in global supply chains (Ghosal, 2024a). The case raises questions about the safety and transparency of doing business in Vietnam, potentially deterring future investments (Vna, 2024).

Lastly, the general public in Vietnam, whose trust in financial institutions and government oversight has been severely shaken, represents a broad stakeholder group. This case's ethical and financial implications resonate widely, highlighting the need for comprehensive reforms to rebuild trust and ensure accountability (Donaldson and Preston, 1995; Frederickson, 2015).

6. Underlying values

The case of Truong My Lan underscores several underlying values that are pivotal to understanding the ethical landscape of this financial fraud. Integrity, accountability, transparency, and justice are at the core of this scandal, essential for maintaining trust in financial institutions and governance systems. Integrity is fundamentally compromised in Lan's actions. Her manipulation of SCB for personal gain through fraudulent loans and shell companies reflects a blatant disregard for ethical conduct and fiduciary responsibility. This integrity violation undermines the moral foundation upon which corporate governance is built (The Committee on the Financial Aspects of Corporate Governance, 1992; Jensen and Meckling, 2019).

Accountability is another critical value highlighted in this case. The failure of regulatory bodies to effectively oversee SCB and prevent such extensive fraud points to a systemic lack of accountability within Vietnam's financial oversight mechanisms. Effective corporate governance relies on the ability of regulatory bodies to hold individuals and institutions accountable for their actions (Donaldson and Preston, 1995; Oecd, 1999). Transparency is essential for ethical governance and the proper functioning of financial markets. Lan's use of shell companies and proxies to obscure her control over SCB represents a severe breach of transparency. This lack of openness facilitates fraudulent activities and erodes public trust in financial institutions (Denhardt and Denhardt, 2015; Frederickson, 2015).

Justice, particularly distributive and procedural justice, is at the forefront of the legal response to this case. The severity of Lan's punishment, including the death penalty, raises ethical questions about the proportionality and fairness of the legal system's response to white-collar crime. This case forces a re-evaluation of how justice is administered and whether the penalties serve as effective deterrents (Rawls, 2009; Beccaria *et al.*, 2016). The broader social values of trust and public confidence in governance are also at stake. The Vietnamese government's vigorous anticorruption campaign, embodied in the "Blazing Furnaces" initiative, aims to restore public trust by

demonstrating a commitment to ethical governance. This reflects a societal value placed on honest and transparent leadership (Strangio, 2024; Vna, 2024).

7. Potential consequences

The consequences of Truong My Lan's fraudulent activities are multifaceted, impacting various stakeholders and highlighting significant systemic vulnerabilities. One primary consequence is the severe economic damage to Saigon Commercial Bank (SCB) and the broader Vietnamese banking sector. The financial losses have diminished investor confidence and destabilized the banking system, potentially leading to a credit crunch and reduced economic growth (Al Jazeera, 2024; Head and Bui, 2024).

For shareholders and investors, the financial instability and loss of trust could result in long-term economic repercussions, including decreased stock values and reluctance to invest in Vietnamese financial institutions (Donaldson and Preston, 1995). This loss of trust extends to international investors, who may view Vietnam as a high-risk environment, thereby decreasing foreign direct investment and impeding economic development (Oecd, 1999; Ghosal, 2024a).

SCB and Van Thinh Phat employees face job insecurity and financial instability, reducing morale and productivity. The potential for widespread unemployment in these institutions could exacerbate social inequalities and economic hardships for thousands of families (Denhardt and Denhardt, 2015). Customers of SCB are likely to experience disruptions in their banking services, which can lead to financial losses and decreased access to credit. This disruption can affect businesses relying on SCB for their financial operations, impacting the broader economy (Frederickson, 2015; Asia Pacific Newsroom, 2024).

The reputational damage to regulatory bodies and the government is significant. The exposure of regulatory failures undermines public trust and confidence in the government's ability to effectively oversee and manage the financial sector. This erosion of trust can lead to increased public discontent and challenges in governance (Strangio, 2024; Vna, 2024). While necessary, the Vietnamese government's anticorruption campaign could lead to unintended consequences such as bureaucratic paralysis. Officials may become overly cautious, fearing repercussions for their decisions, which can slow down governmental processes and economic initiatives (Jensen and Meckling, 2019).

8. Relevant rights and duties

In the case of Truong My Lan, several rights and duties are critical, involving various stakeholders and governed by both Vietnamese and international legal frameworks. These rights and duties, and the systemic failures that allowed their violation, underscore the ethical and legal dimensions of the case. Shareholders and investors in SCB have rights protected under Vietnamese corporate Law, including the right to accurate information and protection of their investments. These rights are enshrined in laws such as the Vietnamese Enterprise Law (Law No. 68/2014/QH13), issued by the National Assembly of the Socialist Republic of Vietnam (2014), which mandates transparency and accountability in corporate governance (Donaldson and

Preston, 1995; Oecd, 1999). Truong My Lan's fraudulent activities, involving misrepresentation and embezzlement, directly violated these legal protections.

According to the National Assembly of the Socialist Republic of Vietnam (2019), SCB and Van Thinh Phat employees hold rights to fair treatment and job security under Vietnam's Labor Code (Law No. 45/2019/QH14). The fraud led to significant job losses and financial insecurity, violating these employees' rights and highlighting a breach of ethical duties towards them (Denhardt and Denhardt, 2015; Ghosal, 2024a). The National Assembly of the Socialist Republic of Vietnam (2010a) also states under the Law on Credit Institutions (Law No. 47/2010/QH12) that customers of SCB have the right to reliable and secure banking services. The disruption caused by the fraud compromised these rights, leading to financial losses and service disruptions (Frederickson, 2015; Asia Pacific Newsroom, 2024).

Regulatory bodies like the State Bank of Vietnam must enforce financial regulations and maintain the financial system's integrity. This duty includes oversight responsibilities of the National Assembly of the Socialist Republic of Vietnam (2010b) outlined in the Law on the State Bank of Vietnam (Law No. 46/2010/QH12). The failure to detect and prevent Lan's fraudulent activities indicates a significant breach of this duty, questioning the effectiveness of regulatory oversight (Vna, 2024). The Vietnamese government, responsible for ensuring the rule of Law and combating corruption, has obligations under international agreements such as the Convention Against Corruption (UNCAC), of which Vietnam is a signatory (United Nations, 2004). The erosion of public trust due to fraud and the perceived leniency or inefficacy of anticorruption efforts highlight failures in fulfilling these obligations (Jensen and Meckling, 2019; Strangio, 2024).

International investors and the business community rely on a predictable and transparent business environment, as promoted by international trade agreements and standards, including those set by the World Trade Organization (WTO). The scandal undermined these expectations, potentially deterring future investments (Oecd, 1999; Ghosal, 2024a). The public in Vietnam has the right to trust in financial institutions and governance structures. This trust is essential for social cohesion and economic stability, protected under various national laws and international human rights frameworks, such as the International Covenant on Economic, Social, and Cultural Rights (ICESCR) issued by the United Nations (1966).

The prolonged violation of these rules was facilitated by systemic issues such as weak regulatory enforcement, corruption, and officials' complicity within the financial and regulatory systems. The lack of adequate checks and balances allowed fraudulent activities to go unchecked for an extended period, undermining the principles of transparency, accountability, and justice essential for a healthy financial and governance ecosystem.

9. Applicable virtues

In analyzing the case of Truong My Lan, several essential virtues come to the forefront, particularly those relevant to business ethics and governance. These virtues include integrity, accountability, justice, and transparency. Each plays a crucial role in addressing and preventing the fraudulent behavior observed in this case.

Perhaps integrity is the most relevant virtue because it is fundamental in maintaining trust within any organization. It involves adherence to moral and ethical

principles, ensuring that actions align with stated values. Truong My Lan's case starkly contrasts with the virtue of integrity, as her fraudulent activities reflect a significant breach of ethical conduct. Integrity in business fosters trust among stakeholders and enhances the reputation and sustainability of organizations (Kaptein, 2015).

Accountability is another critical virtue, emphasizing the importance of being answerable for one's actions. It ensures that individuals and organizations are held responsible for their behavior, promoting a culture of transparency and ethical compliance. In Truong My Lan's case, the lack of accountability among senior management and regulatory bodies facilitated prolonged fraudulent activities. Accountability mechanisms, such as internal audits and external regulatory oversight, are essential in preventing such misconduct (Bovens, 2007).

Another virtue overwhelmingly violated is justice, as it pertains to fairness and equity in treating all stakeholders. It is particularly relevant in fraud, where victims often suffer significant harm due to unethical practices. Ensuring justice means addressing the wrongs done and implementing measures to prevent future occurrences. The legal repercussions faced by Truong My Lan underscore the need for justice in maintaining social and economic stability (Rawls, 2009).

Finally, there should have been more transparency. This virtue involves openness and clear communication, which are essential for building trust and ensuring ethical behavior in organizations. Transparent practices help prevent fraud by making it more challenging to conceal unethical actions. In the case of SCB, the lack of transparency contributed to the extended duration of the fraudulent activities. Promoting organizational transparency can mitigate risks and enhance stakeholder trust (Bushman *et al.*, 2004).

Reflecting on these virtues highlights the ethical failures in this case and provides a framework for addressing them. Financial institutions and regulatory bodies can rebuild trust, enhance their ethical standards, and ensure a more resilient and fairer economic environment by prioritizing honesty, integrity, justice, and accountability.

10. Relevant relationships

The case of Truong My Lan involves a complex web of relationships that significantly influenced both the perpetration and impact of fraudulent activities. Understanding these relationships is crucial for comprehensively analyzing the ethical and systemic failures involved. Truong My Lan maintained a manipulative relationship with Saigon Commercial Bank's (SCB) management. She bypassed standard checks and balances by placing loyal individuals in critical positions within SCB, facilitating her fraudulent activities. This relationship underscores the importance of independence and integrity in management to prevent undue influence and corruption (Donaldson and Preston, 1995).

The relationship between SCB and its shareholders and investors is built on trust and fiduciary duty. Shareholders expect transparent reporting and responsible management of their investments. The fraudulent activities significantly damaged this relationship, leading to financial losses and erosion of trust. Strengthening corporate governance and ensuring accountability are essential to restore and maintain investor confidence (Bovens, 2007).

SCB's employees suffered due to the fallout from the fraud, facing job insecurity and financial instability. This relationship highlights the ethical duty of organizations to provide a stable and secure working environment. Ethical breaches at the top management level can cascade down, affecting employees' livelihoods and morale. Promoting a culture of ethical behavior and transparency within organizations can safeguard employee interests (Denhardt and Denhardt, 2015).

Regulatory bodies oversee financial institutions and ensure compliance with laws and regulations. The relationship between SCB and regulatory bodies was compromised due to regulatory failures and possible corruption. Strengthening this relationship through robust oversight mechanisms and transparency is critical to prevent similar fraudulent activities in the future (United Nations, 2004; Vna, 2024).

The public's trust in the government and its institutions is paramount for social stability. The exposure of large-scale fraud and the subsequent handling of the case affected the public's perception of government effectiveness and integrity. This relationship highlights the need for governments to uphold ethical standards and enforce anticorruption measures rigorously (Rawls, 2009).

Customers rely on banks to manage their finances securely and reliably. The disruption caused by the fraud at SCB undermined this relationship, leading to financial losses and diminished trust. Ensuring transparent operations and ethical conduct within financial institutions is essential to protect customer interests (Bushman *et al.*, 2004).

International investors seek stable and transparent business environments. The fraud case at SCB and its wide-reaching impacts likely deterred international investments, affecting Vietnam's economic stability. Strengthening regulatory frameworks and demonstrating a commitment to ethical governance are necessary to rebuild investor confidence (Oecd, 1999; Ghosal, 2024a).

11. Potential responses and moral considerations

In addressing the complex and far-reaching impacts of Truong My Lan's fraudulent activities, it is essential to consider a range of potential responses. Employing moral imagination allows stakeholders to envision various solutions and their ethical implications, ensuring that responses are effective and aligned with core ethical principles such as integrity, accountability, and justice. Table 2 outlines potential responses, describing each option, its ethical considerations, stakeholder impact, feasibility, and long-term consequences.

The potential responses in the table highlight the multifaceted approach required to address financial fraud effectively. Strengthening regulatory oversight and enhancing corporate governance practices are fundamental steps that ensure accountability and transparency within the financial sector. If implemented rigorously, these measures can restore investor confidence and stabilize the banking system (Bushman *et al.*, 2004; Bovens, 2007).

Table 2. Potential responses and considerations using moral imagination.

Potential Response	Description	Ethical Considerations	Stakeholder Impact	Feasibility	Long-term Consequences
--------------------	-------------	------------------------	--------------------	-------------	------------------------

Strengthening Regulatory Oversight	Implement more rigorous checks and balances in the financial sector	Ensures accountability and transparency	Positive impact on public trust and investor confidence	High	Sustainable improvement in governance
Enhanced Corporate Governance Practices	Adopt stricter corporate governance standards for companies	Promotes integrity and ethical behavior	Positive impact on shareholders and employees	High	Improved corporate culture
Whistleblower Protection Programs	Establish protections for individuals who report unethical practices	Encourages reporting of misconduct	Increased transparency and early detection of fraud	Medium	Reduction in corruption and fraud cases
Public Education and Awareness Campaigns	Educate the public about financial fraud and their rights	Empowers stakeholders to recognize and respond to fraud	Positive impact on the general public	Medium	Enhanced public vigilance
Legal Reforms and Enforcement	Strengthen legal frameworks and ensure stringent enforcement of laws	Deters future fraudulent activities through stricter penalties	Broad positive impact across all stakeholders	High	Long-term deterrence of unethical behavior
Restorative Justice Measures	Implement measures to compensate victims of fraud	Addresses justice and fairness for affected parties	Positive impact on victims	Medium	Restored trust in the justice system
International Collaboration	Collaborate with international bodies to combat financial crimes	Facilitates sharing of best practices and cross-border enforcement	Strengthens regulatory frameworks	Medium	Global standardization of anti-fraud measures
Ethical Leadership Training	Provide training for leaders on ethical decision-making	Builds a culture of integrity and accountability	Positive impact on corporate culture	High	Sustained ethical behavior in organizations
Technology Integration for Monitoring	Use advanced technologies like AI and blockchain for financial monitoring	Enhances the ability to detect and prevent fraud	Improved regulatory effectiveness	Medium	Modernized financial monitoring systems
Incentive Structures for Ethical Behavior	Develop incentive programs to reward ethical behavior in organizations	Encourages ethical practices and reduces the temptation for fraudulent activities	Positive impact on employees and management	Medium	Cultivation of an ethical corporate environment

Whistleblower protection programs are crucial in encouraging the reporting of unethical practices without fear of retaliation. Such programs can lead to early

detection of fraud and promote a culture of transparency and ethical behavior within organizations (Denhardt and Denhardt, 2015). Similarly, public education and awareness campaigns empower stakeholders, particularly the general public, to recognize and respond to fraudulent activities, enhancing public vigilance and trust.

Legal reforms and stringent enforcement are necessary to deter future fraudulent activities. By imposing stricter penalties and ensuring rigorous enforcement, these measures address the justice and fairness owed to victims and deter potential wrongdoers (United Nations, 2004; Vna, 2024). Restorative justice measures, which focus on compensating victims, are also vital in addressing the harm caused by fraud and restoring trust in the justice system (Rawls, 2009).

International collaboration can facilitate the sharing best practices and cross-border enforcement, enhancing the global fight against financial crimes. Ethical leadership training and integration of advanced technologies for financial monitoring can further strengthen internal controls and promote a culture of integrity and accountability within organizations (Kaptein, 2015). Lastly, developing incentive structures for ethical behavior can reduce the temptation for fraudulent activities and encourage a culture of ethical conduct. Organizations can foster a positive and sustainable corporate environment by rewarding ethical practices.

12. Discussion on the best approach

Among the various potential responses to address the fraudulent activities of Truong My Lan, strengthening regulatory oversight emerges as the most appropriate option. This approach involves implementing rigorous checks and balances within the financial sector, which is crucial for ensuring accountability and transparency. Strengthening regulatory oversight is particularly effective because it addresses the root causes of fraud by enhancing the mechanisms that prevent such activities from occurring in the first place. By establishing robust regulatory frameworks, authorities can ensure that financial institutions adhere to high integrity and ethical behavior standards. This approach aligns with the principles of good governance and fosters a culture of accountability within organizations (Ashforth *et al.*, 2008; Healy *et al.*, 2013).

One of the significant advantages of this response is its ability to restore and maintain investor confidence. When investors see that stringent measures are in place to prevent fraud and that regulatory bodies actively monitor financial activities, they are more likely to trust the financial system. This trust is essential for the stability and growth of the economy (Bushman *et al.*, 2004; Armstrong *et al.*, 2010). Furthermore, strengthening regulatory oversight has a broad impact across all stakeholders. It protects shareholders and investors from financial losses, ensures that employees work in a secure environment, and guarantees that customers receive reliable banking services. Additionally, it reinforces the credibility of regulatory bodies and the government, restoring public trust (Vna, 2024).

While other responses, such as whistleblower protection programs and ethical leadership training, are also valuable, they often address the symptoms rather than the causes of the problem. For example, whistleblower protection encourages reporting unethical practices, but without solid regulatory frameworks, these reports may not lead to effective action (Culiberg and Mihelič, 2017).

13. The way forward

To prevent fraudulent activities like those perpetrated by Truong My Lan, a multifaceted approach is required, addressing both structural and cultural aspects of corporate governance and regulatory oversight. Enhancing the robustness of regulatory frameworks is crucial. This involves updating laws to close loopholes that unethical actors may exploit. Regulatory bodies must have the authority and resources to conduct thorough and regular audits of financial institutions. Such audits should focus on compliance with financial regulations, transparency, and ethical practices (Armstrong *et al.*, 2010).

Implementing and enforcing stricter corporate governance standards is essential. This includes ensuring that boards of directors are independent and capable of overseeing management effectively. Training programs on ethical leadership and governance should be mandatory for executives and board members to foster a culture of accountability and integrity (Ashforth *et al.*, 2008). Additionally, whistleblower protection programs should be established to encourage the reporting of unethical practices without fear of retaliation. These programs can lead to early fraud detection and promote a culture of transparency and ethical behavior (Culiberg and Mihelič, 2017).

Technological advancements, such as artificial intelligence and blockchain, can be leveraged to improve financial monitoring and detect fraudulent activities in real time. These technologies enhance the ability to track transactions and identify anomalies that may indicate unethical behavior (Bushman *et al.*, 2004). Furthermore, public education and awareness campaigns can empower stakeholders to recognize and respond to signs of fraud. These campaigns should inform the public about their rights and the mechanisms available to report suspicious activities, enhancing public vigilance (Healy *et al.*, 2013).

Collaboration with international bodies to combat financial crimes is also essential. By sharing best practices and engaging in cross-border enforcement efforts, countries can strengthen their regulatory frameworks and improve the effectiveness of their anti-fraud measures (Khan *et al.*, 2023). Finally, developing incentive structures for ethical behavior within organizations can reduce the temptation for fraudulent activities and encourage a culture of ethical conduct. Organizations can foster a positive and sustainable corporate environment by rewarding ethical practices.

14. Conclusion

The case of Truong My Lan highlights the profound ethical and systemic failures within financial institutions and regulatory frameworks. Addressing such large-scale fraud requires a comprehensive and multifaceted approach, emphasizing strengthened regulatory oversight, enhanced corporate governance, and a culture of transparency and accountability. By implementing rigorous regulatory frameworks equipped with the necessary authority and resources to conduct thorough audits, authorities can ensure that financial institutions adhere to high standards of ethical behavior. Additionally, establishing whistleblower protection programs and integrating advanced technologies for financial monitoring can further safeguard against unethical practices.

Public education campaigns and international collaboration are also crucial in fostering a vigilant and informed public capable of recognizing and responding to fraudulent activities. Developing incentive structures for ethical behavior within organizations can further promote a culture of integrity and reduce the temptation for fraudulent activities.

Ultimately, the most appropriate response to prevent future fraud is a holistic one that combines regulatory reforms, technological integration, public engagement, and international cooperation. Such measures will help build a resilient financial system, protect stakeholders, and ensure long-term economic stability. By learning from the failures in the case of Truong My Lan, Vietnam, and other nations can implement strategies that not only address current shortcomings but also pave the way for a more transparent and accountable financial landscape in the future.

Referências

AL JAZEERA. Vietnam tycoon sentenced to death could face new charges, state media says. **Al Jazeera**, 2024. Available at: < <https://www.aljazeera.com/economy/2024/6/6/vietnam-tycoon-sentenced-to-death-could-face-new-charges-state-media-say> >. Accessed on: 1 August 2024.

ARMSTRONG, C. S.; GUAY, W. R.; WEBER, J. P. The role of information and financial reporting in corporate governance and debt contracting. **Journal of Accounting and Economics**, v. 50, n. 2-3, p. 179-234, 2010. ISSN 0165-4101.

ASHER, C. C.; MAHONEY, J. M.; MAHONEY, J. T. Towards a property rights foundation for a stakeholder theory of the firm. **Journal of Management & Governance**, v. 9, n. 1, p. 5-32, 2005. ISSN 1385-3457. Available at: < <https://link.springer.com/article/10.1007/s10997-005-1570-2> >.

ASHFORTH, B. E. *et al.* Re-viewing organizational corruption. **Academy of Management Review**, v. 33, n. 3, p. 670-684, 2008. ISSN 0363-7425 1930-3807. Available at: < <https://journals.aom.org/doi/abs/10.5465/amr.2008.32465714> >.

ASIA PACIFIC NEWSROOM. Vietnamese real estate tycoon sentenced to death in country's largest fraud case. **News**, 2024. Available at: < <https://www.abc.net.au/news/2024-04-11/vietnamese-real-estate-tycoon-truong-my-lan-death-sentence/103698222> >. Accessed on: 1 August 2024.

BECCARIA, C.; NEWMAN, G. R.; MARONGIU, P. **On Crimes and Punishments**. Transaction Publishers, 2016. ISBN 9781412815581. Available at: < <https://books.google.co.mz/books?id=DJcejslITNcC> >.

BOVENS, M. Analysing and assessing accountability: a conceptual framework. **European Law Journal**, v. 13, n. 4, p. 447-468, 2007. ISSN 1351-5993 1468-0386.

BRAUN, V.; CLARKE, V. Using thematic analysis in psychology. **Qualitative Research in Psychology**, v. 3, n. 2, p. 77-101, 2006/01/01 2006. ISSN 1478-0887. Available at: < <https://www.tandfonline.com/doi/abs/10.1191/1478088706qp0630a> >.

BUSHMAN, R. M.; PIOTROSKI, J. D.; SMITH, A. J. What determines corporate transparency? **Journal of Accounting Research**, v. 42, n. 2, p. 207-252, 2004. ISSN 0021-8456.

CULIBERG, B.; MIHELIČ, K. K. The evolution of whistleblowing studies: A critical review and research agenda. **Journal of Business Ethics**, v. 146, n. 4, p. 787-803, 2017. ISSN 0167-4544.

DENHARDT, R. B.; DENHARDT, J. V. The new public service: Serving rather than steering. In: (Ed.). **The age of direct citizen participation**: Routledge, 2015. p.63-77.

DONALDSON, T.; PRESTON, L. E. The stakeholder theory of the corporation: Concepts, evidence, and implications. **Academy of Management Review**, v. 20, n. 1, p. 65-91, 1995. Available at: < <https://journals.aom.org/doi/abs/10.5465/amr.1995.9503271992> >.

FREDERICKSON, H. G. Ethics and public administration: Some assertions. In: (Ed.). **Ethics and public administration**: Routledge, 2015. p.243-261.

GHOSAL, A. Vietnam sentences real estate tycoon Truong My Lan to death in massive fraud case. **PBS News**, 2024a. Available at: < <https://www.pbs.org/newshour/world/vietnam-sentences-real-estate-tycoon-truong-my-lan-to-death-in-massive-fraud-case> >. Accessed on: 1 August 2024.

_____. What to know about the real estate tycoon sentenced to death in Vietnam's largest fraud case. **World News**, 2024b. Available at: < <https://apnews.com/article/vietnam-who-is-truong-my-lan-c9922979f8560c124056dee64546ca31> >. Accessed on: 1 August 2024.

HEAD, J.; BUI, T. Truong My Lan: Vietnamese billionaire sentenced to death for \$44bn fraud. **BBC**, 2024. Available at: < <https://www.bbc.com/news/world-asia-68778636> >. Accessed on: 1 August 2024.

HEALY, P. M.; SERAFEIM, G.; SCHOOL, H. B. **Causes and Consequences of Firms' Self-reported Anticorruption Efforts**. 2013. Available at: < <https://books.google.co.mz/books?id=40imwEACAAJ> >.

JENSEN, M. C.; MECKLING, W. H. Theory of the firm: Managerial behavior, agency costs and ownership structure. In: (Ed.). **Corporate governance**: Gower, 2019. p.77-132.

KANT, I. **Groundwork of the Metaphysics of Morals**. DigiCat, 2022. ISBN 9781618835208. Available at: < <https://books.google.co.mz/books?id=-aBEAAQBAJ> >.

KAPTEIN, M. The effectiveness of ethics programs: The role of scope, composition, and sequence. **Journal of Business Ethics**, v. 132, n. 2, p. 415-431, 2015. ISSN 0167-4544. Available at: < <https://link.springer.com/article/10.1007/s10551-014-2296-3> >.

KHAN, M. A. *et al.* Country-level institutional quality and financial system efficiency: an international evidence. **Plos one**, v. 18, n. 8, p. e0290511, 2023. ISSN 1932-6203. Available at: < <https://www.ncbi.nlm.nih.gov/pubmed/37651415> <https://journals.plos.org/plosone/article/file?id=10.1371/journal.pone.0290511&type=printable> >.

MACINTYRE, A. **After Virtue: A Study in Moral Theory, Third Edition**. University of Notre Dame Press, 2007. ISBN 9780268086923. Available at: < <https://books.google.co.mz/books?id=4pUFDgAAQBAJ> >.

MILL, J. S. **Utilitarianism**. Cambridge University Press, 2014. ISBN 9781108077934. Available at: < <https://books.google.co.mz/books?id=T7AZBAAAQBAJ> >.

NATIONAL ASSEMBLY OF THE SOCIALIST REPUBLIC OF VIETNAM. **Law on Credit Institutions**. 47/2010/QH12. NATIONAL ASSEMBLY OF THE SOCIALIST REPUBLIC OF VIETNAM. Hanoi, Vietnam: National Political Publishing House 2010a.

_____. **Law on the State Bank of Vietnam**. 46/2010/QH12. NATIONAL ASSEMBLY OF THE SOCIALIST REPUBLIC OF VIETNAM. Hanoi, Vietnam: National Political Publishing House 2010b.

_____. **Law on Enterprises**. 68/2014/QH13. NATIONAL ASSEMBLY OF THE SOCIALIST REPUBLIC OF VIETNAM. Hanoi, Vietnam: National Political Publishing House 2014.

_____. **Labor Code**. 45/2019/QH14. NATIONAL ASSEMBLY OF THE SOCIALIST REPUBLIC OF VIETNAM. Hanoi, Vietnam: National Political Publishing House 2019.

OECD. **OECD Principles of Corporate Governance**. OECD Publishing, 1999. ISBN 9789264173705. Available at: < https://books.google.co.mz/books?id=Uv_RZsR5dlC >.

RAWLS, J. **A Theory of Justice**. Harvard University Press, 2009. ISBN 9780674042582. Available at: < <https://books.google.co.mz/books?id=kvpby7HtAeOC> >.

STRANGIO, S. Vietnamese court sentences property tycoon to death in giant fraud case. **The Diplomat**, 2024. Available at: < <https://thediplomat.com/2024/04/vietnamese-court-sentences-property-tycoon-to-death-in-giant-fraud-case/> >. Accessed on: 1 August 2024.

THE COMMITTEE ON THE FINANCIAL ASPECTS OF CORPORATE GOVERNANCE. **Report of the Committee on the Financial Aspects of Corporate Governance**. Gee and Co. Ltd., 1992. 90 ISBN 0852589131. Available at: < <https://www.icaew.com/-/media/corporate/files/library/subjects/corporate-governance/financial-aspects-of-corporate-governance.ashx> >.

UNITED NATIONS. **International Covenant on Economic, Social and Cultural Rights**. UNITED NATIONS. New York, NY, USA: United Nations, 1966.

_____. **United Nations Convention Against Corruption**. UNITED NATIONS. New York, NY, USA: United Nations Office on Drugs and Crime (UNODC) 2004.

VNA. Truong My Lan appeals against death sentence in bank fraud case. **Vietnam Investment Review**, 2024. Available at: < <https://vir.com.vn/truong-my-lan-appeals-against-death-sentence-in-bank-fraud-case-110766.html> >. Accessed on: 1 August 2024.

WERHANE, P. H. **Moral Imagination and Management Decision-making**. Oxford University Press, 1999. ISBN 9781602566606. Available at: < <https://books.google.co.mz/books?id=3HTqjwEACAAJ> >.

WOODS, L.; ALTRAIDE, D. How one woman stole \$44 billion from Vietnam. **ColdFusion**, 2024. Available at: < https://www.youtube.com/watch?v=1lsZribF2EQ&t=838s&ab_channel=ColdFusion >. Accessed on: 1 August 2024.