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Manuel Chang's "tuna bonds" trial launches in Brooklyn

Austin Cope
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A Brooklyn federal jury heard opening statements in the bribery and wire fraud trial against Mozambique's former finance minister, Manuel Chang.

"This case is about corruption," DOJ fraud section trial attorney Peter Cooch said, describing Chang as "a corrupt foreign official" who "abused his authority to enrich himself with over $7 million in loan payments" and then laundered the money between bank accounts in the United Arab Emirates and Spain, using wires crossing through New York as a conduit.

Prosecutors accuse Chang of signing off on approximately $2 billion in fraudulent loans for tuna fishing, coastal surveillance and shipbuilding projects in his country. He allegedly received around $7 million in bribes from a shipbuilding company to guarantee the projects' financing, then left Mozambican taxpayers and international investors on the hook after the loans defaulted.

According to a **superseding indictment** filed on 4 June, Chang faces one count of conspiracy to commit wire fraud for defrauding investors about the use of the funds between 2011 and the end of 2018. He also faces one count of conspiracy to commit money laundering for allegedly sending the money through the US financial system to hide the bribe payments, which violated Mozambican anti-bribery laws.

Cooch outlined how Chang played a "critical" role in the scheme. He told the jury that financing for the projects, which consisted of the $622 million coastal defence project Indicus, the $850-million tuna fishing project Ematum, and a $535 million shipyard project called MAM, would not have received outside investments if they had not received the finance minister's approval.

He said a Lebanon-based multinational shipbuilding company, Privinvest, bribed Chang and other officials to sign off on the projects, which it then participated in. Two investment banks that backed the loans, Credit Suisse and VTB, agreed to the deals after Chang gave his approval, Cooch said.

"The investors would never have lent money to the projects if they knew they were receiving bribes and kickbacks. So what did the defendant and other officials do? They lied," Cooch said, explaining that witness testimony from Credit Suisse, VTB, and documents and loan agreements from Privinvest would corroborate the allegations.

Chang's lead defence lawyer, Adam Ford of Ford O'Brien Landy, responded in his opening statement by telling the jury that they would not see any direct evidence that Chang had agreed to the bribes.

"You will not see or hear any evidence in the case that he entered into agreements to receive these bribe payments," he said. "And you are not going to see any evidence that he received a single penny."

He added that the maritime projects had received full government support and were intended to help bolster the country's emerging economy after it gained independence from Portugal in 1975.

"All of [these projects were] the great pride of Mozambique. The government wanted to do this. From the highest levels. And that is why Minister Chang signed those guarantees," he said.

The DOJ **charged Chang in 2019** along with three Credit Suisse bankers and Lebanese businessman Jean Boustani, who worked fo Privinvest. A **Brooklyn jury acquitted Boustani in December 2019** and Credit Suisse and VTB **settled with US and UK authorities** in 2021, which included Credit Suisse admitting to its role in the scheme to defraud investors and paying a total of $475 million. The bank's current owner, UBS, **reached an out-of-court settlement** with Mozambican authorities in October 2023

Chang **pleaded not guilty** to the charges in July 2023 after his extradition from South Africa, where he had spent over four years attempting to appeal the case. At the time, US District Court Judge Nicholas Garaufis said Chang faced a "substantial" risk of conviction due to the amount of evidence prosecutors had against him.

The trial is expected to last approximately five weeks. The government began its witness testimony with an appearance by ex-Credit Suisse banker Andrew Pearse, who pleaded guilty in 2019 to defrauding investors.

Counsel to Manuel Chang

Ford O'Brien Landy

Partners Adam Ford and Jamie Solano, counsel Anjula Prasad and Stephen Halpin III and associates Arthur Kutoroff and Carolyn Sartori in New York City

For the DOJ

Assistant US attorneys Hiral Mehta, Genny Ngai and Jonathan Siegel in the Eastern District of New York, trial attorneys Katherine Nielsen and Peter Cooch in the criminal division fraud section and Margaret Moeser and Morgan Cohen in the Money Laundering and Asset Recovery Section (MLARS) in Washington, DC

Documents

US v Boustani et al - Manuel Chang superseding indictment (04 June 2024)

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