

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
 :
 v. : Crim. No. 09-
 :
 DANIEL CHIU : 18 U.S.C. § 1343
 : 18 U.S.C. § 2

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

Background

Bel Fuse Inc.

1. At all times relevant to this Information:
 - a. Bel Fuse Inc. ["Bel Fuse" or the "Company"] was a New Jersey corporation, headquartered in Jersey City, New Jersey, and was publicly traded on the NASDAQ stock exchange.
 - b. Bel Fuse, which designed and manufactured electronic products utilized in high speed telecommunications systems, had approximately 6,000 employees worldwide at locations throughout the United States, United Kingdom, Mexico, Dominican Republic, Germany, Czech Republic, Hong Kong and China.

The Defendant

2. At all times relevant to this Information:
 - a. Defendant Daniel Chiu ["Chiu"], a certified public accountant, was a resident of Rockaway, New Jersey.
 - b. From on or about November 8, 2000 through on or about April 21, 2009, defendant Chiu was employed at Bel Fuse,

in Jersey City, New Jersey, as a Senior Accountant. As a Senior Accountant, among other things, defendant Chiu's job responsibilities included handling the day-to-day administration of the Company's stock option employee benefit plan, 401(k) plan, and profit-sharing plan.

The Company's Stock Option Plan

3. Bel Fuse awarded stock and stock options to certain Company officers and employees, and utilized the services of Continental Stock Transfer Company ["Continental"], located in New York, New York, to facilitate the issuance of the Company's securities.

4. In order to effectuate the issuance of Company stock and stock options, the officer or employee seeking to exercise the option was required to sign and complete a "Notice of Exercise of Bel Stock Option" ["Notice"], which included, among other things, the personal information of the purchaser, the date of purchase, the price-per-share, the broker to whom the shares should be transferred, and the number and class of stock options to be purchased.

5. Upon completion of the Notice, the officer or employee submitted the Notice to defendant Chiu, who in turn, completed a form known as the "Deposit/Withdrawal At Custodian" ["DWAC Form"], in order to effectuate the transfer of shares of Company stock to the officer or employee. On the DWAC Form, defendant Chiu handwrote, among other things, the purchaser's name and other personal information, the purchaser's brokerage

information, the date of purchase, and the number of and class of Company shares to be purchased. Defendant Chiu was then required to submit the DWAC Form to a designated Bel Fuse officer for authorization and signature.

6. Once the DWAC Form was signed by the designated Bel Fuse officer, defendant Chiu then submitted the signed DWAC Form, via facsimile, to Continental, which as the stock transfer agent, processed the purchase request, and transferred the number of and class of Bel Fuse shares of stock to the designated brokerage firm, as directed by the DWAC Form.

The Company's 401(k) and Profit-Sharing Plans

7. As part of its benefits package, Bel Fuse offered essentially each of its U.S. employees to participate in the Company's 401(k) and profit-sharing plans.

8. The Company's 401(k) plan authorized the employee to contribute up to the amount of money authorized by federal law on an annual basis, and provided for specified Company matching. For purposes of their 401(k) investment, the employee would select one of several different investment funds offered through the Company's plan.

9. On an annual basis, the Company's profit-sharing plan required the Company to contribute 3 percent of the employee's annual salary into the employee's 401(k) plan, as non-voting Class B shares of Bel Fuse stock.

The Scheme and Artifice to Defraud

10. From in or about December 2001 to on or about April 21, 2009, in the District of New Jersey and elsewhere, defendant

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did knowingly execute and attempt to execute a scheme and artifice with the intent to defraud Bel Fuse and its shareholders, and to obtain moneys and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice is described below.

Object of the Scheme and Artifice to Defraud

11. The object of the scheme and artifice to defraud was to misappropriate tens of thousands of shares of Bel Fuse stock and embezzle money from Bel Fuse.

The Means and Methods of the Scheme and Artifice to Defraud

12. It was part of the scheme and artifice to defraud that, in a number of ways, defendant Chiu would improperly transfer substantial shares of Company stock to himself, and inflate his contributions to the Company's 401(k) and profit-sharing plans thereby prompting the Company to contribute substantial matching monies and shares of Company stock to defendant Chiu's personal 401(k) plan.

Misappropriations of Company Shares of Stock

13. It was further part of the scheme and artifice to defraud that defendant Chiu on multiple occasions would forge the signature of a Bel Fuse officer on Company DWAC Forms in order to

fraudulently authorize the transference of more than 30,000 shares of Company stock to be issued to him.

14. It was further part of the scheme and artifice to defraud that defendant Chiu would submit the DWAC Forms, containing the forged signatures, to Continental via facsimile, to have the shares of Company stock transferred to his personal accounts held at various brokerage firms.

15. It was further part of the scheme and artifice to defraud that, on each occasion, defendant Chiu would improperly transfer between 500 and 2500 shares of Company stock in a manner designed to conceal the scheme and artifice from the Company and its outside auditors.

16. It was further part of the scheme and artifice to defraud that defendant Chiu would create fraudulent DWAC Forms, falsely listing his son, identified herein as "S.C.," as a supposed Company employee who sought to exercise options to purchase Company stock, which defendant Chiu then submitted to Continental, via facsimile.

17. It was further part of the scheme and artifice to defraud that defendant Chiu would cause Continental to transfer shares of Company stock issued to S.C. to a brokerage firm which held an account in S.C.'s name, as per defendant Chiu's written instruction.

18. It was further part of the scheme and artifice to defraud that defendant Chiu would create fraudulent DWAC Forms falsely listing a genuine Company employee, identified herein as

W.C., as an employee who purportedly sought to exercise options to purchase Company stock, but who in fact had no stock options designated to him by the Company, and therefore was not eligible to exercise any such options.

19. It was further part of the scheme and artifice to defraud that defendant Chiu would cause Continental to transfer the shares of Company stock in W.C.'s name to defendant Chiu's own account held at a brokerage firm, as per defendant's Chiu's written instruction.

20. It was further part of the scheme and artifice to defraud that on multiple occasions, defendant Chiu would prepare a Notice and a corresponding DWAC Form to issue himself 500 shares of Company stock, and after obtaining the required signature of a Company officer, would double the number of shares to be distributed to himself on the DWAC Form prior to submitting it to Continental for processing.

21. It was further part of the scheme and artifice to defraud that defendant Chiu would create false and fraudulent letters, on Company letterhead, and forge an Officer's signature, which he would then send to the custodian of Bel Fuse's shares of stock, diverting the transfer of Company stock to his personal IRA account held at a brokerage firm.

Improprieties Involving Company's 401(k) and Profit-Sharing Plans

22. It was further part of the scheme and artifice to defraud that, on more than 100 occasions, defendant Chiu would submit false and fraudulent data inflating his actual

contribution to the Company's 401(k) plan, thereby improperly causing the Company to transfer money to defendant Chiu's personal 401(k) account.

23. It was further part of the scheme and artifice to defraud that defendant Chiu would prepare false and fraudulent data inflating his actual contribution to the Company's profit-sharing plan, thereby causing the Company to transfer additional Company stock to defendant Chiu's personal 401(k) account.

24. On or about April 16, 2008, for the purpose of executing the above-described scheme and artifice to defraud, in the District of New Jersey, and elsewhere, the defendant

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knowingly transmitted and caused to be transmitted by wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, namely, a false and fraudulent DWAC Form sent via facsimile from Jersey City, New Jersey to New York, New York authorizing the improper transfer of 2000 shares of Bel Fuse stock to an account held in S.C.'s name at a brokerage firm.

In violation of Title 18, United States Code, Section 1343 and Section 2.

PAUL J. FISHMAN
United States Attorney

