



*United States Attorney
Southern District of New York*

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MANHATTAN U.S. ATTORNEY INDICTS NORMAN HSU
FOR MASSIVE FRAUD SCHEME

Hsu Also Charged With Using Straw Donors to Make Illegal Federal Campaign Contributions Over A Three-Year Period

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today the unsealing of a fifteen-count Indictment against NORMAN HSU, 56, for perpetrating a massive scheme that defrauded investors across the United States. HSU also was charged with violating federal campaign finance laws by making contributions to various political candidates in the names of others.

According to the Indictment unsealed earlier today in Manhattan federal court:

At all times relevant to the charges, HSU operated and was the Managing Director of two companies, Components Ltd. and Next Components Ltd. (the "Companies"), which purported to provide investment programs that extended short-term financing to businesses. HSU recruited victims by guaranteeing them high rates of return on short-term investments. After receiving money from investors, HSU, for a time, repaid both the victims' interest and principal as promised. Believing HSU to be trustworthy and the Companies to be legitimate and potentially profitable, victims often agreed to roll over their invested funds into new investments with HSU, invest more money with HSU, and recruit friends to invest with HSU. In reality, however, the Companies were merely vehicles for HSU's scheme, in which money owed as returns to older investors was paid with money received from newer investors. From 2000 through August 2007, HSU convinced his victims to invest at least \$60 million in his fraudulent scheme. In the end, after making some payments intended to perpetuate the scheme, HSU swindled his victims out of at least \$20 million.

In an effort to raise his public profile and thereby convince more victims to invest in his fraudulent scheme, HSU pressured many of his victims to individually contribute thousands of dollars to various candidates for President of the United States, the United States Senate, and the United States House of Representatives whom HSU supported. HSU allegedly made direct and implied threats to these victims, leading them to believe that their failure to make the required political contributions would adversely impact their ongoing investment relationships with HSU.

In addition, HSU violated the Federal Election Campaign Act by making contributions to various political campaigns in the names of others. Specifically, in 2005, 2006, and 2007, HSU asked other individuals to make contributions, totaling more than \$25,000 for each calendar year, to designated federal candidates. HSU then directly reimbursed the individuals for the political contributions they had made on his behalf.

HSU is charged in the Indictment with six counts of mail fraud, six counts of wire fraud, and three counts of violating the Federal Election Campaign Act. If convicted, HSU faces maximum penalties of 20 years in prison on each of the mail and wire fraud charges, and 5 years on each of the federal campaign finance charges. HSU also faces a maximum fine of twice the gross gain or loss resulting from his financial fraud crimes, and an additional maximum fine of \$250,000 for the campaign finance crimes.

In addition, the Indictment contains an allegation seeking the forfeiture of all property that constitutes the proceeds traceable to the commission of HSU's mail and wire fraud offenses, including at least \$20 million -- obtained as a result of those offenses.

Mr. GARCIA praised the work of the FBI in the investigation of this case, and added that the investigation is continuing.

If you believe you were a victim of these crimes, including a victim entitled to restitution, and you wish to provide information to law enforcement and/or receive notice of future developments in the case or additional information, please contact Wendy Olsen-Clancy, the Victim Witness Coordinator at the United States Attorney's Office for the Southern District of New York, at (866)874-8900, or Wendy.Olsen@usdoj.gov. For additional information, go to: <http://www.usdoj.gov/usao/nys/victimwitness.html> on

the Internet.

HSU is in custody in California on unrelated charges and is expected to be produced in New York in the coming weeks. The case has been assigned to United States District Judge VICTOR MARRERO.

This prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys KATHERINE A. LEMIRE, ALEXANDER J. WILLSCHER, and RUA M. KELLY are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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