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Southern District of New York

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MANHATTAN U.S. ATTORNEY AND FBI ASSISTANT DIRECTOR-IN-CHARGE ANNOUNCE WIRE FRAUD CHARGES AGAINST NEW JERSEY MAN IN CONNECTION WITH CAMPAIGN FINANCE SCHEME FOR 2013 ELECTION IN NEW YORK CITY

Defendant Charged with Using Straw Donors to Illegally Funnel \$16,000 Campaign Contribution to Candidate for Citywide Elective Office

Preet Bharara, the United States Attorney for the Southern District of New York, and Janice K. Fedarcyk, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the arrest of XING WU PAN, a/k/a, ("Oliver Pan"). PAN is accused of engaging in a fraudulent scheme that involved the use of "straw donors" to funnel a large, illegal campaign contribution to the campaign of a candidate (the "Candidate") for Citywide elective office in 2013 (the "Campaign"). The contribution was well above the individual limit authorized by the New York City Campaign Finance Board (the "NYCCFB"). The straw donor scheme was fraudulent in two primary ways: (1) it allowed for more money to be directly given to the Candidate's campaign by evading the maximum individual contribution limit; and (2) by fraudulently inflating the amount of money directly given by donors to the campaign, it correspondingly entitled the campaign to claim greater matching funds from the City of New York through the NYCCFB's matching campaign funds program. PAN surrendered this morning to authorities in New York and will be presented in Manhattan federal court later today.

Manhattan U.S. Attorney Preet Bharara stated: "Corruption in campaign finance corrupts the entire political process, and it can call into question the legitimacy of our elections. As alleged, Oliver Pan engaged in a deliberate and flagrant attempt to subvert the campaign finance laws and manipulate the City's matching fund system. As today's charges demonstrate, unlawful campaign conduct will not be tolerated, and we will continue to be vigilant and proactive in investigating abuses of our electoral system."

FBI Assistant Director-in-Charge Janice K. Fedarcyk stated: “Pan violated the letter and the clear intent of the limitation on individual campaign contributions. His use of straw donors to conceal an impermissibly large contribution was an assault on the integrity of the electoral process.”

According to the Complaint unsealed today in Manhattan federal court:

In August 2011, PAN received a \$16,000 campaign contribution from an individual donor who was, in fact, an undercover FBI agent (the “U/C”) posing as a businessperson interested in supporting the Candidate. The contribution was in excess of the \$4,950 limit on individual contributions authorized by the New York City Campaign Finance Board (“NYCCFB”). In order to circumvent the \$4,950 limit, PAN planned for 20 straw donors to each make \$800 donations - for a total of \$16,000 - to the Campaign. Straw donors are individuals who, in violation of campaign finance laws, make campaign contributions in their own names with money they have received from others. PAN then used the \$16,000 he received from the U/C to reimburse the straw donors for their contributions. A campaign contribution form was filled out on behalf of each straw donor containing his or her name, address, employment information, and the amount donated to the Candidate. The straw donor’s purported signature, acknowledging that he or she was not being reimbursed in any manner for making the campaign contribution, was also on each form. The NYCCFB would rely on the information contained in these fraudulent contribution forms, among other things, in order to determine whether to release matching campaign funds to the Candidate’s 2013 campaign.

In an August 15, 2011 recorded conversation between PAN and the U/C, PAN explained how the alleged scheme worked. “Yeah, usually, I have, I have...five people, they fill out the form, and they use, they use their own credit card or check, then, and then we give them the cash.”

Before a fundraising event on August 17, 2011, organized by PAN for the Candidate, PAN provided the U/C with copies of the completed contribution forms for several straw donors, including one for PAN himself. The U/C secretly made a video recording in which PAN introduced the U/C to one of the Straw Donors (“Straw Donor-1”). With PAN’s assistance, Straw Donor-1 filled out a campaign contribution form for the Candidate’s 2013 campaign and provided Straw Donor-1’s credit card information on the form. The U/C also observed PAN give another Straw Donor (“Straw Donor-2”) cash.

PAN instructed the U/C to provide the completed contribution forms to a staff member for the Candidate’s 2013 campaign at the fundraising event. During the fundraising event that evening, the U/C provided the staff member with the completed contribution forms as instructed. PAN then reviewed the contribution forms with the staff member. PAN also introduced the U/C to the Candidate, and the U/C and the Candidate discussed the U/C’s desire to support the Campaign. During the fundraising event, PAN told the Candidate and two of the Candidate’s campaign staff members that the fundraiser was “his [the U/C’s] event.”

* * *

PAN, 46, of Hudson County, New Jersey, is charged with one count of conspiracy to commit wire fraud and one count of attempting to commit wire fraud. Each count carries a maximum sentence of twenty years in prison.

Mr. Bharara praised the investigative work of the FBI.

This case is being prosecuted by the Office's Public Corruption Unit. Assistant United States Attorneys Loyaan A. Egal, Steve C. Lee, and Brian A. Jacobs are in charge of the prosecution.

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

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