



***United States Attorney  
Southern District of New York***

**FOR IMMEDIATE RELEASE  
September 20, 2007**

**CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER,  
REBEKAH CARMICHAEL  
PUBLIC INFORMATION OFFICE  
(212) 637-2600**

**FBI  
JIM MARGOLIN, NEIL DONOVAN  
PUBLIC INFORMATION OFFICE  
(212) 384-2720, 2715**

**MANHATTAN U.S. ATTORNEY CHARGES NORMAN HSU  
WITH \$60 MILLION FRAUD SCHEME**

***Hsu Also Accused of Using Straw Donors to Make  
Illegal Federal Campaign Contributions***

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the unsealing of federal charges against NORMAN HSU, 56, for perpetrating a massive Ponzi scheme that defrauded victims across the United States of over \$60 million. 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 Complaint 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 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, contribute additional, larger sums of money

to the scheme, or recruit friends to invest with HSU. In reality, however, the Companies were merely vehicles for HSU's Ponzi scheme, in which money owed as returns to older investors was paid with money received from newer investors, and HSU never invested the money in the manner he represented to his victims. In the end, HSU defrauded his victims out of more than \$60 million.

In an effort to raise his public profile and thereby convince more victims to invest in his fraudulent scheme, HSU pressured investors to contribute tens of thousands of dollars to various candidates for President of the United States, the United States Senate, and the United States House of Representatives. HSU made victims believe that failure to make political contributions to candidates he supported would jeopardize their investment relationship with him, and put their money at risk.

HSU also violated the Federal Election Campaign Act by making contributions to various political campaigns in the names of others. Specifically, in 2006, HSU asked two other individuals to make contributions, totaling more than \$20,000 each, to designated federal candidates. HSU then reimbursed these two individuals for the political contributions they had made on his behalf.

During a court-authorized search of the items seized from HSU at the time of his arrest, FBI agents recovered extensive evidence confirming HSU's role in the charged crimes, including, among other things: (1) thousands of dollars in cash; (2) checkbooks for bank accounts used to carry out the fraudulent scheme; (3) hundreds of thousands of dollars worth of checks from HSU's victims; (4) bank receipts reflecting millions of dollars worth of financial transactions conducted by HSU; (5) hand-written ledgers reflecting specific amounts of campaign contributions to be made by specific victims on behalf of various candidates for elected federal office; (6) a Cartier watch and Tiffany jewelry; and (7) receipts reflecting HSU's travel throughout the United States via a corporate jet service.

HSU is charged in the Complaint with one count each of mail fraud and wire fraud, and one count of violating the Federal Election Campaign Act. If convicted, HSU faces maximum penalties of 20 years' imprisonment on the mail fraud charge, 20 years' imprisonment on the wire fraud charge, and 5 years' imprisonment on the federal campaign finance charge. 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 on the campaign finance crime.

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

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

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.

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

07-229

###