



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE

September 29, 2009

CONTACT: U.S. ATTORNEY'S OFFICE

YUSILL SCRIBNER,

REBEKAH CARMICHAEL,

JANICE OH

PUBLIC INFORMATION OFFICE

(212) 637-2600

Note: The judge's quote in this press release has been corrected.

**FORMER POLITICAL FUNDRAISER NORMAN HSU SENTENCED IN
MANHATTAN FEDERAL COURT TO 292 MONTHS IN PRISON FOR
PONZI SCHEME AND RELATED CAMPAIGN FINANCE CRIMES**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that former political fundraiser NORMAN HSU was sentenced today to 292 months in prison for operating an \$80 million Ponzi scheme and violating federal campaign finance laws. HSU pleaded guilty on May 7, 2009, in Manhattan federal court to Counts One through Ten of the Superseding Indictment. HSU was then convicted of four counts of campaign finance fraud on May 19, 2009, following a six-day jury trial. United States District Judge VICTOR MARRERO imposed the sentence today in Manhattan federal court.

As established by the evidence at trial and statements made during today's sentencing proceeding:

HSU, 58, of New York, New York, was the Managing Director of two companies, Components Ltd. and Next Components Ltd. HSU solicited investments in the companies by promising guaranteed short-term, high returns. HSU claimed that companies would generate funds to pay these high returns by providing short-term financing to other businesses. After receiving money from victim investors, HSU, for a time, paid interest and returned principal as promised. Believing HSU to be trustworthy and the companies he controlled to be legitimate and based on HSU's public relationships with prominent political figures, victims often agreed to roll over their invested funds into new investments with HSU; to invest more money with HSU; and to recruit friends to invest with HSU. In reality, money HSU returned to earlier investors was paid with money HSU received from subsequent investors. From 2000 through August 2007, HSU convinced victims to invest at least \$100 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 \$80 million.

In addition to the wire and mail fraud charges, HSU was found guilty by a Manhattan federal jury of four counts of violating the Federal Election Campaign Act by making contributions to various political campaigns in the names of others. The evidence at trial established that 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 was sentenced to 240 months in prison for the wire and mail fraud charges and 52 months in prison, to run consecutively to the 240-month term, for the campaign finance fraud charges.

In imposing HSU's sentence, Judge MARRERO stated: "Hsu's disgraceful use of political campaigns to perpetuate his Ponzi scheme, as well as his acts of campaign finance fraud, strike at the very core of our democracy." Judge MARRERO also sentenced HSU to three years of supervised release and extended the time for ruling on an order of restitution for 90 days from the date of sentencing.

"Norman Hsu betrayed the trust of his victims by stealing their money with false promises of fake returns in order to finance a luxurious lifestyle," said United States Attorney PREET BHARARA. "He broke federal campaign finance laws to pump up his public profile and bolster his victims' belief in his phony investment program. Today's sentence underscores our commitment to stop swindlers like Hsu in their tracks and bring them to the bar of justice."

Mr. BHARARA praised the outstanding investigative efforts of the Federal Bureau of Investigation.

If you believe you are a victim of the Components Ltd. and Next Components Ltd. investment fraud, 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.

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