



## Hsu Indicted in Federal Court

By LARRY NEUMEISTER – 10 hours ago

NEW YORK (AP) — A federal grand jury on Tuesday indicted Norman Hsu, a top Democratic fundraiser and former fugitive accused of cheating investors of at least \$20 million and using some of the money to make illegal donations to political candidates including Hillary Rodham Clinton.

In the 15-count indictment returned in U.S. District Court in Manhattan, the government accused the 56-year-old clothing-industry entrepreneur of duping investors nationwide with a massive Ponzi scheme.

The government said Hsu also violated federal campaign finance laws by making contributions to various political candidates in the names of others. A message left with a lawyer for Hsu was not immediately returned.

Federal prosecutors said Hsu hoped his lavish campaign contributions would help draw money to his scheme by raising his public profile. To achieve his aims, prosecutors said, Hsu pressured many of his victims to contribute thousands of dollars to various candidates for president and Congress.

Hsu was once a valued supporter of Clinton, raising more than \$1.2 million for her and other Democratic candidates in recent years. He turned into a scandal when it was revealed he had been hiding from the law in plain sight.

He had been wanted in California since 1992, when he fled after pleading no contest to grand theft charges in a fraudulent clothing import business. He posted \$2 million bail in August, and his lawyer said his fugitive status was just a misunderstanding. But Hsu missed a court date Sept. 5, fled by train and was arrested at a Colorado hospital after attempting suicide.

Hsu's work on Clinton's behalf has been an embarrassment for her presidential campaign, which has returned more than \$800,000 to donors whose contributions were linked to him.

The indictment said Hsu from 2000 through August 2007 convinced his victims to invest at least \$60 million in companies that supposedly extended short-term financing to businesses.

It said Hsu used the money instead to further his fraudulent aims, sometimes paying the large interest gains he had promised to those who had invested earliest in the scheme. Prosecutors said he eventually cheated the investors out of at least \$20 million.

He faces six counts of mail fraud, six counts of wire fraud and three counts of violating the Federal Election Campaign Act.

If convicted, he faces a maximum penalty of 20 years in prison on each of the mail and wire fraud charges, and five years on each of the federal campaign finance charges. He also could face millions of dollars in fines.

Hsu is in custody in California on unrelated charges and was expected to appear in federal court in Manhattan in several weeks, prosecutors said.

This undated photo, released by the San Mateo County Jail, shows Norman Hsu. A federal grand jury on Tuesday, Dec. 4, 2007, indicted Hsu, a top Democratic fundraiser accused of cheating investors of at least \$60 million and using some of the money to make illegal donations to political campaigns. In the 15-count indictment returned in U.S. District Court in Manhattan, the government accused the 56-year-old clothing-industry entrepreneur of duping investors nationwide with a massive Ponzi scheme. The government said Hsu also violated federal campaign finance laws by making contributions to various political candidates in the names of others. (AP Photo/San Mateo County Jail, File)

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