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PRESS RELEASE

Colm F. Connolly, United States Attorney for the District of Delaware, Rick A. Raven, Special Agent in Charge, Internal Revenue Service, Criminal Investigation, and Frank E. Goetz, Special Agent In Charge, Federal Bureau of Investigation, announced today that Andrew N. Yao, age 44, of Bryn Mawr, Pennsylvania was indicted on Tuesday, March 28, 2006, by the Grand Jury for the District of Delaware on fourteen (14) counts of fraud, false statements, and money laundering offenses. Mr. Yao was formerly the President and sole shareholder of Student Finance Corporation ("SFC"), a company in the business of funding and servicing student loans, with particular emphasis on loans to trade school students. SFC operates in Newark, Delaware, and has been in bankruptcy since June 2002.

According to the Indictment, from the early 1990s through 2002 Yao hired an accountant, now deceased, to prepare fraudulent financial documents, including fraudulent personal and corporate tax returns, fraudulent personal financial statements for Yao, and fraudulent corporate financial statements. The Indictment alleges that Yao submitted or caused to be submitted these fraudulent documents in support of loans he obtained for personal use or for use by companies he controlled.

Specifically, the Indictment alleges that in 1998 Yao made false statements to Wilmington Trust of Pennsylvania in connection with a \$25 million line of credit obtained to fund student loans originated by SFC. The Indictment further alleges that from August 1998 through March 2002, Yao

made false statements to First Union National Bank in connection with six (6) personal loans which totaled more than \$7 million. The Indictment also charges Yao with mail fraud in connection with a loan obtained from U.S. Bancorp in May 2001. The proceeds from this loan were used by a company controlled by Yao to purchase an airplane.

Yao is also charged with wire fraud and money laundering in connection with a Nantucket, Massachusetts home Yao owned and refinanced in 2002 through Wachovia Mortgage Corporation. Finally, the Indictment charges Yao with making false statements under oath in connection with the SFC's bankruptcy case. Specifically, the Indictment alleges that Yao made false statements regarding wire transfers made by SFC to Yao's friend and to Las Vegas casinos.

The Indictment is merely an accusation, and the defendant is presumed innocent until and unless proven guilty.

The maximum penalty for each of the eight (8) false statement counts is thirty (30) years imprisonment and a \$1,000,000 fine. The maximum penalty for each of the two money laundering counts is ten (10) years imprisonment and a \$250,000 fine or a fine of twice the amount of the criminally derived property, whichever is greater. The maximum penalty for each of the wire and mail fraud counts is five (5) years imprisonment and a \$250,000 fine. The maximum penalty for each of the two bankruptcy fraud counts is five (5) years imprisonment and a \$250,000 fine. The defendant could also be ordered to pay restitution to his victims. No court date has been set.

U.S. Attorney Connolly noted: "Banks, credit companies, and our bankruptcy court play a vital role in Delaware's economy and therefore our office has made it a priority to investigate and prosecute fraudulent conduct which undermines the integrity of those institutions."

“Money laundering is a global threat, fuel for criminals to conduct their criminal affairs and is used to manipulate and erode our financial systems” said Rick A. Raven, Special Agent in Charge, Internal Revenue Service, Criminal Investigation.

This case resulted from a referral by the United States Trustee’s Office for the District of Delaware, which is responsible for overseeing the integrity of the bankruptcy system. The case was investigated by special agents of the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation.

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