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Department of Justice

U.S. Attorney's Office

Southern District of Illinois

FOR IMMEDIATE RELEASE

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Jury Convicts Southern Illinois University-Carbondale Professor of Concealing Foreign Bank Account from the Internal Revenue Service

Benton, Ill. – Dr. Mingqing Xiao, 60, of Makanda, Illinois, was convicted by a federal jury on Wednesday, May 4, 2022, in connection with lying to federal authorities about a foreign bank account in China in 2017, 2018, and 2019.

Dr. Xiao, a mathematics professor and researcher at Southern Illinois University-Carbondale, was convicted of three counts of Making a False or Fraudulent Statement to the Internal Revenue Service (IRS) on his tax returns and one count of Failure to File a report of a Foreign Bank Account (FBAR). Evidence presented at the trial established that Xiao opened a foreign bank account at Ping An Bank in China in 2016 and received monthly deposits into the account from Shenzhenalo University in Shenzhen, China, from 2016 to 2020. Some of the funds were linked to additional sources in China. By 2020, Xiao had accumulated more than \$100,000 in the Chinese account.

U.S. taxpayers are required to report the existence of any foreign bank account on their federal income tax returns. In addition, individuals with funds in foreign accounts totaling more than \$10,000 at any time during a given year are required to file an FBAR with the Treasury Department.

“There are foreign entities that exploit American universities and grant agencies,” said U.S. Attorney Steven D. Weinhoef. “To guard against this abuse, the National Science Foundation (NSF) requires grant applicants to disclose any conflicting activities, including foreign activities, as a condition of receiving federal funding. Further, all U.S. citizens are obligated to disclose any foreign bank accounts they may have. The evidence established that Dr. Xiao concealed foreign work and hid more than \$100,000 of foreign assets in an account in China, and he

was properly prosecuted and held accountable.”

“Failing to disclose a foreign bank account and filing false tax returns demonstrates a lack of truthfulness and an abdication of the duties of citizenship,” said FBI Special Agent in Charge David Nanz. “Xiao received money from a Chinese employer and knowingly failed to report those funds, thereby evading his income tax responsibilities. The FBI is committed to investigate and bring to justice anyone who avoids their obligation to live by our nation’s laws.”

“As this verdict shows, when you fail to disclose a foreign bank account and submit false income tax statements to the IRS, you are committing tax fraud,” said Darrell J. Waldon, Special Agent in Charge of the IRS-CI Washington DC Field Office. “Xiao’s acts of fraud and dishonesty undermine the integrity of our system of taxation. Our agency will continue to uphold its mission to investigate tax and financial crimes in order to uphold confidence in our tax system, holding individuals accountable for their crimes.”

The court dismissed two additional counts against Xiao that charged wire fraud. In addition, Xiao was found not guilty of a false statement charge. Those three charges were all related to alleged fraud in connection with a grant Xiao obtained from the National Science Foundation.

The charge of making and subscribing false income tax returns provides for a sentence of up to three years in prison, one year of supervised release and a \$100,000 fine. The charge of failing to file an FBAR provides for a sentence of up to five years in prison, three years of supervised release, and a fine of \$250,000. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and other statutory factors. Sentencing is set before the Honorable Staci M. Yandle on August 11, 2022.

The case was investigated by the Federal Bureau of Investigation-Springfield Field Office and the Internal Revenue Service—Criminal Investigations.

The case was prosecuted by Assistant U.S. Attorneys Peter Reed and Scott Verseman of the U.S. Attorney’s Office for the Southern District of Illinois and Trial Attorney Derek Shugert of the National Security Division of the Department of Justice.

Topic(s):
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