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United States Attorneys' Office

Eastern District of Louisiana

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FORMER LOUISIANA STATE SENATOR AND CHAIR OF A STATE POLITICAL PARTY CHARGED WITH WIRE FRAUD FOR ROLE IN NEARLY SEVEN-YEAR SCHEME TO DEFRAUD CAMPAIGN ENTITY, DONORS, AND POLITICAL PARTY ORGANIZATION

NEW ORLEANS – The United States Attorney’s Office announced that former Louisiana State Senator and Chair of State Political Party “A”, **KAREN CARTER PETERSON**, age 52, from New Orleans, Louisiana, was charged today in a one-count bill of information with wire fraud, in violation of Title 18, United States Code, Section 1343.

According to court documents, **PETERSON** served as a Louisiana State Senator for the 5th District from about 2010 until about April 8, 2022, and as the Chair of State Political Party A between about 2012 and 2020. As a Louisiana State Senator, **PETERSON** formed and maintained a campaign organization, the “Karen Carter Peterson Campaign Fund (“KCPCF”),” to solicit and raise campaign funds from individual and corporate donors. The campaign funds were solicited based upon the representations and premise that the funds would be used to facilitate **PETERSON’S** reelection for the position of State Senator. In furtherance of her scheme, **PETERSON** diverted, and caused her friends and associates to divert, campaign funds from the KCPCF to **PETERSON’S** personal use for the purpose of obtaining and using money and property from contributors to the KCPCF by means of materially false and fraudulent representations and promises for nearly seven (7) years. She did so by writing checks drawn on the KCPCF account to her friends and associates and directing them to cash the checks and then to give most or all of the proceeds to her. **PETERSON** used the funds to pay for personal expenses unrelated to her campaign or the holding of public office, including to pay gambling-related expenses, and, in the course of soliciting additional contributions, failed to disclose to potential contributors that **PETERSON** had already used funds contributed to the KCPCF for her personal benefit. Further, **PETERSON** caused the public filing of false and misleading campaign finance reports that

mischaracterized expenditures as being for legitimate purposes related to her campaign or the holding of public office, but were, in fact, unrelated to such purposes and, instead, were diverted to **PETERSON'S** personal use.

Additionally, in her role as Chair of State Political Party A, **PETERSON** oversaw the strategic decision-making, operations, outreach, and direction of Party A and supervised its permanent staff, including individuals who had signatory authority of State Political Party A's financial accounts. **PETERSON** exploited her position to choose entities ("Companies") operated by her associates, purportedly to provide campaign-related services to State Political Party A, and to determine the amount that Party A would pay each of the Companies. In fact, the Companies provided either no or minimal services for State Political Party A. **PETERSON** then directed the Companies to remit a portion of the funds paid to them by State Political Party A to **PETERSON** through either checks drawn on the accounts of the Companies or in cash.

If convicted, **PETERSON** faces a maximum term of twenty (20) years in prison, a fine of up to \$250,000.00, up to three (3) years of supervised release after imprisonment, and a mandatory \$100 special assessment fee.

The United States Attorney's Office reiterated that a bill of information is merely a charge and that the guilt of the defendant must be proven beyond a reasonable doubt.

The United States Attorney's Office praised the work of the Federal Bureau of Investigation, the Internal Revenue Service – Criminal Investigation, and Forensic Accountant Josephine M. Beninati, CPA, CFE in this matter and thanks the Metropolitan Crime Commission for its assistance. Assistant United States Attorneys Jordan Ginsberg, Chief of the Public Corruption Unit, and Jonathan L. Shih are in charge of the prosecution.

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