



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
March 27, 2007

CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(212) 637-2600

**U.S. ENTERS NON-PROSECUTION AGREEMENT
WITH ELECTRONIC CLEARING HOUSE, INC. REGARDING ITS
EXECUTION OF ONLINE-GAMBLING TRANSACTIONS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that his Office has entered into a Non-Prosecution Agreement (the "Agreement") with Electronic Clearing House, Inc. ("ECHO"), a Nevada corporation involved in the transfer of money on behalf of various online payment services companies, known as "e-wallets." The Agreement is part of the United States Department of Justice's effort to combat unlawful internet gambling.

According to a statement made by ECHO as part of the non-prosecution agreement: from 2001 until the beginning of 2007, ECHO provided payment processing and collection services in the United States that enabled several e-wallets to conduct financial transactions with United States customers. These e-wallets handled -- almost exclusively -- illegal transactions with online gaming websites. STEPHEN ERIC LAWRENCE and JOHN DAVID LEFEBVRE, the founders of one such website -- Neteller PLC. ("Neteller"), an online payment services company which is publicly-traded in the United Kingdom and is based in the Isle of Man -- were arrested on January 15, 2007, and charged by Complaint in this District with money laundering in connection with services that Neteller provided to various internet gambling sites which conducted business with United States customers. (See 07 Mag 0059; 07 Mag. 0060.)

According to ECHO's statement, ECHO, in October 2006, initiated a progressive wind-down plan for all e-wallet companies and began shutting down processing and collection services for e-wallets. ECHO also froze funds, totaling approximately \$21 million, belonging to the e-wallet companies.

The decision by the United States Attorney that

criminal prosecution of ECHO would not serve the public interest was based on the factors set forth in The Department of Justice's *Principles of Federal Prosecutions of Business Organizations*. The decision was based on the following significant factors, among others: (1) ECHO's full and complete cooperation with the Government's ongoing investigation into the illegal online gambling industry, and its commitment to continue that cooperation; (2) the steps ECHO has taken to begin shutting down processing and collection services for e-wallets as part of the progressive wind-down plan initiated in October 2006; (3) its agreement to disgorge \$2.3 million, which represents the net proceeds from the services that ECHO provided to e-wallets since 2001; and (4) the negative effect that charges against ECHO would have on the company's innocent employees and legitimate activities.

Since January 2007, ECHO has been fully cooperating with the Office's ongoing investigation by, among other things, providing the Government with requested documents and making employees available for interviews with Government investigators. ECHO also identified for the Government the documents that it believed to be most relevant to the investigation and produced those and other documents in a format which permits efficient investigation by the Government.

Mr. GARCIA praised the efforts of the Federal Bureau of Investigation.

Assistant United States Attorneys TIMOTHY J. TREANOR, CHRISTOPHER P. CONNIFF, CHRISTINE MEDING, and SEETHA RAMACHANDRAN are in charge of the investigation.

07-74

###