



U.S. Department of
Homeland Security

**United States
Secret Service**

Press Release

July 22, 2008
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GPA 14-08

IN U.S. SECRET SERVICE-LED INVESTIGATION, DIGITAL CURRENCY BUSINESS E-GOLD PLEADS GUILTY TO MONEY LAUNDERING AND ILLEGAL MONEY TRANSMITTING CHARGES

(Washington, D.C.) – The U.S. Department of Justice has announced that E-Gold, Ltd., (E-Gold), an Internet-based digital currency business, and its three principle directors and owners, pleaded guilty to criminal charges relating to money laundering and the operation of an illegal money transmitting business.

“This case illustrates the success of the Secret Service’s longstanding commitment to its mission of safeguarding the nation’s critical financial infrastructure,” said U.S. Secret Service Assistant Director for Investigations Michael Stenger. “We will continue to pursue criminals seeking to use the Internet and new technologies to commit fraud wherever they are.”

E-Gold and its corporate affiliate Gold & Silver Reserve Inc. each pleaded guilty to conspiracy to engage in money laundering and conspiracy to operate an unlicensed money transmitting business. The principal director of E-Gold and CEO of Gold & Silver Reserve Inc. (Gold & Silver Reserve), Dr. Douglas Jackson, 51, of Melbourne, Fla., pleaded guilty to conspiracy to engage in money laundering and operating an unlicensed money transmitting business. E-Gold’s other two senior directors, Barry Downey, 48, of Baltimore, and Reid Jackson, 45, of Melbourne, each pleaded guilty to felony violations of District of Columbia law relating to operating a money transmitting business without a license. E-Gold, Gold & Silver Reserve and the three company directors were charged in an indictment returned by a federal grand jury on April 24, 2007.

At sentencing, E-Gold and Gold & Silver Reserve face a maximum fine of \$3.7 million. Douglas Jackson faces a maximum prison sentence of 20 years and a fine of \$500,000 on the conspiracy to engage in money laundering charge, and a sentence of five years and a fine of \$250,000 on the operation of an unlicensed money transmitting business charge. Downey and Reid Jackson each face a maximum of five years in prison and a fine of \$25,000. Additionally, as part of the plea, E-Gold and Gold & Silver Reserve have agreed to forfeiture in the amount of \$1.75 million in the form of a money judgment for which they are joint and severally liable. Sentencing for all defendants has been set for Nov. 20, 2008.

In addition to the fines and prison sentences, each of the defendants agreed that E-Gold and Gold & Silver Reserve will move to fully comply with all applicable federal and state laws relating to operating as a licensed money transmitting business and the prevention of money laundering, which includes registering as money service businesses. Also as part of the plea agreement, the businesses will create a comprehensive money laundering detection program that will require verified customer identification, suspicious activity reporting and regular supervision by the Internal Revenue Services' (IRS) Bank Secrecy Act Division, to which the Financial Crimes Enforcement Network delegated authority according to federal regulations. E-Gold and Gold & Silver Reserve will hire a consultant to ensure their compliance with applicable law and hire an auditor to verify the companies' claims that all transactions are fully backed by gold bullion.

Under federal law and District of Columbia law, in addition to other jurisdictions, the E-Gold operation was required to be licensed and registered as a money transmitting business. However, according to information in plea materials, the E-Gold operation functioned as a money transmitting business without registering with the federal government and without a license in the District of Columbia. Because these businesses and individuals illegally failed to register and follow applicable regulations under federal and District of Columbia laws, the resulting lack of oversight and required procedures created an atmosphere where criminals could use "e-gold," or digital currency, essentially anonymously to further their illegal activities.

"This case demonstrates that even the most sophisticated criminals cannot escape the combined resources of law enforcement," continued U.S. Secret Service Assistant Director Stenger.

The successful investigation, which was led by the U.S. Secret Service, was the result of close cooperation with the SCIRS-SS Financial Crimes and Money Laundering Task Force, IRS Criminal Investigation and the Federal Bureau of Investigations. The case was prosecuted by Assistant U.S. Attorney Jonathan Haray of the U.S. Attorney's Office for the District of Columbia, Senior Counsel Kimberly Kiefer Peretti of the Criminal Division's Computer Crime and Intellectual Property Section and Laurel Loomis Rimon, Deputy Chief of the Criminal Division's Asset Forfeiture and Money Laundering Section, with assistance from the Criminal Division's Child Exploitation and Obscenity Section. William Cowden of the U.S. Attorney's Office Asset Forfeiture Unit assisted with forfeiture issues involved in the case.

About the United States Secret Service

The United States Secret Service was originally founded in 1865 for the purpose of suppressing the counterfeiting of U.S. currency. Now an agency within the Department of Homeland Security, the Secret Service is widely known for its protective mission in safeguarding the nation's highest elected officials, visiting foreign dignitaries and events of national significance. Today, the Secret Service maintains a unique dual mission of protection and investigations, and remains one of the premier law enforcement organizations charged with investigating both traditional and hi-tech financial crimes.

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