Beat: Business

Executives of Card Payment Processing Company Indicted

For Nationwide Fraud Scheme

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USPA NEWS - A federal grand jury in Texas has indicted former executives and company leaders at Electronic Transactions Systems Corporation ("ETS") for their conduct in defrauding approximately 7,000 merchant clients out of millions of dollars, announced Eastern District of Texas U.S. Attorney Brit Featherston today.

Edward Walsh Vaughan, 58, of California; Hadi Akkad, 49, of Virginia; Jill Hall Mandichak, 43, of Virginia; Sean Lynch, 50, of Virginia; Katherine Nguyen, 38, of North Carolina; and Gina Ellingsen, 43, of Minnesota, were all charged with conspiracy to commit wire fraud. Vaughan and Akkad were also charged with money laundering conspiracy.

ETS was a card processing company located in Virginia that provided equipment and services to facilitate credit and debit card payment transactions for merchant clients, including government municipalities, private businesses, and charity organizations throughout the country. According to the indictment, between 2012 and 2019, the defendants, at the direction of ETS president Ed Vaughan, are alleged to have defrauded ETS merchant clients by deliberately disguising a portion of their processing fees for thousands of clients. The indictment describes how the defendants executed their fraud, including by embedding the hidden markups in "Interchange fees," misleading merchant clients in emails and contracts, and failing to disclose the true fee structure in billing and account statements.

The indictment also details how Vaughan and Akkad used the fraudulently obtained funds to personally enrich themselves through multimillion-dollar bonuses, luxury vehicles and private aircraft, and high-end real estate purchases. In addition, because the fraud was concealed prior to ETS' acquisition, Vaughan received an additional $107 million, and Akkad received $33 million from the sale of the company.

If convicted, the defendants each face up to 30 years in federal prison.

An indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

This case is being investigated by the FBI's Washington Field Office and is being prosecuted by Assistant U.S. Attorneys in the Eastern District of Texas.

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Wendy writes for the United States Press Agency and is a former columnist with the Fulton County Expositor, Wauseon, Ohio.

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