



# Department of Justice

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## **STATEMENT OF ATTORNEY GENERAL JOHN ASHCROFT ON THE REGPAY CHILD PORNOGRAPHY INDICTMENT**

WASHINGTON, D.C. – Attorney General John Ashcroft today issued the following statement regarding the indictment of Regpay Co., Ltd., Connections USA, and four individuals on child pornography and money laundering charges:

“This indictment sends a message to all who trade in the sexual abuse of children – from the abuser, to the website hosting the images, to the credit card processors facilitating the industry – we will find you and bring you to justice.

“Regpay Co., Inc. processed nearly \$3 million dollars in subscription fees by persons seeking pornography – much of it being child pornography. Connections USA, another corporation named in this indictment, likewise profited from this grotesque business by providing credit card processing services to Regpay and its child pornography customers, without regard to the criminal origin of the funds.

“Regpay operated out of Belarus. With the help of law enforcement officials in Belarus, France and Spain, we arrested three of the four individuals operating the company in various countries overseas. Hiding their operations in a foreign country will not shield these abusers from justice. Federal law enforcement, working with state and local counterparts, are tracking down the websites that hosted and sold the child pornography and the customers who purchased subscriptions to these sites. We will bring them to justice too.

“Today’s indictment strikes at the heart of the commercial trade of child pornography by attacking the commercial profits derived from such a deplorable venture. Working closely with agents from the Bureau of Immigration and Customs Enforcement, the FBI, the IRS, and the U.S. Postal Inspection Service, prosecutors with the U.S. Attorney’s Office in New Jersey and the Child Exploitation and Obscenity Section of the Criminal Division here in Washington pursued and dismantled an organized commercial ring of child pornography. I congratulate them on a job well done.

“I cannot emphasize enough that each and every one of these persons and entities, from the customer to the website, to the website hosting service, to the credit card processors are complicit in the sexual exploitation depicted in the depraved images that were sold. The innocence of those children has been forsaken for money.”

**BACKGROUND ON THE REGPAY CASE:**

The indictment unsealed today charges Rgpay Co., Ltd, a major Internet processor of subscriptions for third-party commercial websites, and its principals, as well as Connections USA, a company that provided Regpay with credit card processing services for the subscriptions, with child pornography and money laundering offenses. The indictment seeks forfeiture of the profits derived by these defendants from the abuse of children depicted in the child pornography images sold on the websites serviced by Regpay and Connections USA.

Using the services of Connections USA, a Ft. Lauderdale, Florida company, Regpay processed over \$3 million in credit card payments for hundreds of websites, many of which provided child pornography and/or child erotica. In addition, Regpay and its principals operated at least five commercial child pornography websites themselves which account for approximately 25 percent of the credit card payments processed by Regpay. Three principals of Regpay, all Belarussians, have been arrested abroad, by French and Spanish authorities working in conjunction with U.S. law enforcement. Extradition requests are pending against all three. A fourth principal of Regpay, a named defendant, remains at large outside U.S. jurisdiction. In separate charges, the chief financial officer of Connections USA pled guilty on Jan. 13, 2004 to misprison of a felony. The company's chief executive officer and a second (the CEO) entered a plea of guilty yesterday to money laundering charges related to the credit card processing services they provided Regpay.

The investigation leading up to today's indictment was undertaken by the Department of Homeland Security's Bureau of Immigration and Customs Enforcement, along with the Federal Bureau of Investigation, the IRS' Criminal Investigations Division, and the U.S. Postal Inspection Service.

The investigation into others who might have supported the commercial websites continues and these same federal agencies and prosecutors are joined by state and local law enforcement and federal prosecutors throughout the country in identifying, investigating and charging others involved in this commercial venture – including the website operators and customers. This effort has been dubbed Operation Falcon.

The initial stages of Operation Falcon have focused on targets posing the most immediate threat of harm to children – either because their occupation places them in close contact with children or because of other telling factors, such as their criminal history. Operation Falcon has already yielded several arrests and indictments.

As of Jan. 13, 2004, 37 federal search warrants have been executed, 12 of them on web hosting and credit card processing companies; \$800,000 in proceeds from the sale of child pornography has been seized; 160 cases have been initiated and twenty-four persons have been arrested in Operation Falcon.

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