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**Media Contact:** Dan Snyders  
GD&A Public Relations  
303-623-1190 x230

**Increased Electronic Payments Processing Draws Violations And Penalties,  
Says ePayments Corp.**

*NACHA and Sarbanes-Oxley Cause Compliance Headaches  
For Businesses and Government Agencies*

**DENVER**—An increasing number of business and government agencies are not complying with the rules that govern electronic payments transactions, according to Paul Lufkin, CEO of electronic payments processing and financial services company ePayments Corp. of Denver, CO.

Industry statistics reveal that automated processing of electronic payments is skyrocketing in the U.S. Last year alone, nearly 14 billion automated clearing house (ACH) electronic payments were made, and another sharp increase is expected this year. That's according to statistics compiled by NACHA, The Electronic Payments Association—the organization responsible for creating and managing the Automated Clearing House (ACH) network.

“\$500 per transaction violation is a serious matter,” said Lufkin, whose company not only provides electronic payment solutions but also provides Electronic Payment Compliance Assessments. “Sarbanes-Oxley accounting and reporting requirements, coupled with NACHA rules for electronic payments processing, have created a minefield of possible rule violations. Businesses and government agencies are exposing themselves to huge financial risks.”

Some organizations, according to Lufkin, are not aware of the penalties, and others simply don't have the internal resources to oversee complex transaction processes. As experts in the industry, ePayments helps its clients avoid costly mistakes resulting from non-compliance.

Consumers use electronic transactions for such things as automatic bill payment—including pre-authorized debits, Internet and telephone payments, and checks converted into ACH payments—and for direct deposit.

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When processing electronic transactions, businesses must:

1. Notify customers if the checks they write will be converted to electronic payments and processed as an Automated Clearing House (ACH) payment;
2. Inform customers that their non-sufficient funds (NSF) check will be collected electronically through the re-presented check (RCK) process and the customer will be charged a NSF fee;
3. Gain expressed written authorization to collect the NSF fee electronically;
4. Not charge in excess of the allowable state authorized NSF fee.

Lufkin has discovered companies and government agencies that are dangerously out of compliance—failing to inform consumers of electronic processing, failing to gain proper authorization to collect an NSF fee electronically, charging in excess of state NSF fee limits and improperly coding re-presented electronic check transactions as pre-paid debit (PPD) transactions. Compliance issues also extend to the complexities of the Sarbanes-Oxley Act, which makes CEOs responsible for establishing and maintaining internal controls, including the accurate accounting and reporting of electronic payments transactions.

The next major challenge for the electronic payments industry, according to Lufkin, will come with the implementation of new rules in September allowing for the conversion of business checks to electronic ACH transactions.

**About ePayments Corp.**

*Offering a complete range of merchant check and credit card payment processing and support services, ePayments helps businesses who receive non-cash payment transactions to reduce their risk while increasing cash flow. Unlike the traditional support players (such as banks), ePayments has evolved the technologies and processes associated with accepting checking payments to reduce the costs required to process all forms of payment. The company provides the complete range of processing services, including electronic returned check collection (RCK), electronic check conversion (ARC), check authorization, check guarantee, check-by-phone/web, consolidated returns, Electronic Payments Compliance Assessments and credit card processing. For more information on ePayments Corp., call 303-486-0850 or visit [www.epaymentscorp.com](http://www.epaymentscorp.com).*

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