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**CO-LEADER IN MASSIVE TELEMARKETING FRAUD AND FORMER HSBC  
VICE PRESIDENT SENTENCED TO TIME IN FEDERAL PRISON**

TELEMARKETING SCHEME TARGETED TENS OF THOUSANDS OF U.S. VICTIMS

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and KEVIN A. DELLI-COLLI, the Acting Special Agent in Charge of the New York Office of the U.S. Department of Homeland Security's Immigration and Customs Enforcement ("ICE"), announced that STEPHEN CLARK, a Canadian citizen, was sentenced today in Manhattan federal court to 135 months' imprisonment for engaging in a massive telemarketing fraud scheme that targeted tens of thousands of U.S. victims between early 2002 and late 2003. CLARK'S co-defendant, RAYMOND PAYNE, a former Vice President of HSBC Bank ("HSBC") in Manhattan, was also sentenced today to 70 months' imprisonment for his role in the scheme.

On September 1, 2006, CLARK pleaded guilty to one count of conspiracy to commit wire and mail fraud and one count of conspiracy to launder money. PAYNE pleaded guilty on August 18, 2006 to one count of conspiracy to commit wire and mail fraud. According to a superseding indictment (the "Indictment") against CLARK, PAYNE, and co-defendant LESLIE PINSKY, earlier criminal complaints in the case (the "Complaints"), and CLARK'S and PAYNE'S statements in their guilty plea proceedings:

CLARK and PINSKY ran First Choice Tele-Services Corporation ("First Choice"), a Montreal-based company that employed telemarketers who made unsolicited or "cold-calls" to low-income U.S. residents with poor credit. In these calls,

First Choice telemarketers offered U.S. residents "guaranteed" credit cards for a fee that ranged from \$249 to \$299. First Choice telemarketers working for CLARK and PINSKY also obtained the victims' bank account information, which First Choice in turn used to initiate automatic transfers of funds from the victims' bank accounts to an account First Choice held at HSBC in Manhattan. Although some of the victims of the scheme did receive a manual on how to repair their bad credit, none of the victims received a credit card from First Choice. As CLARK admitted in his guilty plea proceeding, First Choice cold callers made fraudulent representations to victims of the scheme, and First Choice never had any intention of providing credit cards to anyone.

PAYNE, who worked out of HSBC's corporate offices in Manhattan, was the relationship manager (or account representative) on First Choice's HSBC account. By April 2003, PAYNE became aware of the fraudulent nature of First Choice's business. Thereafter, he made a conscious decision to hide the scheme from management at HSBC and continued to participate in the scheme. PAYNE also furthered the fraud scheme by selling credit manuals to First Choice, which then were mailed to victims in lieu of promised credit cards.

The scheme victimized an estimated 100,000 victims in the U.S. Approximately \$30 million in fraudulent proceeds from the scheme was run through First Choice's HSBC account, and CLARK and PINSKY also laundered proceeds of the fraud through accounts in Canada in an effort to conceal the source of those funds.

United States District Judge THOMAS P. GRIESA, who imposed the sentence, remanded CLARK. In addition to the prison sentence, Judge GRIESA also ordered CLARK to serve a supervised release term of 3 years, and to make restitution to the victims of this scheme, the details of which Judge GRIESA deferred to September 5, 2007 at 4:30 p.m. Judge GRIESA also ordered PAYNE to serve a supervised release term of 2 years upon completion of his sentence, and to make restitution to the victims of this scheme, the details of which Judge GRIESA deferred to September 5, 2007 at 4:30 p.m.

CLARK, 48, resides in Dollards-Des-Ormeaux, Quebec. PAYNE, 36, resides in Brooklyn, New York. PINSKY, meanwhile, remains in Canada, where he is appealing an order that he surrender to the U.S. pursuant to an extradition request.

The investigation into the telemarketing fraud scheme was conducted in New York by the ICE El Dorado Task Force, and in

Canada by Project COLT (Center of Operations Linked to Telemarketing). Project COLT is comprised of federal agents from ICE, the Federal Bureau of Investigation and the U.S. Postal Inspection Service, as well as investigators and law enforcement personnel from the Royal Canadian Mounted Police, Surete de Quebec (the Quebec Provincial Police), the Montreal Urban Community Police and the Canadian Competition Bureau. Mr. GARCIA praised the efforts of all of the agencies involved in the investigation.

This case is being prosecuted by the Office's Major Crimes Unit. Assistant United States Attorneys JONATHAN S. ABERNETHY and WILLIAM C. KOMAROFF are in charge of the prosecution.

The charges against PINSKY are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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