

ELECTRONIC CLEARING HOUSE INC
Form SC 13G/A
February 07, 2006

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**
Washington, D.C. 20549
SCHEDULE 13G

OMB APPROVAL
OMB Number:
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December 31, 2005
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**Under the Securities Exchange Act of 1934
(Amendment No. 2)***

Electronic Clearing House, Inc.

(Name of Issuer)

Common Stock, par value \$.01 per share

(Title of Class of Securities)

285562500

(CUSIP Number)

December 31, 2005

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

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The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. **285562500**

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)

Discovery Equity Partners, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

Not Applicable.

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Illinois

5. Sole Voting Power

None.

6. Shared Voting Power

644,588 Shares

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Dispositive Power

None.

8. Shared Dispositive Power

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644,588 Shares

9. Aggregate Amount Beneficially Owned by Each Reporting Person

644,588 Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

Not Applicable

11. Percent of Class Represented by Amount in Row (9)

9.7%

12. Type of Reporting Person (See Instructions)

PN

CUSIP No. **285562500**

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)

Discovery Group I, LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

Not Applicable.

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

5. Sole Voting Power

None.

6. Shared Voting Power

767,519 Shares

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Dispositive Power

None.

8. Shared Dispositive Power

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767,519 Shares

9. Aggregate Amount Beneficially Owned by Each Reporting Person

767,519 Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

Not Applicable

11. Percent of Class Represented by Amount in Row (9)

11.5 %

12. Type of Reporting Person (See Instructions)

OO

CUSIP No. **285562500**

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)

Daniel J. Donoghue

2. Check the Appropriate Box if a Member of a Group (See Instructions)

Not Applicable.

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

U.S.A.

5. Sole Voting Power

None.

6. Shared Voting Power

767,519 Shares

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Dispositive Power

None.

8. Shared Dispositive Power

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767,519 Shares

9. Aggregate Amount Beneficially Owned by Each Reporting Person

767,519 Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

Not Applicable

11. Percent of Class Represented by Amount in Row (9)

11.5 %

12. Type of Reporting Person (See Instructions)

IN

CUSIP No. **285562500**

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)

Michael R. Murphy

2. Check the Appropriate Box if a Member of a Group (See Instructions)

Not Applicable.

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

U.S.A.

5. Sole Voting Power

None.

6. Shared Voting Power

767,519 Shares

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

7. Sole Dispositive Power

None.

8. Shared Dispositive Power

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767,519 Shares

9. Aggregate Amount Beneficially Owned by Each Reporting Person

767,519 Shares

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

Not Applicable

11. Percent of Class Represented by Amount in Row (9)

11.5 %

12. Type of Reporting Person (See Instructions)

IN

Item 1.

(a) Name of Issuer

Electronic Clearing House, Inc.

(b) Address of Issuer's Principal Executive Offices

730 Paseo Camarillo, Camarillo, California 93010

Item 2.

(a) Name of Person Filing

Discovery Equity Partners, L.P. (**Discovery Partners**)

Discovery Group I, LLC, the general partner of Discovery Partners (**Discovery Group**)
Daniel J. Donoghue, a Managing Member of Discovery Group
Michael R. Murphy, a Managing Member of Discovery Group

(b) Address of Principal Business Office or, if none, Residence

Discovery Partners, Discovery Group, Mr. Donoghue, and Mr. Murphy are all located at:

Hyatt Center, 24th Floor, 71 South Wacker Drive, Chicago, Illinois 60606

(c) Citizenship

Discovery Partners is an Illinois limited partnership

Discovery Group is a Delaware limited liability company
Mr. Donoghue and Mr. Murphy are U.S. citizens

(d) Title of Class of Securities

Common Stock, par value \$.01 per share

(e) CUSIP Number

285562500

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

Not Applicable.

- | | | |
|-----|-----------------------|---|
| (a) | <input type="radio"/> | Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o). |
| (b) | <input type="radio"/> | Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c). |
| (c) | <input type="radio"/> | Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c). |
| (d) | <input type="radio"/> | Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8). |
| (e) | <input type="radio"/> | An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E); |
| (f) | <input type="radio"/> | An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F); |
| (g) | <input type="radio"/> | A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G); |
| (h) | <input type="radio"/> | A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813); |
| (i) | <input type="radio"/> | A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3); |
| (j) | <input type="radio"/> | Group, in accordance with §240.13d-1(b)(1)(ii)(J). |

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

Discovery Partners 644,588
Discovery Group 767,519
Mr. Donoghue 767,519
Mr. Murphy 767,519

(b) Percent of class:

Discovery Partners 9.7%
Discovery Group 11.5%
Mr. Donoghue 11.5%
Mr. Murphy 11.5%

The foregoing percentages have been calculated based on 6,661,701 shares of Common Stock of the Issuer identified in Item 1 outstanding as of December 12, 2005, as reported in the Issuer's Definitive Proxy Statement on Schedule 14A filed on December 22, 2005.

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

None

(ii) Shared power to vote or to direct the vote

Discovery Partners 644,588
Discovery Group 767,519
Mr. Donoghue 767,519
Mr. Murphy 767,519

(iii) Sole power to dispose or to direct the disposition of

None

(iv) Shared power to dispose or to direct the disposition of

Discovery Partners 644,588
Discovery Group 767,519
Mr. Donoghue 767,519
Mr. Murphy 767,519

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

The shares reported herein have been acquired on behalf of discretionary clients of Discovery Group, including Discovery Partners. Such discretionary clients are entitled to receive all dividends from, and proceeds from the sale of, those shares. Except for Discovery Partners, none of those discretionary clients, to the knowledge of Discovery Partners, Discovery Group, Mr. Donoghue, or Mr. Murphy, has an economic interest in more than 5% of the class.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person

Not Applicable.

Item 8. Identification and Classification of Members of the Group

Not Applicable.

Item 9. Notice of Dissolution of Group

Not Applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 7, 2006
Date

DISCOVERY GROUP I, LLC,
for itself and as general partner of
DISCOVERY EQUITY PARTNERS, L.P.

/s/ Michael R. Murphy
Signature

Michael R. Murphy, Managing Member
Name/Title

/s/ Daniel J. Donoghue
Signature

Daniel J. Donoghue
Name/Title

/s/ Michael R. Murphy
Signature

Michael R. Murphy
Name/Title

Exhibit Index

Exhibit 1 Joint Filing Agreement dated as of February 7, 2006, by and between Discovery Equity Partners, L.P.; Discovery Group I, LLC; Daniel J. Donoghue; and Michael R. Murphy.
