

Timeline of Key US Law Enforcement Events in Online Gambling Industry:
1997 to 2009

Date	Event	Description/Effect on Antiguan operations	Citation(s)
1998 March	“March Madness” Indictments	US federal authorities change US policy by issuing indictments against more than 20 individuals who operate online sportsbooks, including several licensed Antiguan operators. The indictments are announced the week before the national collegiate basketball tournament consisting of 64 teams playing over several weeks. This tournament is known as “March Madness” is the tournament is the largest sports betting event during the year. Certain of the defendants return to the US to plead guilty and cease operating gambling sites. Other defendants remain at large. One defendant, Jay Cohen, voluntarily returns to the US and asks that his case proceed to trial.	<i>US v. Jay Cohen et al</i> United States District Court for the Southern District of New York, 98 MAG 0465 (World Sports Exchange, Antigua); see also <i>US v. William Scott and Jessica Davis</i> (WWTS, Antigua)
2000 March	Jay Cohen Conviction	Jay Cohen is found guilty in a federal district court of violations of the Wire Act, 18 U.S.C. § 1084, and conspiracy to violate the Wire Act, in violation of 18 U.S.C. § 371. The conviction is later upheld on appeal.	<i>U.S. v. Cohen</i> , 260 F.3d 68 (2nd Cir. 2001), <i>cert. denied</i> , 536 U.S. 922 (2002).
2002	PayPal Halts Online Gambling Transactions Under Pressure From New York Law Enforcement Authorities	In July 2002, as part of its purchase by eBay, PayPal announced it ceased offering payment services for online gambling transactions. eBay, which acquired PayPal, attributed its decision to cease these services to an "uncertain regulatory environment surrounding online gaming." In August 2002, the New York Attorney General enters into an “Assurance of Discontinuance” with PayPal in which PayPal pays fines and agrees to cease processing online gambling transactions. Other examples of such measures are provided by the New York Attorney General’s press releases of 14 June 2002 and 11 February 2003 announcing similar settlements with 11 banks that provide credit card services	Joanna Glasner, “EBay Says No to PayPal Gambling,” <i>Wired</i> (9 July 2002) (http://www.wired.com/techbiz/media/news/2002/07/53703) Attorney General of the State of New York, Internet Bureau, <i>In the Matter of Paypal, Inc.</i> , Assurance of Discontinuance (16 August 2002) (AB 56, 57, and 58)
2002	All Major United States Credit Card Companies Cease Processing Online Gambling Transactions	As a result of state and federal enforcement actions, major US credit card processors block and decline authorizations for credit card transactions that are coded as online gambling transactions.	Joseph Kelly, Robert Mignin and Suzanne Saxman, “US Policy [Chapter 14]” <i>Internet Gambling Report</i> , Ninth Edition (River City Group, 2006), p. 194.
2003 June	US DOJ Threatens Advertisers Not to Run Ads for Online Gambling Operators	In June 2003, the DOJ sent a letter to a national broadcasting association warning broadcasters that Internet gambling is illegal under the “federal trio.” The letter states that media outlets could be “aiding and abetting” illegal gambling by running advertisements for offshore Internet gambling sites. The letter cites the “federal trio” as the basis for making Internet gambling illegal. In September 2003, a federal prosecutor in Missouri began a criminal probe into certain aspects of the Internet gambling industry. The prosecutor empanelled a	Matt Richtel, “Companies Aiding Internet Gambling Feel U.S. Pressure,” <i>The New York Times</i> (15 March 2004).

		federal grand jury and sent subpoenas to several large national media outlets who ran Internet gambling advertisements.	
2004	Additional US Enforcement Activity Against Advertisers	Yahoo! announces its policy change allowing online gambling advertising as the result of a “lack of clarity” in the legal and regulatory environment. Both Google and Yahoo have refused to state whether they were subjects of a criminal investigation. In April 2004, the federal government seized \$3.25 million in prepaid advertising on deposit with the Discovery Channel, stating that Discovery could be a party to an illegal activity by broadcasting further advertisements. In 2005, Esquire magazine confirms that it received an “informational subpoena” from the DOJ related to poker advertisements it had run for BoDog, an Internet gambling service based in Costa Rica and Canada.	
2006 January	Additional US Interference with Remote Gaming Advertising	On January 16, 2006 the DOJ and the operating company for the United States sporting newspaper The Sporting News (the “Sporting News”) entered into a settlement agreement over allegations by the DOJ that the Sporting News violated federal law by running advertisements for Internet gaming companies. In this particular matter, the owners of the Sporting News, who were in the midst of a possible sale of the business to outside investors, voluntarily approached the DOJ to request a settlement. The DOJ obliged the Sporting News’s owners’ request and the parties reached a settlement. The settlement agreement itself alleges that the Sporting News in essence aided and abetted illegal activity by accepting the advertising. In the agreement, the Sporting News also agreed to “forfeit” certain funds, which may well be advertising monies paid to it by offshore gaming operators seeking to advertise.	
2006 May	US unseals indictment against Billy Scott and Jessica Davis, principals at WWTS	In May 2006, the US federal government unsealed a year-old indictment against William Scott and Jessica Davis for alleged offenses of conspiracy and money laundering in relation to their roles in the operation of World Wide Telesports (“WWTS”), an Antiguan remote gambling service provider.	<i>US v. \$6,976,934.56 Plus Interest and Soulbury Ltd.</i> , Civil Action No. 03-2540, United States District Court for the District of Columbia; United States Federal District Court, District of Columbia, Case No. 1:05-cr-000122
2006 July 17	US arrests BetonSports principals, unseals indictments	In July 2006, the US federal government unsealed an indictment against BetonSports, PLC, its founder Gary Kaplan, its CEO David Carruthers and several other individuals and companies closely affiliated with BetonSports, an Antiguan license holder. The federal government also filed a civil action against the BetonSports defendants.	<i>US v. BetonSports PLC, et al.</i> , 4:06CR00337 CEJ/MLM, United States District Court for the Eastern District of Missouri
2006 September	Dicks/Sportingbet Arrest based on Louisiana Warrant	In September 2006, the State of Louisiana asserted sealed state criminal charges against Peter Dicks, a non-management director of Sportingbet PLC, an online sportsbook, casino and poker gambling service. Sportingbet is an Antiguan license holder. Mr. Dicks was detained while traveling into New York based on a Louisiana arrest warrant based on a Louisiana state gambling law that prohibits	

		offshore operators from providing Internet gambling services to Louisiana residents. The matter was resolved.	
2006 October 13	US Enacts UIGEA Legislation	<p>The Unlawful Internet Gambling Enforcement Act of 2006 (the “UIGEA”) was adopted by Congress on 30 September 2006 and signed into law by the president on 13 October 2006.</p> <p>The passage of the UIGEA unleashes a mass exodus of banks, payment processors, and advertisers from the remote gaming industry. Antiguan operators are left without banks, payment processing systems and advertising outlets. The impact of the UIGEA reverberates among Antiguan operators and public traded operators alike.</p>	
2007 January 16	Neteller Arrests/Indictment Unsealed	<p>The criminal complaint unsealed on January 16, 2007 and filed in the United States District Court for the Southern District of New York alleges that Stephen Eric Lawrence and John David Lefebvre engaged in an illegal conspiracy under a federal money laundering statute, 18 U.S.C. § 1956(a)(2)(A), by transmitting funds between gamblers residing in the United States and foreign remote wagering services. The complaint further alleges that the transmission of funds by Neteller, violates: (1) the Illegal Gaming Business Act, 18 U.S.C. 1955 (“the IGBA”); (2) the Wire Wager Act, 18 U.S.C. 1084 (the “Wire Act”); (3) New York state anti-gambling laws, New York Penal Law, Article 225;1 as well as (4) unspecified anti-gambling laws in other states.</p> <p>As of 2004, Neteller reported it had over 685,000 member accounts, 88 percent of which belonged to North American residents, and that 95 percent of its revenues were derived from processing money transfers pertaining to the online gambling market. Neteller’s security filings further state that the company processed \$3.4 billion in financial transactions in 2004, \$7.3 billion in 2005, and \$5.1 billion in the first half of 2006. The company’s most-recent security filings indicate that approximately 75 percent of revenues are derived from American customers.</p> <p>After the indictments, during 2007, Netteller agreed to cease business related to online gambling transactions as part of a plea agreement with US authorities.</p> <p>In addition, by late 1997, both Lawrence and Lefebvre pled guilty to certain of the charges. In their plea deals, both agreed to cooperate with prosecutors and testify if necessary. They also agreed to be partly responsible for the \$100 million the government is seeking in restitution</p>	<p><i>US v. John David Lefebvre</i>, United States District Court for the Southern District of New York, Case 1:07-mj-00060-UA-1; <i>US v. Stephen Eric Lawrence</i>, United States District Court for the Southern District of New York, Case 1:07-mj-00059-UA</p>

2009 April	David Carruthers, Former CEO of BetOnSports Pleads Guilty	<p>Former BetOnSports CEO David Carruthers pled guilty to “federal racketeering conspiracy charges,” according to the Associated Press. He faces up to 33 months in prison and sentencing is scheduled for October 2, 2009.</p> <p>According to a statement released by iGamingNews, “Mr. Carruthers agreed to not appeal provided that the sentence doesn’t exceed 33 months, which is under the terms of the agreement, as well as to not engage in offshore gambling businesses during the time of supervised released or thereafter.” Carruthers also agreed to cooperate against BetOnSports founder Gary Kaplan and others still in custody.</p>	
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For more information about various federal and state law enforcement activities in this area, see <http://www.gambling-law-us.com/Articles-Notes/online-gambling-arrests.htm>