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Eleven Individuals and Four Corporations Indicted on Racketeering, Conspiracy and Fraud Charges

WASHINGTON – A federal grand jury in the Eastern District of Missouri has returned a 22-count indictment charging 11 individuals and four corporations on various charges of racketeering, conspiracy and fraud, the Department of Justice announced today. The indictment was returned on June 1, 2006, and unsealed today.

BetonSports PLC, a publicly-traded holding company that owns a number of Internet sportsbooks and casinos, was among the companies charged in the indictment. The founder of BetonSports.com, Gary Stephen Kaplan, 47, was charged with 20 felony violations of federal laws including: the Wire Act, Racketeer Influenced and Corrupt Organizations (RICO) Conspiracy, interstate transportation of gambling paraphernalia, interference with the administration of Internal Revenue laws and tax evasion.

Other defendants in the racketeering conspiracy include: Kaplan's siblings, Neil Scott Kaplan and Lori Kaplan Multz; Norman Steinberg; David Carruthers, chief executive officer of BetonSports.com; Peter Wilson, media director for BetonSports.com; and Tim Brown, Steinberg's son-in-law. The three other charged companies, all Florida-based, were Direct Mail Expertise, Inc., DME Global Marketing and Fulfillment Inc. and Mobile Promotions Inc. Also charged are William Hernan Lenis; Monica Lenis and Manny Gustavo Lenis, owners and operators of the Florida companies; and William Hernan Lenis' son, William Luis Lenis.

"Illegal commercial gambling across state and international borders is a crime," said U.S. Attorney Catherine L. Hanaway of the Eastern District of Missouri. "Misuse of the Internet to violate the law can ultimately only serve to harm legitimate businesses. This indictment is but one step in a series of actions designed to punish and seize the profits of individuals who disregard federal and state laws."

The indictment alleges that Gary Kaplan started his gambling enterprise via operation of a sportsbook in New York City in the early 1990s. After Kaplan was arrested on New York state gambling charges in May 1993, Kaplan moved his betting operation to Florida and eventually offshore to Costa Rica. According to the indictment, BetonSports.com, the most visible outgrowth of Kaplan's sports bookmaking enterprise, misleadingly advertised itself as the "World's Largest Legal and Licensed Sportsbook." The indictment also alleges that Kaplan failed to pay federal wagering excise taxes on more than \$3.3 billion in wagers taken from the United States and seeks forfeiture of \$4.5 billion from Kaplan and his co-defendants, as well as various properties.

The indictment alleges that Gary Kaplan and Norman Steinberg, as the owners and operators of Millennium Sportsbook, Gibraltar Sportsbook, and North American Sports Association, took or caused their employees to take bets from undercover federal agents in St. Louis who used undercover identities to open wagering accounts. The indictment also alleges that Kaplan and Mobile Promotions illegally transported equipment used to place bets and transmit wagering information across state lines and that DME Global Marketing and Fulfillment shipped equipment to Costa Rica from Florida for BetonSports.com.

The racketeering conspiracy alleges that the defendants agreed to conduct an enterprise through a pattern of racketeering acts, including repeated mail fraud, wire fraud, operation of an illegal gambling business and money laundering.

In conjunction with the indictment, the United States has filed a civil complaint in federal court to obtain an order requiring BetonSports PLC to stop taking sports bets from the United States, and to return money held in wagering accounts to account holders in the United States. U.S. District Judge Catherine D. Perry issued the temporary restraining order today. A hearing in the civil case has been requested within 10 days. As authorized by federal statute, the FBI is issuing letters to four telephone companies, instructing them to stop providing phone service to the Internet sportsbooks and casinos operated by BetonSports PLC.

Gary Kaplan resides in Costa Rica and a warrant has been issued for his arrest. Neil Kaplan, 40, is in custody in Ft. Pierce, Florida. Carruthers, 49, a resident of Costa Rica and Bromsgrove, Worcestershire, England, is in custody in Ft. Worth, Texas. William Luis Lenis and Manny Gustavo Lenis are in custody in Miami. Tim Brown was arrested near Philadelphia. Warrants have been issued for the other defendants not currently in custody. The United States will seek extradition of all defendants to St. Louis for prosecution.

The charges are the result of a joint investigation by Internal Revenue Service Criminal Investigation and the Federal Bureau of Investigation. The prosecution is being conducted by the Organized Crime and Racketeering Section of the Justice Department's Criminal Division and the U.S. Attorney's Office for the Eastern District of Missouri. The Florida Department of Law Enforcement, the Tampa Police Department, the Jacksonville, Fla. Sheriff's Office, and NFL Security and NCAA Enforcement Office personnel also assisted in the investigation.

The charges set forth in an indictment are merely accusations, and each defendant is presumed innocent until and unless proven guilty.

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