



***United States Attorney  
Southern District of New York***

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**CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER,  
REBEKAH CARMICHAEL  
PUBLIC INFORMATION OFFICE  
(212) 637-2600**

**FBI  
NEIL DONOVAN, JAMES MARGOLIN  
PUBLIC INFORMATION OFFICE  
(212) 384-2715, 2720**

**U.S. CHARGES TWO FOUNDERS OF PAYMENT SERVICES COMPANY  
WITH LAUNDERING BILLIONS OF DOLLARS OF  
INTERNET GAMBLING PROCEEDS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today that STEPHEN ERIC LAWRENCE and JOHN DAVID LEFEBVRE were arrested yesterday in connection with the creation and operation of an internet payment services company that facilitated the transfer of billions of dollars of illegal gambling proceeds from United States citizens to the owners of various internet gambling companies located overseas. According to the two criminal Complaints unsealed yesterday:

Neteller PLC ("Neteller"), formerly known as Neteller, Inc., is an internet payment services company that was founded by LAWRENCE and LEFEBVRE in 1999. Neteller is based in the Isle of Man and is publicly traded in the United Kingdom. Neteller began processing internet gambling transactions in approximately July 2000. Internet payment services companies, like Neteller, allow gambling companies to transfer money collected from United States customers to bank accounts outside the United States. According to Neteller's 2005 annual report, LAWRENCE and LEFEBVRE, through Neteller, provided payment services to more than 80% of worldwide gaming merchants.

Since founding Neteller, LAWRENCE and LEFEBVRE have held numerous senior management positions at the company. For instance, LAWRENCE served as Chief Executive Officer of Neteller until December 2002; as executive director of Neteller from 2001 to

August 31, 2003; and as Chairman of the Board of Directors of Neteller until May 11, 2006. LAWRENCE left the Board of Directors on October 13, 2006. LEFEBVRE served as President of Neteller from 2000 to 2002; and was a member of the Board of Directors until approximately December 2005.

Furthermore, LAWRENCE and LEFEBVRE have both held significant ownership interests in Neteller. As of December 31, 2004, LAWRENCE was the largest shareholder of Neteller, owning 21.94% of the outstanding shares of Neteller PLC. As of the same date, LEFEBVRE was the second-largest shareholder of Neteller PLC, owning 13.44% of the outstanding shares of the company.

At the time that the defendants took Neteller public, the company acknowledged in its offering documents that United States law prohibited persons from promoting certain forms of gambling, including internet gambling, and transmitting funds that are known to have been derived from criminal activity or are intended to promote criminal activity. The company's directors, including LAWRENCE and LEFEBVRE, also conceded that they were risking prosecution by the government of the United States under existing or future federal laws.

In 2005, Neteller processed over \$7.3 billion in financial transactions. According to reports issued by Neteller, 95% of its revenue was derived from money transfers involving internet gambling companies. On September 11, 2006, the President and Chief Executive Officer of Neteller described the "online gaming market" as Neteller's "main market," and stated that, in the first half of 2006, Neteller processed \$5.1 billion in financial transactions. As charged in the complaint, approximately 85% of Neteller's revenue during that period derived from individuals in North America, and 75% of its North American revenue was generated in the United States. Both the operation of an internet gambling operation and the transferring of the proceeds from these businesses overseas are illegal under United States law.

LAWRENCE and LEFEBVRE are both charged with conspiring to transfer funds with the intent to promote illegal gambling. If convicted, both defendants face a maximum sentence of 20 years' imprisonment.

LAWRENCE, 46, was arrested yesterday in the United States Virgin Islands and will be presented in federal court in St. Thomas by tomorrow. LEFEBVRE, 55, was arrested yesterday in Malibu, California and will be presented in Los Angeles federal court later today. LAWRENCE currently resides in Paradise Island, Bahamas. Both are Canadian citizens.

This prosecution is part of the United States Department of Justice's effort to combat unlawful internet gambling through, among other things, the implementation of the federal anti-money laundering statutes. Other recent examples of the Justice Department's efforts in this regard include the indictments of two offshore internet gambling companies - Worldwide Telesports, Inc., (indictment unsealed on May 17, 2006 in the United States District Court for the District of Columbia) and BetonSports, PLC, a publicly traded holding company that owns a number of Internet sportsbooks and casinos, and its founder, Gary Stephen Kaplan (indictment unsealed July 17, 2006 in the United States District Court for the Eastern District of Missouri). Additionally, in July 2003, one of Neteller's competitors, PayPal, and its parent eBay, entered into a civil settlement agreement with the United States Attorney's Office for the Eastern District of Missouri to settle allegations it aided in illegal offshore and on-line gambling activities. As part of the agreement, PayPal agreed to forfeit \$10 million, representing proceeds derived by PayPal from the processing of illegal gambling transactions.

Mr. GARCIA praised the investigative efforts of the FBI and thanked the United States Custom & Border Patrol, United States Coast Guard, and Virgin Islands Police Department for their assistance in the investigation. Mr. GARCIA added that the investigation is continuing.

Mr. GARCIA stated, "Internet gambling has become a multibillion-dollar industry that derives a major portion of its revenues from United States citizens. STEPHEN ERIC LAWRENCE and JOHN DAVID LEFEBVRE knew when they took their company public that its activities, as well as those of the internet gambling companies it assisted, were illegal in the United States. Blatant violations of U.S. law are not a mere 'risk' to be disclosed to prospective investors. Criminal prosecutions related to online gambling will be pursued even in cases where assets and defendants are positioned outside of the United States."

FBI Assistant Director MERSHON stated: "Internet gambling is a multibillion-dollar industry. A significant portion of that is the illegal handling of Americans' bets with offshore gaming companies, which amounts to a colossal criminal enterprise masquerading as legitimate business. There is ample indication these defendants knew the American market for their services was illegal. The FBI is adamant about shutting off the flow of illegal cash."

Assistant United States Attorneys TIMOTHY J. TREANOR, CHRISTOPHER P. CONNIFF, and CHRISTINE MEDING are in charge of the prosecutions.

The charges contained in the Complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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