United States Attorney
Southern District of New York

FOR IMMEDIATE RELEASE
APRIL 15, 2011

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MANHATTAN U.S. ATTORNEY CHARGES PRINCIPALS OF THREE LARGEST INTERNET POKER COMPANIES WITH BANK FRAUD, ILLEGAL GAMBLING OFFENSES AND LAUNDERING BILLIONS IN ILLEGAL GAMBLING PROCEEDS

Multi-Billion Dollar Civil Money Laundering And Forfeiture Action Also Filed

Internet Domain Names Used By The Poker Companies Seized

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE FEDARCYK, the Assistant-Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced the unsealing of an Indictment today charging eleven defendants, including the founders of the three largest Internet poker companies doing business in the United States - PokerStars, Full Tilt Poker, and Absolute Poker (the "Poker Companies")- with bank fraud, money laundering, and illegal gambling offenses. The United States also filed a civil money laundering and in rem forfeiture complaint (the "Civil Complaint") against the Poker Companies, their assets, and the assets of several payment processors for the Poker Companies. In addition, restraining orders were issued against more than 75 bank accounts utilized by the Poker Companies and their payment processors, and five Internet domain names used by the Poker Companies to host their illegal poker games were seized.

Manhattan U.S. Attorney PREET BHARARA said: "As charged, these defendants concocted an elaborate criminal fraud scheme, alternately tricking some U.S. banks and effectively bribing others to assure the continued flow of billions in illegal gambling profits. Moreover, as we allege, in their zeal

to circumvent the gambling laws, the defendants also engaged in massive money laundering and bank fraud. Foreign firms that choose to operate in the United States are not free to flout the laws they don't like simply because they can't bear to be parted from their profits."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "These defendants, knowing full well that their business with U.S. customers and U.S. banks was illegal, tried to stack the deck. They lied to banks about the true nature of their business. Then, some of the defendants found banks willing to flout the law for a fee. The defendants bet the house that they could continue their scheme, and they lost."

According to the Indictment and the Civil Complaint unsealed today:

On October 13, 2006, the United States enacted the Unlawful Internet Gambling Enforcement Act ("UIGEA"), making it a federal crime for gambling businesses to "knowingly accept" most forms of payment "in connection with the participation of another person in unlawful Internet gambling." Despite the passage of UIGEA, the Poker Companies, located offshore, continued operating in the United States. In a press release dated October 16, 2006, Absolute Poker announced that the company would continue its U.S. operations because "the U.S. Congress has no control over" the company's payment transactions.

Because U.S. banks and credit card issuers were largely unwilling to process their payments, the Poker Companies allegedly used fraudulent methods to circumvent federal law and trick these institutions into processing payments on their behalf. For example, defendants ISAI SCHEINBERG and PAUL TATE of PokerStars, RAYMOND BITAR and NELSON BURTNICK of Full Tilt Poker, and SCOTT TOM and BRENT BECKLEY of Absolute Poker, arranged for the money received from U.S. gamblers to be disguised as payments to hundreds of non-existent online merchants purporting to sell merchandise such as jewelry and golf balls. Of the billions of dollars in payment transactions that the Poker Companies tricked U.S. banks into processing, approximately one-third or more of the funds went directly to the Poker Companies as revenue through the "rake" charged to players on almost every poker hand played online.

As alleged in the Indictment, to accomplish their fraud, the Poker Companies worked with an array of highly compensated "payment processors" – including defendants RYAN LANG, IRA RUBIN, BRADLEY FRANZEN, and CHAD ELIE – who obtained

accounts at U. S. banks for the Poker Companies. The payment processors lied to banks about the nature of the financial transactions they were processing, and covered up those lies, by, among other things, creating phony corporations and websites to disguise payments to the Poker Companies. For example, a PokerStars document from May 2009 acknowledged that they received money from U.S. gamblers through company names that "strongly imply the transaction has nothing to do with PokerStars," and that PokerStars used whatever company names "the processor can get approved by the bank."

By late 2009, after U.S. banks and financial institutions detected and shut down multiple fraudulent bank accounts used by the Poker Companies, SCHEINBERG and BITAR developed a new processing strategy that would not involve lying to banks. PokerStars, FullTilt Poker, and their payment processors persuaded the principals of a few small, local banks facing financial difficulties to engage in such processing in return for multi-million dollar investments in the banks. For example, in September 2009, ELIE and others approached defendant JOHN CAMPOS, the Vice Chairman of the Board and part-owner of SunFirst Bank, a small, private bank based in Saint George, Utah, about processing Internet poker transactions. While expressing "trepidations," CAMPOS allegedly agreed to process gambling transactions in return for a $10 million investment in SunFirst by ELIE and an associate, which would give them a more than 30% ownership stake in the bank. CAMPOS also requested and received a $20,000 "bonus" for his assistance. In an e-mail, one of ELIE's associates boasted that they had "purchased" SunFirst and that they "were looking to purchase" "a grand total of 3 or 4 banks" to process payments.

The Indictment and Civil Complaint seek at least $3 billion in civil money laundering penalties and forfeiture from the Poker Companies and the defendants. The District Court issued an order restraining approximately 76 bank accounts in 14 countries containing the proceeds of the charged offenses. Pursuant to a warrant for arrest in rem issued by the U.S. District Court, the United States also seized five Internet domain names used by the Poker Companies to operate their illegal online businesses in the United States.

* * *

Defendants CAMPOS and ELIE were arrested this morning in Saint George, Utah and Las Vegas, Nevada, respectively. ELIE will appear later today before a U. S. Magistrate Court Judge in Las Vegas, Nevada. CAMPOS will appear before a U.S. Magistrate

Court Judge in Saint George, Utah on April 18, 2011. Defendant FRANZEN is expected to appear for his arraignment on April 19, 2011 in the Southern District of New York. Defendants BITAR, SCHEINBERG, BURTNICK, TATE, TOM, BECKLEY, RUBIN and LANG are not presently in the United States and have not yet been arrested. The U.S. Attorney's Office for the Southern District of New York is working with foreign law enforcement agencies and Interpol to secure the arrest of these defendants and the seizure of criminal proceeds located abroad. BITAR, TOM, RUBIN, BECKLEY, CAMPOS, ELIE, and FRANZEN are U. S. citizens. A chart identifying each defendant, the charges, and the maximum penalties, is attached to this release.

U.S. Attorney PREET BHARARA praised the FBI for its outstanding leadership in the investigation, which he noted is ongoing. Mr. BHARARA also thanked Immigration and Customs Enforcement's New York and New Jersey offices, and the Washington State Gambling Commission, for their assistance in the investigation.

The matters announced today are being handled by the Office's Complex Frauds and Asset Forfeiture Units. Assistant U.S. Attorneys ARLO DEVLIN-BROWN and NICOLE FRIEDLANDER are in charge of the criminal case, and Assistant U. S. Attorneys SHARON COHEN LEVIN, MICHAEL LOCKARD and JASON COWLEY are in charge of the civil money laundering and forfeiture actions.

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

11-098 ###

U. S. v. Scheinberg et al. (10 Cr. 336)

Defendant	Citizenship	Residence	Age
ISAI SCHEINBERG	Canada; Israel	Isle of Man	64 (est.)
RAYMOND BITAR	United States	California Ireland	39
SCOTT TOM	United States	Costa Rica	31
BRENT BECKLEY	United States	Costa Rica	31
NELSON BURTNICK	Canada	Ireland	40
PAUL TATE		Isle of Man	
RYAN LANG	Canada	Canada	36
BRADLEY FRANZEN	United States	Illinois Cost Rica	41
IRA RUBIN	United States	Costa Rica	52
CHAD ELIE	United States	Nevada	31
JOHN CAMPOS	United States	Utah	57

Count	Charge	Defendants	Maximum Penalties
1	Conspiracy to Violate Unlawful Internet Gambling Enforcement Act (UIGIEA)	ISAI SCHEINBERG, RAYMOND BITAR, SCOTT TOM, BRENT BECKLEY, NELSON BURTNICK, PAUL TATE, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE, JOHN CAMPOS	5 years in prison; fine of $250,000 or twice the gross gain or loss; 3 years supervised release
2	Violation of Unlawful Internet Gambling Enforcement Act (UIGIEA) - PokerStars	ISAI SCHEINBERG, NELSON BURTNICK, PAUL TATE, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE, JOHN CAMPOS	5 years in prison; fine of $250,000 or twice the gross gain or loss; 3 years supervised release

Count	Charge	Defendants	Maximum Penalties
3	Violation of Unlawful Internet Gambling Enforcement Act (UIGIEA) - Full Tilt Poker	RAYMOND BITAR, NELSON BURTNICK, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE, JOHN CAMPOS	5 years in prison; fine of $250,000 or twice the gross gain or loss; 3 years supervised release
4	Violation of Unlawful Internet Gambling Enforcement Act (UIGIEA) - Absolute Poker	SCOTT TOM, BRENT BECKLEY, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE	5 years in prison; fine of $250,000 or twice the gross gain or loss; 3 years supervised release
5	Operation of Illegal Gambling Business - PokerStars	ISAI SCHEINBERG, NELSON BURTNICK, PAUL TATE, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE, JOHN CAMPOS	5 years in prison; fine of $250,000 or twice the gross gain or loss; 3 years supervised release; forfeiture of proceeds of offense
6	Operation of Illegal Gambling Business - Full Tilt Poker	RAYMOND BITAR, NELSON BURTNICK, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE, JOHN CAMPOS	5 years in prison; fine of $250,000 or twice the gross gain or loss; 3 years supervised release; forfeiture of proceeds of offense
7	Operation of Illegal Gambling Business - Absolute Poker	SCOTT TOM, BRENT BECKLEY, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE	5 years in prison; fine of $250,000 or twice the gross gain or loss; 3 years supervised release; forfeiture of proceeds of offense

Count	Charge	Defendants	Maximum Penalties
8	Conspiracy to Commit Bank Fraud and Wire Fraud	ISAI SCHEINBERG, RAYMOND BITAR, BRENT BECKLEY, NELSON BURTNICK, PAUL TATE, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE	30 years in prison; fine of $1,000,000 or twice the gross gain or loss; 5 years supervised release; forfeiture of proceeds of offense
9	Money Laundering Conspiracy	ISAI SCHEINBERG, RAYMOND BITAR, BRENT BECKLEY, NELSON BURTNICK, PAUL TATE, RYAN LANG, BRADLEY FRANZEN, IRA RUBIN, CHAD ELIE, JOHN CAMPOS	20 years in prison; fine of $500,000 or twice the amount laundered; 3 years supervised release; forfeiture of proceeds of offense