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August 2011: Media Update

August 22, 2011

Poker Pro Files Suit in Wake of Online Poker Crackdown: In April 2011, in connection with a criminal indictment, federal prosecutors filed a civil complaint against the three online poker companies—Poker Stars, Full Tilt Poker, and Absolute Poker/Ultimate Bet—as well as various third-party payment processors, seeking approximately \$3 billion in money laundering penalties and forfeiture of the websites' domain names. See *United States v. PokerStars, et al.*, 11 Civ. 2564 (LBS) (S.D.N.Y.). The complaint, filed in the Southern District of New York, alleges that the poker companies and payment processors disguised money received from U.S. poker players to deceive banks into processing billions of dollars of payments. The indictment and complaint resulted in the effective shutdown of those websites and left their U.S. customers wondering how to retrieve already-deposited funds.

By mid-May 2011, the poker companies reached an agreement with the U.S. government: they would be permitted to resume using their domain names to reimburse U.S. players' funds and to allow players outside the United States to continue using the websites; in return, they agreed to shut down their "real money" poker services to U.S. customers while the actions were pending. The pace of reimbursement to U.S. players, however, has disappointed many, including professional poker players affiliated with the online poker companies implicated by the criminal and civil actions.

Professional poker player Phil Ivey recently filed suit against Tiltware, the parent company of Full Tilt Poker, in Nevada state court. See *Ivey v. Tiltware, LLC, et al.*, A-11-642387-C (Dist. Ct. Clark Cty. Nev., June 1, 2011). Tiltware and Ivey allegedly entered into a 2004 agreement, where Tiltware agreed "to provide software and related support to Full Tilt Poker for the conduct of legal online poker" and Ivey agreed to endorse Full Tilt Poker with his name and likeness, and entered into a non-compete covenant. Ivey alleges, however, that Tiltware did not inform Ivey (i) of the activities alleged in the indictment; (ii) that the United States Attorney's had given "repeated warnings and clear notice" that Tiltware's conduct was illegal; or (iii) that Full Tilt Poker failed to maintain sufficient reserves to return the U.S. players' funds. In addition, Ivey alleges that Full Tilt Poker's failure to reimburse U.S. players has damaged his reputation. Ivey seeks, among other things, relief from the non-compete covenant and damages in excess of \$150 million for the injury to his reputation – coincidentally the same amount Ivey alleges is still owed to U.S. users of Full Tilt Poker.