

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA,

Plaintiff,

v.

POKERSTARS; et al.,

Defendants.

ALL RIGHT, TITLE AND INTEREST IN  
THE ASSETS OF POKERSTARS; et al.,

Defendants-In-Rem.

Case No. 1:11 Civ. 02564 (LBS)

---

**MEMORANDUM OF LAW IN SUPPORT OF DEFENDANT AND CLAIMANT  
HOWARD LEDERER'S MOTION TO DISMISS  
THE VERIFIED SECOND AMENDED COMPLAINT'S IN PERSONAM CIVIL  
MONEY LAUNDERING CLAIM AND FIRST AND SECOND IN REM CLAIMS**

---

**TABLE OF CONTENTS**

	<u>Page</u>
I. INTRODUCTION .....	1
II. BACKGROUND .....	2
A. The complaint alleges few facts concerning Lederer’s role in FTP’s allegedly wrongful conduct. ....	2
B. The complaint includes no claim against Lederer for allegedly defrauding FTP’s customers. ....	3
III. LEGAL STANDARD.....	5
IV. ARGUMENT.....	7
A. The government’s IGBA claim fails to allege facts supporting an IGBA violation, and is based on an impermissible extraterritorial application of the law.....	8
1. FTP is not a “gambling business” under IGBA. ....	8
a. A business must be engaged in “gambling” as defined in § 1955(b)(2) to violate IGBA. ....	9
b. Running an online poker site is not “gambling” under § 1955(b)(2). ....	11
c. The complaint never alleges that running an online poker site is “gambling” under § 1955(b)(2). ....	12
2. Even if IGBA applies to FTP’s conduct, the complaint’s allegations with respect to the required violation of a state law are deficient.....	13
a. The complaint fails to sufficiently allege that FTP violated a state statute .....	13
b. The complaint fails to allege which, if any, FTP proceeds are traceable to a violation of a specific state law. ....	15
3. IGBA does not apply extraterritorially to FTP, a company based and operated outside of the United States.....	17
a. IGBA does not apply extraterritorially. ....	17
b. Applying IGBA to FTP would constitute an improper extraterritorial application of IGBA.....	18

B. The Travel Act claim must be dismissed.....20

1. The government cannot base its forfeiture or money laundering claims on the Travel Act because 18 U.S.C. § 1961(1)(A) requires that any predicate gambling offenses be punishable by more than a year in prison. ....21

2. The government has failed sufficiently to allege a Travel Act violation...23

V. CONCLUSION.....25

## TABLE OF AUTHORITIES

<b>Federal Cases</b>	<b><u>Page</u></b>
<i>Ashcroft v. Iqbal</i> 556 U.S. 662 (2009).....	5, 6, 7, 13
<i>Begay v. United States</i> 553 U.S. 137 (2008).....	11
<i>Bell Atlantic Corp. v. Twombly</i> 550 U.S. 544 (2007).....	7, 13, 14
<i>Cedeno v. Intech Group, Inc.</i> 733 F. Supp. 2d 471 (S.D.N.Y. 2010) .....	19, 20
<i>City of New York v. Beretta U.S.A. Corp.</i> 524 F.3d 384 (2d Cir. 2008) .....	11
<i>Conley v. Gibson</i> 355 U.S. 41 (1957).....	14
<i>EEOC v. Arabian Am. Oil Co.</i> 499 U.S. 244 (1991).....	18
<i>Hamling v. United States</i> 418 U.S. 87 (1974).....	14
<i>HCSC-Laundry v. United States</i> 450 U.S. 1 (1981).....	23
<i>Molloy v. Metropolitan Transp. Auth.</i> 94 F.3d 808 (2d Cir. 1996) .....	9, 11
<i>Morales v. Trans World Airlines, Inc.</i> 504 U.S. 374 (1992).....	22
<i>Morrison v. National Australia Bank Ltd.</i> 130 S. Ct. 2869 (2010) .....	8, 17, 18, 19
<i>Norex Petroleum Ltd. v. Access Indus., Inc.</i> 631 F.3d 29 (2d Cir. 2011) .....	17, 18
<i>RadLAX Gateway Hotel, LLC v. Amalgamated Bank</i> 132 S. Ct. 2065 (2012).....	23

*Riverway Co. v. Spivey Marine & Harbor Svc. Co.*  
598 F. Supp. 909 (S.D. Ill. 1984).....7

*Sanabria v. United States*  
437 U.S. 54 (1978).....19

*TRW Inc. v. Andrews*  
534 U.S. 19 (2001).....22

*United States v. \$22,173.00 in U.S. Currency*  
716 F. Supp. 2d 245 (S.D.N.Y. 2010) .....6, 7, 15

*United States v. \$734,578.82 in U.S. Currency*  
286 F.3d 641 (3rd Cir. 2002).....16

*United States v. \$92,203.00 in U.S. Currency*  
537 F.3d 504 (5th Cir. 2008) .....6

*United States v. Bala*  
489 F.3d 334 (8th Cir. 2007) .....13

*United States v. Bertman*  
686 F.2d 772 (9th Cir. 1982) .....24

*United States v. Daccarett*  
6 F.3d 37 (2d Cir. 1993) .....6

*United States v. DiCristina*  
\_\_\_ F.Supp.2d \_\_\_, No. 11–CR–414, 2012 WL 3573895 (E.D.N.Y. Aug. 21, 2012)..... *passim*

*United States v. Lettiere*  
640 F.3d 1271 (9th Cir. 2011) .....12

*United States v. Menasche*  
348 U.S. 528 (1955).....10

*United States v. Miller*  
774 F.2d 883 (8th Cir. 1985) .....8, 13, 14, 15

*United States v. Nader*  
542 F.3d 713 (9th Cir. 2008) .....24

*United States v. Nardello*  
393 U.S. 286 (1969).....24

*United States v. Philip Morris USA, Inc.*  
783 F. Supp. 2d 23 (D.D.C. 2011).....19

<i>United States v. Sacco</i> 491 F.2d 995 (9th Cir. 1974) .....	20
<i>United States v. Truesdale</i> 152 F.3d 443 (5th Cir. 1998) .....	14
<i>Williams v. Taylor</i> 529 U.S. 362 (2000).....	10
<b>State Cases</b>	
<i>In re Allen</i> 59 Cal. 2d 5 (1962) .....	12
<i>People v. Li Ai Hua</i> 885 N.Y.S.2d 380 (Crim. Ct. Queens Cty. 2009).....	15
<b>Federal Statutes</b>	
15 U.S.C. § 78j(b).....	18
18 U.S.C. § 981(a)(1)(c) .....	5, 21
18 U.S.C. § 983(c)(3).....	15, 16
18 U.S.C. § 1344.....	3
18 U.S.C. § 1952(a)(1)(3).....	24
18 U.S.C. § 1952(a)-(b)(1).....	21
18 U.S.C. § 1952(b)(1) .....	24
18 U.S.C. § 1955.....	1, 14, 19
18 U.S.C. § 1955(a) .....	9, 10
18 U.S.C. § 1955(b) .....	10
18 U.S.C. § 1955(b)(1) .....	10, 19
18 U.S.C. § 1955(b)(1)(i).....	9, 13
18 U.S.C. § 1955(b)(1)(i)-(iii) .....	10
18 U.S.C. § 1955(b)(2) .....	<i>passim</i>
18 U.S.C. § 1955(d).....	4, 15

18 U.S.C. § 1956(c)(7).....21, 22  
 18 U.S.C. § 1956(h) .....4  
 18 U.S.C. § 1961(1) .....21, 22, 23  
 18 U.S.C. § 1961(1)(A).....21, 22, 23  
 18 U.S.C. § 1961(1)(B).....21, 22  
 31 U.S.C. § 5361(a)(4).....18  
 Organized Crime Control Act of 1970, Pub. L. 91-452, 84 Stat. 922, 922-23 (1970) .....20

**State Statutes**

Mich. Comp. Laws § 750.313.....15  
 N.J.S.A. 2C:37-2(a)(2).....16  
 N.Y. Penal Law § 225.05.....22

**Federal Rules**

Fed. R. Civ. P. 8(a) .....5, 14, 25  
 Fed. R. Civ. P. Supp. R. A(1)(B) .....6  
 Fed. R. Civ. P. Supp. R. A(2) .....7  
 Fed. R. Civ. P. Supp. R. E(2)(a) .....6, 7, 25  
 Fed. R. Civ. P. Supp. R. G(2)(f) .....6, 15  
 Fed. R. Civ. P. 9(b) .....7  
 Fed. R. Civ. P. 12(b)(6).....3, 5

## I. INTRODUCTION

The original complaint in this case made no mention of Howard Lederer. The First Amended Complaint (“FAC”) added Lederer, charging him in an alleged scheme to defraud customers of Full Tilt Poker (“FTP”), which was touted as a “Ponzi Scheme” in the United States Attorney’s press release. But when Lederer moved to dismiss that complaint, whose threadbare allegations stated no claim against him, much less a fraud claim, the government went back to the drawing board. The result is the instant sprawling, 133-page Second Amended Complaint (“SAC”).<sup>1</sup>

The SAC is so structurally complex that it takes a cartographer to understand what is being alleged and against whom. As to Lederer, the allegations of scheming to defraud customers, the centerpiece of the FAC, are gone. The centerpiece of this complaint as it pertains to Lederer is the allegation that FTP—an online poker site operating abroad—was an illegal gambling business under the Illegal Gambling Business Act, (“IGBA”), 18 U.S.C. § 1955, rendering illegal any proceeds Lederer derived from it. Never mind that one month before the government filed the SAC, the Honorable Jack B. Weinstein, United States District Judge for the Eastern District of New York held in an exhaustive, 120-page opinion, that poker does *not* constitute “illegal gambling” under the IGBA. *See United States v. DiCristina*, \_\_\_ F.Supp.2d \_\_\_, No. 11–CR–414, 2012 WL 3573895 (E.D.N.Y. Aug. 21, 2012). Unless the Second Circuit reverses *DiCristina*, the government’s IGBA theory here is likely dead on arrival. For the reasons Judge Weinstein so meticulously catalogued in *DiCristina*, poker is not “gambling” as defined by the IGBA, and FTP’s activities consequently fall outside of that statute’s prohibitions.

Apparently hedging its bets against the likelihood that its IGBA claim may hold no water post-*DiCristina*, the government has added a new claim in the SAC—an alleged violation of the Travel Act, 18. U.S.C. § 1952. But far from stating a cause of action against Lederer, the new Travel Act claim merely underscores the weakness of the government’s shifting legal theories.

---

<sup>1</sup> The SAC is attached hereto as Exhibit A.



In fact, this new claim stands on even shakier ground than the IGBA claim and must also be dismissed, since its existence relies on the Court ignoring explicit qualifying language in the very statute on which the government relies.

Because the government has disclaimed any attempt to state a fraud claim against Lederer—either based on alleged bank fraud or a fraud against FTP’s own customers—the *in personam* money laundering claim must be dismissed in its entirety, along with the First and Second *in rem* claims against Lederer’s property.

## II. BACKGROUND

The government’s 292-paragraph SAC alleges multiple *in personam* allegations against three online poker companies, twenty-one other entities, four individual defendants, and *in rem* allegations against a multitude of bank accounts and other pieces of property. The SAC recounts a series of misdeeds allegedly committed by the poker companies, focusing mainly on their alleged attempts to defraud banks as well as their own customers. But despite its prolixity—and its disproportionate fixation on Lederer’s assets—the SAC contains scarcely a word about Lederer’s role in any alleged wrongdoing by FTP.

### A. The complaint alleges few facts concerning Lederer’s role in FTP’s allegedly wrongful conduct.

The sum total of the government’s allegations about Lederer is that he was (1) among FTP’s founders, owning roughly 8.6% of the company (SAC ¶ 30); (2) on FTP’s board of directors from April 2007 until April 2011, during which times he received distributions totaling \$42 million (*Id.* ¶¶ 8, 126); and (3) a managing member of Tiltware LLC, and, “[a]t certain times relevant to the Complaint,” FTP’s president (*Id.* ¶ 30). Despite the paucity of factual allegations against Lederer, the SAC devotes an astounding 71 paragraphs to detailing his assets.

The government further alleges that FTP defrauded its customers by “misrepresenting to players that funds credited to their online player accounts were secure and segregated from operating funds” when, allegedly, they were not. *Id.* ¶ 107. According to the SAC, FTP received customer inquiries about the security of player funds. *Id.* ¶ 108. “In response to these

inquiries,” the government alleges, “in or about March of 2008, [FTP CEO Ray] Bitar, with Lederer’s knowledge, advised a Full Tilt Poker employee that Full Tilt Poker could represent to players that Full Tilt Poker kept all of its player funds in segregated accounts and that funds would be available for withdrawal by players at all times.” *Id.* “[A]fter receiving Bitar’s response” an unnamed FTP employee allegedly emailed a response to a particular customer inquiry, which “was then forwarded to Bitar and Lederer[.]” *Id.* ¶ 109. When the customer sought further “clarification as to whether ‘player funds are held in segregated accounts which can’t be used by the company itself,’” *Bitar* reviewed and approved the FTP employee’s response to the customer indicating that customer funds “are not at all at risk.” *Id.* ¶ 110 (emphasis added). “Subsequently, and based in part on this *Bitar-approved* response,” FTP allegedly drafted “several form e-mail templates” for use in responding to player inquiries about their funds. *Id.* ¶ 111 (emphasis added). That is the only allegation relating to Lederer’s participation in or knowledge of the alleged fraud against FTP’s customers.

In addition to the IGBA, Travel Act, and wire fraud allegations included in the complaint, the government also contends that FTP committed bank fraud in violation of 18 U.S.C. § 1344 by allegedly arranging for the funds received from U.S. players to be disguised as payments to non-existent entities or non-gambling businesses. *See id.* ¶¶ 41-57. As was the case in the FAC, however, the SAC nowhere alleges that Lederer knew about or had anything to do with this supposed miscoding of transactions by FTP. *See id.* ¶¶ 41, 44-47, 49, 50, 57 (listing individuals who allegedly conspired to commit bank fraud, but omitting Lederer).

**B. The complaint includes no claim against Lederer for allegedly defrauding FTP’s customers.**

Based on its threadbare allegations against Lederer, the government has trebled the number of claims for relief at issue in the case, increasing them from four in the FAC to twelve in the SAC. To make sense of this blunderbuss complaint, it helps to divide the forfeiture claims for relief into three distinct sets:

The first set of claims, consisting of **Claims One through Four**, allege predicate offenses that constitute the “specified unlawful activities” alleged in the eight subsequent claims for relief under the money laundering statutes. These predicate offenses are: (1) violation of IGBA (*i.e.*, FTP allegedly is an illegal gambling business), (2) violation of the Travel Act (*i.e.*, FTP allegedly violated unspecified state gambling laws), (3) bank fraud (*i.e.*, FTP allegedly miscoded transactions), and (4) player fraud (*i.e.*, FTP allegedly told poker players that their funds were kept in segregated accounts when they were not).

The second set of claims, consisting of **Claims Five through Eight**, consist of money laundering offenses whose predicate “specified unlawful activities” are those alleged in Claims One through Three, as discussed above. In other words, these claims expressly omit any reference to the player fraud theory. This is crucial in understanding the government’s case against Lederer: the government’s *in personam* claim for civil monetary penalties against him expressly disclaims the government’s allegations of player fraud.

The third set of claims, consisting of **Claims Nine through Twelve**, consist of money laundering offenses that rest on only one predicate “specified unlawful activity”—the player fraud theory stated in Claim Four.

Of these three sets, only the first two apply to Lederer. Specifically, the government seeks forfeiture of certain bank accounts that belong to Lederer, alleging that at least some portion of the \$42 million was deposited into them, *see* SAC ¶ 126 *and* Schedule C ¶¶ 2-3, along with seven pieces of real estate, a 401K retirement account, and several automobiles, *see* SAC ¶¶ 135-203 *and* Schedule D ¶¶ 1-15, which also belong to Lederer. The SAC alleges that these accounts are forfeitable pursuant to sections 981(a)(1)(A), 981(a)(1)(C), and 1955(d).

The government also seeks an *in personam* civil monetary judgment against Lederer of “not less than \$42.5 million” pursuant to 18 U.S.C. § 1956(h). This figure allegedly represents the total amount of ownership distributions and “profit sharing” payments Lederer received as part-owner of FTP. SAC ¶¶ 126- 291. Notably, the government’s *in personam* money laundering claim against Lederer is *not* predicated on the alleged player fraud theory set forth in

the Fourth Claim for Relief.<sup>2</sup> On the contrary, the SAC emphasizes that Bitar—and not Lederer—is alleged to be “independently liable for such penalty because he knowingly conducted transactions” predicated on Claims for Relief Nine, Eleven, and Twelve, which are in turn, predicated on Claim Four, the player fraud theory. SAC ¶ 292.

In other words, the government asserts *in rem* claims against various assets owned by Lederer. The government also seeks *in personam* a judgment of \$42.5 million against Lederer, based on claims that he participated in certain specified unlawful activity, namely the IGBA violations and the Travel Act violations. Since both sets of allegations fail as a matter of law, the *in personam* allegations against Lederer must be dismissed in their entirety. All *in rem* claims based upon IGBA and the Travel Act must also be dismissed. All that then would be left of this complaint, as it pertains to Lederer, are *in rem* claims targeting certain of Lederer’s assets, based on the allegation that FTP’s business involved a fraud on its customers, and that the *in rem* defendants are proceeds of that unlawful activity.<sup>3</sup>

### III. LEGAL STANDARD

The SAC asserts both an *in personam* claim against Lederer as well as *in rem* claims against certain assets as to which he has filed Notices of Claim. For the *in personam* claim, Rules 8(a) and 12(b)(6) of the Federal Rules of Civil Procedure apply. Accordingly, in evaluating the sufficiency of factual allegations underpinning the *in personam* claim, the Court should follow the two-step process established in *Ashcroft v. Iqbal*, 556 U.S. 662 (2009). First, the Court

---

<sup>2</sup> Counsel for the government confirmed this view of the SAC in a telephone conversation with Lederer’s counsel on September 11, 2012.

<sup>3</sup> To the extent that Claims for Relief Five through Eight are predicated on the First and Second Claims for Relief, Lederer challenges those as well. Lederer does not presently challenge the Third Claim for Relief, which is a forfeiture claim predicated on alleged bank fraud by certain individuals other than him. Even though the government does not allege—and no evidence will support—that Lederer knew about or committed bank fraud, the SAC has alleged sufficient facts to permit that *in rem* claim to proceed against the defendant bank accounts under 18 U.S.C. § 981(a)(1)(c). To the extent that Claims for Relief Five through Eight, which allege money laundering, may derive from the bank fraud allegations, Lederer elects not to challenge those here as well.

should identify and eliminate allegations “that, because they are no more than conclusions, are not entitled to the assumption of truth.” *Id.* at 679. Second, the Court should evaluate the remaining, non-conclusory allegations “to determine if they plausibly suggest an entitlement to relief.” *Id.* at 681. This “plausibility standard” requires “more than a sheer possibility that a defendant has acted unlawfully. Where a complaint pleads facts that are merely consistent with a defendant’s liability, it stops short of the line between possibility and plausibility of entitlement to relief.” *Id.* at 678 (citation and internal quotation marks omitted).

The government faces a heavy pleading burden for the *in rem* claims due to the “drastic nature of the civil forfeiture remedy.” *United States v. Daccarett*, 6 F.3d 37, 47 (2d Cir. 1993). The FRCP’s Supplemental Rules set the pleading standard for *in rem* civil forfeiture complaints. *See* Fed. R. Civ. P. Supp. R. A(1)(B). Supplemental Rule E(2)(a) directs the government to set forth its claims “with such particularity that the defendant . . . will be able, without moving for a more definite statement, to commence an investigation of the facts and to frame a responsive pleading.” Fed. R. Civ. P. Supp. R. E(2)(a). Supplemental Rule G(2)(f) further commands that the government “state sufficiently detailed facts to support a reasonable belief that the government will be able to meet its burden of proof at trial.” Fed. R. Civ. P. Supp. R. G(2)(f).<sup>4</sup> Thus, “the Government’s complaint must assert specific facts supporting an inference that the property is subject to forfeiture.” *United States v. \$22,173.00 in U.S. Currency*, 716 F. Supp. 2d 245, 248 (S.D.N.Y. 2010) (internal citation and quotation marks omitted).

---

<sup>4</sup> Although the SAC appears to promote a “probable cause” standard for its forfeiture claims, *see* SAC ¶ 218, Congress elevated the probable cause standard to a preponderance of the evidence standard by enacting the Civil Action Forfeiture Reform Act (“CAFRA”) in 2000. *See United States v. \$92,203.00 in U.S. Currency*, 537 F.3d 504, 509 (5th Cir. 2008) (noting the “increase in the Government’s burden—from probable cause to preponderance of the evidence”).

The Supplemental Rules do not supplant the FRCP. Rather, the latter “apply to Civil Forfeiture actions so long as they are not ‘inconsistent with’ the Supplemental Rules.” *Id.* at 249 (quoting Fed. R. Civ. P. Supp. R. A(2)). Consequently, the Supreme Court’s pronouncements in *Iqbal* and *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), inform the legal standard for the government’s *in rem* claims. *See \$22,173.00 in U.S. Currency*, 716 F. Supp. 2d at 249 (noting that *Iqbal* and *Twombly* “may help to clarify when a civil forfeiture complaint survives the motion to dismiss phase”). And of course, any fraud allegations in the complaint must meet the stringent pleading requirement set forth by Federal Rule of Civil Procedure 9(b). *See Riverway Co. v. Spivey Marine & Harbor Svc. Co.*, 598 F. Supp. 909, 912 (S.D. Ill. 1984) (“The construction placed upon Rule 9(b) of the Federal Rules of Civil Procedure requiring the circumstances of an action for fraud be stated with particularity, is helpful in determining the meaning of Supplemental Rule E(2)(a).”).

#### IV. ARGUMENT

Only one allegation in the complaint implicates Lederer in his personal capacity such that it would justify the civil money laundering penalties alleged in Section VIII of the SAC (¶¶ 288-91): his status as co-owner of FTP, which the government—in a novel and extraterritorial application of a decades-old statute never before applied to internet poker—characterizes as an “illegal gambling business” in violation of IGBA, as well as a Travel Act violation.<sup>5</sup> Because neither statute can be applied to FTP’s activities, the government’s *in personam* money laundering claims against Lederer must be dismissed. Similarly, the government’s First and

---

<sup>5</sup> In its Third Claim for Relief, SAC ¶¶ 233-40, the government alleges conspiracy to commit bank and wire fraud against a specified list of Defendants. Howard Lederer is not included in that list. *Id.* ¶¶ 41, 44-47, 49, 50, 57. Thus, although if proved this claim may support the forfeiture of Lederer’s bank accounts *in rem* as proceeds of the alleged conspiracy to commit fraud, they cannot support the *in personam* money laundering claim against Lederer. Counsel for the United States has confirmed this understanding of the Second Amended Complaint with Lederer’s attorneys. Lederer does not currently move to dismiss the *in rem* claims predicated on the Third Claim for Relief.

Second Claims for Relief *in rem* against Lederer's assets which relate to the IGBA and Travel Act allegations respectively, must also be dismissed.

**A. The government's IGBA claim fails to allege facts supporting an IGBA violation, and is based on an impermissible extraterritorial application of the law.**

The government alleges that FTP violated IGBA, making all FTP proceeds illegal.<sup>6</sup> This aggressive interpretation far exceeds the statute's text and intended scope. The IGBA claim falls for three reasons, and with it the government's primary case against Lederer.

*First*, as Judge Weinstein recently held in an exhaustive and well-reasoned opinion, poker "is not gambling as defined by the IGBA." *DiCristina*, 2012 WL 3573895, at \*60.

*Second*, the complaint fails to allege sufficient facts supporting a violation of state law, "an essential and substantive element" of an IGBA charge. *United States v. Miller*, 774 F.2d 883, 885 (8th Cir. 1985). To the extent that the complaint puts forth bare, unsupported allegations regarding violations of unspecified state laws, it fails to identify which FTP proceeds can be traced to which violations in which states.

*Third*, even if the government were able to overcome these two deficiencies, under the Supreme Court's decision in *Morrison v. National Australia Bank Ltd.*, 130 S. Ct. 2869 (2010), IGBA does not apply extraterritorially to a business operated abroad whose only contact with the United States is that some of its poker players are based here. Accordingly, the government's IGBA charges support neither the *in personam* claims against Lederer, nor the First Claim for Relief *in rem*. Both must be dismissed.

**1. FTP is not a "gambling business" under IGBA.**

To violate IGBA, a business must be engaged in "gambling" as defined in 18 U.S.C. § 1955(b)(2). *DiCristina*, 2012 WL 3573895, at \*26. Section 1955(b)(2) defines "gambling" by

---

<sup>6</sup> The government apparently takes the position that *all* proceeds of FTP are tainted, despite the fact that a significant part of FTP's revenues originated with players living outside of the United States. Lederer reserves the right to argue that proceeds derived from international operations do not constitute proceeds from any IGBA, wire-fraud, or bank-fraud violation.

providing a non-exhaustive list of nine activities that constitute gambling. No form of poker appears on this list. But to qualify as “gambling,” running an online poker website must be “similar to the specific items in the list.” *Molloy v. Metropolitan Transp. Auth.*, 94 F.3d 808, 812 (2d Cir. 1996). The complaint alleges no facts that plausibly suggest that poker is similar to the specific activities listed in § 1955(b)(2). In fact, poker is fundamentally *dissimilar* to those activities because it is a game predominated by the players’ skill, rather than chance. *DiCristina*, 2012 WL 3573895, at \*60.

In concluding that DiCristina’s “acts did not constitute a federal crime,” the court first rejected the government’s argument that the violation of an applicable state gambling law is sufficient to sustain a violation under IGBA. *Id.* at \*48. Instead, the court concluded that to violate IGBA the defendant’s business must constitute “gambling” as defined by § 1955(b)(2) in addition to violating an applicable state statute as required by § 1955 (b)(1)(i). The court further concluded that “to constitute an illegal gambling business” under IGBA, “the business must operate a game that is predominantly a game of chance.” *Id.* at \*56. With the statutory framework thus clarified, the court carefully examined the factual record and voluminous expert testimony to conclude that “[b]ecause the poker played on the defendant’s premises is not predominantly a game of chance, it is not gambling as defined by the IGBA.” *Id.* at \*60. The court accordingly vacated DiCristina’s conviction.

Because *DiCristina*’s holding and analysis apply with equal force to the IGBA allegations found in the SAC, the government has failed to state an IGBA claim against Lederer based on FTP’s conduct.

**a. A business must be engaged in “gambling” as defined in § 1955(b)(2) to violate IGBA.**

IGBA criminalizes the conduct, finance, management, supervision, direction, or ownership of an “illegal gambling business.” 18 U.S.C. § 1955(a). An “‘illegal gambling business’ means a gambling business which” violates state law, involves five or more persons,



and satisfies certain operation or revenue requirements. *Id.* § 1955(b)(1). Thus in order to be an “illegal gambling business,” a business must first be a “gambling business.” “Gambling” is defined as “includ[ing] but . . . not limited to pool-selling, bookmaking, maintaining slot machines, roulette wheels or dice tables, and conducting lotteries, policy, bolita or numbers games, or selling chances therein.” *Id.* § 1955(b)(2).

The government has argued in the past, as it did in *DiCristina*, that an “illegal gambling business” under IGBA does not have to engage in “gambling” under § 1955(b)(2), but only has to satisfy the requirements in § 1955(b)(1)(i)-(iii). *DiCristina*, 2012 WL 3573895, at \*2.

(observing that the government’s argument is that “any gambling activity that is illegal under state law is ‘gambling’ under the IGBA.”). In two key ways, this would violate the “cardinal principle of statutory construction that [courts] must give effect, if possible, to every clause and word of a statute.” *Williams v. Taylor*, 529 U.S. 362, 404 (2000) (internal quotation marks omitted) (citing *United States v. Menasche*, 348 U.S. 528, 538-39 (1955)). First, the only time the word “gambling” is used in IGBA outside of the phrase “illegal gambling business” is when IGBA defines an “illegal gambling business” as “a gambling business which” satisfies the § 1955(b)(1)(i)-(iii) requirements. *See* 18 U.S.C. § 1955(b). Thus, reading the definition of “illegal gambling business” to extend beyond businesses engaging in “gambling” under § 1955(b)(2) would make the § 1955(b)(2) definition of gambling entirely superfluous.

Second, § 1955(b)(1) defines “illegal gambling business” as “a *gambling* business which” satisfies the § 1955(b)(1)(i)-(iii) requirements. If Congress did not intend the word “gambling” to limit the type of businesses that violate the statute, it would have simply left that modifier out. The only logical interpretation of Congress’s decision to include it is to read IGBA as limiting “illegal gambling businesses” to businesses engaged in “gambling” under § 1955(b)(2). To the

extent there is doubt about this interpretation, the rule of lenity requires that it be resolved in favor of the defendant. *See DiCristina*, 2012 WL 3573895, at \*2, 50.

**b. Running an online poker site is not “gambling” under § 1955(b)(2).**

IGBA define the term “gambling” by providing a list of illustrative activities. “Gambling” includes, but is not limited to, pool-selling, bookmaking, maintaining slot machines, roulette wheels or dice tables, and conducting lotteries, policy, bolita or numbers games, or selling chances therein.” 18 U.S.C. § 1955(b)(2). When interpreting a “general provision in light of a list of specific illustrative provisions,” courts “construe the general term . . . to include only things similar to the specific items in the list.” *Molloy*, 94 F.3d at 812; *see also Begay v. United States*, 553 U.S. 137, 141-42 (2008) (holding that drunk driving was not a “violent felony” for purposes of the Armed Career Criminal Act because it was “too unlike the provision’s listed examples” of other violent crimes); *City of New York v. Beretta U.S.A. Corp.*, 524 F.3d 384, 401 (2d Cir. 2008) (“[W]here general words are accompanied by a specific enumeration of persons or things, the general words should be limited to persons or things similar to those specifically enumerated.” (internal citation and quotation omitted)). Thus, to support an IGBA violation, “poker must fall under the general definition of gambling and be sufficiently similar to those games listed in the statute to fall within its prohibition.” *DiCristina*, 2012 WL 3573895, at \*51. As Judge Weinstein correctly concluded, “[i]t does not.” *Id.*

Nearly all the activities listed in § 1955(b)(2) involve games where (1) the business—or “house”—is betting directly against the customers and (2) the outcome of the game turns predominantly on chance rather than skill. None of the activities listed in § 1955(b)(2) involves a business that charges a hosting fee for players to engage in a game like bridge, scrabble, or

poker, where betting represents a calculated move in game whose outcome predominantly depends on the players' skill. *See In re Allen*, 59 Cal. 2d 5, 7 (1962) (holding that bridge is a game of skill).

First, in bookmaking, slots, roulette, dice tables, lotteries, policy, bolita, or numbers games, the house directly bets against its customers such that when the customer/bettor loses, the house wins.<sup>7</sup> Second, poker is unlike the activities enumerated in § 1955(b)(2) because “[t]he influence of skill on the outcome of poker games is far greater than that on the outcome of games enumerated in the IGBA’s illustrations of gambling.” *DiCristina*, 2012 WL 3573895, at \*55.

Because poker is unlike the activities enumerated in § 1955(b)(2), poker is not “gambling” under IGBA. This is true even if, as the government has argued in the corresponding criminal case, a colloquial understanding of the word gambling would include poker. “Only in the absence of a statutory definition does this court normally look to the ordinary meaning or dictionary definitions of a term.” *United States v. Lettiere*, 640 F.3d 1271, 1274 (9th Cir. 2011).

At the least, the list of activities constituting IGBA’s definition of “gambling” is sufficiently ambiguous that an average person would not know whether a company hosting a poker site falls within it. In such circumstances, the rule of lenity requires that the statute “must be construed in favor of the defendant.” *DiCristina*, 2012 WL 3573895, at \*60.

**c. The complaint never alleges that running an online poker site is “gambling” under § 1955(b)(2).**

Even if the court were to disagree with *DiCristina*’s conclusion that poker is not gambling under IGBA, the Second Amended Complaint fails to plead facts sufficient to establish

---

<sup>7</sup> The only activity listed in § 1955(b)(2) that does not involve a business betting against its customers is pool-making. Pool-making, however, is hardly a game at all but is rather simply a forum to allow people to place bets on external events over which the customers/bettors have no control.

that poker is “roughly similar” to the activities listed in § 1955(b)(2). To allege an IGBA violation, the government must allege “sufficient factual matter, accepted as true,” *Iqbal*, 556 U.S. at 678, that FTP’s activities in running an online poker site are similar to the activities listed in § 1955(b)(2). A complaint does not “suffice if it tenders ‘naked assertion[s]’ devoid of ‘further factual enhancement.’” *Id.* (quoting *Twombly*, 550 U.S. at 557) (alterations in original). Yet the SAC nowhere suggests that FTP’s activities are remotely similar to the activities listed in § 1955(b)(2). There are no facts in the complaint about the rules of the various poker games played on FTP, or FTP’s role in charging for and administering those games.

**2. Even if IGBA applies to FTP’s conduct, the complaint’s allegations with respect to the required violation of a state law are deficient.**

Even if IGBA could be applied to FTP’s conduct, the complaint nonetheless fails sufficiently to allege an IGBA violation. First, the complaint fails to allege sufficiently that FTP violated a specific state statute, one of the key elements of an IGBA claim. Second, to the extent that the complaint alleges a violation of a New York statute or a ragtag list of other statutes, it fails to allege which FTP proceeds are traceable to violations of which specific state statute.

**a. The complaint fails to sufficiently allege that FTP violated a state statute**

For FTP to constitute an “illegal gambling business,” it must be a business which “is a violation of the law of a State or political subdivision in which it is conducted.” 18 U.S.C. § 1955(b)(1)(i). As the Eighth Circuit explained: “The statute defines an ‘illegal gambling business’ as one which ‘is a violation’ of state law. 18 U.S.C. § 1955(b)(1)(i). The word ‘is’ strongly suggests that the Government must prove more than a violation of some state law by a gambling business. *The gambling business itself* must be illegal.” *United States v. Bala*, 489 F.3d 334, 340 (8th Cir. 2007) (emphasis in original).

Indeed, the Eighth Circuit recognized the importance of pleading a particular state statute in *Miller*. There, the government’s indictment “failed to cite the state statute alleged to have been violated.” 774 F.2d at 883. The Eighth Circuit concluded that

the particular state statute alleged to have been violated is an *essential and substantive element* of a violation of 18 U.S.C. section 1955. Other than the requirements of five persons and of 30 days or \$2,000, the elements of a Section 1955 violation are actually contained in the underlying state law alleged to have been transgressed. Thus, the indictment's reference to Section 1955 *did not inform Miller of the crime with which he was charged*. An allegation that some state statute has been violated does not "fully, directly, and expressly, without any uncertainty or ambiguity, set forth all the elements necessary to constitute the offense intended to be punished."

*Id.* at 885 (quoting *Hamling v. United States*, 418 U.S. 87, 117 (1974)) (emphases added).

Although *Miller* involved an indictment rather than a civil forfeiture complaint, *Miller's* conclusion that citation to a specific state statute is necessary to fully inform a defendant of the crime with which he is charged is equally applicable here. *See also United States v. Truesdale*, 152 F.3d 443, 449 (5th Cir. 1998) (reversing IGBA and related convictions because the indictment failed to allege that the defendant's conduct violated section 47.03(a)(3), rather than section 47.03(a)(2), of the Texas gambling statute). Without informing Lederer of each state offense that FTP is alleged to have committed, the SAC fails to "give [Lederer] fair notice of what [the government's] claim is." *Twombly*, 550 U.S. at 555.

Here, the government has not sufficiently alleged that the alleged gambling business conducted by FTP is illegal in the place where that business is conducted. Nor could it: FTP was legally operating under a duly issued license from the Alderney Gambling Control Commission.

To extent that the government alleges a violation of a hodgepodge of state statutes, "including but not limited to" New York, California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon, and Utah, the SAC again falls short. SAC ¶ 221. The government's broad-brush approach, citing to the statutes of nine different states along with the throwaway clause "including but not limited to," warrants the SAC's dismissal under Rule 8(a). That rule requires that a complaint "give the defendant fair notice of what [plaintiff's] claim is." *Twombly*, 550 U.S. at 555 (citing *Conley v. Gibson*, 355 U.S. 41, 47 (1957)). The SAC fails to give Lederer fair notice of what alleged conduct violated any particular statute.

To the extent the SAC is predicated on a violation of New York State Penal Law Sections 225.00 and 225.05—the only statutes *not* listed in a footnote<sup>8</sup>—a failure to allege facts showing that these games are games of chance may on its own be sufficient to dismiss the complaint. *See People v. Li Ai Hua*, 885 N.Y.S.2d 380, 383-84 (Crim. Ct. Queens Cty. 2009) (dismissing information for “play[ing] ‘Mahjong’ which is a game of chance” because the information included “no support . . . for the claim that mahjong is a game of chance”).

**b. The complaint fails to allege which, if any, FTP proceeds are traceable to a violation of a specific state law.**

To the extent the complaint sufficiently alleges a violation of a particular state statute, the SAC nevertheless falls short of the pleading standards for *in rem* civil forfeiture complaints set forth in the FRCP’s Supplemental Rules in light of the substantive requirements set forth in the CAFRA. “Supplemental Rule G(2)(f) requires that the Government ‘state sufficiently detailed facts to support a reasonable belief that the government will be able to meet its burden of proof at trial.’” *\$22,173.00 in U.S. Currency*, 716 F. Supp. 2d at 248 (citing Fed. R. Civ. P. Supp. R. G(2)(f)). Additionally, under CAFRA, “if the Government’s theory of forfeiture is that the property was used to commit or facilitate the commission of a criminal offense, or was involved in the commission of a criminal offense, the Government shall establish that there was a *substantial connection* between the property and the offense” 18 U.S.C. § 983(c)(3) (emphasis added). Yet the SAC fails to allege that there is any connection—and certainly not a “substantial connection”—between the property it seeks to forfeit and a particular violation of IGBA. This is because any violation of IGBA turns on a violation of a state statute, *Miller*, 774 F.2d at 885, but the SAC has failed to state “sufficiently detailed facts” to allege a violation of a particular state statute. *See also* § 1955(d) (authorizing forfeiture of “property . . . used in violation of the provisions of this section”).

---

<sup>8</sup> Lederer also observes that government’s careless approach to alleging that the Poker Companies violated an array of state statutes—without specification of what conduct purportedly violated any specific statute—has led it to allege a violation of Mich. Comp. Laws § 750.313, which relates to “gambling in stocks, bonds, grain, or produce.”

As the Third Circuit explained in *United States v. \$734,578.82 in U.S. Currency*, 286 F.3d 641, 649 (3rd Cir. 2002), which adjudicated a civil *in rem* forfeiture action against funds based on an IGBA violation, “§1955(b)(1)(i) first looks to relevant state law to determine whether a given activity constitutes gambling.” In *\$734,578.82 in U.S. Currency*, a New Jersey corporation “received funds from bettors throughout the United States and processed those transfers so that the bettors could open accounts” and place bets with an English corporation. *Id.* at 650. The government cited two examples to illustrate the role of the New Jersey corporation in the gambling operation: one involved accepting \$32,000 from a Wisconsin better via Western Union and the other involved accepting \$25,000 from confidential source from an unspecified location via Western Union. *Id.* at 646-47. Based on these facts, the court concluded that “the alleged illegal activity occurred in New Jersey.” *Id.* at 649. The court then went on to analyze whether the facts alleged constituted a violation of the N.J.S.A. 2C:37-2(a)(2) (prohibiting conduct “which materially aids any form of gambling activity). *Id.* 649-53.

*\$734,578.82 in U.S. Currency* teaches that any civil *in rem* forfeiture action under IGBA must begin with precise allegations regarding specific conduct that violates a specific state statute. *Id.* at 657 (“[T]he forfeiture action is predicated solely upon conduct that occurred in New Jersey”). The government therefore must identify facts alleging that FTP’s conduct violated specific states’ laws, rather than all states generally. The SAC is plainly deficient in this regard. Merely asserting in a conclusory fashion that FTP “operated” in various states, *see* SAC ¶ 221, or “facilitated and provided real-money gambling on internet poker games to United States customers,” *see id.* ¶ 29, fails to identify what acts FTP committed in a particular state.

Following from the government’s failure to identify what conduct allegedly violated a particular state statute, the government also fails to identify which FTP proceeds have a “substantial connection” to an IGBA violation. *See* 18 U.S.C. § 983(c)(3). Rather than alleging these necessary facts, the government claims generally that “at least \$44,314,997.31 . . . was directly tied to” all of the criminal conduct alleged in the complaint. SAC ¶ 132. But these allegations fall short of the requirements set forth in the Supplemental Rules, as they give no

indication whatsoever of the government's theory as to which funds have a "substantial connection" to an identifiable violation of IGBA. Indeed, the SAC fails to allege which funds, if any, are in fact traceable to a violation of IGBA, which must be predicated on a violation of a state statute. To the extent that the government has properly alleged FTP violated the law of one particular state and met the other requirements to sustain an IGBA violation, only FTP proceeds traceable to that IGBA violation could be subject to forfeiture. Without more, the government cannot seek to forfeit all FTP proceeds. Thus, the government has failed to allege sufficiently that any of Lederer's assets identified in the SAC are traceable to an IGBA violation.

**3. IGBA does not apply extraterritorially to FTP, a company based and operated outside of the United States.**

The Supreme Court's recent decision in *Morrison* demonstrates that IGBA does not apply extraterritorially. Further, based on *Morrison* and cases interpreting it, applying IGBA to FTP's conduct in this case would constitute an impermissible extraterritorial application of the statute.

**a. IGBA does not apply extraterritorially.**

In *Morrison*, the Supreme Court considered whether § 10(b) of the Securities Exchange Act creates a cause of action for foreign plaintiffs suing foreign and American defendants for misconduct involving foreign securities, where much of the misconduct took place in the United States. In answering that question, the Court reiterated the "longstanding principle of American law that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States." *Morrison*, 130 S. Ct. at 2877 (citation and internal quotation marks omitted). Thus, "[w]hen a statute gives no clear indication of an extraterritorial application, it has none." *Id.* at 2878; *see also Norex Petroleum Ltd. v. Access Indus., Inc.*, 631 F.3d 29, 32 (2d Cir. 2011) ("*Morrison* wholeheartedly embraces application of the presumption against extraterritoriality."). Applying that presumption, the Court concluded that § 10(b) does not apply extraterritorially. The Court first noted that "[o]n its face, § 10(b) contains nothing to suggest it applies abroad." *Morrison*, 130 S. Ct. at 2881. It then rejected all of petitioners' arguments as to why the statute applied abroad. Most notably, the Court rejected



the argument that because the prices of foreign securities are disseminated throughout the United States, and therefore affect markets in the United States, section 10(b) should apply.

Applying *Morrison*'s analysis to IGBA, it is clear that IGBA does not apply extraterritorially. On its face, IGBA contains no language suggesting extraterritorial application. Further, IGBA was passed together with the Racketeer Influence and Corrupt Organizations (RICO) Act as part of the Organized Crime Control Act of 1970. Applying *Morrison*, the Second Circuit recently held that RICO does not apply extraterritorially. *Norex*, 631 F.3d at 31. In addition, one of Congress's findings in passing the Unlawful Internet Gambling Enforcement Act ("UIGEA") was that "traditional law enforcement mechanisms are often inadequate for enforcing gambling prohibitions or regulations on the Internet, especially where such gambling crosses State or national borders." 31 U.S.C. § 5361(a)(4) (emphasis added). Congress's recognition that "traditional" mechanisms, including IGBA, were inadequate to enforce international activity confirms that IGBA lacks extraterritorial application.

**b. Applying IGBA to FTP would constitute an improper extraterritorial application of IGBA.**

Because IGBA lacks extraterritorial application, the government must show that FTP's activities inside the United States bring the company within the statute's reach. The government cannot make that showing. Under *Morrison*, to determine whether U.S. conduct—the "territorial event"—is sufficient to make conduct non-extraterritorial, courts must ask whether that "territorial event" was the "focus" of congressional concern." 130 S. Ct. at 2884 (quoting *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 255 (1991) ("*Aramco*"). *Morrison* is again instructive. There, the Court noted that section 10(b) punishes "only deceptive conduct 'in connection with the purchase or sale of any security registered on a national securities exchange or any security not so registered.'" *Id.* (quoting 15 U.S.C. § 78j(b)). On that basis, the Court held that the "focus of the Exchange Act is not upon the place where the deception originated, but upon purchases and sales of securities in the United States." *Id.* The Court also rejected the argument that a statute could be applied extraterritorially if effects of the deception were felt

inside the United States. In so holding, the Court observed that “it is a rare case of prohibited extraterritorial application that lacks *all* contact with the territory of the United States. But the presumption against extraterritorial application would be a craven watchdog indeed if it retreated to its kennel whenever *some* domestic activity is involved in the case.” 130 S. Ct. at 2884.<sup>9</sup>

Here, FTP is an Irish corporation, governed by Irish law. Its business was legal under Irish law. Its staff and management lived and worked in Ireland. It was operating under a license from the Alderney Gambling Control Commission. FTP’s bank accounts were all outside of the United States. The only “territorial events” relating to FTP are the playing of poker hands on FTP’s site (and the associated payments for those hands) by players in the United States. *See* Decl. of Rosemary Karaka in Support of Post-Indictment Restraining Order, S.D.N.Y. Case No. 1:10cr00336 LAK, Dkt. # 76, at ¶ 7 (“internet gambling companies keep their computer servers, management and support staff offshore”). Yet the “focus” of § 1955 is not on playing or betting, but on those who “conduct, finance, manage, supervise, direct, or own” an “illegal gambling business.” Thus, IGBA focuses on the gambling business’s operations, not the nature of its customers. *See* 18 U.S.C. § 1955(b)(1). Indeed, the Supreme Court has noted that IGBA “proscribes any degree of participation in an illegal gambling business, *except participation as a mere bettor.*” *Sanabria v. United States*, 437 U.S. 54, 71 n.26 (1978) (emphasis added). Yet all activities other than those of “mere bettors” were not territorial events. Just as the “focus of the Exchange Act is not upon the place where the deception originated, but upon purchases and sales of securities in the United States,” *Morrison*, 130 S. Ct. at 2884, IGBA’s focus is not where the poker-playing took place, but where the gambling business is located and operated. For FTP, that is not the United States.

IGBA’s history further demonstrates the statute’s “focus” on the gambling business, rather than the customers. IGBA “was enacted as [part] of the Organized Crime Control Act of

---

<sup>9</sup> Following *Morrison*, courts have found impermissible extraterritorial application of statutes despite effects on or activity in the United States. *See, e.g., United States v. Philip Morris USA, Inc.*, 783 F. Supp. 2d 23 (D.D.C. 2011); *Cedeno v. Intech Group, Inc.*, 733 F. Supp. 2d 471 (S.D.N.Y. 2010).

1970. The legislation was aimed at curtailing syndicated gambling, the lifeline of organized crime, which provides billions of dollars each year to oil its diversified machinery.” *United States v. Sacco*, 491 F.2d 995, 998 (9th Cir. 1974) (internal citations omitted). It was based on Congress’s findings that “organized crime derives a major portion of its power through money obtained from such illegal endeavors as syndicated gambling, loan sharking,” and several other activities. Organized Crime Control Act of 1970, Pub. L. 91-452, 84 Stat. 922, 922-23 (1970). In passing the Act, Congress also found that organized crime’s interstate nature, and propensity for bribing state and local officials, made it difficult for local authorities to combat the problem. *Sacco*, 491 F.2d at 999-1001 (citing S. Rep. No. 91-617, 91st Cong., 1st Sess. 16 (1969)). IGBA’s origin in the fight against organized crime makes clear that the “focus” of the legislation was on the gambling organizations, not the bettors.

This case mirrors Judge Rakoff’s recent decision in *Cedeno*, in which he concluded that RICO does not apply to a predicate money laundering scheme that used American banks to launder money when the RICO enterprise was located abroad. “So far as RICO is concerned, it is plain on the face of the statute that the statute is focused on how a pattern of racketeering affects an *enterprise*. . . . But nowhere does the statute evidence any concern with foreign enterprises.” 733 F. Supp. 2d at 473 (emphasis added). Just as RICO concerns *enterprises*, and thus does not apply to foreign enterprises even if the predicate acts took place in the United States, IGBA concerns gambling *businesses*, and thus does not apply to a foreign business even if some customers happen to be located in the United States. Thus, applying IGBA to FTP’s activities in this case would constitute an impermissible extraterritorial application of the statute.

**B. The Travel Act claim must be dismissed.**

Given the legal infirmities of the government’s IGBA claim—as laid bare by *DiCristina*—it is perhaps unsurprising that the government would go searching for a new legal theory to support its case, presumably one that was deemed unworthy of inclusion in the FAC. Because the Department of Justice issued a legal opinion in September 2011 cabining the scope

of the Wire Act—a statute the government had previously used to support its forfeiture allegations in this case—the government has had to resort to the Travel Act, 18 U.S.C. § 1952, in an attempt to state a cognizable claim against FTP and its owners. Because the Travel Act claim is even more attenuated, more convoluted, and more legally flawed than the government’s other theories, it, too, must be dismissed.

1. **The government cannot base its forfeiture or money laundering claims on the Travel Act because 18 U.S.C. § 1961(1)(A) requires that any predicate gambling offenses be punishable by more than a year in prison.**

The government’s Travel Act claim proceeds along the following circuitous route: Lederer’s assets are forfeitable under section 981(a)(1)(c), as proceeds constituting or traceable to a violation of one of the “offense[s] constituting ‘specified unlawful activity’ (as defined in section 1956(c)(7)).” 18 U.S.C. § 981(a)(1)(c). Section 1956(c)(7), in turn, defines “specified unlawful activity” as, among other things, “any act or activity constituting an offense listed in section 1961(1).” 18 U.S.C. § 1956(c)(7). Section 1961(1) includes two subsections relevant here, subsections (A) and (B). Subsection (B) consists of a long list of “indictable” offenses from Title 18 of the United States Code. Buried in this subsection appears the Travel Act, 18 U.S.C. § 1952, a criminal statute which is helpfully described as “relating to racketeering,” not gambling. 18 U.S.C. § 1961(1)(B). Section 1952, in turn, prohibits interstate travel or foreign commerce with the intent to “carry on” any “unlawful activity,” where unlawful activity is defined, in part as “any business enterprise involving gambling . . . offenses in violation of the laws of the State in which they are committed.” 18 U.S.C. § 1952(a)-(b)(1). Under the government’s theory, section 1952’s prohibition on “any business enterprise involving gambling” that violates any state law suffices to render forfeitable all of Lederer’s assets listed in the SAC, and justifies the \$42.5M civil money laundering penalty against him.

But in plucking the Travel Act out of section 1961(1)(B) in this way, the government has ignored section 1961(1)(A)—the very subsection that deals specifically with gambling offenses. That subsection expressly defines *which* gambling offenses can constitute specified unlawful

activity, as incorporated in section 1956(c)(7). It is a narrow list. To be cognizable as “specified unlawful activity,” the government must allege an “act . . . involving . . . gambling . . . which is chargeable under State law and *punishable by imprisonment for more than one year*. 18 U.S.C. § 1961(1)(A) (emphasis added). Here, the government has alleged predicate violations of New York State Penal Law §§ 225.00 and 225.05. SAC ¶ 231. But the offense set forth in these provisions, “Promoting gambling in the second degree,” is classified as a “Class A misdemeanor.” N.Y. Penal Law § 225.05. Under New York law, such offenses are punishable by a prison term that “shall not exceed one year.”<sup>10</sup> *Id.* § 70.15.

The government’s gambit is straightforward enough: knowing it cannot state a claim based on the specific gambling provision in section 1961(1)(A), it has resorted to the Travel Act, a racketeering statute whose own predicate gambling offenses arguably lack the one-year prison term requirement found in the very statute on which its forfeiture and money laundering claims are based. For three reasons, the Court should not countenance this end-run around the plain language of section 1961(1).

First, the government’s attempt to use the Travel Act’s appearance in section 1961(1)(B) as a means to avoid the one-year prison requirement for gambling offenses found in section 1961(1)(A) would render that requirement a nullity. “It is a cardinal principle of statutory construction that a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.” *TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001) (internal quotation marks omitted).

Second, the government’s end run around 1961(1)(A)’s one-year prison requirement runs afoul of the canon of construction “that the specific governs the general.” *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 384 (1992). That canon has special force where, as here,

---

<sup>10</sup> To the extent the government predicates its Travel Act claim on states besides New York, such as California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon, and Utah, it bears mentioning that none of the state statutes cited in the SAC references a prison term longer than one year. See SAC ¶ 231 & n.4 (listing statutes).

“Congress has enacted a comprehensive scheme and has deliberately targeted specific problems with specific solutions.” *RadLAX Gateway Hotel, LLC v. Amalgamated Bank*, 132 S. Ct. 2065, 2071 (2012) (internal quotation marks omitted); *see also HCSC-Laundry v. United States*, 450 U.S. 1, 6 (1981) (the specific governs the general “particularly when the two are interrelated and closely positioned, both in fact being parts of [the same statutory scheme]”). Here, the forfeiture and money laundering claims against Lederer are based on the complicated statutory scheme Congress has set up to determine which “specified unlawful activities” can support the causes of action. When the government arrives at section 1961(1) by way of section 1956(c)(7) and 981(a)(1)(C), it is faced with a specific provision governing gambling offenses. That provision, section 1961(1)(A), dictates that only those state gambling offenses carrying more than a year of imprisonment can support a forfeiture or money laundering claim. In other words, Congress has decided that only state law gambling offenses rising to a certain level of seriousness can support what could be a lengthy federal prison sentence (or in this case a dramatic civil forfeiture and monetary penalty). The government cannot usurp Congress’s authority by hunting for another provision in the same statute that allows it to bypass this important limitation. For this reason, the Travel Act claim cannot stand as pled.

Third, the rule of lenity requires that Lederer’s interpretation of section 1961(1) be adopted. That statute’s first two subsections, read together, create an ambiguity as to which gambling offenses constitute a “specified unlawful activity” on which the government may base a forfeiture or money laundering claim. Given the significant penalties that may flow from alleged violations of RICO predicates, “[t]he rule of lenity ‘is especially appropriate in construing . . . predicate offenses under . . . 18 U.S.C. § 1961(1).’” *See DiCristina*, 2012 WL 3573895, at \*25 (quoting *Skilling v. United States*, 130 S. Ct. 2896, 2932 (2010)).

**2. The government has failed sufficiently to allege a Travel Act violation.**

Even if the government were permitted to outmaneuver Congress by ignoring section 1961(1)(A)’s clear limitation on gambling offenses, the Travel Act claim still must fall. The

Travel Act makes it a crime to engage in any interstate or foreign travel, or to use any mail or facility in foreign or interstate travel, with the intent to “promote, manage, establish, carry on,” “facilitate,” or “distribute the proceeds of” any “unlawful activity.” 18 U.S.C. § 1952(a)(1)(3). “Unlawful activity,” in turn, is defined as extortion, bribery, arson, and “any business enterprise involving gambling . . . offenses in violation of the laws of the State in which they are committed or of the United States.” 18 U.S.C. § 1952(b)(1). As Judge Weinstein noted in *DiCristina*, unlike IGBA, the Travel Act “does not mention poker or otherwise enumerate any specific games that constitute gambling.” *Dicristina*, 2012 WL 3573895 at \* 41. Accordingly, Travel Act prosecutions involving “poker-related activities” have concerned “violation[s] of state, rather than federal, gaming laws.” *Id.* (citing *United States v. Izzi*, 385 F.2d 412 (7th Cir. 1967); *South v. United States*, 368 F.2d 202 (5th Cir.1966)).

To state a claim under the Travel Act, the government must allege two things. First, it must allege that the conduct at issue falls within the generic term “gambling” as used in the statute. See *United States v. Nardello*, 393 U.S. 286, 295-96 (1969) (discussing the generic term “extortion”). Second, the government must allege “the commission of or the intent to commit” the state law violation(s) at issue. *United States v. Bertman*, 686 F.2d 772, 774 (9th Cir. 1982). This is so because “[t]he Travel Act establishes only concurrent federal jurisdiction over what are already state or local crimes . . . . The federal government cannot usurp state authority via the Travel Act because a state must first decide that the conduct at issue is illegal.” *United States v. Nader*, 542 F.3d 713, 721–22 (9th Cir. 2008).

The SAC meets neither requirement. For all of the reasons discussed above regarding IGBA, poker does *not* fall within the generic term “gambling.” The handful of cases affirming Travel Act violations based on poker-related activities are decades old, not binding on this Court, lacked any rigorous analysis of the question, and were decided without the benefit of the voluminous expert testimony that led Judge Weinstein to conclude what every semi-serious poker player knows: poker is a game of skill.

Moreover, the government has failed to allege what specific acts FTP took in which states, how any such acts violated each state gaming law, and which property was derived from each alleged state law violation. This lack of specifics dooms the Travel Act claim under both Rule 8(a) and Supplemental Rule E(2)(a). Lederer cannot be expected to defend a claim amounting to nothing more than “FTP violated several different state gambling laws, up to and including every such law in the union, and therefore every dime Lederer earned from FTP, no matter which state (or even country) it came from, is forfeitable.” The Travel Act claim must be dismissed.

#### V. CONCLUSION

The government’s *in personam* civil money laundering claim against Lederer is premised on allegations that FTP operated in violation of IGBA and the Travel Act. Because these claims lack legal and factual support, the *in personam* claim against Lederer must be dismissed. The government has similarly failed to plead its First and Second *in rem* claims for relief against Lederer’s bank accounts and property, and those claims must also be dismissed.

Dated: November 15, 2012

Respectfully submitted,

/s/ Elliot R. Peters

Elliot R. Peters  
Cody S. Harris  
KEKER & VAN NEST LLP  
633 Battery Street  
San Francisco, CA 94111-1809  
415 391 5400 (Telephone)  
415 397 7188 (Facsimile)  
Email: epeters@kvn.com  
Email: charris@kvn.com

**Attorneys for Defendant and Claimant  
HOWARD LEDERER**



**CERTIFICATE OF SERVICE**

I hereby certify under penalty of perjury that on November 15, 2012, I caused a true copy of the foregoing Memorandum of Law In Support of Defendant and Claimant Howard Lederer's Motion to Dismiss The Verified Second Amended Complaint's In Personam Civil Money Laundering Claim And First And Second In Rem Claims to be served by the Court's ECF system upon:

Jason H. Cowley  
Michael D. Lockard  
United States Attorneys Office  
One Saint Andrew's Plaza  
New York, NY 10007  
Tel: (212) 637-1060  
Fax: (212) 637-0421  
Jason.Cowley@usdoj.gov  
Michael.Lockard@usdoj.gov

/s/Elliot R. Peters  
Elliot R. Peters

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

- - - - -x  
UNITED STATES OF AMERICA, :

Plaintiff, :

- v. - :

VERIFIED SECOND AMENDED  
COMPLAINT

11 Civ. 2564 (LBS)

POKERSTARS; FULL TILT POKER; :  
ABSOLUTE POKER; ULTIMATE BET; :  
OLDFORD GROUP LTD.; RATIONAL :  
ENTERTAINMENT ENTERPRISES LTD.; :  
PYR SOFTWARE LTD.; STELEKRAM LTD.; :  
SPHENE INTERNATIONAL LTD.; :  
TILTWARE LLC; KOLYMA CORPORATION :  
A.V.V.; POCKET KINGS LTD.; POCKET :  
KINGS CONSULTING LTD.; FILCO LTD.; :  
VANTAGE LTD.; RANSTON LTD.; MAIL :  
MEDIA LTD.; FULL TILT POKER LTD.; :  
SGS SYSTEMS INC.; TRUST SERVICES :  
LTD; FIDUCIA EXCHANGE LTD.; BLUE :  
WATER SERVICES LTD.; ABSOLUTE :  
ENTERTAINMENT, S.A.; and BLANCA :  
GAMES, INC. OF ANTIGUA; RAYMOND :  
BITAR; HOWARD LEDERER; CHRISTOPHER :  
FERGUSON, a/k/a "JESUS;" and :  
RAFAEL FURST, :

Defendants; :

ALL RIGHT, TITLE AND INTEREST IN :  
THE ASSETS OF POKERSTARS; FULL :  
TILT POKER; ABSOLUTE POKER; :  
ULTIMATE BET; OLDFORD GROUP LTD.; :  
RATIONAL ENTERTAINMENT ENTERPRISES :  
LTD.; PYR SOFTWARE LTD.; STELEKRAM :  
LTD.; SPHENE INTERNATIONAL LTD.; :  
TILTWARE LLC; KOLYMA CORPORATION :  
A.V.V.; POCKET KINGS LTD.; POCKET :  
KINGS CONSULTING LTD.; FILCO LTD.; :  
VANTAGE LTD.; RANSTON LTD.; MAIL :  
MEDIA LTD.; FULL TILT POKER LTD.; :  
SGS SYSTEMS INC.; TRUST SERVICES :  
LTD; FIDUCIA EXCHANGE LTD.; BLUE :  
WATER SERVICES LTD.; ABSOLUTE :  
ENTERTAINMENT, S.A.; and BLANCA :  
GAMES, INC. OF ANTIGUA; INCLUDING :  
BUT NOT LIMITED TO THE PROPERTIES :  
LISTED IN SCHEDULE A, SUCH AS BUT

NOT LIMITED TO THE DOMAIN NAMES  
POKERSTARS.COM; FULLTILTPOKER.COM;  
ABSOLUTEPOKER.COM;  
ULTIMATEBET.COM; and UB.COM;  
ALL RIGHT, TITLE, AND INTEREST IN  
THE PROPERTIES LISTED IN SCHEDULE  
B; ALL RIGHT, TITLE, AND INTEREST  
IN THE PROPERTIES LISTED IN  
SCHEDULE C, and ALL RIGHT, TITLE,  
AND INTEREST IN THE PROPERTIES  
LISTED IN SCHEDULE D,

Defendants-in-rem.

- - - - -x

I. INTRODUCTION.. . . . 4

II. JURISDICTION AND VENUE.. . . . 19

III. THE PARTIES AND OTHER RELEVANT ENTITIES. . . . . 20

IV. FACTUAL ALLEGATIONS. . . . . 25

The Enactment of the UIGEA.. . . . 25

The Scheme to Defraud. . . . . 26

Fraudulent Credit Card Processing. . . . . 27

Fraudulent E-Check Processing. . . . . 29

"Transparent Processing".. . . . 39

The Poker Company Domain Names.. . . . 43

The Pokerstars.com Website. . . . . 46

The Fulltilt.com Website. . . . . 51

The Absolutepoker.com Website.. . . . 59

The Ultimatebet.com Website.. . . . 63

Prior Seizures of Poker Processing Accounts. . . . . 66

V. FULL TILT POKER'S THEFT OF PLAYER FUNDS. . . . . 71

Full Tilt Poker's Assurances To Players About the Security  
    of Deposits Made to Online Gambling Accounts. . . . . 72

Lies About Segregated Accounts. . . . . 72

Lies About Ability To Collect Player Deposits.. . . . 80

Lies to Full Tilt Poker's Regulator . . . . . 81

Lies To Prevent The Scheme From Being Discovered. . . . . 82

Distributions to Full Tilt Owners, Including the FTP  
        Insiders.. . . . 84

Lederer Assets Acquired With Proceeds Traceable  
    to His Unlawful Activity. . . . . 86

Lederer Funded a Personal Bank Account With Unlawful  
        Proceeds. . . . . 86

	<u>Lederer Real Property Acquired With Unlawful Proceeds</u> . . . . .	88
	<u>Lederer Retirement Accounts Funded With Unlawful Proceeds</u> . . . . .	98
	<u>Lederer Automobiles Purchased With Unlawful Proceeds</u> . . . . .	98
	<b><u>Bitar Real Property Acquired With Proceeds Traceable to His Unlawful Activity</u></b> . . . . .	104
VI.	PROBABLE CAUSE FOR FORFEITURE . . . . .	107
VII.	CLAIMS FOR FORFEITURE . . . . .	108
	<b><u>FIRST CLAIM FOR RELIEF</u></b> - Illegal Gambling . . . . .	108
	<b><u>SECOND CLAIM FOR RELIEF</u></b> - Travel Act Offenses . . . . .	110
	<b><u>THIRD CLAIM FOR RELIEF</u></b> - Bank and Wire Fraud . . . . .	112
	<b><u>FOURTH CLAIM FOR RELIEF</u></b> - Wire Fraud . . . . .	115
	<b><u>FIFTH CLAIM FOR RELIEF</u></b> - Promotion Money Laundering and Conspiracy . . . . .	117
	<b><u>SIXTH CLAIM FOR RELIEF</u></b> - Concealment Money Laundering and Conspiracy . . . . .	119
	<b><u>SEVENTH CLAIM FOR RELIEF</u></b> - International Money Laundering and Conspiracy . . . . .	120
	<b><u>EIGHTH CLAIM FOR RELIEF</u></b> - Bulk Money Laundering and Conspiracy . . . . .	122
	<b><u>NINTH CLAIM FOR RELIEF</u></b> - Promotion Money Laundering and Conspiracy Relating to Full Tilt Fraud Against Players . . . . .	124
	<b><u>TENTH CLAIM FOR RELIEF</u></b> - Concealment Money Laundering and Conspiracy Relating to Full Tilt Fraud Against Players . . . . .	125
	<b><u>ELEVENTH CLAIM FOR RELIEF</u></b> - International Money Laundering and Conspiracy Relating to Full Tilt Fraud Against Players . . . . .	127
	<b><u>TWELFTH CLAIM FOR RELIEF</u></b> - Bulk Money Laundering and Conspiracy Relating to Full Tilt Fraud Against Players . . . . .	129
VIII.	CIVIL MONEY LAUNDERING PENALTIES . . . . .	130

Plaintiff United States of America, by its attorney, Preet Bharara, United States Attorney for the Southern District of New York, for its second amended complaint, upon information and belief, alleges as follows:

## I. INTRODUCTION

1. From at least in or about November 2006, and continuing through in or about April 2011, the three leading internet poker companies doing business in the United States were PokerStars, Full Tilt Poker and Absolute Poker/Ultimate Bet (collectively the "Poker Companies"). Because United States banks were largely unwilling to process payments for an illegal activity such as internet gambling, the three Poker Companies used fraudulent methods to avoid these restrictions and to receive billions of dollars from United States residents who gambled through the Poker Companies.

2. The principals of the Poker Companies, including Isai Scheinberg ("Scheinberg") and Paul Tate ("Tate") of PokerStars, Scott Tom ("Tom") and Brent Beckley ("Beckley") of Absolute Poker, and Raymond Bitar ("Bitar") and Nelson Burtnick ("Burtnick") of Full Tilt Poker; and others working in concert with the Poker Companies and on their behalf, deceived or directed others to deceive United States banks and financial institutions into processing billions of dollars in payments for the Poker Companies, by, among other things, arranging for the

money received from United States gamblers to be disguised as payments to hundreds of non-existent online merchants and other non-gambling businesses.

3. To accomplish this deceit, the Poker Companies and Scheinberg, Bitar, Beckley, Burtnick, Tate, and others relied on highly compensated third party payment processors (the "Poker Processors") who lied to United States banks about the nature of the financial transactions they were processing and covered up those lies through the creation of phony corporations and websites to disguise payments to the Poker Companies. These Poker Processors included, among others, Ryan Lang ("Lang"), Bradley Franzen ("Franzen"), Ira Rubin ("Rubin"), and Chad Elie ("Elie"), who, at various times relevant to this Complaint, processed and helped disguise payments to each of the three Poker Companies.

4. Working together, the Poker Companies and Poker Processors deceived United States banks and financial institutions - including banks insured by the Federal Deposit Insurance Corporation - into processing billions of dollars in gambling transactions for the Poker Companies. Approximately one-third or more of the funds deposited by gamblers went directly to the Poker Companies as revenue through the "rake" the Poker Companies charged players on almost every poker hand played online.

5. As described more fully below, one of the Poker Companies, Full Tilt Poker, not only engaged in the operation of an illegal gambling business, Travel Act violations, bank fraud, wire fraud, and money laundering as alleged in this Complaint, but also defrauded its poker players by misrepresenting to players that funds deposited into their online player accounts were secure and segregated from operating funds, while at the same time using player funds to pay out hundreds of millions of dollars to Full Tilt Poker owners. Full Tilt Poker was able to accomplish this massive fraud, in part, because it illegally conducted business in the United States but maintained its personnel, operations, assets, and accounts principally overseas.

6. As described more fully below, by in or about the Fall of 2010, Full Tilt Poker's payment processing channels were so disrupted that the company faced substantial difficulty attempting to collect funds from players in the United States. Rather than disclose this fact, Full Tilt Poker simply credited players' online gambling accounts with money that had never actually been collected from the players' bank accounts. Full Tilt Poker allowed players to gamble with -- and lose to other players -- this phantom money that Full Tilt Poker never actually collected or possessed. When other players won these phantom funds, their accounts were credited with money that Full Tilt Poker did not actually possess, but now nevertheless owed to

these players. As a result, Full Tilt Poker soon developed a massive shortfall between the money owed to United States players and the money actually collected from United States players, with Full Tilt Poker having credited approximately \$130 million in phantom money to U.S. players' online accounts that was never actually collected from players' bank accounts. Full Tilt Poker never disclosed this shortfall to the public.

7. As of March 31, 2011, Full Tilt Poker owed approximately \$390 million to players around the world, including approximately \$150 million owed to players in the United States. At that time Full Tilt Poker had only approximately \$60 million on deposit in its bank accounts.

8. Meanwhile, from approximately April 2007 until April 2011, Full Tilt Poker, and its Board of Directors, Bitar, Howard Lederer ("Lederer"), Christopher Ferguson, a/k/a "Jesus" ("Ferguson"), and Rafael Furst ("Furst"), all owners of Full Tilt Poker, distributed approximately \$443,860,529.89 to themselves and other owners of the company. Payments to the Full Tilt Poker owners stopped only after April 15, 2011.

9. On or about March 10, 2011, a Grand Jury sitting in the Southern District of New York returned a sealed nine-count Superseding Indictment, S3 10 Cr. 336 (LAK) (the "Indictment") charging Scheinberg, Bitar, Tom, Beckley, Burtnick, Tate, Lang, Franzen, Rubin, Elie, and John Campos ("Campos") with conspiring



to violate the Unlawful Internet Gambling Enforcement Act ("UIGEA"), 31 U.S.C. §§ 5363 and 5366, in violation of Title 18, United States Code, Section 371 (Count One); violating UIGEA, Title 31, United States Code, Sections 5363 and 5366 (Counts Two, Three, and Four); conducting illegal gambling businesses, in violation of Title 18, United States Code, Section 1955 (Counts Five, Six, and Seven); conspiring to commit wire fraud and bank fraud, in violation of Title 18, United States Code, Section 1349 (Count Eight); and conspiring to launder money, in violation of Title 18, United States Code, Section 1956(h) (Count Nine). A true and correct copy of the Indictment is attached hereto as Exhibit A and is incorporated by reference as if fully set forth herein.

10. On or about April 14, 2011, this action was commenced by the filing of a sealed in rem forfeiture and civil money laundering complaint ("the Complaint"). The Complaint sought civil monetary penalties against the Poker Companies and the entities that operated those companies: Pokerstars, Full Tilt Poker, Absolute Poker, Ultimate Bet, Oldford Group Ltd., Rational Entertainment Enterprises Ltd., Pyr Software Ltd., Stelekram Ltd., Spheue International Ltd., Tiltware LLC, Kolyma Corporation A.V.V., Pocket Kings Ltd., Pocket Kings Consulting Ltd., Filco Ltd., Vantage Ltd., Ranston Ltd., Mail Media Ltd., Full Tilt Poker Ltd., SGS Systems Inc., Trust Services Ltd., Fiducia

Exchange Ltd., Blue Water Services Ltd., Absolute Entertainment, S.A., and Blanca Games, Inc. of Antigua (the "Poker Company Defendants").

11. The Complaint further sought the forfeiture of all right, title and interest in the assets of the Poker Company Defendants, including but not limited to the properties set forth in Schedule A to that Complaint, including the domain names pokerstars.com, fulltiltpoker.com, absolutepoker.com, ultimatebet.com, and ub.com (the "Poker Company Properties"); as well as the properties set forth in Schedule B of that Complaint, consisting of bank accounts used by payment processors for the Poker Companies and bank accounts into which proceeds were transferred from the payment processor bank accounts (the "Processor Properties"). The Complaint alleged that the Poker Company Properties and the Processor Properties are subject to forfeiture (1) pursuant to Title 18, United States Code, Section 1955(d), as properties used in violation of the provisions of Section 1955; (2) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to violations of Section 1955; (3) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to a conspiracy to commit wire fraud and bank fraud; and (4) pursuant to Title 18, United States Code, Section 981(a)(1)(A), as properties

involved in transactions and transfers in violation of Title 18, United States Code, Sections 1956 and 1957, or property traceable to such property.

12. On or about April 15, 2011, the Honorable Lewis A. Kaplan, United States District Judge, Southern District of New York, issued a restraining order (the "Restraining Order") with respect to several of the Poker Company Properties and Processor Properties, finding probable cause that these properties are subject to forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 982(a)(2)(A), and 1955(d) and Title 28, United States Code, Section 2461(c). A true and correct copy of the Declaration of Special Agent Rosemary Karaka of the Federal Bureau of Investigation ("FBI") (the "Karaka Decl.") submitted in support of the Government's application for the Restraining Order is annexed hereto as Exhibit B and is incorporated by reference as if fully set forth herein.

13. On or about April 15, 2011, the Honorable Robert W. Sweet, United States District Judge, Southern District of New York, issued an Arrest Warrant In Rem for the Poker Companies' domain names.

14. On or about April 15, 2011, the Indictment, the Restraining Order, and the Complaint were unsealed.

15. On or about April 20, 2011, the United States entered into an agreement with Full Tilt Poker, a true and

correct copy of which is attached as Exhibit J, authorizing Full Tilt Poker to use its domain name, which had been seized pursuant to the Arrest Warrant In Rem, for the purpose of allowing internet poker in foreign countries where, Full Tilt Poker maintained, it operated lawfully; and for the purpose of facilitating Full Tilt Poker's repayment of funds to United States players with funds on deposit with Full Tilt Poker (the "Full Tilt Poker Domain Use Agreement").

16. On or about September 21, 2011, after obtaining leave from the Court, the United States filed an amended in rem forfeiture and civil money laundering complaint (the "First Amended Complaint"). The First Amended Complaint sought civil monetary penalties against the Poker Company Defendants and forfeiture of the Poker Company Properties and the Processor Properties on the same grounds alleged in the original Complaint. In addition, the First Amended Complaint also sought civil monetary penalties against Bitar, Lederer, Ferguson, and Furst (collectively, the "FTP Insider Defendants") pursuant to Title 18, United States Code, Section 1956(b), of the value of the property, funds, and monetary instruments involved in transactions the FTP Insider Defendants conducted and attempted to conduct in violation of Section 1956(a)(1) and (a)(3) and Section 1957, and transmissions and transfers the FTP Insider Defendants conducted in violation of Section 1956(a)(2). The

First Amended Complaint also sought the forfeiture of all right, title and interest in the contents of accounts set forth in Schedule C to the First Amendment Complaint and all property traceable thereto, consisting of payments received by the FTP Insider Defendants (collectively, the "FTP Insider Accounts"). The First Amended Complaint alleged that funds on deposit in the FTP Insider Accounts are subject to forfeiture (1) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to violations of Title 18, United States Code, Section 1955; (2) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to a conspiracy to commit wire fraud and bank fraud; (3) pursuant to Title 18, United States Code, Section 981(a)(1)(A), as properties involved in transactions and attempted transactions in violation of Title 18, United States Code, Sections 1956 and 1957, or property traceable to such property; and (4) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to wire fraud and conspiracy to commit wire fraud.

17. On or about July 2, 2012, a superseding eleven-count indictment, S8 10 Cr. 336 (LAK) (the "Superseding Indictment") returned by a Grand Jury sitting in the Southern District of New York was unsealed charging Bitar and Burtnick

with conspiring to violate the UIGEA in violation of Title 18, United States Code, Section 371 (Count One); violating the UIGEA, Title 31, United States Code, Sections 5363 and 5366 (Counts Two and Ten); conducting illegal gambling businesses, in violation of Title 18, United States Code, Section 1955 (Counts Three and Eleven); conspiring to commit wire fraud and bank fraud, in violation of Title 18, United States Code, Section 1349 (Count Four); committing wire fraud against Full Tilt Poker's players (Counts Five, Six, and Seven); and conspiring to launder money, in violation of Title 18, United States Code, Section 1956(h) (Counts Eight and Nine). A true and correct copy of the Superseding Indictment is attached hereto as Exhibit K and is incorporated by reference as if fully set forth herein.

18. Since the filing of the First Amended Complaint, the United States has resolved this action in relation to several defendants and third party claimants asserting an interest in property alleged in the First Amended Complaint to be subject to forfeiture. On or about July 11, 2012, the United States entered a stipulated order of settlement with claimant LST Financial, Inc. ("LST"), which had asserted a claim to certain of the Processor Properties held on account in its name. Pursuant to the settlement with LST, LST agreed to resolve its claim in this action and to the transfer of a sum of \$6,062,116.29 to the United States for forfeiture and disposition according to law

(the "LST Funds"). Because other claimants in this action had also asserted an interest in the LST Funds, the Court ordered, after application by the Government, that the LST Funds be maintained in a seized asset account until such competing claims are resolved.

19. On or about July 31, 2012, the Court entered two interrelated settlement agreements. One agreement was between the Government and the group of corporate claimants and defendants in this action (and other related entities) doing business collectively as Full Tilt Poker (the "Full Tilt Poker Group"). The settlement with the Full Tilt Poker Group (the "Full Tilt Settlement") provided for the forfeiture of certain assets of the Full Tilt Group, set forth in the Full Tilt Settlement (the "Forfeited Full Tilt Assets"). The second agreement was between the group of corporate claimants and defendants in this action doing business collectively as PokerStars (the "PokerStars Companies"). The settlement with the PokerStars Companies (the "PokerStars Settlement") provided, inter alia, for the forfeiture of \$547 million to the United States, the PokerStars Companies' assumption of foreign player liability of the Full Tilt Group, and for the conveyance of the Forfeited Full Tilt Assets to the PokerStars Companies or their designee. Upon the receipt of the first settlement payment from PokerStars of \$225,000,000.00 (the "First PokerStars Settlement

Payment”), which took place on or about August 9, 2012, this action was fully and finally resolved in relation to the PokerStars Companies and the Full Tilt Group.

20. Because certain other claimants in this action had claimed an interest in the Forfeited Full Tilt Assets, the Government has maintained certain of the First PokerStars Settlement Payment as substitute res for the claims of these other claimants. Specifically, the Government maintains in a seized assets account (1) \$36,487,230 as substitute res for the claim of the Commonwealth of Kentucky, ex rel., J. Michael Brown, Secretary Justice and Public Safety Cabinet (“Kentucky”), to the domain name fulltiltpoker.com, and (2) \$30,000,000 relating to the claim of Cardroom International LLC (“Cardroom”) (the funds serving as substitute res for the claims of Cardroom and Kentucky collectively, the “Full Tilt Substitute Res Funds”). The merits of Kentucky’s and Cardroom’s claims and their respective values, if any, remain to be adjudicated and the Government, by holding the Full Tilt Substitute Res Funds, does not concede that Kentucky or Cardroom has standing to assert a claim, a meritorious claim, or that their respective values are equal to the substitute funds being held.

21. Pursuant to this civil money laundering and in rem forfeiture Complaint (hereafter, the “Complaint”), the United States of America seeks: (1) civil money laundering penalties



against (a) Absolute Poker, SGS Systems Inc., Trust Services Ltd., Fiducia Exchange Ltd., Blue Water Services Ltd., Absolute Entertainment, S.A., and Blanca Games, Inc. of Antigua (the "Absolute Poker Defendants") pursuant to Title 18, United States Code, Section 1956(b), of the value of the property, funds, and monetary instruments involved in transactions the Absolute Poker Defendants conducted and attempted to conduct in violation of Title 18, United States Code, Sections 1956(a)(1) and section 1957, and transmissions and transfers the Absolute Poker Defendants conducted in violation of Section 1956(a)(2); and (2) civil money laundering penalties against the FTP Insider Defendants pursuant to Title 18, United States Code, Section 1956(b), of the value of the property, funds, and monetary instruments involved in transactions the FTP Insider Defendants conducted and attempted to conduct in violation of Title 18, United States Code, Section 1956(a)(1) and Section 1957, and transmissions and transfers the FTP Insiders conducted in violation of Section 1956(a)(2).

22. Pursuant to this civil money laundering and in rem forfeiture Complaint, the United States of America also seeks the forfeiture of all right, title and interest in the assets of the Absolute Poker Defendants, including but not limited to the properties set forth in Schedule A to this Complaint, including the domain names absolutepoker.com, ultimatebet.com, and ub.com

(the "Absolute Poker Properties"); as well as the properties set forth in Schedule B of this Complaint, consisting of the contents of the accounts used by the Poker Processors for the Poker Companies and the contents of the accounts into which funds were transferred from the Poker Processors' accounts (the "Remaining Processor Properties"). In this Complaint, the United States also seeks the forfeiture of all right, title and interest in the LST Funds and the Full Tilt Substitute Res Funds. The Absolute Poker Properties, the Remaining Processor Properties, the LST Funds, and the Full Tilt Substitute Res Funds (in their singular capacity as a substitute res for the Forfeited Full Tilt Property) are subject to forfeiture (1) pursuant to Title 18, United States Code, Section 1955(d), as properties used in violation of the provisions of Section 1955, or properties traceable thereto; (2) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to violations of Section 1955; (3) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to violations of Title 18, United States Code, Section 1952; (4) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to a conspiracy to commit wire fraud and bank fraud; and (5) pursuant to Title 18, United States Code, Section 981(a)(1)(A), as properties

involved in transactions and transfers in violation of Sections 1956 and 1957, or property traceable to such property. The Full Tilt Substitute Res Funds are also subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to the wire fraud scheme relating to player funds and involved in related money laundering offenses.

23. Pursuant to this civil money laundering and in rem forfeiture Complaint, the United States of America also seeks the forfeiture of all right, title and interest in the contents of the accounts set forth in Schedule C to this Complaint and all property traceable thereto, consisting of payments received by the FTP Insider Defendants (collectively, the "FTP Insider Accounts"). The United States of America also seeks the forfeiture of all right, title and interest in the contents of accounts and the properties set forth in Schedule D to this Complaint, consisting of accounts and properties purchased with funds traceable to the dividend payments received by the FTP Insider Defendants (the "FTP Insider Properties").<sup>1</sup> The contents of the FTP Insider Accounts and the FTP Insider Properties are subject to forfeiture (1) pursuant to Title 18,

---

<sup>1</sup> The Absolute Poker Properties, the Remaining Processor Properties, the LST Funds, Full Tilt Substitute Res Funds, the FTP Insider Accounts, and the FTP Insider Properties are referred to collectively as the "Defendant Properties."

United States Code, Section 1955(d), as properties used in violation of the provisions of Section 1955, or properties traceable thereto; (2) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to violations of Section 1955; (3) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to violations of Title 18, United States Code, Section 1952; (4) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to a conspiracy to commit wire fraud and bank fraud; (5) pursuant to Title 18, United States Code, Section 981(a)(1)(C), as properties constituting or derived from proceeds traceable to the wire fraud scheme relating to player funds; and (6) pursuant to Title 18, United States Code, Section 981(a)(1)(A), as properties involved in violations of Title 18, United States Code, Section 1957 and Sections 1956(a)(1) and (a)(2), or property traceable to such property.

## **II. JURISDICTION AND VENUE**

24. This Court has jurisdiction over this action pursuant to Title 28, United States Code, Sections 1345 and 1355.

25. Venue is proper pursuant to Title 28, United States Code, Section 1355(b)(1)(A) because acts and omissions

giving rise to the forfeiture took place in the Southern District of New York.

26. Venue is further proper pursuant to Title 28, United States Code, Section 1395(a) because the cause of action accrued in the Southern District of New York.

27. Venue is further proper pursuant to Title 18, United States Code, Section 1956(i) because the financial or monetary transactions were conducted in part in the Southern District of New York; because a prosecution for the underlying specified unlawful activity could be brought in the Southern District of New York and persons and entities committing those specified unlawful activities participated in the transfer of the proceeds of the specified unlawful activity from this District to districts where financial and monetary transactions were conducted; and because persons and entities conspired to violate Title 18, United States Code, Section 1956 and Section 1957 and venue for the completed offense lies in the Southern District of New York and acts in furtherance of the conspiracy took place in the Southern District of New York.

### **III. THE PARTIES AND OTHER RELEVANT ENTITIES**

28. At all times relevant to this Complaint, Scheinberg was a founder, owner, and principal decision-maker for PokerStars, an internet poker company founded in or about 2001 with headquarters in the Isle of Mann. Through its website,

pokerstars.com, PokerStars facilitated provided real-money gambling on internet poker games to United States customers, including but not limited to customers in California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon, and Utah. At various times relevant to this Complaint, PokerStars did business through several privately held corporations and other entities, including but not limited to Oldford Group Ltd., Rational Entertainment Enterprises Ltd., Pyr Software Ltd., Stelekram Ltd. and Sphene International Ltd. (collectively, "Pokerstars").

29. At all times relevant to the Complaint, Full Tilt Poker was an internet poker company founded in or about 2004 with headquarters in Ireland. Through its website, fulltiltpoker.com, Full Tilt Poker facilitated and provided real-money gambling on internet poker games to United States customers, including but not limited to customers in California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon, and Utah. At various times relevant to this Complaint, Full Tilt Poker did business through several privately held corporations and other entities, including but not limited to Tiltware LLC, Kolyma Corporation A.V.V., Pocket Kings Ltd., Pocket Kings Consulting Ltd., Filco Ltd., Vantage Ltd., Ranston Ltd., Mail Media Ltd., and Full Tilt Poker Ltd. (collectively, "Full Tilt Poker"). As of March 2011, Full Tilt Poker was the second-largest poker operator offering

gambling on poker games to United States residents. At various time during the time period alleged in this Complaint, Full Tilt Poker offered online poker for real money play in all fifty states.

30. At all times relevant to the Complaint, Bitar, Lederer, Ferguson, and Furst were part-owners of Tiltware LLC, a California Limited Liability Company that was the beneficial owner of all other Full Tilt Poker entities. In total, approximately 23 individuals owned shares in Tiltware LLC. The FTP Insider Defendants specifically owned the following approximate percentages of Tiltware LLC: Bitar (7.8%), Lederer (8.6%), Ferguson (19.2%), and Furst (2.6%). The FTP Insider Defendants were also, at all relevant times, members of the Board of Directors of Tiltware LLC, and Ferguson was Chairman of the Board of Directors. At all times relevant to the Complaint, Bitar and Lederer were the two managing members of Tiltware LLC and Bitar was the CEO of Full Tilt Poker. At certain times relevant to the Complaint, Lederer was the President of Full Tilt Poker. Lederer and Ferguson were also widely known professional poker players, as were many of the other part-owners of Tiltware LLC.

31. At certain times relevant to this Complaint, Tom and his step-brother Beckley were founders and/or principal decision-makers for Absolute Poker, an internet poker company

founded in or about 2003 with its headquarters in Costa Rica. Through its websites, absolutepoker.com, ultimatebet.com, and ub.com, Absolute Poker provided real-money gambling on internet poker games to United States customers, including but not limited to customers in California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon, and Utah. At various times relevant to this Complaint, Absolute Poker did business through several privately held corporations and other entities, including but not limited to SGS Systems Inc., Trust Services Ltd, Fiducia Exchange Ltd., Blue Water Services Ltd., and Absolute Entertainment, S.A. In or around October 2006, Tokwiro Enterprises was identified as the owner of record of Absolute Poker and a companion poker and blackjack gambling website, Ultimate Bet. In around August 2010, ownership of Absolute Poker and Ultimate Bet was transferred to Blanca Games, Inc. of Antigua (collectively, these entities are "Absolute Poker").

32. At certain times relevant to the Complaint, Burtnick was an executive in the payment processing departments of PokerStars and Full Tilt Poker. From in or about October 2006 through in or about November 2008 Burtnick was an employee in the payment processing department of PokerStars, where he ultimately served as the head of payment processing. From in or about February 2009 up to and including in or about June 2011, Burtnick



served as head of the payment processing department for Full Tilt Poker.

33. From at least in or about the summer of 2006 up to and including in or about March 2011, Tate was an employee of PokerStars, including in the payment processing department. From in or about early 2009, up to and including in or about March 2011, Tate served as the head of the payment processing department for PokerStars.

34. From at least in or about October 2006, up to and including at least in or about the spring of 2010, Lang worked with the Poker Companies to identify Poker Processors willing to process payments for the Poker Companies, including through deceptive means. In this capacity, Lang acted as an intermediary between principals of the Poker Companies, including defendants Scheinberg, Bitar, Beckley, Burtnick and Tate, and the Poker Processors.

35. From at least in or about 2007, up to and including on or about March 2011, Franzen worked with internet gambling companies including the Poker Companies, to identify Poker Processors willing to process payments for the Poker Companies, including through deceptive means. In this capacity, Franzen acted as an intermediary between principals of the Poker Companies, including defendants Beckley and Burtnick, and the Poker Processors.

36. From at least in or about 2007, up to and including in or about March 2011, Rubin processed payments for various internet gambling companies, including each of the Poker Companies, by disguising the payments as payments to dozens of phony internet merchants.

37. From at least in or about the summer of 2008, up to and including in or about March 2011, Elie together with others, opened bank accounts in the United States, including through deceptive means, through which each of the Poker Companies received payments from United States-based gamblers.

38. From at least in or about September 2009, up to and including in or about March 2011, Campos was the Vice Chairman of the Board of Directors and part owner of SunFirst Bank in St. George, Utah, which processed payments for PokerStars and Full Tilt Poker.

#### **IV. FACTUAL ALLEGATIONS**

##### **The Enactment of the UIGEA**

39. On or about October 13, 2006, the 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." Following the passage of the UIGEA, leading internet gambling businesses - including the leading internet poker company doing business in

the United States at that time - terminated their United States operations.

40. On various dates in October 2006, notwithstanding the passage of the UIGEA, the Poker Companies issued public statements indicating that they intended to continue offering gambling, including internet poker, in the United States. For example, in an October 16, 2006 press release, Absolute Poker - whose United States citizen founders had relocated to Costa Rica - noted that Absolute Poker was a "privately held operation, which gives our business model more flexibility and creativity in operating." Absolute Poker also claimed that its payment transactions were done "within the framework of the international banking system, which the U.S. Congress has no control over."

#### **The Scheme to Defraud**

41. As set forth more fully below, at most times relevant to this Complaint, because internet gambling businesses such as those operated by the Poker Companies were illegal under United States law, internet gambling companies, including the Poker Companies, were not permitted by United States banks to open bank accounts in the United States to receive proceeds from United States gamblers. Instead, both prior to and particularly after the passage of the UIGEA, the principals of the Poker Companies, including but not limited to Scheinberg, Bitar, Tom, Beckley, Burtnick and Tate, operated through various deceptive

means designed to trick United States banks and financial institutions into processing gambling transactions on the Poker Companies' behalf.

**Fraudulent Credit Card Processing**

42. Beginning in or about 2001, credit card companies Visa and MasterCard introduced regulations requiring member banks that processed credit card transactions for merchants (so-called "acquiring banks") to apply a particular transaction code to internet gambling transactions. Thereafter, certain U.S. banks that issued credit cards to U.S. consumers (so-called "issuing banks") elected not to extend credit to customers for internet gambling purposes and as a matter of policy automatically declined transactions bearing that internet gambling transaction code. The number of U.S. issuing banks declining such transactions increased significantly over time such that, even prior to the passage of the UIGEA in October 2006, most United States banks blocked transactions containing the internet gambling code.

43. In order to circumvent the Visa and MasterCard regulations and trick U.S. banks into authorizing their internet gambling transactions and extending them such credit, Scheinberg, Bitar, Beckley, Burtnick and Tate, worked with and directed others to apply incorrect transaction codes to their respective Poker Companies' internet gambling transactions in order to

disguise the nature of those transactions and create the false appearance that the transactions were completely unrelated to internet gambling.

44. One method used by the members of the conspiracy to trick the United States banks into approving internet gambling charges involved the creation of phony non-gambling companies that the Poker Companies used to initiate the credit card charges. At various times alleged in this Complaint, Bitar, Beckley, and Burtnick worked with other members of the conspiracy to create such fictitious companies - including phony online flower shops and pet supply stores - that established Visa and MasterCard merchant processing accounts with offshore banks. When Full Tilt Poker and Absolute Poker processed a transaction through one of these phony companies without applying a gambling code to the transaction, the United States issuing bank would be tricked into approving the gambling transaction even if its policy was to not allow the extension of credit for internet gambling. Because the credit card networks were often able to detect the fraudulent nature of these phony merchants after a period of time and to shut down processing for those phony merchants, Bitar, Beckley and Burtnick, and their co-conspirators, arranged for a supply of stand-by phony merchants to be used when a particular phony merchant was discovered.

45. A second method used by the members of the conspiracy to trick United States banks involved the use of certain pre-paid credit cards. At various times alleged in this Complaint, the Poker Companies, through, among others, Scheinberg, Bitar, Beckley, Burtnick, and Tate, and their co-conspirators, developed so-called "stored value cards" - such as pre-paid debit cards or even pre-paid "phone" cards - that could be "loaded" with funds from a U.S. customer's credit card without using a gambling transaction code. Once "loaded" in this way, the stored value cards were used by gamblers almost exclusively to transfer funds to Poker Companies and other gambling companies. To avoid detection, Scheinberg, Bitar, Beckley, Burtnick, and Tate, and their co-conspirators, arranged for fake internet web sites and phony consumer "reviews" of the stored value cards so that it would appear that the stored value cards had some other legitimate purpose.

#### **Fraudulent E-Check Processing**

46. Because Visa and MasterCard sought to identify and block attempts to circumvent their rules requiring internet gambling transactions to be correctly identified - so that banks could decline to accept them if they wished - the Poker Companies were unable to process credit card transactions consistently, even through their use of fraudulent means. Accordingly, Scheinberg, Bitar, Beckley, Burtnick, and Tate, and others,

worked with and directed others to develop yet another method of deceiving United States banks and financial institutions into processing their respective Poker Companies' internet gambling transactions, through fraudulent e-check processing.

47. At all times relevant to this Complaint, the Automated Clearinghouse (or "ACH") system was an electronic network, administered by the Federal Reserve, that allowed for electronic fund transfers to and from United States bank accounts through "e-checks" or "electronic checks." At various times relevant to this Complaint, the Poker Companies, through, Scheinberg, Bitar, Beckley, Burtnick, Tate, and others, increasingly focused their payment systems on e-checks.

48. A principal difficulty for the Poker Companies in e-check processing was that the ACH system required the merchant to open a processing account at a United States-based Originating Depository Financial Institution (or "ODFI"). Because the Poker Companies were not legally able to offer gambling in the United States, the Poker Companies could not - and did not - seek to open bank accounts for e-check processing in the names of their businesses. Instead, the Poker Companies found third parties - the Poker Processors - willing to open the bank accounts and process these e-check transactions on behalf of the Poker Companies using the names of phony companies.

49. In furtherance of this aspect of the scheme, Scheinberg, Bitar, Beckley, Burtnick, and Tate, among others, relied on various middlemen, including Lang and Franzen, to connect their respective Poker Companies with payment processors willing to handle internet poker e-check transactions. Following these introductions, Scheinberg, Bitar, Beckley, Burtnick, and Tate entered into processing agreements with certain of the e-check processors. The agreements provided the e-check processors with fees for processing each e-check transaction that were substantially higher than fees paid for standard e-check processing for legitimate, non-gambling merchants. The Poker Companies, including through Scheinberg, Bitar, Beckley, Burtnick, and Tate, then worked with the e-check processors and other co-conspirators to disguise the Poker Companies' receipt of gambling payments so that the transactions would falsely appear to United States banks as non-gambling transactions.

50. At all times relevant to this Complaint, the Poker Companies, through Scheinberg, Bitar, Beckley, Burtnick, and Tate, and others, and the e-check processors, typically accomplished fraudulent e-check processing as follows:

a. The e-check processors - sometimes directly, and sometimes through third parties - opened bank accounts at United States-based ODFI banks in order to process the Poker Companies' e-check transactions through the ACH system. The e-



check processors typically lied to the ODFI bank about the purpose of the account, falsely claiming that the account would be used to process e-checks for a wide variety of lawful e-commerce merchants without disclosing that, in fact, they would be used to process internet gambling transactions. In some cases, the e-check processors offered specific lies about the identity of these purported e-commerce merchants. In several cases, for example, the e-check processors falsely told the banks that the transactions were for particular purported internet shopping sites, such as an online store selling watches, when, in reality, as the e-check processors well knew, the transactions were for the Poker Companies.

b. The e-check processors worked with the Poker Companies, including with Scheinberg, Bitar, Beckley, Burtnick, and Tate, in the creation of dozens of phony corporations and corresponding websites so that the money debited from U.S. customer's banks would falsely appear to United States banks to be consumer payments to non-gambling related businesses. For example, in or about mid-2008, Rubin, together with co-conspirators, created dozens of phony e-commerce websites purporting to sell everything from clothing to jewelry to golf clubs to bicycles which, in reality, and as Rubin and his co-conspirators well knew, would in fact be used to disguise PokerStars' gambling transactions. In another example, in or

around June 2009, Franzen, working with multiple co-conspirators, created a phony business called "Green2YourGreen" to be used to disguise payments from U.S. gamblers destined for each of the Poker Companies. Franzen's co-conspirators falsely told multiple United States banks insured by the FDIC, including Citibank and Wells Fargo Bank, among others, that "Green2YourGreen" was a "direct sales" business that allowed consumers to buy environmentally friendly household products and sell them to other consumers in return for commissions. Indeed, the phony Green2YourGreen website that Franzen's co-conspirators created to disguise the gambling transactions listed numerous products that were purportedly for sale and contained "testimonials" about the benefits of green living.

c. The development and selection of phony merchants and websites to serve as cover for the poker processing was conducted in close coordination with the Poker Companies themselves, including with Scheinberg, Bitar, Beckley, Burtnick, Tate, and others. When a U.S. gambler entered his or her checking account information on one of the Poker Company's websites, the e-check transaction was submitted through the ACH system using the name of one of the phony businesses rather than the name of the Poker Company, and the charge appeared on the customer's bank account under this phony name. The e-check processors' computer systems communicated with the computer

systems of the Poker Companies so that when a gambler entered e-check information on one of the Poker Company's websites, the gambler and Poker Company received notice of the name of the phony merchant that would appear on the customer's bank account statement, in lieu of the name of the Poker Company, as having initiated the charge. For example, for a time PokerStars used "oneshopcenter" and "mygolflocations" to appear as the party initiating the charges on gamblers' bank statements. At the time, "oneshopcenter.com" and "mygolflocation.com" were purported internet merchants that falsely claimed to sell clothing and jewelry (for oneshopcenter.com) and golf clubs (for mygolflocation.com).

d. Similarly, the Poker Companies worked with the Poker Processors to coordinate responses to customer inquiries to the phony merchants, including the complaints of gamblers confused by the phony merchant name appearing on their checking account statement. For example, in or around March 2009, Gambler 1 and Gambler 2 sent e-mails to purported customer service addresses listed by oneshopcenter.com and mygolflocation.com regarding attempts to purchase particular items. Gambler 1 and Gambler 2 received responses not from these websites, but from individuals identifying themselves as customer service employees of PokerStars replying from e-mail addresses associated with PokerStars.

e. Tracking all of the phony merchants used to disguise gambling transactions created administrative and technical difficulties for the Poker Companies. For example, a PokerStars document from in or about May 2009 provided as follows:

It's not unusual for PokerStars to have their transactions identified by 30+ descriptors [the name of the merchant appearing on the consumer's credit card or checking account] at any point in time. The purpose of a descriptor is to help the customer identify the source of the transaction, be it credit card or electronic funds transfer. Unfortunately PokerStars does not have this luxury; relying on whatever descriptor the processor can get approved by the bank. These descriptors are diverse, often vague and rarely reflect the nature of the transaction in any way. In fact most descriptors strongly imply the transaction has nothing to do with PokerStars (i.e. BICYCLEBIGSHOP.COM, GOLFSHOPCENTER.COM, VENTURESHOPPING.COM etc). Whilst some players read confirmation emails and understand the process, many do not and it is all too easy for a player to say to their bank "I've never made a purchase at BICYCLEBIGSHOP.COM". As a result chargebacks (Not Auth & Stop Payments) are increasing which in turn jeopardizes the relationship with the processor and their banks.

51. The Poker Companies worked with multiple e-check processors introduced to them by defendants Lang, Franzen, and others, many of which the Poker Companies used simultaneously. These e-check providers included the following:

a. Intabill. In or around the spring of 2007, Lang introduced Scheinberg, Bitar, and Beckley to a method of e-check processing offered by Intabill, an Australia-based payment processing company. Because Intabill did not have direct access to United States ACH processing accounts, Intabill "sub-contracted" its processing to various United States-based e-check processors. With the knowledge and approval of Scheinberg, Bitar, Beckley, Burtnick and Tate, Intabill disguised the gambling transactions as the transactions of dozens of phony financial services merchants. Intabill processed at least \$543,210,092 of transactions for the Poker Companies from mid-2007 through March 2009. In or around March 2009, the Poker Companies ceased processing through Intabill, in part because Intabill owed them tens of millions of dollars for past processing.

b. Chad Elie. In 2008 and 2009, Elie had worked with Intabill to establish processing accounts for internet gambling that were disguised as accounts set up to process repayments of so-called "payday loans," which were high-interest, high-risk loans unrelated to gambling transactions. In or about August and September 2009, working with Franzen, Elie processed transactions on behalf of Full Tilt Poker. Also in or about August and September 2009, working with Beckley, Elie processed transactions on behalf of Absolute Poker through a bank account at Fifth Third Bank that Elie told the bank was an account to be

used for internet marketing transactions. Elie's deceptive processing through Fifth Third Bank terminated in September 2009 when the bank froze the funds, which were subsequently seized by U.S. law enforcement through a judicial warrant.

c. Intabill's U.S. Representative. In or around March 2009, Intabill's former U.S.-based representative, Andrew Thornhill, began seeking to process transactions for the Poker Companies himself, communicating at various times with Scheinberg, Tate, Franzen, and Elie, among others, about potential processing. In or around June 2009, Thornhill and Franzen began processing e-checks for each of the Poker Companies disguised as payments to the phony "Green2YourGreen" environmentally friendly household products company described above. The Green2YourGreen processing lasted only a few months, until approximately August 2009, when Citibank and Wells Fargo Bank, among others, discovered that the transactions were, in fact, for internet gambling and terminated the accounts. At that time, the proceeds of these accounts were then seized by U.S. law enforcement pursuant to a judicial warrant.

d. The Arizona Processor. In or around December 2008, after learning that Intabill was unlikely to continue processing, Scheinberg, Bitar, Beckley, Burtnick and Tate began processing payments through an Arizona payment processor (the "Arizona Processor"). From in or about December 2008 through on or about June 1, 2009, the Arizona Processor processed more than

\$100 million in payments primarily from U.S. gamblers to each of the Poker Companies; all of these transactions were processed using the names of phony merchants so as falsely to appear unrelated to internet gambling. On or about June 1, 2009, the Arizona Processor ceased processing transactions for the Poker Companies following the seizure of its bank accounts by U.S. law enforcement pursuant to a judicial warrant.

e. Ira Rubin. At various times relevant to this Complaint, each of the Poker Companies employed Rubin, his company E-Triton, and various of Rubin's associates, including an e-check processor in California (the "California Processor"), to process their internet gambling transactions disguised as legitimate online merchant transactions, in order to trick U.S. banks into authorizing the transactions. For example, in or about mid-2008, Scheinberg and Burtnick hired Rubin's company E-Triton to process PokerStars transactions disguised as payments to dozens of phony web stores, including oneshopcenter.com and mygolflocation.com, which Rubin sub-contracted to the Arizona Processor. In another example, in or about June 2009, following the Arizona Processor's termination of its processing activities, Burtnick and Franzen arranged for two of Rubin's associates to process payments for Full Tilt Poker disguised as payments to a medical billing company, until accounts related to that processing were seized by judicial order in or about September 2009. In a final example, at various times from approximately

2008 up to and including in or about March 2011, Beckley hired Rubin to process e-checks for Absolute Poker disguised as, among other things, payroll processing, affiliate marketing, and online electronics merchants.

**"Transparent Processing"**

52. In or around late 2009, following the collapse of multiple e-check processing operations used by the Poker Companies and the judicially ordered seizure of funds and other law enforcement action taken against Poker Processors, the Poker Companies, begin exploring a new payment processing strategy - so-called "transparent processing" - and the heads of PokerStars' and Full Tilt Poker's payment processing departments, Tate and Burtnick, attempted to find, at least where possible, processing solutions that did not involve lies to banks. Despite their expressed desire for "transparent" processing, for a period time PokerStars and Full Tilt Poker continued to rely on processors who disguised the poker transactions.

53. In order to find "transparent" processors, Scheinberg, Bitar, Burtnick and Tate, turned to processors who had worked with the Poker Companies before, including Ryan Lang, Bradley Franzen, and Chad Elie. The Poker Companies had previously sued Elie for allegedly stealing \$4 million of the Poker Companies' money. Elie was accepted as a source for "transparent" processing following a conversation between Elie



and Scheinberg in or about the fall of 2009 in which Elie agreed to repay some of this money.

54. Because it was illegal to process their internet gambling transactions, the Poker Companies had difficulty in identifying "transparent" processors. Elie and his associates were, however, able to persuade the principals of certain small, local banks that were facing financial difficulties to engage in such processing. In exchange for this agreement to process gambling transactions, the banks received sizeable fee income from processing poker transactions as well as promises of multi-million dollar investments in the banks from Elie and his associates. In at least one case, a payment to a bank official who approved the processing was made as well.

55. For example, in or around September 2009, Elie, together with Andrew Thornhill and a partner of Elie's ("Elie's Partner") approached Campos, the defendant, the Vice Chairman of the Board and part-owner of SunFirst Bank, a small, private bank based in Saint George, Utah. Campos, while expressing "trepidations" about gambling processing, proposed in a September 23, 2009 e-mail to accept such processing in return for a \$10 million investment in SunFirst by Elie and Elie's Partner, which would give Elie and Elie's Partner more than 30% ownership of the bank. Elie and Elie's Partner made an initial investment in SunFirst Bank of approximately \$3.4 million in approximately December 2009. On or about November 29, 2009, Andrew Thornhill

told an associate "things are going well with the bank we purchased in Utah and my colleagues and I are looking to purchase another bank for the purpose of repeating our business plan. We probably could do this for a grand total of 3 or 4 banks."

56. On or about December 14, 2009, SunFirst Bank began processing payments for PokerStars and FullTilt Poker. On or about April 8, 2010, Campos, the defendant, sent an "invoice" to Elie's Partner requesting that \$20,000 be paid to a corporate entity that Campos controlled as a "bonus" for "Check and Credit Card Processing Consulting." SunFirst Bank processed over \$200 million of payments for PokerStars and Full Tilt Poker through on or about November 9, 2010, when, at the direction of the FDIC, it ceased third party payment processing. SunFirst Bank earned approximately \$1.6 million in fees for this processing.

57. In furtherance of the conspiracy described above and to effect the illegal object thereof, the Poker Companies, and others known and unknown, including but not limited to Scheinberg, Bitar, Tom, Beckley, Burtnick, Tate, Lang, Franzen, Rubin, Elie, and Campos, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about October 20, 2008, Lang sent an e-mail to principals of Intabill, reminding them that Burtnick would soon leave PokerStars and that they had promised to "kick him back" 5 cents for every dollar on Intabill's processing revenue from PokerStars.

b. On or about January 20, 2009, PokerStars, Full Tilt Poker, and Absolute Poker each received an electronic transfer of funds from a gambler located in the Southern District of New York.

c. On or about February 11, 2009, Beckley sent an e-mail to a co-conspirator not named herein requesting that the co-conspirator obtain e-check and credit card processing for Absolute Poker.

d. On or about April 2, 2009, Scheinberg sent an e-mail to a co-conspirator not named herein about a PokerStars processing account shut down by a United States bank.

e. On or about April 3, 2009, Lang, Burtnick, and Bitar met in Nevada with a co-conspirator not named herein about processing payments through tribal banks.

f. On or about June 4, 2009, Franzen sent an e-mail to a co-conspirator not named herein and asked for a "payout company ID" for Full Tilt Poker consisting of "something on the shelf with a basic web presence."

g. On or about June 23, 2009, an unidentified individual at Full Tilt Poker sent an e-mail to Franzen that included comments on a call center script used by a payment processor that discussed the importance of not mentioning online poker to anyone calling customer service about a charge on a bank statement.

h. On or about September 22, 2009, Elie forwarded to Beckley and Franzen an e-mail from a bank representative stating that funds in an account opened by Elie for processing internet marketing payments were being frozen by the bank as gambling funds.

i. On or about September 29, 2009, Campos sent an e-mail to an attorney in which Campos called the attorney a "wet blanket" for cautioning Campos about processing gambling payments.

j. On or about October 15, 2009, Rubin sent an e-mail to Tate about processing PokerStars transactions through a Bank of America account opened in the name of a supposed internet shop selling electronics and other items.

k. On or about July 20, 2010, Campos flew from New York to Ireland to a meeting regarding processing of poker transactions.

l. In or around August 2007, Full Tilt Poker processed credit card payments for gambling transactions under the name "PS3SHOP," using a non-gambling credit card code for the transactions, through a credit card network with headquarters in the Southern District of New York.

#### **The Poker Company Domain Names**

58. The Poker Companies utilized websites as on-line portals for players in the United States, including but not limited to customers in California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon, and Utah, and elsewhere to deposit

and withdraw money to play online poker, and to facilitate the actual playing of online poker. In relation to these websites, the Poker Companies utilized the following domains:

POKERSTARS.COM,  
FULLTILTPOKER.COM,  
ABSOLUTEPOKER.COM,  
ULTIMATEBET.COM, and  
UB.COM

(the collectively "Subject Domain Names"). Domain names operate as follows:

a. A domain name is a simple, easy-to-remember way for people to identify computers on the Internet. For example, "www.google.com" and "www.yahoo.com" are domain names.

b. The Domain Name System ("DNS") is, among other things, a hierarchical convention for domain names. Domain names are composed of one or more parts, or "labels," that are delimited by periods, such as "www.example.com." The hierarchy of domains descends from right to left; each label to the left specifies a subdivision, or subdomain, of the domain on the right. The right-most label conveys the "top-level" domain. For example, the domain name "www.example.com" means that the computer assigned that name is in the ".com" top-level domain and the "example" second-level domain, and is a web server (denoted by the "www").

c. DNS servers are computers connected to the Internet that convert domain names that are easy for people to remember into Internet Protocol ("IP") addresses, which are unique machine-readable numeric addresses that computers use to identify each other on the Internet. An IP address looks like a series of four numbers, each in the range of 0-255, separated by periods (e.g., 121.56.97.178). Every computer connection to the Internet must be assigned an IP address so that Internet traffic sent from and directed to that computer is directed properly from its source to its destination. DNS servers can be said to "resolve" or "translate" domain names into IP addresses.

d. For each top-level domain (such as ".com"), there is a single company, called a "registry," that determines which second-level domain resolves to which IP address. For example, the registry for the ".tv," ".net," and ".com" top-level domains is VeriSign, Inc.

e. If an individual or business wants to purchase a domain name, they buy it through a company called a "registrar." Network Solutions LLC ("Network Solutions") and GoDaddy.com Inc. ("GoDaddy") are two well-known examples of registrars, although there are hundreds of registrars on the Internet. The registrar, in turn, communicates this purchase to the relevant registry. The individual or business who purchases, or registers, a domain name is called a "registrant."

f. Registrants control the IP address, and thus the computer, to which the domain name resolves. Thus, a registrant may easily move a domain name to another computer anywhere in the world simply by changing the IP address at the registry.

g. Registries and/or registrars maintain additional information about domain names, including the name and contact information of the registrant.

59. On March 5, 2011, a federal law enforcement agent visited the sites affiliated with the Subject Domain Names and took numerous "screen shots" of the sites, capturing what the websites looked like to one visiting the site on the Internet at that time. Additionally, during the course of this investigation, an individual cooperating with law enforcement (the "CW") visited three of the websites discussed herein. As detailed below for each of these three websites, the CW, through the websites, deposited real money into accounts maintained by the Poker Companies for playing poker online with real-money bets and withdrew money as well.

#### The Pokerstars.com Website

##### Content of the Pokerstars.com Website

60. Pokerstars.com is an online platform facilitating and providing for gambling, including the playing of online poker with real-money bets. The site consists of numerous webpages that feature information relating to playing poker through the website,

including for "Real Money." As captured by the March 5, 2011 screen shots, the homepage states: "Welcome to the World's Largest Poker Site." It states there is a \$600 "First Deposit Bonus" available to visitors of the site. The homepage includes tabs which can be pressed to link to other pages within the site, including links entitled "Real Money" and "Poker Tournaments." There is also a tab for downloading Poker software. Lower on the homepage, it states: "Welcome to PokerStars, where you'll find more tournaments and games than any other poker site, with 24/7 support, secure deposits, fast cashouts and award-winning software. This is where champions are born and you could be next. Start playing for free now." Under a section entitled "Pokerstars Blog News," it states that an individual with a particular username won "\$671,093.81 & Lamborghini."

61. From this homepage, a visitor can link to another webpage within the site that contains general information "About PokerStars." On that page, it states: "Making a deposit in to your PokerStars account is also quick and easy, with a range of payment options available. You can also take advantage of fast cashouts if you decide to withdraw money from your bank roll." That page also contains a section entitled "Fully licensed and regulated." Under that section, the page reads, in part: "PokerStars is a licensed and registered legal business located on the Isle of Man in the British Isles, and abides by all laws and regulations where it does business."



62. From the homepage, a visitor can also link to another page within the site that deals with "Playing with Real Money." This page states, in part:

Ready to play poker with real money at PokerStars? Download [indicating a link] our exciting online poker software and you'll be playing at our fast-paced tables in no time!

63. This page also explains that "Real money deposits into your poker account are accepted in several ways," and provides a drop-down menu list of countries "to view a list of payment and cashout methods available." The United States is included on that list. This page states:

PokerStars players' poker money and account balances are held in segregated accounts and not used for any of PokerStars' operational expenses. These segregated accounts are managed by a leading European Bank.

64. The page also lists a number of poker games and tournaments "available for real money play at PokerStars[.]" These include: Texas Holdem, Omaha High Low, Omaha High, Seven Card Stud High Low, Seven Card Stud, Razz, HORSE/HOSE, and a reference to Tournaments.

65. This page also includes a section on "Cashing Out Your Poker Winnings." That portion explains: "To cash out, click on the 'Cashier' button in the lobby and then select the 'Cash Out' button. You will then be prompted for a cashout amount; please enter the amount and click 'Submit.'" The page contains

information stating that a player can play without depositing real money at a "play money table."

66. Screen shots were also taken of a page within the website that explains how to "Fund Your Account." "Step 1" explains that a visitor should "Log into your PokerStars account and click the 'Cashier' button located at the bottom left hand corner of your game lobby." "Step 2" then directs the visitor to "Click 'Buy Chips' and choose a funding option, and click 'Deposit.'" The listed deposit options include Instant eChecks, and links to credit cards such as Visa and Diners Club International.

Gambling Deposits and Withdrawals on Pokerstars.com

67. On or about the dates listed in the chart below, the CW made the following deposits to a PokerStars online gambling account through the pokerstars.com website from a bank account held in Manhattan, New York:

<b>Date</b>	<b>Method of Payment</b>	<b>Amount Requested</b>	<b>Amount Reported</b>
06/10/10	eCheck	\$ 10.00	\$ 10.00
8/7/10	Check21	\$ 150.00	\$ 150.00
9/13/10	Check21	\$ 20.00	\$ 20.00
1/23/11	ACH	\$ 23.00	Reversed/Not Processed

68. On or about the dates listed in the chart below, the CW requested withdrawals from a PokerStars online gambling account through the pokerstars.com website:

<b>Date</b>	<b>Method of Payment</b>	<b>Amount Requested</b>	<b>Amount Reported</b>
8/4/2010	Paper Check	\$ 35.00	\$ 35.00
8/19/2010	Paper Check	\$ 100.00	\$ 100.00
11/29/2010	Paper Check	\$ 25.00	\$ 25.00

69. Rather than being issued from accounts in the name of PokerStars, the checks were issued from accounts in the names of entities with no seeming connection to gambling. For example, the checks issued on August 4, 2010 and August 19, 2010 came from an account in the name of TLC Global. The November 29, 2011 check came from an account in the name of Lancore Merchant Services.

The Pokerstars.com Domain

70. In regard to pokerstars.com, registration for this domain was most recently updated on or about March 14, 2011, reflecting the registrar Nom IQ LTD (D.B.A. Com Laude), located in the United Kingdom. Approximately twenty-seven foreign language sites are affiliated with pokerstars.com. Most of these are simply pages within the website affiliated with the pokerstars.com domain, such as "pokerstars.com/de/," "pokerstars.com/gr/," and "pokerstars.com/it/." These pages are accessible to visitors in the United States.

71. PokerStars also operates several foreign-language affiliate websites that are not part of the pokerstars.com domain, such as "pokerstars.ee," "pokerstars.es," and "pokerstars.si."

The Fulltilt.com Website

Content of the Fulltilt.com Website

72. Similar to the pokerstars.com website, the fulltilt.com website is an online platform facilitating and providing for gambling, including the playing of online poker with real-money bets. It consists of numerous webpages that feature information relating to playing poker through the website, including for "Real Money." At the time of the screen shot, the homepage indicated that 109,664 players were presently on line, with 34,255 active tables, and 4,619 tournaments. The homepage also advertised a "100% First Deposit Bonus," explaining: "Make your first deposit at Full Tilt Poker and we'll automatically match your initial deposit with a 100% bonus up to \$600!". A link was also included to play free poker. The homepage announced: "Online poker at the Fastest Growing Online Poker Room." It stated:

Full Tilt Poker offers the best in online poker [indicating link]: world famous pros, a huge bonus, real or play money. Play poker online [indicating link] now, it's free to download. Try our free online poker game 24 hours a day on state-of-the-art online poker software. Play for real money or for free in tournaments or ring games. Full Tilt Poker's online poker room was designed by world class poker professionals, and offers you the

ability to learn, chat, and play online poker [indicating link] with the pros.

Full Tilt Poker offers a wide variety of online poker games including No Limit Texas Holdem, Pot Limit Texas Hold Em, and Fixed Limit Texas Holdem [sic] as well as varieties of Omaha, Stud, and Razz. We have ring games, Sit and Go tournaments, and multi-table tournaments. If you can find it in a poker room, you can probably find it at Full Tilt Poker.

73. One of the pages within the Full Tilt website deals with "Playing For Real Money[.]" This page states:

If you're looking to get the most out of your online poker experience, Full Tilt Poker offers a wide selection of real money ring games and tournaments for your enjoyment. What's more, Full Tilt Poker works hard to ensure that playing for real money is easy, safe and secure by:

- Providing a variety of safe and secure payment processors [indicating link] to make depositing money fast and easy.
- Ensuring any money you have on deposit with Full Tilt Poker is completely safe and secure [indicating link].
- Protecting your valuable personal information [indicating link].
- Processing withdrawals [indicating link] quickly and efficiently.

74. This page also explains to visitors how to make their first deposit. This page goes on to state:

Every time you play for real money you'll earn Full Tilt Poker points [indicating link] that can be redeemed for tournament entries and exclusive Full Tilt Poker gear [indicating link]. You can earn Full Tilt Poker points by playing in any of our raked [indicating link] real money ring games or tournaments . . . .

75. Another page within the site deals with depositing "real money." This page lists Quick Deposit, credit cards, and cash transfers as methods by which a visitor could deposit real money into their Full Tilt Poker account.

76. On another page within the website, which deals with "Security," it states:

Full Tilt Poker conducts their banking and financial affairs in accordance with generally accepted standards of internationally recognized banking institutions. Full Tilt Poker follows and adheres to applicable laws pertaining to transaction reporting and anti-money laundering laws and regulations.

77. The website also includes a page entitled End User License Agreement. That page sets out Terms and Conditions pertaining to "persons situated in North America" in regard to the website accessible from the domain name "www.FullTiltPoker.com." It states that the terms and conditions on this page constitute a binding agreement between the website visitor and the corporate entity Vantage Limited, which is registered in Alderney in the Channel Islands. This page states that:

Adult users of all skill levels who are situated in North America can download the proprietary gaming software needed to participate in poker tournaments and to play online interactive games of poker for real money at [www.FullTiltPoker.com](http://www.FullTiltPoker.com).

78. The website also includes a page explaining to players how they can withdraw funds from their Full Tilt Poker accounts. This page states that “[a]t Full Tilt Poker, we believe our players should be able to withdraw funds from their accounts as easily as they can make deposits.” It then lists the steps for players to execute a withdrawal. These steps consist generally of logging on to the website, clicking the “Cashier” button, clicking on the “Withdrawal” button, selecting a withdrawal method, entering the amount you wish to withdraw along with other required account information, confirming that amount and account information, and clicking the “Submit” button. A player can also choose withdrawal by check as a withdrawal option.

Gambling Deposits and Withdrawals on Fulltilt.com

79. On or about the dates listed in the chart below, the CW made deposits to a Full Tilt online gambling account through the Fulltilt.com website, with the funds coming out of the CW’s bank account in Manhattan, New York:

<b>Date</b>	<b>Method of Payment</b>	<b>Amount Requested</b>	<b>Amount Reported</b>
3/30/10	eCheck	\$ 30.00	\$ 30.00
3/31/10	eCheck	\$ 30.00	\$ 30.00
3/31/10	Visa	\$ 100.00	\$ 100.00
4/09/10	Visa	\$ 30.00	\$ 30.00
4/23/10	eCheck	\$ 30.00	\$ 30.00
4/27/10	eCheck	\$ 20.00	\$ 20.00
4/28/10	eCheck	\$ 20.00	\$ 20.00
5/6/10	eCheck	\$ 20.00	\$ 20.00
5/6/10	eCheck	\$ 30.00	\$ 30.00
5/7/10	eCheck	\$ 11.00	\$ 11.00
5/11/10	visa	\$ 12.00	\$ 12.00
5/12/10	eCheck	\$ 21.00	\$ 21.00
5/12/10	eCheck	\$ 25.00	\$ 25.00
5/13/10	visa	\$ 12.00	\$ 12.00
5/18/10	eCheck	\$ 18.00	\$ 18.00
5/26/10	eCheck	\$ 21.00	\$ 21.00
5/27/10	eCheck	\$ 14.00	\$ 14.00
5/27/10	eCheck	\$ 14.00	\$ 14.00
6/2/10	eCheck	\$ 11.00	\$ 11.00
6/2/10	eCheck	\$ 17.00	\$ 17.00
6/10/10	eCheck	\$ 20.00	\$ 20.00
6/11/10	eCheck	\$ 11.00	\$ 11.00
6/14/10	eCheck	\$ 10.00	\$ 10.00
6/16/10	eCheck	\$ 14.00	\$ 14.00
6/17/10	eCheck	\$ 50.00	\$ 50.00
6/24/10	eCheck	\$ 32.00	\$ 32.00



<b>Date</b>	<b>Method of Payment</b>	<b>Amount Requested</b>	<b>Amount Reported</b>
6/28/10	eCheck	\$ 28.00	\$ 28.00
6/29/10	eCheck	\$ 22.00	\$ 22.00
6/29/10	eCheck	\$ 34.00	\$ 34.00
6/30/10	eCheck	\$ 22.00	\$ 22.00
7/1/10	eCheck	\$ 47.00	\$ 47.00
7/2/10	eCheck	\$ 20.00	\$ 20.00
7/9/10	eCheck	\$ 11.00	\$ 11.00
7/13/10	eCheck	\$ 10.00	\$ 10.00
7/13/10	eCheck	\$ 12.00	\$ 12.00
7/19/10	eCheck	\$ 14.00	\$ 14.00
7/23/10	eCheck	\$ 22.00	\$ 22.00
7/26/10	eCheck	\$ 11.00	\$ 11.00
7/26/10	eCheck	\$ 14.00	\$ 14.00
7/27/10	eCheck	\$ 21.00	\$ 21.00
7/28/10	eCheck	\$ 75.00	\$ 75.00
7/30/10	Western Union	\$ 105.00	\$105.00
8/3/10	eCheck	\$ 50.00	\$ 50.00
8/16/10	eCheck	\$ 11.00	\$ 11.00
9/2/10	eCheck	\$ 12.00	\$ 12.00
9/15/10	eCheck	\$ 11.00	\$ 11.00
9/21/10	eCheck	\$ 12.00	\$ 12.00
9/30/10	eCheck	\$ 11.00	\$ 11.00
10/14/10	eCheck	\$ 90.00	\$ 89.00
11/3/10	eCheck	\$ 45.00	\$ 45.00
11/15/10	eCheck	\$ 12.00	\$ 12.00
1/14/11	ACH	\$ 14.00	Not Processed
1/15/11	ACH	\$ 16.00	Not Processed

<b>Date</b>	<b>Method of Payment</b>	<b>Amount Requested</b>	<b>Amount Reported</b>
1/21/11	ACH	\$ 48.00	Not Processed
1/24/11	ACH	\$ 51.00	Not Processed
1/27/11	ACH	\$ 11.00	Not Processed
1/29/11	ACH	\$ 46.00	Not Processed
2/1/11	ACH	\$ 43.00	Not Processed
2/2/11	ACH	\$ 53.00	Not Processed
2/4/11	ACH	\$ 24.00	Not Processed
2/8/11	ACH	\$ 52.40	Not Processed
2/9/11	ACH	\$ 32.00	Not Processed
2/10/11	ACH	\$ 32.00	Not Processed
2/14/11	ACH	\$ 59.00	Not Processed
2/15/11	ACH	\$ 81.00	Not Processed
2/16/11	ACH	\$ 53.00	Not Processed
2/20/11	ACH	\$ 12.00	Not Processed
2/22/11	ACH	\$ 57.00	Not Processed
2/22/11	ACH	\$ 89.00	Not Processed
2/23/11	ACH	\$ 87.00	Not Processed
2/24/11	ACH	\$ 56.00	Not Processed
2/25/11	ACH	\$ 61.00	Not Processed
3/2/11	ACH	\$ 45.00	Not Processed
3/2/11	ACH	\$ 71.00	Not Processed
3/7/11	ACH	\$ 33.00	Not Processed
3/7/11	ACH	\$ 81.00	Not Processed
3/8/11	ACH	\$ 57.00	Not Processed
3/9/11	ACH	\$ 53.00	Not Processed
3/10/11	ACH	\$ 76.00	Not Processed
3/10/11	ACH	\$ 34.00	Not Processed

Date	Method of Payment	Amount Requested	Amount Reported
3/11/11	ACH	\$ 78.00	Not Processed

80. On or about the dates listed in the chart below, the CW requested withdrawals from a Full Tilt online gambling account through the fulltilt.com website. Automated credits and other payments were credited to the CW in Manhattan, New York:

Date	Method of Payment	Amount Requested	Amount Reported
3/30/10	Automated Credit	\$100.00	\$100.00
6/10/10	Paper Check	\$100.00	\$100.00
6/28/10	Automated Credit	\$120.00	\$120.00
7/28/10	Automated Credit	\$100.00	\$100.00
8/2/10	Paper Check	\$100.00	\$100.20
1/21/11	Automated Credit; Converted to Wire Transfer	\$100.00	\$ 72.08
2/3/11	Paper Check	\$100.00	\$100.17
2/15/11	Paper Check	\$101.00	\$101.22
2/22/11	Paper Check	\$107.00	\$107.29
2/25/11	Paper Check	\$102.00	\$102.16
3/12/11	Paper Check	\$101.00	\$101.15
3/12/11	Automated Credit	\$102.63	Pending

81. Rather than being issued from accounts in the name of Full Tilt, the payments were issued from accounts in the names of entities with no seeming connection to gambling. For example, the checks issued on June 10, 2010 came from an account in the

name of Arrow Checks. The check issued on August 2, 2010 came from an account in the name of TLC Global. The check issued on February 3, 2011 came from an account in the name of Eastern Expressions Inc. The checks issued on February 14, 18, 23, and 28, 2011 were all in the name of Shared Expressions, Inc.

#### The Fulltiltpoker.com Domain

82. In regard to fulltiltpoker.com, registration for this domain was most recently updated on or about September 23, 2008, indicating the registrar Safenames Ltd., with an address in the United Kingdom. Approximately twenty-one foreign language sites are affiliated with fulltiltpoker.com. Most of these are simply pages within the website affiliated with the fulltiltpoker.com such as "fulltiltpoker.com/ar/," "fulltiltpoker.com/cn/," and "fulltiltpoker.com/cs/." These pages are accessible to visitors in the United States.

83. Full Tilt operates at least two foreign-language affiliate websites, such as "fulltiltpoker.fr," and "www5.fulltiltpokeritaly.co.it/it/," that are not part of the fulltiltpoker.com domain.

#### The Absolutepoker.com Website

##### Content of the Absolutepoker.com Website

84. Similar to the Poker Stars and Full Tilt Poker websites, the absolutepoker.com website is an online platform facilitating and providing for gambling, including the playing of online poker with real-money bets. It consists of numerous

webpages that feature information relating to playing poker through the website, including for real money. The homepage for this site states: "PLAY POKER WITH A PAYOFF!" It states that players can get, among other things, "Up to \$500 for free," or a "Free Seat in a \$1,000 Tournament." At the time of the screen shot, the homepage indicated that there were 15,454 players online playing at 2,377 live tables. The homepage also states:

Over the past ten years, millions of people have taken to our tables, playing online poker games for free. In fact, if there's one thing free online poker players and real money sharks agree on, it's that Absolute Poker is the best place to play poker online. Take a seat at one of our free online poker games or real money poker tables and start enjoying poker at one of the world's leading sites.

From free online poker games to real money poker tournaments, we'll always make playing poker online with us worth your while. We offer a huge selection of online poker games with stakes to suit your budget. Not to mention, we offer some of the best deposit bonuses and poker rewards in the business. So what are you waiting for? Download Absolute Poker's free software and start playing online with us. You could soon be on your way to winning big games and huge tournament cash prizes.

85. The site also has a page dealing with "Online banking at Absolute Poker." The page explains:

With more real poker money payment options than any other poker room, it's no wonder players from across the globe deposit their poker money with Absolute Poker! Our unrivaled selection of convenient deposit options and fast poker money withdrawal methods make it easy to fund your bankroll and take your winnings to the bank. When it comes

to online real money poker sites, Absolute Poker gives you the most options to manage your poker money!

86. Another page within the site that deals with depositing money into Absolute Poker accounts includes this unattributed quote: "Nothing beats the thrill of a real money game. Fund your account today using any one of the following secure banking options." The options listed on the page include utilizing credit cards, Fast Bank Transfer Service, and a variety of other methods.

87. Another page within the site offers guidance to players for withdrawing their money from the site. That page contains the following unattributed quote: "You took it down. You owned the table. You won the pot. Now, it's time to collect. We pride ourselves on superfast payouts at Absolute Poker. If you've won it - and you want it - it's already on its way." This page lists a number of withdrawal methods specifically for U.S. poker players, including, among others, bank transfers, checks by mail, and checks by courier.

Gambling Deposits and Withdrawals on Absolutepoker.com

88. On or about the dates listed in the chart below, the CW made the following deposits to an Absolute Poker online gambling account through the absolutepoker.com website from the CW's bank account held in Manhattan, New York:

<b>Date</b>	<b>Method of Payment</b>	<b>Amount Requested</b>	<b>Amount Reported</b>
3/25/10	eCheck	\$ 50.00	\$ 50.00
3/26/10	Visa	\$ 20.00	\$ 19.99
6/10/10	Visa	\$ 10.00	\$ 9.94
6/14/10	eCheck	\$ 50.00	\$ 50.00
6/18/10	Visa	\$ 30.00	\$ 29.99
7/28/10	eCheck	\$ 100.00	\$ 100.00
10/14/10	Visa	\$ 10.00	\$ 9.98
12/27/10	Visa	\$ 12.00	\$ 11.97
1/4/11	eCheck	\$ 50.00	\$ 49.97
2/17/11	ACH	\$ 77.00	\$ 76.96
3/28/11	ACH	\$ 51.00	\$ 50.99

89. On or about the dates listed in the chart below, the CW requested withdrawals from an Absolute Poker online gambling account through the absolutepoker.com website, with the funds credited to the CW's bank account in Manhattan, New York:

<b>Date</b>	<b>Method of Payment</b>	<b>Amount Requested</b>	<b>Amount Reported</b>
3/25/10	Automated Credit	\$ 1.00	\$ 0.01
3/25/10	Automated Credit	\$ 1.00	\$ 0.02
8/5/10	Automated Credit	\$ 100.00	\$ 100.00
3/28/11	Automated Credit	\$ 106.00	\$ 106.00

90. Rather than being issued from accounts in the name of Absolute Poker, credits issued were through entities with no apparent connection to gambling.

The Absolutepoker.com Domain

91. In regard to the absolutepoker.com domain, registration for this domain was updated on March 3, 2009, indicating the registrar Nom IQ LTD (D.B.A. Com Laude), located in the United Kingdom. Absolutepoker.com has approximately two third-level domain names affiliated with it, both of which are foreign language sites. A "third-level domain name" is a domain name with subdomain labels to the left of the domain name "absolutepoker.com," such as "de.absolutepoker.com" and "sv.absolutepoker.com." The web sites with these third-level domain names are accessible to visitors in the United States.

The Ultimatebet.com Website

Content of the Ultimate Bet Website, UB.com

92. Ultimatebet.com is owned and controlled by the same entity controlling absolutepoker.com. (Ind. ¶ 6). When attempting to visit ultimatebet.com, a federal law enforcement agent was instantly redirected to ub.com. Like the absolutepoker.com site, the ub.com site indicates that it is controlled by "Mohawk Internet Technologies." The homepage for ub.com contains statements such as "Raise.Stack.Own," "Feed Your Poker Passion," and "Play & Win. We're open to everyone including US players[.]" At the time of the screenshot, the homepage noted that 15,414 players were online. The homepage states:



If you enjoy playing poker, you'll love the incredible selection of online poker games offered at UB. Formerly UltimateBet.com, UB offers the best free online poker games and real money poker games available on the web. So, whether you're an experienced online poker sites player or new to the game, you'll love the excitement of playing poker online at our tables. The new UB also features a wide range of online poker stakes and a fantastic poker community. Meet new people and play the best free online poker games at UB. You'll soon see why so many people say we're the best of the poker sites.

93. The homepage also provides information on making deposits at the ub.com site. It explains:

Loading your online poker account at UB is simple, safe and secure. To protect your funds, we're proud to offer our customers top-of-the-line encryption on all transactions. Download UB's free online poker software and select from our wide variety of deposit options. Note: For players in the United States, we recommend Visa card and bank transfer deposits . . . .

94. Under a section on the homepage entitled "The Ultimate Trust," the homepage states "We've been offering poker online for over ten years and are licensed in North America."

95. A page within the ub.com site deals with making deposits. For players within the United States, the page recommends deposit by Visa or MasterCard. The page states: "Poker: Real money deposits add up to big rewards at UB, one of the world's most popular online cardrooms." The page goes on to explain:

UB offers you more ways to deposit real money funds into your poker account than almost any other online real money poker room. As a new player at UB, you'll receive an industry-leading 111% poker deposit bonus when you set up a free account for real money poker play with UB. What's more our regular reload bonuses help take your poker winnings much further.

96. A page within the site also deals with the withdrawal of funds from the ub.com poker platform. For players in the United States, the page lists bank transfers, checks by mail, checks by courier, and premium bank wires as withdrawal methods.

#### The Ultimatebet.com Domain

97. In regard to ultimatebet.com, registration for this domain name was most recently updated on or about October 19, 2009, indicating the registrar GoDaddy.com, Inc., located in Arizona.

#### The UB.com Domain

98. In regard to ub.com, registration information for this domain name was updated on or about November 5, 2009, indicating the registrar Nom IQ LTD (D.B.A. Com Laude), located in the United Kingdom. Approximately three third-level domain names are affiliated with ub.com, which are foreign language sites. The sites are accessible to visitors in the United States. It also has at least one foreign language site, "ub.de," that is not part of the ub.com domain.

**Prior Seizures of Poker Processing Accounts**

99. G.I. Holdings. On or about August 25, 2009, United States Magistrate Judge Ronald L. Ellis, Southern District of New York, issued warrants to seize accounts held in the name of G.I. Holdings, a payment processor for the Poker Companies, based on probable cause to believe that the funds were subject to seizure and civil forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C), 981(b), 984, and 1955, 09 Mag. 1932. A true and correct copy of the Affidavit of FBI Special Agent Rebecca E. Vassilakos in support of the seizure warrants is annexed hereto as Exhibit C and incorporated by reference as if set forth fully herein. Pursuant to the seizure warrants, approximately \$3,029,711.94 was seized from account number 370117950 held at City National Bank in the name of G.I. Holdings; approximately \$2,057,620.28 was seized from account number 5383346862 held at Wells Fargo Bank in the name of G.I. Holdings; approximately \$3,055,108.21 was seized from account numbers 203023239 held at Citibank, N.A. in the name of G.I. Holdings; approximately \$784,160.95 was seized from account number 203118542 held at Citibank, N.A. in the name of G.I. Holdings; approximately \$1,000.00 was seized from account number 203118559 held at Citibank, N.A., in the name of G.I. Holdings; approximately \$925.00 was seized from account number 203118575 held at Citibank, N.A., in the name of G.I. Holdings; approximately \$124,178.72 was seized from account number 2020003792 held at Service 1st Bank of Nevada in the name of G.I.

Holdings; approximately \$1,035,415.44 was seized from account number 0021002712 held at Nevada Commerce Bank in the name of G.I. Holdings; and approximately \$122,308.78 was seized from account number 0021002795 held at Nevada Commerce Bank in the name of G.I. Holdings.

100. On or about August 31, 2009, United States Magistrate Judge Michael H. Dolinger, Southern District of New York, issued a warrant to seize an account held in the name of G.I. Holdings based on probable cause to believe that the funds were subject to seizure and civil forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C), 981(b), 984, and 1955, 09 Mag. 1932. A true and correct copy of the Affidavit of FBI Special Agent Dana Conte in support of the seizure warrants is annexed hereto as Exhibit D and incorporated by reference as if set forth fully herein. Pursuant to the seizure warrant, approximately \$231,000 was seized from account number 80000373283 held at First Republic Bank in the name of G.I. Holdings.

101. SNR, Inc. On or about October 16, 2009, United States Magistrate Judge Douglass F. Eaton, Southern District of New York, issued warrants to seize accounts held in the names of SNR, Inc., a payment processor for the Poker Companies, based on probable cause to believe that the funds were subject to seizure and forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C), 981(b), 984, and 1955, 09 Mag. 2317. A true and correct copy of the Affidavit of FBI Special Agent Rebecca E. Vassilakos in

support of the warrants is annexed hereto as Exhibit E and incorporated by reference as if set forth fully herein. Pursuant to the seizure warrants, approximately \$30.27 was seized from account number 01662184444 held at Huntington National Bank in the name SNR, Inc.; approximately \$1,057,797.29 was seized from account number 01662184457 held at Huntington National Bank in the name SNR, Inc.; approximately \$649,261.20 was seized from account number 01662191343 held at Huntington National Bank in the name of SNR, Inc.; approximately \$199,175.14 was seized from account number 658049382 held at the Bank of West in the name of SNR, Inc.; approximately \$4,925.00 was seized from account number 0952071585 held at Bank of America in the name of SNR, Inc.; approximately \$25.00 was seized from account number 0952071603 held at Bank of America in the name of SNR, Inc.; approximately \$992,499.53 was seized from account number 203366638 held at Citibank, N.A., in the name of SNR, Inc.; and approximately \$865,000.00 was seized from account number 0952071467 held at Bank of America, N.A., in the name of SNR, Inc.

102. Viable. On or about October 26, 2009, United States Magistrate Judge Frank Maas, Southern District of New York, issued warrants to seize accounts held in the names of Viable Marketing Corp. and EZO, LLC, payment processors for the Poker Companies, based on probable cause to believe that the funds were subject to seizure and civil forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C), 981(b), 984, and 1955, 09 Mag. 2382. A true

and correct copy of the Affidavit of FBI Special Agent Rebecca E. Vassilakos in support of the seizure warrants is annexed hereto as Exhibit F and incorporated by reference as if set forth fully herein. Pursuant to the seizure warrants, approximately \$8,168,168.89 was seized from account number 7431859508 held at Fifth Third Bank in the name of Viable Marketing Corp.; approximately \$40,960.86 was seized from account number 7432618069 held at Fifth Third Bank in the name of Viable Marketing Corp.; approximately \$376,706.19 was seized from account number 229006067857 held at Bank of America in the name of Viable Marketing Corp.; and approximately \$33,743.75 was seized from account number 003678667131 held at Bank of America in the name of EZO, LLC.

103. On or about February 19, 2010, United States Magistrate Judge Kevin Nathaniel Fox, Southern District of New York, issued a warrant to seize accounts held in the name of Viable Processing Solutions, a payment process for the Poker Companies, based on probable cause to believe that the funds were subject to seizure and civil forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C), 981(b), 984, and 1955, 10 Mag. 354. A true and correct copy of the Affidavit of FBI Special Agent Dana Conte in support of the seizure warrants is annexed hereto as Exhibit G and incorporated by reference as if set forth fully herein.

104. LST Financial and Redfall. On or about July 19, 2010, United States Magistrate Judge Kevin Nathaniel Fox, Southern

District of New York, issued warrants to seize accounts held in the names of LST Financial, ASP Consultants, LLC, Autoscribe Corporation, and Axiom Foreign Exchange Intl, based on probable cause to believe that the funds were subject to seizure and civil forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C), 981(b), 984, and 1955, 10 Mag. 1562. A true and correct copy of the Affidavit of FBI Special Agent Rosemary Karaka in support of the seizure warrants is annexed hereto as Exhibit H and incorporated by reference as if set forth fully herein. Pursuant to the seizure warrants, approximately \$447,196.79 was seized from account number 804815470 held at JPMorgan Chase Bank in the name of ASP Consultants, LLC; approximately \$12,642.44 was seized from account number 804815488 held at JPMorgan Chase Bank in the name of ASP Consultants, LLC; approximately \$4,472.58 was seized from account number 822823779 held at JPMorgan Chase Bank in the name of ASP Consultants, LLC; approximately \$84.21 was seized from account number 822824025 held at JPMorgan Chase Bank in the name of ASP Consultants, LLC; approximately \$6,047.84 was seized from account number 822824140 held at JPMorgan Chase Bank in the name of ASP Consultants, LLC; approximately \$17,460.95 was seized from account number 1003245502 held at JPMorgan Chase Bank in the name of ASP Consultants, LLC; and approximately \$8,018.04 was seized from account number 9105709543 held at Citibank, N.A. in the name of Autoscribe Corporation.

105. EPX and MAS, Inc. On or about December 1, 2010, United States Magistrate Judge Ronald L. Ellis, Southern District of New York, issued a warrant to seize \$6,152,285.88 on deposit at First Bank of Delaware in account numbered 9016139; all funds on deposit at UMPQUA Bank in account number 972402309 held in the name of Ultra Safe Pay and all property traceable thereto, and all funds on deposit at Hawaii National Bank in account number 12008656 held in the name MAS Inc., and all property traceable thereto based on probable cause to believe that the funds were subject to seizure and civil forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C), 981(b), 984, and 1955, 10 Mag. 2701. A true and correct copy of the Affidavit of FBI Special Agent Rosemary Karaka in support of the seizure warrants is annexed hereto as Exhibit I and incorporated by reference as if set forth fully herein.

106. During the time period alleged in this Complaint, Lederer would at times make statements to fellow owners of Full Tilt Poker that these seizures were the cost of doing business.

**V. FULL TILT POKER'S THEFT OF PLAYER FUNDS**

107. Full Tilt Poker not only operated an unlawful gambling business and committed Travel Act, bank fraud, wire fraud, and money laundering offenses as described herein, but also defrauded its poker players by paying out hundreds of millions of dollars of player funds to Full Tilt Poker owners - including Bitar, Lederer, Furst and Ferguson - while misrepresenting to



players that funds credited to their online player accounts were secure and segregated from operating funds. In fact, Full Tilt Poker did not segregate player funds from operating funds and did not keep player funds secure and available for withdrawal. Full Tilt Poker used player funds, among other things, to maintain a steady flow of payments to its owners, totaling more than \$443 million up until the United States commenced this action, despite the fact that Full Tilt Poker did not have sufficient funds to repay its players. As a result of this fraud, by the end of March 2011, Full Tilt Poker owed approximately \$390 million to players around the world but had less than \$60 million in its bank accounts.

**Full Tilt Poker's Assurances To Players About the Security  
of Deposits Made to Online Gambling Accounts**

Lies About Segregated Accounts

108. On numerous occasions, Full Tilt Poker's customer-players sought assurances from Full Tilt Poker that funds deposited with Full Tilt Poker were secure and questioned whether, for example, player funds were held in separate bank accounts and not utilized by Full Tilt Poker for other purposes, such as operating expenses. In response to these inquiries, in or about March of 2008, Bitar, with Lederer's knowledge, advised a Full Tilt Poker employee that Full Tilt Poker could represent to players that Full Tilt Poker kept all of its player funds in segregated accounts and that funds would be available for

withdrawal by players at all times. Specifically, on or about March 17, 2008, a Full Tilt Poker customer ("Customer 1") emailed a Full Tilt Poker customer service representative expressing concern for the risks of depositing his funds with Full Tilt Poker and inquiring whether his funds would be held in trust. On or about March 18, 2008, the Full Tilt Poker employee forwarded the Customer 1 email to Bitar and Lederer and asked how to reply. On the same day, Bitar responded, copying Lederer: "The best we can say is we keep a 100% of players [sic] funds in segregated accounts. Funds will always be available to players 24 hours a day after a reasonable fraud check."

109. Subsequently, on or about March 19, 2008, after receiving Bitar's response, the customer service manager e-mailed the following response to Customer 1 (which was then forwarded to Bitar and Lederer):

Full Tilt Poker takes the security of our players' money very seriously indeed. To protect our players and our business from financial problems, all player accounts are segregated and held separately from our operating accounts. Unlike some companies in our industry, we completely understand and accept that player account money does not belong to us. It belongs to our customers. Player account funds are available to the account holder 24 hours a day, 7 days a week, 365 days a year, and all withdrawals are processed immediately upon completion of a review for fraudulent activity.

110. On or about March 22, 2008, Customer 1 emailed Full Tilt Poker in reply to the company's initial response, seeking

clarification as to whether "player funds are held in segregated accounts which can't be used by the company itself." Bitar reviewed and indicated by e-mail that he approved a draft response to Customer 1 that read in part as follows:

Players' funds at Full Tilt Poker are kept in several deposit accounts throughout the world, all of which are separate and distinct from our operating accounts. Funds are transferred from the players' deposit accounts to Full Tilt Poker's operating accounts only after we have earned them. This is not done each time Full Tilt earns a rake or even daily, but as Full Tilt's earnings accumulate, we make periodic transfer of the earnings from the Deposit Accounts to the Operating Accounts, from which we then pay outside expenses, Full Tilt employees and ultimately, the shareholders of the company....

In closing we would also like to say that you are always welcome to withdraw some or all of your funds if you feel uncomfortable. But we would also like to assure you that they are not at all at risk, except when you use them to play, and there is no poker site on the Internet where they would be any safer.

111. Subsequently, and based in part on this Bitar-approved response, Full Tilt Poker created several form e-mail templates to be used by Full Tilt Poker to respond to player inquiries about the security of their funds. For example:

a. On or about May 6, 2008, Full Tilt Poker created a form e-mail which its staff then e-mailed to players, including players in the United States, in response to inquiries from customers as to whether player funds were protected. The form e-mail stated, in relevant part:

Thank you for contacting Full Tilt Poker Support.

We do understand your concern about the safety of the funds in your Full Tilt Poker account. You raise a valid and commonly-asked question, and we would like to assure you that your funds are completely safe on Full Tilt Poker....

Our players' funds are kept in several deposit accounts throughout the world, all of which are separate and distinct from our operating accounts. With every hand dealt on Full Tilt Poker, commission is accumulated in these deposit accounts and transferred from the players' deposit accounts to Full Tilt Poker's operating accounts only after we have earned them. This is not done each time we earn rake or even daily, but as our earnings accumulate we make periodic transfers of those earnings from the deposit accounts to our operating accounts, from which we then pay outside expenses, Full Tilt Poker employees, and ultimately the shareholders of the company.

Full Tilt Poker is not in any financial difficulty whatsoever and does not anticipate any. In fact, we are doing quite well. We would also like to add that you are always welcome to withdraw some or all of your funds if you feel uncomfortable. Our business depends on ensuring that your funds are available to you 24 hours a day, 7 days a week, and 365 days a year.

That said, we would like to assure you that your money is not at all at risk and there is no poker site on the Internet where your money would be any safer than at Full Tilt Poker.

b. On or about May 23, 2008, Full Tilt Poker created a second e-mail template that its staff then e-mailed to players, including players in the United States, in response to

inquires as to whether player funds were protected. This form e-mail stated, in relevant part:

Thank you for contacting Full Tilt Poker Support.

It is important to us that your account funds are secure and available to you at all times.

To protect both our players and business from financial problems, all player account funds are segregated and held separately from our operating accounts. Unlike some companies in our industry, we completely understand and accept that your account money belongs to you, not Full Tilt Poker.

Your account funds are available to you 24 hours a day, 7 days a week, 365 days a year. All withdrawals are processed upon completion of a review for fraudulent activity and usually within 48 hours.

112. Full Tilt Poker management also monitored and responded to postings on a popular online discussion forum about internet poker (the "Poker Forum"), and those responses included representations from Full Tilt Poker that player funds were secure. For example:

a. On or about July 18, 2008, an individual ("Poker Forum Poster 1") created a "thread" (the first in a series of new postings on a subject, to which other users can then respond) on the Poker Forum entitled "Fulltilt Management failing?" Poker Forum Poster 1 offered the opinion that Full Tilt Poker's shareholders, who included various professional poker players, were not holding the company's management to account. Another individual ("Poker Forum Poster 2") replied that the

"players/shareholders" of Full Tilt Poker don't have a problem with management "as long as those monthlies don't stop," apparently referring to monthly payments made by Full Tilt Poker to its owners. Poker Forum Poster 2 went on to post that the "beauty" of a business like internet poker was "the sites can use the customer deposits interest free to invest in marketing efforts" and because there was "always money coming in" did not "need anywhere near 100% of customer's deposits available to payout, more like 10% from what I'm told."

b. Poker Forum Poster 2's posting, and its implication that player deposits were used by Full Tilt to run its operation, generated a concerned response. On July 19, 2008, another individual ("Poker Forum Poster 3") wrote that he was "greatly disturbed by the insinuation that FTP uses players' money in any operational way. That is just frightening beyond belief." Poker Forum Poster 3 advised "[s]eriously, every player should be worried about this sort of thing," and called it "incredibly sketchy."

c. That same day, a representative of Full Tilt Poker management, posting under the name "FTPDoug," responded to the fears expressed by Poker Forum Poster 3 as follows:

I'm not sure where most of the information in this thread is coming from, but I do want to clear up the most important piece of bad info. I didn't write the following, but hopefully it answers the operational funds question . . . "Players' funds at Full Tilt Poker are kept in several deposit accounts throughout the world,

all of which are separate and distinct from our operating accounts. Funds are transferred from the players' deposit accounts to Full Tilt Poker's operating accounts only after we have earned them. This is not done each time we earn rake or even daily, but as our earnings accumulate, we make periodic transfers of those earnings from the deposit accounts to our operating accounts."

Apologies for the factual intrusion . . . .

d. Later that day, in response to further expressed doubts and questions about whether funds could be held in "trust" by Full Tilt Poker, "FTPDoug" wrote: "[Poker Forum Poster 3] - I don't know enough about the specific legal terms for all of this to speak with any authority. I can say with authority, though, that we do not mix deposits with operational expenses, so the implications you mention were what I was trying to clear up."

113. On various occasions from 2008 through 2010, Full Tilt Poker suffered publicly reported problems with its payment processors, prompting players to question whether their accounts with Full Tilt Poker were safe. Full Tilt Poker representatives responded by posting statements on the Poker Forum assuring players that their funds were secure. For example, on June 9, 2009, in response to a thread on the Poker Forum entitled "Online poker seizure made front page of Yahoo finance," in which users expressed concern about their Full Tilt Poker accounts, "FTPDoug" wrote the following post:

Understandably, many of you have concerns regarding certain bank accounts with poker players' money being frozen in the US, and I'd just like to reassure everyone that your funds remain safe and secure at FTP, and the processing of withdrawal requests is proceeding as normal and is still available to all of our players. . . . We always make sure we can cash out any of our players at any time. You should never have to worry that you won't get your money. . . .

114. These assurances to customers were known to be materially misleading. On or about March 23, 2008, Bitar emailed Lederer and Full Tilt Poker's general counsel that while they needed "a good canned response to send to the one or two guys that write in a month" about the safety of their money the "bottom line is we are not a bank" even though "we might act like one" and therefore customer funds "will always be at risk."

115. In truth and in fact, contrary to the representations made by Full Tilt Poker, at no time in its history did Full Tilt Poker protect player funds in separate accounts. Instead, at all relevant times, Full Tilt Poker simply transferred the player funds it collected from third party payment processors into company bank accounts, where player funds were combined with company funds. Full Tilt Poker used the proceeds of these intermingled company/player bank accounts as Bitar directed, including to pay company operating expenses and to pay Bitar, Lederer, Furst, Ferguson, and the company's other owners a total of over \$440 million dollars from in or about 2007 through in or



about April 2011, further promoting and facilitating the ongoing illegal operation of Full Tilt Poker during this time period.

Lies About Ability To Collect Player Deposits

116. Full Tilt Poker's failure to maintain player funds was aggravated by the company's inability to collect funds from U.S. players, an issue that Full Tilt took steps to conceal. Throughout 2010, Full Tilt Poker was increasingly unable to find payment processors who could reliably collect Full Tilt Poker deposits from the bank accounts of United States customers through electronic checks. On or about November 9, 2010, Full Tilt Poker lost the ability to collect such deposits entirely, meaning, as a practical matter, it could no longer operate a "real money" internet poker business in the United States.

117. Rather than terminate its United States operations - an option that would likely have exposed the fact that Full Tilt Poker was not holding player cash in "segregated" accounts and in fact was holding as cash less than half of the money it owed players - Full Tilt Poker implemented a method to temporarily disguise the company's problems while reducing its ability to pay its customers still further. Specifically, Bitar directed employees of Full Tilt Poker that when a United States player sought to deposit money through Full Tilt Poker's website, Full Tilt Poker would approve the deposit and award credit to the player's online gambling account as if all systems were functioning normally, even though Full Tilt Poker had not actually

collected the money from the player and had no ability to do so. As United States players gambled and won or lost these phantom funds - ultimately totaling over \$130 million - Full Tilt Poker would list the phantom funds on players' online account statements. Full Tilt Poker did so even though the funds were never in fact collected, or actually available to pay the winning players.

118. Despite this inability to collect funds, Full Tilt Poker's customer service department continued to send form e-mails stating that player funds were held in "segregated" or "separate" accounts. Additionally, the company continued to insist in public statements that player funds were "safe and secure." For example, on or about November 12, 2010, Full Tilt Poker issued a press release reviewed by Bitar and Lederer that stated "we would like to assure all players that their funds are safe and secure in their Full Tilt Poker account. . . ." Indeed, Full Tilt Poker consistently described itself as offering "safe and secure" internet poker in its press releases and in statements posted on its website.

#### Lies to Full Tilt Poker's Regulator

119. Full Tilt Poker also sought to assure the regulatory authority through which it had acquired a license to operate outside the United States, the Alderney Gambling Control Commission, in a document entitled "Principal Operating Provisions Under the Internal Control System" (the "Provisions"). The

Provisions, which described Full Tilt Poker's internal controls and operating procedures, stated that "[a]ll players have an account that holds money that is available to them on the Full Tilt Poker system," and that "[t]he player may withdraw funds up to the current balance of their account at any time, subject to any applicable bonus terms and conditions." The Provisions further assured that "[n]o play may commence unless the player has credited his account with cleared funds and has adequate funds to participate in the selected game."

Lies To Prevent The Scheme From Being Discovered

120. Full Tilt Poker continued to assure players that their funds were protected right up to -- and, in fact, after -- April 15, 2011, the day on which its domain name was seized and an indictment charging two of its executives and a forfeiture and civil money laundering action against the company were unsealed. In response to these events, Full Tilt Poker released a "message to U.S. customers," approved by Bitar, that said "Please be assured that your funds are safe, and we thank you for your patience while we do everything in our power to have your money returned to you as soon as possible." In reality, according to a balance sheet prepared by Full Tilt Poker, as of March 31, 2011, Full Tilt Poker owed players from around the world over approximately \$390,695,788 but had only approximately \$59,579,413 in its bank accounts. By early June 2011, Lederer reported to

others at Full Tilt Poker that there was only approximately \$6 million left.

121. Full Tilt Poker's CEO, Bitar, was well aware of the need for new deposits after April 15, 2011, and knew that even a few million dollars' of unexpected withdrawals could reveal Full Tilt Poker's true financial situation. For example, in an internal Full Tilt Poker e-mail dated June 12, 2011, Bitar emailed Lederer and others at Full Tilt Poker and expressed concern that a company announcement regarding lay offs and the Board (including himself) being replaced would be seen as bad news, which would cause a "new run on the bank," adding that "it could be a huge run" and that "at this point we can't even take a five million run."

122. Full Tilt Poker never disclosed the fact that it had no ability to return funds to these new depositors if they requested the money back. Instead, Full Tilt Poker allowed players to believe that its international business was separate from, and unaffected by, its now-defunct United States operations.

123. On or about June 29, 2011, the Alderney Gambling Control Commission -- which licensed Full Tilt Poker and controlled the computer servers allowing gameplay -- suspended the company's operations and halted Full Tilt Poker's ability to operate in any jurisdiction.

Distributions to Full Tilt Owners, Including the FTP Insiders

124. Rather than protect player funds as promised, Full Tilt Poker distributed hundreds of millions of dollars to its owners. Beginning in April 2007 and continuing through April 2011, Tiltware LLC's Board of Directors, to wit, the FTP Insider Defendants, authorized the distribution of approximately \$443,860,530 to the owners of Tiltware LLC, including themselves, further promoting and facilitating the ongoing illegal operation of Full Tilt Poker during this time period. Many of the distribution payments were transferred from Full Tilt Poker directly to bank accounts the professional poker players affiliated with Full Tilt Poker and other owners had established in Switzerland and other foreign countries.

125. Defendant Bitar personally received at least approximately \$41 million, including at least \$34,454,781.53 in ownership distributions and at least an additional \$6.3 million in "profit sharing" payments. Full Tilt Poker records reflect that at least a portion of these payments were deposited into an account at NatWest Bank held in the name of Ray Bitar, numbered GB81 RBOS 6095 4234 0877 66.

126. Defendant Lederer personally received at least \$42.5 million, including more than \$39 million in ownership distributions and at least \$3.5 million in "profit sharing" payments. Full Tilt Poker records reflect that a large portion of these payments were deposited into an account at Wells Fargo Bank,

N.A., held in the name of HH Lederer Consulting LLC, numbered 7655741861, and an account held at Lloyds TSB International in the Isle of Man, in the name of Howard Lederer, numbered GB56LOYD30166314010402.

127. Defendant Ferguson was allocated approximately \$85,161,305.88 in distributions. Tiltware records reflect that, of this amount, at least \$30.2 million of this sum was actually transferred to Ferguson's personal accounts. Additionally, Tiltware records reflect that at least \$11.8 million from the remaining balance were transferred for the use and benefit of Ferguson. The remaining distribution amount is characterized as "owed" to Ferguson. Of the approximately \$30.2 million transferred to Ferguson as dividend payments, Full Tilt Poker records reflect that at least a portion of these funds were deposited into an account held at Citibank, N.A., in the name of Chris Ferguson, numbered 40039049628.

128. Defendant Furst received at least \$11,706,323.96 in distributions. Full Tilt Poker records reflect that at least a portion of these funds were deposited into an account held at Pictet & Co. Bankers in Switzerland in the name of Telamonian Ajax Trust, numbered CH87 0875 5057 0684 0010 0.

129. The bank accounts referred to in Paragraphs 125-128 are referred to collectively as the "FTP Insider Accounts."

130. The other approximately 19 owners of Tiltware LLC received the remainder of the approximately \$443,860,530

distributed. For example, a professional poker player and Full Tilt Poker owner ("Player Owner 1") received at least approximately \$40,078,646.64 in distributions, as well millions of dollars characterized as loans from Full Tilt Poker. At least approximately \$4.4 million of these loans have not been repaid.

131. These ownership distributions continued at a rate of approximately \$10 million per month when, by at least the fall of 2010, Full Tilt Poker's management was aware that Full Tilt Poker was having difficulty collecting funds from U.S. player accounts. Full Tilt Poker also continued making "loans" to its professional poker players who also owned an interest in the company, including loan payments totaling more than \$2,000,000 to Player Owner 1 between August 2010 and January 2011.

**Lederer Assets Acquired With Proceeds Traceable  
to His Unlawful Activity**

**A. Lederer Funded a Personal Bank Account With Unlawful Proceeds**

132. A review of bank records from the Howard Lederer account noted above at Wells Fargo Bank, N.A., held in the name of HH Lederer Consulting LLC, numbered 7655741861 (the "Lederer Consulting Account"), reflects that from approximately December 2006 through September 2011, at least \$44,314,997.31 in United States currency that was directly tied to the criminal conduct described above was deposited into the Lederer Consulting Account, including as set forth in the following transactions:

a. From approximately December 2006 through September 2011, at least \$40,241,878.91 in United States currency was deposited into the Lederer Consulting Account from Pocket Kings, Ltd.

b. On or about May 26, 2009, at least \$999,982 in United States currency was deposited into the Lederer Consulting Account from Ranston, Ltd.

c. Between approximately March 1, 2011 and April 5, 2011, five wire transfers totaling at least \$2,041,491.20 in United States currency were made from Basler Kantonal Bank into the Lederer Consulting Account on behalf of B.T. Management Services - Gambling. B.T. Management Services was a company through which Full Tilt Poker conducted business.

d. On or about January 31, 2008, a wire transfer in the amount of \$986,662.20 in United States currency was made from Australia - Crown Melbourne Limited into the Lederer Consulting Account.

133. No additional, substantial funds were deposited into the Lederer Consulting Account during the time periods set forth in paragraph 132, above, other than from the sources set forth in that paragraph.

134. Between approximately December 26, 2006, through approximately August 2, 2011, at least approximately \$42,470,660 of the above-identified illicit funds that had been deposited into the Lederer Consulting Account were transferred into a personal



bank account at Wells Fargo Bank, N.A., numbered 2700009400, held in the name of Howard and Susan Lederer (the "Lederer Personal Account").

**B. Lederer Real Property Acquired With Unlawful Proceeds**

**(i) 99 Hawk Ridge Drive, Las Vegas, Nevada**

135. On or about March 22, 2005, Howard H. Lederer and Susan D. Lederer, Trustees of the Lederer Family Trust, purchased and obtained title and deed to a parcel of land known as "LOT 1 AS SHOWN ON THE FINAL MAP OF SUMMERLIN VILLAGE 18 - PARCEL 'E' ON FILE IN BOOK 108, PAGE 2 OF PLATS, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA," Nevada Assessor's Parcel Number ("APN") 164-14-411-001, also known as 99 Hawk Ridge Drive, Las Vegas, Nevada (the "Hawk Ridge Property"). The declared value and purchase price of the Hawk Ridge Property was \$674,000.00. This purchase was recorded on March 30, 2005.

136. By "Grant, Bargain, Sale Deed," dated February 20, 2008, Howard H. Lederer and Susan D. Lederer, Trustees of the Lederer Family Trust, conveyed the Hawk Ridge Property to "Howard H. Lederer and Susan D. Lederer, Trustees of the Lederer Family Trust, Dated January 29, 2002." This conveyance was recorded on February 22, 2008.

137. Merlin Contracting & Development, LLC ("Merlin") is a luxury home builder doing business in the State of Nevada that specializes in the construction of high-end, custom homes.

138. In or around 2007, defendant Lederer contracted with Merlin to construct a main home and guest house at the Hawk Ridge Property. (The guest house is at 55 Skybird Court, Las Vegas, Nevada, discussed below.)

139. Lederer paid Merlin approximately \$3,654,654.35 from the Lederer Personal Account in connection with the construction of the guest house at the Hawk Ridge Property. The following table indicates the payments made from the Lederer Personal Account to Merlin:

<b>Date</b>	<b>Amount</b>	<b>Beneficiary</b>	<b>Check No.</b>
2/27/09	\$200,000	Merlin Construction	Wire transfer
3/13/09	\$300,000	Merlin Construction	Wire transfer
11/3/09	\$450,000	Merlin Construction	2950
1/18/10	\$300,000	Merlin Cont. & Dev.	3051
2/1/10	\$300,000	Merlin Contracting	3024
3/9/10	\$250,000	Merlin Cont. guest	2571
3/23/10	\$1,200,000	Merlin Construction	Wire transfer
6/9/10	\$100,000	Merlin Contracting	3182
10/16/09	\$500,000	Merlin Contracting	2910
4/21/11	\$4,547	Merlin Contracting	3604
6/2/11	\$50,107	Merlin Contracting	3558
<b>TOTAL:</b>	<b>\$3,654,654</b>		

140. Lederer also paid Merlin approximately \$6,859,070 from the Lederer Personal Account, the Lederer Consulting Account and through cashier's checks in connection with the construction of the main house at the Hawk Ridge Property. The following table

indicates the payments made to Merlin in connection with this construction from several bank sources owned or controlled by defendant Lederer:

<b>Date</b>	<b>Amount</b>	<b>Beneficiary</b>	<b>Source</b>
7/6/07	\$1,000,000.00	Merlin Construction	Personal Account
8/14/07	\$500,000.00	Merlin Construction	Personal Account
9/20/07	\$500,000.00	Merlin Construction	Personal Account
10/9/07	\$500,000.00	Merlin Construction	Personal Account
7/31/08	\$300,000.00	Merlin Construction	Personal Account
8/7/08	\$260,821.85	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
9/8/08	\$200,000.00	Merlin Construction	Consulting Account
10/15/08	\$200,000.00	Merlin Construction	Personal Account
12/5/08	\$516,219.39	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
1/28/09	\$291,777.65	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
3/11/09	\$163,578.10	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
4/3/09	\$389,969.45	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
5/13/09	\$160,889.10	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
5/19/09	\$150,000.00	Merlin Construction	Personal Account

5/28/09	\$342,909.60	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
7/20/09	\$238,879.90	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
8/22/09	\$200,000.00	Merlin Contracting	Personal Account
9/15/09	\$499,024.96	H. Lederer / Merlin Construction	Wells Fargo Cashiers Check
10/16/09	\$400,000.00	Merlin Contracting	Personal Account
1/18/10	\$20,000.00	Merlin Cont. & Dev.	Personal Account
2/1/10	\$25,000.00	Merlin Contracting	Personal Account
<b>TOTAL:</b>	<b>\$6,859,070.00</b>		

141. The nine Wells Fargo / Wells Fargo Home Mortgage cashier's checks listed above all include reference number 0384780082268806. The checks and related documentation made from the Lederer Personal Account, listed above, reference either "82268806" or "99 Hawk Ridge." The number 0384780082268806 refers to a Lederer Wells Fargo New Construction loan account, referred to by the lender as account number 0082268806, in the amount of \$3,500,000.

142. Accordingly, for construction of both the main house and the guest house at the Hawk Ridge Property, Lederer paid Merlin at least approximately \$10,513,724 in United States currency, which funds were traceable to proceeds of the criminal scheme set forth above.

**(ii) 55 Skybird Court, Las Vegas, Nevada**

143. The guest house for the Hawk Ridge Property is the property known as 55 Skybird Court, Las Vegas, Nevada, 89135 (Nevada APN: 164-14-413-043) (the "Skybird Property"). In addition to the more than \$3 million in payments to Merlin for the construction of the Skybird Property discussed above, several other payments were made from the Lederer Personal Account for the purchase and construction of the Skybird Property, as follows.

144. On or about April 23, 2008, Susan Lederer issued check number 2337 from the Lederer Personal Account, payable to cash in the amount of \$50,000, with the notation "Chicago Title Cashiers Check."

145. On or about the same day, April 23, 2008, Dale Parry, step-father to Howard Lederer, made an initial deposit for the purchase of the Skybird Property by means of a Wells Fargo cashier's check in the amount of \$50,000 payable to Chicago Title, RE: RED HAWK LOT 16. This cashier's check bore the handwritten notation "08019079-CRB/2541." An escrow receipt in the amount of \$50,000 was issued by Chicago Title for Escrow No. 08019079, and acknowledged the funds received from "Parry" for the account of "SP HB Living Trust/Parry" for the purchase of 55 Skybird Court.

146. On or about June 6, 2008, a wire transfer in the amount of \$1,116,753.88 was sent from the Lederer Personal Account to Chicago Title, in advance of the June 13, 2008, closing on the Skybird Property.

147. A review of relevant real property and banking records reflects that on or about June 10, 2008, the Howard Lederer Family Trust obtained title to the Skybird Property for \$1,166,753.88, from SP HB Living Trust (Hugh L. Bassewitz, Trustee).

**(iii) 10808 Bozzolo Street, Las Vegas, Nevada**

148. A review of relevant real property and banking records reflects that on or about October 8, 2008, Susan Lederer purchased the property known as 10808 Bozzolo Street, Las Vegas, Nevada, 89141 (Nevada APN: 176-36-215-015) (the "Bozzolo Property") for \$222,000 in United States currency, from Mark Kroopneck.

149. Real Property records reflect that Howard Lederer is the owner of record of the Bozzolo Property, with Susan Lederer as co-owner. The Bozzolo Property is held as a joint tenancy.

150. On October 27, 2008, \$200,000 was transferred from the Lederer Consulting Account to the Lederer Personal Account. On October 24, 2008, \$25,000 was transferred from the Lederer Personal Account to an escrow account held at Escrow of the West, Beverly Hills, California (the "Escrow of the West Account"), which account was used to facilitate the purchase of the Bozzollo Property from seller Marc Kroopneck. On October 28, 2008, an additional \$198,873.02 was transferred from the Lederer Personal Account to the Escrow of the West Account. Records from the Nevada Title Company dated October 30, 2008, reflect receipt of

\$207,209.31 from Susan Lederer, through the Escrow of the West Account, for the purchase of the Bozzolo Property.

151. On September 3, 2008, Susan Lederer issued check number 2437 drawn on the Lederer Personal Account in the amount of \$7000.00, payable to Charles Kroopneck, with the notation "furniture - 10080 Bozzolo."

152. On November 24, 2008, Susan Lederer issued check number 2537 drawn on the Lederer Personal Account in the amount of \$608.11, payable to the Clark County Treasurer for taxes on the Bozzolo Property.

153. In March 2012, the Bozzolo Property was sold for approximately \$152,000.

**(iv) 2735 Twin Palms Circle, Las Vegas, Nevada**

154. On or about October 25, 2007, Ticor Title of Nevada, Inc. ("Ticor") received check number 2128, drawn on the Lederer Personal Account, as a deposit for the purchase of the property known as 2735 Twin Palms Circle, Las Vegas, Nevada 89117 (APN: 163-10-210-004) (the "Twin Palms Property"). The check, which was dated October 20, 2007, was signed by Susan Lederer, payable to Ticor, with the notation "2735 Twin Palms."

155. On or about December 12, 2007, Ticor received cashiers check number 0760301956, dated December 10, 2007, in the amount of \$445,865, from Wells Fargo on behalf of Howard Lederer and Susan Lederer as escrow for the purchase of the Twin Palms Property.

156. Howard and Susan Lederer, as Trustees, secured a mortgage in the amount of \$417,000 from Wells Fargo Mortgage, Inc. for the purchase of the Twin Palms Property, of which \$414,223 was wired by Howard Lederer to Ticor on or about December 2, 2007, for payment to April O'Brien, seller of the Twin Palms Property.

157. On December 13, 2007, the Lederer Family Trust, Howard H. Lederer Trustee and Susan D. Lederer Trustee, obtained title to the Twin Palms Property from April O'Brien for the purchase price of \$905,000.

**(v) 5426 Fawn Chase Way, Las Vegas, Nevada**

158. In or about February 2008, in the days preceding Susan Lederer's purchase of the property known as 5426 Fawn Chase Way, Las Vegas, Nevada (APN: 164-25-714-119) (the "Fawn Chase Property"), Susan Lederer received at least approximately \$135,000 in wire transfers from the Lederer Personal Account into a separate checking account, number 7106065, held in her name at Wells Fargo Bank (the "Susan L. Account"). These transfers were as follows:

<b>Date</b>	<b>Amount</b>	<b>Beneficiary</b>
1/10/2008	\$50,000	Susan Lederer, Acct 7106065
1/28/2008	\$70,000	Susan Lederer, Acct 7106065
2/12/2008	\$15,000	Susan Lederer, Acct 7106065

159. On or about January 25, 2008, Susan Lederer issued check number 1319 from the Susan L. Account, made payable to K.B.



Homes in the amount of \$6,800. On or about February 7, 2008, Susan Lederer issued check number 1320 from the Susan L. Account, made payable to cash in the amount of \$27,199, which check was further used to purchase a cashier's check corresponding to the closing date on this property. Upon information and belief, these two checks represent a down payment for the Fawn Chase Property.

160. On or about February 15, 2008, Susan Lederer obtained a mortgage in the amount of \$230,993 from Countrywide Home Mortgage ("Countrywide"), for the purchase of the Fawn Chase Property.

161. On or about February 19, 2008, Susan Lederer purchased the Fawn Chase Property from KB Home Nevada Inc. for \$329,990.

162. On or about the same date, February 19, 2008, Howard Lederer filed a Quit Claim Deed transferring his interest in the Fawn Chase Property to Susan Lederer.

163. A review of bank records reflects that at least approximately \$3,162,500 was transferred from the Lederer Personal Account to the Susan L. Account between January 10, 2008 and August 18, 2011.

164. A review of bank records for the Susan L. Account reflects that from March 6, 2008 through November 18, 2011, Susan Lederer made monthly mortgage payments on the Fawn Chase Property totaling approximately \$81,067.11.

**(vi) 309 Kingsclear Court, Las Vegas, Nevada**

165. In or about 1995, Howard Lederer purchased the property known as 309 Kingsclear Court, Las Vegas, Nevada (the "Kingsclear Property") for approximately \$505,378.

166. In or about 2002, Howard Lederer transferred ownership of the Kingsclear Property to the Lederer Family Trust, thereby adding Susan Lederer as a co-owner.

167. On or about July 31, 2000, Howard Lederer obtained a \$377,800 mortgage against the Kingsclear Property from Countrywide.

168. Between approximately January 2007 and January 2008, Howard Lederer or his designee made at least 13 monthly payments to Countrywide from the Lederer Personal Account to cover mortgage payments on the Kingsclear Property.

**(vii) 6572 Sodalite Street, El Dorado, California**

169. A title search conducted on 6572 Sodalite Street, El Dorado, California, APN 092 390 05 100 (the "Sodalite property"), lists the owners as Michael Scott Dappen, Diana Denise Dappen Tyler, Duane David Dappen and Susan Diane Dappen Lederer, each with a 25% ownership.

170. From approximately March 2007 through June 2011, Susan Lederer issued twenty-two checks drawn on the Lederer Personal Account made payable to Diana Tyler, Duane Dappen and Michael Dappen, totaling \$507,000. Some examples of the memo sections on these checks reflect, "loan," "loan - 175K," "home

construction," "paint barn & garage," "deposit share of house" and "6572 Sodalite 1/4 share." In addition, from December 2007 through May 2008, Susan Lederer issued eleven (11) checks drawn on the Lederer Personal account made payable to Serota Family Construction totaling approximately \$220,898. Some examples of the memo sections on these checks reflect, "home construction," "deposit cabinets" and "6572 Sodalite." Based on the timing of the above-noted checks and the memo lines, there is probable cause to believe the money from the Lederer Personal Account was used to pay for the purchase and construction of the Sodalite Property.

**C. Lederer Retirement Accounts Funded With Unlawful Proceeds**

171. From October 2008 through August 2010, Howard Lederer issued seven checks drawn on the Lederer Personal Account totaling approximately \$371,077, made payable to LPL Financial. These funds were subsequently invested in defined pension plans and a Simplified Employee Pension Individual Retirement Account ("SEP-IRA").

172. Through LPL Financial, Howard Lederer established the Howard Henry Lederer 401K Profit Sharing Plan & Trust with Cromwick and Davey Retirement Planners, LLC.

**D. Lederer Automobiles Purchased With Unlawful Proceeds**

**(i) 2008 Maserati GranTurismo**

173. On or about August 23, 2007, check #1840 in the amount of \$10,000, payable to car dealer Penske-Wynn Maserati and

drawn on the Lederer Personal Account, was endorsed by Susan Lederer as a down payment on a 2008 Maserati GranTurismo, VIN number ZAMGJ45A380036891 (the "2008 Maserati").

174. On or about February 14, 2008, Howard and Susan Lederer purchased the 2008 Maserati.

175. On or about February 14, 2008, Susan Lederer issued a check from the Lederer Personal Account payable to "Cash" in the amount of \$83,666.23, which check contained the notation "Maserati" in the memo section. A cashier's check in the amount of \$83,666.23 was received by Penske-Wynn Maserati in connection with the purchase of the 2008 Maserati.

176. Howard Lederer received a trade-in credit towards the purchase of the 2008 Maserati by trading in a 2002 Porsche 911, VIN WPOCA299X2560680.

177. On or about March 31, 2008, Susan Lederer issued a check from the Lederer Personal Account payable to the Nevada Department of Motor Vehicles in the amount of \$2,094.38. The memo section of this check contains the notation "Maserati."

178. On or about February 17, 2009, Susan Lederer issued a check from the Lederer Personal Account payable to Penske-Wynn Maserati in the amount of \$8,035.59. The memo section of this check indicates that these funds were used for automobile repairs.

179. On or about March 6, 2009, Susan Lederer issued a check from the Lederer Personal Account payable to the Nevada Department of Motor Vehicles in the amount of \$1,699.00. The memo

section of the check contains the notation "SW4701," which was the Nevada license tag number for the 2008 Maserati at the time this check was issued.

180. On or about October 21, 2009, Susan Lederer issued a check from the Lederer Personal Account payable to Penske-Wynn Maserati in the amount of \$3,495.61. The memo section of this check indicates that these funds were used for automobile repairs.

181. On or about May 19, 2011, Howard Lederer received credit in the amount of \$63,000 towards the purchase of a 2012 Audi A8-L, described more fully below, by transferring title from the 2008 Maserati to Desert Audi in Las Vegas, Nevada ("Desert Audi").

**(ii) 2008 Audi Q7**

182. On or about February 25, 2008, Howard and Susan Lederer purchased a red 2008 Audi Q7, VIN number WA1BV7L88D028831 (the "2008 Audi Q7"), from Desert Audi.

183. The purchase agreement invoice from Desert Audi for the 2008 Audi reflects a purchase price of \$71,657.73.

184. On or about February 25, 2008, Howard Lederer issued check number 2301 from the Lederer Personal Account, payable to Desert Audi in the amount of \$71,657.73. The memo section of this check contains the notation "Q7 2008."

**(iii) 2008 Audi A8L**

185. On or about May 16, 2008, Howard and Susan Lederer purchased a black, 2008 Audi A8L, VIN number WAUMR94E38N014682 (the "2008 Audi A8"), from Desert Audi.

186. Howard and Susan Lederer purchased the 2008 Audi A8 through two checks drawn on the Lederer Personal Account, totaling \$110,782.81 and made payable to Desert Audi. They also received a \$10,000 trade-in credit for a 2008 Audi A8L, VIN WAUML44E66N015617, which trade-in vehicle had been purchased for \$90,895.36 by check number 1539, dated February 13, 2006, drawn on the Lederer Personal Account and made payable to Desert Audi.

187. Check number 2201, dated February 1, 2008, was drawn on the Lederer Personal Account, made payable to Desert Audi in the amount of \$10,000, and endorsed by Howard Lederer. The memo section of this check contains the notation "deposit on 2008 W-12."

188. Check number 2342, dated May 15, 2008, was drawn on the Lederer Personal Account, made payable to Desert Audi in the amount of \$100,782.81, and endorsed by Susan Lederer. The memo section of this check contains the notation "Audi 2008 W-12."

**(iv) 2009 Audi A8**

189. On or about December 31, 2008, Howard and Susan Lederer purchased a black, 2009 Audi A8, VIN number WAUMV94E39N000942 (the "2009 Audi"), from Desert Audi.

190. The purchase agreement invoice from Desert Audi for the 2009 Audi reflects a purchase price of \$103,091.31.

191. Check number 2398, dated December 31, 2008, was drawn on the Lederer Personal Account, made payable to Desert Audi in the amount of \$103,091.31, and endorsed by Susan Lederer. The memo section of this check contains the notation "A8L - TQ Drive."

**(v) 2012 Audi A8 L Quattro**

192. On or about June 30, 2011, Howard Lederer purchased a black, 2012 Audi A8-L, VIN number WAUR4AFD7CN000819 (the "2012 Audi"), from Desert Audi.

193. The purchase agreement invoice from Desert Audi for the 2012 Audi reflects a selling price of \$156,549.

194. Lederer received a \$56,500.00 trade-in credit for the 2008 Audi A8 in connection with the purchase of the 2012 Audi.

195. Lederer also received \$63,000 in credit as a down payment toward the purchase of the 2012 Audi by relinquishing title to the 2008 Maserati and transferring title to Desert Audi.

196. Lederer completed the purchase of the 2012 Audi by making two payments, totaling \$42,958.23, on his American Express card. The first charge for \$10,000 was processed on or about January 29, 2011. The second charge for \$32,958.23 was processed on or about June 30, 2011.

197. A review of banking and credit card records reflects that the American Express charges related to the purchase of the 2012 Audi were paid in full with funds drawn on the Lederer

Personal Account, which funds are traceable to the offenses charged.

**(vi) 2010 "1965" Shelby Cobra**

198. Between approximately November, 2010, and March, 2011, Susan Lederer acquired and made improvements to a 1965 Shelby Cobra roadster, Nevada VIN number DMV52285NV and unit serial number CSX 6052 (the "1965 Shelby"). Payments for the purchase of and improvement to the 1965 Shelby were all made from the Lederer Personal Account.

199. On or about November 2, 2010, Susan Lederer issued check number 3313, drawn on the Lederer Personal Account, and made payable to DenBeste Motorsports LLC (Windsor, CA) ("DenBeste"), in the amount of \$60,760. The memo portion of this check contains the notation "Shelby Cobra CSX-6052." Prior to Susan Lederer's acquisition of the 1965 Shelby, DenBeste had held title to that vehicle in Arizona.

200. Susan Lederer wrote checks drawn on the Lederer Personal Account at least three additional times in connection with the 1965 Shelby.

201. Check number 3318, dated November 29, 2010, was issued from the Lederer Personal Account, made payable to Speedway Classic Cars in the amount of \$36,000, and endorsed by Susan Lederer. The memo section of this check contains the notation "Deposit + Parts Cobra."



202. Check number 3390, dated February 8, 2011, was issued from the Lederer Personal Account, made payable to Speedway Classic Cars in the amount of \$35,168.50, and endorsed by Susan Lederer. The memo section of this check contains the notation, "Cobra Engine Invoice 834."

203. Check number 3365, dated March 16, 2011, was issued from the Lederer Personal Account, made payable to Speedway Classic Cars in the amount of 16,605.37, and endorsed by Susan Lederer. The memo section of this check contains the notation, "Invoice 844." A review of relevant records reflects that Invoice 844 was sent to "Susie Lederer," and contains a breakdown of charges related to the 1965 Shelby.

**Bitar Real Property Acquired With Proceeds  
Traceable to His Unlawful Activity**

**A. 1506 Forest Oaks Drive, Glendora, California**

204. A review of real property and banking records reflects that on or about April 19, 2010, Raymond Bitar ordered that a wire transfer of \$566,388.36 be made from Pocket Kings, Ltd., to Master's Realty Services, Inc. d/b/a Premier Service Escrow, as escrow for the purchase of the real property known as 1506 Forest Oaks Drive, Glendora, California 91741 (California APN: 8659-001-006) (the "Forest Oaks Property").

205. Title company records reflect that Raymond J. Bitar obtained title to the Forest Oaks Property on or about April 22, 2010, for the purchase price of \$538,500.

**B. 752 Rainbow Drive, Glendora, California**

206. A review of real property and banking records indicates that on or about December 21, 2007, Richard Bitar, brother of defendant Raymond Bitar, purchased the real property located at 752 Rainbow Drive, Glendora, California, 91741, Assessor's Parcel No. 8636-033-030 (the "Rainbow Drive Property"), more particularly described as:

THE NORTH 85 FEET OF LOT 6, TRACT NO. 21938, IN THE CITY OF GLENDORA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 575, PAGES 45 AND 46 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

207. On or about December 31, 2007, defendant Raymond Bitar ordered a wire transfer to LandAmerica Southland Title Loan, Payoff Department, re: Escrow #004088-60, from his Comerica Bank account number 121137522, in the amount of \$549,197.57, for payment on the Rainbow Drive Property sold to Richard Bitar.

208. On or about July 25, 2008, Richard Bitar transferred the Rainbow Drive Property to defendant Raymond Bitar by Quitclaim Deed. A handwritten notation on the Quitclaim Deed states, "This is a bonafide gift and the grantor received nothing in return, R&T 11911."

**C. Sierra Corner Construction Loan**

209. Sierra Corner LLC ("Sierra Corner") is a limited liability company organized under the laws of the State of

California. At the time of its organization, the sole shareholder of Sierra Corner was Joseph Bashoura.

210. On or about August 28, 2009, Sierra Corner purchased real property situated in the city of Fontana, County of San Bernardino, California, comprised of approximately 2.5 acres of land located at the corner of Sierra Avenue and Slover Avenue (the "Sierra Corner Property").

211. On or about September 1, 2009, the operating agreement of Sierra Corner was amended to include Raymond Bitar as a member of the LLC, with a fifty-percent share of profit, loss and capital ownership.

212. Also in or about September 2009, Bitar wired approximately \$900,000 to Sierra Corner, LLC.

213. In or about October 2009, Bitar entered into a construction loan agreement (the "Loan") with Sierra Corner LLC, pursuant to which Bitar loaned Sierra Corner \$2,600,000 for the construction of a gas station on the Sierra Corner Property.

214. The Loan was evidenced by a promissory note (the "Note") secured by a construction deed of trust in the amount of \$2,600,000.

215. On or about December 28, 2009, Sierra Corner executed a Deed of Trust and Assignment of Rents, which created a trust for the real property owned by Sierra Corner (the "Trust"), and assigned all rents, issues and profits to Raymond Bitar, who was named the Beneficiary of the Trust.

216. Between approximately October 14, 2009, and December 13, 2010, Bitar loaned Sierra Corner approximately \$2,900,000, by wiring funds from account number 8000801483 held at Comerica Bank, Dallas, TX, in the name of Raymond Bitar (the "1483 Account") to an account held by Sierra Corner. The 1483 Account was included in the Post-Indictment Restraining Order, entered on April 18, 2011, in the criminal matter related to Bitar's offenses, as an account that contained proceeds of Bitar's illegal gambling activity.

217. Between approximately December 31, 2010 and October 4, 2011, Bitar received at least \$201,219 in interest payments due under the Loan.

**PROBABLE CAUSE FOR FORFEITURE**

218. In sum, there is probable cause to believe that the Defendant Properties<sup>2</sup> constitute, or are traceable to, (a) property used in illegal gambling businesses, in violation of Title 18, United States Code, Section 1955, (b) the proceeds of illegal gambling businesses operated in violation of Title 18, United States Code, Section 1955; (c) the proceeds of violations of Title 18, United States Code, Section 1952, (d) the proceeds of

---

<sup>2</sup> Specifically, the Absolute Poker Properties, as set forth in Schedule A, incorporated by reference herein; the Remaining Processor Properties, as set forth in Schedule B, incorporated by reference herein; the LST Funds; Full Tilt Substitute Res Funds, the FTP Insider Accounts as set forth in Schedule C, incorporated by reference herein; and the FTP Insider Properties, as set forth in Schedule D, incorporated by reference herein.

wire fraud and bank fraud and a conspiracy to commit wire fraud and bank fraud, in violation of Title 18, United States Code, Sections 1343, 1344, and 1349; and (e) property involved in various money laundering offenses as set forth below. The Full Tilt Poker Substitute Res Funds, the FTP Insider Accounts, and the FTP Insider Properties also constitute the proceeds of wire fraud and a conspiracy to commit wire fraud, in violation of Title 18, United States Code, Sections 1343 and 1349. Accordingly, the Defendant Properties are subject to forfeiture to the United States of America pursuant to Title 18, United States Code, Sections 981(a)(1)(A), 981(a)(1)(C), and 1955(d).

## **VII. CLAIMS FOR FORFEITURE**

### **FIRST CLAIM FOR RELIEF**

#### **Forfeiture Under 18 U.S.C. §§ 1955(d) and 981(a)(1)(C) - Illegal Gambling**

219. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

220. Pursuant to 18 U.S.C. § 1955(d), "Any property, including money, used in [an illegal gambling business] may be seized and forfeited to the United States."

221. The Poker Companies were illegal gambling businesses. The Poker Companies each (1) engaged in, facilitated, and offered online poker for real money play in violation of New York State Penal Law Sections 225.00 and 225.05 and the laws of other states in which the Poker Companies operated, including but

not limited to, California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon, and Utah;<sup>3</sup> (2) involved five or more persons conducting, financing, managing, supervising, directing or owning all or part of each Poker Company; and (3) had been and had remained in substantially continuous operation for a period in excess of thirty days and had gross revenues of \$2,000 in a single day. The Poker Companies, as entities, and the Poker Company Properties were used in violation of Title 18, United States Code, Section 1955.

222. Additionally, Title 18, United States Code, Section 981(a)(1)(C) subjects to forfeiture:

Any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of section . . . 1344 of this title or any offense constituting 'specified unlawful activity' (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.

223. Title 18, United States Code, Section 1956(c)(7) defines the term "specified unlawful activity" to mean, in relevant part, "any act or activity constituting an offense listed in section 1961(1) of this title. . . ." Among the specified unlawful activity set forth in 18 U.S.C. § 1961(1) is 18 U.S.C. § 1955.

---

<sup>3</sup> See Cal. Pen. Code § 337j; Conn. Gen. Stat. § 53-278a, 53-278b; Florida Sta. Ch. 849-08; Mich. Comp. Laws 750.313; Nevada Rev. Stat. 463.0152, 465.092, 465.093; Ohio Rev. Code § 2915.01; Oregon Rev. Stat. § 167.117; Utah Stat. § 76-10-1101, 76-10-1102, 76-10-1104.

224. The Defendant Properties are subject to forfeiture pursuant to 18 U.S.C. § 1955(d) because they were property used in violation of the provisions of 18 U.S.C. § 1955, or property traceable to such property.

225. The Defendant Properties are also subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) as property constituting, or derived from, proceeds of conducting illegal gambling businesses.

**SECOND CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. §§ 1952 and 981(a)(1)(C) -  
Travel Act Offenses**

226. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

227. Title 18, United States Code, Section 981(a)(1)(C) subjects to forfeiture:

Any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of section . . . 1344 of this title or any offense constituting 'specified unlawful activity' (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.

228. Title 18, United States Code, Section 1956(c)(7) defines the term "specified unlawful activity" to mean, in relevant part, "any act or activity constituting an offense listed in section 1961(1) of this title. . . ." Among the specified unlawful activity set forth in 18 U.S.C. § 1961(1) is 18 U.S.C. § 1952.

229. Title 18, United States Code, Section 1952(a) prohibits, inter alia, any entity who uses "any facility in interstate or foreign commerce," who:

with the intent to -

- (1) distribute the proceeds of any unlawful activity; or []
- (3) otherwise promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on, of any unlawful activity"

from thereafter performing or attempting to perform the conduct set forth subparagraphs (1) and (3) above.

230. Section 1952(b) specifically includes within the definition of "unlawful activity" "any business enterprise involving gambling . . . in violation of the laws of the State in which they are committed."

231. The Poker Companies and Poker Processors, along with others, used facilities in interstate and foreign commerce, with the intent to both (1) distribute the proceeds of an unlawful activity, and (2) promote, manage, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of unlawful activity; specifically, the promotion, operation, management, establishment, and carrying on of the Poker Companies, business enterprises that involved the offering of online poker for real money play in violation of New York State Penal Law Sections 225.00 and 225.05 and the laws of other states in which the Poker Companies operated, including but not limited to California, Connecticut, Florida, Michigan, Nevada, Ohio, Oregon,



and Utah,<sup>4</sup> and the distribution of proceeds from the Poker Companies.

232. The Defendant Properties are therefore subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) as property constituting, or derived from, proceeds of violations of Section 1952.

**THIRD CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(C) -  
Bank and Wire Fraud**

233. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

234. Title 18, United States Code, Section 981(a)(1)(C) subjects to forfeiture:

Any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of section . . . 1344 of this title or any offense constituting 'specified unlawful activity' (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.

235. Title 18, United States Code, Section 1956(c)(7) defines the term "specified unlawful activity" to mean, in relevant part, "any act or activity constituting an offense listed in section 1961(1) of this title. . . ." Among the specified unlawful activity set forth in 18 U.S.C. § 1961(1) are 18 U.S.C. §

---

<sup>4</sup> See Cal. Pen. Code § 337j; Conn. Gen. Stat. § 53-278a, 53-278b; Florida Sta. Ch. 849-08; Mich. Comp. Laws 750.313; Nevada Rev. Stat. 463.0152, 465.092, 465.093; Ohio Rev. Code § 2915.01; Oregon Rev. Stat. § 167.117; Utah Stat. § 76-10-1101, 76-10-1102, 76-10-1104.

1343 (relating to wire fraud) and 18 U.S.C. § 1344 (relating to financial institution fraud).

236. Title 18, United States Code, Section 1343, provides that:

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire . . . in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice

shall be guilty of a crime.

237. Title 18, United States Code, Section 1344 provides in relevant part that:

Whoever knowingly executes, or attempts to execute, a scheme or artifice-

(1) to defraud a financial institution; or

(2) to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises;

shall be guilty of a crime.

238. Title 18, United States Code, Section 1349, provides that:

Any person who attempts or conspires to commit any offense under this chapter [including Sections 1343 and 1344] shall be subject to the same penalties as those prescribed for the offense, the commission of which was the object of the attempt or conspiracy.

239. The Poker Companies, Poker Processors, and others, conspiring with one another,

A. did execute and attempt to execute a scheme and artifice to defraud financial institutions, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain monies, funds, credits, assets, securities, and other property owned by and under the custody and control of that financial institution by means of false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344; and

B. having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343, to wit, the Poker Companies, Poker Processors, and others, participated in a scheme involving wire communications to deceive financial institutions and other financial intermediaries into processing and authorizing payments to and from Full Tilt Poker, Pokerstars and Absolute Poker and United States gamblers by disguising the transactions to create the false appearance that they were unrelated to gambling, and thereby to obtain money of,

or under the custody and control of, those financial institutions and intermediaries.

240. By reason of the above, the Defendant Properties are subject to forfeiture to the United States of America pursuant to 18 U.S.C. §§ 981, 1343, 1344 and 1349.

**FOURTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(C) -  
Wire Fraud**

241. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

242. Title 18, United States Code, Section 981(a)(1)(C) subjects to forfeiture:

Any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of section . . . 1344 of this title or any offense constituting 'specified unlawful activity' (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.

243. Title 18, United States Code, Section 1956(c)(7) defines the term "specified unlawful activity" to mean, in relevant part, "any act or activity constituting an offense listed in section 1961(1) of this title. . . ." Among the specified unlawful activity set forth in 18 U.S.C. § 1961(1) is 18 U.S.C. § 1343 (relating to wire fraud).

244. Title 18, United States Code, Section 1343, provides that:

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire . . . in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice

shall be guilty of a crime.

245. Title 18, United States Code, Section

1349, provides that:

Any person who attempts or conspires to commit any offense under this chapter [including Section 1343] shall be subject to the same penalties as those prescribed for the offense, the commission of which was the object of the attempt or conspiracy.

246. From at least in or about 2008 up through and including in or about June 29, 2011, Full Tilt Poker and others, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, to wit, the making of false representations to potential customers regarding the security of funds deposited with Full Tilt Poker in order to induce customers to entrust funds with the company, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the

purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

247. By reason of the above, the Full Tilt Substitute Res Funds, the FTP Insider Accounts, and the FTP Insider Properties are subject to forfeiture to the United States of America pursuant to 18 U.S.C. §§ 981, 1343, and 1349.

**FIFTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
Promotional Money Laundering and Conspiracy**

248. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

249. Pursuant to 18 U.S.C. § 981(a)(1)(A), "[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money laundering offenses], or any property traceable to such property," is subject to forfeiture.

250. Pursuant to Title 18, United States Code, Section 1956, commonly known as the "money laundering" statute, a crime is committed by a person who:

(a)(1) . . . knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity -

(A)(i) with the intent to promote the carrying on of specified unlawful activity . . .

shall be guilty of a crime.

251. Title 18, United States Code, Section 1956(h) further provides that “[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy.”

252. The Defendant Properties are subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A) as they constitute property involved in, or property traceable to such property, financial transactions involving the proceeds of specified unlawful activity, namely the illegal conduct set forth in Claims One through Three above, with such transactions intended to promote such specified unlawful activity and carried out with knowledge that the property represented the proceeds of illegal activity, and a conspiracy to undertake such transactions. These transactions included, but are not limited to (1) the transfer of funds from the overseas accounts controlled by the Poker Companies to Poker Processor accounts in the United States; (2) the transfer of funds from Poker Processors to players; and (3) the transmission and transfers of payments to, inter alia, the FTP Insiders. The Poker Companies, as entities, were involved in and facilitated these transactions.

**SIXTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
Concealment Money Laundering and Conspiracy**

253. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

254. Pursuant to 18 U.S.C. § 981(a)(1)(A), “[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money laundering offenses], or any property traceable to such property,” is subject to forfeiture.

255. Pursuant to Title 18, United States Code, Section 1956, commonly known as the “money laundering” statute, a crime is committed by a person who:

(a)(1) . . . knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity -  
. . .

(B) knowing that the transaction is designed in whole or in part -

(i) to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity . . .

shall be guilty of a crime.

256. Title 18, United States Code, Section 1956(h) further provides that “[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject



to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy.”

257. The Defendant Properties are subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A) as they constitute property involved in, or property traceable to such property, financial transactions involving the proceeds of specified unlawful activity, namely the illegal conduct set forth in Claims One through Three above, with these transactions having been designed in whole and in part to conceal and disguise the nature, source, ownership, and control of these funds, and a conspiracy to undertake such transactions. These transactions included, but are not limited to, the transfer of funds from the overseas accounts controlled by the Poker Companies to Poker Processor accounts in the United States, and the transfer of funds from Poker Processors to players. The Poker Companies, as entities, were involved in and facilitated these transactions.

**SEVENTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
International Money Laundering and Conspiracy**

258. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

259. Pursuant to 18 U.S.C. § 981(a)(1)(A), “[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money

laundering offenses], or any property traceable to such property," is subject to forfeiture.

260. Pursuant to Title 18, United States Code, Section 1956, a crime is committed by a person who:

(a) (2) . . . transports, transmits, or transfers, or attempts to transport, transmit, or transfer a monetary instrument or funds from a place in the United States to or through a place outside the United States or to a place in the United States from or through a place outside the United States -

(A) with the intent to promote the carrying on of specified unlawful activity . . . .

shall be guilty of a crime.

261. Title 18, United States Code, Section 1956(h) further provides that "[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy."

262. The Defendant Properties are subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A) as they constitute property involved in, or property traceable to such property, transfers and the transmission of monetary instruments and funds (1) from inside the United States to outside the United States and (2) from outside the United States to inside the United States with these transfers and transmission having been intended to promote specified unlawful activity, namely the illegal conduct set forth in Claims One through Three above, and a

conspiracy to undertake such transfers. These transactions included, but are not limited to, (1) the transfer of funds from players to Poker Processor accounts and the subsequent transfer of these funds to the overseas accounts controlled by the Poker Companies; (2) the transfer of funds from the overseas accounts controlled by the Poker Companies to Poker Processor accounts in the United States, and the subsequent transfer of funds from Poker Processors to players; and (3) the transfer and transmission of payments to, inter alia, the FTP Insiders. The Poker Companies, as entities, were involved in and facilitated these transactions.

**EIGHTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
Bulk Money Laundering and Conspiracy**

263. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

264. Pursuant to 18 U.S.C. § 981(a)(1)(A), "[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money laundering offenses], or any property traceable to such property," is subject to forfeiture.

265. Title 18, United States Code, Section 1957 provides that: "Whoever, [with such offense under this section taking place in the United States] knowingly engages or attempts to engage in a monetary transaction in criminally derived property of

a value greater than \$10,000 and is derived from specified unlawful activity," shall guilty of a crime.

266. Title 18, United States Code, Section 1956(h) further provides that "[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy."

267. The Defendant Properties are subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A) as property involved in, or property traceable to such property, monetary transactions in criminally derived property of a value greater than \$10,000 that was derived from specified unlawful activity, namely the illegal conduct set forth in Claims One through Three above, and a conspiracy to engage in such transactions. These transactions included, but are not limited to (1) the transfer of funds from the overseas accounts controlled by the Poker Companies to Poker Processor accounts in the United States, and the transfer of funds from Poker Processors to players; and (2) the transfer and transmission of dividend payments to, inter alia, the FTP Insiders. The Poker Companies, as entities, were involved in and facilitated these transactions.

**NINTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
Promotional Money Laundering and Conspiracy Relating  
to Full Tilt Fraud Against Players**

268. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

269. Pursuant to 18 U.S.C. § 981(a)(1)(A), “[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money laundering offenses], or any property traceable to such property,” is subject to forfeiture.

270. Pursuant to Title 18, United States Code, Section 1956, commonly known as the “money laundering” statute, a crime is committed by a person who:

(a)(1) . . . knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity -

(A)(i) with the intent to promote the carrying on of specified unlawful activity . . .

shall be guilty of a crime.

271. Title 18, United States Code, Section 1956(h) further provides that “[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy.”

272. The Full Tilt Substitute Res Funds, the FTP Insider Accounts, and the FTP Insider Properties are also separately subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A) as they constitute property involved in, or property traceable to such property, financial transactions involving the proceeds of specified unlawful activity, namely the illegal conduct set forth in Claim Four above, with such transactions intended to promote such specified unlawful activity and carried out with knowledge that the property represented the proceeds of illegal activity, and a conspiracy to undertake such transactions. These transactions included, but are not limited to, (1) the transfer of funds from the overseas accounts controlled by Full Tilt Poker to Poker Processor accounts in the United States, and the subsequent transfer of those funds to players; and (2) the transfer and transmission of payments to, inter alia, the FTP Insiders. Full Tilt Poker, as an entity, was involved in and facilitated these transactions.

**TENTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
Concealment Money Laundering and Conspiracy Relating  
to Full Tilt Fraud Against Players**

273. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

274. Pursuant to 18 U.S.C. § 981(a)(1)(A), "[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money

laundering offenses], or any property traceable to such property," is subject to forfeiture.

275. Pursuant to Title 18, United States Code, Section 1956, commonly known as the "money laundering" statute, a crime is committed by a person who:

(a)(1) . . . knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity -  
. . .

(B) knowing that the transaction is designed in whole or in part -

(i) to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity . . .

shall be guilty of a crime.

276. Title 18, United States Code, Section 1956(h) further provides that "[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy."

277. The Full Tilt Substitute Res Funds, the FTP Insider Accounts, and the FTP Insider Properties are also separately subject to forfeiture pursuant to pursuant to Title 18, United States Code, Section 981(a)(1)(A) as they constitute property involved in, or property traceable to such property, financial transactions involving the proceeds of specified unlawful

activity, namely the illegal conduct set forth in Claim Four above, with these transactions having been designed in whole and in part to conceal and disguise the nature, source, ownership, and control of these funds, and a conspiracy to undertake such transactions. These transactions included, but are not limited to, the transfer of funds from the overseas accounts controlled by Full Tilt Poker to Poker Processor accounts in the United States, and the subsequent transfer of those funds to players. Full Tilt Poker, as an entity, was involved in and facilitated these transactions.

**ELEVENTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
International Money Laundering and Conspiracy Relating  
to Full Tilt Fraud Against Players**

278. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

279. Pursuant to 18 U.S.C. § 981(a)(1)(A), “[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money laundering offenses], or any property traceable to such property,” is subject to forfeiture.

280. Pursuant to Title 18, United States Code, Section 1956, a crime is committed by a person who:

(a)(2) . . . transports, transmits, or transfers, or attempts to transport, transmit, or transfer a monetary instrument or funds from a place in the United States to or through a place outside the United States or



to a place in the United States from or through a place outside the United States -

(A) with the intent to promote the carrying on of specified unlawful activity . . . .

shall be guilty of a crime.

281. Title 18, United States Code, Section 1956(h) further provides that "[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy."

282. The Full Tilt Substitute Res Funds, the FTP Insider Accounts, and the FTP Insider Properties are also separately subject to forfeiture pursuant to pursuant to Title 18, United States Code, Section 981(a)(1)(A) as they constitute property involved in, or property traceable to such property, transfers and the transmission of monetary instruments and funds (1) from inside the United States to outside the United States and (2) from outside the United States to inside the United States with these transfers and transmission having been intended to promote specified unlawful activity, namely the illegal conduct set forth in Claim Four above, and a conspiracy to undertake such transfers. These transactions included, but are not limited to, (1) the transfer of funds from players to Poker Processor accounts and the subsequent transfer of these funds to the overseas accounts controlled by Full Tilt Poker; (2) the transfer of funds from the

overseas accounts controlled by Full Tilt Poker to Poker Processor accounts in the United States, and the subsequent transfer of those funds to players; and (3) the transfer and transmission of payments to, inter alia, the FTP Insiders. Full Tilt Poker, as an entity, was involved in and facilitated these transactions.

**TWELFTH CLAIM FOR RELIEF**

**Forfeiture Under 18 U.S.C. § 981(a)(1)(A) -  
Bulk Money Laundering and Conspiracy Relating  
to Full Tilt Fraud Against Players**

283. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

284. Pursuant to 18 U.S.C. § 981(a)(1)(A), “[a]ny property, real or personal, involved in a transaction in violation of section 1956 [or] 1957 . . . of [Title 18, relating to money laundering offenses], or any property traceable to such property,” is subject to forfeiture.

285. Title 18, United States Code, Section 1957 provides that: “Whoever, [with such offense under this section taking place in the United States] knowingly engages or attempts to engage in a monetary transaction in criminally derived property of a value greater than \$10,000 and is derived from specified unlawful activity,” shall be guilty of a crime.

286. Title 18, United States Code, Section 1956(h) further provides that “[a]ny person who conspires to commit any offense defined in this section or section 1957 shall be subject

to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy.”

287. The Full Tilt Substitute Res Funds, the FTP Insider Accounts, and the FTP Insider Properties are also separately subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A) as property involved in, or property traceable to such property, monetary transactions in criminally derived property of a value greater than \$10,000 that was derived from specified unlawful activity, namely the illegal conduct set forth in Claim Four, and a conspiracy to engage in such transactions. These transactions included, but are not limited to (1) the transfer of funds from the overseas accounts controlled by Full Tilt Poker to Poker Processor accounts in the United States, and the subsequent transfer of those funds to players and (2) the transfer and transmission of payments to, inter alia, the FTP Insiders. Full Tilt Poker, as an entity, was involved in and facilitated these transactions.

#### **VIII. CIVIL MONEY LAUNDERING PENALTIES**

##### **18 U.S.C. § 1956**

288. Paragraphs 1 through 218 of this Complaint are repeated and realleged as if fully set forth herein.

289. Pursuant to Title 18, United States Code, Section 1956(b), “[w]hoever conducts or attempts to conduct a transaction described in subsection (a)(1) or (a)(3), or section 1957, or a transportation, transmission, or transfer described in subsection

(a) (2), is liable to the United States for a civil penalty of not more than the greater of – (A) the value of the property, funds, or monetary instruments involved in the transaction; or (B) \$10,000.”

290. The Absolute Poker Company Defendants, who knowingly conducted the money laundering offenses set forth in Claims Five through Eight, knowing in regard to Claim Five, Claim Six, and Claim Eight, that such payments constituted criminally derived property, including from the illegal activity set forth in Claims One Through Three of this Complaint, are liable to the Government for \$500 million, a sum of money representing the amount of property, funds, or monetary instruments involved in those offenses.

291. Additionally, the FTP Insider Defendants knowingly conducted transactions in violation of Title 18, United States Code, Section 1956(a) (1) and Section 1957 as set forth in Claim Five and Claim Eight, and transfers in violation of Title 18, United States Code, Section 1956(a) (2), as set forth in Claim Seven, through their authorization and receipt of payments of a value greater than \$10,000 from Full Tilt Poker, knowing, and being willfully blind to the fact, that in regard to Claim Five and Claim Eight, such payments constituted criminally derived property, including from the illegal activity set forth in Claims One Through Three of this Complaint, are liable to the Government for a sum of money in an amount that is not less than \$40.8

million for Bitar; \$42.5 million for Lederer; \$42 million for Ferguson; and \$11.7 million for Furst.

292. Defendant Bitar is also independently liable for such penalty because he knowingly conducted transactions in violation of Title 18, United States Code, Section 1956(a)(1) and Section 1957 as set forth in Claim Nine and Claim Twelve, and transfers in violation of Title 18, United States Code, Section 1956(a)(2), as set forth in Claim Eleven, through his authorization and receipt of dividend payments of a value greater than \$10,000 from Full Tilt Poker, knowing that in regard to Claim Nine and Claim Twelve, such payments also constituted criminally derived property, including from the illegal activity set forth in Claim Four.

WHEREFORE plaintiff, the United States of America, prays:

A. That process issue to enforce the forfeiture of the Defendant Properties and that all persons having an interest in the Defendant Properties be cited to appear and show cause why the forfeiture should not be decreed, and that this Court decree forfeiture of the Defendant Properties to the United States of America for disposition according to the law;

B. That a money judgment be entered against the Absolute Poker/Ultimate Bet Entities in an amount not less than \$500 million;



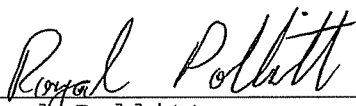
VERIFICATION

STATE OF NEW YORK )  
COUNTY OF NEW YORK )  
SOUTHERN DISTRICT OF NEW YORK )


ROYAL POLLITT, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation, and, as such, has responsibility for the within action; that he has read the foregoing complaint and knows the contents thereof, and that the same is true to the best of his own knowledge, information, and belief.

The sources of the deponent's information and the grounds for his belief are his personal knowledge and the official records and files of the United States Government.

Dated: New York, New York  
September 10, 2012

  
\_\_\_\_\_  
Royal Pollitt  
Special Agent  
Federal Bureau of Investigation

Sworn to before me this  
10th day of September, 2012

  
\_\_\_\_\_  
Lisabeth A. Mendola-D'Andrea  
Notary Public, State of New York  
No.: 01ME5079305  
Qualified in Queens County  
Commission Expires June 2, 2015

**SCHEDULE A**

**The Absolute Poker Defendant Entities**

1. Absolute Poker,
2. Ultimate Bet,
3. SGS Systems Inc.,
4. Trust Services Ltd,
5. Fiducia Exchange Ltd.,
6. Blue Water Services Ltd.,
7. Absolute Entertainment, S.A., and
8. Blanca Games, Inc. of Antigua

**The Absolute Poker Defendant Domains**

1. Absolutepoker.com
2. Ultimatebet.com
3. Ub.com

**The Absolute Poker Defendant Accounts**

**The Blue Water Account**

1. account numbered MT23SBMT555050000001108 held at Sparkasse Bank Malta in the name of Blue Water Services LTD, and all funds traceable thereto;

**The Towkiro Account**

2. account numbered MT14SBMT5550500000011451GAEURO held at Sparkasse Bank Malta in the name of Tokwiro Enterprises ENRG, and all funds traceable thereto;

**The Disora Accounts**

3. account numbered 61-12-9436-6 held at Banco Panameno De La Vivienda SA, Panama, in the name of Disora Investment, Inc., and all funds traceable thereto;



4. account numbered 0011271083 held at Citibank London, England, in the name of Mundial Valores, for the benefit of Disora Investment, Inc., MAM000804, and all funds traceable thereto;

The Rintrade Account

5. account numbered CH4308755011432400000 held at Pictet and Co., Switzerland, in the name of Rintrade Finance SA and all funds traceable thereto;

**SCHEDULE B**

**Remaining Poker Processor Accounts**

The Sunfirst Bank Accounts and Related Accounts

1. account numbered 121015408 held at Sunfirst Bank, St. George, Utah, in the name of Triple Seven LP d/b/a Netwebfunds.com, and all funds traceable thereto;
2. account numbered 121015390 held at Sunfirst Bank, St. George, Utah, in the name of Triple Seven LP d/b/a A WEB DEBIT, and all funds traceable thereto;
3. account numbered 27351910081015 held at Soci t  Generale Cyprus LTD, Cyprus, in the name of Golden Shores Properties Limited, and all funds traceable thereto;
4. account numbered CY1211501001065983USDCACC002 held at FBME Bank LTD, Cyprus, in the name of Triple Seven Inc., and all funds traceable thereto;
5. account numbered 5510045221 held at Wells Fargo, N.A., in the name of Triple Seven L.P., and all funds traceable thereto;
6. account numbered 7478010312 held at Wells Fargo, N.A., in the name of Kombi Capital, and all funds traceable thereto;
7. account numbered 12900584 held at Sunfirst Bank, St. George, Utah, formerly in the name of Sunfirst Bank ITF Powder Monkeys/Full Tilt, now in the name of Sunfirst Bank, and all funds traceable thereto;
8. account numbered 129000576 on deposit at Sunfirst Bank, St. George, Utah, formerly in the name of Sunfirst Bank ITF Mastery Merchant/Psars, now in the name of Sunfirst Bank, and all funds traceable thereto;

The Elie Accounts and Related Accounts

9. account numbered 200003291 held at All American Bank, Des Plaines, Illinois, in the name of 21 Debit LLC, and all funds traceable thereto;
10. account numbered 200003317 held at All American Bank, Des Plaines, Illinois, in the name of 21 Debit LLC, and all funds traceable thereto;

11. account numbered 200003325 held at All American Bank, Des Plaines, Illinois, in the name of 21 Debit LLC, and all funds traceable thereto;
12. Account numbered 200003309 held at All American Bank, Des Plaines, Illinois, in the name of 21 Debit LLC, and all funds traceable thereto;
13. account number 201002907 at Barclays Bank, UK in the name of Hotwire Financial LLC, and all funds traceable thereto;
14. account number GB26BARC20473563472044 at Barclays Bank, UK, in the name of Hotwire Financial LTD, and all funds traceable thereto;
15. account number 953500105 at Bank One Utah, in the name of 4 A Consulting, and all funds traceable thereto;
16. account number 730666271, at Whitney National Bank, New Orleans, Louisiana in the name of Ndeka LLC, and all funds traceable thereto;
17. account number 2919208124 at Bank of America, N.A. in the name of Credit Capital Funding, and all funds traceable thereto;
18. account numbered 32433 at New City Bank in the name of 21Debit LLC dba PS Payments, and all funds traceable thereto;
19. account numbered 32441 at New City Bank in the name of 21Debit LLC dba FLT Payments, and all funds traceable thereto;
20. account number 32506 at New City Bank in the name of 21Debit LLC, and all funds traceable thereto;

The Griting Account and Related Account

21. account numbered 972402309 held at UMPQUA Bank, Roseburg, Oregon, in the name of "ULTRA SAFE PAY," and all property traceable thereto;
22. account numbered 004-411-346034-838 held at Hong Kong and Shanghai Banking Corporation, Hong Kong, in the name of Griting Investments LTD, and all funds traceable thereto;

The Vensure/Trinity Global Accounts

23. account numbered 1093 held at Vensure Federal Credit Union, Mesa, Arizona, in the name of Trinity Global Commerce Corp.
24. account numbered 1200402039 held at Banca Privada D'Andorra, Andorra, in the name of Trinity Global Commerce Corp., and all funds traceable thereto;
25. account numbered MT54SBMT55505000000016782GAUSD0 held at Sparkasse Bank Malta PLC, Malta, in the name of Trinity Global Commerce Corp., and all funds traceable thereto;

The Terricorp Inc. d/b/a/ TLC Global Accounts and Related Accounts

26. account numbered 27554003786 held at Royal Bank of Canada, Canada, in the in the name of Terricorp Inc. d/b/a TLC Global, and all funds traceable thereto;
27. account numbered 27554003760 held at Royal Bank of Canada, Canada, in the in the name of Terricorp Inc. d/b/a TLC Global, and all funds traceable thereto;
28. account numbered 27554001038 held at Royal Bank of Canada, Canada, in the in the name of Terricorp Inc. d/b/a TLC Global, and all funds traceable thereto;
29. account numbered 27551017789 held at Royal Bank of Canada, Canada, in the in the name of Terricorp Inc. d/b/a TLC Global, and all funds traceable thereto;
30. account numbered 4800198399 held at Harris Bank, Palatine, Illinois, and all funds traceable thereto;
31. account numbered GB81RBOS16630000368036 held at the Royal Bank of Scotland in the name of Voltrex Ltd., and all funds traceable thereto;
32. account numbered 2000059819596 held at Wachovia Bank, a division of Wells Fargo Bank, N.A., in the name "Eastern Expressions," and all funds traceable thereto;
33. account numbered 104773862842 held at Bendix Foreign Exchange, Toronto, Ontario, and all funds traceable thereto.

The G.I. Holdings Accounts

34. \$231,000.00 formerly on deposit at First Republic Bank in Account numbered 80000373283, held in the name of G.I. Holdings and all property traceable thereto;
35. \$124,178.72 formerly on deposit at Service 1<sup>st</sup> Bank of Nevada in Account numbered 2020003792 held in the name of G.I. Holdings and all property traceable thereto;
36. \$2,057,620.28 formerly on deposit at Wells Fargo Bank in Account numbered 5383346862 held in the name of G.I. Holdings and all property traceable thereto;
37. \$3,055,108.21 formerly on deposit at Citibank in account numbered 203023239 held in the name of G.I. Holdings and all property traceable thereto;
38. \$784,160.95 formerly on deposit at Citibank in account numbered 203118542 held in the name of G.I. Holdings and all property traceable thereto;
39. \$1,000.00 formerly on deposit at Citibank in account numbered 203118559 held in the name of G.I. Holdings and all property traceable thereto;
40. \$925.00 formerly on deposit at Citibank in account numbered 203118575 held in the name of G.I. Holdings and all property traceable thereto;
41. \$1,035,415.44 formerly on deposit at Nevada Commerce Bank in account numbered 0021002712 held in the name of G.I. Holdings and all property traceable thereto;
42. \$122,308.78 formerly on deposit at Nevada Commerce Bank in account numbered 0021002795 held in the name of G.I. Holdings and all property traceable thereto;
43. \$3,029,711.94 formerly on deposit at City National Bank in Account Number 3701177950, held in the name of G.I. and all property traceable thereto;

The SNR Inc. Accounts

44. \$30.27 formerly on deposit at Huntington National Bank in Account numbered 01662184444. held in the name of SNR, Inc. and all property traceable thereto;

45. \$1,057,797.29 formerly on deposit at Huntington National Bank in account numbered 01662184457 held in the name of SNR, Inc. and all property traceable thereto;
46. \$649,261.20 formerly on deposit at Huntington National Bank in Account numbered 01662191343 held in the name of SNR, Inc. and all property traceable thereto;
47. \$199,175.14 formerly on deposit at Bank of West in account numbered 658049382 held in the name of SNR, Inc. and all property traceable thereto;
48. \$4,925.00 formerly on deposit at Bank of America in account numbered 0952071585 held in the name of SNR, Inc. and all property traceable thereto;
49. \$25.00 formerly on deposit at Bank of America account numbered 0952071603, held in the name of SNR, Inc. and all property traceable thereto;
50. \$992,499.53 formerly on deposit at Citibank in Account numbered 203366638 held in the name of SNR, Inc. and all property traceable thereto;
51. \$865,000.00 formerly on deposit at Bank of America in account numbered 0952071467, held in the name of SNR, Inc. and all property traceable thereto;

The Viable Marketing Accounts

52. \$410,449.93 formerly on deposit at Bank of America Account numbered 229006067857 held in the name of Viable Marketing Corp. and all property traceable thereto;
53. \$8,168,168.89 formerly on deposit at Fifth Third Bank in Account numbered 7431859508, held in the name of Viable Marketing Corp. and all property traceable thereto;
54. \$40,960.86 formerly on deposit at Fifth Third Bank in Account numbered 7432618069, held in the name of Viable Marketing Corp. and all property traceable thereto;

The Viable Processing Solutions Accounts

55. All funds formerly on deposit at National Bank of California in account numbered 2547716 in the name of Viable Processing Solutions, and all property traceable thereto;

56. All funds formerly on deposit at National Bank of California in Account Number 2778815 held in the name of Viable Processing Solutions, and all property traceable thereto;

The ASP Consultants, LLC Accounts

57. \$447,196.79 from account numbered 804815470 in the name of ASP Consultants, LLC at JPMorgan and all property traceable thereto;
58. \$12,642.44 from account numbered 804815488 in the name of ASP Consultants, LLC at JPMorgan and all property traceable thereto;
59. \$4,472.58 from account numbered 822823779 in the name of ASP Consultants, LLC at JPMorgan and all property traceable thereto;
60. \$84.21 from account numbered 822824025 in the name of ASP Consultants, LLC at JPMorgan and all property traceable thereto;
61. \$6,047.84 from account numbered 822824140 in the name of ASP Consultants, LLC at JPMorgan and all property traceable thereto;
62. \$17,460.95 from account numbered 1003245502 in the name of ASP Consultants, LLC at JPMorgan and all property traceable thereto;

The EZO Account

63. \$33,743.75 formerly on deposit at Bank of America Account numbered 003678667131 held in the name of EZO, LLC and all property traceable thereto;

The MAS Inc. Account

64. All funds formerly on deposit at Hawaii National Bank, Honolulu, Hawaii, in account numbered 12008656, held in the name of "MAS Inc.", and all property traceable thereto.

**SCHEDULE C**

**FTP Insider Accounts**

1. Account numbered GB81 RBOS 6095 4234 0877 66 held at NatWest, in the name of Raymond Bitar, and all funds traceable thereto;
2. Account numbered 7655741861 held at Wells Fargo Bank, N.A., in the name of HH Lederer Consulting LLC, and all funds traceable thereto;
3. Account numbered GB56LOYD30166314010402 held at Lloyds TSB International, Isle of Mann, in the name of Howard Lederer, and all funds traceable thereto;
4. Account numbered 40039049628 held at Citibank, N.A., in the name of Chris Ferguson, and all funds traceable thereto; and
5. Account numbered CH87 0875 5057 0684 0010 0 held at Pictet & Co Bankers, Switzerland, in the name of Telamonian Ajax Trust, and all funds traceable thereto.



**SCHEDULE D**

**FTP Insider Properties**

1. Account numbered 2700009400, held at Wells Fargo Bank, in the name of Howard and Susan Lederer;
2. Account numbered 7106065, held at Wells Fargo Bank, in the name of Susan Lederer, and all funds traceable thereto;
3. The real property and appurtenances, with all improvements and attachments thereon, located at 99 Hawk Ridge Drive, Las Vegas, Nevada, 89135;
4. The real property and appurtenances, with all improvements and attachments thereon, located at 55 Skybird Court, Las Vegas, Nevada, 89135;
5. The real property and appurtenances, with all improvements and attachments thereon, located at 2735 Twin Palms Circle, Las Vegas, Nevada, 89117;
6. The real property and appurtenances, with all improvements and attachments thereon, located at 5426 Fawn Chase Way, Las Vegas, Nevada, 89135;
7. The real property and appurtenances, with all improvements and attachments thereon, located at 309 Kingsclear Court, Las Vegas, Nevada 89145;
8. The real property and appurtenances, with all improvements and attachments thereon, located at 6572 Sodalite Street, El Dorado, California, 95623;
9. Accounts in the name of or belonging to Howard Lederer at LPL Financial, including the Howard Henry Lederer 401K Profit Sharing Plan & Trust;
10. 2008 Audi Q7, VIN number WA1BV7L88D028831;
11. 2008 Audi A8L, VIN number WAUMR94E38N014682;
12. 2009 Audi A8, VIN number WAUMV94E39N000942;
13. 2012 Audi A8-L, VIN number WAUR4AFD7CN000819;
14. 1965 Shelby Cobra roadster, VIN number DMV52285NV;

15. The real property and appurtenances, with all improvements and attachments thereon, located at 1506 Forest Oaks Drive, Glendora, California 91741;
16. The real property and appurtenances, with all improvements and attachments thereon, located at 752 Rainbow Drive, Glendora, California, 91741; and
17. All interest of Raymond Bitar in Sierra Corner LLC, including but not limited to the principal and interest payments associated with the construction loan agreement related to the property located at the corner of Sierra Avenue and Slover Avenue, Fontana, California, 92337.