

BetOnSports founder Gary Kaplan pleads guilty

August 14 2009, By CHERYL WITTENAUER , Associated Press Writer

(AP) -- The founder of the online gambling site BetOnSports pleaded guilty on Friday to federal racketeering conspiracy and other charges.

As part of the plea agreement, Gary Kaplan also agreed to forfeit \$43.6 million in illegally obtained revenue from his criminal enterprise.

Assistant U.S. Attorney Steven Holtshouser said Kaplan won't be left penniless.

Kaplan founded the Costa Rica-based company in 1995. By 2006, BetOnSports had grown to be among the largest online gambling firms, handling \$1.8 billion annually in bets.

Online gaming is illegal in the U.S., and later in 2006, a federal grand jury indicted Kaplan, his company and several associates. Kaplan was arrested in March 2007 and was scheduled to go on trial in September. Four other former executives, including two of Kaplan's siblings, have pleaded guilty. No one has been sentenced.

Prosecutors said the company falsely advertised that its Web-based and phone-based [gambling](#) operations were legal, and misled gamblers into believing that [money](#) transferred to BetOnSports was safe and available to withdraw at any time.

In fact, they said, the money was used to expand operations, including purchase of a rival betting firm. When BetOnSports ceased operation in 2006, customers lost more than \$16 million.

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