

## BetOnSports.com founder gets 4-plus years

November 2 2009, By CHERYL WITTENAUER , Associated Press  
Writer

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(AP) -- The founder of the online gambling site BetOnSports.com was sentenced Monday to more than four years in prison, ending a lengthy investigation and prosecution into one of the world's largest offshore sports gambling companies.

Gary Kaplan, 50, must also forfeit \$43.6 million in illegally obtained revenue as part of a plea agreement. Prosecutors have said that amounts to more than half of Kaplan's total worth.

Kaplan pleaded guilty in August to racketeering conspiracy, violating the Wire Wager Act and conspiring to violate it. Prosecutors had been investigating offshore sports gambling since 1997, and BetOnSports since 2001.

Kaplan, sentenced to four years and three months, could end up spending another year behind bars. He has been jailed for two years and seven months since his March 2007 arrest in Puerto Rico. U.S. District Judge Carol Jackson said it will be up to the Bureau of Prisons to determine if he is given credit for time served. Attorneys in the case noted that federal rules call for him serving 85 percent of the 51-month sentence, minus whatever credit he may be given for time served.

Online gaming is illegal in the U.S., and in 2006, a federal grand jury indicted Kaplan, his company and several associates. Three other former executives, including two of Kaplan's siblings, have pleaded guilty and will be sentenced Tuesday. A fourth will be sentenced later.

Kaplan, a high-school dropout who started out as a New York bookie, founded the offshore betting company in 1995, setting up entities in Aruba, Antigua and eventually Costa Rica. The firm solicited U.S. citizens to place sports wagers by phone and over the Internet directly from their accounts.

In his guilty plea in August, Kaplan said BetOnSports had 1 million registered customers and accepted more than 10 million sports bets worth more than \$1 billion in 2004 alone. His company, by then based in Costa Rica, employed 1,700 people.

Kaplan took BetOnSports public on the London Stock Exchange's Alternative Investment Market in 2004, which netted him more than \$100 million that was deposited in Swiss bank accounts. For the next two years, he served as a BetOnSports consultant.

Prosecutors said the company falsely advertised that its gambling operations were legal, and misled gamblers into believing that money transferred to BetOnSports was safe and available to withdraw at any time. Instead, investigators 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.

Kaplan told Jackson in August that he initially believed that adhering to the laws in Aruba, Antigua, Costa Rica, the Dominican Republic and the United Kingdom kept him in good stead with U.S. laws. But he said he became aware as early as 2000 that such dealings violated U.S. law, and got confirmation in a legal opinion in 2002. Yet, he kept operating.

Kaplan apologized to the judge Monday for the "pain and embarrassment" he caused to his family, and said he'd "paid a

monumental price for poor decisions." His attorneys said that Kaplan, from his jail cell, has made six-figure contributions to St. Louis-area charities in recent months.

Jackson said while recognizing Kaplan's generosity, she was "a little put off" by letters she's received from those charities on his behalf.

"When I make a charitable contribution, I don't expect credit," she said. "I hope you will continue to support worthy charitable organizations even when it doesn't further any personal interest you may have."

The case could have been filed anywhere in the U.S., but the Eastern District of Missouri's former U.S. Attorney, Catherine Hanaway, was aggressive in going after [online gambling](#) operations.

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