

Feds: Full Tilt Poker site was Ponzi scheme

September 20 2011, By DAVID B. CARUSO , Associated Press

(AP) -- An Internet poker company that was blocked from operating in the U.S. in the spring as part of an online gambling crackdown was "not a legitimate poker company, but a global Ponzi scheme," federal prosecutors said Tuesday.

The popular Full Tilt Poker website illegally raided player accounts to fund operations and make lavish payments to its owners, Justice Department lawyers said in a revised [civil lawsuit](#) filed in New York.

Over four years, the company used \$444 million in player money to pay board members, including well-known professional [poker players](#) Christopher Ferguson and Howard Lederer, investigators said.

The poker site had promised players that their accounts were protected and wouldn't be touched. But authorities say that, as of March, the company had only \$60 million left in its bank accounts to cover the \$390 million it owed to players. It routinely mingled player money with its own finances, and took cash from some customers to pay out winnings due to others, prosecutors said.

"Full Tilt was not a legitimate poker company, but a global [Ponzi scheme](#)," U.S. Attorney Preet Bharara said in a statement. "Not only did the firm orchestrate a massive fraud against the U.S. [banking system](#), as previously alleged, Full Tilt also cheated and abused its own players to the tune of hundreds of millions of dollars."

A lawyer for the site, Barry Boss, was traveling Tuesday and not

immediately available for comment. The Associated Press could not immediately locate Ferguson, Lederer or their representatives for comment.

[Federal authorities](#) initially sued Full Tilt Poker in April as part of a broad crackdown on the most popular online poker sites in the U.S. They also filed [criminal charges](#) against the company's two [top executives](#), Nelson Burtnick and Raymond Bitar.

Those charges are pending, and the men are still being sought by authorities. Previously, they have issued statements through a publicist condemning the charges as unfounded.

Executives at two other sites, PokerStars and Absolute Poker, also face charges and civil suits seeking millions of dollars in gambling proceeds.

U.S. lawmakers made it a crime to accept money in connection with unlawful gambling in 2006, but some big card-playing sites continued to operate anyway, saying their off-shore status or methods of processing payments put them outside the law's reach.

Many of the companies did business by having gamblers deposit money in special online accounts. Those accounts were then used to pay losses and receive winnings.

In its revised lawsuit against Full Tilt, Justice Department lawyers said that even though the company had assured players that those accounts "are segregated and held separately from our operating accounts," they were actually drained regularly for other purposes, including paying the company's owners and board members.

Bitar got \$41 million and Lederer got \$42 million, the lawsuit said. Ferguson was supposed to get \$87.5 million, although he may have only

received \$25 million of that amount so far, [federal prosecutors](#) claimed.

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