

11 charged in US crackdown on online poker

15 April 2011, by Chris Lefkow



A poker table during a championship. Eleven people have been charged with bank fraud, money laundering, illegal gambling and other offenses in a crackdown on three of the largest online poker companies in the United States.

Eleven people have been charged with bank fraud, money laundering, illegal gambling and other offenses in a crackdown on the three largest online poker companies operating in the United States.

The founders of the companies -- PokerStars, Full Tilt Poker and Absolute Poker -- were among those charged in the indictment unsealed Friday by the US attorney for the southern district of New York.

In addition to the charges, restraining orders were issued against 76 bank accounts in 14 countries used by the poker firms, which are all based outside of the United States, along with their payment processors.

Five Internet domain names used by the companies to host their games were also seized by the authorities, who filed a complaint seeking \$3 billion in money laundering penalties and forfeiture from the poker companies.

The poker companies' websites were stamped with the official seals of the Federal Bureau of

Investigation and Department of Justice, as well as a message stating "this domain name has been seized by the FBI."

"These defendants concocted an elaborate criminal fraud scheme, alternately tricking some US banks and effectively bribing others to assure the continued flow of billions in illegal gambling profits," said US Attorney Preet Bharara.

"Foreign firms that choose to operate in the United States are not free to flout the laws they don't like simply because they can't bear to be parted from their profits."

Janice Fedarcyk, assistant director of the FBI's New York field office, said the defendants, "knowing full well that their business with US customers and US banks was illegal, tried to stack the deck.

"They lied to banks about the true nature of their business," Fedarcyk said. "The defendants bet the house that they could continue their scheme, and they lost."

While Internet gambling has been illegal in the United States since 2006, online poker remains a multi-billion-dollar industry with companies using a variety of ways to flout the law, including locating their operations offshore.

According to the indictment, the companies arranged for money received from US gamblers to be disguised as payments to non-existent websites purporting to sell merchandise such as jewelry and golf balls.

The indictment said the poker companies tricked US banks into processing billions of dollars, but some banks were conspirators in the scheme to bypass US laws that make it illegal to handle gambling proceeds.

Among those arrested was John Campos, the part owner of SunFirst Bank, a small private bank in Saint George, Utah.

Campos, 57, allegedly agreed to process gambling transactions in return for a \$10 million investment in SunFirst and a \$20,000 payment for his assistance.

Three of the 11 charged are under arrest in the United States but eight of them are abroad and US authorities are seeking the assistance of Interpol and foreign law enforcement to apprehend them.

Three of the defendants are Canadians. One of them, Isai Scheinberg, 64, the founder of PokerStars, has dual Israeli-Canadian citizenship and lives on the Isle of Man.

All of the others are US citizens. Most of them live outside the United States -- in Costa Rica, Ireland and the Isle of Man.

If convicted, the defendants can face up to five years in prison for illegal Internet gambling, 20 years for money laundering and 30 years for bank and wire fraud.

US law prohibits US financial institutions from knowingly accepting payments for online gambling made through credit cards, electronic funds transfers and checks.

The US ban on Internet gambling has been challenged as an unfair trade restriction at the World Trade Organization and some lawmakers are seeking to have online gambling legalized.

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