

# US warns online gambling is illegal

Charges of illegal gambling levelled at BetonSports and David Carruthers, its chief executive, may be only the first in a series of prosecutions against online gambling executives setting foot on US soil, federal officials warned on Tuesday.

The Department of Justice, which released a 26-page indictment against the UK-listed company and 11 individuals, said internet gambling was illegal and those who ran US operations did so at their own risk.

„Maybe some people weren't paying attention,“ the DoJ said.

Lawyers for BetonSports, which suspended trading on Tuesday, were poring over a DoJ restraining order against the company which forces it to cease trading in the US. BetonSports, which relies on the US for about 80 per cent of its revenues, is required to stop accepting bets from the US; to place notices on its US-based websites saying it does not accept bets on sporting events and to place full-page newspaper adverts saying telephone betting services are „a violation of US law“.

Mr Carruthers, who was arrested on Sunday night at Dallas Fort Worth airport transit lounge en route to his home in Costa Rica where BetonSports is based, is being held outside Dallas. He awaits a bail hearing in Texas on Friday. The Scottish-born chief executive faces charges of racketeering conspiracy. He is doing „as well as can be expected“, a source close to the situation said. Also charged is Gary Kaplan, the BetonSports founder, who also lives in Costa Rica and is thought to be on holiday.

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Although it has laid charges for illegal gambling, the DoJ said Mr Kaplan and BetonSports had failed to pay federal betting taxes of USD 3.3bn and is seeking forfeiture of USD 4.5bn from the defendants.

Shares across the online gambling sector fell heavily for a second day running. SportingBet, another company with a heavy dependence on US business, lost more than a third of its value, falling GBP 1 to GBP 1.82. PartyGaming shares were down 17 $\frac{3}{4}$ p to 85 $\frac{1}{4}$ p and Leisure and Gaming shares fell 21p to 71 $\frac{1}{2}$ p.

Online gambling related businesses also suffered. Playtech, a gambling software developer, lost a third of its price, as confusion reigned about the scope of the DoJ's planned actions.

Some companies have steered clear of the US because of doubts about legality, while others avoid operating sports books and only take bets from the US on casino and poker games.

But the DoJ indictment refers to BetonSports taking bets from the US on casino-type games as well as sports and sporting events.

Jim Halpert, partner at the DLA Pipe law firm in Washington, DC, said: „The record of enforcement in this area is one of periodic high-profile enforcement actions, designed to deter what the Department of Justice views as ongoing systematic violations of US law.“

A US crackdown on online gambling could lead to extraditions from Britain even though British laws in this area are much less tough, leading lawyers said on Tuesday.