

Betonsports Cited for Contempt in U.S. Gambling Case

(Bloomberg) – Betonsports Plc, the British Internet sports book indicted in the U.S. on charges of racketeering and violating interstate gambling laws, was found in contempt of court for failing to answer those charges.

U.S. District Judge Carol Jackson today in St. Louis found the company in contempt for violating a Dec. 28 order to appear in court. Prosecutors asked her to impose daily fines on the company's officers until a representative comes forth.

Betonsports' St. Louis counsel Jeffrey Demerath called the judge's chambers yesterday and „told us he had been instructed by his client not to appear," Jackson said. „I clearly believe Betonsports' actions are contumacious and disregard the court's order without any excuse.“

The London-based company was indicted last summer, together with its founder Gary Kaplan, then-Chief Executive Officer David Carruthers and nine other individual defendants. Prosecutors are seeking the forfeiture of USD 4.5 billion.

Reached by phone in his office this morning, Demerath, a partner at Armstrong Teasdale, said he hadn't seen a contempt order from the court and couldn't comment on today's proceedings.

Carruthers and six other defendants appeared in court on July 31 and entered not guilty pleas. Kaplan and two other defendants are still at large.

A not guilty plea was entered by the court on the company's behalf on Jan. 11. Ginny Pulbrook, a London-based spokeswoman

for the company, did not return an after-hours phone message seeking comment on today's contempt citation.

Banned

In November, Demerath was one of two corporate attorneys who signed a civil consent agreement with federal prosecutors paving the way for Jackson to issue an order permanently banning Betonsports from doing business in the U.S.

On the eve of the company's scheduled arraignment on the criminal charges last month, Demerath also told the court his clients had instructed him not to answer the charges.

Betonsports' decision „suggests that corporate management is neither in a coma nor dead but, instead, contemptuous and defiant,” Assistant U.S. Attorney Michael Fagan said in court papers asking Jackson to make the contempt finding.

„The defendant is the company,” former Assistant U.S. Attorney James Montana said in a telephone interview from his office in Chicago. „It would be appropriate for the company to be fined,” he said.

,Not a Party'

„I don't understand how the court could impose fines on officers or directors who are not a party to the lawsuit,” he said. Now chairman of the litigation practice group at Chicago's Vedder Price Kaufman & Kammholz, Montana was formerly general counsel to casino operator, Bally's Entertainment Corp.

Montana said he didn't believe Jackson would grant prosecutors' request to fine the officers. Fines against the corporation, if unpaid, could eventually be converted to a money judgment held by the U.S. and enforceable against Betonsports assets at least in the U.S. and possibly abroad, he said.

Betonsports suspended trading of its shares on the London stock exchange on July 18, one day after the U.S. indictment was unsealed. Last month the company was de-listed.

The case is U.S. v. Betonsports, 06cr337, U.S. District Court, Eastern District of Missouri (St. Louis).