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ICE NEWSROOM

FEBRUARY 28, 2012 • BALTIMORE, MD • INTELLECTUAL PROPERTY RIGHTS AND COMMERCIAL FRAUD

Bodog and 4 Canadian individuals indicted for conducting internet gambling business generating more than \$100 million in sports gambling winnings

BALTIMORE – A federal grand jury has indicted Bodog Entertainment Group S.A., d/b/a/ Bodog.com, its owner and three operators for conducting an illegal sports gambling business and conspiring to commit money laundering, following an investigation led by U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI).

The following individuals, all from Canada, are charged in an indictment returned Feb. 22 and unsealed today: Calvin Ayre, 50; James Philip, 58; David Ferguson; and Derrick Maloney.

"Sports betting is illegal in Maryland, and federal law prohibits bookmakers from flouting that law simply because they are located outside the country," said U.S. Attorney Rod J. Rosenstein. "Many of the harms that underlie gambling prohibitions are exacerbated when the enterprises operate over the Internet without regulation."

"Today's indictment of Bodog Entertainment Group S.A. and its founder and operators sends a strong deterrent message to those that facilitate illegal online sports betting operations and commit crimes against our nation's financial system," said Special Agent in Charge of HSI Baltimore William Winter. "The proceeds from illegal Internet gambling are sometimes used to fuel organized crime and support criminal activity. HSI, together with our law enforcement partners, will disrupt and dismantle

organizations that commit these crimes, regardless of their location, whether here in the United States or abroad."

The two count indictment alleges that from at least June 9, 2005 to Jan. 6, 2012 the defendants conducted an illegal gambling business involving online sports betting. The defendants and their conspirators allegedly moved funds from Bodog's accounts located in Switzerland, England, Malta, Canada and elsewhere to pay winnings to gamblers, and to pay media brokers and advertisers located in the United States. The conspirators directed payment processors to send at least \$100 million by wire and by check to gamblers located in Maryland and elsewhere.

The individual defendants face a maximum sentence of five years in prison for conducting a gambling business and 20 years in prison for the money laundering conspiracy. Bodog faces a maximum fine of \$500,000 on each of the two counts. The initial appearances of the individual defendants have not been scheduled.

According to the indictment, the conspirators allegedly caused a media broker to execute an advertising campaign to attract gamblers in the United States to the Bodog.com website. From 2005 to 2008 the conspirators allegedly paid more than \$42 million in costs for the advertising campaign.

"Internet gambling, along with other types of illegal e-commerce, is an area of great interest to IRS Criminal Investigation," said Acting Internal Revenue Service D.C. Field Office Special Agent in Charge Eric Hylton. "Laundering money from illegal activity such as illegal Internet gambling is a crime. Regardless of how the money changes hands – via cash, check, wire transfers or credit cards – and regardless of where the money is stored – in a United States financial institution or an offshore bank – we will trace the funds. IRS Criminal Investigation will vigorously investigate and recommend prosecution against the owners and operators of these illegal enterprises to the fullest extent possible."

According to the affidavit in support of a seizure warrant, an ex-employee of Bodog stated that Bodog has hundreds of employees located in Canada and Costa Rica who handle the daily operations of taking bets, tracking sports events, customer service, website development, advertising and financial transactions. The ex-employee also identified Bodog's top level officers and directors.

Yesterday, HSI special agents executed the warrant seizing Bodog's website domain name.

The investigation was conducted by HSI Baltimore, IRS – CI, Anne Arundel County Police Department and Maryland State Police. The Intellectual Property Rights Coordination Center (IPR Center) assisted in this investigation. To learn more about the IPR Center, visit www.IPRCenter.gov.

The case is being prosecuted by Assistant U.S. Attorney Richard C. Kay.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

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