

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
) NO. 4:06CR00337 CEJ
 v.)
)
 BETONSPORTS PLC,)
)
 Defendant.)

**PLEA AGREEMENT, SENTENCING GUIDELINES
RECOMMENDATIONS AND STIPULATIONS**

Come now the parties pursuant to §6B1.4, Sentencing Guidelines and Policy Statements (October 1987), and the Administrative Order of this Court (July 19, 2006) and hereby stipulate and agree that the following are the parties' agreements, recommendations and stipulations:

1. THE PARTIES:

The parties to the agreements, recommendations and stipulations contained herein are the defendant BETONSPORTS PLC, a corporation established pursuant to the laws of Great Britain and the Office of the United States Attorney for the Eastern District of Missouri (hereinafter "the Government"). This document and the agreements and stipulations contained herein do not, and are not intended to, bind any governmental office or agency other than the United States Attorney for the Eastern District of Missouri. It is understood by the parties that the Court is neither a party to nor bound by these agreements, recommendations and stipulations.

A resolution of the Board of Directors of BETONSPORTS PLC, attached and herein incorporated by reference, which bears a notary seal, authorizes Jeffrey T. Demerath to act for BETONSPORTS PLC in the negotiation of the plea between the Government and

BETONSPORTS PLC, the making of the plea by BETONSPORTS PLC, and the sentencing of BETONSPORTS PLC. The resolution of the Board of Directors of BETONSPORTS PLC certifies that all corporate formalities required for the authorization set forth in the resolution, including approval by BETONSPORTS PLC'S directors, have been observed.

2. PLEA AGREEMENTS:

A. The Plea:

Pursuant to Rule 11(c)(1)(A), Federal Rules of Criminal Procedure, in exchange for the defendant's voluntary plea of guilty to Count I of the Indictment, the government agrees to move for the dismissal as to the defendant of Count 2 at the time of sentencing. Moreover, the Office of the United States Attorney for the Eastern District of Missouri agrees that no further federal criminal prosecution will be brought in this District relative to the defendant's participation in the Kaplan Gambling Enterprise, as described in the Indictment, occurring between July, 2004 and the present date, of which the Office of the United States Attorney for the Eastern District of Missouri is aware at this time.¹ The United States Attorney for the Eastern District of Missouri also represents that at the present time, based on the information and evidence presently known to the Government, there is no intention to charge any as-yet uncharged past BETONSPORTS PLC directors, and any as-yet uncharged present individual directors, known to the Government

¹Defendant BETONSPORTS PLC acknowledges that the U.S. Attorney for the Eastern District of Missouri lacks the authority to bind any district other than the Eastern District of Missouri. Several such districts are investigating criminal conduct related to internet gambling and BETONSPORTS PLC may be a subject of those investigations. However, neither the U.S. Attorney's Office for the Eastern District of Missouri nor the Organized Crime and Racketeering Section of the U.S. Department of Justice are presently aware of any other federal district intending to criminally charge BETONSPORTS PLC or its past or present as yet unindicted directors as a defendant in connection with its U.S. online gambling activities discussed herein.

as such, of BETONSPORTS PLC with any offenses arising out of the investigation in this case. BETONSPORTS PLC also promises that in the event this matter goes to trial, it agrees to produce one or more witnesses, as competent custodians of records, to the Government in this case and cause said witnesses to appear personally and truthfully testify in this District when their appearance is requested by the Government. BETONSPORTS PLC agrees that the promise to produce records custodians shall be binding on any present or subsequent director and representative of BETONSPORTS PLC. In addition, the current directors of BETONSPORTS PLC, and any representatives, agree not to obstruct or block in any way the testimony of a BETONSPORTS PLC custodian of records in the United States.

Pursuant to Rule 11(c) and (d), Federal Rules of Criminal Procedure, the defendant fully understands that there will be no right to withdraw the plea entered under this agreement, except where the Court rejects those portions of the plea agreement **concerning** charges the government agrees to dismiss or not to bring.

B. The Sentence:

Pursuant to Rule 11(c)(1)(B), Federal Rules of Criminal Procedure, in this document the parties have addressed the United States Sentencing Guidelines, the factors set forth in Title 18, United States Code, Section 3553(a), and other factors relevant to sentencing. The parties agree that the recommendations contained herein fairly and accurately set forth the Guidelines applicable to this case. The parties believe that the Court should use these recommendations in determining the defendant's sentence along with any other factors specified in this agreement.

The parties acknowledge that the Guidelines application recommendations set forth herein are the result of negotiations between the parties as to the Guidelines applications they

address; that these negotiated recommendations as well as the agreements by the Government described in paragraph 2A led to the guilty plea in this case; and that each party has a right to rely upon and hold the other party to the recommendations at the time of sentencing. The parties further agree that neither party shall request a sentence above or below the applicable guideline range pursuant to any chapter of the Guidelines, Title 18, United States Code, Section 3553(a), or any other provision or rule of law, unless that request or facts which support that request are addressed in this document or the request is made with the consent of both parties. The parties understand that the District Court is neither a party to nor bound by the Guidelines recommendations agreed to in this document.

C. Waiver of Post-Conviction Rights:

(1) **Appeal:** The defendant has been fully apprised by defense counsel of the defendant's rights concerning appeal and fully understands the right to appeal the sentence under Title 18, United States Code, Section 3742.

(a) **Non-Sentencing Issues:** In the event the Court accepts the plea, as part of this agreement, both the defendant and the government hereby waive all rights to appeal all non-jurisdictional issues including, but not limited to, any issues relating to pre-trial motions, hearings and discovery and any issues relating to the negotiation, taking or acceptance of the guilty plea or the factual basis for the plea.

(b) **Sentencing Issues:** In the event the Court accepts the plea and, in sentencing the defendant, 1) applies the recommendations agreed to by the parties herein, and 2) after determining a Sentencing Guideline range, sentences the defendant within that range, then, as part of this agreement, both the defendant and the government hereby waive all rights to

appeal all sentencing issues, including any issues relating to the determination of the Total Offense Level and the Criminal History Category.

(2) **Habeas Corpus**: The defendant acknowledges being guilty of the crime to which a plea is being entered, and further states that neither defense counsel nor the government has made representations which are not included in this document as to the sentence to be imposed. The defendant further agrees to waive all rights to contest the conviction or sentence in any post-conviction proceeding, including one pursuant to Title 28, United States Code, Section 2255, except for claims of prosecutorial misconduct or ineffective assistance of counsel.

D. Disclosures Required by the United States Probation Office:

The defendant agrees, through authorized counsel, to complete and sign forms as required by the United States Probation Office prior to sentencing, including a Net Worth Statement (Probation Form 48); or a Net Worth Short Form Statement (Probation Form 48 EZ); a Cash Flow Statement (Probation Form 48B); a Declaration of Defendant or Offender Net Worth and Cash Flow Statements (Probation Form 48D); a Customer Consent and Authorization for Access to Financial Records (Probation Form 48E); and an Authorization to Release Government (State or Federal) Information to Probation Officer (Probation Form 11-H). The defendant agrees to provide complete, truthful and accurate information on these forms and consents to the release of these forms and any supporting documentation by the United States Probation Office to the government. The defendant also agrees to complete and sign forms, including a Customer Consent Authorization for Access to Financial Records During Supervision (Probation Form 48I), as required by the United States Probation Office during the

defendant's term of supervised release or probation. The defendant agrees to provide complete, truthful and accurate information on these forms and consents to the release of these forms and any supporting documentation by the United States Probation Office to the Government.

E. Civil or Administrative Actions not Barred; Effect on Other Governmental Agencies:

The defendant has discussed with defense counsel and understands that nothing contained in this document is meant to limit the rights and authority of the United States of America to take any civil, tax or administrative action against the defendant including, but not limited to, asset forfeiture, deportation and any listing and debarment proceedings to restrict rights and opportunities of the defendant to contract with government agencies. Further, any recommendation in this document as to the amount of loss or restitution is not binding upon the parties in any civil or administrative action by the government against the defendant.

F. Forfeiture of Interest in Property Seized:

The defendant agrees to forfeit all of the defendant's interest in all items, **if any**, seized by law-enforcement officials during the course of their investigation and will not contest the forfeiture to law enforcement of such items. The defendant specifically admits that all United States currency, property and assets seized by law enforcement officials during their investigation constitute the proceeds of the defendant's illegal activity, were commingled with illegal proceeds or were used to facilitate the illegal activity and agrees not to file a claim in any forfeiture proceeding or to contest, in any manner, the forfeiture of said currency, property or assets.

The defendant further agrees not to assist any other individual in contesting those forfeitures on the defendant's behalf and agrees that there was reasonable cause to seize the

aforementioned currency, property or assets. The defendant agrees to prevent the disbursement of any and all monies, property or assets derived from unlawful activities, if said disbursements are within the defendant's direct or indirect interest or control, and to assist the Government in recovery and forfeiture of any prior disbursements of such monies, property or assets. The defendant agrees to take all steps necessary and to execute any documents needed, to transfer title or ownership of these items to the government, to include truthful testimony to rebut the claims of nominees and/or alleged third party owners of any of these seized items.

The defendant further agrees that any and all seized items may be disposed of by law enforcement officials in accordance with the established practices and policies of the respective law enforcement agency.

G. Forfeiture Claim in Indictment

By pleading guilty to Count 1 of the Indictment, BETONSPORTS PLC agrees to the entry of a judgment on the forfeiture claim in the Indictment in this case. However, BETONSPORTS PLC has indicated that it will seek liquidation and dissolution under the laws of Great Britain due to insolvency. In addition, BETONSPORTS PLC is under a Permanent Injunction (United States v. BETONSPORTS PLC, 4:06-CV-01064 (CEJ)). Although it does not impact the terms of the Permanent Injunction, the Government is aware that BETONSPORTS PLC claims that a Court order issued by the Eastern Caribbean Supreme Court in the High Court of Justice Antigua and Barbuda in the matter captioned Financial Services Regulatory Commission and Betonsports (Antigua) Ltd. Claim No. ANUHCV2006/("the Antigua Order") may impact its ability to comply with some terms of the Permanent Injunction. This reference does not waive any argument that the Government may have concerning the Antigua Order, nor limit this Court in any ruling it may make in enforcing compliance with the

permanent injunction. At sentencing, following preparation of the Presentence Report, if it is determined that there are no funds available to satisfy a forfeiture judgment, and that there were no transfers or concealment of funds to avoid forfeiture or other civil liability, the Government will move to dismiss the forfeiture allegation as to this defendant only. In the event that funds subject to forfeiture are available to any extent, the parties request this Court to determine the appropriate forfeiture judgment, in conformity with the recommendations made below.

3. GUIDELINES RECOMMENDATIONS (NOT BINDING ON THE COURT):

A. Manual to be Used: The parties recommend that the 2006 version of the Guidelines Manual applies.

(1) Applicable Provisions:

(a) The defendant states that it has ceased all operations in the United States. The Government has not found any indication that the defendant is doing business within the jurisdiction of the United States. Therefore, provisions of Chapter Eight applicable to remedial orders, community service and compliance programs are inapplicable in this matter.

(b) The defendant states that it is insolvent, that its liabilities are greater than its assets, and that the Board of Directors will request that the defendant be liquidated under the laws of the United Kingdom. If this is confirmed during the Presentence Investigation, the calculation of a fine range is inappropriate pursuant to §8C2.2(b). If this is not confirmed, the parties will provide the Court with their calculation(s) of the range of fine amounts applicable to sentencing. The parties recognize that the Court can disregard the parties' calculation(s) and impose such fine as it deems lawful and appropriate..

(c) Reimbursement by the defendant to individuals in the United

States is subject to a parallel Permanent Injunction, and need not be addressed in the criminal case.

(d) The defendant is subject to a term of probation as provided for by Part D of Chapter Eight. Based upon the representations of the defendant, the parties recommend that the Court impose a term of probation, with terms and conditions, to terminate upon the defendant's liquidation or at such other time as the Court deems appropriate.

(2) **Criminal History:** The determination of the defendant's Criminal History Category shall be left to the Court after it reviews the Presentence Report. The Criminal History Category determination will be made only after the United States Probation Office obtains and evaluates the records it can find of the defendant's criminal history. Prior convictions can affect the sentence and usually result in a harsher sentence. Both parties retain their right to challenge, before sentencing, the finding of the Presentence Report as to the defendant's criminal history and the applicable category.

Both parties are aware that the results of a preliminary criminal record check are available for review in the Pretrial Services Report.

B. Acknowledgment of Effect of Recommendations:

The parties recognize that they may not have addressed or foreseen all the Guidelines provisions applicable in this case. Guidelines applications not expressly addressed by the parties' recommendations, but which are addressed by the Presentence Report or the Court, may be presented to the Court for consideration. The parties agree and understand that the Court, in its discretion, may apply any Guidelines not addressed in this document.

Furthermore, this Court is not bound by these recommendations. The refusal of this Court to follow the recommendations of the parties shall not serve as a basis to withdraw the

plea.

4. STIPULATION OF FACTS RELEVANT TO SENTENCING:

The parties stipulate and agree that the facts in this case are as follows and that the government would prove these facts beyond a reasonable doubt:

A. The Enterprise

Between 1992, and July, 2006, co-defendants Gary Stephen Kaplan, Neil Scott Kaplan, Lori Beth Kaplan Multz, David Carruthers, Peter Wilson, also known as Greggory Haggard, Norman Steinberg, Tim Brown, William Hernan Lenis, William Luis Lenis, Monica Lenis, Manny Gustavo Lenis, Direct Mail Expertise, Inc., DME Global Marketing Fulfillment & Distribution, Inc. and Mobile Promotions Inc. were members and associates of a criminal organization (“the Kaplan Gambling Enterprise” or “the Enterprise”) that operated a number of Internet web sites that did business in the United States by offering, facilitating and conducting unlawful computer and telephone service based sports betting, and other forms of gambling. BETONSPORTS, PLC was formed in July, 2004, and, according to BETONSPORTS, PLC, obtained for fair value ownership of certain businesses and assets of the Kaplan Gambling Enterprise. It thus knowingly and wilfully joined the criminal organization with full knowledge of the function of the Enterprise and the means by which it generated revenue. Defendant BETONSPORTS, PLC continued the operations of those businesses acquired from July, 2004 through the date of the indictment in this case. By doing so and by operation of law, BETONSPORTS PLC adopted the actions of the Enterprise which occurred prior to July, 2004.

The Kaplan Gambling Enterprise, including its leadership, membership and associates, constituted an “enterprise,” as defined by Title 18, United States Code, § 1961(4), that is, a group of entities and individuals associated in fact. The Kaplan Gambling Enterprise constituted

an ongoing organization, whose members functioned as a continuing unit, for the common purpose of achieving the objectives of the Enterprise. The Enterprise was engaged in, and its activities affected, interstate and foreign commerce.

The Kaplan Gambling Enterprise was a criminal organization whose members and associates engaged in: (1) the operation of an illegal gambling business; (2) mail and wire fraud; (3) interstate travel and transportation in aid of a racketeering enterprise; (4) interstate transportation of gambling paraphernalia; (5) use of wire communication facilities in interstate and foreign commerce, to transmit illegal wagers and betting information; (6) money laundering, and (7) racketeering conspiracy.

The Kaplan Gambling Enterprise included legal entities including, but not limited to: BetonSports (Panama) S.A.; BetonSports (Costa Rica) S.A.; BetonSports (Antigua) Ltd. S.A.; BetonSports.com Ltd.; NASA International, Inc.; NASA Sports Books, Inc.; Millennium Sports; Mill Sports; Inversiones Millennium I y M S.A.; Corporacion Moishe; B. Holdings, Inc.; Boulder Investment; Brentail Internacional S.A.; J.S.I. Jaguar Sports International S.A.; Fergrant International S.A.; Lansford Inc.; Sports on the Internet, Ltd.; Gibraltar Sports Corp.; Infinity Sports International Corp.; Rock Island, Inc.; Bettors Trust; Best Line Sports; MVP; I Q Ludorum; the International Sportsbook Council (“ISBC”); the Offshore Gaming Association (“OSGA”); World Wide Credit; Barrio Holdings; and Boulder Overseas.

Entities operated under Internet-associated brand or trade names belonging to or controlled by Enterprise members, included, but were not limited to: BETonSPORTS.COM (also known as BetonSports, BetonSports.com and BoS.com); BoS; Bestline Sports International; betmill.com; BetonFantasy.com; BetonSports.com; Bettorstrust.com; Blue Grass Sports; Gibraltar Sports; Infinity Sports International; Jagbet.com; MVP Bets.com; Millennium Sports;

NASA Sportsbook; Rock Island Sports; and Wagermall.com.

The Kaplan Gambling Enterprise also controlled domain names and IP (internet protocol) addresses currently and formerly used to operate web sites, or otherwise used by or related to the Enterprise, listed in Attachment A, and herein incorporated by reference.

A principal goal of the Kaplan Gambling Enterprise was to make money for the Enterprise, its employees, members and associates, by maximizing the number of individuals in the United States who placed illegal bets on sports and sporting events with Enterprise controlled telephone service and computer gambling web sites.

Another goal of the Kaplan Gambling Enterprise was to avoid the payment of federal income and wagering excise taxes due to the United States from the employees, members and associates of the Enterprise.

B. The Racketeering Conspiracy

Between 1992 and continuing to the present, within the Eastern District of Missouri and elsewhere, the defendant BETONSPORTS, PLC (through and including its predecessors), by virtue of its formation in July, 2004 and its subsequent ownership and operation of certain assets, and other members of the Kaplan Gambling Enterprise, which engaged in, and the activities of which affected, interstate and foreign commerce, knowingly, and intentionally conspired and agreed to violate Title 18, United States Code, § 1962(c), that is, to conduct and participate, directly and indirectly, in the affairs of that ENTERPRISE through a pattern of racketeering activity consisting of multiple acts indictable under the State and federal statutes listed in the Indictment, including but not limited to 18 U.S.C. § 1084 (the Wire Wager Act); 18 U.S.C. § 1341 (Mail Fraud); 18 U.S.C. § 1343 (Wire Fraud); 18 U.S.C. § 1952 (Interstate travel in aid of a Racketeering Enterprise); 18 U.S.C. § 1955 (Operation of an Illegal Gambling Business); 18

U.S.C. § 1953 (Interstate transportation of Gambling Paraphernalia); and 18 U.S.C. § 1956 (Money Laundering). It was part of the conspiracy that the defendant agreed that a conspirator would commit at least two acts of racketeering activity in the conduct of the affairs of the Enterprise.

C. Manner, Method and Means of the Conspiracy

The KAPLAN GAMBLING ENTERPRISE was directed by defendant GARY KAPLAN. The ENTERPRISE began as an illegal sports betting business operated by GARY KAPLAN and others in and near New York City. After GARY KAPLAN's arrest on New York State gambling charges in May of 1993, GARY KAPLAN relocated his illegal gambling operation to Florida, continuing to take sports wagers from bettors in New York by telephone. In approximately 1995, GARY KAPLAN moved the ENTERPRISE to Aruba, in the West Indies. To facilitate its U.S. operations, the Enterprise established and controlled toll-free telephone services, and caused these services to accept sports wagers from gamblers in the United States. The ENTERPRISE also started to accept sports wagers via the Internet. In about 1997, GARY KAPLAN relocated the ENTERPRISE to Antigua, and then to Costa Rica, leaving certain aspects of the ENTERPRISE's financial operations in Antigua. Through all these relocations, GARY KAPLAN, his co-conspirators, and the members and associates of the illegal ENTERPRISE always operated, and caused the operation of, the ENTERPRISE's primary revenue-producing business, illegal sports wagering, in the United States.

Among the ENTERPRISE'S first computer-based sports book was one called the North American Sports Association International, or NASA, which evolved into BETonSPORTS.COM. BETonSPORTS.COM was advertised by the ENTERPRISE as the largest online wagering service in the world. BETonSPORTS.COM and the other gambling web

sites operated by the ENTERPRISE offered gamblers in the United States illegal wagering on professional and college football and basketball, as well as many other professional and amateur sporting events and contests. The ENTERPRISE controlled Internet gambling web sites also advertise toll free telephone numbers for placing sports bets.

In July of 2004, defendant GARY KAPLAN and the other members and associates of the KAPLAN GAMBLING ENTERPRISE formed this defendant, BETONSPORTS PLC, a holding company incorporated under the laws of England and the United Kingdom, and BETONSPORTS PLC thereby knowingly and willfully joined the existing conspiracy charged in Count 1. BETONSPORTS PLC acquired many of the business enterprises that were members of the KAPLAN GAMBLING ENTERPRISE. Defendant GARY KAPLAN, through a holding company, retained a 49% interest in BETONSPORTS PLC. In July of 2005, defendant GARY KAPLAN sold and caused the sale of 23,000,000 shares of BETONSPORTS PLC, retaining ownership of 15% of the BETONSPORTS PLC stock through a holding company. BETONSPORTS PLC continued to retain GARY KAPLAN as a consultant between formation of BETONSPORTS PLC and the date of the indictment in this case.

It was part of the conspiracy that the Enterprise operated Internet web site and telephone gambling services from facilities physically located in San Jose, Costa Rica. The Enterprise took wagers almost exclusively from gamblers in the United States. BETonSPORTS.COM promotional media materials, prepared and distributed by the Enterprise, stated that in 2003, BETonSPORTS.COM had 100,000 active players, who placed 33 million wagers, worth over \$1.6 billion dollars through the BETonSPORTS.COM web site. BETonSPORTS.COM promotional media materials prepared and distributed by the Enterprise stated that in 2004, BETonSPORTS.COM had more than 2,000 inbound telephone lines, computer servers capable

of handling 5,600 simultaneous web transactions, and more than 2,000 employees during peak gambling times such as the months preceding the Superbowl and March Madness.

BETonSPORTS.COM promotional media materials publicly available in 2004 and 2005 stated that BETonSPORTS.COM had a state-of-the-art network infrastructure, and offered illegal Internet and telephone service gambling through sportsbooks, an online casino, and “proposition” bets. BETonSPORTS.COM promotional media materials available in 2004 and 2005 stated that the web site took in an average of 63 bets per minute, “24/7/52,” 98 percent of which came from bettors in the United States. All wagering originating in the United States which occurred on Enterprise web sites and telephone services was illegal under federal law.

It was part of the conspiracy that in order to increase traffic and wagering on Enterprise web sites and telephone services, the Kaplan Gambling Enterprise targeted U.S. gamblers, even though soliciting and accepting bets placed on sports and sporting events using interstate wire communications facilities was and is illegal in the United States, except where specifically authorized by federal law. The Enterprise spent millions of dollars in the United States, advertising Enterprise-controlled Internet web sites and telephone services in magazines, sports annuals and other sports publications, on sports radio, and on television.

It was part of the conspiracy that the Kaplan Gambling Enterprise operated various illegal gambling businesses. The Enterprise conducted illegal Internet and telephone gambling operations throughout the United States, in violation of the laws of the United States. The Kaplan Gambling Enterprise solicited millions of illegal bets on sports and sporting events from gamblers in the United States, twenty four hours a day, three hundred and sixty five days a year. These bets, and information related to illegal bets placed with the Kaplan Gambling Enterprise-controlled entities, were transmitted via interstate and international telephone lines, and

computers connected to the Internet.

It was part of the conspiracy to develop a scheme to defraud gamblers in the United States, by inviting, inducing and persuading them to place bets with the Kaplan Gambling Enterprise through its various Internet web sites and telephone lines. As part of the scheme, the members and associates of the Kaplan Gambling Enterprise created and disseminated advertising throughout the United States, which falsely stated that Internet and telephone gambling on sporting events and contests was “legal and licensed.” The Kaplan Gambling Enterprise concealed the fact that the multiple web sites and telephone services through which it offered sports and casino style gambling were all owned and operated by the Enterprise, and used to conduct the Enterprise’s illegal gambling businesses that were in fact not legal or licensed in the United States.

As part of the scheme to defraud, the Kaplan Gambling Enterprise used the United States mail system to deliver its fraudulent print advertising, and to cause bettors in the United States to send money to Enterprise-controlled entities for the purpose of placing illegal bets. The Kaplan Gambling Enterprise used radio and television to deliver fraudulent advertising, through broadcasts and cable casts in and across the United States.

As part of the scheme to defraud, the Kaplan Gambling Enterprise controlled, in whole or in part, two entities called the OSGA and the ISBC. The OSGA and the ISBC were advertised and represented to gamblers in the United States as independent watchdog agencies, whose purpose was to monitor online gambling to protect the wagering public. The Enterprise actually used the OSGA and ISBC web sites to direct U.S. gamblers to Enterprise-controlled web and telephone gambling sites, and to inhibit loss of funds to the Enterprise that might otherwise occur due to customer complaints or disputes.

It was part of the scheme to defraud and the conspiracy that the members and agents of the Kaplan Gambling Enterprise instructed individuals in the United States to send, or cause money to be sent to the Enterprise, for the purpose of opening one or more gambling accounts. The Enterprise instructed these individuals to send the money, intended to be used to place illegal wagers, to a named recipient other than directly to the Enterprise web site or telephone line.

Another part of the conspiracy was to have the members and associates of the Kaplan Gambling Enterprise use interstate and international telephone and computer wire communications to illegally accept and record millions of sports wagers from gamblers in the United States, and to transmit information facilitating the acceptance of illegal wagers by Kaplan Gambling Enterprise web sites and gambling telephone services.

It was also part of the conspiracy that members and associates of the Kaplan Gambling Enterprise traveled and communicated across State and national borders, in aid of the Enterprise and its operations, and purchased products and services in the United States, and caused them to be shipped to Costa Rica, and other locations outside the U.S. where the Enterprise had physical facilities.

It was also part of the conspiracy that the members and associates of the Kaplan Gambling Enterprise transported gambling equipment across State and national borders, in aid of the Enterprise and its operations.

Another component of the conspiracy was to have the members and associates of the Kaplan Gambling Enterprise launder money received by the Enterprise in the form of illegal wagers and fees.

It was part of the conspiracy that the Enterprise, its members and associates, used the

U.S. and private mail services and wire transfer services to send money from Enterprise components outside the United States to various recipients in the United States, and from the United States to recipients outside the United States, and between locations in the United States, in order to promote the Enterprise's illegal telephone and Internet gambling operations.

In furtherance of the conspiracy, and to accomplish the objects of the conspiracy, the defendant and its co-conspirators, committed, among others, the following acts: (1) on or about December 28, 2005, BETONSPORTS PLC purchased three online sports books: MVPSportsbook, Player Super Book and V-Wager; and (2) on or about April 12, 2006, BETONSPORTS PLC-owned web site BETonSPORTS.COM solicited and accepts wagers from an individual residing in the State of Washington in violation of that State's laws.

In addition, during the time period of the conspiracy, the defendant and one or more of the defendant's coconspirators acted in the Eastern District of Missouri, and elsewhere, to further the conspiracy's goals and objectives through conduct including causing the provision of electronic data to, and the receiving of electronic data from, computers of prospective and actual bettors in the District, causing promotional materials to be available to prospective and actual bettors in the District, and causing the use of wire transmissions furthering wagering activity in, to and from the District.

The defendant and the government agree that the facts set forth above are true and may be considered as "relevant conduct" pursuant to §1B1.3 of the Sentencing Guidelines.

5. ELEMENTS OF THE OFFENSE:

As to Count 1 the defendant admits to knowingly violating Title 18, United States Code, Section 1962(d), and admits there is a factual basis for the plea and further fully understands that the elements of the crime are: (1) an enterprise existed as alleged in the indictment; (2) the

enterprise was engaged in or had some effect on interstate commerce; (3) the defendant was associated with or employed by an enterprise; (4) that between 1992 and July, 2006, two or more persons reached an agreement or came to an understanding to conduct or participate in the affairs of an enterprise, directly or indirectly, through a pattern of racketeering activity; and (5) that the defendant voluntarily and intentionally joined in the agreement or understanding, either at the time it was first reached or at some later time while it was still in existence, and at the time the defendant joined in the agreement or understanding it specifically intended to otherwise participate in the affairs of the enterprise.

6. PENALTIES:

A. Statutory Penalties: The defendant fully understands that the maximum possible penalty provided by law for the crime to which the defendant is pleading guilty is a fine of not more than the greater of \$500,000 or twice the pecuniary gain/loss. The Court may also impose a period of probation of 5 years.

B. Sentencing Guidelines Effect on Penalties: The defendant understands that except for Title 18, Sections 3553(b)(1) and Section 3742(e), this offense is affected by the provisions and Guidelines of the “Sentencing Reform Act of 1984,” Title 18, United States Code, Sections 3661 et seq. and Title 28, United States Code, Section 994.

C. Imposition of Probation: The defendant understands that the Court may impose a term of probation pursuant to Title 18, United States Code, §3561(a) and the Sentencing Guidelines, Chapter 8, Part D. The defendant further understands that pursuant to this authority, the Court could require the defendant to be placed on probation to pay any applicable fine or restitution, with other terms and conditions as determined by the Court.

D. Mandatory Special Assessment: The defendant further acknowledges that this

offense is subject to the provisions of the Criminal Fines Improvement Act of 1987 and that the Court is required to impose a mandatory special assessment of \$400 per count for a total of \$400, which the defendant agrees to pay at the time of sentencing. The defendant further agrees that if the mandatory special assessment imposed by the Court is not paid at the time of sentencing, until the full amount of the mandatory special assessment is paid, money paid by the defendant toward any restitution or fine imposed by the Court shall be first used to pay the mandatory special assessment.

7. FINES, RESTITUTION AND COSTS:

The defendant understands that the Court may impose a fine, restitution (in addition to any penalty authorized by law) and costs of supervision. The defendant agrees that any fine or restitution imposed by the Court will be due and payable immediately.

A. Restitution: The defendant further acknowledges that pursuant to Title 18, United States Code, Section 3663A, an order of restitution is not mandatory in this case pursuant to 18 U.S.C. §3663A(c)(3)(A) and (B). In addition, BETONSPORTS PLC acknowledges that it is obligated by a Permanent Injunction in a parallel civil proceeding (United States v. BETONSPORTS PLC, 4:06-CV-01064 (CEJ)) to repay monies owed to account holders in the United States. Nothing in this Agreement is intended to change any of the terms and requirements of the Permanent Injunction.

B. Effect of Bankruptcy on Fines or Restitution: The defendant hereby stipulates that any fine or restitution obligation imposed by the Court is not dischargeable in any case commenced by the defendant or the defendant's creditors pursuant to the United States Bankruptcy Code. The defendant agrees not to attempt to avoid paying any fine or restitution imposed by the Court through any proceeding pursuant to the United States Bankruptcy Code,

and stipulates that enforcement of any fine or restitution obligation by the United States or a victim is not barred or affected by the automatic stay provisions of the United States Bankruptcy Code (Title 11, United States Code, Section 362). The parties acknowledge that the defendant intends to seek liquidation under the laws of the United Kingdom.

8. ACKNOWLEDGMENT AND WAIVER OF THE DEFENDANT'S RIGHTS:

The defendant acknowledges and fully understands the following rights: the right to plead not guilty to the charges; the right to be tried by a jury in a public and speedy trial; the right to file pre-trial motions, including motions to suppress evidence; the right at such trial to a presumption of innocence; the right to require the government to prove the entire case against the defendant beyond a reasonable doubt; the right not to present any evidence; the right at trial to confront and cross-examine adverse witnesses; the right to testify and present evidence; and the right to compel the attendance of witnesses. The defendant further understands that by this guilty plea, the defendant expressly waives all the rights set forth in this paragraph.

The defendant fully understands that the defendant has the right to be represented by counsel, and if necessary, to have the Court appoint counsel at trial and at every other stage of the proceeding. The defendant's counsel has explained these rights and the consequences of the waiver of these rights. The defendant fully understands that, as a result of the guilty plea, no trial will, in fact, occur and that the only action remaining to be taken in this case is the imposition of the sentence.

The defendant is fully satisfied with the representation received from defense counsel. The defendant has reviewed the government's evidence and discussed the government's case and all possible defenses and defense witnesses with defense counsel. Defense counsel has completely and satisfactorily explored all areas which the defendant has requested relative to the

government's case and any defenses.

9. PRESENTENCE REPORT AND SENTENCING:

Following defendant's guilty plea, a Presentence Report will be prepared. At the time of sentencing, the parties reserve the right to allocution regarding the appropriate sentence to be imposed. Each party also reserves the right to bring any misstatements of fact made either by the other party or on that party's behalf to the attention of the Court at the time of sentencing.

10. STANDARD OF INTERPRETATION:

In interpreting this document, any drafting errors or ambiguities shall not automatically be construed against any party, whether or not the party was involved in drafting this document.

11. VOLUNTARY NATURE OF THE PLEA AND THE PLEA AGREEMENT, RECOMMENDATIONS AND STIPULATIONS:

This document constitutes the entire agreement between the defendant and the Government, and no other promises or inducements have been made, directly or indirectly, by any agent of the Government, including any Department of Justice attorney, concerning any plea to be entered in this case or the agreements, recommendations or stipulations contained herein. In addition, the defendant states that no person has, directly or indirectly, threatened or coerced the defendant to do or refrain from doing anything in connection with any aspect of this case, including entering a plea of guilty. The defendant's agreements, recommendations and stipulations as set forth above are made in exchange for the United States' agreements, recommendations and stipulations set forth in this document.

The defendant acknowledges that the defendant has voluntarily entered this guilty plea and into these agreements, recommendations and stipulations. The defendant further acknowledges that this guilty plea is made of the defendant's own free will because the defendant is, in fact,

guilty of the conduct specified in sections four and five above.

12. CONSEQUENCES OF FURTHER CRIMINAL CONDUCT OR WITHDRAWAL OF PLEA BY DEFENDANT:

The defendant agrees that if, between the time of signing this document and the sentencing the defendant engages in any criminal activity, the Government shall be released from any obligations or limits on its power to prosecute the defendant created by this document.

_____ Date	_____ MICHAEL K. FAGAN, #6617 Assistant United States Attorney 111 South 10th Street, Room 20.333 St. Louis, Missouri 63102 (314) 539-2200
_____ Date	_____ MARTY WOELFLE, AZ Bar #009363 Trial Attorney Organized Crime and Racketeering Section
_____ Date	_____ BETONSPORTS PLC, a corporation Defendant
_____ Date	_____ JEFFREY T. DEMERATH Attorney for Defendant One Metropolitan Square, Suite 2600 St. Louis, MO 63102-2740