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**Manhattan U.S. Attorney And FBI Assistant Director-In-Charge
Announce The Arrest Of Full-Tilt Poker CEO Raymond Bitar**

FOR IMMEDIATE RELEASE

Monday July 2, 2012

Eleven-Count Superseding Indictment Charges Bitar With Operating Multi-Million Dollar Ponzi Scheme

Preet Bharara, the United States Attorney for the Southern District of New York, and Janice K. Fedarcyk, the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation (“FBI”) announced that RAYMOND BITAR, the Chief Executive Officer of Full Tilt Poker, was arrested this morning at John F. Kennedy International Airport. BITAR was charged last year with gambling, bank fraud, and money laundering offenses in connection with the operation of Full Tilt Poker. Upon BITAR’s return to the United States today, a superseding indictment (the “Superseding Indictment”) was unsealed charging BITAR with defrauding poker customers by lying to them about the security of their funds. Also named in the Superseding Indictment is co-defendant Nelson Burtnick, the head of Full Tilt Poker’s payment processing department, who was originally charged on April 15, 2011. Among other things, BITAR is charged with promising players that their funds would be protected in “segregated” accounts when the company actually used them to pay for Full Tilt operations and to pay BITAR and other owners over \$430 million. As a result of BITAR’s alleged fraud, Full Tilt Poker was unable to pay the approximately \$350 million it owed to players in the U.S. and around the world. BITAR appeared before U.S. Magistrate Judge Debra Freeman this afternoon.

Manhattan U.S. Attorney Preet Bharara said: “With today’s arrest and the new charges brought against him, Raymond Bitar will now be held criminally responsible for the alleged fraud he perpetrated on his U.S. customers that cost them hundreds of millions of dollars. The indictment alleges how Bitar bluffed his player-customers and fixed the game against them as part of an international Ponzi scheme that left players empty-handed.”

FBI Assistant Director-in-Charge Janice K. Fedarcyk said: “Bitar and Full Tilt Poker persisted in soliciting U.S. gamblers long after such conduct was outlawed. As alleged, Bitar has already been charged with defrauding banks to conceal the illegal gambling. Now he stands accused of defrauding Full Tilt’s customers by concealing its cash-poor condition and paying off early creditors with deposits from later customers. The on-line casino become an Internet Ponzi scheme.”

The following allegations are based on the Superseding Indictment unsealed today in Manhattan federal court, the Indictment unsealed on April 15, 2011 in which BITAR was initially charged, other documents previously filed in the case, and statements made in court:

In late 2006, Congress enacted the Unlawful Internet Gambling Enforcement Act (“UIGEA”),

making it a crime to “knowingly accept” most forms of payment “in connection with the participation of another person in unlawful Internet gambling.” Notwithstanding the enactment of UIGEA, Full Tilt Poker – a company founded by professional poker players in the U.S. in 2004 – continued to offer Internet gambling to U.S. residents, and took in an estimated \$1 billion from U.S. residents through April 15, 2011. Because U.S. banks were largely unwilling to process payments for illegal Internet gambling, BITAR and co-defendant, Burtnick, relied on fraudulent means designed to trick U.S. banks by disguising payments to Full Tilt Poker as payments unrelated to Internet gambling.

In order to encourage players to deposit money with Full Tilt Poker, BITAR directed Full Tilt Poker employees to falsely assure potential customers that player deposits would be held in segregated accounts that would be kept separate and distinct from the company’s operating accounts. In fact, Full Tilt Poker did not protect player funds in segregated accounts, and instead, used them for whatever purposes BITAR directed, including to pay him and other owners millions of dollars. Because player funds were being used to cover operating expenses, Full Tilt Poker experienced an increasing shortfall between the cash it had in its bank accounts and the money it owed to players. For example, by early November 2010, Full Tilt Poker owed its customers approximately \$344 million but had only approximately \$145 million in all of its bank accounts. To conceal this financial shortfall, BITAR directed Full Tilt Poker employees to misrepresent how much cash the company had on hand. Among other things, Full Tilt Poker allegedly lied about its finances to its regulator, the Alderney Gambling Control Commission.

Further, to prevent players from learning about Full Tilt Poker’s shaky finances and to induce them to continue gambling with Full Tilt poker, BITAR allegedly concocted a scheme in which Full Tilt Poker players were led to believe they were gambling real money when in actuality they were gambling with “phantom” online credits. As explained in greater detail in the Superseding Indictment, in the fall of 2010, Full Tilt Poker lost its ability to reliably collect deposits from U.S. bank accounts. Rather than terminate its U.S. operations – an option that would likely have exposed the fact that Full Tilt Poker was not holding player cash in segregated accounts, and was holding less than half of the money it owed players – BITAR and Burtnick arranged for Full Tilt Poker to continue approving player deposits, and to award credit to depositors even though Full Tilt Poker had not actually collected the money from players and had no ability to do so. As United States players gambled and won or lost these phantom funds – ultimately totaling over \$130 million – Full Tilt Poker would list the phantom funds on players’ online account statements, even though the funds were never collected, or available to pay the winning players.

Only weeks before U.S. law enforcement took action against Full Tilt Poker in April 2011, Full Tilt Poker’s internal financial statements reported \$390 million in debts to players but only \$60 million in its bank accounts. Following the law enforcement action, as players around the world began demanding their funds from Full Tilt Poker, rather than suspend operations, BITAR lured players to continue gambling with Full Tilt Poker by continuing to promise them that their funds were safe. In actuality, BITAR was using new customer deposits to pay off some of the backlog of player requests to withdraw funds and to cover the company’s operating expenses, including salary for Burtnick and himself. In effect, Full Tilt Poker operated what was, by then, nothing more than a Ponzi scheme. When the scheme finally collapsed, Full Tilt Poker was unable to pay players the approximately \$350 million it owed them.

* * *

The Superseding Indictment charges BITAR, 40, with nine counts. A chart containing a description of the charges and their maximum penalties is attached. If convicted on all counts for which he is charged, BITAR faces a maximum sentence of 145 years in prison.

Mr. Bharara thanked the FBI for its outstanding work in the investigation, which he noted is ongoing. He also thanked Immigration and Customs Enforcement’s Homeland Security Investigations New York and New Jersey offices for their continued assistance in the

investigation.

BITAR is the seventh of the eleven defendants charged in connection with the original Internet poker indictment to have been arrested. The others arrested to date – Bradley Franzen, Ryan Lang, Ira Rubin, Brent Beckley, Chad Elie and John Campos – have each pled guilty and await sentencing with the exception of Campos, who was sentenced in June 2012 to three months in prison. Charges are still pending against the remaining four defendants – Burtnick, Isai Scheinberg, Paul Tate, and Scott Tom – who are at large, and are presumed innocent unless and until proven guilty.

This matter is being handled by the Office’s Complex Frauds Unit. Assistant U.S. Attorneys Arlo Devlin-Brown, Nicole Friedlander and Niketh Velamoor are in charge of the criminal case, and Assistant U. S. Attorneys Sharon Cohen Levin, Jason Cowley, Andrew Goldstein and Michael Lockard are in charge of related civil money laundering and forfeiture actions.

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