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ISLE OF MAN-BASED INTERNET PAYMENT COMPANY NETELLER PLC
ADMITS CRIMINAL WRONGDOING AND AGREES TO FORFEIT
\$136 MILLION FOR CONSPIRING TO PROMOTE
INTERNET GAMBLING BUSINESSES

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that NETeller PLC ("NETeller") -- an Internet payment business based in the Isle of Man and publicly traded on the Alternative Investment Market ("AIM") of the London Stock Exchange -- has admitted to criminal wrongdoing and has agreed to forfeit \$136,000,000 in criminal proceeds as part of an agreement to defer prosecution of NETeller for its participation in a conspiracy to promote Internet gambling businesses and to operate an unlicensed money transmitting business. A felony Information specifying the charges against NETeller; a Statement of Admitted Facts by NETeller; and the Deferred Prosecution Agreement, which was accepted by United States District Judge P. KEVIN CASTEL, were filed today in federal court in Manhattan.

The Charges

The felony Information filed today charges that NETeller participated in a conspiracy, in violation of Title 18, United States Code, Section 371, to: (i) use the wires to transmit in interstate and foreign commerce bets and wagers on behalf of persons engaged in the business of betting and wagering, in violation of Title 18, United States Code, Section 1084; (ii) conduct illegal gambling businesses, in violation of Title 18, United States Code, Section 1955; (iii) conduct international monetary transactions for purposes of promoting illegal gambling, in violation of Title 18, United States Code, Section 1956(a)(2)(A); and (iv) conduct an unlicensed money transmitting business, in violation of Title 18, United States Code, Section 1960. The Information also contains a criminal Forfeiture Allegation against all property involved in or derived

from the criminal wrongdoing, in the amount of at least \$1 billion dollars.

The Criminal Wrongdoing

As set forth in the Information and the Statement of Admitted facts:

In 1999, STEPHEN ERIC LAWRENCE and JOHN DAVID LEFEBVRE began developing the Internet payment system that was used by NETeller and its predecessors to provide online payment services to Internet gambling companies. In April 2004, NETeller became a public company and listed its shares for trading on the AIM of the London Stock Exchange. At the time, NETeller openly stated in its prospectus, issued in connection with its initial public offering ("IPO"), that its conduct violated the law in the United States.

At its peak in September 2005, NETeller had a market capitalization of approximately \$2 billion. Over the years, NETeller and its predecessors processed more than \$10 billion in payment transactions for customers in the United States related to the Internet gambling industry, and consistently derived approximately 75% or more of its annual profits from such transactions.

NETeller's illegal conduct in the United States did not end until January 2007, when LAWRENCE and LEFEBVRE were arrested on warrants issued by the United States District Court for the Southern District of New York. Earlier this month, both LAWRENCE and LEFEBVRE pleaded guilty to charges that they conspired with others to operate an unlicensed money transmitting business and to promote illegal gambling by providing payment services to enable offshore Internet gambling businesses to access customers in the United States. LAWRENCE and LEFEBVRE each face a maximum term of imprisonment of five years and a maximum fine of \$250,000 or twice the gross pecuniary gain from the offense. In addition, LAWRENCE and LEFEBVRE each admitted to forfeiture allegations requiring them to personally forfeit an additional \$100 million dollars to the United States, which they are expected to pay in full prior to sentencing. LAWRENCE and LEFEBVRE are currently scheduled to be sentenced by Judge CASTEL on October 29, 2007.

In its Statement of Admitted Facts issued in connection with the Deferred Prosecution Agreement, NETeller admitted that NETeller and its predecessors, through the conduct of certain officers and directors: (i) knowingly operated an unlicensed money transmitting business in the United States; (ii) knowingly

agreed to promote illegal Internet gambling by using the wires and other means to transmit in interstate and foreign commerce bets and wagers from customers in the United States to numerous Internet gambling businesses located outside of the United States, and payments to customers in the United States from numerous Internet gambling businesses located outside of the United States; and (iii) intentionally took steps to avoid detection and jurisdiction in the United States by operating in the United States through agents and companies that were not owned, but were controlled, by NETeller and its predecessors.

The Deferred Prosecution Agreement

As part of the Deferred Prosecution Agreement, NETeller has agreed to forfeit \$136 million in profits from its wrongdoing to the United States in a civil forfeiture action. In addition, NETeller will return to customers in the United States approximately \$94 million which NETeller currently has on deposit in a foreign bank account. NETeller has also agreed to cooperate fully with the Government. Under the Agreement prosecution of the criminal charges against NETeller will be deferred for a period of two years, until July 2009, if specified conditions are met. At the end of that period, if NETeller has fully complied with all the terms of the Agreement, the Government will move to dismiss the Information.

In addition to the foregoing, the Agreement also imposes permanent restrictions and controls on the operations of NETeller, including, among other things, that: (i) NETeller will not participate in illegal gambling transactions involving persons located in the United States; (ii) NETeller will maintain procedures and controls designed to prevent its services from being used to conduct U.S. gambling transactions; and (iii) NETeller will monitor regularly the effectiveness of its procedures and controls designed to prevent its services from being used to conduct U.S. gambling transactions, and will revise and update its procedures and controls as necessary to achieve that purpose. In order to ensure NETeller's compliance, the Agreement also requires NETeller to retain a monitor for a period of at least eighteen months. The restrictions and controls on the company's operations in the United States will remain in effect and the company's cooperation will continue after charges against the company are dismissed.

Mr. GARCIA said that the decision to file a charge against NETeller was based on several factors set forth in the Department of Justice Principles of Federal Prosecutions of

Business Organizations (the "Principles"), including: (i) the seriousness and duration of NETeller's conduct involving the processing of billions of dollars of gambling transactions in violation of state and federal law, and (ii) the involvement of senior corporate officers in the company's criminal conduct.

The decision then to enter into the Deferred Prosecution Agreement with NETeller, Mr. GARCIA continued, was based on a variety of factors and considerations also set out in the Principles, including: (i) the company's frank acknowledgment of its misconduct and its willingness to cooperate with the investigation; and (ii) the company's remedial actions, including cessation of its participation in illegal gambling transactions involving persons located in the United States; implementation of procedures and controls to prevent its services from being used to conduct U.S. gambling transactions; retention of a monitor to ensure compliance with those procedures and controls; and disgorgement of \$136,000,000 in criminal proceeds.

Mr. GARCIA stated, "NETeller moved billions of dollars offshore, serving as a financial conduit that enabled Internet gambling businesses to prosper by violating United States laws. Supporting illegal gambling is not a business risk, it is a crime, and today's proceedings mark yet another example of the consequences of engaging in that conduct."

Mr. GARCIA praised the tremendous investigative work of the Federal Bureau of Investigation in this case.

Assistant United States Attorneys TIMOTHY J. TREANOR, CHRISTOPHER P. CONNIFF, and SHARON COHEN LEVIN are in charge of the prosecution.

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