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AUSTRALIAN MAN CHARGED IN MANHATTAN FEDERAL COURT
WITH LAUNDERING HALF BILLION DOLLARS
IN INTERNET GAMBLING PROCEEDS

PREET BHARARA, the United States Attorney for the Southern District of New York, JOSEPH DEMAREST, JR., the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and JAMES T. HAYES, JR., the Special Agent-in-Charge of the Department of Homeland Security's United States Immigration and Customs Enforcement ("ICE"), announced that Australian national DANIEL TZVETKOFF was arrested in Las Vegas this morning on charges that he assisted illegal internet gambling companies by processing approximately \$500 million in transactions between U.S. gamblers and internet gambling websites and disguising the transactions to the banks so that they would appear unrelated to gambling.

According to an Indictment unsealed this morning in Manhattan federal court:

In early 2008, TZVETKOFF began processing gambling transactions in the United States through the Automated Clearing House system ("ACH system") which allows money to be electronically transferred from a gambler's U.S. checking account to an internet gambling company simply by the gambler going to the internet gambling company's website and entering his bank account information. TZVETKOFF and his co-conspirators processed more than \$543 million in ACH transactions between February 2008 and March 2009, the overwhelming majority of which were on behalf of internet gambling companies. TZVETKOFF then arranged for the

funds received from gamblers to be wired offshore for the benefit of the gambling companies. TZVETKOFF also invested approximately \$27 million from these ACH transactions into an online "payday loan" company that offered consumers high-interest, short term loans that typically carried an annualized interest rate of more than 500 percent.

TZVETKOFF and his co-conspirators induced U.S. banks to provide ACH services to internet gambling companies by disguising the transactions so that they would not appear to be gambling related. To accomplish this, TZVETKOFF and his co-conspirators created dozens of shell companies with names unrelated to gambling -- complete with phony web sites that made the companies seem legitimate -- and represented to banks that the ACH transactions were on behalf of these companies. On May 3, 2008, one of TZVETKOFF's co-conspirators in an email told TZVETKOFF that he had hired programmers to develop "unique" websites for the shell companies so that if someone was "checking the companies out there is absolutely no way to tie the companies together." TZVETKOFF responded: "This is all perfect!"

In March 2009, TZVETKOFF stopped processing internet gambling transactions after leading internet gambling websites accused him of stealing approximately \$100 million from them.

The Indictment charges TZVETKOFF with four counts, including bank fraud, money laundering, and conspiracy to operate and finance an illegal gambling business and to process electronic funds transfers in violation of the Unlawful Internet Gambling Enforcement Act of 2006. If convicted of all counts, TZVETKOFF faces a maximum sentence of 75 years in prison.

TZVETKOFF, 27, was arrested this morning in Las Vegas and is expected to be presented in Las Vegas federal court later today. This case has been assigned to United States District Judge LEWIS A. KAPLAN.

Mr. BHARARA praised the investigative work of the FBI and ICE for their assistance in the investigation. Mr. BHARARA said that the investigation is continuing.

Assistant United States Attorneys ARLO DEVLIN-BROWN, JONATHAN NEW, and MICHAEL LOCKARD are in charge of the prosecution. This case is being handled by the Office's Organized Crime Unit.

The charges contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.