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**PRESIDENT OF DALLAS-BASED SECURITIES FIRM SENTENCED TO
9 YEARS IN PRISON FOR DEFRAUDING INVESTORS IN \$12
MILLION "BOILER ROOM" SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that DAVID RUTKOSKE, the former President and sole owner of Lloyd Wade Securities ("Lloyd Wade"), a now-defunct securities broker-dealer, was sentenced in Manhattan federal court today to 9 years in prison for his role in a fraudulent scheme to manipulate trading in NetBet, Inc. ("NetBet"), an Internet gaming company.

In February 2006, after a two-week jury trial, RUTKOSKE, 42, was convicted of securities fraud and conspiracy to commit securities fraud and commercial bribery. According to the evidence at trial, from in or about late 1996 to at least April 1999, DAVID RUTKOSKE and other co-conspirators at Lloyd Wade engaged in a scheme to manipulate trading in the securities of NetBet, a Nevada corporation purportedly in the business of developing software, security, and transaction techniques for

gaming over the internet. During this time period, in its capacity as a "market maker" for securities of NetBet, Lloyd Wade handled approximately 70 percent of all retail trading in NetBet stock. The evidence at trial demonstrated that RUTKOSKE and his co-conspirators arranged to obtain large blocks of NetBet securities at below-market prices, stimulated artificial investor demand in the public market for NetBet securities by using fraudulent "boiler room" sales tactics, and then sold the NetBet securities into the artificial demand they had created. As a result of this fraudulent scheme, customers who purchased NetBet securities from Lloyd Wade lost more than \$12 million.

The evidence at trial demonstrated that to induce Lloyd Wade's brokers to sell NetBet securities to retail customers, RUTKOSKE paid secret bribes to the brokers. These bribes were in the form of commissions of between 20 and 40 percent of the total amount of each customer transaction in NetBet securities.

The evidence further showed that, induced by RUTKOSKE'S secret bribes, Lloyd Wade brokers used a variety of fraudulent and deceptive "boiler room" tactics to sell NetBet securities to retail customers, including high-pressure, false, and misleading sales pitches. For example, the brokers falsely represented to customers that they were taking no commission on the NetBet trades, that they possessed information regarding pending legislation to legalize internet gambling in the United States,

which would cause the price of NetBet securities to rise, and that they had visited a NetBet casino in Costa Rica.

RUTKOSKE was the fifteenth defendant to be convicted of federal securities fraud charges stemming from the NetBet scheme. The other defendants include MICHAEL NIEBUHR, the former head trader of Lloyd Wade, and MANUEL BELLO, the former office manager of the Lloyd Wade branch in West Paterson, New Jersey, both of whom testified as cooperating witnesses at RUTKOSKE's trial, as well as twelve Lloyd Wade brokers who worked in the West Paterson branch.

Mr. GARCIA praised the efforts of the Federal Bureau of Investigation in the investigation and prosecution of this case. Mr. GARCIA also thanked NASD's Criminal Prosecution Assistance Group for its contributions to this case.

Assistant United States Attorneys JOSHUA A. LEVINE and JACOB W. BUCHDAHL are in charge of the prosecution.

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