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**PRESIDENT OF BROKER-DEALER CONVICTED BY JURY ON FEDERAL
SECURITIES CHARGES FOR BILKING INVESTORS IN \$12 MILLION
"BOILER ROOM" SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that a jury convicted DAVID RUTKOSKE, the former President and sole owner of Lloyd Wade Securities ("Lloyd Wade"), a now-defunct securities broker-dealer, with participating in a fraudulent scheme to manipulate trading in NetBet, Inc. ("NetBet"), an Internet gaming company.

According to the evidence at trial, from in or about late 1996 to at least April of 1999, Lloyd Wade served as a "market maker" in the securities of NetBet, a Nevada corporation with its principal office in Newport Beach, California, which was purportedly engaged in the business of developing software, security, and transaction techniques for gaming over the Internet. NetBet's securities were listed on the over-the-counter "Bulletin Board" market. In its capacity as a market maker, Lloyd Wade handled approximately 70 percent of all retail trading in NetBet securities.

According to evidence at trial, DAVID RUTKOSKE and other co-conspirators engaged in a scheme to manipulate trading in NetBet securities that defrauded Lloyd Wade's customers out of more than \$12 million. 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.

The evidence at trial demonstrated that to induce sales

of NetBet securities at the predetermined price, RUTKOSKE paid secret bribes to stock brokers at Lloyd Wade. 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 at trial showed that Lloyd Wade brokers used a variety of fraudulent and deceptive "boiler room" tactics to induce retail customers to purchase and hold NetBet securities, including high-pressure, false, and misleading sales pitches intended to convince customers to purchase NetBet securities. 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.

To maintain the price of NetBet securities at a level sufficient to generate profits for members of the scheme, the broker defendants also refused to execute customers' orders to sell NetBet securities, or failed to execute such orders in a timely fashion. If customers persisted in their desire to sell NetBet securities, the broker defendants employed a number of techniques to avoid or delay sales, including avoiding customer telephone calls, transferring customer calls to other brokers, and failing to write out sales tickets.

DAVID RUTKOSKE's conviction follows the convictions by guilty plea of 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.

In addition, twelve Lloyd Wade brokers have also been convicted on securities fraud charges:

ANTHONY BISCEGLIE, 37, a resident of Seacaucus, New Jersey.

RICHARD LAGRECA, 40, a resident of Fairfield, New Jersey.

MICHAEL GIANGREGORIO, 34, a resident of Staten Island, New York.

NICHOLAS CIANCIARUSO, 33, a resident of Staten Island, New York.

MICHAEL COLAIACOVO, JR., 32, a resident of Kinnelon, New Jersey.

RICHARD WILLIAMS, JR., 32, a resident of Wayne, New Jersey.

RAFFI OGHLIAN, 30, a resident of Westwood, New Jersey.

DAMON PICCOLO, 34, a resident of Staten Island, New York.

JAMES MORGAN, JR., 36, a resident of Denton, Texas.

FRANK CARDONE, 30, a resident of Nutley, New Jersey.

EDWARD MACHADO, 33, a resident of Salem, New York.

EDWARD GOMEZ, 37, a resident of Massapequa, New York.

DAVID RUTKOSKE's sentencing is scheduled for May 23, 2006, before United States District Judge RICHARD CONWAY CASEY. He faces a maximum sentence of fifteen years' imprisonment.

Mr. GARCIA praised the efforts of the Federal Bureau of Investigation in the investigation and prosecution of this case. Mr. GARCIA thanked the NASD for its assistance in this matter.

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

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