



U.S. Department of Justice

United States Attorney
Southern District of New York

*The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007*

September 20, 2010

Via Federal Express
Barry I. Slotnick, Esq.
Stuart P. Slotnick, Esq.
Buchanan Ingersoll & Rooney PC
620 Eighth Avenue, 23rd Floor
New York, NY 10018

Re: Sportingbet Plc -- Non-Prosecution Agreement

Dear Sirs:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York (the "Office") will not criminally prosecute Sportingbet PLC and its subsidiaries (collectively, "Sportingbet") for any crimes (except for criminal tax violations, as to which this Office cannot and does not make any agreement) related to Sportingbet's internet gambling business with customers in the United States from 1998 through and including 2006. This conduct is described more fully in the Statement of Facts, attached hereto as Exhibit A, which is incorporated by reference herein. This Agreement is entered into by Sportingbet pursuant to authority conveyed by resolution of the Board of Directors of Sportingbet. A copy of this resolution is attached hereto as Exhibit B.

Moreover, if Sportingbet fully complies with the understandings specified in this Agreement, no information provided to the Office or at its request by or on behalf of Sportingbet or (or any other information directly or indirectly derived therefrom) will be used against Sportingbet in any criminal tax prosecution. This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to Sportingbet and not to any other entities or any individuals. Sportingbet expressly understands that the protections provided to Sportingbet by this Agreement shall not apply to any successor entities, whether the successor's interest arises through a merger or plan of reorganization or otherwise, unless and until such successor formally adopts and executes this Agreement. The protections arising from this Agreement will not apply to any purchasers of all or substantially all of the assets of Sportingbet, unless such purchaser enters into a written agreement, on terms acceptable to this Office, agreeing in substance to undertake all of the obligations set forth in the "Continuing Obligation to Cooperate" section of this Agreement,

Barry I. Slotnick, Esq.
Stuart P. Slotnick, Esq.
September 20, 2010
Page 2

set forth below.

Continuing Obligation To Cooperate

Sportingbet acknowledges and understands that the cooperation it has provided to date in connection with a criminal investigation by this Office, and its pledge of continuing cooperation, are important and material factors underlying this Office's decision to enter into this Agreement. Accordingly, Sportingbet agrees to cooperate fully and actively, consistent with its obligations under law, including foreign confidentiality laws, with the Office, the Federal Bureau of Investigation (the "FBI"), and any other agency of the government designated by the Office (including the FBI, the "Designated Agencies") regarding any matter relating to the Office's investigation about which Sportingbet has knowledge or information.

In this regard, it is understood that, in connection with any matter relating to Sportingbet's business and operations between 1998 and the date of the signing of this Agreement, Sportingbet: (a) shall truthfully and completely disclose all information with respect to the activities of Sportingbet, its officers and employees, and others concerning all such matters about which this Office inquires, which information can be used for any purpose, except as limited by the second paragraph of this Agreement; (b) shall cooperate fully with this Office and the Designated Agencies; (c) shall, at the Office's request, use its best efforts to assist this Office in any prosecution or investigation by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (d) shall at the Office's request, use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, employee, or former officer, agent or employee, at any meeting or interview or before the grand jury or at any trial or other court proceeding; (e) shall use its best efforts promptly to provide to this Office, upon request, any document, record, or other tangible evidence relating to this Office's continuing investigation in this and related internet gambling matters, including concerning any payment processing methods about which this Office or one or more of the Designated Agencies may inquire, and will assemble and organize documents, records, information, and other evidence in Sportingbet's possession, custody, or control as may be requested by the Office or the Designated Agencies; and (f) shall bring to this Office's attention all criminal conduct by and criminal investigations of Sportingbet or its employees that come to the attention of Sportingbet's board of directors or senior management, as well as any administrative proceeding, civil action or other proceeding brought by any governmental authority in which Sportingbet is a party, related to the operation or management of Sportingbet's business and excluding routine licensing-related proceedings in foreign jurisdictions. It is further understood that Sportingbet shall not violate the laws of the United States. Moreover, any assistance that Sportingbet may provide to federal criminal investigators shall be pursuant to the specific instructions and control of this Office and designated investigators. Sportingbet's obligations under this paragraph shall continue until the later of (1) a

Barry I. Slotnick, Esq.
Stuart P. Slotnick, Esq.
September 20, 2010
Page 3

period of three years from the date of the signing of this Agreement, (2) the date on which all prosecutions arising out of the conduct described in the opening paragraph of this Agreement are final, or (3) the date on which Sportingbet's forfeiture obligation, described below, is satisfied.

Forfeiture Obligations

Sportingbet agrees that it will forfeit a total of \$33 million (the "Property") to the United States as part of this Agreement. Sportingbet agrees not to contest a civil forfeiture action filed against the Property and to make forfeiture payments to the United States pursuant to the following schedule: \$15 million payable no later than September 30, 2010; \$12 million no later than September 30, 2011; and \$6 million no later than March 31, 2012. Such payments shall be made by a certified check payable to the United States Marshals Service ("USMS") or wire transfer to an account designated by the USMS. Sportingbet agrees that it will not file a claim with the Court or otherwise contest any civil forfeiture action and will not assist a third party in asserting any claim against the Property. It is further understood that Sportingbet will not file or assist anyone in filing a petition for remission or mitigation with the Department of Justice concerning the Property.

Additional Obligations

It is understood that, should Sportingbet violate United States law subsequent to the date of the signing of this Agreement or fail to comply with its forfeiture obligations as described above, or should it be determined that Sportingbet or any of its representatives have given false, incomplete, or misleading testimony or information, or has otherwise violated any provision of this Agreement, (a) Sportingbet shall thereafter be subject to prosecution for any federal offense of which this Office has knowledge, including perjury and obstruction of justice; (b) all statements made by Sportingbet's representatives to this Office, or one or more of the Designated Agencies, including but not limited to the appended Statement of Facts, and any testimony given by Sportingbet's representatives before a grand jury subsequent to the signing of this Agreement, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against Sportingbet and relied upon as evidence to support any penalty imposed on Sportingbet; and (c) Sportingbet shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. In addition, any such prosecution that is not time-barred by the applicable statute of limitations on the date of the execution of this Agreement may be commenced against Sportingbet, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed.

Barry I. Slotnick, Esq.
Stuart P. Slotnick, Esq.
September 20, 2010
Page 4

It is understood that Sportingbet acknowledges and accepts as accurate the facts set forth in the Statement of Facts attached as Exhibit A, which is incorporated by reference herein. Sportingbet hereby agrees to maintain, with respect to its operations, a permanent restriction preventing internet gambling services from being provided to customers in the United States in violation of the law of the United States or the law of any jurisdiction within the United States. Nothing in this Agreement shall prevent Sportingbet from offering internet gambling services in the United States should the law of the United States be subsequently changed to permit internet gambling services.

It is understood that this Agreement does not bind any federal, state, or local agencies, any licensing authorities, or any regulatory authorities. If requested by Sportingbet, this Office will, however, bring the cooperation and remedial actions of Sportingbet to the attention of other prosecuting and other investigative offices or other licensing or regulatory authorities.

Barry I. Slotnick, Esq.
Stuart P. Slotnick, Esq.
September 20, 2010
Page 5

With respect to this matter, this Agreement supersedes all prior understandings, promises and/or conditions between this Office and Sportingbet. No additional promises, agreements, and conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Very truly yours,

PREET BHARARA
United States Attorney
Southern District of New York

By: Arlo Devlin-Brown
Arlo Devlin-Brown
Nicole Friedlander
Michael Lockard
Assistant United States Attorneys
Richard B. Zabel
Richard Zabel
Chief, Criminal Division

AGREED AND CONSENTED TO:

Andrew O. ...
Pursuant to Authority Conveyed By
Resolution of the Board of Directors
of Sportingbet

20th September 2010
Date

APPROVED:

Barry I. Slotnick, Esq.
Barry I. Slotnick, Esq.
Stuart P. Slotnick, Esq.

9/20/10
Date

Exhibit A

STATEMENT OF FACTS

Sportingbet PLC acknowledges and accepts as accurate the facts set forth below in this Statement of Facts, which is incorporated by reference into the Agreement between Sportingbet PLC and the Office of the United States Attorney for the Southern District of New York (the "Agreement"). This Statement of Facts shall be admissible in any proceeding brought against Sportingbet or any of its subsidiaries (collectively, "Sportingbet" or "the Company") pursuant to the terms of the Agreement:

I. Corporate Structure

1. Sportingbet was founded by Mark Blandford in 1998. The Company was incorporated in England and Wales under the Companies Act 1985 (as amended) on March 25, 1998 with registered number 3534726.
2. Sportingbet was listed as a publicly held company on the Alternative Investment Market (AIM) of the London Stock Exchange on January 30, 2001.
3. On May 14, 2010, the Company transferred the listing of its entire issued ordinary share capital from AIM to a premium listing on the Official List of the United Kingdom Listing Authority ("Official List") and moved to the Main Market of the London Stock Exchange.

II. Sportingbet's Business

4. Sportingbet is an online sports betting and gaming group. The Company offers online sports betting, casino, poker and gaming through a range of branded websites.
5. From 1998 until October 12, 2006, Sportingbet offered internet gaming to players in the United States, including real-money sport betting, poker and casino gaming.
6. At all relevant times prior to October 12, 2006, the majority of Sportingbet's customers were located in the United States, including in the Southern District of New York. In Sportingbet's 2005-2006 Annual Report and Accounts, the Company reported that United States resident customers made up approximately 56% of Company's active customer database. The Company marketed its gambling services in the United States.
7. During the period in which Sportingbet offered real-money internet gambling to persons in the United States, licenses for such services were unavailable in all jurisdictions of the United States. As such, the

Company neither applied for nor received a license from any jurisdiction of the United States during that period.

8. Sportingbet continued to offer online gambling to United States customers until October 12, 2006. The Company voluntarily exited the United States market as a result of the enactment of the Unlawful Gambling Enforcement Act ("UIGEA").

III. **Payment Processing**

9. Although Sportingbet had no physical presence in the United States, in order to enable United States customers to fund Sportingbet accounts, it contracted, through other subsidiaries and companies, with financial services companies that either operated in the United States or had relationships with other companies that operated in the United States. Once a customer funded a Sportingbet account, such customer could use funds in the account to gamble in the online games offered by the Company.
10. Some of Sportingbet's customers funded their Sportingbet accounts by making credit card payments. To process credit card transactions, Sportingbet had relationships with "acquiring banks," which initiated charges over credit card payment platforms against the credit card accounts of United States customers. In 2001, credit card payment platforms introduced regulations requiring acquiring banks, including those serving Sportingbet, to apply a particular transaction code (code 7995) to internet gambling transactions. This change negatively affected Sportingbet's business because United States "issuing banks" (*i.e.* the banks that issue credit cards to customers) refused to authorize 7995-coded ecommerce transactions. The number of issuing banks declining 7995 ecommerce transactions increased significantly over time.
11. After the passing of the 2001 regulations requiring acquiring banks to identify internet gambling transactions, Sportingbet's transactions were increasingly processed by alternative methods for United States customers. Sportingbet hired third parties to process payments with the knowledge that those third parties applied non-7995 transaction codes to Sportingbet's internet gambling transactions in contravention of the credit card regulations.
12. Sportingbet also made payments to United States customers who sought to withdraw winnings from their Sportingbet accounts by engaging third party intermediary companies to open bank accounts funded by

Sportingbet. Although Sportingbet did not use companies located in the United States, the Company used bank accounts outside the United States to make payments to customers who were located inside the United States. To effect such payments, the intermediary company would mail checks to Sportingbet's United States customers on behalf of the Company for the purpose of masking the true source of the funds.

IV. Violations of United States Law

13. In an October 2004 document relating to the acquisition of Paradise Poker, Sportingbet stated that "the Group's activities may be deemed illegal under U.S. law...."
14. The conduct described above in paragraphs 5 to 6 and 9 to 12 violated certain U.S. criminal laws, including 18 U.S.C. § 1955 and 18 U.S.C. §§ 1343 and 1344.

Exhibit B



EXTRACT FROM THE BOARD MINUTES

Extract from the minutes of a meeting (the "**Meeting**") of the Board of Directors of Sportingbet Plc held by telephone on 15th September 2010 at 6pm.

The following Resolutions were passed at the Meeting:

- "THAT 1) it was in the best interests of the Company to proceed with the Proposed Settlement; and
- 2) each of the Non-Prosecution Agreement, the Statement of Facts, and the Announcement (together the "**Documents**") and tabled to the meeting be and is hereby approved (with such modifications, if any, as any director may consider necessary or desirable in consultation with the Company's appropriate advisers) and that any director be authorised to sign any Document requiring signature and any other document considered by the director to be necessary or desirable in connection with the Proposed Settlement or any of the Documents;"

Confirmed as a correct extract by the Company Secretary.

A handwritten signature in cursive script that reads "D. J. Talisman".

.....
Daniel Talisman
Company Secretary