



***United States Attorney
Southern District of New York***

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**INTERNET GAMBLING COMPANY PARTYGAMING PLC
ENTERS NON-PROSECUTION AGREEMENT WITH
U.S. AND WILL FORFEIT \$105 MILLION**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced today that the United States Attorney's Office for the Southern District of New York (the "Office") has entered into a Non-Prosecution Agreement with PartyGaming PLC ("PartyGaming"), an Internet gambling company incorporated in Gibraltar and publicly traded on the London Stock Exchange under the ticker symbol PRTY. As part of the Non-Prosecution Agreement, PartyGaming agreed to forfeit a total of \$105 million, representing proceeds of PartyGaming's U.S. Internet gambling operations, to be paid over a period of three years.

PartyGaming offers a variety of web-based real-money and free-play games including, for example, real-money poker and casino gambling. However, Internet real-money gambling is not legal in the U.S. Nonetheless, PartyGaming offered Internet gaming to players in the U.S. from 1997 until October 13, 2006. Indeed, most of PartyGaming's customers during that time were located in the U.S., and at the time the Company began trading on the London Stock Exchange in 2005, U.S. players constituted approximately 88% of PartyGaming's customer base. Moreover, beginning in 2001, PartyGaming employed a variety of methods to misrepresent the nature of its customers' transactions to U.S. credit card issuers who did not permit their credit cards to be used for Internet gambling. PartyGaming also took steps to disguise payments of winnings to U.S. customers. In its 2005 IPO prospectus, PartyGaming recognized that "[t]here is uncertainty as to the legality of online gaming in most countries and in many countries, including the U.S., the Group's [PartyGaming's] activities are considered to be illegal by relevant authorities." PartyGaming has now acknowledged that this conduct did in fact violate certain U.S. criminal laws, including sections 1955 (illegal gambling), 1343 (fraud by wire communications), and 1344 (bank fraud) of Title 18 of the United States Code. PartyGaming

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has been cooperating with this Office's ongoing investigation of illegal Internet gambling since Spring 2007.

Under the terms of the Non-Prosecution Agreement, this Office has agreed that, except for federal criminal tax violations, as to which this Office does not have decision-making authority, this Office will not criminally prosecute PartyGaming and its subsidiaries for any crimes related to PartyGaming's Internet gambling business with customers in the U.S. from 1997 through and including 2006. PartyGaming in return has promised to continue to cooperate in this Office's investigation; to maintain a permanent restriction preventing Internet gambling services from being provided to customers in the U.S. in violation of the law of the United States or of any jurisdiction within the U.S.; and will forfeit \$105 million, representing proceeds of PartyGaming's U.S. Internet gambling operations. The forfeiture is payable over three years.

Mr. DASSIN said that the decision to enter into a Non-Prosecution Agreement was made after weighing the factors set forth in the Department of Justice's Principles of Federal Prosecutions of Business Organizations, including: PartyGaming's early and full cooperation with the Government's investigation; changes in PartyGaming's management; PartyGaming's termination of all real-money Internet gambling services for U.S. customers in October 2006; PartyGaming's cessation of its deceptive credit-card processing practices; the forfeiture agreement; and the negative effect that charges against PartyGaming would have on the Company's overseas business.

As previously announced, on December 16, 2008, ANURAG DIKSHIT, a founder and former officer and director of PartyGaming, pleaded guilty before United States District Judge JED S. RAKOFF to one count of using the wires to transmit bets and wagering information in interstate commerce. DIKSHIT, 37, faces a maximum sentence of 2 years in prison and a fine of \$250,000, or twice the gross gain or loss from the offense. DIKSHIT also admitted to forfeiture allegations requiring him to forfeit \$300 million to the United States. DIKSHIT is scheduled to be sentenced by Judge RAKOFF on September 30, 2010.

Mr. DASSIN praised the investigative work of the Federal Bureau of Investigation. He added that the investigation into illegal Internet gambling is continuing.

Assistant United States Attorneys JONATHAN B. NEW and ARLO DEVLIN-BROWN are in charge of this investigation.

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