Authorities Arrest Founder of Internet Gambling Site

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ST. LOUIS, March 30 (AP) — The founder of the BetOnSports gambling Web site, Stephen Kaplan, was arrested late Wednesday in the Dominican Republic, the United States attorney in St. Louis, Catherine Hanaway, said on Friday.

Ms. Hanaway is prosecuting a case against BetOnSports, which is based in London, in federal court in St. Louis. Mr. Kaplan is named in a 22-count criminal case related to Internet gambling.

Mr. Kaplan was arrested at a hotel in Santo Domingo, Ms. Hanaway said, by the Dominican National Police, officials from the United States State Department and the F.B.I.

“This was a worldwide search, and thanks to the assistance of many law enforcement agencies, this fugitive will soon be back in St. Louis to face the charges against him,” she said in a statement.

Mr. Kaplan has been charged in St. Louis along with the former chief executive of the company, David Carruthers, and nine others. Mr. Carruthers remains under house arrest in a suburb of St. Louis.

In Geneva on Friday, at the World Trade Organization, a compliance panel ruled that the United States had failed to change its ban on Internet betting to comply with a W.T.O. ruling that said the legislation unfairly aims at offshore casinos.

The ruling opens the door to possible commercial sanctions against the United States.

In a 215-page decision, a three-member compliance panel sided with the Caribbean island nation of Antigua and Barbuda, which has argued that Internet gambling is a lucrative source of revenue and provides an income for hundreds of islanders.

The trade group has said Washington can maintain restrictions on online gambling, as long as its laws are equally applied to American operators offering remote betting on horse racing.

The Antiguan finance minister, Errol Cort, said in a statement that the ruling “vindicates all that we have been saying for years about the discriminatory trade practices of the United States in this area, and we look forward to the United States opening its markets.”

Washington claimed victory in the W.T.O.’s initial ruling two years ago because the group recognized its right to prevent offshore betting as a means of protecting public order and public morals.

But the United States acknowledged Friday that the latest decision was a setback.

Washington has yet to say if it will appeal the panel's findings. A final ruling upholding Antigua's claims would allow the twin-island nation to seek trade sanctions on the United States for its failure to comply.
To avoid the penalties, the United States government would have to either permit Americans to gamble over foreign-based sites or eliminate exceptions for off-track betting on horses, including wagers over the Internet, as permitted under the 1978 Interstate Horseracing Act.

Nevertheless, it appears unlikely that the United States will ease access to companies with servers licensed in Antigua, a nation of 80,000 people that was largely bankrolled by British-owned operators in pursuing its legal action.