



Guilty Pleas in Internet Café Gambling, Money Laundering Case

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Cleveland — Ohio Attorney General Mike DeWine and Cuyahoga County Prosecutor Timothy J. McGinty today announced that a New Jersey company that provides technology to so-called internet sweepstakes cafes will cease operations in Ohio after pleading guilty to felony charges related to operating a gambling enterprise and money laundering. In total, five defendants agreed to plead guilty as part of the illegal gambling enterprise organized by VS2 Worldwide Communications.

“This plea agreement is a significant victory for enforcement of Ohio gaming laws,” said Attorney General DeWine. “Not only will VS2 cease operations in Ohio, but they admit that their façade of facilitating a sweepstakes was a front to conduct illegal gambling in violation of laws passed by Ohio voters and legislators.”

“Just as St. Patrick drove the snakes out of Ireland, this plea and sentence will drive the vipers out of Ohio,” said Prosecutor McGinty. “This victory would not have been possible without the leadership and support of former Director Charles from the Department of Public Safety and of Attorney General DeWine. Their agents helped us, the Parma Heights Police Department, the Cuyahoga County Sheriff’s office, the U.S. Secret Service and the U.S. Postal Service carry out more than 50 raids against illegal gambling parlors in Cuyahoga County. This was a true team effort. Together, we killed this beast.”

“This collaborative effort between state, local and federal agencies is an example of how law enforcement agencies working together can yield incredible results,” said John Born, Director of the Department of Public Safety.”

The following defendants pleaded guilty to the following counts:

- VS2 Worldwide Communications LLC of Wall Township, New Jersey; one count of Attempted Engaging in a Pattern of Corrupt Activity, a third degree felony; one count of Gambling, a first degree misdemeanor.
- P & E Technologies Inc.; one count of Attempted Engaging in a Pattern of Corrupt Activity, a third degree felony; one count of Gambling, a first degree misdemeanor; one count of Possessing Criminal Tools, a fifth degree felony.
- Philip Cornick of Ocean County, New Jersey; one count of Possessing Criminal Tools, a first degree misdemeanor.
- Richard Upchurch of North Carolina; one count of Possessing Criminal Tools, a first degree misdemeanor.
- Michael Koty of Bloomsbury, New Jersey; three counts of Possessing Criminal Tools, a first degree misdemeanor.

VS2 is a company organized in New Jersey with ties to Russia and the Ukraine. The company provided computers and software to retail establishments which advertised themselves as internet sweepstakes cafes. However, the businesses and their employees marketed the games as schemes of chance illegal under Ohio law. The primary purpose of the machines was to engage in illegal gambling from which the defendants could profit.

By pleading guilty to Attempted Engaging in a Pattern of Corrupt Activity, the defendants admitted that they engaged in an enterprise predicated on gambling and money laundering. Under the terms of the agreement, the defendants agreed to a civil forfeiture totaling \$615,000 and to cease doing business in the state of Ohio. The convictions against the individual defendants also make them ineligible for jobs in the gaming industry in Ohio and possibly other states.

MEDIA CONTACTS:

Dan Tierney, AGO: (614) 466-3840

Lisa Hackley, AGO: (614) 66-3840

Joseph Frolik, CCPO: (216) 443-7488