

# US to investigate companies related to illegal online gambling in the country

The US Department of Justice has ordered the world's biggest investment banks, accountants and law firms to hand over all emails, telephone records and papers connected with Internet gaming firms as part of an investigation into illegal online gambling in the US.

HSBC, Dresdner Kleinwort, Credit Suisse and Deutsche Bank are known to be among banks issued with subpoenas as part of a worldwide hunt to build a case against those who benefited from illegal online gambling. Britain has been the fundraising centre for many internet gambling companies, a number of international operators choosing to list their shares in London.

Fortunes were made by the founders of internet gaming stocks, which include Party Gaming, 888.com and Betonsports.com, with advisers pocketing huge fees. The Department of Justice first issued subpoenas in October, just days after US President George W. Bush sounded the death knell for the US's us\$ 6 billion Internet gambling industry by signing legislation banning all related transactions. But until now the investigation has been kept secret.

According to City sources, the subpoenas have continued to arrive in the past few weeks and it is thought some investors in online gambling companies, including Party Gaming and 888.com, have also been hit with requests for information. „To say the situation is sensitive is the understatement of the decade,“ one source said.

„The problem is, even if you know you have done nothing wrong, you have no powers of resistance. You can quickly go from

being a bystander to a target, so even if you are bomb-proof, you have to assume you are subject to hostility.“

The request could force banks and other advisers or former advisers to the gambling companies to hand over hundreds of thousands of emails and files to US investigators.

Another source described it as one of the biggest „fishing expeditions“ ever undertaken by the department and would cause outrage in Britain, coming so soon after the extradition to the US of the so-called NatWest Three.

„UK Plc should be really worried about yet another encroachment of US investigators on to British territory,“ a British businessman, who asked not to be named, said. „The City is clearly under threat.“ Those familiar with the situation said the subpoenas did not reveal who the Department of Justice was targeting, but some believe the ultimate goal is to find information incriminating founding shareholders of the online gambling firms.

The inquiry vindicates the City professionals who refused to act for internet gambling firms because of the uncertainty surrounding its legality in the US. Banks that have been subpoenaed have lined up lawyers to act for them. Milbank Tweed is representing Dresdner.

None of the banks involved would comment on the subpoenas and the Department of Justice said its policy was not to comment about investigations.