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17 INDIVIDUALS CHARGED IN \$30 MILLION INTERNET GAMBLING ENTERPRISE
Allegedly Operated Out of Strip Club and Restaurant in Queens; City and Federal Workers Charged

Queens District Attorney Richard A. Brown, joined by New York State Police Acting Superintendent Preston L. Felton, today announced the indictment of seventeen individuals – including former and current government workers – on charges of unlawfully operating an online gambling operation that was mainly run out of a Long Island City strip club and a Jackson Heights restaurant and annually booked more than \$30 million in wagers on a wide variety of sporting events – ranging from horse-racing, football, baseball, basketball and hockey to NASCAR, PGA golf and professional tennis, among others.

District Attorney Brown said, “When it comes to Internet sports gambling rings operating in Queens County all bets are off. My office has zero tolerance for such illegal activity. Despite the use of modern technology and an off-shore wire room, the defendants – including two former NYPD officers, a City sanitation worker, a U.S. Postal employee who allegedly ran bets for his bosses, and a stock broker – are accused of running an old-fashioned bookmaking operation, complete with runners who accepted illegal wagers and called in the wagers to distributors and the bookmaker himself who settled up their win-lost figures for the day or week.”

New York State Police Acting Superintendent Preston L. Felton said, “Thanks to the collaborative investigative efforts of the Queens County District Attorney’s Office and the New York State Police Special Investigations Unit, we were able to curtail these elaborate operations. These indictments show that New York State is serious about pursuing and prosecuting illegal off-shore, internet gambling operations.”

A 16-count Enterprise Corruption indictment unsealed today in Queens County Supreme Court charges that the gambling ring promoted illegal sports betting in Queens County and elsewhere and that the defendants were involved with a gambling wire room in Costa Rica that they accessed through an “800” toll-free phone number or online through the Internet website, www.50ksports.com.

District Attorney Brown said that the investigation leading to today’s indictment began in January 2006 when New York State Police developed information about an illegal betting ring and began a joint investigation with the District Attorney’s Organized Crime and Rackets Bureau. The investigation included physical surveillance, intelligence information and court-authorized electronic eavesdropping on six different telephones and a computer that intercepted nearly 50,000 conversations.

According to the indictment, between May 1, 2006, and March 22, 2007, the seventeen defendants conspired to acquire money illegally through the operation of an unlawful gambling enterprise involving the use of an Internet website.

The indictment also alleges that the ring used a non-traditional “wire room” in the form of an off-shore, Internet-based gambling service used by runners to actually place the wagers. It is alleged that the ring used the off-shore wire room to maintain the gambling accounts of numerous runners and bettors through the Internet website in an effort to evade law enforcement detection through traditional methods.

According to the District Attorney, law enforcement crackdowns on traditional mob-run wire rooms have led to the use by illegal gambling rings of off-shore gambling websites where action is available around the clock. Bettors can click on an off-shore gambling website over the Internet and be assigned individual login codes and passwords. Their wagers and win-loss amounts are recorded in “sub-accounts” maintained in the accounts of “runners” and “agents.” These gambling websites typically store their information on computer servers outside the United States – such as in Costa Rica – and “bounce” their data through a series of server nodes in an effort to evade law enforcement.

The indictment charges that John Kinahan, a former NYPD police officer and presently a manager at City Scapes, a topless dancing club on Queens Plaza in Long Island City, was the “bookmaker” and boss of the enterprise who controlled and oversaw the entire operation. According to the indictment, Kinahan’s wife, Virginia Kinahan, a secretary at a Manhattan law firm and the listed owner of City Scapes, worked as the “bookkeeper” and was responsible for managing the day-to-day operations and handling bettor disputes and accounting discrepancies, as well as managing account information of the various runners and bettors. The indictment further alleges that John Morrissey, who owns the restaurant Legends in Jackson Heights, and Philip Buckles, a former NYPD Detective in the Organized Crime Investigation Division, worked as “distributors” who were, in effect, “super-agents/super runners” as each distributor had several subordinate agents/runners reporting directly to them.

The indictment also charges that thirteen defendants – U.S. Postal worker Glenn Mulhern who allegedly placed bets for his superiors at a Long Island City post office, NYC Sanitation worker (and the Kinahans’ nephew) Jeremiah Keating, Merrill Lynch stock broker Timothy O’Connell, Stephen DeFranco, Angelo Neos, Craig Sullivan, Leo Stern, Wai Kong, Peter Song, Andrew Lamparter, Salvatore Vagloca and Donald Ericksen – worked as “agents/runners” and were responsible for soliciting new bettors to the organization, maintaining existing bettor relationships and meeting with bettors to collect gambling losses and payout winnings

According to the indictment, a bettor would place a bet with an agent/runner, who would place the bet either through the website or through one of the organization’s toll-free telephone numbers. Afterwards, the bettor collected his winnings or paid any losses by typically meeting with an agent/runner in person. The agent/runner, in turn, met with a distributor or the bookmaker to turn over any gambling debts the agent/runner collected from his bettors and/or to receive any money from the distributors or bookmaker that the agent/runner’s bettors won. The bookmaker, financial officers, accountant and other members of the organization then allegedly conducted various financial transactions with the gambling proceeds to, in part, conceal or disguise the nature, location, source or control of the gambling proceeds or to avoid any transaction reporting requirement imposed by law.

The investigation was conducted by New York State Police Investigators Simon Ocampo, John Pratt, David Douglas, Leslie Harrington and Ralph Rodriguez, and Senior Investigators Steven Udice and Joel Downing under the supervision of Lieutenant John Ryan, Captain Thomas Marmion and Major Michael Copey. Members of the District Attorney’s Organized Crime and Rackets Bureau also assisted in the investigation, namely, Assistant District Attorneys Erica Rosengarten and Christine Maloney, Deputy Bureau Chiefs Peri Kadanoff and Marc Resnick and Bureau Chief Gerard A. Brave, as well as Executive Assistant District Attorney for Investigations Peter A. Crusco and Deputy Executive Assistant District Attorney for Investigations Linda M. Cantoni.

Assistant District Attorneys Kadanoff and Rosengarten are prosecuting the case under the supervision of Bureau Chief Brave, and the overall supervision of EADA Crusco and DEADA Cantoni.

It should be noted that an indictment is merely an accusation and that defendants are presumed innocent until proven guilty.

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Note to Editors: E-version of this press release posted at www.queensda.org.

NOTE: SEE ADDENDUM ON NEXT PAGE FOR DETAILS ON DEFENDANTS.

ADDENDUM

The defendants, who are expected to be arraigned later today before Queens County Supreme Court Justice Robert Kohm, have been charged with one count of Enterprise Corruption, a class B felony punishable by a minimum of five years and a maximum of 25 years in prison, various counts of Promoting Gambling in the First Degree, a Class E felony punishable by up to four years in prison, and one count of Conspiracy in the Fifth Degree a Class A misdemeanor punishable by up to one year in prison.

“Bookmaker”

John (aka “JK”) Kinahan, 56, lives at 1 Astro Place in Dix Hills, Long Island.

“Bookkeeper”

Virginia (aka “Ginger”) Kinahan, 56, lives at 1 Astro Place in Dix Hills, Long Island.

“Distributors”

Phillip Buckles, 59, of 11 Ferndale Avenue in Miller Place, Long Island.

John (aka “Bubba”) Morrissey, 43, of 19 Ruth Boulevard in Commack, Long Island.

“Agents/Runners”

Stephen Defranco, 40, lives at 250 Roslyn Road in Mineola, Long Island.

Jeremiah Keating, 32, lives at 61 Superior Road in Bellerose Village, Long Island.

Wai Y. Kong, 36, lives at 81-11 Petit Avenue in Maspeth, Queens.

Andrew G. Lamparter, 59, lives at 54-41 71st Street in Maspeth, Queens.

Glenn Mulhern, 44, lives at 218-19 68th Avenue in Oakland Gardens, Queens.

Angelos Neos, 37, lives at 163-11 19th Avenue in Whitestone, Queens.

Timothy O’Connell, 42, lives at 216 Fairfield Avenue in Carle Place, Long Island.

Peter Song, 30, lives at 21-49 79th Street in Jackson Heights, Queens.

Leo Stern, 59, lives at 209-15 18th Avenue in Bayside, Queens.

Craig Sullivan 37, lives at 154 South Path in Calverton, Long Island.

Salvatore Vaglica. 41, lives at 19 Corwin Avenue in New Hyde Park, Long Island.

Donald Ericksen, 40, lives at 37-32 62nd Street in Woodside, Queens.

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