

Cozen O'Connor Negotiates Historic Settlement for Offshore Sports-Betting Company

Today the U.S. Attorney's Office for the Eastern District of Pennsylvania (EDPA) announced a historic non-prosecution agreement involving 5Dimes, a major offshore sports-betting operator. The agreement represents a major shift in the U.S. Department of Justice's approach to offshore sports betting. Through this agreement, EDPA has provided a template by which 5Dimes and other offshore gambling companies could enter the regulated U.S. sports-betting market.

5Dimes has long been recognized as one of the premier offshore sports-betting websites. Based in Costa Rica, Sean "Tony" Creighton controlled the website until he was tragically kidnapped and murdered in September 2018. At that time, Creighton was the target of an EDPA criminal investigation. Following his death, Creighton's widow, Laura Varela, assumed responsibility for 5Dimes' assets.

Varela, who did not have any role in running the business, took a different approach from her late husband. Advised by counsel at Cozen O'Connor, she crafted a strategy to resolve the criminal investigation into 5Dimes and create opportunities to conduct business in the regulated U.S. market. Pursuant to the agreement, both her and 5Dimes' assets are now free and clear of any legal restriction, and 5Dimes has undergone corporate restructuring to create a streamlined, transparent structure suitable for participation in the U.S. regulated gaming industry.

Varela provided extensive cooperation and demonstrated her commitment to compliance to EDPA. [None of this cooperation, however, included information about the identities of U.S. customers.] This extensive cooperation included identifying assets of 5Dimes, forfeiting those assets before ever reaching an agreement with EDPA, agreeing to assist EDPA with additional forfeitures, and agreeing to a \$15 million lump-sum payment. Importantly, it also included temporarily suspending operations in the United States and — through a process approved by EDPA — refunding all account balances to U.S. customers by September 30, 2020.

Under the terms of the non-prosecution agreement, EDPA agreed to:

- Grant criminal and civil immunity for Varela, the corporate entities, and specified company personnel;
- Recognize that both Varela's personal assets **and** the corporate assets are now free and clear of any legal restrictions;
- Permit the new corporate entity to offer lawful gambling services in the United States, including through its popular internet domain names; and
- Answer inquiries from gaming regulators, potential investors, and financial institutions regarding Varela's extraordinary cooperation in the investigation.

This unique settlement is the first of its kind in the United States. 5Dimes is now positioned to apply for entry into the U.S. regulated sports-wagering industry. As her advisers, we at Cozen O'Connor could not be more excited for its next chapter and to see how many other offshore companies follow the same path.



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