



NON-PROSECUTION AGREEMENT BETWEEN
CG TECHNOLOGY, LP AND THE UNITED STATES
ATTORNEY'S OFFICES FOR THE EASTERN DISTRICT
OF NEW YORK AND THE DISTRICT OF NEVADA

The UNITED STATES ATTORNEY'S OFFICE FOR THE EASTERN DISTRICT OF NEW YORK and the UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF NEVADA (the "Offices") and CG TECHNOLOGY LP, formerly CANTOR G & W (NEVADA), LP, doing business as CANTOR GAMING ("CANTOR GAMING" or "CG TECHNOLOGY"),¹ by the undersigned Parikshat Khanna, Chief Operating Officer, and undersigned attorney, Stephen Andrews, Esq., Williams & Connolly LLP, all of whom are acting pursuant to authority granted by CG TECHNOLOGY'S general partners, hereby enter into this Agreement (the "Agreement").

Introduction

1. The Offices have informed CG TECHNOLOGY that since in or about January 2013, CG TECHNOLOGY has been the subject of a criminal investigation conducted by the Offices and the United States Postal Inspection Service; the Internal Revenue Service – Criminal Investigation, and the New York City Police Department (collectively, the "Investigating Agencies").

Acceptance of Responsibility

2. CG TECHNOLOGY acknowledges that in or about and between 2009 and 2013, as a result of the conduct of certain individuals employed by CANTOR GAMING (hereinafter referred to as the "Unlawful Conduct"), CANTOR GAMING violated federal laws,

¹ Cantor Gaming changed its name to CG Technology, LP in January 2014.

including Conspiracy, in violation of Title 18, United States Code, Sections 371; Aiding and Abetting the Operation of an Illegal Gambling Business, in violation of Title 18, United States Code, Sections 1955 and 2; and Money Laundering, in violation of Title 18, United States Code, Section 1956, as set forth in the Joint Statement of Facts (which is attached to the Agreement as Attachment A and is incorporated by reference), by: (1) knowingly accepting and facilitating “messenger betting” in its sports books on repeated occasions; (2) knowingly accepting and facilitating out-of-state betting activity through wire communications; and (3) processing large cash deposits and withdrawals and third-party wire transfers, knowing that the property involved represented the proceeds of some form of illegal activity, which in fact represented proceeds of specified unlawful activities.

3. CG TECHNOLOGY accepts responsibility to remediate its commission of the Unlawful Conduct by entering into this Agreement and by, among other things, continuing the substantial proactive and remedial actions that CG TECHNOLOGY has taken to date, and continuing its full cooperation with the Offices and the Investigating Agencies as set forth in this Agreement. This Agreement will be in effect for two years, to begin on the date of execution by all parties.

Remedial & Other Measures

4. CG TECHNOLOGY represents that it has taken substantial remedial measures in response to the Unlawful Conduct discovered in the course of the Offices’ and Investigating Agencies’ investigation. These actions have included but are not limited to the following:

(a) CG TECHNOLOGY has fully cooperated with the investigation, including by providing relevant corporate documents, making its employees available for interviews upon request, and providing presentations on relevant factual and legal matters;

(b) conducting a thorough internal investigation of the Unlawful Conduct described in Attachment A;

(c) accepting responsibility for the Unlawful Conduct described in Attachment A;

(d) identifying, to the extent known by CG TECHNOLOGY, the officers and employees who were responsible for the Unlawful Conduct set forth in Attachment A and terminating those individuals or securing their resignations;

(e) requiring individualized compliance training for certain lower level employees whose conduct, while not criminal, was inconsistent with CG TECHNOLOGY's own internal policies and procedures;

(f) hiring additional experienced compliance personnel;

(g) developing risk-based and targeted compliance policies and procedures that are accessible to all personnel through an online portal;

(h) reviewing the compliance program with the heads of each department within CG TECHNOLOGY to test the compliance program within each department and to develop solutions for improving the compliance program.

(i) implementing the use of multiple computer applications to assist compliance personnel, including software for complying with the Bank Secrecy Act and to perform due diligence in furtherance of "Know Your Customer" policies and procedures;

(j) requiring at least annual compliance training for employees;

(k) increasing frequency of compliance audits;

(l) relocating all risk department personnel to secure offices that are physically segregated from customer-facing operations to provide clearer delineation of duties between risk and customer-facing personnel and stronger internal controls; and

(m) prohibiting third-party wire transfers into customer wagering accounts.

Continuing Obligation of Cooperation

5. CG TECHNOLOGY acknowledges and understands that its prior, ongoing and future cooperation is an important and material factor underlying the Offices' decision to enter into this Agreement, and therefore CG TECHNOLOGY agrees to cooperate fully and actively with the Offices and the Investigating Agencies regarding any matter about which the Offices or the Investigating Agencies may inquire.

6. During the term of this Agreement, CG TECHNOLOGY agrees that its continuing cooperation shall include, but not be limited to, the following:

(a) completely and truthfully disclosing all documents, materials or information in its possession about which the Offices or the Investigating Agencies may inquire, including but not limited to all information about CG TECHNOLOGY's activities and those of its officers, employees and agents;

(b) assembling, organizing and providing all documents, records and other evidence in its possession, custody or control, wherever located, as reasonably may be requested by the Offices or the Investigating Agencies;

(c) proactively disclosing to the Offices all information concerning any criminal wrongdoing or suspected criminal wrongdoing of any kind, which has not yet been explicitly disclosed to the Offices, and which is either currently in CG TECHNOLOGY's possession or which may come into its possession in the future, including conduct of the type alleged in this Agreement;

(d) using its reasonable best efforts to make available its present and former officers and employees to provide information and/or testimony as requested by either of

the Offices and/or the Investigating Agencies, including sworn testimony before a grand jury or in court proceedings, as well as interviews with law enforcement authorities. Cooperation under this paragraph shall include identification of witnesses who, to the knowledge of CG TECHNOLOGY, may have material information regarding the Unlawful Conduct, and providing records which may contain material information regarding the Unlawful Conduct. Nothing in this paragraph, however, creates or is intended to create any obligation by CG TECHNOLOGY to indemnify any current or former officer or employee.

(e) providing testimony or information necessary to identify or establish the original location, authenticity, or other basis for admission into evidence of records, documents or physical evidence in any criminal or other proceeding as requested by either of the Offices; and

(f) providing active assistance, including assistance by CG TECHNOLOGY's counsel, in connection with any investigation, criminal prosecution, civil trial or other legal proceeding brought by either of the Offices that is connected in any way to CG TECHNOLOGY.

7. CG TECHNOLOGY agrees that it will continue to fulfill the cooperation obligations set forth in paragraph 6 above in connection with any investigation, criminal prosecution and/or civil proceeding brought by either of the Offices relating to or arising out of the Unlawful Conduct set forth in Attachment A. CG TECHNOLOGY's obligation to cooperate is not intended to apply in the event that it is charged as a defendant in any criminal or civil proceeding. Notwithstanding the foregoing, CG TECHNOLOGY does not waive any privilege it may have with respect to any documents or other information now or hereafter subject to the attorney-client privilege, the attorney work-product doctrine or other recognized legal privilege,

and nothing in this Agreement shall be construed or is intended to require CG TECHNOLOGY to waive any such privilege.

Payment of a Financial Penalty and Forfeiture to the United States

8. In addition to any payments required in connection with any current or future non-criminal proceedings by agencies not party to this Agreement or by branches of the Department of Justice other than the Offices, CG TECHNOLOGY agrees to pay \$10,500,000 as a financial penalty as directed by the government on October 3, 2016 and \$6,000,000 in forfeiture as directed below. CG TECHNOLOGY agrees to execute a Stipulation of Settlement and Decree of Forfeiture, which is attached to the Agreement as Attachment B and is incorporated in the Agreement by reference, and shall pay forfeiture to the United States of America in the amount of \$6,000,000 (the "Forfeiture Payment"). Such payment shall be made by certified or bank check and be made payable either to the "United States Postal Inspection Service" or the "United States Marshals Service" as directed by the Offices and shall be delivered to Assistant United States Attorney Brian D. Morris, 271-A Cadman Plaza East, Brooklyn, New York 11201. The Forfeiture Payment shall be paid on October 3, 2016. CG TECHNOLOGY hereby waives all interest in the Forfeiture Payment in any administrative or judicial proceeding, whether criminal or civil, and agrees that the forfeiture contemplated in the Agreement may be accomplished either administratively or civilly, by the United States Postal Inspection Service. If the Forfeiture Payment is sought to be judicially forfeited, CG TECHNOLOGY hereby consents to the entry of orders of forfeiture and waives the requirement of any and all applicable laws, rules and/or regulations governing the forfeiture of assets, as they apply in any manner to any forfeiture issue. If the Forfeiture Payment is sought to be forfeited administratively, CG TECHNOLOGY hereby consents to the entry of a declaration of forfeiture and waives the requirements of 18 U.S.C. § 983 regarding notice of seizure in non-judicial

forfeiture matters and, in order to effectuate forfeiture of the Forfeiture Payment, shall execute a form to be supplied by the United States Postal Inspection Service evidencing CG TECHNOLOGY's consent to forfeiture and waiver of timely notice.

Consequences of Breach & Additional Terms

9. In consideration of CG TECHNOLOGY's: (i) acceptance of responsibility to remediate CG TECHNOLOGY's Unlawful Conduct as set forth in Attachment A; (ii) cooperation to date and agreement to continue to cooperate with the Offices and the Investigating Agencies as described in paragraphs 6 and 7; (iii) payment of a financial penalty and forfeiture to the United States of America as set forth in paragraph 8; (iv) compliance in the future with all applicable laws, including federal, state and local gaming laws and regulations; and (v) agreement otherwise to comply with all of the terms of this Agreement, the Offices will not:

- (a) institute or pursue any criminal charges against CG TECHNOLOGY arising out of the Unlawful Conduct; or
- (b) pursue any civil claims against CG TECHNOLOGY based on the Unlawful Conduct.

10. CG TECHNOLOGY understands and agrees that should either of the Offices, in their sole discretion, determine that CG TECHNOLOGY has deliberately given materially false, incomplete, or misleading information pursuant to this Agreement, has committed any crimes subsequent to the date of this Agreement or has otherwise deliberately violated any provisions of this Agreement, then CG TECHNOLOGY will be subject to prosecution for any crimes of which the Offices have knowledge and jurisdiction to prosecute, including prosecution relating to the Unlawful Conduct. CG TECHNOLOGY agrees that in the event of such a determination by either of the Offices, any prosecution relating to the Unlawful Conduct that is not time-barred by the applicable statute of limitations on the date of this

Agreement, including by reason of tolling agreements entered into by CG TECHNOLOGY, may be commenced against CG TECHNOLOGY between the date of signing of this Agreement and two years after that date, notwithstanding the expiration of any statute of limitations prior to the end of that two-year period. By this Agreement, CG TECHNOLOGY expressly intends to and does waive any and all rights in this respect. This waiver by CG TECHNOLOGY is knowing, voluntary and made after consultation with counsel. Moreover, the commission of an additional crime by CG TECHNOLOGY shall constitute a breach of this Agreement.

11. Furthermore, it is agreed that should either of the Offices, in their sole discretion, determine that CG TECHNOLOGY has committed any crime or otherwise violated any provision of the Agreement within two years from the date of the execution of this Agreement: (i) all statements by or on behalf of CG TECHNOLOGY to either of the Offices and/or the Investigative Agencies, or other designated law enforcement or regulatory officials, including but not limited to the statements regarding the Unlawful Conduct set forth in Attachment A, testimony given by any agent of CG TECHNOLOGY before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads derived from such statements or testimony, shall be admissible in any and all criminal proceedings hereafter brought against CG TECHNOLOGY; (ii) CG TECHNOLOGY shall not assert any claim under the United States Constitution, any statute, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other rule or provision that statements made by or on behalf of CG TECHNOLOGY prior to or subsequent to this Agreement, or any leads therefrom, should be suppressed; and (iii) in the event of such a determination by the Office, CG TECHNOLOGY shall waive indictment and proceed by felony information in connection with a prosecution of CG TECHNOLOGY brought by either of the Offices. However, nothing in this Agreement shall constitute a waiver of any Confrontation

Clause rights CG TECHNOLOGY may have under the Sixth Amendment to the United States Constitution.

12. CG TECHNOLOGY agrees that it is within the sole discretion of the Offices to decide whether conduct or statements of any individual will be imputed to CG TECHNOLOGY for the purpose of determining whether CG TECHNOLOGY has knowingly, intentionally and materially violated any provision of this Agreement. If either of the Offices determines that CG TECHNOLOGY has committed a knowing, intentional and material breach of any provision of the Agreement, the Office shall provide written notice of the alleged breach to CG TECHNOLOGY, through its counsel, Stephen Andrews, Esq., Williams & Connolly LLP, 725 12th St. NW, Washington, DC 20005, or to any successor counsel that CG TECHNOLOGY may designate, and provide CG TECHNOLOGY with a two-week period from the date of receipt of such notice in which to make a presentation to the Offices, or their designee(s), to demonstrate that no breach has occurred, or, to the extent applicable, that the breach was not knowing, intentional or material, or has been cured. Upon request by CG TECHNOLOGY, either of the Offices may, in their discretion, agree in writing to extend this two-week period, including to provide CG TECHNOLOGY with an opportunity to cure any breach of this Agreement. The parties to this Agreement expressly understand and agree that if CG TECHNOLOGY fails to make a presentation to the Offices, or their designee(s), within the two-week period (or other period agreed to by the Offices), either of the Offices may, in their discretion, conclusively presume that CG TECHNOLOGY is in knowing, intentional and material breach of this Agreement.

13. CG TECHNOLOGY agrees that it shall not, through its attorneys, general partners (or such successor as may be adopted hereafter), limited partners, directors, officers, agents or employees, make any public statement, in litigation or otherwise, contradicting its

acceptance of responsibility to remediate CG TECHNOLOGY's Unlawful Conduct as set forth in Attachment A. Any such contradictory statement by CG TECHNOLOGY, its present or future attorneys, general partners, agents, or employees shall constitute a breach of this Agreement and CG TECHNOLOGY thereafter shall be subject to prosecution as specified in paragraphs 10 through 12. The decision as to whether any such contradictory statement will be imputed to CG TECHNOLOGY for the purpose of determining whether CG TECHNOLOGY has breached this Agreement shall be at the sole discretion of the Offices. Upon receipt of notification by either of the Offices of any such contradictory statement, CG TECHNOLOGY may avoid a finding of a breach of this Agreement by publicly repudiating such statement within three (3) business days after receipt of notice by the Office. This paragraph shall not apply to any statement made by any current or former CG TECHNOLOGY officer or employee who has been charged with a crime or other wrongdoing by either of the Offices, or by any other federal, state or local agency.

14. The parties understand and agree that the exercise of discretion by the Offices or their designee(s) is not subject to review in any court or tribunal.

15. Except to the extent permitted by the Offices, CG TECHNOLOGY agrees that if, during the term of this Agreement, it sells or merges all or substantially all of its business operations as they exist as of the date of this Agreement to or into a single purchaser or a group of affiliated purchasers, CG TECHNOLOGY shall include in any contract for sale, plan of reorganization, or merger, a provision binding the purchaser/successor to CG TECHNOLOGY's obligations described in this Agreement, provided however that the obligations imposed by this Agreement will not extend to the governance and operation of a purchasing or investing entity that acquires some or all of an ownership interest in CG TECHNOLOGY, as long as that entity maintains CG TECHNOLOGY as a separate legal entity. The Offices agree that if a mortgagee,

or any other secured creditor or successor interest holder, that is wholly independent of CG TECHNOLOGY's current general partners (or such successor as may be adopted hereafter), limited partners, directors, officers, agents and employees takes ownership of CG TECHNOLOGY or its assets through foreclosure, the obligations imposed by this Agreement will not extend to that mortgagee, secured creditor or successor interest holder.

16. It is understood that the Agreement is binding on CG TECHNOLOGY and the Offices, but specifically does not bind any other Federal agencies, any state or local law enforcement agencies, or any licensing or regulatory authorities. However, if requested by CG TECHNOLOGY or its attorneys, the Offices will bring to the attention of any such agencies, including but not limited to any licensing, inspecting, monitoring or compliance authorities, this Agreement, CG TECHNOLOGY's cooperation and its compliance with its obligations under this Agreement, and any reforms specified in this Agreement. It is the intent of the parties to this Agreement that this Agreement does not confer or provide any benefits, privileges or rights to any individual or entity other than the parties hereto, and that this Agreement, including its attachments, shall be admissible in any proceeding brought by either of the Offices. Moreover, CG TECHNOLOGY may raise defenses or assert affirmative claims in any civil proceedings brought by private parties as long as doing so does not otherwise violate any term of this Agreement.

17. Except as set forth herein, this Agreement in no way limits or affects any right, including right of inspection and/or enforcement, held by the United States or any other governmental body, pursuant to applicable federal, state, or local laws, regulations, or permits. In addition, nothing herein shall be read in any way to alter, affect, abrogate, or impair the ability and obligation of the United States to take any investigative or enforcement action for any future conduct, including but not limited to any administrative, civil, or criminal enforcement action, or

to make any inquiry of CG TECHNOLOGY concerning any present or future alleged violation of federal law, regulation, or order.

18. This Agreement sets forth all the terms of the agreement between CG TECHNOLOGY and the Offices. No modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, CG TECHNOLOGY's attorneys, and a duly authorized representative of CG TECHNOLOGY. This Agreement supersedes all prior promises, agreements or conditions between the parties, except for the tolling agreements previously executed by CG TECHNOLOGY.

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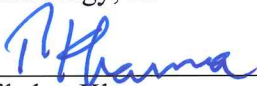
19. To become effective, this Agreement must be signed by all signatories listed below. This Agreement may be signed in counterparts.


Dated: Brooklyn, New York
October 3, 2016

Agreed and Consented To By:

ROBERT L. CAPERS
United States Attorney
Eastern District of New York


CG Technology, LP

By: 
Parikshat Khanna
Chief Operating Officer

By: 
James P. Loonam
Matthew S. Amatruda
Assistant United States Attorneys

Approved By:

WILLIAMS & CONNOLLY LLP
Attorney for CG Technology, LP

By: 
Stephen Andrews, Esq.
725 12th Street NW
Washington, DC 20005

Approved By:


Winston M. Paes
Chief, Business & Securities Fraud Section

DANIEL G. BOGDEN
United States Attorney
District of Nevada

By: _____
Nicholas D. Dickinson
Assistant United States Attorney

Approved By:

Daniel Schiess
Chief, Criminal Division

19. To become effective, this Agreement must be signed by all signatories listed below. This Agreement may be signed in counterparts.

Dated: Brooklyn, New York
October 3, 2016

Agreed and Consented To By:

ROBERT L. CAPERS
United States Attorney
Eastern District of New York

CG Technology, LP

By: _____
Parikshat Khanna
Chief Operating Officer

By: _____
James P. Loonam
Matthew S. Amatruda
Assistant United States Attorneys

Approved By:

Approved By:

WILLIAMS & CONNOLLY LLP
Attorney for CG Technology, LP

Winston M. Paes
Chief, Business & Securities Fraud Section

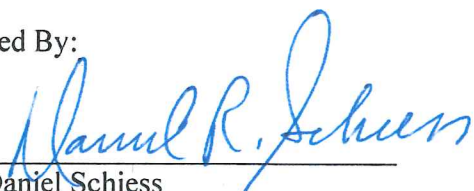
By: _____
Stephen Andrews, Esq.
725 12th Street NW
Washington, DC 20005

DANIEL G. BOGDEN
United States Attorney
District of Nevada

By: 

Nicholas D. Dickinson
Assistant United States Attorney

Approved By:



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Chief, Criminal Division