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NEWS RELEASE

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Fruitland Bar Owner Pleads Guilty to Income Tax Evasion, Illegal Gambling, and Money Laundering Conspiracy

BOISE – Thomas Dale Overstreet, 67, of Fruitland, Idaho, pled guilty in federal court last Friday to income tax evasion, operating an illegal gambling business, and conspiracy to commit money laundering, U.S. Attorney Wendy J. Olson and Assistant Attorney General for the Justice Department's Tax Division Kathryn Keneally announced. Overstreet was indicted on September 13, 2011.

According to court documents, between 2003 and 2011, Overstreet owned and operated Club 7, a bar located in Fruitland, where he operated an illegal gambling business that involved the operation of video gambling machines. Club 7 made cash pay-outs by having its bartenders pay customers based on the amounts won on these pay-to-play machines, in violation of Idaho law. Overstreet modified the machines so he could track the amount of money customers paid into the machines, as well as the amounts won.

Overstreet admitted that at his direction, cash from the illegal gambling machines was used to cash checks for members of the public in order to prevent cash deposits into Club 7's bank account and avoid a transaction reporting requirement under Federal law. Members of the public could avail themselves of the check cashing service, for no fee, by visiting Club 7 and signing over checks received from third parties. After signing over the checks to Club 7,

members of the public were paid the face value of the check in cash. The checks were then deposited into Club 7's bank account by Overstreet, or at Overstreet's direction.

Overstreet admitted that for tax year 2007, he intentionally failed to file a tax return and failed to pay his federal income tax obligations by causing payments for goods and services to be almost entirely of cash; by causing cash pay-outs from electronic video gambling machines, cigarette sales, and proceeds from the dart machines and pool tables at Club 7 not to be reported on business records or cash register receipts; and causing few, if any, cash deposits to be made into Club 7's bank account.

Income tax evasion and illegal gambling, as charged in counts one and five, are each punishable by up to five years in prison, a maximum fine of \$250,000 fine and up to three years of supervised release. Conspiracy to commit money laundering, as charged in count six, is punishable by up to twenty years in prison, a maximum fine of \$500,000 or twice the value of transaction, whichever is greater, and up to three years of supervised release.

Overstreet is scheduled to be sentenced on November 14, 2012, before Chief U.S. District Judge B. Lynn Winmill at the federal courthouse in Boise.

“Paying income tax is a solemn obligation of citizenship,” said Olson. “Integrity in business transactions required to be reported to the federal government is essential to the proper functioning of our economy. Those who hide income, evade taxes and launder profits undermine our democracy. I commend the IRS criminal enforcement agents and federal prosecutors who diligently pursued justice in this case.”

“This is a reminder that all taxpayers should file complete and accurate tax returns; all income regardless of the source is taxable,” said Sean Sowards, Special Agent in Charge of IRS Criminal Investigation, for the State of Idaho.

The case is being investigated by Internal Revenue Service-Criminal Investigation and prosecuted by the U.S. Attorney's Office and the Tax Division of the U.S. Department of Justice.

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