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NEWS RELEASE

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Fruitland Bar Owner Sentenced for Income Tax Evasion, Illegal Gambling, and Money Laundering

Court Orders Over \$1.1 Million in Restitution to IRS and Forfeiture of Over \$7.43 million

BOISE – Thomas Dale Overstreet, 68, of Fruitland, Idaho, was sentenced today to 46 months in prison, followed by three years of supervised release for 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 Department of Justice's Tax Division Kathryn Keneally announced. Overstreet was indicted in September 2011 and pleaded guilty in August 2012.

According to court documents, between 2001 and 2011, Overstreet owned and operated Club 7, a bar located in Fruitland, where Overstreet operated an illegal gambling business. Overstreet illegally operated electronic video gambling machines at Club 7, and Club 7 employees illegally made cash pay-outs to customers who won on the machines. Overstreet tracked pay-outs to customers and used the meter readings in the video gambling machines to compute his profits from the illegal gambling business. The Court found that at Overstreet's direction, cash from the illegal gambling business was used to cash checks for members of the public. Cash from the illegal gambling business was also used to refill an ATM in Club 7. Overstreet and Club 7 did not charge a fee for these check cashing or ATM services. The Court found that both services allowed Overstreet to move cash proceeds from Club 7 and the illegal

gambling business into a bank account without triggering the reporting requirements that would have arisen if currency deposits were made and also allowed Overstreet to disguise the true nature and source of the deposits, thereby concealing the existence and funds from the illegal gambling business.

Overstreet, who has not filed a tax return since 1999, was found to have evaded the payment of over \$477,000 in taxes. Chief U.S. District Judge B. Lynn Winmill ordered Overstreet to pay \$1,151,449 in restitution to the IRS, which includes penalties and interest. In addition, the Court ordered the forfeiture of at least \$2,411,467.60, which represents the profits from Overstreet's illegal gambling business, and \$5,027,228.25, which represents the property involved in Overstreet's money laundering operation. The Court further ordered the forfeiture of Club 7, Overstreet's bar located in Fruitland, Idaho, and The Flying High Resort, a beachfront resort located in La Ventana, Mexico, on the Baja California peninsula that Overstreet constructed using the proceeds of his illegal gambling business and money laundering operation.

"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. This sentence sends a strong message that those who seek to avoid their tax responsibilities will be properly punished."

"To maintain faith in our nation's tax system, honest taxpayers need to be reassured that everyone is paying their fair share," said Lilia E. Ruiz, Acting Special Agent in Charge of IRS Criminal Investigation for the State of Idaho. "IRS-Criminal Investigation, together with the Department of Justice, will investigate and prosecute those who violate our tax system."

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

Olson commended the efforts of special agents from IRS-Criminal Investigation who investigated the case, and Assistant United States Attorneys George Breitsameter and Anthony Hall, along with Tax Division Trial Attorneys Mark L. Williams and Katherine L. Wong, who prosecuted the case.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF), which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices, and state and local partners, it is the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants. For more information on the task force, visit www.stopfraud.gov.

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