



Department of Justice

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FOR IMMEDIATE RELEASE
TUESDAY, MARCH 24, 2009
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OWNER OF CHEEKS GENTLEMEN'S CLUB CONVICTED OF TAX CRIMES

Ex-wife convicted of making false statements to investigators

DAYTON – A federal jury convicted Elbert “Lee” Hale, of Washington Township of three counts of filing false corporate income tax returns on behalf of his business from 2002 – 2004. Hale’s ex-wife and long time book keeper, Joyce A. Hale, of Dayton, was also convicted of one count of making false statements to federal investigators.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio and Jose Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, Cincinnati Field Office, announced the verdict returned today at the conclusion of a trial that began March 16 before Chief U.S. District Judge Susan J. Dlott.

Hale has owned and operated “Cheeks Gentlemen’s Club” located at 906 Watertower Lane in West Carrollton since 1998. Evidence presented at trial showed that Hale intentionally understated the club’s business income on corporate income tax returns for the period spanning 2002 through 2004.

Federal investigators testified that they seized a secret set of accounting books from the trunk of Joyce Hale’s car while executing search warrants at the Cheeks Night Club on May 12, 2006. Prior to seizing the records Mrs. Hale denied to Federal agents having any knowledge of the existence of such books. This second set of books, which were penned in Mrs. Hale’s own handwriting documented an under-reporting of business income of more than \$3.1 million in the three-year period.

“The government called 17 witnesses to testify during the trial, including two former dancers and a business partner of Hale’s,” Lockhart said. “As a result of their testimony and the evidence presented, a conviction was obtained.”

Each of the three counts of filing false corporate income tax returns is punishable by three years imprisonment, a \$100,000 fine, restitution of unpaid taxes along with interest and penalties to be calculated by the IRS. Making false statements is punishable by up to five years imprisonment.

Judge Dlott will schedule a sentencing hearing.

A federal grand jury indicted the Hales on April 9, 2008.

Lockhart commended the investigative efforts of special agents assigned to the Internal Revenue Service Criminal Investigation Division, and Assistant U. S. Attorneys Dwight Keller and Brent Tabacchi, who prosecuted the case.

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