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NEWS RELEASE

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Fruitland Bar Owner Charged with Income Tax Evasion and Illegal Gambling

BOISE – Thomas Dale Overstreet, 66, of Fruitland, Idaho, was arrested today on an indictment charging him with income tax evasion, operating an illegal gambling business, conspiracy to commit money laundering, money laundering, bulk cash smuggling out of the United States, and criminal forfeiture, U.S. Attorney Wendy J. Olson announced. Overstreet appeared before U.S. Magistrate Judge Ronald E. Bush at the federal courthouse in Boise this afternoon. He pled not guilty and the case was set for trial before Chief U.S. District Judge B. Lynn Winmill on October 17, 2011.

The unsealed indictment, which was returned by a federal grand jury in Boise yesterday, charges Overstreet with four counts of income tax evasion for tax years 2007, 2008, 2009, and 2010; one count of operating an illegal gambling business; one count of conspiracy to commit money laundering; 22 counts of money laundering, and one count of bulk cash smuggling. For each count of conspiracy to commit money laundering and money laundering, Overstreet faces a maximum prison term of 20 years and/or a \$500,000 fine. Convictions for tax evasion, running an illegal gambling business, and bulk cash smuggling each carry a maximum prison term of five years and/or a \$250,000 fine.

The indictment alleges that Overstreet earned substantial income from his bar, Club 7, located in Fruitland. A substantial part of that income was from his illegal gambling business, which consisted of several electronic video gambling machines that customers paid to play. According to the indictment, pay-outs to customers were done covertly.

The indictment alleges that despite earning substantial income, including profits of at least \$1,013,768 from the illegal gambling business between mid-2003 and 2010, Overstreet did not file a federal individual income tax return during this period. As alleged in the indictment,

Overstreet instead took various actions to evade the assessment of his federal tax liabilities. These actions included causing payments for goods and services at Club 7 to be almost entirely in cash so as to not create traceable records; causing cash to be transported or transmitted to Mexico; depositing cash into foreign bank accounts in Mexico; and concealing the source of Club 7's gross receipts by cashing third-party checks and managing his own automated teller machine ("ATM").

The indictment alleges that Club 7 laundered the proceeds of its illegal gambling business through its ATM and check cashing service, which were conducted in part with the profits from the illegal gambling business. It is alleged that these methods allowed Overstreet to avoid making cash deposits and thus avoid bank reporting requirements. From approximately 2003 to April 2009, more than \$3 million in United States currency was involved in the money laundering conspiracy. The indictment alleges that Overstreet transported or caused to be transported cash into Mexico in amounts slightly less than \$10,000 to avoid federal reporting requirements. It is alleged that on one occasion, Overstreet caused \$65,000 in cash to be transported into Mexico without those funds being declared.

The indictment also contains forfeiture allegations wherein the United States seeks real and personal property involved in the illegal gambling business, money laundering, and bulk cash smuggling offenses. The real property includes the bar, Club 7, and a piece of beachfront property located in Mexico known as The Flying High Resort.

The case is being investigated by Internal Revenue Service-Criminal Investigation Division.

An indictment is only an allegation of criminal conduct and is not evidence of guilt. A person is presumed innocent until and unless proven guilty beyond a reasonable doubt in a court of law.

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