



Department of Justice

United States Attorney Scott W. Brady
Western District of Pennsylvania

FOR IMMEDIATE RELEASE

MARCH 15, 2018

WWW.JUSTICE.GOV/USAO/PAW

Washington County Businessman and Convicted Felon Charged with Fraud, Tax and Firearms Offenses

PITTSBURGH – A resident of Washington County, Pennsylvania has been indicted by a federal grand jury in Pittsburgh on charges of wire fraud, tax evasion, conspiracy to defraud the United States, false bankruptcy declaration, and unlawful possession of a firearm by a felon, United States Attorney Scott W. Brady announced today.

The 13-count indictment, returned on March 14, 2018, named George Retos, Jr., age 69, of Washington, Pennsylvania, as the sole defendant.

According to the indictment, Retos defrauded a Small Business Administration preferred lender, Preferred Capital BIDCO, Inc., in connection with \$2,000,000 in loans to Prime Plastics, Inc. and Branikas Investments LLC, two entities operated and controlled by Retos. In violation of the loan agreements, Retos allegedly misappropriated tens of thousands of dollars of loan proceeds and pledged collateral through, among other expenditures, the financing of a \$41,000 BMW for a family member and tens of thousands of dollars in charges at casinos in Western Pennsylvania and Las Vegas, Nevada.

The indictment also alleges that Retos willfully attempted to evade and defeat the payment of income taxes due and owing by him to the United States of America by concealing from the Internal Revenue Service (IRS) the nature and extent of his income and assets as well as the location thereof; placing business interests in the names of nominees; paying personal expenses with funds and bank accounts of Prime Plastics, Inc., Branikas Investments, Inc., and a third entity, Plastic Power, Inc., all companies controlled by Retos; issuing checks drawn on Prime Plastics, Branikas Investments and Plastic Power bank accounts payable to Retos; and making ATM withdrawals and purchases at casinos in the Western District of Pennsylvania, Las Vegas, Nevada, and elsewhere using Prime Plastics, Branikas Investments and Plastic Power funds and bank accounts.

The indictment further alleges that Retos conspired to defraud the IRS when he agreed with another individual not to pay over to the IRS payroll and employer taxes of Prime Plastics, Inc. and Plastic Power, Inc. Specifically, to avoid ongoing collection efforts by the IRS related to unpaid taxes of Prime Plastics, Inc., Retos and his co-conspirator allegedly arranged for employees of Prime Plastics, Inc. to be transferred to Plastic Power, Inc., which, in turn, also failed to pay employer and payroll taxes to the IRS. According to the indictment, the unpaid employer and

payroll taxes totaled hundreds of thousands of dollars.

In addition, the indictment charges Retos with wire fraud in connection with a scheme to fraudulently obtain unemployment compensation from the Commonwealth of Pennsylvania for Prime Plastics, Inc. and, later, Plastic Power, Inc. employees. According to the indictment, Retos reduced the salaries of numerous employees and instructed them to seek unemployment from the state to make up the difference, knowing full well that the employees were ineligible for such unemployment compensation. During the execution of the scheme, Retos allegedly continued to siphon company funds for his personal benefit.

The indictment also alleges that at Retos' direction, Prime Plastics, Inc. filed for bankruptcy and, among other things, falsely stated that there had been no withdrawals from the entity outside the normal course of business during the preceding two years. In fact, as alleged, Retos was responsible for numerous such expenditures, including thousands of dollars belonging to Prime Plastics, Inc. spent by Retos at casinos in Las Vegas, Nevada and elsewhere.

Finally, the indictment also alleges that Retos, after having been convicted in or around December 1992 of income tax evasion, false statements in connection with a credit application, mail fraud, and interstate transportation of stolen property, possessed on June 26, 2013, a Kel Tec handgun, .380 caliber, and 14 rounds of ammunition, .380 hollow point.

U.S. Attorney Brady stated, "George Retos, Jr. is alleged to have used multiple businesses he controlled as his personal slush fund, siphoning money for his use at casinos and for the purchase of a BMW for a relative, among other things. In doing so, the indictment alleges that he committed myriad serious crimes, including engaging in two fraud schemes separately targeting a government-backed lender and the Pennsylvania unemployment compensation system, as well as participating in a conspiracy to defraud the IRS out of significant unpaid business taxes. The U.S. Attorney's office will continue to investigate and prosecute serious financial crimes, and when a convicted felon is found in possession of a firearm, as is alleged here, we will see that they are held accountable to the full extent of the law."

"Today's multiple count indictment is the result of the cooperative efforts of IRS-Criminal Investigation and our law enforcement partners," said Acting Special Agent in Charge Ed Wirth. "The Special Agents of IRS-CI remain diligent in their pursuit of those who attempt to undermine the system by committing tax fraud and bankruptcy fraud."

"An important mission of the Office of Inspector General is to investigate allegations of fraud related to the Department of Labor's unemployment insurance program. We will continue to work with our law enforcement partners to safeguard benefits intended for unemployed American workers," stated Richard Deer, Special Agent-in-Charge, Philadelphia Region, U.S. Department of Labor Office of Inspector General.

"The FBI is committed to rooting out these types of fraudulent activities and today's indictment highlights the continued need for that," said Special Agent in Charge Robert Johnson.

Retos faces a maximum sentence of 20 years imprisonment and a fine of \$250,000 for each of the seven counts charging him with wire fraud, a maximum sentence of five years imprisonment and a fine of \$250,000 for each of the five counts charging him with income tax evasion, conspiracy and false bankruptcy declaration, and a maximum sentence of ten years imprisonment

and a fine of \$250,000 for the felon in possession charge. Under the Federal Sentencing Guidelines, the actual sentence imposed would be based upon the seriousness of the offense and the prior criminal history, if any, of the defendant.

Assistant United States Attorneys Mary McKeen Houghton and Eric G. Olshan are prosecuting this case on behalf of the government.

The Federal Bureau of Investigation; the Department of Labor, Office of Inspector General; and the Internal Revenue Service, Criminal Investigation, conducted the investigation leading to the indictment in this case.

An indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

###