

Department of Justice

U.S. Attorney's Office

Western District of Pennsylvania

FOR IMMEDIATE RELEASE

Wednesday, November 13, 2019

**Washington County Businessman Sentenced to Prison for
Conspiring to Defraud the IRS and Filing a False Declaration
in a Bankruptcy Proceeding**

PITTSBURGH – A resident of Washington County, Pennsylvania, was sentenced in federal court for conspiracy to defraud the Internal Revenue Service and filing a false bankruptcy declaration, United States Attorney Scott W. Brady announced today.

United States District Judge Arthur J. Schwab sentenced George Retos, Jr., 71, of Washington County, Pennsylvania, to serve one year and one day in prison, followed by two years of supervised release.

In connection with his earlier guilty plea on November 16, 2018, Retos admitted that he orchestrated a conspiracy to defraud the Internal Revenue Service (IRS) by failing to pay over to the IRS payroll and employer taxes of Prime Plastics, Inc. and Plastic Power, Inc., two companies controlled by Retos. Specifically, to avoid ongoing collection efforts by the IRS related to unpaid taxes of Prime Plastics, Inc., Retos and his co-conspirator 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. The unpaid employer and payroll taxes totaled more than \$250,000.

Retos also admitted that he caused the nominal president of Prime Plastics, Inc.—a personal associate who had no involvement or knowledge of the business's day-to-day operations or finances—to file for bankruptcy on behalf of the entity. In related court filings, Retos caused the submission of a false declaration stating that there had been no withdrawals from the entity outside the normal course of business during the preceding two years. In fact, Retos was responsible for numerous such expenditures, including thousands of dollars belonging to Prime Plastics, Inc. that Retos spent at casinos in Las Vegas, Nevada, and elsewhere.

In addition, as part of his guilty plea, Retos accepted responsibility for a charge of wire fraud in connection with a separate scheme he concocted to fraudulently obtain unemployment compensation from the Commonwealth of Pennsylvania for employees of Prime Plastics, Inc. and, later, employees of Plastic Power, Inc. As part of the scheme, Retos reduced the salaries of numerous employees and instructed them to seek unemployment from the Commonwealth of Pennsylvania to make up the difference, knowing full well that the employees were ineligible for such unemployment compensation. During the execution of the scheme, Retos continued to siphon company funds for his personal benefit.

Assistant United States Attorneys Mary McKeen Houghton and Eric G. Olshan prosecuted 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 that led to the successful prosecution of Retos.

Topic(s):

Bankruptcy

Tax

Component(s):

USAO - Pennsylvania, Western