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Subject: USAO News Release: Failing to Pay Taxes Lands Houstonian in Prison and Owing the IRS \$550,000



Department of Justice

**U.S. Attorney's Office
Southern District of Texas**

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Failing to Pay Taxes Lands Houstonian in Prison for Two Years and Owing the IRS \$550,000

HOUSTON - Jimmy Mitlo will be serving 24 months in federal prison without parole and owe the IRS \$555,720.36, United States Attorney José Angel Moreno and Internal Revenue Service Criminal Investigations Special Agent in Charge Rodney E. Clarke announced today.

United States District Judge Melinda Harmon handed down the sentence this morning. Mitlo has been permitted to remain on bond pending the issuance of an order to surrender to a Bureau of Prisons facility to be designated in the near future.

Mitlo pleaded guilty in November 2010 to one count of willfully conspiring to impede and to impair the IRS in its collection of his income tax liabilities from 1989, 1990 and 1991, in violation of Title 18, United States Code, Section 371. According to the plea agreement filed in the record of the case, Mitlo signed a decision document in the U.S. Tax Court in 2000 agreeing to the amount of income tax liabilities and penalties he owed for his 1989, 1990 and 1991 U.S. Individual Income Tax Years. The total amount of taxes, penalties and accruing interest still owed for those years amounts to approximately \$349,939.09. Mitlo admitted in the plea agreement that even though he made substantial amounts of money in years 2004 through 2008 in repairing machines and in selling scrap metal, he conspired with an unnamed co-conspirator to conceal his income and assets from the IRS instead of paying his old income tax liabilities. Some of the steps that Mitlo or his co-conspirator took to conceal income and assets from the IRS, as listed in the plea agreement, included cashing checks at check-cashing companies; using bank accounts opened in the names of others; failing to timely file income tax returns for years 2001 through 2008; depositing large amounts of cash into the nominee bank accounts; and sometimes breaking larger deposits of cash into amounts of less than \$10,000 in order to avoid a bank requirement to report cash transactions of \$10,000 or more to the U.S. Department of Treasury.

The court included in its order of restitution income taxes Jimmy Mitlo owes for years 2004 through 2008 of \$205,781.27, making the total restitution ordered \$555,720.36.

This matter was investigated by IRS Criminal Investigations and was prosecuted by Assistant U.S. Attorney Charles J. Escher and Department of Justice Tax Division Trial Attorney Jonathan R. Marx.

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