ATTORNEY GENERAL JAY NIXON

Attorney General's News Release

December 17, 2007

Nixon convicts Lake-area developer who employed undocumented workers; Defendant pays more than $980,000

Lebanon, Mo. — A developer of luxury condominiums at the Lake of the Ozarks who employed as many as 30 undocumented workers was sentenced today on State tax charges. Michael G. Schlup, of Leawood, Kan., was sentenced by Circuit Judge Stanley Moore in a case brought by Attorney General Jay Nixon and Camden County Prosecuting Attorney Jim Icenogle.

Nixon and Icenogle charged Schlup in April 2006 with 12 felony counts of failure to deduct Missouri employer withholding tax, one felony count of failure to file a Missouri employer withholding tax return, and one felony count of failure to pay Missouri employer withholding tax. On June 26, 2007, Schlup plead guilty to all 14 felony counts. Schlup's businesses, Schlup Investments Inc. and Plaza Gardens on the Lake Inc. were involved in the construction of the Plaza Gardens on the Lake condominium complex located near Sunrise Beach.

Schlup was ordered to pay a $140,000 fine and $24,873 to cover the costs of prosecution. A five year term in the Department of Corrections was suspended by the Court and Schlup was placed on probation. Nixon also required Schlup pay more than $815,000 in state and federal taxes, interest and penalties since his guilty pleas and Schlup is barred from conducting business in the state of Missouri.

"Today's penalties should serve as a strong warning to others who would consider this type of conduct," Nixon said. "We will not tolerate unscrupulous employers who, motivated by greed, cut corners trying to gain an advantage over those businesses that play by the rules. Practices such as those employed by this defendant negatively impact the pay of hardworking Missourians, and are unfair to the businesses that follow our state's laws," Nixon said.

Nixon's office began its investigation of Schlup after learning of reports of one worker death and several serious worker injuries at the Plaza Gardens construction site. Nixon said his office had reason to believe that as many as 30 undocumented workers may have been working at the site. The charges alleged Schlup paid his workers in cash and deducted no withholdings from the wages. Employees at the site worked 70 hours a week and the undocumented workers were paid approximately $8 an hour.

Inquiries from consumers should be directed to consumer@ago.mo.gov or **1-800-392-8222** (from within Missouri) or 573-751-3321 (outside Missouri).

All media inquiries should be directed to Press Secretary John Fougere.

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