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Grand Jury Returns 15-Count Indictment Charging DeYoung With Mail Fraud In Connection With Fraud Scheme

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Indictment Alleges He Misappropriated More Than \$24 Million In Funds From More Than 5,000 Customers

SALT LAKE CITY - A federal grand jury returned an indictment Wednesday afternoon charging Curtis Lynn DeYoung, age 58, of Draper, Utah, who acted as president and Chief Executive Officer of American Pensions Services (APS) with 15 counts of mail fraud. The indictment alleges DeYoung misappropriated more than \$24 million from the accounts of more than 5,000 customers without their knowledge or consent.

U.S. Attorney for Utah Carlie Christensen and FBI Special Agent in Charge Mary Rook announced the indictment this afternoon.

APS was a Utah corporation formed around 1983. It acted as a third-party administrator for self-directed individual retirement accounts. These investments followed a self-directed account structure in accordance with the IRS code, granting beneficiaries broad discretion over investment decisions. According to the indictment, as a third-party administrator, neither APS nor DeYoung had discretionary authority or control over the APS customer funds. APS was responsible only to disburse funds as directed by the beneficiaries.

According to the indictment, beginning in 1998 and continuing until April 2014, DeYoung devised a scheme to defraud and obtain money from APS customers through the use of false and fraudulent representations, promises, and omission of material facts. The indictment alleges DeYoung misappropriated the funds of more than 5,000 APS customers held in two of the three APS bank accounts known as the "Master Trust" accounts which comingled all APS customer cash, including cash deposited into customer IRA accounts and cash generated from customer IRA investments.

The indictment alleges DeYoung used the misappropriated funds from the Master Trust accounts to make personal high-risk, unsecured investments. DeYoung misappropriated the money without notifying APS customers, knowing that the money did not belong to him and that he was using it for purposes not authorized by APS customers, the indictment charges.

According to the indictment, around Oct. 31, 2009, DeYoung made a false accounting entry in APS records in the amount of \$24,789,313.65 to conceal the fact that he misappropriated these funds. DeYoung continued to solicit new customers to engage APS as a third-party administrator and concealed the fact that the total cash balances in customer accounts did not equal the amount of cash available in the APS Master Trust accounts because he had misappropriated more than \$24 million dollars, the indictment alleges.

In an effort to conceal his scheme, beginning in 1998 and continuing until January 2014, DeYoung mailed false APS account statements to all APS customers that contained inflated cash balances. These inflated cash balances did not equal the amount of cash actually available in the APS Master Trust accounts. The indictment alleges DeYoung knew that APS customers would rely on these statements in determining the value of their APS accounts.

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The indictment also includes a notice of intent to seek forfeiture of a sum of money equal to the value of the proceeds of the scheme to defraud, which is approximately \$24,789,313.65, upon conviction of any offense in the indictment.

The potential maximum penalty for each count of mail fraud in the indictment is 20 years in prison and a fine of \$250,000. A summons will be issued to DeYoung to appear in federal court for an arraignment.

The case is being investigated by special agents of the FBI and prosecuted by Assistant U.S. Attorneys in the U.S. Attorney's Office in Salt Lake City.

Indictments are not findings of guilt. Individuals charged in indictments are presumed innocent unless or until proven guilty in court.

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