



U.S. Department of Justice

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PRESS RELEASE
***PAYROLL SERVICING BUSINESS EXECUTIVES
REACH PLEA AGREEMENTS WITH FEDERAL
PROSECUTORS***

***ADMIT THEY FAILED TO PAY EMPLOYMENT TAXES
COLLECTED FROM CLIENTS***

SALT LAKE CITY – Three executives of a payroll servicing company, charged with conspiracy, mail fraud, and willful failure to pay over tax money in a 45-count indictment returned by a federal grand jury last June, have reached plea agreements with federal prosecutors.

Scott M. Boley, age 48, of Mesa, Arizona; Douglas Morby, age 50, of Ogden, Utah; and Robert Langford, age 55, also of Mesa, were executives and primary owners of Provident Management Group, which at different times operated in American Fork, Provo, Salt Lake City, and Mesa. Boley was president, Morby was chief executive officer and Langford was chief operating officers of the company which was created in Utah County in September 2000 but has not been in operation since early spring of 2003.

The three defendants admitted that one of the services their company provided for its clients was the collection and payment of federal payroll

taxes. They admitted representing to their clients that the federal payroll taxes that were collected would be paid to the IRS. From about June 30, 2001, to about Feb. 1, 2003, PMG operated both a trust account and a general account. According to the plea agreement, money from clients was regularly transferred from the trust account to the general account where it was not segregated or protected from uses other than the payment of federal payroll taxes.

According to the plea agreement, PMG's cash flow was insufficient to meet its ongoing business expenses. The three executives of the company agreed to use client funds designated for federal tax withholding payments to meet ongoing business expenses. The diversion of funds, without client knowledge or authorization, was the primary objective of the conspiracy charged in the federal case. In addition to meeting business expenses, the diverted funds also were used to acquire real estate and pay the expenses of a separate business in an effort to raise additional business capital for PMG's business needs.

According to the plea agreement, the defendants also created the false impression with their clients that money given to them had been used to pay taxes. However, the checks to pay the corresponding taxes were never sent to the IRS. PMG had the IRS delinquency notices mailed to the company address and never forwarded them to their clients to avoid the clients' discovery of the growing tax delinquencies.

Morby and Boley pleaded guilty March 4, 2008, to one count of conspiracy for their roles in the scheme. They face up to five years in federal prison when they are sentenced Jun 27, 2008, by U.S. District Judge Dale Kimball.

Langford pleaded guilty Thursday afternoon to conspiracy, mail fraud, and willful failure to pay over tax monies. He faces up to five years for the conspiracy conviction, 20 years for the mail fraud conviction, and up to five years for the tax count when he is sentenced June 15 by Judge Kimball.

Langford's plea agreement includes an agreement between the defendant and federal prosecutors that the loss in the case was more than \$2.5 million but not more than \$7 million and that the offense involved 50 or more victims.

The case was investigated by the IRS Criminal Investigation Division and the FBI in Salt Lake City.

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