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Clerk, U S District Court
District Of Montana
Billings *CR*

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**ATTORNEY FOR PLAINTIFF
UNITED STATES OF AMERICA**

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MONTANA
MISSOULA DIVISION**

<p>UNITED STATES OF AMERICA,</p> <p>Plaintiff,</p> <p>vs.</p> <p>PEGGY ANN DEYOUNG, aka Margaret Ann DeYoung, and JOHN ROBERT DEYOUNG,</p> <p>Defendants.</p>	<p>CR 16-12-M-DLC</p> <p><u>INDICTMENT</u></p> <p>CONSPIRACY TO DEFRAUD THE UNITED STATES Title 18 U.S.C. § 371 (Count I) (Penalty: Five years imprisonment, \$250,000 fine, and three years supervised release)</p> <p>ATTEMPT TO EVADE OR DEFEAT INCOME TAX Title 26 U.S.C. § 7201 (Counts II through IV) (Penalty: Five years imprisonment, \$250,000 fine, and three years supervised release)</p>
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THE GRAND JURY CHARGES:

At times relevant to this Indictment:

Introductory Allegations

1. Defendants PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG were married and residents of Montana.
2. Since at least 1978 to in or about 2015, the Peggy DeYoung Living Trust was a trust entity whose sole beneficiary was PEGGY ANN DEYOUNG.
3. Since at least 1988 to in or about 2015, PEGGY ANN DEYOUNG received income as a part-owner of two mobile home parks in California. Her share of this income was reported to her on Internal Revenue Service ("IRS"), Schedule K-1, Partner's Share of Income, Deductions, Credits, etc.
4. From in or around 1988 to at least in or about 2015, the income PEGGY ANN DEYOUNG received from the mobile home parks was directed to the Peggy DeYoung Living Trust.
5. From in or around 1988 to at least in or about 2015, income from the mobile home parks was deposited into a Peggy DeYoung Living Trust bank account.
6. PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG used nominees Black Bay Resources; Tahoe Resources; Marias Investments; Omni Limited; Beartooth Resources, LLC; Kodiak Resources, LLC; and Griffin Enterprises to conceal assets and income from the IRS.

7. PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG paid their personal expenses from bank accounts held in the names of Black Bay Resources; Griffin Enterprises; Beartooth Resources, LLC; and Kodiak Resources, LLC.

8. The IRS was and is an agency of the United States Department of the Treasury responsible for administering and enforcing the tax laws of the United States.

COUNT I

(18 U.S.C. § 371 – Conspiracy to Defraud the United States)

9. Paragraphs 1-8 are re-alleged and incorporated by reference as though fully set forth herein.

10. In or about 2006 through in or about 2015, in the District of Montana and elsewhere, the Defendants, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG, did unlawfully, voluntarily, intentionally and knowingly conspire, combine, confederate, and agree together, with each other and with other individuals, both known and unknown to the grand jury, to defraud the United States for the purpose of impeding, impairing, obstructing and defeating the lawful Government functions of the IRS of the Department of the Treasury by deceitful or dishonest means in the ascertainment, computation, assessment, and collection of revenue, to wit, federal income taxes.

Manner and Means of Conspiracy

11. It was part of the conspiracy that PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG would fail to file tax returns knowing that PEGGY ANN DEYOUNG was required to file tax returns based on the income she earned from the mobile home parks.

12. It was further part of the conspiracy that PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG would claim that income received by PEGGY ANN DEYOUNG was foreign income not subject to the Internal Revenue Code even though that income was earned in the United States of America.

13. It was further part of the conspiracy that PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG would establish and maintain bank accounts in the names Black Bay Resources; Tahoe Resources; Beartooth Resources, LLC; Omni Limited; Griffin Enterprises; and Kodiak Resources, LLC using fabricated Taxpayer Identification Numbers / Employer Identification Numbers (“EINs”).

14. It was further part of the conspiracy that PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG, in an attempt to disguise income, would transfer funds to their personal accounts, nominee accounts, and cash by writing checks with the notation “per contract” in the memo line.

Overt Acts

15. In furtherance of the conspiracy and to effect the objects thereof, the following overt acts, among others, were committed by the defendants PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG, in the district of Montana and elsewhere:

Nominee Entities

(a) On or about February 1, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG created and caused to be created Black Bay Resources using fabricated EIN XX-XXX2019.

(b) On or about February 2, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG created and caused to be created Marias Investments using fabricated EIN XX-XXX2025.

(c) On or about February 3, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG created and caused to be created Tahoe Resources using fabricated EIN XX-XXX2037.

(d) On or about February 14, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG created and caused to be created Omni Limited using fabricated EIN XX-XXX2141.

(e) On or about August 15, 2011, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG created and caused to be created Beartooth Resources, LLC

and Griffin Enterprises using fabricated EINs XX-XXX8944 and XX-XXX8151, respectively.

(f) On or about September 28, 2011, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG created and caused to be created Kodiak Resources, LLC using fabricated EIN XX-XXX0110.

Personal Residence

(g) On or about February 15, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG transferred and caused to be transferred the title of their personal residence located in Saint Ignatius, Montana, from their names to Marias Investments.

(h) On or about April 27, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG transferred and caused to be transferred the title of their personal residence located in Saint Ignatius, Montana, from Marias Investments back into their own names, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG.

(i) On or about May 7, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG applied for and obtained from Valley Bank of Ronan a loan against their personal residence located in Saint Ignatius, Montana.

(j) On or about December 29, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG transferred and caused to be transferred the title of their personal residence located in Saint Ignatius, Montana, from their names back

to Marias Investments and maintained title held in Marias Investments until at least in or about 2015.

(k) On or about September 25, 2015, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG made a mortgage payment for the loan on their personal residence located in Saint Ignatius, Montana, in the amount of \$5,304.27 from bank account number ending in 2483 at Valley Bank, in the name of Black Bay Resources.

Bank Accounts

(l) On or about March 6, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 9256 at First Interstate Bank, in the name of Black Bay Resources, using fabricated EIN XX-XXX2019, and maintained this account until on or about March 24, 2006.

(m) On or about March 24, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 7518 at Clark Fork (currently known as Trail West Bank), in the name of Black Bay Resources, using fabricated EIN XX-XXX2019, and maintained this account until on or about June 27, 2006.

(n) On or about July 14, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 2459 at Valley Bank, in the name of Tahoe Resources, using fabricated

EIN XX-XXX2037, and maintained this account until at least in or about November 2015.

(o) On or about June 26, 2006, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 2483 at Valley Bank, in the name of Black Bay Resources, using fabricated EIN XX-XXX2019, and maintained this account until at least in or about November 2015.

(p) On or about September 14, 2011, JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5556 at JP Morgan Chase Bank, in the name of Griffin Enterprises, using fabricated EIN XX-XXX8151, and maintained this account until at least on or about January 31, 2012.

(q) On or about September 14, 2011, JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5572 at JP Morgan Chase Bank, in the name of Beartooth Resources, LLC, using fabricated EIN XX-XXX8944, and maintained this account until at least on or about January 31, 2012.

(r) On or about January 23, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5138 at Wells Fargo Bank, in the name of Beartooth Resources, LLC, using fabricated EIN of XX-XXX8944, and maintained this account until at least in or about November 2015.

(s) On or about January 23, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5120 at Wells Fargo Bank, in the name of Beartooth Resources, LLC, using fabricated EIN XX-XXX8944, and maintained this account until at least in or about February 2014.

(t) On or about January 23, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 2489 at Wells Fargo Bank, in the name of Beartooth Resources, LLC, using fabricated EIN XX-XXX8944, and maintained this account until at least in or about February 2014.

(u) On or about January 24, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5153 at Wells Fargo Bank, in the name of Griffin Enterprises, using fabricated EIN XX-XXX8151, and maintained this account until at least in or about November 2015.

(v) On or about January 24, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5146 at Wells Fargo Bank, in the name of Griffin Enterprises, using fabricated EIN XX-XXX8151, and maintained this account until at least in or about February 2014.

(w) On or about January 24, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 2497 at Wells Fargo Bank, in the name of Griffin Enterprises, using fabricated EIN XX-XXX8151, and maintained this account until at least in or about February 2014.

(x) On or about January 27, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5179 at Wells Fargo Bank, in the name of Black Bay Resources, using fabricated EIN XX-XXX2019, and maintained this account until at least in or about November 2015.

(y) On or about January 27, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 5187 at Wells Fargo Bank, in the name of Black Bay Resources, using fabricated EIN XX-XXX2019, and maintained this account until at least in or about February 2014.

(z) On or about January 27, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 2505 at Wells Fargo Bank, in the name of Black Bay Resources, using fabricated EIN XX-XXX2019, and maintained this account until at least in or about February 2014.

(aa) On or about February 12, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 4842 at Wells Fargo Bank, in the name of Omni Limited, using fabricated EIN XX-XXX2141, and maintained this account until at least in or about November 2015.

(bb) On or about February 12, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 4859 at Wells Fargo Bank, in the name of Omni Limited, using fabricated EIN XX-XXX2141.

(cc) On or about February 12, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 8374 at Wells Fargo Bank, in the name of Omni Limited, using fabricated EIN XX-XXX2141.

(dd) On or about February 19, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 4677 at Wells Fargo Bank, in the name of Kodiak Resources, LLC, using fabricated EIN XX-XXX0110, and maintained this account until at least in or about November 2015.

(ee) On or about February 19, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account

number ending in 8995 at Wells Fargo Bank, in the name of Kodiak Resources, LLC, using fabricated EIN XX-XXX0110.

(ff) On or about February 19, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 8408 at Wells Fargo Bank, in the name of Kodiak Resources, LLC, using fabricated EIN XX-XXX0110.

(gg) On or about April 3, 2014, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG opened and caused to be opened bank account number ending in 4772 at Wells Fargo Bank, in the name of Kodiak Resources, LLC, using fabricated EIN XX-XXX0110, and maintained this account until at least in or about December 2015.

(hh) On or about February 3, 2015, PEGGY ANN DEYOUNG instructed Wells Fargo Bank to stop paying interest on bank account number ending in 8508, held in the name of Peggy DeYoung Living Trust.

Funds Transferred "Per Contract"

(ii) From in or about March 2010, until in or about October 2012, PEGGY ANN DEYOUNG issued and caused to be issued approximately two checks with memo notation "per contract" from bank account number ending in 5166 at First Interstate Bank, in the name of Peggy DeYoung Living Trust, in the total amount of approximately \$16,750.

(jj) From in or about March 2010, until in or about October 2015, PEGGY ANN DEYOUNG issued and caused to be issued approximately 127 checks with memo notation “per contract” from bank account number ending in 4507 at Valley Bank, in the name of Peggy DeYoung Living Trust Account, in the total amount of approximately \$1,068,974.

(kk) On or about December 17, 2014, PEGGY ANN DEYOUNG issued and caused to be issued one check to Black Bay Resources in the amount of \$80,000 from bank account number ending in 6328 at JP Morgan Chase, in the name of Peggy DeYoung Living Trust, with the memo notation “per contract.”

(ll) From in or about March 2015, until in or about November 2015, PEGGY ANN DEYOUNG issued and caused to be issued approximately eight checks with memo notation “per contract” from bank account number ending in 8508 at Wells Fargo Bank, in the name of Peggy DeYoung Living Trust, in the total amount of approximately \$248,000.

All in violation of Title 18, United States Code, Section 371.

COUNT II

(26 U.S.C. § 7201 – Evasion of Income Tax)

16. Paragraphs 1-8 are re-alleged and incorporated by reference as though fully set forth herein.

17. During the calendar year 2009, PEGGY ANN DEYOUNG received taxable income, upon which there was income tax due and owing to the United

States of America. Knowing the foregoing facts and failing to make an income tax return on or before April 15, 2010, as required by law, to any proper officer of the IRS, and to pay the income tax to the IRS, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG, from on or about January 1, 2009, through on or about April 15, 2010, in the District of Montana and elsewhere, willfully attempted to evade and defeat income tax due and owing by her to the United States of America, for the calendar year 2009, by committing the following affirmative acts of evasion, among others:

(a) PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG maintained bank accounts with fabricated EINs in the names of nominees.

(b) PEGGY ANN DEYOUNG transferred funds to personal accounts, nominee accounts, and cash by writing checks with the notation "per contract" in the memo line.

All in violation of Title 26, United States Code, Section 7201.

COUNT III

(26 U.S.C. § 7201 – Evasion of Income Tax)

18. Paragraphs 1-8 are re-alleged and incorporated by reference as though fully set forth herein.

19. During the calendar year 2010, PEGGY ANN DEYOUNG received taxable income, upon which there was income tax due and owing to the United States of America. Knowing the foregoing facts and failing to make an income tax

return on or before April 18, 2011, as required by law, to any proper officer of the IRS, and to pay the income tax to the IRS, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG, from on or about January 1, 2010, through on or about April 18, 2011, in the District of Montana and elsewhere, willfully attempted to evade and defeat income tax due and owing by her to the United States of America, for the calendar year 2010, by committing the following affirmative acts of evasion, among others:

(a) PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG maintained bank accounts with fabricated EINs in the names of nominees.

(b) PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG transferred funds to their personal accounts, nominee accounts, and cash by writing checks with the notation "per contract" in the memo line.

All in violation of Title 26, United States Code, Section 7201.

COUNT IV

(26 U.S.C. § 7201 – Evasion of Income Tax)

20. Paragraphs 1-8 are re-alleged and incorporated by reference as though fully set forth herein.

21. During the calendar year 2011, PEGGY ANN DEYOUNG received taxable income, upon which there was income tax due and owing to the United States of America. Knowing the foregoing facts and failing to make an income tax return on or before April 17, 2012, as required by law, to any proper officer of the

IRS, and to pay the income tax to the IRS, PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG, from on or about January 1, 2011, through on or about April 17, 2012, in the District of Montana and elsewhere, willfully attempted to evade and defeat income tax due and owing by her to the United States of America, for the calendar year 2011, by committing the following affirmative acts of evasion, among others:

(a) PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG maintained bank accounts with fabricated EINs in the names of nominees.

(b) PEGGY ANN DEYOUNG and JOHN ROBERT DEYOUNG transferred funds to their personal accounts, nominee accounts, and cash by writing checks with the notation "per contract" in the memo line.

All in violation of Title 26, United States Code, Section 7201.

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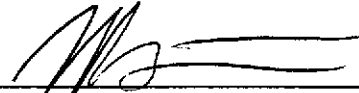
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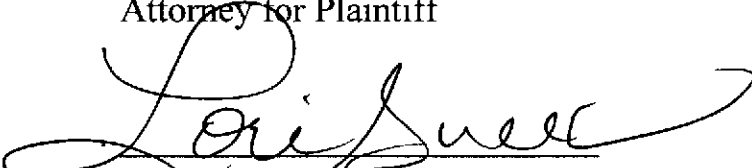
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A TRUE BILL.

Foreperson signature redacted. Original document filed under seal.


FOR MICHAEL W. COTTER
United States Attorney
Attorney for Plaintiff


JOSEPH E. THAGGARD
Criminal Chief Assistant U.S. Attorney
Attorney for Plaintiff

3-17-16 @ 1:30 pm
before JCB in
msla

Summons Both

Warrant: _____

Bail: _____