

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>10-</u>
v.	:	DATE FILED: <u>April 1, 2010</u>
DONALD ANTHONY YOUNG a/k/a “Anthony Young”	:	VIOLATIONS:
	:	18 U.S.C. § 1341 (mail fraud - 1 count)
	:	18 U.S.C. § 1957 (money laundering - 1 count)
	:	Notices of forfeiture

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times relevant to this indictment:

1. Defendant DONALD ANTHONY YOUNG operated an investment advisory business in Kennett Square, Pennsylvania, known by various names, including, among others, Acorn Capital Management II LP, Acorn Capital Management LLC, and Acorn II LP. At least one of defendant YOUNG’s entities was registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser and subject to SEC regulations.

Defendant YOUNG established his business in Pennsylvania in approximately 1999.

2. Defendant DONALD ANTHONY YOUNG solicited individuals to entrust him with managing their investments. Defendant YOUNG deposited the funds his clients entrusted to him into an investment account at Wachovia Bank. Ultimately, defendant YOUNG obtained approximately \$96 million from his clients. Defendant YOUNG made all investment decisions in his business and had sole authority over the deposits to and disbursements from this

account. In exchange for managing his clients' investments, Young was entitled to one percent of the net asset value of the money deposited in the investment account.

3. Defendant YOUNG falsely promised to invest all his clients' money in well-established and large companies. Instead, defendant YOUNG diverted tens of millions of dollars of his clients' money for his own use. Among other things, he maintained and purchased luxury homes for himself in Chester County, Pennsylvania, Palm Beach, Florida, and Northeast Harbor, Maine, with his clients' stolen funds.

THE SCHEME

4. From in or about November 1999, through in or about April 2009, defendant

DONALD ANTHONY YOUNG, a/k/a "Anthony Young,"

devised and intended to devise a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

5. Defendant DONALD ANTHONY YOUNG solicited investors to deposit funds with his investment advisory business and promised the investors that he would invest all the funds to earn profits for the investors.

6. Instead, defendant DONALD ANTHONY YOUNG diverted more than \$25 million of the funds he obtained from investors to his own use. Each month, defendant YOUNG and his investment fund accountants received statements listing the deposits to and

disbursements from the investment account. Defendant YOUNG's clients did not receive copies of these statements. Defendant YOUNG concealed the theft of his investors' funds by lying to his accountants about the source of these deposits and by lying to his accountants about the true recipient of the disbursements. Defendant YOUNG then prepared false quarterly statements for his investors, which the accountants never saw, which showed inflated fund balances but did not show that defendant YOUNG had claimed investors' funds to be his own investments and that defendant YOUNG had transferred investors' funds to his own accounts.

7. Defendant DONALD ANTHONY YOUNG also altered yearly Internal Revenue Service Forms K-1 prepared by his accountants to show false account balances consistent with the profits he told investors' they earned, but which concealed the fact that he had diverted their funds to his own use. Defendant YOUNG then mailed or faxed the false quarterly schedules and Forms K-1 to his investors.

8. Defendant DONALD ANTHONY YOUNG further concealed his scheme by instructing his accountants to refer all questions from investors directly to defendant YOUNG, thus preventing investors from learning that he had stolen their funds.

9. Because defendant DONALD ANTHONY YOUNG was stealing his investors' funds and their fund balances were not what he had listed on the quarterly statements and Forms K-1 he was providing them, defendant YOUNG paid investors who sought to redeem their investments by liquidating other investors' contributions and did not advise investors that he was doing so.

10. After he had spent millions of dollars of investor funds for his own benefit, and his investment fund's balance had dropped precipitously, defendant DONALD

ANTHONY YOUNG created false statements to submit to a broker-dealer servicing his investment account which falsely showed that defendant YOUNG had approximately \$23 million in additional funds in two other accounts.

11. When the SEC began an investigation in approximately January 2009, defendant DONALD ANTHONY YOUNG attempted to thwart the investigation by refusing to supply the SEC with documents he was required to supply, such as investors lists and investor quarterly statements, by falsely claiming to have sent the SEC documents when he had not sent them, and, eventually, by supplying the SEC with misleading and incomplete documentation.

12. With the funds he stole from investors, defendant DONALD ANTHONY YOUNG maintained a home with a staff and personal chef and horse farm in Coatesville, Pennsylvania, and homes in Northeast Harbor, Maine, and Palm Beach, Florida. Defendant YOUNG also spent investors' funds on, among other things, country, golf, and tennis clubs, horses and horse equipment, livestock, farm equipment, trailers, part ownership in a jet, cars, boats, antiques, fine art, jewelry, exercise equipment, a sauna, personal expenses, and personal business interests unrelated to his investment fund.

13. In total, defendant DONALD ANTHONY YOUNG caused more than \$26 million in losses to investors.

14. Between October 2005 and February 2006, T.H., a person known to the grand jury, wired approximately \$1.2 million to defendant DONALD ANTHONY YOUNG to manage and invest. Defendant YOUNG diverted approximately \$500,000 of T.H.'s money for defendant YOUNG's own benefit. Defendant YOUNG sent T.H. quarterly account statements, including a statement showing Acorn LP fund performance as of December 31, 2007, which

reflected the \$700,000 and \$500,000 investments with the fund and which falsely showed that T.H.'s account was valued at \$1,408,676 as of that date.

15. On or about December 31, 2007, in the Eastern District of Pennsylvania and elsewhere, defendant

**DONALD ANTHONY YOUNG,
a/k/a "Anthony Young,"**

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused to be delivered from Kennett Square, Pennsylvania, to Newton, Massachusetts, by United States Mail, according to the directions thereon, an account statement which falsely stated that T.H.'s fund account balance was \$1,408,676, when, in fact, the actual value was significantly less since defendant YOUNG had spent approximately \$500,000 of T.H.'s investment for his own benefit.

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 13 of Count One are incorporated here.
2. Defendant DONALD ANTHONY YOUNG conducted numerous monetary transactions with criminally derived property valued at greater than \$10,000, including the purchase of a luxury home for defendant YOUNG and his family in Palm Beach, Florida.
3. In or about May 2002, L.M., a person known to the grand jury, made an initial investment of \$2 million with defendant DONALD ANTHONY YOUNG. Subsequently, defendant YOUNG sent L.M. quarterly account statements which reflected L.M.'s initial investment and additional investments and withdrawals from the fund.
4. On April 4, 2006, defendant DONALD ANTHONY YOUNG stole L.M.'s and other investors' money by directing that \$1.9 million of L.M.'s and other investors' money be wired to the account of a real estate lawyer at Sun Trust Bank in West Palm Beach, Florida.
5. On April 5, 2006, defendant DONALD ANTHONY YOUNG used the stolen \$1.9 million to purchase a luxury home for his own use at in Palm Beach, Florida.
6. On or about April 4, 2006, in the Eastern District of Pennsylvania and elsewhere, defendant

**DONALD ANTHONY YOUNG,
a/k/a "Anthony Young,"**

knowingly engaged in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the wire transfer of \$1.9 million in funds stolen from his investors to an account in Palm Beach, Florida, which funds were used to make a real

estate purchase, and which funds were property derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343.

In violation of Title 18, United States Code, Section 1957.

NOTICE OF FORFEITURE NO. 1

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Section 1341 set forth in this indictment, defendant

**DONALD ANTHONY YOUNG
a/k/a “Anthony Young,”**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to:

- (a) the sum of \$27.9 million;
- (b) the following accounts: (i) Wachovia Securities account no. XXXX7008; (ii) J.C. Bradford account no. XXXX6-KB2; (iii) IJL Wachovia account no. XXXX4-62W; (iv) CRESAP, INC. account no. XXXX3095; (v) First Keystone Bank, account no. XXXX2402; (vi) CRESAP INC. account no. XXXX2640; (vii) Wachovia account. no. XXXX0422; (viii) J.C. Bradford account no. XXXX7471; (ix) CRESAP, INC. account no. XXXX3696; (x) CRESAP, INC. account no. XXXX0847; (xi) The First account no. XXXX2060; (xii) Wachovia Securities account no. XXXX2522; (xiii) CRESAP, INC. account no. XXXX4083; (xiv) Brown Advisory account no. XXXX5560; (xv) First Keystone Bank account no. XXXX1100; (xvi) CRESAP, INC. account no. XXXX3964; (xvii) J.C. Bradford account no. XXXX8392; and (xviii) Colonial Bank account no. XXXX1462; and
- (c) the following real property: (i) 30 Tennis Club Road, Northeast Harbor, Maine; (ii) 475 Thouron Road, Coatesville, Pennsylvania; and (iii) 280 Sanford Avenue, Palm Beach, Florida.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C). _____

NOTICE OF FORFEITURE NO. 2

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Section 1957 set forth in this indictment, defendant

**DONALD ANTHONY YOUNG,
a/k/a “Anthony Young,”**

shall forfeit to the United States of America any and all property involved in such offense, and any property traceable to such property, including, but not limited to: (a) the sum of \$1.9 million; and (b) the real property located at 280 Sanford Avenue, Palm Beach, Florida.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982. _____

A TRUE BILL:

FOREPERSON

MICHAEL L. LEVY
United States Attorney