

Politically connected Utah developer, former UTA official Terry Diehl allegedly concealed \$1M in FrontRunner project earnings

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A federal grand jury on Wednesday handed up a 12-count indictment against Terry Diehl, a politically connected real estate developer and former Utah Transit Authority board member.

The indictment charges the 61-year-old Salt Lake City resident with filing false declarations and concealing income in connection with his 2012 bankruptcy.

The indictment came the day after U.S. Attorney John Huber announced the signing of a nonprosecution and cooperation deal with UTA. Huber said the agreement allowed his prosecutors to focus on a criminal investigation of former and current UTA board members, executives and others involved with the agency and developments around its train stations.

Asked Wednesday if more indictments could be forthcoming, U.S. Attorney's Office spokeswoman Melodie Rydalch pointed to Huber's statement at a Tuesday news conference that the UTA agreement "is not the end of the story."

"The investigation is ongoing," Rydalch said.

Diehl has strong ties to Utah power players, including a friendship and sometimes business alliance with House Speaker and former UTA board Chairman Greg Hughes, former Speaker and one-time UTA lobbyist Greg Curtis, and he was friends with the late Randy Horiuchi, a longtime Salt Lake County elected leader.

Diehl, in a text message, proclaimed his innocence.

"I obviously disagree with the government regarding the details involved with my bankruptcy. I look forward to proving my innocence and having my day in court."

The focus of most of the 12 counts in the indictment was not directly on Diehl's involvement in land deals involving train stations beginning in 2008 at the time he also was a member of the UTA board. Instead, they allege misrepresentations and omissions on documents filed as part of Diehl's bankruptcy. The indictment charges him with filing false declarations and concealing assets in connection with the bankruptcy in which he claimed debt of \$47.5 million (including \$450,000 he acknowledged losing in one night to the Aria Resort & Casino and MGM Grand Hotel in Las Vegas).

It does, however, point to Diehl's April 13, 2012, "statement of financial affairs" that required him to list gross income during the two previous calendar years. Diehl listed income of \$376,708.83.

"In truth and fact, defendant Diehl received over \$1 million in gross income from the operation of his business involving real property stemming from a UTA FrontRunner transit oriented development in Draper," the indictment states.

The \$1 million appears in the first of five counts of making a false declaration in bankruptcy documents. The other four deal with lesser amounts of receipts that Diehl allegedly failed to disclose on monthly operating reports he was required to file with the court.

The seven charges of concealment of assets are related to a company Diehl set up called Skyline Ventures Associates Inc. in late 2011 prior to filing for bankruptcy. On paper, the company was owned by his daughters but in reality Diehl managed and controlled it, the indictment says.

He failed to disclose to the court his management of Skyline Ventures and then used the company's bank accounts to conceal significant amounts of money, the indictment alleges.

A summons will be issued for Diehl to appear in court, the U.S. Attorney's Office said.

The \$1 million mentioned in indictment stems from development of a FrontRunner train station at 12800 South in Draper beginning in 2008. Auditors in 2014 said Diehl reaped millions — though "less than \$24 million" — on the sale of land near the station.

UTA issued a terse statement about the indictment Wednesday evening.



(Francisco Kjolseth | Tribune file photo) Former Utah Transit Authority board member Terry Diehl, a developer, is the subject of a state investigation into conflict-of-interest issues raised in a legislative audit.

“Mr. Diehl left the UTA board years ago. In August 2015, UTA sent Mr. Diehl a letter demanding that he cease and desist from any and all contact with UTA. We are not aware of anyone at UTA having contact with Mr. Diehl since that time.

“UTA is cooperating with the U.S. Attorney’s office. We trust the justice system to resolve this matter appropriately.”

The letter referred to was included in documents released Tuesday that said Diehl was continuing to contact UTA board members and employees “in an attempt to influence certain UTA projects.” The letter from agency general counsel Jayme Blakesley went on to say that “pending legal matters call into question the propriety of your ongoing contact with UTA.”

Diehl was appointed to the UTA board in 2001 and abruptly resigned in May of 2011 as a result of lingering conflict-of-interest allegations a year after a legislative audit questioned whether he had broken state law by using insider information to buy up the rights to purchase land around the then-proposed Draper station.

The resignation was negotiated with the UTA board in a closed-door meeting and the agreement included the board granting a waiver of a normal one-year ban for former board members doing business with the publicly funded agency. Hughes, who was then UTA board chairman, explained at the time that the waiver was necessary to encourage Diehl’s voluntary resignation — and that he could legally have continued doing development deals with the agency while retaining his board seat as long as he disclosed conflicts.

A Hughes spokesman said the speaker was not immediately available to comment.

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