

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,)	CIVIL NO. 07-00442 SPK-LEK
)	
Plaintiff,)	STIPULATED FINAL JUDGMENT
)	OF PERMANENT INJUNCTION
v.)	AGAINST BRIGHT ENTERPRISES,
)	INC., CHERIE BRIGHT, AND
MORGAN LIDDELL, ET AL.)	MORGAN LIDDELL
)	
Defendants.)	
_____)	

The Joint Motion for Entry of Judgment by Consent is GRANTED.

Plaintiff, the United States of America, has filed a Complaint for Permanent Injunction and Other Relief in this matter against, among others, Defendants Bright Enterprises, Inc., Cherie Bright, and Morgan Liddell (collectively “Defendants”).

The United States and the Defendants have agreed to settle the case against Bright Enterprises, Cherie Bright, and Morgan Liddell in accordance with the terms of this Stipulated Final Judgment. Each party has agreed to bear its own attorneys’ fees and costs.

Defendants admit that this Court has jurisdiction over them and over the subject matter of this action.

Defendants consent to the entry, without further notice, of this Stipulated Final Judgment of Permanent Injunction.

The parties waive the entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure and 26 U.S.C. § 7408.

Defendants waive any right they may have to appeal from the Stipulated Final Judgment of Permanent Injunction.

Defendants state that they enter into this Stipulated Final Judgment of Permanent Injunction voluntarily.

Defendants agree that this Court shall retain jurisdiction over them for the purpose of implementing and enforcing this Stipulated Final Judgment.

Defendants acknowledge that entry of this Stipulated Final Judgment neither precludes the Internal Revenue Service from assessing taxes, interest, or penalties against them, nor precludes the Defendants from contesting such taxes, interest, or penalties.

For the purposes of this Final Judgment, the phrase “Enjoined Activity” means the following: (1) advising or assisting anyone to purchase purported business insurance from Asia Pacific Mutual Insurance Company, Ltd. (or any other similar entity) and/or to transfer monies to individual retirement accounts, which purportedly invest the funds in Global Pacific Capital, Inc. (or any other

similar entity) and (2) facilitating the bulk of the funds being sent to Asia Pacific or Global Pacific to be returned to the person/entity through a purported loan from Colony Mortgage Company, Limited (or any other similar entity), purported scholarships from Wealthshare Foundation (or any other similar entity), and/or an offshore credit card from Hallmark Bank & Trust Limited and/or Horizon (or any other similar entity). Additionally, the phrase “Enjoined Activity” includes advising anyone that (1) the purported premiums sent to Asia Pacific (or any other similar entity) are tax-deductible business expenses; (2) they can deduct on their federal income tax returns the purported interest paid on their purported Colony Mortgage loans (or any other similar entity) as either a business expense or as a home mortgage interest deduction; (3) money withdrawn from anyone’s legitimate individual retirement account and transferred to Global Pacific (or any other similar entity) need not be reported as income on their federal income tax return unless previously reported and tax paid thereon; and (4) when transferred funds are repaid to anyone through the Colony Mortgage loan, Hallmark/Horizon credit card, and/or the Wealthshare scholarship (or any other similar entities), those funds need not be reported as income on federal income tax returns unless previously reported and tax paid thereon.

The parenthetical phrase “or any other similar entity” as used herein means an entity promoting or selling an activity or product substantially similar to that of Asia Pacific Mutual Insurance Company, Ltd., Global Pacific Capital, Inc., Colony Mortgage Company, Ltd., Wealthshare Foundation, or Hallmark Bank & Trust Limited/Horizon Credit Card.

NOW, THEREFORE, it is accordingly, ORDERED, ADJUDGED AND DECREED that

1. The Court has jurisdiction over this action pursuant to §§ 1340 and 1345 of Title 28 of the United States Code, and §§ 7402, 7407, and 7408 of the Internal Revenue Code of 1986, as amended (26 U.S.C.) (the I.R.C.).

2. Defendants, individually and doing business under any other name or using any other entity, and Defendants’ representatives, agents, servants, employees, and anyone in active concert or participation with them who receives actual notice of this order are permanently enjoined from:

(a) Engaging in activity subject to penalty under I.R.C. § 6700, including organizing or selling a plan or arrangement and making a statement regarding the allowability of any deduction or credit, or the securing of any tax benefit, that they know or have reason to know is false or fraudulent as to any material matter;

(b) Engaging in activity subject to penalty under I.R.C. § 6701, including advising or assisting with respect to the preparation of a portion of a return or other document knowing (or having reason to believe) that such portion will be used in connection with any material matter arising under the internal revenue laws knowing that such portion (if so used) would result in an understatement of the liability for tax of another person;

(c) Organizing, promoting, selling, or helping others to implement the Enjoined Activity or any substantially similar activity; and

(d) Engaging in any other activity subject to penalty under any provision of the Internal Revenue Code;

3. Defendants, individually and doing business under any other name or using any other entity, and Defendants' representatives, agents, servants, employees, and those persons in active concert or participation with them, are permanently enjoined from directly or indirectly:

(a) Selling or organizing any business arrangement, including the Enjoined Activity, that encourages or assists noncompliance with the income tax laws, misrepresents the tax savings or benefits realized by using the arrangement, or conceals the receipt of income; and

(b) Engaging in other similar conduct that substantially interferes

with the administration and enforcement of the internal revenue laws;

4. Defendants, individually doing business under any other name or using any other entity, and the Defendants' representatives, agents, servants, employees, and those persons in active concert or participation with them, are permanently enjoined from directly or indirectly:

(a) Engaging in activity subject to penalty under I.R.C. § 6694(a), including preparing federal tax returns or claims for refund with respect to which any part of an understatement of liability is due to a position about which Defendants knew (or reasonably should have known), there was not a reasonable belief that the position would more likely than not be sustained on its merits, and the position was not disclosed within the meaning of IRC § 6662(d)(2)(B)(ii) or there was no reasonable basis for it;

(b) Engaging in conduct subject to penalty under I.R.C. § 6694(b), including preparing returns for customers with false claims or entries in a willful attempt to understate the customers' liability or with a reckless and intentional disregard of rules and regulations;

(c) Preparing tax returns with interest deductions for payments made to Colony Mortgage or business insurance deductions for payments made to Asia Pacific;

(d) Preparing federal income tax returns which omit from gross income funds withdrawn from accounts and ostensibly transferred to Global Pacific or some other similar entity; and

(e) Preparing federal income tax returns which omit from gross income funds repaid to the customer through the Colony Mortgage loan, Hallmark/Horizon credit card, and/or the Wealthshare scholarship (or any other similar entities).

5. Pursuant to I.R.C. §7402, Defendants must contact by mail at their last known address all persons or entities for whom any of the Defendants have prepared tax returns related to the Colony Mortgage loan, Hallmark/Horizon credit card, Wealthshare Foundation, Asia Pacific Mutual Insurance Company, or Global Pacific Capital, or for whom any of the Defendants provided tax advice or products or services which are related to the Enjoined Activity and send to them a copy of this permanent injunction, and to certify to the Court within thirty (30) days of the entry of this permanent injunction that they have complied with this provision;

6. Pursuant to I.R.C. §7402, Defendants must produce to the United States a list identifying the name, and to the extent available, the Social Security number, address, email address, and phone number of each person or entity for whom they have prepared a tax return or claim for refund for tax years 2005

through 2007. Additionally, Defendant Bright Enterprises must produce to the United States a list identifying the name, and to the extent available, the Social Security number, address, email address, and phone number of each person or entity for whom it has provided services or products related to the Colony Mortgage loan, Hallmark/Horizon credit card, Wealthshare Foundation, Asia Pacific Mutual Insurance Company, Ltd., or Global Pacific Capital, Inc. All Defendants are to certify to the Court within thirty (30) days of the entry of this permanent injunction that they have complied with this provision.

7. The United States is permitted to engage in post-judgment discovery limited to monitoring compliance with this permanent injunction.

8. This Court shall retain jurisdiction of this action for the purpose of implementing and enforcing this Stipulated Final Judgment and all additional decrees and orders necessary and appropriate for the public interest.

9. This Stipulated Final Judgment of Permanent Injunction may be executed in counterparts.

Consented to by:

Date: 5-7-2008

/s/ William Sidney Smith
William Sidney Smith
1000 Equitable Building
Des Moines, Iowa 50309
(515) 245-6789
(515) 244-1328 Fax
Attorney for Bright Enterprises, Inc.

Date: 5-1-08

/s/Morgan Liddell
Bright Enterprises, Inc.
Name: Morgan Liddell
Title: VP

Date: 6 May 2008

/s/ Martin A. Schainbaum
Martin Schainbaum
A Professional Law Corporation
351 California Street, Suite 800
San Francisco, CA 94104
(415) 777-1040
(415) 981-1065 Fax
Attorney for Morgan Liddell

Date: 5-1-08

/s/ Morgan Liddell
Morgan Liddell

Date: 5/8/08

/s/ Christopher Cannon
Christopher Cannon
Sugarman & Cannon
44 Montgomery Street, Suite 2080
San Francisco, CA 94101
(415) 362-6252
(415) 677-9445 Fax
Attorney for Cherie Bright

Date: 5-5-08

/s/ Cherie Bright
Cherie Bright

Date: 5-12-08

/s/ Hilarie Snyder
Hilarie Snyder
United States Department of Justice
Tax Division, Ben Franklin Station
P.O. Box 7238
Washington, DC 20044
202-307-2708
202-514-6770 (fax)
hilarie.e.snyder@usdoj.gov
Attorney for Plaintiff, USA

SO ORDERED this 19th day of May, 2008.



Samuel P. King
Samuel P. King
Senior United States District Judge

United States v. Liddell, et al., Civ. No. 07-00442SPK-LEK, Stipulated Final Judgment of Permanent Injunction Against Bright Enterprises, Inc., Cherie Bright, and Morgan Liddell