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IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF OREGON

UNITED STATES OF AMERICA)	
)	
Plaintiff,)	Case No. 03-CV-3123-CO
)	
v.)	
)	
SAMUEL S. FUNG,)	FINAL JUDGMENT FOR
)	PERMANENT INJUNCTION
Defendant.)	
)	
)	
)	

Plaintiff United States of America has filed a Complaint for Permanent Injunction against defendant Samuel S. Fung. Defendant Samuel Fung does not admit or deny the allegations of the Complaint, except that the Court has jurisdiction over him and over the subject matter of this action.

By his consent, which has been filed with this Court, defendant Samuel Fung has

waived the entry of findings of fact and conclusions of law and consents to the entry of this Final Judgment of Permanent Injunction without admitting or denying that grounds exist for imposition of an injunction.

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

1. The Court has jurisdiction over this action pursuant to Sections 1340 and 1345 of Title 28 of the United States Code, and Sections 7402(a), 7407, and 7408 of the Internal Revenue Code of 1986, as amended (26 U.S.C.) (“the Code”).
2. The Court finds that defendant Samuel Fung has neither admitted nor denied the United States’ allegations that he has engaged in conduct that is subject to penalty under Sections 6694 and 6695, 6700, and 6701 of the Code and that interferes with the enforcement of the internal revenue laws.
3. The Court finds that defendant Samuel Fung, individually and doing business as Cortland Tax Management and Professional Business Consultants, LLC, has consented to the entry of judgment for injunctive relief pursuant to Sections 7407, 7408 and 7402(a) of the Code to prohibit him from: (1) acting as a federal-income-tax-return preparer (as defined in Section 7701(a)(36) of the Code); (2) organizing or selling abusive tax shelters, plans, or arrangements that advise or encourage taxpayers to attempt to evade the assessment or collection of their correct federal tax; (3) engaging in conduct subject to penalty under Sections 6700, 6701, 6694, or 6695 of the Code; and (4) engaging in conduct that substantially interferes with the enforcement of the internal revenue laws and from promoting any false or fraudulent tax scheme.
4. It is furthered ORDERED, ADJUDGED AND DECREED that defendant Samuel

Fung, individually and doing business under any other name or using any other entity, and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, is permanently enjoined and restrained from, directly or indirectly, by the use of any means or instrumentalities:

- a. Preparing federal tax returns for third parties;
- b. Representing before the Internal Revenue Service any persons for whom he has prepared federal tax returns or to whom he has sold or distributed, either directly or indirectly, tax plans, arrangements, or programs, or any other shelter, plan or program, and from encouraging or abetting noncooperation with the Internal Revenue Service during the examination of those persons' federal tax returns.
- c. Making false representations that:
 - (i) individuals may deduct non-deductible personal living expenses, i.e., personal residence, food clothing, vacation and the like, on their trusts' federal income tax returns;
 - (ii) individuals may claim false charitable deductions as a result of paying or assigning their income and assets to sham charitable trusts owned by those individuals;
 - (iii) individuals' trusts may borrow funds that were paid or assigned to those individuals' sham charitable trusts without any federal tax consequence;
- d. Engaging in activity subject to penalty under Section 6700 of the Code, i.e., organizing, promoting, or selling a plan or arrangement and making statements regarding the excludibility of income and the IRS's filing requirements that he knows or has reason to know are false or fraudulent as to any material matter;
- e. Engaging in activity subject to penalty under Section 6701 of the Code, i.e., preparing and/or assisting in the preparation of a document related to a matter material to the internal revenue laws that includes a position that he knows or has reason to know will, if used, result in an understatement of tax liability;
- f. Selling any type of asset-protection device, including trusts, limited liability corporations, or similar arrangements, advocating noncompliance with the income

tax laws or tax evasion, misrepresenting the tax savings realized by using the arrangements, or concealing the receipt of income or location of assets from the IRS;

- g. Engaging in other similar conduct that substantially interferes with the administration and the enforcement of the internal revenue laws.

5. It is furthered ORDERED, ADJUDGED AND DECREED that defendant Samuel Fung shall send a copy of this injunction order to all persons for whom he has prepared federal tax returns or to whom he has sold or distributed, either directly or indirectly, tax plans, arrangements, or programs, or any other shelter, plan or program in which he has been involved, and, within 30 days of the date of this Order, he shall file with this Court a certification stating that he has done so.

6. It is furthered ORDERED, ADJUDGED AND DECREED that defendant Samuel Fung shall provide to the United States any records in his possession or to which he has access, identifying by name, taxpayer-identification number, address, and telephone number all individuals and entities: (1) for whom he has prepared federal tax returns since 1994 or (2) to whom he has sold or distributed, either directly or indirectly, tax plans, arrangements, or programs, or any other shelter, plan or program in which he has been involved since 1994.

7. It is furthered ORDERED, ADJUDGED AND DECREED that defendant Samuel Fung shall provide to the United States the names, addresses, and social security or tax identification numbers of all individuals and entities: (1) for whom he has prepared federal tax returns since 1994 or (2) to whom he has sold or distributed, either directly or indirectly, tax plans, arrangements, or programs, or any other shelter, plan or program in which he has been involved since 1994.

8. It is furthered ORDERED, ADJUDGED AND DECREED that the Court shall retain jurisdiction over this action for the purpose of implementing and enforcing this Final Judgment of Permanent Injunction and all other decrees and orders necessary and appropriate to the public interest.

9. The United States shall be entitled to conduct discovery permitted under the Federal Rules of Civil Procedure for the purpose of monitoring defendant Samuel Fung's compliance with the terms of this Final Judgment of Permanent Injunction .

10. Each party shall bear its own costs.

IT IS SO ORDERED this 9 day of February 2004.

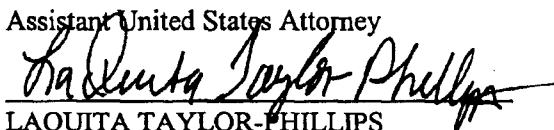
BY THE COURT:



John P. Cooney
UNITED STATES MAGISTRATE JUDGE

Prepared and submitted by:
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