

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OKLAHOMA

UNITED STATES OF AMERICA )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 CHARLES R. CHUNG, d/b/a CHUNG'S )  
 TAX PLUS; PARAKLETOS, L.L.C.; )  
 PARAKLETOS TRUST; PARAKLETOS )  
 PROFESSIONAL SERVICES; PARAKLETOS )  
 PROFESSIONAL SERVICES, L.L.C.; and )  
 PHIKAR, L.L.C., )  
 Defendant. )

Civil No. 03-CV-203 K (J)

**F I L E D**

SEP 10 2003

Phil Lombardi, Clerk  
U.S. DISTRICT COURT

Permanent Injunction

This cause comes before the Court on the parties' joint motion for entry of permanent injunction. The Court, having reviewed the motion, finds that the motion should be granted.

By the joint motion for entry of permanent injunction, Charles R. Chung, without admitting or denying the allegations in the complaint for permanent injunction, has waived the entry of finding of facts and conclusions of law and has consented to entry of this permanent injunction without further notice.

ACCORDINGLY, it is ORDERED that:

1. Charles R. Chung, d/b/a Chung's Tax Plus, Parakletos, Parakletos Professional Services, and Parakletos Professional Services, L.L.C., and all his representatives, agents, employees, and any persons in active concert or participation with him are prohibited from, either directly or indirectly, individually or through any entity:
  - a. Engaging in any conduct subject to penalty under IRC § 6694 including, but not limited to, preparing any tax forms or other documents to be submitted to the IRS that reflect an abusive trust arrangement;

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- b. Engaging in any conduct subject to penalty under IRC § 6695 including, but not limited to, failing to include his name and correct social security and employment identification numbers on a prepared tax return or failing to provide complete client lists or copies of prepared tax returns on demand by the IRS;
  - c. Engaging in any conduct subject to penalty under IRC § 6701 including, but not limited to, preparing or assisting others in the preparation of any tax forms or other documents reflecting abusive trust arrangements;
  - d. Providing any samples of tax forms or other documents to third parties to be copied and submitted to the Internal Revenue Service relating to abusive trust arrangements or any other scheme designed to unlawfully reduce federal income tax liability or otherwise hinder or delay the administration of tax laws;
  - e. Organizing, representing, advertising, or promoting abusive trust arrangements or any other scheme designed to unlawfully reduce federal income tax liability or otherwise hinder or delay the administration of tax laws;
  - f. Engaging in any other conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws including, but not limited to, any behavior designed to delay the audit of his clients such as submitting frivolous requests for citations to authority or refusing to produce documents for frivolous reasons;
  - g. Inducing any other person to engage in any of the above-identified conduct;
  - h. Aiding any other person in the engagement of any of the above-identified conduct; and
  - i. Representing any individuals or other entities before the IRS on matters relating to abusive trust arrangements.
2. "Abusive trust arrangements" as that term is used in this order includes, but is not limited to, trust arrangements (often referred to as complex trusts) that route income through sham trusts resulting in, for example, reduction or elimination of income subject to tax, deductions for personal expenses paid by the trust, or reduction or elimination of self-employment tax.

3. Charles Chung shall send by first class mail a copy of this permanent injunction to all of his clients for whom he has prepared a trust tax return (IRS Form 1041) within the past three years and shall file with the Court a certification that he has done so within 30 days of the entry of this order.

4. In addition, Charles Chung shall produce to the United States within 30 days of the date of this order the names, social security numbers, and employer identification numbers of all his clients for whom he has prepared tax returns for tax years 2000, 2001, and 2002. He shall also produce within 30 days of the date of this order all documents in his possession relating to abusive trust schemes that he has received from others or that he has produced to others. At the time of production, Charles Chung shall certify to the United States that this production is complete based on the information he has or has access to.

5. On request of the United States, he shall submit to a deposition relating to his knowledge of the promotion of abusive trust schemes and the use of abusive trust schemes.

6. On request by the United States through the Internal Revenue Service or the Department of Justice, Charles Chung shall provide to the United States copies of all federal income tax returns (including all attachments) and any claims for refund submitted to the Internal Revenue Service. Charles Chung shall retain such documents for a period of three years from the close of the return period. Requested copies shall be produced to the United States within thirty days of the request.

7. The United States may engage in discovery under Rules 26-37 of the Federal Rules of Civil Procedure to monitor compliance with the terms of this injunction. This provision does not limit the Government's ability to take a deposition regarding his knowledge of abusive trust schemes under

paragraph 5 of this order nor does paragraph 5 limit the Government's ability to conduct discovery under this paragraph to monitor compliance.

8. This court shall retain jurisdiction to enforce this injunction and to enter any additional orders as may be necessary to protect the public interest consistent with §§ 7402(a) and 7407 of the Internal Revenue Code.

9. Except as to paragraph 11 of the preliminary injunction, this injunction supersedes and replaces the preliminary injunction filed on July 29, 2003. To the extent that he has not already done so, Charles Chung must comply with the requirements of paragraph 11 of the preliminary injunction.

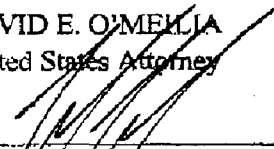
10. The United States may petition the court at a later time, as part of this action, to expand the scope of this injunction should circumstances warrant.

ENTER: September 10, 2003

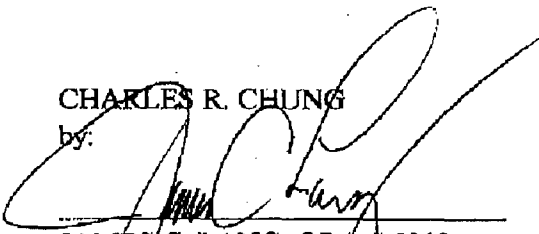
  
TERENCE C. KERN  
UNITED STATES DISTRICT JUDGE

Seen and agreed:

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