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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

No. C 07-4762 PJH

v.

**STIPULATED PERMANENT INJUNCTION**

CHARLES CATHCART,

Defendant.

Pursuant to the stipulation of the parties entered on the first day of trial of this matter on November 19, 2009, and based on the record before the court, the court makes the following findings and enters the following permanent injunction against defendant Charles Cathcart ("Cathcart"):

A. The court finds that Cathcart has engaged in conduct covered by 26 U.S.C. ("I.R.C.") § 6700, and that injunctive relief is appropriate under I.R.C. § 7408 to prevent him from engaging in such further conduct.

B. The court finds that, under I.R.C. § 7402(a), injunctive relief against Cathcart is "necessary or appropriate for the enforcement of the Internal Revenue laws."

C. Pursuant to I.R.C. §§ 7402(a) and 7408, Cathcart is enjoined and restrained from, directly or indirectly, by use of any means or instrumentalities:

1. Organizing, promoting, marketing, selling, or implementing the "90% Loan" program that is the subject of the complaint herein;
2. Organizing, promoting, marketing, selling, or implementing any program, plan or arrangement similar to the 90% Loan program that purports to enable customers to receive valuable consideration in

**United States District Court**  
For the Northern District of California

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- exchange for stocks and other securities that are transferred or pledged by those customers, without the need to pay tax on any gains because the transaction is characterized as a loan rather than a sale;
  - 3. Engaging in any conduct subject to penalty under I.R.C. § 6700, i.e., by making or furnishing, in connection with the organization or sale of a plan or arrangement, a gross valuation overstatement or a statement Cathcart knows or has reason to know to be false or fraudulent as to any material matter under the federal tax laws; and
  - 4. Selling or organizing, or causing the sale or organization, of any type of corporation, trust, limited liability company, arrangement of business entities, or plan which he knows or has reason to know advocates or facilitates material non-compliance with the federal tax laws.
- D. In order to obtain a conviction for criminal contempt against Cathcart for violation of this order, the United States must establish beyond a reasonable doubt that Cathcart knowingly violated this injunction. In any such criminal contempt action, Cathcart shall be accorded all rights to which he is entitled in the United States Constitution and Federal Rules of Criminal Procedure.
- E. The United States may conduct post-judgment discovery to monitor compliance with the injunction.
- F. This court shall retain jurisdiction over this action for the purposes of implementing and enforcing the final judgment and any additional orders necessary and appropriate to the public interest.

**IT IS SO ORDERED.**

Dated: November 23, 2009

  
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 PHYLLIS J. HAMILTON  
 United States District Judge