IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

UNITED STATES Plaintiff, v. CHARLES CATHCART *et al*. Defendants.	)	Civil No. 07-4762-PJH PERMANENT INJUNCTION AGAINST DEFENDANT ROBERT NAGY

ORDER

The United States of America has filed a Second Amended Complaint ("Complaint") for permanent injunction in this matter against Defendant Robert J. Nagy ("Nagy") and others. Nagy, without admitting the allegations contained in the Complaint, but in order to settle this matter without further litigation, consented to the entry, without further notice, of this Stipulated Injunction.

Nagy waived the entry of findings of fact and conclusions of law. Nagy also waived any right he may have to appeal from this Stipulated Injunction.

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 and 7408 of the Internal Revenue Code of 1986, as amended.

2. Nagy, individually and doing business as any entity, is permanently enjoined from directly or indirectly:

(a) Organizing, promoting, marketing, selling, or implementing the "90% Loan" program that is the subject of the Complaint herein. The 90% Loan program purported to enable customers to contribute appreciated stocks or other securities in exchange for 90% of the value of those stocks or securities without paying income tax on capital gains, because the transaction was characterized as a loan rather than a sale. The United States alleges it was in actuality a sale and part of a plan or arrangement that assisted taxpayers in unlawfully evading the assessment or collection of their federal tax liabilities.

(b) 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 exchange for stocks or 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.

(c) Engaging in any conduct subject to penalty under Code § 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 Nagy knows or has reason to know to be false or fraudulent as to any material matter under the federal tax laws. In order to obtain a conviction for criminal contempt for violation of this Stipulated Injunction, the United States must establish beyond a reasonable doubt that Nagy intentionally and knowingly violated Code § 6700.

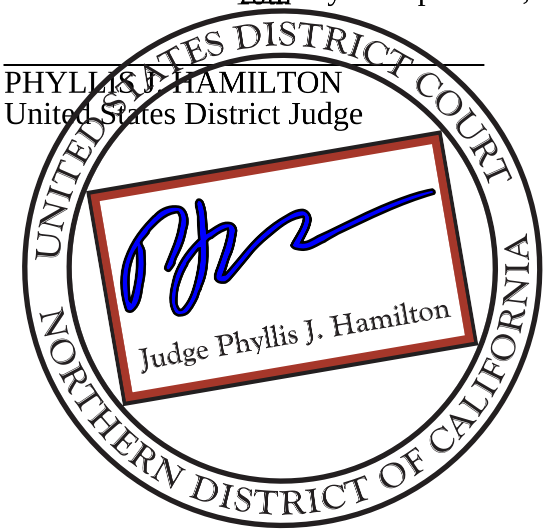
3. Nagy's stipulation to being enjoined is not an admission of liability by Nagy with regard to any of the acts and/or omissions alleged in the Complaint.

4. The United States has agreed not to introduce this Stipulated Injunction to establish Nagy's liability or otherwise admit this Stipulated Injunction into evidence in any action involving Nagy including, but not limited to, *Robert J. Nagy v. United States of America*, case number 2:08-CV-2555, pending in the District Court of South Carolina, Charleston Division. However, the United States is not precluded from introducing this Stipulated Injunction into evidence for purposes of impeaching Nagy's testimony in the event that at trial he misrepresents the terms of the injunction or indicates that he never agreed to a stipulated injunction related to 90% Loans.

5. This Court shall retain jurisdiction over this action for purposes of implementing and enforcing this Stipulated Injunction.

6. Pursuant to this Stipulated Injunction, the action that is the subject of the Second Amended Complaint is resolved as against Nagy.

PURSUANT TO STIPULATION, IT IS SO ORDERED THIS 10th day of September, 2009.



PHYLLIS J. HAMILTON
United States District Judge