

UNITED STATES DISTRICT COURT  
DISTRICT OF HAWAII

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	CIVIL NO. CV 07-00442 SPK/LEK
	)	
v.	)	STIPULATED FINAL JUDGMENT
	)	OF PERMANENT INJUNCTION
MORGAN LIDDELL, <i>et al.</i>	)	AGAINST LOREN TRENHOLM
	)	
Defendants.	)	
_____	)	

Plaintiff, the United States of America, has filed a Complaint for Permanent Injunction and Other Relief in this matter against, among others, Defendant Loren Trenholm (“Trenholm”). The United States and Trenholm have agreed to settle the case against Trenholm in accordance with the terms of this Stipulated Final Judgment. Each party has agreed to bear its own attorneys’ fees and costs.

Defendant Trenholm admits that this Court has jurisdiction over him and over the subject matter of this action.

Defendant Trenholm consents 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.

Defendant Trenholm waives any right he may have to appeal from the

Stipulated Final Judgment of Permanent Injunction. However, nothing in this Stipulated Final Judgment prohibits Trenholm from appealing any subsequent court order involving contempt of this Stipulated Final Judgment or modifying/clarifying this Stipulated Final Judgment.

Defendant Trenholm states that he enters into this Stipulated Final Judgment of Permanent Injunction voluntarily.

Defendant Trenholm agrees that this Court shall retain jurisdiction over him for the purpose of implementing and enforcing the Stipulated Final Judgment.

The United States acknowledges that Defendant Trenholm has already produced to the United States a list identifying the name, Social Security number, address, email address, and phone number of each person and entity (within Trenholm's knowledge) who has purchased or participated in the Enjoined Activity at the direction or with the assistance of Trenholm.

The Internal Revenue Service and Defendant Trenholm have entered into a separate agreement resolving their differences regarding any I.R.C. (26 U.S.C., Internal Revenue Code) §§ 6700 or 6701 penalties that may have resulted from Trenholm's alleged participation in the Enjoined Activity.

With respect to any other taxes, penalties, or interest, Defendant Trenholm acknowledges that entry of this Stipulated Final Judgment neither precludes the

Internal Revenue Service from assessing taxes, interest, or penalties against him, nor precludes Defendant 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 Insurance Company (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 (or any other similar entity), purported scholarships from Wealthshare Foundation (or any other similar entity), and/or an offshore credit card from 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; and (4) when transferred funds are repaid to anyone through the Colony Mortgage loan, 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.

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 (26 U.S.C.) (the I.R.C.).

2. Defendant Trenholm, individually and doing business as or through any entity, and anyone in active concert or participation with him 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. Defendant Trenholm, individually and doing business under any other name or using any other entity, and defendant's representatives, agents, servants, employees, and those persons in active concert or participation with him, 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. Pursuant to I.R.C. § 7402, Defendant Trenholm must contact by mail all

persons or entities known by Trenholm to have purchased or participated in the Enjoined Activity at the direction or with the assistance of Trenholm and send to them a copy of this permanent injunction, and certify to the Court within eleven days of the entry of this permanent injunction that he has complied with this provision.

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

6. 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.

Consented to by:

Dated: 3/4/08

/s/ Richard P. McClellan III

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Dated: 3/5/08

/s/ Loren Trenholm

Loren Trenholm

Dated: 3/20/08

/s/ Hilarie E. Snyder  
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Attorney for Plaintiff, USA

IT IS SO ORDERED.

DATED: April 1, 2008



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

United States v. Liddell, et al., CIVIL NO. CV 07-00442 SPK/LEK, STIPULATED FINAL JUDGMENT OF PERMANENT INJUNCTION AGAINST LOREN TRENHOLM