

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil No. No. 05-cv-6374 (N.D. Ill.)
)	
PARTNERS IN CHARITY, INC., and)	
CHARLES M. KONKUS,)	
)	
Defendants.)	

STIPULATED FINAL JUDGMENT OF PERMANENT INJUNCTION

Plaintiff, the United States of America, has filed a First Amended Complaint for Permanent Injunction against defendants Partners in Charity, Inc. (PIC) and Charles M. Konkus.

Defendants do not admit the allegations in the Complaint, except that they admit that the Court has jurisdiction over them and over the subject matter of this action.

Defendants waive the entry of findings of fact and conclusions of law under Federal Rule of Civil Procedure 52 and Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402(a) and 7408.

Defendants consent to entry of this Final Judgment of Permanent Injunction without admitting that grounds exist for imposition of an injunction.

Defendants enter into this Final Judgment of Permanent Injunction voluntarily and waive any right they may have to appeal from it.

Defendants consent to entry of this Final Judgment of Permanent Injunction without further notice and agree that this Court shall retain jurisdiction over them for the purpose of implementing and enforcing this Final Judgment of Permanent Injunction.

The parties understand and agree that entry of this Final Permanent Injunction does not address a separate question, which is not part of this lawsuit, of whether PIC is operated exclusively for exempt purposes within the meaning of I.R.C. section 501(c)(3).

The Court accordingly ORDERS, ADJUDGES, AND DECREES that:

1. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340 and 1345 and I.R.C. §§ 7402(a) and 7408.
2. The Court finds that the payments from real-estate sellers participating in PIC's down-payment assistance program to PIC are not tax-deductible charitable contributions under the internal revenue code.
3. The Court finds that defendants have consented to the entry of this injunction.
4. It is further ORDERED that PIC and Konkus (in their own capacity and doing business under any other name or using any other entity, and their representatives, agents, servants, employees, attorneys, and any persons in active concert or participation with them) are permanently enjoined and restrained from, directly or indirectly:

- (a) Organizing, promoting, marketing, or selling any down-payment-assistance program or other plan or arrangement that advises, encourages, or assists anyone to falsely claim any deduction on a federal tax return, including falsely claiming a charitable deduction;
- (b) Characterizing, either orally or in writing, the payment made by a seller participating in PIC's down-payment-assistance program as a "gift," "charitable gift," "charitable contribution," "tax-deductible gift," "tax-deductible contribution," "deductible gift," "deductible contribution," or

any other similar phrase or term suggesting or implying that the payment is or may be a tax-deductible charitable contribution;

- (c) Referring to PIC's tax-exempt or non-profit status in any manner that suggests or implies that the seller's payment to PIC is or may be a tax-deductible charitable contribution, whether in contracts, marketing materials, or other documents discussing the seller's payment obligations to PIC;
- (d) Making false or misleading statements about the allowability of tax deductions or the securing of any other tax benefit in relation to PIC's down-payment-assistance program or any other plan or arrangement;
- (e) Engaging in any other conduct subject to penalty under either I.R.C. § 6700 or § 6701; and
- (f) Engaging in any conduct that interferes with the administration and enforcement of the internal revenue laws;

5. It is further ORDERED, pursuant to I.R.C. § 7402(a), that within sixty days defendants serve on counsel for the United States a complete list of sellers, in both paper and electronic database or spreadsheet formats, who have participated in PIC's down-payment-assistance program at any time through the present, including the sellers' full names, and any information in possession of defendants including: addresses, telephone numbers, e-mail addresses, and Social Security numbers or other taxpayer identification numbers or employer identification numbers if any, as well as all pertinent details about the sellers' transactions with

PIC, such as dates of payment and amount of payment. The information required by this paragraph is only information in defendants' possession in the format as it currently exists;

6. It is further ORDERED, pursuant to I.R.C. § 7402(a), that within sixty-one days defendants file with the Court and serve on counsel for the United States a statement, signed by a PIC officer and by Konkus under penalty of perjury, that defendants have fully complied with the preceding provision;

7. It is further ORDERED, pursuant to I.R.C. § 7402(a), that defendants mail a copy of the First Amended Complaint and this injunction, at their own expense and as a corrective measure, by first class mail, with a cover letter in a form either agreed to by the parties or approved by the Court, to (1) all of PIC's current employees, associates, and marketing or sales representatives, including but not limited to all independent contractors, and (2) all builders, lenders, loan officers, real estate agents, title insurers, and buyers to whom PIC has directly marketed or promoted its down-payment-assistance program. Defendants shall perform one-fourth of this mailing every thirty days, and shall complete the entire mailing no later than 120 days after the date of this injunction;

8. It is further ORDERED, pursuant to I.R.C. § 7402(a), that within 121 days defendants file with the court and serve on counsel for the United States a statement, signed by a PIC officer and Konkus under penalty of perjury, that they have fully complied with the preceding provision and a list of the persons to whom defendants mailed the First Amended Complaint and injunction. In addition, on the thirty-first, sixty-first, and ninety-first day after the date of this injunction, defendants shall file with the court and serve on counsel for the United States a statement, signed by a PIC officer and Konkus under penalty of perjury, that they have performed

the amount of mailing required for the preceding thirty-day period by paragraph 7 of this injunction, as well as a list of the persons to whom they have mailed the First Amended Complaint and injunction during the preceding thirty days;

9. It is further ORDERED, pursuant to I.R.C. § 7402(a), that within thirty days defendants file with the Court and serve on counsel for the United States a complete list, from the data that PIC currently maintains, in both paper and electronic database or spreadsheet formats, identifying by name, address, telephone number, e-mail address, and Social Security number or other taxpayer identification number (1) all of PIC's former and current employees, associates, and marketing and sales representatives, including but not limited to all independent contractors, and (2) all builders, lenders, loan officers, mortgage brokers, real estate agents, title insurers, and any other entities or persons that are known by PIC to have promoted PIC's down-payment-assistance program, including but not limited to those entities and persons in formal agreement or contractual obligation to promote PIC's down-payment assistance program;

10. It is further ORDERED, pursuant to I.R.C. § 7402(a), that within sixty-one days defendants file with the court and serve on counsel for the United States a statement, signed by a PIC officer and Mr. Konkus, under penalty of perjury, that they have fully complied with the preceding provision;

11. It is further ORDERED, pursuant to I.R.C. § 7402(a), that within eleven days of the date of this injunction PIC post conspicuously in large print at the top of the first page of its website, www.partnersincharity.org, and all other websites on which its down-payment-assistance program is promoted, a statement that sellers' payments to PIC cannot be claimed as a charitable deduction for federal tax purposes, with an adjacent link to a copy of this injunction;

12. It is further ORDERED, pursuant to I.R.C. § 7402(a), that within twelve days PIC file with the court and serve on counsel for the United States a statement, signed by a PIC officer under penalty of perjury, that it has fully complied with the preceding provision;

13. It is further ORDERED, pursuant to I.R.C. § 7402(a), that PIC, beginning eleven days after the date of this injunction, state expressly and conspicuously in all promotional materials it distributes by any means, and in all contracts it enters into regarding its down-payment-assistance program, that seller's payments to PIC may not be deducted as a charitable contribution for federal-income-tax purposes;

14. It is further ORDERED, that the United States is permitted to conduct reasonable post-judgment discovery to monitor and ensure defendants' compliance with this permanent injunction; and

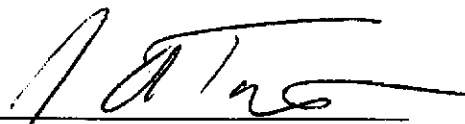
15. It is further ORDERED that this Court shall retain jurisdiction over this action for the purpose of implementing and enforcing this Final Judgment of Permanent Injunction.

There being no just reason for delay, the Clerk is directed to enter this Final Judgment of Permanent Injunction forthwith.

SO ORDERED this 17th day of April, 2006.


HONORABLE SAMUEL DER-PEGHIAYAN
United States District Judge

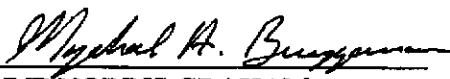
Consented and agreed to:



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