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5

6 **UNITED STATES DISTRICT COURT**

7 **DISTRICT OF NEVADA**

8 SECURITIES AND EXCHANGE
COMMISSION,

Case No. 2:13-CV-1658-JCM-CWH

9 Plaintiff,

10 v.

11 EDWIN YOSHIHIRO FUJINAGA and
MRI INTERNATIONAL, INC.,

STIPULATED ORDER

12 Defendants,

13 and

14 CSA SERVICE CENTER, LLC,
THE FACTORING COMPANY,
15 JUNE FUJINAGA, and
THE YUNJU TRUST,

16 Relief Defendants.

17 **WHEREAS**, on September 11, 2013, plaintiff Securities and Exchange Commission
18 brought this civil action to enforce antifraud provisions of the Securities Act of 1933
19 (“Securities Act”) and the Securities Exchange Act of 1934 (“Exchange Act”) against
20 defendants Edwin Yoshihiro Fujinaga (“Fujinaga”), MRI International (“MRI”), and relief
21 defendants CSA Service Center, LLC (“CSA”) and The Factoring Company (“TFC”). (ECF No. 2).
22 Fujinaga’s wife, June Fujinaga (“J. Fujinaga”), and The Yunju Trust (the “Trust”) were named as
23 relief defendants in this action in the first Amended Complaint (ECF No. 118);

24 **WHEREAS**, by Order entered January 27, 2015, the Court entered final judgment
25 against Fujinaga and MRI, ordering them jointly and severally to pay disgorgement and
26 prejudgment interest of \$544,359,364.08, and each to pay a civil penalty of \$20,000,000, for a
27 total monetary judgment of \$584,359,364.08 (ECF No. 189);

28 **WHEREAS**, by Order entered May 15, 2015, ECF, the Court appointed Robb Evans

1 & Associates LLC as the full equitable receiver (the "Receiver") for all assets owned or
2 controlled by the Defendants (the "Estate"), including relief defendants CSA and TFC (ECF No.
3 226);

4 **WHEREAS**, by Order entered March 14, 2016, the Court entered an amended final
5 judgment against Relief Defendants J. Fujinaga and the Trust, holding J. Fujinaga and the Trust
6 jointly and severally liable to pay disgorgement of \$2,333,382.18 to the Receiver; and requiring J.
7 Fujinaga to disgorge to the Receiver all of her legal, beneficial, and equitable interest in the Trust
8 (ECF No. 317);

9 **WHEREAS**, since appointed, Receiver has collected approximately \$36 million, with a net
10 fund balance of approximately \$31.9 million after payment of administrative fees and expenses.
11 (ECF No. 548, Exhibit 1) and is in the process of winding down the Estate and, upon termination of
12 the Estate and in accord with any order(s) of the Court, shall transfer the net fund balance to the
13 Court Appointed Distribution Agent (ECF No. 509) for distribution to defrauded investor-victims by
14 means of a plan of distribution;

15 **WHEREAS**, by Order entered March 18, 2019, the Court appointed Heffler Claims
16 Group as Distribution Agent (the "Distribution Agent"), to assist in overseeing the
17 administration and the distribution of funds transferred by the Receiver to defrauded investor-
18 victims, if and when that occurs, in coordination with the SEC's counsel of record, pursuant to
19 the terms of a distribution plan to be approved by this Court (ECF No. 509);

20 **WHEREAS**, by Order entered March 18, 2019, the Court appointed Heffler, Radetich &
21 Saitta LLP as Tax Administrator for funds transferred to the Distribution Agent by the Receiver
22 (the "Tax Administrator"), to execute all tax reporting requirements, including the preparation
23 and filing of tax returns, for those funds (ECF No. 509);

24 **WHEREAS**, the United States Department of the Treasury, Internal Revenue Service
25 ("IRS") has the following outstanding tax assessments against MRI, TFC, CSA, and related
26 party HMC Service Center LLC ("HMC"), which aggregate to \$44,196.00 (the "Tax
27 Assessments"), most of which predate the Receivership:
28

MRI:

Form 941 Employment Tax	Fourth Qtr, 2013	\$12,775.00
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Form 941 Employment Tax	First Qtr, 2014	6,587.00
Form 8278	2014	1,349.00

TFC (“The Factoring Company XIII Inc.”)

Form 941 Employment Tax	Third Qtr, 2014	\$16,169.00
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CSA:

Form 941 Employment Tax	Fourth Qtr, 2015	\$2,636.00
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HMC:

Form 1065	2015	\$4,680.00
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WHEREAS, pursuant to 28 U.S.C. § 960, the Receiver is obligated to pay any federal taxes due on the receivership’s income, employment, or other tax liabilities since the commencement of the receivership (“Post-Receivership Tax Obligations”); and

WHEREAS, the Receiver requested that the IRS voluntarily subordinate the Tax Assessments and any other claim of the IRS other than the Post Receivership Tax Obligations (the “IRS Claim”) in favor of the defrauded investor-victims.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the IRS, the Receiver, the Distribution Agent, and the Tax Administrator (collectively, the “Parties”), as follows:

1. The IRS agrees that it will permit the defrauded investor-victims to stand in the shoes of the IRS with respect to the full value of the IRS Claim EXCEPT the Form 941 Employment Tax, Fourth Qtr. 2015, assessed at \$2,636.00 (the “2015 Employment Tax Assessment”), provided that, to the extent funds are available for distribution by the Distribution Agent, the Distribution Agent shall pay an amount equal to the subrogated value of the IRS Claim that otherwise would have been paid to the IRS solely to the defrauded investor-victims, and no portion of the amount that would be paid to the IRS on account of the IRS Claim in the absence of this stipulation and order shall be paid to any other person or entity, including, but not limited to, any secured or unsecured creditors.

2. The requirement that the Receiver and the Tax Administrator pay the Post-

1 Receivership Tax Obligations on the funds in the Receivership and those transferred from the
2 Receivership to the Distribution Agent (collectively, the "QSF"), and prepare all necessary filings in
3 connection with the Post-Receivership Tax Obligations, is not affected by this stipulation and order.
4 The priority of the payment of the Post-Receivership Tax Obligations is also not affected by this
5 stipulation and order. Without prejudice to their right to contest the amount of any Post Receivership
6 Tax Obligation, the Receiver and, upon transfer of the Estate, the Tax Administrator agree that they
7 will make all required payments of the Post- Receivership Tax Obligations on the QSF in a manner
8 consistent with 28 U.S.C. § 960, 31 U.S.C. § 3713, and any other applicable law.

9 3. The Receiver shall pay the 2015 Employment Tax Assessment of \$2,636.00 to the
10 IRS within 90 days of the Court's entry of this proposed Stipulated Order, pursuant to the following
11 directions:

12 Payment shall be drawn from the receivership estate's general settlement fund and shall be
13 remitted to the United States Department of Justice in the form of a certified bank check or
14 wire transfer. If sending a certified check, please make the check payable to the "United
15 States Department of Justice" bearing the notation "CMN 2019101503" and sent to:

16 If by regular United States mail delivery:
17 U.S. Department of Justice, ATTN: TAXFLU
18 P.O. Box 310 – Ben Franklin Station
19 Washington, D.C. 20044

20 If by courier (FEDEX, UPS, etc.) delivery:
21 U.S. Department of Justice, ATTN: TAXFLU
22 Room 6647 – Judiciary Center Building
23 555 Fourth Street NW
24 Washington, D.C. 20001

25 If payment is by wire transfer or other electronic means, please contact attorney Jonathan
26 Hauck at 202-616-3173 for instructions.

27 4. If the Court does not enter this proposed Stipulated Order, (a) this stipulation shall be
28 null and void and the Parties shall not be bound hereunder, and (b) this stipulation shall have no
residual or probative effect or value, and it shall be as if it had never been executed.

 5. The Parties agree that each party shall bear its own costs and attorneys' fees relating
to this proposed Stipulated Order.

 6. The signatories for the Parties each certify that he or she is authorized to enter into the
terms and conditions of this stipulation, and to execute and bind legally such party to this document.

1 7. It is contemplated that this stipulation may be executed in several counterparts. All
2 such counterparts and signature pages, together, shall be deemed to be one document.

3 8. The Parties understand and agree that this stipulation contains the entire agreement
4 between them, and that no statements, representations, promises, agreements, or negotiations, oral or
5 otherwise, between the Parties or their counsel that are not included herein shall be of any force or
6 effect.


7 **STIPULATED AND AGREED BY:**

8 **LYNCH LAW PRACTICE, PLLC**

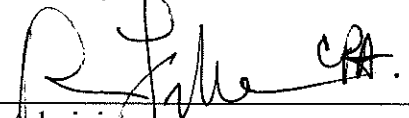
9 /s/ Michael F. Lynch
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11 Counsel for the Receiver
12 Robb Evans & Associates LLC

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19 **HEFFLER, RADETICH & SAIITA LLP**

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UNITED STATES OF AMERICA

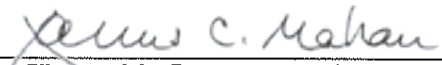
/s/ Jonathan M. Hauck
Richard E. Zuckerman
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Attorneys for the United States of America

25 Dated: May 8, 2020.

IT IS SO ORDERED:

27 
28 The Honorable James C. Mahan
UNITED STATES DISTRICT COURT JUDGE