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Attorneys for Plaintiff
UNITED STATES OF AMERICA

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

CR 10-00631

SOM

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
vs.)
)
CHARLES ALAN PFLUEGER, (01))
JAMES HENRY PFLUEGER, (02))
RANDALL KEN KURATA, (03))
DENNIS LAWRENCE DUBAN, (04))
JULIE ANN KAM, (05))
)
Defendants.)

CR. NO.

INDICTMENT

18 U.S.C. § 371
26 U.S.C. § 7206(1)
26 U.S.C. § 7206(2)
31 U.S.C. §§ 5314 and 5322(a)
31 C.F.R. §§ 103.24 and 103.27(c)
& (d)

FILED IN THE
UNITED STATES DISTRICT COURT
DISTRICT OF HAWAII

12 SEP 15 2010
at 12 o'clock and 26 min. p.m.
SUE BEITIA, CLERK eps

I N D I C T M E N T

The Grand Jury charges that at all times relevant to this Indictment:

INTRODUCTORY ALLEGATIONS

1. Defendant CHARLES ALAN PFLUEGER ("Defendant ALAN PFLUEGER") was a resident of the State of Hawaii. In or about December 2002, Defendant ALAN PFLUEGER became the sole owner of Pflueger, Inc., and its subsidiaries ("Pflueger, Inc."). Defendant ALAN PFLUEGER was also part owner of Pacific Auto Distributors, LLC ("PAD") and Pflueger Group, LLC ("Pflueger Group").

2. Defendant JAMES HENRY PFLUEGER ("Defendant JAMES PFLUEGER") was a resident of the State of Hawaii. Defendant JAMES PFLUEGER was the owner of Pflueger, Inc., until in or about December 2002, when he sold the company to Defendant ALAN PFLUEGER. Defendant JAMES PFLUEGER was also the Chairman of the Board of Directors for Pflueger, Inc., and a general partner of Pflueger Properties ("Pflueger Properties").

3. Defendant RANDALL KEN KURATA ("Defendant KURATA") was a resident of the State of Hawaii. Defendant KURATA was the Chief Financial Officer, Secretary, and Treasurer for Pflueger, Inc. Defendant KURATA also provided accounting services for Pflueger Group and PAD.

4. Defendant DENNIS LAWRENCE DUBAN ("Defendant DUBAN") was a resident of the State of California. Defendant

DUBAN was a certified public accountant and partner with the California-based firm Duban Accountancy, LLP, which later became Duban, Sattler & Associates LLP ("DSA"). DSA's business in the State of Hawaii included providing tax and accounting services to Defendants ALAN PFLUEGER, JAMES PFLUEGER, and some of their business entities, including PAD, Pflueger Group, and Pflueger Properties.

5. Defendant JULIE ANN KAM ("Defendant KAM") was a resident of the State of Hawaii. Defendant KAM was an employee of Pflueger, Inc., and the executive assistant to Defendant ALAN PFLUEGER. Among other things, KAM handled the expenses of Defendant ALAN PFLUEGER and maintained the books and records for PAD.

6. Pflueger, Inc., was a corporation with its principal place of business in Honolulu, Hawaii. Pflueger, Inc., was a sub-chapter C corporation for tax purposes that engaged primarily in the sale of vehicles through auto dealerships located in the State of Hawaii. Pflueger, Inc.'s subsidiaries included J.P. Automobiles, Inc., doing business as Pflueger Honda ("Pflueger Honda"), and Pflueger Hawaii, Inc., doing business as Pflueger Acura ("Pflueger Acura").

7. PAD was a limited liability company with its principal place of business in Honolulu, Hawaii. PAD engaged in the business of selling auto parts and exterior truck liners.

8. Pflueger Group was a limited liability company with its principal place of business in Honolulu, Hawaii. Pflueger Group owned real estate and conducted real estate transactions.

9. Pflueger Properties was a partnership that conducted business in Honolulu, Hawaii, and California. Pflueger Properties owned real estate and conducted real estate transactions.

10. Vista Pacifica Trust was a Cook Islands trust created in or about 2007, which maintained a bank account in Switzerland.

COUNT 1
Conspiracy to Defraud
18 U.S.C. § 371

The Conspiracy

11. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 1 through 8 above.

12. Beginning on a precise date unknown to the Grand Jury but by at least in or about January 2003, and continuing thereafter up to and including the date of the return of this Indictment, in the District of Hawaii and elsewhere, the Defendants:

CHARLES ALAN PFLUEGER
JAMES HENRY PFLUEGER
RANDALL KEN KURATA
DENNIS LAWRENCE DUBAN
JULIE ANN KAM

and others known and unknown to the Grand Jury, did unlawfully, voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree together and with each other, and with other individuals both known and unknown to the Grand Jury, to defraud the United States by deceitful and dishonest means for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the Internal Revenue Service ("I.R.S.") in the ascertainment, computation, assessment, and collection of revenue, to wit: federal income taxes.

Manner and Means

13. The manner and means by which the unlawful object of the conspiracy was sought to be accomplished included, among other things, the following:

(1) Defendants and others known and unknown to the Grand Jury, caused the payment of personal expenses of Defendants ALAN PFLUEGER, JAMES PFLUEGER, Pflueger family members, and others by and through Pflueger, Inc.

(2) Defendants and others known and unknown to the Grand Jury, concealed and caused to be concealed the payment of personal expenses of Defendants ALAN PFLUEGER, JAMES PFLUEGER, Pflueger family members, and others on the corporate books and records of Pflueger, Inc.

(3) Defendants and others known and unknown to the Grand Jury, provided and caused to be provided financial reports and other corporate records to an outside accounting firm

that conducted reviews and audits of Pflueger, Inc.'s books and records, as well as prepared its corporate income tax returns, that concealed the payment of personal expenses.

(4) Defendants and others known and unknown to the Grand Jury, caused the preparation and/or filing of false U.S. Corporation Income Tax Returns, Form 1120, for 2003 through 2006, on behalf of Pflueger, Inc., that, among other things, deducted the personal expenses of Defendants ALAN PFLUEGER, Pflueger family members, and others as business expenses.

(5) Defendants ALAN PFLUEGER, KAM and others known and unknown to the Grand Jury, caused the payment of personal expenses of Defendants ALAN PFLUEGER and KAM by and through PAD.

(6) Defendants ALAN PFLUEGER, KAM and others known and unknown to the Grand Jury, concealed and caused to be concealed the payment of Defendants ALAN PFLUEGER and KAM's personal expenses on the books and records of PAD.

(7) Defendants ALAN PFLUEGER, KURATA, KAM, DUBAN and others known and unknown to the Grand Jury, caused the preparation and/or filing of false Individual Income Tax Returns, Form 1040, for 2003, 2004, and 2005, on behalf of Defendant ALAN PFLUEGER.

(8) Defendants ALAN PFLUEGER, JAMES PFLUEGER, KURATA, and others known and unknown to the Grand Jury, caused the filing of false Individual Income Tax Returns, Form 1040, for 2003 through 2006, on behalf of Defendant JAMES PFLUEGER.

Overt Acts

14. In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the District of Hawaii and elsewhere:

(1) On or about January 9, 2003, Defendant ALAN PFLUEGER signed a Pflueger Honda check #126593 in the amount of \$2,500.

(2) On or about January 20, 2003, Defendant KURATA signed a Pflueger, Inc., check #6714 in the amount of \$4,214.08.

(3) On or about January 31, 2003, Defendant ALAN PFLUEGER signed a Pflueger Honda check #126992 in the amount of \$1,755.

(4) On or about January 31, 2003, Defendant ALAN PFLUEGER signed a Pflueger Honda check #126993 in the amount of \$2,325.

(5) On or about February 7, 2003, individuals identified by initials as L.L. and K.U. signed a Pflueger Acura check #126589 in the amount of \$1,885.56.

(6) On or about December 23, 2003, Defendant KURATA signed a Pflueger Honda check # 133994 in the amount of \$8,375.58.

(7) On or about January 12, 2004, Defendant ALAN PFLUEGER signed a PAD check #2132 in the amount of \$392.40.

(8) On or about January 12, 2004, Defendant KURATA signed a Pflueger, Inc., check #6856 in the amount of \$5,385.74.

(9) On or about January 30, 2004, Defendant ALAN PFLUEGER signed a Pflueger Honda check #134654 in the amount of \$1,620.

(10) On or about March 16, 2004, Defendant KURATA signed a Pflueger Honda check #135564 in the amount of \$7,800.

(11) On or about March 25, 2004, individuals identified by initials as O.P. and L.L. signed a Pflueger Acura check #132713 in the amount of \$2,000.

(12) On or about April 27, 2004, individuals identified by initials as O.P. and L.L. signed a Pflueger Acura check #133155 in the amount of \$2,912.

(13) On or about October 25, 2004, Defendant ALAN PFLUEGER signed a PAD check #2907 in the amount of \$15,490.53.

(14) On or about December 21, 2004, Defendant KURATA signed a Pflueger Honda check #140847 in the amount of \$4,036.08.

(15) On or about January 14, 2005, Defendant KURATA signed a Pflueger Honda check #141114 in the amount of \$277.08.

(16) On or about June 24, 2005, Defendant ALAN PFLUEGER signed a Pflueger Honda check #144108 in the amount of \$2,343.20.

(17) On or about July 1, 2005, Defendant KURATA signed a Pflueger, Inc., check #7045 in the amount of \$4,672.18.

(18) On or about September 20, 2005, Defendant ALAN PFLUEGER signed a PAD check #3914 in the amount of \$3,854.14

(19) On or about September 26, 2005, Defendant ALAN PFLUEGER signed a PAD check #3928 in the amount of \$4,890.59.

(20) On or about December 13, 2005, individuals identified by initials as O.P. and K.U. signed a Pflueger Acura check #142304 in the amount of \$838.54.

(21) On or about December 20, 2005, individuals identified by initials as O.P. and K.U. signed a Pflueger Acura check #142367 in the amount of \$1,000.

(22) On or about January 5, 2006, Defendant KURATA signed a Pflueger, Inc., check #7136 in the amount of \$4,935.08.

(23) On or about January, 20, 2006, individuals identified by initials as O.P. and K.U. signed a Pflueger Acura check #142828 in the amount of \$1,000.

(24) On or about February 6, 2006, individuals identified by initials as O.P. and J.S. signed a Pflueger Acura check #142963 in the amount of \$1,321.46.

(25) On or about February 28, 2006, individuals identified by initials as O.P. and J.S. signed a Pflueger Acura check #143293 in the amount of \$1,053.13.

(26) On or about June 15, 2006, Defendant ALAN PFLUEGER signed a PAD check #4669 in the amount of \$392.40.

(27) On or about the dates set forth below in tabular form, Defendant KURATA caused to be filed with the I.R.S. the following false U.S. Corporation Income Tax Returns, Form 1120, on behalf of Pflueger, Inc., that, among other things, deducted the personal expenses of Defendants ALAN PFLUEGER, Pflueger family members, and others as business expenses:

	Tax Year	Date Filed
(a)	2003	September 16, 2004
(b)	2004	September 19, 2005
(c)	2005	September 15, 2006
(d)	2006	August 31, 2007

(28) On or about the dates set forth below in tabular form, Defendant ALAN PFLUEGER caused to be filed with the I.R.S. the following false joint U.S. Individual Income Tax Returns, Form 1040, on behalf of Defendant ALAN PFLUEGER, that under-reported Defendant ALAN PFLUEGER's taxable income:

	Tax Year	Date Filed
(a)	2003	October 4, 2004
(b)	2004	October 25, 2005
(c)	2005	October 20, 2006

(29) On or about the dates set forth below in tabular form, Defendant JAMES PFLUEGER caused to be filed with the I.R.S. the following false joint U.S. Individual Income Tax

Returns, Form 1040, and amended joint U.S. Individual Income Tax Return, Form 1040X, on behalf of Defendant JAMES PFLUEGER, that under-reported Defendant JAMES PFLUEGER's taxable income:

	Tax Year	Date Filed
(a)	2003	November 5, 2004
(b)	2004	November 8, 2005
(c)	2005	May 9, 2006
(d)	2006	October 26, 2007
(e)	2006 (amended)	October 19, 2009

In violation of Title 18, United States Code, Section 371.

COUNT 2
Conspiracy to Defraud
18 U.S.C. § 371

The Conspiracy

15. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 2, 4, 9, and 10 above.

16. Beginning on a precise date unknown to the Grand Jury but by at least in or about August of 2007, and continuing thereafter up to and including the date of the return of this Indictment, in the District of Hawaii and elsewhere, Defendants JAMES HENRY PFLUEGER and DENNIS LAWRENCE DUBAN and others known and unknown to the Grand Jury, did unlawfully, voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree together and with each other, and with other individuals

both known and unknown to the Grand Jury, to defraud the United States by deceitful and dishonest means for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the I.R.S. in the ascertainment, computation, assessment, and collection of revenue, to wit: federal income taxes.

Manner and Means

17. The manner and means by which the unlawful object of the conspiracy was sought to be accomplished included, among other things, the following:

(1) In or about August of 2007, Defendants and others known and unknown to the Grand Jury created a Cook Islands trust named Vista Pacifica Trust, which was for the benefit of JAMES PFLUEGER and others.

(2) In or about October of 2007, Defendants and others known and unknown to the Grand Jury opened a bank account for Vista Pacifica Trust, which was located in Switzerland.

(3) In or about November of 2007, Defendants and others known and unknown to the Grand Jury sent proceeds from the sale of a property in California to the Vista Pacifica Trust account located in Switzerland.

(4) For the 2007 calendar year, Defendants and others known and unknown to the Grand Jury prepared and/or filed false tax returns with the I.R.S. that under-reported the gain from the sale of the property in California.

(5) On or about the deadline of July 1, 2008, Defendant JAMES PFLUEGER did not file with the U.S. Department of the Treasury a Report of Foreign Bank and Financial Accounts on Form TD F 90-22.1, disclosing that Defendant JAMES PFLUEGER had a financial interest in, and signature and other authority over, a financial account in a foreign country, namely, a bank account located in Switzerland that had an aggregate value of more than \$10,000 during the year 2007.

Overt Acts

18. In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the District of Hawaii and elsewhere:

(1) On or about November 15, 2007, Defendants caused \$14,000,000 to be transferred from a domestic bank account in the name of JAMES PFLUEGER to a Swiss bank account in the name of Southpac Trust International, Inc., as Trustee of the Vista Pacifica Trust.

(2) On or about May 16, 2008, Defendants JAMES PFLUEGER and DUBAN caused to be filed with the I.R.S. a false 2007 U.S. Trust Return, Form 1041, on behalf of Vista Pacifica Trust, that, among other things, represented to the I.R.S. that Vista Pacifica Trust did not have an interest in, and signature and other authority over, a bank or other financial account located in a foreign country.

(3) On or about October 19, 2009, Defendants JAMES PFLUEGER and DUBAN caused to be filed with the I.R.S. a false 2007 U.S. Partnership Income Return, Form 1065, on behalf of Pflueger Properties, that under-reported the gain from the sale of property in California.

(4) On or about October 19, 2009, Defendants JAMES PFLUEGER and DUBAN caused to be filed with the I.R.S. a false 2007 joint U.S. Individual Income Tax Return, Form 1040, on behalf of Defendant JAMES PFLUEGER, that under-reported Defendant JAMES PFLUEGER's taxable income.

In violation of Title 18, United States Code, Section 371.

COUNT 3

Subscribing to a False Income Tax Return
26 U.S.C. § 7206(1)

19. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 1 through 7 above.

20. On or about September 16, 2004, in the District of Hawaii and elsewhere, Defendant RANDALL KEN KURATA did willfully make and subscribe a false U.S. Corporation Income Tax Return, Form 1120, for Pflueger, Inc., and its subsidiaries for the 2003 tax year, which was verified by a written declaration that the income tax return was made under penalties of perjury and was filed with the I.R.S., and which Defendant KURATA did not believe to be true and correct as to every material matter, in that the

return reported total deductions in the amount of \$24,300,187, whereas, as Defendant KURATA then and there well knew and believed, Pflueger, Inc., and its subsidiaries, were not entitled to deduct personal expenses of Defendant ALAN PFLUEGER and others.

In violation of Title 26, United States Code, Section 7206(1).

COUNTS 4 - 6

Subscribing to a False Income Tax Return
26 U.S.C. § 7206(1)

21. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 1 through 8 above.

22. On or about the dates set forth below in tabular form, within the District of Hawaii and elsewhere, Defendant CHARLES ALAN PFLUEGER, did willfully make and subscribe false U.S. Individual Income Tax Returns, Form 1040, for the tax years set forth below, which were verified by a written declaration that the income tax returns were made under penalties of perjury and were filed with the I.R.S., and which Defendant ALAN PFLUEGER did not believe to be true and correct as to every material matter, in that each U.S. Individual Income Tax Return reported total income in the amounts set forth below, whereas Defendant ALAN PFLUEGER then and there well knew and believed that he received substantial income in addition to the total income reported:

Count	Tax Year	Date Filed	False Line Item	Amount Reported
4	2003	10/4/04	Line 22: Total Income	\$198,213
5	2004	10/25/05	Line 22: Total Income	\$241,114
6	2005	10/20/06	Line 22: Total Income	\$695,724

In violation of Title 26, United States Code, Section 7206(1).

COUNTS 7 and 8

Aiding the Preparation of a False Income Tax Return
26 U.S.C. § 7206(2)

23. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 1 through 8 above.

24. On or about the dates set forth below in tabular form, within the District of Hawaii and elsewhere, Defendant DENNIS LAWRENCE DUBAN, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the I.R.S. of false joint U.S. Individual Income Tax Returns, Form 1040, of Charles Alan Pflueger for the tax years set forth below, which Defendant DUBAN did not believe to be true and correct as to every material matter, in that each U.S. Individual Income Tax Return reported total income in the amounts set forth below, whereas Defendant DUBAN then and there well knew and believed that Defendant ALAN PFLUEGER received substantial income in addition to the total income reported:

Count	Tax Year	Date Filed	False Line Item	Amount Reported
7	2004	10/25/05	Line 22: Total Income	\$241,114
8	2005	10/20/06	Line 22: Total Income	\$695,724

In violation of Title 26, United States Code, Section 7206(2).

COUNTS 9 and 10
Subscribing to a False Income Tax Return
26 U.S.C. § 7206(1)

25. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 1 through 4, 6, 9, and 10 above.

26. On or about the dates set forth below in tabular form, within the District of Hawaii and elsewhere, Defendant JAMES HENRY PFLUEGER did willfully make and subscribe false joint U.S. Individual Income Tax Returns, Form 1040, for the tax years set forth below, which were verified by a written declaration that the income tax returns were made under penalties of perjury and were filed with the I.R.S., and which Defendant JAMES PFLUEGER did not believe to be true and correct as to every material matter, in that each U.S. Individual Income Tax Return reported total income in the amounts set forth below, whereas Defendant JAMES PFLUEGER then and there well knew and believed that he received income in addition to the total income reported:

Count	Tax Year	Date Filed	False Line Item	Amount Reported
9	2004	11/5/05	Line 22: Total Income	\$707,871
10	2007	10/19/09	Line 22: Total Income	\$4,847,691

In violation of Title 26, United States Code, Section 7206(1).

COUNT 11

Aiding the Preparation of a False Income Tax Return
26 U.S.C. § 7206(2)

27. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 1, 2, 4, 9, and 10 above.

28. On or about October 19, 2009, within the District of Hawaii and elsewhere, Defendant DENNIS LAWRENCE DUBAN did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the I.R.S. of a false joint U.S. Individual Income Tax Return, Form 1040, of James Henry Pflueger for the calendar year 2007, which Defendant DUBAN did not believe to be true and correct as to every material matter, in that the U.S. Individual Income Tax Return reported total income in the amount of \$4,847,691, whereas Defendant DUBAN then and there well knew and believed that Defendant JAMES PFLUEGER received income in addition to the total income reported.

In violation of Title 26, United States Code, Section 7206(2).

COUNTS 12 and 13
 Subscribing to a False Income Tax Return
 26 U.S.C. § 7206(1)

29. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 1 through 3, and 5 through 7 above.

30. On or about the dates set forth below in tabular form, within the District of Hawaii and elsewhere, Defendant JULIE ANN KAM did willfully make and subscribe false U.S. Individual Income Tax Returns, Form 1040, for the tax years set forth below, which were verified by a written declaration that the income tax returns were made under penalties of perjury and were filed with the I.R.S., and which Defendant KAM did not believe to be true and correct as to every material matter, in that each U.S. Individual Income Tax Return reported total income in the amounts set forth below, whereas Defendant KAM then and there well knew and believed that she received income in addition to the total income reported:

Count	Tax Year	Date Filed	False Line Item	Amount Reported
12	2004	4/15/05	Line 22: Total Income	\$43,401
13	2005	4/15/06	Line 22: Total Income	\$47,398

In violation of Title 26, United States Code, Section 7206(1).

COUNT 14

Failure to File Report of Foreign Bank and Financial Account
31 U.S.C. §§ 5314 and 5322(a)
31 C.F.R. §§ 103.24 and 103.27(c) & (d)

31. The Grand Jury re-alleges and incorporates the Introductory Allegations contained in paragraphs 2, 4, 9, and 10 above.

32. On or about July 1, 2008, Defendant JAMES HENRY PFLUEGER, within the District of Hawaii and elsewhere, willfully did not file with the U.S. Department of the Treasury a Report of Foreign Bank and Financial Accounts, Form TD F 90-22.1, disclosing that during 2007, Defendant JAMES PFLUEGER had a financial interest in, and signature and other authority over, a financial account in a foreign country, namely, a bank account located in Switzerland that had an aggregate value of more than \$10,000.

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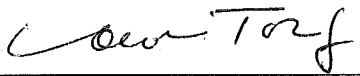
In violation of Title 31, United States Code, Sections 5314 and 5322(b) and 31 Code of Federal Regulations, Sections 103.24 and 103.27(c) and (d).


DATED: September 15, 2010, at Honolulu, Hawaii.

A TRUE BILL

/s/ Foreperson
FOREPERSON, GRAND JURY

FLORENCE T. NAKAKUNI
United States Attorney
District of Hawaii


LESLIE E. OSBORNE, JR.
Chief, Fraud & Financial Crimes
LAWRENCE L. TONG
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