



DEPARTMENT OF TAXATION

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FOR IMMEDIATE RELEASE
April 30, 2019

Nine Oahu Businesses Pleaded Guilty to Tax Violations

HONOLULU – On April 29, 2019, Carroll K. Ung Restaurants Group, Inc., Fatboy's Keeaumoku, LLC, Fatboy's Koko Marina, LLC, Fatboy's Kailua, LLC, Fatboy's Pali Golf Course, LLC, Fatboy's Ala Wai Inc., Fatboy's Group Inc., Madison Street Investments, LLC, and Blue Tulip Hospitality Group, Inc., pleaded guilty in the First Circuit Court to nine separate criminal complaints involving 57 counts of tax violations including: 14 counts of violating Section 231-35, Hawaii Revised Statutes (HRS) for failure to file general excise tax returns or supply information, 12 counts of violating Section 231-36.4, HRS for failure to collect and pay over withholding taxes, and 31 counts of violating Section 231-36, HRS for making false and fraudulent statements.

On the same date, Carroll K. Ung, a corporate officer for the four corporations and a member of the five limited liability companies mentioned above, pleaded guilty to 57 counts of tax violations including: 14 counts of violating Section 231-35, HRS for failure to file general excise tax returns or supply information, 12 counts of violating Section 231-36.4, HRS for failure to collect and pay over withholding taxes, and 31 counts of violating Section 231-36, HRS for making false and fraudulent statements.

At the time of sentencing, each of the nine businesses face a fine of not more than \$100,000 per count for charges related to the failure to file and a fine of not more than \$500,000 per count for charges related to the failure to collect and pay over withholding taxes and for charges related to making false and fraudulent statements.

Ung also faces imprisonment at the time of sentencing. Ung faces imprisonment of not more than five years, or probation and a fine of not more than \$100,000 per count for charges related to making false and fraudulent statements, imprisonment of not more than three years, or probation and a fine of not more than \$100,000 per count for charges related to the failure to collect and pay over withholding taxes, and imprisonment of not more than one year, or probation and a fine of not more than \$25,000 per count for charges related to failure to file general excise tax returns at the time of sentencing.

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Sentencing is scheduled on September 11, 2019 at 8:30 a.m. at the First Circuit Court.

As part of the plea agreement, Ung paid \$20,000 at the change of plea hearing on April 29, 2019 and will make an additional \$138,000 payment at the time of sentencing. Ung and his businesses also agreed to pay the State of Hawaii Department of Taxation \$474,626.80 in restitution for the various tax charges.

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