



# Department of Justice

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## **HONOLULU FIREARMS BUSINESS OWNER SENTENCED TO 51 MONTHS IN PRISON FOR FEDERAL TAX OFFENSES**

WASHINGTON – Arthur Lee Ong of Honolulu was sentenced Tuesday to 51 months in prison and ordered to pay \$1 million in restitution to the Internal Revenue Service (IRS) by District Court Judge Leslie Kobayashi today, the Justice Department and IRS announced today. On Nov. 7, 2001, a federal jury in Honolulu convicted Ong of conspiracy to defraud the United States and six counts of tax evasion.

According to evidence introduced at trial, Ong, the owner and operator of Thunder Bug Inc., doing business in the state of Hawaii as Magnum Firearms, failed to report to the IRS millions of dollars of income he earned from the sale of firearms and related products to federal, state, county and military agencies, as well as to the general public. Ong, with the assistance of a Hawaiian attorney, created multiple sham trusts in 1990 for the purpose of hiding his income and assets. He stopped filing personal income tax returns beginning in 1994 and also filed false tax returns on behalf of the sham trusts that fraudulently reported to the IRS that the income from his businesses was attributable to these trusts and not to him.

The evidence at trial showed that Ong evaded more than \$600,000 in federal income taxes from 2000 to 2006. In sentencing Ong, Judge Kobayashi found that Ong had attempted to evade more than \$973,300 in federal and state income taxes from 1994 to 2009.

“There are some responsibilities that come with living in this great country, such as paying the federal income taxes that you legally owe,” said Kenneth J. Hines, the IRS Special Agent in Charge in Hawaii. “With Tax Day right around the corner, this sentence sends a clear warning to anyone contemplating a tax crime.”

The case resulted from an investigation by IRS - Criminal Investigation and was prosecuted by Trial Attorneys Timothy J. Stockwell and Todd P. Kostyshak of the Justice Department’s Tax Division.

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