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CLERK US DISTRICT COURT
DISTRICT OF NEVADA

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IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF NEVADA

UNITED STATES, Plaintiff, v. IRWIN SCHIFF, CYNTHIA NEUN, and LAWRENCE N. COHEN a/k/a LARRY COHEN, individually and all doing business as FREEDOM BOOKS, www.livetaxfree.com, www.paynoincometax.com, and www.ischiff.com, Defendants.	)	CV-S-03-0281-LDG-RJJ

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF

Plaintiff, the United States of America, states as follows for its complaint against the defendants Irwin Schiff, Cynthia Neun, and Lawrence N. Cohen, a/k/a Larry Cohen, individually

and doing business as Freedom Books, www.livetaxfree.com, www.paynoincometax.com, and www.ischiff.com.

Nature of Action

1. This suit is brought to restrain and enjoin the defendants under 26 U.S.C. ("I.R.C.") §§ 7402 and 7408 from:

a. Engaging in activity subject to penalty under I.R.C. § 6700, including organizing or selling a plan or arrangement and making a statement regarding the excludibility of income or any other tax benefit by participating in the plan that they know or have reason to know is false or fraudulent as to any material matter;

b. Engaging in activity subject to penalty under I.R.C. § 6701, including preparing and/or assisting in the preparation of a document related to a matter material to the internal revenue laws that includes a position that they know would result in an understatement of tax liability;

c. Advocating, through for-sale videotapes, audiotapes, seminars and consultations, the false and frivolous position that paying federal income taxes is voluntary;

d. Inciting, advising, and assisting others to violate the tax laws, including to evade payment of taxes; and

e. Engaging in other activity that hinders the enforcement of internal revenue laws, including instructing and assisting others to file frivolous lawsuits, and to disrupt and impede IRS audits.

2. This suit is also brought to restrain and enjoin the defendants under I.R.C. § 7407 from acting as federal-income-tax-return preparers and from preparing any federal-income-tax returns, and from:

a. Engaging in activity subject to penalty under I.R.C. § 6694, including understating taxpayers' liabilities;

b. Engaging in activity subject to penalty under I.R.C. § 6695, including failing to list a tax identification number or to sign tax returns for which he or she is a paid tax-return preparer; and

c. Engaging in any other activity subject to injunction or penalty under I.R.C. §§ 7407, 6694 or 6695, including fraudulent or deceptive conduct which substantially interferes with the proper administration of the internal revenue laws.

Jurisdiction and Venue

3. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and I.R.C. §§ 7402(a), 7407, and 7408.

4. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391 and 1396.

Authorization

5. This action has been authorized and requested by the Chief Counsel of the IRS, a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General, pursuant to the provisions of I.R.C. §§ 7402, 7407, and 7408.

Defendants

6. Irwin Schiff does business in his own name and as Freedom Books, an unincorporated business entity with an office at 444 East Sahara, Las Vegas, Nevada 89104. On information and belief, Schiff resides in or around Las Vegas, Nevada. Schiff also does business on the Internet through three websites, www.livetaxfree.com, www.paynoincometax.com, and www.ischiff.com.

7. Cynthia Neun does business in her own name and as Freedom Books, an unincorporated business entity with an office at 444 East Sahara, Las Vegas, Nevada 89104. On information and belief, Neun resides in or around Las Vegas, Nevada. Neun also does business on the Internet through three websites, www.livetaxfree.com, www.paynoincometax.com and www.ischiff.com.

8. Lawrence N. Cohen a/k/a Larry Cohen does business in his own name and as Freedom Books, an unincorporated business entity with an office at 444 East Sahara, Las Vegas, Nevada 89104. On information and belief, Cohen resides in or around Las Vegas, Nevada. As an

employee or associate of Freedom Books, Cohen also does business on the Internet through three websites, www.livetaxfree.com, www.paynoincometax.com and www.ischiff.com.

Defendants' Activities

Schiff's Background

8. Schiff prepares, promotes, and markets improper tax-avoidance schemes purporting to exempt his customers from federal income taxation and advising them how to frustrate the Government's attempts to ascertain customers' taxable income, assess taxes, and collect against assets. Schiff has promoted abusive tax schemes since at least the late 1970's. Schiff's tax schemes, including his latest zero-income scheme, have all falsely asserted that payment of federal income taxes is voluntary and that any governmental efforts to collect income taxes are illegal.

9. Schiff has admitted that he has not made any voluntary federal-income-tax payments since 1973, despite receiving substantial income generated by his books, seminars, and tape sales from at least 1973 to the present.

10. Schiff was twice convicted of tax-related crimes. Schiff was convicted of willfully failing to file tax returns for 1974 and 1975. *See United States v. Schiff*, 647 F.2d. 163 (2d Cir.) (affirming conviction without opinion), *cert. denied*, 454 U.S. 835 (1981). Schiff was also convicted of attempted tax evasion for 1980 through 1982 and for failing to file a corporate income tax return for 1981. *See United States v. Schiff*, 801 F.2d 108 (2d Cir. 1986), *cert. denied*, 480 U.S. 945 (1987).

11. Schiff's income-tax theories have been rejected in numerous civil suits involving Schiff's nonpayment of taxes in Tax Court and federal district and appellate courts. Schiff's

theories have been rejected every time, and courts have imposed against him sanctions of up to $25,000 for repeatedly raising frivolous arguments.

12. At least five convicted tax criminals are Schiff adherents who have attributed their decisions to stop paying taxes or to file false tax returns to Schiff's frivolous tax theories.

Neun's Background

13. Cynthia Neun claims that she has been assisting and working with Schiff since at least 1999.

14. Neun assists Schiff in selling and promoting his tax schemes and in the process Neun makes numerous false and fraudulent statements about the excludibility of income from taxation. Neun also acts as an unenrolled tax return preparer and attends IRS audits and appeals hearings with taxpayers, at which she asserts frivolous tax theories and impedes enforcement of the internal revenue laws.

Cohen's Background

15. Cohen acts as a paid tax-return preparer and sells Schiff's materials as an employee or associate at Freedom Books. Cohen has been working at Freedom Books since at least January, 2002.

Schiff, Neun, and Cohen's current tax schemes

16. The first major aspect of Schiff's schemes is charging others for false and fraudulent tax advice and tax-scam products and inciting and assisting customers to file fraudulent "zero income" tax returns. Neun claims that Schiff has "over a million students following his research" and that "there are very wealthy people involved in this movement."

17. Schiff has appeared on local and national radio and television programs to promote his books, seminars, tapes, and consulting services, which are designed to show people how to evade assessment and collection of federal income taxes. Schiff's book *The Federal Mafia* provides instructions on how to file a Schiff-style "zero return" and advertises Schiff's other, more expensive, services. Schiff counsels his customers to attach a Schiff-drafted, two-page explanation to the "zero income" returns. This two–page attachment contains case law citations and other statements that purportedly support Schiff's "zero income" strategy. The IRS has identified Schiff's customers by locating frivolous "zero income" returns that also contain this standard two-page attachment.

18. Schiff hosts a weekly infomercial on a local Las Vegas radio station, during which he dispenses his fallacious tax advice and promotes his tax-scheme materials and services. Neun frequently appears on the radio show with Schiff, and she occasionally hosts the show when Schiff is unavailable. During Neun's appearances on the show, she dispenses similar fallacious tax advice and promotes Schiff's tax-scheme materials and services.

19. Schiff and Neun's websites list their tax-scam products, including Schiff's books, tapes, and tax-scam packages. In *The Federal Mafia*, Schiff falsely advises that:

- Filing tax returns and paying income taxes are "purely VOLUNTARY!"; and
- Unless one self-assesses taxes (through filing a Form 1040 showing taxes due), the Government has "no statutory authority to make such an income tax assessment on its own initiative."

20. *The Federal Mafia* is used to lure customers into purchasing Schiff's more expensive products and services. As a supplement to *The Federal Mafia*, Schiff and Neun offer an $80 "Introductory Package," which includes a 5 ½ hour audio seminar. Promotional materials falsely

claim: "Listen to the tapes with the support of the book and you can be tax-free by your next pay period." A $250 video package comes with supporting documents and a 3 ½ hour video seminar, all containing false and fraudulent statements about federal tax laws.

21. Schiff and Neun's false tax-related statements from their websites, tapes, radio appearance, e-mail messages, and tax-scam packages include the following:

- "No one is going to prison or even being charged criminally";
- "As far as losing homes is concerned, the government now needs a court order for that, which they never attempt to get";
- "The Federal Income 'Tax' is voluntary";
- Schiff can show customers how to "Stop Paying Income 'Taxes' Forever";
- "[T]here's no law requiring Americans to pay income taxes";
- There is no law requiring Americans to "keep books and records for income tax purposes";
- "IRS agents have as much authority to audit you, as you have to audit them";
- "IRS agents are not authorized to file liens, let alone seize property in payment of income taxes";
- "It doesn't matter if you earned millions in salaries, fees, commissions, gambling and lottery winnings, etc., and additional millions in stock and other kinds of trading profits. For income tax purposes, you can legally report 'zero' income and pay no income taxes regardless of how much you might have earned."

22. Schiff also offers one-on-one tax advice, charging $300 per hour for his "expert" consultations. Neun also offers her "advocacy" service and advice, charging $100 to appear on behalf of customers at IRS hearings and meetings. Through paid and unpaid consultations, Schiff and Neun, personally and through their employees such as Cohen at Freedom Books, directly assist and incite customers to evade taxes and to file false documents with the IRS.

23. Schiff also is a paid return preparer who has continually and repeatedly prepared fraudulent federal income tax returns. In one fraudulent "zero income" tax return identified by the IRS, Schiff signed as a "paid return preparer." In that 1999 tax return, received by the IRS on May 16, 2000, a Las Vegas physician claimed that he had received zero income and requested a refund of $37,733 of taxes withheld as reported on Forms W-2 and 1099. The IRS identified the return as frivolous and did not issue a refund. Schiff also admitted to preparing "zero income" amended tax returns for the defendant in *United States v. Dentice,* 202 F.3d 279, 1999 WL 1038003 (9th Cir. 1999).

24. In his February 13, 2003 radio program Schiff admitted that he and his Freedom Book employees or associates prepare and assist in the preparation of zero-income tax returns for his customers.

25. Cohen is a Freedom Books employee and/or is associated with Schiff and Neun. Cohen has admitted to repeatedly and continually preparing fraudulent Schiff-style federal income tax returns. On undercover tapes made on January 1, 2002, May 9, 2002, and May 10, 2002 at the Freedom Books store at 444 West Sahara in Las Vegas, Nevada, Cohen admitted to preparing a Schiff-style tax return for an IRS undercover agent. Cohen also admitted that he prepared and sent "zero income" returns to the IRS without attaching Schiff's two-page explanation for other customers. Cohen refused to sign the fraudulent return that he prepared for the undercover agent, claiming that he was not an enrolled agent and therefore falsely claiming that he could not sign the return. Since Cohen fails to sign the returns that he prepares and fails to list his tax identification number on those returns, the IRS cannot estimate the number of Cohen-prepared fraudulent returns

it has received. In addition, Cohen also offered to sell Schiff's tax-scam materials, which contain false tax-related statements, to the undercover agents.

26. Neun has continually and repeatedly prepared fraudulent federal income tax returns as a paid return preparer, including Schiff's 1996 through 2001 tax returns. All of the identified Neun-prepared returns include the frivolous two-page Schiff attachment and falsely claim zero income and zero tax due. On some tax returns, Neun fails to sign her name as a paid return preparer. On other tax returns, Neun signed as a paid return preparer but failed to include her tax identification number. Neun has also misrepresented her ability to practice before the IRS. Neun has claimed that she can act as an "advocate" for customers when in fact she cannot advocate for any customers other than those for whom she prepared and signed the tax returns at issue. In a February 27, 2003 e-mail message, Neun claimed to have attended approximately 200 IRS hearings on behalf of her customers.

27. In addition to inciting and assisting their customers to prepare false tax returns and selling products designed to show others how to evade taxes, Schiff and Neun incite and assist their customers to file false IRS W-4 Forms with their employers. Through this "W-4 package," Schiff and Neun improperly attempt to persuade employers to cease withholding taxes from wages. Based on Schiff's and Neun's advice, the customers file W-4 forms claiming that they owe no taxes. Some employers have erroneously accepted these forms as valid and stopped withholding taxes.

28. The second major aspect of the Schiff-Neun tax-evasion program is the sale of packages that teach customers how to obstruct the IRS, waste valuable IRS resources, and file frivolous lawsuits that clog the Tax Court and federal district courts and waste IRS Counsel and

Department of Justice attorneys' time. For example, Schiff and Neun's "Series 5, 6, and 7" audio tape reports purportedly include instructions dealing with collection due process hearings, liens, levies, suing IRS agents personally, and filing refund suits. One of their websites describes the "liens and levy packet" and falsely states: "By law, IRS agents have no authority to seize property or in payment of income taxes. They are actually barred by both Federal law and state law from doing so. However they illegally seize property all the time from an unsuspecting and cowed public." Schiff and Neun charge between $45 and $200 for each audio tape "Series." Schiff and Neun also bundle products in packages that include different combinations of books, tapes, and documents.

29. The obstructionist tactics that Schiff and Neun (neither of whom is a lawyer or CPA) and their associated employees and entities (including Cohen) direct, sell, and promote include:

a. "Fill in the blank" letters to respond to IRS correspondence, which repeat Schiff's frivolous arguments and generate additional work for IRS employees.

b. Requesting 26 U.S.C. § 6330 collection due process ("CDP") hearings solely to delay collection;

c. Raising frivolous arguments at the CDP hearing;

d. "Fill in the blank" legal pleadings so customers can file frivolous federal lawsuits, alleging that the IRS conducted inappropriate CDP hearings (most of which relate to collecting frivolous-filing penalties imposed because the customer filed Schiff's "zero income" tax return); and

e. Pursuing baseless appeals in the Tax Court to contest frivolous-return penalties imposed for filing Schiff's "zero income" tax return, in the process asserting additional frivolous arguments that are contained in Schiff's materials (the Tax Court has imposed sanctions up to $25,000 against Schiff's customers for asserting Schiff's frivolous arguments).

30. Schiff's customers use Schiff and Neun-prepared legal pleadings to file frivolous CDP and other tax-related complaints in federal courts throughout the United States, primarily in the District of Nevada. In at least two cases, this Court has imposed sanctions on taxpayers who used Schiff-prepared materials and advanced Schiff's arguments.

31. Because Schiff and Neun do not sign all of the returns that they prepare or assist in preparing and do not provide their tax identification number on all of the tax returns, the IRS cannot accurately identify all of their customers. However, the IRS has identified at least 3100 taxpayers who filed "zero income" tax returns and attached Schiff's frivolous two-page explanation. Because some of Schiff's customers may be non-filers and at least one of Schiff's employees has been preparing "zero income" returns without attaching the explanation, the 3100-person estimate does not account for all of Schiff's customers.

32. The IRS estimates that, based on a random sampling of Schiff's 3100 identified customers, the total amount of taxes that Schiff's customers have evaded or attempted to evade is $ 56,000,000 for tax years 1999 through 2001. Because Schiff has been selling his tax schemes since at least 1994, the total amount of taxes that Schiff's customers have evaded or attempted to evade likely is much higher.

33. Approximately one half of Schiff's 3100 customers live in Nevada. In the Las Vegas IRS office alone, the IRS estimates that Schiff's customers' use of Schiff's frivolous theories has consumed approximately seven employees' worth of time in each of the past two years. In the Las Vegas IRS's Appeals Division alone, work time for four of the six employees has been consumed by handling Schiff's customers's cases in 2001 and 2002. The IRS Associate Chief Counsel's Office has devoted approximately one of its six Las Vegas attorneys per year in the past two years

to deal with Schiff-inspired and -directed frivolous Tax Court cases. In the Department of Justice's Tax Division, trial attorneys in the Western Trial Section, which includes Nevada and 11 other states, have spent over 1000 hours on Schiff-driven frivolous CDP cases in the past two years. These calculations do not account for the judicial resources expended at the Tax Court and federal district courts.

Count I:

Injunction under I.R.C. § 7408 for Violation of I.R.C. §§ 6700 and 6701.

34. The United States incorporates by reference the allegations in paragraphs 1 through 33.

35. I.R.C. § 7408 authorizes a court to enjoin persons who have engaged in any conduct subject to penalty under I.R.C. § 6700 or § 6701 if the court finds that injunctive relief is appropriate to prevent the recurrence of such conduct.

36. I.R.C. § 6700 penalizes any person who organizes or sells a plan or arrangement and makes, in connection with organizing or selling the plan or arrangement, a statement regarding the excludibility of income or securing of other tax benefit that the person knows or has reason to know is false or fraudulent as to any material matter.

37. I.R.C. § 6701 imposes a penalty on any person who prepares or assists in the preparation of a return, affidavit, or other document that the person knows or has reason to believe will be used in connection with any material matter arising under the internal revenue laws, and that the person knows would result in an understatement of tax liability.

38. Defendants Schiff, Neun, and Cohen organize and sell abusive tax schemes. In organizing and selling their abusive tax schemes, defendants make false or fraudulent statements regarding the excludibility of income from taxation. Defendants know or have reason to know that

their programs and program materials contain false or fraudulent statements within the meaning of I.R.C. § 6700.

39. Defendants Schiff, Neun, and Cohen prepare or assist in preparing returns, letters, and other documents that they know or have reason to believe would be used in connection with material matters arising under the internal revenue laws. Defendants know that the returns, letters, and other documents will result in understatements of their customers' tax liabilities.

40. If they are not enjoined, defendants are likely to continue to organize and sell their abusive tax schemes and to prepare returns understating their customers' tax liabilities.

Count II:

Return-preparer injunction under I.R.C. § 7407 for violating I.R.C. §§ 6694 and 6695.

41. The United States incorporates by reference the allegations in paragraphs 1 through 33.

42. I.R.C. § 7407 authorizes a court to enjoin a person from acting as an income-tax-return preparer if that person has continually or repeatedly:

a. engaged in conduct subject to penalty under I.R.C. § 6694, which penalizes a return preparer who prepares or submits a return that contains an unrealistic position, or I.R.C. § 6695, which penalizes a return preparer who fails to sign returns, include a tax identification number, keep a list of clients, or turn over the client list to the IRS upon request,

b. misrepresented her eligibility to practice before the IRS, or otherwise misrepresented her experience or education as an income tax return preparer,

c. guaranteed the payment of any tax refund or allowance of any tax credit, or

d. engaged in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws,

and the court finds that a narrower injunction (*i.e.*, one prohibiting only that specific conduct) would not be sufficient to prevent the return-preparer's interference with the proper administration of the internal revenue laws.

43. Schiff, Neun, and Cohen have prepared and assisted or directed others to prepare numerous federal income tax returns (IRS Forms 1040) and amended federal income tax returns (IRS Forms 1040X) for others asserting Schiff's false and fraudulent "zero income" position. That position falsely asserts that their customers have no taxable income and are therefore not liable for federal income tax, because paying income taxes is voluntary and there is "no law" that requires anyone to pay income taxes. Preparing federal income tax returns containing this unrealistic and frivolous position subjects defendants to penalty under I.R.C. § 6694.

44. Schiff, Neun, and Cohen have failed to include their signatures and tax identification numbers on some of the federal income tax returns and amended federal income tax returns that they prepared for customers. Their failure to do subjects them to penalty under I.R.C. § 6695. Since the IRS uses the tax identification number to track return preparers, Schiff's, Neun's, and Cohen's failure to provide their numbers impedes the IRS's ability to detect all of the fraudulent Schiff-style returns filed with the IRS.

45. Schiff, Neun, and Cohen have repeatedly and continually engaged in conduct subject to penalty under I.R.C. §§ 6694 and 6695. If Schiff, Neun, and Cohen are not enjoined under I.R.C. § 7407 from preparing or assisting in the preparation of others' tax returns and from misrepresenting their ability to represent taxpayers before the IRS, they are likely to continue interfering with the proper administration of internal revenue laws.

Count III:

Injunction under I.R.C. § 7402 for Unlawful Interference with Enforcement of the Internal Revenue Laws and Appropriateness of Injunctive Relief.

46. The United States incorporates by reference the allegations in paragraphs 1 through 33.

47. I.R.C. § 7402 authorizes a court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

48. Defendants Schiff, Neun, and Cohen through the actions described above, have engaged in conduct that interferes substantially with the administration and enforcement of the internal revenue laws.

49. Defendants' conduct results in irreparable harm to the United States. Defendants' conduct is causing and will continue to cause substantial revenue losses to the United States Treasury, much of which may be unrecoverable.

50. Unless defendants are enjoined, the IRS will have to devote substantial time and resources auditing all of their customers. The burden of pursuing individual customers may be an insurmountable obstacle, given the IRS's limited resources.

51. If defendants are not enjoined from giving paid tax advice, inciting others to imminently violate the law, and assisting others to commit crimes, including tax evasion, they are likely to continue to engage in conduct that obstructs and interferes with the enforcement of the internal revenue laws.

WHEREFORE, plaintiff, the United States of America, respectfully prays for the following:

A. That the Court find that Schiff, Neun, and Cohen, individually and doing business as Freedom Books, www.livetaxfree.com, www.paynoincometax.com, and www.ischiff.com, engaged in conduct subject to penalty under I.R.C. §§ 6700 and 6701, and that injunctive relief under I.R.C. § 7408 is appropriate to prevent a recurrence of that conduct;

B. That the Court find that Schiff, Neun, and Cohen continually and repeatedly engaged in conduct subject to penalty under I.R.C. §§ 6694 and 6695, and that injunctive relief, including permanently barring Schiff, Neun, and Cohen from acting as return preparers and preparing returns for others, under I.R.C. § 7407, is appropriate to prevent the recurrence of that conduct;

C. That the Court find that Schiff, Neun, and Cohen have engaged in conduct obstructing and interfering with the enforcement of the internal revenue laws, including inciting others to imminently violate the law and assisting others to commit crimes, and that injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to the Court's inherent equity powers and under I.R.C. § 7402(a);

D. That this Court, pursuant to I.R.C. §§ 7402 and 7408, enter a permanent injunction prohibiting the defendants, individually and doing business as Freedom Books and through www.livetaxfree.com, www.paynoincometax.com, and www.ischiff.com and through any other name or entity, and their representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with them, from directly or indirectly:

(1) Engaging in activity subject to penalty under I.R.C. § 6700, including organizing or selling a plan or arrangement and making a statement regarding the excludibility of

income that they know or have reason to know is false or fraudulent as to any material matter;

(2) Engaging in activity subject to penalty under I.R.C. § 6701, including preparing and/or assisting in the preparation of a document related to a matter material to the internal revenue laws that includes a position that they know will result in an understatement of tax liability;

(3) Advocating, through for-sale videotapes, audiotapes, seminars, and consultations, the false and frivolous position that paying federal income taxes is voluntary;

(4) Inciting others to violate the tax laws, including to evade payment of taxes;

(5) Assisting others to violate the tax laws, including to evade payment of taxes; and

(6) Engaging in other activity that hinders the enforcement of internal revenue laws, including instructing and assisting others to file frivolous lawsuits, and to disrupt and impede IRS audits;

E. That the Court, under I.R.C. § 7407, enter a permanent injunction prohibiting Schiff, Neun, and Cohen, and their representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with them, from preparing or assisting in the preparation of federal income tax returns and from directly or indirectly:

(1) Further engaging in any conduct subject to penalty under I.R.C. § 6694, *i.e.*, preparing any part of a return or claim for refund that includes an unrealistic position;

(2) Further engaging in any conduct subject to penalty under I.R.C. § 6695, *i.e.*, failing to sign and furnish an identifying number on tax returns that she prepares; and

(3) Further engaging in any other activity subject to injunction or penalty under I.R.C. §§ 7407, 6694 or 6695, including fraudulent or deceptive conduct which substantially interferes with the proper administration of the internal revenue laws;

F. That this Court, pursuant to I.R.C. § 7402(a), enjoin Schiff, Neun, and Cohen from interfering with the enforcement of the internal revenue laws. The injunction should include provisions barring Schiff, Neun, and Cohen from representing customers before the IRS, holding

tax-related seminars for compensation, giving tax advice or providing tax services for compensation, or otherwise inciting or assisting others to violate the internal revenue laws.

G. That this Court, pursuant to I.R.C. §§ 7402, 7407, and 7408, enter an injunction requiring defendants to contact by mail (and also by e-mail, if an address is known) all individuals who have purchased their abusive tax plans, arrangements, programs, or tax-return-preparation services, and inform those individuals of the Court's findings concerning the falsity of defendants' prior representations and attach a copy of the permanent injunction against the defendants and their associates and related entities;

H. That this Court, pursuant to I.R.C. §§ 7402, 7407, and 7408, enter an injunction requiring defendants to produce to the United States any records in their possession or to which they have access, identifying the persons who have purchased their abusive tax plans, arrangements, or programs (purchased either directly from them or from their associates or related entities);

I. That this Court, pursuant to I.R.C. §§ 7402 and 7408, enter an injunction requiring defendants and their representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with them, to remove from their websites all abusive tax scheme promotional materials, false commercial speech, and materials designed to incite others imminently to violate the law (including tax laws), to display prominently on the first page of those websites a complete copy of the Court's permanent injunction, and to maintain the websites for one year with a complete copy of the Court's permanent injunction so displayed throughout that time;

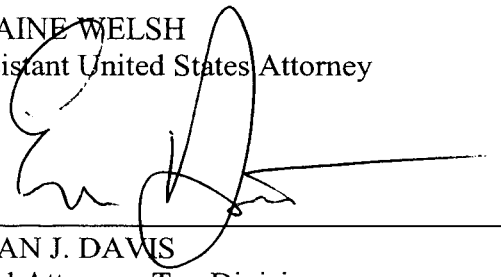
J. That this Court order that the United States is permitted to engage in post-judgment discovery to ensure compliance with the permanent injunction; and

K. That this Court grant the United States such other relief, including costs, as is just and equitable.

Respectfully submitted,

DANIEL G. BOGDEN
United States Attorney

BLAINE WELSH
Assistant United States Attorney



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