IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF NEVADA

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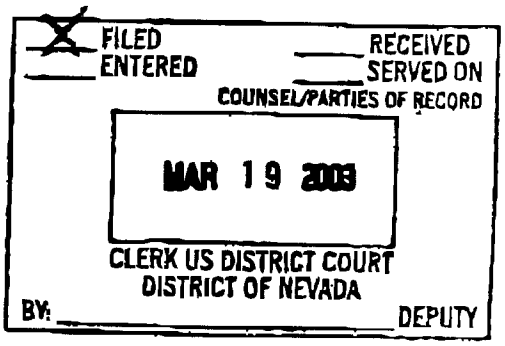
| UNITED STATES,<br><br>Plaintiff,<br><br>v.<br><br>IRWIN SCHIFF, CYNTHIA NEUN, and LAWRENCE N. COHEN a/k/a LARRY COHEN, individually and all doing business as FREEDOM BOOKS, www.livetaxfree.com, www.paynoincometax.com, and www.ischiff.com,<br><br>Defendants. | ) | Civil No. CV-S-03-0281-LDG-RJJ |




**TEMPORARY RESTRAINING ORDER**

Upon motion by Plaintiff, the United States of America, the Court enters this temporary restraining order. This order shall remain in effect until further notice from the Court.

**Standards for Temporary Restraining Order**

In order to obtain a temporary restraining order after notice and a hearing, the Court uses the standards for preliminary injunctions. To obtain a preliminary injunction pursuant to 26 U.S.C. §§ 7407 and 7408, the United States must show that (1) defendants either engaged in conduct subject to penalty under 26 U.S.C. §§ 6694 or 6695, or engaged in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws; or (2) defendants engaged in conduct subject to penalty under §§ 6700 or 6701; and (3) injunctive relief is appropriate to prevent the recurrence of such conduct.

In order to obtain a preliminary injunction under 26 U.S.C. § 7402, the United States must show that a preliminary injunction is necessary or appropriate for the enforcement of the

internal revenue laws and that the following two factors weigh in favor of granting a preliminary injunction against the defendants: (1) that the Government has a high likelihood of success on the merits; and (2) that the equities weigh in favor of granting the temporary relief.

Based on the evidence presented by the United States and the defendants, the Court finds that Irwin Schiff, Cynthia Neun, and Lawrence N. Cohen, individually and all doing business as Freedom Books, www.paynoincometax.com, and www.ischiff.com, are engaging in conduct subject to penalty under 26 U.S.C. §§ 6694, 6695, 6700, and 6701. Accordingly, the court finds that Schiff, Neun, Cohen, and their associated entities and websites should be temporarily restrained under 26 U.S.C. §§ 7407, and 7408.

The Court finds that the United States has presented persuasive evidence that the United States and the public will suffer irreparable harm in the absence of this restraining order and that Schiff, Neun, Cohen, and their associated entities will suffer little, if any, harm if the restraining order is granted. The United States also has presented evidence and argument sufficient to convince the Court that the United States has a high likelihood of success on the merits and that Schiff's, Neun's, and Cohen's tax positions are frivolous. Further, the United States has presented credible evidence and argument that shows the public interest will be served through granting this restraining order. Finally, the evidence presented shows that absent this restraining order, Schiff, Neun, and Cohen will continue to violate 26 U.S.C. §§ 6694, 6695, 6700, and 6701. Accordingly, the Court finds that a temporary restraining order under 26 U.S.C. § 7402 are necessary and appropriate for the enforcement of the internal revenue laws.

## Order

Based on the foregoing factual findings and for good cause shown, the Court ORDERS that defendants Irwin Schiff, Cynthia Neun, and Lawrence N. Cohen, individually and all doing business as Freedom Books, www.paynoincometax.com, and www.ischiff.com, and their agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order are temporarily restrained from:

(1) Engaging in activity subject to penalty under 26 U.S.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 26 U.S.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 the false and frivolous position through sale or distribution of the book "The Federal Mafia: How the Government Illegally Imposes and Unlawfully Collects Income Taxes," and through any other books, videotapes, audiotapes, seminars, packages, and consultations, that provide instructions or direct others on how to file false or fraudulent tax returns and other false or fraudulent tax-related documents;

(4) Making any false commercial speech about federal income taxes, in person or through any media, including radio, television, print, billboards, or signs (including the sign outside the Freedom Books store at 444 East Sahara);

(5) Holding any seminars in which they or anyone else at their direction promote, sell, or advocate the "zero income" tax plan, or any other false, fraudulent, or frivolous tax schemes or arguments;

(6) Inciting others to violate the tax laws, including the evasion of assessment and payment of taxes;

(7) Assisting others to violate the tax laws, including the evasion of assessment and payment of taxes, through any means, including selling books that direct people

how to fill out fraudulent or false tax returns or other documents to be filed with the IRS;

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

(9) Preparing or assisting in the preparation of any federal income tax returns for any other person;

(10) Engaging in any conduct subject to penalty under 26 U.S.C. § 6694, *i.e.*, preparing any part of a return or claim for refund that includes an unrealistic position;

(11) Engaging in any conduct subject to penalty under 26 U.S.C. § 6695, *i.e.*, failing to sign and furnish the correct identifying number on tax returns that they prepare;

(12) Engaging in any other activity subject to injunction or penalty under 26 U.S.C. §§ 7407, 6694 or 6695, including fraudulent or deceptive conduct that substantially interferes with the proper administration of the internal revenue laws; and

(13) Representing others before the IRS, giving tax advice or providing tax services for compensation, or otherwise inciting or assisting others to violate the internal revenue laws.

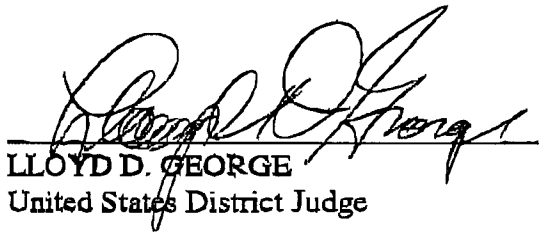
Further, pursuant to 26 U.S.C. § 7402, the Court ORDERS that, within 10 days of the date of entry of this order, Schiff, Neun, and Cohen must place this order, in its entirety, on the www.paynoincometax.com, and www.ischiff.com "Home" pages (i.e. the first page seen when accessing the websites at the listed addresses), prominently featured at the top so that it is easily visible.

Further, pursuant to 26 U.S.C. § 7402, the Court ORDERS that Schiff, Neun, and Cohen, at their own expense, provide a copy of this temporary restraining order to each of their current customers (and former customers since January 1, 1999) within ten days of the date of this Order. Schiff, Neun, and Cohen must each individually file a sworn certificate of compliance stating

that he or she has complied with this portion of the Order, within ten days of the date of this Order.

Further, the Court ORDERS that a hearing on the motion for preliminary injunction shall be conducted on April 7, 2003, at 1:30 pm, in Courtroom6B. Defendants shall file responsive points and authorities no later than March 28,2003; plaintiff shall file a reply points and authorities no later than April 4, 2003. Courtesy copies of the points and authorities shall be hand delivered to chambers of the Court.

SO ORDERED this 19th day of March, 2003.



LLOYD D. GEORGE
United States District Judge