

1 Treasury.

2 3. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340 and 1345, and
3 pursuant to Section 7402 of the Internal Revenue Code of 1986 (26 U.S.C.).

4 4. Venue is proper in the District of Nevada pursuant to 28 U.S.C. §§ 1391 and 1396
5 because defendant resides within this judicial district.

6 INCOME TAX ASSESSMENTS

7 5. On the dates and in the amounts set forth below, a delegate of the Secretary of the
8 Treasury made assessments against Irwin A. Schiff for federal individual income taxes, penalties, interest,
9 and other statutory additions for the tax periods set forth below:

10 <u>TAX PERIOD</u>	<u>ASSESSMENT DATE</u>	<u>AMOUNT ASSESSED</u>
11 1979	09/03/92	\$ 44,199.99(Tax)
		25,000.00(Tax Court Sanction)
		1,847.72(Estimated Tax Penalty)
		22,100.00(Fraud Penalty)
	09/04/95	130,880.41(Interest)
		239.13(Fees & Collection Costs)
12 1980	08/08/91	\$ 36,413.00(Tax)
	09/14/92	9.00(Fees & Collection Costs)
	05/10/93	2,320.00(Estimated Tax Penalty)
	10/22/93	18,207.00(Fraud Penalty)
	04/24/95	14.00(Fees & Collection Costs)
	05/01/95	14.00(Fees & Collection Costs)
	10/16/95	20.00(Fees & Collection Costs)
13 1981	08/08/91	\$ 8,484.00(Tax)
	05/10/93	648.00(Estimated Tax Penalty)
	10/22/93	4,232.00(Fraud Penalty)
14 1982	08/08/91	\$142,497.00(Tax)
	05/10/93	13,873.00(Estimated Tax Penalty)
	10/22/93	208,765.52(Fraud Penalty)
15 1983	08/08/91	\$ 24,127.00(Tax)
	08/16/93	1,476.00(Estimated Tax Penalty)
	03/24/94	32,264.10(Fraud Penalty)
	03/24/94	40,401.20(Interest)

1	1984	08/08/91	\$ 5,567.00(Tax)
2		08/16/93	350.00(Estimated Tax Penalty)
3		03/24/94	6,632.34(Fraud Penalty)
4		03/24/94	7,697.67(Interest)
5	1985	08/08/91	\$ 7,327.00(Tax)
6		08/16/93	419.00(Estimated Tax Penalty)
7		03/24/94	7,809.95(Fraud Penalty)
8		03/24/94	8,292.90(Interest)

6. Since the dates of the assessments described in Paragraph No. 5, above, interest and other statutory additions have accrued and will continue to accrue, as provided by law. The outstanding balances as of July 6, 2001 are set forth below:

<u>INCOME TAX PERIOD</u>	<u>BALANCE DUE AS OF 7/6/01</u>
1979	\$ 426,955.33
1980	\$ 288,132.79
1981	\$ 66,466.22
1982	\$1,229,235.08
1983	\$ 183,227.37
1984	\$ 37,755.50
1985	<u>\$ 44,472.49</u>
Total:	<u>\$2,276,244.78</u>

7. Proper notice and demand for payment of the assessments set forth in Paragraph No. 5, above, has been made on defendant Irwin A. Schiff.

8. Despite notice and demand for payment of the assessments described in Paragraph No. 5, above, defendant Irwin A. Schiff has neglected, refused, or failed to fully pay the assessments and there remains due and owing the amount of \$2,276,244.78, plus accrued but unassessed interest, penalties and other additions as provided by law from July 6, 2001.

9. Defendant Irwin A. Schiff cannot challenge the amount of the federal income tax liabilities assessed for tax year 1979 under the doctrine of *res judicata* because those tax liabilities were

1 adjudicated by final order and decision of the United States Tax Court.

2 10. The federal income tax liabilities assessed against defendant Irwin A. Schiff for the tax
3 years 1980-85 are based on federal income tax returns prepared, signed under penalty of perjury and
4 filed by defendant Irwin A. Schiff with the Internal Revenue Service on August 1, 1991.

5 11. The Internal Revenue Service has assessed fraud penalties for the years 1979-1985
6 against defendant Irwin A. Schiff pursuant to the applicable version of 26 U.S.C. § 6653(b)(repealed) in
7 affect for those periods. The fraud penalties assessed against defendant Irwin A. Schiff are based, in
8 part, upon (1) the defendant's consistent pattern of willfully and knowingly failing to timely file proper
9 federal income tax returns; (2) the defendant's consistent pattern of substantially understating his taxable
10 income; (3) the defendant's consistent pattern of failing to maintain adequate books and records as are
11 necessary for the determination of his true and correct tax liability; and (4) the defendant's consistent
12 pattern of failing to cooperate with an Internal Revenue Service investigation with respect to the
13 determination of his true and correct tax liability. The defendant engaged in the above-stated conduct and
14 behavior with a specific intent to evade or defeat paying the federal taxes lawfully due and owing.

15 12. The defendant is collaterally or judicially estopped from denying the amount of his federal
16 income tax liabilities for the years 1980-1985, including the imposition of fraud penalties, based upon his
17 criminal conviction for income tax evasion (26 U.S.C. § 7201) in United States v. Irwin A. Schiff in the
18 United States District Court for the District of Connecticut (Criminal No. N-85-20 PCD) and based
19 upon the probation revocation proceedings conducted in connection with the above-referenced criminal
20 matter.

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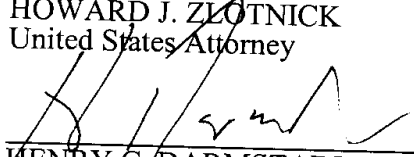
1 WHEREFORE, the plaintiff, the United States of America, prays as follows:

2 A. That the Court enter judgment in favor of the United States of America and against
3 defendant Irwin Schiff for unpaid assessments of federal income tax liabilities for the years 1979 through
4 1985 in the amount of \$2,276,244.78, plus interest and other statutory additions accruing according to
5 law from July 6, 2001; and

6 B. That the United States be granted its costs and attorney's fees herein, and such other and
7 further relief as this Court deems just and proper.

8 Dated this 31st day of July, 2001.

9 HOWARD J. ZLOTNICK
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