

Affidavit In Support Of A Citizen Complaint

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Table Of Contents

I - Introduction	3
- Background	4
II - Corporative Characteristics of the 4 Reported Organizations	6
- Religious Technology Center (RTC)	6
- Church of Scientology International (CSI)	7
- Church of Scientology of Western United States (CSWUS)	7
- Church of Scientology Flag Service Organization, Inc. (FSO)	7
III - Corporative Intertwinings	8
- RTC and CST	8
- RTC and CSI	9
- RTC and CSWUS	9
- RTC and FSO	9
- RTC and other organizations	9
- CSI, CSWUS, FSO and other organizations	10
IV - What is “Dianetics” and “Scientology”?	12
V – The “ecclesiastical” Structure of the Scientology-network	16
- The top of the hierarchy - RTC	17
- The “Mother Church” – CSI	18
- “Continental Liaison Offices”	20
- “Class V Organizations” and “Missions”	21
- “Groups,” “Field Staff Members” and “Field Auditors”	21
- The Finance Network	21
- The Intelligence Network	26
VI - Scientology’s Relationship with the U.S. Federal Government	34
- Hubbard and the U.S. Navy (1941 – 1950)	34
- Hubbard, the FBI and Dianetics (1951 – 1953)	35
- The FDA, the IRS, the CIA and Scientology (1954 – 1971)	35
- Operation “Snow White” (1973 – 1983)	38
- The War against the IRS (1984 – 1992)	41
- Tax Exemption and the U.S. State Department (1993 – 2001)	48
- Appeals Court criticizes the granting of Tax Exemption (2002)	60
VII - Violations of U. S. Title 18	62
- Chapter 15, Sections 286, 287	62
- Chapter 37, Section 793	89
- Chapter 41, Section 875	90
- Chapter 45, Section 953	97
- Chapter 63, Section 1341	114
- Chapter 73, Section 1512	117
VIII - Conclusion	142

Affidavit In Support Of A Citizen Complaint

I - Introduction

This affidavit is written in support of an enclosed citizen complaint to be filed with the U. S. Attorney's Offices in Los Angeles, California and in Tampa, Florida.

The affidavit proves that within the past 16 years the principal corporative officers, respectively the ecclesiastical heads of the following corporations

- Religious Technology Center, a Californian non-profit corporation,
- Church of Scientology International, a Californian non-profit corporation,
- Church of Scientology of Western United States, a Californian non-profit corporation,
- Church of Scientology Flag Service Organization, Inc., a Floridian non-profit corporation

and the individual members of the so-called "Church Tax Compliance Committee" David Miscavige, Norman Starkey, Mark Rathbun, Heber Jentzsch, Marc Yager, Jonathan Epstein and Nigel Oakes

have committed crimes under U. S. Title 18, specifically with regards to

- Chapter 15, Sections 286 & 287,
- Chapter 37, Section 793,
- Chapter 41, Section 875,
- Chapter 45, Sections 953,
- Chapter 63, Section 1341, and
- Chapter 73, Section 1512.

This affidavit shows in particular that the above mentioned corporations and individuals have conspired against the Internal Revenue Service (IRS)

- by willfully giving false representations concerning their operations and activities from 1986 until 1993 during settlement negotiations with the IRS and thereby violating the terms of the settlement agreement from October 1st, 1993, that ultimately led to the granting of tax-exempt status of the Church of Scientology and its affiliated organizations within the United States;

- by willfully ignoring the obligations of the settlement agreement from October 1st and conducting and executing various illegal and non-charitable activities through the reported corporations and their affiliated and subordinate organizations from 1993 until 2001.

Furthermore the aforesaid corporations and individuals are responsible for

- stealing a military document, which depicts a NATO-airbase in Athens, Greece;
- executing various covert intelligence operations against private and public persons in Denmark, Germany, Great Britain, Greece, Russia and the United States with the intention to harass, intimidate, incriminate and defame these persons;

- infiltrating the domestic intelligence agencies und judicial structures of France, Greece and Russia with the intention to manipulate and obstruct governmental investigations into illegal activities of Scientology organizations in these countries;
- conspiring and threatening to destroy the profession of psychiatry and its associated institutions while also defaming its reputation, both by the use of the U. S. Postal Service;
- extracting money from their public members for non-charitable and illegal activities by the use of the U. S. Postal Service;
- destroying important evidence during a wrongful death investigation in Florida and obstructing it by influencing several witnesses not to cooperate with State Attorney and police investigators;
- willfully ignoring the data protection laws of Belgium, France, Greece and Russia.

This affidavit also includes a detailed description of the organizational structure of the Scientology network. The complexity of its system with its various hierarchical levels makes it necessary to provide an in-depth analysis to give the reader an understanding how the Scientology management exercises corporate and “ecclesiastical” control over its subordinate organizations. Therefore three chapters are devoted to explain the organization’s corporate and hierarchical structure.

Scientology’s past and present criminal activities are not isolated occurrences of individual and “over-zealous” members, but instead are deeply based in the ideology and history of Scientology. For this reason a summary of the stormy history of the organization’s encounters with the American federal government is included in the affidavit as well as a description of Scientology’s founder L. Ron Hubbard’s principle teachings and the organization’s basic policies concerning its therapeutic techniques, finance procedures and intelligence operations.

Attached to this affidavit is a Compact Disc. It contains 378 exhibits in reference to the individual chapters and the various issues that are discussed. The exhibits are scanned versions of documents which support the statements of this affidavit. The CD also contains a digital version of this affidavit with direct links to the individual exhibits for the purpose of easier reading.

Background

My name is Martin Ottmann. I am 36 years old and a German citizen, currently living in France. My address is 54, rue Pierre Brossolette, 92300 Levallois-Perret.

On February 18th, 1989 I became affiliated with the Church of Scientology in Munich, Germany. After being a so-called “public member” for more than one year, I joined in August of 1990 the “Sea Organization,” a “fraternity” that runs the “Advanced Organizations” and the upper management organizations of Scientology. I became a full-time member and employee of the “Church of Scientology Flag Service Organization, Inc.” (FSO), located in Clearwater, Florida.

In July of 1992 I returned to Germany and started working in a printing company of a Scientologist in Frankfurt. In December of 1992 I reported the then owner and the previous owners of the company (all Scientologists) to the police and the tax authorities, after I had found out that they had been involved in tax fraud and forgery of documents. In the later course of a criminal investigation one of the Scientologists went to jail in 1994. At the time of my reporting these individuals to the police in late 1992, I became disillusioned with the Scientology organization and its teachings.

In 1993 I went back to school and due to the public controversy in Germany surrounding Scientology I became interested in the subject again and began collecting documents about it. On December 27th, 1993 I sent a report to the U. S. Consulate in Frankfurt, informing them about fraudulent representations made by the FSO in connection with the application for visas for foreign Scientology-staffers at U. S. embassies [Exh. No. 1]. I never received a response to it.

After finishing school in the summer of 1994 and having earned a high school degree, I began studying social work at the University of Esslingen in the fall of 1994. I concentrated my studies on the phenomenon of cults and related counseling services. In 1995 I began my first of two traineeships in a counseling and documentation center on cults that was run by the Protestant Church in Stuttgart. Additionally I started giving testimony on behalf of the state government in a tax-litigation case against a Scientology-organization in Stuttgart.

Around that time I also became interested in the on-going Scientology controversy on the Internet. I contacted out-spoken critics of Scientology in the United States and became eventually involved in their activities. In the spring of 1996 I was asked by an ex-Scientologist to give testimony about my personal experiences with Scientology for a civil suit in California (“Steven Fishman & Uwe Geertz vs. Church of Scientology International et al,” Superior Court of the State of California, BC 122468). I provided the plaintiffs with a lengthy declaration that, although never filed with the court, was later posted on the Internet [Exh. No. 2].

In the fall of 1996 a German journalist who wanted to produce a television-documentary on Scientology and who needed background information contacted me. I started to do research for her, selecting documents and contacting other ex-Scientologists. During that time I came across the investigation of the Clearwater Police Department into the death of Lisa McPherson, a young Scientologist who had died in late 1995 at the Scientology-headquarters in Clearwater. I contacted the investigating detective and when I later arrived with the journalist in the Florida area to do a research trip, I was also interviewed by the police [Exh. No. 3].

Through the year 1997 I continued to make different aspects of Scientology publicly known, mostly through the Internet discussion-group “alt.religion.scientology” and at the end of that year and in March of 1998 I participated in two demonstrations against Scientology in Clearwater and Los Angeles.

When I reached my degree as social worker in the summer of 1998 and began working in that field, I ceased all activity as a Scientology-critic until I was approached by a group of ex-Scientologists in early 1999 who wanted to create a database of Scientology documents that

were to be made publicly available for people who were involved in litigation with the Scientologists.

I joined the group in March 1999 and after sorting out my role in the project I began traveling through various European countries and collecting documents from private and public sources. A few months later when it was clear that the project had come to a dead-end, I decided to settle in Paris, France. As I was financially independent at that time I decided to continue collecting and archiving the documents and bring the whole project to its anticipated end, while doing it all alone.

Until today I have read about 500,000 pages of documents on Scientology. For the archive itself I have selected more than 10,000 individual documents from 31 countries. I plan to finish the work on the archive within the next 3 or 4 months.

During the summer of 2001 I decided to use some of the documents to bring the activities of certain Scientology organizations to the attention of American government agencies. After I did some related research on the Internet I came to the conclusion that it would be appropriate to file a citizen complaint with a U. S. Attorney's Office, as the concerning activities would fall under the authority of the U. S. federal government.

In December 2001, when I did my last research trip to the United States, I went to the U. S. Attorney's Office in Los Angeles and informed myself about the proper procedures in filing such a complaint. Shortly after my return to Europe, I began writing this affidavit.

II - Corporative Characteristics Of The 4 Reported Organizations

Religious Technology Center (RTC)

RTC was incorporated on January 1st, 1982 in Los Angeles, California by Terri Gamboa, David Mayo, Norman Starkey, Phoebe Maurer (falsely written as "Maurer" in the attached exhibit), Lyman Spurlock, Julia Watson and David Miscavige [Exh. No. 4].

At present the official address of RTC is 1710 Ivar Avenue, Suite 1100, Los Angeles 90028, while its main offices are on a big estate complex at 19625 Highway 79, Gilman Hot Springs 92383, California, as it was stated in a supporting document of Scientology's tax-exempt application to the IRS during the years 1992/1993 [Exh. No. 5, Excerpt].

As of February 5th, 2001 RTC's corporate officers are Warren McShane as Chief Executive Officer (President), Laurisse Stuckenbrock as Secretary and Barbara Griffin as Chief Financial Officer (Treasurer) [Exh. No. 6].

RTC's corporative agent is the attorney Sherman D. Lenske from the law firm Lenske, Lenske & Abramson ALC, Warner Atrium, 6400 Canoga Avenue, Suite 315, Woodland Hills 91367-2491 [Exh. No. 7].

RTC is supervised by a Board of Trustees and a Board of Directors. On September 21st, 1993 the "Church of Scientology International" stated in a document, submitted to the IRS, that RTC's Board of Trustees was composed of David Miscavige, Gregory Wilhere and Norman F.

Starkey, while Mark Rathbun, Warren McShane and David Miscavige formed the Board of Directors [Exh. No. 8, Excerpt].

Church of Scientology International (CSI)

CSI was incorporated on November 18th, 1981 in Los Angeles, California by Richard Murray [Exh. No. 9].

The official address of CSI is 6331 Hollywood Boulevard, Los Angeles. Like in the case of RTC, CSI maintains as well offices at 19625 Highway 79, Gilman Hot Springs 92383 [Exh. No. 5, Excerpt].

As of September 12th, 1999 CSI's corporate officers are Heber C. Jentzsch as Chief Executive Officer (President), Lynn R. Farny as Secretary and Sarah Blythe as Chief Financial Officer (Treasurer) [Exh. No. 10].

CSI's corporative agent is the in-house attorney Jeanne M. Gavigan from the law firm Moxon & Kobrin, 3055 Wilshire Boulevard, Suite 900, Los Angeles 90010 [Exh. No. 11, Excerpt].

CSI is supervised by a Board of Trustees and a Board of Directors. On September 21st, 1993 the Board of Trustees was composed of Mark Rathbun, Ray Mithoff, Mark Ingber, Marc Yager and John Eastment [It is my belief that John Eastment ceased to be Board Member]. Jens Uhrskov, Michael Rinder and Guillaume Lesèvre formed the Board of Directors [Exh. No. 8, Excerpt].

Church of Scientology of Western United States (CSWUS)

CSWUS was incorporated on May 20th, 1985 in Los Angeles, California by Thomas Whittle and Laura Malm [Exh. No. 12].

CSWUS' official address is 1308 L. Ron Hubbard Way, Los Angeles 90027 [Exh. No. 13].

As of March 11th, 2000 CSWUS had the following corporate officers: Vicki Shantz as CEO (President), Wayne Carnahan as Secretary and Vincenzo Contrafatto [Exh. No. 13].

Like CSI, CSWUS has attorney Jeanne M. Gavigan from Moxon & Kobrin, 3055 Wilshire Boulevard, Suite 900, Los Angeles 90010 as its official agent [Exh. No. 11, Excerpt].

On September 21st, 1993 CSWUS' Board of Trustees was composed of Mariette Cynstein, Ivan Obolensky and Mary Pinat. The Board of Directors had Linda Sereda, Lawrence Lynn and Eugene Skonetski as its members [Exh. No. 14, Excerpt]. I believe that most of the persons listed have ceased to be Board Members as of today.

Church of Scientology Flag Service Organization, Inc. (FSO)

The FSO was incorporated in Florida on May 19th, 1981 [Exh. 15, Excerpt]. I am not in the possession of a copy of the original incorporation.

FSO's official legal address is 503 Cleveland Street, Clearwater 33755 [Exh. No. 16]. For most of its business affairs the organization maintains the following two addresses: P.O. Box 31751, Tampa 33633-0066 [Exh. No. 17, Excerpt] and 210 South Fort Harrison Avenue, Clearwater 33756 [Exh. No. 18, Excerpt].

On January 25th, 2001 FSO's corporate officers were May Voegeding (President), Mary Story (Vice-President), Thomas DeVocht (Vice-President), Glen Stilo (Secretary) and Barbara Meador (Treasurer) [Exh. No. 16].

FSO's corporate agent is attorney Paul B. Johnson from the law firm Johnson & Johnson. His address is 112 South Magnolia Avenue, Tampa 33601 [Exh. No. 16] and P.O. Box 3416, Tampa 33601-3416 [Exh. No. 19].

On September 21st, 1993 the FSO was supervised by a Board of Trustees. At that time the trustees were Sue Price, Pam Hubbert and Richard Reiss [Exh. No. 14, Excerpt]. On January 25th, 2001 the Board of Directors was composed of Debbie Cook, Barbara Meador and Ben Shaw [Exh. No. 16].

III - Corporate Intertwinings

The Religious Technology Center (RTC) is the owner of certain trademarks and service marks. These marks and its related intellectual property form the so-called "Dianetics® spiritual healing technology" and the "Scientology® applied religious technology" [Exh. No. 20]. Scientology organizations, like "Churches," "Celebrity Centers" or "Missions," derive their income from the worldwide sale of this "technology" in form of courses, books, etc. to their members or to the general public. The organizations receive the right to sell the "technology" through license agreements with RTC as license holder and/or the Church of Scientology International (CSI) as a sub-licensor. RTC and CSI in return derive their corporate income by the license fees obtained through those agreements. The licensing and its related actions is the major corporate activity between the various Scientology-organizations.

Religious Technology Center (RTC) and Church of Spiritual Technology (CST)

Shortly after its inception on January 1st, 1982, RTC received on May 16th 1982 "the ownership, supervision and control" of the trademarks and service marks identifying "Scientology applied religious philosophy" and "Dianetics spiritual healing technology" by the originator and founder of Scientology, Lafayette Ronald Hubbard through a so-called "assignment agreement" [Exh. No. 21]. This agreement was subject to an additional "option agreement" between Hubbard, RTC and another Scientology corporation, the "Church of Spiritual Technology" (CST). CST was incorporated on May 27th, 1982 [Exh. No. 22] by today's official agent, Sherman D. Lenske [Exh. No. 23]. Even before its official incorporation, Hubbard granted CST the right to purchase the to be transferred "Marks" and all the rights to those from RTC for the sum of \$ 100 at any time on May 10th 1982 [Exh. No. 24]. Parallel and similar sounding agreements between Hubbard, RTC and CST were arranged during that period concerning the so-called "Advanced Technology," which consists of unpublished derivatives of Scientology's confidential "Advanced technology" [Exh. No. 25].

Under these agreements RTC is forced to turn over 90 % of its net income to CST. This position which was said still to be the case during the time of Scientology's tax-exempt application in 1993 [[Exh. No. 26](#)].

Religious Technology Center (RTC) and Church of Scientology International (CSI)

RTC and CSI entered a license agreement on May 18th, 1982, granting CSI, the new "Mother Church of Scientology," the right to use and sub-license certain of the trademarks and service marks, for which RTC had been made the new owner 2 days earlier [[Exh. No. 27](#)]. In return for the grant of the marks, the agreement gave RTC practically an unlimited control not only over the activities of CSI but also over every organization that is a sub-licensee of CSI. In particular the agreement stated:

"... d) RTC shall have the right to monitor all operations of CSI and its related organizations, inspect all books, records and facilities, pertaining to use of the Marks and receive sample specimens and summaries of literature, publications and products using the marks, ... e) RTC may, if it ever deems it necessary or advisable, send a corrective mission to any organization authorized the Marks to correct any deviation from the standards, specifications or guidelines of this Agreement, ..."

Additionally RTC and CSI signed on January 1st, 1982 an "Organizational Covenant" granting CSI the right to deliver the "Advanced Technology" to its staff members [[Exh. No. 28](#)].

Religious Technology Center (RTC) and Church of Scientology Western United States (CSWUS)

RTC and CSWUS entered on May 23rd, 1985 such an organizational covenant granting CSWUS the right to sell and deliver the "Advanced Technology" to its public members while guaranteeing weekly payments of 6 % of the monetary value of the "Advanced Technology"-services that are being delivered to the public from CSWUS towards RTC [[Exh. No. 29](#)].

Religious Technology Center (RTC) and Church of Scientology Flag Service Organization, Inc. (FSO)

On January 1st, 1982 RTC and FSO signed an organizational covenant with the same contents as the covenant between RTC and CSWUS [[Exh. No. 30](#)].

Religious Technology Center (RTC) and other organizations

RTC has entered over the years similar organizational covenants/license agreements with all the other "Advanced Organizations" (AOs) within the Scientology network. As all the AO's are integrated within a corporation, these agreements are formulated between RTC and these corporations, such as "Church of Scientology Flag Ship Service Organization, Inc." from Clearwater, the "Church of Scientology Religious Education College, Inc." from East Grinstead, England, the "Church of Scientology, Inc." from Sidney, Australia and with "Church of Scientology Advanced Organization Saint Hill Europe & Africa" (AOSH EU). All of the agreements were signed on December 1st, 1988. For the purpose of this affidavit I have only attached the covenant between RTC and AOSH EU as an exhibit [[Exh. No. 31](#)].

RTC has registered its service marks and trademarks in various countries all over the world. Due to certain legal restrictions in different countries for religious corporations, RTC founded the corporation “Inspector General Network, Inc.” (IGN) on June 7th, 1985 [Exh. No. 32], which functions as a “secular” representative for RTC in those countries.

Church of Scientology International (CSI), Church of Scientology Western United States (CSWUS), Church of Scientology Flag Service Organization, Inc. (FSO) and other organizations

CSI presents itself as the “mother church” of the “Scientology religion.” In its function as such it exercises through various agreements with its subordinate organizations worldwide ultimate corporative control over those organizations and their activities.

In particular, CSI has entered the following types of agreements with other organizations:

- a) License Agreements that regulate the use of the service marks and trademarks in a similar way as between RTC and the AOs;
- b) Service Agreements regulate the training of the organizations employees by CSI in its headquarters and the monetary compensation by the organizations;
- c) “Ecclesiastical Support Agreements,” which acknowledge CSI’s dominant role and control over all the functions and activities of the subordinate organizations and which guarantee a steady, weekly payment of 12.5 % of the organizations’ net income towards CSI;
- d) “Contracts Respecting Certain Religious Documents.” These contracts regulate the use of files that the organizations has on their members and their staff. Ultimately it gives CSI the authority to control the use of them;
- e) “Motion Picture Exhibition Agreements” guarantee CSI the weekly payment of 11 % of the revenue by the individual organizations for their use of Scientology training courses. It also forces the organizations to use certain equipment, like tape recorders, which CSI provides for the same use.

Additionally, within the hierarchical structure of CSI, a different corporation, “Scientology Missions International” (SMI) was created on December 22nd, 1981 [Exh. No. 33]. As seen in the document, SMI has the function to act as the mother church for the smaller Scientology organizations, called “Missions.” Consequently CSI entered a separate license agreement with SMI on May 19th, 1982 [Exh. No. 34] that enabled SMI to act as a sub licensor with respect to the “Missions.” Nevertheless SMI itself is fully integrated within the CSI structure, as in particular, it is solely composed of CSI-employees and its headquarters are situated in the same building complex that CSI uses for its operations [Exh. No. 35].

While there are other management entities and corporations within the organizational structure of CSI, as f. e. “World Institute of Scientology Enterprises” (WISE), “Celebrity Centre International” or “Applied Scholastics International,” these have no significance for this affidavit and I therefore omit detailing them and their activities.

The Church of Scientology has a couple of hundred different organizations all over the world that act as “Churches” or “Missions” and are contracted through the agreements described above. For the purpose of the affidavit I will only point out a few of them, which are either important to mention for understanding the above arrangements or which have significance with regards to the latter described events in Chapter VII:

- A license agreement signed on June 15th, 1982 between CSI and the “Church of Scientology of San Diego [Exh. No. 36], which was later re-incorporated as “Church of Scientology Western United States” (CSWUS) [Exh. No. 12];
- A license agreement signed on May 26th, 1982 between CSI and the FSO [Exh. No. 37];
- An ecclesiastical support agreement signed on April 29th, 1992 between CSI and CSWUS [Exh. No. 38];
- An ecclesiastical support agreement signed on April 29th, 1992 between CSI and the FSO [Exh. No. 39];
- A motion picture exhibition agreement signed on August 2nd, 1991 between CSI and CSWUS [Exh. No. 40];
- A motion picture exhibition agreement signed on November 25th, 1991 between CSI and the FSO [Exh. No. 41];
- A license agreement signed on February 2nd, 1991 between SMI and the “Applied Philosophy Center of Greece,” a Greek Scientology “Mission” in Athens [Exh. No. 42].

In its application from August 18th, 1993 for tax-exemption CSI stated that CSI/SMI have “entered into agreements” with “the CSFSO,” “each Advanced Organization,” “with the Class V Churches” and with “Missions” “with respect to the orthodox use of the Scientology religious marks, the care of confidential information by parishioners in the ministration of religious services, and the provision of ecclesiastical management services [Exh. No. 43].” It therefore can be assumed that CSI has signed similar agreements like the above mentioned with every Scientology organization worldwide, whether “Church,” “Mission,” “Advanced Organization” or “Celebrity Centre,” guaranteeing CSI’s complete corporative control over its Scientology network.

In one of the documents provided to the IRS by CSI in 1993 it can be seen that the great majority of revenue CSI receives from the other Scientology organizations derives from such agreements, regulating “management services” provided by CSI and the use of “Scientology religious marks” by the individual organizations [Exh. No. 26, Excerpt].

In the same statement to the IRS, CSI listed the distribution of revenue and expenses of the other Scientology organizations, including the percentage of “management and license fees” paid to CSI and “Advance Tech License Fees” paid to RTC. [Exh. No. 44, Excerpt].

IV - What Is “Dianetics” And “Scientology”?

Using the official literature of the Scientology organizations, one finds that the definition of what “Scientology” and “Dianetics” actually is and consists of, has changed over the years.

The current management states on its official website that the “Scientology® Applied Religious Philosophy” contains a “precise system of axioms, laws and techniques,” that “provide the individual with the ability to improve conditions [Exh. No. 45].” About the “Dianetics® Spiritual Healing Technology” the reader learns that it is a “technology,” which has been used by “millions of people to rid themselves of stress, fear, self-doubts, unwanted feelings” and “psychosomatic ills [Exh. No. 46].”

It becomes more nebulous, when one compares these new descriptions with those that were used to represent Scientology and Dianetics in the past.

The “Dianetics and Scientology Technical Dictionary,” copyrighted in 1975 and published by the former “mother church” “Church of Scientology of California,” had been for a long time the official dictionary and was used at least until 1992 inside the Scientology organizations. Under the term “Scientology” it lists the following descriptions [Exh. No. 47, Excerpt]:

“... 3. an organized body of scientific research knowledge concerning life, ...

“... 4. a religious philosophy in its highest meaning ...

“... 7. the science of knowing how to know ...

“... 8. the study of the human spirit ...

“... 9. a science of life ...

“...13. an applied philosophy ...

“...14. an applied religious philosophy”

Dianetics is defined as follows [Exh. No. 47, Excerpt]:

“2. ... Dianetics is used to knock out and erase illnesses, unwanted sensations, misemotions, somatics, pain, etc. ...

“5. a precision science ...

“6. a system of coordinated axioms which resolve problems concerning human behavior and psychosomatic illnesses ...

“7. ... It is a science of mind”

In a 1968-interview with British television [“The Shrinking World of L. Ron Hubbard”] Dianetics- and Scientology-founder L. Ron Hubbard portrayed “Scientology” as a “science, based on 55 workable axioms” and a “study of knowingness” that “increases one’s knowingness.”

Five years earlier, on November 30th, 1963 in a press release issued by the British Scientology headquarters in East Grinstead [Exh. No. 48, Excerpt], Hubbard referred to Scientology as

“the science of knowing how to know answers ... It is the Science of Human Affairs which treats the livingness and beingness of Man,”

In May 1950 Hubbard published the book “Dianetics – The Modern Science Of Mental Health” (DMSMH) and introduced Dianetics to the world as follows [page 13, Edition 2000]:

“1. It is an organized science of thought built on definite axioms (...).

“2. It contains a therapeutic technique which can be treated all inorganic mental ills and all organic psychosomatic ills, with assurance of complete cure in unselected cases.”

That second definition probably describes best what Scientology and Dianetics in fact always were and still are – therapeutic techniques.

At its beginnings, in 1950, Hubbard introduced Dianetics as a new self-help therapy. In various parts of the book Hubbard’s theories give their readers the impression that Dianetics is in fact a crude form of psychoanalysis.

According to Hubbard depressions mental and psychosomatic illnesses have its origins in the existence of “engrams.” “Engrams” are recordings of moments of pain and unconsciousness, which are stored in the “reactive mind.” The “reactive mind” represents some kind of storage facility of the unconscious whose contents could be triggered by exterior stimulants and create irrational behavior of the person.

In DMSMH Hubbard emphasized that a lot of engrams came into being in the pre-natal phase of the person, due to attempted abortions. He called them accordingly “pre-natal engrams.”

As a solution for the unwanted existence of the engrams and the misery they apparently caused for mankind Hubbard offered to the world his self-developed therapy which had a similar set-up as a psychotherapy session: The therapist (“auditor”) would lead the patient (“pre-clear”) through a series of questions that would cover the past of the pre-clear’s life until he would detect and area or incidents that the preclear would associate with loss or pain. The auditor would then let the pre-clear re-experience such incidents and by doing that he would erase their bad effects on the preclear. Following the theory that such losses are caused by earlier, similar incidents the preclear would be led “back in time” or down the “time-track” to find the “basic-basic engrams” that were at the end of the chain and erase them. Hubbard called this form of therapy “Auditing.”

A person, freed or “cleared” from all engrams would become a “Clear,” an almost superhuman being. As Hubbard stated, “a Clear is an individual who, as a result of Dianetics therapy, has neither active nor potential psychosomatic illness or aberration.” He also claimed that Clears would have “all recall” upon their life, “optimum analytical ability,” “greater resistance to actual disease” [page 247, Edition 2000] and an increased IQ [page 132].

After the initial success of the book and the creation of a movement along with several Dianetics Centers, the craze about Dianetics came to a halt in the years 1951/'52 due to the unproven promises about the workability of Dianetics. Hubbard consequently created a more spiritual set-up for his therapy, with a broader approach but at the same time legally less vulnerable: he created the "religion Scientology," founded his own churches and abolished the clinic-like form of the early Dianetics-Centers, as he explained in a letter to his secretary on April 10th, 1953 or 1954 [Exh. No. 49].

The above term "broader approach" refers to Hubbard's renewed theory that past lives exists and man's current problems were not only caused by engrams in "this lifetime" but mostly by those from past lives. Hubbard claimed to have discovered that during further "research" on the subject. A former aide, Jim Dincalc of Hubbard explained in an interview with British television for a documentary about Hubbard's life ["Secret Lives," 1997] how such "research" had been conducted:

"LRH gave his son Nibs [L. Ron Hubbard Jr.] some amphetamines, and Nibs started talking, he said, he started really talking fast with speed and he kept talking, and he kept talking. Dad kept giving him speed and all of a sudden he was talking about his history when he was clam and all these different situations in early earth."

Reincarnation was the new factor added to "Scientology," which embraced the basic methodology of Dianetics, but changed the responsive element from the "mind," as in Dianetics, to the "Thetan," which represented from then on the spiritual being inside the body of a person. Thetans would occupy a human body and leave it after its physical death to find a new body. Hubbard claimed to have found out that Thetans have lived for millions and millions of years, and that the current bad state of the average man was due to the accumulation of engrams in all those "earlier lifetimes."

Not short of ideas, Hubbard added another instrument to his new therapeutical set-up, the "E-Meter," a low-budget form of a lie detector. The E-meter was introduced as a new diagnostical tool that enabled the auditor to detect more "precisely" undesirable "incidents" in the pre-clear's past lives. In an auditing session the preclear holds two tin cans, connected through wires with an Ohmmeter. Through the cans a small electrical current flows, and while unrecognizable for the preclear, it makes the body of the preclear part of the electrical circuit. The auditor asks his questions, and while looking at the metering needle of the E-meter, detects areas in the pre-clear's life that are "electrically charged" with misemotions, pain, etc. [Exh. No. 50]. As in Dianetics the final purpose of Scientology-auditing is to "clear" those areas from all unwanted feelings and considerations.

During the fifties, using the above therapeutical set-up, Hubbard created a series of various "auditing-levels," marketing them to the public not only in order to sell the respective auditing but to sell the auditor training as well, accompanied by its books and E-meters through Dianetics or Scientology Centers.

In the mid-sixties, having developed an own system of auditing levels and courses, called "Gradation and Awareness Chart" still with "Clear" as the highest attainable grade, Hubbard moved forward for new research. Soon enough in 1967 he announced a new technical breakthrough. Not only had Hubbard discovered new levels of beingness that he soon would made available for selling them to his followers, but he claimed to have unearthed a gigantic,

planetary conspiracy that had happened 75,000,000 years before and that had affected every human being on this planet. According to the then secret new auditing level, “Operating Thetan III” [Exh. No. 51, Excerpt], Hubbard had found out that,

“[t]he head of the Galactic Confederation (76 planets around larger stars visible from here) solved overpopulation (250 billion or so per planet - 178 billion on average) by mass implanting. He caused people to be brought to Teegeeeack (Earth) and put an H Bomb on the principal volcanoes (Incident 2) and then the Pacific area ones were taken in boxes to Hawaii and the Atlantic area ones to Las Palmas and there ‘packaged’. His name was Xenu. He used renegades. Various misleading data by means of circuits etc. was placed in the implants. When through with his crime Loyal Officers (to the people) captured him after 6 years of battle and put him in an electronic mountain trap where he still is. ‘They’ are gone. The place (Confed.) has since been a desert ... The length and brutality of it all was such that this Confederation never recovered. The implant is calculated to kill (by pneumonia etc) anyone who attempts to solve it.”

Further on Hubbard stated that due to this incident of exploding hydrogen bombs, so-called clusters of Thetans are attached to each human body, which would negatively influence the life of each person. After having achieved the “State of Clear,” a Scientologist can get rid of the “Body Thetans” through auditing at these new “Advanced Levels” and re-achieve super-natural states. Hubbard attributed such “levels of higher awareness” to earlier superior and god-like forms of existence. Because of the newly re-attained super-natural abilities a “Clear” would finally become an “Operating Thetan” or “OT.”

Within the following 15 years Hubbard and one of his aides, David Mayo, extended the range of the number of different OT-levels that were offered by the Church of Scientology to its adherents. Most of these “Advanced Levels” have their purpose in “freeing” the “pre-OT” from the great number of “Body Thetans” his body is occupied by or surrounded with and eradicating their negative influence on him/her as a “spiritual being.” Although the contents of the “OT levels” are treated confidential by the organization and every adept is forced to sign an individual non-disclosure agreement before starting on each level, information and individual documents have found their way to the public over the years.

In 1985 a tape with a New Year’s message by L. Ron Hubbard was circulated among the Scientology organizations. In that tape Hubbard announced that he had completed his “research” into the level “New OT VIII” and had delivered his notes and documents to the Scientology management, which would make it available to the public at a certain time. On January 24th, 1986 Hubbard died. In June 1988 “New OT VIII” was sold and delivered to Scientology public members for the first time aboard the ship “Freewinds” and has been remained since the highest level of auditing, marketed by the Scientology management.

Today there exists numerous courses and auditing levels within the Scientology network that are offered to the interested public and Scientology members. Additional to auditing and auditor courses, the Churches of Scientology offer as well administrative courses, based on L. Ron Hubbard’s “administrative technology.” These and some of the lower auditing services are also sold, licensed and delivered in a rather “secular” fashion through the “World of Scientology Enterprises” (WISE) and business consultancies that are affiliated with WISE. Most of the courses and auditing services are structured and mapped on Scientology’s “Classification, Gradation & Awareness Chart” [Exh. No. 52]. This chart symbolizes a “Bridge” to Scientologists which they are urged to walk over (while taking and paying for all

available courses and auditing levels) to the upper end where “total freedom” is promised to wait for them.

While the Church of Scientology offers a different program of courses and auditing services to its public members today than it did 50 years ago, the basic techniques, the theoretical background and the therapeutical goals of Dianetics and Scientology auditing are still similar if not the same. Nevertheless the organization completely changed its outfit, from a “clinic,” as mentioned in Hubbard’s letter from the early fifties [Exh. No. 49], to a tax-exempt religious corporative network composed of churches. With the change of outfit, the labels that describe the organization’s activities have changed too, at least to the outside world: his therapeutic technique has become “pastoral counseling,” patients are today “parishioners,” fees or prices for services are nowadays called “donations” and the “E-Meter” is described as a “pastoral counseling device.”

V - The “Ecclesiastical” Structure Of The Scientology-Network

In the official representations to the IRS in 1993 [Exh. No. 53, Excerpt], it was stated by Scientology that the new mother church “Church of Scientology International” (CSI) and its current management system was established in 1981 and 1982 to align

“the legal structure with the ecclesiastical structure by the establishment of several new organizations to place functions that belong at different levels of the hierarchy in separate organizations and to separate organizations holding ecclesiastical management functions from organizations directly ministering religious services.”

Today the Church of Scientology comprises a vast network of different corporations, individual entities, associations and companies, located in various countries. All of them are connected through the network’s “ecclesiastical” hierarchy or “command channels.” Every organized activity within the network is a) regulated by a huge amount of internal policies, b) accounted for by daily and weekly statistical management and c) controlled by the different levels of the upper hierarchy.

This level of micro-management reaches even down to the individual public member/”parishioner,” whose “progress on the Bridge to total Freedom” is measured and stored in a computer data bank at Scientology’s international headquarters in Los Angeles [Exh. No. 54, Excerpt].

In its application to the IRS the Church of Scientology provided a rough sketch of the mentioned “ecclesiastical” structure [Exh. No. 55, Excerpt]. Internally this structure of management is called “Command Channels” and these “Channels” are described in an internal booklet of the same name [Exh. No. 56, Excerpt], which was published by the “Church of Scientology International” in 1988.

Because of the complexity of Scientology’s organizational network I will focus my description on those organizations and entities that are connected with the criminal activities of the four reported corporations.

The top of the hierarchy – Religious Technology Center

At the hierarchical top of Scientology's network stands the “Religious Technology Center” (RTC), the corporation, which has regulatory power over the policy and activities of all subordinate organizations.

RTC is led by the “Chairman of the Board (of Directors)” David Miscavige, who has this position since 1987, after he had moved from the same position at the for-profit corporation “Author Services, Inc.” (ASI) to RTC.

Below the “Chairman of the Board” exists the position of “Inspector General RTC,” currently held by Mark Rathbun, who heads the “Deputy Inspector General Network” [Exh. No. 57, Excerpt]. That network spans from RTC headquarters in Gilman Hot Springs to all of the “Advanced Organizations” in Los Angeles, Clearwater, East Grinstead, Copenhagen and Sidney, where RTC maintains offices.

In an internal newsletter, “Keeping Scientology News,” RTC stated the following about the purpose and duties of the “Inspector General Network” [Exh. No. 58, Excerpt]:

“These Deputy Inspector Generals head the entire IG Network, which locates and handles internal and external infiltration and suppression, legally protects and safeguards the trademarks and technology of the religion of Scientology, and sees that management, orgs and missions and their application of tech and policy remain standard and true to LRH’s writings.”

RTC has the power, and it has done so, to enter at will and at any moment into any Scientology organization, inspect any files, change any local policy and remove any personnel. Through an internal communication system RTC receives at least on a steady basis reports from the activities around the world through the “mother church,” CSI or directly, upon RTC’s request, from the other organizations.

As an example of RTC’s internal executive power I refer to an internal letter from December 6th, 1989 that was sent by RTC to a public member of Scientology [Exh. No. 59]. The then “Inspector General for Administration RTC” Marc Yager announced an investigation into an alleged misuse of credit cards at the “Advanced Organization Los Angeles” (AOLA), an entity that is part of the corporation “Church of Scientology Western United States” (CSWUS) and officially completely separate from RTC.

While RTC has a dominant role over the “mother church,” CSI and its subordinate organizations, the relationship to the “Church of Spiritual Technology” (CST) is unclear. While the agreement with L. Ron Hubbard on May 10th, 1982 [Exh. No. 24] granted CST a corporative authority over RTC with respect to Scientology’s trademarks and service marks, there is no sign that CST ever executed any internal, “ecclesiastical” authority over RTC. In fact, a tax court noted in its opinion in a tax case that involved CST in 1992 (Church of Spiritual Technology vs. United States, No. 581-88T, United Claims Court, 29 June 1992):

“CST claims that it does not and will not monitor RTC's use of the religious marks and technology. CST explains that there is no need to do so because any unorthodox use would be immediately obvious. Regardless of how it arrived at the conclusion, however, the point is that one of its obligations is to prevent misuse of the marks and technology. CST's present confidence in RTC has no significance. If CST ignored that element of its charter, one of the assumptions built into LRH's gift

would be missing. Monitoring for a misuse by RTC is a form of ongoing oversight. The decision to exercise the option is an ecclesiastical one which would not be readily susceptible to judicial review.”

That observation by the court suggests that CST is in fact just another organization that is “ecclesiastically” subordinate to RTC, which would make its apparent “blind corporative” confidence into the activities of RTC comprehensible.

RTC, CSI and all the other management units and “Advanced Organizations” are solely composed of members of the “Sea Organization,” a para-military, naval-like organization whose members have signed billion-year staff contracts [Exh. No. 60], who wear military uniforms [Exh. No. 61, Excerpt] and who have titles like “Commanding Officer,” “Warrant Officer,” etc. The Sea Organization has been described to the IRS by Scientology as a “religious order,” neither incorporated nor even an “unincorporated association,” which originally had been formed in 1967 by L. Ron Hubbard [Exh. No. 62].

The “Mother Church” – Church of Scientology International

CSI consists of a mishmash of individual corporations and unincorporated entities that are held together by contracts and, more importantly, by the internal policies and the command channels that direct their activities.

Specifically CSI consists of the following principal organizations:

“Watchdog Committee” (WDC), an entity, is the highest management organization within CSI. Excluding RTC, it has the final say over all financial and personnel matters within the “Command Channels” of Scientology. In the “Command Channels” booklet its purpose is meagerly described as “establishing management units [Exh. No. 63, Excerpt].”

WDC is headed by the WDC Chairman, currently Marc Yager, who at the same time holds the position of “Commanding Officer” of the “Commodore’s Messenger Organization International” (CMO Int.), another entity that acts as the enforcement and internal investigation unit on behalf of WDC within the Scientology network. CMO International also comprises the office of the “Senior Case Supervisor International” (C/S Int.), a technical supervision unit, the “LRH Personal Public Relations Office International” (LRH PPRO) and the “International Finance Office” [Exh. No. 64], an office that supervises through its “Finance network” all financial matters of the various organizations.

“Golden Era Productions” is another CSI-entity that is located at Gilman Hot Springs. It is the organization that is responsible for the production of Scientology films, audiotapes and E-meters and conducts worldwide marketing campaigns for Dianetics and Scientology.

The “International Network of Computer Organized Management” (INCOMM) hosts the internal communications system and computer data banks. It safeguards all reports that are received by the Scientology management from the other organizations, as stated by CSI in a memorandum to the IRS in 1993 [Exh. No. 65]. Per an internal Sea Org-publication the Commanding Officer of INCOMM has been Kathy Lemmer in 1999 [Exh. No. 66, Excerpt].

Hierarchically below WDC exists the entity “Senior Executive Strata,” which is composed of the “International Management Executive Committee” (IMEC) and its staff. IMEC is

considered as the strategic management unit within CSI that does the over-all planning, evaluation and directing of Scientology organizations worldwide, as described in the “Command Channels”-booklet [Exh. No. 67, Excerpt]. IMEC is led by the “Executive Director International.” Currently and since 1982 this position is held by Guillaume Lesèvre [Exh. No. 68, Excerpt].

The next lower management unit is the “Flag Command Bureaux” (FCB) [Exh. No. 69, Excerpt] which is primarily located on within the Hollywood Guarantee Building on 6331 Hollywood Boulevard in Los Angeles. FCB includes

- the supervising authority “Flag Network Coordination Committee” (FNCC):

a committee that is composed of the heads of the different management units within the FCB under the guidance of a “Commanding Officer FCB.” The FNCC meets daily and coordinates the activities of the networks within the FCB [Exh. No. 70, Excerpt].

- three separate networks:

- a) the “LRH Communicator Network” (LRH Comm.), an internal investigation network, that holds 3 other networks, designed for the “preservation and application of standard tech and admin(istration)” within the lower organizations of the Scientology network,

- b) the “Finance Network” (a lower extension of the International Finance Network) which micromanages the dealings of the non-management organizations,

- c) the “Office of Special Affairs International” (OSA Int.), the unit which supervises and controls Scientology’s intelligence apparatus on a worldwide basis;

- four separate management units:

- a) “Flag Bureaux” (FB), an entity that directly manages the “Church of Scientology Flag Service Organization” (FSO) in Clearwater, the “Church of Scientology Flag Ship Service Organization” (FSSO) in Netherlands Antilles, the “Celebrity Centre International” (CC Int.) in Los Angeles, the organization “I HELP,” which licenses “Field Auditors” and finally the “Flag Liaison Offices” (FLOs), “continental” management units that direct the lower organizations and missions on their specific “Scientology-continent,”

- b) “Scientology Missions International” (SMI), a Californian non-profit corporation that controls and directs the “continental” SMI-offices and licenses the individual “Missions,” smaller or “beginner” organizations of the Scientology-network,

- c) “World Institute of Scientology Enterprises International” (WISE Int.), a Californian non-profit corporation that controls and directs the “continental” WISE-offices and licenses independent Scientology businesses that use and sell the “LRH administrative technology,”

- d) “Association for Better Living and Education International” (ABLE Int.), a Californian non-profit corporation that controls and directs the “continental” ABLE-offices and directs two other non-profit corporations “Narconon International” and “Applied Scholastics

International,” two organizations that propagate Scientology’s anti-drug and literacy programs;

- two corporations:

a) “Bridge Publications, Inc.” (BPI), a non-profit corporation from Los Angeles, California which is Scientology’s publication’s organization for marketing its books and magazines within the United States and Canada,

b) “New Era Publications International ApS” (New Era), a for-profit corporation from Copenhagen, Denmark that operates through numerous affiliated organizations in countries that are not covered by BPI’s operations, mostly the non-English speaking countries;

“Continental Liaison Offices”

The Church of Scientology has divided up their worldwide operations into different “Scientology-continent.” Each continent and its individual organizations are managed through so-called “Continental Liaison Offices” (CLOs) and “Operation Transport Liaison Offices” (OTLs) [Exh. No. 71, Excerpt]. The individual CLOs and OTLs are often unincorporated units that are integrated in a local Scientology-corporation of that country or area.

The CLOs have the same organizational structure like the FCB at Los Angeles with the difference that the continental management units manage the subordinate organizations directly and are solely responsible for their respective “continent.”

The CLO Europe, for example, is structured as follows: It contains the “Flag Liaison Office” (FLO), the counterpart of the FB in the FCB, which manages the “Advanced Organizations” (AOs) and “Class V Organizations” in Denmark, Germany, France, etc. CLO Europe also contains the three networks of OSA Europe, the European LRH Comm and the European Finance network. Additionally it contains the offices of SMI Europe, WISE Europe, ABLE Europe and the Continental Publications Liaison Office Europe.

For the purpose of this affidavit, three CLOs and one OTL need to be mentioned here:

- “CLO Western United States” which is integrated within the CSWUS-corporation in Los Angeles, California;

- “CLO United Kingdom” which is integrated within the corporation “Church of Scientology Religious Education College, Inc.” in East Grinstead, England;

- “CLO Europe” which is integrated within the “Church of Scientology Advanced Organization Saint Hill Europe” in Copenhagen, Denmark;

- “OTL Russia” which is incorporated as the non-profit association “Hubbard Humanitarian Center” in Moscow, Russia.

“Class V Organizations” and “Missions”

The Class V Organizations and Missions are at the lower end of the Scientology command channel. The Class V organizations offer Scientology services up to the level of “Clear,” whereby the Missions primarily sell beginner courses. Both types of organizations are required to send their longtime public members to the next higher service organizations, in the case of a Class V organization to the nearest Advanced Organization, and in the case of a mission to the local Class V organization. This is to create a steady flow of public members towards the higher organizations and an ever-increasing income for Scientology. This forwarding of customers, or “parishioners,” to higher organizations is controlled by the management and by Scientology’s biggest service organization, the Flag Service Organization, through a so-called “Bridge Control Division.”

“Groups,” “Field Staff Members” and “Field Auditors”

In the highly structured network of Scientology even the activities of individual members are controlled and directed by the management.

“Field Auditors” are public members who offer Scientology auditing in their own practice. Field Auditors are licensed and managed through the “International Hubbard Ecclesiastical League of Pastors” (I HELP) in Los Angeles.

“Field Staff Members” (FSMs) are public members of Scientology who sell services to other public members on behalf of the service organizations and receive 10 % of the paid service in return. Some FSMs work on a full-time basis for several organizations. The organizations control and direct them through their “Field Control Division.”

“Groups” are mostly Dianetics-groups that advertise “Dianetics-auditing” or try to get people interested in Scientology and get them to start services in the local Class V Organization or Mission.

The Finance Network

The Marketing

In 1992 during a tax litigation between the “Church of Spiritual Technology” and the IRS [Church of Spiritual Technology vs. United States, United States Claims Court, No. 581-88T] judge Eric Brugginck wrote in an opinion the following about Scientology’s finances:

“The court has attempted above to describe Scientology's Byzantine management structure and financial arrangements. The task is difficult, due to the proliferation of entities and accounts and the overlap of personnel.”

Such task has not become much easier, although the Church of Scientology has finally shown some effort to shed some light on its finances during its application for tax-exemption in 1992 and 1993. This chapter will describe the major internal operations concerning incoming and outgoing money.

Scientology's financial procedures begin with the, for a church, rather unusual way to promote for its "religious services" and "pastoral counseling devices." I cite from a few advertisements that were published in magazines by CSWUS and the FSO:

From FSO's "Source"-magazine [Exh. No. 72]:

"Get the exact auditing needed to handle your case and get you soaring up to OT! FLAG-ONLY CASE RESOLUTION RUNDOWNS – No two thetans are the same. Isn't that what makes them interesting? While we all have basic case barriers in common, each one handled on the Grade Chart, there are also very specific case phenomena requiring specialized handlings. ... But these rundowns aren't just for bugged cases. They're for anyone who wants to maximize his progress up The Bridge®. ..."

From CSWUS' "Advance"-magazine [Exh. No. 73]:

"THE TOOL THAT GUARANTEES YOU'LL GO OT – THE MARK SUPER VII QUANTUM E-METER™ - For eons, countless attempts have been made to return man to native state. But lacking an E-Meter, even the most enlightened of Earth's beings have been unable to blow through the barriers to OT. But today, we have that E-Meter – a Golden Age of Tech breakthrough that never misses a read: the Mark Super VII Quantum E-Meter. ... GET A QUANTUM – THE ONLY TOOL WITH THE ACCURACY & EXACTNESS TO TAKE YOU TO FULL OT. ..."

From CSWUS' "Advance"-magazine [Exh. No. 74]:

"SECRETS ... Who needs them? Regain your knowingness on NOTs® - The Second Wall of Fire ... Audited NOTs, New OT V, is delivered by our new breed of Golden Age of Tech Class IX Auditors. You are guaranteed 100% Standard Tech auditing. We have an auditor ready to take you in session – and guide you to the power that is you. ..."

From FSO's "Source"-magazine [Exh. No. 75]:

"SOAR TO THE HEIGHTS OF OT WITH SOLO NOTS® TRAINING AT FLAG – Here at Flag, we've put more than 3,000 students through New OT VI. We are quite expert at moving you through as rapidly as possible, teaching you the 79 tools which will give you complete command over every aspect of your own case. ... COME TO FLAG NOW FOR THE SOLO NOTS AUDITOR COURSE AND MOVE INTO THE UPPER REALMS OF OT. ..."

The way Scientology advertises its religious practices is part of a concept of high-pressure marketing that the individual organizations use to sell their services and products. The concept behind it is called by the organization "Hard Sell." To understand the intellectual mindset behind "Hard Sell" it is necessary to refer to one of the internal bulletins that were issued by CSI and deal with the marketing and selling of Dianetics and Scientology. On September 29th, 1987 the "Gross Income Executive International," a representative of CSI, issued a "International Management Bulletin" that was distributed to all the Scientology service organizations. The bulletin stresses the importance to use "hard sell" for marketing and selling Dianetics and Scientology, and orders the implementation of certain steps to achieve a higher rate of sales [Exh. No. 76]:

"For an endless number of years, man has been trapped with no better future in sight than death and decay. ONLY because of the discoveries of L. Ron Hubbard is there a way out. This is an exact laid out route and there is NO other way.

“Thus getting people onto the Bridge® and UP the Bridge makes the difference between the future of this planet being Total Freedom or a continuous dwindling spiral aiming at only endless torture and death.

“Neglecting to disseminate Scientology and Dianetics, neglecting to HARD SELL services and materials and INSIST that the person gets on and up the Bridge now, is in fact agreement with that person’s bank [= “reactive mind”].

“HARD SELL is therefore a MUST in dissemination and selling of services and materials. ...”

The Selling

While the Church of Scientology uses “hard sell” marketing through its magazines, leaflets and other promotional pieces in order to spur the interest of public members for its services, the follow-up activity of the actual selling is executed by the “registrars,” in-house sales personnel of the organizations.

The registrar’s purpose is to “enlighten” the public member on the services the organization offers and to sell a large number of courses or “auditing intensives” (packages of 12 ½ hours of auditing) to as many people as possible, again by using hard sell techniques. It is also very particular that in Scientology the public members have to pay in advance for such courses and auditing, before having even started on these services.

Depending on the size, the organization may have several types of registrars that sell services to different types of public members. During the early 1990s the FSO, the biggest service and sales organization within the Scientology network, had five types of registrars:

- Advance Scheduling Registrars are responsible for getting public members who have made an advance payment towards a service, “fully paid” for this particular service.
- Body Registrars sell services to the public members that walk into the organization.
- Flag Service Consultants are stationed in other Scientology organizations around the world as sales representatives for the FSO. Their primary duty is to recruit new customers for the organization in Clearwater.
- Letter Registrars are writing personal letters to the organization’s mailing list in order to get people to make advanced payments for services by mail.
- Tours Registrars are sales people of promotional tours that organize sales events outside the organization.

Due to the major role of money inside Scientology, the performance of registrars has always received an intense scrutiny by the organization’s executives and its management. On July 5th, 1974 Scientology founder L. Ron Hubbard issued an “Executive Directive” called “Registration Program No. 2” that implemented a standard checklist for the production of registrars [Exh. No. 77]. Among other points registrars were/are requested

- to sell “blocks of (auditing) intensives,”
- to sell “blocks of courses,”

- “getting paid cash in hand in full” and
- giving “financial” or “bank loan advice” to public members.

In 1982 this “Executive Directive” was “adopted as official Church policy by CSI” and installed as a program whose constant implementation in all service organizations was/is permanently controlled by the management of Scientology, as seen in an earlier exhibit [[Exh. No. 76](#)].

The Banking

After the registrar has collected the money for a service from the public member in form of cash, check or through credit card it will be deposited with the “Department of Income” of the organization. There the money will be banked immediately upon receipt onto the “main bank account” of the organization. As Scientology organizations work worldwide on a strict weekly schedule that starts and ends always on a Thursday at 2:00 pm, shortly after that point in time the total weekly production is accounted for, which includes the “Gross Income”, the total revenue of the organization.

The person who is responsible to perform the calculation of the Gross Income is the “Flag Banking Officer” (FBO), who is the local representative of Scientology’s finance network at the concerned organization. Large organizations like the FSO may have a “Finance Director” with several staff [[Exh. No. 78](#)].

After having summed up the combined Gross Income for the organization for the past week, the FBO takes the money from the organization’s main account and transfers it onto his own “FBO No. 1 account.” From that account he sends it onto the accounts of CSI or RTC depending on the liabilities the organization has towards the international management of Scientology [[Exh. No. 79](#)].

Meanwhile the organization through its “Advisory Council” calculates the anticipated expenses of the organization for the upcoming week and submits them with a standardized “allocation form” to the FBO who, in case of granting it, re-transfers the allocated sum back onto the organization’s account.

Depending on the type of organization different allocation forms are used, for example the form used by the FSO [[Exh. No. 80](#)] is different as the one used by the “Advanced Organization Los Angeles” which is part of CSWUS [[Exh. No. 81](#)].

The Central Reserves Bank Accounts

In 1993 CSI and the other major Scientology corporations like RTC, CST, etc. maintained dozens of bank accounts in Luxembourg. In case of CSI and its sub-organizations, as for example SMI, these accounts were used as so-called “Central Reserves Accounts” [[Exh. No. 82](#)]. The FSO, as the major income source for Scientology, used their bank accounts in Luxembourg to deposit “donations” received from public members within the US and from members from foreign countries who had paid for their courses and auditing with foreign currency [[Exh. No. 83](#)].

The International Central Reserves Committee

Within CSI, the “International Central Reserves Committee” controls the maintenance and all the expenditures from the reserves accounts. Not only has the committee the final say on all the financial matters concerning CSI and its sub-organizations and entities but it also controls the financial dealings of several other organizations like the FSO and CSWUS. These organizations are obliged to participate in the so-called “Central Reserves System” which is supervised and regulated by CSI and its Reserves Committee [Exh. No. 84].

In a statement to the IRS, CSI described the way it manages any expenditures from the reserves. At that time, in 1993, the Central Reserves Committee was composed of the following senior executives of CSI [Exh. No. 85]:

- the “WDC Chairman” Mark Ingber (Watchdog Committee),
- the “WDC Reserves” Thomas Ashworth (Watchdog Committee),
- the “International Flag Banking Officer” Sabine Peschken (International Finance Office),
- the “International Finance Director” Jonathan Epstein (International Finance Office),
- the “Sea Org Reserves Chief” Veronique Gouessan (International Finance Chief),
- the “International Landlord” Linda Stuart (International Finance Office) and
- the “Executive Director International” Guillaume Lesèvre (Senior Exec Strata).

Per CSI’s statements the committee received on a weekly basis proposals from various CSI organizations or other entities from the Reserves system to finance their weekly upcoming expenditures or certain individual projects [Exh. No. 86]. CSI stated specifically that

“the International Reserves Committee does not approve any general or lump-sum ‘grants’ of money for unspecified purposes. It only approves funds against detailed, written proposals, which specify the exact purpose of the expenditure. This purpose must fully align to the purpose of the religion, or it will not be approved.”

After such proposals were found to be in alignment with “Scientology’s religious purposes” by the committee, two other executives from the International Finance Office would disburse the allocated funds to the respective organizations or entities. In case of an U. S. organization this was done by the “Reserves Disbursement Officer,” for non-U. S. organizations the “Deputy Sea Org Reserves Chief” (D/SOR) was responsible for this task. At the time of CSI’s tax-exemption application the position of D/SOR was held by Pauline Chatterton, a New Zealand citizen.

When CSI submitted to the IRS an example of the Committee’s financial planning for one particular week, the document showed that the “operating costs” of CSI and its various entities, including its intelligence service “Office of Special Affairs International” were included in such a proposal [Exh. No. 87]. The “Reserves Committee” was therefore the primary financing body for the intelligence operations of “OSA International.” It also must have had knowledge about the nature and the target areas of individual operations as these were described in above-mentioned proposals, if one takes CSI’s statement about its financing procedures for granted.

Trusts

CSI through its Reserves Committee maintains and controls several trusts in the United States and England that hold large amounts of money and which were officially created

“for religious purposes, ... to propagate the doctrines, tenets, practices and beliefs of the religion of Scientology and to the accomplishment of its goals.”

Furthermore these trusts

“may support or benefit organizations that are organized and operated exclusively for the purposes of the religion of Scientology as founded and developed by L. Ron Hubbard.”

During the last 15 years CSI maintained at least 10 of such trusts.

Today the most important trusts for Scientology’s worldwide operations are “Church of Scientology Religious Trust” (CSRT) and the “Scientology International Reserves Trust” (SIRT), both under the control of the Reserves Committee and part of its financing system.

While CSRT apparently is primarily used to finance CSI’s building projects within the United States [Exh. No. 88], SIRT funds are used to provide [Exh. No. 89, Excerpt]

“financial assistance primarily to (foreign) Scientology Churches ... and to defend them and their staff from unfounded and illegal attacks prompted by their status as Scientologists.”

CSRT is registered in Los Angeles, California, while SIRT is managed from East Grinstead, England.

The Intelligence Network

The Public Presentation of the Office of Special Affairs

In 1994 CSI distributed a booklet to journalists, which was titled “Reference Guide To The Scientology Religion – Answers To Questions Most Commonly Asked By The Media.” Next to other controversial issues, such as Scientology’s own penal colony, the “Rehabilitation Project Force,” CSI discussed the functions of its intelligence unit, the “Office of Special Affairs.” Under the chapter “What is the Office of Special Affairs?” [Exh. No. 90, Excerpt] , CSI stated:

“The Office of Special Affairs (OSA) is the division of Church of Scientology International responsible for interfacing with the society at large, including legal affairs, public relations and community outreach.

“Through a network of Directors of Special Affairs, who serve in local churches, the Office of Special Affairs ensures that every church maintains sound corporate status and complies with all legal and tax requirements.

It also coordinates community affairs and outreach programs participated in by the local churches, and national anti-drug campaigns and interfaith activities.”

A more detailed and accurate description of OSA's activities can be found in Scientology's internal management guide, called "The Command Channels of Scientology" where the organization had the following to say [Exh. No. 91, Excerpt]:

"The Office of Special Affairs International (OSA Int) is a network which extends through Continental Liaison Offices to org level Department 20s, the Department of Special Affairs.

"The OSA Network is responsible for handling all external matters of the Church (including legal, defense, government and media relations) to the result of the total acceptance of Scientology and its founder, L. Ron Hubbard. OSA helps create a safe environment for orgs to operate in and expand by their actions. It gets this function done by keeping orgs operating fully in accordance with the laws of the land, by applying LRH Public Relations technology with the officials in the org environment and ensuring the org is free of external enturbulence and distraction so it can go on with the business of clearing its community.

OSA Int is part of the Flag Command Bureaux and is headed by the Commanding Officer OSA Int who is answerable to WDC OSA."

The Actual Activities of OSA

While the above mentioned internal description of OSA's activities is certainly more specific than the one designed for the media, it nevertheless omits one of OSA's principal functions, as it is indeed Scientology's own intelligence service.

Within the last 18 years the OSA-network has conducted through its employees, private investigators, attorneys and agents characteristic intelligence operations. It has spied on critics and perceived opponents of Scientology

- by the use of electronic surveillance methods through private investigators,
- by means of infiltrating their social and professional life through agents and
- by the use of legal discovery in civil cases through attorneys.

The intelligence gathered through the above operations has later been used by OSA against these critics and perceived opponents of Scientology for the purpose of

- discrediting them publicly by exposing details of their private and professional life,
- declaring them as "criminals" for their "exposed" activities,
- finding reasons to start or expand litigation against them and
- using the information to turn third parties against them.

While individual activities of OSA will be described in a later chapter, this sub-chapter details its theoretical and organizational background.

Its Origins and the Basic Doctrines of the Office of Special Affairs

The Office of Special Affairs was officially founded in December 1983, replacing the "Guardian's Office" (GO), Scientology's former intelligence unit, which had been dissolved after eleven members were sentenced to prison terms by federal courts for committing burglary and infiltrating government offices. In its tax-exemption application of 1993 the Church of Scientology submitted their side of the story about the illegalities of the GO and its

subsequent takeover by the present Scientology-management under the leadership of David Miscavige [Exh. No. 92]:

“... CMO INT missions and investigations into GO WW in England and the United States Guardian’s Office in Los Angeles continued through the end of 1981 and into 1982, weeding out anyone found to have had any part in anything that appeared to have been illegal or who had knowledge of and condoned the GO’s illegal acts. Anyone found to be in this category was removed from Church employ. ...

“The illegal acts of the GO and its perversion and abandonment of Church policy were not taken lightly by Church management once they became known. It required many months of investigation and severe measures by dedicated members of CMO INT to finally cleanse the Church of this corruption.”

Scientology founder L. Ron Hubbard laid out the foundation of GO’s and OSA’s intelligence operations during the 1960s when he wrote several confidential “Hubbard Communication Office Policy Letters” (HCOPLs), “Guardian Orders” or unspecified orders that defined Scientology’s interest and methods in conducting such activities. These doctrines are still part of the training material for OSA-personnel and a list of them appeared in a so-called “checksheet” for the position of an “OSA Investigations Officer.” This document was issued in 1991 and came to the surface a few years ago [Exh. No. 93].

In one of the documents that cover OSA’s basic operating philosophy a former dispatch of Hubbard was used to define the basic purpose of intelligence. The “OSA Network Order No. 9” states [Exh. No. 94]:

“Intelligence is the process of informing one’s command area of the plans, characteristics and crimes of all opponents to one’s own activities and purposes.”

In another document, “Intelligence Actions,” Hubbard summarized the fundamental activities that were required for such operations [Exh. No. 95]:

“An Intelligence Officer collects data, files by name and area, writes summaries and forwards the data to the correct terminal. This person should never at any time consider themselves [sic] capable of giving an estimate of the situation. This is done by the head of the division.

“The Standard actions of intelligence are:

“1. Predict the trouble before it occurs by filing, cross indexing, investigation of areas, statistics and other means.

“2. Investigate the for crimes, individual’s who are creating trouble.

“3. Prosecute.

“This is standard, 1 2 3 action and should not be deviated from. The maxim is ‘... when under attack ... attack’. The point is ... even if you don’t have enough data to win the case ... still attack LOUDLY. Reason is, it is only those people that have crimes that will attack us, and they will soon back off for fear of being found out when attacked back.”

A citation from a HCOPL, written in 1961 and titled “Department of Government Affairs,” stated the main goal for Scientology’s intelligence efforts, which has been deemed so important, that the future Investigations Officer must demonstrate its understanding of it through a “clay demo” [Exh. No. 93, page 6]:

“The goal of the department is to bring the government and hostile philosophies or societies into a state of complete compliance with the goals of Scientology. This is done by high-level ability to control and its absence by low-level ability to overwhelm. Introvert such agencies. Control such agencies. Scientology is the only game on earth where everybody wins. There is no overt in bringing good order.”

Under the chapter “Investigation Tech” another interesting document can be found on that checksheet [Exh. No. 93, page 9], namely the “OSA Network Order 35, Intelligence Estimations and Predictions” [Exh. No. 96]. While the Church of Scientology today tries to distance itself from the Guardian’s Office’s activities, its current intelligence service OSA has indeed inherited several of the doctrines, advices and regulations L. Ron Hubbard had originally written for the GO. The Network Order 35 is a prime example for the tactic of Scientology management to let old GO-documents have a face-lift before re-naming them “Network Orders” and using them again as official policy. “Network Order 35” from April 7th, 1988 had actually been published 15 years earlier as “Guardian Order 907,” issued on August 22nd, 1973 [Exh. No. 97].

Hubbard claimed that every opponent or critic of Scientology has in fact crimes to hide, and that the task of Scientology’s intelligence service is it to uncover them and use them against the critics in order to path the way for a future expansion of Scientology. Such philosophy can be found throughout the writings of Hubbard, and several of them are part of OSA’s training material. One of those, called “Enemy Names” [Exh. No. 93, page 14], stresses the importance to fight Scientology’s intelligence wars always on “enemy territory” and explains how an interplay between the Intelligence section and the Public Relations department can be used in such a battle [Exh. No. 98]:

“Intelligence data when gained can be fed back to PRO [Public Relations Officer] for more spectacular confrontations.

“Intelligence uses the names for investigation, run back, cross-filing.

“PRO uses the hostile confrontator [a Scientology critic] to guide his own counter attacks.

“The effect at the least is to shut the hostile people up.

“This activity (press counter-attack such speakers) must not be neglected.

“We happen to be fortunate, if you call it that, that persons hostile to Scientology usually have criminal backgrounds even when in public life. One doesn’t always find these even when they exist but one at least finds connections, which are useful.

“It is very sound strategy never to fight a battle on your own territory or subject or even on the territory of an ally. Always fight battles in enemy territory.”

A big part of the earlier mentioned checksheet consists of various policies that discuss either the tactics to be applied in Scientology’s war against its enemies (journalists, western

governments, psychiatry and Scientology critics in general) in order to overwhelm them or how to protect the organizations against government measures by safeguarding Scientology's status as a religion.

The organizational structure of OSA

As the major activities of CSI are controlled and supervised by the Religious Technology Center "to guarantee its orthodox use of the religious doctrine," so are the intelligence operations of the Office of Special Affairs. In a 1991-interview held with "Impact," Scientology's official membership-magazine, Mark Rathbun, then "Inspector General for Ethics RTC," openly talked about various OSA-operations against Scientology-enemies like Interpol, the IRS & Psychiatry and presented himself as its official supervisor [Exh. No. 99, Excerpt].

Asked for the purpose of his position within RTC, Rathbun, who had "been working on *external affairs* for ten years," stated:

"To keep Scientology free from subversion, thus reinforcing the gains of Scientology internationally."

Evidently, the OSA-network and its *external affairs* were areas that came under the attention and supervision of Rathbun at that time.

The Office of Special Affairs International itself is the highest echelon of the OSA-network. It is led by the "Commanding Officer OSA International" (CO OSA Int.) [Exh. No. 91, Excerpt] and is solely composed of Sea Org-members.

As OSA Int is part of the tactical management branch of CSI, its primary purpose is to supervise and direct the activities of OSA-Offices in the "Continental Liaison Offices" (CLOs) and in the individual service organizations. While it normally doesn't become directly involved in legal matters and intelligence operations on a local level, OSA Int. conducts intelligence operations and litigates in affairs that have national or international relevance for Scientology.

To give an example for such relevance: When I participated in the German television-documentary on Scientology in early February 1997 and the Church of Scientology learned that the producers would film in the United States and interview American ex-Scientologists, mainly public relations personnel from OSA Int. would deal from then on with the television station in Germany and the producers in Florida.

On May 13th, 1996 a senior executive of OSA Int. was deposed during a civil suit in Orange, California [Exh. No. 100, Excerpt]. During the deposition Kurt Weiland, who identified himself as "Deputy Commanding Officer OSA International," described the five main functions of OSA Int.:

"OSA Int. has functions to the public representation of the Church and to deal with the external affairs of the Church, ...

"Over the years, as the activities of the Church grew, and now we're in over 120 countries of the world, the necessity to create a department, that deals with legal and its corporate and tax affairs, and

of course, there's also increasing media interest if you grow, so we also have a section that deals with the Public Relations affairs and additionally, the Church has increasingly begun to affect the environment within it exists not just here in the United States but practically everywhere around the world.

"So we have a sizeable social reform function that is housed within OSA Int. And there's some other departments which are purely internal that facilitates the function of the Office of Special Affairs such as personnel, hiring and accounting, things of that sort."

At a later point in the deposition, Weiland specified the individual departments ("Bureaus"), which carry out those functions within OSA International [Exh. No. 101, Excerpt]. Summarizing Weiland's statements about the functions, the individual "bureau" designations and additional information from a Scientology administrative dictionary lead to the following organizational structure of OSA Int:

1 - Personnel Bureau	Personnel
2 - Dissemination Bureau	Publishing
3 - Treasury Bureau	Accounting
4 - Action Bureau	PR, Legal, Social Reform & Investigations
5 - Qualifications Bureau	Training of Staff
6 - Port Captain Bureau	Internal Legal & Social Affairs
7 - Executive Bureau	General Supervision

As it can be seen, "Bureau 4" combines the major external matters, in which the Office of Special Affairs International is involved. More specifically they comprise the following "Sections":

Public Relations Section: This involves all matters with media, press, government and the general public. Scientology-staff that represent organizations to the public, and especially media, are normally so-called PR-Officers of the local, national or international OSA-office. These staff are trained in "L. Ron Hubbard's PR-technology" to turn any negative or controversial situation for Scientology into a favorable one, while promoting Scientology's "public work." They are also required to publicly attack Scientology's enemies and destroy thereby their reputation.

Several OSA Int. staff have acted within the last years as official spokes persons for CSI and OSA International: Gail Armstrong, Leisa Goodman, Glenn Barton, the current Commanding Officer OSA Int Michael Rinder, Kurt Weiland and CSI's President Heber Jentsch, who in fact is "ecclesiastically" a subordinate of Weiland, although he is in fact the CEO of the whole corporation.

Legal Section: This section coordinates the legal & corporate strategies and affairs of Scientology on a worldwide basis. It also hires the attorneys in cases where CSI or one of the major Scientology corporations are involved in. With the law firm "Moxon & Kobrin" from Los Angeles [Exh. No. 11, Excerpt] OSA International has an in-house law firm whose personnel consists of Sea Org and CSI personnel. OSA Int.'s principal in-house litigators are Kendrick L. Moxon, Helena Kobrin, Ava Paquette and Jeanne M. Gavigan, while Lynn Farny heads the Legal Section as its "Section In Charge." The law firm "Moxon & Kobrin" also hires

private investigators that conduct surveillance of Scientology's critics on a national or on an international level.

Investigations Section: It supervises and coordinates all the intelligence activities on a worldwide basis. It receives daily surveillance and intelligence reports from its subordinate Offices of Special Affairs, located in the CLOs and in the service organizations. An internal "Executive Directive" from June 26th, 1995 [Exh. No. 102] states that local OSA-offices are obliged to send written reports on all matters of interest to the "Data Branch" of the Investigations Section of OSA Int:

"The Data Branch of OSA Int is responsible for the collection of information, for receiving all types of data and for digesting, sorting, alerting, filing, and analyzing it. By collecting adequate information and by analyzing it, Data can provide prediction to management and other OSA Int staff, and accurate handlings can be worked out.

"The Data Branch collects all reports coming to OSA Int: stats, media reports, situation reports, answers to specific requests, PR debriefs and routine reports such as Daily Reports, Compliance Reports and Weekly Reports. The only reports that do not come directly to nor are copied to Data Branch are specific Invest reports concerning ongoing investigations. Such reports are addressed and sent directly to the concerned Invest Bureau staff members."

Further on the document specifies the information OSA Int wants from its local offices:

"Cont Daily Reports

"1. Situation/Threats

"A. Report any situation or threat which was terminatedly handled and is no longer a situation or threat.

"B. Report any data on significant progress in handling an outstanding situation. Include specifics on any reduction of a Claimed or Assessed Liability.

"C. Report any data on worsening situations. Include specifics on any additional Claimed or Assessed Liability.

"D. Any data on a new situation or threat is to be reported exactly by giving the time, place, form and event of what the situation is, how it came about, the names of the people involved, and how it is going to be handled ...

"2. Any litigation data ...

"3. Debriefs of significant meetings and/or visits ...

"4. Media on Dianetics, Scientology ..."

Social Reform Section: This section is engaged in a private warfare with Scientology's biggest rival, psychiatry. In an internal memorandum from the mid-1990s, which was sent to its local branches, the Office of Special Affairs International defined the functions and the purpose of this section [Exh. No. 103]:

"Social Reform Section VFPs (Valuable Final Products):

“1. Rotten spots in society exposed and eradicated making way for the broad introduction of Scientology tech into society.

“2. An established, productive and functioning social reform network.”

The document identifies Scientology’s proclaimed “rotten spots in society” as the profession of psychiatry. Psychiatry is viewed by OSA as “the opposition” that needs to be eradicated and replaced by “Scientology technology.” The success of such activity is measured by certain objectives that are listed as well in that document:

“This statistic reflects that major losses created for the rotten spots (opposition) in society. The points are counted only if Social Reform has been actively involved in these activities. ...

“A. Criminal/Civil Prosecution – 1 Point

“B. License suspended – 2 Points

“C. License revoked – 3 Points

“D. Psych(iatrist) arrested – 4 Points ...

“F. Psych jailed – 8 Points ...

“H. Institution closed down – 15 Points ...

“M. National law passed that restricts the profession/agency – 20 Points ...

“O. National law passed that outlaws a major aspect of the profession/agency ...”

An important part of the Social Reform Section at the international level of OSA is the “Citizens Commission on Human Rights International” (CCHR Int.), a non-profit corporation from Los Angeles, California [Exh. No. 104]. CCHR was originally founded in 1969 and CCHR Int. has officially been incorporated in 1982 [Exh. No. 105]. While CCHR Int. claims to be an independent corporation that tries “to guard against abuses of the fundamental rights of man” and “to encourage and support into the effects of psychiatric and psychological practices and procedures,” its real purpose of existence is to execute the above listed targets and eliminate psychiatry as the major competitor for Scientology in the mental field.

CCHR Int.’s headquarters staff is solely composed of Scientologists who work closely under the supervision of OSA International, while its local CCHR chapters work in coordination with local OSA-offices [Exh. No. 106].

The activities of CCHR are often covered by OSA’s “Freedom”-magazine and by the Scientology-membership magazine “Impact.” CCHR Int.’s current official agent is Ava Paquette who is also a member of “OSA International” and an attorney of CSI’s in-house law firm “Moxon & Kobrin” [Exh. No. 11, Excerpt].

At the top of OSA International is the Executive Branch with the “Commanding Officer OSA International.” Currently this position is held by Michael Rinder, originally a citizen from

New Zealand. He inherited it 1994 from Kurt Weiland, who had been the CO OSA Int from 1987 until that year. In 1987 Weiland had replaced Michael Sutter, the first Commanding Officer, who left during that year OSA Int to work at the Religious Technology Center under Mark Rathbun.

OSA International controls its worldwide OSA network in a similar way the “International Finance Office” controls its Finance network. Each Continental Liaison Office houses its own Office of Special Affairs, which is answerable to OSA Int and directs the individual OSA offices in the individual organizations. For example, the Office of Special Affairs Europe, which is located within the Continental Liaison Office for Europe, controls the Departments of Special Affairs in the Scientology organizations, f. e., in Munich (Germany), Amsterdam (Netherlands) or Athens (Greece), etc. At the same time OSA EU’s activities are controlled and supervised by OSA International, including the intelligence reports it receives from the individual OSA-offices. In the attached exhibit, f. e., the “Commanding Officer OSA for Europe” (CO OSA EU) directs the “Director of Special Affairs Greece” (DSA Greece) on “unhandled threats” for Scientology in Greece, while informing his superior, the “European Continent Programs Operations Officer OSA International” (EU PGMS OP OSA INT) about that order [Exh. No. 107].

The local Offices of Special Affairs are formally integrated within the organizational structure of the individual Scientology organizations, f. e., “Class V organizations,” which exist in cities like Dallas, Texas or in Paris, France. The “Department of Special Affairs,” Department 20, then is part of the so-called “Executive Division” of such an organization [Exh. No. 108].

Each local Office of Special Affairs is similarly structured like the Action Bureau 4 at OSA International and has an additional “Service Section.” While the individual “Director of Special Affairs” (DSA) might officially be an employee or a corporate officer of that local organization, he is always and solely answerable to his superiors within the OSA-network.

VI - Scientology’s Relationship With The U. S. Federal Government

Hubbard and the U. S. Navy (1941 – 1950)

Hubbard and Scientology’s stormy relationship with the U. S. government actually has its origin in a time nine years before the release of Dianetics. On July 19th, 1941 L. Ron Hubbard began his military service at the U. S. Navy [Exh. No. 109], which finally ended on October 30, 1950 when he received an honorable discharge, after having already been released from active duty on February 16th, 1946 [Exh. No. 110, Excerpt]. In light of Scientology’s past and current activities, it is important to note that its founder, Hubbard, began his military service with the Navy intelligence and worked as an intelligence officer from December 1941 until June 1942 [Exh. No. 111, Excerpt]. That fact might explain Hubbard’s later pre-occupation with intelligence matters and why he integrated a private intelligence service as the “Guardian’s Office” in its “Church”-structure.

Hubbard, the FBI and Dianetics (1951 – 1953)

Five months after his retirement from the Navy, Hubbard tried to get in contact with another federal authority, the FBI. This was at a time when the initial success of his “Dianetics”-movement had already died down and he was experiencing additional difficulties in his second marriage with Sarah Northrup. In the upcoming divorce trial Northrup would accuse him of torture and having conducted sleep deprivation experiments on her. Hubbard in return reported her to the FBI and was subsequently interviewed on March 1st, 1951 [Exh. No. 112]. He claimed that the “Hubbard Dianetics Research Foundation” in Los Angeles had been infiltrated by Communists, and that one of them, Miles Hollister, “was instrumental in driving (his) wife, Sarah Northrup Hubbard, to the point of insanity.”

Two months after, on May 14th 1951, Hubbard wrote another letter, this time to the Attorney General in Washington, DC [Exh. No. 113], saying, that his organization was flooded with Communists and that during one night in February his wife Sarah Northrup, in collaboration with Miles Hollister, “knocked him out, had a needle thrust into his heart to give it a jet of air to produce ‘coronary thrombosis.’” He “was given an electric shock with a 110 volt current.” It is my understanding that Hubbard wrote several of such letters to federal agencies, accusing his partners and close adherents of being communists, while his business was in fact collapsing due to the false claims he had made about the workability of Dianetics. Consequently he got into serious financial trouble, several of the Dianetics Foundations subsequently failed and Hubbard had to declare bankruptcy a few times before U. S. courts [Exh. No 114].

The FDA, the IRS, the CIA and Scientology (1954 – 1971)

Despite all his personal and financial trouble Hubbard got back on his feet again and with the founding of the “Church of Scientology” and the “Church of American Science” he found new vehicles to pursue his ideas and visions within a legally more secure framework.

Soon enough, on January 2nd 1957, the Internal Revenue Service pronounced Hubbard’s “mother church,” the “Church of Scientology of California” a tax-exempt operation. Other organizations, “Churches” as well, would follow with being tax-exempt [Exh. No. 115, Excerpt].

Despite its momentary upswing the Scientology organizations remained at odds with other authorities because of Hubbard’s unsubstantiated medical claims: In 1958 Hubbard claimed to have developed a substance that would shield a person from harmful radiation if ingested. That substance was called “Di-anazene” and the organization marketed it through the company “The Distribution Center.” Subsequently the Food & Drug Administration (FDA) raided its offices, seized 21,000 tablets of “Di-anazene” and destroyed them later [“A Piece Of Blue Sky,” page 142, Jon Atack, Carol Publishing, © 1990].

Such activities finally attracted the attention of another federal agency. The FBI started a formal investigation too and reviewed its information on this occasion on Hubbard and his followers [Exh. No. 116].

On January 4th, 1963 Hubbard’s “Distribution Center” received again a visit by the government: U. S. Federal Marshals seized about 100 E-Meters and 20,000 pages of

literature, acting on the charge of false libeling and false scientific claims brought up by the FDA. It was the start of a long legal controversy between Scientology and the U. S. government, which would keep the courts busy for the years to follow [Exh. No. 117].

Hubbard himself had his own interpretation of the actions of the FDA. On October 27th, 1962 when it was clear, due to several visits by FDA-officials at the Scientology-organizations, that an investigation was underway, Hubbard wrote in a “Hubbard Executive Letter” [Exh. No. 118]:

“In the U.S., on the heels of my informing the White House we could help them with their fight against Communism, the Food and Drug Administration came into every large U.S. org in a space of 48 hours (DC, NY and LA) demanding evidence about the E-Meter. This seems most peculiar that they’d want out of existence a machine that detects Communists while they pretend to be mad at them.”

In 1967 the IRS revoked the tax-exempt status of several Scientology-organizations [Exh. No. 115, Excerpt]. This marked the beginning of another legal conflict that would last 26 years and would involve hundreds of lawsuits between the various Scientology organizations, its members and the IRS.

At this time the Scientology-network was spread throughout several countries with Hubbard residing on a fleet of ships that would cruise the Mediterranean Sea. There he directed and managed his “churches,” outside of any legal boundaries and thereby escaping the problems and legal consequences his organizations encountered in the United Kingdom, South Africa, New Zealand, Rhodesia and the United States. Though outside of the United States, Hubbard was not completely outside of the scope of the government, as his worldwide activities attracted the attention of the Central Intelligence Agency.

On July 16th, 1968, for example, an internal CIA-dispatch reported on some of Hubbard’s newspaper credentials. At the end of the report the writer expressed his rather blunt judgement about Hubbard’s organization [Exh. No. 119]:

“... 4. FYI: Subj has long history (Censored) was proponent pseudoscientific pulp. (Censored) 5. Pouching Details. From HQS material appears ref a ‘floating college’ probably part of charlatan cult (Censored).”

One year later the activities of the Scientology organization in Washington, DC were the subject of two court cases. In “Founding Church of Scientology of Washington, DC (FCDC) vs. United States,” No. 226-61, the United States Claims Court found on July 16th, 1969 that the Scientology organizations were not entitled to tax exemption and had in fact to pay back-taxes to the IRS for the years 1956 – 1959.

In the second suit, “Founding Church of Scientology of Washington, DC vs. United States,” No. 21483, the United States Appeals Court in Washington, DC had to decide over the legality of the FDA-raid 6 years earlier. Scientology claimed that the raid and the seizure of the E-Meters by the government had violated Scientology’s rights for practicing its religion. Finally on February 5th, 1969 the court ruled:

“(1) On the basis of the record before us, the Founding Church of Scientology has made out a prima facie case that it is a bona fide religion and, since no rebuttal has been offered, it must be regarded as a religion for purposes of this case.

“(2) On the record before us, a prima facie case exists that auditing is a practice of Scientology, and that accounts of auditing integrated into the general theory of Scientology are religious doctrines. Since no rebuttal has been offered, we must take the point as proven.

“(3) In view of the constitutional doctrine of *United States v. Ballard*, supra, literature setting forth religious doctrines, and related to an instrument in the manner in which the ‘auditing’ literature here is related to the E-meter, cannot be subjected to courtroom evaluation and therefore cannot be considered ‘labeling’ of such an instrument for purposes of the ‘false or misleading labeling’ provisions of the Act.

“On the other hand, the following should be noted:

“(1) We do not hold that the Founding Church is for all legal purposes a religion. Any prima facie case made out for religious status is subject to contradiction by a showing that the beliefs asserted to be religious are not held in good faith by those asserting them, and that forms of religious organization were erected for the sole purpose of cloaking a secular enterprise with the legal protections of religion.

“(2) We do not hold that, even if Scientology is a religion, all literature published by it is religious doctrine immune from the Act ...”

Two years later the FDA-matter and the seized E-Meters were again the subject of a court ruling (“*United States vs. An Article or Device ‘Hubbard E-Meter’*, etc. Founding Church of Scientology of Washington, DC,” No. D.C. 1-63, United States Court for the District of Columbia, Opinion, July 30th, 1971) [[Exh. No. 117](#)]. This time the court issued a final ruling, which regulated the future use of the E-Meter and the way the Scientology organizations could promote it:

“... Dismissal of this libel after eight years of legal proceedings is not justified on the grounds that the Government has not used the most appropriate remedy. A decree of condemnation will therefore be entered, but the Church and others who base their use upon religious belief will be allowed to continue auditing practices upon specified conditions which allow the Food and Drug Administration as little discretion as possible to interfere in future activities of the religion. Pursuant to 21 U.S.C. 334 (d), upon the findings and conclusions contained in this Memorandum Opinion, relief in the following form shall be set out in an implementing order:

“All E-meters are condemned together with all writings seized. The Government shall have its costs.

“The device and writings condemned shall be returned to the owners, upon execution of an appropriate bond, to be destroyed or brought into compliance with the Food, Drug & Cosmetic Act. An E-meter shall be deemed to comply with the Act if and only if it is used, sold or distributed upon specified conditions.

“The device may be used or sold or distributed only for use in bona fide religious counseling ...

“Each user, purchaser, and distributee of the E-meter shall sign a written statement that he has read such warning and understands its contents and such statements shall be preserved.

“Any and all literature which refers to the E-meter or to auditing, including advertisements, distributed directly or indirectly by the seller or distributor of the E-meter or by anyone utilizing or promoting the use of the E-meter, should bear a prominent notice printed in or permanently affixed to each item or such literature, stating that the device known as a Hubbard Electrometer, or E-meter, used in auditing, has been condemned by a United States District Court on the grounds that the literature of Dianetics and Scientology contains false and misleading claims of a medical or scientific nature and that the E-meter has no proven usefulness in the diagnosis, treatment or prevention of any disease, nor is it medically or scientifically capable of improving any bodily function ...

“The effect of this judgment will be to eliminate the E-meter as far as further secular use by Scientologists or others is concerned. E-meter auditing will be permitted only in a religious setting subject to placing explicit warning disclaimers on the meter itself and on all labeling.”

Operation “Snow White” (1973 – 1983)

While the conflict with the FDA was finally settled, the self-proclaimed “war” of Scientology against the IRS had just began. After its tax-exempt status was revoked in 1967, the “Church of Scientology of California” (CSC) refused to file income tax returns, but submitted instead Form 990 information returns for the years 1970 - 1972.

In order to resolve the continuing legal problems with various governments Hubbard devised in 1973 a program, which he called “Snow White.” One year later the staff of Hubbard’s intelligence service, the “Guardian’s Office” (GO) received a “Guardian Order,” which briefed them about its purpose and importance [[Exh. No. 120](#)]:

“He (Hubbard) called it ‘Snow White’ because it contains most of the elements of the famous fairy story. There is the evil stepmother and Witch, ‘poison apples’ and intrigue, the dashing Prince and buffons [sic] like the Seven Dwarfs. There is even ‘treasure’ and ‘gems’ and a great deal of digging involved.

“The purpose of the programme [sic] is to trace back the attacks of the past 24 years to find and handle their Source. ...

“To date the full programme contains a total of 38 major projects and innumerable sub-projects and sub-sub-projects. It involves most of the areas of the planet that have been touched by Scientology on one form or another.

“... In actual fact the Snow White Programme has the HIGHEST PRIORITY OF ALL GO ACTIVITY.”

Meanwhile the CIA was continuing to observe the activities of Hubbard’s fleet. On October 16th, 1975 a review at CIA’s headquarters was drafted. It contained a classic example of a completely wrong intelligence assessment [[Exh. No. 121](#)]:

“Review of available info regarding overseas activities Church of Scientology reveals only that its founder L. Ron Hubbard is [an] eccentric millionaire who has been expelled from residence in several countries because of his odd activities and behavior. He is [the] owner of several ships whose appearance in several ports of [the] world have [sic] stimulated queries to (Censored) and (Censored) from other governments asking info re vessel’s mission and crew. Responses indicate we know very little, except that there [is] no indication that Hubbard or members of his organization have been engaged in intelligence or security matters. ...”

1975 was also the year when the Scientologists started to implement the legal part of the Snow White program. Several corporations started to flood U. S. government agencies with Freedom of Information Act-requests. Not satisfied with the responses, the organizations then filed suit at federal courts. The purpose of those suits was evident: to find “false information on Scientology” in government files planted by the alleged “Source” and to discourage government agencies to file anything on Scientology. Exemplary of such tactics are the following court cases:

CSC vs. U. S. Department of Justice & DEA, No. CV-76-2506, filed on December 4th, 1974;
CSC vs. U.S. Department of the Army, No. CV-75-3056-F, filed on September 9th, 1975;
FCDC vs. FBI & Griffin Bell, No. CV-78-1391, filed on September 26th, 1975;
CSC vs. U.S. Department of Defense, No. CV-75-4072-F, filed on December 4th, 1975;
CSC vs. CIA & Stansfield Turner, No. CV-80-1172, filed in 1975/76;
CSC vs. U.S. Postal Service, No. CV-76-1610, filed in 1976;
CSC vs. U. S. Department of Treasury et al, No. CV-76-1719, filed in 1976;
CSC vs. U.S. Department of Health et al, No. CV-80-1189, filed on June 9th, 1976;
FCDC vs. NSA et al, No. CV-76-1494, filed in August 1976;

But filing suits were not the only actions Scientology and Hubbard would initiate to get the American government under their control. In late Spring of 1976 a first ray of light fell on what the Scientologists were actually up to at that time [[Exh. No. 122](#), Excerpt]:

“On May 31st, 1976, the night librarian Charles Johnson and the GSA Security Guard (of the United States Courthouse in Washington, DC) notified the United States Attorney’s Office that two individuals who had identified themselves as IRS employees and who had in their possession IRS identification cards had been seen using the photocopying machines of the United States Attorney’s Office on the previous Friday evening. Both Mr. Johnson and the guard were instructed to immediately contact the FBI if those two individuals returned to the Courthouse.”

They did not have to wait a long time. On June 11th, the two persons, who identified themselves as “John M. Foster” and “Thomas Blake,” but whose names were actually Michael Meisner and Gerald Wolfe, appeared again in the courthouse at 7 o’clock in the evening. Upon them signing in at the library, the security guards called the FBI.

“Shortly thereafter FBI Special Agents Christine Hansen and Dan Hodges confronted the defendant Wolfe and Mr. Meisner at one of the back tables within the Bar Association Library, and demanded to see their identification cards. Mr. Meisner presented his IRS identification cards to the FBI agents, and informed them that he had since resigned from the IRS. ... Mr. Meisner informed Agent Hansen that he and the defendant Wolfe had been in the Courthouse to do legal research, and that they had used the United States Attorney’s Office photocopying machine to photocopy legal books and cases. He gave her as his home address an address a few doors away from his actual residence. Neither individual mentioned either’s association with the Church of Scientology, or the true purpose for which they were in the United States Courthouse. After fifteen minutes of questioning, Mr. Meisner inquired if they were under arrest. When Agent Hansen responded that they were not, Mr. Meisner told Wolfe that they were leaving. ...”

Meisner and Wolfe were not only members of Scientology, but were in fact agents of Scientology’s “Guardian’s Office” (GO) and their task at the U. S. courthouse was to steal and photocopy files from Assistant U. S. Attorney Nathan Dodell who represented the government in litigation against Scientology.

After their operation had been compromised by the FBI-agents, the Guardian's Office initiated a cover-up. Under the direction of the "Controller" of the GO, Mary Sue Hubbard, the wife of L. Ron Hubbard, Meisner fled to Los Angeles, while Wolfe was prepared to take the fall for the use of his false credentials, while he would not reveal anything else to the authorities.

In May 1977 the situation began to take a dramatic turn. In Washington on the 13th, Wolfe entered a plea of guilty "for the wrongful use of a government seal," while in Los Angeles the GO executives placed Meisner under guard in a safe house, as he had begun to have doubts about the whole operation. He escaped on the 29th, but returned shortly after he was persuaded by his superiors, whom he contacted later by phone to discuss the situation.

On June 10th Wolfe was sentenced by a U. S. judge for a year of probation. He was subsequently served with a subpoena and had to appear before a Grand Jury to testify about his entering of the court building. There Wolfe neither revealed the true reasons for his being at the courthouse nor the true identity of "Foster."

Finally on June 20th, Meisner escaped again from his current safe house in Glendale, called the U.S Attorney's Office in Washington and declared that he was ready to surrender. Two hours later he was met by FBI-agents, was flown to Washington, where he entered a plea of guilty to a five-year conspiracy felony and agreed to cooperate fully with the FBI [[Exh. No. 123](#), Excerpt].

About two weeks later, on July 8th, more than 100 FBI agents raided the offices of the Scientology organizations in Washington and Los Angeles [[Exh. No. 124](#)]. Thousands of documents were seized in one of the biggest police raids in the American history. One year later, on August 18th, 1978, 11 Scientologists, who were working for the GO, were indicted for "conspiracy," "theft of government property," "aiding and abetting," "obstruction of justice," "false declaration before a Grand Jury" and "interception of oral communication [[Exh. No. 125](#)]."

By that time it was found out that the 11 defendants, among them Hubbard's wife Mary Sue Hubbard, had infiltrated several offices of the IRS and the U.S. Department of Justice offices, had stolen and photocopied government documents and had even bugged an IRS-meeting in 1974. The review of the seized files also revealed that the operation of the GO not only targeted federal offices and representatives, but also state offices, companies and private citizens.

Unimpressed by the indictment, CSC and other organizations continued its FOIA-litigation against government agencies. Also on March 28th, 1978 CSC had filed suit against the IRS in the U. S. Tax court, challenging the commissioner's determination of CSC's tax deficiency for the years 1970 – '72.

Additionally the Guardian's Office started a public relations campaign against the U.S. government, exposing chemical and biological warfare experiments that the CIA and the U.S. army had conducted during the 1950s [[Exh. No. 126](#)].

Last but not least, Scientology challenged the legality of the two raids in Washington and Los Angeles at U. S. Courts in California and in the District for Columbia ("In re: Search Warrant

dated July 4th, 1977, for premises at 2125 S. Street, Northwest, Washington D.C.,” No. CV 79-2138, CV 79-2176). All of these suits were later dismissed, the last one, concerning the raid in Washington, on October 2nd, 1981 by the U.S. Court of Appeals for the District of Columbia Circuit.

In the meantime the U. S. government started an extradition process concerning two defendants of the indictment. Jane Kember and Morrison Budlong, GO officials, were living and working at the GO headquarters in Saint Hill, England. They were finally extradited to the United States and found guilty on nine counts of burglary after a jury trial and were sentenced to prison terms in late 1980 [Exh. No. 127].

The nine other defendants signed a Stipulation of Evidence on October 10th, 1979, which summarized the criminal operations they were involved in. On December 6th and 7th finally, the U. S. District Court for the District of Columbia found the “Guardian 9” guilty and sentenced them to prison terms [Exh. No. 128, Excerpt].

U.S. Judge Richey also unsealed hundreds of internal GO-documents that were seized in the raids, which caused the Scientologists to start additional suits against this decision.

The defendants appealed the GO-verdict, but the U. S. Appeals Court in Washington upheld the lower court judgements on October 30th, 1981 [Exh. No. 129]. Sensing that the appeals process would not help the defendants, a group of Scientologists under the direction of David Miscavige had already removed Mary Sue Hubbard through an internal coup d’état from her position as Controller of the GO during the summer of 1981, together with several other executives.

Finally, after an appeal to the U. S. Supreme Court had failed, Mary Sue Hubbard was sentenced to four years imprisonment on January 7th, 1983 [Exh. No. 130]. In that same year the Guardian’s Office was dissolved by the a new management of Scientology and its functions were re-established within the new Office of Special Affairs and the Finance Network.

The War against the IRS (1984 – 1992)

After 6 years of litigation the tax case between CSC and the IRS finally came to a decision before the U. S. Tax Court (“CSC vs. Commissioner of the IRS,” No. 3352-78). On September 24th, 1984 the court issued following judgement:

“Petitioner, a Church incorporated in the State of California, was granted tax-exempt status in 1957 under Sec. 501(c) (3), I.R.C. 1954.

“In 1967, respondent sent petitioner a letter revoking its exemption following an audit of petitioner’s records which was in part sparked by litigation involving the tax-exempt status of an affiliated Church of Scientology. Subsequent to issuing the letter of revocation, respondent conducted several audits of petitioner’s records for various tax years and also reviewed the tax status of several affiliated churches.

“Petitioner was also investigated by several intelligence groups which respondent specially formed during 1969 through 1975 to investigate taxpayers allegedly selected by essentially political criteria.

During the period that petitioner's taxes were under administrative review, petitioner conspired to prevent the IRS from determining and collecting taxes due from petitioner and affiliated churches.

"Petitioner sold religious services, books, and artifacts according to a fixed-fee schedule through its branch churches and franchises. Petitioner's profits from these sales were not less than \$ 1,494,617.53 in 1970, \$ 881,131.18 in 1971, and \$ 1,707,287.17 in 1972. Petitioner maintained large cash reserves in a sham corporation and in a bogus trust controlled by key church officials including petitioner's founder.

"Held, petitioner was not the victim of selective enforcement of the tax laws since the notice of deficiency was based on valid regulatory considerations. Held, further, various other asserted constitutional rights of petitioner not violated. Held, further, petitioner was not operated exclusively for an exempt purpose under sec. 501(c) (3), I.R.C. 1954, since petitioner had a substantial commercial purpose, since its net earnings benefited key Scientology officials, and since it had the illegal purpose of conspiring to impede the IRS from collecting taxes due from petitioner and affiliated churches and thus its activities, dictated at the highest level, violated well-defined public policy."

In a first response to the decision the President of the "Church of Scientology International" (CSI), Heber Jentzsch, denounced the Internal Revenue Service as the "American Gestapo." He announced that the decision would be appealed and that Scientology would continue to "expose the crimes of the IRS." [Exh. No. 131] Shortly after Jentzsch's declaration, CSI's "Office of Special Affairs" published a series of advertisements in big newspapers "seeking information about IRS-abuses" or "exposing their crimes" [Exh. No. 132]. OSA-writers also would issue several very negative articles about the IRS in OSA's own magazine "Freedom" over the next 9 years.

On July 9th, 1985 one of the follow-up suits of the FBI-raids was dismissed after L. Ron Hubbard had failed to show up for a deposition ("FCDC vs. FBI et al.," No. CV 78-0107). The Scientology organization of Washington, DC had sued several government agencies, alleging it had been the victim of "an extensive campaign of government harassment." In that suit the U.S. district court in Washington, DC pronounced Hubbard as the managing agent of the Church of Scientology. At this point, Hubbard had been in hiding for several years and the Scientology organization claimed he had neither anything to do with the management of organizations nor the burglaries in Washington. Scientology appealed the decision, but the U.S. Appeals Court upheld the earlier judgement on September 26th, 1986. The court specifically stated with regards to the role of L. Ron Hubbard ("FCDC vs. FBI et al.," No. CV 85-5885):

"From evidence adduced below, Hubbard appears to have maintained control in administrative matters through high positions in such entities as the Sea Organization, 'an elite fraternity of Scientologists.' Church of Scientology of California v. Comm'r, 83 T.C. 381, 389 (1984). Indeed, uncontested declarations before the District Court leave little doubt about either the ecclesiastical or administrative dimensions of Hubbard's authority during the period from 1966 to 1982. ...

"The Tax Court decision to which we just alluded, in denying the California Church of Scientology tax-exempt status for the years 1970, 1971 and 1972, set forth detailed findings about Hubbard's relation to that organization along with the numerous other Scientology organizations. Church of Scientology v. Comm'r, supra. The Tax Court harbored no doubt that Hubbard 'kept control over' the policies, actions, and even the finances of the California Church. ...

“Beyond the overall dominance that he exercised over the Scientology organizations during this earlier period, Hubbard was closely linked to, if not in charge of, the activities for which appellees initially sought his deposition. The primary evidence about these activities emerges from the criminal prosecution in which seven members of the church, including Hubbard's wife, were found guilty of conspiracy to obstruct justice. In that trial, one defendant was found guilty of conspiring illegally to obtain government documents, and another was found guilty of theft of government property. See *United States v. Hubbard*, 208 U.S. App. D.C. 399, 650 F.2d 293, 301 (D.C. Cir. 1980). In a Stipulation of Evidence submitted in that case, the defendants recounted a full-fledged campaign mounted by the Church of Scientology and its affiliated organizations against the United States Government, particularly the Internal Revenue Service. ... The Stipulation indicated that Hubbard ‘was, by virtue of his role as the founder and leader of Scientology, overall supervisor of the Guardian's Office,’ a Scientology entity, which carried out these illicit activities. ... Indeed, the grand jury named Hubbard as an unindicted co-conspirator in that case.

“The criminal case does not stand alone. The Tax Court decision to which we previously referred denied the Church tax exempt status in part because of this conspiracy by the Scientology organizations, ‘beginning in 1969 and continuing at least until July 7, 1977.’

“Finding that the Church of Scientology of California ‘filed false tax returns, burglarized IRS offices, stole IRS documents, and harassed, delayed, and obstructed IRS agents who tried to audit the Church's records,’ *id.*, the Tax Court held that the California Church had violated public policy and thereby lost entitlement to any exemption which it might otherwise have enjoyed. ...

“Abundant evidence supports the proposition that Hubbard continued in his de facto position as head of the Church. Based on the evidence in the record, the District Court rightly concluded that Hubbard was in a position to provide information about the conspiracy on behalf of the Scientology organizations for this purpose.”

When the new management structure of Scientology with the “Religious Technology Center” (RTC) as trademark holder and “Church of Scientology International” as the new “mother church” was set up, it was proclaimed by Scientology that the activities were in fact bona fide religious. RTC, CSI and other new Scientology-corporations consequently applied for tax-exemption with the IRS. The IRS nevertheless initiated an investigation through its “Criminal Investigations Division” in Los Angeles (CID) into the operations of the organizations. Scientology countered the IRS-efforts by organizing an anti-IRS front group, called “Coalition of IRS-whistle blowers” and staging class action suits against the agency, initiated by “IRS-victims” [Exh. No. 133].

Around the same time period, during Spring of 1985, Scientology made public that it had run a covert operation against an ex-Scientologist, Gerald Armstrong, who had been an informant of the CID in Los Angeles. The previous year, in 1984, Armstrong had been approached by three Scientology double agents, David Kluge, Daniel Sherman and Michael Rinder, who had pretended to be part of a group of dissatisfied Scientology-members (the “Loyalists”) who wanted to take over the Scientology-management and looked for his assistance.

Four “clandestine” meetings between Armstrong, Kluge and Rinder were arranged during November 1984 at Griffith Park in Los Angeles, where the potential take-over and a possible suit by the “Loyalists” against the Scientology management were discussed. Unbeknownst to Armstrong every meeting was videotaped by private investigator Eugene Ingram and was used five months later as a provocation operation against the IRS CID agents Al Lipkin,

Alfonse Ristuccia and the three U.S Attorneys Richard Greenberg, Thomas Doughty and Bracket Denniston [[Exh. No. 134](#)].

On July 28th, 1987 the U. S. Court of Appeals issued its ruling in the Scientology tax case between CSC and the IRS (“CSC vs. Commissioner of the IRS,” No. 85-7324). It upheld the decision of the lower court in 1984 and stated:

“Internal Revenue Code @ 501 exempts certain organizations from taxation.

“Section 501(c) (3) exempts: corporations and any community chest, fund, or foundation, organized and operated exclusively for religious ... purposes, ... no part of the net earnings of which inures to the benefit of any private shareholder or individual.

“To qualify for exemption, a church must show that it is (1) organized, and operated, exclusively for religious or charitable purposes. *Hall v. Commissioner*, 729 F.2d 632, 634 (9th Cir. 1984).

“The Church strenuously argues that the trial court failed to recognize it as a bona fide religion. This argument goes to whether the Church meets the organizational test. Neither the Commissioner, nor the Tax Court, nor this court questions that the Church of Scientology of California was organized for a bona fide religious purpose. The only question before the court, is whether the Church met the second requirement for tax-exempt status, the operational test.

“Four elements compose the operational test. First, the organization must engage primarily in activities which accomplish one or more of the exempt purposes specified in @ 501(c) (3). ... Second, the organization's net earnings may not inure to the benefit of private shareholders or individuals. ... Third, the organization must not expend a substantial part of its resources attempting to influence legislation or political campaigns. ...

“Courts have imposed a fourth element. Organizations seeking exemption from taxes must serve a valid public purpose and confer a public benefit. *Bob Jones University v. United States*, 461 U.S. 574, 585-92, 76 L. Ed. 2d 157, 103 S. Ct. 2017 (1983). If an organization fails to comply with anyone of these four elements, it will fail the operational test and lose its eligibility for tax-exempt status. *Harding Hospital, Inc. v. United States*, 505 F.2d 1068, 1072 (6th Cir. 1974).

“We conclude that the Church failed to establish that ‘no part of the net earnings ... inures to the benefit of any private shareholder or individual ...’ 26 U.S.C. @ 501(c) (3). Because we may affirm the Tax Court on this ground, we do not reach the questions of whether the Church operated for a substantial commercial purpose or whether it violated public policy. ...

“We affirm the Tax Court decision upholding the Commissioner's revocation of the Church of Scientology of California's tax exempt status on the ground that a portion of its income inured to the benefit of L. Ron Hubbard and others. We reject the Church's argument that the notice of deficiency was constitutionally and administratively defective. Finally, we uphold the Commissioner's imposition of a penalty on the Church for failure to file the proper returns.”

In another tax case, where a public Scientology member sued the IRS, when the agency did not allow “donations to the Church” as tax-deductible contributions, the U. S. Appeals Court for the 9th Circuit upheld the decision of the IRS [[Exh. No. 135](#)].

Around that time another Appeals Court, this time in St. Louis, ruled that such donations were in fact tax-deductible, while another court in Boston decided similar as the one in California. Two years later, on June 5th, 1989, the U. S. Supreme Court ultimately decided in

the California tax case that “donations” towards the Church of Scientology were not tax-deductible (“Hernandez vs. Commissioner of the IRS,” No. 87-963):

“Payments to the Church’s branch churches for auditing and training services are not deductible charitable contributions under § 170.

“a) Petitioners’ payments are not ‘Contribution(s) or gift(s)’ within the meaning of § 170. The legislative history of the ‘contribution or gift’ limitation reveals that Congress intended to differentiate between unrequited payments to qualified recipients, which are deductible, and payment made to such recipients with some expectation of a *quid pro quo* in terms of goods or service, which are not deductible. To ascertain, whether a given payment was made with such an expectation, the external features of the transaction must be examined. Here external features strongly suggest a *quid pro quo* exchange of petitioners’ money for auditing and training sessions, since the Church established fixed prices for such sessions in each branch church; calibrated particular prices to sessions of particular lengths and sophistication levels; returned a refund if services were unperformed; distributed ‘account cards’ for monitoring pre-paid but as-yet-unclaimed services; and categorically barred the provision of free services.”

Still in 1987, Scientology finally lost its FOIA-suit against the IRS, which was originally filed on December 18th, 1980 at the U.S. District Court in Washington (“CSC vs. IRS et al.,” No. CV 80-03239). Scientology requested in that suit:

“1. All documents or records ‘relating to or containing the names of Scientology, Church of Scientology, any specific Scientology church or entity identified by containing the words Scientology, Hubbard and/or Dianetics in their names, L. Ron Hubbard or Mary Sue Hubbard,’ which could be located in a number of systems of records or files specifically identified in the FOIA request, ‘including but not limited to those located at the National Office, Regional Offices, Service Centers, District offices or Local IRS offices.’

“2. All documents generated, received or which otherwise came into the possession of the IRS subsequent to the preparation of an index in a tax case involving the Church of Scientology of California pending in the United States Tax Court,”

The U. S. Supreme Court ultimately denied Scientology the right to get that information and stated that the IRS “has no duty under the Freedom of Information Act” to disclose internal records. [[Exh. No. 136](#)]

In another setback for the Scientologists on July 8th, 1988 the IRS denied three corporations, CST, RTC and CSI, tax-exempt status [[Exh. No. 137](#)]. In a lengthy letter the IRS summarized the major events in the history of Scientology’s tax-exempt applications and concluded the finding by stating:

“1. You have failed to establish that you are operated exclusively for exempt purposes as required by section 501 (c) (3) of the Code. You have not demonstrated that your activities and purposes conform to exempt purposes and activities as required by section 501 (c) (3) of the Code.

“2. You are operated for a substantial non-exempt commercial purpose.

“3. You are operated for the benefit of private interests and your net earnings to the benefit of private individuals.

“4. You have failed to establish that you are not operated for the benefit of private interests and that your net earnings do not inure for the benefit of private individuals.”

In response, CST filed suit against this decision at the U. S. Claims Court on October 6th, 1988 (“CST vs. United States,” No. 88-581).

In 1989/’90 the FBI conducted an investigation into the activities of Scientology, due to allegations of blackmail brought up by ex-members [Exh. No. 138] but closed the case after several months of investigating.

After its application for tax-exemption was denied, CSI submitted a new request on March 15th, 1990 with the IRS’ National Office in Washington. In its later application from 1993 it stated that in the course of the determination an IRS working group was formed in 1991 “to consider the exempt status of CSI and all churches of Scientology and all related organizations” [Exh. No. 139, Excerpt].

During that year, CSI launched another media campaign against the IRS, this time in alliance with a sweeping attack against “Time” magazine and the pharmacy giant Eli Lilly in retaliation for a negative article that had appeared in a May issue of Time [Exh. No. 140].

According to a public speech from October 1993 by David Miscavige, the head of RTC, the Scientologists filed another suit (for seeking \$ 128 million) against the IRS during that period in the early 1990s, alleging misconduct in handling Scientology’s tax-exempt applications.

Additionally, four senior executives of Scientology, including Miscavige, filed FOIA-suits against the IRS and the FBI at the U. S. District Court in Los Angeles:

- Mark Rathbun vs. IRS, No. CV 91-00844, filed on February 14th, 1991;
- David Miscavige vs. IRS, No. CV 91-03721, filed on July 10th, 1991;
- Norman Starkey vs. IRS, No. CV 91-04158, filed on August 2nd, 1991 and
- Lyman Spurlock vs. FBI, No. CV 91-05602, filed on October 15th, 1991.

Last but not least, on August 12th, the Church of Scientology International filed a complaint for discrimination against the IRS (“CSI vs. IRS & William Connett,” No. CV 91-0070 (JHG)). A later U. S. District Court opinion stated:

“Plaintiff, ... , initiated this action against the Internal Revenue Service (‘IRS’) and William Connett (‘Connett’), the IRS representative in Paris and the IRS District Director for the Los Angeles, California office from 1973 to 1986, alleging, inter alia, that defendants interfered with the ability of Plaintiff’s members to obtain valid entry visas under the immigration laws of the United States by furnishing to United States consular officials in Europe false and misleading information regarding CSI, the Scientology religion, and the legal requirements for the entry of such members into the United States.”

The conflict arose when two Belgian Scientologists applied for visas at the U. S. embassy in Brussels in order to do Scientology training in Los Angeles. The consular official Jones denied the request, after having been informed by IRS representative in Paris, William Connet, that Scientology was not found tax-exempt by U.S. courts. The Legal Officer of the local Office of Special Affairs, Martin Weightman, however relied on a telex sent by the State

Department, informing all embassies that it would recognize the Scientology organization in the U. S. as a “bona fide religion.” The two Scientologists finally received “temporary visas” and apparently could later enter the United States.

In the above-mentioned speech, Miscavige revealed a particular detail of Scientology’s dealings with the IRS that happened in 1991 and that later caused some speculation about its importance for the subsequent course of events:

“In October of 1991, while this war was raging at its apex, Marty Rathbun and I were in Washington D.C. to attend one of these court hearings I mentioned. It was to be the next day. We had just finished a lunch meeting and our next appointment wasn’t for a couple of hours. In other words – we had some spare time on our hands. That’s not something we’re accustomed to! So we thought at least we could create some mischief. We told the lawyers we’d see them in an hour or so and that we would be down at the IRS building. Of course they had a good chuckle as we left the room. Off we proceeded to 1111 Constitution Avenue – which if you didn’t know is the address of the National Headquarters of the IRS. We presented ourselves at security at the front door, signed the visitors log and informed them we were there to see Fred. They asked, ‘Fred who?’ We answered, ‘Fred Goldberg of course, the commissioner of the IRS.’ ‘Is he expecting you?’ they asked. ‘No’, was our response. ‘But if you phone him on the intercom and tell him we are from the Church of Scientology, I am sure he would love to see us.’ Have you ever wondered whether we were really impinging, when we have spoken of the IRS at previous events? Well – if so – shame on you.

“We did meet with the commissioner, and, as the saying goes – the rest is history.”

The next year saw, for the time being, the last legal defeat for the Scientologists against the IRS. On June 29th, 1992 the U. S. Claims court confirmed the decision of the IRS that CST was not operated for tax-exempt purposes.

With regards to CST’s alleged “religious activity” of archiving Hubbard’s writings, the court stated:

“1. Activity Cannot be Confused with Purpose

“CST has assiduously developed a record which demonstrates that most, if not all, of its prior activities are directed at preserving scripture. CST does not sell or market archived material, or make any profit on its activities. But even if CST could show that 95 per cent of its employees did nothing but archive Scientology documents, and only the remaining five percent were in charge of CST’s property interests and finances that alone would not be enough to secure tax-exempt status. Congress did not intend for mere quantity of dedicated resources to be the deciding factor in whether an organization is operated for exclusively exempt purposes. Section 501(c) (3) contemplates that the IRS (and the court, if necessary) will inquire into the reality of an organization. ‘The bare fact that approximately half of each group is composed of not-for-profit organizations does not compel the conclusion that there is absent a substantial nonexempt purpose.’ Copyright Clearance Ctr. v. Commissioner, 79 T.C. 793, 809 (1982); See also Better Business Bureau, 326 U.S. at 283.

“CST confuses activity with purpose. The law does not. As the Tax Court has held, ‘The operational test focuses on the purpose and not on the nature of the activity.’ Goldsboro Art League v. Commissioner, 75 T.C. 337, 343 (1980). The Commissioner, and the court, are permitted to consider not just an organization’s activities, but also to inquire into its purposes. The fact that an organization’s activities have religious overtones and do not produce profits is no assurance those activities will be tax-exempt. ‘The critical inquiry is whether petitioner’s primary purpose for engaging in its sole activity is an exempt purpose, or whether its primary purpose is the non-exempt

one of operating a commercial business producing net profits for petitioner.’ B.S.W. Group, Inc. v. Commissioner, 70 T.C. 352, 359 (1978); accord Christian Manner Int’l, Inc. v. Commissioner, 71 T.C. 661, 668 (1979).

“In evaluating the real purpose of a transaction, the Supreme Court has cautioned against uncritical reliance on form as against function. Gregory v Helvering, 293 U.S. 465, 470 (1935), involved a scheme to avoid taxation of corporate distributions by invoking a code provision applicable to reorganizations: The whole undertaking, though conducted according to the terms of subdivision (B), was in fact an elaborate and devious form of conveyance masquerading as a corporate reorganization, and nothing else. The rule, which excludes from consideration the motive of tax avoidance is not pertinent to the situation, because the transaction upon its face lies outside the plain intent of the statute. To hold otherwise would be to exalt artifice above reality and to deprive the statutory provision in question of all serious purpose.

“In like fashion here, CST must demonstrate that it was organized for an independent and bona fide purpose. Given the prior history of Scientology and the peculiar circumstances of CST’s birth, it is appropriate to look beyond the flurry of archiving activity and inquire into whether the very existence of CST was brought about primarily to serve the non-exempt ends of other Scientology organizations. Although CST is entitled to minimize its own taxes, it would be a misuse of I.R.C. @ 501(c) (3) if its primary *raison d’etre* was to shield the income of other organizations from tax.”

Tax Exemption and the State Department (1993 – 2001)

As seen in the previous sub-chapter, the relations between Scientology and the U. S. embassies were not always easy. This is also documented through an internal Scientology document, titled “American Consulate Handling Program.” This program that was issued to OSA’s local branch in Athens [Exh. No. 141]. The local branch was urged to establish “PRO area control with the American consulate” and to demonstrate the Consulate officials that “the Church is a bona fide religion.”

In 1993 the discussions between Scientology and the IRS about the tax status of the various organizations were still going on, and on August 18th and 19th all the American Scientology corporations submitted new applications for tax-exemptions to the National Office of the IRS, including RTC [Exh. No. 142, Excerpt], CSI [Exh. No. 143, Excerpt], CSWUS [Exh. No. 144, Excerpt] and the FSO [Exh. No. 145, Excerpt].

1 ½ months later, on October 1st, several representatives of Scientology met with the Commissioner of the IRS, John Burke and an associate counsel of the IRS, James McGovern to sign a final settlement agreement between Scientology and the IRS [Exh. No. 146]. By then a so-called “Church Tax Compliance Committee,” consisting of seven senior Scientologists, had been formed. It would guarantee Scientology’s obligations towards the terms of the agreement with the IRS.

For a payment of 12.5 million dollars by CSI towards the IRS, all litigation matters between the two parties were settled. At the same time the IRS recognized the Scientology corporations, who had submitted their applications during that summer, as tax-exempt.

Specifically the document stated:

“The parties have entered into this Agreement in order to put the past controversy behind them, to extinguish all potential claims and liabilities arising as a result of action or inaction prior to the date of this Agreement and to structure their relationship into the future. While complex, there are certain basic principles underlying the Agreement that will aid in its comprehension.

“First, under section II of the Agreement the Church will make a single payment that is intended to extinguish any potential tax liability that may be due and unpaid by any Scientology-related entity for all tax years up to and including the tax year ending in 1992. Thus, as of December 31, 1992, the Church will be current with respect to all income, employment and estate tax liability.

“Second, under section II of the Agreement, the Church and the Service will withdraw from virtually all existing controversy, including ongoing examinations of Church entities, ongoing litigation by the Service to enforce summonses for Church records, and all litigation by the Church against the Service and its current or former personnel. In addition, because the parties intend that the relationship between them begin anew, and in light of the other provisions contained in this Agreement, including the payment with respect to potential past tax liability, the Service and the Church agree under this section II of the Agreement that the Service will not examine the Church for any year ending prior to January 1, 1993. Similarly, no Scientology-related entity may initiate or support any legal action against the Service or any Service employee for any claim arising prior to the date of this Agreement.

“Third, it is the view of the Service that certain Church entities are entitled to recognition of tax-exempt status as entities described in section 501(c) (3) of the Internal Revenue Code. Thus, section III of the Agreement contains a list of entities that will be recognized as tax-exempt entities, including certain entities that will receive group exemption letters covering their subordinate organizations.

“Notwithstanding the above, in light of, inter alia, the size and complexity of the Church and the Service, certain concerns of the Service and the Church remain. In addition, there is a need for improved communication between the parties. Thus, under section IV, a Church Tax Compliance Committee (CTCC) has been created to undertake certain obligations during a seven-year transition period. The CTCC is to be comprised of the largest United States Church entities, as well as those individuals who are the highest ecclesiastical or corporate authorities within the Church. The Service, through the Assistant Commissioner, has agreed to meet with the CTCC upon their request during the transition period to address any questions arising from the ongoing performance of the parties' obligations under this Agreement.

“The CTCC is in a position to monitor and effect the operations of the group entities that are defined as ‘Scientology-related entities’ under this Agreement. Under section IV, the CTCC is responsible for certain reports produced and provided annually to the Service. These reports will include a report on the application of certain agreed-upon procedures by an independent certified public accounting firms, as well as certain other information collected and reported by the CTCC. These reports, and the information the CTCC collects from Scientology-related entities in order to prepare them, are intended solely for the purposes of administration of the tax laws and not for any other purpose.

“In light of the CTCC and its relationship to the whole of Scientology, the CTCC has agreed under section IV to guarantee the collection of taxes (including interest and penalties) from any Scientology-related entity for tax liability arising during the first three years of the seven-year transition period. The parties have agreed under section V to keep confidential both this Agreement and all underlying information that is not part of the public record under Code section 6104 except to the extent that disclosure is necessary to interpret or apply this agreement or is permitted under the authority of law. In addition, the CTCC has agreed under section VI to certain consensual penalties

intended to provide the Service intermediate sanctions for activities or conduct not in accordance with the Code or with this Agreement.

“Finally, under section VII, the Service and the Church have come to an agreement with respect to the treatment of contribution by Church parishioners and the extent to which those contributions are deductible under section 170 of the Internal Revenue Code, as well as the Service's acknowledgment of its obligation to interpret and apply the "gift or contribution" requirement of Code section 170 (c) equally and consistently to the fundraising practices of all religious organizations that receive fixed donations from parishioners in connection with participation in worship and similar religious rituals or services.”

On the same day, when the settlement was signed by the parties, recognition letters were issued by the IRS and sent to the corporations, informing them that they had been found tax-exempt [Exh. No. 147].

One week later, on October 8th, the Scientologists held its annual event of the “International Association of Scientologists” in Los Angeles and celebrated the tax recognition under the motto “The War is over” [Exh. No. 148, Excerpt]. At this occasion David Miscavige held a lengthy speech in which he recapitulated the events that had led to the final tax-exempt recognition. While most of his speech was filled with unsubstantiated ramblings about a great conspiracy the IRS and “the Psychs” had allegedly been involved in “to destroy the Church,” Miscavige revealed some details about the final settlement talks with the IRS (see above) and also talked about the number of suits that individual public members of Scientology had initiated against the IRS within the previous years:

“As of this week, there were over 2,500 cases pending in the courts with the IRS challenging tax deductions for donations to the church. In fact, I have the full list – with everyone of your name on it and the amount at issue was over 29 million dollars. Others of you around the country are being audited and have had your deductions challenged, even if this hasn’t made it to the courts. And others still have only gotten as far as receiving notice that a donation was disallowed. I told you the war is over, and it is for you too.

“There are no more tax court cases, there are no more disallowed deductions – it is all over and your deductions are allowed.”

The tax-exemption meant a huge propaganda victory for Scientology inside the United States, but the Scientologists were determined to exploit it for all their foreign organizations too, as they had to face the same scrutiny by their respective governments and tax authorities as the American organizations had in the past. As required by the settlement agreement, the IRS sent letters to all the tax agencies of its treaty partners, informing them about the tax exemption decision [Exh. No. 149]. The letter was accompanied by a booklet on Scientology, which had been produced by CSI.

With the tax matter settled, the legal climate for Scientology within the United States changed considerably. In November of 1993 the U.S. State Department informed its Immigration Officers about the tax-exemption decision of the IRS and advised them to regard “U. S. based Scientology branches ... as bona fide religious organizations.” [Exh. No. 150].

While the Church of Scientology had resolved a lot of problems on the home front, it began to face more and more scrutiny in Europe during the 1990s. As in the United States in the past, European governments had begun to challenge the tax status of Scientology organizations and had started to investigate their activities. But unlike as in the previous years, the Scientology-organization had now an important ally in the U.S. State Department. Beginning in 1995, the State Department criticized in its annual “Human Rights Reports,” under the Chapter “Freedom of Religion,” not only foreign government measures against the organizations but even individual court decisions that were negative for Scientologists or the organizations in these countries.

The first report, issued in February 1995, stated:

“Members of the Church of Scientology continue to complain of harassment such as being fired from a job or expelled from (or not permitted to join) a political party. Scientologists continued to take such grievances to court. Musician Chick Corea, a Scientologist, was permitted to appear in a government-subsidized concert hall in the state of Hessen only after an agreement with local officials that he would not proselytize during his performance.”

During that year, Greek police raided the Scientology headquarters in Athens, acting on several complaints by Greek citizens. A truckload of material was seized, among it several floppy discs from the local Office of Special Affairs. When the police searched them for their contents, it found a document that raised the suspicion that the Scientologists have found another ally for their foreign activities, next to the State Department. The document was written by the Greek “Director of Special Affairs” Ilias Gratsias and sent to Marlis De Rjick, OSA-executive at Scientology’s European headquarters in Copenhagen [[Exh. No. 151](#)]. It stated:

“The good news are [sic] that with the intervention of CIA the Greek Intell Dept regarding NRMS (new religious movements) is closed down and the employees fired!!”

In 1996 the State Department repeated its allegations against Germany in its “Human Rights Report” about its alleged discriminating treatment of Scientologists. From the report, issued in March 1996:

“Members of the Church of Scientology continue to allege both social and government-condoned harassment, such as being fired from a job or expelled from (or not permitted to join) a political party. Major German political parties exclude Scientologists from membership, arguing that Scientology is not a religion but a for-profit organization, whose goals and principles are inconsistent with those of the political parties. Business firms whose owners or executives belong to the Church of Scientology may face boycotts and discrimination, sometimes with governmental approval. Artists have been prevented from performing or displaying their works because of their Scientology membership. Public criticism of Scientologists by leading political figures increased during the year, with one Cabinet member publicly stating that Scientologists were unfit to serve as teachers, police officers, or professors. Scientologists continued to take such grievances to court, and the courts have frequently ruled in their favor.”

The following year, the “Human Rights Report” of the State Department sounded not only more critical on the “treatment” of Scientologists in Germany, but it also included France, due to a, for Scientology, negative court decision in a fraud and homicide-trial.

The report, published on January 30th, 1997 stated:

“France

“In November a former leader of the Scientologists in Lyon was convicted of involuntary homicide and fraud, sentenced to 18 months in prison, and fined about \$100,000. The charges stemmed from a 1988 suicide of one of the church's members. The court found that the psychological pressure by the Scientologists caused the member's suicide, but specifically avoided ruling on the issue of whether Scientology is a religion. Other Scientologists were also convicted of fraud related to this incident, fined, and given suspended sentences. The convictions are being appealed.

“Germany

“Groups of a religious character, which are not granted special legal status, do not benefit from the privileges granted by the State. A sharp debate surrounds the activities of the Church of Scientology, whose members allege both government-condoned and societal harassment, including expulsion from (or denial of permission to join) a political party and loss of employment. Business firms whose owners or executives are Scientologists may face boycotts and discrimination, sometimes with government approval. Scientologists continued to take such grievances to the courts. Legal rulings have been mixed.

“During the year, the Church of Scientology came under increasing scrutiny by both federal and state officials, who claim that its activities do not fall within the legal definition of a religious organization. Several cabinet officials criticized the organization. In January Claudia Nolte, the Minister of Family Policy, described the Church as ‘one of the most aggressive groups in our society’ and said she would oppose the organization ‘with all the means at my disposal.’ The Parliament created a special commission to investigate Scientology's activities and social impact. The press reported that the federal chancellery and state minister-presidents decided on December 19 to create an interministerial group to study Scientology.

“Major political parties exclude Scientologists from membership, arguing that the Church is not a religion but a for-profit organization whose goals and principles are antidemocratic and thus inconsistent with those of the political parties. In late summer, the governing Christian Democratic Union (CDU) party approved a resolution saying that membership ‘in the Scientology organization is not compatible with employment in the public service,’ and urging that the Church be put under surveillance. The resolution also urged the banning of federal funding for cultural and artistic events featuring Scientologists. In December a state organization of the CDU confirmed the expulsion of three members for belonging to the Church. ...

“The past year has also seen some positive developments. A former Minister of Justice editorialized that the Government should be more restrained in its dealings with Scientology. In an October report, the Ministry of Interior concluded that there was insufficient evidence to justify surveillance of Scientology by the Offices for the Protection of the Constitution (OPC). In response to the CDU's call for the organization to be placed under OPC observation, the report concluded that ‘no concrete facts exist currently to substantiate the suspicion of criminal acts.’ In closing the report reminded states requesting a ban on Scientology that ‘only economic considerations may be taken into account’ when awarding public contracts.”

The controversy over the Scientologists in Germany and the report on Germany became the subject in discussions between the then Secretary of State Madeleine Albright and German Foreign Minister Klaus Kinkel in early 1997 [Exh. No. 152]. At the same time the Office of Special Affairs in Los Angeles tried to fuel the fire with fully paged advertisements, comparing present-day Germany with the 3rd Reich [Exh. No. 153].

Meanwhile in Sweden copies of Scientology's "secret scriptures" ("NOTs") found its way as court exhibits into the parliament of Sweden and became there part of the public record. As Scientology's "Religious Technology Center" claimed that the "scriptures" were trade secrets, the NOTs-documents became the subject of another controversy between the United States and a European country. The U. S. finally forced Sweden to retract NOTs from the parliamentary public record, as it claimed that Sweden had violated trade treaties between the United States and Sweden by doing that. A driving force in that matter was Senator and Scientologist Sonny Bono who urged the U.S. trade representative Charlene Barshefsky "to get tough" with Sweden at the heat fo the debate [Exh. No. 154].

In November of 1997 several members of the U.S. Congress initiated a vote for condemning Germany through a resolution for its alleged discrimination of the Scientologists. The Congress voted with 318:101 against a condemnation.

The next "Human Rights Report" of the State Department for the year 1997, which was issued on January, 30th, 1998, again included the controversy over Scientology in France and Germany:

"France

"In 1996 a former leader of the Scientologists in Lyon was convicted of involuntary homicide and fraud, sentenced to 3 years in prison, and fined approximately \$100,000. The charges stemmed from a 1988 suicide of one of the church's members. The court found that psychological pressure by the leaders of the Lyon Scientologists caused the member's suicide but avoided ruling on the issue of whether Scientology is a religion. Other Scientologists were also convicted of fraud related to this incident, fined, and given suspended sentences. In July a court of appeals in Lyon upheld the leader's conviction, but commuted his jail term to a suspended sentence. Five members were fined and given suspended jail terms of between 8 months and 1 year, lighter sentences than those previously handed down, while seven were acquitted of being accessories to fraud. The court, in its written decision, recognized the Church of Scientology as a religion. In response the Minister of Interior stated that the court exceeded its authority and declared that the Government does not recognize Scientology as a religion.

"Germany

"The Church of Scientology continued to be the focus of debate. Scientology has come under increasing scrutiny by both federal and state officials who contend that it is not a religion but an economic enterprise. Authorities have sometimes sought to deregister Scientology organizations previously registered as nonprofit associations and require them to register as commercial enterprises. In November the Federal Administrative Court in Berlin, in sending an appeal concerning the deregistration of a Scientology organization in the state of Baden Wuerttemberg back to a lower level for further review, declared that a registered nonprofit association, religious or otherwise, could engage in entrepreneurial activities as long as these were only supplementary and collateral to its nonprofit goals. The case continues in the lower court.

"Some government officials allege that Scientology's goals and methods are antidemocratic and call for further restrictions on Scientology-affiliated organizations and individuals. In June authorities of the federal and state Offices for the Protection of the Constitution (OPC) agreed to place the Church of Scientology under observation for 1 year because of concerns raised by some offices that there were indications that Scientology may pose a threat to democracy. Under the observation decision, OPC officials will seek to collect information mostly from written materials and first hand accounts to assess whether a 'threat' exists. More intrusive methods would be subject to legal checks and would

require evidence of involvement in treasonous or terrorist activity. One State, Schleswig-Holstein, announced in August it had decided not to implement such observation, on the grounds that the situation did not appear to justify such measures. While Federal Interior Minister Manfred Kanther supported the decision on observation, in a written response to an inquiry from the Bavarian state government, Kanther indicated that he did not see sufficient evidence to support a ban on Scientology. ...

“Scientologists continued to take grievances to the courts. Legal rulings have been mixed. In April the European Commission on Human Rights decided not to pass on to the European Court of Human Rights a discrimination case brought by the Church of Scientology against Germany, on the grounds that the Church had not exhausted domestic legal channels. ...”

At this time it was evident that Scientology’s influence on Washington’s foreign policy had dramatically grown within the previous years. A newspaper article in the “Saint Petersburg Times” described the various lobbying activities that were conducted by either paid lobbyists or Scientology’s celebrities that had connection to the Clinton-administration [Exh. No. 155].

During that year the Washington-based “Commission on Security and Cooperation in Europe” started talks in Europe in order to influence and pressure European countries for a more favorable treatment of “minor religions,” that of course would include the “Church of Scientology” [Exh. No. 156]. Its activities included also some cooperation with the representatives of such groups. In case of the Scientologists, CSCE coordinated its actions with OSA-officials Leisa Goodman from Los Angeles and Martin Weightman, who represented OSA’s “Human Rights Office” in Brussels.

On February 26th, 1999 the United States issued its newest “Human Rights Report.” Among Germany and France, it also included Greece, with respect to unfavorable treatment of Scientology:

“Greece

“The trial of 15 members of the boards of Scientologist associations charged by the Government with “unprovoked factual insult” is scheduled for February 1999. The board members were charged in October 1996 following a police search of Scientology headquarters that *revealed a file of press clippings* (emphasis added) on Greek opposition to Scientology.

“France

“The authorities previously took similar action against the Church of Scientology. Tax claims asserted in 1994-95 against several Scientology churches forced them into bankruptcy. In the case of the Paris church the Ministry of Finance refused to grant the church authorization to import funds to pay the claimed taxes even though the church offered to pay the total amount of all taxes assessed, a percentage of which would have come from outside the country. Subsequently, in December 1997, the Government filed a legal action for the claimed amount against the former officers of the Paris church and against the Church of Scientology International, a California nonprofit religious organization.

“Hearings in this legal action have been deferred pending a decision on an underlying administrative claim by the Paris church that the Ministry of Finance acted improperly in refusing to allow the church to import the funds needed to pay the assessed taxes.

“Germany

“In April officials in Baden-Wuerttemberg posted bail and apologized to Swiss authorities when one of their police investigators gathering information on Scientology's activities in Baden-Wuerttemberg was arrested by Swiss police after interviewing a contact in Basel. The investigator was charged with espionage and violating Swiss neutrality. ...

“In June the commission established in 1996 to investigate ‘so-called sects and psycho-groups,’ including Scientology, presented its final report to Parliament. The report concluded that these groups did not pose a threat to society and state and underlined the constitutional principle of religious freedom and the state's obligation to observe strict neutrality in these matters. However, it called upon the Government to introduce legislation for consumer protection in the ‘psycho-market’ and highlighted the need for the Government to inform the public about dangers to health and property posed by psycho-cults and groups. Particular emphasis was placed on Scientology because it allegedly pursued policies of ‘misinformation and intimidation’ of its critics, according to the report. The report did not classify Scientology as a religion, but as a profit-oriented psycho-group with totalitarian internal structures and undemocratic goals. The commission contended that there were concrete indications that Scientology was a political extremist organization, in German, a ‘combine with totalitarian tendencies.’ The commission also recommended to Parliament that observation of Scientology continue. The report also recommended that because of its derogatory connotation the term ‘sect’ should be avoided, and that instead the designation ‘new religious and ideological communities and psycho-groups’ be used. The report referred to psycho-groups as ‘commercial cults’ that offered their services in a fast-growing psycho-market. ...

“On June 4, Bavarian interior minister Guenther Beckstein released two new brochures warning against the Church of Scientology. ‘The Scientology System’ and ‘Scientology: An Anti-Constitutional Movement’ warned about alleged hard-sell methods by the church and asserted that Scientology was striving for world power. Beckstein asserted that the Church was even ordering the commission of criminal acts and compared its psychological methods to those of the former East German secret police. He added that due to government measures, membership in Germany had dropped to an estimated 10,000 persons. ...

“A United Nations report in April agreed that individuals were discriminated against because of their affiliation with Scientology. However, it rejected Scientology's comparison of the treatment of its members with that of Jews during the Nazi era.”

During that year a trial against several Scientology officials for fraud was about to begin in Madrid, Spain. The investigations had begun as early as 1984 and culminated in a massive police raid in November 1988, when several Spanish and foreign Scientology staff members, including CSI-President Heber Jentzsch, had been arrested. Jentzsch and others had later been released on bail.

In 1998 the Spanish authorities apparently issued a summons for Jentzsch's appearance before court to the American embassy in Madrid. This summons was followed by discussions between embassy officials and lawyers for Scientology's Official of Special Affairs. On March 29th, the consulate official Romero issued an internal recommendation to avoid trial by delaying the serving of summons to Jentzsch long enough to give the defense and the prosecution time to reach a settlement [Exh. No. 157].”

The treatment of cults/“new religious movements” remained an issue between the United States and European countries for the rest of the year, and in the new “Report on Human

Rights” Russia and Belgium were added on the list that allegedly compromised Scientology’s rights of its free exercise of its religion. The report from February 25th 2000 stated:

“Russia

“The Moscow procurator general and approximately 70 members of the FSB, Federal Tax Police, and local police raided two locations of the Church of Scientology in Moscow on February 25. According to church officials, the authorities confiscated documents, including tax records and priest-penitent privileged counseling records. The raids continued over 3 days. The tax police say that they are investigating possible tax evasion and other financial irregularities. Although there were earlier press reports that two church members were beaten, Western diplomats received no confirmation of this incident. On October 6, a Moscow district court revoked the operating license of a social center affiliated with the Church of Scientology because mistakes were made allegedly in the center’s license application materials in 1993. Officials for the center acknowledge the mistake, but insist that it was corrected a few years ago; they intend to appeal the decision. The ruling was made under the law on social organizations (not the 1997 religion law) and does not appear to affect directly the functioning of the Church of Scientology. However, church officials believe that the ruling is part of a broader attack on the Church and its activities. The Church of Scientology is seeking to reregister both its social organization and its religious organization.

“Belgium

“... However, in September 110 national police officers raided Church of Scientology facilities and the homes and businesses of about 20 members of the Church. One member’s home in France was raided simultaneously by the French authorities. At year’s end, an investigation continued, and no arrests had been made.

“Greece

“A 1995 police search of Scientology headquarters revealed *a file of press clippings* (emphasis added) on Greek opposition to Scientology. The file was confiscated and 15 KEFE board members subsequently were charged with ‘unprovoked factual insult.’ In May an Athens court *acquitted* (emphasis added) the 15 Scientology board members of the charges.

“France

“In July 1997, a Court of Appeals in Lyon recognized Scientology as a religion in its opinion in the conviction of Jean-Jacques Mazier, a former leader of the Scientologists, for contributing to the 1988 suicide of a church member. In response the Minister of the Interior stated that the court had exceeded its authority and that the Government does not recognize Scientology as a religion. The Government appealed the Court of Appeals decision, but on June 30, the Court of Cassation rejected the Government’s appeal, but the Court stated that it lacked the authority to decide if Scientology was a religion.

“There have been a number of court cases against the Church of Scientology, which generally involved former members who sue the Church for fraud, and sometimes for the practice of medicine without a license. A September case in the Marseilles Correctional Court received wide media attention after judicial officials admitted that 31/2 tons of documents pertaining to the case had been destroyed by mistake. In November the court found a former local leader of the Church of Scientology and four other Church employees guilty of fraud for swindling money from former members. The court sentenced the local leader to 2 years in prison, of which 18 months were suspended and the remaining 6 months served prior to sentencing, and a fine of approximately

\$16,700 (100,000 francs). The other four members received suspended sentences; charges against two other persons were dropped.

“Germany

“The Church of Scientology remained under scrutiny by both federal and state officials who contend that it is not a religion but an economic enterprise. According to representatives of the Church of Scientology, while the public debate over the Church's status and operations has diminished somewhat in intensity compared to previous years, instances of governmental bias and discrimination remain. ... In December the Stuttgart administrative court ruled that Baden-Wuerttemberg could not deregister the Church of Scientology as an ideological nonprofit organization, stating that Scientology's activities could not be classified as commercial if such activities were used to accomplish the organization's ideological purposes. In August the city of Munich revoked the nonprofit status of the local Scientology organization. In June the Munich administrative court rejected an appeal by the Church of Scientology and upheld the November 1995 decision by the city of Munich to deprive the Scientology-affiliated Celebrity Center Munich of its status as a nonprofit organization. The city had argued that the center allegedly was brainwashing and financially exploiting its members. However, the court ruled that the only relevant point was whether the purpose of the center was to make money. During a March visit to the country by a lawyer for the Church of Scientology, officials in the Foreign Ministry refused to engage in a dialog with the Church and decided not to meet with the attorney. According to officials from the Ministry of Foreign Affairs, the Charge of the German Embassy in a western country met with a Scientology representative in 1996, but no tangible progress resulted from the meeting. Therefore government officials concluded that it was not worthwhile to meet with Scientology representatives again, since they do not believe that the Church has changed those practices that the Government finds unacceptable. Moreover, federal government officials believe that this issue is primarily one for the states to handle.

“Some government officials allege that Scientology's goals and methods are antidemocratic and call for further restrictions on Scientology-affiliated organizations and individuals. For example, during a March meeting with a lawyer representing the Church of Scientology and members of the working group on Scientology in the Hamburg interior ministry, Hamburg state officials expressed their belief that the Church is a criminal organization with a totalitarian ideology. ...

“Between 1996 and 1998 a number of states published pamphlets warning of alleged dangers posed by so-called sects and ideological groups, including the Church of Scientology. ... The Hamburg OPC published ‘The Intelligence Service of the Scientology Organization,’ which outlines its claim that Scientology tried to infiltrate governments, offices, and companies, and that the Church spies on its opponents, defames them, and ‘destroys’ them. ...

“The Federal Property Office has barred the sale of some federal real estate to Scientologists, noting that the Federal Finance Ministry has urged that such sales be avoided, if possible. Scientologists assert that business firms whose owners or executives are Scientologists, as well as artists who are church members, faced boycotts and discrimination, sometimes with state and local government approval. Other church members reported employment difficulties, and, in the state of Bavaria, applicants for state civil service positions must complete questionnaires detailing any relationship they may have to Scientology. The questionnaire specifically states that the failure to complete the form will result in the employment application not being considered. Bavaria identified some state employees as Scientologists and required them to complete the questionnaire. Some of those employees refused and filed complaints with the Labor and Administrative Courts. The cases are pending. However, according to Bavarian and federal officials, no one in Bavaria lost a job, was denied employment, or suffered any infringement of rights by public officials or entities solely because of association with Scientology. Bavarian officials also contended that a Scientologist was

teaching in a Munich public school and that another Scientologist was a member of the Bavarian Ministry of Culture. During the year, Hamburg city officials expressed public concern about Microsoft Windows 2000, because one of its software functions was developed by a company whose chief executive officer is a Scientologist. The Bavarian interior ministry warned against overreacting to such concerns.”

On February 6th, 2001 the above-mentioned Spanish fraud trial began without defendant Heber Jentzsch. A press article stated that the U.S. Justice Department had sent a fax to the court, saying that “it was unable to serve the subpoena upon Jentzsch.” [Exh. No. 158] Evidently the Justice Department followed the recommendations of the American embassy in Madrid to delay the judicial process. During the time of the trial, Jentzsch was neither seen in public nor appeared he in any current internal Scientology literature.

Two weeks later, on February 23rd, 2001 the U.S. States Department issued its current “Human Rights Report” and under the chapter “Freedom of Religion” it continued its criticism over the counter-actions of European government against the Scientology organization:

“Germany

“... The Church of Scientology, which operates 18 churches and missions, remained under scrutiny by both federal and state officials who contend that its ideology is opposed to democracy and that it is not a religion but an economic enterprise. Since 1997 Scientology has been under observation by the Federal and state OPC's, except in Schleswig-Holstein where the state constitution does not permit such observation (...). Observation is not an investigation into criminal wrongdoing, and the Government has filed no criminal charges against Scientology since observation began. However, in April the Federal OPC concluded in its 250-page annual report for 1999 that the reasons for initiating observation of Scientology in 1997 still were valid. The six pages in the report covering Scientology described those aspects of the organization's beliefs that were deemed undemocratic, quoting from the writings of Scientology founder L. Ron Hubbard and Scientology-published pamphlets and books. ...

“Scientologists continued to report discrimination because of their beliefs. A number of state and local offices share information on individuals known to be Scientologists. ...

“The Federal Government uses its ‘Defense Clause’ (commonly referred to as a ‘sect filter’) for procurement involving some training and consulting contracts, specifically those that may provide opportunities for mental manipulation or behavior modification. The sect filter requires a bidder to declare that the firm rejects and will not employ the ‘technology of L. Ron Hubbard’ within the framework of the contract, and that the firm does not require or permit employees to attend courses and seminars conducted via this ‘technology’ as part of its business function. Some state and local agencies, businesses (including several major international corporations), and other organizations require job applicants and bidders on contracts to sign similar ‘sect filters.’ The Federal Property Office has in several cases barred the sale of real estate to Scientologists, nothing that the Finance Ministry has urged that such sales be avoided, if possible.

“Public exhibitions by Scientologists in a number of cities to explain themselves to citizens encountered difficulties. In April the Visitor's Bureau of the Federal Press and Information Office intervened with a Berlin hotel, forcing the hotel to cancel Scientology's reservations for rooms for an exhibit titled ‘What is Scientology?’ The hotel claimed that the Visitors' Bureau threatened to cancel several hundred thousand dollars worth of reservations if Scientology were allowed to exhibit in the hotel. Scientology was able to rent space elsewhere but incurred substantial extra expenses related to

the last minute move of the exhibit. In Frankfurt a late February Scientology exhibit in the cafe of a well-known, city-owned museum sparked significant criticism, with city officials speaking out openly against Scientology and the exhibit. However, Scientology's recently established information office in Frankfurt has generated little or no public controversy. A Scientology exhibit at the Leipzig book fair in March provoked complaints about what some visitors considered aggressive marketing tactics, and fair authorities were reviewing whether to allow the exhibitors to return next year. In April Scientology was able to rent the public congress center in Hanover for a 2-day exhibition, after a hotel cancelled its reservation when it learned that Scientology had made the booking.

“There were no new attempts to deregister Scientology organizations previously registered as non-profit organizations, but the judgments in two such earlier cases were appealed during the year. The government of Baden-Wuerttemberg appealed a decision by the Stuttgart Administrative Court, which ruled that a Scientology organization could not be deregistered as a nonprofit organization because its activities were used to accomplish its ideological purposes. The case was pending at year's end. The Celebrity Center Munich, a Scientology-affiliated organization that was stripped of its status as a nonprofit organization in 1995, has appealed a 1999 upper court ruling upholding that decision. The case was pending at year's end.

“France

“The law provides for these rights, and the Government respects them in practice. There are regular demonstrations on various issues, which occur generally without incident. In October the Paris prefecture denied a request by the Church of Scientology for a permit for a demonstration involving 10,000 participants. The Church alleged discrimination; however, the prefecture justified the denial based upon the proposed size and duration of the demonstration, which would make it difficult to maintain public order. The group rented a private park outside Paris in which to hold their gathering.

“The authorities previously took similar action against the Church of Scientology. In the case of the Paris church, the Ministry of Finance refused to grant the church authorization to import funds to pay the claimed taxes although the church offered to pay the total amount of all taxes assessed, a percentage of which would have come from outside the country. Subsequently in December 1997, the Government filed legal action for the claimed amount against the former officers of the Paris church and against the Church of Scientology International (a California nonprofit organization). The hearing in this legal action was deferred pending a decision regarding a 1998 administrative claim filed with the Conseil d'Etat by the Paris church that the Minister of Finance acted improperly in refusing to allow the church to import funds to pay the assessed taxes. In January 1999, the Conseil d'Etat requested the advice of the European Court of Justice. On March 14, the Court ruled that French law was incompatible with European Union laws regulating the free flow of capital; however, the Court ruled that such regulations could be allowed if required on the grounds of a threat to public security or public policy. The Court ruled the French laws were not sufficiently detailed and, on December 8, the Conseil d'Etat found the State at fault and upheld the decision of the European Court of Justice. However, the judgment's practical effect was limited because the affected churches had dissolved themselves and been reconstituted in the intervening period under different names. ...

“Russia

“The Church of Scientology has been in conflict with authorities since a February 1999 raid on its Hubbard Center in Moscow by the tax police, FSB, and procurator. Since then the organization has faced charges that it engaged in a commercial enterprise without a license. The case is still pending. The Church has been repeatedly refused in its efforts to reregister its national center and register local religious organizations. While the Church has succeeded in registering 50 ‘Dianetics Centers’ as social organizations, it has only managed to register 1 Church of Scientology in Moscow as of

October. The Church reports that authorities have impeded the operation of its centers in Dmitrograd, Khabarovsk, and Izhevsk.”

It must be noted that while the Church of Scientology continued its aggressive litigation tactics against private opponents and state and local government agencies during the 1990s, it completely ceased to litigate against federal entities. I have not found any court case that involved Scientology and a federal U.S. agency that was initiated after the IRS-tax exemption decision in 1993.

Appeals Court criticizes the granting Tax Exemption (2002)

Michael and Marla Sklar are a couple from North Hollywood in California, which had financially supported two Jewish day schools during the 1990s. When they had submitted applications for a partial tax refund to the IRS, the agency refused to grant it. The Sklars sued before a Federal court in Los Angeles and stated they were entitled to a tax refund, citing the IRS’ tax exemption decision with regards to the Church of Scientology in 1993.

On January 29th, 2002 the Californian U. S. Appeals Court denied the Sklars’ petition and questioned in the same ruling the IRS’ tax exemption of Scientology and its treatment of the closing agreement, while upholding the 1989-Supreme Court Decision of Hernandez/IRS as relevant for its decision (“Michael & Marla Sklar vs. Commissioner of IRS,” U. S. Court of Appeals for the Ninth Circuit, No. 1556-97).

In particular the court said:

“Additionally, the Sklars claim that the IRS engages in a ‘policy’ of permitting members of the Church of Scientology to deduct as charitable contributions, payments made for ‘auditing,’ ‘training,’ and other qualified religious services, and that the agency’s refusal to grant similar religious deductions to members of other faiths violates the Establishment Clause and is administratively inconsistent. They assert that the ‘policy’ is contained in a ‘closing agreement’ that the IRS signed with the Church of Scientology in 1993, shortly after the Hernandez decision and the 1993 changes to § 170 of the Internal Revenue Code.

“Because the IRS erroneously asserted that it is prohibited from disclosing all or any part of the closing agreement, we assume, for purposes of resolving this case, the truthfulness of the Sklars’ allegations regarding the terms of that agreement. However, rather than concluding that the IRS’s pro-Scientology policy would require it to adopt similar provisions for all other religions, we would likely conclude, were we to reach the issue, that the policy must be invalidated on the ground that it violates either the Internal Revenue Code or the Establishment Clause. ...

“We are required, for purposes of our analysis, to assume the contents of the IRS’s policy towards the Church of Scientology, because of the IRS’s refusal to reveal to the Sklars, to this court, or even to the Department of Justice, the contents of its closing agreement, although that agreement has apparently been reprinted in the Wall Street Journal. ...

“The IRS insists that the closing agreement in this case cannot be disclosed as it contains return information which the IRS is required to keep confidential under I.R.C. § 6103. Under § 6103, the IRS is prohibited from disclosing ‘returns’ and ‘return information,’ but § 6103 does not discuss closing agreements, nor does it explicitly prohibit their disclosure. The regulatory provision governing closing agreements also does not explicitly prohibit their disclosure. Treas. Reg. § 301.7121-1.

“We agree with the D.C. Circuit. Disclosure of closing agreements is not categorically prohibited by § 6103; in appropriate circumstances, disclosure may be required under § 6104 or otherwise. Similarly, we reject the notion that § 6103 prohibits the disclosure of the entire closing agreement whenever part of the agreement contains return information.

“We also conclude that there are several reasons why the closing agreement in the case before us likely is subject to disclosure, at least in substantial part. First, just as in the Tax Analysts case the settling of the Church of Scientology's tax liability through the closing agreement was required in order for the organization to regain the tax-exempt status it had previously lost. Therefore the closing agreement would appear to constitute documentation in support of the exemption application which must be publicly disclosed pursuant to § 6104(a)(1)(A).

“The Supreme Court has developed a framework for determining whether a statute grants an unconstitutional denominational preference. Under that test, articulated in *Larson v. Valente*, 456 U.S. 228, 246-47 (1982), the first inquiry is whether or not the law facially discriminates amongst religions. The second inquiry, should it be found that the law does so discriminate, is whether or not, applying strict scrutiny, that discrimination is justified by a compelling governmental interest. *Id.* Applying this test to the policy of the IRS towards the Church of Scientology, the initial inquiry must be whether the policy facially discriminates amongst religions. Clearly it does, as this tax deduction is available only to members of the Church of Scientology.

“The second *Larson* inquiry is whether or not the facially discriminatory policy is justified by a compelling governmental interest. 456 U.S. at 246-47. Although the IRS does not concede that it is engaging in a denominational preference, it asserts in its brief that the terms of the settlement agreement cannot be used as a basis to find an Establishment Clause violation because ‘in order to settle a case, both parties are required to make compromises with respect to points on which they believe they are legally correct.’ This is the only interest that the IRS proffers for the alleged policy. Although it appears to be true that the IRS has engaged in this particular preference in the interest of settling a long and litigious tax dispute with the Church of Scientology, and as compelling as this interest might otherwise be, it does not rise to the level that would pass strict scrutiny. The benefits of settling a controversy with one religious organization can hardly outweigh the costs of engaging in a religious preference. Even aside from the constitutional considerations, a contrary rule would create a procedure by which any denomination seeking a denominational preference could bypass Congressional lawmaking and IRS rulemaking by engaging in voluminous tax litigation. Such a procedure would likely encourage the proliferation of such litigation, not reduce it. *Larson*, 456 U.S. at 248 (holding that even assuming *arguendo* that the government has a compelling governmental interest for a denominational preference, it must show that the rule is ‘closely fitted to further the interest that it assertedly serves’). Because the facial preference for the Church of Scientology embodied in the IRS's policy regarding its members cannot be justified by a compelling governmental interest, we would, if required to decide the case on the ground urged by the Sklars, first determine that the IRS policy constitutes an unconstitutional denominational preference under *Larson*. 456 U.S. at 230.”

In a concurring opinion Judge Silverman stated:

“Accordingly, under both the tax code and Supreme Court precedent, the Sklars are not entitled to the charitable deduction they claimed. The Church of Scientology's closing agreement is irrelevant, not because the Sklars are not ‘similarly situated’ to Scientologists, but because the closing agreement does not enter into the equation by which the deductibility of the Sklars' payments is determined. An IRS closing agreement cannot overrule Congress and the Supreme Court.

“If the IRS does, in fact, give preferential treatment to members of the Church of Scientology - allowing them a special right to claim deductions that are contrary to law and rightly disallowed to

everybody else - then the proper course of action is a lawsuit to put a stop to that policy. The remedy is not to require the IRS to let others claim the improper deduction, too.”

VII - Violations Of U. S. Title 18

Chapter 15 - Claims and services in matters affecting government

Sec. 286 - Conspiracy to defraud the Government with respect to claims

“Whoever enters into any agreement, combination, or conspiracy to defraud the United States, or any department or agency thereof, by obtaining or aiding to obtain the payment or allowance of any false, fictitious or fraudulent claim, shall be fined under this title or imprisoned not more than ten years, or both.”

Sec. 287 - False, fictitious or fraudulent claims

“Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be imprisoned not more than five years and shall be subject to a fine in the amount provided in this title.”

Count 1: The violation of Form 906, Closing Agreement with the Internal Revenue Service from October 1st, 1993 through the “Church Tax Compliance Committee” by false representations and the intention not to honor its terms.

On October 1st, several corporate officers of several Scientology corporations (Religious Technology Center, Church of Scientology International, Church of Spiritual Technology, Church of Scientology Flag Service Organization, Inc., Church of Scientology Western United States, Building Management Services, Church of Scientology Religious Trust), namely David Miscavige, Norman Starkey, Mark Rathbun, Heber Jentzsch, Marc Yager, Jonathan Epstein, Nigel Oakes and four other individuals, signed a closing agreement with the Commissioner of the IRS that included the granting of tax-exempt status under 501 (c) (3) of certain Scientology organizations [Exh. No. 146]. The above corporate officers assumed under the agreement the function of a “Church Tax Compliance Committee,” which would be held responsible to fulfill the obligations of the various entities of Scientology towards the IRS. The agreement contained the following provision:

“H. Finality.

“This Agreement is final and conclusive except:

“1. The matter it relates to may be reopened in the event of fraud, malfeasance, or misrepresentation of material fact;

“2. It is subject to the Internal Revenue Code sections that expressly provide that effect be given to their provisions (including any stated exception for Code section 7122) notwithstanding any other law or rule of law; and

“3. If it related to a tax period ending after the date of this Agreement, it is subject to any law, enacted after the Agreement date, that applied to that tax period.”

The agreement also contained the following certifications:

“D. Certifications.

“1. In general, by executing this Agreement, the Church signatories in their trust or corporate capacities, and their subscribing officers or trustees individually, certify under penalty of perjury the following to the best of their knowledge, information and belief:

“a. that all Scientology-related entities are in compliance with the Code, Treasury regulations and other Service pronouncements of general guidance and applicability;

“b. that the Church signatories and CTCC will use their best efforts to educate Scientology parishioners as to the nondeductibility of donations to foreign organizations and the provisions of section VII. paragraph B.;

“c. that no Scientology-related entity or Scientology-related individual (in his or her capacity as such) has, after 1986, knowingly committed any act of fraud or criminal conduct that might constitute a violation of public policy endangering the tax-exempt status of any Scientology-related entity (assuming for the limited purpose of this paragraph that all Scientology-related entities are otherwise described in Code section 501(c)(3)); and

“d. that all Qualified Written Material submitted in connection with this Agreement was correct and truthful as of the date submitted through the date of signature of this Agreement, as supplemented by the Forms 1023 filed in August and September 1993.

“2. Section 501(c)(3). The Annual Report shall include a certification to the Service from CTCC members, in their Corporate, At-large, or Individual status, that Scientology related entities recognized as described in Code section 501(c)(3) under section III, paragraphs B. or C. will operate in conformity with Code section 501(c)(3) and the regulations there under and that other Scientology-related entities will operate in a manner that does not jeopardize the tax-exempt status of any Scientology-related entity so recognized. Specifically, but not by way of limitation, such certification shall include the following Scientology-related entities: Church of Scientology Religious Education College Inc., Church of Scientology Advanced Organization Saint Hill Europe and Africa, Church of Scientology, Inc. (Advanced Organization Saint Hill Australia, New Zealand and Oceania), RTC Australia, San Donato Properties Corporation, Transcorp Services, S.A., MCL Services, N.V., Media Storage, Inc, Mile High, Inc., Galaxy Productions, Inc., Mastertech, Inc., Nesta Investments, Ltd., and FSO Oklahoma Investments Corporation.

“3. Continuing certifications. The CTCC must certify in the Annual Report that the certifications described in this paragraph D. continue to be correct, to the best of their knowledge and belief. Such certification shall be substantially in the form of Exhibit IV-3 hereto. In addition, the CTCC must certify as part of the Annual Report that nothing has occurred that would significantly impair (directly or indirectly) the efficacy of the guaranty contained in section IV. paragraph A.3.d.”

Under the agreement, a Scientology related entity was defined as follows:

“5. Any entities subject to the ecclesiastical direction or general guidance of Church of Scientology International or Religious Technology Center, directly or indirectly, including but not limited to any trusts, that hold assets (including but not limited to intellectual property and mortgages) for any other Scientology-related entity or for the advancement or protection of the Scientology religion whether or not those entities were discussed at pages 1-43 through 1-56 of the June submission are Scientology-related entities. This definition does not include the trust or estate of any parishioner who has made an intervivos or testamentary transfer of assets to the Church. This definition does not

include financial institutions that are not owned (directly or indirectly) in whole or in part by any entity that otherwise meets the definition of Scientology-related entity under another subparagraph of this paragraph VIII. C. This definition does not include (i) any fiduciary that is not a Scientology-related entity or a Scientology-related individual (ii) the employee of any such fiduciary, (iii) any escrow agent holding assets of a Scientology-related entity under and escrow arrangement of a strictly temporary nature, (iv) any trustee under a deed of trust upon real property to secure the debt of a Scientology-related entity (v) any person acting under the power of attorney to Scientology-related entity, provided that any such fiduciary described in (i) through (v) above, and is nor otherwise a Scientology-related entity under paragraph of this section VIII, paragraph C. Pages 1-43 through 1-56 are attached as Exhibit VIII-3 to this Agreement.”

With respect to the above regulations the signatories David Miscavige, Norman Starkey, Mark Rathbun, Heber Jentsch, Marc Yager, Jonathan Epstein and Nigel Oakes, in their capacity as corporate officers and ecclesiastical heads of their respective Scientology entities and as members of the CTCC, have violated the terms of the closing agreement from October 1st, 1993 by having known and/or having been in the position to know and/or having supervised and controlled various criminal/non-charitable activities of U. S. based and foreign “Scientology related entities” between 1986 and 2001. As these activities have been conducted in accordance with Scientology’s basic and fundamental ecclesiastical policies and scriptures, formulated either by founder L. Ron Hubbard or others, the above mentioned individuals had never had the intention to honor the terms of the closing agreement, thereby had engaged in a conspiracy against the U. S. government from the outset of the settlement discussions.

Count 2: Covert intelligence operations executed by the “Office of Special Affairs International” against British writer Russell Miller during the years 1987 – 1988, which included the attempt of false incrimination.

The British writer Russell Miller published in 1987 the book “Bare-Faced Messiah: The True Story of L. Ron Hubbard,” a controversial biography about the life of Scientology founder Hubbard. Prior to the publication, Miller had gone to the United States to conduct research in relation to the book and to interview people who had personally known Hubbard. At the end of his research trip, Miller was followed by private investigators, presumably working for the Church of Scientology [Exh. No. 159].

When Russell Miller had returned to London, and the book on Hubbard was about to be published, the Church of Scientology stepped up its efforts and started a harassment campaign against Miller to stop the publication of Millers book. At least five investigators were employed by the Scientologists to achieve this.

First, several friends and business associates of Miller were investigated, who received visits from private detectives. Then, during the months of October, the “Sunday Times” which had planned to do a serialization of the book during November, received threatening phone calls by Scientologists. The first private investigator who appeared then on the scene was Eugene Ingram from Los Angeles. Together with another investigator from England Ingram gained access to the offices of the “Sunday Times” with the use of false credentials and tried there to discredit Miller and his sources with a senior executive of the “Sunday Times.”

During the following week, the second investigator from the United States arrived. Peter Comras claimed to represent the family of late Dean Reed, an American singer who had

defected the East-Germany and had died under unclear circumstances in East-Berlin in Summer of 1987 [Exh. No. 160]. Comras started a so-called “noisy investigation” on Miller, by trying to link Reed’s death with a visit of Miller in East-Berlin. When the family denied that it had hired Comras, the private investigator claimed not to know his client and referred to the Washington lawyer Keith Adkinson, who had hired him originally. Miller himself believed that Comras worked on behalf of the Church of Scientology.

In November the “Sunday Times” learned that another private investigator was surveilling Miller [Exh. No. 161]. Jarl Cynewolf revealed to journalists that he worked on behalf of a third American private investigator, Virginia Snyder from Florida, who had been hired by the Scientologists. Cynewolf also stated that “Miller’s phone calls and mail were being intercepted and his house in Buckinghamshire was under close surveillance.

Scientology also tried to stop the publication of Miller’s book through the courts. The Scientology publishing company New Era Publications International ApS tried to enjoin the publication of the book in England, Canada and the United States by claiming the book violated the company’s copyrights on the works of L. Ron Hubbard. All of these attempts to stop the critical book on Hubbard failed. In the U.S. the Federal Appeals Court in New York affirmed on April 19th, 1989 the decision of the lower District Court who found that the reproduction of certain citations of Hubbard’s writings by Miller was well within “fair use.” The permanent injunction Scientology had sought was not granted (“New Era Publications International ApS vs. Henry Holt & Co., Inc.” No. CV 88-7707, CV 88-7795).

Count 3: Covert intelligence operations against Danish protestant priest Johannes Aargaard during the years 1987 and 1988 that were supervised by the “Office of Special Affairs Europe” and included committing burglary at Aargaard’s “Dialog Center.”

Johannes Aargaard, a professor for theological studies, is the President of the “Dialog-Center International” in Århus, Denmark. The Dialog-Center issues a periodic magazine, which reports about new religious movements and cults. As a vocal critic of Scientology’s activities in Denmark for the past 25 years, he had been a target not only for negative articles by Scientology’s Danish version of Freedom-Magazine [Exh. No. 162, Excerpt] but also for various intelligence operations run by the “Guardian’s Office” and later by the Office of Special Affairs. When I met Mr. Aargaard in the summer of 1999 he told me that the Dialog-Center had been infiltrated on several occasions by at least nine agents, working on behalf of Scientology. All those people had claimed to be either cult victims or that they would want to work as volunteers in the Dialog-Center, but had in fact tried to gain information about the Center and report such intelligence back to Scientology. In one case, the detection of such an agent led to the disclosure of an illegal conspiracy that ended with a conviction by the court.

On November 29th, 1990 at a criminal proceeding before the Copenhagen City Court two Danish private investigators, Jan Kristiansen and Erik Clefert, were found guilty of having conducted a conspiracy to copy computer discs and obtain information from Aargaard’s Dialog Center between August 1987 and July 1988 [Exh. No. 163]. The two investigators worked on behalf of a Jan Hansen who had been a cut-out of the Office of Special Affairs in Copenhagen. To gain access of the Dialog-Center’s internal files, Kristiansen and Clefert then hired an additional agent, Lars Jørgensen, who obtained employment at the Center and delivered them later 16 floppy discs with inside information about the Dialog-Center. The two detectives then delivered the material to Jan Hansen.

The connection between the private investigators and the Church of Scientology had already been established by the Danish newspaper “B. T.” in August 1988, when the whole affair was discovered and made public [Exh. No. 164]. The article stated that the Church of Scientology had paid 200,000 Danish Crowns towards the detective agency to come up with inside material on Aargaard.

In a second related case, around the same time, the newspaper revealed that a 33-year old Danish fire fighter had been found to have worked as a paid agent for the Church of Scientology [Exh. No. 165]. For 1,100 Danish Crowns he was told to infiltrate a psychiatric hospital and gather information for the Scientologists. The Copenhagen Fire Department suspended him later from his job, after the matter had become public.

Count 4: Covert intelligence operations against the “Aktion Bildungsinformation, e.V.,” a German non-profit association, and against other Scientology critics in Southwestern Germany that were conducted during the early 1990s under the supervision of the “Office of Special Affairs Europe.”

Internal documents of the “Office of Special Affairs” of the Scientology organization in Stuttgart reveal that during the early 1990s OSA-operatives were systematically investigating individuals and organizations in order to gain information on private and sensible matters.

The first document is a memorandum on how to do a “dust bin collection,” written by an OSA-operative of the German Scientology-organization “Dianetik Stuttgart e. V.” [Exh. No. 166]. As it is written in English it was obviously designated to be sent to the OSA-headquarters in Copenhagen or Los Angeles. The target organization, mentioned in the document, is the private consumer information center “ABI e. V.,” which has been providing information about Scientology’s activities since 1975 and which had been involved in numerous lawsuits against several Scientology-organizations.

Evidently the “Office of Special Affairs” tried to get a hold of any internal ABI-documents by going through its trash in order to use it against ABI at a later date.

Infiltrating a consumer association had been done by Scientology before. The FBI-raids in 1977 revealed that the “Guardian’s Office” had placed an informant inside the “Better Business Bureau” in Washington, DC in order to obtain internal documents [Exh. No. 167].

The second document, dated June 18th, 1990, is a program written by an OSA executive for a newly appointed Investigations Officer of the OSA-office in the Scientology organization of Stuttgart [Exh. No. 168]. The persons and institutions mentioned in the document had been critical of Scientology in the past. As a counter intelligence operation, the Office of Special Affairs started to investigate these critics and included in its program even the surveillance of the child of one target person:

“Invest Off Stuttgart

“... Production Cycles

“1. Make yourself a list of all institutions that might have important information for us or distribute. (i. e. associations like ABI, EBIS, the [State] Ministry for Cultural Affairs, religious associations like catholic or protestant academies, EZW, publishing houses, newspapers, etc)

“2. Start to order publications from them or [use] Scientologists, who receive them already to review them for you using the following criterions:

“a) Psychiatry scandals

“b) Events with the topic ‘cults’, etc.

“c) Newly published books

“d) Everything concerning scandals at the Ministry for Cultural Affairs

“e) Everything connected to ABI, EBIS, [Name of person, withheld upon request], [Name of person], Scientology, cult opponents

“f) Changes of law that have to do with psychiatry and religion

“g) Scandals at associations or clubs ...

“4. Start immediately with the résumé of [name of person] and [name of person] and find out what they have done and published in the past.

“5. Give me an up-date from time to time about your progress of the above mentioned target areas.
...”

The second page of the document reveals the program targets, which include the surveillance actions of the persons mentioned in the first part of the document:

“... 2) Search the Adresso of the org for names of Scientologists who live in the Kirchheim/Teck area. Then ask only real dedicated Scientologists for teachers and students of [Name of the school withheld].

“3) Visit Mr. [Name withheld] again and question him together with [Name withheld]; [Name withheld] pretends to be a former student of [Name withheld] and mentions [Name withheld] relationship to other students.

“4) Who was a member in the protestant youth group in [Name of town withheld]? Get a list of names.

“5) [Name of person withheld] enrolls [as a student] at the University of Tübingen. The product is a student identity card.

“6) Which school does the son of [name of person withheld] attend?

“7) What is he doing during the afternoons – who is looking after him? Is he at home or elsewhere?

“8) Where is [Name of person withheld] living? ...

“9) DBC [dust bin collection], Tuesday morning 5 am. ...”

Count 5: Covert intelligence operations against IRS-officials that were executed during the early 1990s by the “Office of Special Affairs International” and that included the attempt of buying information on private matters.

On March 9th, 1997 the “New York Times” reported in an article that prior to the decision of the IRS to grant Scientology tax-exempt status, IRS-officials and employees had been subject to systematic harassment and surveillance by private investigators hired by the Office of Special Affairs [Exh. No. 169]. One part of the article described the operations that were executed by OSA-employee Ben Shaw and directed by OSA-attorney Kendrick Moxon:

“ ... The church’s war had a covert side, too, and its soldiers were private investigators. While there have been previous articles about the church’s use of private investigators, the full extent of its effort against the IRS is only now coming to light through interviews and records provided to The New York Times.

“Octavio Pena, a private investigator in Fort Lee, N. J., achieved a measure of renown in the late 1980s when he helped expose problems within the Internal Revenue Service while working on a case for Jordache Enterprises, the jeans manufacturer.

“In the summer of 1989, Pena disclosed in an interview, a man who identified himself as Ben Shaw came to his office. Shaw, who said he was a Scientologist, explained that the church was concerned about IRS corruption and would pay \$1 million for Pena to investigate IRS officials, Pena said.

“‘I had had an early experience with the Scientologists, and I told him that I didn’t feel comfortable with him, even though he was willing to pay me \$1 million,’ Pena said. Scientology officials acknowledged that Shaw worked for the church at the time, but they scoffed at the notion that he had tried to hire Pena. ‘The Martians were offered \$2 million; that’s our answer,’ said Moxon, whose firm often hired private investigators for the church.

“Michael L. Shomers, another private investigator, said he shared none of Pena’s qualms, at least initially. Describing his work on behalf of Scientology in a series of interviews, Shomers said that he and his boss, Thomas J. Krywucki, worked for the church for at least 18 months in 1990 and 1991.

“Working from his Maryland office, he said, he set up a phony operation, the Washington News Bureau, to pose as a reporter and gather information about church critics. He also said he had infiltrated IRS conferences to gather information about officials who might be skipping meetings, drinking too much or having affairs.

“‘I was looking for vulnerabilities,’ Shomers said. Shomers said he had turned over information to his Scientology contact about officials who seemed to drink too much. He also said he once spent several hours wooing a female IRS official in a bar at a conference, then provided her name and personal information about her to Scientology.

“In one instance, information that Shomers said he had gathered at an IRS conference in the Pocono Mountains was turned over to an associate of Jack Anderson, the columnist, and appeared in one of Anderson’s columns criticizing top IRS managers for high living at taxpayer expense.

“Shomers said he had received his instructions in meetings with a man who identified himself as Jake Thorn and said he was connected with the church. Shomers said he believed the name was a pseudonym.

“Shomers said he had looked into several apartment buildings in Pennsylvania owned by three IRS officials. He obtained public files to determine whether the buildings had violated housing codes, he said, and interviewed residents looking for complaints, but found none.

“In July 1991, Shomers said, he posed as a member of the IRS whistle-blowers coalition and worked with a producer and cameraman from NBC-TV to get information about a conference for senior IRS officials in Walnut Creek, Calif. The producer said that she recalled Shomers as a representative of the whistle-blowers, but knew nothing of his connection to Scientology. The segment never ran.

“At one point, Shomers said, he slipped into a meeting room at the Embassy Suites, where the conference was held, and took a stack of internal IRS documents. He said he mailed the material to an address provided by his church contact.

“Krywucki acknowledged that he had worked for Scientology’s lawyers in 1990 and 1991, though he declined to discuss what he did. He said he would ask the lawyers for permission to speak about the inquiry, but he failed to return telephone calls after that conversation.

“It is impossible to verify all of Shomers’ statements or determine whether his actions were based on specific instructions from church representatives. He said he had often been paid in cash and sometimes by checks from Bowles & Moxon, a Los Angeles law firm that served as the church’s lead counsel. He said he had not retained any of the paychecks.

“Shomers provided The New York Times with copies of records that he said he had obtained for the church as well as copies of hotel receipts showing that he had stayed at hotels where the IRS held three conferences, in Pennsylvania, West Virginia and California. He also provided copies of business cards, with fake names, that he said had been created for the phony news bureau in Washington and copies of photographs taken as part of his surveillance work.

“One of the IRS officials investigated by Shomers recalled that a private investigator had been snooping around properties he managed on behalf of himself and two other midlevel agency officials.

“The official, Arthur C. Scholz, who has since left the IRS, said he was alerted by tenants that a man who identified himself as a private investigator had questioned tenants about him and the other landlords. He said the tenants had not recalled the man’s name but had noted that he was driving a car with Maryland license plates.

“‘He went to the courthouse and found the properties, and then went out banging on doors of these tenants and made a number of allegations dealing with things that were totally bull,’ said Scholz, who had no involvement with the IRS review of Scientology and was at a loss to explain why the church would have been interested in him. ‘I notified the local police about it.’

“Shomers, who has since left the private-investigation business, said he was willing to describe his work for the church because he had come to distrust Scientology and because of a financial dispute with Krywucki.

“Moxon, the Scientology lawyer, said the IRS was well aware of the church’s use of private investigators to expose agency abuses when it granted the exemptions. Moxon did not deny hiring Shomers, but he said the activities described by Shomers to The New York Times were legal and proper. Moxon and other church lawyers said the church needed to use private investigators to counter lies spread by rogue government agents. ...”

In an article of its July 1992 edition the “American Lawyer” portrayed the various attorneys that had been employed by the Church of Scientology during the 1980s and 1990s [[Exh. No.](#)

170]. The article also featured the use of private investigators by Scientology. In the course of its research for the report, the journal contacted four investigators who had worked on assignments for Scientology. One investigator, who wanted to remain anonymous, stated he was told by the law firm Bowles & Moxon “to do thorough investigations on people and he was urged “trying to find dirt.” Three of the four private detectives confirmed that an assignment for Scientology included the investigation of a subject’s family, friends and neighbors.

Five months later OSA’s interest in the private life of its perceived enemies became the subject of a court case. A private investigator, Ted Heisig, had divulged information which he had obtained through surveillance of Est-founder and Scientology-rival Jack Rosenberg (“Werner Erhard), to the “L. A. Times” and was consequently sued by Bowles & Moxon, as they had hired him to conduct the investigation. A default judgement was entered in 1994. (Bowles & Moxon vs. Ted J. Heisig, Jr., Superior Court for the County of Los Angeles, No. BC 071626)

Count 6: The non-disclosure of the role and the activities within the “Guardian’s Office” (GO) of certain employees of CSI and other Scientology-organizations during the settlement negotiations with the IRS in 1992/1993.

In one of the supporting documents of the tax-exempt application, in which the “Church of Scientology International” (CSI) was answering questions by the Internal Revenue Code, CSI stated the following [Exh. No. 171]:

“None of the individuals involved in the criminal activities of the Guardian’s Office are serving on the staff of any organization within the Church hierarchy at the level of Class V Church or above.

“During the reform and disbandment of the G. O. in the years 1981 through 1983, we kept a record of the names of individuals we found to have been involved in illegal activities, who condoned them, or who were in a position where they should have known and done something to stop them. Any individuals who were found at that time to be on staff were dismissed and informed never to apply for re-employment.”

Despite of the above assertions it is a fact, that CSI, its Office of Special Affairs network and other Scientology organizations currently employ or have employed former members of the Guardian’s Office, who were either involved in illegal activities or who were in a position of having had knowledge about them.

On April 2nd, 1976 an internal list of U. S. “Guardian’s Personnel” was distributed for limited use among the members of the GO [Exh. No. 172]. The list contained several names of individuals that work today or who have worked during the 1980s and 1990s for Scientology organizations within the United States.

Not only were several of these individuals directly or indirectly involved with the criminal activities of the Guardian’s Office, but they had in fact leading positions within the American GO-network. Ten years later these individuals can be found on similar executive positions within the “Church of Scientology International.”

What follows is a table with the names of some of the individuals, their position within the GO and their present or last known position within the Church of Scientology:

<i>Name</i>	<i>GO-Position in 1976</i>	<i>Last known position</i>	<i>Year</i>
Heber Jentzsch	Assistant Guardian PR	President CSI (OSA Int.)	2001
Kendrick Moxon	Assistant Guardian Legal	Lead Attorney (OSA Int.)	2001
Wendell Reynolds	Assistant Guardian Finance	CO Golden Era Prod.	1995
Fred Ulan	D/Assistant Guardian PR	Exec. Director CCHR Int.	1989
Nicholas McNaughton	Assistant Guardian	Secretary CSI (OSA Int.)	1986
Ben Shaw	Assistant Guardian Intelligence	CO OSA Clearwater	2001
Brian Anderson	Assistant Guardian PR	OSA PR Clearwater	1997

At the time of the GO-burglaries, Heber Jentzsch, Brian Anderson and Fred Ulan worked in the Public Relations Bureau of the Guardian's Office in Los Angeles. A Public Relations Officer worked at the receiving end of the operations of the Intelligence Bureau ("B 1") within the Guardian's Office. PR was being constantly fed with negative material to be used against Scientology's "enemies." Therefore the persons who worked in PR must have known about the character of operations the Intelligence Bureau was involved in.

An internal GO-message from April 6th, 1976 shows such exchange of negative information on a Scientology critic and how deeply the PR-personnel were entrenched with illegal activities [Exh. No. 173]. The writer of this message, presumably Artie Maren ("Deputy Guardian PR US"), requested from the chief of the Intelligence Bureau, Richard Weigand, more negative material on the love life ("2 D") of New York writer Paulette Cooper:

"Sit: Flag needs Paulette Cooper 2 D crimes.

"Data: Gloria Leonard, PRC Officer ("PR Collection Officer"), spent 4 1/2 hours looking through Cooper folder in B1. From what she reports the following would be items PR would like to use, if possible. According to Gloria was all obtained from a 1973 Time Track. ...

"A. Cooper enjoys sex with belts and whips – made statements in front of people concerning this.

"B. She several times went to a perverted type "club" where they get to meet people of similar sexual orientation.

"C. She went out with a married man, was caught on living room floor by wife. ..."

During the 1970s Paulette Cooper was one of the most harassed Scientology critics in the United States, because she had dared to write a critical book about Hubbard and Scientology in 1971. Her private life was infiltrated by Scientology agents. She was sued 18 times by the organization. In one GO-operation against Cooper, an agent stole her stationary, another formulated a bomb threat letter on the paper and sent it to a Scientology organization, which reported it to the police. As a result of this Cooper was temporarily arrested and indicted. She was finally cleared in 1977 after the FBI had found out that she was set up by the Guardian's Office.

The second page of the featured document reveals that Fred Ulan, the "Deputy Assistant Guardian for PR" in Clearwater was directly involved in the operation to find more "2 D crimes" on Cooper. The participation in such a criminal operation did not seem to hurt his

career within Scientology. In 1989 he was holding the position of Executive Director of the “Citizens Commission on Human Rights” and was featured in the Scientology-magazine “Impact” [Exh. No. 174, Excerpt].

The involvement with the Guardian’s Office Public Relations Bureau did not have negative consequences for Heber Jentzsch and Brian Anderson either. In 1981 Jentzsch became the President of CSI, a position that was later integrated within OSA International. Brian Anderson also worked for the Office of Special Affairs International during the 1980s, before he was assigned in 1994 to work in Clearwater first as CO OSA CW and later as OSA-PR Officer [Exh. No. 175, Excerpt].

A higher standard with regards to involvement and responsibility for such criminal activities applies to Wendell Reynolds, Nicholas McNaughton and Ben Shaw. Due to their positions they directly oversaw intelligence operations or, in the case of Wendell Reynolds, financed them. Again, this involvement did not stop them from obtaining high positions within the Church of Scientology at a later date, when according to CSI’s statements, such people should have been dismissed from employment.

Wendell Reynolds became in 1982 the “Finance Dictator” (sic) of the newly created “International Finance Office” [Exh. No. 176, Excerpt]. In 1995 he was listed as the “Commanding Officer Golden Era Productions” in an issue of the internal Scientology-magazine “Highwinds” [Exh. No. 177, Excerpt].

After the Guardian’s Office had been dissolved, Nicholas McNaughton re-appeared as a corporative officer for CSI in a document from 1986 [Exh. No. 178] and worked for the Office of Special Affairs at least until 1990.

In the 1980s and 1990s the former “Assistant Guardian for Intelligence” in Miami, Ben Shaw went on conducting intelligence operations for the Office of Special Affairs [Exh. No. 169], before he became the “Commanding Officer” for the Office of Special Affairs in Clearwater in 1997 [Exh. No. 179].

The already in Count 4 cited “American Lawyer”-article from 1992 discussed not only the methods of Scientology-investigators in the post-GO era but also mentioned the involvement of OSA-attorney Moxon in the criminal activities of the GO [Exh. No 170]:

“Moxon for example has a long history with the church. In the late 1970s he served a stint as the ‘District for Columbia Assistant Guardian for the Legal Bureau,’ working in the very office where massive covert operations against the government were being run at the time, according to a stipulation of evidence that was agreed to by all parties in the 1979 federal criminal case against nine church leaders.

“It’s true that I was there doing legal work as a paralegal,’ says Moxon, 42, who received his J. D. from George Mason University School of Law in 1983. But he denies knowledge of the criminal operations being run out of the office: ‘I wasn’t aware of it.’”

Moxon was not only aware of the illegalities but he even committed one, by submitting fake handwriting samples of fugitive Michael Meisner to the government [Exh. No. 180, Excerpt]. This action was part of a cover-up operation to disguise Michael Meisner’s affiliation with

Scientology, after GO-agents Meisner and Gerald Wolfe had been detected by FBI-agents inside the Federal court building in Washington.

Moxon's allegation that he was not aware of the other criminal activities is also not credible as his own wife Carla Moxon in her function as "Assistant Guardian Communicator" participated in the bugging of the IRS-conference room on November 1st, 1974 [Exh. No. 181, Excerpt]. Consequently the government named both in the criminal case as unindicted co-conspirators (United States vs. Mary Sue Hubbard et al, No. 78-401, Response to informal Bill of Particulars, January 11th, 1979) [Exh. No. 182, Excerpt].

Despite such past, Moxon has been for years CSI's chief litigator. In 1987 he and Timothy Bowles established with Bowles & Moxon the first Scientology in-house law firm. While it should appear to the public, as if Moxon would work on behalf of a client, f. e. CSI and other entities, Bowles & Moxon and his present law firm, Moxon & Kobrin, have been integrated in the organizational structure of the Office of Special Affairs. An internal personnel list from 1990 shows that Bowles & Moxon were indeed part of the "Legal Bureau" of the "Office of Special Affairs US" and under the command of the Executive Bureau [Exh. No. 183], together with other ex-GO staff like Brian Anderson or Nicholas McNaughton.

On a photo of the 1995-edition of the internal Sea Organization-magazine "Highwinds" Moxon was again presented as an integrated part of the "OSA Int.'s legal affairs team" [Exh. No. 184, Excerpt].

At its time of existence the Guardian's Office operated a worldwide network, similar as the Office of Special Affairs today. Inevitably, due to the nature of its operations, it committed criminal acts not only in the United States but in other countries as well. In Canada, for example, a jury found the Church of Scientology of Toronto guilty of Breach of Trust after members of the Guardian's Office had infiltrated during the 1970s offices of the Ontario government and three police agencies [Exh. No. 185]. Similar illegal operations were conducted by the GO in Denmark, England, Germany and Sweden.

The same ambiguity the "clean-up"-mission under David Miscavige applied in dismissing certain US-GO staff, while integrating others within the new-formed Office of Special Affairs, was used upon the foreign GO-personnel too. Several foreign GO-staff had been involved in criminal activities, but still they were found acceptable for later service within the new network of Scientology organizations. Two GO-staff from Germany even landed on senior executive positions at OSA International:

Edith Büchele was a GO-operative in the Scientology-organization of Munich. When I interviewed a former GO-staff in February 1998, he stated that Büchele had worked as a cover agent for Scientology and infiltrated the Max Planck-Institute of Psychiatry in Munich. During the early 1970s the Institute was declared a main opponent by the Scientologists, after it had commented critically the activities of Scientology. The German Guardian's Office initiated lawsuits and covert operations against it. Büchele was finally successfully placed at the Institute as a secretary and started to obtain there inside information for the GO in Munich.

When a final clean up of the Guardian's Office headquarters in England was announced to the press in 1983, of all people Büchele was announced to be the "Director of External

Affairs.” Büchele announced that she had “excommunicated” 12 former GO-staff and “uncovered a complete mess” at the GO [Exh. No. 186, Excerpt]. England was not the last employment for Büchele: Five years after her “clean-up mission” at East Grinstead she was mentioned in a newspaper article as being the “Chief Officer” of OSA International [Exh. No. 187].

At the time of the filing of the application for tax-exemption in August 1993, the former Austrian citizen Kurt Weiland had the position of “Commanding Officer of the Office of Special Affairs International” (CO OSA Int.).

CSI did not bother to mention in its declarations about the Guardian’s Office that Kurt Weiland had been a public official for the GO in Germany from September 1975 until 1980, and that he had been found guilty for defamation by the District Court in Munich, Germany on April 5th, 1978. This judgement was later affirmed by the Munich Appeals Court on April 13th, 1978 (“In the criminal matter against Kurt Weiland,” Landgericht München I, Case-Number: 25 Ns 265 Js 30519/77) [Exh. No. 188]. Due to his young age of 20 years at the time of the defamation, Weiland was only sentenced to a fine.

Prior to this judgement Weiland was sued by Haack in a civil suit, which ended with a final injunction on June 23rd, 1976 before the District Court in Munich against Weiland (“Friedrich Wilhelm Haack vs. Kurt Weiland,” Landgericht München I, Case Number: 9 O 20370/75 (3558)).

The origin for those suits were allegations made in 1975 through a leaflet published by Weiland, saying that Friedrich-Wilhelm Haack in his function as a Protestant priest had violated the seal of confession by selling intimate information about a woman to a porn magazine. The late Haack had been an outspoken critic of Scientology in Germany. As official spokesperson for inter-religious affairs he had openly criticized certain activities of the Scientologists. The German Guardian’s Office in return declared him its main enemy and started various operations against him: Haack was sued several times, Scientologists attempted to infiltrate his offices and the GO wrote several letters to Haack’s superiors in the Protestant Church to have him removed from his position. In one letter addressed to Haack, Weiland compared Haack’s criticism of Scientology with the Nazi persecution of the Jews [Exh. No. 189].

During the earlier mentioned deposition from 1996, Weiland recapitulated his various positions in Scientology management, after he had left the German Guardian’s Office in 1981 [Exh. No. 190, Excerpt]: First he joined the Danish corporation “Advanced Organization Saint Hill for Europe & Africa” (AOSH EU & AF) and later “New Era Publications International,” both located in Copenhagen, before he was employed by the “Religious Technology Center” in around 1984. In 1987 Weiland became the “Commanding Officer OSA International,” a position he was holding during the upcoming seven years. In 1994 he was demoted to a “Deputy Commanding Officer OSA International.” Additionally to the above “ecclesiastical” positions within OSA Int., Weiland became a corporate executive of CSI, namely he joined its Board of Directors.

Count 7: The misuse of funds of the “Church of Scientology International,” designated for charitable purposes, but used instead by the “Office of Special Affairs International” for private and legal expenses of Robert Cipriano and Michael Hurtado during the years 1998 through 2001.

This count circles around one man – Graham Berry, a former lawyer who lost his money, his property and finally the right to work as attorney due to his obsessive crusade against the Church of Scientology.

It all began in 1991 when Graham Berry was working for the law firm Lewis, D’Amato, Brisbois & Bisgaard in Los Angeles. In this year he was retained as counsel for another attorney who was involved in litigation against the Church of Scientology, Joseph Yanny. Yanny had been sued by the Church of Scientology for breach of contract in 1988, after he had given up his brief and began representing Ex-Scientologists (“CSC et al vs. Joseph Yanny,” Superior Court Los Angeles, No. C 690211 & BC 033035).

Berry successfully defended Yanny in that suit, which was dismissed on March 16th, 1993. Soon after, Berry was asked again to represent people who had been sued by Scientology, this time for libel.

In May 1991 a very critical article on Scientology appeared in Time-magazine: “Scientology – The Thriving Cult of Greed & Power” [Exh. No. 191]. In response to the article the Church of Scientology International (CSI), and its Office of Special Affairs launched a massive ad-campaign against Time [Exh. No. 192]. Additionally CSI initiated two federal lawsuits for libel soon after the publication of the article – one against Time (“CSI vs. Time Warner, Inc.,” No. CV 92-3024 (PKL), U. S. District Court for the Southern District of New York), and the other against two individuals and (future clients of Berry): Uwe Geertz & Steven Fishman (“CSI vs. Geertz & Fishman,” No. CV 91-6246 (HLH), U. S. District Court for the Ninth District). Geertz and Fishman were featured in the article, and Fishman who had been a Scientologist, claimed of having been ordered by Scientology to kill his therapist, Mr. Geertz and then to commit “End of Cycle,” which means suicide in the language of Scientology.

Berry was again successful in defending his clients, as CSI dismissed its suit in February 1994 after the court case had been in its pre-trial phase for two years.

At this point things between Berry and the Scientology lawyers Timothy Bowles and Kendrick Moxon had become rough. While the Scientologists did not appreciate Berry’s aggressive approach towards plaintiff’s deponents and his serving of subpoenas upon some Scientology celebrities, Berry was often complaining about Moxon’s derogatory comments in court about his homosexuality.

After a final settlement attempt failed, in which Berry tried to reach an agreement with the Scientologists for clients he did not even represent [Exh. No. 193], the Office of Special Affairs commanded its well-tried private investigator, Eugene Ingram, to start a full-blown investigation into Berry’s past and to try to dig up as much dirt as possible.

In New York, where Berry lived during the end of the 1970s and the early 1980s, Ingram made a strike. Robert Cipriano a former business partner of Berry and himself in legal trouble with New Jersey authorities, was full convinced by Ingram’s false LAPD-credentials

and willing to supply him with negative information about Berry. The product of that collaboration was a declaration, signed on May 5th, 1994, that was, to say the least, unfavorable of Berry's past activities in New York [[Exh. No. 194](#)]:

"...4. Between May 1984 and February 1985 when I left New York City for Los Angeles, California, I had numerous contacts, conversations and observations of Mr. Berry and Mr. Spiegelman, I observed both men frequently abuse cocaine and both were practicing homosexuals who admitted preferring young underage men for sexual gratification. Mr. Berry was a classic example of a 'Chicken Hawk,' which in street vernacular is a term for an adult male who has sexual relations with boys under the age of sixteen.

"5. Mr. Berry would routinely tell me, in graphic detail, about his sexual exploits with boys under the age of sixteen. ..."

The declaration pleased the Office of Special Affairs enormously, who continued during the next years to exploit its contents with great enthusiasm and with the goal of destroying Berry's reputation. Soon the declaration was published on the internet both through the worldwide web and through its newsgroups. Or the Scientologists distributed it in a more conventional way and, using Berry's language, "leafleted in my neighborhood, using a three block radius in each direction, under every car's windscreen wiper."

Berry, at this point, had undertaken various professional changes. After the Geertz/Fishman suit had been dismissed, Berry sought to represent Ex-Scientologists and to continue litigating Scientology as he sincerely thought this would be a tremendous business opportunity. His law firm disagreed, so Berry left, joined Musick, Peeler & Garrett around 1995, before founding his own firm, Berry, Lewis, Scali & Stojkovic, in 1997.

Also in 1997, Robert Cipriano moved to California, ignorant of the fact that Berry had filed suit against him for the contest of the declaration from 1994 ("Graham Berry vs. Robert Cipriano," Superior Court Los Angeles, No. BC 184 355). Soon the Office of Special Affairs sent out Eugene Ingram to get in touch with him again. Cipriano was introduced to Kendrick Moxon, CSI's litigator, and was informed about Berry's lawsuit.

Subsequently Moxon's new law firm, Moxon & Kobrin, integrated within CSI's "ecclesiastical" structure and part of OSA International, began representing Cipriano as a client on March 20th, 1998 [[Exh. No. 195](#)]. After an initial retainer had been formalized, Moxon went on and hired on March 25th, 1998 a separate attorney, Gary Soter, from Wasserman, Comden & Casselman, who would function as the official legal representative of Cipriano during the litigation with Berry [[Exh. No. 196](#)]. Moxon & Kobrin not only agreed to fund Cipriano's legal bills in connection with the suit against Berry, but also took care of his legal problems with the New Jersey authorities [[Exh. No. 197](#)]. After having discussed the tactics for the court case (finding more witnesses "of the right side" through the use of investigators) [[Exh. No. 198](#)], Moxon began even to finance Cipriano's private needs, for example, his apartment, his telephone bills [[Exh. No. 199](#)] and even his new car [[Exh. No. 200](#)]. In a later interview that was published as a video-clip on the internet Cipriano claimed that hundreds of thousands of dollars had been passed to him" by the Moxon law firm.

By August of 1999 the financing of Cipriano's private and legal needs turned out to have been a rather sour investment for the Scientologists, as, in a bizarre twist, Cipriano decided that

“he couldn’t live with himself anymore” and switched sides. First he fired Moxon and Soter and then hired of all people Graham Berry as his new legal representative.

At that point, Berry was already in deep trouble. His former partners had left his law firm. During the previous year he had started several ill-founded lawsuits against various Scientology corporations, individual Scientologists and their attorneys (f. e. “Berry vs. Barton et al,” Superior Court of Los Angeles, No. BC 186 188), alleging a sinister conspiracy directed by Scientology and all its attorneys to destroy him. While his lawsuits often lacked any substantial merit, Berry tried to compensate it with manic and erratic motions and exparte applications. The courts in return did not appreciate such conduct and as a result he was fined several times and after his suits had been dismissed he winded up with legal bills in the tens of thousands of dollars. Finally Berry filed for bankruptcy in the summer of 1999 (“In re Graham Berry,” U.S. Bankruptcy Court for the Central District of California, No. LA 99-32264 ER).

While Berry hoped to prove, with Cipriano’s help, that he was set up by Moxon & Co., the court denied him this recognition. Instead he was pronounced a “vexatious litigant” by judge Williams during a hearing on August 20th, 1999 due to his ill-advised conduct in court [[Exh. No. 201](#), Excerpt].

And there was more bad news: on November 25th, 1998, during a deposition in one of Berry’s initiated lawsuits, Scientology attorney Samuel Rosen found out about an intimate relationship between Berry and a pro-bono client, the young delinquent Michael Hurtado [[Exh. No. 202](#), Excerpt].

Learning this, the Office of Special Affairs started its well-oiled investigative machinery and soon enough, in January 1999, the parents of Michael Hurtado found investigator Eugene Ingram on their doorstep, telling them and their son Michael, that he had something interesting to tell them about Graham Berry [[Exh. No. 203](#), Excerpt]. He was let into the house and was also allowed to present the family a videotape of a deposition of Berry, where he had to answer questions about his past sex life and drug use. Stating that Berry had had sex with minors and was sued before over that, Ingram suggested to Michael that he should sue Berry for malpractice.

The inevitable followed: on February 11th Hurtado signed a declaration about a cocaine and sex-orgy at Berry’s condominium and his sex-for-legal-representation arrangement he had with Berry [[Exh. No. 204](#)]. Two months after, on April 2nd, 1999 Moxon & Kobrin filed its civil complaint on behalf of Hurtado against Berry (“Hurtado vs. Berry,” Superior Court Los Angeles, No. BC 208227) [[Exh. No. 205](#)] alleging that Berry had committed sexual battery, breach of fiduciary duty, pandering, legal malpractice, etc.

In the complaint Moxon asserted that “plaintiff has experienced physical harm; sexual battery; severe emotional distress; and degradation of mind and body out of Berry’s indecent and perverted acts, ...” Evidently Moxon did not care too much about any additional degradation of his client arising from the suit itself, as he filed the above mentioned declaration of Hurtado in the open court record, making the sexual encounters of Hurtado and Berry with all explicit details an available record for the general public.

The Hurtado suit lasted for over two years. As in the case of Cipriano, Hurtado retained a second counsel, Donald Wager [Exh. No. 206], after the initial association with Moxon & Kobrin. Nevertheless Moxon & Kobrin remained Hurtado's main representation in the case until April 2001, when it was dismissed. It is my belief, that a settlement was finally reached between the parties, although the last document in the official court record doesn't suggest that this had been the case [Exh. No. 207].

At this point Berry's last trump card, Robert Cipriano, was long gone. The relationship that had been newly refreshed in the summer of 1999, had lasted just 4 months. On December 22nd Cipriano issued a new declaration that re-affirmed the validity of the 1994-declaration [Exh. No. 208]. Evidently he had switched sides again. In a last attempt to get Cipriano under control again, Berry forced him to sign a new declaration that would enable Berry to re-attack Moxon. Apparently, he was threatening Cipriano to notify authorities about some obscure business dealings Cipriano had been involved in. Cipriano, who, for whatever reason, had no money, was moved together with his girlfriend by Berry to a motel in California. There, still dependant on Berry's mercy, Cipriano freed himself again from any legal and moral restrictions he still might have had, called Kendrick Moxon and asked him for help. The telephone conversation that followed, which was taped and later filed in court by Moxon, had moments of sheer absurdity [Exh. No. 209]:

Kendrick Moxon (KM): "What's Berry trying to get you to do?"

Robert Cipriano (RC): "Oh, he wants me at the Sheriff's Office this morning. Supposedly some bullshit with that and ..."

KM: "So, what the declaration ..."

RC: "Department of Justice."

KM: "This declaration I assume is not accurate, right?"

RC: "It's total false. What I'm looking at is that we're stuck here. We can't do shit. My girlfriend and myself. Okay?"

Girlfriend (in the background): "We're being held captive, man."

RC (to girlfriend): "Hold on a second, sweetie."

RC: "We just got informed that her mother, who is in Palm Springs, had a massive heart attack. She's on life support and all that stuff."

In the upcoming months Berry finally hit rock bottom. In the bankruptcy proceedings the Scientologists eagerly tried to tighten the grip on Berry. While trying to recover their attorney fees for Berry's initiated and later dismissed cases, they were able to put a lien on his property and convinced the judge that Berry's car, next to his condominium, should be liquidated too. The bankruptcy court now had become another battlefield where Berry would pursue his lonely and pitiable Don Quixote-like counter attacks against the windmills of Scientology's legal machinery [Ex. No. 210].

During 2001 Berry, now a Los Angeles lawyer without a car, had to face his final and most serious defeat. At the California bar, several complaints of Scientology-lawyers had mounted up and a state bar proceeding against Berry began (No. 99 o 10540 & 99 o 12791). It ended with Berry's voluntary and temporary revocation of his license.

Without a job, Berry still believed in his cause and on January 21st, 2002 he filed a 132 page-criminal complaint against Scientology with U. S. Attorney General Ashcroft, consisting mostly of conspiracy theories that circle around his lost or dismissed cases against the Scientologists.

Graham Berry is certainly not a totally innocent victim of Scientology, in view of his dubious past and conduct. And Moxon & Kobrin may have had even legal ground "to fuel the fire" the way they had done in the Cipriano- and Hurtado-case, *if* they were an independent law firm and had represented a private client. Instead Moxon, an employee of CSI, was using its funds, officially designated for "charitable purposes," for the control of a "friendly witness" (Cipriano) and to finance litigation of third parties (Hurtado). Such conduct certainly cannot be masked as a "bona fide activity," even if the Office of Special Affairs tries to characterize Berry in one of its satellite web pages as an anti-religious extremist, suggesting any counter actions run under the category "freedom of religion." [Exh. No. 211]

Count 8: The illegal electronic storage of personal and intimate information on current Scientology-members by the "Office of Special Affairs" in France, Belgium and by its headquarters in Europe and United States.

On September 30th, 1999, acting on a complaint by a former Scientologist for financial fraud and after a two-year investigation, Belgian and French police raided 25 locations connected to its headquarters in Brussels [Exh. No. 212]. To uncover potential financial fraud committed by the Scientology organization was not the only issue the police investigators were looking into. Soon after the raid the investigating judge confirmed that several individual cardboard files were found at the organization's "Office of Special Affairs" (OSA). The contents had been later transcribed onto computer discs. These computer files contained psychological and medical profiles of current Scientology members, a violation of Belgian law on privacy and computer data [Exh. No. 213].

In a response to the judge's statement, the spokesperson for the Office of Special Affairs in Brussels, Martin Weightman, confirmed the existence of those files but referred to their use as solely "pastoral."

About seven months later the French police from "Sefti" (Office for Investigation of Computer Fraud) conducted a raid in Scientology's headquarters in Paris. It acted on two complaints of former Scientologists who were still receiving diverse newsletters from the "Office of Special Affairs," after they had demanded to be removed from the mailing lists of Scientology [Exh. No. 214].

While conducting the raid, the police found two intranet servers, hidden in a closet and connected with the OSA-headquarters in Europe. The PR-official of the French Office of Special Affairs, Danielle Gounord, later denied any knowledge about the existence of the two servers.

Obviously the Scientology organization in France had not learned much from a earlier condemnation by a court four years earlier. On December 18th, 1996 the Criminal Court of Lille found the Scientology staff member Rose-Marie Puteaux guilty of having electronically stored personal information from people that had filled out the “Oxford Capacity Analysis Test,” or “Personality Test.” This was done unbeknownst to these persons and in violation of existing law in France [[Exh. No. 215](#)].

The investigation into the French illegalities mounted into a fraud trial, which was held at the Correctional Court of Paris on February 21st and 22nd, 2002. In its statement before the court the prosecution demanded the dissolution of Scientology’s official “mother church” in France (“L’Association spirituelle de l’Église de Scientology d’Île de France”). A judgement is expected for May 17th, 2002.

Internal documents from other countries show that the storage of private and intimate details of Scientologists and the transmission of such information to the continental and international headquarters of the Office of Special Affairs is common practice within Scientology and ordered by the senior management, despite the knowledge that such conduct is illegal in various countries.

On August 25th, 1998 the “Security Chief International” Jeff Porter, a senior executive of “Church of Scientology International” (CSI), issued a security checklist that was distributed to all existing “Directors of Special Affairs” (DSAs) [[Exh. No. 216](#)]. The document states:

“68. HCO (“Hubbard Communications Office”) has a list of all public, who are, or could possibly be, a security risk and a program to handle each one. A copy of this list is to be forwarded to the DSA, Cont HCO and Snr I & R Int each week.”

The document confirms the findings of the police during the above mentioned raids: certain intimate information on a number of public Scientology-members is circulated within the organization to the Office of Special Affairs, to “Continental Liaison Office” and to the Scientology management in Los Angeles.

Two examples from England and Greece show how freely intimate and medical information of such “risky” public members or staff “flows” between the lower organizations and the various management entities.

On September 28th, 1993 a so-called “Board of Investigation” was held at the “Advanced Organization Saint Hill United Kingdom” (AOSH UK), which is part of the corporation “Church of Scientology Religious Education College, Inc.” in Saint Hill, England [[Exh. No. 217](#)]. The subject of this investigation was a public member, Heidi Degro, who had experienced a psychotic breakdown while being at the AOSH UK for some auditing service. Instead of looking for proper medical or psychiatric help the Scientologists held her isolated and tried a Scientology process on her (“Introspection Rundown”) which apparently did not work out.

In the aftermath of the affair, her so-called “pre-clear-folders,” the records of her auditing sessions were inspected and sent to the “Religious Technology Center” (RTC) [[Exh. No. 218](#)], as indicated in a telex by the “Commanding Officer AOSH UK.” The information that she had had a psychoanalysis and had been on psychiatric medication prior to her affiliation of

Scientology was declared the reason for her psychotic episode and circulated between the individual organizations. Among the entities which were informed were the Office of Special Affairs UK and the “Flag Data Files” (FDF), a central archive within CSI where internal information on the various lower Scientology organizations is stored.

In the second case that happened in 1995, information about an intimate relationship of a Greek OSA-employee and a public member of Scientology was the subject of an internal correspondence between OSA-officials of the European headquarters of Scientology in Copenhagen [Exh. No. 219]:

“... Last summer she took a vacation to Crete and had an affair with a married man. She reported this at the time and was handled briefly in Ethics and then reported back to Ethics that this was fully handled. This turned out to be a lie. In fact the man has been coming to Athens frequently and has done several courses and is currently on Purif. He has this out ethics severely justified and his wife has also had out-2D [Out 2D = extramarital relationship] and they plan to split up. The wife also had a direct connection to a Greek Orthodox priest and she gave confession to him revealing the Out-2D's. This creates quite a dangerous condition considering the current attacks in Greece are coming from another branch of the Greek Orthodox Church.

“... She was ordered to have the public move out of her apartment and to disconnect. When confronted in Ethics he was quite nattery and irresponsible for this. ...”

As in the case of Heidi Degro, management entities in Los Angeles (“Flag Bureaux” and OSA International) were notified about the affair of the staff member and the public.

Quite in contrast to such conduct and treatment of private data stands a statement of CSI from 1994 about the confidentiality of private information within the Scientology organization [Exh. No. 220]:

“Is information divulged during auditing sessions always kept confidential?

“Absolutely and without exception.

“Traditionally all communications between a minister and his parishioners have been privileged and confidential. That is certainly the case in the Scientology religion, and this trust is never violated. The confidences given in trust during an auditing session are considered sacrosanct by the Church, and are never divulged. ...”

Might the act of keeping intimate information received during a confessional be a tradition of other religions, it was never one within the Church of Scientology. During the 1970s the “Guardian’s Office” (GO), the predecessor of OSA, repeatedly inspected “pc folders” of ex-Scientologists and used the information for intelligence operations against them. In the case of Ira Hirsch, an ex-member who started to inform the IRS during the mid-seventies, the GO compiled the sexual life history of Ira and his wife, using his “earlier confidences” that are allegedly kept so sacrosanct by the Church of Scientology [Exh. No. 221]:

“Exertion of Ira Hirsch PC files

“...23 Mar 1970 MWH Ira gets off that he and friend gave each other blow jobs when he was 11 or 12. Ira gets off that he, his wife Holly and Mike Lyles had a 3 way thing going in Chicago with all of them in bed at the same time. ...”

Count 9: The covert intelligence operations against American Scientology critic Jesse Prince during the year 2000, directed by the “Office of Special Affairs International,” which included the planting of evidence to incriminate him.

Jesse Prince had been a Scientologist for several years. He joined Scientology in 1976 and almost immediately became a staff member in one of the organizations. During the following years he moved up the ladder of Scientology’s hierarchy and held senior positions within CSI and RTC [Exh. No. 222, Excerpt]. In 1992 he left Scientology and settled in Minneapolis. For the next few years he did not have anything to do with the organization, until in June 1998 he watched an NBC-“Dateline”-documentary about the Boston millionaire Robert Minton.

Minton, a retired investment banker, had become the focus of media attention due to his financial support of Scientology critics and his ambition to become a crusader against the organization. In 1996 Minton had started to participate in demonstrations against Scientology, organized by internet activists. One year later he began to fund the plaintiff in a wrongful death-civil suit against the “Flag Service Organization” in Clearwater, Florida (“Estate of Lisa McPherson vs. Church of Scientology Flag Service Organization, Inc. et al,” Circuit Court for the 6th Judicial Circuit in and for Pinellas County, Florida, No. 97-01235).

Not surprisingly, Minton gathered a dedicated group of adherents, which followed him in picketing various Scientology organizations and participating in the public debate. Soon after the “Dateline”-show, Prince joined Minton’s group too and became a public and outspoken critic himself.

As well as picketing and giving television-interviews, Prince also gave testimony on behalf of Scientology critics in various court cases. At that time Scientology’s “Religious Technology Center” had initiated several lawsuits against internet critics, alleging copyright infringement regarding Scientology’s “holy scriptures.” Prince’s testimony was therefore welcome to the defendants, as he had first-hand knowledge of the activities of Scientology’s trademark holder RTC during the 1980s [Exh. No. 223].

As one would expected, the Scientology organization was not too happy with Prince’s activities, and at first the organization tried to enforce the non-disclosure agreements through the courts, Prince had signed shortly before his resignation from Scientology in the early 1990s. At the time of his initial testimonies in the above-mentioned cases, the first reports appeared in the internet-newsgroup “alt.religion.scientology,” saying that Prince was followed by private investigators, apparently hired by the Church of Scientology [Exh. No. 224].

On January 20th, 1999 Prince posted a graphic account about his experiences with two alleged Scientology-spies, Laura Terepin and a prostitute, allegedly hired by a Scientology investigator [Exh. No. 225]. Prince’s allegations remained unsubstantiated.

After the “Dateline”-show Minton and his entourage continued to publicly debate Scientology and to picket in front of various Scientology organizations. Some of these demonstrations did not proceed in a peaceful way. Scientology security staffers tried to provoke the delicate Minton by shouting out embarrassing points of his personal life. Minton and his friends, on the other hand, sometimes arrived intoxicated and were shouting obscenities at the Scientologists. Inevitably, violent clashes occurred. In September 1998

Minton was temporarily arrested by the Boston Police after he had hit Frank Ofman, the OSA spokesman of the local Scientology organization with his picket-sign. One year later Minton was again taken into custody, this time by the Clearwater police, after hitting OSA-employee Richard Howd, who had followed and filmed Minton. The judge who presided over that case, issued later a temporary restraining order against Minton and Howd, keeping them a safe distant from each other [Exh. No. 226].

Around this time, Minton decided to transform his protest movement into an organized entity. Consequently he formed the “Lisa McPherson Trust, Inc.” (LMT) and incorporated it in Clearwater, Florida. The LMT was positioned in a downtown building right next to the headquarters of “Flag Service Organization” (FSO) and staffed with close adherents of Minton, including Jesse Prince, who became the Vice-President of the organization.

The purpose of the LMT was to provide information about Scientology’s true nature and to counsel Scientologists who were in doubt about their organization. Nevertheless one major activity of the LMT remained picketing in front of FSO-buildings. Minton’s aggressive approach towards Scientology also brought city officials into the conflict who “tried to maintain peace” between the parties [Exh. No. 227].

Minton’s arrival in Clearwater and his continuing support of the civil Lisa McPherson-lawsuit also drew the attention of senior executives within OSA and RTC. So it was not surprising when Mark Rathbun from RTC, Michael Rinder, “Commanding Officer OSA International,” and OSA-litigator Kendrick Moxon settled temporarily in Clearwater to start extensive surveillance operations on Minton and the LMT-employees.

Before Scientology’s investigations began to bear fruit, it had, however, to face a setback, as on May 23rd, 2000 a jury acquitted Minton in a criminal trial that was brought against him after his arrest for battery in the fall of 1999 [Exh. No. 228].

Then, on August 11th, 2000, it finally happened: officers from the Largo Police Department arrived at the residence of Prince. After having seized a marijuana plant from his porch they arrested him on the charge of cultivating such a plant [Exh. No. 229 and Exh. No. 230].

As a first reaction, the Scientologists were of course triumphant. In an interview with the local press, OSA-executive Michael Rinder said that the charge confirmed his suspicions and that the Scientologists have “been saying that these people, since they arrived, were just a pack of criminals [Exh. No. 231].”

When the arrest warrant for Prince was later made public, it shed some light on how it had come about. In his affidavit that led to the warrant, detective Howard Crosby from the Largo Police Department outlined his investigation into Prince’s activities [Exh. No. 232]. He stated that he had been informed by a “confidential informant” that Prince had been growing marijuana at his home and had been also been consuming it. Under the guise of being a friend, Crosby then had visited Prince’s home together with the “confidential informant” and had examined the plants for himself.

After Prince’s arrest and his subsequent release on bail nothing further happened until on December 17th, 2000 when the State Prosecutor filed a misdemeanor charge against Prince

for his possession of a controlled substance [Exh. No. 233] and a trial date was finally set for May 23rd, 2001.

Four days before the trial, Prince's attorney Denis DeVlaming announced that the defense had uncovered that Jesse Prince's arrest had been acted upon a tip by a private investigator who had worked at that time for the Church of Scientology [Exh. No. 234]. DeVlaming also stated that for at least four months Prince was under daily surveillance by private investigators working on behalf of the Scientology law firm Moxon & Kobrin. This had been found out through depositions that had been held during the previous days.

These depositions established the following additional facts: The Office of Special Affairs had hired through the Moxon & Kobrin-law firm two private investigators, Brian Raftery and Joseph Fabrizio who had followed Jesse Prince and observed his professional and private activities [Exh. No. 235, Excerpt]. Subsequently Fabrizio hired another private investigator, Barry Gaston, who, as an Afro-American was thought to be well suited to infiltrate Prince's private life, as Prince was an Afro-American himself [Exh. No. 236, Excerpt]. Gaston's duty was to get close to Prince in order "to see any immoral and illegal activities and report them back to Fabrizio [Exh. No. 237, Excerpt]."

On February 7th, 2000 Gaston started his surveillance. After having being briefed Fabrizio, he familiarized himself with some local areas in Clearwater and Largo where he hoped to find and contact Prince. Afterwards he wrote the first of several reports that would chronicle his surveillance activity of Prince [Exh. No. 238, Excerpt].

Almost two months later, on April 1st, Gaston established the first contact with Prince in a bar in Largo, Pinellas County, where he introduced himself as "Renzi Trinidad [Exh. No. 239, Excerpt]."

On April 15th, Gaston met Prince and his girlfriend at the same bar another time. According to his report, on that evening he was invited by Prince to come to his home. There he was shown the rooms of house. Prince also showed Gaston a marijuana plant he had near his swimming pool and later offered him a joint [Exh. No. 240, Excerpt]. In the trial, on May 23rd, Gaston pleaded the fifth amendment when asked during the examination by Prince's defense attorney, if he, himself, "possessed" Marijuana while being in Prince's house.

April 22nd was the next entry in Gaston's diary of contacts with Prince. On that evening he allegedly observed Prince smoking marijuana and crack outside of the bar in a car together with some young adults. [Exh. No. 241, Excerpt]

Two days later, on April 24th, Gaston wrote that the other investigator Brian Raftery introduced him to police detective Harold Crosby. Crosby told him that he would enable Gaston to become a confidential informant for his police department. In his diary Gaston wrote that he "signed forms which gave the classification of a Confidential Police Informant" [Exh. No. 242, Excerpt]. During the trial attorney DeVlaming introduced these signed forms to the examination as an exhibit and asked Gaston about the conditions he had to abide to work as informant for Crosby:

DeVlaming: "Did Crosby tell you that you could neither use marijuana use outside of his presence or engage in anything that would be considered as entrapment. Did he tell you that?"

Gaston: "I'd like to plead the fifth in reference to your question, Sir."

During cross-examination Gaston was asked about his fifth amendment pleadings.

Prosecutor: "Mr. Gaston, you have taken the fifth on several questions about your direct testimony. Isn't it true that you've taken the fifth because you are now aware that you face possible charges as a result of your conduct during this investigation?"

Gaston: "Right."

On the afternoon of May 7th Gaston went with his friend "Mitch" (Harold Crosby) to Prince's home. During his stay "Mitch" could detect Prince's marijuana plants and at one point Jesse Prince offered him a joint [Exh. No. 243, Excerpt].

Gaston continued to meet and observe Prince during the months of June and July and also continued to report on Prince's use of marijuana and alcohol, for example the night of July 28th/29th [Exh. No. 244, Excerpt]. Later during the trial when asked by the prosecutor to give an account of that evening Gaston pleaded again the fifth amendment.

Gaston's made his last entries in his "diary" on August 15th, four days after Prince's arrest by the Largo police officers [Exh. No. 245, Excerpt]. Two months later it was found out by investigators working on behalf of Minton that Trinidad was in fact Barry Gaston and that he had worked as an investigator for Moxon & Kobrin.

Gaston did plead the fifth amendment for several times for apparent reasons. On the second day of the trial, on May 24th, 2001, Deneen Phillips, Prince's fiancée, was examined by the prosecution and the defense. Phillips stated that Gaston in his role as Renzi Trinidad not only brought marijuana to their house but also introduced Prince and Phillips to a drug dealer at a bar which they were frequenting.

DeVlaming: "At a Wilson's Liquor store, I think it was on the second time that you had seen him. On the first time it was just he and Jesse just said 'hello'?"

Phillips: "Yes, Sir. This way."

DeVlaming: "And on the second time, you said that he looked like a friend of his, or an acquaintance of his. Was he the one who was smoking marijuana with everybody?"

Phillips: "Right."

DeVlaming: "And how do you believe that he and 'Renzi' were friends, or that he was part of his crowd."

Phillips: "Because 'Renzi' knew a few people of the people and he was already out there. And he knew a few of the people in the bar. And we didn't know them. If we go there, me and Jesse usually are just sitting to ourselves. We have a drink and go back home."

DeVlaming: "Did 'Renzi' actually make the introduction with this man that ultimately gave some marijuana?"

Phillips: "Yes, Sir."

DeVlaming: “Did ‘Renzi’ see that man to your knowledge or did he know that the man gave you marijuana?”

Phillips: “Yes, Sir. He was standing right there.”

Later during the cross-examination, DeVlaming wanted to know what happened on the day, when Gaston brought detective Crosby (“Mitch”) to Prince’s house.

DeVlaming: “On the seventh day of May, the marijuana that was there, on that day. Was that the marijuana produced by ‘Renzi’s’ friend?”

Phillips: “Yes.”

DeVlaming: “You’re sure of that?”

Phillips: “Yes.”

DeVlaming: “Whose idea was it on the seventh day to have a smoke?”

Phillips: “‘Renzi’s’.”

DeVlaming: “We know now Miss Phillips, that on the April 24th, he became a confidential informant, working as a police agent. Can you tell us whether or not after April 24th, whether he brought marijuana to your house?”

Phillips: “Yes, Sir.”

DeVlaming: “OK. And did he bring it for the purpose of offering it and for the purpose of smoking it?”

Phillips: “Yes. And the night with my girlfriends he had marijuana. You know, I am not just saying it was my girlfriends’ marijuana. He had marijuana also.”

DeVlaming: “Did he take it out there himself?”

Phillips: “It was just joints. They were already rolled. He already had ones.”

The trial against Prince at the Pinellas County Courthouse ended with a hung jury. The court declared a mistrial and the State prosecution decided later to drop the charges against Prince [Exh. No. 246]. When asked by a reporter, one jury member said,

“that she and other jurors felt Prince was probably guilty of the charges, but, that a lot of it had to do with entrapment. They (other jurors) felt like the Church of Scientology had a lot to do with setting him up.”

After the trial, Scientology and Minton’s LMT continued to fight each other in the courts. In the fall of 2001, Minton finally decided to close down the LMT, due to increasing legal problems in connection with his funding of the Lisa McPherson civil lawsuit [Exh. No. 247]. Since then the public debate around Scientology and Minton had considerably died down, although the Office of Special Affairs nevertheless continued to portray Minton and Prince as anti-religious extremists, allegedly involved in criminal activities [Exh. No. 248].

During the depositions and the trial testimonies Prince's defense attorney could establish the amount of money was paid to the investigators by the Church of Scientology: Barry Gaston who had worked a total of 185 days on the surveillance of Prince received \$ 14,000 for it. Joseph Fabrizio who worked also on other assignments by Scientology was paid an hourly rate of \$ 50 by the Moxon & Kobrin law firm. Brian Raftery stated in his trial testimony that he worked a steady 60 hour-week for the Office of Special Affairs in Clearwater and received an hourly rate of \$ 60 for his work.

Conservatively estimated, the law firm Moxon & Kobrin, and ultimately, the Church of Scientology international, was therefore spending about \$ 300,000 for the work of these three investigators during the year 2000, which included the surveillance of Jesse Prince.

During the past year one internet critic from Florida, Michael Krotz, compiled a list of several private investigators who apparently had worked for the Church of Scientology and were following and investigating critics, 16 of them were working or have worked within the past two years in Florida [Exh. No. 249]. A conservative calculation suggests, that the Church of Scientology must have spent millions of dollars in its investigation of critics, just in Florida alone.

The Church of Scientology and its investigators often assert that the hiring of investigators and the surveillance is done "to protect the members of the (Scientology) congregation," because there had been "a continuing harassment of both members and staff" [Exh. No. 250, Excerpt]. There is no doubt that Jesse Prince's and Robert Minton's character and conduct are questionable, but that cannot be a justification for a charitable and tax-exempt organization to run intelligence operations that include intrusion into the private life of critics, attempt to set these people up in order to incriminate them, to exploit the results to destroy any criticism against Scientology, and last but not least, payment totalling in the millions of dollars to investigators to execute such operations.

The case of Barry Gaston was not the first one, when agents working on behalf of Scientology tried to incriminate critics through the alleged use of drugs: In 1973 Danish "Guardian's Office" operative Jan Hansen placed a package of LSD under the window of Journalist Jakob Andersen, a journalist working for the Copenhagen newspaper "Ekstrabladet." As part of a GO-operation against Andersen, Hansen tried to incriminate him and also wrote an anonymous letter to the police to instigate a raid in Andersen's home. The operation was finally blown and became later the subject of a trial where Hansen and other GO-operatives were found guilty of having tried to set Andersen up. Andersen, who first started to expose Scientology's activities in the early seventies, is probably the most legally persecuted critic of Scientology, as the Guardian's Office initiated between 1972 and 1983 30 lawsuits per his count against him. All of them were either dismissed or lost by Scientology.

Scientology claims that it abandoned the tactics and illegal activities of the Guardian's Office. In view of the Gaston-case only the form of such operations has changed. In 1973 an employee of Scientology's own intelligence service was placing the incriminating evidence under the window of a critic. Today such work is done by private investigators, hired by other investigators, legally masked through a "client-attorney relationship" or a "privileged work-product" that makes it difficult to detect the true instigators of such operations. The form might be different but the illegal character of such activity for which charitable funds are spent stays the same.

Count 10: The stealing or copying and subsequent storage of confidential military documents of a NATO-airbase in Greece by the “Office of Special Affairs” in Athens.

See under [Chapter 37 - Espionage and censorship](#);

Count 11: The misuse of interstate mass mailings by senior officials of the “Office of Special Affairs International” and other associated Scientology entities from 1990 until 1998 to advertise and propagate the stated goal of the destruction of the profession of psychiatry.

See under [Chapter 41 - Extortion and threats](#);

Count 12: The covert intelligence operations that were initiated during the early 1990s through the “France Investigations Handling Program,” which was directed and executed by the “Office of Special Affairs International” and which included the infiltration and manipulation of the French Judicial system and the employment of an agent of the French DST.

See under [Chapter 45 - Foreign Relations](#);

Count 13: The covert intelligence operations that were initiated in 1994 through the “Greek Handling Program” by the “Office of Special Affairs International,” directed by “Office of Special Affairs International” and which included operations against Greek Orthodox priest Father Alevizopoulos and other critics of Scientology in Greece, and infiltration of Greek government agencies.

See under [Chapter 45 - Foreign Relations](#);

Count 14: The covert intelligence operations against American citizen Alexander Dvorkin and other critics in Russia, that were initiated in 1994 and supervised by the “Office of Special Affairs International” and “Office of Special Affairs Europe” and that included the infiltration and manipulation of the Russian judicial system and the employment of agents of the Russian FSB.

See under [Chapter 45 - Foreign Relations](#);

Count 15: The fraudulent representations about the use of funds for Scientology services, which had been promoted to public members through the U. S. Postal Service by the “Church of Scientology International,” “Church of Scientology Western United States” and the “Church of Scientology Flag Service Organization, Inc.”

See under [Chapter 63 - Mail Fraud](#);

Count 16: The conspiracy to destruct and to withhold evidence, executed by the “Office of Special Affairs” during the criminal investigation into Lisa McPherson’s death, which was conducted by the Clearwater Police Department and the Florida Department of Law Enforcement

See under [Chapter 73 - Obstruction of Justice](#);

Chapter 37 - Espionage and censorship

Sec. 793 - Gathering, transmitting or losing defense information

“(a) Whoever, for the purpose of obtaining information respecting the national defense with intent or reason to believe that the information is to be used to the injury of the United States, or to the advantage of any foreign nation, goes upon, enters, flies over, or otherwise obtains information concerning any vessel, aircraft, work of defense, navy yard, naval station, submarine base, fueling station, fort, battery, torpedo station, dockyard, canal, railroad, arsenal, camp, factory, mine, telegraph, telephone, wireless, or signal station, building, office, research laboratory or station or other place connected with the national defense owned or constructed, or in progress of construction by the United States or under the control of the United States, or of any of its officers, departments, or agencies, or within the exclusive jurisdiction of the United States, or any place in which any vessel, aircraft, arms, munitions, or other materials or instruments for use in time of war are being made, prepared, repaired, stored, or are the subject of research or development, under any contract or agreement with the United States, or any department or agency thereof, or with any person on behalf of the United States, or otherwise on behalf of the United States, or any prohibited place so designated by the President by proclamation in time of war or in case of national emergency in which anything for the use of the Army, Navy, or Air Force is being prepared or constructed or stored, information as to which prohibited place the President has determined would be prejudicial to the national defense; or

“(b) Whoever, for the purpose aforesaid, and with like intent or reason to believe, copies, takes, makes, or obtains, or attempts to copy, take, make, or obtain, any sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, document, writing, or note of anything connected with the national defense; or

“(c) Whoever, for the purpose aforesaid, receives or obtains or agrees or attempts to receive or obtain from any person, or from any source whatever, any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, or note, of anything connected with the national defense, knowing or having reason to believe, at the time he receives or obtains, or agrees or attempts to receive or obtain it, that it has been or will be obtained, taken, made, or disposed of by any person contrary to the provisions of this chapter; ...

“(e) Whoever having unauthorized possession of, access to, or control over any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, or note relating to the national defense, or information relating to the national defense which information the possessor has reason to believe could be used to the injury of the United States or to the advantage of any foreign nation, willfully communicates, delivers, transmits or causes to be communicated, delivered, or transmitted, or attempts to communicate, deliver, transmit or cause to be communicated, delivered, or transmitted the same to any person not entitled to receive it, or willfully retains the same and fails to deliver it to the officer or employee of the United States entitled to receive it; ...

“... Shall be fined under this title or imprisoned not more than ten years, or both.”

Count 1: The stealing or copying and subsequent storage of confidential military documents of a NATO-airbase in Greece by the “Office of Special Affairs” in Athens.

On February 2nd, 1999 the Sunday edition of the Apogevmatini Newspaper [Exh. No. 251] revealed that KEPHE (the now dissolved Scientology "Center of Applied Philosophy of Greece") had been in possession of a secret military document. The document was found

during a raid conducted by the police in 1995 at the headquarters of Scientology's intelligence service "Office of Special Affairs" in Athens.

The document itself is an Air force map depicting the major military area of the Hellikon Airport, which is used by the Greek military as well as by NATO-forces, including the United States [Exh. No. 252].

Specifically the map outlines the following installations and buildings: The 129 Military Air force Support Wing, the State Aircraft Factory, the Research & Technology Unit, the Security Guard Squadron, the Supply Warehouses and the National Meteorological Agency.

In the years before and during the time of the police raids the Greek "Office of Special Affairs" was not only under daily supervision by the European OSA-headquarters in Copenhagen through telexes and e-mails [Exh. No. 253], but was also regularly inspected by so-called "OSA-missions," consisting of "Sea Organization"-personnel, that had executive and administrative power over the personnel at the Greek OSA-office [Exh. No. 254]. The military document must have been therefore collected and stored with the knowledge of OSA EU-executives. The OSA Executive Directive from June 26th, 1995 made it mandatory for OSA-personnel to report "any important event that is occurring [Exh. No. 102]."

Chapter 41 - Extortion and threats

Sec. 875 - Interstate communications

"... (d) Whoever, with intent to extort from any person, firm, association, or corporation, any money or other thing of value, transmits in interstate or foreign commerce any communication containing any threat to injure the property or reputation of the addressee or of another or the reputation of a deceased person or any threat to accuse the addressee or any other person of a crime, shall be fined under this title or imprisoned not more than two years, or both."

Count 1: The misuse of interstate mass mailings by senior officials of the "Office of Special Affairs International" and other associated Scientology entities from 1990 until 1998 to advertise and propagate the stated goal of the destruction of the profession of psychiatry.

The Church of Scientology regards the profession of psychiatry as an enemy and as a competitor in the "mental field." The Scientology management and its various entities propagate that psychiatry is the "root of all evil." It accuses regularly psychiatrists of committing human rights violations and states as its goal to eradicate psychiatry in the society and replace it with Dianetics and Scientology [Exh. No. 255, Excerpt].

Scientology's hatred for psychiatry is based on L. Ron Hubbard's own antagonism towards that profession which he had expressed in dozens of policies and directives to Scientology's public members and staff. These writings represent the philosophical underpinning for Scientology's past and present crusades against the profession per se and its associated institutions. Hubbard wrote most of these policies during times when he and his organization were under intense public and governmental scrutiny, either in the later 1960s (by the British government) or in the early 1980s (by the U. S. Justice Department and the IRS). Thinking that the government actions were part of a global conspiracy, rather looking in his own house, Hubbard focused his hatred towards this imagined "enemy of mankind."

In an LRH Executive Directive” from November 29th, 1968 Hubbard declared war on psychiatry while claiming that the “World Federation of Mental Health” and its affiliates were communist front groups which would infiltrate Western governments and attack Scientology because it “stood in their way [Exh. No. 256].”

Two weeks later, on December 13th, 1968 Hubbard stated that Scientology “had run into biggest swindle of the century.” He claimed that a small group was actually behind the attacks on Scientology. This group would control and benefit from government funding of the mental health sector, and was therefore interested to remove the Church of Scientology as a potential competition [Exh. No. 257].

In a technical directive from July 16th, 1970 Hubbard claimed that psychiatry is a “destructive technology” that would make “insane people [Exh. No. 258].”

In another “HCO Bulletin” from July 29th, 1980 he accused psychiatrists of being the cause for a general increase of criminality in society and that the “instigators, patrons and supporters of psychiatry and psychology classify fully and demonstrably as criminals [Exh. No. 259].”

On April 26th, 1982 Hubbard alleged that psychiatric therapy would make a criminal more stupid and make him to commit more crimes after being released. He suggested that psychiatrists, psychologists and its associations therefore are funded by governments, because they “want more citizens robbed and killed.” [Exh. No. 260]

During the same year, on May 6th, Hubbard wrote in an another bulletin the following words of wisdom [Exh. No. 261]:

“They say poverty makes crime. They say if one improved education, there would be less crime. They say if one cured the lot of the underprivileged one would have solved crime.

“All these ‘remedies’ have proven blatantly false.

“In very poor countries there is little crime. The ‘improving’ education, it was tailored to ‘social reform,’ not teaching skills. And it is a total failure. The fact that rewarding the underprivileged has simply wrecked schools and neighborhoods and cost billions is missing.

“So who is ‘they’? The psychologist and psychiatrist of course. These were their crackpot remedies for crime. And it’s wrecked a civilization.

“So what IS the cause of crime? The treatment of course! Electric shocks, behavior modification, abuse of the soul. These are the causes of crime. There would be no criminals at all if the psychs had not begun to oppress beings into vengeance against society.

“There is only one remedy for crime – get rid of the psychs! They are causing it.”

Considering the status of psychiatry as the Church of Scientology’s worst enemy it was no surprise when Hubbard announced on June 29th, 1971 that any upset of a person who had had Dianetics and Scientology auditing should be publicly blamed on past associations of this person with the medical and psychiatric profession [Exh. No. 262]. This policy was also

enforced in order to discourage the psychiatric and medical profession to criticize Scientology.

All of the above policies are included in the training manual for the “Investigations Officer” of the “Office of Special Affairs” under the revealing heading “Depopularizing the enemy,” which manifests again the above mentioned Hubbard’s order from 1982 to “get rid of” the psychiatric profession [Exh. No. 93].

Hubbard declared its private war on psychiatry officially in December 1968. Subsequently the Church of Scientology went into action with various activities and operations, and began to flood during the upcoming years the general public and its own members with libelous allegations about psychiatry and its institutions as well as with announcements and threats to eradicate and destroy psychiatry [Exh. No. 263, Excerpt].

The primary medium to transport such message to the general public were Scientology’s own periodicals, for example “Freedom Magazine,” which was at first produced and published by the “Guardian’s Office” and, after its demise, by the “Office of Special Affairs.” Sometimes individual publications were created for broad public distribution. All mailings that were designed for the general public concentrated generally on scandals in connection with psychiatry while suggesting that it was a criminal activity from the start.

The publications that Scientology sent to its own public members stressed psychiatry scandals too, but also carried the message of Scientology’s goal to destroy psychiatry and replace it with Scientology and Dianetics instead. The magazine that has been mostly used for this purpose is “Impact”-magazine, which is published by the “International Association of Scientologists Administration” (IASA), an organization, which is located aboard the ship Freewinds in the Caribbean and with a mailing address in Netherlands Antilles [Exh. No. 264].

The following documents exemplify how the Scientology management and its principal executives have carried out such activity in the United States through mailings that were either sent to the general public or its U. S. membership within the last twelve years.

October 1990 – During the annual event of the “International Association of Scientologists” (IAS) in Lausanne, Switzerland, the then “Commanding Officer” of the “Office of Special Affairs International” (CO OSA International), Kurt Weiland, stated during a speech [Exh. No. 265, Excerpt]:

“We set out to eradicate the psychiatry suppression from society, so that truly LRH technology can instead be applied to improve conditions.

“Since January 1990 CCHR chapters have killed over 100 psychiatric appropriation bills across the US in 27 states. As part of this campaign in California the annual state budget for psychiatry was cut by over 71 million dollars. ...

“Psychiatrists have hailed a drug called *Prozac* as their new miracle drug. CCHR never believes what psychiatrists say. Therefore it sent out its investigators and found that a man on *Prozac* had killed 8 people and wounded 12 others in a shooting. We found numerous other people who had abused and harmed themselves and others after taking the drug. ...

“Not, through a different medium, psychiatry is again being exposed as unadulterated fraud, and psychiatrists as criminals without conscience.”

June 5th, 1991 – Paid advertisement in U. S. newspaper “USA Today,” published by CSI [[Exh. No. 266](#)]:

“What U. S. Drug Company Produced Heroin and LSD?

“Eli Lilly: Purveyor of dangerous drugs. ...”

June 7th, 1991 – Paid advertisement in U. S. newspaper “USA Today,” published by CSI [[Exh. No. 267](#)]:

“What U. S. Drug Company Produced a Drug Named After Adolf Hitler?

“Eli Lilly: Purveyor of dangerous drugs. ...”

October 1991 – Annual IAS event in Copenhagen, Denmark. Heber Jentzsch, President “Church of Scientology International” (CSI) [[Exh. No. 268](#), Excerpt]:

“It is the Citizens Commission on Human Rights (CCHR), with major support from the IAS, who is leading the way in eliminating psychiatric violations of human rights. Since the establishment of CCHR in 1969 this group has been the only group to confront the evil and destruction generated by psychiatry. ...

“Psychiatry’s plan of world domination is rapidly disintegrating. LRH’s technology is overpowering the forces of evil. We are creating a new civilization where inhuman psychiatric practices are rapidly becoming a thing of the past.”

October 1992 – Annual IAS event aboard the “Freewinds.” Heber Jentzsch, President CSI [[Exh. No. 269](#), Excerpt]:

“IAS members working together as a team with the Citizens Commission on Human Rights are bringing about the end of a profession of white-coated suppressives: psychiatry. ...

“For a long time psychiatrists were able to deceive people into believing that they were well intentioned. This is no longer the case as dozens of criminal convictions of psychiatrists show. However psychiatrists not only commit crimes, they *cause* crimes. ...”

1992 – From the booklet “Psychiatry’s Role in the Creation of Crime,” published by CCHR [[Exh. No. 270](#), Excerpt]:

“Psychiatry creates violence: John Hinkley Jr’s assault on then President Reagan and three others on March 30th, 1981, has been linked to a common psychiatric drug capable of turning people into killers. Today, senseless and brutal acts, caused by ‘psychiatric’ treatments plague communities everywhere.”

1993 – From the booklet “Psychiatry’s Multibillion-Dollar Fraud,” published by CCHR [[Exh. No. 271](#), Excerpt]:

“It has been extensively documented that psychiatry does produce increased drug addiction, moral decay, illiteracy and violent crime. ...

“Indeed, the problems with Americans’ mental health can be summarized in one word: psychiatry. ...

“If we eliminated government funding of psychiatry, we would begin to see improvement in the areas of social travail described in this booklet. ...

“By sweeping away psychiatry and its costly, ineffective and destructive ‘treatments,’ we can open the way for something actually be done about the problems which plague society.”

May 1993 – From an interview with CO OSA International Kurt Weiland [Exh. No. 272, Excerpt]:

“... Realize, psychs would never engage in a direct confrontation with CCHR or the Church. They have blood dripping from their hands and they know they are a big fraud. ...

“We have exposed and intend to continue to expose and bring to a stop the psychiatric barbarities of brain operations, electric shock and forced drugging which are destroying people’s minds. The abolition of these practices will be the death knell of psychiatry, because these practices and the government funds they get are indispensable to the coercive psychiatric industry. Without them, psychiatry is dead. ...”

December 1993 – From an editorial and an article of “Impact”-magazine [Exh. No. 273, Excerpt]:

“...Psychiatrists need to be outlawed, thus ridding the planet of their destructive influence. But we also need to replace them – with trained auditors who practice Scientology in all walks of life. ...

“THE PSYCHS ARE NEXT

“Following the end of the war with the IRS, we can now fully direct our considerable energies towards the next target what is possibly Mankind’s last enemy – psychiatry. ...

“We have now proven that we can take on and overcome major areas of suppression on this planet. Let us now take on this one with the purpose to end this scourge, once and for all.”

October 1994 – Annual IAS-event in Saint Hill, England. Heber Jentzsch, President CSI [Exh. No. 274, Excerpt]:

“... The fields of psychiatry and psychology are really used as tools of governments searching for technology on how to control a populace.

“It is no wonder then that the ‘discoveries’ and ‘treatments’ of these two fields are composed of torture, maiming or just plain mumbo-jumbo.

“The real product of the field of psychiatry is suppression and that is why we work to reform the field of mental health and eradicate the charlatan profession of psychiatry. ...”

October 1995 – Annual IAS-event in Copenhagen, Denmark. Heber Jentzsch, President CSI [Exh. No. 275, Excerpt]:

“In an article called ‘The Fight for Freedom’ LRH wrote in 1969: ‘The Scientologists were the only road block on the psychiatric joy ride to degradation.’ ...

“Right now we are ready to bring down an avalanche in the path of the psychs’ joy ride and, I promise you, there is a big crash in their future. ...

“... It is my pleasure to present the new English edition of Psychiatrists – the Men behind Hitler. ...

“As the book conclusively proves, the men behind Hitler were psychiatrists – the justification for the murders was psychiatric in origin – and the real villains of the death camps and the euthanasia program escaped answering for their crimes. ...”

May 1996 - From an editorial and an article of “Impact”-magazine [Exh. No. 276, Excerpt]:

“... This is why we were able to set a goal of the magnitude of the eradication of the psychiatric crimes and abuses from this planet. It takes a strong and dedicated group to take on such an insidious and widespread influence, the source of suppression on the planet- psychiatry. ...”

“A WORLD FREE OF PSYCHIATRY

“A report on activities which are effectively eradicating the influence of psychiatry from this planet ...”

October 1996 – Annual IAS-event in Saint Hill, England. Michael Rinder, CO OSA International [Exh. No. 277, Excerpt]:

“In pursuit of a psych-free planet, we have embarked several major campaigns made possible through IAS support of the Citizens Commission on Human Rights. ...”

October 1997 – Annual IAS-event in Saint Hill, England. Michael Rinder, CO OSA International [Exh. No. 278, Excerpt]:

“We’ve re-educated governments, we’ve hatted law enforcement and we are helping those authorities to root out psychs and bring them to justice. ...

“Victory against the ultimate suppression is now within our reach. We will attain it because we have the confront, and thus the ability to handle, the evil which is psychiatry.”

1998 – From an information letter sent by CCHR to its U. S. mailing list [Exh. No. 279]:

“ ... Right now, we have escalating suicide rates among teenagers. Five-year-olds have attempted suicide while on antidepressants. Suicide continues to be a major risk with Ritalin withdrawal – a key psych drug used on children.

“Psychiatry kills. We know this. As an extension of this, parity creates drugged communities and destroys futures: Economically, health-wise and spiritually. ...”

1998 – From the magazine “Planetary Dissemination News,” published by the “Church of Scientology Flag Service Organization, Inc.” [Exh. No. 280, Excerpt]:

“It is Time to Take Over the Field of Mental Health

“This planet is on the verge of a social decay. The use of prescription drugs has skyrocketed in recent years, with both doctors and psychs prescribing drugs for a growing array of bogus ‘mental illnesses’.
...

“Drugs and psychiatry continue to ruin this planet with a problem accelerating at a reckless rate. Over 2.4 billion dollars in Prozac alone.

“THIS WILL CHANGE with the Dianetics Campaign and by the year 2000 the watchword will be DIANETICS as the solution to any mental health problems. ...

“The purpose of the Dianetics Campaign, “DIANETICS 2000,” is to establish Dianetics in the public mind, and by the year 2000, as THE technology of the human mind. ...

“To establish Dianetics auditing as the most popular profession for students and professionals who want to learn to help others for real, replacing psychiatry and psychology. ...”

April 16th, 1998 – From a fax sent to a Scientologist by CCHR [[Exh. No. 281](#)]:

“ALERT – NO ON SENATE BILL 268

“EMERGENCY – Get in comm with Senator Bankhead IMMEDIATELY!

“The Mental Health Parity Bill (would force insurance companies to pay for mental health coverage) is on again and once more we need to rise to the occasion and get this psych bill killed. ...

“Facts concerning the bill:

“ ... The psychs run the lines that mental health parity will improve public health. This is of course a lie since by statistics, people get worse with their treatments. ...”

The result of such libelous campaigns was well documented after the Food and Drug Administration rejected in 1991 a petition from CCHR to remove the antidepressant Prozac from the market. The American “National Mental Health Association” stated in a letter from August 1991 [[Exh. No. 282](#)]:

“... Garrison (Director of NMHA) said that his organization had received calls from throughout the country from patients and health care providers expressing concern that CCHR’s actions to have Prozac removed from the market had created unnecessary anxiety about an effective therapy and was driving patients away from medication. ...”

At the same time the “American Psychiatric Association wrote in an informing letter [[Exh. No. 283](#)]:

“The Food and Drug Administration has chosen science over sensationalism by rejecting the petition of the Scientology-backed Citizens Commission of Human Rights to remove the antidepressant medicine Prozac from the market. ...

“Our members have reported to us that the CCHR media campaign to discredit Prozac frightened many people with depression into discontinuing their medicine without first discussing it with their physicians, and discouraged others from seeking needed treatment.”

On August 8th, “Eli Lilly,” an U. S. pharmaceutical company that produced Prozac, declared [Exh. No. 284]:

“... From the start, the campaign against Prozac, of which the CCHR petition was a part, has been a dangerous deception. These attacks on the medical treatment of depression and the effect they have on patients are a major concern to members of the health care community associated with the treatment of mental illness. Scientology’s dissemination of misinformation is a menace to the public health as it attempts to frighten patients away from appropriate medical care and safe effective medication. ...”

Chapter 45 - Foreign Relations

Sec. 953 - Private correspondence with foreign governments

“Any citizen of the United States, wherever he may be, who, without authority of the United States, directly or indirectly commences or carries on any correspondence or intercourse with any foreign government or any officer or agent thereof, with intent to influence the measures or conduct of any foreign government or of any officer or agent thereof, in relation to any disputes or controversies with the United States, or to defeat the measures of the United States, shall be fined under this title or imprisoned not more than three years, or both.”

Count 1: The covert intelligence operations that were initiated during the early 1990s through the “France Investigations Handling Program,” which was directed and executed by the “Office of Special Affairs International” and which included the infiltration and manipulation of the French Judicial system and the employment of an agent of the French DST.

May 1990: Acting on a criminal complaint for fraud, medical quackery and constraint French Metropolitan police of Nice and Marseille raided the offices of the local Scientology missions [Exh. No. 285]. Computers and documents were seized. 26 persons were questioned, 11 of them were temporarily placed in police custody.

June, July 1990: After a criminal complaint for fraud and medical quackery has been filed against officials of the Scientology mission in Lyon, French police arrests its director Jean-Jacques Mazier and secretary Corinne Medallin. Thereafter, on July 6th, the investigating judge George Fenech decides to expand his investigation and orders the arrest of three leading French Scientology Officials, the OSA-members Danielle Gounord, Jean-Paul Chappelet and Yves Veau [Exh. No. 286]. The cause for the arrests was a criminal complaint by Nelly Vick, the widow of Patrice Vick, a Scientologist who had committed suicide in 1988 after having spent thousands of Francs for courses at the Scientology center in Lyon.

What followed to these governmental measures was an extraordinary attempt by senior officials of the “Church of Scientology International,” namely the “Commanding Officer of the “Office of Special Affairs International” Kurt Weiland and his subordinates, to infiltrate and manipulate the investigation of judge Fenech for the benefit of the Scientology defendants. The OSA operation included the hiring of an agent of the French intelligence service “Direction de la Surveillance du Territoire” (DST) and the involvement of a personal aide of the French President François Mitterand.

Apparently, immediately after the arrests in Paris, two officials of OSA International, the Germans couple Edith and Klaus Büchele, flew to France to initiate counter operations to revert the unfavorable situation for Scientology in that country.

On July 8th Edith Büchele reported to the United States OSA-headquarters about the initial procedures and operations of the missionaries from Los Angeles which included the use of a secret agent ("F 10") who had access to then President Mitterand [[Exh. No. 287](#)]:

"The handling for all of this is covered in OT 11 [OT = 'Operating Target' of a program] and the details of that thing are covered in the debrief of Klaus (Büchele) so I don't think I need to repeat it. This is the area of F 10. Will meet him early tomorrow as well. As I reported in yesterdays DR [DR = Daily Report] the summary report has been delivered to President. F 10 will now go on the lines personally on Monday and get it 8ced [8c = to control something] through. Meeting held. Instructions gotten back down the lines to the Ministry of Justice level via the head of the Crim Division in the Ministry of Justice to revert those directives issued on the parquets and instruct them to lay off and cool it. This is the main action that has been done. Legally there is not much we can do as we do not have copy of it and thus no chance to attack it legally – Working on getting the written copy but until such time key actions are those laid out in OT 11 by F 10 as the way to get them to cool it on those lines. Chances look very good as laid out in the debrief of Klaus due to the comm lines that do exist. Also MoJ [MoJ = Ministry of Justice] is currently under bypass by President so order would go direct to head of crim div which is over all parquets. It's a straight line that works for us."

Two days later Büchele reported about the evidently positive outcome of F 10's meeting with Mitterand and about certain instructions that were issued to revert the judicial process and to bypass the Ministry of Justice [[Exh. No. 288](#)]:

"OT 11 personal letter was received by terminal [terminal = person assigned to a specific task]. Answer will be back tomorrow 10.00 am with direct assistant of M [M = Mitterand] and F 10 has meeting with the assistant at 10.00 am to go over the instructions she will have received by then and their implementation he is very confident on this cycle. He is going to debrief tomorrow where we are at."

Apparently Büchele had also received internal information about on-goings within the French justice system through these contacts, as she wrote on the same day in a message to CO OSA Int. Weiland [[Exh. No. 289](#)]:

"Also got information today that JoI [JoI = Judge of Investigation] Morachini prior to the Marseille raid sent a memo to Min of Justice suggesting overall action and suggested that the only way to get at Scn is via the money flows and accounting and concentrate on that. ... I don't know more then [sic] this and need to track this down in Min of Justice/ ..."

On July 20th Büchele was finally informed by her agent that Mitterand had approved the proposed intervention [[Exh. No. 290](#)]:

"F 10 is back and talked to Dayan [,] personal aide for justice matters to Mitterand. Message is that is going ok and green light given. Did not want to say more over phone. Meeting with him tomorrow at 10.30 am to fully prep him. He wants to be more prepped as has meeting on Monday 10:30 am in Elysee on our cycle. I will attend tomorrow meeting. Said has caught up with all details read all the media and wants to go over media actions as well."

After having received such high-powered back-up, Büchele formulated a “France Investigations Handling Program” with a series of legal follow-up steps “to revert the situation by launching a full legal offensive [Exh. No. 291].” Specifically the program stated about its purposes:

“MAJOR TARGETS

“1. To get the Marseille, Lyon and Paris Scientologists freed.

“2. To get the Marseille and Lyon cases turned to other impartial judges of instruction.”

On this day the Scientologists began their media campaign against the government proceedings with demonstrations and press conferences in Paris and Lyon, claiming that Scientology was persecuted for its religious beliefs.

Three years later Scientology’s intelligence operations became public through journalist Serge Faubert, who published first articles in a periodical and then finally a book about the Lyon investigation and its background [Exh. No. 292]. In his first major article of the affair he revealed the name of one mole, who had spied for Scientology in the French government at that time: Alain Brunet, then a technical aide in the Ministry for Cultural Affairs, who reported to Eva Lefèvre, a PR Officer at the French Office of Special Affairs [Exh. No. 293].

Another three years later, during the eve of the Lyon-trial in 1996, Faubert revealed another name of Scientology’s agents within the French government [Exh. No. 294]. Pierre-Yves Gilleron, during the early 1990s an officer of the French intelligence service DST, had been approached by OSA-member Pascal Parizot and was paid 150,000 Francs for initiating an investigation on judge Fenech. Indeed the judge and the police confirmed to the media that Fenech had been followed and investigated by the Scientologists and Gilleron.

Nevertheless judge tampering of the Scientologists did not help the defendants at the trial, as Jean-Jacques Mazier and 15 other defendants were found guilty for having committed fraud and sentenced to prison terms and fines on November 22nd, 1996 [Exh. No. 295, Excerpt]. The prison terms were later suspended by an appeals court in 1997, and the highest Criminal Court upheld the earlier convictions on June 30th 1999 [Exh. No. 296].

The Marseille investigation ended for the French Scientologists finally as well with a guilty verdict [Exh. No. 297]. Xavier Delamare, the former director of the Marseille mission, and four other defendants were found guilty for fraud and given prison sentences.

In its disregard for the French justice system, which had been already proven through its intelligence operations in 1990, the Church of Scientology condemned the verdicts as “politically motivated” and “religious McCarthyism.”

Count 2: The covert intelligence operations that were initiated in 1994 through the “Greek Handling Program” by the “Office of Special Affairs International,” directed by “Office of Special Affairs International” and which included operations against Greek Orthodox priest Father Alevizopoulos and other critics of Scientology in Greece, and infiltration of Greek government agencies.

Contrary to the course of events in France, where police investigations triggered more intelligence operations by the Scientologists, three police raids on June 9th, September 27th and November 6th of 1995 at a Scientology mission in Athens, Greece put at least a legal end to such activities.

At the beginning of the investigation by the police were several complaints, filed by members of the “Pan Hellenic Parents Association” (PEG). The PEG, a union of parents and relatives of cult members, had complained, among other things, that their children had disconnected from them due to the influence of the Scientology organization.

After a negative television documentary on Scientology by the “Teletora” television channel had been aired on May 5th, an investigating judge from the District Court in Athens ordered prosecutor Ioannis Angelis to start an investigation into the activities of Scientology’s “Center of Applied Philosophy of Greece” (KEPHE).

Three raids were conducted during the next six months and the police seized about a truck load of material, consisting of Scientology “E-meters,” “pc-folders,” but also carbon files, computers and floppy discs with encrypted documents from the local “Office of Special Affairs.”

Two types of OSA documents were of special interest for the prosecutor:

1. Internal reports that were exchanged between the European and U. S. headquarters of the Office of Special Affairs and the local mission in Athens.
2. Internal dossiers with private and sensible information on Scientology’s perceived enemies within Greece.

On top of Scientology’s enemies list at that time was Father Anthony Alevizopoulos, an Orthodox priest who was the head of the Synodic Commission on Cults and Para religions. As he was a public critic of Scientology and had contact with ex-Scientologists and parents of current Scientologists, he became a primary target of intelligence operations.

On April 13th, 1994 the so-called “Continents/Sectors Investigations Officer” of the “Office of Special Affairs International” in Los Angeles issued an overall “Greece ARM Handling Program” (ARM = Anti-religious movement) [Exh. No. 298], whose purpose was to investigate any Scientology critic in Greece, primarily Alevizopoulos, and to infiltrate and to intimidate the Greek government by exposing confidential documents to back off from observing Scientology’s activities in that country:

“CONFIDENTIAL

“GREECE HANDLING PROGRAM

“PROGRAM INFORMATION:

“In the last year the Greek Orthodox ARM activity in Greece has escalated to a level which warrants immediate attention. ...

“This coordinated multi-bureau program is now written so as to handle this situation.

“PROGRAM PURPOSE:

“To get the ARM situation in Greece under control while PR activities are being created, allies are being made and legal is working out on getting the Church recognized as a religious group.

“MAJOR TARGETS:

“1. Alevizopoulos and Seraphim [the Archbishop of the Greek Orthodox Church] investigated with crimes exposed. ...

“3. Government comm lines created so as to be able to predict future government attack on religions. ...

“VITAL TARGETS:

“... 2. During the execution of this program, keep coordination in at all times with your DSA PR and with the different Invest, PR and legal terminals at OSA EU. ...

“OPERATING TARGETS:

“...18. Get Public Record Research done on Seraphim and Alevizopoulos. Get this fully researched, including listing the friends and opponents with their names and functions, from newspaper articles, brochures, debrief of visits etc. ...

“19. Get a criminal mind analysis done on Alevizopoulos.

“20. Get a PI to investigate Seraphim and Alevizopoulos as to their personal activities to find out any crimes they are involved in. Ensure that any connection with ARM terminals in Germany are well documented.

“... 23. Utilize the data gotten on invest lines to expose the criminal activities of Alevizopoulos and Seraphim.

“... 27. Set up lines in Greece into the ARM group so that we can identify those involved and work out individual handlings.

“28. In coordination with the Invest and Pred Chf OSA EU, get the Greek Intelligence (KYP) Report translated so it can be exposed and used internationally to embarrass the Greek government and those in the Orthodox Church who are behind this. ...”

A separate program to investigate Alevizopoulos was drawn up on December 20th, 1994 by the European headquarters of OSA in Copenhagen, Denmark [[Exh. No. 299](#)]:

“HANDLING PGM: L [Scientology’s codename for Alevizopoulos]

“SITUATION: Currently there is a situation here in Athens where priest L was located as the key source to entheta [“entheta” = bad news] on Scn here in Greece. ...

“MAJOR TARGETS:

“1. To effectively stop the flow of entheta to the Greek media.

“2. To stop the actions of L to a point where he does not longer create an effect on the Greek field. ...

“VITAL TARGETS:

“... 4. Weekly reports and progres [sic] reports as needed to be written and given to the ED as well [as] OSA EU and OSA INT. ...

“INVEST TARGETS:

“... 4. Immediately get at least one or two guys into the L group and make them attend regularly his meetings. They are there only to observe and report in detail what was said, who was there, etc. Take exact notes. ...

“... 7. Find an investigative reporter who can go around and collect data about L. for a special news item, could be positioned in a way that he seems to do an invest on Scn and wants all pertinent data, while in truth he actually searches for other data ...!

“8. Do a full ODC [“Overt Data Collection”] on L. in a new unit of time. Find out everything from public records, i. e. about marriages, convictions, hospital attendance, connections to known criminals, ARM groups etc. be sure to stay legal with this. DO NOT BREAK ANY LAWS.

“9. This could include to observe him for a time period, scan through his garbage etc. be creative here but keep in mind that we must not give him anything that might enable him to attack us. ...

“LEGAL TARGETS

“22. Immediately get with Atty and file as many criminal suits as possible on already known crimes. i. e. slander of the Mission, LRH, Scn ...”

As it was written in the program, the operation was actually a renewed investigation into Alevizopoulos’ life. Already in 1993 the Office of Special Affairs had compiled medical data about him and had constructed a “Psychiatric History” for future exploitation [Exh. No. 300].

Infiltrating the “Parents Association” and hiring private investigators in order to gather intelligence about Alevizopoulos had also been done before, as an internal report from December 7th, 1993 to Copenhagen shows [Exh. No. 301]:

“... THE INVEST HELPER ATTENED [sic] THE FIRST ARM MEETING OF L. THERE WERE MORE THAN 100 PEOPLE ATTENDING. L. ATTACKED SCIENTOLOGY AND MADE CLEAR THAT THIS IS HIS FIRST TARGET. HE SAID THAT THE NEXT MEETING WILL BE ATTENDED BY FEW PEOPLE WHICH HE WILL CHOOSE AMONG THE UNIVERSITY GRADUATES. HE SAID THAT NO RECORDING OF THE MEETINGS IS ALLOWED AND THE PRINTING MATERIAL OF THE SEMINAR WILL BE GIVEN OUT ONLY TO THE FEW SELECTED. HE ALSO MADE CLEAR THAT HE COOPERATES WITH SOME GERMAN TERMINALS AND BRAGGED THAT HE IS KNOWN TO THE WHOLE WORLD ABOUT HIS ARM ACTIVITY.

“ON THE OTHER HAND TODAY I MADE A TWO PAGES REPORT ABOUT L FOR THE ATTY AND THE WOULD-BE-RECRUITED P. I. TO READ. I AM LOOKING FOR THE ATTY AS I WANT TO GO OVER THE INVEST FILE WITH HIM BUT I COULD NOT REACH HIM. I ALSO WANT TO CHECK WHETHER P. I. COLLECTED DATA WOULD BE ACCEPTED BY ANY COURT. ...”

The writer of this document had been the “Director of Special Affairs Greece (DSA GR) Ilias Gratsias. It was addressed to Marlies DeRjik, the “Deputy Commanding Officer for DSAs OSA Europe” (D/CO for DSAs OSA EU).

One month after the issuing of the second program, some legal and investigative aspects of the “Alevizopoulos-handling” were already in full swing, as two separate OSA-reports written on January 23rd, 1995 showed [Exh. No. 302]:

“Dear Marlies,

“... On the legal front I had a phone call with atty Kokorebas and we go for filing both the criminal suit against L and the civil suit for the new statues this week. On the criminal suit Mr. Alexiou [a muslim ally of the Scientologists] is willing to testify against L. I have a meeting with Mr. Alexiou's atty as he is also preparing some civil suits against L.

“... A group of people to attend L ARM lectures has been coordinated and on action every Monday. This will be continued as we get data about L movements. The PGM for handling L is in progress and many targets are done.”

On May 7th, 1995, one month before the first raid, the situation on the “PR front” looked rather grim for the Greek Office of Special Affairs, but at least some good news about Alevizopoulos could be sent to the superiors in Copenhagen [Exh. No. 303]:

“...Mr. Alexiou had a very nice meeting with PRO O. C. [Public Relations Officer of the Orthodox Church] this week. The PRO agreed that L should be removed from post provided they will have data about his Nazi connection. He also said that L's wife is dying from cancer one of these days and L himself is in a pretty bad condition and will soon dye [sic] himself. This explains the forcefull [sic] attacks by L these days. He has nothing to loose anymore. He operates like a Kamikazi. He doesn't care about the consequences. ... He has lost the battle and he knows when he will be gone in a few weeks or months we will still be there. ...”

Alevizopoulos was not removed from his position within the Orthodox Church, but he was indeed terminally ill and died in early 1996. His wife passed away the following year.

When the raids finally happened the Scientologists and the Office of Special Affairs were caught on surprise. It did not prohibit them to follow standard policy not to cooperate with government authorities in case of an investigation and lie if called for, as following report from September 27th to OSA International and OSA Europe showed [Exh. No. 304]:

“...RE: REPORT ON PROSECUTOR RAID AT ATHENS MISSION;

“DEAR SIR,

“TODAY AT 10:55 AM THE PROSECUTOR AGGELIS [sic] IOANNIS, HIS ASSISTANT AND HE CAME WITH 4 SECURITY POLICE OFFICERS. ...

“...THEY THEN STARTED SEARCHING ON THE INVEST AND LITIGATION FILES. ...THEY ALSO TRIED OPEN A LOCKED DRAWER IN MY DESK WHICH CONTAINED A CONFIDENTIAL PACK AND ENCRYPTION CODES FOR TELEX USAGE, BUT COULDN'T GET INTO IT.

“ ...AND HE ASKED ME IN A SECRET WAY IF I HAVE NOTICED ANYTHING ILLEGAL OR SHADY SINCE I HAVE BEEN A MEMBER. I SAID OF COURSE NOT, OTHERWISE I WOULD LEAVE. ...

“...HE ASKED ME ABOUT MY COMMUNICATION WITH THE OFFICE OF SPECIAL AFFAIRS AROUND THE WORLD. AND WHAT WAS THE REASON AND FREQUENCY OF THIS COMMUNICATION. I SAID, OF COURSE AS WE HAVE THE SAME PURPOSE TO HELP MAKE SCIENTOLOGY WELL KNOWN. HE ASKED ME IF I WRITE A REPORT TO COPENHAGEN ON A DAILY BASIS AND I ANSWERED WHENEVER I HAVE DATA USEFUL TO OSA IN COPENHAGEN I WRITE TO THEM. ...

“...HE ASKED ME ALSO IF I SENT INFORMATION ON RELIGIOUS AND MILITARY SUBJECTS TO OSA EU AND I SAID NO.”

When it was clear, especially after the third raid that a criminal suit would follow, the Church of Scientology evidently stepped up its efforts to stop Angelis' investigation and an upcoming trial, which would expose the activities of the Office of Special Affairs.

First, two investigators from OSA International visited Angelis to persuade him to drop the charges against KEPHE. Both claimed to be former agents of the Drug Enforcement Agency, and one of them, Kevin P. Finnerty, did later some work for Scientology in Switzerland.

When this did not help, Scientology tried to get help from the U. S. government, and the State Department promptly tried to intervene in the judicial process: during a social gathering, the then ambassador for the U. S, Thomas Nails, told the members of the Greek Supreme Court who were present that the Greek justice should respect the freedom of religion of Scientology.

Despite all such means to stop the investigation and the legal procedure, Angelis finally started a criminal prosecution on June 17th, 1996 with a 100-page report about the activities of KEPHE [[Exh. No. 305](#), Excerpt]. The report stated:

“... a) Files are maintained for certain people (members or non-members), the contents of which are kept secret and classified, even by those interested and concerned members.

“b) Many people are asked to sign the Statement of Law 1599/86 (also known as Law 104) that KEPHE has no responsibility in case they commit suicide. ...

“... d) The Center is employing Ethics Officers and Ethics Courts, to punish those who violate its Ethics Code.

“e) The family life of the members is monitored, for unknown reasons and orders are issued for ‘handling.’

“f) The criminal or unethical actions of the members are recorded for unknown reasons, without precluding the possibility for the purpose of blackmailing them.

“g) Members are praised, in writing, for conducting unethical or criminal actions.

“The most important, however, is that the Center has a Department of Special Affairs or Office of Special Affairs, which conducts monitoring of people and reports their movements to unidentified centers abroad.

“The court has started to investigate this case after complaints from parents, whose children joined KEPHE. Many of them - it is said to be over 4.000 - have collected signatures, asking the District authorities to shut the Center down. ...

“... On November 6, 1995 a third investigation was conducted during which various folders and documents were seized. Some of these folders concerned those people who received courses in the Academy, as KEPHE says and others were about people unrelated to KEPHE functions, such as ‘Archbishop Seraphim,’ ‘DISTINGUISHED CLERGYMEN,’ ‘L HANDLING PGM,’ ‘OUT ETHICS of clergymen,’ ‘DSA BASIC,’ ‘DAGUNAKI VICTORIA,’ ‘ADFI,’ ‘DIAMADIDIS Spyros,’ ‘BOSNACLOUDIS Anthony,’ ‘ARMS,’ ‘ENTHETA REPORTERS,’ ‘THE PRIEST,’ ‘PRO OC,’ ‘PENTELI ARM,’ ‘SKY FLASH - TELETORA,’ ‘P. PROSECUTOR,’ ‘AMERICAN CONSULTANT,’ ‘GREECE RAID,’ ‘ANTI ARM,’ ‘MP’s NIKOLOPOULOS.’

“... It must be noted that the documents and the rest of the seized evidence are the non-important ones of the KEPHE-association, since the important documents were sent abroad through post or by a special messenger and were kept in a place that was not detected by this investigation. This is clearly demonstrated by document, No. 00067, where OSA EU is demanding Ilias Gratsias, ..., and others

“a) to provide a safe address in order to send him sensible information,

“b) to consider the ‘security’ factor when sending his reports and, if necessary, change the real names, stated in the documents. ...

“From all the above real facts, for which no doubt exists, since they are proven through certain documents, it is clearly demonstrated, that the Civil Code Association under the name ‘Centre of Applied Philosophy of Greece (KEPHE),’ based in Athens (200 Patission Str.), not only has purposes different than those determined in its statutes, but also its actions, purpose and operation have become illegal and immoral and are against public order (Article 105, per 3 A.K.). Therefore, this report must be conveyed, alongside the attached and other relevant documents, to the Attiki Prefecture, in order to receive consideration in the ongoing Administrative and financial control. ...

“Finally, a copy of this report will be sent to the Supreme Court Prosecutor inform on the issue of the monitoring of political persons.”

On December 20th 1996 the District Court issued its verdict and ordered the dissolution of KEPHE for its misrepresentation of its activities [Exh. No. 306]. About KEPHE’s activities the court stated:

“... As a result from the above, the Association is exercising financial/for-profit business and depending on its interests, keeping a cover of either a philosophical association or as a religious identity.

“It is not an independent organization, but it is under a strict hierarchical structure of international level, under the control and supervision of foreign organizations and centers, something that contradicts the country’s public order (Civil Code Article 33).

“...FOR THESE REASONS

“... Orders the dissolution/liquidation of the association with the name "CENTRE OF APPLIED PHILOSOPHY,” based in Athens (200 Patission Str.).”

The Church of Scientology appealed that decision, but the Appeals Court of Athens later upheld the earlier ruling on December 19th, 1997. Scientology appealed again, this time to the Supreme Court, but withdrew it later, on May 11th, 1998 [Exh. No. 307] and the dissolution of KEPHE became final.

That did not stop the Scientologists to continue their operations, as right after the first verdict by the District Court, the Scientologists moved to incorporate a newly formed “religious corporation” on January 9th, 1997 [Exh. No. 308]. KEPHE had been a non-religious, philosophical association. The assets of KEPHE were subsequently, and illegally, transferred to the new corporation. The local authorities did not follow up these new illegalities.

Nevertheless the judicial ordeal for the Scientologists did not end with the KEPHE-trial, as 15 individual Scientology staff members, including the two directors of the Office of Special Affairs, Ilias Gratsias and Katherina Diamandara, had to face criminal charges for their monitoring and spying on their perceived enemies. On May 11th, 1999 the Appeals Court in Athens pronounced the defendants as guilty, issued a verdict condemning the past intelligence operations but did not order a sentence as no motion for such was presented by the prosecution [Exh. No. 309]:

“Verdict

“... In Athens and during the time period from May 15th, 1994 until September 17th, 1995 having done more than once, which constitutes a repetition of such an act they were willingly to commit, that is, with unified powers, with a bad intention, through a joined decision and combined operation, they offended others by insulting their honor, credibility and privacy.

“Specifically that was done by the President, Vice-President and members of the Board and other members of the association with the name of KEPHE.

“... They were involved in a coordinated and systematic monitoring and collection of information, related to the private, social, professional and public activities, to the philosophical, religious and political views, ... of public figures, of political and judicial authorities, of journalists, such as the Archbishop Seraphim, religious official Antoni Alevizopoulos, Supreme Court judge Ilias Spiropoulos, District Court judges Iannis Angelis and Georgios Gerakis, politicians Miltiadis Evert, Antonis Samaras, Andreas Lentaki, Kunalakis and journalists Victoria Dagounaki, Dimitri Rizos, Michalopoulos, etc. and the subsequent filing and indexing of the obtained information into individual files and dossiers, from which then later data was sent to foreign centers which collected such confidential information.

“By such insulting practice they were involved through a common will and through a joined decision, all of them being aware about the common perception by the general public on such insulting acts, about the moral and social standing of the above mentioned persons, a fact, that definitely violates their credibility, honor and privacy.

“Decided, published subsequently and publicly,

“Athens, May 11th, 1999.

The State Department obviously did not bother to review this verdict before it issued its Human Rights Report in 2000, in which it referred to it briefly under the chapter “Freedom

of Religion” in Greece and stated erroneously that the 15 Scientologists were acquitted on charges and all they had done was to file press clippings.

Count 3: The covert intelligence operations against American citizen Alexander Dvorkin and other critics in Russia, that were initiated in 1994 and supervised by the “Office of Special Affairs International” and “Office of Special Affairs Europe” and that included the infiltration and manipulation of the Russian judicial system and the employment of agents of the Russian FSB.

Scientology did set its foot on Russian soil as early as 1988 with the Soviet Union still in place. A report about his visit to Moscow from the then “Deputy Commanding Officer” Michel Moatty of the Scientology publishing company “New Era Publications International” was printed in the membership magazine “Impact” which claimed Soviet government’s interest in some Scientology books on marketing techniques [Exh. No. 310, Excerpt].

Four years later, after the downfall of the Soviet Union, Scientology increased considerably its efforts to open up the country and any of its potential markets for the Dianetics and Scientology “technology.” In another article of Impact magazine from November 1992 the overall situation for Scientology was enthusiastically described as a historic challenge for the Scientologists, because of “the tremendous public demand for LRH’s technology [Exh. No. 311, Excerpt].” The article contained additionally an interview with an executive from Scientology’s marketing entity “Golden Era Productions,” Gabrielle Allen, who unwittingly predicted the organization’s future way of “doing business” in that country when she emphatically described the esprit de corps of the Scientologists who were busy disseminating their philosophy:

“They definitely have a bit of a pioneering spirit and are ready for some adventure. What happens then is that their viewpoint on dissemination and planetary clearing really expands. It becomes real, that we could really get ethics , tech and admin IN in a WHOLE culture and that it can happen rather quickly. ... Our postulates in Russia are strong, but we are still a long way away in terms of ability to operate in a secure field and start making Clears unimpeded. ... We just need to move fast, take the opening now, and get the technology to them. ...”

Within the next four years, the management of Scientology moved several executives from its headquarters in Copenhagen to a newly established base of the Sea Organization in Moscow, an “Operation, Transportation & Liaison Office” (OTL) which was incorporated as a non-profit association, called “Hubbard Humanitarian Center.” The OTL assumed the function of a regional management entity, responsible for all Scientology operations in the confederate states of Russia and its bordering countries.

An Impact-article from June 1995 portrays the first “Commanding Officer” of the OTL, Austrian Walter Kotric and features on the front page a picture of the other executives, including the “Commanding Officer OSA CIS (Confederation of Independent States)” Diethelm Alisch and his Public Relations Officer Birthe Heldt [Exh. No. 312, Excerpt]. All three of them, Kotric, Alisch and Heldt, had been employees of the “Church of Scientology Advanced Organization Saint Hill Europe” in Copenhagen and later returned to Denmark in 1997 and 1998. They were replaced by Sue McLintock, the new “CO OTL CIS” [Exh. No. 313, Excerpt], the Hungarian Lajos Fritzlauf, “CO OSA CIS,” and the Russian Aleksey Danchenkov, “PR OSA CIS.”

While the Scientologists had envisioned an unhindered expansion of their dissemination efforts at the beginning of their operations at the early 1990s, they had to face extensive scrutiny by the public and the Russian government during the upcoming years:

- Several government tax-cases were pending against the Scientology-missions in Moscow, Habarovsk, Omsk, Cheboksary, Voronizh, Ufa and Nizhni-Novgorod.

- The Moscow Mission and the OTL had been raided by the Finance police several times in 1998 due to several illegalities that even were admitted in an internal correspondence [Exh. No. 314].

- On June 19th, 1996 the Ministry for Public Health & Medical Industry issued an order that prohibited the use of Scientology's "purification rundown" or "detoxification program" in public health facilities [Exh. No. 315], after it was found out that Scientologists, among them ex-"Guardian's Office" spokesperson David Gaiman, were involved in a scandal at the medical facilities of the city of Obninsk, where children from the Chernobyl-area were subjected to sauna tours and a vitamin-diet that should cure them from the after-effects of radiation.

- Similar as in Greece, dozens of parents complained about the estrangement of their children, after they had joined Scientology and disconnected from them. The complaints finally caused an investigation by a Moscow prosecutor and a revocation of the license of the "Hubbard Humanitarian Center [Exh. No. 316]."

- After the Russian Orthodox Church began to look into the activities of Scientology and similar groups it established within its Publications department a counseling and information center on cults in 1994. When the Scientologists found out that the head of the center, Alexander Dvorkin, was not necessarily an ally of them [Exh. No. 317], he was treated from then on as an enemy. In 1996 under the guidance of the "Office of Special Affairs" a coalition composed of several "new religious movements" was formed: the "Committee for the Protection of Freedom of Conscience" [Exh. No. 318]. Subsequently the Committee initiated a gigantic, media-supported libel suit against Dvorkin and the Orthodox Church for the publication of a book critical of Scientology and its allies. After a lengthy trial, the suit was dismissed on May 21st, 1997 [Exh. No. 319, Excerpt]. An appeals court later upheld the judgement on February 24th, 1998.

All these activities happened more or less out in the open, but "under the surface" the Church of Scientology was conducting its secret intelligence operations as it had been laid out by the late Hubbard and the management in Los Angeles and as it had been done before in other countries. Nevertheless several OSA documents were later confiscated by the government or ex-Scientologists brought them to light.

At the beginning of the OSA-operations in Russia were strategy programs, written by the Scientology management in Copenhagen and Los Angeles. These programs specified the individual activities of the Russian Offices of Special Affairs, and the execution of such programs was controlled by senior executives at OSA Europe and OSA International.

On March 14th, 1996 the Commanding Officer OSA Europe issued such an order to his counterpart in Russia, Diethelm Alisch, to implement a management-program, execute it and report about its progress regularly to OSA Europe [Exh. No. 320]:

“SAME TIME SUCH AS THE BUILDING CYCLE, STUDEMA, ETC. YOUR CURRENT PRIORITIES ARE SPECIFICALLY THE OTL PREMISES, THE SITUATION WITH STUDEMA, THE OVERALL ARM SCENE AND CONNECTED SITUATIONS I.E. POTENTIAL ANTI-RELIGIOUS LEGISLATION. PREDICTION IS VITALLY NEEDED AS PER OSA NW ORDER 35, ESPECIALLY ON ARM AND THE OVERALL POLITICAL SCENE.

“YOU ALSO NEED TO GET BACK ONTO THE EXECUTION OF LAST YEAR’S OSA CIS MASTER PROGRAM AND YOUR MORE RECENT RECOGNITION PROGRAM. THE CIS MASTER PROGRAM MAY NEED TO BE UPDATED SINCE THE SCENE HAS CHANGED AND IN THIS CASE, PLEASE GET THIS DONE RAPIDLY AND SEND ME A COPY OF THE REVISED PROGRAM. I EXPECT TO SEE REPORTS AGAINST THESE PROGRAMS, REPORTS ON DONES AND CRS, STARTING ASAP.

“AS ONE OF YOUR FIRST ACTIONS, SEND AN OVERALL REPORT, GIVING AN OVERVIEW OF THE EXTERNAL SCENE, ONGOING THREATS, EXISTING PREDICTION AND POINTS OF INTEREST, INCLUDING BUT NOT RESTRICTED TO THE AREAS LISTED ABOVE. THIS IS PER HCO PL WHAT AN EXEC WANTS ON HIS LINES AND OSA NW ORDERS 9 AND 42. PLEASE, LET ME HAVE THIS ASAP.

“MLV, CO OSA EU”

Besides the execution of the “OSA CIS Master Program” Alisch had to pay special attention to the already mentioned OSA Network Order 35, “Intelligence Estimations and Predictions [Exh. No. 96],” a document in which Hubbard outlined the establishment and organization of intelligence files for the Guardian’s Office. Hubbard’s philosophy in intelligence matters was led by the idea that prediction on the activities of Scientology’s enemies could be achieved by compiling information on them en masse and creating so-called “special banks.”

How seriously the Russian Office of Special Affairs took the implementation of this program and the Network Order 35 was demonstrated in several internal documents, ranging from the years 1996 until 1998.

On October 1st, 1996 OSA-Agent S. Tkachenko forwarded an internal report to his superior Diethelm Alisch [Exh. No. 321], informing him about an on-going investigation of the Russian counter-intelligence agency FSB into a local Scientology-organization:

“1. The source from KGB [sic] said that they have sent an order from the federal FSB to investigate Scientology via banks, the tax office, the police and the SAS.

“2. One should increase the blockage of any information and not make it possible to get it into the hands of the authorities.

“Tkachenko S.

“P. S. additional: [On] 29.09 [she] informed us that the FSB hadn’t recommended to conduct active operations. The list contains 11 religious organizations, besides Scientology. The source said that

actions wouldn't be conducted but they would secretly surveil and observe. The federal KGB has information about the connection of [not legible] A. and [not legible] in Moscow."

Besides getting "predictions" from the FSB, the Office of Special Affairs was also eager to be informed about what was going on in the area of law enforcement, i. e. offices of certain District and General Attorneys. In 1997 OSA agent Shilov reported about his contacts in Voronizh [Exh. No. 322]:

"Situation in Voronizh

"I [earlier] have sent a report from Geolina Gromova that the District Attorney from the Voronizh region insisted to continue the investigation of the Dianetics Center of Voronizh and would probably open a criminal investigation because of illegal business.

"The criminal investigation had been closed before, due to lack of evidence.

"I have information that there is indication from the District Attorney General to close down Dianetics, and this information was affirmed by Klueva Elena, who has a relative in the office of the District Attorney of the Voronizh region.

"It is very possible that the actions – Refusal of registration of the Center, the charge of having an illegal business, black propaganda in Voronizh and Novo-Voronizh newspapers – have actually been planned. ...

"We don't know yet who exactly ordered to investigate the Dianetics Center of Voronizh again. I asked Elena Klueva to keep in communication with her uncle who is staff of the District Attorney's office in Voronizh, as she earlier had given him literature and as now new issues have been published, it is necessary to send him new literature.

"Besides that his wife has been interested in Dianetics and it is necessary to keep her in communication with the following method: 'I had a meeting with your niece in Moscow. She's well. She's very good and a respectable specialist and she asked to say hello and to give you this booklet. If you want I can explain you something because I studied many courses myself and I had so many successes ..., now I study ..., it's fantastic!' ...

"To reach an agreement to stay in further contact, to provide her with theta information (theta information = good news)."

To have knowledge about any potential intelligence assets within the public membership, the other staff of the Russian Scientology missions were informed about the basic needs of Scientology's secret service. In a dispatch from February 16th, 1997 by OSA executive Vitold Shlopak, a former officer of the Russian Navy wrote [Exh. No. 323]:

"Dear Diana,

"I am interested in two categories of new people:

"1) People which are connected to those levels of population and those organizations, which are important to the spreading of the LRH-tech and which are important for our security. Those are ministries and government agencies, especially Ministry of Internal Affairs, Ministry of Health, Federal Security Service, Office of the Attorney General, mass media, tv, politicians, celebrities, VIPs and those who are close to them. ..."

As earlier mentioned, due to his publications about the organization and his public criticism on Scientology, Alexander Dvorkin had become a major thorn in the side of the Church of Scientology in Russia. In a memorandum from July 11th, 1997, which recapitulated a discussion she had had with a Scientology ally, PR Officer Birthe Heldt anticipated the idea of forcing the American citizen Dvorkin out of the country by the means of an intelligence operation against him within the United States [Exh. No. 324]:

“Besides the above input on the current scene Sivertsev expressed his disagreement on us having given attention to Dvorkin e.g. in the court case against him as such attention equals advertisement for Dvorkin. Further he asked why we did not use the fact that Dvorkin has US citizenship and was in the US for quite some time and then locate his whereabouts and his connections while he was over there? This would be possible he said. The point is there are some vested interests connected with Dvorkin, Sivertsev mentioned that he knew Dvorkin was connected with the American Orthodox Church.

“We do need to invest in research in the US on Dvorkin and get him out of Russia or fully D.A.ed. [D. A.ed = Dead Agented = compromised] ...”

On August 19th, 1997 Alisch sent a lengthy report to his superiors to Copenhagen and Los Angeles, reporting about the current political situation in Russia in view of an upcoming law that would restrict the activities of controversial religious groups [Exh. No. 325]. In the report Alisch also informed the Scientology management about an investigation on local government officials in the Saint Petersburg area:

“THROUGH THE INVEST PROJECT LAJOS IS DOING IN ST. PETERSBURG THE CONNECTIONS AND PEOPLE BEHIND THE ATTACK ON THE SCN CENTER ST. PETERSBURG ARE BEING UNEARTHED. WHILE THAT PROJECT IS NOT COMPLETE YET, IT HAS STARTED TO SHOW UP CERTAIN ‘FAT FILES’ WHICH CONNECT STRAIGHT TO MOSCOW, AND THERE ARE NAMES THAT APPEAR AGAIN AND AGAIN. AND THEY ARE COMMIE NAMES. IN OTHER WORDS, THE LOWER LEVEL PLAYERS HAVE BEEN IDENTIFIED, AND WE NOW NEED TO MOVE UPWARDS TO FIND THE PUSHERS BEHIND THE SCENE.

“OUT OF THE ST. PETERSBURG PROJECT WE GOT TO THE TOP ATTACKER IN THE ST. PETERSBURG AREA. WE NEED TO DO THE SAME IN THE MOSCOW AREA ON FEDERAL LEVEL, AND WE WILL DO THIS THRU A SIMILAR PROJECT AS THE ST. PETE ONE, BUT ALSO THRU INDIVIDUAL POWER COMM LINE CONTACTS, E.G. THE FRIEND OF ANDREJ S. WHO ALREADY INDICATED THAT HE KNOWS WHO IT IS AT PRESIDENTIAL LEVEL THAT IS PUSHING THE LAW PROPOSAL.”

In 1997 the Church of Scientology was very concerned about the attention it was creating for the FSB, so it used its allies and spies to follow up any speculation that would fit into OSA’s idea of a grand FSB-conspiracy directed against Scientology, as the following report from Nizhni-Novgorod written on September 16th showed [Exh. No. 326]:

“Dear Birthe,

“Yesterday, 15.09.97, Ovzhnikova Tatiana, ED HKC-I, told, that she had spoken with the head of the region parliament, Anatoly Bojtsev. He said that the real source of black propaganda, as he would knew, was the chief of the local FSB, Osin. That man came to Novgorod not long ago. He had communications with the governor M. M. Prusak and he told him black propaganda about

Scientology. Tatiana asked me to send this information to you and Diethelm Alisch. This is true. Durova”

At the end of the year, Lajos Fritzlauf became the new Russian “Commanding Officer” of the Office of Special Affairs. Like his predecessor Alisch, he was keeping himself informed about any important incidents within the Attorney General’s Office in Moscow. Luckily for Fritzlauf, a public member and contracted agent was working as a prosecutor in the A. G.’s office and had evidently access to sensible information there with regards to Scientology, as it was shown in a report from December 26th, 1997 [Exh. No. 327]:

“Dear Lajos,

“today came a fellow with the name Wladimir Fjodrevich Wassilijew. He is a student of the Moscow Dianetics Center and a pc. He works for the Office of the Attorney General. He works as a prosecutor. I have a contract with him, so he helps me. he says that they are preparing an attack against the Dianetics Center. He was told that a mother told the Attorney General that the Dianetics Center ruined her daughter. He doesn't know any names and I told him to find them out and that I would contact him after New Year again.

“They hide this information from him as they know that he studies at the Moscow Dianetics Center. He also needs answers to questions about Hubbard. For that I will ask Birthe. With respect, Sergey.”

While all these intelligence operations were going on, the Church of Scientology was not shy to involve the U. S. States Department in its efforts to intimidate the Russian government by trying to utilize its annual Human Rights reports to brand Russia as a violator of Scientology’s freedom of religion, so the government would finally cease to investigate the activities of the organization. On January 3rd, 1998 for example, “Temporary CO OSA CIS” Birthe Heldt informed the senior executive Klaus Büchele from OSA International about difficulties in utilizing American government officials in view of a recent personnel change at the U. S. embassy [Exh. No. 328]:

“Re: Russia/US human rights annual report

“Dear sir,

“I got your comm and contacted the US embassy, found that Mr. Webber has left his post and that the data for the state department's annual human rights report was written and submitted at the end of 97. I spoke to the person, who now cares for the area of human rights, Mr. Paul Marten, who said he will observe the religion law in use and another colleague [sic] will care for human rights issue, but that colleague is on hollydays [sic] currently.

“I asked Mr. Martens if he had to write data on the situation of religion law and human rights and violations etc. in this context I found that the data for the annual report already was completed in December and submitted and that he forthwith is to collect data on how the new religion law is applied and regularly report on this to Washington.

“We agreed to meet after 20th January as he until then will be occupied by visit of congressmen coming to russia to look at how the religion law is put to use. ml Birthe T/CO OSA CIS”

During 1998 OSA continued to skim off intelligence information from its public members and to use their valuable family relations. The message from a PR Officer on March 23rd also

reflects OSA's preoccupation with any investigation by the FSB and its lack of reflection towards its own illegalities [Exh. No. 329]:

"INVEST DATA: ONE STUDENT IN OTL, IRINA BORISENKOVA TOLD TO D/PRO OSA ABOUT INTENTIONS OF MOSCOW GOVERNMENT. HER BROTHER MERKULOV IS A CHAIRMAN FOR RELIGIOUS AFFAIRS IN THE MOSCOW GOVERNMENT. HE INFORMED HER ABOUT THE STRATEGY TO CLOSE DOWN SCIENTOLOGY ORGS, WHICH IS BEING WORKED ON BY THE MOSCOW GOVT.

"HE TOLD HER THAT IT IS A STRATEGY OF MOSCOW GOVT. IN COOPERATION WITH ORTHODOX CHURCH. HE ALSO INFORMED HER THAT THE REASON FOR SUCH MOTIONS OF THE GOVERNMENT IS THAT SCIENTOLOGY ORGS ARE NOT GIVING MONEY TO THE TAX BODIES. THE GOVT. DOESN'T CONSIDER IT A RELIGION AS IT DOESN'T HAVE RELIGIOUS RITUALS AND IS NOT REGISTERED AS A COMMERCIAL ORGANIZATION.

"HE ALSO INFORMED HER ABOUT AN ORDER ON THE GOVT. LINE TO NOT GIVE ANY COOPERATION TO SCN ORGS. SHE COULDN'T GET AN ORDER IN HER HANDS, BUT WILL SEE IF SHE CAN IN THE FUTURE. SHE AGREED TO ALERT OTL IN ANY CASE OF PREPARED ATTACK. THERE IS NO WRITTEN CONFIRMATION OF THESE DATA YET.

"HE ALSO SAID TO HER THAT THERE ARE FSB AGENTS INSIDE OUR ORGS WHO GIVE DATA TO FSB. ANOTHER THING HE TOLD HER IS THAT THE MAYOR'S OFFICE & FSB CAN'T CLOSE US DOWN RIGHT AWAY AS THEY DON'T HAVE ENOUGH COMPROMATING [sic] MATERIALS ON US."

A strategy paper of OSA's Public Relations Division, drawn up in June 1998 [Exh. No. 330], demonstrates the way the Church of Scientology "lobbied" Russian politicians by smearing foreign governments, which were critically of Scientology, through so-called "Dead Agent-Packs":

"HANDLING OF ENTHETA [bad news] IN THE STATE DUMA, COMMERSANT DAILY, KRIVELSKAYA MEDIA

"1. PRODUCE THE DA PACK.

"2. GET IT INTO HANDS OF ILIUKHIN (STATE DUMA DEPUTY) IN PRIVATE MEETING AND MAKE HIM SEE ALL THE POINTS AND SEE WHAT ARE THE REAL FACTS. USE GERMAN NEWS AS A MAIN FACTOR OF INFLUENCE AND SHOW THAT GERMAN ATTACK LINES ARE NOT VALID.

"3. GET A COPY TO THE DUMA CHAIRMAN SELEZNIOV IN THE PRIVATE MEETING.

"4. PLACE A SEPARATE COPY IN THE DUMA RELIGION COMMITTEE.

"5. PLACE A COPY IN THE PRESS-SERVICE OF THE DUMA.

"6. PLACE A COPY IN THER [sic] DUMA LIBRARY.

"7. PREPARE A DEAD AGENT PACK FOR COMMERSANT-DAILY AND GIVE TO THE CHIEF EDITOR. SHOW HIM THE EXACT FACTS. DISCREDIT HIS OWN SOURCE OF THE DATA FOR THE ARTICLE. ...

“9. MAKE A PRESS-RELEASE ON THE GERMAN DATA WHICH IS SHOWING THAT GERMAN GOVERNMENT IS NOT DOING RIGHT, SHOW THE INFILTRATION OF DVORKIN ON THEIR LINES AND USE A DATA FROM THE GERMAN GOVT. OFFICIALS SAYING THAT THIS CYCLE IS NOT VALID. ISSUE THE PRESS-RELEASE ON 12.06.98 BROADLY.

“10. LOOK INTO THE ARTICLE OF KRIVELSKAYA AND PREPARE A SHORT DA PACK FOR HANDLING OF HER ENEMY LINES. USE THE PRESS-PACK AS WELL AS DA PACK ON GERMANY. DELIVER THE DA PACK ON MONDAY, 15.06.98, TO HER PARTY, CHIEF IDEOLOGIST IN LDPR, AND KRIVELSKAYA PERSONALLY.

“11. IN THE SAME TIME ORGANIZE SEVERAL ORTHODOX SCIENTOLOGISTS, WHO COULD WRITE TO HER, GO TO HER AND POINT OUT THAT THEY ARE DISAPPOINTED AND SHOW THAT THEY WILL NOT SUPPORT HER ON THE NEXT DUMA ELECTIONS. ...”

Despite all of Scientology's secret operations, on February 25th, 1999 the Moscow Mission was finally raided by the Finance Police and several computers and files were seized. In an article, published in November 1999, the “Tatjanin Den” magazine listed the names of dozens of individuals, who had been investigated by OSA and whose files were found during that raid in the offices of OSA. The dossiers were filled with negative and/or private information and had been created in standard fashion for the purpose of future counter operations and possible defamation campaigns [Exh. No. 331]:

“Duma members Victor Tchernorydin, Valeri Borshov, Vitali Savitski, Sergey Kovaljov, Wladimir Schirinowski, Nina Krivilskaya, ...

“Bishop Jevgeni, Bishop Tikhon, Archbishop Pitirim, Archbishop Arseni, Archbishop Alexander, Priest Michael Ardov, ...

“Journalists Alexander Dvorkin, Alexander Jegortsov, ...

“Minister and former minister Sergey Shojgu, Kulikov, Victor Jerin, ...”

Besides the files on public officials and journalists, the police also found one particular dossiers which showed Scientology's evident interest in finding suitable allies for covert operations: The file was titled “Ex-KGB agents.”

The activities of Scientology's Office of Special Affairs in the three countries, France, Greece and Russia prove that the Church of Scientology indeed never abolished criminal conduct as a means to push through its expansion plans, even if it again includes the infiltration of government agencies.

Chapter 63 - Mail Fraud

Sec. 1341 - Frauds and swindles

“Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, or to sell, dispose of, loan, exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any counterfeit or spurious coin, obligation, security, or other article, or anything represented to be or intimated or held out to be such counterfeit or spurious article, for the purpose of executing such scheme or artifice or attempting so to do, places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, or deposits or

causes to be deposited any matter or thing whatever to be sent or delivered by any private or commercial interstate carrier, or takes or receives there from, any such matter or thing, or knowingly causes to be delivered by mail or such carrier according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, any such matter or thing, shall be fined under this title or imprisoned not more than five years, or both. If the violation affects a financial institution, such person shall be fined not more than \$1,000,000 or imprisoned not more than 30 years, or both.”

Count 1: The fraudulent representations about the use of funds for Scientology services, which had been promoted to public members through the U. S. Postal Service by the “Church of Scientology International,” “Church of Scientology Western United States” and the “Church of Scientology Flag Service Organization, Inc.”

As discussed in a prior chapter Scientology’s “service organizations” are bound to pay license and ecclesiastical support fees to the “Church of Scientology International” (CSI), and so-called “advance tech licensing fees” to the “Religious Technology Center” (RTC). As also seen in a another prior chapter, these funds are explicitly used for “operating expenses,” which include the activities of the “Office of Special Affairs International” and its intelligence operations.

In the Scientology-network the two corporations “Church of Scientology Flag Service Organization, Inc.” (FSO) and “Church of Scientology Western United States” (CSWUS) are the biggest single income sources and concurrently the single most important financial contributors to CSI and RTC. A document written by CSI and submitted to the IRS in 1991, lists the annual income of the FSO for the year 1989 with \$ 83,200,898 and its disbursements with \$ 81,340,451 [Exh. No. 332, Excerpt]. CSWUS’ declared income in 1989 was \$ 32,005,807 and its disbursements \$ 29,611,255.

By using the proportional figures concerning the financial support for CSI and RTC by the FSO and CSWUS in 1989 one can calculate the actual amount these two organizations had paid to their “mother churches” [Exh. No. 44, Excerpt]: In 1989 the FSO paid \$ 17,081,495 to CSI and \$ 3,253,618 to RTC, while CSWUS’ contributed \$ 2,665,013 to CSI and \$ 888,337 to RTC during that year.

The payments made by the FSO represented 26.5 % of CSI’s annual income, and 47.5 % of RTC’s. At the same time CSWUS provided in 1989 4.1 % of CSI’s income and 13.0 % of RTC’s.

To promote and sell “auditing” and courses to public members, Scientology’s service organizations rely heavily on sending out mass mailings. The three organizations, “Church of Scientology International” (CSI), “Church of Scientology Western United States” (CSWUS) and “Church of Scientology Flag Service Organization, Inc.” (FSO), are no exception in this and various promotional pieces, leaflets and magazines have been sent out to their individual mailing lists of public members by them over the past 16 years.

Each organization publishes its own magazine, which is sent out several times a year and which promotes the services the organization has to offer.

CSI, as the “mother church,” promotes equally the services of the “Class V Organizations,” “Missions” and “Advanced Organizations” through its mailings. The principal magazine of

CSI is “Scientology News [Exh. No. 333, Excerpt].” While the magazine advertises Scientology services, it also informs about major events in the Scientology-world. The copyright holder for the magazine is CSI itself.

CSWUS as a corporate entity is composed of three Scientology service organizations, the “Advanced Organizations Los Angeles” (AOLA), the “American Saint Hill Organization” (ASHO) and the Class V Organization Los Angeles. Each of these organizations publishes a separate magazine. AOLA’s magazine is “Advance!” [Exh. No. 334, Excerpt], ASHO’s is called “The Auditor” [Exh. No. 335, Excerpt]. The Class V Organization of Los Angeles publishes a standardized magazine, which is produced by CSI and identical with the magazines from other American Class V organizations. CSI is also the copyright holder for both, the “Advance!” and the “Auditor” magazine.

FSO’s principal magazine is called “Source” [Exh. No. 336, Excerpt]. The copyright holder for the magazine was CSI in 1998 and 1999. In 2001 it was the FSO.

What follows are some examples how the three organizations has promoted different Scientology services using the U. S. Postal Service within the last three years:

- The promotional piece “Slay Your Dragons” was sent out to the mailing list of AOLA in 2001 and promoted the “OT levels” or “Advanced Levels [Exh. No. 337].”
- The leaflet “Do The Academy Levels!” was distributed by CSI in 1998 and advertised “auditor training [Exh. No. 338].”
- “Whatever Problem You Bring To Flag ...” is an advertisement from a “Scientology News”-issue from 2001 for so-called “Flag-only Resolution Rundowns [Exh. No. 339, Excerpt].”
- “Restore The Ability To Have Power” was included in an issue of “The Auditor”-magazine in 2001 and promotes “Power Processing [Exh. No. 340, Excerpt].”
- The promotional piece “And We Won’t Take No For An Answer!” was sent out by AOLA to advertise “Solo-Auditing [Exh. No. 341].”
- “Gain Total Certainty That You Can Solo Audit” is an advertisement that was included in a 2001-issue of “Advance!” magazine and promoted “Solo-Auditing [Exh. No. 342, Excerpt].”
- The leaflet “The Best Service and 100 % Standard Tech Is Waiting For You At Ron’s Org” was distributed by the FSO in 2001 [Exh. No. 343, Excerpt].
- “Get The Flag Case Check!” was included in an edition of “Source”-magazine during 2001 [Exh. No. 344, Excerpt].”
- “Join The Briefing Course Club” is a promotional piece that was sent to the mailing list of ASHO in 2001 [Exh. No. 345].

The prices for these services are regulated by CSI. In a declaration made to the IRS in its tax-exemption application, CSI stated about its pricing policy [Exh. No. 346, Excerpt]:

“CSI accomplishes this policy by requiring all pricing proposals to undergo extensive review by the executives of the ecclesiastical hierarchy who are involved in the production, dissemination or delivery of the publication, service or material involved. This extensive review is ecclesiastically mandated to ensure each proposal meets the following three criteria:

“First, the fixed donation amount must be affordable to a broad segment of the general public. ...”

A look at price lists that were inserted in editions of “Source” and “Advance!”-magazine during 2001, show, that the term “affordable” is at least misleading if not fraudulent, as AOLA and the FSO demand rather extortionate prices for their services.

From the FSO-pricelist [[Exh. No. 347](#), Excerpt]:

“Flag Intensives and Case Cracking auditing	\$ 6,776.00
L Rundowns, per 12 ½ hours	\$ 12,100.00
OT III – The Wall of Fire	\$ 8,712.00
New OT VI	\$ 13,600.00”

From the AOLA-pricelist [[Exh. No. 348](#), Excerpt]:

“Hubbard® Solo Auditor Course Part One	\$ 4,257.00
OT Preps & Eligibility Auditing, per 12 ½ hours	\$ 5,130.40
OT III	\$ 7,040.00
New OT V Audited NOTs®, per 12 ½ hours	\$ 6,388.80”

How much money CSI and RTC were and are using from these funds for the planning and execution of intelligence operations is kept in the dark. While officially the Church of Scientology is using funds from the “war chest” of the “International Association of Scientologists” for the “defense of the religion [[Exh. No. 349](#)],” the organization has never made it public or known to its members how much money was spent for such operations. The average public member has in fact no knowledge that his/her church is spending, for example, hundreds of thousands of dollars per year for the employment of private investigators and that a significant portion of his contributions are in fact used for, what he would consider, unethical, immoral and sometimes illegal activities.

In 1992 CSI published the book “What is Scientology?,” which should inform the public in detail about the belief system and the activities of the Church of Scientology. Under the question “Why do Scientologists make donations?,” CSI used a very misleading description to explain the organization’s use of the funds [[Exh. No. 350](#), Excerpt]:

“Scientologists’ donations keep the Church alive and functioning, fund its widespread social reform programs, make Scientology known to people who may otherwise never have the opportunity to avail themselves of it, and help create a pleasant and safe environment for everyone.”

Chapter 73 - Obstruction of Justice

Sec. 1512 - Tampering with a witness, victim, or an informant

“(b) Whoever knowingly uses intimidation or physical force, threatens, or corruptly persuades another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to - (1) influence, delay, or prevent the testimony of any person in an official proceeding; (2)

cause or induce any person to (A) withhold testimony, or withhold a record, document, or other object, from an official proceeding;”

Count 1: The conspiracy to destruct and to withhold evidence, executed by the “Office of Special Affairs” during the criminal investigation into Lisa McPherson’s death, which was conducted by the Clearwater Police Department and the Florida Department of Law Enforcement.

Lisa McPherson was a public Scientologist from Clearwater in Florida, who had joined the organization in 1977 in Dallas and who later worked at times as a staff member at the “Celebrity Center Dallas.” In 1993 Lisa McPherson moved to Clearwater, when her employer the company “AMC Publishing” decided to settle in Clearwater and operate from there. AMC Publishing was composed mostly of Scientologists who were “parishioners” of the “Church of Scientology Flag Service Organization, Inc.” (FSO), which is promoted as the “spiritual headquarters of Scientology.”

In 1995 Lisa McPherson received an intensive auditing program at the FSO, which included several individual steps of Scientology processing like “Class XII auditing,” and “Power Processing” for which she paid over \$ 70,000 in 1994 and 1995 [Exh. No. 351].

During this period of intensive auditing Lisa McPherson ran into severe mental problems. Apparently in June/July of 1995, Lisa experienced a psychotic episode which caused the FSO to place her under an “isolation watch” at the organization’s main building, the former hotel “Fort Harrison.” The Church of Scientology claims to possess a technology to undo a psychotic breakdown by confining them in rooms. After observing them in silence these persons get “treated” with certain processes, like the “Introspection Rundown,” which eventually should free them from their psychotic episodes. During Lisa’s first crisis in June and July, the FSO-staff kept detailed, daily notes about her mental and physical condition, while she was being confined. These logs were written by the individual staff who had watched Lisa during her psychotic period [Exh. No. 352].

After Lisa had managed to overcome her breakdown, she continued to work at AMC Publishing and received more auditing at the FSO. In September Lisa achieved the status of “Clear,” which per Scientology-definition enables a person to be “mentally stable” and “free from active or potential psychosomatic illness or aberration” [“What is Scientology?,” page 65, © CSI 1993].

Nevertheless on November 18th, after she had been involved in a minor car accident, Lisa got out of her car and while walking wild-eyed down the street, she took off all her clothes. The police brought her to Clearwater’s Morton Plant Hospital, where she was examined by a psychiatric nurse. Soon after several Scientologists, including OSA-member Humberto Fontana, arrived at the hospital and talked to her. A little while later Lisa checked herself out of the hospital, against the advice of the doctors. The Scientologists brought her to the Fort Harrison, where she would spent the following 17 days in room No. 174, again being held under isolation watch.

On December 5th, the Scientologist “caretakers” called Dr. David Minkoff, a public Scientologist, who worked at the New Port Richey Hospital. Janis Johnson, FSO-staff member and “Medial Liaison Officer,” told Minkoff that Lisa could not walk and requested a

prescription of penicillin. Minkoff refused and told her to bring Lisa to the nearest hospital. Johnson apparently responded that Lisa was not that sick and that they would transport her to Minkoff's hospital. When they finally arrived with Lisa 45 minutes later, while having passed three other hospitals on the way, Minkoff pronounced her dead on arrival [Exh. No. 353].

The day after, on December 6th, the Medical Examiner Officer conducted an autopsy of Lisa's body. Its report stated that the death was caused by "bed rest and severe dehydration [Exh. No. 354, Excerpt]." The Clearwater Police Department concurrently started a wrongful death investigation.

About one year later during November 1996, a Scientology-critic from Arizona, Jeff Jacobsen, discovered a request for information concerning Lisa's death on the web page of the Clearwater Police Department. Subsequently he posted the matter on the Scientology newsgroup "alt.religion.scientology." About three weeks later, on December 15th, the "Tampa Tribune," as the first newspaper, published the story of Lisa's death and the on-going police investigation [Exh. No. 355].

Within the following months the case of Lisa McPherson became the subject of countless articles in local, national and international newspapers and magazines. Even several television documentaries were produced that featured the mystery about the circumstances of Lisa's death.

While the police investigation was still going on, the Estate of Lisa McPherson filed a wrongful death-complaint against the FSO and various individuals on February 19th, 1997, who participated in the care-taking of Lisa ("Estate of Lisa McPherson vs. Church of Scientology Flag Service Organization, Inc., Janis Johnson, et al," Circuit Court for the Sixth Judicial Circuit in and for Pinellas County, No. 97-01235).

Five months later the notes and reports from the Lisa's caretakers became the issue of a court ruling. The civil trial judge ruled that these notes were not confidential and released them to the open court record [Exh. No. 356]. It became publicly known that Lisa's McPherson's caretakers at the Fort Harrison kept daily notes, describing her mental and physical state as well as any medical measurements they had undertaken to improve Lisa's physical condition. These reports had then been forwarded to the "Case Supervisor" Alain Kartuzinski, who had supervised Lisa's treatment. The reports further revealed that Lisa was given Chloral hydrate and Magnesium chloride and was shortly before her death evidently in a progressed dehydrated state.

A note in a "plan" of one of the caretakers on December 1st, 1995 stated [Exh. No. 357]:

"(2) Needs 2 l fluids when awake and attempt to feed."

Another report from November 22nd, described one of several psychotic episodes Lisa had to endure during the 2 1/2 weeks [Exh. No. 358]:

"... She started swearing again at me. This went on for 25 minutes. I went on this watch as I had no senior to consult with at 2 am. I went into the room + and she went totally Type III [=psychotic]. Blabbering, non-coherent, non-stop. ...

“After 1 pm she went violent + hit me a few times, telling me in a rage she was to kill me ...”

A report from December 2nd, gave a hint of her physical condition [Exh. No. 359]:

“2 pm. Appears to be awakening. She has tried to stand several times but is not strong enough yet. ...”

“4 pm. She has tried to stand a couple of times but is not strong enough.”

In December 1997 the Clearwater Police Department which had worked together with the Florida Department of Law Enforcement concluded its investigation and issued a final report on December 15th which was presented to the Florida State Attorney’s Office [Exh. No. 360, Excerpt]. The report ended with a recommendation to file criminal charges for “aggravated manslaughter” and “practice of medicine” without license against three FSO-staff members, Alain Kartuzinski, Janis Johnson and Laura Arrunada. In an interview with a newspaper OSA-senior executive Kurt Weiland stated that the Clearwater police had “no evidence” and would follow a pattern of discrimination against his church that had begun in the 1970s [Exh. No. 361].

One week earlier, on December 5th, the Scientologists had staged a huge protest with several thousand members demonstrating in front of the police headquarters, accusing the Chief of Police Sid Klein of discriminating and violating the rights of Scientologists. [Exh. No. 362]. The protests were held at the same time as a group of Scientology-critics were holding a candle light vigil in the memory of the death of Lisa McPherson in front of the Fort Harrison.

While for the next several months the public was waiting for the decision of the State Attorney’s Office if it would prosecute the Scientologists for the death of Lisa or not, some movement did take place in the civil case. David Minkoff, the Scientologist doctor, who had prescribed medicine on behalf of Lisa without actually having seen her while she was the Fort Harrison, had been included as a defendant in the course of the initial stage of the lawsuit. In September 1998 he surprisingly settled with the plaintiffs with a payment of \$ 100,000 towards the estate of Lisa McPherson [Exh. No. 363].

On November 13th, 1998 the State Attorney’s Office made its decision public, when Prosecutor Bernie McCabe announced that he had filed criminal charges against the Flag Service Organization for abuse, negligence and the illegal practice of medicine in connection with the death of Lisa McPherson [Exh. No. 364].

A long period of pre-trial proceedings followed, until February of the year 2000, when a new report of the Medical Examiner Joan Wood dramatically changed the legal ground of the criminal case. Wood filed an “Amended Report on Autopsy” in which she changed the cause of death of Lisa from “undetermined” to “accidental” [Exh. No. 365]. The State Attorney’s Office announced that they would review the decision to see how it would influence their case against the FSO.

The review, conducted by Assistant States Attorney Douglas Crow, was completed four months later and formulated in a memorandum, written on June 9th, 2000 and sent to his superior McCabe [Exh. No. 366]. Crow wrote:

“While nothing in this review has caused me that the central premises behind the prosecution are erroneous, our ability to establish these necessary facts beyond a reasonable doubt has clearly been compromised. The changes to the death certificate and autopsy report are on their face seriously damaging to our underlying theory of prosecution. While Dr. Wood is an extremely intelligent and knowledgeable expert who is a formidable witness when defending a valid position, her inability to coherently explain her decision even under benign questioning by me is completely perplexing. Because of Wood’s admission of a serious forensic error, her illogical and unfortunately inconsistent justifications of her decision to change the death certificate and autopsy report, the inconsistency between the changes made in the death certificate and the forensic basis for our charges, her continuing equivocation on issues central to the criminal case, and the very real possibility that the cause of death listed by the Medical Examiner’s Office is incorrect, I have come to the conclusion that presentation of the Medical Examiner’s current testimony to a jury will create a reasonable doubt on crucial forensic issues. When combined with existing problems in the case, it is my recommendation that we should not continue to pursue the prosecution.”

Three days later McCabe publicly announced his decision to drop the charges against the Scientology-organization, stating the reasons Crow had given him in his memorandum [Exh. No. 367]. A newspaper article cited a comment of a senior executive of Scientology, Mark Rathbun, a member of the “Religious Technology Center” who declared that the criminal case had been based on lies and that anyone familiar with the facts would have known that Lisa died of a blood clot caused by the traffic accident on November 18th.

The civil case by the Estate of Lisa McPherson continued and during the writing of this affidavit a trial date for this case has been set for this summer.

In a separate fallout of the criminal case the Scientology doctor David Minkoff lost his license for one year as medical doctor after a hearing before the Florida Board of Medicine in August of 2001 [Exh. No. 368]. The Board found that he had prescribed Valium and the muscle-relaxant Chloral hydrate without having seen his patient Lisa McPherson and that therefore he had not acted like a “reasonably prudent physician.” Minkoff later appealed the decision, but an appeal board later upheld the earlier ruling.

Minkoff, with the loss of his license and the settlement payment of \$ 100,000 to the Estate, was the only person so far who had to face serious consequences because of his involvement in the “isolation watch” and the subsequent death of Lisa. Ironically, he was also the only one who showed contrition and sincerity when he was questioned by the police and State investigators about his role in the affair.

The activities and the role of the “Office of Special Affairs” (OSA) can certainly not be described as sincere, far less that contrite. While OSA’s propaganda machine relentlessly attacked everyone who either criticized the treatment of Lisa while at the Fort Harrison or who tried to bring light into the circumstances of her death, its legal division was responsible for the destruction of important evidence, which could have revealed the cause of Lisa’s death.

When the decision of State Prosecutor Bernie McCabe to file criminal charges against the FSO was announced in the media on November 14th in 1998, an article in the Tampa Tribune cited an affidavit of an investigator of the Florida Department of Law Enforcement. Special Agent Lee Strobe stated in his affidavit that certain internal reports on Lisa’s physical

condition were either lost or destroyed by church officials [Exh. No. 369]. Specifically the sworn affidavit from November 13th 1998 said:

“... Andrea Sprecher testified in your Affiant's presence that she was approached by Alain Kartuzinski and told to assign Janice Johnson, who was employed by the CSFSO in the Medical Liaison Office, to assist full-time to the task of taking care of Lisa McPherson.

“Your Affiant further learned from numerous witnesses that other CSFSO employees were organized on a schedule where caretakers watched her 24 hours a day. Most of these caretakers made written reports to Alain Kartuzinski, Lisa's senior case supervisor, as to her condition.

“Your Affiant, pursuant to subpoenas, obtained and reviewed many of the documents and reports that were made by caretakers and delivered to Alain Kartuzinski. A number of reports made by caretakers, including any and all records relating to Lisa's condition which were created during the last 53 hours of her life, have been lost or destroyed by the ‘Church.’ ...”

The so-called “caretaker reports,” already mentioned earlier in this chapter were probably the single most important evidence in the case, as they described Lisa's physical and mental decision from the view of the Scientologists who watched her and who would later, on December 5th, decide that it was necessary to call Dr. Minkoff because Lisa's condition had severely deteriorated. The last report that was made available to the investigators ended on December 3rd at 4 pm, 53 hours before her death [Exh. No. 370].

To establish what happened with the missing documents, the investigators interviewed not only the technical staff and Lisa's “caretakers” but also subpoenaed several OSA staff for questioning during 1997. The police was told that Scientology's records on Lisa, including the pc-folders, which contained the daily reports on her condition during the isolation watch, were given to the local Office of Special Affairs. It also learned that at some point in time all the documents were sent to the OSA-headquarters in Los Angeles.

On April 22nd, 1997 the legal head of OSA International, Lynn Farny, was questioned about the whereabouts of the missing documents by the State Prosecution and the police in the Criminal Justice Center. He confirmed the destruction of certain reports by FSO-personnel:

Q: “Okay. So that fills in a gap for me. You - you were the one that requested Lisa McPherson's files be boxed up?”

A: “That's right.”

Q: “Okay. And again, I'll go through a lot of various folders here, is that including everything, her central file, folders, PC folders, ethics folders?”

A: “Well, everything in the OSA office at the time, which included pre-Clear folders, and I believe it did include the accounts folder, although that wasn't one of the ones I was necessarily interested in. That is ‘supposed to stay with Flag. There was a central file there and personnel folder material. It didn't include any of the stuff we subsequently found from the Celebrity Center in Dallas, it was just the stuff they had at Flag.”

Q: “Right. So you say - what month was that that [sic] got shipped out to L.A.?”

A: “I think it was May. Doesn't seem like it was any later or earlier. Seems like the - ...”

Q: “’96?”

A: “’96, yeah. Seems like the end of May. I know it’s been a point of controversy since then, but there was something that Sudler had said to Bob Johnson that indicated to us that the police were basically done and just waiting for the autopsy report. So I said, Okay, well, fine, send everything up here and we’ll wait and see what happens.”

Q: “You came with some copies of the - how thorough was your search at that particular moment in December of ’96 on you bringing virtually all of the caretakers notes? Do you know if you did?”

A: “No. December, I just - December, I just went through the first volume, saw they were there, kind of grouped together in the front. I didn’t do a thorough search at that point.”

Q: “You’re not sure if you got every single one of the caretakers’ notes on that December search?”

A: “I wasn’t then. I am now, yeah. February he was subpoenaed.”

Q: “Did you follow through with any theories or leads that you might - might have had in order to help locate the missing documents?”

A: “Yes.”

Q: “What were those?”

A: “Well, I tried to backtrack several of them through the system back to see if they arrived at Alain’s office. Then to determine if they made it from Alain’s office over to OSA the night of December 5th, ‘cause I learned that Annie Mora and Lacy Spencer went over to Alain’s office that night and gathered up what could be found. Most of the things were in a separate folder on top of the pre-Clear folder, ‘cause Lacy wasn’t able to look at the pre-Clear folder. And although - Annie told me they found some stuff kind of scattered around on Alain’s desk as well. I tried to determine if any of the people involved remembered specific reports for sure, because by then we were getting witnesses who were saying, you know, I wrote one report, I wrote three reports, I wrote- you know, I hand carried this one to Alain, that sort of thing. And so I tried to piece it together.”

Q: “Most of that information came through their lawyers after I took their statement?”

A: “Yeah.”

Q: “Okay.”

A: “That’s right. You know, each one, I’d get either a phone call or come up around the conference table, hey, Lynn, more documents. Okay, where? So I tried as best I could to backtrack it through there. And I found so many points of, I’ll be frank with you, sloppy record keeping that I kind of despaired I’d ever find them.

“Lacy got rid of several at the beginning before she knew they were supposed to be kept. Alain isn’t sure if he kept everything, and his office looked like a pigsty, as far as I was concerned. Annie and Lacy didn’t get everything when they - got everything they could find that was there that night. Brian didn’t keep everything, we know he shredded some.

“You know, the only thing I know, from the moment I laid hands on those boxes of folders in December, when I went to pull everything out - actually from May, because I was pretty, satisfied nobody touched them - all the pieces of paper that I had my hands on went to the lawyers, and then

the responsive stuff went to you. But before that there was just so much sloppy record keeping that I knew I wasn't going to find everything.

"Oh, and 'there was one - later on Alice Vangrondelle testified she had written a Knowledge Report complaining she had been woken up at two o'clock in the morning, to deal with this, and that report hadn't come up in any of my searches. I sent Glen over to the ethics files area a couple of times to find it. I told him he wasn't allowed to come back to until he found it, 'cause I was sick of documents being missing. And he found that misfiled in another part of the ethics folder.

"Then after that he did the entire formal document search, I guess it was interspersed, where Glen had the people in charge of different areas formally search their documents, in writing to counsel, so we had an actual formalized document search. Before that it was me routing around trying to find what I could find out."

Q: "The last three days of her death, the caretaker reports for the last three days prior to her death you could not find?"

A: "It's two days, the 4th and 5th, only included in the summary and no caretakers' reports."

Q: "The 3rd, 4th, 5th and other dates."

A: "There's a lot of dates you're missing - there's one from the 3rd, Rita's, hers went into the 3rd."

Q: "We don't have Rita's, we do?"

A: "Whatever you have is there. The last couple of days are missing, as well as Swiss cheese throughout the time period."

While Farny primarily blamed the FSO's lack of oversight of its records for the disappearance of documents, the newly appointed "Custodian of Records" of the Clearwater Office of Special Affairs, Glen Stilo, proved that the Scientology management obviously was not interested to change it to the better, as he could not answer the most obvious questions about the missing documents during his interrogation on July 24th:

Q: "Let me cut you short because you were kind of heading off. When I say where did they go, we're referring to these missing ones. Obviously we don't know where they went or you didn't know where they went?"

A: "I did not, no."

Q: "Where did the bulk of them go which I've been provided?"

ATTORNEY MR. WEINBERG: "Where did they come from?"

Q: "Where did they go from Mr. Kartuzinski, these documents right here that are on the Internet now? These, have you seen these? These are the ones - ..."

MR. WEINBERG: "They're produced."

Q: "... - that have been produced."

A: "Yes, those are the ones we produced."

MR. WEINBERG: "Do you know where they were located?"

A: "I don't - I don't understand the question."

Q: "The question is, Mr. Kartuzinski read all those documents, that they were provided to him by either the security guard or Lacy Spencer, correct?"

A: "I don't know - ..."

MR. WEINBERG: "He read them?"

A: "... - that he read that them, but he obviously - well, I don't even know if he got them."

Q: "You don't know if - ..."

A: "They're addressed to him."

Q: "My question is: He's testified, Kartuzinski, he was getting these, they were going to him first, is that correct?"

A: "Yeah. Well, this one was. This one says Senior CS."

Q: "Right. A lot of them do."

Q: "My question is simple enough. We have these."

A: "Uh-huh."

Q: "Where did these go after him?"

A: "I don't know."

Q: "You did not follow up on where - where these records - how they ended up getting to us, I mean the normal course? You would think that you'd check where the normal course of these records went so you could find the lost ones."

MR. WEINBERG: "Are you asking him where they were located, is that what you're asking?"

Q: "I want to know if somebody knows in that building where Alain Kartuzinski's mail goes when he puts it in his basket. And these were going, apparently, out of there to, I assume, Lisa's folders. Now, I don't know which folder, Ethics, PC."

A: "That's true. I don't know what he did with them, no. All I know is we have them."

Q: "Yeah."

A: "And that's what I'm supposed to produce."

Q: "Do we know how we got these? Do you know that?"

A: "No."

Q: "Who knows that? Who knows the answer to that?"

A: "I don't know."

During December 1995 Brian Anderson had been the "Commanding Officer OSA Clearwater." Although he confirmed during his interview on August 14th, 1997 with the investigators that the death of Lisa was a significant and grave event for him and the organization, he lost at the same time significant portions of his memory about important after-events:

Q: "And he didn't have a lot - I mean, he didn't have a lot of answers, and mainly because the guy's from L.A., and he was in charge of investigating where all these documents went. You know we're missing documents, correct?"

A: "Yes."

Q: "Okay."

A: "I don't know, when you say 'missing,' if - ..."

Q: "Well, let me put it this way - ..."

A: "I know, yes."

Q: "I don't want to play word games with you. And I'm trying to be straight and blunt with all my questions with the people that I interview so they know exactly where I'm coming from so they can give me straight back answers."

A: "Understood."

Q: "I got a bunch of documents here that were provided for me through subpoenas."

A: "Right."

Q: "Then I think you've read some of these, you indicated you read - these are all caretakers' notes - ..."

A: "Right, I've read those."

Q: "... - that I've gotten. You've probably seen these."

A: "Yes."

Q: "When did you see those? When is the first time you ever saw that pile of paper?"

A: "It was roughly a couple months ago."

Q: "Well, this is August. That would have been - ..."

A: "Sometime in June, I would think."

Q: "June?"

A: "Late June or so."

Q: "The first time you saw these things?"

A: "Yes, sir."

Q: "All right. I got these pursuant to this subpoena right here back in February. All right?"

A: "Uh-huh."

Q: "And somebody in your Church gathered them up and gave them to the lawyer over here, Sandy's place over in Tampa, Sandy Weinberg."

A: "Uh-huh."

Q: "My question is, who gathered them up?"

A: "I don't know who gathered them up."

Q: "That's a tough question. Nobody seems to know the answer to who gathered them up. Who knows the answer to that? Does Ben Shaw know the answer to that?"

A: "I don't know. I would - I would think - ..."

Q: "Simplest question in the world."

A: "I would think that would be a simple question to answer."

Q: "You would think."

A: "Yeah. I don't know who gathered them up. I saw them in, I guess it was late June, roughly. You know, it was some weeks ago, but fairly recently. That was when I first read these."

Q: "Well, see, you know where we're going with all this. You know why I have these questions on this area."

A: "I can - I can guess."

Q: "Yeah. We're missing a bunch of stuff."

A: "Right."

Q: "And that's what we're kind of - ..."

A: "The last couple of days."

Q: "Right."

A: "Right."

Q: "Well, actually, we're missing some spotty ones throughout and then certainly the last few days. But I have - how many guys did I come up with? They're on a list here with - ..."

DETECTIVE SERGEANT ANDREWS: "11 or 12."

DETECTIVE CARRASQUILLO: "11 or 12."

Q: "11 or 12 reports that people - I didn't even count the ones that people said - like the last fellow we just interviewed, he's a Security guy, Mr. Toth, he wasn't sure, so I don't but that down as 'reports existed' category, okay? I don't count that."

A: "Right."

Q: "The ones that I put down as 'reports existed' category are the people that say, yeah, I remember that day, I wrote a report, stuck in the basket, gave it to so and so, gave it to Lacy Spencer, I gave it to, you know, Kellerhaus, whatever. Those I put down as missing reports because somebody said they did one."

A: "Right."

Q: "Well. I would think they'd be included with those and they're not. So I'm kind of doing a little investigation as to where those reports are. And my question is, who gathered up all those reports and gave them to the lawyers? And you're the head guy, I would think maybe you would know the answer to that."

A: "Well, I've been in Public Affairs since the first part of last year, May, June last year."

Q: "I know, but - ..."

A: "It wouldn't have been - the request wouldn't have been put to me in Public Affairs to round up these documents or - ..."

Q: "Well, this is a subpoena. I subpoenaed them now. So who would have been in charge of rounding up the documents in February of '97? Who is that person? Who might it be?"

A: "I would have guessed - I would say Glen Stilo."

Q: "No, wasn't Glen Stilo. He says no. He's a California guy."

A: "I don't know who would have gathered them up. I'm kind of missing something here. You put in a request to have these produced?"

Q: "Yeah. That's a subpoena."

A: "So it went to our attorneys? To the Church?"

Q: "To the attorneys."

A: "And somebody would have gathered them up?"

Q: "Well, yeah. The attorneys aren't allowed in your building."

A: "I see your point. I don't know who gathered them up."

Q: "Well, who do I ask to find out the answer?"

A: "Well, Glen would be the one to ask."

Q: "Glen doesn't know the answer to the question."

A: "Somebody gathered them up, 'cause they're gathered up."

Q: "They're all gathered up."

A: "I don't know. I don't know who."

Q: "All right. These things were all sent, according to Glen, to California, maybe once, if not more, various folders, PC folders, ethics folders and stuff. For some reason they sent them to California. Are you aware of that?"

A: "Not aware of that. Wouldn't surprise me."

Q: "Sometime, and I don't even know the time -

PROSECUTOR MR. McGARRY: "You know the time frame, Wayne. When was that? They said they sent them over after the death sometime to California."

DETECTIVE SERGEANT ANDREWS: "No, but Kellerhaus indicates these reports here were delivered to your office, which you were in charge at that time. OSA, okay, and they were given to Judy or Brian. And Judy would have been Judy Fontana and Brian would have been Brian Anderson. Those reports."

THE WITNESS: "These reports?"

DETECTIVE SERGEANT ANDREWS: "You're in charge then. That's right after this thing happened. Kellerhaus gathered them up from Kartuzinski and brought them to OSA."

THE WITNESS: "Correct me, excuse me, someone said that they gathered up these reports and gave these reports to me?"

DETECTIVE SERGEANT ANDREWS: "Yeah."

THE WITNESS: "Definitely to me?"

DETECTIVE SERGEANT ANDREWS: "And that's Paul Kellerhaus."

MR. POLLI: "We're not talking about the interview on December 5th reports that got handed to him by Marcus Quirino?"

DETECTIVE SERGEANT ANDREWS: "No, the entire file. Kellerhaus had to go back to Kartuzinski and - and get them and he delivered them to the office of OSA, which at that time he delivered them you were the boss, and he gave them to Judy or Brian."

THE WITNESS: "He said Judy or Brian?"

DETECTIVE SERGEANT ANDREWS: "You were the boss."

THE WITNESS: "I don't recall getting these reports. And I surely didn't read these reports at that time. So if they were brought over there - ..."

DETECTIVE SERGEANT ANDREWS: "Would you have sent them automatically to Los Angeles?"

THE WITNESS: "I don't even remember getting them, you're asking me what I did."

DETECTIVE SERGEANT ANDREWS: "I mean, if those reports came to you, and we have them coming to OSA."

MR. MCGARRY: "He can't answer that 'cause he didn't get them, he says he didn't get them."

BY MR. MCGARRY: "Let me ask you this: Who knows the answer to all these questions?"

A: "Well, I would have - you said Glen didn't know. I would have said Glen."

Q: "Glen doesn't know. Glen doesn't know how they got to California."

A: "I don't know either."

Q: "Well, there's some missing people here."

A: "I'm - I'm - I don't know."

Q: "I've gone all the way to the top, and you don't know the answer."

A: "That's - that's correct. I don't know. I'm trying to think what could have happened. I mean, I'd be conjecturing. I don't remember getting these reports. I surely don't remember sending them anywhere, 'cause I don't remember, even having them, these reports here, could we call them caretaker reports, these daily reports. So where they went, I don't know. And who sent them where, I don't know. If you say they arrived in L.A. - ..."

Q: "Well, that's what Glen said. He said that PC folder, which is where these were placed, according to Glen, went to L.A. - ..."

A: "Right."

Q: "... - after she died. I don't know why that would have happened."

After Brian Anderson it was Humberto Fontana's turn, the former "Director of Social Reform OSA CW," had been with the group of Scientologists who had persuaded Lisa McPherson to leave the Morton Plant Hospital and to check in at the Fort Harrison. Like Anderson he suffered severely from amnesia when asked for the whereabouts of the missing documents during an interrogation on September 10th, 1997:

Q: "Lisa's folders, PC folders, ended up in your office according to Annie Mora. Do you know why that was?"

A: "No."

Q: "They're not normally kept there?"

A: "Right."

Q: "They're normally kept in another section of the building?"

A: "Right."

Q: "Mr. Kartuzinski would have had possession of the folder if he was in charge of her as the senior case supervisor, right?"

A: "Uh-huh."

Q: "And your office ended up with those folders boxed up. Did you ever see them?"

A: "When I arrived back from Los Angeles in around May or June of '96, I remember seeing a few folders in the office. And I don't remember them being boxed up, but I think there were a few folders."

Q: "When you say a few folders, whose folders?"

A: "Lisa's."

Q: "Her folders were lying around the office in May or June of '96?"

A: "Yeah. There were a couple there, 2 or 3."

Q: "In your office?"

A: "Uh-huh."

Q: "Where did you see them, whose desk? Who had control of them? Whose custody?"

A: "Well, it was there in the legal office, or I think they were in the legal office."

Q: "That was in April or May did you say?"

A: "No. May or June."

Q: "May or June of 1996. Were they in a box or were they individual folders lying out?"

A: "They could have been in a box. I just remember seeing the folders."

Q: "Describe it. How big? How many?"

A: "There were maybe a couple folders. They're about this fat."

Q: "You're describing what could be - ..."

A: "Manila envelope."

Q: "You describe what could be 3 or 4 inches thick?"

A: "Each maybe a couple to 3 inches thick. They are PC folders."

Q: "That would contain auditing?"

A: "Yes."

Q: "They would also contain the caretaker's notes that I got some of. Are you aware of that?"

A: "No."

Q: "You're not aware that the caretaker's note were being routed to Alain Kartuzinski?"

A: "No."

Q: "Are you aware of that now?"

A: "Right."

Q: "You weren't aware of it then?"

A: "No."

Q: "When did you become aware of it?"

A: "About a week ago."

Q: "That some of these caretaker's notes were in those folders?"

A: "Uh-huh."

Q: "And that information was gained to you through the lawyers in this case?"

A: "Yes."

Q: "Did you ever open those folders or gaze upon any of the contents of those folders?"

A: "No."

Q: "You're saying that you saw them, but you didn't look at them?"

A: "Right."

Q: "Who was in charge of them?"

A: "Well, it would be my wife."

Q: "So she had the possession of them?"

A: "Yeah. They were in her office."

Q: "Where are they now?"

A: "I have no idea. They could be in the warehouse here."

Q: "Let me ask you this. Are they in your office?"

A: "No."

Q: "Are they in the OSA office?"

A: "No."

Q: "Are they in there anywhere? Any Lisa McPherson documents in your office right now at all?"

A: "To my knowledge, no."

Q: "That's all I'm asking, the best you got."

A: "No."

Q: "Were you aware that sometime along the way here they were shipped to LA? Were you aware of that?"

A: "I don't know about all of them, but I remember my wife telling me that she was sending some to LA."

Q: "Okay. Do you know whether she did that at the request of somebody or she was just doing that because that's the normal course of business for the church?"

A: "Well, it's not the normal course of business."

Q: "To send folders to LA?"

A: "Not necessarily, unless somebody is getting counseling or something would be probably - ..."

Q: "She is dead at that time?"

A: "Right. It's either a request or for some reason she decided to send it there. I don't know which of the two it was."

Q: "Annie Mora told me she boxed them up to send them to LA. I was kind of curious as to who told her and why and who requested them. Do you have any of that knowledge?"

A: "No, I don't. But if she did them, it may not have been in the legal area and maybe she just handled it from a request from - ..."

Q: "Whoever?"

A: "Right."

Q: "In LA?"

A: "Yeah."

Q: "Do you remember when this was done?"

A: "I don't remember, but it must have been done after May or June of '96, I assume at least, unless she sent something at another time, but that's what I recall."

Q: "Would you say your wife has a little more knowledge in the routing and the contents of these folders than you do?"

A: "For the ones that were in the office, in her office at the time, yes, she would have more data."

Q: "They were specifically in her office within the OSA?"

A: "I'm pretty sure they were. Again, I mean, they could have been Annie's office. I thought I saw them in the legal office."

Q: "Did you ever meet Bob Johnson the original lawyer? Did you meet with him?"

A: "Yeah."

Q: "What was the purpose of that meeting? I don't want any privileged communication, but the purpose of that meeting was what, debriefing?"

A: "Basically where the case was at that time."

Q: "That was way back in December right after she died, right?"

A: "No."

Q: "Later on?"

A: "Yeah."

Q: "Bob Johnson was later on?"

A: "Well, the times that I had anything to do with Bob Johnson, it was later on. It was after May or June of '96."

Q: "So you're not aware of who ordered the folders from LA?"

A: "No."

Q: "Do you know Kathy O'Gorman?"

A: "Yes, I know her."

Q: "Who is she?"

A: "She is the person that works in the OSA office in Los Angeles."

Q: "Kathy O'Gorman?"

A: "O apostrophe Gorman."

Q: "She is the data chief?"

A: "Uh-huh."

Q: "You ever talk to her about this case?"

A: "No."

Q: "Has your wife, that you know of?"

A: "No."

Q: "So she's a data chief at OSA International?"

A: "Uh-huh."

Q: "How do you know her?"

A: "I've been up in Los Angeles. I know a lot of the people that work there."

Q: "Just as a guess, would you think that she would have knowledge about these PC folders?"

A: "As a guess, she may or may not."

Q: "That's - ..."

A: "I mean, I really - ..."

Q: "That's good, an I don't know."

A: "I don't know."

Q: "How about Ken Long, you know him?"

A: "Yeah, I know Ken."

Q: "What does he do?"

A: "He works in the legal department."

Q: "In LA?"

A: "Yeah."

Q: "How about him, you ever talk to him in reference to the Lisa McPherson case?"

A: "Nope."

Q: "How about Carol Oakes?"

A: "Yeah."

Q: "Where is she?"

A: "She works in the office as well."

Q: "Your office or out there?"

A: "No, out there."

Q: "You talk to her about this case, Lisa McPherson?"

A: "No."

Q: "You have some conversation with Brian Anderson about the handling of this case way back when, when it first happened?"

A: "Nope."

Judy Fontana, former Legal Officer OSA CW and wife of Humberto Fontana was interviewed on September 17th, 1997. Apparently she did not bother to discuss essential issues of the case either with her husband or with her colleagues:

Q: "Prior to that have you ever seen Lisa's PC folder?"

A: "No."

Q: "Did you know where it was?"

A: "No."

Q: "Where is - where are everybody's PC folders kept in Clearwater?"

A: "Generally PC folders are kept in a warehouse."

Q: "Okay. Were you aware of Mr. Kartuzinski's having possession of them at any time?"

A: "No."

Q: "Were you aware of Brian Anderson having possession of them at any time?"

A: "No."

Q: "Were you aware of Annie Mora having possession of them at any time?"

A: "No."

Q: "Up until today?"

A: "No. That's correct."

Q: "So - now, you know that Annie Mora had possession of them at one time?"

A: "Well, no, I didn't know that specifically. Know that Annie Mora had - I had asked Annie where the pre-clear folders were."

Q: "When was that?"

A: "When I returned in January."

Q: "And what did she say?"

A: "And she told me that she had sent them or had them sent to Los Angeles. Whether she physically had the folders in her possession, I don't know, but she told me that she had them sent to Los Angeles."

Q: "She told you that in January of '96?"

A: "Uh-huh."

Q: "That she had already sent Lisa McPherson's pre-clear folders?"

A: (Nodding head.)

Q: "Do you know how many of them there were?"

A: "No."

Q: "But she had already boxed them up and sent them to LA?"

A: "That's right, or she didn't have to have necessarily done them herself but that, she had them sent to Los Angeles."

Q: "Okay. Who ordered that to be done?"

A: "I don't know, and I didn't actually ask."

Q: "Why?"

A: "It wasn't particularly pertinent information."

Q: "You're the legal officer in the OSA. Why wouldn't that be pertinent? You don't know who ordered those up?"

A: "No. No, I don't know who ordered it."

Q: "Who does know the answer to that question?"

A: "I would think Annie would."

Q: "Annie doesn't know the answer to that question. She actually said your name."

A: "I don't know who would know, because Annie - if Annie was the one that sent them, Annie should know the one who ordered them."

Q: "You would think, and I think she did use your name, so she's mistaken if she used your name in reference to ordering up those documents to send them to LA?"

ATTORNEY MR. LAURO: "Before you answer that, I don't have a copy of the transcript."

MR. MCGARRY: "I know."

MR. LAURO: "I think it's - ..."

MR. MCGARRY: "I'm just asking her."

MR. LAURO: "I think the reference from Annie Mora was either Judy or Brian. I don't think she was certain as to who. I could be wrong, but that's my recollection of what her testimony was."

MR. MCGARRY: "I think you're accurate on her."

BY MR. MCGARRY: "It could have been Brian or you. And you're saying it wasn't you?"

A: "It wasn't me."

Q: "And to the best of my recollection, Brian said it wasn't him, so who does that - who does that leave?"

A: "I have no idea. I mean, you're asking me to speculate on something when I wasn't present."

Q: "I'm not asking you to speculate. I'm asking you who might know the answer to my question."

A: "The one who would be logical would be Annie Page and if Annie and Brian don't know, then I'm stumped."

Q: "Well, let me ask you further questions about that area."

A: "Sure."

Q: "Why were they sent to LA? Why would somebody's PC folder be sent to LA if - if the person lived here? She's dead. Why did it go to LA?"

A: "Well, that's actually pretty usual when you have an occasion where a parishioner has obviously gotten into some sort of trouble. The folders would be reviewed."

Q: "By who?"

A: "By somebody - somebody from the - one of the senior officers who were in charge of the ministerial actions for the church and that's out in Los Angeles. That's pretty regular."

Q: "And as a legal officer in Clearwater, the head legal officer in OSA, you don't know who that was?"

A: "No."

Q: "I'm talking today, right now, you - ..."

A: "I understand."

Q: "... - don't know who the person is that has - where are the PC files now?"

A: "I have no idea."

Q: "And have you - and have you talked to Glen Stilo about this matter, this Lisa McPherson matter?"

A: "No."

Q: "Not at all?"

A: "No."

Q: "Are you aware that Glen Stilo was kind of doing a document search in reference to some reports that we suspect are missing from Lisa's PC folder? Are you aware that he was doing that?"

A: "No."

Q: "When's the last time you've seen Glen Stilo?"

A: "This morning."

Q: "Oh, he dropped you off here this morning?"

A: "Exactly."

Q: "And you're trying to tell me that now he's - to this day you've never talked about Lisa McPherson's case with him?"

A: "No. I discussed it with my attorney in preparation for this meeting."

Q: "I understand that. And as well as Sandy Weinberg and Lee Fugate, correct?"

A: "That's right."

Q: "Previously, earlier?"

A: "Previously."

Q: "This summer?"

A: "Uh-huh."

Q: "So he is now - what - give me his title exactly, Glen Stilo's position."

A: "He's the legal officer for Flag, Flag Service Org."

Q: "And when did he take that position?"

A: "I actually don't know, but it would have been sometime in the spring of '97, I would think."

Q: "And you're not aware, because you're not in OSA now, nor privy to any of the Lisa McPherson talk, where the PC folder is?"

A: "That's right."

Q: "To this - I mean, who knows where the PC folder is right now?"

A: "I have no idea who knows."

Q: "So in February of this year, of 1997, you were not in OSA - at the OSA?"

A: "No. I was in Los Angeles."

Q: "Did everybody in the OSA know that? I mean, I've talked to everybody in this OSA and this is the first time I've heard that you weren't the legal officer, really, for quite sometime."

A: "I would have thought they would know about that."

Q: "Well - ..."

A: “Maybe they thought I was.”

Q: “A lot of people give you credit that I’ve talked to for doing a lot of things, and, of course, now you are denying any participation practically whatsoever in the Lisa McPherson case.”

MR. LAURO: “Wait, wait, wait. That’s a little bit of an overstatement, because I don’t think you’ve asked certain questions.”

MR. MCGARRY: “In reference to records.”

MR. LAURO: “In reference to collection of records, I think that’s a fair statement.”

MR. MCGARRY. Q: “Right. In reference to the records you’re out of the loop?”

A: “That’s right.”

Q: “Other than knowing that Annie Mora sent them to LA? You knew that?”

A: “That’s right.”

Q: “But you don’t know why she sent them or who asked for them or who ordered that?”

A: “That’s right.”

Q: “Are you aware who the person is that actually went through the PC folder and determined what was caretaker notes and what wasn’t?”

A: “No.”

Lack of memory, lack of internal communication, bad administration of records – all such reasons were given to the investigators by the officials of the Office of Special Affairs as reasons for the loss of the missing documents. At the same time these individuals are bound to provide their superiors with detailed reports and debriefs on a daily and weekly basis about events that are far less important than the sudden death of a public member on their premises.

This “disorganization” that apparently hit the “Office of Special Affairs” right after Lisa’s death, according to the testimonies of its employees, must be seen in view of the following facts:

On the same evening that Lisa died, the “Prediction I/C OSA Flag” and the “CO OSA Flag” Brian Anderson were able to conduct several debriefs and to compile various information to write two lengthy reports that then were sent to “OSA International.” The first report contained information about Lisa’s “case history” [Exh. No. 371], the second covered the observations of the “caretakers” [Exh. No. 372]. Both reports were evidently written with the pc-folders in possession by the Office of Special Affairs.

Right after her death, Lisa’s personal effects were removed by FSO-personnel from the room at the Fort Harrison, where she had been staying [Exh. No. 373].

When Lisa's relatives arrived in Clearwater on December 16th 1995 to look after Lisa's apartment, they found people "carting out Lisa's belongings, including her stereo, television set, answering machine, telephone and clothes [Exh. No. 374]."

In his testimony Lynn Farny, the "Legal Officer OSA International," admitted that Brian Anderson had destroyed documents. It is utterly impossible that Anderson did this without the knowledge and upon coordinating it with his superiors. In this connection it is interesting to note that Farny had been indirectly involved in the destruction of documents during a lengthy civil litigation with an ex-member by giving false testimony about such an operation ("Lawrence Wollersheim vs. Church of Scientology of California et al," Superior Court for the County of Los Angeles, No. C332027). During the appeals process of that suit, Vickie Aznaran, former Inspector General of the "Religious Technology Center" stated in a declaration on June 29th, 1993 [Exh. No. 375]:

"... 8. I understand that Lynn Farny has submitted a declaration stating that Scientology complied with Judge Swearingin's order in the Wollersheim case to produce Wollersheim's pre-clear files. This is false. As I stated in my Fishman-declaration, I personally culled and destroyed (shredded) from these files evidence, which would help Wollersheim and hurt Scientology in the case. I was personally ordered to do so by David Miscavige, the head of Scientology, and Marty Rathbun. The culling and destruction took place at the Fountain Avenue building in Los Angeles. I was assisted in the document destruction by then Scientologist Jesse Prince. Lynn Farny was a low level Scientology official and was not at the meetings where this was discussed. However, Lynn Farny is not telling the truth, because as a Scientology staff member it is Scientology policy never to turn over information in litigation without first culling out (deleting and destroying) material that will harm Scientology. It is also, however, Scientology policy to lie to cover up such misdeeds."

That tactic was applied during the Lisa McPherson-investigation. The apparent case of "epidemic amnesia" among the OSA-members during the interviews with the investigators and the ostensible arbitrary shredding of documents were in fact an organized attempt to cover up anything that might hurt the organization. And such conduct is in fact standard policy within the Church of Scientology. L. Ron Hubbard stated in his 1959-booklet "Manual of Justice" [Exh. No. 376]:

"WHEN BEING INVESTIGATED

"If you are being investigated or if the Central organization is – sit tight, don't cooperate.

"Be legal to the laws of the land in the first place. After that kick investigators and reporters downstairs.

"... Never spook if investigated. And don't co-operate. Sit tight. Be silent. Make the investigator talk. Gradually put him into session if you can. Put him in birth or get him three feet back of his head. But don't co-operate or volunteer data. It's not that you've anything to hide. it's just that investigators can't duplicate. They pervert things they 'hear.'

"Your whole answer to anyone is 'This is an institution that has definite high standing throughout the world. Why don't you see our attorneys?' This kills press and cops alike.

"I've seen an outside investigation of a guiltless organization put the whole place in a flap. and cost it two days' of work or more. I've seen an organization fall apart by suspending operation for ten days while it permitted itself to be investigated. So don't co-operate. If you don't scare or cringe, the menace fades away. ..."

It is not surprising, that this booklet can be found in the earlier mentioned OSA Intelligence Officer check sheet from 1991 [Exh. No. 93], where it is listed as mandatory reading material under the chapter “Invest Basics.”

VIII - Conclusion

As seen in the affidavit and in the previous chapter, the Church of Scientology and its Office of Special Affairs have never abandoned the use of intelligence operations or illegal activities if such actions would be helpful to achieve Scientology’s goals.

The head of RTC, David Miscavige stated in a sworn declaration from February 8th, 1994 [Exh. No. 377, Excerpt]:

“...As a direct result of the GO corruption and its ultimate overthrow, the Church embarked on a complete corporate reorganization, in part to prevent such criminality from ever occurring again and to make sure a ‘new GO’ could never come about. This is where CSI and RTC came into existence and the reasons for their place in the Church hierarchy are clearly stated in the Church of Scientology International reference book What is Scientology?[:]

“November 1, 1981 – The Church of Scientology International was founded, signaling a new era of Scientology management. A strong standardized corporate structure was required to facilitate the rapid expansion of Scientology and maintain high ethical standards in a widespread international network of churches. ...”

The new management under Miscavige did reorganize Scientology’s corporate structure and a “new GO” in fact did not come about. Since its dissolution in 1983, its intelligence functions and criminal operations have been continued by the Office of Special Affairs, under the direction and control of the “Church of Scientology International” and the “Religious Technology Center,” and financed by the “Flag Service Organization, Inc.” and the “Church of Scientology Western United States.”

What I have mentioned in this affidavit are the cases of criminal conduct, which are exemplary for Scientology’s conduct and for which I possessed sufficient and explicit evidence, mainly using Scientology’s own internal documents, as I did not want to rely on declarations by ex-Scientologists. For this reason I have only used one time an extract from a declaration of a former Scientologist (ex-RTC official Vicki Aznaran) as supporting evidence.

There is far more to say about the Church of Scientology’s past and present un-ethical, illegal and non-charitable activities, that could be included in such an affidavit. Therefore, in order to have a more complete picture of Scientology’s activities I will add a few instances that I find characteristic of the organization’s general criminal conduct (Example 1) and that I think are exemplary for the organization’s dealing with criticism in general (Example 2).

Example 1: When the Scientology organization came under a lot of scrutiny by the German government during the mid-1990s, the German branch “Office of Special Affairs” was desperately looking for allies among various muslim organizations. The goal was to form an alliance with other “persecuted minority religions.”

While moderate associations of muslims showed no interest in any cooperation with them, the Scientologists found an ally in “IG Milli Görüs” (IGMG) a fundamentalist Turkish group, which has been under surveillance by the German intelligence service for its radical, anti-democratic and anti-Semitic views and its various contacts with other groups. IGMG has maintained and supported contact with muslim rebel groups in the Caucasian region as well as with radical groups in Africa, including the Egyptian “Muslim Brotherhood.”

This did not disturb the Scientologists and its Office of Special Affairs,” who began to consult the officials of the IGMG, Mehmet Erbakan and Hasan Özdoğan, in their real estate dealings and legal affairs. In return, the IGMG joined Scientology’s “Peace Movement Europe,” an association composed of members of “minority religions,” which was founded and led by President Rosemarie Mundl, an OSA operative and official of the German CCHR-branch.

In 1994/’95 the cooperation between Scientology and the IGMG intensified. Scientologists held seminars at IGMG’s headquarters in Cologne and Özdoğan invited his new allies to strategy meetings in Islamic countries. One of these invitations led the Scientologists, including Mundl, to a visit of the annual celebrations of revolution in Libya [Exh. No. 378]. There the delegation with members of the above-mentioned “Peace Movement” could watch a tank parade before they were personally welcomed by Libya’s ruler Muammar Qaddafi.

When the contacts between the Scientologists and IGMG were made public in 1996 and 1997, the Turkish muslims quickly renounced their contacts and distanced themselves from the ideology of Scientology. Now Özdoğan publicly declared about the Scientologists and their activities:

“They have have nothing to do with religion and are completely secular oriented. Scientology is solely maintaining an American make-money ideology.”

Example 2: On June 16th, 1998 NBC’s “Dateline” aired a documentary called “The Crusader” that portrayed the Scientology-critic Robert Minton from Boston. Included in the show were segments extracted from interviews the host John Hockenberry had held with the chief of the “Office of Special Affairs International” Michael Rinder.

In two segments Hockenberry discussed Scientology-founder Hubbard’s policy regarding criticism of Scientology. Fully aware that the show would be aired to a national audience, Rinder was not shy to defend Hubbard’s statements that “every critic of Scientology is a criminal” and deliberately compared critic Minton with terrorist Timothy McVeigh:

HOST JOHN HOCKENBERRY: “L. Ron Hubbard says, ‘We do not find critics of Scientology who do not have criminal pasts. Over and over we prove this. we have this technical fact - those who oppose us have crimes to hide.’ Do you believe that?”

RINDER: “Sure.”

HOCKENBERRY: “People who oppose you are undoubtedly criminals?”

RINDER: “I believe that, yeah.”

Voice-over: “And that’s straight from the writings of Scientology founder L. Ron Hubbard. The maxim is, ‘When under attack, attack,’ he once wrote. ‘It is only those people that have crimes that will attack us, and they will so back off for fear of being found out when attacked back.’”

HOCKENBERRY: "That sounds a little paranoid, Mike."

RINDER (chuckling): "Maybe so, John, but I, I - ..."

HOCKENBERRY: "Why aren't they just people who disagree with you?"

RINDER: "Well, I think that there's a difference between people who disagree and people who are on some sort of an active crusade or a campaign to attempt to destroy the church. I think that that's - ..."

HOCKENBERRY: "Well, L. Ron Hubbard here says that the difference is that they are criminals invariably, in their past are crimes."

RINDER: "Yeah, I think that that's true."

HOCKENBERRY: "Now, he also says, 'Try it on your next critic, finding their crimes. Like everything else in Scientology, it works.'"

RINDER: "Uh-huh."

HOCKENBERRY: "It sounds like that's saying, 'go out and investigate your critics.'"

RINDER: "I think that you could characterize it that way, yeah. I think that, that looking into the motivation of people as to why it is that they are seeking to destroy the church is a valid thing to do."

RINDER: "I don't know what motivates this guy [Robert Minton], I don't know what. But on the other hand if you asked me, do I know what motivated Timothy McVeigh to go blow up a building because his view is that the people sitting inside that building are violating the rights of citizens of the United States, I don't know why he does that. I, I don't know that you could - ..."

HOCKENBERRY: "Now, you've just compared Bob Minton to Timothy McVeigh."

RINDER: "No, motivation. Like, what is it that motivates someone to, to do that? I don't know. I don't know how you tell someone does that before they do it."

HOCKENBERRY: "All right, but you very deliberately compared Bob Minton to Timothy McVeigh."

RINDER: "All right."

On December 28th, 1997 CBS' "60 Minutes" aired a documentary about the take-over of the "Cult Awareness Network" (CAN) by the Church of Scientology. CAN had been a non-profit association that had informed the general public about cults and had been one of the most vocal critics of Scientology in the United States.

The Church of Scientology had run several intelligence operations against CAN and its members and was, in the end, successful in driving it into bankruptcy through a false imprisonment suit. CAN was found guilty in 1996 by a Californian jury to be co-responsible for the deprogramming attempt on a young man, Jason Scott, who had been a member of a controversial bible-group. During the trial Scott had been represented by Scientology-lawyer and OSA-member Kendrick Moxon. At the bankruptcy proceedings, that followed the verdict in the Scott-trial, a Scientologist, Steven Hayes, bought with \$ 20,000 the right for using CAN's name and logo and set up a counseling service under the same name that was run by Scientologists.

The “60 Minutes”-show also featured some of the intelligence operations that had been conducted prior to CAN’s demise and which included the hiring of private investigators to find dirt in the private lives of CAN officials. Cynthia Kisser, as the national executive director of CAN, had been a primary target for such activities. In one segment host Lesley Stahl interviewed Kendrick Moxon about his hiring of private detectives to investigate Kisser. Moxon could not resist to smear her with the allegation, although he knew it was false, that Kisser had been a topless dancer prior to her employment at CAN:

HOST LESLEY STAHL: “We are told, Mr. Moxon - ...”

KENDRICK MOXON: “Yes.”

STAHL: “... - that a small army of private investigators was hired by your law firm to go out and dig up dirt on members of CAN, Cynthia Kisser specifically, and anything else they could find. Is that true?”

MOXON: “I - no, it’s not true.”

STAHL: “Now, a lot of lawyers hire private eyes to dig up dirt on people - ...”

MOXON: “No - ...”

STAHL: “...- I mean, now, we were even hearing - ...”

MOXON: “- I don’t know. I know ... I’ve heard that people do that, and I know that the media does that, but I don’t know that a lot of lawyers do that. I don’t do that.”

Voice-over: “He acknowledges using private detectives, but not for the purpose of digging up dirt. But former private eye Michael Shomers says Moxon’s law firm hired him to do just that.”

MICHAEL SHOMERS: “Find the sleaze, to find the hidden alcoholism, to find the hidden drug abuse, if that was the case.”

STAHL: “The sex life.”

SHOMERS: “The sex lives.”

STAHL: “Bad debts.”

SHOMERS: “Correct.”

Voice-over: “He says he got his marching orders during a meeting right in the Scientology church in Washington, DC. He says a staffer briefed him on CAN, and jotted down notes that Shomers kept. He says he was told to investigate CAN and its purported allies: IRS officials, and congressman Henry Waxman of California. And he was told to dig up enough dirt on Cynthia Kisser to destroy her reputation and intimidate her into silence.

STAHL: “It says, ‘Topless dancer at the Blue Note in Tucson, Arizona, Cynthia Kisser.’

SHOMERS: “That’s correct.”

STAHL: “So did you investigate that?”

SHOMERS: "Yes I did."

STAHL: "Was she a topless dancer?"

SHOMERS: "No."

STAHL: "Did you tell the Church of Scientology - ..."

SHOMERS: "Yes I did."

STAHL: "... - that these allegations were not true?"

SHOMERS: "That's correct."

MOXON: "I don't know if she's a topless dancer or not."

STAHL: "Did you tell our producer that you didn't believe that was true?"

MOXON: "I told your producer that I thought, looking at Cynthia Kissner, it seemed improbable that she could have been a topless dancer because of the way she looks."

Voice-over: "Yet despite his own view and the evidence from investigator Shomers, Moxon, also a minister in the Church, persisted in bringing it up."

MOXON: "I mean, we've got a declaration already indicating that she had been a topless dancer."

STAHL: "I can't believe you're continuing to talk about her being a topless dancer!"

MOXON: "Why? That was one of the allegations - ..."

STAHL: "But you even said you don't even think she was one. It's character assassination."

MOXON: "I don't - that - Lesley, there is a declaration from a woman swearing that she was a topless dancer."

STAHL: "Were you a topless dancer?"

KISSER: "No, and later the person that they claimed told them that retracted it ... issued a retraction saying that it wasn't true."

In another show of "60 Minutes" from December 22nd, 1985 L. Ron Hubbard's false credentials that had been attributed to him by the organization were discussed. At that time the so-called Armstrong-trial had received a lot of publicity. Armstrong, a former archivist of Hubbard was sued by the Church of Scientology for allegedly stealing private documents from Hubbard. The suit was dismissed in the fall of 1984 and judge Breckenridge's comments received afterwards attention as he had stated that Hubbard was a pathological liar and had characterized both the founder and its organization as paranoid and schizophrenic.

Besides talking to ex-Scientists and the former Hubbard biographer Omar Garrison, host Michael Wallace also interviewed the President of the "Church of Scientology International," Heber Jentzsch and then CSI's lead attorney Earle Cooley at Scientology's

headquarters in Los Angeles. In an apparent attempt of intimidation Wallace and his crew was surrounded by a hundred Scientologists and several cameras during his interview.

When Wallace confronted Jentzsch with Hubbard's writings about the founder's proposed treatment of Scientology's critics, Jentzsch went into a verbal counter attack with which he unwillingly confirmed Breckenridge's comments about the organization's actual state of mind:

Voice-over: "The current church leadership has located the Scientology headquarters in L. A. We wanted to know what they had to say. And the Scientologists, although unhappy with our report in 1980, finally agreed to an interview. But this time, the Scientologists, convinced that we were out to attack their church, arranged for several of their videotape cameras to be trained on us at all times during the session. Church President, the Reverend Heber Jentzsch, had his attorney, Earl Cooley, sitting at his side and almost a hundred Scientologists were called in as witnesses."

JENTZSCH: "Scientology is the only road to total freedom, whether you agree with it or not, that is the truth. And 'he' has outlined the way to do it."

HOST MICHAEL WALLACE: "The ... only ... road ... to ... total ... freedom. That's the only road?"

JENTZSCH: "I said, the only road to 'total' freedom."

WALLACE: "Yes. What does that mean: 'only road to total freedom'?"

JENTZSCH: "Oh, is there some word there you don't understand?"

WALLACE: "I ... I ... I don't understand the concept. I mean ... what kind of freedom are we talking about?"

JENTZSCH: "Spiritual freedom."

WALLACE: "And, as for the founder, L. Ron Hubbard?"

JENTZSCH: "I think he's probably one of the greatest men who ever lived. I think that what you see and hear are ... all through this place are recognitions for what he has done in the area of drug rehabilitation, what he has done in areas of education, recognition of cities and mayors and governors and so forth and individuals whose lives have been changed."

Voice-over: "But if Hubbard is a man of enlightenment, he is also a man who is obsessed with his perceived enemies. 'Attack the attacker,' he writes. 'If Scientology is attacked on some vulnerable point, always find or manufacture enough threat to cause them to sue for peace. Always attack, don't ever defend.' According to former church members, it is writing like this that inspired bizarre plots, like the ones against Paulette Cooper and numerous others. But when I put some of that to the Reverend Jentzsch, he accused us of coming to the defense of Scientology's enemies."

JENTZSCH: "We say when Pearl Harbor happened, you'd be the first guy going over there to represent the Japanese cause he probably bruised his knee when he killed all those Americans. You'd say, 'Oh, don't attack the attacker.' Just going to wipe you out, you know. Just a bunch of poor Japanese bombing? 3000 miles off course. Mike Wallace, that's great. That's real great rhetoric."

Voice-over: "Then the Reverend Jentzsch turned to the scriptures to try to convince us that we were taking things out of context."

JENTZSCH: "The Torah has said 'If one comes to kill you, rise up and kill him first.' ... [Several other quotes, including Exodus 2, 11:14] I can just take it and turn it back to you and say, 'You're a Jew, how do you respond to this thing?' I don't think that's fair. I think that is a despicable activity by anyone to take it out of context. And I can go through the whole bible and lift it out and make it look just as crazy, just as weird, as you're trying to do here. With millions and millions of word in print in a religion and you can take out two words or you can take out a sentence and you can somehow try to bring it down to that."

Voice-over: "In the course of reporting this story it became apparent to us that the Reverend Jentzsch is persuaded that 60 Minutes itself is somehow involved with others in a plot to destroy Scientology."

JENTZSCH: "You may not like our religion. You may try to castigate it. You may try to denigrate it. You may try to bring down the image of Mr. Hubbard, but you cannot change what has happened in the hearts and minds of every single Scientologist who has had benefit from the man and what he has done."

Voice-over: "And:"

JENTZSCH: "We're here. We're here after 60 Minutes disappears and the electrons are erased off the tape, we'll still be here."

Voice-over: "What about the credibility of Homer Shomer and the other former Scientologists who are now speaking out? The Scientologists claim that those former church members were purged from the church, in effect thrown out, after an internal power struggle. According to the church's leaders they are all disgruntled and have personal gripes and so the church says, they are lying. Sullivan, Shomer, Garrison and others have all been called as witnesses in court about their experience with Scientology and according to the Reverend Jentzsch the words of California Superior Court Judge, Paul Breckenridge, who presided over one of those cases in which the Scientologists were embroiled. In that case the Scientologists did not testify to all they told us in this report. Still, Judge Breckenridge found Sullivan, Shomer and Garrison to be extremely persuasive, to be credible witnesses. And I read further from the judge's opinion:

"The organization is clearly schizophrenic and paranoid. And, this bizarre combination seems to be a reflection of its founder, LRH. The evidence portrays a man who has been virtually a pathological liar when it comes to his history, background, and achievements.' The Reverend Jentzsch says that he has investigated what was the basis for the judge's decision."

JENTZSCH: "I traced back where that came from, this whole schizophrenia, paranoia concept that he has. It came from Interpol. At that time the president of Interpol was a former SS officer, Paul Dickopf and to find that judge Breckenridge quoted a Nazi SS Officer as the authority on Scientology, I find unconscionable. You may support it. I can't support that in any way, shape or form."

The dismissal of the Armstrong-case and the validity of Breckenridge's memorandum was later affirmed by the Californian Appeal courts.

In my opinion these two examples perfectly demonstrate the criminal and fanatic mindset behind the Scientology organization.

For Scientology officials it is apparantly totally concurring with their philosophy and internal policies to get in contact with muslim extremists or to meet such a questionable figure as Qaddafi, if such a contact is promising for "future expansion of the religion."

The above mentioned public comments, made by the present officials of the Scientology management, lack even the slightest form of introspection or self-criticism. If such behavior is an indication of the true activities of this organization, which I believe it is, one can only speculate about the actual number of illegal operations these individuals were and are involved in.

I declare under penalty of perjury that the aforementioned facts set forth are true and correct.

Respectfully Submitted,

Martin Ottmann

Paris, France on February 25th, 2002