

IV. FACTUAL DESCRIPTION, HISTORY AND ANALYSIS OF SCIENTOLOGY

A. General History and Description of Scientology

Scientology is an international cult created, operated and controlled by Lafayette Ronald Hubbard for the purported purpose of selling courses, publications and services, which claim to cure various physical and emotional ills, and which allegedly provide spiritual rewards. There is substantial, perhaps overwhelming evidence, to support the conclusion that, despite Scientology's attempted religious front, it is in reality a criminal, fraud-ridden, commercial, profit motivated enterprise engaged in the practice of psychotherapy with a military structure and operational methods designed to accumulate money, information and power.

Scientology's legacy of victims, who have been swindled, mentally crippled and sometimes killed by Scientology practices have caused many nations to convene formal inquiries into Scientology. These nations include England, Australia, New Zealand, Canada, South Africa and Rhodesia. France has convicted Hubbard of criminal fraud. The Reports from two of these inquiries, Australia and England, are contained in the Appendix to this Report.^I and ^I It is fair to say that in general these inquiries have concluded that Scientology is a maze of intertwined corporations, claiming tax-exempt status, masquerading as a religion, and conducting anti-social, fraudulent, and psychologically harmful practices. The English and Australian reports and the facts established by this firm also support the finding that the above-cited practices are generally directed towards the weak, unbalanced, immature, unstable, rootless and often traumatized individuals, in our society.

Such individuals are generally more susceptible to false claims of promised cures. Scientology is adept at finding the person's "ruin" or problem, and making extravagant promises to solve the problem at exorbitant, and patently commercial fees.

The purported belief systems or dogma of Scientology are a hocus pocus menagerie of science fiction, the occult, magic and claimed physical and mental well-being. Scientology does not worship a God. It is rather a pseudo-philosophy of mental and physical health based on supposed scientific research and case studies. A Federal Court in Washington, D.C. found that the writings of Hubbard which embody Scientology "doctrine" or "dogma" are predominantly non-religious, false and fraudulent. VII- 4 The writings of Hubbard also contain vicious Scientology policies used against opponents including "Fair Game", "Disconnect", "R-2-45", the "Blown Student" and "Attack the Attacker". Hubbard's own mental illness and twisted perspective on fundamental human values is reflected in much of his writing. Hubbard's own falsified background is typical of the fraudulent representations made by his Organization. Thus, any inquiry into Scientology must begin with an inquiry into Hubbard.

1. The Founder and Promoter - Lafayette Ronald Hubbard

a. His background

L. Ron Hubbard was born at Dr. Campbell's Hospital on Oak Street in Tilden, Nebraska, on March 13, 1911. His mother, Ledora May Hubbard was also born in Tilden, Nebraska. Ledora's father, L. Ron Hubbard's grandfather, was Lafayette O. Waterbury, born in the State of Michigan on July 20, 1864. L. Ron Hubbard's grandmother was Ida Corinne DeWolf born in Illinois on August 6,

1863. L. Ron Hubbard's father, Harry Ross Hubbard, (U.S. Navy), was born Henry August Wilson in Fayette County, Iowa, on August 31, 1882. Harry Ross Hubbard's father died when Harry was a child, and he was adopted by Mr. and Mrs. James W. Hubbard, also of Fayette County, Iowa, and his name was legally changed to Harry Ross Hubbard. L. Ron Hubbard's birth data is verified by his certificate of birth in the Bureau of Vital Statistics in Lincoln, Nebraska, File No. 126-165-11. III-1

According to various biographies published in Scientology books, Hubbard was raised on a cattle ranch "one quarter the size of Montana", which was owned by his maternal grandfather. Here, Hubbard was said to have learned to ride a horse before he could walk, to have become friends with an Indian medicine man, and to have become blood brother with the "Blackfoot" (sic "Blackfeet") Indians. He refused to go to school, since schooling was unnecessary for him, and was more interested in exploring, breaking wild horses, and hunting coyotes.

Hubbard's grandfather (Waterbury) never owned a large cattle ranch in Montana. No records can be found showing that he owned any land at all in Montana. He did own a business several miles southeast of Helena, the Capital City Coal Company where the grandfather sold coal, feed, and was a practising veterinarian. Records indicate that Hubbard lived at 726 Fifth Ave., in Helena. This was the address of his father and mother and also of his maternal grandparents, as well as a number of aunts and uncles. III-1

The Scientology biographies state that Hubbard was able to spend several years traveling through Asia, China, Tibet, India, the South Pacific, the Philippines, etc., from 1925 through 1929,

living in the company of a magician descended from ancient masters, lamas, priests, and other wise men. Hubbard supposedly learned an entire dialect in one night (the Igoriti of the Philippines), and lived among native bandits who didn't harm him "because of his honest interest in them and their ways of life". Here, as a young man, Hubbard allegedly became interested in the "composition and destiny of man".

The facts are that during the years 1925 to 1929, Hubbard was a student at Union High School in Seattle, and Helena High School in Helena, Montana.

In 1925, when Hubbard was 14, his father was stationed at the Puget Sound (Washington) Naval Shipyards. The father and his wife lived in Bremerton, Washington as did L. Ron, which is where he went to high school. Hubbard's mother was a school teacher. Hubbard's father remained at the Naval Shipyards until 1927, when he was ordered to Guam as a Supplies Officer. The Navy allowed Hubbard and his mother to join him in Guam during the summer of 1927. A few months later, Hubbard returned to Montana and was enrolled at Helena High School in Montana. He subsequently dropped out of Helena High School because of poor grades, on May 11, 1928. After that he attended Swathely Prep School in Manassus, Virginia and then Woodward Prep School in Washington, D.C. Woodward was a school operated by the Y.M.C.A. for difficult students and slow learners. Hubbard attended Woodward from February to June, 1930. He graduated and was accepted into the School of Engineering at George Washington University. At the end of his first year, he was placed on probation because of poor grades, and at the end of his second year was asked to leave, again because of poor grades. III-1

21889248 on April 23, 1974. He presumably had a previous passport. Hubbard's claims to have been a teenager traveling in Tibet, China and India back in the 1920's are unlikely because of hostility to visitors, especially Americans. One of the first to be allowed to travel in these areas was Lowell Thomas, in the 1950's. Regarding his other purported expeditions, the Department Natural Resources in San Juan has no record of L. Ron Hubbard, nor does the U.S. Geological Survey, the Department of the Interior, the National Geographic Society, a number of prominent geologists who were working in Puerto Rico and Central American areas at that time, the Department of the Navy's Hydrographic Office, the University of Michigan, Princeton University, the State of Alaska and records researched by the New York Explorers' Club. III-1

The next segment of Scientology biographies concerning Hubbard, relate to a brave young U.S. Navy officer, eager to defend his country, who was the first casualty in the Pacific. Because of Hubbard's "importance" he was flown back to the United States in the Secretary of the Navy's personal airplane. Though severely wounded he was ordered to take command of a fleet of ships without any rest. He was "highly decorated" for his bravery in battle, and was America's first real life hero. After four years of battle, Hubbard was admitted to the Oak Knowles Military Hospital in Oakland, California, on September 5, 1945. Here, supposedly crippled, blind, and not expected to live from having been so severely wounded in action, facing an uncertain future, Hubbard applied all of his knowledge of nuclear physics, etc., and healed himself, by the sheer power of his mind. It is written that so complete and so miraculous was his recovery, that he amazed Navy physicians and psychiatrists.

According to further Scientology biographies, Hubbard is supposed to have combined his experiences as a traveller with his great knowledge of engineering, math, and physics which enabled him to discover the secrets of life. Hubbard wrote a book called "All About Radiation", written by L. Ron Hubbard, a "medical doctor and a nuclear physicist". Copyright L. Ron Hubbard. Hubbard alleges to have received degrees of Civil Engineering from George Washington University, and Doctor of Medicine, Divinity and Philosophy. This is all false. Hubbard flunked the only physics course he took. III-1

Hubbard alleges that he attended Princeton University. Hubbard may have received naval training at Princeton, New Jersey, as many officer candidates did during WW II, but this is not considered formal admission to Princeton University as an undergraduate student. His naval records suggest the fact that he attended the naval training school there from September 29, 1944 to January 27, 1945. III-2

Hubbard also claims in his Scientology biographies to have made expeditions into the jungles of South America, producing a Caribbean underwater motion picture expedition, financed by the navy Hydrographic Office for the University of Michigan, and to be the first person to use the navy's bathysphere, or diving bell. Hubbard's claims also include: the first complete minerological survey of Puerto Rico", rewriting the "Co-pilot", a navigational guide for the State of Alaska, leading expeditions into San Juan and Central America, for the Department of the Interior, and National Geographic Society.

The ascertainable facts are that the State Department Passport Office records show that Hubbard was issued passport No.

The facts are as follows: Naval records indicate Hubbard (U.S.N. No. 1133-92) was commissioned as an ensign on the 19th of July, 1941, and spent the first five months of his service in the Eastern United States. In December of that year, he was transferred to Melbourne, Australia where he was an Intelligence Officer for about three months, and was then sent back to the U.S. He bounced around from Maine to Florida to New York for a year, and then came to Portland, Oregon, where he became Commanding Officer of the U.S.S.P.C. - 815, a small destroyer-escort type vessel. This ship remained at the Albina Shipyards in Portland for about two months. In the middle of June, 1943, the 815 went down the Willamette and Columbia rivers to the Pacific Ocean, and steamed south to San Francisco and San Diego. A few days later, while at exercises in Mexican territorial waters, Hubbard ordered the crew to fire some practice rounds, using the ship's three-inch naval gun. The target was in line with the Coronados Island off the coast of Baha, California. The practice rounds of the gun exploded on or near the Coronados Island.

The Navy Department convened a Board of Investigation aboard the ship. The transcript of that hearing, (about 100 pages), showed conflicting testimony on estimates of how far from Coronados the ship was at the time the gun was fired, varying from a few hundred yards to eight miles. The results of the Board were not released, but it is a matter of record that a few days later, Hubbard was no longer in command of the PC-815. III-2

After leaving the PC-815, Hubbard was ordered to Portland, Oregon, and assigned to the U.S.S. ALGOL. The ALGOL was an armed troop carrier commissioned at Portland, Oregon, on July 21,

1944. Hubbard was aboard as Navigating Officer and Training Officer. Like the PC-815, she proceeded down the Willamette and Columbia rivers to the Pacific, then south to San Francisco, where she went through her "shakedown" cruise practising maneuvers and training exercises. III-2

On the afternoon of September 27, 1944, while docked in Oakland, California, Hubbard reported to the officer of the day that he discovered an attempt to sabotage the ship. Someone, Hubbard claimed, had filled a coke bottle with gasoline and inserted a cloth wick, and then had hidden it among some cargo that was to be hoisted aboard and placed in the Number One hold. The F.B.I. and Navy Intelligence were called in to investigate, but the records of this investigation are not available. The following day, just a few days before the ALGOL sailed for the Pacific and into combat, Hubbard was relieved of duty and transferred to a training school in New Jersey. III-2

After Hubbard left New Jersey, he spent nine months at the Office of Naval Civil Affairs, in Monterey, California, and on September 5, 1945, was admitted to the Oak Knowles Military Hospital in Oakland, California. Hubbard was apparently discharged from Oak Knowles on December 5, 1945 where he was awarded a 10% disability for duodenal ulcer, but this did not become effective until February 17, 1946, the day he was released from active duty. His disability was later increased to 40% for arthritis, bursitis, and conjunctivitis (an eye inflammation). His Veterans' Administration file No. is C-7017422. Hubbard's naval record further indicates there was nothing in Hubbard's service record to indicate that he ever received

medical treatment for injuries sustained in the line of duty. He did not receive the purple heart. III-2 It is interesting to note that Hubbard's father had a naval career and during the period in September - December, 1975 when the father became ill and died, Hubbard sold his "flagship", the "Apollo" and set up his land base in Clearwater.

On October 15, 1947, Hubbard wrote a letter to the Veterans' Administration requesting treatment. The request concerned "a mind which I had every reason to suppose was seriously affected. I cannot account for, nor rise above, long periods of moroseness and suicidal inclinations". (Emphasis supplied) III-3

The foregoing letter and other Hubbard activities at the time, including his involvement in the occult, suggest that Hubbard was bordering on the brink of serious mental illness following WW II, and that his in-patient treatment from September 5, 1945 to December 4, 1945 at the Oak Knowles Hospital may have been for treatment of an undisclosed mental or emotional disorder. However, the records for this hospitalization will not be released without Hubbard's consent and the nature of the treatment he received at Oak Knowles may never be known. III-2

Hubbard's possible mental illness is also indicated in a series of events which allegedly took place shortly after his discharge from the U.S. Navy in 1945. In the book, "Ritual Magic in England," Francis King describes Hubbard's involvement with Jack Parsons, a fellow involved in ritual magic and the occult. Parsons was a disciple of the "Hermetic Order of the Golden Dawn", an occult group founded in England. Parsons associated with an author, Aleister Crowley. In that year, Parsons struck up a "close and immediate" friendship with Hubbard, and in a letter to Crowley at the beginning

of 1946, Parsons said of Hubbard, "He is a gentleman, red hair, green eyes, honest and intelligent, and we have become great friends. Although he has not formal training in magic, he has an extraordinary amount of experience and understanding in the field. Ron appears to have some sort of highly developed, astral vision; he describes his angel as a beautiful winged woman with red hair whom he calls the Empress and who has guided him through his life and saved him many times." III-4

King relates that during the First World War, Crowley wrote a novel called "The Butterfly Net", which was later published under the name of "Moonchild". This book relates the story of a magical operation in which a particular type of spirit is supposedly in an unborn human embryo "by surrounding the mother with appropriate influences, carrying out certain rituals, etc. Parsons wished to carry out such an operation designed to achieve the incarnation of Babylon - an aspect of the great mother goddess Nuit - in an unborn child, and he decided that Hubbard would make an ideal co-worker."

King states that in order to obtain a woman prepared to bear this magical child, "Parsons and Hubbard engaged themselves for eleven days in rituals." After some time the rituals had the desired result when on January 14, so Parsons said, "Hubbard had a candle knocked out of his hand" Parsons went on to record that Hubbard called him, and "we observed a brownish-yellow light about seven feet high. I brandished a magical sword, and it disappeared. Ron's right arm was paralyzed for the rest of the night. " III-4

According to Parsons, on the next night, "Hubbard had a vision of an enemy of the O.T.O. (Crowley's occult group),

and 'attacked the figure, and pinned it to the door with four throwing knives, at which he is an expert.'"

King relates that the foregoing activities of Hubbard and Parsons allegedly achieved the desired result because on January 18,

"Parsons found a girl who was prepared to become the mother of Babylon, and go through the required incarnation rituals. During these rituals, which took place on the first three days of March, 1946, Parsons was high priest, and had sexual intercourse with the girl, while Hubbard who was present, acted as skryer, seer, or clairvoyant, and described what was supposed to be happening on the astral plane. Parsons believed that he had been successful in this operation, and wrote to Crowley: 'I can hardly tell you or decide how much to write. I am under the command of extreme secrecy. I have had the most important, devastating experience of my life', to which Crowley, for once at a loss to know what was going on, replied: 'You have me completely puzzled by your remarks, I thought I had the most morbid imagination, but it seems I have not. I cannot form the slightest idea what you can possibly mean'. The same day, Crowley wrote to Karl Gomer, his heir-apparent to the headship of O.T.O.: 'Apparently Parsons or Hubbard or somebody is producing a moon child. I get fairly frantic when I contemplate the idiocy of these louts'". (Emphasis supplied) III-4

The foregoing story bears a remarkable resemblance to that of a girl who defected from Scientology in 1979. She had been coerced into a perverted act of sexual intercourse with a man fitting Hubbard's description in Hubbard's private quarters at the Fifield Manor in Los Angeles. She describes the event as one where "my mind was being ripped away from me by force", while the man lay on her for one hour without erection and without ever saying a word. IX

King describes how Parsons and Hubbard had sealed their friendship by opening a joint bank account. "Parsons contributed his life savings of about \$17,000, while Hubbard

contributed approximately \$1,000. This aroused Crowley's suspicions and he wrote to Karl Gerner:

"It seems to me, on the information of our brethren in California that Parsons has got in a rumination in which he lost all his personal independence. From our brother's account, he has given away both his girl and his money. Apparently it is the ordinary confidence trick."
(Emphasis supplied) III-4

By this time, as the story goes, Hubbard had withdrawn about \$10,000 from the joint bank account, and used it to buy a yacht. The disillusioned Parsons pursued him to Florida, where he wrote to Crowley on July 5, 1946: "Here I am in Miami pursuing the children of my folly. I have them well tied up. They cannot move without his going to jail. However, I am afraid that most of the money has already been spent. I will be lucky to salvage three to five thousand dollars." III-4

King states that according to Parson, "Hubbard attempted to escape me, by sailing at 5:00 p.m. I performed a full invocation to Bartzabel (the spirit of Mars), within the Circle at 8:00 p.m. (a curse). At the same time, however, his ship was struck by a sudden squall off the coast, which ripped off his sails and forced him back to port where I took the boat in custody". Parsons died in 1952, after taking the oath of Anti-Christ when there was an explosion of rocket fuel in his laboratory at Pasadena, California. III-4

According to King, Hubbard and Scientology explain these strange events with the claim that Hubbard allegedly was working as a covert agent for the F.B.I. or the Navy. However, this claim appears to be a typical Hubbard falsehood.

In the late 1940's and early 1950's, Hubbard was pursuing a career as a science fiction writer. Hubbard's science fiction writing

led him to the field of mental health and religion. Combining all three areas, Hubbard wrote the book, "Dianetics: Modern Science of Mental Health." It became a best seller.

Hubbard claimed to have tested hundreds of subjects over a period of many years in the research and writing of Dianetics. However, according to correspondence from Ron Hubbard, Jr., his first born son, who now lives under a different name, Hubbard's writing style was one of writing "off the top" of his head mixing fact, imagination and science fiction and claiming a "scientific" basis for his conclusions, case studies and theories.

According to the son, Dianetics was written in three months. The son states that Dianetics reveals his father's obsession about abortion and sexual perversion, rather than being the product of real case studies. The son writes:

"But there was something in my father's past that explains his obsession with abortions. The following incident happened in Bremerton, Washington between January and September of 1941, and the reason he can pinpoint dates is that I moved 49 times by the time I was 19, and I have a list of each place I lived in and can relate incidents to that location. One night while we lived in that house in Washington, I remember being awakened in the middle of one terrifying night by my mother's screams coming from the bedroom across the way. I snuck out of my room, walked across to theirs, and peaked into the room since the door was ajar. All the lights were on in that room. I saw my mother lying on her back naked on the bed and my father sitting on her stomach, facing her feet. He was dressed in a Chinese robe with a multicolored (I believe black, red, green and yellow) dragon embroidered on the back of it.

I didn't understand what was happening, but I was petrified and ran to my bedroom and jumped back in bed trying not to think about the screams or what I had seen. I quieted down after a while, but then I heard more screaming and since I couldn't sleep, I snuck out again. When I peaked in at that time, I saw that there was a man there with a black bag, who I assume was a doctor, and he kept telling my father that she had to be hospitalized. I still remember his exact words; he kept saying that "it had to come out".

But I also remember that my father kept arguing and insisting that he would not let her go to a hospital.

That's all I recall of this incident except that the next day I saw sheets in the garbage can which had blood on them. When I was older, and had enough courage to admit to my mother that I had been watching that night, and to ask her exactly what had happened, she told me that he had forced her to have two abortions during their marriage. III-5

Dianetics, and the practice of it, purportedly was to be the elixir of all human illnesses and weaknesses. The sale of dianetics led to Hubbard's creation of the "Dianetic Foundation". The Dianetic Foundation, to research Hubbard's theories was shortlived and led Hubbard to begin Scientology.

According to the Federal Bureau of Investigation information file, and miscellaneous other sources, there is considerable evidence that Hubbard suffered from serious paranoia and delusion for most years of his life following 1945. This is apparent from his writings, both public and private, and from his personal life. On April 11, 1951, a Los Angeles Times article reported that Hubbard kidnapped his wife Sarah and his daughter, Alexis, and told her to commit suicide. Just prior to this article, on March 3, 1951, Hubbard wrote a letter to the F.B.I. concerning infiltration by communists into his Organization, charging that his wife, Sarah, might be a communist. Hubbard wrote a letter dated July 29, 1958 on stationery with the letters, D.D. and Ph.D. following his name (apparently for "Doctor of Dianetics"). In the July 29 letter, Hubbard claims that the Russians were seeking to enlist his aid, inviting him to Russia, apparently because of the "brainwashing" techniques he had developed in Dianetics. III-6

In a subsequent letter dated September 7, 1955, evidence of Hubbard's obsession with Communists, "brainwashing" and his own mental health is apparent from the following excerpt:

"After we so informed the Defense Department about brain-washing technologies in our hands and offered them, we have been in a state of siege. Understand that we accuse the D.D. of nothing.

...People in suspicious condition were sent from one place in Southern California to be "treated by Scientology" for insanity and yet we have no interest in treating anyone, especially the insane. Now two more people go suddenly and inexplicably insane in widely different places both the same way. All manner of defamatory rumors have been scattered around about me, questioning even my sanity which is fortunately a matter of good record with the Navy as by statement "having no psychotic or neurotic symptoms whatsoever." III-6

At other times, the F.B.I. reports that Hubbard was arrested for leaving his daughter, Alexis, alone in a car, and was arrested in San Luis Obispo, California, in connection with petty theft (checks). One F.B.I. report notes that Hubbard "appears mental". III-6

In 1975, Hubbard's son, Quentin, by his marriage to Mary Sue Hubbard, apparently committed suicide in Las Vegas, Nevada. Quentin was found in a car with hose running into it from the exhaust pipe. He was taken to a hospital in Las Vegas where a Scientology agent was sent in to steal portions of his medical records.

b. Creation, operation and control of Scientology

Hubbard's creation of Scientology can be traced to late 1951 when the "Hubbard Dianetic Research Foundation", an organization formed by Hubbard to promote the benefits of Hubbard's book, Dianetics in California, experienced financial problems, which ultimately led to bankruptcy. Differences between Hubbard

and the Board of Control of that Organization forced his withdrawal from it and he founded Scientology. Apparently, Scientology was first incorporated in Phoenix, Arizona, on May 19, 1954 under the name of Hubbard Association of Scientology International (H.A.S.I.). At approximately the same time a similar Scientology organization was incorporated in England under the name of Hubbard Association of Scientologists International Limited. III-7

The articles of incorporation of Hubbard's Associations of Scientologist International Limited, disclose that the Company was organized to conduct and carry on any and all scientific research, and more particularly the dissemination and advancement of knowledge of the human mind, mental, psychosomatic, and allied fields; to conduct schools and classes; to establish clinics; to publish and have published books, articles, letters, papers, magazines, and other periodicals. As the years passed, other organizations of Scientology were begun in Saint Hill, England, in Washington, D.C., Los Angeles, Ca.; Auckland, New Zealand; Melbourne, Australia; (New York City, San Diego, Ca); Berlin, Paris, (Detroit, Mi., Dallas and Twin Cities), Toronto, (Boston), and Florida). III-7, 1

Highly efficient lines of communication were and are maintained between Hubbard's first headquarters at Saint Hill, England, and now at his secret bases in the U.S., and all of the central organizations. For instance, a central organization in Clearwater, Florida or Boston, Massachusetts is in direct telex communication with Hubbard, or his designees, sending information and receiving orders. IV-1

The Hubbard Communications Office, (H.C.O., Worldwide), controls all written communications to and from Hubbard. The function of H.C.O. (WW) is described in a Hubbard Communications Office Policy Letter of February 18, 1964. H.C.O. (WW) is concerned with the organizations of Scientology on a worldwide basis. It deals with Hubbard's personal communications to and from the H.C.O.'s, orgs, and franchise holders (the Missions). It sends out Hubbard's policies and technical data. It has its own direct line to the H.C.O.'s, orgs, and franchise holders all over the world. It keeps a close supervisory eye on local Scientologists to ensure conformity to a "proper standard of Scientology ethics". IV-1

There is a constant stream of communication flowing from Hubbard and his now secret base via the H.C.O. to the various branches throughout the world. These communications contain instructions for carrying out various Guardian's Office (Secret Police) activities. IV-1

Up until the mid-1960's the H.C.O. Office was the "Police Force which governs the H.A.S.I." Due to the inherent instability of Scientology organizations, it became apparent to Hubbard in the mid-1960's to establish a separate police force to govern and oversee Scientology organizations throughout the World. This police force became known as the "Guardian's Office", and it is run by Hubbard via Hubbard's wife, Mary Sue. The Guardian's Office is responsible for carrying out overt and covert operations against former and fellow Scientologists, private citizens, and governmental agencies both on the local and federal level as well as maintaining internal order in Scientology organizations. IV-2, I

Financial control of the Church of Scientology, from its inception through the early 1970's was through a system of accounting based on instructions issued by the Hubbard Communications Office Worldwide under the direction of Hubbard. These instructions set out accounting records to be kept, procedures to be carried out and directions as to financial policy. A very large measure of financial control is exercised by H.C.O. (WW) IV-3

The accounting system is largely manual, and carried out by unskilled clerical labor. A method of invoicing is used to account for both income and expenditures. In respect to income, serial numbered invoices are placed in an invoicing machine for issue as receipts in debit and credit notes. A separate invoicing machine is in use for disbursements. An invoice is issued for each payment. IV-3

Each week's transactions are treated as a single accounting period, and copies of receipts and payments, and invoices together with a summary for each week are filed separately from the records applicable to other weeks' transactions. Each week's transactions are then telexed via financial offices at the local organizations to the financial offices of Hubbard. L. Ron Hubbard or Mary Sue Hubbard were the only persons authorized to draw checks on any Scientology account worldwide, until the mid-1960's except for organization accounts dealing with expenditures for operating expenses. IV-3

Later, Hubbard funnelled large amounts of Scientology income to a Panamanian corporation which owned his ship, the "Apollo". This was the subject of intensive investigation by the I.R.S.

During the 1960's and 1970's large sums of Scientology "tax exempt" funds disappeared and many individuals began lodging complaints against Hubbard and Scientology. As a result of government investigation, Hubbard purchased a number of ships in which he established his base of operations and used his telex system to communicate to all central organizations in the world. Although Hubbard attempted to disguise the nature of the ships' business and their whereabouts, Interpol, the international police force, kept a close watch on Hubbard's activities throughout the world. As a result of Interpol's work, Hubbard's ships were either refused port or not permitted to remain beyond replenishing stores and fuel.

As a result of numerous intercontinental investigations, and reported deaths and hospitalizations of Scientology victims, and as a result of investigations undertaken by the United States Government, Hubbard instituted one of the largest Scientology overt and covert operations against nations all over the world. The program was entitled, "The Snow White Program". This Scientology Guardian's Office program placed agents in more than thirty countries for the purpose of stealing files, infiltrating local and federal governments, replacing adverse Scientology files with favorable ones, pressuring public officials to allow Hubbard entry into its country, and as a last resort, if necessary, bribery.

The result of this operation and its success is not fully known. However, after a period of one and one half years, Hubbard purchased a number of large buildings in Clearwater, Florida for the purpose of setting up his "land base" in late 1975.

A description of Scientology operations in Clearwater and its criminal activity is set forth in subsection (D) of this Section.

From 1975 to the present, Hubbard has maintained secret bases in Dunedin, Florida; Gilman Hot Springs, California; and Laquinta, California.

The purpose of the secret bases is twofold: first, in order to effectively control all Scientology operations, Hubbard maintains the secret telex systems at his bases allowing him the control necessary without outside interference. Secondly, the whereabouts of Hubbard is sought by both state and federal officials and private litigants.

2. Structure of Scientology

The organizational structure of Scientology can be found in a Scientology diagram in Appendix IV-4. These diagrams graphically show the line of command for Scientology starting from L. Ron Hubbard down to the local "org" (churches), and "missions".

A description of this chain of command starts at the local level and works up through the various command lines reaching Hubbard at the very top.

Throughout various cities in the United States, local Scientology organizations are commonly called "orgs". Each org has seven divisions within it, each responsible for carrying out its particular operation. Division 1, commonly called the