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Sect front started to launder cash

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WASHINGTON—United Churches of Florida, the Scientology front group established in Clearwater in November 1975, was designed to be a tax shelter that could launder sect revenue nationwide, top-secret Scientology documents show.

Sect founder L. Ron Hubbard wrote in September 1975 that United Churches was being created "to preserve the assets of Scientology... in case of a total wipeout of the Church of Scientology by IRS."

The secret correspondence between Hubbard and

highest-level Scientology "Guardians" show that the founder feared that persistent government probing would cause "cessation of Scientology due to high payment to IRS."

United Churches purchased the old Fort Harrison Hotel and Bank of Clearwater buildings in December 1975 for \$2.3 million cash from another Scientology front group, Southern Land Development and Leasing Corp.

Hubbard's policy statements show that creating the non-profit United Churches organization was part of a series of "corporate moves" planned if the IRS continued to void Church of Scientology religious tax exemptions.

Letter indicates Hubbard visited
Clearwater to 'save operation,' 9A.

"... We must be fully prepared... to go right on operating throughout the U.S. and work until we get a straightjacket on IRS," he wrote. "The ultimate objective of IRS is to knock out all Scientology organizations in the U.S. on the pretext of tax. Thus newly operating under new corporate status that does not connect (with Scientology) is the obvious last-ditch effort.

"A full U.S. switchover could be programmed and should be just as an emergency measure," he wrote.

Hubbard considered the survival of the Clearwater base essential because it was—and still is—the headquarters for the "Sea Organization," whose members are eternally pledged to serving and protecting Scientology. There are about 400 Sea Organization members in Clearwater.

The Clearwater base, now including five other office buildings and hotels, is generally known as the "Flagship

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Land Base"—"Flag" for short.

Hubbard correspondence, apparently following unfavorable IRS action in Los Angeles, where the "mother church" is based, says "the present corporate moves" were designed "to continue Flag training and processing" and "to continue Flag management services." The United Churches group would allow the Flag to "function, financed and effective."

After Hubbard's order, U.S. Deputy Guardian Henning Heldt ordered assistant guardians at the "Flag" and nationwide to carry out the following:

✓ "Work out what the cash assets, real property assets and personal property assets of each U.S. (Scientology) corporation are." (Marked "D," presumably for "done" on Jan. 3, 1976.)

✓ "Investigate means of safeguarding cash reserves from IRS seizure or wipeout, to include increase of funds to Trustee Account via special assessments, percentage increases etc.; increases of funds to overseas Defense Funds." (Marked "D" Jan. 19, 1976.)

✓ "Work out whether it would be possible or advisable to sell all or some of the U.S. Church property on a lease-back basis... with options to renew lease or repurchase such that we would not be liable to losing a desired location." (No Mark.)

✓ "Consider the transfer of assets to newly forced corporations created for this purpose and report results." (No mark.)

Specific orders regarding the preservation of the Flag were to "establish back-up corporations to deliver the Flag's services should the Church of Scientology of California have difficulty in gaining exemption, or IRS takes some savage action." They included:

✓ "Complete formation of a dormant corporation for Flag." (Marked "D," Dec. 24, 1975.)

✓ "Complete formation

of a 'Mother Church' corporation separate from the dormant (corporation), for possible use re management functions." (Marked "D," Dec. 29, 1975.)

Later church correspondence between Guardians shows United Churches did obtain Florida non-profit status, but this was no longer "vital" since the group was later declared a part of the Church of Scientology of California—but only after media investigations began to uncover the link.

A letter dated July 26, 1976, from Deputy Legal Guardian Worldwide named "Larry," states:

"Dear Larry:

"I needed your approval on my plans to protect United Churches of Florida, considering the IRS could someday take over their assets for back taxes... if proven in the courts that UCF is legally not exempt."

Larry notes that with Bank of Clearwater and Fort Harrison Hotel property names now recorded under the Church of Scientology of California: "the planned vital role of UCF was not carried out."

But he cautions "Charles" that the United Churches group must continue to prove a profit status or it will affect the Scientology status. He says this can be done by maintaining "corporate integrity regarding accounts," adding: "Do not get into any profit activities."

The Church of Scientology of California—the Mother church which owns the Clearwater operation—currently lacks IRS exemption, an IRS spokesman in Los Angeles said recently.

In Clearwater, the church is still fighting for county property tax exemption, as it has for four years. The sect has been ordered by judges and by the county to pay more than \$240,000 in back taxes because of failure to prove it is a non-profit corporation.

The rulings have been based on the refusal of church officials to release financial records of the mother church in Los An-

geles. The latest ruling by the county also denied tax exemption because founder Hubbard allegedly profited from the church.

The Guardian correspondence concerning the Clearwater "Flag" base is contained in a 4-inch-high stack of letters relating to "Guardian" orders by Hubbard. Those and thousands of other documents now available for public inspection were the basis for the conviction in U.S. District Court Oct. 26 of nine top sect officials and Guardians, including Mary Sue Hubbard, Ron Hubbard's wife.

She and the others were found guilty of conspiracy against the government through breakings and buggings of many federal agencies including the IRS.

A Guardian Order on file here shows top church officials believed the "ideal scene" in the IRS would be: "IRS with no false reports in their files on Scientology, uninterested in Scientology taxes other than as a routine matter... busy elsewhere with the usual red tape... with the psychotics removed and their influence eliminated."

Henning Heldt, who ordered action on the creation of Scientology tax shelters was among those convicted of conspiracy against the federal government.