

# Sect moves its mortgages to 'religious trust'

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One former church official speculates that the mortgage transfers were made to funnel money to Scientology founder L. Ron Hubbard.

top church official before leaving Scientology in 1981, speculated that the transfer may be a means to funnel money to Scientology founder L. Ron Hubbard.

Franks explained that the church purchased most Clearwater properties with cash. Later, he said, the church mortgaged the properties to generate money for Hubbard.

Church spokesman Haworth denied that took place. However, he refused to name the beneficiary of the religious trust or the people who formed the trust. The mortgages only say the trust was formed Dec. 10, 1981.

The transactions include the landmark Fort Harrison Hotel at 210 S Fort Harrison Ave. and eight other parcels. Only one other piece of prop-

erty known to be owned by the church is not involved in the exchange: 516 Franklin St., the former site of the Clearwater Elks Lodge. The Scientologists paid the Elks in cash for the property in 1983, and there is no mortgage recorded for the property.

**COURT RECORDS** say the mortgage transfers of the other parcels took place July 8 and were recorded in the County Courthouse July 31. The records say the former mortgage owner — the Church of Scientology of California Inc. — received a total of \$5.9-million "from or on behalf of" the trust.

Haworth said the Internal Reve-

Please see MORTGAGES, Page 13

## Mortgages

from Page 1

nue Serv. (S) has granted the trust an exemption from paying income taxes because it is a charitable organization. However, IRS spokesmen say they could find no record of an exemption.

The IRS has been challenging the tax-exempt status of the Church of Scientology of California Inc. since the mid-1970s.

The Scientologists also are in a legal fight with Pinellas County, which wants the church to pay property taxes. Susan Churuti, assistant county attorney who is handling the tax cases, said the mortgage transfer would not affect any current lawsuits.

The trust is unlike many other Scientology organizations that surface into public scrutiny by their registration as corporations with the Florida or California secretary of state offices. Those records list the officers of the corporation.

In contrast, little information can be garnered about the trust because laws in Florida and California do not require the trust to be recorded in public records.

**FOR THAT** reason, according to lawyers and state officials, trusts are favored by people attempting to hide assets.

The Scientologists came to Clearwater in 1975 using another name and did not reveal their identity until after they had purchased the Fort Harrison Hotel. In the next four years the church purchased four parcels, including the Bank of Clearwater building at 500 Cleveland St. and the Sandcastle Motor Inn at 200 N Osceola.

Originally, the parcels were owned by the Church of Scientology of California. In 1981 a new corporation called the Church of Scientology Flag Service Org. Inc. bought the properties.

Mortgages were formed to pay the California corporation. The date of the last exchange is Dec. 10, 1981 — the same date that the Scientologists report the trust was formed.