

## Southern California report

# Charges Hubbard diverted funds called "garbage"

United Press International

Charges by church defectors that Scientology founder L. Ron Hubbard diverted more than \$100 million in church funds to foreign bank accounts was described Wednesday as "garbage" by the sect's president.

"I call it hyperspace junk writing," said Heber Jentzsch, president of the Church of Scientology International.

The former senior church officials, who have testified about the church's inner workings in Los Angeles court, told the New York Times that Hubbard directed them to establish shell corporations to channel much of the church's resources to his overseas bank accounts. Most of the money was on deposit in Luxembourg and Liechtenstein, they said.

"This is all false stuff. I am used, by now, to hearing such garbage," Jentzsch said. "The people in question have all been expelled for the crimes that they are complaining about.

"The question seems to be about \$100 million. As soon as those dissidents present such evidence to the church of \$100 million, we'll be glad to receive it and deposit it.

"We started our own investigation into the psychiatric connections on this (continued attacks on Scientology), and we know the attempt here is to destroy religion and to destroy logic and to poison the minds of people against religion. I understand the secret motives behind it," he said.

Scientology has been the subject of investigations in the United States, Britain, France, Australia, South Africa, Spain and other countries. Scientology officials contend Hubbard cut his ties in the mid-1970's and receives only a token \$35,000 annual consulting fee.

The organization insists the church's millions of dollars a year in revenue are being spent for charitable purposes.

But in interviews with the

New York Times, the former church officials said Scientology was run as a lucrative profit-making enterprise. Leaders, they charged, systematically used the most intimate personal facts confided by members in private counseling sessions to blackmail and intimate them.

Howard D. Schomer, a former Scientologist who was an executive from March 1982 to November 1982 of a firm said to be controlled by Hubbard, told the Times he had been told a major task of its staff was to convert assets of the Church of Scientology to Hubbard's assets.

Schomer said Hubbard's assets grew from \$10 million to \$44 million in the first six months he worked for Authors Services, a company founded by Hubbard.

Schomer, Gerald Armstrong, Laurel Sullivan and Kima Douglas were among several officials who spent years with the church but now are willing to talk about its inner workings. They each testified at a recent trial in Los Angeles during which church members tried to reclaim documents from Armstrong. Their request for the papers was denied.

Sullivan said she was in charge of a secret operation to transfer church assets to Hubbard through a "corporate shell." She said before she left the operation she helped develop a plan for Hubbard to be paid \$85 million in exchange for a trademark and copyrights to some of his books.

Hubbard, 73, could not be reached for comment about the charges. He has not been seen in public since March 1980.

Scientology was established as a new religion in the 1960s by Hubbard, who based its beliefs on a 1950 book "Dianetics" that espoused one-to-one counseling to increase clients' control over thought processes.

Clients pay Scientology counseling centers as much as \$5,000 an hour to be "audited" by a therapist.