

# Los Angeles Times

Thursday, January 1, 1987

## 6 Ex-Scientists File \$1-Billion Suit Over Funds, Secrets

By JOEL SAPPPELL and ROBERT W. WELKOS, *Times Staff Writers*

Former members of the Church of Scientology filed a \$1-billion class-action lawsuit against the organization Wednesday, accusing its late founder, L. Ron Hubbard, and a cadre of his most trusted aides of plundering church coffers, intimidating critics and breaching the confidentiality of sacred confessional folders.

The lawsuit was filed in Los Angeles Superior Court at a time when the church had hoped that its legal wars with its critics had been put largely to rest. Two weeks ago, the organization reached settlements reportedly amounting to millions of dollars, ending litigation brought against the controversial group by former members across the nation.

The church is appealing a Los Angeles Superior Court jury verdict in a case earlier this year that awarded former Scientologist Larry Wollersheim \$30 million. Wollersheim claimed that the organization had driven him to the brink of insanity and financial ruin for his criticisms of the group.

The latest suit was filed by six former members and Freedom for All in Religion, an organization that claims to speak for as many as 400 one-time Church of Scientology followers.

Their action, charging fraud and breach of fiduciary responsibility, represents perhaps the broadest condemnation of the church to date, incorporating some of the same allegations raised in the settled cases while raising some new ones.

• Between 1972 and 1982, more than \$100 million of church money was "illegally and secretly diverted" for Hubbard's personal use into overseas bank accounts he controlled. Part of that money allegedly was siphoned to Hubbard through a profit-making corporation in Hollywood known as Author Services Inc., Hubbard's literary representative, which is staffed by Scientologists.

The suit charges that Author Services "embezzled" church money by submitting "overtly false or exaggerated billings" to Scientology organizations. Hubbard defrauded his followers by claiming that he received only a small amount of money for his Scientology work and research, according to the suit.

These and similar allegations of skimming had been under criminal investigation by the Internal Revenue Service. Church attorney Earle C. Cooley told *The Times*,

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## SUIT: Ex-Scientists File \$1-Billion Class Action

Continued from Page 1

however, that the Justice Department refused a recent IRS request to impanel a grand jury on the matter. This, Cooley maintained, meant there was no substance to the allegations, and he would not comment further. The IRS has indicated that civil litigation may still be pursued against Hubbard's estate.

• Scientologists were deceived about Hubbard's background and achievements. The misrepresentations, contained in church publications written by Hubbard or others, include statements that he had been a war hero and a nuclear physicist, that he had traveled extensively throughout the Far East and that he was in good health.

### Illegal Operations

• Church funds have been used to bankroll illegal operations. The money allegedly was ordered paid by Author Services and a high-ranking Scientologist, David Miscavige, neither of whom had corporate authority to do so. The suit alleges, for example, that \$250,000 of Scientology money was ordered paid by Miscavige and Author Services to "frame" a federal judge "in a scheme to compromise him with drugs and prostitutes."

Church officials have denied that any such effort occurred.

• Beginning as early as 1969, church leaders had a "secret written policy" of extracting confidential information from the confessional files of individual Scientologists suspected of being enemies of the organization, according to the suit. This information, which contains intimate material on Scientologists' lives and thoughts, was then used "for purposes of blackmail and extortion."

The suit seeks to force the church to return these files to the former members and to prohibit Scientology from reproducing or

disseminating information contained in them.

Named as defendants in the lawsuit, which seeks \$1 billion in punitive damages and unspecified general damages, are Hubbard's estate and his widow as well as numerous Church of Scientology entities and their officers. Also named are two attorneys and Author Services and its key executives.

Neither representatives of Author Services nor Miscavige could be reached for comment.

The Rev. Ken Hoden, president of the Church of Scientology of Los Angeles, issued the following statement:

"The real fraud is that a handful of disgruntled former members who were asked to leave the church over three years ago because they were unwilling to lead moral lives are attempting to use the courts and the media to extort money from a religion. It's sad, but not surprising, that they have now turned around and hired a church-busting mercenary in an unconstitutional attempt to hurt those who tried to help them years ago." Hoden said he was referring to attorney Lawrence Levy, who filed the suit, which still must be certified as a class-action by a judge.

Former church member Mary Maren, a driving force behind the latest litigation, called Hoden's response "absurd."

"The people who are suing have been damaged by the church practicing its immoral, unethical and abusive tactics against dissidents or people considered to be a threat or potential threat," said Maren, one of the plaintiffs in the suit.

"Too many of us had been harassed, sued by the church, threatened by the church," she added. "They sent their private investigators to our homes, our places of work, and we had to do something."

1 JANUARY 1987  
TAMPA TRIBUNE

## Scientology hit with suit for \$1 billion

LOS ANGELES (AP) — More than 400 current and former Scientologists filed a \$1 billion suit against the church Wednesday, alleging efforts to compromise or pay off two Florida judges and siphon \$100 million to foreign bank accounts.

The class action filed by attorney Lawrence Levy contends church officials or their representatives committed fraud and breached fiduciary duties. It says information obtained during purportedly confidential "auditing" sessions with a lie detector-like device is used "for purposes of blackmail and extortion."

The suit seeks an injunction and \$1 billion in punitive damages plus unspecified general damages.

Defendants include Scientology leaders Ken Hoden and Heber Jentsch; David Miscavige, chairman of Author Services which publishes the works of the late Scientology founder, L. Ron Hubbard; Mary Sue Hubbard, his widow; Hubbard's estate, and more than 100 other unnamed individuals.

"The real fraud is that a handful of disgruntled former members who asked to leave the church over three years ago because they were unwilling to lead moral lives are attempting to use the courts and the media to extort money from the religion," said Hoden, president of the Church of Scientology of Los Angeles.

"In April 1982," the suit alleges, "Miscavige ordered the payment of \$250,000 to 'set up' and frame United States District Judge Ben Krentzman (of Clearwater) in a scheme to compromise him with drugs and prostitutes."

It similarly contends that thousands of dollars were ordered spent to "pay off" Florida State Circuit Judge James Durden, then presiding over a Scientology case.

Krentzman's and Durden's offices were closed on New Year's Eve, telephone recordings said.

Clearwater Police Chief Sid Klein said in 1984 that his office was probing the alleged plot to compromise Krentzman and turning over material to federal agents.

Church attorney John G. Peterson of Beverly Hills, one of the defendants in Wednesday's lawsuit, denied any plot to lure Krentzman onto a boat with drugs and prostitutes, as the Clearwater Sun reported in 1984.

The church maintains a large retreat in Clearwater.

Hubbard, 74, died in January 1986 on his San Luis Obispo County, Calif., ranch after a brain hemorrhage, his doctor said.

TAMPA TRIBUNE 1/1/87

# Big Suit Filed Against Church of Scientology

Los Angeles

Disaffected members of the Church of Scientology filed a \$1 billion class-action lawsuit against the organization Wednesday, accusing its late founder, L. Ron Hubbard, and his most trusted aides of plundering church coffers, intimidating critics and breaching the confidentiality of sacred confessional folders.

The lawsuit, filed in Los Angeles Superior Court, comes at a time when the church had hoped that its legal wars with its critics had been put largely to rest. Two weeks ago, the organization reached settlements reportedly amounting to millions of dollars, ending litigation by former members nationwide.

The latest suit was filed by six former members and Freedom for All in Religion, a group that claims to speak for as many as 400 former Scientologists.

Their action, charging fraud and breach of fiduciary responsibility, represents perhaps the broadest condemnation of the church to date, incorporating some of the same allegations raised in the settled cases, while raising new ones:

■ Between 1972 and 1982, more than \$100 million of church funds were "illegally and secretly diverted" for Hubbard's personal use to overseas bank accounts he controlled. Part of that money allegedly was siphoned to Hubbard through a profit-making corporation in Hollywood, Author Services Inc., Hubbard's literary representative.

These and similar allegations were investigated by the Internal Revenue Service. Church attorney Earle Cooley said that the Justice Department refused an IRS request to impanel a grand jury on the matter and that this meant there was no substance to the charges. He would not comment further.

■ Scientologists were deceived about Hubbard's background and achievements. The misrepresentations, contained in church publications written by Hubbard or others, include statements that he had been a war hero and a nuclear physicist, that he had traveled extensively throughout the Far East and that he was in good health.

■ Church funds were used to bankroll illegal operations. The suit alleges, for example, that \$250,000 of Scientology money was ordered paid by Author Services and a high-ranking Scientologist, David Miscavige, to "frame" a federal judge "in a scheme to compromise him with drugs and prostitutes." Church officials deny any such effort occurred.

■ Beginning as far back as 1969, church leaders had a "secret written policy" to extract confidential information from the confessional files of Scientologists suspected of

being enemies of the organization, according to the suit. This information, which contains intimate material on a Scientologist's life and thoughts, was then used "for purposes of blackmail and extortion."

Named as defendants in the suit are Hubbard's estate, his widow, numerous Church of Scientology entities and their officers, Author Services and its key executives.

The Rev. Ken Hoden, president of the Church of Scientology of Los Angeles, said in a statement: "The real fraud is that a handful of disgruntled former members who were asked to leave the church because they were unwilling to lead moral lives are attempting to use the courts and the media to extort money from a religion."

*Los Angeles Times*

Clearwater SUN 1/22/87

# Scientology member decides to drop out of commission race

By MARTY YOUMANS  
Sun staff writer

CLEARWATER — A member of the Church of Scientology won't run for a commission seat after all, saying another announced commission hopeful would only attempt to "turn a political decision into a debate of morals and religion."

Bob Cetti, 29, picked up papers last week to run in the March 10 elections. He told a reporter he is a Scientologist.

A day later, Marge Calderbank, mother of former City Commissioner James Calderbank, said she would run for whichever seat Cetti seeks because Cetti is a Scientologist.

"Now that I have withdrawn, I sincerely hope that Mrs. Calderbank will ... (campaign against) traffic congestion and (for) better services for the elderly in the community, and not have the city waste millions of dollars in maintaining or building bigotries based on no foundation." Cetti wrote in a release Wednesday.

Cetti was referring to a proposed ordinance that would force non-profit organizations to disclose their financial records. The city is now trying to push it through the court system.

Mrs. Calderbank said the city

## Clearwater

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— Bob Cetti

"has come too far" on the charitable solicitation ordinance, which is largely aimed at gaining access to Scientology financial books, to abandon it.

Mrs. Calderbank previously said she would withdraw from the race if Cetti did. Wednesday, she said: "First things first. I must qualify first. Once I do, I'll see who the candidates are."

SPOTLIGHT: SCIENCE FICTION

# A mystery

## HUBBARD'S PURPLE PROSE IS STILL SELLING VOLUMES

by Frank Catalano



The writings of L. Ron Hubbard are a mystery. Not the writings on Dianetics and Scientology, topics on which the late Hubbard wrote dozens of books and manuals. No, the mystery is Hubbard's science-fiction writing — specifically, why it's selling so well.

Before his death last year, Hubbard celebrated his 50 years in writing by producing "Battlefield Earth," an 800-page tome that critics suggested was a better doorstop than book. That was followed, because of what Hubbard called "enthusiastic response," by his 10-volume magnum opus, "Mission Earth."

To date, six of the 10 have appeared, and all have made brief appearances on the best-seller list: "The Invaders Plan," "Black Genesis," "The Enemy Within," "An Alien Affair," "Fortune of Fear," and now, just cresting on its sales curve, "Death Quest" (Bridge Publications, \$18.95).

You definitely can judge these books by their covers. The prose is as purple as the artwork and titles suggest.

**Our Story So Far:** The Voltarian Confederacy has plans, about a hundred years down the road, to invade Earth. But it seems present-day Earthlings are muck-

*P.O. Times 3/15/87*



United Press International  
**Critics panned L. Ron Hubbard's last book, the 800-page "Battlefield Earth."**

ing up the planet to the point where it will be uninhabitable by the time invasion day arrives. So a secret mission is launched, headed by one Jettero Heller, royal combat engineer, to save Earth from itself until it can be invaded. However, Heller's supervisor, Soltian Grls, and the bureaucracy he works for, the Apparatus, want him to fail.

Pretty straightforward space opera, right? And in most hands, probably an entertaining, though not deep, read. Unfortunately, Hubbard's style hasn't changed with the times, so the author's presence is made painfully clear.

Sure, there are many things here that seem required for a best seller: copious, senseless violence; copious copulating of every known deviation; lots of action; and

even some good plot twists.

**But the writing** is almost like a comic book — a reader is hard pressed to open to any page and not find at least one sentence ending in an exclamation point. And four-letter words are literally "(bleeped)" off the pages, which is somewhat ironic, considering the sexual content. What good light entertainment there is — and it is there — battles for attention with Hubbard's "style."

"But wait!" supporters will say, "Hubbard was writing satire! You're missing the point of the series!"

Not at all. Satire is supposed to be clever. There are some witty bits about public relations and the news media. However, Hubbard's lifelong work with Dianetics, his program for mental well-being, dominates each book with frequent slams at psychotherapy that cease being funny very quickly — like the party bore telling the same joke six times in an hour. Hubbard could have used a good editor to avoid these repetitions. All told, the six volumes total nearly 2,000 pages.

Ultimately, though, it comes down to whether the books are worth your money. A good book in a series stands on its own; none of these do. A good story is entertaining, with any "themes" interwoven so as not to detract from the story's pace; in "Mission Earth," you can feel the bludgeon drop.

This is state-of-the-art science fiction for 1980, and by its best-seller status, it may turn off new sci-fi readers who want some meat with their literary potatoes. There are cheaper doorstops.

■ Frank Catalano is health and science reporter for KING-AM and a member of the Science Fiction Writers of America.

The U.S. Supreme Court has granted the Church of Scientology's appeal seeking a review of whether the Internal Revenue Service has authority to withhold certain material sought under the Freedom of Information Act. At issue is a law that bars the IRS from revealing tax return information that could violate the privacy of taxpayers. The law permits disclosure if the material is in a form that does not "identify directly or indirectly a particular taxpayer." The case originated in Washington, D.C., and stems from a partially met 1980 request for documents mentioning the church, its founder, L. Ron Hubbard, and his wife, Mary Sue Hubbard.

# Purification Of Mind and Body

By L. Ron Hubbard

The planet has hit barriers that prevent widespread clearing — drugs and biochemicals. These substances can put beings in a condition that can prevent case gain.<sup>1</sup>

That's the situation today.

Sweeping breakthroughs have been made recently through my 29 year study of the progress of cases against the environmental factors and biochemical aspect of our current society.

One immediate result of this is the Purification Rundown.<sup>2</sup>

The Purification Program is a program to purify and clean out of one's system the restimulative<sup>3</sup> drug or chemical residues which could act to prevent case gain from Dianetics or Scientology processing.

It should be clearly understood at the outset that the Purification Rundown is not a substitute for any kind of processing.

Rather, because of the biochemical problem that besets society today, it is the undercut that has become necessary to prepare the majority of pcs for making optimum case gain from their processing.

In point of fact, the Purification Rundown is for anyone.

## BIOCHEMICAL FACTORS

By "biochemical" is meant:

The interaction of life forms and chemical substances.

BIO means life; of living things. From the Greek "BIOS", life or way of life.

CHEMICAL: of or having to do with chemicals.

"Chemicals" are substances, simple or complex, which are the building blocks of matter.

We live in a chemically oriented society.

One would be hard put to find someone in the present-day civilization who is not affected by this fact. The vast majority of the public is subjected every day to the intake of food preservatives and other chemical poisons including atmospheric poisons, pesticides and the like. Added to this are the pain pills, tranquilizers and other medical drugs used and prescribed by doctors. And we have as well the widespread use of marijuana, LSD, Angel Dust and other street drugs which contribute heavily to the scene.

These factors are *all* part of the biochemical problem.

## THE PURIFICATION RUNDOWN

The Rundown is a tightly supervised regimen<sup>4</sup> which includes:

- Exercise;
- Sauna Sweat Out;
- Nutrition, including vitamins,

minerals, etc., as well as oil intake; And a properly ordered personal schedule.

An OCA<sup>7</sup> and IQ Test are given to the person before starting the Rundown and upon its completion.

Properly scheduled, with exercise and sauna sweat out done 5 hours a day, the Program can be completed by many in two weeks time. Some pcs may require more than that, some less.

The purpose of this program is very simply to clean out and purify one's system of all the accumulated impurities such as drugs, insecticides and pesticides, food preservatives, etc., which by their presence and restimulative effects could prevent or delay freeing the being spiritually through processing. For someone who has taken LSD or Angel Dust, this would include getting rid of any residual crystals from the body.

When this has been accomplished the program is complete.

## SUMMARY

With the Purification Program we now have the means to get rapid recovery from the effects of the accumulation of the environmental chemical poisons as well as the medical drugs and street drugs which inhibit the progress of cases.

We have brought the person up to the level where he is now ready for processing and can truly achieve biophysical and then mental and spiritual gain.

From this step alone, one will see some sparkling results.

The Purification Rundown should be ideally followed by auditing. The type of auditing most beneficial for the next step is "Objective Processing".

Let's give the Program a total push and take a major step toward a drug-free society and planet!

Excerpted from Hubbard Communications Office Bulletin of 6 February 1978 RB, re-revised 21 April 1983.

<sup>1</sup>case gain: the improvements and resurgences a person experiences from auditing.

<sup>2</sup>rundown: a series of steps which are auditing actions and processes designed to handle a specific aspect of a case and which have a known end phenomena.

<sup>3</sup>restimulation: the environment reactivates a facsimile, which then acts back against the body or awareness of awareness unit of the person. This is a very simple system of stimulus-response.

facsimile: any mental picture, that is unknowingly created and part of the time track.

<sup>4</sup>regimen: a certain settled schedule of things.

<sup>7</sup>OCA: *Oxford Capacity Analysis*, a written personality test).

Definition selected from the works of L. Ron Hubbard, except as enclosed in brackets: ( ).

## To Learn More:

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(213) 667-1065



# THE JERUSALEM POST

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## Probers report on cults

# 'Soul-traders abuse our laws,' MK says

By BERNARD JOSEPHS  
Jerusalem Post Reporter

Demands for a tough new policy to crack down on mystic sects was made last night by an interministerial committee as it presented a 500-page report on cults to Education Minister Yitzhak Navon.

The investigators, who began their inquiry five years ago, declared that groups such as the Moonies and Scientologists present a serious threat to society.

They alleged that the leaders of even the most mystical groups are more concerned with divine profits than divine prophets — having amassed considerable wealth at the expense of

their followers and the state.

"What is really going on in such sects is a form of dependence, bondage, self-enslavement and sometimes the handing over of an individual's property, too. The leaders are soul-traders who abuse our laws," the leader of the committee, MK Miriam Glazer-Ta'asa (Likud), said on Israel Radio last night.

But she was challenged by civil rights lawyer Avigdor Feldman, who represents the Black Hebrew sect. The report, he said, encourages "the persecution of those in our society who do not conform. The area of self-expression is one with which the law should not deal."

And he continued: "If a member of a cult

causes harm to someone, the case should be dealt with individually. It should not be a reason for cracking down on the group as a whole. One cannot generalize in such matters."

The inquiry team, set up in 1982 by then education minister Zevulun Hammer, was charged with finding the reason for the growing popularity of cults and with seeking ways to check their progress.

It investigated 10 groups, including Scientology, est, Transcendental Meditation, the Unity Church ("Moonies"), the Divine Light Mission and Hare Krishna.

A suggestion that they also look into the

activities of Jewish groups that encourage secular Jews to return to strict Orthodoxy was defeated on a majority vote by the committee.

The committee — which did not single out any of the groups for criticism — said that cult members faced the danger of being physically and psychologically cut off from mainstream society. Cult members were also robbed of their freedom of choice, the panel stated.

In some cases, it said, people found it difficult to leave such groups. Sect leaders took steps to prevent their followers from contacting friends and family, and people who did leave were pressured to rejoin.

(Continued on Page 2, Col. 2)

## SOUL-TRADERS

(Continued from Page One)

People who joined cults placed their mental health in danger, the report said. In a number of cases people had been hospitalized as a result of "severe psychological reactions" to methods used by sects.

These allegedly included hypnosis, group pressure, physical and social isolation and deprivation.

Psychologists and psychiatrists told the investigators that people who quit cults often had severe problems adjusting to "normal" life. They were "hovering between two worlds."

Some suffered extended periods of depression, guilt feelings and "extreme lack of trust." They were also subject to frequent angry outbursts and a loss of confidence in their ability to distinguish between good and evil.

"Some of the groups demand surrender, almost complete obedience," alleged the report. "This is likely to lead to a situation in which members take action clearly against social values and the law; actions such as fraud, violence, drug abuse and - in extreme circumstances - suicide. The danger to democracy should also raise concern."

The report accused the cults of raising funds under false pretences. Some members collected donations without identifying themselves clearly, and others even used "humanitarian" organizations as a front.

Most of the groups quickly succeeded in acquiring wealth and property - but this usually landed up in the private bank accounts of their leaders, it was alleged.

Many of the organizations received special tax status by declaring themselves non-profit bodies, said the committee. And in some groups "financial trickery bordering on violation of law" was common.

The investigators said they were concerned at the "almost automatic" granting of non-profit status and called for the laws governing foreign currency to be tightened.

The committee recommended that a major information campaign be launched on cults. This should include the setting up of a special public library, the monitoring of sects by researchers, courses for parents and children, and the setting up of centres for people grappling with the problems caused by members of their families joining sects.

The committee also said that laws controlling the activities of such groups should be tightened - especially their financial actions and their use of such techniques as hypnosis.

The police must be brought in to enforce the tougher regulations and there should be stricter control over the entry to the country of cult members.

The Justice Ministry, the report said, must also oblige groups to reveal their true names and ban attempts to hide behind false identities.

Glazer-Ta'asa, whose committee has been a subject of controversy because of claims that it aimed to limit freedom of expression, said she was "very worried" about the situation.

She went on: "Thirty years ago we held conferences on drugs. But we didn't take the problem seriously and we asked ourselves: 'Why should society interfere with the individual's private habits?' Now you see where we have come to."

There were not, she admitted, a large number of cult members in the country, "only a few thousand." But, she said, when an individual is abused by a sect or its leaders "the establishment must protect him."