

US COURT CONFIRMS CHURCH OF SCIENTOLOGY IS A PROFIT MAKING ORGANISATION

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CULT TO PAY TAXES

THE church of Scientology has been ruled a profit making organisation. In the Supreme Court, Washington DC, last Monday, the cult was refused leave to appeal against a 1984 tax exempt ruling and must now pay \$1.2 million back taxes for 1970 to 1972 and \$287,614 in penalties for late filing.

This will come as a severe blow to the church which has been fighting the Internal Revenue Service since the late 1960's to keep its tax exemption status.

The United States Tax Court heard in September 1984 how the cult conspired to defraud the United States by "impairing, obstructing, and defeating the lawful functions of the IRS in the determination, assessment and collection of income taxes" due from Scientology organisations and officials.

At that hearing the court was told the conspiracy began two years after the IRS withdrew the cult's tax exemption status in 1967 and continued for 10 years until the FBI searched the church's California premises and found documentary evidence of the fraud.

Records were forged, plans were made to burgle government offices and L Ron Hubbard issued policy letters depicting the IRS as a danger to Scientology and threatening to make the IRS

"Swim in circles".

Agents for the IRS examined over 2 million documents in their attempts to establish the financial status of the cult. In 1970 church accountant Martin Greenberg told an assembled group of Scientologists, that he had purposely made the audit difficult for the IRS.

He said he gave the examiners muddled boxes of original records, disbursement vouchers and invoices, with the aim of "so hopelessly overwhelming and confusing" them they would be forced to give up their investigations and accept the Scientologists' version on the facts.

IRS investigations revealed that although L Ron Hubbard officially resigned as executive head of the California and other Churches of Scientology in 1966 he continued to have considerable influence in the church and was a signatory to several Swiss bank accounts which received 10 per cent of member churches' total weekly income.

The court heard that the church had made a business out of selling a religion, it had diverted millions of dollars through a bogus trust fund and a sham corporation to key Scientology officials: "Certainly if language reflects reality petitioner (Church of Scientology) had a substantial commercial purpose since it described its activities in highly commercial terms, calling parishioners 'customers', missions 'franchises' and churches 'organisations'".

The judges said: "The goal of making money permeated virtually all of petitioner's activities — its services, its pricing policies,

its dissemination practices and its management decisions."

Despite Hubbard's claims in a piece entitled "What Your Fees Buy" ("Even today I draw less than an org. staff member and they draw very little. So the fees you pay for your service do not go to me.") the court heard that he had "unfettered control over millions of dollars in funds purportedly belonging to OTC and the United States Churches of Scientology Trust."

Hubbard also received royalty payments from the church's sale of books and E Meters. The judges did not dispute an author's right to receive compensation in the form of royalties for his literary works: "However, this does not mean that an individual can use a tax-exempt organisation that he clearly controls, as is the case with L Ron Hubbard to market his own works."

The court ruled that Church of Scientology did not qualify for tax exemption because "it is operated for a substantial commercial purpose and because its net earnings benefit L Ron Hubbard, his family and OTC, a private non-charitable corporation controlled by key Scientology officials."

It added that IRS officers had operated in the face of "flagrant and often illegal resistance" and further the church was not entitled to exemption because it violated well-defined standards of public policy by conspiring to prevent the IRS from assessing and collecting taxes.

● A week-long showing of the film "Man the Unfathomable" which was due to be screened at The Copthorne Hotel at the end

of May, has been cancelled by the hotel management.

The film, billed as "A new, full-length motion picture written, directed, narrated and photographed by L Ron Hubbard", (the founder of Scientology), was to have been shown as part of a world-wide release in venues from Los Angeles and London, to Melbourne and Milan.

Copthorne Manager Paul Borresen said: "The event will not be happening here. Basically we feel their business is not compatible with our business. Scientology was mentioned but there was a misunderstanding when the booking was made, it was possibly as much our fault as anybody's. The event was perceived to be something else or we wouldn't have taken it anyway. The event is definitely off as far as this venue is concerned."

It coincides with a drive to hard-sell Dianetics: a promotional campaign by the Central Marketing Unit aims at non-stop expansion "using any means possible... Racing cars, racing motor cycles, jackets, T-shirts, badges and hats". The purpose is said to be to promote Dianetics as an acceptable "merchandisable product".

The organisers plan a print campaign, radio commercials, and pending approval, television commercials.

They aim to create a campaign which will sell Dianetics on a large scale.

"We are here to aid expansion of the UK through the use of LRH marketing technology, thereby creating a huge flow of public up The Bridge."

"Our major area of concentration is on raw public..."

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