

Los Angeles Times

TUESDAY, AUGUST 13, 1991

Scientologists Sue 17 IRS Officials

■ **Church:** The lawsuit accuses them of waging a 33-year campaign against the organization and a large number of its members. It seeks \$120 million.

By HENRY WEINSTEIN
TIMES STAFF WRITER

The Church of Scientology International filed a \$120-million federal lawsuit against 17 Washington- and Los Angeles-based Internal Revenue Service officials Monday, accusing them of waging a 33-year campaign of illegal acts against Scientology and a large number of its members.

According to the suit, filed in U.S. District Court in Los Angeles, documents obtained under the Freedom of Information Act and testimony from IRS officials detail a lengthy history and unchanging pattern of improper, harassing and illegal activities against the church by IRS officials.

Among those sued are IRS agents who in the mid-1980s conducted a criminal tax investigation against Scientology founder L. Ron Hubbard, whose death in 1986 reportedly ended the probe.

The suit alleges that IRS agents in Los Angeles, along with a former church member, schemed to plant forged documents in the Church of Scientology's files, which the IRS could then seize in a raid.

At the same time, the suit alleges that there was collusion between the IRS' Exempt Organizations Branch and Criminal Investigation Division, in which phony tax exemption proceedings were conducted to covertly gather information for the IRS criminal probe.

Additionally, the church maintains that the Los Angeles IRS district office planned to deny several Scientology churches tax exemption for the express purpose of causing "a final halt to" and the "ultimate disintegration of" Scientology.

And church lawyers contend that the chief counsel of the IRS attempted to redefine the word *church* in IRS regulations as "one method to attack Scientology."

Monday's suit represents the latest chapter in the lengthy battle between the church and the IRS. In the past, the IRS has revoked the tax-exempt status of various Scientology organizations, accusing them of operating in a commercial manner and of financially benefiting private individuals.

But church officials assert that the IRS has violated their rights to practice their religion as guaranteed by the Constitution. They contend that the agency also has abridged their right to due process of law.

Scientology attorney William T. Drescher said that a victory in the suit would offer all American churches "inviolable protection" from illegal government intrusions into their religious affairs.

The Rev. Heber C. Jentzsch, president of the Church of Scientology International, said that Scientology's long history of exposing IRS' "abuse of power has resulted in prolonged retaliation" by the

Please see CHURCH, A18

CHURCH: Scientologists Sue IRS Agents

Continued from A3

agency.

IRS spokesman Robert Giannangelli in Los Angeles said the agency would not comment on the suit.

"The proper venue for the discussion of the issues will be in the courts," Giannangelli said.

Although the suit accuses the IRS of decades of wrongdoing, a principal focus of the case stems from a criminal tax investigation that the agency launched into Hubbard and the church in 1984 and whether it was connected to Scientology's application for tax exemption a year earlier.

Among the defendants in the case are Philip Xanthos, branch chief of the IRS' Los Angeles Criminal Investigation Division, and Alan Lipkin, a group manager within the division. The suit said the two spearheaded the criminal probe.

The investigation "included the use of mail covers, paid informants, summonses to dozens of financial institutions and church members, and infiltration of Scientology's ecclesiastical hierarchy," the suit alleges.

Furthermore, Scientology contends that a draft copy of a report by Xanthos and Lipkin was improperly given to the Exempt Organizations Branch.

The suit alleges that William Connett, then district director of the IRS' Los Angeles office, lied to church officials when he told them

BACKGROUND

■ Over the years, Scientology has brought numerous lawsuits against the IRS accusing the agency of harassment and illegally withholding public records. From the late 1960s through the mid-1970s, IRS agents classified Scientology as a "tax resister" and "subversive," a characterization later deemed improper by a judge. In the late 1970s, 11 Scientologists went to prison for burglarizing and bugging the IRS and other federal agencies.

that the criminal investigation was separate from the exemption application process. In fact, the suit alleges, Connett, now the IRS representative in Paris, coordinated "collusive actions" between the two IRS branches.

Scientology learned of the alleged collusion through litigation in which it obtained internal IRS documents released under the Freedom of Information Act, according to the suit.

Additionally, the suit contends that three IRS agents referred to Scientology religious services as a "dog and pony show" and referred to members of the church as "crazy devotees" while they were interviewing defectors.

In addition to money damages, the suit asks that all 17 defendants be permanently enjoined from "any and all further participation in and responsibility for any matter" involving the IRS and Scientology.

Scientology was founded in the 1950s by Hubbard, a science fiction writer.

Jentzsch said that Scientology is an applied religious philosophy which recognizes that man is composed of three parts—the spirit, the mind and the body. A central part of the religion is a process called "auditing," wherein a minister helps "clear" parishioners of their problems.

Scientology claims to have a worldwide membership of 8 million. Jentzsch said it has 1,127 churches and affiliated organizations in 90 countries. Critics of the church have asserted that the actual number of active members is far lower.

Jentzsch said that each church is separately incorporated. However, he said that if the assets of all the churches were combined "we would fit in the Fortune 500."

Scientology's critics claim it is a sham religion which, in reality, operates like a business. Defectors charge that Scientology bilked them out of their life savings and some have recovered damages after suing.