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FILED
NOV 9 1981

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CLERK, U. S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

UNITED STATES DISTRICT COURT FOR THE
CENTRAL DISTRICT OF CALIFORNIA

CAROL A. GARRITY and)	NO. 81 3260 CBM (KX)
PAUL GARRITY,)	
)	FIRST AMENDED COMPLAINT
Plaintiffs,)	FOR DAMAGES
)	
-vs-)	
)	
CHURCH OF SCIENTOLOGY OF)	
CALIFORNIA, L. RON HUBBARD)	
and MARY SUE HUBBARD,)	
)	
Defendants.)	

I.

JURISDICTION

1. The jurisdiction of this court arises under Title 28 United States Code Section 1332, Title 29 United States Code Section 206, and Title 18 United States Code Section 1964.

II.

PARTIES - PLAINTIFF

2. At all times material hereto, the plaintiffs were residents of the State of Nevada. Plaintiffs were married on July 21, 1976.

PARTIES - DEFENDANT

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3 3. Defendant, Church of Scientology of California,
4 (California) is a corporation organized and existing under the
5 laws of California, having a principal office and place of
6 business in the City of Los Angeles, State of California, is doing
7 business and operating in most states in the United States
8 including California and Nevada and holding itself out to be a
9 law-abiding, legitimate, scientific, religious, educational,
10 non-profit organization.

11 A. At all times material hereto, the individuals
12 mentioned herein, Lee Landers, Tanja Kosal, Bob Harvey and Kurt
13 Hammond and other named and unnamed Scientologists, were acting as
14 employees for California, and within the scope of their employment.

15 5. Individual defendant, L. Ron Hubbard, has a last
16 and usual residence in the City of Los Angeles, State of
17 California. He is the Founder and Controller of the Church of
18 Scientology of California and all other Scientology organizations
19 nationwide.

20 6. Defendant, Hubbard, is by virtue of his role as the
21 founder and leader of Scientology, overall supervisor of the
22 Guardian's Office. He is in control of the Church, and through
23 his underlings has engaged in numerous fraudulent schemes to
24 conceal this fact in order to protect him from legal liability for
25 his actions. Hubbard has held various executive positions in
26 various Churches, and has been on the Board of Directors of various
27 Churches, but he does not use or need titles to assert his control.
28 For many years, Hubbard and the Church have falsely re; re; re; re; re; re;

1 that Hubbard is an engineer and nuclear physicist with degrees
2 from Princeton and George Washington University.

3 7. Individual defendant, Mary Sue Hubbard, has a last
4 and usual residence in the City of Los Angeles, State of
5 California. Mary Sue Hubbard is the chief executive and highest
6 "official" title holder of California. She operates and controls
7 the organization under the direct control of L. Ron Hubbard.

8 8. L. Ron Hubbard and Mary Sue Hubbard throughout the
9 period set forth in this First Amended Complaint have been engaged
10 in illegal and criminal activities designed to perpetrate a
11 nationwide scheme of fraud and infliction of personal injury. As
12 a result, they have established a nomadic lifestyle for the
13 specific purpose of avoiding legal process.

14 9. L. Ron Hubbard and Mary Sue Hubbard operate, control
15 and maintain California for various illegal and fraudulent
16 purposes, including the illegal and criminal activity set forth
17 in this First Amended Complaint. L. Ron Hubbard and Mary Sue
18 Hubbard are in the business of committing tortious acts in the
19 State of Nevada through California as their agent
20 including, inter alia, the specific allegations in this First
21 Amended Complaint.

22 10. California is the parent corporation for all
23 Scientology corporations throughout the United States. It
24 controls the Church of Scientology of Nevada, Inc. ("Nevada")
25 which was incorporated in 1978. Prior to 1978, California did
26 business in Nevada without using a separate corporation as a
27 straw.

28 1.1. Nevada now acts as an agent/subsidiary for

1 California and conducts business in the State of Nevada on
2 behalf of the California corporation.

3 12. California does business in Nevada in the 'following
4 manner:

5 (a) California directly solicits Business in
6 Nevada. It does so through its local subsidiary, Nevada and
7 directly through the mails and by sending sales agents there.

8 (b) California maintains several different control
9 networks in Nevada. These networks consist of resident agents
10 whose responsibilities run directly to California, and who
11 receive orders from California and enforce them in Nevada with
12 fines and military discipline.

13 (c) California controls the flow of monies of
14 Nevada and the manner and percentages by which said monies
15 will be distributed.

16 (d) One of these networks is the "Flag" network.
17 Flag agents exist in Nevada. They enforce standardization of
18 practices and administration. They insure that Nevada pays a
19 percentage of gross income to California. They recruit personnel
20 to work for California.

21 (e) Another network is called the "Guardian's
22 Office" ("G.O."). G.O. agents from Nevada are directly
23 responsible for covert and illegal activities which have been
24 perpetrated in the State of Nevada on behalf of the California,
25 church.

26 (f) G.O. agents and Flag agents in Nevada carry
27 out their responsibilities by using the threat of disciplinary
28 measures and levying of fines.

1 (g) California sends agents directly to Nevada
2 to enforce policies, make personnel changes or work assignments
3 and to carry out disciplinary measures, and to deal with other
4 particular problems.

5 (h) Nevada regularly pays a substantial part of
6 its gross income to various entities of California. These
7 payments are made in exchange for no consideration.

8 (i) Nevada is absolutely forbidden to pursue
9 independent pricing policies or to offer for sale any products
10 or services except those authorized by California.

11 (j) Nevada maintains a Telex communication link to
12 California. The Telex is used on a daily basis for transmission
13 of secret information and receipt of orders from California.

14 (k) Nevada has, on several occasions, acted as
15 agent for California in matters having nothing to do with Nevada.

16 (l) Personnel are regularly transferred into and
17 out of Nevada on orders from "Flag".

18 (m) California receives direct payments of funds
19 from Nevada, requires periodic financial reports, and prepares
20 the tax returns of Nevada.

21
22 IV.

23 FACTUAL ALLEGATIONS

24 13. At all times macerial hereto, the individual
25 defendants and the corporate defendants held themselves out to
26 the plaintiffs to be part of a legitimate, law abiding, scienti-
27 fic, educational organization engaged in the business of
28 providing goods and services as a non-profit organization

1 wherever they were authorized by law to do business. Defendants
2 perpetrated the acts set forth in this First Amended Complaint
3 as a matter of written policy, composed, implemented and enforced
4 by the individual defendant, L. Ron Hubbard, and specifically
5 implemented against the plaintiffs by the employees of Hubbard
6 and the corporate defendant pursuant to the written directives
7 and policy of Hubbard. The policies, doctrines and conduct
8 alleged herein constitute a civil conspiracy by the defendants
9 to commit the torts set forth herein.

10 14. The "religious" posture of Scientology is a
11 fraudulent posture adopted by Hubbard purely for purposes of
12 evading taxes and escaping legal liability and achieving other
13 legal benefits. Hubbard instructed all of his followers to
14 refer to themselves as a religion; but told them at the same time
15 that the term "religion" was for the lawyers and accountants
16 only. Hubbard's sole purpose is, and always has been, to make
17 money.

18 15. In its basic operation, the Church of Scientology
19 is fundamentally commercial. Services are never given away,
20 but always sold. Employees are trained in sales techniques.
21 Credit is extended for services, and "debts" are aggressively
22 collected with threats of litigation. The entire process of
23 auditing exists and is offered to the public solely (1) to make
24 money, (2) to obtain confidential information to later be used
25 for extortion and blackmail, (3) to create isolation and
26 psychological weakness in the victim, so as to render him more
27 vulnerable to subsequent pleas for money.

28 16. On or about March, 1975, in Las Vegas, the

1 plaintiff, Carol Garrity, was approached by Lee Landers, an
2 employee of California. Acting pursuant to his role and within
3 the scope of his employment, Landers falsely represented that
4 Scientology was scientifically guaranteed to raise I.Q., cure
5 disease, and promote a successful career along with other
6 benefits. Landers introduced plaintiff to Tanja Kosal, also an
7 employee of California, who induced plaintiff to take a
8 "personality test". Plaintiff was shown various books and
9 publications containing these representations.

10 17. Plaintiff was administered the purported "person-
U ality test", and results of this "test" were reviewed by Kosal.
12 In furtherance of a fraudulent scheme, Kosal told plaintiff
13 she scored low on the purported "personality test" and told
14 her that she was in "extremely bad shape". In furtherance of
15 a "bait and switch" scheme, Kosal induced plaintiff to take
16 the Hubbard Qualified Scientology course, for the price of
17 \$100.00.

18 18. Plaintiff was introduced to other employees of
19 California - Star Hamilton, Kirk Hammond and Bob Harvey - who
20 showed plaintiff Scientology literature and who falsely repre-
21 sented that California was a scientific, religious, non-profit
22 organization, and that the following benefits were scientifi-
23 cally guaranteed:

- 24 (a) raise plaintiff's I.Q.;
- 25 (b) free plaintiff of neuroses;
- 26 (c) heal plaintiff's wounds and injuries faster;
- 27 (d) prevent plaintiff from having colds,-
- 28 (e) improve plaintiff's eyesight;

- 1 (f) increase plaintiff's career opportunities;
- 2 (g) raise the J.Q. level of plaintiffs children;
- 3 and,
- 4 (h) perfect memory.

5 All of these representations were false, were made maliciously
6 with the intent of getting money from the plaintiff, and were
7 not believed to be true by the defendants at the time they were
8 made.

9 19. it was further represented to plaintiff through
10 written materials that L.Ron Hubbard, the founder of Scientology,
11 **was a nuclear** physicist and received educational degrees from
12 Princeton University and George Washington University. These
13 representations were and are false.

14 20. Various employees stated that Scientology was a
15 religion and some of them occasionally wear religious garb
16 for the purpose of promoting the fraudulent scheme. They told
17 the plaintiff that the Church of Scientology had a "creed", and
18 showed her written copies of said "creed", which stated that
19 the Church promoted family harmony, marital unity, and brother-
20 hood. They also stated that the Church was a law-abiding, non-
21 profit scientific organization. All of these representations
22 were false, were made maliciously with the intent of getting
23 money from the plaintiff, and were not believed to be true by
24 the defendants at the time they were made. Plaintiffs relied on
25 these representations. In fact, California is not a scientific,
26 non-profit, law-abiding, organization. Furthermore, pursuant
27 to an established written policy termed "disconnect", California
28 ///

1 actively seeks the destruction of marital and family relationships
2 in order to promote income and to block parents and relatives
3 from interfering with Scientology. Pursuant to the "Fair Game"
4 policy, California actively attacks, harasses and attempts to
5 destroy any critic of Scientology by any means including criminal
6 and covert methods.

7 21. In April, 1975, plaintiff was married to Gerald
8 Bahr who attempted to dissuade plaintiff from paying money and
9 labor to California. As a result of the activities of plaintiff's
10 husband, California, through its employees, induced plaintiff
11 into "disconnecting" from her husband. Pursuant to said policy,
12 plaintiff divorced her husband. At the time of the divorce,
13 plaintiff also became an employee of California.

14 22. Defendants' employees, Dob Harvey and Kurt ..ammnd,
15 falsely represented that "auditing" would achieve the same
16 benefits as set forth in paragraph 18 hereof. These employees
17 were acting as "Procurement Officers" of California.

18 23. The employees of California demonstrated a device
19 to the plaintiff called the E-Meter. Defendants represented that
20 the F-Meter and the process of "Auditing" were scientifically
21 guaranteed to produce "weight loss" and to produce the same
22 benefits as set forth in paragraph 18 hereof. Relying on these
23 promises, plaintiff paid additional sums of money to defendants.
24 The representation that auditing was scientifically guaranteed
25 to produce "weight loss" was the decisive factor in plaintiff's
26 decision to take "auditing".

27 24. "Auditing" is a malicious form of mind control
28 employed by the defendants to extract information, money and

1 services from people such as the plaintiff by creating and foster-
2 ing emotional and psychological submission to Screntology.
3 During auditing the plaintiff was placed on a crude lie-detector
4 (E-meter) and questioned intensively for long periods about every
5 detail of her life and put through a series of repetitive and
6 humiliating exercises designed to break her will. Plaintiff was
7 told that this process would better her, and that the things
8 she said it, auditing were absolutely confidential. These state-
9 ments were absolutely false, and were relied upon by the plaintiff
10 in continuing with auditing.

11 . 25. Prior to August, 1976, plaintiff was working as an
12 office manager at a salary of \$1,000.00 per month and she owned
13 her own home and car. Relying on the representations set forth
14 in paragraphs 13-25 and relying on the representations
15 of defendants' employees, Bob Harvey and Mary Gay, that she would
16 earn a "substantial" salary, plaintiff began working for
17 California. Relying on, said representations, plaintiff also sold
18 her house, her car and most of her furniture which money she
19 used to pay defendants for her upper auditing. Plaintiff worked
20 80-90 hours per week with little or no pay. She was continually
21 told that her salary would be paid "shortly".

22 26. At the time plaintiff became an employee of
23 California, she paid an additional \$8,000.00 to California for
24 "higher level" auditing courses and she also married plaintiff,
25 Paul Garrity.

26 27. Plaintiff was sent to Los Angeles between May and
27 August, 1977 to receive the "higher level" courses for which she
28 had paid the \$8,000.00. However, plaintiff was ordered to return

1 to the Nevada organization by defendants' employee, Mary Gay,
2 and plaintiff never completed the higher level courses although
3 she had paid for them.

4 28. Between 1973 and 1977, defendants made the repre-
5 sentations set forth in paragraphs 13, 18, 19, 20 and 24 to Paul
6 Garrity. Relying on said representations, Paul Garrity paid the
7 sum of \$7,700.00 to California.

8 29. California promised plaintiff that all facts
9 disclosed during "auditing" would remain confidential. Plaintiff
10 relying upon the defendants' representation that "auditing files"
11 were confidential, made various personal disclosures contrary to
12 **the promises** made to her. These disclosures were subsequently
13 **discussed** among numerous Scientology employees including, but
14 not limited to: Merrill Woodruff, Kathy Kaid, Bob Harvey, Kurt
15 Hammond, JoAnn Woodruff, Jack Gay, Bruce Hamilton, Rusty Hamilton,
16 Sandra Ellingston, Audrey Whyland, Matty Reese, Lori Zurn,
17 Arty Marin, Ken Whitman, Ken Washburn, Debby Hubbard and Jane
18 Kimber.

19 30- By November, 1978, plaintiff had disclosed the most
20 **intimate** details of her life during auditing sessions. Those
21 included her family history, sexual history, drug history, and
22 **virtually** every significant act in her life. When plaintiff
23 learned that this information was being circulated among
24 various people in Scientology, she also became aware of the
25 activities of the Guardian's office and the use of Fair Game
26 **Doctrine** line to utilize auditing information against people.

27 31. Plaintiff began working in the Guardian's Office on
28 November 11, 1978. Subsequently, plaintiff learned that the

1 Guardian's Office was engaged in illegal and covert activities
2 in order to silence critics of Scientology. She learned that
3 former members who attempted to expose the fraud perpetrated by
4 the defendants were being attacked and victimized by extortious
5 threats to have their auditing information used against them.
6 Plaintiff gradually became terrified and trapped by the G.O.
7 She learned that it was internal policy, unknown to most people
8 in Scientology, that the G.O. had people spying on other people
9 in the organization including the fact that her best friends
10 had been spying on her and reporting every act and statement
11 to the G.O.A. She was later made to participate in this activity.

12 32. In November, 1979, plaintiff learned that Mary Sue
13 Hubbard and nine of the highest ranking members of California
14 were convicted of various crimes that concerned acts of conspiracy
15 burglary, larceny, obstruction of justice, "framing", harassment,
16 extortion, and perjury.- During the ensuing twelve months,
17 plaintiff gradually became more aware of the scope of the criminal
18 nature of Scientology and yet she was trapped and terrified of
19 leaving because she knew that the "Fair Game" doctrine would be
20 used against her. Plaintiff had her mind deliberately and
21 maliciously manipulated by defendants' intimidating and harassive
22 tactics, used to create in plaintiff a psychological weakness
23 and vulnerability to all defendants' demands, forcing her to
24 continue carrying out the orders of defendants. Plaintiff became
25 physically sick and emotionally distressed as she learned that
26 all of the original representations made to her about Scientology
27 were false and she had lost four years of her life and \$11,000.00.

28 33. Plaintiff, Paul Garrity, became aware of the

1 fraud perpetrated by the defendants at the same time as his
2 spouse and suffered similar emotional distress.

3 34. On July 18, 1980, plaintiffs left the Church of
4 Scientology, financially destitute, physically and emotionally
5 sick and terrified that the CO. was going to attack them.

6
7 V.

8 CLAIMS FOR RELIEF

9 FIRST CLAIM FOR RELIEF - BREACH OF CONTRACT

10 35. Plaintiffs reallege paragraphs i through 34
11 hereof and further allege:

12 36. On or about March of 1975, defendants entered into
13 an oral contract with plaintiff, Carol Garrity, wherein
14 defendants' employees, Lee Landers, promised plaintiff through
15 oral and written representations, that if plaintiff joined
16 Scientology and underwent various courses and auditing, certain
17 benefits, as set forth in paragraph 37, were scientifically
18 guaranteed.

19 37. On or about September 21, 1975, defendants entered
20 into an oral contract with plaintiff, Paul Garrity, wherein it
21 was represented through written and oral representations of
22 defendants' employee, Bob Harvey, that if plaintiff joined
23 Scientology and underwent various courses and auditing, the
24 following benefits were scientifically guaranteed:

- 25 (a) plaintiff's I.Q. would be raised;
- 26 (b) plaintiff's physical wounds and injuries would
27 heal faster;
- 28 (c) Plaintiff, Carol Garrity's, neuroses would be

- 1 cured;
- 2 (d) plaintiff's problem with colds would be
- 3 resolved;
- 4 (e) plaintiff, Carol Carrity's, eyesight would
- 5 improve;
- 6 (f) plaintiff's career opportunities would improve;
- 7 (g) plaintiff's memory would be perfected;
- 8 (h) plaintiff would have the ability to "be
- 9 exterior" (leave the body);
- 10 (i) plaintiff would be fully perceptive;
- 11 (j) plaintiff would visit other planets;
- 12 (k) plaintiff would have extrasensory perception;
- 13 (l) plaintiff would read minds.

14 38. To further induce plaintiffs into entering into

15 an agreement with Scientology, it was also represented to

16 plaintiffs that:

- 17 (a) The Church of Scientology was a scientific,
- 18 religious, non-profit organization;
- 19 (b) L. Ron Hubbard, the founder of Scientology,
- 20 was a nuclear physicist and a graduate of both
- 21 Princeton University and George Washington
- 22 University;
- 23 (c) He helped develop the atom bomb.

24 39. Defendants' employees, Lee Landers and Bob Harvey,

25 falsely and fraudulently represented that if plaintiffs wanted

26 to gain all the scientifically guaranteed, they would be required

27 to take courses and undergo a process called "auditing."

28 40. At all times with respect to said contract,

1 defendants represented to plaintiffs that defendants full;
2 intended to fulfill the terms of the contract and provide the
3 aforementioned scientifically guaranteed benefits.

4 41. At all times with respect to said contract-,
5 and during the five years that plaintiffs were in Scientology,
6 plaintiffs reasonably believed the aforementioned representations
7 made by defendants, and in reliance thereon advanced to defendants
8 varying sums of money for courses and auditing, which sums
9 totalled \$11,000.00, for plaintiff, Carol Canity, and \$7,700.00
10 for plaintiff, Paul Garrity, between 1975 and July of 1980.

11 42. Plaintiffs performed all of the terms and conditions
12 on their agreements on their part, in that plaintiff, Carol
13 Garrity paid \$11,000.00 to defendants; plaintiff, Paul Garrity
14 paid \$7,730.00 to defendants; plaintiffs enrolled and completed
15 the required courses; underwent extensive auditing; disclosed
16 every personal and significant aspect of their lives to defendants
17 during auditing, which plaintiffs were promised would remain
18 confidential; followed every instruction and recommendation of
19 defendants; read all written documentation provided by defendants;
20 strictly adhered to all the representations and requirements of
21 defendants in order to obtain the scientifically guaranteed
22 benefits; invested 5 years of their lives in Scientology;
23 forfeited career employment; suffered physical, emotional and
24 mental distress; were placed in fear and trepidation because of
25 the intimidating and harassive tactics of defendants; were
26 required to sign a document indicating that plaintiffs would not
27 file suit against defendants and that they would be reimbursed
28 any monies for which they received no auditing; and had their

1 minds deliberately and maliciously manipulated by defendant to
2 create psychological weakness and vulnerability to all defendants,
3 demands.

4 43. Defendants breached said contracts in that
5 defendants have kept the \$11,000.00 paid by plaintiff, Carol
6 Garrity, and the \$7,700.00 paid by plaintiff, Paul Garrity, have
7 failed to provide any of the aforementioned scientifically-
8 guaranteed benefits to plaintiffs, have breached all confidences
9 regarding plaintiffs' auditing and have engaged in continuous
10 intimidating and harassive tactics against plaintiffs.

11 . 44. in or about August of 1976, defendants entered into
12 a second contract with plaintiff, Carol Garrity, wherein
13 defendants' employees, Bob Harvey and Mary Gay, promised that
14 plaintiff would earn enough money to live on and would earn
15 a percentage of all items she sold in the Scientology sales
16 program, if she became a full time employee of Scientology and
17 devoted all her time to Scientology as a staff member.

18 45- In or about November 5, 1975, defendants entered
19 into a second contract with plaintiff, Paul Garrity, wherein
20 defendants' employee, Bob Harvey, promised that plaintiff would
21 earn a substantial salary and be able to take courses and auditing
22 offered at one-half price, if plaintiff became a full time
23 employee of Scientology and devoted all his time to Scientology
24 as a staff member.

25 46. At all times with respect to said contract,
26 defendants represented that they fully intended to fulfill the
27 terms of the contract_

28 47- At all times with respect to said contract,

1 plaintiffs reasonably believed the representation: made by
2 defendants and in reliance thereon plaintiff, Carol Garrity,
3 began working for Scientology for 80-90 hours per week with little
4 to no pay, and plaintiff, Paul Garrity, began working for
5 Scientology in excess of 90 hours per week with little or no pay.

6 48. Plaintiff, Carol Garrity, performed all of the terms
7 and conditions of her agreement on her part in that plaintiff
8 worked 80-90 hours per week; devoted all her time to Scientology
9 with little to no pay, although it was continuously promised
10 that such pay would be forthcoming; sold her house, car and
11 furniture at a loss; and sold many Scientology items never
12 receiving a percentage as promised.

13 49. Plaintiff, Paul Garrity, performed all of the terms
14 and conditions of his agreement on his part in that plaintiff
15 worked in excess of 90 hours per week; devoted all his time to
16 Scientology with little to no pay, although it was continuously
17 promised that such pay would be forthcoming; and never received
18 any of the courses and auditing promised to staff members.

19 50. Defendants breached said contract in that defendants
20 failed to pay plaintiffs a proper salary and failed to provide
21 the benefits promised to plaintiffs.

22 51. As a result of defendants' breach, plaintiffs were
23 damaged in the amount of One Million Dollars (\$1,000,000.00) each.

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SECOND CLAIM FOR BELIEF-FRAUD

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4 52. Plaintiffs reallege paragraphs 1 through 51
5 and further allege:

6 53. In or about Marcr. of 1975, and continuously
7 thereafter until July 18, 1980, defendants, including defendants'
8 employee, Lee Landers, falsely and fraudulently represented
9 to plaintiff, Carol Garrity, through oral and written repre-
10 sentations, that if plaintiff joined Scientology and underwent
11 various courses and auditing, certain benefits, as set forth
12 in paragraph 54, were scientifically guaranteed.

13 54. On or about September 21, 1975, and continuously
14 thereafter until July 18, 1980, defendants, including defendants'
15 employee, Bob Harvey, falsely and fraudulently represented to
16 plaintiff, Paul Garrity, through oral and written representations,
17 that it plaintiff joined Scientology and underwent various
18 courses and auditing, the following benefits were scientifically
19 guaranteed:

- 20 (a) plaintiff's I.Q. would be raised;
21 (b) plaintiff's physical wounds and injuries
22 would heal faster;
23 (c) plaintiff, Carol Garrity's, neuroses would
24 be cured;
25 (d) plaintiff's problem with colds would be
26 resolved;
27 (e) plaintiff, Carol Garrity's, eyesight would
28 improve;

- 1 (f) plaintiff's career opportunities would improve;
- 2 (g) plaintiff's memory would be perfected;
- 3 (h) plaintiff would have the ability to "be
- 4 exterior" {leave the body};
- 5 (i) plaintiff would be fully perceptive;
- 6 (j) plaintiff would visit other planets;
- 7 (k) plaintiff would have extrasensory perception;
- 8 (l) plaintiff would read minds.

9 If plaintiffs joined Scientology as staff members they would
10 receive a substantial salary as well as auditing at half-price
11 and a percentage of sales made.

12 55. The representations so made by defendants were
13 secular and false. The true facts were that Scientology
14 courses and auditing could not provide any of the aforementioned
15 scientifically guaranteed benefits; that, in fact, these
16 benefits were not scientifically guaranteed through auditing
17 and use of the E-Meter as established in the case of U.S. v.
18 Article or Device, 333 F. Supp. 375 (D.Col. 1971); that the true
19 intent of defendants was to take plaintiffs' money; that L. Ron
20 Hubbard was not a nuclear physicist and had not attended any
21 universities; that he had not helped develop the atom bomb; and
22 that plaintiffs would never be paid a salary for their staff
23 work, but would instead be required to labor excessive hours
24 for little to no pay while defendants reaped all the benefits
25 thereof.

26 56. When defendants made the aforementioned representa-
27 tions, defendants knew them to be false and made said rcprescna-
28 tions without regard to their truth or falsity. Defendants made

1 said representations with the intent of induce inn reliance and
2 dependence on the part of plaintiffs.

3 -57. Plaintiffs were at all times ignorant, of the
4 falsity of said representations but believed them to be true.
5 In reliance thereon, plaintiff, Carol Garrity, took an Oxford
6 Capacity Analysis test, ("personality test"), which defendants'
7 employee, Tanja Kosal, administered; Tanja Kosal falsely and
8 fraudulently misrepresented that plaintiff's test results showed
9 plaintiff was in a terrible condition and required Scientology
10 to straighten out her life. In reliance thereon plaintiff paid
11 **\$100.00** for the **Hubbard** Qualified Scientology Course (HQS),
12 **purchased all books and course** materials needed for the course,
13 **and began the course on** April 1, 1975.

14 58. *in* reliance on the aforementioned misrepresentations,
15 plaintiff, Paul Garrity, paid \$7,700.00 to defendants for
16 *IQ* courses and auditing, which were promised to provide plaintiff
17 with the scientifically guaranteed benefits.

18 "39. Thereafter, the following misrepresentations were
19 made by defendants to plaintiff, Carol Garrity, followed by
20 specific acts of reliance on the part of plaintiff:

21 (a) Plaintiff was introduced to defendants'
22 employees, Star Hamilton, Kirk Hammond and
23 Rob Harvey, through oral and written represen-
24 tations falsely and fraudulently represented
25 that L. Hon Hubbard had devised the only
26 study technology that worked and that if
27 plaintiff wanted to study Dianetics properly

28 and gain all of the scientifically guaranteed

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benefits, plaintiff would have to take the study course.

In reliance thereon, plaintiff paid \$150.00 to defendants and took the course.

(b) In or about April of 1975, while plaintiff was in the HQS course, she experienced a floating feeling during a Training Routine where plaintiff was required to stare at another person for an extended period of time. Defendants' employee, Star Hamilton, falsely and fraudulently represented to plaintiff that plaintiff had "gone exterior" (her spirit had left her body). Believing that she had gone exterior, and in reliance thereon, plaintiff detached herself from her home and family life and all of her material possessions, causing turmoil between plaintiff and her husband, Gerald Bahr.

(c) In or about November of 1975, defendants' employee, Syl via, falsely and fraudulently represented that in order for plaintiff to be rid of the turmoil caused by her husband, who was blocking plaintiff's progress in Scientology, plaintiff should "disconnect" from him by divorce.

In reliance thereon, plaintiff divorced her husband in January of 1976 and paid defendants \$1,000.00 for further auditing to

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obtain the scientifically guaranteed benefits,
(d) In or about April of 1976, defendants' employee, Jane Kember, falsely and fraudulently represented to plaintiff that plaintiff was a "psych case" because plaintiff had seen a psychiatrist in 1971 when her parents died and plaintiff could, therefore, not join Scientology staff without completing the following auditing levels: Drug Rundown Completion, ARC Straightwise Completion and Dianetic Case Completion at plaintiff's expense. Defendants falsely and fraudulently represented that these auditing levels would provide the following scientifically guaranteed benefits: freedom from the need to take drugs or alcohol; that plaintiff would never get worse; and that plaintiff would be a healthy and happy humanbeing.

In reliance thereon, plaintiff paid to defendants approximately \$2,000.00 for this auditing. Plaintiff was also required to sign a "success story" after every level of auditing before defendants would allow plaintiff to go on to the next level. The auditing provided none of the scientifically guaranteed benefits.

(e) Once plaintiff completed the aforementioned levels and based upon the false and fraudulently misrepresentations of defendants'

1 employees, Jane Kember, Bob Harvey and Mary Gay,
2 that as a staff member plaintiff would be paid
3 a substantial salary, as well as a percentage
4 of all sales made, plaintiff quit her \$1,000.00
5 per month job, sold her house, car and
6 furniture at a loss and began to work for
7 Scientology 80-90 hours per week with
8 little to no pay, and no auditing until
9 May of 1977, although defendants promised
10 that on staff plaintiff would receive free
11 auditing.

12 (f) In or about May of 1977, it was further falsely
13 and fraudulently represented to plaintiff
14 that in order to attain the scientifically
15 guaranteed benefits, as well as the following
16 additional benefits:

- 17 (1) ability to handle power;
- 18 (2) recovery of knowledge;
- 19 (3) ability to solo audit;
- 20 (4) ability to act on own determinism;
- 21 (5) ability to be at cause over mental
22 matter, energy, space and time;
- 23 (6) ability to extrovert;
- 24 (7) complete freedom;

25 plaintiff would be required to take upper
26 level auditing at higher rates. In reliance
27 thereon, plaintiff paid to defendants
28 \$8,000.00 for upper level auditing and

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plaintiff went to Los Angeles to take the auditing courses. In or about July of 1977 plaintiff was ordered to return to the Las Vegas organization by defendants' employee, Mary Gay, and plaintiff was never able to complete most of the upper level auditing although she had paid for it.

(g) Defendants continuously from 1975 through July 18, 1980, falsely and fraudulently represented that all facts disclosed during auditing would remain confidential. In reliance thereon plaintiff disclosed every intimate detail of her life to defendants, which defendants circulated among various people in Scientology including: Merrill Woodruff, Kathy Kaid, Bob Harvey, Kurt Hammond, JoAnn Woodruff, Jack Gay, Mary Gay, Bruce Hamilton, Rusty Hamilton, Sandra Ellingston, Audrey Weiland, Matty Reese, Lori Zurn, Arty Marin, Ken Witman, Ken Washburn, Debby Hubbard, Jane Kimber and many more.

(h) On or about November 11, 1978, based upon the false and fraudulent representations of defendants that Scientology was a legitimate, scientific, law-abiding, religious, educational and non-profit organization, and that the fair game policy was cancelled, plaintiff began working for the Guardian's Office

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In reliance thereon, plaintiff presented ten pieces of identification as proof of her identity, and wrote her entire life history to satisfy the "security" requirements of defendants before entering the Guardian's Office; plaintiff signed several "bonds" which were falsely and fraudulently represented by defendants to be legal and binding and would be enforced if plaintiff ever released information regarding what plaintiff saw or heard in the Guardian's Office; plaintiff performed every order of defendants and was made to participate in activities which plaintiff later learned were covert activities used to silence critics of Scientology; plaintiff became ill, terrified and trapped by the Guardian's Office and in tovenber of 1979 plaintiff was on the verge of mental collapse.

60. When defendants made the aforementioned representations, defendants knew them to be false and made said representations without regard to their truth or falsity. Defendants made said representations with the intent of inducing reliance and total dependence on the part of plaintiff. Plaintiff was at all times ignorant of the falsiry of said representations and believed them to be true.

61. All of the aforementioned representations were secular and false. The true facts were:

(a) Defendants never intended to?????????????????

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with any of the aforementioned scientifically guaranteed benefits, but intended solely to induce total reliance and dependence on the part of plaintiff and to take all of plaintiff's money;

(b) Defendants kept none of plaintiff's auditing disclosures confidential in that the information obtained from plaintiff's auditing was circulated among many people in Scientology, including those people set forth in paragraph 59 (j)

(c) Defendants were not a legitimate, law-abiding, non-profit organization as represented to plaintiff in that defendants committed criminal acts and adopted policies designed to perpetrate continued criminal acts; defendants committed burglary and larceny and adopted policies designed to perpetrate continued acts of illegal invasion; defendants illegally invaded the privacy of public and private persons and offices; defendants "framed", slandered, libeled, cheated, mocked and attempted to destroy members of the Church; defendants diverted monies into Swiss bank accounts and into personal accounts of named defendants and others to be used for personal and illegal purposes violating the laws governing non-profit institutions.

(d) Defendants never intended to pay plaintiff a

1 substantial or oven a proper salary for the
2 extensive hours plaintiff worked on staff, and
3 intended solely to use plaintiff to work for
4 Scientology without proper pay.

5 62. On or about July 18, 1980, plaintiff left the Church
6 of Scientology, financially destitute, physically sick, emotion-
7 ally distressed and humiliated after plaintiff learned that all
8 of the aforementioned representations made by defendants about
9 Scientology were false and fraudulent, that plaintiff had lost
10 five years of her life and \$11,000.00 to defendants, and that
11 defendants had deliberately and maliciously manipulated plaintiff's
12 mind to create psychological weakness and vulnerability to all
13 defendants' demands.

14 63. Thereafter, on or about July 24, 1980, defendants'
15 employees, Mike Hunsaker, Vena. Anderson and the Board of Directors
16 of the Church of Scientology of Nevada, issued an Ethics Order-
17 in which defendants made false and fraudulent representations
18 with respect to plaintiff's character. The following misrepresen-
19 tations were made by defendants to plaintiff Paul Garrity, followed
20 by specific acts of reliance on the part of plaintiff:

21 (a) Based upon the false and fraudulent
22 representations of defendants that plaintiff
23 would be provided with the aforementioned
24 scientifically guaranteed benefits, plaintiff
25 paid to defendants \$4,000.00 for 100 hours of
26 auditing and an additional \$3,000.00 as
27 donations for Scientology books and written
28 materials.

(b) In or about November of 1975, defendants falsely and fraudulently represented that if plaintiff joined Scientology staff, plaintiff would receive a substantial salary as well as free courses and auditing to attain the aforementioned scientifically guaranteed benefits. In reliance thereon plaintiff joined staff on or about November 5, 1975, working in excess of 90 hours per week with little to no pay; plaintiff was never offered the promised courses and auditing, and **was forced** to work excessive hours preventing plaintiff from even attempting to take the "free" courses and auditing. Defendants continuously fiilsely and fraudulently represented that plaintiff would soon earn a substantial salary if he continued to work hard. Based upon those representations, plaintiff worked 7 days a week, often day and night without proper pay. Plaintiff further contributed personal funds to defendants in purchasing parts to perform repairs and in purchasing goods to perform carpentry work for defendants. This continued until May of 1977.

(c) Although defendants continued to falsely and fraudulently represent that plaintiff would soon receive a substantial salary as well as free auditing, plaintiff became financially

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destitute in April of 1977. In order to pay for food and rent, plaintiff began a small carpentry business in May of 1977. Thereafter, plaintiff continued to devote 40 - 50 hours of work to defendants, but was under tremendous pressure by defendants to close his business and devote all his time to Scientology. Defendants falsely and fraudulently accused plaintiff of limiting the expansion of Scientology by continuing a "wog" job.

(d) During this time, in the fall of 1977, plaintiff received sporadic auditing and was falsely and fraudulently labelled by defendants' employee, Bob Harvey, as a Potential Trouble Source and a List 1 Rock-Slammer (most evil person in Scientology). In reliance thereon, plaintiff was induced to continue receiving auditing for which he had paid; plaintiff believed that there was, in fact, something wrong with him and became extremely depressed and emotionally distressed, suffering tremendous headaches every day.

(e) Defendants continuously falsely and fraudulently represented that all of plaintiff's auditing disclosures would remain confidential. In reliance thereon, plaintiff disclosed every intimate detail of his life. Defendants circulated plaintiff's audit??misinformation???

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among various people in Scientology including those set forth in paragraph 59(g).

(f) In or about November of 1979, defendants falsely and fraudulently represented to plaintiff Mary Sue Hubbard and nine of the highest ranking members of California were innocent and defendants established the Safe Environment Fund on their behalf. In reliance thereon, plaintiff paid \$700.00 to the Fund based upon false and fraudulent representations of defendants that the Fund would pay for legal fees.

64. When defendants made the aforementioned representations, defendants knew them to be false and made said representations without regard to their truth or falsity. Defendants made said representations with the intent of inducing reliance and total dependence on the part of plaintiff. Plaintiff was at all times ignorant of the falsity of said representations and believed them to be true.

65. All of the aforementioned representations were secular and false. The true facts were:

(a) Defendants never intended to provide plaintiff with any of the aforementioned scientifically guaranteed benefits, but intended solely to induce total reliance and dependence on the part of plaintiff and to take all of plaintiff's money.

(b) Defendants kept ??? of plaintiff's auditing

1 disclosures confidential in that the
2 information obtained from plaintiff's auditing
3 was circulated among many people in
4 Scientology, including those people set forth
5 in paragraph 59(g).

6 (c) Defendants were not a legitimate, law-abiding,
7 non-profit organization as represented to
8 plaintiff in that defendants committed criminal
9 acts and adopted policies designed to perpetrate
10 continued criminal acts; defendants committed

11 **burglary and larceny and adopted policies**

12 designed to perpetrate continued acts of
13 illegal invasion; defendants illegally invaded
14 the privacy of Dublic and private persons and
15 offices; defendants "framed", slandered.
16 libeled, cheated, mocked and attempted to
17 destroy members of the Church; defendants
18 diverted monies into Swiss bank accounts and
19 into personal accounts of named defendants
20 and others to be sued for personal and illegal
21 purposes, violating the laws governing non-
22 profit institutions.

23 (d) Defendants never intended to pay plaintiff a
24 substantial or even a proper salary for the
25 extensive hours plaintiff worked on staff, and
26 intended solely to use plaintiff to work for
27 Scientology without proper pay.

28 (1f) • On or about July 18, 1980, plaintiff left the church

1 of Scientology; financially destitute, physically sick, emotionally
2 distressed and humiliated after plaintiff learned that all of the
3 aforementioned representations made by defendants about Scientology
4 were false and fraudulent, that plaintiff had lost 5 years of his
5 life and \$7700.00 to defendants, and that defendants had deliberately
6 and maliciously manipulated plaintiff's mind to create
7 psychological weakness and vulnerability to all defendants'
8 demands.

9 67. Thereafter, on or about July 24, 1980, defendants'
10 employees, Mike Hunsaker, Vena Anderson and the Board of Directors
11 of the Church of Scientology of Nevada, issued an Ethics Order in
12 which defendants made false and fraudulent representations with
13 respect to plaintiff's character.

14 68. in reliance on the false and fraudulent
15 representations set forth in paragraphs 53 through 67 , plaintiffs
16 were damaged in the amount of One Million (\$1,000,000.00) Dollars,
17 each.

18 VII

19 THIRD CLAIM FOR RELIEF

20 UNLAWFUL PRACTICE IN SALES OF

21 CONSUMER SERVICES

22 69. Plaintiffs reallege paragraphs 1 through 68 and
23 further allege:

24 70. In or about 1975 and continuing thereafter until
25 July 28, 1980, defendants falsely and fraudulent]-/ represented
26 to plaintiffs that certain services of defendants in the form
27 of courses and auditing by use of the E-meter were scientifically
28 guaranteed to provide the physical and emotional benefit;; set forth

1 in paragraph 54, and that such services would require payment on
2 the part of plaintiffs.

3 73. The services as described above were purchased by
4 plaintiffs primarily for personal purposes.

5 72. Defendants falsely and fraudulently represented
6 that said services in the form of courses and auditing were
7 scientifically guaranteed to provide physical and emotional
8 benefits when in fact said courses and auditing by use of the
9 E-Meter could not provide scientifically guaranteed benefits as
10 already adjudged in the case of U.S. vs. Article or Device, 333
11 F. Supp. 357 (D.Col. 1971). Pursuant to the Order of the Court,
12 defendants were required to do the following;

13 "1. E-Meters shall be used or sold or distributed
14 only for use in bona fide religious counseling.

15 2. Each E-Meter shall bear the following warning,
16 printed in 11-point leaded type, permanently
17 affixed to the front of the E-Meter so that it
18 is clearly visible when the E-Meter is used,
19 sold or distributed;

20 The E-Meter is not medically or scientifically
21 useful for the diagnosis, treatment, or prevention
22 of any disease. It is not medically or scientifically
23 capable of improving the health or bodily functions
24 of anyone.

25 3. Any and all items of written, printed, or
26 graphic matter which directly or indirectly
27 refers to the E-Meter or to Dianetics and/or
28 Scientology and/or auditing or processing shall

1 not be further used or distributed unless and
2 until the item shall bear the following prominent
3 printed warning permanently fixed to said item
4 on the outside front cover or in the title page
6 in letters no smaller than 11-point leaded type:

6 WARNING

7 The device known as a Hubbard Electrometer,
8 or E-Meter, used in auditing, a process of
9 Scientology and Dianetics, is not medically
10 or scientifically useful for the diagnosis,
11 treatment, or prevention of any disease. It
12 is not medically or scientifically capable
13 of improving health or bodily functions of
14 anyone."

15 73. Defendants contemptuously failed to obey the Court
16 Order, which failure directly resulted in a lack of warning or
17 knowledge on the part of plaintiffs with respect to auditing
18 services provided by defendants.

19 74. Defendants false and fraudulent representations
20 were intended to result in the sale of services to plaintiffs in
21 the form of courses and auditing by use of the F-meter, and the
22 purchase of said services by plaintiffs was made in reliance on,
23 and as a result of the aforementioned representations of defendants.

24 75. The aforementioned representations of defendants
25 were willful and intentional violations of the provisions of
26 subparagraphs 2, 3 and 5 of Section 1770 of the Civil Code and
27 that such violations were not the result of a bona fide error.

28 76. By reason of the eDove-referenced violations of

1 Section 1770 of the Civil Code, plain., iff Carol Garrity has
2 suffered damages in the amount of \$11,000.00 and plaintiff Paul
3 Garrity has suffered damages in the amount of \$7700.00, for
4 courses and auditing purchased during the five year period from
5 1975 through July 18, 1980.

6 77. Plaintiffs further demand punitive damages in the
7 amount of One Million (\$1,000,000.00) Dollars, each.

8 VIII

9 FOURTH CLAIM FOR RELIEF

10 INVASION OF PRIVACY

11 78. Plaintiffs reallege paragraphs 1 through 77 hereof
12 and further allege:

13 79. In or about 1975 and continuing through July 18,
14 1980, defendants represented to plaintiffs that every disclosure
15 made during "auditing" would remain confidential. Defendants
16 further represented that the relationship between the plaintiffs
17 and auditor was analogous to that of a clergyman and a parishioner.
18 Plaintiffs reposed trust and confidence in this relationship and
19 revealed many intimate and confidential thoughts. Defendants
20 recorded this information by writing it down in long hand and
21 storing it in plaintiffs' preclear folder. Thereafter the written
22 information derived from auditing sessions was reviewed and
23 abstracted by plaintiffs' case supervisor, the Ethics Office and
24 the Guardian's Office in order to gather any damaging information
25 that could later be used to extort plaintiffs' silence and
26 obedience; said information was sent by mail, carrier or telex to
27 various other Scientology organizations.

28 80. The written disclosure obtained from plaintiffs'

1 preclear folders, containing intimate details of plaintiffs' lives,
2 were also circulated among various people in Scientology including
3 Merrill Woodruff, Kathy Raid, Bob Harvey, Kurt Hammond, JoAnn
4 Woodruff, Jack Gay, Mary Gay, Bruce Hamilton, Rusty Hamilton,
5 Sandra Ellingston, Audrey Weiland, Matty Reese, Lori Zurn, Arty
6 Marin, Ken Witman, Ken Washburn, Debby Hubbard, Jane Kimber and man
7 more. These people had no right to the information contained in
8 plaintiffs' auditing disclosures.

9 81. Defendants written and public disclosure of
10 plaintiffs' intimate experiences was indecent and constituted an
11 unreasonable and substantial interference with plaintiffs' privacy.

12 82. Defendants knowingly conspired to annoy, vex and
13 interfere with plaintiffs' right of privacy by continuously,
14 deliberately and maliciously circulating and exposing intimate
15 details contained in plaintiffs' preclear folders from 1975
16 through July 18, 1980 to numerous people including those set forth
17 in paragraphs 79 and 80.

18 83. Plaintiffs demand the sum of One Hundred Thousand
19 (\$100,00.00) Dollars for defendants' invasion of plaintiffs'
20 privacy, each.

21 IX

22 FIFTH CLAIM FOR RELIEF

23 INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS

24 84. Plaintiffs reallege paragraphs 1 through 83 hereof
25 and further allege:

26 85. Defendants engaged in an intentional course of
27 conduct designed to inflict emotional distress. Such conduct.
28 was extreme and outrageous, beyond all possible b??s of decency

1 and was utterly intolerable in a civilized community. Such
2 conduct has caused the plaintiffs severe mental and emotional
3 distress. Defendants' outrageous conduct is as follows:

4 a) Defendants composed, implemented and enforced
5 a policy designated the "Fair Game Doctrine", which
6 states:

7 "Every S.P. "Suppressive Person" Order.

8 Fair Game. May be deprived of property

9 or injured by any means by an Scientologist

10 without any discipline of the Scientologist.

11 May be tricked, sued or lied to or destroyed".

12 Defendants informed plaintiffs of the existence of

13 this policy and cited illustrations of its

14 application. Defendants, pursuant to this

15 policy, harassed and intimidated plaintiffs

16 when plaintiffs attempted to sever their contacts

17 with Scientology. Defendants manipulated

18 plaintiffs' connection with Scientology by

19 causing them to fear they would be subject

20 to the Fair Game Doctrine. Plaintiffs continue

21 to fear they will be subjected to its application.

22 b) Defendants composed, implemented and practiced

23 a policy designated "Disconnect", which states:

24 "Disconnection from a family member or cessation

25 of adherence to a Suppressive Person is done by

26 ...publishing the fact... and taking any required

27 civil action such as disavowal, separation or

28 divorce and thereafter cutting all further

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communication and disassociating from the person or group".

Defendants instructed the plaintiff Carol A. Garrity to disconnect from her husband, family members and other friends.

c) Defendants routinely recorded plaintiff's auditing sessions and divulged intimate disclosures to third persons.

86. Defendants' policies of "disconnect" and "Fair Game", together with the practice of disclosing auditing information^, are outrageous and extreme beyond all possible bounds of decency and are utterly intolerable in a civilized community. Defendants' practices have caused the plaintiffs to suffer severe emotional and mental distress.

87. Plaintiffs demand damages in the amount of Three Million (\$3,000,000.00) Dollars for intentional infliction of emotional distress, each.

X

SIXTH CLAIM FOR RELIEF

VIOLATION OF FAIR LABOR STANDARDS ACT

88. Plaintiffs reallege paragraphs 1 through 87 and further allege their consent to suit for violations of said chapter.

89. Defendant California is an employer who is engaged in commerce as defined in 29 U.S.C. Section 203.

90. Defendant California employed the plaintiffs to market Scientology goods and services and contracted to pay substantial salaries for services rendered .

1 91. Defendant, California, employed plaintiff Carol
2 Garrity to sell books, pamphlets, circulars, newspapers and other
3 goods to the public as well as auditing services; defendant,
4 California, employed plaintiff Paul Garrity to prepare for sale
5 by printing and readying Scientology promotional materials in the
6 form of books, pamphlets, circulars and newspapers. All of which
7 was done on behalf of California.

8 92. Plaintiffs prepared and sold the following goods
9 on behalf of the California Church: books, newspapers, circulars
10 and pamphlets.

11 93. The plaintiffs were not employed in ministerial
12 work but performed merely sectarian duties; preparing and selling
13 goods as described above.

14 94. The defendant operates as an enterprise as defined
15 by U.S.C. Section 203.

16 95. The defendant, as an enterprise, performs the
17 business of preparing and selling auditing, books, newspapers
18 and other Scientology goods and paraphernalia to the public.

19 96. Plaintiff Carol Garrity provided labor and services
20 to the defendants for approximately four years working eighty (80)
21 hours per week, and her labor and services were not of a church
22 ministerial nature. Plaintiff Paul Garrity provided labor and
23 services for defendants for approximately five years working
24 ninety (90) hours per week, and his work was not of a church
25 ministerial nature.

26 97. Defendants violated 29 U.S.C. Section 206-607 by
27 failing to pay the minimum wage for regular and overtime hours as
28 prescribed by said statutes. Defendants are liable to the

1 plaintiffs for the following amounts:

2 CAROL GARRITY:

3 a) Approximately 8820 regular hours of work at
4 \$2.15 per hour equalling \$20,800.00 and 8320
5 hours for overtime at \$3.97 per hour equalling
6 \$33,030.00. Totalling \$53,830.00 for services
7 rendered.

8 PAUL GARRITY:

9 a) Approximately 6000 regular hours of work
10 at \$2.15 per hour equalling \$12,900.00 and 6000
11 hours for overtime at \$3.97 per hour equalling
12 \$24,030.00. Totalling \$36,930.00 for services
13 rendered.

14 98. Defendants are liable to plaintiff Carol Garrity
15 under 29 U.S.C. Section 216 for an amount of liquidated damages
16 equal to the amount of unpaid wages in the sum of \$53,830.00
17 resulting in total damages of \$107,660.80.

18 99. Defendants are liable to plaintiff Paul Garrity
19 under 29 U.S.C. Section 216 for an amount of liquidated damages
20 equal to the amount of unpaid wages in the sum of \$36,930.00
21 resulting in total damages of \$73,860.00.

22 XI

23 SEVENTH CLAIM FOR RELIEF

24 VIOLATIONS OF THE RACKETEER INFLUENCED CORRUPT

25 ORGANIZATIONS ACT - 18 U.S.C. 1961-1968

26 100. Plaintiffs reallege paragraphs 1 through 99 hereof
27 and further allege:

28 101. This claim for relief is BROUGHT UNDER 18 USC 1961-1968.

1 Section 1964(c), which statute provides for treble damages for
2 any person injured by reason of a violation of 18 U.S.C.

3 Section 1962.

4 102. It is unlawful under 18 U.S.C. Section 1962 for
5 any person or corporation to receive income from a "pattern of
6 racketeering activity", and use or invest such income in the
7 operation of an establishment of any enterprise affecting
8 interstate commerce.

9 103. "Racketeering activity" is defined in 18 U.S.C.
10 Section 1961 as two acts of extortion, or any two acts which are
11 indictable under 18 U.S.C. Section 1341 (relating to mail and
12 wire fraud) and 18 U.S.C. Section 1505 and 15x0 (relating to
13 obstruction of criminal investigation).

14 104. Defendants engaged in a massive pattern of activity
15 over many years continuing to the present date to make the
16 fraudulent representations set forth in paragraphs 52 through 68
17 hereof. Said representations were made in numerous articles,
18 books and pamphlets produced by the defendants in California and
19 mailed to their agents in Las Vegas where said representations
20 were made to the plaintiffs. Plaintiffs relied on said
21 representations and were damaged as set forth in Daragraphs
22 hereof.

23 105. The representations made to the p. intiffs were
24 adjudged to be fraudulent in the case of U.S. v. Article or Device,
25 etc. 333 F.Supp. 357 (D.Col., 1971), and pursuant to the Order of
26 the Court, defendants were required to do the following:

27 1. E-Meters shall be used or sold or distributed
28 only for use in bona fide religious????

1 2. Each E-Meter shall bear the following warning,
2 printed in 11-point leaded type, permanently
3 affixed to the front of the E-Meter so that it
4 is clearly visible when the E-Meter is used,
5 sold or distributed:

6 The E-Meter is not medically or scientifically
7 useful for the diagnosis, treatment, or prevention
8 of any disease. It is not medically or scientifically
9 capable of improving the health or bodily functions
10 of anyone.

11 3. Any and all items of written, printed, or
12 graphic matter which directly or indirectly
13 refers to the E-Meter or to Dianetics and/or
14 Scientology and/or auditing or processing shall
15 not be further used or distributed unless and
16 until the item shall bear the following prominent
17 printed warning permanently fixed to said item
18 on the outside front cover or in the title page
19 in letters no smaller than 11-point leaded type:

20 WARNING

21 The device known as a Hubbard Electrometer,
22 or E-Meter, used in auditing, a process of
23 Scientology and Dianetics, is not medically
24 or scientifically useful for the diagnosis,
25 treatment, or prevention of any disease. It
26 is not medically or scientifically capable
27 of improving health or bodily functions of
28 anyone. "

*

1 106. Defendants have utterly and contemptuously failed
2 to obey the Order of the Court, which failure has directly
3 resulted in a lack of warning or knowledge to the plaintiffs, that
4 representations made to them were and are false.

5 107. Defendants have engaged in a massive pattern of
6 activity to collect information from the auditing disclosures
7 of the plaintiffs and other persons; and defendants have used
8 said information and disclosures to extort silence and obedience
9 to the defendants and prevent the plaintiffs and others from
10 pursuing their legal remedies.

11 108. Defendants have engaged in a massive pattern of
12 outrageous activity to obstruct justice, obstruct criminal
13 investigations, and use the courts to harass and intimidate its
14 opponents from pursuing their legal remedies. Defendants, Mary
15 Sue Hubbard, as an agent and co-conspirator of the defendant,
16 L. Ron Hubbard, and the corporate defendants, has stipulated in
17 writing to the acts alleged in this paragraph.

18 109. Plaintiffs, each, demand treble damages in the amount of
19 Three Million (\$3,000,000.00) Dollars for the damage inflicted
20 upon them by the defendants through their systematic and
21 continuous pattern of "racketeering activity" prohibited by
22 18 U.S.C. Section 1962.

23 WHEREFORE, plaintiffs Pray for the damages herein set
24 forth.

25 DATED: November 6, 1981

26 CONTOS & BUNCH

27
28 BY : _____
BRUCE M. BUNCH
Attorneys for plaintiffs

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF

I, the undersigned, say

I have read the foregoing

and know its contents.

CHECK APPLICABLE PARAGRAPH

I am a party to this action. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

I am an officer a partner of

a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I am informed and believe and on that ground allege that the matters stated in it are true.

I am one of the attorneys for

a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in it are true.

Executed on 19 at California.

I declare under penalty of perjury that the foregoing is true and correct.

(Signature)

ACKNOWLEDGMENT OF RECEIPT OF DOCUMENT (other than summons and complaint)

Received copy of document described as

on 19

(Signature)

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the county of Los Angeles State of California

I am over the age of 18 and not a party to the within action; my business address is: 5855 Topanga Canyon Boulevard, Suite 400, Woodland Hills, CA 91367

On November 9 1981 I served the foregoing document described as

FIRST AMENDED COMPLAINT FOR DAMAGES

on all interested parties

in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at: Woodland Hills, California

addressed as follows:

HOWARD J. STECHEL, ESQ.
433 N. Camden Drive
Suite 400
Beverly Hills, CA 90210

Executed on November 9 1981 at Woodland Hills California.

(check applicable paragraph below)

(State) I declare under penalty of perjury that the above is true and correct.

(Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.