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SUMMONS ISSUED

ATTORNEYS FOR JON ANO VIVIEN ZEGEL

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

C508798

JON ZEGEL AND VIVIEN ZEGEL)
Plaintiffs s,)
vs.)
CHURCH OF SCIENTOLOGY OF)
CALIFORNIA, INC., CHURCH OF)
SCIENTOLOGY INTERNATIONAL,)
INC., RELIGIOUS TECHNOLOGY)
CENTER, INC., THE CHURCH OF)
SPIRITUAL TECHNOLOGY, INC.,)
THE FLAG SERVICES ORG, INC.,)
DOES 1 THROUGH 99 INCLUSIVE,)
Defendants)

CASE NO. _____
COMPLAINT FOR DEFAMATION,
LIBEL, BREACH OF CONTRACT
BREACH OF COVENANT OF GOOD
FAITH AND FAIR DEALING
INTENTIONAL INFLICTION OF
EMOTIONAL DISTRESS, FRAUD,
CONSPIRACY

For their complaint, Plaintiffs allege:

FIRST CAUSE OF ACTION:
DEFAMATION

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1 1. Plaintiffs have both been long-time members in and ordained ministers
2 of the Church of Scientology; Jon Zegel for nearly 15 years, Vivien Zegel for
3 nearly 20 years. Plaintiffs had both undertaken considerable career training
4 with Defendant church and had established a successful practice as independent
5 counsellors and practitioners of Scientology techniques, (hereinafter use of
6 "plaintiff" shall refer to both plaintiffs.)

7 2. In the fall of 1982, there was a drastic change in Church management
8 and policy. Among the changes was that those engaged in "field auditing"
9 {independent Scientology ministers counselling clients outside the Church per
10 se) would be required to pay 10% of their gross Income from counselling to the
11 Church. Field auditors were required to sign a contract to that effect which
12 also granted the Church power to "levy and collect monetary fines" of
13 unspecified amounts, to unilaterally change the governing standards of the
14 agreement, to "require...further study or processing (Scientology counselling)
15 to correct any deviation from the standards...and auditor shall pay for all
16 costs." In the event of a dispute, only Church of Scientology members would be
17 acceptable as arbitrators, and their decisions would be final. Any legal
18 action taken by the field auditor would automatically terminate the agreement
19 (and consequently their "authorization to practice"), while Church management
20 was permitted to take any legal action against the auditor without
21 arbitration. Refusal to sign said contract would revoke one's "rights" to
22 pursue their auditing career which had been irrevocably promised by the
23 defendant church to last "forever" upon plaintiffs obtaining permanent
24 certification for each required level of counseling, and the Church threatened
25 legal action (both civil and criminal), as well as Scientological disciplinary
26 actions against any who continued to "unauthorizedly" practice.

27 3. Plaintiffs, both of whom were field auditors, objected to
28 signing said contract.

1 When Plaintiffs expressed their objections openly, the actions leading
2 to this complaint were taken by Defendants.

3 4. Defendants attempted to persuade Plaintiffs to sign the contract and
4 otherwise silence their objections. Defendants actions Included conversations,
5 "sec-checking" (intensive interrogation), threats, ultimately physical assault
6 and an attempted false imprisonment of Plaintiffs by three high-ranking Church
7 officials.

8 5. Shortly thereafter, on 4-28-83 , Plaintiffs resigned their membership
9 [in Defendant church. The "internal church disciplinary actions" which
10 culminated in the documents that libel the Plaintiffs did not begin until
11 Plaintiffs had resigned membership in Defendant church.(hereinafter defendant
12 church shall refer-to defendants, and each of them.)

13 6. The defendant church labelled plaintiffs "squirrell" and "Suppressive
14 Person" and did so falsely, with malice, and with the intent to libel and
15 defame plaintiffs knowing the foreseeable impact it would have on the lives
16 and careers of plaintiffs.

17 a.) The term "squirrel" is a pejorative term used to indicate a person
18 who has altered (to worsen) Scientology methods or techniques. Squirrelling is
19 considered treasonous to the subject and potentially dangerous to ones
20 clients. Calling a professional Scientology practioner a squirrel would be
21 equivalent to calling a physician a "quack" or calling an attorney an
22 "ambulance chaser" or a "shyster." In religious terms, it would be equivalent
23 to the use of an expletive such as "kike." Scientologists are wamed to have
24 nothing to do with squirrels.

25 b.) The term "suppressive person" is the most deleterious
26 term used by the Defendant church. A suppressive person (often
27 "SP") is a person with "the overt or covert but always complex and
28

1 continuous determination to harm or destroy." Such persons *are* described in
2 Defendant's literature as "having anti-social tendencies", perpetuating
3 "crimes and criminal acts", "fixated on keeping others down", and those who
4 "dominate and injure the lives and enterprize" of those who are not
5 suppressive. Examples of SPs cited by Defendant church literature include
6 Napoleon, Hitler, Dillinger, Pretty Boy Floyd and "other famous criminals."
7 The literature further states that a suppressive person " commits almost
8 continuous crimes in an effort to hold people down...He commits overts
9 ("harmful acts against others] twenty four (sic) hours a day."

10 7. Plaintiffs, Jon and Vivien Zegel, individuals, reside in the County
11 of Los Angeles, State of California.

12 8. Defendant Church of Scientology International, Inc., ("CSC") is a
13 corporation duly organized and existing under and by virtue of the laws of
14 California, and has its principal place of business in Los Angeles, County of
15 Los Angeles, California.

16 9. Defendant Church of Scientology International, Inc., ("CSI") is a
17 corporation duly organized and existing under and by virtue of laws of
18 California, and has Its principal place of business In Los Angeles, County of
19 Los Angeles, California.

20 10. Defendant Religious Technology Center, Inc. ("RTC") is a corporation
21 duly organized and existing under and by virtue of the laws of California, and
22 has its principal place of business at 4751 Fountain Avenue, Los Angeles,
23 County of Los Angeles, California.

24 11. Defendant Church of Spiritual Technology, Inc. ("COST") is a
25 corporation duly organized and existing under and by virtue of the laws of
26 California, and has its principal place of business at 4751 Fountain Avenue,
27 Los Angeles, County of Los Angeles, California/

28 12. Defendant Flag Services Org, Inc., ("FLAG") is a a corporation duly

1 organized and existing under and by virtue of the laws of Florida, and has its
2 principal place of business at 210 South Fort Harrison Avenue, Clearwater,
3 Florida.

4 13. The true names and capacities of individual Defendants DOES 1 through
5 99, inclusive are unknown to Plaintiffs, who therefore sue said Defendants by
6 such fictitious names. Plaintiffs are Informed and believe and thereon allege
7 that each of the Defendants designated herein as a fictitiously named
8 Defendant is in some manner responsible for the events and happenings refered
9 to herein, either contractually or tortiously, and caused the damage to the
10 Plaintiffs as herein alleged. When Plaintiffs ascertains the true names and
11 capacities of DOES 1 thurough 99, inclusive, they will ask leave of this court
12 to amend their complaint by setting forth the same.

13 14. Defendant RTC is the successor of L. Ron Hubbard, ("LRH") the founder
14 of the religion of Scientology, as owner of the trademarks and service marks
15 used by the organizations of said religion, which are used by those
16 organizations under license from and under the control of RTC.

17 15. Defendant CSI is the ecclesiastical authority and the Mother Church
18 of the religion of Scientology, under the supervision and control of RTC, and
19 consequently is the successor of interest to CSC.

20 16. Defendant CSI and its affiliated organizations, including CSC, are
21 licensed by RTC to use trademarks and service marks of Scientology and are
22 therefore under the supervision and control of RTC.

23 17. Defendant COST is the successor of RTC as overall supervisor of the
24 use and trademarks and service marks of Scientology, and is consequently the
25 overall supervisor of the religion of Scientology.

26 18. Defendant RTC has been designated by LRH as the protector of the
27 religion of Scientology and to maintain the purity and ethical use of its
28 religious works, and has undertaken the responsibility to LRH for ensuring

1 that the nature and quality of the services and products that are associated
2 with Scientology, Its trade names and marks, are in accordance with prescribed
3 standards based upon the written and recorded spoken words of LRH. In
4 accepting this responsibility, RTC, independently, and as successor of CSI, CSC
5 and LRH, has placed Itself as responsible party governing the conduct of CSI
6 and its affiliated corporations.

7 19. At all times mentioned, each of the defendants named in the caption
8 of this complaint, was and is the agent, servant, and employee of each of the
9 other defendants, and all of the things alleged to have been done by said
10 defendants were done in the capacity of and as the agent of the other
11 defendants, and all acts were ratified, condoned and approved by each other
12 defendant.

13 20. Plaintiffs have undertaken substantial career training from the
14 Church of Scientology, purchasing training and counselling services from
15 Defendants at a cost to Plaintiffs of nearly \$100,000.

16 21. Until April, 1983, Plaintiffs were members in good standing of the
17 Church of Scientology, and were self-employed as "field auditors" and "Field
18 Staff Members" of the Church of Scientology of California, which later was to
19 become the Church of Scientology International, and Religious Technology
20 Center,

21 As "field auditors" they worked as independent practitioners, whose sole
22 purpose was to deliver services and the technology of Scientology and
23 Dianetics and thus were engaged in the occupation of being professional
24 Scientologists and professional consultants. In addition, plaintiffs had an
25 established business consultant practice and were engaged in advising various
26 types of businesses in Los Angeles. Plaintiffs reside in the City of Los
27 Angeles, County of Los Angeles, State of California, where Plaintiffs have
28 resided for the last 8 years and at all times have enjoyed a good reputation

1 both generally and in their occupation.

2 22. On or about August 3, 1983, defendants published and distributed a
3 17 page document entitled "SEA ORGANIZATION FLAG CONDITION ORDER 7232,
4 FINDINGS AND RECOMMENDATIONS...", (hereinafter "FINDINGS") a true copy of
5 which is attached hereto as Exhibit A, and is made a part hereof.

6 23. The FINDINGS were republished in their original form and distributed
7 widely to the Scientology community as well as being posted on public notice
8 boards in Scientology facilities.

9 24. The following statements contained in the FINDINGS are
10 false and/or defamatory as they apply to the plaintiffs:

11 b.) "7. Organizing splinter groups to confuse people
12 about the true beliefs and practices of Scientology or to deceive
13 them into considering that they will be able to study part or all
14 of Scientology or receive standard pastoral counselling from the
15 splinter group.

16 "Jon pleaded not guilty. The Committee finds him
17 guilty. While receiving this Comm[ittee of] Ev[idence] Jon
18 and Vivien joined and engaged in promotion of a squirrel
19 group called "The Phoenix", which does not recognize Source.
20 This group is known too for squirrel practices and inability
21 to get any results from any of their actions. Their
22 squirrelling makes their victims worse on an immediate
23 basis." Page 4, paragraphs 6 and 7. d.

24 c.) "3. Being a known accessory to a suppressive
25 act. "Jon pleads not guilty. The Committee finds him
26 guilty." Page 6, paragraphs 13 and 14.

27 d.) "It is obvious from the squirrelling that Jon
28 has done, that he falsely attested to achieving the level of

1 Class VIII auditor." Page 7, paragraph 9.

2 e.) "It is obvious from the squirrelling that
3 Vivien has done, that she falsely attested to achieving the
4 level of Class VIII auditor." Page 12, paragraph 8.

5 f.) "Vivien has never done the Class VIII or HSST
6 Internships..." Page 13, paragraph 3. Plaintiff Vivien Zegel
7 has in fact done the Class VIII internship and holds a
8 certificate to that effect.

9 g.) " 1. CRIME: Pretending Scientology
10 certificates, classifications or awards not actually held to
11 obtain money or credit.

12 "Both Jon and Vivien Zegel are GUILTY of this
13 Crime by claiming to be a Class VIII (and in Vivien's case
14 also HSST) when their Certificates had expired." Page 14,
15 paragraphs 11 and 12. Per Defendants literature and
16 representations to Plaintiffs, "field auditors" have the
17 right to hold their certificates without cancellation by
18 anyone forever.

19 h.) "...the Committee found that the Zegel's
20 actually held pes from advancing up the Bridge in an effort
21 to retain them for reasons of personal income. Vivien
22 herself even went so far as to purposely misprogram well
23 intentioned pes..." Page 15, paragraph 6. i.) "Both Jon and
24 Vivien claim upset over attempted handlings prior to this
25 Committee of Evidence. The Committee investigated these and
26 found that these attempted handlings were done with a
27 genuine concern and attempt to assist them..." Page 15,
28 paragraph 8. In fact, plaintiffs were assaulted by senior

1 officials of defendant church and an attempt was made to falsely imprison them
2 when they refused to comply with orders of said officials.

3 25. The FINDINGS labelled Plaintiffs Suppressive Persons. A
4 Suppressive Person is defined by the Church as an insane person who
5 continually and maliciously committs crimes. Defendants, by labelling
6 Plaintiffs as "Suppressive Persons" is accusing the Plaintiffs of continually
7 committing crimes.

8 26. These FINDINGS defamed the Plaintiffs because those who saw and
9 heard them, principally Scientologists, were aware of the matter of FINDINGS
10 and understood the Scientology language used. Such language was in fact
11 Intended to ruin the reputation of Plaintiffs, cause them shame,
12 mortification, hurt feelings and to cause the Plaintiffs to be shunned and
13 avoided by other Scientologists, friends and family.

14 27. The FINDINGS are false in that it charges Plaintiffs with
15 committing "CRIMES" and "HIGH CRIMES," as well as accusing Plaintiffs of
16 "MALICIOUS RUMOR MONGERING", "TO DECEIVE THEM [people]" , "MAKES THEIR VICTIMS
17 WORSE", "SPREAD WILD RUMORS" , "BEING A KNOWING ACCESSORY", "SPREADING
18 DESTRUCTIVE RUMORS" , "DOCUMENTED HIGH CRIMES", "ENGAGING IN MALICIOUS RUMOR
19 MNGERING TO DESTROY THE AUTHORITY OR REPUTE..." , "TO PERVERT SCIENTOLOGY
20 PRACTICES".

21 28. The FINDINGS were seen and read by persons who reside in and
22 around the City and County of Los Angeles, California.

23 29. Plaintiffs, via council, demanded retraction of said FINDINGS in
24 two DEMANDS FOR RETRACTION dated 15 August 1983 and 16 September 1983. True
25 copies of those documents are attached hereto as Exhibits B and C and are made
26 a part hereof.

27 30. Defendants were also notified by three of the five members of
28 the Committee of Evidence (the alleged authors of the FINDINGS) that the

1 FINDINGS as published by Defendants was false and significantly altered from
2 those prepared by the Committee and demanded that their "endorsements" be
3 removed or a corrected version be issued. Defendants refused.

4 31. Defendants conduct was intentional , malicious and done for the
5 purposes of causing plaintiffs to suffer humiliation, mental anguish, and
6 emotional and physical distress. Defendants, and each of them, confirmed and
7 ratified the conduct of each other defendant. Defendants conduct of
8 republishing said FINDINGS was done with knowledge that plaintiffs' emotional
9 and physical distress would thereby increase and was done with wanton and
10 reckless disregard of the consequences to plaintiffs.

11 32. As a proximate result of the above-described publication,
12 plaintiffs have suffered a loss of their reputation, shame, mortification, and
13 hurt feelings, as well as having been subjected to hatred, contempt, ridicule
14 and abuse, all to their general damage according to proof.

15 33. As a further proximate result of the above-described
16 publication, plaintiffs suffered the following special damages: the loss of
17 plaintiffs occupation, and all of the related privileges accorded thereto, as
18 well as the loss of general esteem in which Plaintiffs were held in the
19 community. In addition, Plaintiffs have been unable to communicate with their
20 son, Marc Yager, who is a senior Church official.

21 Due to the FINDINGS plaintiffs were shunned by their friends and
22 former business associates and clients. Their friends and associates were
23 forced by defendants to "disconnect" from plaintiffs. This is a policy of the
24 Church applied to those individuals who have been declared to be suppressive
25 persons.

26 34. The above-described document was published by the defendants
27 because of their feelings of hatred and ill will towards plaintiffs and with a
28 desire to oppress and silence the plaintiffs. The conduct of defendant church

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1 as described was oppressive, fraudulent and malicious thereby entitling
2 plaintiff to an award of punitive damages in an amount appropriate to punish
3 and make an example of defendant church.

4 SECOND CAUSE OF ACTION
5 DEFAMATION

6 35. Plaintiffs repeat and reallege the allegations contained in
7 Paragraphs 1 through 34 and by reference thereto incorporate the same as
8 though fully set forth herein.

9 36. On or about August 3, 1983 defendants, and each of them,
10 published a document entitled "SUPPRESSIVE PERSONS DECLARE, JON AND VIVIEN
11 ZEGEL (hereinafter "DECLARE") which was defamatory, and libelous. A true and
12 correct copy is attached as Exhibit "D" and is made a part hereof.

13 37. The DECLARE was republished in its original form and distributed
14 widely to the Scientology community as well as being posted on public notice
15 boards in Scientology facilities.

16 38. The DECLARE contains false statements about the Plaintiffs as
17 follows:

- 18 a. (plaintiffs) "have joined and engaged in the promotion
19 of a squirrel group..." "They have also allowed members of
20 the infamous CADA (squirrel group) to meet in their home
21 conspiratorily."
- 22 b. "Per the approved Recommendations ... their status as
23 SUPPRESSIVE PERSONS is confirmed."
- 24 c. "Numerous specifics evidencing High Crimes and
25 Suppressive Acts are fully covered in these Findings and
26 Recommendations."
- 27 d. "Jon and Vivien Zegel are GUILTY of the following
28 Suppressive Acts and High Crimes;"

1 e. "ALL SCIENTOLOGISTS AND IN-ETHICS INDIVIDUALS EVERYWHERE ARE WARNED
2 NOT TO ASSOCIATE WITH THESE SUPPRESSIVE INDIVIDUALS OR BECOME INVOLVED IN
3 THEIR TREATMENTS AS SUCH WOULD BE PERSONALLY DANGEROUS TO YOUR PROGRESS IN
4 SCIENTOLOGY."

5 39. The DECLARE is false in that it accuses plaintiffs of engaging
6 in activities and conduct in the following terms: CRIME, HIGH CRIME, MALICIOUS
7 RUMOR MONGERING, TO CONFUSE PEOPLE, DENY IT [an area] PROPERLY CONSTITUTED
8 AUTHORITY FOR PERSONAL PROFIT, KNOWING ACCESSORY, NEGLECT, PERVERSIONS.

9 40. The DECLARE used terms and charges against the plaintiffs which
10 were intended to have adversely affected plaintiffs in their trade. The
11 charges state and imply moral turpitude, neglect, and malice, none of which
12 are true.

13 41. As a proximate result of the above-described publication,
14 plaintiffs suffered the following special damages: the loss of plaintiffs
15 occupation, and all of the related privileges thereto, as well as the loss of
16 general esteem in which Plaintiffs were held in their community. In addition,
17 Plaintiffs have been unable to communicate with their son, Marc Yager, who is
18 a senior Church official.

19 Plaintiffs were shunned by their friends and former business
20 associates and clients. Their friends and associates were forced by defendants
21 to "disconnect" from plaintiffs. This is a policy of the Church applied to
22 those individuals who have been declared to be suppressive persons.

23 42. The above-described document was published by the defendants
24 because of their feelings of hatred and ill will towards plaintiffs and with a
25 desire to oppress and silence the plaintiffs. The conduct of defedant church
26 was oppressive, fraudulent and malicious thereby entitling plaintiff to an
27 award of punitive damages in an amount appropriate to punish and make an
28 example of defendant church.

1 THIRD CAUSE OF ACTION

2 BREACH OF CONTRACT

3 43. Plaintiffs repeat and reallege the allegations contained in
4 Paragraphs 1 through 42 and by reference thereto incorporate the same as
5 though fully set forth herein.

6 44. On or about , Defendant church entered into both an oral and
7 express agreement with plaintiffs in which the church promised plaintiffs once
8 they received their permanent certificates that plaintiffs would be able to
9 engage in practicing as professional scientologists in the delivery of
10 Scientology services.

11 45. Based upon such express and oral promises, plaintiffs engaged in
12 professional Scientology training, and obtained permanent certification from
13 the defendant church, and thereafter engaged in "field auditing".

14 46. On or about October 1982, defendant church contacted plaintiffs
15 and attempted to coerce plaintiffs into signing a contract which requireD all
16 Scientology field auditors, and in particular, plaintiffs to pay 10 per cent
17 of their gross income from counseling to defendant church. This contract was
18 entitled "IHELP" which stands for International Hubbard Ecclesiastical Lay
19 Person Contract. This contract in addition gave power to defendant church to
20 "levy and collect monetary fines" of unspecified amounts.

21 47. Such unilateral action on behalf of defendant church constituted
22 a breach of the prior oral and express agreements between defendant and
23 plaintiffffs and upon which plaintiffs had relied.

24 48. Plaintiff has performed all obligations to defendant church
25 except those obligations plaintiff was prevented or excused
26 Tom performing.

27 49. Plaintiff suffered damages legally and proximately
28 caused by defendant church's breach of agreement. Said damages

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1 were in excess of \$150,000 the total amount of which will be proven at the
2 *ttm* of trial.

3 FOURTH CAUSE OF ACTION

4 BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING

5 50. Plaintiffs repeat and reallege the allegations contained in
6 Paragraphs 1 through 49 and by reference thereto incorporate the same as
7 though fully set forth herein.

8 51. As a result of oral and express agreements between defendant
9 Church and plaintiff with respect to their rights to engage as independent
10 field auditors or practitioners of Scientology and to hold their permanent
11 certificates and accreditation "forever" per church policy and because of the
12 relationship which existed between defendant and plaintiff, the express and
13 implied promises made in connection therewith, and the acts, conduct and
14 communications which resulted in said express and implied promises, defendant
15 Church covenanted and promised to act in good faith toward and to deal fairly
16 with plaintiff and concerning all matters related to plaintiff's independent
17 field auditing practice so as not to deprive plaintiff of or injure his right
18 to receive the benefits of said relationship.

19 52. Defendants unilateral action in demanding that plaintiff sign
20 the IHETP contract of, constituted a unilateral breach of previous express and
21 oral agreements upon which plaintiff had relied in establishing his career and
22 profession. Such conduct, and acts on behalf of defendant church was wrongful,
23 in bad faith and unfair, and therefore a violation of said defendant's legal
24 duties.

25 53. As a further direct and proximate result of the aforementioned
26 wrongful conduct of defendant church, plaintiff has suffered anxiety, worry,
27 mental, physical and emotional distress, and other incidental and
28 consequential damages and expenses in in an amount which will be proven at the

1 time of trial.

2 FIFTH CAUSE OF ACTION

3 INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS

4 54. Plaintiffs repeat and reallege the allegations contained in
5 Paragraphs 1 through 53 and by reference thereto incorporate the same as
6 though fully set forth herein.

7 55. Defendants, and each of them, published, republished and
8 continue to republish and have publically posted on notice boards, the
9 FINDINGS and the DECLARE, which were defamatory and libelous.

10 56. Defendants were notified by Plaintiffs' in their "demand for
11 retraction," as well as by other written notifications, that the above named
12 publications were untrue and libelous, yet Defendants continued in such
13 republication.

14 57. Defendants conduct was intentional , malicious and done for the
15 purposes of causing plaintiffs to suffer humiliation, mental anguish, and
16 emotional and physical distress as well as with the specific intention to
17 disrupt Plaintiffs' business and trade. Defendants, and each of them ,
18 confirmed and ratified the conduct of each other defendant. Defendants conduct
19 was done with knowledge that plaintiffs's economic, emotional and physical
20 distress would thereby increase and was done with wanton and reckless
21 disregard of the consequences to plaintiffs.

22 58. As the proximate result of the aforementioned acts, plaintiffs
23 suffered humulation, mental anguish, and emotional and physical distress, and
24 has been injured in mind and body, all to plaintiffs' damage.

25 59. As the proximate result of the aforementioned acts, plaintiffs
26 suffered disruption of their ongoing business relationships, premature
27 termination of contracted services and ultimate closure of their business, and
28 and further damages according to proof.

1 60. Plaintiffs were required to and did employ counsellors to treat
2 and care for them, and incurred additional expenses in an amount which has not
3 yet been ascertained. Plaintiffs are Informed and believe and thereon allege
4 that they will Incur additional counseling expenses, the exact amount of which
5 is unknown.

6 61. The aforementioned acts of defendants were willful, wanton,
7 malicious, oppressive and fraudulent thereby entitling plaintiff to an award
8 Of punitive damages in an amount appropriate to punish and make an example of
9 defendant.

10 SIXTH CAUSE OF ACTION

11 FRAUD

12 62. Plaintiffs repeat and realledge the allegations contained in
13 paragraphs 1 through 61 of this complaint and by reference thereto incorporate
14 the same as though fully set forth herein.

15 63. On or about August 3, 1984, Defendants published and
16 distributed the FINDINGS refered to above. A portion of that publication reads
17 as follows: (page 9 referring to the State of Clear and other advanced states
18 of training and/or personal gain described in Defendant Church literature)
19 "...it is clear that they have not truely achieved the states they claim."
20 While Plaintiffs understand that the Court cannot be expected to adjudicate
21 the truth or falisity of such a statement, such advanced levels are
22 prerequisite to other levels sold by Defendant church.

23 64. Defendant church holds Itself out as being the only competent
24 organization on the face of Earth capable of determining if a person has
25 actually achieved those levels or not, both in their literature and by their
26 acts.

27 65. Defendant church had certified that Plaintiffs had attained such
28 states, including the State of Clear and others in written certificates

1 awarded to Plaintiffs. Those certificates, in part state, " The Advanced
2 Organization of The church of Scientology does hereby certify that [Plaintiff]
3 has attained the State of Clear," while another such certificate states, "The
4 Church of Scientology Qualifications Division Department of Validity of the
5 New American Saint Hill Organization does hereby certify that [Plaintiff] has
6 satisfactorily attained and completed the requirements and is awarded the
7 certificate of..."

8 66. Plaintiffs relied upon representations of Defendant church that
9 such states had been attained as would be prerequisites for later studies and
10 In fact paid Defendant church in excess of \$50,000.00 for services that, now,
11 according to Defendant church, Plaintiffs were ineligible to receive or
12 benefit from.

13 67. According to Defendant church's literature, the accomplishment
14 of later or higher states or training is ineffective and without benefit if
15 the prerequisites have not been properly obtained.

16 68. Defendant concealed and suppressed said facts that it was bound
17 to disclose. Moreover, Defendant church told Plaintiffs other facts and
18 prevented Plaintiffs from discovering the suppressed facts. Such facts were
19 suppressed and concealed with the Intent to defraud and induce Plaintiff to
20 purchase auditing and training. Further, Defendants knew that Plaintiffs would
21 rely upon and act upon such misstatements and misrepresentations. At the time,
22 Plaintiffs were unaware of the concealed and suppressed facts and would not
23 have taken the actions described had Plaintiffs known said facts.

24 69. Because of Plaintiffs reliance upon defendants conduct and
25 representations, plaintiffs has been damaged in the amount of \$50,000 in
26 actualy expenses, plus costs. The conduct of defendant church as described
27 herein was oppressive, fraudulent and malicious thereby entitling plaintiff to
28 an award of punitive damages in an amount appropriate to punish and make

1 example of defendant church.

2 SEVENTH CAUSE OF ACTION

3 FRAUD

4 70. Plaintiffs repeat and real ledge the allegations contained in
5 paragraphs 1 through 69 of this complaint and by reference thereto incorporate
6 the same as though fully set forth herein.

7 71. On or about August 3, 1984, Defendants published and distributed
8 the DECLARE which labels Plaintiffs as "Suppressive Persons."

9 72. According to defendant's literature and other written materials,
10 a "suppressive person" does not benefit from training (defendants educational
11 courses) or processing {defendant's personal counselling). Per church bulletin
12 of 27 September 1966, "4. A characteristic, and one of the sad things about an
13 antisocial personality [suppressive person], is that it does not respond to
14 treatment or reform or phytotherapy." and goes on to say, "The pity of it is,
15 they will not permit themselves to be helped and would not respond to
16 treatment if help were attempted." In church policy letter of April 5, 1965 it
17 states, "That alone is the way to locate a suppressive person. By viewing the
18 case. Never judge a person by their conduct. That is too difficult. Judge only
19 by no-case-gains." and continues "...here is the real test and the only valid
20 test: Does their history of routine auditing reveal any gains? If the answer
21 is no then there is your suppressive person, loud and very unclear!" Per
22 church policy letter of October 16, 1967, "There are three areas of detection
23 which an administrator can utilize in the detection of a Suppressive Person.
24 These are: 1. No Ethics change, 2. No Case Change, 3. No Admin Change... Thus
25 they are peculiar in that they can't change." In church policy letter of April
26 5, 1965 issue #2, it states " The suppressive person does turn up to get
27 trained. And when you train them (a) their case doesn't change...This person
28 has no faintest chance of making it unless handled for what he or she is in an

1 HCC (section of a church organization where counselling takes
2 place),

3 73. Defendant church holds itself out as the only organization on
4 earth capable of determining whether a person is a suppressive person or not.

5 [74. Defendants made material representations to Plaintiffs that
6 Plaintiffs would benefit from defendants services. Plaintiffs records and
7 counselling progress folders were examined extensively by senior church
8 technical personnel at the most advanced training and counselling centers
9 defendants operate in the United States. At no time were Plaintiffs informed
10 that they were "no-case-gain" or that they were suppressive persons who would
11 not benefit from training or counselling.

12 75. Defendants had an obligation to plaintiffs to determine if
13 plaintiffs would benefit from services offered by defendant, since defendant
14 represents that it is capable of such differentiation. By failing to reveal
15 such material facts to plaintiffs, or, alternately, being negligent in
16 determining whether plaintiffs could so benefit, defendants materially misled
17 plaintiffs into purchasing services from defendant costing in excess of
18 \$75,000.

19 EIGHTH CAUSE OF ACTION

20 CONSPIRACY

21 76. Plaintiffs repeat and realledge the allegations contained in
22 paragraphs 1 through 77 of this complaint and by reference thereto incorporate
23 the same as though fully set forth herein.

24 77. Plaintiff, is and was at all times a certified field auditor and
25 practitioner of Scientology.

26 78. On or about October 1982, defendant church willfully, knowingly,
27 oppressively, and maliciously conspired and agreed among themselves to drive
28 plaintiffs out of their well-established Scientology field practice by causing

1 plaintiff to be shunned, and vilified by his peers 1n the Scientology
2 coawiumty and by his clients.

3 79. Pursuant to such conspiracy and agreements, the aforementioned
4 false declare and findings were issued 1n an attempt to unfairly drive
5 plaintiff out of business. Such statements and publications were in fact false
6 in that plaintiff is a highly competent Scientology field practitioner and has
7 at all tiroes had a good reputation 1n his field of practice.

8 80. As a proximate result of the above-described acts by defendant
9 church, plaintiff has been prevented from practicing as a scientologist in
10 good standing with the church, and has thus lost all of his clients which were
11 also in good standing since the church has ordered them to "disconnect" from
12 and to discontinue services with plaintiff.

13 81. The conduct of defendant Church and its agents as described
14 herein was oppressive, fraudulent and malicious thereby entitling plaintiff to
15 an award of punitive damages in an amount appropriate to punish and make an
16 example of defendant.

17 WHEREFORE, Plaintiffs prays judgment against the Defendants, and
18 each of them, jointly and severally, as to all Causes of Action as follows:

19 FIRST CAUSE OF ACTION

- 20 1. For General Damages according to proof.
21 2. For exemplary and punitive damages according to proof.
22 3. For costs of suit herein incurred.
23 4. For such other and further relief as the Court may deem proper.

24 SECOND CAUSE OF ACTION

- 25 1. For General Damages according to proof.
26 2. For exemplary and punitive damages according to proof.
27 3.. For costs of suit herein incurred.
28 4.. For such other and further relief as the Court may deem proper.

1 THIRD CAUSE OF ACTION

- 2 1. For General Damages according to proof.
3 2. For counseling and related expenses according to proof.
4 3. For lost earnings, past and future, according to proof.
5 4. For prejudgment interest, according to proof.
6 5. For costs of suit herein incurred.
7 6. For such other relief as the Court deems proper.

8 FOURTH CAUSE OF ACTION

- 9 1, For General Damages according to proof.
10 2. For exemplary and punitive damages according to proof.
11 j3% For prejudgment interest, according to proof.
12 ;4. For costs of suit herein incurred.
13 '5» For such other and further relief as the Court may deem proper.

14 FIFTH CAUSE OF ACTION

- 15 1. For General Damages according to proof.
16 2. For counseling and related expenses, past and future, according to proof.
17 3. For lost earnings, past and future, according to proof.
18 4. For exemplary and punitive damages according to proof.
19 5. For costs of suit herein incurred.
20 6. For such other and further relief as the Court may deem proper.

21 SIXTH CAUSE OF ACTION

- 22 1. For General Damages according to proof.
23 2. For exemplary and punitive damages according to proof.
24 3.. For costs of suit herein incurred.
25 4.. For such other and further relief as the Court may deem proper.

26 SEVENTH CAUSE OF ACTION

- 27 1. For General Damages according to proof.
28 2. For exemplary and punitive damages according to proof.

- 1 3, For costs of suit herein incurred.
2 4. For such other and further relief as the Court may deem proper.
3 EIGHTH CAUSE OF ACTION
4 1. For damages for loss of plaintiff's business in a sum according to proof.
5 2. For exemplary and punitive damages according to proof.
6 3. For prejudgment interest, according to proof.
7 4. For costs of suit herein.
8 5. For such other and further relief as the Court deems proper.
9

10 Dated:

EBERLE AND JORDAN

By 

DAVID JORDAN, Attorney for Plaintiffs

Law Offices of EBERLE & JORDAN
225 West Broadway, Suite 500, Glendale, California 91204
(818) 244-8479 (818) 242-1108

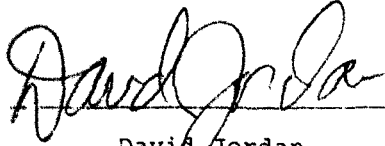
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VERIFICATION

I am the attorney for Plaintiff in the above complaint and know the contents of it it is true of my own knowledge except as to matters that are stated in it on my information and belief, and as to those matters I believe it to be true.

Executed on August 2 1984, at Glendale California.

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



David Jordan

DAVID JORDAN
ATTORNEY AT LAW

GLENDALE FINANCIAL SQUARE
225 WEST BROADWAY, SUITE 500
GLENDALE, CALIFORNIA 91204
(213) 242-1108

August 15, 1983

Heber Jentsch
President
Church of Scientology
1306 North Berendo Street
LOS Angeles, Ca. 90027

DEMAND FOR RETRACTION OF LIBELOUS ACCUSATIONS AND STATEMENTS

Dear Mr. Jentsch:

Pursuant to Civil Code Section 48a., and relevant California law, and other relevant statutes, you are hereby notified that I have been retained by Jon and Vivien Zegel to proceed in the matter of two documents published by your organization that contain grossly libelous statements about my clients.

I call your attention to the following publications :

1. SEA ORGANIZATION', FLAG CONDITIONS ORDER 7232, FOLOWUS ETHICS ORDER 012-1, dated 19 July 1983 and titled, "Findings and Recommendations of the Committee of Evidence on Interested Parties Jon Zegel and Vivien Zegel."
2. SEA ORGANIZATION, FLAG CONDITIONS ORDER 7232-1, dated 20 July 1983 and titled "Suppressive Persons Declare Jon and Vivien Zegel."

Copies of both publications are attached.

My clients first became aware of these publications when the two documents were left in an envelope outside their apartment on the evening of August 3, 1983.

Both publications, marked for BROAD PUBLIC ISSUE, are entirely and grossly libelous. My clients have been grievously damaged and will proceed with a lawsuit forthwith if a retraction is not made immediately.

Let me call to your attention the following facts which I suggest you consider in determining if you will make a retraction or not.

First, on Saturday evening, 9 April 1983, my clients were physically assaulted by three senior officials of your organization, to wit:

Exhibit "B"

page two

Zegel Retraction Demand.

a Mr, Ray Mithoff, Mr. Warren McShane and a Mr. Jesse Prince. The assault occurred on the premises of the "CMO" building, in a second floor conference room to which my clients had been invited- They were verbally abused, accused of vile and heinous acts and when they tried to leave, an attempt was made by the three above named individuals to physically prevent them from doing so. Both Mr. and Mrs. Zegel were physically assaulted.

I would also point out that it is a clear indication of malice aforethought in the matter of the alleged "Committee of Evidence" whose purpose was clearly perverted to cover up the alleged criminal acts of your employees by defaming and slandering my clients. I would also point out that evidence of this matter was presented to the Committee and to date, no disciplinary action has been taken by you or any member of your organization in this matter. Apparently the Church condones such actions.

Based upon the acts cited above, and their knowledge of other acts of a similar nature taken by the Church against others, my clients found they could no longer support such a "Church", they resigned from the Church of Scientology on April 28, 1983, a copy of which is attached.

Third, a witness has been located who has stated that the published issues regarding my clients are SUBSTANTIALLY altered from those originally submitted by the Committee of Evidence such as to alter the findings to smear my clients and to delete matters, of a favorable nature. I would point out that this is evidence of malice, fraud, and a clear attempt to defame and smear my clients.

Fourth, I bring your attention to page nine of the "Findings and Recommendations." Under the section labelled "Note:" it is stated that my clients have not truly achieved the states they claim. My clients have brought me copies of certificates issued by the Church of Scientology which state, "The Advanced Organization of the Church of Scientology, Qualification Division, Department of Certificates and Awards, Does Hereby Certify That" followed by my clients' names the phrase "Has Attained" and then the names of these states mentioned in the publication, specifically, the state of clear. I would point out that your organization has CERTIFIED my clients' attainment of those states*.

If, as your organization now has stated, they did Not attain those states, all monies solicited and accepted by your organization from my clients was both solicited and accepted under false pretenses, misrepresentation, and fraud. And, as your organization claims to be the only such organization

DAVID JORDAN
ATTORNEY AT LAW

page three
Segel Retraction Demand.

capable of making such determinations, your failure to do so demonstrates both negligence and fraud since such monies were clearly accepted under false pretenses, misrepresentation, and fraud. Consequently, demands will be forthcoming for a return of all such moneies including but not limited to those paid to the Church of Scientology for OT Section One Through Four, New Era of Dianetics for OTs, and other actions. My plients have informed rae that amounts they have paid for these actions alone exceed FIFTY THOUSAND DOLLARS { 550,000.00 }.

Apparently Scientology services work only on selected individuals, according to the publications, and consequently the Church does have responsibility to determine if individuals are properly qualified for each service. It is our position that accepting monies from persons for services places upon your Church the burden to determine in ADVANCE if those persons will actually benefit from those services. Or, having once determined that a person is not qualified to benefit from your services, to return all such monies received when such a person has not benefitted.

We feel that if such evidence, and similar evidence of false imprisonments, assaults, prior publication of Suppressive Declarations and Fraudulent, Negligent and Intentional Misrepresentations were properly presented to a jury, a substantial award, both in compensatory and exemplary damages could be expected.

DEMAND IS HEREBY MADE for the immediate RETRACTION of said libelous statements and accusations. A correction must be published, along with a PUBLIC APOLOGY in substantially conspicuous a manner, and with the same circulation, namely, BROAD PUBLIC ISSUE, and said retractions must be issued within THREE WEEKS from the date of this demand.

Would you please call my offices to work out the language of such a retraction prior to your correction.

Please consider this demand carefully.

Looking forward to/your prompt response, I remain,

Sincerely



David Jordan

Attorney at Law

DJ/ser

Encl.

CC: Jon and Vivien Zegel.

DAVID JORDAN

ATTORNEY AT LAW

GLENDAL FINANCIAL SQUARE
225 WEST BROADWAY, SUITE 800
GLENDAL, CALIFORNIA 91204
(818) 242-1108

September 16, 1983

Reverend Heber C. Jentzsch
President Church of Scientology International
West Coast Building, 118 N. Fort Harrison Ave.
Clearwater, Florida 33515

Re* Jon and Vivien Zegel

Dear Heber:

In response to your letter of August 29th, we restate our demand for a COMPLETE AND UNEQUIVOCAL RETRACTION as set forth in our letter of August 15, 1983.

With respect to your recent letter, and suggestion that my client seek a review "by a higher ecclesiastical body." It is my client's contention that the International Justice Chief issued the findings, knowing them to be false, and in direct contradiction to the findings of the actual Committee of Evidence, and therefore there is absolutely no need or desire on behalf of Mr. and Mrs. Zegel to seek further recourse through the Church.

The only satisfaction that is acceptable at this point in time is a complete retraction. Failure to do so promptly will result in my clients seeking recourse through whatever legal remedies that might be available.


Of course it will be necessary to subpoena for deposition, Jurgen Brock, Pat and Ann Broeker, David Miscavviage, Marc Yager, and others who might have had a connection with this matter.

In addition, we really do not want to have any adverse publicity against the Church. My client's do not harbor any ill will towards the Church. They simply want a retraction of the false statements issued against them.

Would you please attend to this matter at your earliest convenience.

Looking forward to your prompt response,

Sincerely


David Jordan
Attorney at law

CCs Jon and Vivien Zegel

Exhibit "C"