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                                                    JAN 31 1985
 4 | Telephone: 213/272-8671
                                                CLEAR, U.S. DISTRICT COURT
   MICHAEL I.' LE7ANAS
                                                 CELITRAL DISTRICT OF CALIFORNIA
   A Member of
 6 OVERLAND, BERKE, WESLEY, GITS,
   RANDOLPH & LEVANAS
 7 A Professional Corporation
   10951 West Pico Blvd., Suite 300
 8 Los Angeles, California 90064
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   Attorneys 'for Plaintiffs
               • IN THE UNITED STATES DISTRICT COURT
               ' FOR THE CENTRAL DISTRICT OF CALIFORNIA
                                                          85.711
  RELIGIOUS TECHNOLOGY CENTER,
                                        ) CIVIL ACTION NO.
   A California Corporation,
  CHURCH OF SCIENTOLOGY INTERNATIONAL )
   INC., a California corporation ) COMPLAINT FOR RACKETEERING;
15 CHURCH OF SCIENTOLOGY OF
                                        ) FALSE DESCRIPTION OF
   'CALIFORNIA, INC. a California
                                        ) ORIGIN; COMMON LAW UNFAIR
   corporation,
                                        ) COMPETITION; STATUTORY
                                        ) UNFAIR COMPETITION; RECEIPT
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              Plaintiffs,
                                        ) AND CONCEALMENT OF STOLEN
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                                        ) PROPERTY; BREACH OF TRUST;
                                        ) BREACH OF CONTRACT; TRADE
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                                        ) SECRET MISAPPROPRIATION;
20 ROBIN SCOTT, an individual;
                                        ) INJUNCTIVE RELIEF AND
   ;ADRIENNE .SCOTT, an individual; RON
                                       ). DAMAGES
   LAWLEY, an individual; MORAG
22 BELLMAINE, an individual; STEVEN
   BISBEY, an individual; ADVANCED
23 ABILITY CENTER CANDACRAIG, a
  corporation; ADVANCED ABILITY
24 CENTER EAST GRINSTEAD, a
25 corporation; .CHURCH OF THE NEW .
   CIVILIZATION, (dba ADVANCED ABILITY )
26 CENTER,) a California corporation;
27 HARVEY HABER, an individual;
   JOHN NELSON> an individual;
28 JON ZEGEL, an individual; VIVIEN
   ZEGEL; an individual; DA"ID MAYO,
   an individual; and DOES 1 through
   100, inclusive,
             •' Defendants.
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Plaintiffs RELIGIOUS TECHNOLOGY CENTER, INC., CHURCH
OF SCIENTOLOGY INTERNATIONAL, INC., and CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC. allege as follows:

JURISDICTION AND VENUE

These claims are for damages and injunctive relief and arise under the Racketeering and Unfair Competition Laws of the United States and the Laws of the State of California. More particularly Plaintiffs' claims arise under the Racketeering Influence and Corrupt Organizations Act (18 U.S.C. §1961, et seq.), the Federal Unfair Competition statute (15 U.S.C. §1125(a)), and California Laws relating to unfair' competition (Cal.Bus. & Prof. Code §17200, and §17500 et seq. and common law), receipt and concealment of stolen property (Cal.Penal Code §496), breach of trust and fiduciary duties (Cal.Civ.Code §2228, et seq. and common law) breach of contract,' and trade secret misappropriation. This Court has jurisdiction under 18 U.S.C. §1964 and under 28 U.S.C. §§1331, 1332 and 1338, as well as this Court's pendent jurisdiction to adjudicate state claims arising from a common nucleus of operative facts. Venue is.proper in this judicial district under 18 U.S.C. §1965, 'et seq. and 28 U.S.C. §1391.

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- Plaintiff CHURCH OF SCIENTOLOGY INTERNATIONAL, 2. INC. (hereinafter "CSI") is, and was at all times relevant herein a California .on-profit religious corporation having its principal office in the City of Los Angeles, County of Los Angeles, State of California.
- Plaintiff RELIGIOUS TECHNOLOGY CENTER ("RTC") is, and was. at all times relevant herein, a California non-profit religious corporation having a principal office in the City of Los Angeles, County of Los Angeles, State of California.
- Plaintiff CHURCH OF SCIENTOLOGY OF CALIFORNIA (hereinafter "CSC") is, and was at all times relevant herein, a California non-profit religious corporation having a principal office in'the City of Los Angeles, County of Los Angeles, State of California.
- 5. Plaintiffs are informed and believe and thereon allege that Defendants ROBIN-and ADRIENNE SCOTT are individuals residing at Candacraig House, Strathdon, Aberdeenshire, AB3 8XT in Scotland. Defendants ROBIN and ADRIENNE SCOTT were, until on or about September of 1983, staff members of the CHURCH OF SCIENTOLOGY-ADVANCED ORGANIZATION SAINT HILL. Both SCOTTS were also members of the SEA ORGANIZATION (hereinafter "SEA ORG"), which organization is a fraternal organization existing within the Religion of Scientology and has no corporate structure or identity. The SEA ORG consists of highly dedicated members who work in organizations which adhere to the Religion of Scientology. Members of the SEA ORG take vows of fraternal service and are sworn and bound to the highest standards of

1 ethical conduct, personal dedication and loyally within the 2 religion. The SEA ORG is 'not -n plaintiff in this action. Both 3 SCOTTS were also members of the Church of Scientology Religious 4 Education College (hereinafter, "REC"), an association of United 5 Kingdom Churches which operate under CSI's ecclesiastical 6 supervision. Consequently, tile SCOTTS occupied positions of 7 high fiduciary duty and trust, with access to many of 8 Plaintiffs' confidential and proprietary materials. By reason 9 of their positions of high fiduciary duty and trust, the SCOTTS 10 were obligated to maintain the confidentiality of advanced and 11 confidential Scientology counseling and spiritual healing 12 procedures. Defendant ROBIN SCOTT was obligated by written 13 contracts with CSC not' to disclose confidential information or 14 materials gained as a consequence of employment or membership 15 with CSC. Defendant ADRIENNE SCOTT was also obligated by 16 written contracts with REC not to disclose confidential 17 information or materials gained as a consequence of employment 18 or membership with REC.

6. Plaintiffs are informed and believe and thereon allege that Defendant RCN LAWLEY is an individual residing at 36 St. James Road, East Grinstead, West Sussex, in England.

Defendant LAWLEY was a member of REC and occupied e position of high fiduciary duty and trust, with access to many of Plaintiffs' confidential and proprietary materials. LAWLEY was therefore obligated to maintain the confidentiality of advanced and confidential Scientology counseling and spiritual healing procedures. Defendant LAWLEY was also obligated by written contracts with CSC and REC not to' disclose confidential

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 information or materials gained as a consequence of employment or membership in CSC and RTC.

- 7. Plaintiffs are informed and believe and thereon allege 'that Defendant MORAG BELLMAINE is an individual residing at 52 West Hill, East Grinstead, Sussex, in England. Defendant BELLMAINE was a member of REC and occupied a position of high fiduciary duty and' trust, with access to many of Plaintiffs' confidential and proprietary materials. BALLMAINE was thi.-refore obligated to maintain the confidentiality of advanced and confidential Scientology counseling and spiritual healing procedures. Defendant BALLMAINE was also obligated by written contracts with CSC and REC not to disclose confidential information or materials gained as a consequence of employment or membership in CSC and REC.
- 8. Plaintiffs are informed and believe and thereon allege that Defendant STEVEN BISBEY is an individual residing at 52 West Hill, East Grinstead, Sussex, in England, RH 194EP.

 Defendant BISBEY was a member of REC and occupied a position of high fiduciary duty and trust, with access to many of Plaintiffs' confidential an-! proprietary materials. BISBEY was therefore obligated to maintain the confidentiality of advanced and confidential Scientology counseling and spiritual healing procedures. Defendant BISBEY was also obligated by written contract with CSC not to disclose confidential information and waterials gained as a consequence of employment or membership with CSC.
- 9. Plaintiffs are informed and believe and thereon allege that Defendant, ADVANCED ABILITY CENTER CANDACRAIG

hereinafter, ("AAC ~ CAN") is asincorporated organization in the Country of Scotland, having its principal place of business at Candacraig House, Strathdon, Aberdeenshire, AB3 8X? in Scotland.

- 10. Plaintiffs are informed and believe and thereon allege that ADVANCED ABILITY CENTER EAST GRINSTEAD ("AAC-GRIN") is a corporation located in East Grinstead, Sussex, England.
- allege that Defendant CHURCH OF THE NEW CIVILIZATION doing business as the ADVANCED ABILITY CENTER (hereinafter "AAC"), is, and was at all times relevant herein, a California corporation having its principal place of business in the City of Santa Barbara, County of Ventura, State of California. Plaintiffs are informed and believe and thereon allege that Defendants MAYO, HABER, NELSON and JOHN ZEGEL were founders of Defendant AAC and are current members of its Board of Directo. s. Defendant MAYO is the President of Defendant AAC and Defendants NELSON and HABER are currently employed as staff members.
- allege that Defendant HARVEY HABER is an individual residing in the City of Montecito, County of Ventura, State of California.

 Defendant HABER was a staff member of CSC and a member of the •

 SEA ORG. Accordingly, he occupied a position of high fiduciary duty and trust and was obligated to maintain the confidentiality of the advanced and confidential Scientology counseling and spiritual healing procedures. Defendant HABER was also

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 obligated by written contract with CSC not to disclose confidential information or materials gained as a consequence of ... employment o- membership with CSC.

- allege that Defendant JOHN NELSON" is an individual residing in City of Santa Barbara, County of Ventura, State of California.

 Defendant NELSON was a member of CSI and a member of the SEA ORG. Accordingly, he held a position of high fiduciary duty and trust was obligated to maintain the confidentiality of advanced and confidential Scientology counseling and spiritual healing procedures. Defendant NELSON was also obligated by written contract' with CSI not to disclose confidential information or materials gained as a consequence of employment or membership with CSI.
- 14. Plaintiffs are informed and believe and thereon allege that Defendant JON ZEGEL is an individual residing in the City of North Hollywood, County of Los Angeles, State of California. JON ZEGEL was a founding member and a member of the Board of Directors of Defendant Advanced Ability Center.
- 15. Plaintiffs are informed and believe and thereon allege that Defendant VIVIEN ZEGEL is an individual residing in the City of North Hollywood,. County of Los Angeles, State of California.
- 16'. Plaintiffs are informed and believe and thereon allege that Defendant DAVID MAYO is an individual who resides in the City of Santa Barbara, County of Ventura, State of California. Defendant MAYO received training in the use of certain materials of the Advanced Technology known as the NOTS

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materials, which materials are defined more fully below.

Defendant MAYO was a staff" member of the CSC and a member of SEA ORG. Accordingly, he occupied a position of high fiduciary duty and trust, with access to many of Plaintiffs' confidential and proprietary materials and was obligated to maintain the confidentiality of advanced and confidential Scientology counseling and spiritual healing procedures. MAYO was also obligated by written contract with CSC not to disclose confidential information or materials gained as a consequence of employment or membership in CSC.

- 17. Plaintiffs are ignorant of the true names and capacities of defendants sued herein as DOES 1 through 100 inclusive and therefore sue these defendants by such fictitious names. Plaintiffs are informed and helieve and thereon allege that each of said fictitiously named defendants is responsible in some manner for the occurrences alleged herein and is in some manner liable and responsible to plaintiff with respect thereto. When plaintiffs learn the true names and capacities of these fictitiously named defendants, they will amend this complaint to set forth their true names and capacities together with all necessary charging allegations.
- 18. Plaintiffs are informed and believe that at all times relevant herein, Defendants, and each of them, were acting as the agent and/or employee of each of the other Defendants.
- 19. Plaintiffs are informed and believe and thereon allege that Defendants, their agents and employees, and each of them, combined, conspired and agreed to engage in the unlawful conduct and activities as herein alleged.

STATEMENT OF CASE

20. L. Ron Hubbard ("LRH") is the founder of the religion of Scientology which is based upon a body of truths, and technology for applying them, that were discovered, described and refined by him. LRH's writings and recorded spoken words regarding his applied religious philosophy and spiritual healing practices are referred to herein as "the technology."

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- 21. The Religion and the technology are described in numerous works, many of which have been published and made generally available and some of which remain unpublished and not generally available. Among the published works are many works pertaining to the technology and the proper manner and standards for application of the technology. Many of the works are devoted to the training of members in the philosophy and in the proper application of the technology in accordance with prescribed standards.
- 22. Among the unpublished works is a body of special works known as and referred to hereinabove as "Advanced Technology," which is, as its name suggests, of an advanced and specialized nature. The- Advanced Technology is regarded as suitable only for those who have been trained in the more basic levels of the Religion's philosophy and the technology. A portion of the Advanced Technology has been identified by the proprietary designation "NOTS," sometimes referred to as "NOTS PACKS." Many other proprietary designations are used and associated with various aspects of the technology.

23. The Advanced Technology consists of confidential and proprietary information regarding counseling and training that is suitable for use only by qualified members of the related organizations of the Religion and has been protected by authorized organizations of the Religion as trade secret information. This information has been and is a very valuable source of economic advantage.

- 24. Standards, policies and specifications for the counseling and training services of the Religion, including the Advanced Technology, are a part of the technology. Plaintiffs and other authorized organizations insure that these standards, policies and specifications are followed and applied by the related organizations and members of the Religion.
- 25. RTC was designated as the protector of the Religion, its philosophy and its technology, including the Advanced Technology. RTC acquired rights in the Advanced Technology in the United States for the confidential use of RTC and its related organizations. In addition, RTC undertook the responsibility for maintaining the purity and ethical use of the philosophy and the technology, and for the protection and proper delivery of the Advanced Technology. RTC has authorized CSC and CSI to utilize the Advanced Technology in accordance with certain terms and conditions.
- 26. CSI is an organization related to RTC and CSC and is the "Mother Church" of the Religion, having more than 100 related churches and missions and other organizations of the Religion located in the United States and in more than thirty foreign countries throughout the world. CSI is licensed by RTC

to deliver training in the Advanced Technology to members who are qualified and who agree to maintain and protect the confidentiality of the Advanced Technology. CSC is in turn licensed by CSI to deliver training in Advanced Technology to members who are qualified and who agree to maintain and protect the confidentiality of the Advanced Technology.

- 27. Plaintiffs have been supervising and controlling the quality of the application of the philosophy and the technology of the Religion by related organizations throughout the United States and elsewhere in the world, including the licensing and delivery of training in the Advanced Technology, and including that portion of the Advanced Technology identified by the designation "HOTS." During this period of supervision and control of quality, the related organizations of the Religion have grown and prospered.
- allege that as early as July of 1983, and possibly earlier, the Defendants began to conspire among themselves to unlawfully misappropriate, steal, counterfeit, use, alter and otherwise disseminate certain confidential and proprietary materials of CSI, RTC and CSC, including the portion of the Advanced Technology identified by the designation "NOTS"; and have done so in furtherance of a common plan and design to establish a network of organizations, including Defendants Advanced Ability Center, Advanced Ability Center-Candacraig ("AAC-CAN") and Advanced Ability Center-East Grinstead ("AAC-EG"), to use, alter

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and disseminate the stolen materials and information fraudulently and for the purpose of attracting and servicing a clientele, all to the detriment of Plaintiffs.

- 29. On September 12, 1983, Defendants ROBIN and ADRIENNE SCOTT, formally resigned from the CHURCH OF SCIENTOLOGY ADVANCED ORGANIZATION SAINT HILL and thereby relinquished all affiliations with Plaintiffs and related entities. Thereafter, Defendants declared their intention to establish an organization which would oppose Plaintiffs and to build that organization with Plaintiffs' confidential and proprietary materials.
- 30. Plaintiffs are informed and believe and thereon allege, that on or about October, 1983, Defendant ROBIN SCOTT and others yet unknown, approached staff members at the Church of Scientology Advanced Organization Saint Hill ("AOSH") in East Grinstead, England and offered to pay money for the unauthorized release of Plaintiffs' confidential materials, including materials identified by the designation "NOTS". Plaintiffs further allege on information and belief that Defendants' efforts were unsuccessful.
- 31. Plaintiffs are informed and believe and thereon allege, that in or about December 1983, Defendants ROBIN and ADRIENNE SCOTT purchased the Candacraig House, the current location of Defendant AAC-CAN, for the purpose of establishing the aforementioned organization and using it as a center where the aforementioned confidential and proprietary materials, and copies thereof, were to be utilized in training and counseling activities without the approval or supervision of Plaintiffs.

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- 32. On or about December 9, 1983, Defendants ROBIN SCOTT, LAWLEY and BELLMAINE entered the Church of Scientology Advanced Organization Saint Hill Europe and Africa located in Copenhagen, Denmark ("AOSH-EU/AF") under false pretenses, introducing themselves as being authorized officials of RTC. These Defendants then orderd that a private room be provided to them for the purpose of inspecting Plaintiffs' highly-confidential materials, including a portion of the materials identified by the designation "NOTS" (hereinafter referred to as "STOLEN CONFIDENTIAL MATERIALS"). After AOSH-EU/AF personnel complied with these Defendants' request, these Defendants left the premises with the STOLEN CONFIDENTIAL MATERIALS.
- that these Defendants were indeed not representatives of RTC, and had no authority to see or possess the above described confidential materials. The Danish Police then arrested and jailed Defendant ROBIN SCOTT for the theft of the above described materials. ROBIN SCOTT confessed to the Danish Police that he was responsible for arranging the above theft and was later convicted for his activities under Danish Law. The Danish Police were unable to recover all of the STOLEN CONFIDENTIAL MATERIALS.
- 34. Plaintiffs are informed and believe and thereon allege that on or before December, 1983, HARVEY HABER, DAVID MAYO, JOHN NELSON and DOES 1 through 100 communicated, with RON LAWLEY and ROBIN SCOTT for the purpose of negotiating with

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LAWLEY, SCOTT, BELLMAINE and BIS3EY for the purchase of the STOLEN CONFIDENTIAL MATERIALS and further negotiated the manner in which such materials would be exchanged.

- 35. Plaintiffs are informed and believe and thereon allege that in late January, 1984, in furtherance of an agreement to "acquire the aforementioned stolen materials,"

 Defendant NELSON traveled to the United Kingdom to discuss and work out further details regarding the exchange of the STOLEN CONFIDENTIAL MATERIALS and to discuss future business arrangements.
- 36. Plaintiffs are informed and believe and thereon allege that as early as February, 1984, certain of the 'aforementioned STOLEN CONFIDENTIAL MATERIALS, including the materials identified by the designation "NOTS", were caused to be transferred to Defendant AAC in Santa Barbara, California by Defendants.
- 37. Plaintiffs are informed and believe and thereon allege that JON ZEGEL participated in the conspiracy to procure the STOLEN CONFIDENTIAL MATERIALS."' In addition, Plaintiffs further allege that Defendants JON ZEGEL and his wife, VIVIEN ZEGEL, currently possess and offer such STOLEN CONFIDENTIAL MATERIALS along with other parts of The Advanced Technology to persons through an entity doing business as "CLEAR CENTER" which is owned and operated by JON ZEGEL and VIVIEN ZEGEL.
- 38. Defendants and each of them continue to clandestinely copy, transport in interstate commerce, alter and otherwise use the STOLEN CONFIDENTIAL MATERIALS along with other

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confidential materials of plaintiffs as part of an effort to establish and develop organizations, such as Defendants AAC, AAC-CAN, and AAC-EG and a supportive clientele for their organizations, all in violation of the rights of Plaintiffs.

FIRST CAUSE CF ACTION : (RACKETEERING 18 U.S-C. § 1962(c))

- 39. This cause of action is against all Defendants and arises under the racketeering laws of the United States, and more particularly, the Racketeering Influence and Corrupt Organizations Act (18 U-S.C. S 1961 et seq.).
- 40. This Court has jurisdiction over Defendants since they have committed and are continuing to commit, in intrastate, interstate and foreign commerce by telephone, mail, vire, interstate carrier and other means, tortious and wrongful acts within this Court's jurisdiction.
- 41. Plaintiffs incorporate herein by this reference the allegations contained in paragraphs 1 through 38 as though fully set forth.
- 42. Defendants are persons within the meaning of the Racketeering Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961(3) and § 1952(c).
- 43. Defendants functioned as a unit to unlawfully misappropriate, steal, counterfeit, use and otherwise disseminate certain confidential and proprietary materials of Plaintiffs, including the portion of the Advanced Technology referred to above as STOLEN CONFIDENTIAL MATERIALS; and have do--^ so in furtherance of a common plan and scheme to establish

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a network of organizations including Defendants AAC, AAC-CAN and AAC-EG, to sell and disseminate such stolen materials from Plaintiffs for the purpose of defrauding parishoners of Plaintiffs and the public to the detriment of Plaintiffs.

- 44. The association-in-fact of Defendants for the common purpose of furthering their plan and scheme to "misappropriate Plaintiffs' confidential materials to be Msec, arong ether things, to defraud Plaintiffs and the public is an enterprise within the meaning of 18 U.S.C. § 1361(4).

 Defendants conducted and continue to conduct the affairs of their association-in-fact, which enterprise affects interstate commerce, through a pattern of racketeering activity, in that each Defendant has knowingly and willfully committed either directly or indirectly, or conspired to commit, two or more acts of racketeering.
- 45. Defendants participated, directly or indirectly, in the conduct of their enterprise or association-in-fact tr. 'O'iCh a pattern of racketeering activity as follows:
- (a) On or about October, 1983, Defendant RON

 LAWLEY caused to be delivered by mail from the United Kingdom, a written document proposing the creation and affiliation of Advanced Ability Centers in California and in the United Kingdom in furtherance of Defendants plan and scheme to harm Plaintiffs as described above. Said written document was received by Defendant Advanced Ability Center in California after delivery by the Postal Service. Defendants use of the mails in this

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fashion was for the purpose of executing Defendants' scheme or artifice to defraud Plaintiffs and the public and constitutes mail fraud within" the meaning of 18 U.S.C. § 1341.

- (b) On or about mid-December 1983, Defendant HARVEY HABER caused to be deposited in California for delivery by mail to Defendant AAC-EG a written document making arrangements for Defendants to -travel to England 'for the purpose of refining the affiliation of the Advanced Ability Centers and of obtaining and transporting the STOLEN CONFIDENTIAL MATERIAL back to the United States. The use of the mails in this fashion was for the purpose of executing Defendants' scheme or artifice to defraud Plaintiffs and the public and constitutes mail fraud within the meaning of 18 U.S.C. § 1341.
- (c) On or about mid-December, 1983, KARVEY HABER caused oral communications to be transmitted by telephone or wire to Defendant RON LAWLEY in the United Kingdom wherein Defendants discussed the terms for delivery and exchange by LAWLEY to the Defendants residing in the United States of the STOLEN CONFIDENTIAL MATERIALS in furtherance of Defendants' scheme or artifice to defraud Plaintiffs and the public. The use of the telephone or. wires in this fashion constitutes wire fraud within the meaning 10 U.S.C. § 1343.
- Plaintiffs are informed and believe and thereon allege that on or about February 1984, Defendants caused the STOLEN CONFIDENTIAL MATERIALS to be transported in interstate and foreign commerce with the knowledge that the same had been stolen, converted or taken by fraud. The value of these stolen materials transported by Defendants has a value in

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excess of Five Thousand Dollars (?5,000.00). The transport or these STOLEN CONFIDENTIAL MATERIALS by Defendants constitutes transportation of "stolen goods within the meaning cf 18 U.S.C. § 2314.

- (e) On or about February, 1984, Defendants ROBIN SCOTT and ADRIENNE SCOTT caused to be delivered by mail in the United States- a written, printed document indicating the availability of certain of the STOLEN CONFIDENTIAL MATERIAL, including material identified by the designation "NOTS," from Defendant AAC-CAN. Defendants' use of the mails in this fashion was for the purpose of executing Defendants' scheme or artifice to defraud Plaintiffs and the public and constitutes mail fraud within the meaning of 18 U.S.C. § 1341.
- (f) On or about February 1984, and continuing monchly thereafter, Defendant AAC caused to be delivered by mail newsletters and/or journals sent to the public and parishioners of Plaintiffs misrepresenting that certain of the STOLEN CONFIDENTIAL MATERIAL, including material identified by the designation "NOTS," were legitimately available for sale through Defendant AAC. The use of the mail in this fashion was for the purpose of executing Defendants' scheme or artifice to defraud Plaintiffs .and the public and constitutes mail fraud within the meaning of 18 U.S.C. §1341.
- (g) On or about March 1984, and continuing thereafter, Defendants caused to be received, concealed, sold and disposed the STOLEN CONFIDENTIAL MATERIALS of a value of \$5,000.00 or more, moving as, or which are a part of, or which constitute interstate or foreign commerce," knowing the same to

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have been stolen, unlawfully converted, or taken. The sale and receipt of Plaintif's STOLEN CONFIDENTIAL MATERIALS constitute the sale or receipt of stolen goods within the meaning of 18 U.S.C. § 2315.

- 46. Defendants AAC, AAC-CAN and AAC-EG are also enterprises within the meaning of 18 U.S.C. § 1961(4). Defendants have been employed by or associated with these enterprises, the activities of which affect interstate and foreign commerce, and have knowingly and willingly conducted or participated in the conduct of the affairs of said enterprises, either directly or indirectly, through a pattern of racketeering activity as follows:
- (a) Plaintiffs incorporate herein by this reference the allegations contained in paragraphs 45 (a-g).
- 47. The acts of Defendants constitute a pattern of racketeering activity under 18 U.S.C. § 1961(5) in that at least two acts of racketeering activity have occurred within ten years of each other, one of such acts having occurred after October 10, 1970.
- 48. By reason of Defendants' pattern of racketeering activity in violation of 18 U.S.C. § 1962(c), Plaintiffs have suffered injury in their operations and to their property. The natural, probable and foreseeable result of the conduct of Defendants is to substantially damage the property interest of the Plaintiffs in their confidential and proprietary materials. Plaintiffs have thus suffered immediate and pecuniary damages which are not presently ascertainable and will be proven at trial.

 49. Plaintiffs have no adequate remedy at law; in that the confidential and proprietary materials which Defendants have and are continuing to misappropriate, use, disseminate and alter, constitute the fundamental underpinnings of the technology and the Religion. Unless Defendants and each of them are preliminarily and permanently enjoined from continuing in their predatory and willfully harmful conduct, Flaintiffs and their members will continue to be irreparably harmed.

SECOND CAUSE OP ACTION (Racketeering 18 P.S.C. S 1962(a))

- 50. This cause of action is against all Defendants and arises under the racketeering laws of the United States, and more particularly, the Racketeering Influence and Corrupt Organizations Act (18 U.S.C. § 1961_et seq.)
- 51- This Court has jurisdiction over Defendants since they have committed and are continuing to commit, in intrastate, interstate and foreign commerce by telephone, mail, wire, interstate carrier and other means, tortious and wrongful acts within this Court's jurisdiction.
- 52. Plaintiffs incorporate herein by reference the allegations contained in the First Cause of Action for racketeering, paragraphs 39 through 49, as though fully set forth herein.
- 53. Plaintiffs are informed and believe and 'thereon allege that Defendants have derived income, directly or indirectly, from a pattern of racketeering activity to use or

invest, directly or indirectly, portions of such income, or the proceeds thereof, in acquisition of an interest in, or the establishment or operation of, one or more enterprises engaged in, or the activities of which affect, interstate commerce.

activity in violation of 18 U.S.C. § 1962(a), plaintiffs nave suffered injury in their operations and to their property. The natural, probable and foreseeable result of the of the conduct of defendants is to substantially damage the property interests of the plaintiffs in their confidential and proprietary materials. Plaintiffs have thus suffered immediate and pecuniary damages which are not presently ascertainable and will be proven at trial.

55. Plaintiffs have no adequate remedy at law in that the confidential and proprietary materials which defendants have and are continuing to misappropriate, use, disseminate and alter, constitute the fundamental underpinnings of the technology and the Religion. Unless defendants and each of then.

are preliminarily and permanently enjoined from continuing in their predatory and wilfully harmful conduct, plaintiffs and their members will continue to be irreparably harmed.

THIRD CAUSE OF ACTION (RACKETEERING 18 U.S.C. § 1962(d))

56. This cause of action is against all Defendants and arises under the racketeering laws of the United States, and more particularly, the Racketeering Influence and Corrupt Organizations Act (18 U.S.C. § 196.1 et seg).

- 57. This Court has jurisdiction over Defendants since they have conspired to commit, committed and are continuing to commit, in intrastate, interstate and foreign commerce by telephone, mail, wire, interstate carrier and other means, tortious and wrongful acts within this Court's jurisdiction.
- 58. Plaintiffs incorporate herein by reference the allegations contained in the First and Second Causes of Action for Racketeering, paragraphs 39 through 55, as though fully set forth herein.
- 59. In doing the acts alleged above, Defendants conspired to conduct the affairs of the affected enterprises through a pattern of racketeering activity.
- 60. By'reason of Defendants' pattern of racketeering activity in violation of 18 U.S.C. § 1962(c), Defendants have suffered injury in their operations and to their property.
- 61. Plaintiffs have no adequate remedy at law in that the confidential and proprietary materials which Defendants have and are continuing to misappropriate, use, disseminate and alter, constitute the fundamental underpinnings of the technology and the P.eligion. Unless Defendants and each of them are preliminarily and permanently enjoined from continuing in their conspiratorial, predatory and willfully harmful conduct, Plaintiffs and their members will continue to be irreparably harmed.

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FOURTH CAUSE OF ACTION

(False Designation of Origin and False Description Dnder_15 U.S.C. § 1125(a))

- 62. This cause of action is against all Defendants and arises under Federal Law and more particularly Section 43(a) of the Lanham.Act (15 U.S.C. § 1125(a)).
- 63. This Court has jurisdiction since Defendants have conspired to commit, committed and are continuing to commit tortious and wrongful acts in interstate commerce tortious and within this Court's jurisdiction.
- 64. Plaintiffs incorporate nerein by this reference, the allegations contained in paragraphs 1 through 38 as though fully set forth herein.
- 65. As discussed in paragraphs 20 through 27, Plaintiffs' confidential and proprietary materials and information, including the STOLEN CONFIDENTIAL MATERIALS, have become identified with the Plaintiffs and are of great value.
- 66. Defendants are misrepresenting to the public that their services are based upon, or are the same as, the services of Plaintiffs, that certain of them are based upon Plaintiffs' confidential and proprietary materials and information, including the STOLEN CONFIDENTIAL MATERIALS, and in so doing, have used a false designation of origin or a false description or representation that constitutes false description, false representation and false advertising and have caused such goods and services to enter into interstate commerce.
- 67. Plaintiffs are informed and believe and thereon allege that Defendants have, with full knowledge of Plaintiffs'

rights, deliberately and intentionally made false representations as to the nature and origin of their goods and services, with the result that the goods and services of the Defendants, will appear to the public as being authorized by Plaintiffs and as legitimately and properly applied standard technology.

- 68. Plaintiffs are informed and believe and thereon allege that Defendants' aforementioned misrepresentations of their goods and services has created a likelihood of confusion, deception and mistake in the minds of the public as to the actual nature and source of Defendants' goods and services.
- 69. Plaintiffs are informed and believe and thereon allege that Defendants have transported and caused to be transported in interstate and foreign commerce Plaintiffs' confidential and proprietory materials, including the STOLEN CONFIDENTIAL MATERIALS with knowledge of the falsity of Defendants' description of origin, description or representation.
- 70. Further, plaintiffs are informed and believe and thereon allege that Defendants, and each of them, intend that the public conclude that:
- (a) Defendants', goods and services are based on standard technology as delivered by Plaintiffs;
- (b) Defendants' materials and information are legitimately derived from Plaintiffs' confidential, secret and proprietary materials; and

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(c) Defendants, .AAC, , AAC-CAN and AAC-EG are legitimately authorized to use the confidential and proprietary materials of Plaintiffs.

- 71. The natural, probable and foreseeable result of the conduct of these Defendants, is to substantially damage the property interests of Plaintiffs in their confidential and proprietary materials. Plaintiffs have thus suffered immediate and pecuniary damages which are not presently ascertainable and which will be proven at trial.
- 72. Plaintiffs have no adequate remedy at law in that the confidential and proprietary materials which Defendants have and are continuing to misappropriate, use, disseminate and alter, constitute the fundamental underpinnings of the Religion and the technology. Unless Defendants are preliminarily and permanently enjoined from continuing in their conspiratorial, predatory and wilfully harmful conduct, Plaintiffs, and their members, will continue to be irreparably harmed.
- 73. Plaintiffs have no adequate remedy at law to compel Defendants to cease their wrongful interference and, unless this Court grants an injunction, Plaintiffs will be compelled to prosecute a multiplicity of actions, one each time. Defendants engage in such wrongful conduct in the future.
- 74- Plaintiffs are informed and believe and thereon allege that the aforementioned acts of said Defendants have been, and are being, committed with full knowledge of Plaintiffs' rights and in willful and wanton disregard of those rights and with malice to Plaintiffs and their parishioners. Therefore, Plaintiffs are entitled to exemplary and punitive

 damages in an amount which this Court deems equitable and proper.

FIFTH CAUSE OF ACTION

(Common Law Unfair Competition)

- 75. This cause of action is against all Defendants and arises under the Laws of the State of California.
- 76. Plaintiffs incorporate herein by this reference the allegations contained in paragraphs 62 through 74, as though fully set forth herein.-
- 77. As a result of exclusive and extensive use and delivery of the Advanced Technology by Plaintiffs and other related entities, the Advanced Technology, including, but not limited to the materials designated as "NOTS", have becomeassociated with Plaintiffs and their related entities.
- 78. Plaintiffs are informed and believe and thereon allege that in furtherance of the aforedescribed conspiracy, Defendants intentionally and willfully committed at least the following acts of unfair competition:
- (a) Misrepresented to the public that certain services which Defendants rendered and continue to render were and are the same services rendered by Plaintiffs and other related entities and that those services are based upon the proper manner and standards for the application of the technology.
- (b) Misrepresented to the public that materials sold, advertised, delivered and otherwise disseminated to the public have their basis in the standard technology, when in fact

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these materials are legitimately possessed and these services are legitimately delivered only by Plaintiffs; and

- Misrepresented materials and information that they have used, delivered and otherwise disseminated as authentic, and legitimately in their possession, when in fact the materials and information were wrongfully obtained, altered and used as alleged herein.
- 79. Plaintiffs are informed and believe and thereon allege that Defendants have continued to make the misrepresentations and have continued to conspire against Plaintiffs, as herein alleged, for the purpose of interfering with Plaintiffs' relationships with its parishioners and of confusing parishioners and members of the general public into purchasing Defendants' services rather than the religious services of Plaintiffs. Further, Plaintiffs are informed and believe and thereon allege that unless restrained by this Court, Defendants will continue to interfere with Plaintiffs' relationships with its parishoners as herein alleged.
- Defendants have done, and are doing, the things herein alleged with the intent of injuring Plaintiffs' relations with its parishoners and in doing so Defendants, and each of them, have acted maliciously and oppressively towards Plaintiffs.
- The natural, probable and foreseeable result of the activities of Defendants as herein alleged, is to cause confusion, deception and mistake among the consuming public as to the nature of the services of said Defendants.

- 83. Plaintiffs have ro adequate remedy at law in that the above activities of Defendants have irreparably harmed the fundamental underpinnings of the Religion and the technology. Unless Defendants are enjoined from continuing in their conspitatorial, predatory and willfully harmful conduct, Plaintiffs, their members, and the general public, will continue to be irreparably harmed.
- 84. Plaintiffs have no adequate remedy at law to compel Defendants to cease their wrongful interference and, unless this Court grants an injunction, Plaintiffs will be compelled to prosecute a multiplicity of actions, one each time Defendants engage in such wrongful conduct in the future.

SIXTH CAUSE OF ACTION

(<u>Unfair Competition Under California Business</u> and <u>Professions' Code</u>, 55 17200 and 17500 et seq.)

- 85. This cause of action is against all Defendants and arises under the Laws of the State of California and more particularly under California Business and Professions Code Section 17200 and Section 17500 et 'seq.
- 86. Plaintiffs incorporate herein by this reference the allegations contained in paragraphs 75 through 84, as though fully set forth herein.

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- 87. The activities of said Defendants constitute unfair competition under the aforementioned California Statutes since Defendants have engaged in (1) unlawful, unfair 'and fraudulent practices; (2) unfair, deceptive, untrue and misleading advertising; and (3) false advertising.
- 88. Plaintiffs are informed and believe and thereon allege that Defendants, and each of them, have committed their unlawful and wrongful acts with the intent to vex, injure and annoy Plaintiffs and with full knowledge of Plaintiffs' rights and in willful and wanton disregard of those rights. Plaintiffs are therefore entitled to exemplary and punitive damages in an amount which this Court deems equitable and proper.
- 89. The natural, probable and foreseeable result of. the above breaches of these Defendants is to substantially injure the property interest of Plaintiffs, in their confidential and proprietary materials. Plaintiffs have thus suffered immediate and pecuniary damages which are not presently ascertainable and will be proven at trial.
- 90. Plaintiffs have no adequate remedy at law in that the confidential and proprietary materials which Defendants have and are continuing to misappropriate, use, disseminate and alter, constitute the fundamental underpinnings of the Religion and the technology. Unless Defendants, and each of them, are preliminarily and permanently enjoined from continuing in their conspiratorial, predatory and wilfully harmful conduct, Plaintiffs, their members, and the general public will continue to be irreparably harmed.

91. Plaintiffs have no adequate remedy at law to

compel Defendants'to cease their wrongful interference av.
unless this Court grants an injunction, Plaintiffs will be
compelled to prosecute a muultiplicity of actions, one each time
Defendants engage in such wrongful conduct in the future.

SEVENTH CAUSE OF ACTION

(Receipt and Concealment of stolen property)

- 92. -This cause of action is against all Defendants and arises under the laws of the State of California and more particularly Section 496 of the California Penal Code.
- 93. Plaintiffs incorporate herein by this reference, the allegations contained in paragraphs 85 through 91 though fully set forth herein.
- 94. Plaintiffs are informed and believe and thereon allege that beginning December, 1983, and continuing to the present, Defendants purchased, received and sold rhe aforedescribed stolen materials, as herein alleged, with knowledge that such property was stolen and/or fraudulently obtained.
- 95. -The natural, probable and foreseeable result of the conduct of these Defendants to substantially damage the property interest of Plaintiffs in their confidential and proprietary materials. Plaintiff'have thus suffered immediate and pecuniary damages which are not presently ascertainable and which will be proven at trial.
- 96. Plaintiffs have no adequate remedy at law in that the confidential materials which these Defendants have bought

and/or received, and are continuing to buy and/or receive, constitute the fundamental underpinnings of the technology and the Religion. Unless these Defendants are preliminarily and then permanently enjoined from continuing in their conspiratorial, predatory and willfully harmful conduct, Plaintiffs and their members, will continue to be irreparably harmed.

- 97. Plaintiffs have no adequate remedy at law/ to compel Defendants to cease their wrongful interference and, unless this Court grants an injunction, Plaintiffs will be compelled to prosecute a multiplicity of actions, one each time Defendants engage in such wrongful conduct in the future.
- 98. The use and transfer of the confidential materials which Defendants and certain other unknown entities, have bought and/or received, have caused damages to Plaintiffs, and to its members, in an amount no: presently ascertainable and in a manner sufficient to justify the imposition of treble damages under California Penal Code Section 496.

EIGHTH CAUSE OF ACTIOM

(Breach of Trust and Fiduciary Duties)

99. This cause of action is against ROBIN SCOTT, ADRIENNE SCOTT, HELSON, HABER, BISBEY, BELLMAINE, LAWLEY and MAYO and arises under the laws of the State of California generally and particularly under Section 2228 et seq. of the California Civil Code.

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100. PLaintiffs; incorporate herein b\ reference, the allegations contained in paragraphs 92 through 93, as though fully set forth herein.

101. The Defendants are former members of Plaintiffs and its related entities. The Defendants were obligated by contract not to disclose confidential materials. In addition, Defendants occupied positions of high fiduciary duty and trust and by virtue of these affilations and by virtue of Plaintiffs having placed confidence in said Defendants, a confidential relationship existed between Plaintiffs and Defendants. For example, as discussed more fully in Paragraphs 6 through 16, Defendants MAYO, ROBIN SCOTT, ADRIENNE SCOTT, NELSON, HABER, BISBEY, BELLMAINE, LAWLEY and MAYO directly or indirectly occupied positions of trust and confidence with CSI and/or RTC and/or CSC, or related organizations and had access to confidential and proprietary materials of such organizations. As such, these Defendants had special fiduciary duties and obligations to Plaintiffs. Said Defendants also held all confidential and proprietary materials in trust for the purpose of preserving the purity and ethical use of the philosophy and the technology of the Religion.

- By virtue of the acts complained of, these 102. Defendants breached their duties of trust and fiduciary responsibilities to Plaintiffs.
- 103. The natural, probable and foreseeable result of the above breaches of these Defendants is to substantially injure the property interest of Plaintiffs in their confidential and proprietary materials. Plaintiffs have thus suffered

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immediate and pecuniary damages which are not presently ascertainable and will be proven at trial.

Plaintiffs have no adequate remedy at law in that the confidential and proprietary materials which Defendants have and are continuing to misappropriate, use, disseminate and alter, constitute the fundamental underpinnings of the technology. Unless Defendants are preliminarily and permanently enjoined from continuing in their conspiratorial, predatory and willfully harmful conduct, Plaintiffs, and their members, will continue to be irreparably harmed.

105. Plaintiffs have no adequate remedy at law to compel Defendants to cease their wrongful interference and, unless this Court grants an injunction, Plaintiffs will be compelled to prosecute a multiplicity of actions, one each time Defendants engage in such wrongful conduct in the future.

- NINTH CAUSE OF ACTION

(Breach of Contract)

- 106. This cause of action is against Defendants and ROBIN SCOTT, ADRIENNE SCOTT, NELSON, HABE.R, BISBEY, BELLMAINE, LAWLEY and MAYO arises under the laws of the State of California.
- Plaintiffs incorporate herein by this reference, 107. the allegations contained in paragraphs 99 through 105, as though fully set forth herein.
- Plaintiffs, directly or indirectly, have entered into various valid and enforceable contracts with Defendants regarding, among other things, their rights, duties and

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privileges that inured by virtue of said Defendants' positions as described in Paragraphs "6 through 16.

- 109. Plaintiffs have performed all obligations required of it under such contracts and have been excused from any further obligations due to Defendants' breach of such contract.
- These contracts, among other things, obligated the said Defendants to maintain the confidentiality and purity of the technology and to never disclose any information, data or knowledge which they would obtain while performing their respective duties to Plaintiffs, and to abide by their respective ethical rules and code of honor.
- By-virtue of these contracts and the positions of high fiduciary duties and trust as aforedescribed, said Defendants agreed to receive in trust and confidence certain other information within the scope of their duties to Plaintiffs and to maintain the secrecy and inviolability of this information for the well-being and protection of Plaintiffs, and their members.
- Defendants have breached, -and are continuing to 112. breach at the present time, the aforementioned contracts with Plaintiffs.
- 113. The natural, probable and foreseeable result of the conduct of said Defendants is to substantially injure the' property interests of Plaintiffs in their confidential and proprietary materials. Plaintiffs have thus suffered immediate and pecuniary damages which are not presently ascertainable and which will be proven at trial.

114. Plaintiffs have no adequate remedy at law in that the confidential and proprietary materials which Defendants have and are continuing to misappropriate, use, disseminate, and alter, constitute the fundamental underpinnings of the technology. Unless Defendants are preliminarily and permanently enjoined from continuing in their conspiratorial, predatory and willfully harmful conduct, Plaintiffs, and its members, will continue to be irreparably harmed.

115. Plaintiffs have no adequate remedy at law to compel Defendants to cease their wrongful interference and, unless this Court grants an injunction, Plaintiffs will be compelled to prosecute a multiplicity of actions, one. each time Defendants engage in such wrongful cond st in the fyture.

TENTH CAUSE OF ACTION

(Trade Secret Misappropriation)

- 116. This cause of action is against Defendants ROBIN SCOTT, ADRIENNE SCOTT, NELSON, HABER, BISBEY, BELLMAINE, LAWLEY and MAYO and arises under the laws of the State of California.
- 117. Plaintiffs incorporate herein by this reference, the allegations contained in paragraphs 106 through 115, as though fully set forth herein.
- 113. As described generally in Paragraphs 20 through 27, Plaintiffs possess certain confidential and proprietary information and documents used, among other things, for the practice and study of the technology. These documents and information are also necessary for the successful training of those who wish to learn the teachings of the Religion. The

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above documents and information are not available to the public. The above documents and information are of immense value to Plaintiffs in propagating the teachings of the Religion to 'those" who have aspired to various levels of qualification in the Religion. As aforedescribed, Plaintiffs have taken substantial measures to protect their-confidential and proprietary information and materials. Consequently, the information and materials constitute trade secrets of Plaintiffs.

As discussed in Paragraphs 6 through 16, and more 119. particularly in the averments contained in the Eighth and Ninth Causes of Action, Defendants'ROBIN SCOTT, ADRIENNE SCOTT,' NELSON, HABER, BISBEY, BELLMAINE, LAWLEY and MAYO occupied positions of high fiduciary duty, trust and confidence, and each entered into contracts which detailed their fiduciary duties and responsibilities. These Defendants, and each of them, had information disclosed to them which they knew was of a highly confidential and proprietary nature and which thev understood was to be used in trust and confidence exclusively by qualified and authorized members of Plaintiffs. As further alleged, these " Defendants agreed and acquiesced in the terms of their respective contracts, ' and knew that under their respective contracts it was their responsibility to refrain from disclosing the trade secrets', to the detriment of Plaintiffs, and their members as well as to the Religion.

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120. Notwithstanding these facts, Plaintiffs ^re informed and believe and thereon allege that said Defendants misappropriated, used, altered and disclosed to third parries the previously unknown trade secrets of Plaintiffs. These actions were done wrongfully and unlawfully by these Defendants,

121. The natural, probable and foreseeable result of the conduct of Defendants is to substantially damage the interests of Plaintiffs in their trade secrets and related materials. Plaintiffs have thus suffered immediate and pecuniary damages which are not presently ascertainable and which will be proven at trial.

122. Plaintiffs have no adequate remedy at law in that the trade secrets 'which said Defendants have and are continuing to misappropriate, use, disseminate and alter, constitute the fundamental underpinnings of the technology. Unless these Defendants are preliminarily and permanently enjoined from continuing in their conspiratorial, predatory and willfully harmful conduct, Plaintiffs, and their members, will continue to be irreparably harmed.

123. Plaintiffs have no adequate remedy at law to compel Defendants to cease their wrongful interference and, unless this Court grants an injunction, Plaintiffs will be compelled to prosecute a multiplicity of actions, one each time Defendants engage in such wrongful conduct in the future.

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WHEREFORE, Plaintiffs pray for judgment as follow:::

- 1. For a preliminary and permanent injunction enjoining and restraining Defendants, and each of them, their officers, agents, servants, employees, attorneys and all other persons who act in concert with them from:
 - (a) Using, disseminating or otherwise disclosing the confidential, secret and proprietary materials of CSI, RTC and CSC to unauthorized third parties;
 - (b) Altering, destroying or defacing ":he
 confidential and proprietary materials of CSI, RTC and
 CSC;
 - (c) Misrepresenting to the public that certain services rendered by them are legitimately based on standard technology and on the information and belief derived from the aforementioned confidential and proprietary documents; and
 - (d) From advertising, selling, delivering or otherwise disseminating to the public the availability of information which is based on the confidential and proprietary materials of Plaintiffs;
- 2. For a preliminary and permanent injunction

 Compelling Defendants, and each of them, their officers, agents, servants, employees and attorneys to deliver all materials of CSI, RTC and CSC or copies thereof, which are in their possession, custody or control, to Plaintiffs:
- For damages in accordance with the proof at trial;

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- *- For treble damages and the cost of the instant suit including reasonable attorneys' fees under 18 U.S.C. § 1964(c) and Section 496 of the California Penal Code;
- 5. For punitive damages in an amount the Court deems equitable and proper; and
- deems equitable and proper.

DATED: January 30, 1985

Respectfully submitted,

OVERLAND, BERKE, WESLEY, GITS, RANDOLPH & LEVANAS

By:

MICHAEL I. LEVANAS

A Member of

OVERLAND, BERKE, WESLEY, GITS, RANDOLPH & LEVANAS A Professional Corporation Attorneys for Plaintiffs