

CSI

ADMINISTRATIVE  
RECORD

2 ~~SHRE~~  
JUNE 1992

Vol. 1

RESPONSE TO SECOND SERIES OF QUESTIONS (June 29, 1992)

VOLUME 1

RESPONSE TO SECOND SERIES OF QUESTIONS (June 29, 1992)

QUESTION 1

Please provide a list of all organizations described below, including each organization's address, principal place of business, jurisdiction in which organized or incorporated, form (e.g., trust or corporation) and employer identification number (if any). This list should include all organizations regardless of form. Please include all ecclesiastical organizations and indicate in which legal entities (e.g., corporations) the ecclesiastical organizations are housed. The list should contain information as of December 31, 1989 as well as any changes up to the date of your response. To the extent that there are currently anticipated or planned actions that would modify this list over the next five years, please also describe those anticipated modifications. Please label each organization as to the category (or categories) in which it fits.

\* \* \*

(i) Any mission in the United States that provided Scientology Missions International with tithes or other forms of financial support in excess of \$10,000 in 1989 or in any calendar year thereafter.

(ii) Class V churches operating in the United States.

(iii) The publications organizations, depicted in the chart on the first page of Exhibit I-5, along with any sublicensees or subsidiaries thereof (hereinafter "Publications Organizations").

(iv) The Social benefit and other public benefit organizations depicted in the chart on the first page of Exhibit I-6, along with all sublicensees thereof (e.g., organizations that are permitted to use particular names, copyrights, service marks, and/ or technologies) (hereinafter "Social Betterment Organizations").

(v) Any organizations, including but not limited to any trusts, that held assets (including but not limited to intellectual property and mortgages) for any other Scientology-related organizations or for the advancement or protection of the Scientology religion. This does not include financial institutions (as defined below in question 6).

(vi) Any organizations directly or indirectly involved in or related to the ownership and/or operation of the M.V.

**Freewinds.** You need not list wholly unrelated commercial vendors.

(vii) Any membership organizations, including but not limited to the Sea Organization, IAS, DAS, and EAS, along with any service corporations performing the operations of such organizations (hereinafter "Membership Organizations").

(viii) Any organization that owns (including, but not limited to, those entities listed below in this clause (viii)), (sub)licenses, and/or has rights or a (sub)license to use what has been described as the scriptures (anything written or stated by Mr. L. Ron Hubbard) or any technology, copyright, trademark or service mark held by RTC, CSI, CST, any publications organization or the Estate of L. Ron Hubbard. For purposes of this clause (viii), you need not list for-profit sublicensees or the World Institute of Scientology Enterprises (hereinafter "WISE").

(ix) Any taxable or for-profit organization of which Scientology-related organizations, IAS, DAS, EAS and any of the individuals (trustees, directors and officers), listed in Exhibit I-2, separately or together, owned or has a beneficial interest of more than ten percent. You need not list any entity of which Scientology-related organizations or IAS, DAS or EAS, separately or together, did not at any time own or have a beneficial interest of more than one percent.

(x) Any organization that has or had a Flag Banking Officer and/or a Finance Director and also had either: (1) gross revenues of more than \$250,000; or (2) assets of more than \$1,000,000. Are sublicensees of WISE required to have a Flag Banking Officer and/ or Finance Director on staff? Regardless of your response you need not list any WISE Sublicensee as part of your response to this clause (x).



## GENERAL INTRODUCTION

Following our discussions of May 13, 1992, CSI has endeavored to respond to what it understands to be the purpose, as well as the text, of the subparts of question (1) and to provide the Service with complete information in as useful a form as possible. A number of difficulties were presented in this endeavor because the various subparts of question (1) do not always reflect the functions and relationships of the various Churches of Scientology and related organizations. CSI sought to address these difficulties as follows:

(1) We have identified the specific information with regard to each Church and related organization under the subpart that most closely describes it. At the same time, we have included cross references to other subparts which also would apply to such organizations. For example, U.S. Class V Churches are listed under subpart (ii) with cross references to subpart (v) (as an organization holding assets for the benefit of the entire Scientology religion) and to subpart (viii) (as an organization sublicensed by CSI to use the religious marks).

(2) We have used subpart (v) (organizations holding assets for the benefit of the entire Scientology religion) as the general category for most Churches and related organizations that do not fall under one of the other specific categories, including, specifically, RTC, CSI, the corporations housing the four Advanced and Saint Hill Organizations (CSWUS, CSREC, CS AOSH EUAF and C of S Inc.), CSC, the various Church central reserve entities, the two advance payment trusts (TFS and USPT) and CST.

(3) Because many Churches and related organizations are described in several of the subparts, we have treated specific definitional exclusions from specific subparts as also excluding such organizations from more general subparts that also would apply. Specifically --

(a) Because subpart (i) excludes all non-U.S. Missions and U.S. Missions with annual tithes to SMI of less than \$10,000, we have excluded such organizations from subparts (v) and (viii) (except to the extent that corporations otherwise described therein also house Mission organizations);

(b) Because subpart (ii) excludes all non-U.S. Class V Churches, we have excluded such organizations from subparts (v) and (viii) (except to the extent that corporations otherwise described therein also house Class V Church organizations);

(c) Because subparts (vi) and (ix) evidence an intent to exclude commercial organizations in which Churches and related

organizations have no ownership interest, we have exclude unrelated commercial licensees from subparts (iii) (publications) (viii) (sublicensees), and (x) (organizations with Flag Bankin Officers and/or Finance Officers);

(d) In light of the definitional exclusions discussed above in (a) - (c), we have excluded from subpart (iv) individual school which are licensed by Applied Scholastics, Inc., to use Mr Hubbard's study technology in education. We have done so because (i) the licensee schools are separately incorporated corporation (in almost all cases non-profit), (ii) the schools receive limited technical assistance from Applied Scholastics, and (iii) the schools do not report to Applied Scholastics about their finances or activities and, thus, information about their operations is not available to CSI.

Finally, with one exception, there are no currently anticipated or planned actions for the next five years that would modify the management structure of either the ecclesiastical hierarchy of the Church or the corporate structure of the social and other public benefit organizations. The one noted exception is as follows:

Criminon: It is anticipated that within the next five years the criminal rehabilitation program called Criminon, presently conducted under the aegis of Narconon International, will be moved to a separate corporation, to be called Criminon International. Criminon International will charter local Criminon chapters in the same manner that Narconon International charters local Narconon chapters.

It is impossible to identify at this time with any specificity "currently anticipated or planned actions" for "the next five years" as they involve new churches or related organizations which deliver religious services to the Scientology public. For example, during the period since 1989, four Missions -- Atlanta, Georgia, Mountain View, California, Salt Lake City, Utah, and San Juan Puerto Rico -- became Class V Churches. During this same period of time, approximately 84 new Missions were formed. It is almost certain that during the next five years there will be new Class V Churches and Missions, and new local chapters of Narconon, Criminon, CCHR, NCLE, and the Way to Happiness Foundation.

(i) Any missions in the United States that provided Scientology Missions International with tithes or other forms of financial support in excess of \$10,000 in 1989 or in any calendar year thereafter.

Subpart ( i )

CHURCH OF SCIENTOLOGY MISSION OF ATLANTA

Address: 2632 PIEDMONT ROAD, N.E.  
ATLANTA, GEORGIA 30324-3011  
Jurisdiction: GEORGIA  
Form/EIN: NON-PROFIT CORPORATION 58-1425852  
Closed: 30-Sep-89 BECAME A CLASS V ORGANIZATION  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF ANCHORAGE

Address: 440 WEST 5TH AVENUE  
ANCHORAGE, ALASKA 99501  
Jurisdiction: ALASKA  
Form/EIN: NON-PROFIT CORPORATION 92-0070700  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF BATON ROUGE

Address: 7855 JEFFERSON HIGHWAY  
BATON ROUGE, LOUISIANA 70809  
Jurisdiction: LOUISIANA  
Form/EIN: NON-PROFIT CORPORATION 72-1104649  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF BELLEVUE

Address: 1545 134TH AVENUE N.E.  
BELLEVUE, WASHINGTON 98005  
Jurisdiction: WASHINGTON  
Form/EIN: NON-PROFIT CORPORATION 91-1021465  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF BERKELEY

Address: 63 SHATTUCK SQUARE  
BERKELEY, CALIFORNIA 94704  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2624497  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF BEVERLY HILLS

Address: 109 NORTH LA CIENEGA BOULEVARD  
BEVERLY HILLS, CALIFORNIA 90211  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4096984  
Category(ies): i v viii

Subpart ( i )

CHURCH OF SCIENTOLOGY MISSION OF BOULDER

Address: 1320 PEARL STREET  
BOULDER, COLORADO 80302  
Jurisdiction: COLORADO  
Form/EIN: NON-PROFIT CORPORATION 84-0700610  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF BUENAVENTURA

Address: 180 NORTH ASHWOOD  
VENTURA, CALIFORNIA 93003  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-3718129  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF CLEARWATER, INC.

Address: 100 NORTH BELCHER ROAD  
CLEARWATER, FLORIDA 34625  
Jurisdiction: FLORIDA  
Form/EIN: NON-PROFIT CORPORATION 59-2554601  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF COLLINGSWOOD

Address: 80 NASSAU STREET SUITE 24  
PRINCETON, NEW JERSEY 08042  
Jurisdiction: NEW JERSEY  
Form/EIN: NON-PROFIT CORPORATION 22-2328421  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF FORT LAUDERDALE, INC.

Address: 371 E. COMMERCIAL BLVD.  
FT. LAUDERDALE, FLORIDA 33334  
Jurisdiction: FLORIDA  
Form/EIN: NON-PROFIT CORPORATION 59-1558786  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF GLENDALE

Address: 2254 HONOLULU AVENUE  
MONTROSE, CALIFORNIA 91020  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-3760207  
Category(ies): i v viii

Subpart ( i )

CHURCH OF SCIENTOLOGY MISSION OF HONOLULU

Address: 941 KAM HIGHWAY #207  
PEARL CITY, HAWAII 96782  
Jurisdiction: HAWAII  
Form/EIN: NON-PROFIT CORPORATION 99-0149118  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF HOUSTON

Address: 2727 FONDREN SUITE 1A  
HOUSTON, TEXAS 77063  
Jurisdiction: TEXAS  
Form/EIN: NON-PROFIT CORPORATION 74-2077825  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF LOS GATOS

Address: 475 ALBERTO WAY  
BLDG B, SUITE 110  
LOS GATOS, CALIFORNIA 95032  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2650583  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF NEW JERSEY

Address: 810 MAIN STREET  
HACKENSACK, NEW JERSEY 07601  
Jurisdiction: NEW JERSEY  
Form/EIN: NON-PROFIT CORPORATION 22-2941295  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF PALO ALTO

Address: 617 VETERANS BLVD. #205  
REDWOOD CITY, CALIFORNIA 94063  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2150282  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF PEORIA

Address: 2020 NORTH WISCONSIN  
PEORIA, ILLINOIS 61603  
Jurisdiction: ILLINOIS  
Form/EIN: NON-PROFIT CORPORATION 37-0910116  
Category(ies): i v viii

Subpart ( i )

CHURCH OF SCIENTOLOGY MISSION OF PHOENIX

Address: 1017 BETHANY HOME ROAD  
PHOENIX, ARIZONA 85014  
Jurisdiction: ARIZONA  
Form/EIN: NON-PROFIT CORPORATION 86-0255800  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF SACRAMENTO

Address: 5738 MARCONI AVENUE SUITE #12  
CARMICHAEL, CALIFORNIA 95608-4460  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2186092  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF SACRAMENTO VALLEY

Address: 1485 RIVER PARK DRIVE  
SUITE 100  
SACRAMENTO, CALIFORNIA 95815  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2874997  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF SAN FRANCISCO

Address: 406 SUTTER STREET  
SAN FRANCISCO, CALIFORNIA 94108  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2869485  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF SEATTLE

Address: 2124 3RD STREET  
SEATTLE, WASHINGTON 98121  
Jurisdiction: WASHINGTON  
Form/EIN: NON-PROFIT CORPORATION 91-1065332  
Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF SOUTH BAY REDONDO BEACH

Address: 3940 MARINE #B  
LAWDALE, CALIFORNIA 90260  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-2865634  
Category(ies): i v viii

Subpart ( i )

CHURCH OF SCIENTOLOGY MISSION OF SOUTH DENVER

Address: 4018 SOUTH PARKER ROAD  
AURORA, COLORADO 80014

Jurisdiction: COLORADO

Form/EIN: NON-PROFIT CORPORATION 84-0879476

Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF THE WEST VALLEY

Address: 20315 VENTURA BLVD., SUITE A  
WOODLAND HILLS, CALIFORNIA 91364

Jurisdiction: CALIFORNIA

Form/EIN: NON-PROFIT CORPORATION 95-4271618

Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF THE WOODLANDS

Address: 4607 CYPRUS WOOD DRIVE #416  
SPRING, TEXAS 77379

Jurisdiction: TEXAS

Form/EIN: NON-PROFIT CORPORATION 74-2077825

Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF UNIVERSITY WAY

Address: 1408 N.E. 45TH STREET  
SEATTLE, WASHINGTON 98105

Jurisdiction: WASHINGTON

Form/EIN: NON-PROFIT CORPORATION 91-1115993

Category(ies): i v viii

CHURCH OF SCIENTOLOGY MISSION OF WESTWOOD

Address: 11825 WILSHIRE BLVD.  
LOS ANGELES, CALIFORNIA 90025

Jurisdiction: CALIFORNIA

Form/EIN: NON-PROFIT CORPORATION 95-2867402

Category(ies): i v viii

DIANETICS CENTER OF BRAND BOULEVARD

Address: 144 S. BRAND BLVD.  
GLENDALE, CALIFORNIA 91204

Jurisdiction: CALIFORNIA

Form/EIN: NON-PROFIT CORPORATION 95-4319739

Category(ies): i v viii



(ii) Class V Churches operating in the United States.

Many (but not all) Class V Church corporations have extended hours of operations (evenings and weekends). To facilitate these extended hours, these Churches will have separate internal divisions (or "orgs"). The "Day" org is the Church division that operates during business hours weekdays, while the "Foundation" org is the Church division that operates weekday evenings and weekends. We have not listed "Day" and "Foundation" as separate ecclesiastical organizations.

Subpart ( ii )

CHURCH OF SCIENTOLOGY OF ANN ARBOR

Address: 122 SOUTH MAIN STREET  
ANN ARBOR, MICHIGAN 48104  
Jurisdiction: MICHIGAN  
Form/EIN: NON-PROFIT CORPORATION 38-2139059  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF ARIZONA

Address: 4450 N. CENTRAL AVE., STE 102  
PHOENIX, ARIZONA 85013  
Jurisdiction: ARIZONA  
Form/EIN: NON-PROFIT CORPORATION 86-0336186  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF BOSTON, INC.

Address: 448 BEACON STREET  
BOSTON, MASSACHUSETTS 02115  
Jurisdiction: MASSACHUSETTS  
Form/EIN: NON-PROFIT CORPORATION 04-2463926  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF BUFFALO

Address: 47 W. HURON STREET  
BUFFALO, NEW YORK 14205  
Jurisdiction: NEW YORK  
Form/EIN: NON-PROFIT CORPORATION 16-0992084  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY OF CENTRAL OHIO

Address: 167 E. STATE STREET  
COLUMBUS, OHIO 43215  
Jurisdiction: OHIO  
Form/EIN: NON-PROFIT CORPORATION 31-0898884  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF COLORADO

Address: 375 SOUTH NAVAJO STREET  
DENVER, COLORADO 80223  
Jurisdiction: COLORADO  
Form/EIN: NON-PROFIT CORPORATION 84-0690819  
Category(ies): ii v viii x

Subpart ( ii )

CHURCH OF SCIENTOLOGY OF CONNECTICUT

Address: 909 WHALEY AVE  
NEW HAVEN, CONNECTICUT 06515  
Jurisdiction: CONNECTICUT  
Form/EIN: NON-PROFIT CORPORATION 06-1077361  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF FLORIDA, INC.

Address: 120 GIRALDA STREET  
CORAL GABLES, FLORIDA 33134  
Jurisdiction: FLORIDA  
Form/EIN: NON-PROFIT CORPORATION 59-1099150  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF GEORGIA

Address: 2632 PIEDMONT ROAD, N.E.  
ATLANTA, GEORGIA 30324-3011  
Jurisdiction: GEORGIA  
Form/EIN: NON-PROFIT CORPORATION 58-1877994  
Opened: 30-Sep-89  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF HAWAII

Address: 1100 ALAKEA STREET #301  
HONOLULU, HAWAII 96813  
Jurisdiction: HAWAII  
Form/EIN: NON-PROFIT CORPORATION 99-0112904  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY OF ILLINOIS

Address: 3011 NORTH LINCOLN AVENUE  
CHICAGO, ILLINOIS 60651  
Jurisdiction: ILLINOIS  
Form/EIN: NON-PROFIT CORPORATION 36-2811475  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF KANSAS CITY

Address: 3619 BROADWAY  
KANSAS CITY, MISSOURI 64111  
Jurisdiction: MISSOURI  
Form/EIN: NON-PROFIT CORPORATION 43-1346944  
Category(ies): ii v viii x

Subpart ( ii )

CHURCH OF SCIENTOLOGY OF LONG ISLAND

Address: 99 RAILROAD STATION PLAZA  
HICKSVILLE, NEW YORK 11801  
Jurisdiction: NEW YORK  
Form/EIN: NON-PROFIT CORPORATION 11-2488514  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF LOS ANGELES

Address: 4810 W. SUNSET BLVD.  
LOS ANGELES, CALIFORNIA 90027  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-3671415  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF MICHIGAN

Address: 312 WILLIAMS STREET  
ROYAL OAK, MICHIGAN 48067  
Jurisdiction: MICHIGAN  
Form/EIN: NON-PROFIT CORPORATION 38-6087810  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF MINNESOTA

Address: 1011 NICOLLET MALL  
MINNEAPOLIS, MINNESOTA 55403  
Jurisdiction: MINNESOTA  
Form/EIN: NON-PROFIT CORPORATION 41-6056342  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF MISSOURI

Address: 9510 PAGE BOULEVARD  
ST. LOUIS, MISSOURI 63132  
Jurisdiction: MISSOURI  
Form/EIN: NON-PROFIT CORPORATION 43-0978872  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF MOUNTAIN VIEW

Address: 2483 OLD MIDDLEFIELD WAY  
MOUNTAIN VIEW, CALIFORNIA 94043  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2478723  
Formerly called: CHURCH OF SCIENTOLOGY MISSION OF MOUNTAIN VIEW  
Category(ies): i ii v viii x

Subpart ( ii )

CHURCH OF SCIENTOLOGY OF NEVADA

Address: 846 E. SAHARA AVE  
LAS VEGAS, NEVADA 89104  
Jurisdiction: NEVADA  
Form/EIN: NON-PROFIT CORPORATION 88-0100697  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY OF NEW MEXICO

Address: 8106 MENAUL BLVD N.E.  
ALBUQUERQUE, NEW MEXICO 87110  
Jurisdiction: NEW MEXICO  
Form/EIN: NON-PROFIT CORPORATION 85-0210803  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF NEW YORK

Address: 227 W. 46TH STREET  
NEW YORK, NEW YORK 10036  
Jurisdiction: NEW YORK  
Form/EIN: NON-PROFIT CORPORATION 13-2568441

Organization(s):

CONTINENTAL LIAISON OFFICE EASTERN UNITED STATES

Location: 349 WEST 48TH STREET  
NEW YORK, NEW YORK 10036  
Category(ies): v viii

NEW YORK CLASS V ORGANIZATION

Location: SAME AS CORPORATE ADDRESS  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF OHIO

Address: 215 W. 4TH STREET FIFTH FLOOR  
CINCINNATI, OHIO 45220  
Jurisdiction: OHIO  
Form/EIN: NON-PROFIT CORPORATION 31-0929925  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY OF ORANGE COUNTY

Address: 1451 IRVINE BLVD  
TUSTIN, CALIFORNIA 92680  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 23-7429358  
Category(ies): ii v viii x

Subpart ( ii )

CHURCH OF SCIENTOLOGY OF ORLANDO, INC.

Address: 1510 E. COLONIAL DRIVE # 100W  
ORLANDO, FLORIDA 32803  
Jurisdiction: FLORIDA  
Form/EIN: NON-PROFIT CORPORATION 59-2153243  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY OF PENNSYLVANIA

Address: 1315 RACE STREET  
PHILADELPHIA, PENNSYLVANIA 19107  
Jurisdiction: PENNSYLVANIA  
Form/EIN: NON-PROFIT CORPORATION 23-1732803  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF PORTLAND

Address: 323 S.W. WASHINGTON  
PORTLAND, OREGON 97204  
Jurisdiction: OREGON  
Form/EIN: NON-PROFIT CORPORATION 93-0601546  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY OF PUERTO RICO

Address: 272 AVENUE CENTRAL  
HYDE PARK  
HATO REY, PUERTO RICO 00918  
Jurisdiction: PUERTO RICO  
Form/EIN: NON-PROFIT CORPORATION 66-0439770  
Formerly called: CHURCH OF SCIENTOLOGY MISSION OF PUERTO RICO  
Category(ies): i ii v viii

CHURCH OF SCIENTOLOGY OF SACRAMENTO

Address: 825 15TH STREET  
SACRAMENTO, CALIFORNIA 95814  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2274289  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF SAN FRANCISCO

Address: 83 MCALLISTER STREET  
SAN FRANCISCO, CALIFORNIA 94102  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-2784858  
Category(ies): ii v viii x

Subpart ( ii )

CHURCH OF SCIENTOLOGY OF STEVENS CREEK

Address: 80 E. ROSEMARY  
SAN JOSE, CALIFORNIA 95112  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-1695341  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF TAMPA, INC.

Address: 4809 N. ARMENIA SUITE 215  
TAMPA, FLORIDA 33603  
Jurisdiction: FLORIDA  
Form/EIN: NON-PROFIT CORPORATION 59-2001225  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF TEXAS

Address: 2200 GUADALUPE  
AUSTIN, TEXAS 78705  
Jurisdiction: TEXAS  
Form/EIN: NON-PROFIT CORPORATION 74-1565007  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF THE VALLEY

Address: 3619 W. MAGNOLIA  
BURBANK, CALIFORNIA 91505  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-2648209  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY OF UTAH

Address: 1913 SOUTH 100 EAST  
SALT LAKE CITY, UTAH 84106  
Jurisdiction: UTAH  
Form/EIN: NON-PROFIT CORPORATION 87-0277039  
Formerly called: CHURCH OF SCIENTOLOGY MISSION OF SALT LAKE CITY  
Category(ies): i ii v viii x

CHURCH OF SCIENTOLOGY OF WASHINGTON STATE

Address: 2603 3RD AVENUE  
SEATTLE, WASHINGTON 98121  
Jurisdiction: WASHINGTON  
Form/EIN: NON-PROFIT CORPORATION 94-1724061  
Category(ies): ii v viii x

Subpart ( ii )

FOUNDING CHURCH OF SCIENTOLOGY OF WASHINGTON, D.C.

Address: 2125 S. STREET N.W.  
WASHINGTON, DISTRICT OF COLUMBIA 20008  
Jurisdiction: DISTRICT OF COLUMBIA  
Form/EIN: NON-PROFIT CORPORATION 53-6014221  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE INTERNATIONAL

Address: 5930 FRANKLIN AVENUE  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-2707137

Organization(s):

CELEBRITY CENTRE INTERNATIONAL CLASS V ORGANIZATION  
Location: SAME AS CORPORATE ADDRESS  
Category(ies): ii v viii x

MANOR

Location: SAME AS CORPORATE ADDRESS  
Category(ies): v viii x

SCIENTOLOGY INTERNATIONAL PROPERTIES RENOVATIONS ORGANIZATION  
MANOR

Location: SAME AS CORPORATE ADDRESS  
Category(ies): v viii

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE DALLAS

Address: 8501 MANDERVILLE LANE  
DALLAS, TEXAS 75231  
Jurisdiction: TEXAS  
Form/EIN: NON-PROFIT CORPORATION 75-1338096  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE NEW YORK

Address: 65 E. 82ND STREET  
NEW YORK, NEW YORK 10036  
Jurisdiction: NEW YORK  
Form/EIN: NON-PROFIT CORPORATION 13-3239797  
Category(ies): ii v viii x

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE PORTLAND

Address: 709 SOUTH WEST SALMON STREET  
PORTLAND, OREGON 97205  
Jurisdiction: OREGON  
Form/EIN: NON-PROFIT CORPORATION 93-0833789  
Category(ies): ii v viii x



Subpart ( ii )

CHURCH OF SCIENTOLOGY CREATIVE MISSION OF LAS VEGAS

Address: 1100 S. 10TH STREET  
LAS VEGAS, NEVADA 89104  
Jurisdiction: NEVADA  
Form/EIN: NON-PROFIT CORPORATION 88-0123784  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE CHICAGO

Address: 401 EAST PROSPECT AVE  
MT. PROSPECT, ILLINOIS 60056  
Jurisdiction: ILLINOIS  
Form/EIN: NON-PROFIT CORPORATION 36-3458886  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE NASHVILLE

Address: 38 MUSIC SQUARE WEST  
NASHVILLE, TENNESSEE 37203  
Jurisdiction: TENNESSEE  
Form/EIN: NON-PROFIT CORPORATION 62-1233115  
Category(ies): ii v viii

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE WASHINGTON, D.C.

Address: 4214 16TH STREET N.W.  
WASHINGTON, DISTRICT OF COLUMBIA 20011  
Jurisdiction: DISTRICT OF COLUMBIA  
Form/EIN: NON-PROFIT CORPORATION 52-1400512  
Category(ies): ii v viii

(iii) The publications organizations depicted in the chart on the first page of Exhibit I-5, along with any sublicensees or subsidiaries thereof (hereinafter "Publications Organizations".)

There are additional publications organizations listed below that were not described in our response to your first series of questions as follows:

(1) New Era Publications International ApS Tokyo (NEP Tokyo): NEP Tokyo was formed in 1990 by a Japanese individual and was licensed by NEP as an additional Japanese distributor of NEP's materials. In 1991, NEP terminated the license and acquired the stock of NEP Tokyo, which, although remaining in existence, is wholly dormant.

(2) Nueva Era Dinamica, S.A.: This corporation was formed in 1988 to assume the operations of New Era Publications Espana, S.A. Because of changes in Spanish corporate law, Spanish attorneys advised that it would be simpler to create a new NEP subsidiary in Spain than to modify the existing company to conform with the new Spanish corporate laws. The existing Spanish subsidiary, New Era Publications Espana S.A., is in the process of liquidation.

(3) Importaciones y Exportaciones Nueva Civilizacion S.A. de C.V.: This corporation was formed in 1983 to coordinate the importation of NEP books and E-meters into Mexico, which cannot lawfully be done by Era Dinamica Editores S.A. de C.V. Under Mexican law, a company (like Era Dinamica Editores) organized as a publishing firm and subject to special tax rules in that capacity, must limit its activities solely to printing and publishing books.

(4) Continental Publications (Pty) Ltd: This is the publications organization for South Africa formed in 1987. Use of a separate entity rather than a NEP subsidiary was necessary because until recently, Danish corporations were not allowed to own property in South Africa and because South African law makes it difficult for foreign investors to own South Africa companies.

(5) South African Publications Trust: This trust holds the shares of Continental Publications (Pty) Ltd. for the benefit of the Scientology religion, again because until recently NEP could not own shares of a South African corporation. The Trustees of this Trust are Sea Org members in South Africa and a South African attorney.

(6) 719008 Ontario Limited: This corporation was formed in the late 1980s to distribute Church publications in Canada as a subsidiary of Bridge Publications, Inc. It was later determined that use of a separate corporation was unnecessary, so this corporation has remained wholly dormant.

(7) Scientology Publications Limited: This corporation was formed in the 1950s to handle publishing matters in the UK. It has been dormant for many years.

Subpart ( iii )

INTERNATIONAL PUBLICATIONS TRUST

Address: C/O WHITMAN & RANSOM  
11 WATERLOO PLACE  
LONDON ENGLAND SW1Y 4AU  
Jurisdiction: UNITED KINGDOM  
Form: CHARITABLE RELIGIOUS TRUST  
Category(ies): iii v viii

PUBLICATIONS INT LIMITED

Address: 47 BRUNSWICK PLACE  
LONDON ENGLAND N1  
Jurisdiction: UNITED KINGDOM  
Form: CORPORATION  
Owned by: INTERNATIONAL PUBLICATIONS TRUST  
Category(ies): iii v viii ix  
IN DISSOLUTION

BRIDGE PUBLICATIONS, INC.

Address: 4751 FOUNTAIN AVE  
LOS ANGELES, CALIFORNIA 90029  
Jurisdiction: CALIFORNIA  
Form/EIN: CORPORATION 95-3583700  
Owned by: INTERNATIONAL PUBLICATIONS TRUST  
Category(ies): iii v viii ix

NEW ERA PUBLICATIONS INTERNATIONAL Aps

Address: STORE KONGENSGADE 55  
1264 COPENHAGEN K DENMARK  
Jurisdiction: DENMARK  
Form: CORPORATION  
Owned by: INTERNATIONAL PUBLICATIONS TRUST  
Category(ies): iii v viii ix

NEW ERA PUBLICATIONS U.K. LIMITED

Address: 78 HOLMETHORPE AVE  
REDHILL, SURREY ENGLAND RH1 2NL  
Jurisdiction: SURREY, UNITED KINGDOM  
Form: CORPORATION  
Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps  
Category(ies): iii v viii ix

Subpart ( iii )

NEW ERA PUBLICATIONS ITALIA, S.R.L.

Address: VIA L.G. COLUMELLA 12  
MILANO ITALY 20128

Jurisdiction: ITALY

Form: CORPORATION

Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps

Category(ies): iii v viii ix

NEW ERA PUBLICATIONS DEUTSCHLAND GmbH

Address: BAHNHOFSTRASSE 40  
2153 NEU WULMSTORF GERMANY

Jurisdiction: GERMANY

Form: CORPORATION

Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps

Category(ies): iii v viii ix

NEW ERA PUBLICATIONS FRANCE, S.A.R.L.

Address: 111 BOULEVARD DE MAGENTA  
75010 PARIS FRANCE

Jurisdiction: FRANCE

Form: CORPORATION

Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps

Category(ies): iii v viii ix

NEW ERA PUBLICATIONS JAPAN, INC.

Address: 5-4-5 803 NISHI-GOTANDA  
SHINAGAWA KU  
TOKYO JAPAN 141

Jurisdiction: JAPAN

Form: CORPORATION

Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps

Category(ies): iii v viii ix

NEW ERA PUBLICATIONS INTERNATIONAL Aps TOKYO

Address: 3-6-601 KANDA JIMBOCHO  
CHIYODA KU  
TOKYO JAPAN

Jurisdiction: JAPAN

Form: CORPORATION

Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps

Category(ies): iii v viii ix

INACTIVE

Subpart ( iii )

NUEVA ERA DINAMICA S.A.

Address: CALLE DE LA PAZ NO.4 DCHA  
28012 MADRID SPAIN  
Jurisdiction: SPAIN  
Form: CORPORATION  
Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps  
Category(ies): iii v viii ix

NEW ERA PUBLICATIONS ESPANA S.A.

Address: LUIS VELEZ DE GUEVARA, 8  
BAJO D  
28012 MADRID SPAIN  
Jurisdiction: SPAIN  
Form: CORPORATION  
Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps  
Category(ies): iii v viii ix  
DORMANT

NEW ERA PUBLICATIONS (AUSTRALIA) PTY. LTD.

Address: 2 VERONA STREET  
PADDINGTON, NEW SOUTH WALES AUSTRALIA 2021  
Jurisdiction: AUSTRALIA  
Form: CORPORATION  
Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps  
Category(ies): iii v viii ix

NEW ERA PUBLICATIONS ISRAEL LIMITED

Address: C/O Y. ZONDER  
56 AHAD HA'AM STREET  
TEL AVIV ISRAEL  
Jurisdiction: ISRAEL  
Form: CORPORATION  
Subsidiary of: NEW ERA PUBLICATIONS INTERNATIONAL Aps  
Category(ies): iii v viii ix  
DORMANT

ERA DINAMICA EDITORES S.A. DE C.V.

Address: NICOLAS SAN JUAN #208  
COL. DE VALLE  
MEXICO D.F. MEXICO 03020  
Jurisdiction: MEXICO  
Form: CORPORATION  
Owned by: FEDERACION MEXICANA DE DIANETICA  
Category(ies): iii v viii ix

Subpart ( iii )

IMPORTACIONES y EXPORTACIONES NUEVA CIVILIZACION S.A. DE C.V.

Address: NICOLAS SAN JUAN #208  
COL DE VALLE  
MEXICO D.F. MEXICO 03020  
Jurisdiction: MEXICO  
Form: CORPORATION  
Owned by: FEDERACION MEXICANA DE DIANETICA  
Category(ies): iii v viii ix

CONTINENTAL PUBLICATIONS (PTY) LTD.

Address: 95 COMMISSIONER STREET  
6TH FLOOR SECURITY BUILDING  
JOHANNESBURG SOUTH AFRICA  
Jurisdiction: SOUTH AFRICA  
Form: CORPORATION  
Owned by: SOUTH AFRICAN PUBLICATIONS TRUST  
Category(ies): iii v viii ix

SOUTH AFRICAN PUBLICATIONS TRUST

Address: 95 COMMISSIONER STREET  
JOHANNESBURG SOUTH AFRICA  
Jurisdiction: SOUTH AFRICA  
Form: CHARITABLE RELIGIOUS TRUST  
Opened: 30-Oct-91  
Category(ies): iii v

719008 ONTARIO LIMITED

Address: 696 YONGE STREET, SUITE 508  
TORONTO, ONTARIO CANADA M4Y 2A7  
Jurisdiction: ONTARIO, CANADA  
Form: CORPORATION  
Owned by: BRIDGE PUBLICATIONS, INC.  
Opened: 20-May-87  
Category(ies): iii viii ix  
DORMANT

SCIENTOLOGY PUBLICATIONS LIMITED

Address: 68 TOTTENHAM COURT ROAD  
LONDON ENGLAND W1P 0BB  
Jurisdiction: UNITED KINGDOM  
Form: CORPORATION  
Category(ies): iii viii ix  
DORMANT

(iv) The Social benefit and other public benefit organizations depicted in the chart on the first page of Exhibit I-6, along with all sublicensees thereof (e.g., organizations that are permitted to use particular names, copyrights, service marks, and/or technologies) (hereinafter "Social Betterment Organizations").



Subpart ( iv )

CITIZENS COMMISSION ON HUMAN RIGHTS

Address: 6362 HOLLYWOOD BLVD  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 68-0005541  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS, INC.

Address: 28 WAYMOUTH STREET  
ADELAIDE, SOUTH AUSTRALIA AUSTRALIA 5000  
Jurisdiction: SOUTH AUSTRALIA, AUSTRALIA  
Form: NON-PROFIT INCORPORATED ASSOCIATION  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS OF ATLANTA, INC.

Address: 2362 PIEDMONT RD. N.E.  
ATLANTA, GEORGIA 30324-3011  
Jurisdiction: GEORGIA  
Form/EIN: NON-PROFIT CORPORATION 58-1864167  
Opened: 17-Jul-89  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS OF BOSTON

Address: 448 BEACON STREET  
BOSTON, MASSACHUSETTS 02115  
Jurisdiction: MASSACHUSETTS  
Form/EIN: NON-PROFIT CORPORATION 04-2965700  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS OF CLEARWATER

Address: 423 CLEVELAND ST., 3RD FLOOR  
CLEARWATER, FLORIDA 33515  
Jurisdiction: FLORIDA  
Form/EIN: NON-PROFIT CORPORATION 59-2973520  
Opened: 20-Jul-89  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS OF DISTRICT OF COLUMBIA

Address: 301 4th ST. N.E.  
WASHINGTON, DISTRICT OF COLUMBIA 20002  
Jurisdiction: DISTRICT OF COLUMBIA  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

Subpart ( iv )

CITIZENS COMMISSION ON HUMAN RIGHTS OF OREGON

Address: 709 SOUTH WEST SALMON STREET  
PORTLAND, OREGON 97205  
Jurisdiction: OREGON  
Form/EIN: NON-PROFIT CORPORATION 94-3102568  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS OF PHOENIX

Address: PO BOX 16723  
PHOENIX, ARIZONA 85011  
Jurisdiction: ARIZONA  
Form/EIN: NON-PROFIT CORPORATION 74-2548468  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS OF SEATTLE

Address: 300 LENORA ST. #B252  
SEATTLE, WASHINGTON 98121  
Jurisdiction: WASHINGTON  
Form/EIN: NON-PROFIT CORPORATION 94-3109471  
Category(ies): iv

CITIZENS COMMISSION ON HUMAN RIGHTS OF ST. LOUIS

Address: 342 TALLYHO  
ST. CHARLES, MISSOURI 63301  
Jurisdiction: MISSOURI  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

BUERGERKOMMISSION FUER MENSCHENRECHTE BASEL

Address: C/O WALTER GRUETER  
AUGSTERHEGLISTR. 36  
4133 PRATTELN SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

BUERGERKOMMISSION FUER MENSCHENRECHTE BERN

Address: POSTFACH 338  
3000 BERN 7 SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

Subpart ( iv )

BUERGERKOMMISSION FUER MENSCHENRECHTE BIEL

Address: BEI BAETTIG  
JURA STRASSE 53  
2503 BIEL SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

BUERGERKOMMISSION FUER MENSCHENRECHTE BURGDORF

Address: BEI BERNATH  
HOHENGASSE 3  
3400 BURGDORF SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

BUERGERKOMMISSION FUER MENSCHENRECHTE SCHWEIZ

Address: BADENERSTR. 296  
8004 ZUERICH SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

BUERGERKOMMISSION FUER MENSCHENRECHTE THUN

Address: BEI ZBINDEN  
BODMERSTR. 3  
3645 GWATT SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

COMISION DE CIUDADANOS PARA LOS DERECHOS HUMANOS

Address: APARTADO DE CORREOS 5496577  
MADRID SPAIN  
Jurisdiction: SPAIN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

COMITATO DEI CITTADINI PER I DIRITTI DELL'UOMO

Address: VIA VAL DI PORTO, 19  
TREZZO SULL'ADDA ITALY 20056  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

Subpart ( iv )

COMMISSION DES CITOYENS POUR LES DROITS DE L'HOMME

Address: 54, RUE CUSTINE  
75018 PARIS FRANCE  
Jurisdiction: FRANCE  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

COMMISSION DES CITOYENS POUR LES DROITS DE L'HOMME

Address: C/O FRANCOIS DE PUY  
GRAND-PRE 2  
1202 GENEVE SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

COMMISSION DES CITOYENS POUR LES DROITS DE L'HOMME

Address: C/O MARIANNE LEUBA  
BOITE POSTALE 231  
1000 LAUSANNE 7 SWITZERLAND  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

COMMISSION DES CITOYENS POUR LES DROITS DE L'HOMME D'ANGERS

Address: 42, RUE FULTON  
49000 ANGERS FRANCE  
Jurisdiction: FRANCE  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

IHMIS OIKEUS KOMISSIO

Address: PL 67 / KULMAKATU 5A  
02771 ESPOO  
HELSINKI FINLAND  
Jurisdiction: FINLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

KOMMISSION FUER VERSTOESSE DER PSYCHIATRIE GEGEN MENSCHENRECHTE  
E.V.

Address: DIERSBACHTAL 13  
6273 WALDEMS 3 GERMANY  
Jurisdiction: GERMANY  
Form: NON-PROFIT ASSOCIATION

Organization(s):

Subpart ( iv )

COMMISSION FOR PSYCHIATRIC ABUSE AGAINST HUMAN RIGHTS FRANKFUR  
Location: SAME AS CORPORATE ADDRESS  
Category(ies): iv

COMMISSION FOR PSYCHIATRIC ABUSE AGAINST HUMAN RIGHTS GOPPINGE  
Location: GEISLINGER STRASSE 21  
7320 GOPPINGEN GERMANY  
Category(ies): iv

COMMISSION FOR PSYCHIATRIC ABUSE AGAINST HUMAN RIGHTS HAMBURG  
Location: POSTFACH 620241  
2000 HAMBURG 62 GERMANY  
Category(ies): iv

COMMISSION FOR PSYCHIATRIC ABUSE AGAINST HUMAN RIGHTS KARLSRUH  
Location: AM WETTERBACH 100  
7500 KARLSRUHE 41 GERMANY  
Category(ies): iv

COMMISSION FOR PSYCHIATRIC ABUSE AGAINST HUMAN RIGHTS MUNICH  
Location: FRANKFURTER RING 105  
8000 MUNCHEN 45 GERMANY  
Category(ies): iv

COMMISSION FOR PSYCHIATRIC ABUSE AGAINST HUMAN RIGHTS STUTTGART  
Location: GAISHAEMMER STRASSE 12  
7000 STUTTGART 1 GERMANY  
Category(ies): iv

KOMMITTEN FOER MAENSKLIGA RAETTIGHETER GOETEBORG  
Address: BOX 17100  
40261 GOETEBORG SWEDEN  
Jurisdiction: SWEDEN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

KOMMITTEN FOER MAENSKLIGA RAETTIGHETER SVERIGE  
Address: HANMARVAEGEN 6  
136 73 HANINGE SWEDEN  
Jurisdiction: SWEDEN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

Subpart ( iv )

LA COMISION DE CIUDADANOS EN DEFENSE DE LOS DERECHOS HUMANOS

Address: TUXPAN 68  
COLONIA ROMA SUR  
MEXICO CITY MEXICO  
Jurisdiction: MEXICO  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

MEDBORGERNES MENNESKERETTIGHEDS KOMMISSION

Address: LUNDEGAARDSVEJ 19  
2900 HELLERUP DENMARK  
Jurisdiction: DENMARK  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

STECHTING NEDERLAND COMITE VAN DE RACHTEN VAN DE MENS

Address: PO BOX 11354  
101 G AMSTERDAM HOLLAND  
Jurisdiction: HOLLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

NATIONAL COMMISSION ON LAW ENFORCEMENT AND SOCIAL JUSTICE

Address: 3917 RIVERSIDE DRIVE  
TOLUCA LAKE, CALIFORNIA 91505  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-9300011  
Category(ies): iv

NATIONAL COMMISSION ON LAW ENFORCEMENT AND SOCIAL JUSTICE

Address: 290 20TH AVENUE  
SAN FRANCISCO, CALIFORNIA 94121  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 94-0103664  
Category(ies): iv

NATIONAL COMMISSION ON LAW ENFORCEMENT AND SOCIAL JUSTICE

Address: 1833 NEW HAMPSHIRE AVENUE  
WASHINGTON, DISTRICT OF COLUMBIA 20009  
Jurisdiction: DISTRICT OF COLUMBIA  
Form/EIN: NON-PROFIT CORPORATION 52-1651850  
Category(ies): iv

Subpart ( iv )

SCIENTOLOGY DEFENSE FUND TRUST

Address: 62 CALIFORNIA ST  
WATERTON, MASSACHUSETTS 02172  
Jurisdiction: MASSACHUSETTS  
Form/EIN: CHARITABLE RELIGIOUS TRUST 22-2704726  
Category(ies): iv  
DORMANT

ASSOCIATION FOR BETTER LIVING AND EDUCATION

Address: 6331 HOLLYWOOD BLVD SUITE 700  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4188814  
Category(ies): iv v viii

APPLIED SCHOLASTICS INCORPORATED

Address: 7060 HOLLYWOOD BLVD SUITE 200  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 23-7250829  
Category(ies): iv

NARCONON INTERNATIONAL

Address: 6381 HOLLYWOOD BLVD  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-2769582  
Category(ies): iv

ASOCIACION CIVIL NARCONON MEDITERRANEO

Address: CARRETERA DE ALCALA A DOS  
HERMANOS, C. SAN LUIS  
ALCALA DE GUADAIRA, SEVILLA SPAIN 41500  
Jurisdiction: SPAIN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

ASOCIACION CIVIL NARCONON RETIRO

Address: CHALET HERRERA, CARRETERA DE  
MALAGA  
ALCALA DE GUADAIRA, SEVILLA SPAIN 41500  
Jurisdiction: SPAIN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

Subpart ( iv )

ASOCIACION ESPANOLA DE MEJORAS SOCIALES

Address: CARRETERA DE ALCALA A DOS  
HERMANOS, C. SAN LUIS  
ALCALA DE GUADAIRA, SEVILLA SPAIN 41500  
Jurisdiction: SPAIN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

ASOCIACION DROGANON LOS MOLINOS

Address: VILLA MARI SOLEA A  
LOS MOLINOS DE GUADARRAMA  
MADRID SPAIN  
Jurisdiction: SPAIN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

ASSOCIAZIONE LIFE REVITALISATION CENTER

Address: RONCHI MARINA DI MASSA  
MASSA ITALY  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

ASSOCIAZIONE NARCONON ALBATROS

Address: C/O HOTEL MIRAMONTI  
COTRADA PORCILE  
ROTONDA POTENZA ITALY  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

ASSOCIAZIONE NARCONON AIRONE

Address: VIALE RAPISARDI, 171  
FRANCESCA DE RENA FONDO NO. 5  
CATANIA ITALY 95100  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

ASSOCIAZIONE NARCONON LA FENICE

Address: VIA AMALFI, 35  
VILLAROSA DI MARTINSICURO  
TERAMO ITALY  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv



Subpart ( iv )

ASSOCIAZIONE NARCONON TUCANO

Address: VIA GIUSTI, 68 BIS  
21019 SOMMA LOMBARDO  
VARESE ITALY 21019  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

ASSOCIAZIONE PER UN FUTURO MIGLIORE

Address: VIA CADAMOSTO, 8  
MILANO ITALY 20129  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

BUREAU DES COORDINATIONS SOCIALES

Address: 6, PLACE CLEMENCEAU  
OLORON SAINTE MARIE FRANCE 64440  
Jurisdiction: FRANCE  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

COMUNITA NARCONON GABBIANO

Address: CONTRADA COPPA MONTALTINO, 41  
BARTLETTA ITALY  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

FORENINGEN NARCONON HUDDINGE

Address: VARBACKA VAGEN 1  
14300 VARBY GARD  
143 03 STOCKHOLM SWEDEN  
Jurisdiction: SWEDEN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

LEGA NAZIONALE CIVILTA LIBERA DALLA DROGA

Address: VIA AGORDAT 32  
MILANO ITALY 20127  
Jurisdiction: ITALY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv  
DORMANT

Subpart ( iv )

NARCONON

Address: 31A HIGH STREET  
EAST GRINSTEAD ENGLAND RH19 3AF  
Jurisdiction: UNITED KINGDOM  
Form: REGISTERED CHARITY  
Category(ies): iv

NARCONON, INC.

Address: 1500 MAIN STREET, SUITE #4  
WEYMOUTH, MASSACHUSETTS 02190  
Jurisdiction: MASSACHUSETTS  
Form/EIN: NON-PROFIT CORPORATION 04-2606410  
Category(ies): iv

NARCONON AQUITAINE

Address: CHATEAU LAGARDE ST GOIN 64440  
OLORON SAINTE MARIE FRANCE 64400  
Jurisdiction: FRANCE  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

NARCONON DENMARK

Address: AMOSEVEJ 73  
SKELLINGSTED  
4440 MERKEV DENMARK  
Jurisdiction: DENMARK  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

NARCONON EUROPE

Address: NY CARLBERGVej 37  
1760 COPENHAGEN V DENMARK  
Jurisdiction: DENMARK  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

NARCONON E.V.

Address: NEUHAUSERSTRASSE 1  
SCHLIERSEE GERMANY 8162  
Jurisdiction: GERMANY  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

Subpart ( iv )

NARCONON INCORPORATED

Address: 840 PAPE AVENUE, SUITE 201  
TORONTO, ONTARIO CANADA M4K 3T6  
Jurisdiction: ONTARIO, CANADA  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

NARCONON KNUTBY

Address: GRANSTA  
740 12 KNUTBY SWEDEN  
Jurisdiction: SWEDEN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

NARCONON MALMO/ESLOV

Address: DERGARD-SKARHULT  
241 00 ESLOV SWEDEN  
Jurisdiction: SWEDEN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

NARCONON ROMANDIE

Address: LES PLANS SUR BEX SWITZERLAND 1888  
Jurisdiction: SWITZERLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

NARCONON SOCIETY OF BRITISH COLUMBIA

Address: #204-4609 KINGSWAY  
BURNABY, BRITISH COLUMBIA CANADA V5H 4L3  
Jurisdiction: BRITISH COLUMBIA, CANADA  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

RIKSORGANISATIONEN NARCONON I SVERIGE

Address: BOX 3081  
143 00 VARBY SWEDEN  
Jurisdiction: SWEDEN  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

Subpart ( iv )

STICHTING NARCONON NEDERLAND

Address: VROLIKSTRAAT 151  
AMSTERDAM HOLLAND 1091 TV  
Jurisdiction: HOLLAND  
Form: NON-PROFIT ASSOCIATION  
Category(ies): iv

CRIMINON MINNESOTA INC.

Address: 8346 ISLETON CT. SOUTH  
COTTAGE GROVE, MINNESOTA 55016-3248  
Jurisdiction: MINNESOTA  
Form/EIN: NON-PROFIT CORPORATION 41-1673537  
Opened: 12-Apr-90  
Category(ies): iv

THE WAY TO HAPPINESS FOUNDATION

Address: 6324 SUNSET BLVD  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-3937092  
Category(ies): iv

THE WAY TO HAPPINESS FOUNDATION

Address: 3RD FLOOR CDH HOUSE  
217 JEPPE ST.  
JOHANNESBURG 200 SOUTH AFRICA 2001  
Jurisdiction: SOUTH AFRICA  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

THE WAY TO HAPPINESS FOUNDATION COLOMBIA

Address: CARRERA 10 A. NO. 27-71  
RES. TEQUENDAMA (SUR)  
BOGOTA COLOMBIA  
Jurisdiction: COLOMBIA  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

THE WAY TO HAPPINESS FOUNDATION LATIN AMERICA

Address: TETLA #6 COLONIA RUIZ CORTINES  
DELEGACION COYOACAN  
MEXICO D.F. MEXICO 04630  
Jurisdiction: MEXICO  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

Subpart ( iv )

THE WAY TO HAPPINESS FOUNDATION NEW YORK

Address: 49 SAINT MARK PL.  
NEW YORK, NEW YORK 10008  
Jurisdiction: NEW YORK  
Form: NON-PROFIT CORPORATION  
Category(ies): iv

CITIZENS FOR AN ALTERNATIVE TAX SYSTEM

Address: 100 N. BRAND AVE, SUITE 502  
GLENDALE, CALIFORNIA 91203  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4297165  
Opened: 22-Oct-90  
Category(ies): iv

FOUNDATION FOR RELIGIOUS FREEDOM

Address: 4810 FOUNTAIN AVE  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: CHARITABLE RELIGIOUS TRUST 95-4035696  
Category(ies): iv  
DORMANT

(v) Any organizations, including but not limited to any trusts, that hold assets (including but not limited to intellectual property and mortgages) for any other Scientology-related organization or for the advancement or protection of the Scientology religion. This does not include financial institutions (as defined below in question 6).

As discussed in the general introduction to question 1, we have listed here the principal Church of Scientology management and reserve entities and, with one exception, the corporations housing the organizations ministering the highest levels of Scientology religious services. Church of Scientology Flag Ship Service Organization ("CSFSSO") is listed in response to subpart (vi) (organizations involved with the M.V. Freewinds). The two advance payment trusts -- Trust for Scientologists ("TFS") and the United States Parishioners Trust ("USPT") also are included here, even though they are not reserve entities; while Trust principal is held for the benefit and security of parishioners, Trust income is used for the advancement and protection of the Scientology religion.

The following organizations were not included in our response to your first series of questions.

(1) SOR Services (UK) Ltd. (SORS UK): This is a U.K. corporation, formed in 1992 by Church of Scientology Religious Education College ("CSREC") to perform bookkeeping and recordkeeping functions for non-U.S. trusts and other central reserve entities that do not have their own staffs. SORS UK is presently inactive but is expected to become operational within the next few months.

(2) Nesta Investments, Ltd.: This is a U.K. corporation wholly owned by CSREC which owns two properties near Saint Hill Manor used to house church staff.

(3) Church of Scientology of East Manhattan: This corporation holds title to the building used by the Church of Scientology Celebrity Centre of New York. It has no other assets or functions.

(4) Church of Scientology of the United Kingdom, Inc.: This corporation was formed in the 1970s. It was never activated and the corporation has been and remains wholly dormant.

(5) Hubbard Association of Scientologists International Limited was formed in 1959 with the intention of being the corporate entity for Scientology churches in the United Kingdom. The corporation was never activated.

(6) Dianetics Association Limited: This corporation was formed in the 1950s to serve as a corporate entity for Dianetics activities in the U.K. It has been dormant for over 30 years.

(7) CSRT Nominees: In 1990, CSRT purchased an entire block of land adjacent to the CSFSO facilities in Clearwater, Florida. CSRT will construct on this land a new building to be leased to CSFSO for use in ministering religious services to parishioners. To facilitate the purchase of a number of parcels of land owned by different individuals, CSRT used three corporations as its nominees. The three nominee corporations -- C.W. Properties, Inc., Dexter Development Company and Graymoss, Inc. -- were liquidated into CSRT in 1991, after the purchases were completed.

Subpart ( v )

RELIGIOUS TECHNOLOGY CENTER

Address: 1710 IVAR AVE SUITE 1100  
LOS ANGELES, CALIFORNIA 90028-5107  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 93-0801236

Organization(s):

RELIGIOUS TECHNOLOGY CENTER

Location: 19625 HIGHWAY 79  
GILMAN HOT SPRINGS, CALIFORNIA 92383  
Category(ies): v viii

RELIGIOUS TECHNOLOGY CENTER AUSTRALIA

Address: 201 CASTLEREAGH ST 3RD FLOOR  
SYDNEY, NEW SOUTH WALES AUSTRALIA 2000  
Jurisdiction: NEW SOUTH WALES, AUSTRALIA  
Form: NON-PROFIT INCORPORATED ASSOCIATION  
Category(ies): v  
DORMANT

CHURCH OF SCIENTOLOGY INTERNATIONAL

Address: 6331 HOLLYWOOD BLVD SUITE 1200  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 59-2153393

Organization(s):

COMMODORE'S MESSENGER ORGANIZATION INTERNATIONAL

Location: 19625 HIGHWAY 79  
GILMAN HOT SPRINGS, CALIFORNIA 92383  
Category(ies): v viii

EXECUTIVE STRATA INTERNATIONAL

Location: 19625 HIGHWAY 79  
GILMAN HOT SPRINGS, CALIFORNIA 92383  
Category(ies): v viii

FLAG COMMAND BUREAUX

Location: 6331 HOLLYWOOD BLVD SUITE 801  
LOS ANGELES, CALIFORNIA 90028  
Category(ies): v viii x

GOLDEN ERA PRODUCTIONS

Location: 19625 HIGHWAY 79  
GILMAN HOT SPRINGS, CALIFORNIA 92383  
Category(ies): v viii x



Subpart ( v )

**HOLLYWOOD GUARANTEE BUILDING ESTATES ORGANIZATION**

Location: 6331 HOLLYWOOD BLVD SUITE B  
LOS ANGELES, CALIFORNIA 90028

Category(ies): v viii x

**INTERNATIONAL NETWORK OF COMPUTER ORGANIZED MANAGEMENT**

Location: 4833 FOUNTAIN AVENUE  
LOS ANGELES, CALIFORNIA 90029

Category(ies): v viii

**PUBLIC AFFAIRS OFFICE DC**

Location: 400 "C" STREET N.E.  
WASHINGTON, DISTRICT OF COLUMBIA 20002

Category(ies): v viii

**CHURCH OF SCIENTOLOGY FLAG SERVICE ORGANIZATION, INC.**

Address: 210 S. PORT HARRISON AVE  
CLEARWATER, FLORIDA 34616

Jurisdiction: CALIFORNIA

Form/EIN: NON-PROFIT CORPORATION 59-2143308

**Organization(s):**

**FLAG CREW**

Location: SAME AS CORPORATE ADDRESS

Category(ies): v viii x

**FLAG SERVICE ORGANIZATION**

Location: SAME AS CORPORATE ADDRESS

Category(ies): v viii x

**SCIENTOLOGY INTERNATIONAL PROPERTIES RENOVATIONS ORGANIZATION FSO**

Location: SAME AS CORPORATE ADDRESS

Category(ies): v viii

**FSO OKLAHOMA INVESTMENTS CORPORATION**

Address: ONE LEADERSHIP SQUARE STE 1200  
OKLAHOMA CITY, OKLAHOMA 73102

Jurisdiction: CALIFORNIA

Form/EIN: CORPORATION 73-1203336

Owned by: CHURCH OF SCIENTOLOGY FLAG SERVICE ORGANIZATION,  
INC.

Category(ies): v ix

Subpart ( v )

CHURCH OF SCIENTOLOGY WESTERN UNITED STATES

Address: 1413 N. BERENDO STREET  
LOS ANGELES, CALIFORNIA 90027

Jurisdiction: CALIFORNIA

Form/EIN: NON-PROFIT CORPORATION 95-2697641

Organization(s):

ADVANCED ORGANIZATION LOS ANGELES

Location: 1306 N. BERENDO  
LOS ANGELES, CALIFORNIA 90027

Category(ies): v viii x

AMERICAN SAINT HILL ORGANIZATION

Location: 1413 N. BERENDO STREET  
LOS ANGELES, CALIFORNIA 90027

Category(ies): v viii x

CHILDREN'S ESTATES ORGANIZATION

Location: 1404 N. CATALINA STREET  
LOS ANGELES, CALIFORNIA 90027

Category(ies): viii

CONTINENTAL LIAISON OFFICE WESTERN UNITED STATES

Location: 1307 N. NEW HAMPSHIRE  
LOS ANGELES, CALIFORNIA 90027

Category(ies): v viii

PACIFIC BASE CREW

Location: 1404 N. CATALINA STREET  
LOS ANGELES, CALIFORNIA 90027

Category(ies): v viii

SCIENTOLOGY INTERNATIONAL PROPERTIES RENOVATIONS ORGANIZATION  
PACIFIC

Location: 1404 N. CATALINA STREET  
LOS ANGELES, CALIFORNIA 90027

Category(ies): v viii

Subpart ( v )

CHURCH OF SCIENTOLOGY INCORPORATED

Address: 28 WAYMOUTH STREET  
ADELAIDE, SOUTH AUSTRALIA AUSTRALIA 5000  
Jurisdiction: SOUTH AUSTRALIA, AUSTRALIA  
Form: NON-PROFIT INCORPORATED ASSOCIATION

Organization(s):

ADELAIDE CLASS V ORGANIZATION  
Location: 28 WAYMOUTH STREET  
ADELAIDE, SOUTH AUSTRALIA AUSTRALIA 5000  
Category(ies): v viii x

ADVANCED ORGANIZATION SAINT HILL AUSTRALIA, NEW ZEALAND AND OCEANIA

Location: 19-37 GREEK STREET  
GLEBE, NEW SOUTH WALES AUSTRALIA 2037  
Category(ies): v viii x

AUSTRALIAN CAPITAL TERRITORY CLASS V ORGANIZATION

Location: 108 BUNDA STREET  
CIVIC  
CANBERRA, AUSTRALIAN CAPITAL TERRITORY AUSTRALIA 2601  
Category(ies): v viii

BRISBANE CLASS V ORGANIZATION

Location: 106 EDWARD STREET  
BRISBANE, QUEENSLAND AUSTRALIA 4000  
Category(ies): v viii x

CONTINENTAL LIAISON OFFICE AUSTRALIA, NEW ZEALAND AND OCEANIA

Location: 201 CASTLEREAGH STREET 3RD FL  
SYDNEY, NEW SOUTH WALES AUSTRALIA 2000  
Category(ies): v viii

MELBOURNE CLASS V ORGANIZATION

Location: 42-44 RUSSELL STREET  
MELBOURNE, VICTORIA AUSTRALIA 3000  
Category(ies): v viii x

PERTH CLASS V ORGANIZATION

Location: 39 KING STREET  
PERTH, WESTERN AUSTRALIA AUSTRALIA 6000  
Category(ies): v viii

SYDNEY CLASS V ORGANIZATION

Location: 201 CASTLEREAGH STREET  
SYDNEY, NEW SOUTH WALES AUSTRALIA 2000  
Category(ies): v viii x

Subpart ( v )

CHURCH OF SCIENTOLOGY ADVANCED ORGANIZATION SAINT HILL EUROPE & AFRICA

Address: JERNBANEGADE 6  
1608 COPENHAGEN V DENMARK  
Jurisdiction: DENMARK  
Form: NON-PROFIT CORPORATION

Organization(s):

ADVANCED ORGANIZATION SAINT HILL EUROPE AND AFRICA  
Location: SAME AS CORPORATE ADDRESS  
Category(ies): v viii x

CONTINENTAL LIAISON OFFICE EUROPE

Location: SANKT NIKOLAJVEJ 4-6  
1953 FREDERIKSBERG C DENMARK  
Category(ies): v viii

NORDLAND

Location: VESTERBROGADE 22  
1620 COPENHAGEN V DENMARK  
Category(ies): v viii

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE, INC.

Address: 68 TOTTENHAM COURT ROAD  
LONDON ENGLAND W1P 0BB  
Jurisdiction: SOUTH AUSTRALIA, AUSTRALIA  
Form: NON-PROFIT INCORPORATED ASSOCIATION

Organization(s):

ADVANCED ORGANIZATION SAINT HILL UNITED KINGDOM  
Location: SAINT HILL MANOR  
EAST GRINSTEAD ENGLAND RH19 4JY  
Category(ies): v viii x

BIRMINGHAM CLASS V ORGANIZATION

Location: 80 HURST STREET  
BIRMINGHAM ENGLAND B5 4TD  
Category(ies): v viii x

BRIGHTON CLASS V ORGANIZATION

Location: DUKES ARCADE, TOP FLOOR  
DUKES STREET  
BRIGHTON ENGLAND BN1 1AG  
Category(ies): v viii

Subpart ( v )

CONTINENTAL LIAISON OFFICE UNITED KINGDOM

Location: SAINT HILL MANOR  
EAST GRINSTEAD ENGLAND RH19 4JY

Category(ies): v viii

LONDON CLASS V ORGANIZATION

Location: SAME AS CORPORATE ADDRESS

Category(ies): v viii x

MANCHESTER CLASS V ORGANIZATION

Location: 258 DEANSGATE  
MANCHESTER ENGLAND M3 4BG

Category(ies): v viii x

PLYMOUTH CLASS V ORGANIZATION

Location: 41 EBRINGTON STREET  
PLYMOUTH ENGLAND PL4 9AA

Category(ies): v viii

SAINT HILL UK ESTATES ORGANIZATION

Location: SAINT HILL MANOR  
EAST GRINSTEAD ENGLAND RH19 4JY

Category(ies): v viii

SUNDERLAND CLASS V ORGANIZATION

Location: 51 FAWCETT STREET  
SUNDERLAND ENGLAND SR1 1RS

Category(ies): v viii x

SQR SERVICES (UK) LTD.

Address: LEES HOUSE  
21 DYKE ROAD  
BRIGHTON, EAST SUSSEX ENGLAND BN1 3GD

Jurisdiction: EAST SUSSEX, UNITED KINGDOM

Form: CORPORATION

Owned by: CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION  
COLLEGE, INC.

Opened: 27-Jan-92

Category(ies): v viii ix  
INACTIVE

Subpart ( v )

NESTA INVESTMENTS LTD.

Address: LEES HOUSE  
21 DYKE ROAD  
BRIGHTON, EAST SUSSEX ENGLAND BN1 3GD  
Jurisdiction: UNITED KINGDOM  
Form: CORPORATION  
Owned by: CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION  
COLLEGE, INC.  
Category(ies): v ix

SCIENTOLOGY MISSIONS INTERNATIONAL

Address: 6331 HOLLYWOOD BLVD SUITE 802  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-3739098  
Category(ies): v viii x

BUILDING MANAGEMENT SERVICES

Address: 6331 HOLLYWOOD BLVD SUITE 1200  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4119525  
Category(ies): v

CHURCH OF SCIENTOLOGY MISSION OF EAST MANHATTAN

Address: 65 E. 82ND STREET  
NEW YORK, NEW YORK 10036  
Jurisdiction: NEW YORK  
Form/EIN: NON-PROFIT CORPORATION 13-2855643  
Category(ies): v  
DORMANT. HOLDS TITLE TO CC NEW YORK BUILDING.

CHURCH OF SCIENTOLOGY OF THE UNITED KINGDOM LIMITED

Address: 68 TOTTENHAM COURT ROAD  
LONDON ENGLAND W1P 0BB  
Jurisdiction: UNITED KINGDOM  
Form: NON-PROFIT CORPORATION  
Category(ies): v  
DORMANT

HUBBARD ASSOCIATION OF SCIENTOLOGISTS INTERNATIONAL LIMITED

Address: 68 TOTTENHAM COURT ROAD  
LONDON ENGLAND W1P 0BB  
Jurisdiction: UNITED KINGDOM  
Form: CORPORATION  
Category(ies): v ix  
DORMANT

Subpart ( v )

CHURCH OF SCIENTOLOGY RELIGIOUS TRUST

Address: 1710 IVAR AVE SUITE 1011  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: CHARITABLE RELIGIOUS TRUST 91-6254980

Organization(s):

CHURCH OF SCIENTOLOGY RELIGIOUS TRUST DONATIONS PROJECT  
Location: 210 S. FORT HARRISON AVE  
CABANA 173  
CLEARWATER, FLORIDA 34616  
Category(ies): v viii

C.W. PROPERTIES, INC.

Address: 1989 DOLPHIN BLVD  
ST. PETERSBURG, FLORIDA 33707  
Jurisdiction: FLORIDA  
Form/EIN: CORPORATION 59-3027670  
Owned by: CHURCH OF SCIENTOLOGY RELIGIOUS TRUST  
Opened: 01-Sep-90  
Closed: 30-Sep-91 DISSOLVED  
Category(ies): v ix

DEXTER DEVELOPMENT COMPANY

Address: 13303 GOVERNORS DRIVE, APT A.  
TAMPA, FLORIDA 33618-2766  
Jurisdiction: FLORIDA  
Form/EIN: CORPORATION 59-3028651  
Owned by: CHURCH OF SCIENTOLOGY RELIGIOUS TRUST  
Opened: 24-Sep-90  
Closed: 30-Sep-91 DISSOLVED  
Category(ies): v ix

GRAYMOSS, INC.

Address: 160 OLIVE TREE CIRCLE  
ALAMONTE SPRINGS, FLORIDA 32714  
Jurisdiction: FLORIDA  
Form/EIN: CORPORATION 59-3030203  
Owned by: CHURCH OF SCIENTOLOGY RELIGIOUS TRUST  
Opened: 08-Aug-90  
Closed: 30-Oct-91 DISSOLVED  
Category(ies): v ix

Subpart ( v )

SCIENTOLOGY INTERNATIONAL RESERVES TRUST

Address: C/O WHITMAN & RANSOM  
11 WATERLOO PLACE  
LONDON ENGLAND SW1Y 4AU  
Jurisdiction: NOT APPLICABLE  
Form: CHARITABLE RELIGIOUS TRUST  
Category(ies): v

SOR SERVICES LIMITED

Address: COSMO BUILDING, CNR GRIVAS  
DIGHENIS & DEM SEVERIS AVE  
NICOSIA CYPRUS  
Jurisdiction: CYPRUS  
Form: CORPORATION  
Owned by: SCIENTOLOGY INTERNATIONAL RESERVES TRUST  
Category(ies): v viii ix

TRUST FOR SCIENTOLOGISTS

Address: C/O WHITMAN & RANSOM  
11 WATERLOO PLACE  
LONDON ENGLAND SW1Y 4AU  
Jurisdiction: NOT APPLICABLE  
Form: CHARITABLE RELIGIOUS TRUST  
Category(ies): v

UNITED STATES PARISHIONERS TRUST

Address: 6331 HOLLYWOOD BLVD SUITE 1200  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: CHARITABLE RELIGIOUS TRUST 95-4342946  
Category(ies): v

CHURCH OF SCIENTOLOGY OF CALIFORNIA

Address: 1404 N. CATALINA STREET  
LOS ANGELES, CALIFORNIA 90027  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-6099543  
Category(ies): v viii  
INACTIVE

CALIFORNIA ASSOCIATION OF DIANETIC AUDITORS

Address: 1404 N. CATALINA STREET  
LOS ANGELES, CALIFORNIA 90027  
Jurisdiction: CALIFORNIA  
Form: NON-PROFIT CORPORATION  
Category(ies): v  
INACTIVE



Subpart ( v )

HUBBARD DIANETICS FOUNDATION

Address: 6331 HOLLYWOOD BLVD SUITE 135  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4041408  
Category(ies): v

DIANETICS ASSOCIATION LIMITED

Address: 68 TOTTENHAM COURT ROAD  
LONDON ENGLAND W1P 0BB  
Jurisdiction: UNITED KINGDOM  
Form: NON-PROFIT CORPORATION  
Category(ies): v  
DORMANT

CHURCH OF SPIRITUAL TECHNOLOGY

Address: 419 NORTH LARCHMONT, SUITE 162  
LOS ANGELES, CALIFORNIA 90004  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-3781769

Organization(s):

LRH ARCHIVES

Location: 25406 HIGHWAY 189  
TWIN PEAKS, CALIFORNIA 92391  
Category(ies): v viii

MILE HIGH, INC.

Address: P.O. BOX 3712  
CRESTLINE, CALIFORNIA 92325  
Jurisdiction: CALIFORNIA  
Form/EIN: CORPORATION 95-4000344  
Owned by: CHURCH OF SPIRITUAL TECHNOLOGY  
Category(ies): v ix  
INACTIVE

MEDIA STORAGE, INC.

Address: C/O 6400 CANOGA AVE, SUITE 315  
WOODLAND HILLS, CALIFORNIA 91367  
Jurisdiction: CALIFORNIA  
Form/EIN: CORPORATION 91-4113357  
Owned by: CHURCH OF SPIRITUAL TECHNOLOGY  
Category(ies): v ix  
INACTIVE

(vi) Any organizations directly or indirectly involved in or related to the ownership and/or operation of the M.V. Freewinds. You need not list wholly unrelated commercial vendors.

Subpart ( vi )

FOUNDATION CHURCH OF SCIENTOLOGY FLAG SHIP SERVICE ORGANIZATION

Address: ABRAHAM DE VEERSTRAAT 4  
WILLEMSTAD, CURACAO NETHERLAND ANTILLES  
Jurisdiction: NETHERLAND ANTILLES  
Form: FOUNDATION

Organization(s):

FLAG SHIP SERVICE ORGANIZATION  
Location: ABOARD FREEWINDS

Category(ies): v vi viii

FSS ORGANIZATION N.V.

Address: ABRAHAM DE VEERSTRAAT 4  
WILLEMSTAD, CURACAO NETHERLAND ANTILLES  
Jurisdiction: CURACAO, NETHERLAND ANTILLES  
Form: CORPORATION  
Owned by: FLAG SHIP TRUST  
Category(ies): vi ix

FLAG SHIP TRUST

Address: C/O WHITMAN & RANSOM  
11 WATERLOO PLACE  
LONDON ENGLAND SW1Y 4AU  
Jurisdiction: NOT APPLICABLE  
Form: CHARITABLE RELIGIOUS TRUST  
Category(ies): v vi

TRANSCORP SERVICES S.A.

Address: CALLE 52 Y ELVIRA MENDEZ  
PO BOX 1450  
PANAMA CITY REPUBLIC OF PANAMA 1  
Jurisdiction: REPUBLIC OF PANAMA  
Form: CORPORATION  
Owned by: FLAG SHIP TRUST  
Category(ies): v vi ix

SAN DONATO PROPERTIES CORPORATION

Address: CALLE 52 Y ELVIRA MENDEZ  
PO BOX 1450  
PANAMA CITY REPUBLIC OF PANAMA 1  
Jurisdiction: REPUBLIC OF PANAMA  
Form: CORPORATION  
Subsidiary of: TRANSCORP SERVICES S.A.  
Category(ies): v vi ix

Subpart ( vi )

MAJESTIC CRUISE LINES INC.

Address: TORRE BANCO GERMANICO, 8TH FL.  
PO BOX 4886  
PANAMA CITY REPUBLIC OF PANAMA 5  
Jurisdiction: REPUBLIC OF PANAMA  
Form: CORPORATION  
Owned by: FLAG SHIP TRUST

Organization(s):

FREEWINDS SHIP ORGANIZATION  
Location: ABOARD FREEWINDS

Category(ies): vi viii ix x

MCL SERVICES N.V.

Address: MADURO PLAZA, PO BOX 3304  
EMANCIPATE BLVD.  
WILLEMSTAD, CURACAO NETHERLAND ANTILLES  
Jurisdiction: NETHERLAND ANTILLES  
Form: CORPORATION  
Owned by: FLAG SHIP TRUST  
Category(ies): vi viii ix

CHURCH OF SCIENTOLOGY FREEWINDS RELAY OFFICE, INC.

Address: 118 N. FORT HARRISON AVE  
CLEARWATER, FLORIDA 34615  
Jurisdiction: FLORIDA  
Form/EIN: NON-PROFIT CORPORATION 59-2900094  
Category(ies): vi viii

(vii) Any membership organizations, including but not limited to the Sea Organization, IAS, DAS and EAS, along with any service corporations performing the operations of such organizations (hereinafter "Membership organizations").

Riksforeningen Scientologykyrkan I Sverige ("RSIS") was not referred to by its official name in our response to your first series of questions, but was mentioned in an English translation, The Church of Scientology of Sweden. RSIS was formed in 1980 to serve as a coordinating entity in Stockholm for external church affairs. A member of EAS, RSIS has been inactive for many years.

Subpart ( vii )

INTERNATIONAL ASSOCIATION OF SCIENTOLOGISTS (IAS)

Address: C/O SAINT HILL MANOR  
EAST GRINSTEAD ENGLAND RH19 4JY  
Jurisdiction: NOT APPLICABLE  
Form: UNINCORPORATED ASSOCIATION  
Category(ies): vii viii

THETA MANAGEMENT LIMITED (TML)

Address: COSMO BUILDING, CNR GRIVAS  
DIGHENIS & DEM SEVERIS AVE  
NICOSIA CYPRUS  
Jurisdiction: CYPRUS  
Form: CORPORATION  
Owned by: INTERNATIONAL ASSOCIATION OF SCIENTOLOGISTS (IAS)  
Category(ies): vii ix

INTERNATIONAL MEMBERSHIP SERVICES ADMINISTRATION, N.V. (IASA)

Address: ABRAHAM DE VEERSTRAAT 4  
WILLEMSTAD, CURACAO NETHERLAND ANTILLES  
Jurisdiction: NETHERLAND ANTILLES  
Form: CORPORATION  
Owned by: INTERNATIONAL ASSOCIATION OF SCIENTOLOGISTS (IAS)

Organization(s):

IAS ADMINISTRATIONS  
Location: ABOARD FREEWINDS

Category(ies): vii ix

MEMBERSHIP SERVICES ADMINISTRATION (UK) LTD. (MSA)

Address: LEES HOUSE  
21 DYKE ROAD  
BRIGHTON, EAST SUSSEX ENGLAND BN1 3GD  
Jurisdiction: EAST SUSSEX, UNITED KINGDOM  
Form: CORPORATION  
Owned by: INTERNATIONAL MEMBERSHIP SERVICES ADMINISTRATION,  
N.V. (IASA)  
Category(ies): vii ix

EUROPEAN ASSOCIATION OF SCIENTOLOGISTS (EAS)

Address: JERNBANEGADE 6, 4 TV  
1609 COPENHAGEN V DENMARK  
Jurisdiction: DENMARK  
Form: NON-PROFIT ASSOCIATION  
Category(ies): vii

Subpart ( vii )

DANSK FORENING FOR SCIENTOLOGER (DAS)

Address: JERNBANEGADE 6, 4 TV  
1609 COPENHAGEN V DENMARK

Jurisdiction: DENMARK

Form: NON-PROFIT ASSOCIATION

Category(ies): vii

RIKSORGANISATIONEN SCIENTOLOGYKYRKAN I SVERIGE (RSIS)

Address: S:T ERIKSGATAN 56  
112 34 STOCKHOLM SWEDEN

Jurisdiction: SWEDEN

Form: NON-PROFIT ASSOCIATION

Category(ies): vii viii  
DORMANT

(viii) Any organization that owns (including, but not limited to, those entities listed below in this clause (viii)), (sub)licenses, and/or has rights or a (sub)license to use what has been described as the Scriptures (anything written or stated by Mr. L. Ron Hubbard) or any technology, copyright, trademark or service mark held by RTC, CSI, CST, any publications organization or the Estate of L. Ron Hubbard. For purposes of this clause (viii), you need not list for-profit sublicensees of the World Institute of Scientology Enterprises (hereinafter "WISE").

The organizations listed below were not included in our response to your first series of questions.

(1) IGN International AB: This is a Swedish corporation formed in 1992 to hold, on RTC's behalf, the religious marks in countries (Iran, Iraq, North Korea, Vietnam) which do not recognize or protect rights of American citizens or corporations.

(2) Dianetics Foundation International ("DFI"): This is a non-profit corporation, formed in late 1991, to perform trademark licensing and other contractual functions as nominee for CSI in countries that do not enforce the contracts of religious corporations. DFI has no staff or assets; its expenses are paid directly by CSI.

(3) Dianetics Centers International ("DCI") : This is a non-profit corporation formed in late 1991 to perform trademark licensing and other contractual functions with Missions and field ministers as nominee for SMI and IHELP in countries that do not enforce the contracts of religious corporations. DCI has no staff or assets; its expenses are paid directly by SMI.

(4) World Association of Hubbard Enterprises ("WAHE"): This is a non-profit corporation formed late in 1991 which enrolls members and performs licensing and other contractual functions as nominee for WISE in countries that do not enforce the contracts of religious corporations. WAHE has no staff or assets; its expenses are paid directly by WISE.

(5) WISE Subsidiaries: WISE has two subsidiaries that were formed in the mid-1980s, to serve as Continental WISE Offices in their respective countries - WISE Management Systems Pty, Ltd. (in Australia) and WISE Management Systems Limited (in U.K.). They have since become inactive.

As noted at our May 13 meeting, the question misdefines the term "Scriptures" as "anything written or stated by Mr. L. Ron Hubbard." The Scientology scriptures include only Mr. Hubbard's written or spoken words on the subject of Scientology. His fictional works are not Scriptures, and, accordingly, information



about unrelated commercial licensees of his fiction is not being provided in response to this category.

Subpart ( viii )

INSPECTOR GENERAL NETWORK

Address: 1710 IVAR AVE SUITE 1100  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: CORPORATION 95-3990433  
Owned by: RELIGIOUS TECHNOLOGY CENTER  
Category(ies): viii

IGN INTERNATIONAL AB

Address: LILLA BOMMEN 1  
404 39 GOTEBOG SWEDEN  
Jurisdiction: SWEDEN  
Form: CORPORATION  
Owned by: RELIGIOUS TECHNOLOGY CENTER  
Category(ies): viii ix

WORLD INSTITUTE OF SCIENTOLOGY ENTERPRISES, INC.

Address: 1710 IVAR AVE SUITE 1100  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: DELAWARE  
Form/EIN: CORPORATION 59-2138760  
Owned by: INSPECTOR GENERAL NETWORK  
Category(ies): viii ix  
DORMANT

DIANETICS FOUNDATION INTERNATIONAL

Address: 6331 HOLLYWOOD BLVD SUITE 1200  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4348069  
Opened: 04-Nov-91  
Category(ies): viii

INTERNATIONAL HUBBARD ECCLESIASTICAL LEAGUE OF PASTORS

Address: 1340 N. BERENDO ST  
LOS ANGELES, CALIFORNIA 90027  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-3795575  
Formerly called: INTERNATIONAL HUBBARD ECCLESIASTIC LEAGUE OF  
PASTORS  
Category(ies): viii

Subpart ( viii )

DIANETICS CENTERS INTERNATIONAL

Address: 6331 HOLLYWOOD BLVD SUITE 802  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4348041  
Opened: 01-Nov-91  
Category(ies): viii

WORLD INSTITUTE OF SCIENTOLOGY ENTERPRISES

Address: 6331 HOLLYWOOD BLVD SUITE 701  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-2697641  
Category(ies): v vii viii x  
WISE ALSO HAS REPRESENTATIVES IN VARIOUS LOCATIONS.

WORLD ASSOCIATION OF HUBBARD ENTERPRISES

Address: 6331 HOLLYWOOD BLVD SUITE 701  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4346808  
Opened: 03-Oct-91  
Category(ies): viii

HUBBARD COLLEGE OF ADMINISTRATION

Address: 3540 WILSHIRE BLVD  
LOS ANGELES, CALIFORNIA 90010  
Jurisdiction: CALIFORNIA  
Form/EIN: NON-PROFIT CORPORATION 95-4302671  
Opened: 17-Dec-90 BEGAN OPERATION IN AUGUST 1991  
Category(ies): v viii

MASTERTECH

Address: 425 SHERMAN AVE, SUITE 120  
PALO ALTO, CALIFORNIA 94306  
Jurisdiction: CALIFORNIA  
Form/EIN: CORPORATION 95-4249338  
Owned by: WORLD INSTITUTE OF SCIENTOLOGY ENTERPRISES  
Opened: 01-Jan-90  
Category(ies): viii ix

Subpart ( viii )

WISE MANAGEMENT SYSTEMS PTY LIMITED

Address: 201 CASTLEREAGH STREET  
SYDNEY, NEW SOUTH WALES AUSTRALIA 2000  
Jurisdiction: NEW SOUTH WALES, AUSTRALIA  
Form: CORPORATION  
Subsidiary of: WORLD INSTITUTE OF SCIENTOLOGY ENTERPRISES  
Category(ies): viii ix  
DORMANT

WISE MANAGEMENT SYSTEMS LTD.

Address: SAINT HILL MANOR  
EAST GRINSTEAD, WEST SUSSEX ENGLAND RH19 4JY  
Jurisdiction: WEST SUSSEX, UNITED KINGDOM  
Form: CORPORATION  
Subsidiary of: WORLD INSTITUTE OF SCIENTOLOGY ENTERPRISES  
Category(ies): viii ix  
DORMANT

AUTHOR'S FAMILY TRUST-B

Address: 6515 SUNSET BLVD SUITE 202  
HOLLYWOOD, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: TRUST 95-4024594  
Category(ies): viii  
DBA L. RON HUBBARD LIBRARY; DYNAMIC SOUNDS PRODUCTIONS

GALAXY PRODUCTIONS, INC.

Address: 7051 HOLLYWOOD BLVD SUITE 400  
HOLLYWOOD, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: CORPORATION 95-3884318  
Owned by: AUTHOR'S FAMILY TRUST-B  
Category(ies): viii ix  
DBA REVENIMUS MUSIC PUBLISHING CO.

AUTHOR SERVICES INC.

Address: 7051 HOLLYWOOD BLVD SUITE 400  
LOS ANGELES, CALIFORNIA 90028  
Jurisdiction: CALIFORNIA  
Form/EIN: CORPORATION 95-3657432  
Category(ies): viii  
DBA L. RON HUBBARD GALLERY

(ix) Any taxable or for-profit organization of which Scientology-related organizations, IAS, DAS, EAS and any of the individuals (trustees, directors and officers), listed in Exhibit I-2, separately or together, owned or has a beneficial interest of more than ten percent. You need not list any entity of which Scientology-related organizations or IAS, DAS or EAS, separately or together, did not at any time own or have a beneficial interest of more than one percent.

As discussed at our May 13 meeting, we assume the Service's concern reflected in this question relates to "self-dealing." Accordingly, we have provided information we believe is responsive to that concern. For-profit Scientology-related corporations that are wholly-owned by other Scientology-related entities have been cross-referenced to this category.

Al Ribisi, a Trustee of the now-dormant Foundation for Religious Freedom, owns 100 percent of LA PUBLISHING, a printing firm located in Glendale, California. This company never did business with the Foundation for Religious Freedom, but does provide printing services to several churches located in the Los Angeles area. Mr. Ribisi is not an insider with respect to any Scientology-related organization other than Foundation for Religious Freedom. All goods and services Mr. Ribisi has provided Church of Scientology have been for fair and reasonable compensation.

Eric Sherman, also a trustee of the now-dormant Foundation for Religious Freedom, owns all of the stock of FILM TRANSFORM INC, a film processing business located in Los Angeles, which does a very small amount of business annually with Churches in the Los Angeles area either producing or copying videotapes for them. Mr. Sherman is not an insider with respect to any Scientology-related organization other than Foundation for Religious Freedom. All goods and services Mr. Sherman has provided Churches of Scientology have been for fair and reasonable compensation.

Steven Hayes, a Director of the Citizens for an Alternative Tax System, owns a law practice in the Los Angeles area which has done pro-bono legal work for Citizens Commission on Human Rights and the Church.

Larry & Mary Price, Directors of the National Commission on Law Enforcement and Social Justice, each own a one-third interest in a real estate brokerage in Northern California. They have done no business with or on behalf of any Church of Scientology or related organization.

Leland Thoburn, also a Director of the National Commission on Law Enforcement and Social Justice, is the sole owner of a

financial planning consultancy business in the Los Angeles area. His firm has done no business with or on behalf of any Scientology-related organization.

Neil Willner, a Trustee of the Foundation for Religious Freedom, is the sole owner of an insurance agency in the Los Angeles area. His agency has done no business with or on behalf of any Scientology-related organization.

Marshall Goldblatt, also a Trustee of the Foundation for Religious Freedom, is the owner of several real estate and investment businesses in the United Kingdom. He has in the past provided the Church with services as a realtor. Mr. Goldblatt is not an insider with respect to any Scientology-related organization other than Foundation for Religious Freedom. All services he has provided Church of Scientology have been for fair and reasonable compensation.

Michael Bach, President and Director of Mastertech, is a part owner of a survey company and a partner in an artist's management company in Northern California. His firms have done no business with or on behalf of any Scientology-related organization.

Brian Weinberg, President of Association for Better Living and Education, owns a share of his father's property investment business in South Africa. That company has done no business with or on behalf of any Scientology-related organization.

Izzy Chait, a Director of Citizens Commission on Human Rights, owns a gallery in Beverly Hills which imports fine art objects from the Far East. His gallery has done no business with or on behalf of any Scientology-related organization.

(X) Any organization that has or had a Flag Banking Officer and/or a Finance Director and also had either: (1) gross revenues of more than \$250,000; or (2) assets of more than \$1,000,000. Are sublicensees of WISE required to have a Flag Banking Officer and/or a Finance Director on staff? Regardless of your response you need not list any WISE sublicensee as part of your response to this clause (X).

This category appears to reflect a misunderstanding on the position and functions of a Flag Banking Officer ("FBO") or Finance Director and the International Finance Network. (See the response to question 4.a, infra for a discussion of these post titles.)

Scientology Scripture includes an administrative technology which is largely contained in the green Organization Executive Course ("OEC") volumes. This is technology on third dynamic (group) survival. Although developed for use by the Church, it has a wide range of applicability to any group - whether it be governmental, business, charitable or religious activities.

For example, a basic workable organizational structure is presented in these volumes which contain seven divisions, each with functions vital to the survival and success of any group. Also described in these materials are various positions in this organizational structure which have assigned and now customary post titles for Church organizations, e.g. Dissemination Secretary, Qualifications Secretary, Ethics Officer, Executive Director and so forth.

FBO is one such position and post title which is described in the OEC volumes. The FBO is responsible for the overall viability and financial health of his church. He becomes involved in all aspects of the organization to ensure its survival and expansion. For example he ensures that the church sends out promotional materials to its mailing list of parishioners to ensure parishioners are receiving religious services. He oversees the weekly financial planning of the church to make sure that there were no frivolous expenditures, that expenditures made will further the Church's religious programs, that total expenditures do not exceed available funds and that some money is reserved for future contingencies.

In a Scientology church the FBO also serves as the church representative to the International Finance Network. This does not mean the FBO is staff of Church of Scientology International or any other management body, he is on staff of his local church. He does report to and comes under the ecclesiastical guidance of the International Finance Network which assists him in ensuring the financial well being of his church.

Because the third dynamic administrative technology has such widespread applicability to any group or business, many non-church entities have adopted the seven division organizational pattern and post titles. Just as a business may have a Dissemination Secretary or an Ethics Officer, it may also borrow the title FBO or Finance Director to describe a similar function in that business. However, such a post would not include participation in the International Finance Network in any capacity. Thus, while some WISE members or sublicensees may have adopted the term FBO and/or Finance Director as a matter of local choice, there is no requirement or even suggestion that they do so.

All organizations which fit in this category are included in other categories of Question 1 and have been cross-referenced where applicable.



## Question 2

Please provide the articles of incorporation and bylaws as adopted and in effect on December 31, 1989, and on the date of this request, for Bridge Publications, Inc. Please provide the same for New Era Publications International ApS, as well as the "special Rules of Procedure that effectively dedicate its activities to the furtherance of section 501(c)(3) purposes."

Attached are the following organizational documents for Bridge Publications, Inc. ("BPI") and New Era Publications International ApS ("NEP"):

1. BPI's Articles of Incorporation, filed February 2, 1981. Exhibit II-2-A.
2. BPI's Bylaws, as adopted March 19, 1981. Exhibit II-2-B.
3. Resolutions adopted by BPI's sole shareholder on December 27, 1988 to add a new Article XII to BPI's Bylaws. Exhibit II-2-C.
4. NEP's Articles of Association, adopted October 23, 1989, including copies of the Danish original and an English translation. Exhibit II-2-D.
5. An English translation of NEP's internal Rules of Procedure, adopted November 21, 1988. Exhibit II-2-E.

In order to formally document their dedication to religious purposes encompassed by section 501(c)(3), both companies in 1988 amended their organizational documents to adopt provisions comporting with the organizational test of section 501(c)(3) and, as to BPI, the governing instrument requirements of section 508(a). Thus, by resolution dated December 27, 1988, BPI's sole shareholder adopted a new Article XII, to add these provisions to BPI's Bylaws. On November 21, 1988 NEP also adopted similar provisions to its internal Rules of Procedure, the Danish equivalent of Bylaws. See Sections 6, 7 and 8. However, since NEP's Danish counsel believed that references to United States statutory provisions would be difficult or impossible to enforce in Denmark, NEP's provisions define rather than refer to section 501(c)(3).

The amendments to the corporate papers merely made a record of what has always been the case: that Bridge and New Era operate for exclusively religious purposes. Neither corporation has ever made any distribution of dividends or net earnings or paid any

unreasonable compensation. In addition, both corporations are owned by a common parent, the International Publications Trust, which is organized exclusively for Scientology religious purposes. The executives and the majority of the staff of both corporations have always been members of the Sea Organization, and have dedicated their lives to achieving the aims of the Scientology religion.

New Era was formed as a for-profit corporation because Danish law prohibits nonprofit corporations from engaging in the publishing business. Bridge was formed as a for-profit corporation because Church staff believed it would facilitate Bridge's efforts in dealing with the publishing trade.

In order to understand Bridge's & New Era's operations and relationship to the Church, it must be understood that the widespread publication and distribution of Mr. Hubbard's works are an integral part of the religious practice of Scientology and achieving its aims of a civilization without insanity, crime and war.

Mr. Hubbard taught that wisdom is only valuable to the degree that it is shared and used for the betterment of all. Therefore, his basic books contain the fundamentals of the religious technology presented in a way that they can be grasped and used by the man in the street to improve conditions in his life. A certain percentage of readers will recognize that

Mr. Hubbard's writings contain a higher truth and indeed contain the answers to man's existence and his relationship to the universe. Thus, books are the main vehicle for dissemination of the religion and are the most prevalent means of attracting new members. The success of books as a means of dissemination can be seen in the steady expansion in the number of Scientologists as well as the increasing number of churches and missions, which can be directly traced to distribution of books.

In addition, the more advanced works contain the necessary Scriptural material needed for the training of Scientology ministers and for all Scientologists to have the full understanding of the tenets of the religion necessary to achieve spiritual freedom.

The publications organizations also produce and distribute non-scriptural works of Mr. Hubbard's fiction, such as his science fiction, for the purpose of making his name better known so that the public will then read his works on Scientology and Dianetics.

Because Bridge and New Era serve religious objectives, both organizations have gone far beyond the normal standards of the publishing industry to get Mr. Hubbard's works published and into the hands of both the general public and parishioners of the Church. The motivation behind their actions is that the Scriptures of the religion will be used to benefit mankind rather than the concerns for profitability of a commercial publisher. The Scriptures comprise over twenty million words and two thousand public taped lectures (which will ultimately be reproduced in book form) which makes the magnitude of the task evident.

By way of example, Bridge within the last year and a half undertook the expense of publishing the revised Technical and Policy volumes containing major portions of the Scriptures. The cost of this was over \$6,000,000. The cost was increased by producing the volumes in a very high quality encyclopedic format so that Scientologists can use these materials for reference for many years without the volumes wearing out. Although many Scientologists have purchased these volumes, this project has not yet paid for itself and is not likely to do so for several more years. Ultimately, the net revenues this project does produce will go into other projects to make the Scriptures more readily available.

New Era will ultimately publish translations of Mr. Hubbard's works in all of the languages of the world and get them distributed. There are 11 primary languages spoken by the majority of the world's Scientologists into which all materials necessary to provide religious services described on the Classification and Gradation Chart are to be translated, including the Technical and Policy volumes described above. In addition, all of the basic materials are being translated into the 25 most commonly spoken languages. The anticipated cost of this project has not been fully determined but exceeds the immediate expected return and thus must be financed by proceeds from New Era's other titles.

Thus, Bridge and New Era operate on the religious consideration of getting Mr. Hubbard's works broadly disseminated in the society and not the profit motivation of a commercial publisher.

\* \* \* \*

Question 3a

a. Is the attached copy of "Command Channels" up-to-date with respect to the current hierarchical management structure? If not, please provide either an up-to-date version or an explanation of how this copy differs from the hierarchical management structure as of the date of this letter.

To the extent that there are currently anticipated or planned corporate actions that would modify this hierarchical management structure over the next 5 years, please also describe these modifications (except to the extent already described in response to question 1).

In general, the booklet entitled, THE COMMAND CHANNELS OF SCIENTOLOGY, and its fold-out COMMAND CHANNELS CHART remain unchanged. A copy is included as Exhibit II-3-A, for your convenience.

However, there is an important non-substantive change that is needed in the COMMAND CHANNELS CHART which will make it easier to follow. The existing chart has WATCHDOG COMMITTEE ("WDC") in a grey band across the top and in a box which includes Executive Director International ("ED Int") and International Management Executive Committee ("IMEC"). This would appear to incorrectly combine WDC and ED Int/IMEC and their functions.

In actuality WDC ensures that management bodies exist. It does so through information gathered by and programs executed through Commodore's Messenger Organization International ("CMO Int") and external CMO units. See the response to Questions 3(ii) and (ix) for a more complete explanation of WDC and CMO Int.

ED Int and IMEC, on the other hand, are responsible for planning and for Church expansion programs that are executed at the Flag Command Bureaux level. See the response to Question 3(vii) for a more complete explanation of ED Int and IMEC.

In order to clarify the relationship between WDC and ED Int/IMEC, the chart has been re-drawn as per Exhibit II-3-B to more properly position WDC and CMO Int as ensuring that effective management bodies are established and functioning. WDC and CMO Int are now in the upper left hand side of the chart below Religious Technology Center. The dotted lines to management bodies is the observation and program execution line to ensure that management is in place.

ED Int and IMEC are now directly above the Flag Command Bureaux with a heavy line connecting them to show the proper command channel management line.

There are a few other minor modifications that should be noted to bring the "Command Channels" up to date:

Class IV Orgs have been renamed Class V Orgs. Wherever the term "Class IV Org" appears in the booklet, it should be read as "Class V Org". This change was made to align with the level of auditor training delivered at these orgs. In the last version of the SCIENTOLOGY CLASSIFICATION GRADATION AND AWARENESS CHART, New Era Dianetics auditor training is classed as "Class V." As this training is delivered by what were formerly Class IV orgs, they have been renamed as Class V orgs.

On page 15 of the booklet there is a section on the Central Marketing Unit within Golden Era Productions, an ecclesiastical organization within Church of Scientology International. The name has been changed to Planetary Dissemination Organization in order to more properly align its name with its functions; but otherwise it remains as described in the booklet.

The above changes bring the "Command Channels" up to date.

The Scientology religion is continuing to expand and this expansion creates a process of continual reevaluation and evolution of its hierarchical structure. There are no other changes currently contemplated but that is no guarantee that certain improvements and modifications may not be necessary in the future to meet the needs of its continuing growth.

\* \* \* \*

Question 3 b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

- (i) Sea Organization

QUESTION 3b(i)  
SEA ORGANIZATION

The Sea Organization is a religious order consisting solely of members who have pledged themselves to one billion years of service to Scientology.

The Sea Organization is not incorporated, nor is it an unincorporated association, and it has no formal or informal ecclesiastical or other management structure. Despite its name, the Sea Organization is not an "organization" or "entity." It has no income, disbursements, assets or liabilities.

The Sea Org is, in effect, more of a commitment than an organization. Sea Org members receive a small weekly allowance, uniforms, medical care and occasional performance bonuses, live in Sea Org berthing accommodations, eat in a communal dining room, and work seven days a week with a day off every two weeks or so. They dedicate their lives to the goals and purposes of the religion.

The Sea Organization was formed in 1967. In its earliest beginnings aboard the ship Apollo, the Sea Organization and the organizational pattern of the ship were identical. However, soon after the Sea Organization was formed its members branched out to staff other Scientology ships and land-based organizations. In doing so, they became subject to the organizational and management pattern of the particular organization they staffed. For example, those Sea Org members sent to Advanced Organization of Los

Angeles or the station ship Excalibur (which was berthed in Long Beach, California to train new Sea Org members) or Flag Operations Liaison Office Europe were staff of their respective ecclesiastical organizations and participated in the hierarchical church from that capacity.

During the early 1970s, there were a number of ships operated by Sea Org members. The Apollo was the largest of five Sea Org vessels, and also the location of senior ecclesiastical management up until 1975. It was the Flagship of the Sea Org Flotilla and was home to L. Ron Hubbard who held the title of Commodore of the Sea Organization. Aboard the Apollo there were three separate ecclesiastical organizations: Flag Crew, which operated the ship itself; Flag Bureaux, which provided management services to churches of Scientology; and Flag Service Organization which ministered Scientology auditing and training.

The organizations aboard the Apollo and certain other organizations around the world staffed with Sea Org members are known as Sea Org orgs. Specifically, all church management organizations and all church organizations that minister the upper level services of Scientology (above the level of Class V) are called Sea Org orgs. There are also some Class V churches that have Sea Org members on staff positions within them, but these are not Sea Org orgs. It is the functions of a church organization that determines whether it is a Sea Org organization or not.

In the mid-1970s the church organizations aboard the Apollo outgrew its physical capacity and moved to a land base in Clearwater, Florida. This became known as the Flag Land Base. The organizational pattern aboard the Apollo was substantially retained with Flag Service Org delivering religious services to parishioners, Flag Bureaux providing management services to churches of Scientology and Flag Crew maintaining the physical plant and also operating religious retreat facilities for parishioners. The term "Flag" was common to all three organizations as they had all originated on the Flag Ship Apollo.

In 1984 the Flag Bureaux was moved from Clearwater to Los Angeles to free up space so an increasing number of parishioners could receive religious services at the Flag Service Org. From that time there has been no management functions at the Flag Land Base, it was and remains solely a religious retreat to deliver Dianetics and Scientology auditing and training. However, the Flag Bureaux retained the name "Flag" from its origins aboard the Apollo. Thus, the Church now has a Flag Bureaux in Los Angeles and a Flag Service Organization and a Flag Crew in Clearwater.

Although the Sea Org itself does not have an organizational or management structure, it does have Officer Selection Boards who review and decide on applications for rankings. These Boards also award special insignia or acknowledgements for participation in select projects or accomplishments such as establishment of a new advanced Church of Scientology, participating in a large successful dissemination campaign or completing high-level training as a Scientology auditor. Sea Org rankings are a carry-over from the original Sea Org, whose members adopted a maritime system of ranks and ratings and maritime uniforms which have since become tradition. The maritime-style ranks and ratings which are awarded by the Officer Selection Boards are a recognition of accomplishment and service and command respect amongst Sea Org members.

Certain senior church positions within Sea Org orgs carry a brevet rank which is held by a Sea Org member so long as he or she occupies that position. For example, WDC members hold the brevet rank of Commander and the WDC Chairman holds the brevet rank of Captain. In these instances, the brevet rank is commensurate with the level of ecclesiastical authority and responsibility of the position. These brevet ranks are set by policy and are not determined by Officer Selection Boards.

There is an Officer Selection Board at each Continental office which reviews applications for rank and rating promotions and then passes them on to the International Officer Selection Board. The International Officer Selection Board is comprised of officers in the Commodore's Messenger Organization International who themselves hold high Sea Org rank. Religious Technology Center maintains its own Officer Selection Board for its staff.

\* \* \* \*



Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(ii) Watchdog Committee

QUESTION 3b(ii)  
WATCHDOG COMMITTEE

The Watchdog Committee ("WDC") is a committee within Commodore's Messenger Organization International (CMO INT) which is an ecclesiastical body located within the corporation Church of Scientology International. WDC is not an "organization" or an "entity."

WDC's responsibility is to monitor the Church's ecclesiastical management bodies (such as the International Executive Strata, Flag Bureaux, Scientology Missions International, etc.) to ensure they are properly established and functioning in accordance with Church policy.

Each member of the Watchdog Committee is responsible for overseeing the management of a sector of the religion (Scientology Missions, Class V Churches, Sea Org Churches, Flag Service Org, Flag Ship Service Org, Celebrity Center Churches, Publications Organizations, Office of Special Affairs, Golden Era Productions, etc.).

WDC utilizes CMO INT and other CMO units as its observation and execution arms to ensure that management bodies are established and functioning. (See the response to Question 3b(ix) for a detailed discussion of CMO INT).

For example, there is a WDC member for Golden Era Productions ("WDC GOLD") responsible for the establishment and effectiveness of Golden Era Productions ("GOLD") which produces the many audio-visual and other dissemination products that are used in the

proselytization of the religion. If WDC received a report that GOLD had not recently completed the expected number of religious training films, the WDC member that oversees GOLD would seek to find out why. This matter would be looked into by staff of the Commodore's Messenger Organization unit attached to GOLD by going into the Cine Division of the organization and making inquiries to discover the cause of the problem.

Assume, for example, it was concluded there were insufficient trained cine personnel to carry out all of the needed functions of making religious training films. GOLD's Executive Council had not taken steps to form up the department that is responsible for recruiting new personnel for the organization. Once the reason for the problem has been isolated by WDC GOLD, he will do the necessary planning that will resolve the problem. This would include requiring the Executive Council of GOLD to study the applicable Scientology policy they had failed to apply. The Executive Council of GOLD might then organize a Sea Org mission to establish the Personnel Department that will then recruit the needed personnel for the Cine Department. WDC GOLD would utilize CMO to follow up and ensure that the planning was carried out so that the necessary volume of religious training films is being produced and sent to churches for their use in training auditors.

The Watchdog Committee holds daily meetings chaired by the WDC Chairman. Pursuant to Scientology ecclesiastical policy, the WDC Chairman also serves as the Commanding Officer of CMO International.

The WDC members attend daily meetings prepared to offer proposals or briefings concerning their areas of responsibility. The proposals are adopted, rejected or modified by the committee depending on whether or not they further Scientology's broader religious purposes. The WDC Chairman serves as the final arbiter only if there happens to be any disagreement among the committee members that they cannot resolve.

WDC does not report to an organization. It is the highest ecclesiastical authority in the Mother Church.

As of December 31, 1989 and at present the WDC Chairman is Mark Ingber.

As of December 31, 1989, the members of WDC were:

Cheryl Azevedo  
Gregory Hughes  
Pablo Lobato  
Elizabeth Miscavige  
Thomas Bucher  
Lawrence Byrnes  
Carmen Cenador  
Ian Cunningham  
Marie Deleonibus  
Jacqueline Kavenaar  
Barbara Newton  
Susan Price

At present, the members of WDC are:

Cheryl Azevedo  
Gregory Hughes  
Pablo Lobato  
Elizabeth Miscavige  
Phillip Anderson  
Thomas Ashworth  
Daniel Barram  
William Lindstein  
Amy Mortland  
Kurt Weiland  
Thomas Woodruff

\* \* \* \*

Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(iii) Central Reserves Committee

QUESTION 3 b (iii)  
CENTRAL RESERVES COMMITTEE

The Reserves Committee is a committee of senior church staff members who are concerned with the financial health and vitality of the religion of Scientology. This Committee has the responsibility for authorizing the expenditure of Church reserve funds on projects that will benefit the religion. They are also charged with the duty of ensuring that authorized expenditures do not exceed available funds. This Committee is not an "organization" or an "entity."

The Reserves Committee for the Scientology religion has been variously constituted since it was formed. Since the late 1970s it has consisted of the senior Church officials working in finance as well as areas of the most concern to and usage of reserves. Membership in the Reserves Committee is determined by staff position. The Committee is chaired by WDC Chairman.

As of 31 December 1989, the Reserves Committee consisted of three senior finance officials, WDC Reserves and WDC Chairman. These posts were:

WDC Chairman  
WDC Reserves  
International Finance Director  
International Management Flag Banking Officer  
Sea Org Reserves Chief

In December 1991, the Reserves Committee expanded to add Executive Director International and the International Landlord.

Executive Director International is responsible for the management and expansion of the religion internationally, which necessarily involves finance. The International Landlord is responsible for the design, planning, care, renovation, construction and acquisition of Church realty. Also, at that time it changed its name from Central Reserves Committee to the International Reserves Committee.

The International Reserves Committee has no fixed management structure but instead functions as a Scientology ecclesiastical committee. Each Committee member comes to Committee meetings prepared with proposals or briefings concerning his or her particular area of responsibility. The Reserves Committee meets and reviews proposals weekly. (As a routine matter, the full Committee meets only when there is a need for everyone's input and participation).

The committee reviews and passes upon plans which require expenditure of Church Reserves. For example, the International Landlord Office would submit a proposal to expand the facilities for ministering Church services at the Advanced Org in Denmark to the Reserves Committee with the overall planned expenditure, projected monthly costs and information concerning the importance of the project to the accomplishment of the overall purposes of the religion. In this instance, the committee would consider such factors as the number of parishioners that the new facility could minister to; the concurrent expansion plans of the organization in terms of additional auditors, course supervisors and administrative personnel; the rate at which the religion is growing in that continental area; how this project might affect other plans; the availability of funds; and so forth. Upon approval by the Reserves Committee (and any corporate body or trust, if necessary), the funds for the implementation of the project are made available.

The Reserves Committee meets and reviews proposals weekly.

WDC Chairman serves as the final arbiter of any disagreement Committee members cannot resolve among themselves.

The International Reserves Committee does not report to any organization. It contains within it the highest ecclesiastical officials in the Mother Church.

On December 31, 1989, the members of the Reserves Committee were:

Mark Ingber  
Jonathan Epstein  
Elizabeth Miscavige  
Andrew Stevens

At present, the members of the International Reserves Committee are:

Mark Ingber  
Jonathan Epstein  
Thomas Ashworth  
Veronique Gouessan  
Guillaume Lesevre  
Sabine Peschken  
Linda Stuart

\* \* \* \*

Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(iv) Inspector General Network

QUESTION 3 b (iv)  
INSPECTOR GENERAL NETWORK

The Inspector General Network ("IGN") is a part of Religious Technology Center. It is not an "organization" or "entity."

Religious Technology Center ("RTC") was formed in 1982 to be the protector of the religion as the owner of the religious marks of Dianetics and Scientology. The need for RTC is evident if one considers the history of the Church up to that point in time. As covered separately in the response to Questions 3d and 10a, during the 1970's the Guardian's Office had become an autonomous and unsupervised splinter group, portions of which engaged in questionable and often illegal activities in serious violation of Church policy and the law. Sea Org management bodies had been unable to detect and handle this situation before it got out of hand. Two highly placed individuals in Church management were supporters of the GO. The then Commanding Officer of CMO INT attempted to block an internal investigation into the GO and Laurel Sullivan formulated plans to revise the Church's corporate structure to place the GO in control of the religious marks.

Further, Mr. Hubbard was not actively involved in Church affairs at that time; having decided to devote his time and energies to completing his researches into the highest levels of spiritual awareness. Thus he was not in a position to monitor the use of the religious marks. In addition, he was looking to the future and planning his gifts to the religion, the essence of which

was providing for the continued survival and practice of the religious philosophy and technologies that were his life's work.

Scientology had come through a difficult period and RTC was formulated as the solution to prevent a recurrence of these events and to protect the pure application of Scripture into the future.

Thus RTC was formed with highly dedicated and trusted Sea Org members to receive the religious marks from Mr. Hubbard as a gift. It then proceeded to register these marks and to license them to CSI which sublicenses them to Scientology organizations around the world. Examples of the marks are the words Scientology, Dianetics, Mr. Hubbard's name and signature, the Scientology cross and the S and double triangle.

RTC, through receipt of reports and direct inspections, ensures that those utilizing the marks are ministering orthodox Scientology religious services. If they are not, RTC sees that any misuse is corrected. If some entity refuses correction, RTC can legally enforce them to cease and desist calling whatever they are doing "Scientology." This assures the quality of the application of Scientology to parishioners around the world.

On several occasions RTC has obtained court injunctions and damages against individuals improperly using the Scientology religious marks. By way of example, one such injunction was against a former mission holder in Elmira New York who sought to deliver a grossly distorted alteration while still calling it Scientology. Another was against a hypnotist who tried to defraud the public by using a Scientology mark to somehow lend credence to his practice. This trademark enforcement function aligns directly with RTC's ecclesiastical function, which is to directly inspect the standard application of Scientology Scripture and see that misapplications are corrected.

RTC receives reports and conducts inspections completely independent of any Scientology church management entity for the sole purpose of verifying the standard application of Scripture. Where RTC finds a misapplication, it immediately seeks to correct the situation, according to Scientology Scripture, both to the offending Scientology organization or mission and to CSI, as the Mother Church. In this way, RTC keeps the technology available and applied purely and protects the parishioners from any attempts to misuse Scientology or misrepresent Scientology Scripture to the public.

Any alteration of Scientology is considered a violation of the marks. However, if somebody or some entity was honestly attempting



to apply Scientology and was simply erring, that would be handled internally through Ethics handling, correction or study of the Scriptures. Only when there is intentional misapplication or misrepresentation would legal means be used to uphold the integrity of the marks. RTC is not involved in the day-to-day affairs of Churches. Its concern is protecting the technology of Dianetics and Scientology so it is properly applied.

As part of RTC, IGN assists in assuring the purity of the Scripture and their orthodox application. IGN does not itself manage Church organizations. Nor does it duplicate the function of the WDC, which has the duty of establishing church management. If a church organization is organized in such a way that it misrepresents Scientology through its own disregard for Scientology Scripture, RTC will alert the appropriate staff of CSI and require that CSI act to solve the problem. This is in alignment with RTC's concern for maintaining administrative orthodoxy and allowing those responsible to correct their errors. If the situation warrants it, RTC will act directly at any echelon of Scientology to remedy a gross misapplication of Scripture.

Because of the exacting technical application required in the ministration of the Advanced Courses material (upper level Scriptures) and the confidentiality required in their handling and delivery, RTC owns exclusive rights to the use of the Advanced Course materials. RTC directly licenses the FSSO, FSO, and the Sea Org advanced organizations that deliver Advanced Courses. In the delivery of Advanced Materials, RTC also takes measures to inspect and see that the material is kept in good hands and is properly used by those who have travelled on the road to spiritual betterment.

The most senior staff positions in IGN are called "Inspector Generals," of which there are three: Inspector General for Ethics, Inspector General for Technical and Inspector General for Administration. Each Inspector General is responsible for ensuring orthodoxy in a particular area of religious concern. These three Inspector Generals and their staffs comprise the Inspector General Network.

The primary concern of Inspector General Ethics is summarized as ensuring the standard application of the Scientology ethics technology as contained in Scripture. He is also concerned with keeping the religion secure and free from adverse external influences.

Inspector General Technical is responsible for ensuring orthodoxy in the ministration of Scientology religious services

and that any technical materials released by the Church are faithful compilations and reproductions of the written and recorded words of L. Ron Hubbard.

Inspector General Administration is responsible for ensuring that all levels of Church management and all Church organizations function in accordance with Scientology Scripture. Through a subordinate division within RTC, Authorization, Verification and Correction International (see response to question 3(b)(v)), Inspector General for Administration and his staff are responsible for authorizing and verifying the evaluations, strategies, programs and issues developed by Church management to ensure they conform to Scripture.

Each of the Inspector Generals and their respective staffs communicate regularly with individuals involved with Church management or operations depending on the area of concern. Each of the Inspector Generals would be interested in an area for different reasons. For example, if a new religious service were being proposed to be delivered by missions, the Inspector General Technical and his staff would be interested to ensure it conformed exactly with Church Scripture. If there were reports received concerning constant misapplication of ethics and justice procedures affecting the well-being of a mission, reported by a mission staff member to RTC, the Inspector General Ethics would require reports from WDC for Scientology Missions International and management as to how the situation was dealt with to ensure correct application of the ethics technology of the Church. If WDC SMI wrote an issue concerning management of the mission network he would clear it through AVC International (a facility under Inspector General for Administration) to ensure it was in conformance with policy. In each instance the Inspector General's primary concern would be the standard application of the relevant Scientology Scripture.

This oversight function extends well beyond the senior management bodies of CSI. Any staff member or any parishioner in Scientology can report departures from Scripture to the IGN. Depending on the area of concern, the appropriate Inspector General or his staff will take action to alert the appropriate management personnel in CSI and follow through so that the situation is handled. In this manner, the IGN ensures the continued purity and standard practice of the Scientology faith. It safeguards and enforces the trade and service marks of Dianetics and Scientology to the end that parishioners receive the full spiritual gains of the religious services in which they participate.

Each of the three Inspector Generals is directly managed by and reports to the Chairman of the Board of Religious Technology Center, the highest ecclesiastical position in the religion. David Miscavige has held this position continuously since prior to December 31, 1989. At one time IGN also included the position of Inspector General, which served as the immediate senior of the three Inspector Generals and reported directly to the Chairman of the Board. However, this position has been eliminated from RTC's organizational structure. Gregory Wilhere was the Inspector General, and he served from prior to December 31, 1989 to June 1990.

Management of IGN is the responsibility of the Inspector Generals. The divisions comprising the IGN are supervised by and report to their particular Inspector Generals. Each Inspector General is responsible for his specific area of responsibility and does not make decisions concerning the areas of responsibility of the other Inspector Generals. The current Inspector Generals have held their positions since prior to December 31, 1989 and consist of Mark Rathbun (Inspector General for Ethics), Raymond Mithoff (Inspector General for Technical), and Marc Yager (Inspector General for Administration).

\* \* \* \*

Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(v) Authorization, Verification and Correction International.

QUESTION 3 b (v)

AUTHORIZATION, VERIFICATION AND CORRECTION INTERNATIONAL

Authorization, Verification and Correction International ("AVC INT") is a division within Religious Technology Center. It is not an "organization" or "entity."

AVC INT's principal function is authorizing and verifying the evaluations, strategies, programs, promotional materials and issues developed by Church management to ensure they conform to Scientology Scripture.

AVC INT is part of the Inspector General Network and is subordinate to Inspector General for Administration. It directly assists him in ensuring the standard application of third dynamic administrative technology within the Church. It does not verify or authorize technical scriptural materials as these come under the province of Inspector General for Technical.

AVC International has a staff of seven. The most senior staff position is AVC Aide, who is responsible for managing the entire division and has discretionary authority on matters within her responsibility. The principal function of AVC Aide and two other staff is, as above, authorizing and verifying the evaluations, strategies, plans and issues from Church management to ensure they conform to Scripture.

For example, someone from WDC or IMEC or some other management person might submit a plan which calls for certain actions to be

taken at one or more of the Churches. AVC would review the proposal, compare it for compliance with applicable Scripture, verify that it did not conflict with other management strategies and that it had been approved by appropriate personnel. If the program passed all these tests it would be authorized by AVC Int. If it were deficient in some respect, the originator of the program would be handled as below.

The remaining four staff members of AVC International are responsible for correcting staff members who have not applied policy to ensure it is not a repeating pattern. Where the authorization and verification functions discover an individual misapplying Scripture, AVC correction staff ensure that he or she studies areas of the administrative policies and Scripture where knowledge or understanding is deficient.

As of December 31, 1989, the person serving as AVC Aide was Norman Newton. At present, this position is held by Mariette Lindstein.

\* \* \* \*

Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(vi) International Finance Office

QUESTION 3b (vi) INTERNATIONAL FINANCE OFFICE

The International Finance Office is an office within Commodore's Messenger Organization International, which is an organization within Church of Scientology International. (See (ix), below). The International Finance Office is not an "organization" or "entity."

The International Finance Office functions as the head of the International Finance Network which extends from Church of Scientology International down the hierarchical Church structure into Class V churches. (CST, RTC, Missions and social betterment groups do not participate in the International Finance Network).

The Scripture contains a very exact system of ecclesiastical financial policy which is designed to see that parishioners' contributions are correctly channeled to assist the religion as a whole, and that local churches are able to meet their financial obligations without becoming embroiled in monetary difficulties. The Church's financial system has rules regarding control of expenditures, accounting and the use of funds in order to best benefit the religion.

The function of the International Finance Network is to see that financial policy is strictly adhered to, that the financial health and integrity of each Scientology Church is maintained, and that the contributions of the many Scientologists around the world are used to build a better civilization.

The International Finance Office reviews the overall state of financial matters in Scientology churches, formulates plans and then implements these plans to obtain orthodox application of Scientology finance policy. As reflects its position within CMO Int, The International Finance Office does not directly work with Churches - instead it is responsible for seeing that the Flag Finance Office, located within the Flag Command Bureaux, operates in accordance with Scripture.

The Flag Banking Officer (FBO) represents the local Church in the Finance Network, and is a staff member of that church. As more fully described in the responses to questions 1(x) and 4a, the FBO is the person responsible for the financial affairs of the local church.

As described fully in the response to Question 4(b), the International Finance Network is also responsible for the integrity of church financial records.

The International Finance Office also has a separate internal office (the International Landlord Office) that is responsible for helping Church organizations best utilize their facilities to minister religious services to their parishioners, while avoiding unnecessary overcrowding.

The International Landlord Office, which is staffed by individuals trained in architecture and design, in some cases prepares designs itself and in other cases gives overall direction to personnel engaged by the local Church. For example, with respect to the building which houses Church of Scientology Celebrity Centre International, staff of the International Landlord Office actually prepared the various designs and the planning for all renovations.

The International Landlord Office also advises on the feasibility of proposed rental spaces to ensure that they either are or can be made suitable for church operations. It also supervises the purchase, renovation or construction of church buildings to ensure that they are best suited and utilized for the delivery of Scientology religious services, including room for expansion as the number of parishioners grows.

Also located within the International Finance Office is the International Management FBO. He is part of Reserves Committee and has similar duties to the FBO of a local Church with respect to approval of financial expenditures by management organizations.

The International Finance Office also has the function of monitoring the size of central reserves, keeping track of

all central reserves expenditures, and advising the Reserves Committee of this information.

The International Finance Office has 34 staff, 17 of whom work in the International Landlord Office. For the most part the most senior staff position in the International Landlord Office -- the International Landlord -- manages her own office and reports to the International Finance Director. The International Finance Director, in turn, manages the entire International Finance Office through daily meetings with her staff (other than those under the International Landlord).

The International Finance Director reports the activities of the International Finance Office to WDC Reserves.

As of December 31, 1989 the International Finance Director and the International Landlord were, respectively:

Andrew Stevens  
Arthur Medieros

At present the International Finance Director and International Landlord are, respectively:

Sabine Peshkin  
Linda Stuart

\* \* \* \*



Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(vii) International Management Executive Committee

QUESTION 3 b (vii)  
INTERNATIONAL MANAGEMENT EXECUTIVE COMMITTEE

The International Management Executive Committee (IMEC) is the most senior ecclesiastical management body in the Church of Scientology.

Whereas WDC is responsible for ensuring that management units are in place and performing, IMEC actually directs, and is responsible for the performance of the Church in its various activities and functions. IMEC is a committee, it is not an "organization" or "entity."

The Executive Director International ("ED Int") is the most senior management position in Scientology. He has overall responsibility for seeing the Church continues to expand internationally. ED Int is the head of the International Management Executive Committee which is composed of executives who are well-versed in Scientology management procedures. Each of these "Executives International" is assigned responsibility for one of the eleven functions necessary to the expansion of an organization such as the production of religious scriptural material, dissemination, establishment of Church organizations and so forth. These functions span all sectors of Scientology, and each Executive International is responsible for ensuring his or her function is accomplished standardly across the world. These Executives formulate broad planning and provide programming to Scientology organizations to carry out.

For example, the Books Executive International is directly responsible for the widespread distribution of Scientology religious materials. She devises planning to accomplish this in Class V Churches, Sea Org Orgs, the FSO, Scientology Missions, Field Groups, the Publications Orgs, individual Scientologists and public bookstores. This planning is provided to the respective posts in the Flag Command Bureaux management orgs to be executed. The concerned Flag Command Bureaux personnel send the planning out to individual Missions, Orgs, and groups -- the persons who actually carry out the activities of distributing the books. The Books Executive International receives regular reports on the progress in enacting her planning and acts based on these reports to increase the distribution of LRH books.

Each Executive International operates in a similar fashion. They also receive letters from both staff and Scientology parishioners informing them of progress and accomplishments and asking for advice and direction in their field of specialty. This is an invaluable source of information used to develop planning to address situations which may be hindering the expansion of the religion, or to increase reported successful activities through inclusion in subsequent planning.

ED Int has a deputy known as Deputy Executive Director International ("D/ED Int") who helps him to administer his office. Collectively, ED Int, his deputy and the eleven Executives International comprise the International Management Executive Committee ("IMEC"). The committee meetings are held daily and are chaired by ED Int.

IMEC functions as a committee of equals. Each committee member has a specific area of responsibility and comes to IMEC meetings prepared to offer proposals or briefings concerning his or her area. Other members are entitled to respond to such proposals only with respect to their own particular area of responsibility. The proposals are adopted, rejected or modified by the committee depending on whether or not they further Scientology's broader religious purposes. ED Int serves as the final arbiter only if there happens to be any disagreement among the committee members that they cannot resolve.

The regular meetings ensure coordination of activities. For example, the executives responsible for establishment, books and the activities of Scientologists in reaching out to new people, would coordinate planning concerning Scientology beginning in a new country. Each would provide the planning for his or her function with all necessary steps thought through so the activity would be a success resulting in Scientology beginning and expanding in a new area of the world.

Priorities of action and allocation of resources is an important function performed by this Committee. Their plans provide direction for the entirety of Scientology.

The sum total of their management actions adds up to growth of the Scientology faith and ultimately a cleared planet.

The activities of IMEC are reported by ED Int to the WDC Chairman.

As of December 31, 1989 and at present the persons managing IMEC, the ED Int and D/ED Int, respectively, are:

Guillaume Lesevre  
Jens Uhrskov

On December 31, 1989, the other IMEC members were:

Kenneth Delderfield  
Katherine Lemmer  
Ronald Miscavige  
Sherry Murphy  
Sandi Wilhere  
James Byrne  
Linda Stanton  
Gretta Touretelotte  
Clive Rabey

At present the IMEC members are:

Kenneth Delderfield  
Katherine Lemmer  
Ronald Miscavige  
Sherry Murphy  
Ellen Prager  
Diana Hubbard  
Barbara Tompkins  
Barbara Widmar  
Myles Mellor  
Debbie Hughes

\* \* \* \*

Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(viii) Flag Network Coordination Committee

QUESTION 3 b (viii)  
FLAG NETWORK COORDINATION COMMITTEE

The Flag Network Coordination Committee is an ecclesiastical committee comprised of the different heads of the management organizations and networks within the Flag Command Bureaux. It is not an "organization" or "entity."

As covered in the response to Question 3(i), there originally were various ecclesiastical organizations aboard the Flag Ship Apollo that included the term "Flag" in their names. This included the Flag Service Org, Flag Crew and Flag Bureaux. In 1975, when the Flag Land Base in Clearwater, Florida was established, these organizations retained the term Flag in their names. In 1984 the management org, Flag Bureaux, moved to Los Angeles, leaving Flag Service Org and Flag Crew in Clearwater. Neither Flag Service Org nor Flag Crew have any management function; they exist to minister or support the ministry of religious services to parishioners coming to the Flag Service Org from around the world. Thus while all three organizations have the term Flag in their names due to their origins aboard the Apollo, only the Flag Bureaux is involved with the ecclesiastical management of churches.

In the late 1980's, as part of a review and simplification of Command Channels, the Flag Command Bureaux was formed within Church of Scientology International in order to facilitate coordination of activities. This is an umbrella ecclesiastical organization which contains within it management organizations for the various sectors of Scientology. It includes the Flag Bureaux, Scientology Missions

International ("SMI"), World Institute of Scientology Enterprises International ("WISE Int"), the Publications Organizations, Association for Better Living and Education International ("ABLE Int") and the heads of the church networks -- LRH Communicator, Flag Representative, Finance and Office of Special Affairs.

While these individual organizations and networks have differing functions, ultimately each contributes to the expansion of the religion and their activities often dovetail one with another.

In order to facilitate coordination, the Flag Command Bureaux was formed. It is headed by the Commanding Officer of the Flag Command Bureaux (CO FCB) who is held responsible for coordinating the different management organizations and networks at the Flag Command Bureaux echelon.

The CO FCB chairs the Flag Network Coordination Committee ("FNCC") which is composed of the heads of each of these organizations and networks. FNCC meets daily to coordinate actions and reach agreement on how to proceed in accomplishing specific objectives. For example, through FNCC meetings the FNCC members may decide to make a concerted push against drug abuse and for drug rehabilitation. Bridge Publications would participate by distributing and publicizing Mr. Hubbard's book, Clear Body Clear Mind, which contains his drug rehabilitation technology; ABLE would encourage Narconons to join in the campaign by stepping up their promotional efforts with events and drug education activities; Flag Bureaux would encourage Class V churches to disseminate the Church's Purification Rundown as the solution to the debilitating effects of drugs; OSA Int would step up its "Say No to Drugs" campaign and so forth.

Another example of this coordination occurred following the recent riots in Los Angeles, when members of this Committee coordinated the actions of their different sectors in helping the community recover in the aftermath of the disturbances. The Flag Bureaux provided guidance to the local churches with respect to food and clothing drives; OSA Int organized trauma centers and clean-up campaigns; SMI Int coordinated the activities of the Missions in assisting the food and clothing drives in their local areas; ABLE activated volunteers to help educate people on Mr. Hubbard's moral code for society; WISE International rallied Scientology businessmen to contribute to the clean-up efforts and so forth.

FNCC functions as a committee of equals and therefore is not managed per se. Each committee member has a specific zone of responsibility and comes to FNCC meetings prepared to offer proposals or briefings concerning his or her area. Other members are entitled to respond to such proposals only with respect to their own particular zone of responsibility. The proposals are adopted, rejected or modified by the committee depending on whether or not they further Scientology's broader religious purposes. The Commanding Officer Flag Command Bureaux serves as the final arbiter only if there happens to be any disagreement among the committee members that they cannot resolve.

The members of FNCC are:

- a. The Commanding Officer Flag Command Bureaux.
- b. The Commanding Officer Flag Bureaux, the management organization responsible for overseeing plans written for local churches to help them better minister to the spiritual needs of their parishioners and religious communities. The Flag Bureaux coordinates with Scientology Churches around the world, Class V, Celebrity Centers, Advanced Orgs, Saint Hills, the Flag Service Org, and the Flag Ship Service Org.
- c. The Flag Flag Representative, a position within the Flag Bureaux which supervises the staff positions of Flag Representative in local Churches (excluding missions) who are responsible for carrying out plans issued by the Flag Bureaux and reporting on the state of affairs of their church.
- d. The Deputy Commanding Officer Flag Command Bureaux for Continental Liaison Offices ("CLOs"), who supervises Continental Liaison Offices throughout the world and is responsible for ensuring the CLOs themselves are established and functioning.
- e. The Commanding Officer Office of Special Affairs International, who is described in (x), below.
- f. The LRH Communicator International who supervises the staff position of LRH Communicator in local churches and who is responsible for ensuring that Scientology Scripture is followed in the local Church and that local church issues are in conformance with Scripture.
- g. The Flag Finance Director who is the senior staff member in the International Finance Network at this echelon. (See (vi) above).

In addition, the senior staff member (either the Commanding Officer or Executive Director) of WISE Int, SMI, ABLE Int, and Bridge Publications Incorporated, also serves on the Committee. New Era Publications International provides a representative to the Committee.

On December 31, 1989 the Commanding Officer of the Flag Command Bureaux and Chairman of the FNCC was:

Mariette Lindstein

At present, the Commanding Officer of the Flag Command Bureaux and Chairman of the FNCC is:

Rita Schwarzgruber

The Chairman of the FNCC reports to Executive Director International.

As of December 31, 1989 the members of the FNCC were:

Lis Astrupgaard  
Henry Brandle  
Jean Discher  
Brooke Owen  
Sabine Peschken  
Maria Robb  
Val Rollins  
Kurt Weiland  
Rena Weinberg  
Jamie Woeltjen

At present, the members of the FNCC are:

Lis Astrupgaard  
Kendra Bogacz  
Thomas Dainat  
Claire Edwards  
Stephen Hagemeyer  
Bettina Henderson  
Simon Hogarth  
Brooke Owen  
Marina Pezzotti  
Steve Wills

\* \* \* \*

Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(ix) Commodore's Messenger Organization International

QUESTION 3 b (ix)  
COMMODORE'S MESSENGER ORGANIZATION INTERNATIONAL

The Commodore's Messenger Organization originated on the Apollo in the late 1960's and early 1970's. It was originally comprised of messengers who assisted L. Ron Hubbard as Commodore of the Sea Organization.

In the late 1970's, Commodore's Messenger Organization International ("CMO Int") evolved to take on a supervisory function, and in 1979 the Watchdog Committee was formed as part of CMO Int to oversee church management at all echelons. At present, CMO Int's primary role is to assist WDC by helping it establish effective management bodies in lower Church organizations and by gathering information.

CMO Int and WDC do not manage individual churches. Instead, they are responsible for ensuring that management bodies such as the International Executive Strata, Flag Bureaux, Scientology Missions International, etc. are properly established and functioning effectively.

For example, the Watchdog Committee member responsible for Class V Churches might determine that local Churches are not receiving sufficient guidance from Church management. He may find that there is an insufficient number of staff in the Flag Bureaux to efficiently supervise all the Churches. CMO Int would then carry out a project to locate and train the personnel necessary to solve the problem.

CMO Int also contains three separate offices, each of which oversees some specific religious function of the Church. One is



the office of Senior Case Supervisor International ("Senior CS Int"), which is responsible for the technical quality of auditing and training throughout the Church. Another is the office of LRH Personal Public Relations, which is responsible for maintaining and improving the image of the Church's Founder and the public relations of the Church itself. The third is the International Finance Office, which has been described in response to question 3b(vi).

CMO Int is organized as a Scientology "organization" and is managed as one, i.e., it is managed on a day-to-day basis by its Commanding Officer (who also serves as WDC Chairman) and its "Executive Council," which meets at least several times a week. The Executive Council consists of seven of CMO INT's most senior staff.

Specifically, the members of CMO INT's Executive Council are its: Commanding Officer, three Deputy Commanding Officers, Chief Officer, Supercargo and LRH Personal Public Relations Officer International.

In meetings of the Executive Council each council member makes proposals or briefings concerning his or her particular area of responsibility. Other members respond to such proposals only with respect to their own particular area of responsibility. Final decisions are made in light of set priorities and the overall goals of the Church. The Commanding Officer serves as the final arbiter of any disagreement that Council members cannot resolve among themselves.

As CMO Int contains within it the highest ecclesiastical positions in the Mother Church, it does not report to any organization.

The Commanding Officer CMO INT at December 31, 1989 and at present is Mark Ingber.

The LRH Personal Public Relations Officer International as of December 31, 1989 and at present is Michael Rinder.

As of December 31, 1989 the other members of the Executive Council, CMO International were:

Craig Wilson  
Sharon Houck  
Mickey Lipton  
Bettina Posten

At present, the other members of the Executive Council CMO INT  
are:

Craig Wilson  
Cheryl Azevedo  
Laurence Barram  
Stephanie Horwich

\* \* \* \*

Question 3b

Describe the management structure of the following entities or organizations and list the names of all the individuals involved in the management of such entity or organization. Where the organization or entity is a committee, please list all members thereof.

This list should be as of December 31, 1989, and should include any changes that have occurred up to the date of your response. In addition, please name the organization(s) to which these individuals report or are immediately responsible to.

The list provided under this question 3.b. should include the following entities or organizations:

(x) Office of Special Affairs International

QUESTION 3 b (x)  
OFFICE OF SPECIAL AFFAIRS INTERNATIONAL

Office of Special Affairs International (OSA Int) is a part of the Flag Command Bureaux. It is headed by its own Commanding Officer.

Its purpose is to ensure that legal and other external matters affecting the Church are successfully resolved, and to see to it that Scientology Churches comply with all legal requirements in their area. It also directs certain of the Church's social reform and community outreach activities to change conditions in the society and to create a better environment for the churches to operate in.

OSA Int functions both as a management body as well as directly handling legal situations of broad concern to the Church.

On the management side, OSA International functions similarly to the other parts of the Flag Command Bureaux, with respect to its own specialized functions. Each church has a Director of Special Affairs ("DSA") who is responsible for seeing to it that the local Church meets all legal requirements and also for handling all external situations affecting his or her Church. The DSA may have juniors depending on the size of the Church. Each CLO has a Continental Office of Special Affairs which supervises the DSAs for that Continent.

OSA International sees to it that the Continental Offices are established and that DSAs are on post in the Churches.

As an example of how OSA International functions as a management body, there is a program called the "Legal Rudiments Program" which lists all of the legal requirements for a Church, as well as other safeguards. This rudiments list includes such things as proper enrollment forms in use for church services, compliance with city building codes, payroll and property tax returns timely filed and paid, corporate minutes and board book complete and up to date and so forth. There are different versions of the program in use throughout the world to fit different legal systems. Through the Continental Office, OSA International encourages each DSA to get the program done so that his or her Church is fully protected.

The other major activity of OSA International is to assist church attorneys on all lawsuits to which CSI is a party. OSA Int personnel also oversee and assist in significant litigation affecting individual churches around the world.

OSA Int also provides management guidance to social reform groups and activities. An example of a situation affecting CSI directly which OSA Int was involved in was the recent Los Angeles riots. OSA Int staff helped organize a trauma center to assist riot victims. OSA Int also organized clean-up efforts of destroyed businesses and has participated in efforts with other churches and community groups to rebuild the community such as the recently held "Hands Across LA" event.

As of December 31, 1989 and at present the Commanding Officer OSA Int is Kurt Weiland. Kurt Weiland holds the position of WDC OSA but is temporarily holding the position of Commanding Officer OSA Int. He reports to WDC Chairman.

\* \* \* \*

Question 3c

c. Name the individuals who held the following offices as of December 31, 1989, and include any changes up to the date of your response: (i) International Finance Director; (ii) International Finance Ethics Officer; (iii) International Landlord; (iv) Commanding Officer OSA International; (iv) Commanding Officer Flag Command Bureaux; and (v) Executive Director International.

(i) The person who held the position of International Finance Director at December 31, 1989 is Andrew Stevens. This position is currently held by Sabine Peshkin.

(ii) The post of International Finance Ethics Officer was vacant at December 31, 1989. The person currently holding this position is Andrew Stevens.

(iii) The person who held the position of International Landlord at December 31, 1989 is Arthur Medieros. This position is currently held by Linda Stuart.

(iv) The person who held the position of Commanding Officer OSA International at December 31, 1989 and who currently holds this position is Kurt Weiland.

(v) The person who held the position of Commanding Officer Flag Command Bureaux at December 31, 1989 is Mariette Lindstein. This position is currently held by Rita Schwarzgrubber.

(vi) The person who held the position of Executive Director International at December 31, 1989 and at the present date is Guillaume Lesevre.

\* \* \* \*

Question 3(d)

3(d). Did the Guardian's Office exist on December 31, 1989, or any date since then? During that period, has there been a Guardian? If the answer is yes to either or both of these questions, please list the name(s) of the Guardian(s) and describe the role of the Guardian and the Guardian's Office. If no, is there any entity that performs functions or operates in a manner similar to the former Guardian's Office?

Introduction:

In this question and question 10(a), the Service seeks information concerning the Guardian's Office. Because of the close relationship of this question with question 10(a), we answer both questions fully here.

There are straightforward answers to these questions. The Guardian's Office ("GO") was disbanded in 1982 and 1983. A thorough purge of Guardian's Office staff was conducted at that time: those convicted of illegal acts were dismissed and are prohibited from ever returning to Church of Scientology staff in any capacity. During 1981 through 1983 the Church conducted its own internal investigation and dismissed from its employ anyone found to have been in any way involved with or condoning similar activities. Such individuals are also barred from ever again serving on staff in any Church of Scientology. There is no Guardian currently and there has not been one for over a decade.

No entity replaced the GO. However, certain functions the GO was originally formed to conduct are now carried out by the Office of Special Affairs ("OSA"), the International Finance Network, the LRH Personal Public Relations Network and the Association for Better Living and Education ("ABLE"). Specifically, OSA deals with legal matters; the International Finance Network sees that Church organizations maintain proper financial records and accounts; LRH Personal Public Relations Office International handles public relations; and ABLE deals with the community outreach social betterment programs of drug rehabilitation (Narconon), criminal rehabilitation (Criminon), education (Applied Scholastics) and raising moral standards in society (The Way to Happiness Foundation).

As discussed in greater detail below, none of these activities operate in a manner similar to the old Guardian's Office.

Background:

The Guardian and Guardian's Office were first established in March of 1966 because legal and other external facing matters were consuming the time and resources of churches of Scientology. In particular, church leaders were being distracted from their primary functions of ministering to the spiritual needs of their expanding religious communities and building their organizations.

The first Guardian was Mary Sue Hubbard. Over the next several years, Guardian's Offices were formed at local churches of Scientology around the world. These local GOs assumed responsibility for each church's external affairs, with the purpose of freeing their executives and staff to practice and proselytize the religion without distractions. In January of 1969, Mrs. Hubbard appointed Jane Kember as Guardian Worldwide, the highest position in the Guardian's Office, and Mrs. Hubbard assumed the position of Controller, which was senior to the Guardian's Office.

In 1966, when the GO was formed, the ecclesiastical management headquarters for the Church of Scientology was located in England, at Saint Hill Manor. The highest ecclesiastical body at that time was Executive Council Worldwide. The office of the Guardian was then physically located with the rest of Church management. Mr. Hubbard resigned his position as Executive Director of the Church in September 1966, in order to devote his time to researching the upper levels of spiritual awareness and establishing a base where these levels could be delivered to Scientology parishioners. Needing an environment free from the workaday distractions of Saint Hill, Mr. Hubbard along with his family and a few trusted Scientologists relocated aboard a ship in the Mediterranean. This marked the beginning of the Sea Organization.

The Executive Council Worldwide and the Guardian's Office Worldwide remained in England and continued to perform their functions from Saint Hill. Within a couple of years it became clear that Executive Council Worldwide was not adequately performing its functions and that the Church was experiencing a decline. In August 1971, after various attempts to correct the perceived problems, the Executive Council Worldwide was disbanded and the ecclesiastical management of the Church was taken over by Sea Org members in the recently formed Flag Bureaux aboard the Sea Org ship Apollo.

While the Executive Council Worldwide was disbanded in 1971, the Guardian's Office Worldwide ("GO WW") continued to be headquartered in England where it was managed and directed by Jane

Kember. By the 1970s then, GO WW was physically separate from Scientology ecclesiastical management. The reporting and command lines in the GO were also entirely separate. GO offices were locked and off limits to non-GO staff. The GO thus had become an autonomous network, separate from the rest of Church management. Within the GO there was yet a further segregation -- a group called the Intelligence Bureau ("BI") kept its activities confidential even from other parts of the GO, particularly those activities it considered sensitive.

During the middle 1970s, the Scientology ecclesiastical management structure continued to evolve with the formation of the Commodores Messenger Organization, the move of the Flag Bureaux from the Apollo to a landbase in Clearwater, Florida, in 1975, and other changes. Throughout this period GO WW remained in England, becoming more and more distant from Church management. The Guardian's Office was not Sea Org. Their operations, activities and premises were inaccessible to Sea Org members in Church management -- or anyone else not in the GO.

#### Guardian's Office Illegalities:

In July of 1977, the FBI conducted massive raids on offices of the GO in Los Angeles and in Washington D.C.. Michael Meisner, who had worked in the Information Bureau of the GO, both in D.C. and Los Angeles, had gone to the FBI and provided detailed information about infiltration of government offices by GO staff and/or volunteers, for the purpose of obtaining documents those offices had on the Church. Litigation over the legality of the raids commenced immediately. Criminal indictments were returned against eleven individuals, including Mary Sue Hubbard and Jane Kember.

Because of the autonomy of the Guardian's Office, and the secrecy within its Intelligence Bureau, the truth about GO misconduct remained unknown to the rest of the Church and even to other segments of the Guardian's Office for several reasons. The GO executives involved with the criminal activities suppressed this information within the Church and characterized the raids and criminal prosecutions as simply the latest in a long history of attacks on the religion. This explanation was supported by the fact that government (especially FBI and IRS) disinformation about the Church was rampant in the 1960s and 1970s and Scientologists



had become somewhat inured to it.<sup>1/</sup> Church management and staff were concerned with the practice of the religion and were not involved with the GO indictees. This combination of circumstances made it possible for someone like Jane Kember to hold herself out as a martyr being unjustly persecuted and yet remain credible with Scientology management.<sup>2/</sup>

Indeed the Government Prosecutor in the D.C. criminal trial testified in deposition that only a small percentage of the people within the GO even knew about the illegal acts that were committed by the GO staff.

Church Investigation of the Guardian's Office:

In late 1979 and throughout 1980 Church management began to receive indications that there were problems within the Guardian's Office:

1. The Mission network which was the responsibility of the GO (and which was its primary source of funding) was experiencing an ethical decline. One of the largest missions became embroiled in litigation and a number of mission holders were found to be involved in unethical activities when they arrived at the Flag Service Organization for auditing.

2. Instances of GO staff opening businesses and employing Church staff to the detriment of local churches were reported. When this situation was reported to GO WW and to Mary Sue Hubbard, the response was a GO investigation and intimidation of the Sea Org staff who had received the reports.

---

1/ For example, internal FBI and IRS documents from this period falsely accused the Church of trafficking in illegal drugs and weapons, promoting rampant drug use and promiscuity, conducting paramilitary operations and plotting civil insurrection.

2/ Mrs. Kember recently testified at a trial in Canada that she and her Deputy Guardian for Intelligence, Mo Budlong, confronted with attacks that they believed threatened the very survival of the religion, decided on their own to use illegal intelligence measures to locate the sources of the attacks and defend the religion. She confirmed that these activities were only known to a small number of people within the GO because she knew that these activities would not have been condoned by Church management.

3. In the Fall of 1980, after having had no communication with the Church for several months, Mr. Hubbard wrote to the Commodore's Messenger Organization International ("CMO INT") about a wide range of subjects including an inquiry about whether there were any lawsuits against him that he should know about.<sup>3/</sup> When asked about this subject, Mary Sue Hubbard gave only a terse response that there were a number of suits, it would take years to resolve them and that the GO did not welcome anyone's help or inquiries.

The above, combined with the always bothersome general secretiveness of the GO, were interpreted by CMO INT as very alarming behavior. Accordingly, a full time Special Project was initiated by CMO INT to investigate legal matters and the GO's ineffectiveness in dealing them and the extent to which the GO had departed from its original purpose and design.

The Special Project's attempts to get information were thwarted by Mrs. Hubbard. She informed the Special Project that she did not appreciate their investigation of the GO and that if one were needed she would do it. In March 1981 she cut all communication lines to the GO except through herself. It must be noted that Mary Sue Hubbard believed her position as Controller and as the Founder's wife to be unassailable and beyond reproach by anyone but Mr. Hubbard - who was not around at the time. This, plus her absolute control of the GO made it difficult for the Special Project to get anything done.

In April 1981, in an unprecedented move and without Mrs. Hubbard's knowledge, Special Project sent a mission to GO WW to inspect the Legal Bureau under the guise that they had been authorized by Mrs. Hubbard. What the mission found confirmed their worst suspicions. They found the Deputy Guardian for Legal involved in unethical sexual activities, not doing his job and desiring to leave the GO to go into private practice as an attorney. An inspection of files showed the legal suits to be severely neglected with overdue motions and pleadings. There was almost no evidence of standard Scientology administrative policy being applied.

---

<sup>3/</sup> As discussed in the response to Question 10(d), in early 1980, Boston attorney Michael Flynn initiated a series of duplicative personal injury lawsuits against the Church and Mr. Hubbard. Part of the Flynn litigation strategy was to name Mr. Hubbard in these suits in the belief that he would not personally appear and thus force the Church to settle or alternatively face default judgments.

During May 1981 the Special Project's investigation of the GO intensified. The original mission to the Legal Bureau GO WW brought back a great deal of damaging information. Mary Sue Hubbard, in order to save face, could not admit to her staff that she had not authorized the mission. A second mission fired to GO WW in May and removed the Deputy Guardian for Legal, Charles Parselle, from post and put other GO WW executives and legal staff through Scientology ethics procedures in an effort to correct them and make them more productive.

With increased access to the legal area, in June, 1981 the Special Project discovered startling information. Appended to pleadings by plaintiffs suing Scientology were documents detailing GO criminality which had been seized in the 1977 raid. These documents contained appalling evidence of GO criminality - infiltration of government agencies and harrassment campaigns against those the GO considered enemies. When further investigation proved the documents to be authentic, CMO INT decided that it would have to take charge of GO WW and the GO network until it could be reformed and corrected.

CMO INT planned a complete take-over of the GO.

There were a number of obstacles. Mary Sue Hubbard was still asserting her position as Controller. Mrs. Hubbard and other GO executives suborned the then Commanding Officer CMO INT, Dede Reisdorf, to call off the investigation. Mrs. Hubbard also befriended Laurel Sullivan who was working on a corporate sort out project for the Church and convinced her to restructure corporate affairs so that she and others in the GO would own the trademarks of Scientology. Sullivan was encouraged and assisted by Gerry Armstrong, who sought a position in B1 as his reward.

Sullivan's mission was immediately terminated and she was put on menial physical work pending ethics and justice actions. Reisdorf was removed from post by her peers. Armstrong was investigated for having falsified documents within the Church. These GO sympathizers later left the Church and became government informants and witnesses against the Church in civil litigation as set forth in detail in the response to question 10d.

David Miscavige gathered a couple dozen of the most proven Sea Org executives from around the world. He briefed them on what had been discovered in investigating the GO. Together, they planned a series of missions to take over the GO, investigate it and reform it thoroughly. The stakes were high because they faced expulsion from Scientology if they were unsuccessful and the GO prevailed.

Accordingly, on July 13, 1981, with no advance warning to the GO, a coordinated series of five CMO missions were sent out to take over the Guardian's Office.

The first of these missions, headed by David Miscavige, met with Mary Sue Hubbard to convince her to resign. This was essential as the GO consisted of around 1,500 staff who were loyal to Mrs. Hubbard. During a stormy meeting she refused to cooperate. She finally relented when Mr. Miscavige told her that regardless of what authority she attempted to invoke, when both public and staff Scientologists were briefed on the crimes of the GO they would demand the GO leadership step down. It would result in a war of wills involving the entire congregation. She would lose, and there would be a lot of bad blood created to the detriment of the religion. Realizing the outrage that would ensue and that the GO would lose any such struggle, she wrote her resignation.

The other missions were then sent out as soon as this resignation was obtained. One mission was sent into the Intelligence Bureau with its principal objective to uncover any and all illegal activities and the persons responsible. Another mission was sent into the Office of the Controller, comprised of assistants under Mrs. Hubbard for each of the areas of Legal, Intelligence, Public Relations and Finance. The Deputy Controller and the Controller Assistants for these areas were all removed from post. They, along with Jane Kember and a number of the individuals who were directly involved in the criminal proceedings were then turned over to another separate ethics mission. This mission, aptly titled the Crim (criminal) Handling Mission, commenced internal ethics and justice actions on these individuals and began the process of removing them from Church employ. Any staff determined by any of the missions to have been involved in any illegalities were put under the charge of this ethics mission to determine more fully each person's situation and to remove them from staff.

The fifth CMO mission sent at that time went to GO WW to organize that area as most of the executives who had been over it had been removed.

Within a day of Mrs. Hubbard's resignation, senior Guardian's Office officials including Jane Kember and the head of Intelligence, Jimmy Mulligan, secretly met with Mrs. Hubbard and conspired to regain control of the GO. Mrs. Hubbard signed a letter revoking her resignation and condemning the actions by the CMO. Scores of GO staff responded, locking CMO INT Missionaires out of their premises and were intending to hire armed guards to bar access to the Sea Org. Mr. Miscavige confronted the mutineers,

and persuaded Mrs. Hubbard to again resign which ended the last vestige of resistance. While the GO still existed, it was now operating under the direct supervision of CMO missions.

In early August 1981 a Scientology ecclesiastical justice action was convened concerning eleven Worldwide and U.S. Guardian's Office senior executives who had been removed from their positions, including Jane Kember and three of the other persons who had been charged in the criminal case. In early October each of these individuals formally resigned their staff positions.

It was not until September 1981 that Mr. Hubbard was informed about what had taken place with the Guardian's Office, when he again contacted the CMO requesting to be updated on current activities in Scientology. He expressed shock at what had been found in the Guardian's Office and praised those in the CMO who took action on their own initiative.

CMO INT missions and investigations into GO WW in England and the United States Guardian's Office in Los Angeles continued through the end of 1981 and into 1982, weeding out anyone found to have had any part in anything that appeared to have been illegal or who had knowledge of and condoned the GO's illegal acts. Anyone found to be in this category was removed from Church employ.

Beginning in October of 1981 missions were also sent to the other continental Guardian's Offices, such as Canada and Europe, to find out what, if any, illegal activity had occurred there. This process continued throughout 1982 with missions going to virtually all GO offices around the world. Any GO staff who had taken part in criminal activities as well as any staff who believed the GO should operate autonomously and without regard to Church policy were dismissed. During this period the staff of the GO network was reduced by hundreds. Directives were issued that required all orders or communications affecting churches of Scientology originating from the GO to go through the Watchdog Committee of CMO INT.

After the completion of over 50 Sea Org missions into all echelons of the Guardian's Office, in early 1983 it was decided that cleaning up and maintaining the Guardian's Office was not workable and that it needed to be disbanded altogether. This was accomplished by a new series of CMO Int missions sent to GO offices around the world. The pattern of the missions was to remove all GO staff from their positions and put them on estates work and physical labor around the Church. Concurrently, each person was

required to make a full confession of past misdeeds (not limited to illegal acts but also any other violations of Church policy) as part of his or her ethics handlings. Depending on what was found, the person was either dismissed from staff or put on a rehabilitation program. In some cases if the person was relatively clean and willing to abide by Church policy, he or she was retained on church staff but in a lower position on a probationary status. All GO directives and issues of any kind were cancelled across the boards.

Before being disbanded the GO's Finance Bureaux had monitored some aspects of the Church's finances, including the production of and maintenance of accounts and financial records. With the disbanding of the GO, this function was taken over by the International Finance Network where it remains. Public relations activities were put under the direction and supervision of the LRH Personal Public Relations Officer International and his staff. All GO social betterment functions - drug rehabilitation, criminal rehabilitation and education reform, were taken over by a new organization known as Social Coordination. Later this function was assumed by Association for Better Living and Education ("ABLE"). To administer legal affairs, the Office of Special Affairs (OSA) was formed from a mixture of Sea Org staff who had been on one or more of the missions that had disbanded the GO, new staff recruited to work in the area and some former GO staff who had survived investigation and scrutiny and had undergone ethics clean-ups relating to their former affiliation in the GO.

The Office of Special Affairs is not an autonomous group. OSA International is part of the Flag Command Bureaux and the highest OSA management position is that of CO OSA INT. The Watchdog Committee has a WDC member, WDC OSA, whose sole job is to see that OSA INT effectively performs its functions and operates according to Church policy. Continental OSA units are part of the Continental Liaison Offices and local OSA representatives, called Directors of Special Affairs, are staff at their local church subject to the supervision of its Executive Council.

These measures guarantee that the office handling legal matters for the Church will never be autonomous.

Since the disbandment of the GO further steps have been taken to make sure that the negative influences of the GO that were eradicated can never again arise. In 1986 the Church instituted firm policy which makes it mandatory for any former GO staff member to request and get permission from the International Justice Chief before being allowed employment. Any staff who were dismissed

because of involvement in illegalities are not permitted to return to staff under any circumstances. In 1987 another policy was implemented governing the eligibility of Ex-GO staff for advanced level Scientology religious services as parishioners. Such parishioners are required to request permission from the International Justice Chief and must demonstrate to him that they have been rehabilitated, completed their ethics handlings, are leading ethical lives and that they have made significant contributions toward the overall welfare of the Church.

Summary:

The illegal acts of the GO and its perversion and abandonment of Church policy were not taken lightly by Church management once they became known. It required many months of investigation and severe measures by dedicated members of CMO INT to finally cleanse the Church of this corruption. There are no longer any autonomous groups or networks within the Church. All staff are measured against a standard of compliance with church Scripture and against their performance in advancing the religion in terms of ministering to the Scientology religious community and in attracting new members.

In early 1983, the Service was advised, in response to a similar request, that none of the eleven individuals convicted of involvement in criminal activities was then on staff at any church of Scientology, nor was any of them eligible to be on staff in the future.

This continues to be true today and will remain so. Additionally, the Church dismissed a number of others who were determined to have had some part in illegal activities and, although never charged or convicted, are not eligible to be Church of Scientology staff members in the future.

Question 4a

4a. Is there any difference between a Finance Director and a Flag Banking Officer other than their titles and the fact that one serves at a church organization (i.e. are their functions, duties, operating instructions, and guidelines otherwise identical)?

As described in the response to Questions 1(x) and 3b(vi), the term "Flag Banking Officer" ("FBO") refers to the staff position in a local church organization that exercises senior responsibility over financial matters and is responsible for the financial stability and health of his church. The FBO also serves as a nexus on financial matters between a particular church organization and the rest of the Scientology ecclesiastical hierarchy by representing the organization into Church's International Finance Network.

Scientology policy regarding organizational structure requires that there be an FBO in all Church related organizations down to the level of Class V Churches. It is the responsibility of the local church to appoint an FBO from among its staff.

Several Church-related organizations that deal directly with the secular world have chosen to refer to the individual on staff who carries out the functions of an FBO in terms more conventional in the world of nonprofit organizations and use the term "Finance Director." These organizations include ABLE, which deals with charitable organizations; WISE, which deals with businesses; and CSI's Office of Special Affairs, which deals with attorneys, accountants and other outside professionals. Despite the difference in name, the Finance Director in these organizations has very similar functions, duties, operating instructions and guidelines as the FBO in other Church organizations.

Although several Church-related organizations have chosen to use the name "Finance Director" in lieu of FBO, normally the term Finance Director denotes a more senior position in the International Finance Network. For example, the most senior staff position in the International Finance Network is referred to as the "International Finance Director," who is responsible for making sure the Finance Network is established and operating pursuant to Church ecclesiastical finance policy. The most senior position in the Flag Finance Office of the Flag Command Bureaux, which is responsible for coordination and operation of the Finance Network from the FCB level, is the "Flag Finance Director." The most senior position in the International Finance Network at Continental Liaison Offices, which provide ecclesiastical support services to the churches within their geographic area, is entitled the



"Continental Finance Director." The Continental Finance Director oversees individual FBO's in the church organizations located in the relevant geographic area.

As described in the answer to Question 1(x), many different organizations may adopt the term FBO or Finance Director strictly as part of their organizational structure. That position however does not carry with it the right to participation in the International Finance Network. Thus while certain missions, ABLE licensees and WISE licensees may have chosen to use these titles to describe a position in their organizations, there is no requirement or suggestion that they do so and they are not part of the International Finance Network.

\* \* \* \*

Question 4(b)

Please describe any internal financial auditing procedures used in the Finance or Flag Banking Network. Provide an explanation of any guidelines governing the Flag Banking Officers (hereinafter "FBOs") and Finance Directors with respect to accounting for, allocating, or distributing funds that are received by the organization at which the FBO or Finance Director is posted. Include in your response representative documents given to the FBOs and/or Finance Directors containing such guidelines. Please describe any internal audit procedures by which CSI or any other entity determines compliance with these guidelines. This description should include those procedures and guidelines in effect as of December 31, 1989, as well as any changes to the date of your response.

**I. FINANCIAL AUDITING PROCEDURES**

The accounting system employed by all Scientology churches and organizations follows the policies and procedures contained in the portion of Scientology policy which deals with finance and treasury matters.

**A. Basic Definitions and Rules**

Scientology policy sets forth basic accounting policies, for example: (1) All sums received from any source must be legibly invoiced and banked (they may not be spent before banking, not even a penny no matter the emergency); (2) All sums disbursed must be disbursed by check (even petty cash and salary sums must be drawn by check before being disbursed); (3) All sums disbursed must also be disbursed by legible voucher giving full details in addition to the check giving full data; and (4) All audits must be done from original records. The Church's accounting policy is based on the premise that all financial transactions are recorded as income or disbursements as they occur.

It should be noted that the Church of Scientology accounting system employs some terms in a broader sense than those used in traditional accounting systems. The term "audit", in a narrow sense, refers to the particular procedures generally recognized by accountants as essential in acquiring sufficient information to permit the expression of an informed opinion as to a financial statement or balance sheet. However, in the Scientology accounting system, the term has the more general definition of work a staff member undertakes in the way of substantiating or examining a transaction, the records of a series of transactions, a financial statement, or a schedule reflecting one or more transactions or accounts.

Similarly the term "income" in the Scientology accounting system is defined as an addition to cash or a receipt, rather than the narrower definition of sales or revenue. Thus transfers between bank accounts of the same church are recorded on the income summary as income to the account to which the funds are transferred, and conversely as a disbursement from the account from which the funds are transferred.

In the Church, "gross income" means the total amount of cash, coin, checks, money orders, cashier's checks, or bank drafts that are immediately depositable, received by the church in the mail, over the counter or wired directly into the Finance Office account of the church by the close of the relevant accounting period.

"Income" is recorded on a form known as an "invoice." Disbursements are recorded on a "disbursement voucher," referred to as a "DV". The "invoices" and "DVs" are the original entry records in the Church of Scientology accounting system. The invoices and DVs are forms which have several carbon copies. The several copies of an invoice or DV are utilized to accomplish various purposes. The copy of the invoice (or DV) which is the original entry record is called the "breakdown" copy in the Church of Scientology accounting system. The breakdown copy is accumulated for the accounting period with other invoices or DVs of the same type or category of transaction. For example, all invoices for contributions for delivery of religious services are put together; all disbursements for dissemination expenses are put together, and so on.

Numerous internal controls are built into the Church of Scientology accounting system. For example, the invoices and DVs are numerically controlled. One copy remains attached in consecutive order and this continuous series (called "in-series") is filed with the breakdown copies as a control so integrity and accountability remain. In addition, there is a segregation of duties related to receipt, custody and deposit of income.

Each Church of Scientology organization has a Flag Banking Officer or finance officer who collects and verifies payments received against invoices written by the cashier or Department of Income staff. Bank reconciliations are subsequently performed by staff members in the Department of Records, Assets and Materiel who do not have responsibility or custody for receipts or disbursements. Disbursements are controlled by a standardized series of weekly financial planning routines carried out by the executives of the organization. The verification of bills received from suppliers, and their preparation for payment including check

writing, is handled by staff in the Department of Disbursements, who handle neither the receipts nor the organization's bankings. Bills payments are authorized by the organization's weekly financial planning and checks are signed jointly by two responsible executive staff members. Staff members newly assigned to accounting and financial duties are required to undertake courses and become thoroughly trained in Scientology accounting policy.

#### **B. Detailed Internal Audit Procedures**

Once every month, the financial records of each Scientology organization are subjected to an internal audit. This audit is carried out by the Audits Officer, under the supervision of the Organization's Flag Banking Officer and Director of Special Affairs, each of whom receives and reviews copies of the completed internal audit summaries.

An internal audit has three steps -- (1) Assembly, (2) Breakdown, and (3) Summarizing and reconciliation. The first step, Assembly, collects the following financial records for the relevant period:

- a. bank statements for all of the church's bank accounts;
- b. checkbooks for all accounts;
- c. bank deposit books;
- d. weekly income packets;
- e. monthly (or weekly) disbursement packets.

The second step -- breakdown -- segregates the original records (invoices and disbursement vouchers) into their respective categories of income or disbursements, by bank account. Once the records have been sorted and analyzed, they are ready for the third step -- reconciliation to the bank statements and summarization to internal financial reports. Each of these steps is discussed in greater detail below.

##### **1. Records Assembly**

a. **Bank Statements:** The bank statements for each of the church's accounts are sorted and arranged into chronological order. Each account's statements are stapled together behind a cardboard cover (like a book) on which is marked the church name, bank name, bank account title and number, and the period covered. A line is drawn across each account's bank statements immediately after the last entry for the period, which makes it easier to identify the outstanding checks and deposits.

b. **Checkbooks:** All checkbooks for bank accounts

that had any disbursements during the period are collected and sorted by account in chronological order. All checks that have been returned from the bank after being paid are taped back onto their respective checkbook counterfoil.

c. Bank deposit books: All deposit books for the period are collected and sorted by account in chronological order. All original deposit slips that are returned by the bank after being paid are taped back onto their respective counterfoil. When the bank provides only a deposit receipt, it is taped onto the respective counterfoil instead.

d. Weekly income packets: There will be 4 or 5 weekly income packets in a month, each one of which should contain:

- i. a continuous "in-series" set of the church's invoices for the week;
- ii. a second "breakdown" set of invoices for the week;
- iii. an adding machine tape-list of the continuous in-series invoices;
- iv. copies of the week's bank deposit slips and bank receipts (if any); and
- v. Flag Banking Officer's income packet containing the FBO's receipts/invoices for the week, adding machine tapes, and bank deposit slips or receipts for the Finance Office accounts.

The Audits Officer checks that each packet contains all of the above and that it is complete and locates anything that is missing. He also verifies that the invoice numbers in the continuous series are consecutive with none missing, and that the week's invoice numbers follow on from those in the previous week's packet. Once assembled, the weekly income packet is marked on the outside with the church's name, week ending date, and the consecutive series of invoice numbers it contains.

e. Monthly Disbursement packets: The Audits Officer verifies that the monthly disbursements packet contains:

- i. a continuous "in-series" set of the church's disbursement vouchers (DVs) for the month;
- ii. a second "breakdown" set of DVs for the month;
- iii. adding machine tape-lists of the continuous in-series DVs;

- iv. copies of any bank debit advices (if any); and
- v. the Flag Banking Officer's DVs for the month, for the Finance Office accounts.

The Audits Officer also verifies that the DV numbers in the continuous series are consecutive with none missing, and that the month's DV numbers follow on from those in the previous month's packet. Once assembled, the monthly disbursement voucher packet is marked on the outside with the church's name, month, and the consecutive series of DV numbers it contains. That completes the assembly part of the audit.

The remaining procedure for the Income audit and the Disbursements audit vary slightly, so they are discussed separately.

## 2. Income Audit

### a. Breakdown

The Audit Officer's first step is to see that the adding tape list of the week's gross income matches exactly the in-series continuous invoices for the week. Next, the loose, separated set of the week's invoices (which is a duplicate of the in-series set) are marked with the appropriate income category codes, e.g. donations for ministerial training courses, spiritual counselling, bookstore income, advance donations, returned disbursements, etc. The invoices are then sorted by category in chronological order. Where an invoice contains more than one category, for example invoices for sales of books which include sales tax, a separate list is prepared of the sales tax amounts. This listing is included in the appropriate income category for sales tax, while the original invoices are included in the Booksales category net of sales taxes.

After sorting by categories, the invoices will include three additional types: (i) internal income invoices, which record transfers into one church bank account from another, e.g. Main account invoice of transfer from Finance Office Number 1 account; (ii) debit/credit invoices which represent debit or credit entries to members' advance donation accounts; and (iii) any other non-cash items, which are called "not applicable" invoices. These are sorted into the three different types and set aside for use later on in the audit.

An adding machine tape is made of all the invoices in each income category which is stapled on top of the listed invoices and

labelled with the church name, week ending, and income category. When this is completed for each category of invoices, a summary tape list, called the income breakdown tape, is made of the totals of each income category. The grand total of the income breakdown tape is compared to the total of the original tape list of the week's total gross income; the two totals must match exactly.

The next step of the audit is to match the total of the income breakdown tape with the tape list of the FBO's receipts/invoices in the FBO income packet. (Note: The FBO issues separate receipts to the church when collecting the church's gross income for daily banking into the Finance Office Number 1 account.) When that is matched, the remainder of the FBO's receipts/invoices in the FBO income packet for direct income items such as bounced checks collected, are sorted, categorized, tape listed and totalled in the same manner as church invoices. An FBO income breakdown tape of the totals of all FBO invoice categories is then done. This tape's total is then compared to the FBO's bank deposit slips or receipts for the week, and the two agreed.

Finally, the three additional types of church invoices are dealt with, viz: internal income (inter-account transfers), debit/credit, and others (not applicables). The internal income invoices are sorted by bank account into their respective income category and tape listed in the same manner as described above. The debit/credit invoices are likewise sorted chronologically into their respective income category, tape listed and totalled as above. The other invoices which are all non-cash items are sorted chronologically and clipped together.

The foregoing breakdown procedure is repeated for each weekly income packet in the month.

#### b. Reconciliation and Summarization

When the breakdown is completed, the income for the month is summarized in the Summary of Income on 16-column analysis paper. This summary records the income category descriptions down the left and the week endings in the columns across the top. The figures from each weekly income breakdown tape then are transcribed to the appropriate week's column. The totals from the FBO income breakdown tape are similarly recorded under the appropriate week's column, followed by the other accounts' income breakdown tapes. The column entries are then totalled to give grand total income (all accounts). Finally, the total bankings are recorded at the

bottom of the week's column, i.e. FBO account bankings of both church gross income and other FBO direct non-gross income bankings, followed by the other accounts bankings. The total of all bankings is compared to the grand total (all accounts) and agreed.

The next part of the audit is to reconcile the bank deposits with the bank statements and adjust for outstanding deposits at the beginning and end of the period. The Audits Officer collects together all bank statements, bank deposit books, tape lists of the period's bankings, and the list of outstanding deposits from the prior period.

The prior period's outstanding deposits are checked off against this period's bank statements and all those that cleared are marked accordingly. Any deposits not clearing are verified with the original bank deposit counterfoil to see that the item is still valid. This period's bank deposits are then checked against the bank statements and all items that cleared are marked accordingly.

Next, the credit entries on the bank statements of each account during the period are tape listed and totalled. The list is headed with the church's name, period and account name, and labelled Bank Credits. A tape list of outstanding deposits that have not yet cleared the bank is prepared, including any items still outstanding from the prior period. This is taped to the bottom of the Bank Credits list. Finally, an income reconciliation tape is prepared showing: Bank Credits total for this period, less total outstanding deposits (prior period), plus total outstanding deposits (this period) = Total Income this period. The last figure is compared to the total income figure for the corresponding bank account on the Summary of Income and agreed.

The foregoing procedure is done for each of the church's bank accounts so that on completion, all of the church's income has been matched to the reconciled bankings of each bank account in the period.

### 3. Disbursements Audit

#### a. Breakdown

The disbursements audit breakdown is similar to the Income audit breakdown. The Audits Officer first ensures that he has all bank statements for the period, all checkbooks and the list of outstanding checks at the end of the prior period, together with the month's disbursement voucher packet.



The Audits Officer takes the breakdown copies of the month's disbursement vouchers (DVs) and sorts them by bank account. Next he goes through each bank accounts' DVs and sorts them into different disbursement categories, e.g. rent, salaries, insurance, telephone, dissemination expenses, inter-account transfers, etc. Next, the list of outstanding checks from the prior period is checked off against the current period's bank statements. Any check that has not yet cleared is re-verified against the appropriate checkbook counterfoil to ensure it is still valid and not voided.

Next, each of the disbursement vouchers in the period is checked off against the debits appearing on the bank statements, by comparing the check numbers that also appear on the DVs. Any DVs representing checks that have not cleared by the end of the period are marked as outstanding. Any debit entries on the bank statements that are not marked off and do not have a DV are separately listed according to their disbursement categories, e.g. bank charges.

All debits on the bank statement for the period are tape listed and labelled Bank Debits. Then the outstanding checks at the end of the period are listed from the prior "outstandings" list and from this period's DVs which are marked "outstanding". This outstandings list is taped to the bottom of the Bank debits tape. A reconciliation tape is prepared which lists: Bank debits, less outstanding checks in prior period, plus outstanding checks this period = Total Disbursements.

The DVs that are sorted by disbursement category are then tape listed. When every category's DVs have been listed, a disbursement breakdown tape is done that lists the totals of each category, and the grand total disbursements. The total of this tape is then compared with the Total Disbursements list prepared above, and agreed.

This audit procedure is then repeated for each bank account.

b. Reconciliation and Summarization

A Summary of Disbursements schedule for the month is prepared on 16-column analysis paper. This lists the disbursement categories down the left and the different bank accounts across the columns, and a total column on the right. The figures for each category from the disbursements breakdown tape of each bank account are then entered onto this summary and the total disbursements column summed.

#### 4. Preparation of Internal Statements

When all of these audit steps have been completed, final summaries are prepared of Income, Disbursements and bank account movements on standard forms which are used by all Scientology organizations. In addition, schedules are prepared of certain income and disbursement categories, listing the individual Invoices or DVs that were written during the period and providing additional information to facilitate review.

The audit records and summaries are then subjected to a further review by the organization's Flag Banking Officer and Director of Special Affairs. If any discrepancies or oddities are noted in the audit figures, appropriate alerts are written to executives of the organization, with copies to Continental and Flag Finance Offices, so they are identified and resolved.

For example, if the audit were to show that no monthly rent was disbursed in the period, or a bank account is overdrawn, or if insufficient fund raising commissions were disbursed commensurate with the level of the organization's delivery of religious services, these would be reasons to alert the organization's executives, and their seniors if necessary, so the discrepancies can be investigated further and corrected. This review also checks the arithmetic accuracy of the figures and ensures that, for example, the total of the inter-account transfers on the income and disbursements summaries agree.

Internal audit procedures thus require that all original records (bank statements, checkbooks, bank deposit books, invoices and DVs) be individually examined, sorted, analyzed, reconciled and summarized at least once a month.

An Audits Officer must know all applicable finance and treasury policies and be trained in the exact audit procedures outlined above. He forwards copies of the final audit summaries to the church's Flag Banking Officer and Director of Special Affairs, with copies to the appropriate Continental Liaison Office and to Flag Command Bureaux.

These procedures were in effect as of 31 December 1989 and have remained without change to today. Some Scientology organizations' treasury records now are maintained on computer. The basic audit procedures described above are still applicable, except that the basic data (invoices, disbursement vouchers, checks, deposits, etc) is maintained in the computer. Thus, reconciliations and clearance of prior outstanding checks and deposits is done via the computer, as tape listings and so on are no longer

necessary. Back-up computer disks and hard-copy printouts of the computerized monthly audit summaries (income, disbursements and bank accounts, plus schedules) are routinely maintained as a safeguard against computer data loss.

## II. FLAG BANKING OFFICER PROCEDURES

### A. Deposit and Reconciliation of Funds

A Scientology organization's income from the delivery of religious services and bookstore sales is received and invoiced by various personnel within the Church, such as the registrar, bookstore officer, cashier, income department personnel, and public division staff, etc. Each day the income and corresponding invoices are collected by the Income Department or Cashier from the invoicing personnel. The Flag Banking Officer (FBO) of the organization must verify and collect the gross income received by the church from the Cashier or Income Department of the Treasury Division daily. He must ensure that the church's invoices tape-total equals the exact amount received by the FBO. The FBO then issues an invoice of receipt to the Cashier or Director of Income for the income collected. The FBO also must make a note of the income received in his FBO records, and also note any bounced checks returned by the bank that day, and any bounced checks re-collected.

The FBO inspects the dates and endorsements and currency of all checks before deposit. He then makes out a deposit slip for the day's income being banked, and a separate slip for any bounced checks being redeposited. He deposits the money in the church's Finance Office Number 1 account. This practice implements the Church's fundamental rule that all money received must be invoiced and banked, and that no money may be spent before banking. The FBO keeps a consecutive record of the bank deposit slips or receipts in the bank's deposit book, or similar record, while putting a second copy of the deposit slip or receipt with the FBO's receipts and invoices. The FBO must keep exact records of any amounts sent abroad for collection or exchange and must follow up each amount until it is cleared. The FBO also must collect any bounced checks from the bank daily and to take actions to contact the drawer to obtain a new check or approval to re-deposit the check.

At the end of the organization's accounting week, after 2 p.m. on Thursday, the FBO must verify the total gross income invoiced by the organization for the entire week against his receipts and

bankings, and agree them. Any differences are promptly investigated and reconciled. This independent review by the FBO of the income received by the organization and comparison to his receipts and bankings ensures that all of the church's weekly income is properly accounted for.

#### B. Weekly Financial Planning

At the end of each accounting week the FBO, as part of his duties, summarizes the church's weekly receipts and income sources, as well as data on any previous income sources that are no longer current. He then provides these data summaries the Executive Council and Advisory Council for them to use in their financial planning on Thursday night.

After Advisory Council has completed its weekly financial planning and it has been approved by the Executive Council, it is forwarded to the FBO for review. The FBO ensures that the weekly financial planning includes a proper plan of the organization's activities for the coming week that will result in an increase in the number of parishioners coming into the Church to take services. He also reviews the proposed financial planning and the amount of allocation requested by the church out of the income of the week just ended. The allocation must adequately cover the organization's promotional needs and other operational expenses. He checks that the proposed expenditures conform to Church policy and that they cover the future needs of the organization, as well as immediate necessities.

#### C. Expenditure Allocations

In general, a Class V Church organization allocates 30% of its allocation sum to staff pay and a minimum of 14% is allocated to proselytization. The latter include Church dissemination campaigns, magazines, newsletters, posters, flyers, mailings, etc. Of the 14%, 4% is paid into a pooled fund for broad dissemination within the church's geographical area. Until 1992, this amount was paid to the Church of Scientology International, Planetary Dissemination Organization. Beginning in 1992, however, non-US Churches and most U.S. churches pay this amount to central accounts administered by their respective Continental Liaison Office (e.g., United Kingdom, Europe, Italy, East US, Latin America, etc.). These accounts are used to fund the cost of Church dissemination campaigns over broad areas within the CLO's jurisdiction. In the case of Church of Scientology Flag Service Organization and the Church of Scientology Western US, church ministry organizations within those corporations pay 5% of their corrected gross income to CSI's Planetary Dissemination Org.

The balance of the church's allocation sum, after deducting staff pay or welfare and promotional expenses, is used to cover operational expenses and bills, such as rent, utilities, insurance, telephone and telex, repairs and maintenance, office and administrative supplies, travel expenses, etc.

In a Sea Org organization (such as an Advanced Org, or a Saint Hill) the allocation is similar. However, the staff welfare sum covers crew food, berthing, uniforms and medical expenses, as well as the standard Sea Org allowance (\$30 per week), in lieu of 30% of the corrected gross income to staff pay in non-Sea Org (Class V) churches.

#### D. Disbursement Procedures

When the FBO is satisfied with the financial planning for the week he approves it and arranges a transfer of the allocation sum to the church's Main account. The FBO also arranges a number of other transfers out of the church's gross income for the week, as follows:

##### i. HCO Book Account

All of the HCO Book account income for the week just ended to the HCO Book account. HCO Book account funds may only be used for specific purposes laid down in church policy, for example: re-stocking of bookstore items, expenses relating to booksales such as promotional materials and expenses, commissions, shipping costs, etc.

##### ii. Field Staff Member (FSM) commission and Service Completion award (SCA) accounts

The transfers to the FSM commission and SCA accounts are calculated according to the amount required to top up the balance in each account to the equivalent of one week's average disbursements to field staff members for commissions, or to public as an award for completing a service.

##### iii. Claims Verification Board (CVB) account

The amount of the transfer to CVB account depends upon whether any claims for refund or repayment were notified during the week.

##### iv. General Liability Fund account

This is a local reserve account for security against

any claims made against Scientology organizations or Scientologists, legal costs, uninsured risks, etc. The amount is normally calculated at 5% of the church's corrected gross income for the week.

v. Transfer to Building Fund account (from 1992)

Since early 1992, the FBO also makes a transfer to the organization's Building Fund account. The amount is normally 10% of the organization's weekly corrected gross income. This account provides a cushion against possible insolvency and serves as savings fund for the purchase or renovation of church property and for broad dissemination projects.

vi. Retention in Finance Office accounts

The FBO must maintain sufficient funds on deposit in the Finance Office number 1 account to cover any bounced checks returned from the bank, and to maintain sufficient balance in the Finance Office number 2 account for any anticipated management expenses incurred locally.

vii. Support payments to CSI

The FBO is responsible for arranging payment from the Finance Office Number 1 account to support Church of Scientology International, called "Payments to Flag." Up to 1992, the amount of this payment was not a set amount or percentage but was linked indirectly to ecclesiastical management services rendered by CSI and was determined by the FBO after taking into account the total of other transfers and retentions, and the amount of the church's allocation sum. Beginning in 1992, churches' weekly support payments to CSI have been established at 12.5% of corrected gross income. This percentage was calculated as an apportionment the costs of CSI's religious programs based on current income levels and is subject to adjustment in the future. This applies to all Church organizations with the exception of the Church of Scientology Flag Service Organization. The latter is in the unique position of being the nearest service organization for Church of Scientology International, from an ecclesiastical viewpoint. Therefore, Church of Scientology Flag Service Organization pays a fixed amount per week for the purpose of covering the basic operational expenses of the mother church.

viii. Film Lease payments

Scientology Churches pay a weekly lease fee to Church of Scientology International for the use of religious training films and public dissemination films which are produced by Golden Era

Productions, a division of CSI. The amount is calculated at 9% (8% before October 1991) of the donations received for religious training courses. CSI uses these payments to produce additional films.

ix. Advanced Tech license fees (Advanced Orgs only)

The FBOs of the Advanced Organizations in Denmark (Church of Scientology AOSH EU & AF), UK (Church of Scientology Religious Education College), Australia (Church of Scientology Inc), Los Angeles (Church of Scientology Western US), Clearwater (Church of Scientology Flag Service Organization) and at the Freewinds (Church of Scientology Flag Ship Service Organization) pay advanced tech licensing fees to Religious Technology Center, weekly. The fees are calculated at 6% of the donations for advanced level services delivered by these churches.

x. Continental Management organization payment

The FBOs of Continental organizations additionally pay 10% of the corrected gross income to their Continental Liaison Office, to fund the cost of operations. Continental orgs are generally the principal orgs in the continental area, e.g. London in the UK, Milano in Italy, New York in Eastern US, Johannesburg in South Africa, Sydney in Australia, etc.

xi. Translations Unit payment

Since 1992, all Non-English speaking organizations pay 1% of their weekly corrected gross income to Church of Scientology International to help cover the cost of the Translations Unit (part of CSI). This unit is actively engaged in translating Mr. Hubbard's books and other materials into foreign languages. The Church of Scientology Flag Service Organization also makes a payment towards the cost of the Translations Unit, calculated at 0.5% of its corrected gross income. This is because it attracts public from all countries around the world and thus has a direct need for translated materials for parishioners' use.

xii. Planetary dissemination and public relations expenses

Beginning in 1992, Church of Scientology Flag Service Organization has set aside specific sums for planetary dissemination campaigns and planetary public relations expenditures. The Flag Service Organization is in a unique position, being the largest Church of Scientology and delivering technical training courses and spiritual counselling at all levels - from the lowest grades to the advanced levels. It attracts

public from all over the world of many different nationalities and languages. It also has the largest gross income of any church and therefore is required by Scientology policy to take responsibility for funding planet-wide dissemination and public relations campaigns to make the Church of Scientology and its Founder more widely known to all the peoples of earth. Through such planet-wide dissemination campaigns and public relations activities, an increasing number of new people become aware of the Church and interested in taking services. New public will take their first steps in Scientology perhaps through local field groups, or Missions of Scientology, or Hubbard Dianetics Foundations. They will then move on to Churches of Scientology to take services up to Class V level, and then on to an Advanced Organization or Saint Hill. Thereafter they will become parishioners of the Church of Scientology Flag Service Organization which delivers advanced level services which are not available at lower level churches. The Church of Scientology Flag Service Organization sets aside 14% of its corrected gross income for planetary dissemination purposes and 4.5% for planetary public relations.

Every Friday, after the FBO has approved the organization's weekly financial planning and executed all of the week's transfers and allocations, he completes an FBO Weekly report form. (An example of this report is included in response to Question 4(c) as Exhibit II-4-D). Copies of this report and its attachments are sent to the Continental Finance Office and Int Finance Office where they are reviewed to ensure that the FBO has taken all of the actions that are required of him, as per the guidelines described above.

Guidelines governing the FBOs and Finance Directors with respect to accounting for, allocating and distributing funds that are received by the church organization at which he or she is posted are attached. They consist of Hubbard Communications Office Policy Letter (HCO PL) of 29 January 1971RA, "Flag Banking Officers" (Ex. II-4-A); HCO PL of 10 March 1971RA, "FBO Hat" (Exhibit II-4-B); HCO PL 23 September 1971, "Flag Banking Officer Purposes" (Ex. II-4-C); International Finance Executive Directive 383, "FBO Allocation Form -- Class V Orgs" (Ex. II-4-D); and International Finance Executive Directive 381, "FBO Allocation Form -- Flag Service Org" (Exhibit II-4-E).

\* \* \* \*



Question 4(c)

Please describe the operations and functions of International Network of Computer Organized Management (hereinafter "INCOMM"). Please describe any other centralized reporting system(s), computerized or otherwise, to account for income, expenses, assets or reserves of Scientology-related organizations (for example, any document used by management to indicate income or expense trends of Scientology-related organizations). With respect to this request, you need not describe any such reporting system that ceased to exist prior to 1986. Please submit three representative samples of actual reports under each system described, including INCOMM, for three different years.

DESCRIPTION OF INCOMM'S OPERATIONS AND FUNCTIONS

INCOMM assists Church staff in the ecclesiastical supervision of the activities of the Scientology religion through the use of computer technology. For example, INCOMM assists church management by collecting information from Scientology Churches around the world and making it available to appropriate staff members within CSI who provide ecclesiastical guidance to the local Churches.

INCOMM is a Scientology organization within CSI, managed by its own Commanding Officer and Executive and Advisory Councils. It has a staff of over 40 working in the areas of administrative support, data entry, operations, and programming. INCOMM's programmers design computer software systems. Its operations personnel serve as "troubleshooters" to maintain Church computer operations as a whole and to assist individual Church staff members when they encounter problems in using the Church's computer system. The data entry personnel input data on reports received from Churches to make the reports available to management staff.

INCOMM assists Church management in ways other than simply facilitating the operation of the Church's reporting system. INCOMM supports a technically advanced computer-based communications system that individual staff personnel from churches located around the world use to communicate with each other. INCOMM also has developed a computer-based accounting system to help churches of Scientology in bookkeeping and general accounting in accordance with Church policy, and supports an extensive computer-based library of Scientology Scripture that Church staff use in researching technical and administrative matters.

## REPORTING SYSTEMS

As described above, INCOMM is not a "centralized reporting function" but an organization within CSI which assists Church staff through computer technology. The Church had a centralized system of collecting information which predated the establishment of INCOMM, but this system was greatly enhanced by INCOMM and the use of computers.

The system of management used by CSI requires that there be a systematic collection of information. With adequate information CSI can assist a particular church in the conduct of its religious program and can determine overall trends for the religion. The day to day and week to week management of individual Churches is carried on by the local Church executives themselves, while CSI provides longer range programs to assist these Churches over time.

There are three centralized reporting systems in use in Scientology: statistics, weekly reports and audits and balance sheets.

## STATISTICS

Over the years, a very precise system has evolved whereby each function in a Church is given a statistic which is recorded weekly, plotted against time and reported each week to CSI. The statistics give a complete picture of whether a particular Church is performing its duties in accordance with Scripture. By analyzing the statistics of an organization, it is possible to determine how well it is doing, predict future trends and determine what actions are needed to correct it or enable it to continue to expand. These statistics include such matters as the number of hours of auditing delivered to parishioners during the course of the week, number of people who began services at a Church, number of dissemination items mailed, number of parishioners in the Church taking services and the like. Local churches also report statistics which give a picture of the financial health of that Church.

Management of a Church by analysis of its statistics is conducted by the executive council of the local Church. However, if a Church is not doing well over a period of time, and the local executive council has not been able to correct this situation, then the statistical information set forth in the reports enables management to give guidance and direction to assist the Church. On a broader basis, grouping the statistics of a number of Churches in a continental area or worldwide enables management to recommend programs which will improve conditions for expanding the religion.

The INCOMM computers plot all statistics on graphs so that the overall trends of each organization can be viewed as this information is very important to standard management.

Sample graphs are enclosed as Exhibit II-4-F. As discussed at our May 13, 1992 meeting, we have limited our response to this question to financial reporting systems. Thus, the three representative statistical reports we are including for a three-year period all relate to financial matters. One report plots gross income, the second plots bills paid, and the third plots gross book sales.

#### WEEKLY REPORTS

Each Church is responsible for sending in computer-readable weekly report forms to Church of Scientology International. These weekly report forms deal with different activities of the local Church. The purpose of these forms is to provide detailed information as to what is occurring within each Church so that a staff member in a management unit of CSI can review the information and provide the necessary guidance to assist the local church.

As discussed at our May 13 meeting, we have limited our response to financial reports. Thus, the three representative weekly reports we are including for a three-year period all relate to financial matters: the report a Church's Flag Banking Officer prepares each week to report the allocation of Church income for that week (Exhibit II-4-G); the report of a Church's sales of books and religious materials and their beginning and ending inventory for the week (Exhibit II-4-H); and the report analyzing sources of a Church's income for the week (Exhibit II-4-I).

#### AUDITS AND BALANCE SHEETS

The third centralized reporting system used by the Church consists of the process by which lower Church organizations provide CSI their monthly "audits." This system is described in detail in the response to Question 4(b), above. As discussed in that response, each month the Church's Audit Officer submits a copy of the "audit" report to CSI through the local Continental Liaison office, who also retains a copy. (INCOMM does not play a role in this process).

In addition to the monthly audit, foreign Churches required by government regulation to prepare and file annual formal financial statements, most United States Churches, and all high-level support organizations and Scientology religious Trusts prepare an annual "balance sheet" and financial statement or tax return (if required). As with the monthly audits, the Audit Officer (or other responsible staff member) submits a copy of the balance sheet through the local Continental Liaison Office who also retains a copy.

Included are representative audits and balance sheets covering  
a three-year period. (Exhibit II-4-J).

\* \* \* \*

Question 4(d)

Please describe the method by which funds payable to CSI were directed from CSI to CSRT, including the amounts and the reasons therefor. Who ordered this direction and who carried it out? Please provide copies of any documents relating to this matter. Has any similar direction involving any Scientology related organization occurred since 1986? If so, please describe in detail, including dates, amounts, entities involved, and the reasons(s) therefor.

QUESTION 4 d.

CONTRIBUTIONS BY US CHURCHES TO CSRT

In early 1982, shortly after the establishment of CSI as the Mother Church of the Scientology religion on December 10, 1981, its several senior staff personnel conducted a review of ecclesiastical policy to determine how it should receive necessary funds to operate. There are specific requirements in Church policy regarding how management organizations should be financially supported.

One key policy is that management organizations must be supported by their nearest service organization (a service organization is one that ministers religious services to the public) in terms of relative position in the ecclesiastical hierarchy and in distance. In the case of CSI, the nearest service organization is Church of Scientology Flag Service Org ("CSFSO"), the highest service organization in the ecclesiastical hierarchy.

Thus, it was determined that Scientology policy called for CSFSO to fund CSI's day-to-day expenses. However, CSI also looked to other churches for support in exchange for ecclesiastical services and religious materials that it would provide. But CSI determined that their funding should be deposited in a reserve to pay for programs to benefit the entire religion, which also is a scriptural requirement regarding the use of such funds. However, due to governmental considerations in other countries, most foreign churches had to pay CSI directly for any services it provided them. Thus, as a practical matter, only United States churches could directly fund such a reserve.

Thus, in consultation with counsel, CSI executives proposed a structure under which CSFSO would provide for CSI's day-to-day operating expenses; United States churches would make their payments against management billings to Church of Scientology Religious Trust ("CSRT"), which would accumulate the funds to use

for the overall benefit of the religion, independent of the needs of any particular church; and foreign churches would pay CSI directly for their management billings, which funds CSI would apply for the benefit of the religion as a whole. Since CSI already had received management payments from the United States churches since its formation, CSI would transfer an amount equal to what it had reserved along with interest for the period in question, to CSRT once the arrangement was finalized.

WDC approved the plan, and it was implemented. Over the years, CSRT did accumulate funds which have been of great benefit to achieving the goals of the religion by enabling different churches to purchase or renovate buildings, assisting dissemination programs and has provided grants and loans to other Churches of Scientology in need of financial assistance. Unfortunately, CSI's operating cost became higher than anticipated and the support provided by the foreign churches and by CSFSO was barely sufficient to cover CSI's day-to-day operating costs, let alone the costs of projects of benefit to the religion as a whole.

Thus, in mid-1985, CSI executives reviewed this finance system with Church attorneys and determined it to be unworkable. Accordingly, they decided that CSI should receive payments directly from United States and foreign churches, as well as from CSFSO. CSI thereupon sent letters to all United States churches instructing them to stop sending their payments to CSRT and to begin paying CSI directly. (However, several churches inadvertently continued to send CSRT small payments on different occasions for several years after 1985.)

Between 1981 and 1988, CSRT received a total of \$31,542,084 from United States churches (including the amount CSI had previously received and transferred to CSRT after the arrangement was finalized). The total funding CSRT received from the churches included their payments for CSI's ecclesiastical management services as well as outright contributions, as follows:

	<u>PAYMENTS FOR SERVICES</u>	<u>MANAGEMENT CONTRIBUTIONS</u>	<u>TOTAL</u>
1981	3,535	- 0 -	3,535
1982	3,431,465	- 0 -	3,431,465
1983	8,403,368	909,563	9,212,931
1984	7,963,945	6,653,875	14,617,820
1985	3,906,502	357,707	4,264,200
1986	10,618	- 0 -	10,618
1987	- 0 -	- 0 -	- 0 -
1988	<u>1,506</u>	<u>- 0 -</u>	<u>1,506</u>
TOTALS	23,720,939	7,821,145	31,542,084

CSI reported the payments made to CSRT for its management services as income under assignment of income principles on the Forms 1120 it filed with the IRS under protest on November 7, 1988.

Following is a summary of the documents pertaining to this funding system.

1) On June 17, 1982, The Watchdog Committee issued Watchdog Committee Executive Directive 65. This issue stated the basic funding system described above and also described its rationale under the Scientology Scriptures. (A copy of the Executive Directive is attached as Exhibit II-4-K).

2) On June 21, 1982, the Board of Directors of Church of Scientology International approved entering into an Agreement for Services with all United States Churches of Scientology. The agreement provided that payments for services would be directed to CSRT, rather than CSI. Attached as an exhibit to this minute was a sample management agreement. (A copy of this Minute Agreement is attached as Exhibit II-4-L).

3) During the next few months, CSI entered into agreements with US Churches as described above. (A sample agreement is attached as Exhibit II-4-M).

4) In December 1982, CSI paid over to CSRT the sum of all payments that it had received directly from United States churches between December 10, 1981 and June 17, 1982 (included in the repayment were a few payments which were inadvertently sent to CSI after the June 17th date). (A copy of CSI's confirming letter and the attached schedule of payment is attached as Exhibit II-4-N).

5) In 1985, CSI informed all US Churches by letter that their payments were henceforth to be sent directly to CSI. (See a copy of this letter attached as Exhibit II-4-O).

Since 1986, there have not been any similar directions involving any Scientology-related organization.

IRS National Office Technical Division personnel were aware of the implementation of this funding method; CSI provided a copy of WDC Executive Directive 65 to them in the course of its exemption proceeding and they attached a copy of the directive to the initial Adverse Letter they issued to CSI on January 7, 1986.

\* \* \* \*



Questions 4(e) and 4(f)

e. Please describe whether, and, if so, the extent to which, payments for services rendered at Church of Scientology Flag Service Org, Inc. (hereinafter "CSFSO") and Church of Scientology Flag Ship Service Organization (hereinafter "CSFSSO") were and are not deposited or held in a United States bank account prior to being deposited abroad as of December 31, 1986 and since then. Does this vary depending upon either the form of payment (e.g. check, cash, credit card) or the domicile of the individual paying such amounts? Please describe in detail the treatment of such funds (i.e. the path of such payments) as of December 31, 1986 as well as any changes in such treatment to the date of this letter. Please describe in detail the mechanism by which payments by United States residents and funds for services performed in the United States by any other Scientology-related organizations in calendar year 1989 were deposited in overseas accounts (e.g., describe the physical transfer of funds overseas, including the mode of transmittal, etc.). Did this vary depending upon the form of payment? Please describe any changes since then up to the present time?

f. In the previous paragraph, please modify the question by substituting the term "donations and/or contributions" for the word "payments" or "funds". Is the answer different? If so, please explain.

Questions 4(e) and 4(f) are being answered together because the manner in which Churches of Scientology handle receipts of funds does not differ based on whether the payments are considered as payments for goods or services or as donations or contributions. Because of the structure of the questions, responses are provided first for CSFSO and CSFSSO.

U.S. Churches of Scientology receiving funds in foreign currencies have bank accounts in the U.S. and in other countries in order to facilitate receipt and clearing of payments. Through experience, they have found that overseas banks are able to clear foreign currency payments much faster than U.S. banks, offer foreign currency bank accounts that are not available in the U.S., provide better currency conversion rates into U.S. dollars than do U.S. banks, and impose lower service charges.

Church of Scientology Flag Service Organization

Church of Scientology Flag Service Organization ("CSFSO"), is an international religious retreat located in Clearwater, Florida. It is the largest single Church of Scientology in the world and offers Scientology religious

services from the lowest levels to more advanced levels. CSFSO attracts parishioners from all over the world and receives donations for religious services in many different currencies. Its procedures for deposit of its receipts, discussed below, have been in force since before 1986 and remain unchanged today.

CSFSO ordinarily does not deposit foreign-denominated funds in the U.S. for transfer abroad. Rather, CSFSO deposits foreign currency checks or receives bankwires in foreign currencies directly into its overseas bank accounts. CSFSO physically sends the foreign-denominated instruments at least weekly by common carrier (DHL, Federal Express, etc.) to its various overseas banks for deposit into CSFSO's accounts. These procedures apply whether the foreign checks are received from the parishioner while he or she is at CSFSO in Florida, or whether he or she is remitting a payment directly to CSFSO abroad.

Checks in U.S. dollars drawn on foreign banks similarly are deposited in CSFSO's U.S. dollar bank account in Luxembourg. This is to facilitate check clearance because CSFSO's principal foreign bank in Luxembourg can clear foreign U.S. dollar checks more quickly than U.S. banks. This procedure applies whether the payment is sent by a parishioner from abroad or paid in person in Florida.

Check payments abroad from overseas parishioners usually are collected by Flag Service Consultant ("FSC") Offices in Denmark, France, Switzerland, Germany, UK, Italy, Sweden, Australia, Mexico and Canada. Local CSFSO accounts are kept in Australia, France, Switzerland, Germany, Mexico and Canada. In general, foreign currency checks are sent either by bank wire from local FSC accounts or by courier pack direct to the Luxembourg bank for deposit into CSFSO's account, from countries which do not have a CSFSO local account.

Foreign cash received from a parishioner while he is at CSFSO is converted into U.S. dollars and deposited into local accounts in Clearwater. Amounts received from parishioners in U.S. currency, of course, are deposited into local U.S. accounts. This money remains in the U.S. and is not transferred overseas. Most parishioners pay by check, and currency, whether U.S. or foreign, is a very small percentage of funds received. Currency, whether U.S. or foreign, is never sent abroad in a mailpack because of the risk of theft or other loss.

CSFSO is able to accept payment by certain credit cards (Visa and Mastercard). All credit card payments are deposited directly into a local U.S. dollar bank account, whether from U.S. or

non-US parishioners. Credit card proceeds are always in U.S. dollars, never foreign currencies.

CSFSO also has Reserve accounts overseas in Luxembourg. CSFSO periodically transfers funds from its Finance Office accounts, into which its foreign checks and bankwires are initially deposited, to the Reserve accounts; CSFSO sends its Luxembourg bank written instructions to make these transfers and receives debit and credit memos to confirm these interaccount transfers.

On occasion, CSFSO also may transfer by bank wire funds held in U.S. banks to its Luxembourg Reserve accounts if such funds exceed local needs. The reasons for such transfer would include the availability of higher interest rates in Luxembourg and surplus balances in U.S. bank accounts in excess of FDIC limits. Such surpluses in U.S. bank accounts are rare, so there are very few such transfers.

#### Church of Scientology, Flag Ship Service Organization

The Church of Scientology Flag Ship Service Organization (CSFSSO) was incorporated in Curacao, Netherlands Antilles as a non-profit foundation in April 1988. It commenced activities on 1 May 1988, shortly before the maiden voyage of the Freewinds on 6 June 1988. Its procedures for handling its receipts, discussed below, have applied since its inception and remain unchanged today.

CSFSSO does not have, nor has it ever had, a United States bank account. None of its income has ever been banked in the U.S. CSFSSO has never provided any religious goods or services to its parishioners within the United States; rather, these activities are conducted entirely outside the U.S., from aboard the M.V. Freewinds.

CSFSSO has local bank accounts in Curacao, Netherlands Antilles, the home port of the Freewinds. CSFSSO also has U.S. dollar and foreign currency accounts in Luxembourg. CSFSSO accepts payments and donations via major credit cards (e.g. Visa and Mastercard), which are deposited in its local accounts in Curacao.

Parishioners in the U.S. who wish to make donations to CSFSSO for religious services usually send payment by check or credit card debit to CSFSSO via the Church of Scientology Freewinds Relay Office, located in Clearwater, Florida. This is a practical expedient because the Freewinds is usually at sea in the Caribbean and its exact location for mail purposes varies. The Relay Office collects all mail and other communications destined

for the Freewinds. Any currency intended for CSFSSO is converted into a U.S. dollar draft or money order; cash is never sent abroad in a mailpack because of the risk of theft or other loss. Every week, the Relay Office forwards all mail, including checks and credit card invoices, to Curacao. If the Freewinds is not in port, the mailpack is collected by a Ship's representative and delivered to the Ship as soon as it arrives. All checks are invoiced by CSFSSO on-board the Freewinds and is deposited into local bank accounts in Curacao, as noted above.

#### Church of Scientology International

The Church of Scientology International ("CSI") receives support payments from subordinate Churches throughout the world for its ecclesiastical guidance and other international operations as Mother Church. CSI also receives contributions from its subordinate churches towards the cost of broad public dissemination campaigns, and it collects Film Lease payments per contractual agreements from Churches and, via Scientology Missions International, from Missions.

Most support payments to CSI from subordinate Churches are in the form of checks or money orders. However, some U.S. Churches bankwire their payments to CSI's U.S. account in Los Angeles, while some non-U.S. Churches bankwire their support payments direct to CSI's account in Luxembourg.

The Continental Finance offices for Western U.S. (in Los Angeles California), Eastern U.S. (New York), Flag (Clearwater, Florida), Latin America (Mexico), Canada (Toronto), UK (East Grinstead), Europe (Copenhagen, Denmark), Italy (Milano), Australia New Zealand (Sydney, Australia) assist in the collection of these payments from their subordinate Churches. These Churches generally forward their checks to their respective Continental Finance office for relay to CSI. These payments almost always are relayed by bankwire.

Non-US Finance offices sometimes send checks from their subordinate Churches payable to CSI by courier mailpacks directly to the Luxembourg bank for deposit into CSI's account. The Continental Office in Australia, however, collects funds from each of its subordinate Churches locally and then sends a bankwire directly to the CSI Luxembourg account.

Payments other than bankwires and direct deposits to CSI's Luxembourg accounts are sent to CSI in Los Angeles by mail or

courier pack or via inter-organizational mailpacks. In general, all foreign currency checks and U.S. dollar checks drawn on foreign banks are sent by CSI staff via courier pack (DHL or the equivalent) directly to its Luxembourg bank for deposit into CSI's account. Before 1990, U.S. dollar checks drawn on domestic banks also were sent to CSI's Luxembourg account for deposit there. Since 1990, domestic U.S. dollar checks generally have been deposited into CSI's account in Los Angeles. CSI does not receive payments in cash or by credit card.

Primarily for exchange control reasons, CSI has not received payments from Churches in South Africa, Zimbabwe, Israel, Italy, Spain or Portugal, regularly since 1986. Recent changes in exchange control regulations within the European Community, however, mean that periodic payments have resumed or applications are in progress from Italy, Spain and Portugal. An application for exchange control approval to remit funds from South Africa was submitted and has been pending since August 1991. When cleared, these payments are deposited into CSI's Luxembourg bank accounts.

#### Scientology Missions International

Since 1989, all Church of Scientology missions have paid a tithe to Scientology Missions International ("SMI"). All tithes to SMI in non-US currency bank drafts or U.S. Dollar checks drawn on banks outside of the United States or Canada have been sent via courier pack (DHL or the equivalent) to SMI's Luxembourg bank for deposit. SMI also sends any excess funds held in its local accounts, or when local accounts exceed FDIC limits, to its Luxembourg bank by writing a check and including it in the deposits to be couriered to Luxembourg.

Occasionally, SMI's Continental office in Europe will receive a Mission's tithe and send it directly to SMI's Luxembourg account for deposit. Some of the European Missions also send their payments directly to the SMI Luxembourg account by depositing the funds directly or sending a wire transfer.

Because of exchange control laws, tithes from South African Missions cannot be sent to SMI. Consequently, an account was set up specifically for SMI in South Africa, to which South African Missions deposit their tithes directly. The local Finance Director for the Church of Scientology in South Africa assists SMI in maintaining this account by sending telex reports to SMI of the amounts received and deposited in this account.

#### Other U.S. Church Organizations

No other U.S. church organizations deposit any funds received from parishioners or other church organizations directly into accounts at non-U.S. banks. Only a few other U.S. churches and organizations even have overseas accounts, and deposits to those accounts are by wire or check drawn from their U.S. accounts.

\* \* \* \*

Question 4(g)

4.g. Please provide all trust instruments for all "advance payment trusts" (including the Trust for Scientologists and the United States Parishioners Trust). Please describe the mechanism by which funds were directed to and released from such trusts, and to whom such funds were released during calendar year 1989. Please describe any changes since then up to present time.

As requested, copies of the trust instruments for the Advance Payment Trusts, Trust for Scientologists, and United States Parishioners Trust, are attached as Exhibits II-4-P and II-4-Q.

According to the Scientology Scriptures, a church receiving a parishioner's advance donation is obligated to apply it in accordance with his instructions -- either to apply the donation to the parishioners account at that Church when he receives religious services, to pay the parishioners' advance donations to another church, or, on rare occasions, to repay unused donations to the donor, following compliance with ecclesiastical procedures. The advance payment trusts assure that parishioners advance donations will be handled in accordance with these obligations.

Trust for Scientologists, created in July 1987, holds advance donations for the benefit of parishioners of FSO who are not United States residents. United States Parishioners' Trust, created in December 1988, holds advance donations for the benefit of parishioners of CSFSO and the Church of Scientology Western United States ("CSWUS") who are United States persons.

When each Trusts was created, the participating Churches provided the respective Trustees with lists of parishioners and the total of the advance donations being held by the Churches at that time. These parishioners constituted the original trust beneficiaries. A sum equivalent to the total value of original trust beneficiaries' advance donations was transferred to the Trustees to hold for their benefit.

Every week, each participating Church (CSFSO and CSWUS) provides the respective Trust with schedules of the names and amounts of new advance donations from parishioners and schedules summarizing parishioner instructions concerning the disposition of outstanding advance donations. Periodically (usually weekly), each Church calculates total parishioners' advance donations received, which is payable to the trusts, and total amounts payable to the church(es)

in accordance with their parishioners' instructions. The two payables are then offset and the net difference remitted to the appropriate recipient by wire or check. Thus, for example, in weeks where amounts CSFSO received as new advance donations from non-U.S. parishioners exceeds the total amount of outstanding advance donations that non-U.S. parishioners directed be paid, CSFSO remits the net difference to Trust for Scientologists, and vice versa. The same offsetting and net payment practice applies between CSFSO and USPT (with respect to CSFSO's U.S. parishioners) and between USPT and CSWUS. CSWUS does not participate in TFS because it has no meaningful number of non-U.S. parishioners making advance donations.

These procedures have remained unchanged since 1989.



Question 4(h)

4.h. Please expand the information set forth in Exhibit I-9 to encompass all of the Scientology-related organizations for which the information was not already provided in Exhibit I-9. You may exclude the following entities from your response to this question: Social Betterment Organization, any Class V Church, and any Mission. The data contained in your response should be the calendar year 1989 and should include the gross dollar amounts as set forth in Exhibit I-17. Please update existing Exhibit I-9 information to the extent that it is not now representative of the current flow of funds.

The only Scientology-related organizations not included in Exhibit I-9 that meet your qualifications are Church of Spiritual Technology, Mile High, Media Storage, Author Services Inc., Author's Family Trust-B, and Galaxy Production.

The flows of funds shown on Exhibit I-9 are still representative of the current flows of funds for every entity other than CSRT and SIRT. Updated statements for each are attached and no other updates are necessary.

CHURCH OF SPIRITUAL TECHNOLOGY  
Analysis of Financial Money Flows  
1988-89

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
CONTRIBUTIONS	RTC	40%	\$3,226,790
GRANTS	AUTHOR'S FAMILY TRUST	47%	\$3,750,000
BANK INTEREST	COMMERCIAL BANKS	13%	\$1,033,985

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
OPERATING EXPENSES	COMMERCIAL VENDORS	95%	\$2,059,624
SALARIES	STAFF	4%	\$96,127
BANK CHARGES	COMMERCIAL BANKS	0%	\$7,139

CHURCH OF SPIRITUAL TECHNOLOGY  
Analysis of Financial Money Flows  
1989-90

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
GRANTS	AUTHOR'S FAMILY TRUST	49%	\$5,000,000
BANK INTEREST	COMMERCIAL BANKS	9%	\$875,449
CONTRIBUTIONS	RTC	41%	\$4,151,865
SALE OF RECORDED TAPES	CSI	2%	\$186,285

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
OPERATING EXPENSES	COMMERCIAL VENDORS	95%	\$2,982,249
SALARIES	STAFF	4%	\$118,574
BANK CHARGES	COMMERCIAL BANKS	1%	\$34,250

MILE HIGH INC.  
Analysis of Financial Money Flows  
1988-89

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
RECEIPTS	NONE	0%	

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
TAXES	FRANCHISE TAX BOARD	100%	\$600

MILE HIGH INC.  
Analysis of Financial Money Flows  
1989-90

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
RECEIPTS	NONE		

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
TAXES	FRANCHISE TAX BOARD	100%	\$800

MEDIA STORAGE INC.  
Analysis of Financial Money Flows  
1988-89

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
RECEIPTS	NONE	0%	

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
BANK CHARGES	COMMERCIAL BANKS	100%	\$30

MEDIA STORAGE INC.  
Analysis of Financial Money Flows  
1989-90

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
RECEIPTS	NONE		

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
TAXES	FRANCHISE TAX BOARD	100%	\$725

AUTHOR SERVICES INC.  
Analysis of Financial Money Flows  
1989

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
MANAGEMENT FEES	AUTHOR'S FAMILY TRUST	100%	\$2,000,015

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
OPERATING EXPENSES	COMMERCIAL VENDORS	52%	\$1,015,003
SALARIES	STAFF	44%	\$850,939
TAXES PAID	IRS & FTB	4%	\$85,326



AUTHOR SERVICES INC.  
Analysis of Financial Money Flows  
1990

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
MANAGEMENT FEES	AUTHOR'S FAMILY TRUST	100%	\$1,657,809

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
OPERATING EXPENSES	COMMERCIAL VENDORS	61%	\$988,662
SALARIES	STAFF	36%	\$582,546
TAXES PAID	IRS & FTB	4%	\$59,938

AUTHOR'S FAMILY TRUST  
Analysis of Financial Money Flows  
1989

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
SALE OF BOOKS & PRINTS	PUBLIC SCIENTOLOGISTS	36%	\$9,014,353
ROYALTIES	NEW ERA AND		
	BRIDGE PUBLICATIONS	52%	\$12,909,121
BANK INTEREST	COMMERCIAL BANKS	12%	\$3,101,005
<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
PURCHASES FOR RESALE	ARTISTS AND		
	COMMERCIAL VENDORS	30%	\$3,580,156
OPERATING EXPENSES	COMMERCIAL VENDORS	9%	\$1,040,438
TAXES PAID	IRS & FTB	4%	\$527,143
MANAGEMENT FEES	AUTHOR SERVICES INC	15%	\$1,841,202
CHARITABLE DONATION	CHURCH OF SPIRITUAL		
	TECHNOLOGY	42%	\$5,000,000

AUTHOR'S FAMILY TRUST  
Analysis of Financial Money Flows  
1990

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
SALE OF BOOKS & PRINTS	PUBLIC SCIENTOLOGISTS	21%	\$4,174,622
ROYALTIES	NEW ERA AND		
	BRIDGE PUBLICATIONS	64%	\$12,813,070
BANK INTEREST	COMMERCIAL BANKS	16%	\$3,117,590
<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
PURCHASES FOR RESALE	ARTISTS AND		
	COMMERCIAL VENDORS	3%	\$1,565,068
MANAGEMENT FEES	AUTHOR SERVICES INC	3%	\$1,520,837
CHARITABLE DONATION	CHURCH OF SPIRITUAL		
	TECHNOLOGY	94%	\$45,100,864

GALAXY PRODUCTIONS INC.  
Analysis of Financial Money Flows  
1989

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
MOVIE ADVANCE	MOTION PICTURE COMPANY	23%	\$10,000
ROYALTIES	NEW ERA AND		
	BRIDGE PUBLICATIONS	54%	\$23,287
BANK INTEREST	COMMERCIAL BANKS	19%	\$8,259
RIGHTS & FEES	AUTHOR'S FAMILY TRUST	4%	\$1,709
 <u>DISBURSEMENTS</u>	 <u>RECIPIENT(S)</u>	 <u>PERCENT</u>	 <u>US\$ AMOUNT</u>
VIDEO DEVELOPMENT	COMMERCIAL VENDORS	85%	\$201,258
OPERATING EXPENSES	COMMERCIAL VENDORS	15%	\$36,367

GALAXY PRODUCTIONS INC.  
Analysis of Financial Money Flows  
1990

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
MOVIE ADVANCE	MOTION PICTURE COMPANY	63%	\$15,000
ROYALTIES	COMMERCIAL VENDORS	29%	\$6,997
BANK INTEREST	COMMERCIAL BANKS	8%	\$1,917

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
OPERATING EXPENSES	COMMERCIAL VENDORS	83%	\$265,425
ROYALTIES REPAID	BRIDGE PUBLICATIONS INC	17%	\$54,081

CHURCH OF SCIENTOLOGY RELIGIOUS TRUST  
Analysis of Financial Money Flows  
1990

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
CONTRIBUTIONS	USPT	61%	\$9,362,048
DONATIONS	VARIOUS PARISHIONERS	22%	\$3,337,988
MORTGAGE/LOAN INTEREST	FSO, CSWUS	17%	\$2,693,779

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
GRANTS TO CSI	CSI	80%	\$20,081,195
GRANTS TO CCI	CCI	20%	\$5,061,687

SCIENTOLOGY INTERNATIONAL RESERVES TRUST  
Analysis of Financial Money Flows  
1990

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
DONATIONS	CSFSSO	73%	\$262,053
DIVIDENDS	SOR SERVICES LTD	22%	\$80,000
BANK INTEREST	COMMERCIAL BANKS	5%	\$18,614

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
GRANTS TO CHURCHES	TORONTO, AOSH EU, OTTAWA, KITCHENER CLERMONT-FERRAND, LAUSANNE	60%	\$421,508
DONATION	IPT	2%	\$11,505
BOOKKEEPING FEES	SOR SERVICES LTD	24%	\$173,024
LEGAL AND PROFESSIONAL	COMMERCIAL VENDORS	13%	\$94,292
ACCOUNTANCY	COMMERCIAL VENDORS	1%	\$9,084

Question 4(i)

4.i. Please clarify whether the receipts and disbursements listed in Exhibit I-9 include the receipts and disbursements of all the organizations or divisions housed within the listed entity? For example, do the receipts and disbursements listed for Church of Scientology Western United States include the receipts and disbursements of all the organizations housed therein, including Advanced Organization Los Angeles which is listed separately as part of Exhibit I-9?

The figures reported in Exhibit I-9 do include all the receipts and disbursements of all the church organizations housed within the particular corporations even though an internal church organization also may have been listed separately.

Thus, the figures provided for Church of Scientology Western United States also included the figures for the Advanced Organization Los Angeles, even though that organization was listed separately as a sample Advanced organization.



QUESTION 4(j)

4.j. Please name the organizations listed as the sample Class V Church and sample Mission for which receipts and disbursements are included in Exhibit I-9? Are the respective examples fair representations of Class V Churches and Missions?

The sample Class V Church was Church of Scientology of Florida, Inc., which is located in Miami. The sample Mission was Church of Scientology Mission of New Jersey. These two organizations are representative examples of Class V churches and Missions respectively.

Question 4(k)

4.k. Please explain whether and how the advance payments to the advance payments trusts listed in your response to 4.g above are reflected in Exhibit I-9. To the extent the Exhibit does not reflect such payments in the receipts and disbursements of the service-providing entities, please provide revised figures indicating such receipts and disbursements of such entities. Please include the advance payment trusts in your response to question 4.h.

Payments of parishioners' advance donations to Church of Scientology Flag Service Organization, Inc. (CSFSO), and Church of Scientology Western United States (CSWUS) to the advance payments trusts, Trust for Scientologists and United States Parishioners' Trust, are not reflected in Exhibit I-9. As we explained to you during our December 12, 1991 meeting, the receipts and disbursements figures for the two Trusts that are indicated in Exhibit I-9 reflect those Trusts' own income and expenses. Transfers of advance payments from the Trusts to the relevant church are reflected on each Church's financial statement in Exhibit I-9 and Exhibit I-17. Transfers from the Churches to the Trusts, however, were not.

A revised financial statement for each Trust including receipts and disbursements of advance payments follows.

TRUST FOR SCIENTOLOGISTS  
Analysis of Financial Money Flows  
1989

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
LOAN INTEREST REC'D	TRANSCORP SERVICES	27%	\$1,309,028
FSO PARISHIONERS APS RECD	FSO	57%	\$2,781,103
BANK INTEREST REC'D	COMMERCIAL BANKS	15%	\$750,135

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
FSO PARISHIONERS APS USED	FSO	72%	\$1,946,233
LOSS ON CURRENCY CONVERSION	COMMERCIAL BANKS	24%	\$642,009
BOOKKEEPING FEES	SOR SERVICES LTD	3%	\$80,000
BANK CHARGES	COMMERCIAL BANKS	1%	\$19,189
ACCOUNTANCY	COMMERCIAL VENDORS	0%	\$7,997

TRUST FOR SCIENTOLOGISTS  
Analysis of Financial Money Flows  
1990

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
FSO PARISHIONERS APS RECD	FSO	52%	\$2,078,473
LOAN INTEREST REC'D	TRANSCORP SERVICES	31%	\$1,250,000
BANK INTEREST REC'D	COMMERCIAL BANKS	17%	\$688,630

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
FSO PARISHIONERS APS USED	FSO	97%	\$2,997,438
BOOKKEEPING FEES	SOR SERVICES LTD	2%	\$75,162
BANK CHARGES	COMMERCIAL BANKS	1%	\$17,141
ACCOUNTING FEES	COMMERCIAL VENDOR	0%	\$7,000

UNITED STATES PARISHIONERS TRUST  
Analysis of Financial Money Flow  
1989

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
FSO PARISHIONERS APS RECD	FSO	37%	\$7,430,726
WUS PARISHIONERS APS RECD	CSWUS	29%	\$5,969,364
MORTGAGE INTEREST	BMS	16%	\$3,204,450
INTEREST	COMMERCIAL BANKS	10%	\$2,011,512
MORTGAGE INTEREST	FSO	8%	\$1,657,500

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
CONTRIBUTIONS	CSRT	49%	\$3,600,000
WUS PARISHIONERS APS USED	CSWUS	41%	\$3,000,000
FSO PARISHIONERS APS USED	FSO	11%	\$793,479

UNITED STATES PARISHIONERS TRUST  
Analysis of Financial Money Flows  
1990

<u>RECEIPTS</u>	<u>SOURCE(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
MORTGAGE BOND INTEREST	BMS	41%	\$3,136,300
INTEREST	COMMERCIAL BANKS	21%	\$1,590,088
MORTGAGE BOND INTEREST	FSO	21%	\$1,560,000
FSO PARISHIONERS APS RECD	FSO	17%	\$1,276,488

<u>DISBURSEMENTS</u>	<u>RECIPIENT(S)</u>	<u>PERCENT</u>	<u>US\$ AMOUNT</u>
CONTRIBUTIONS	CSRT	47%	\$9,391,399
WUS PARISHIONERS APS USED	CSWUS	36%	\$7,350,000
FSO PARISHIONERS APS USED	FSOFSO	17%	\$3,401,963

Question 4(1)

4.1. Please provide an explanation of the term "commercial vendors" as used in Exhibit I-9. Does this term include any entity that would not be a "wholly unrelated commercial vendor" as described in question 1?

The term "commercial vendor" was intended to refer to businesses that provide goods and services to the Church that are not related to the Church, its staff or insiders, or to Church-related organizations or their staff or insiders other than the two instances noted in the response to question 1(ix), above. Rather, the term covers routine third party commercial vendors such as banks, utilities, professionals, insurance companies, supply houses and the like.

\* \* \* \*

ADMIST. RECORD

29 JUNE 1992

Vol. 2



RESPONSE TO SECOND SERIES OF QUESTIONS (June 29, 1992)

VOLUME 2

### QUESTION 5

**Does the Church have specific and definite planned uses for its reserves over the next few years?**

Scientology is a young and rapidly growing religion. Other religions have existed in some cases for centuries and have the benefit of inherited wealth that they accumulated by various means over the years. However, the Church of Scientology's funding of current and future projects that broadly disseminate its message to new public and forward its aims of creating a civilization without insanity, without criminals and without war, derives entirely from the support it receives from parishioners.

To carry out ecclesiastical programs that have a broad impact around the world, the Church collects funds into central reserves and then allocates them accordingly. In addition, the Church retains a portion of its collections in central reserves. The purpose of these funds is to guarantee survival of the religion in the event of an external catastrophe such as nuclear fallout, civil war or insurrection, or natural disasters such as earthquake, fire, flood, etc. The Church estimates the minimum level of these reserves that it requires to be \$340 million based on current estimates of the cost of continuing Church activities with no income for two years. In this respect, the Church's requirements parallel those of most nonprofit, tax-exempt organizations which the Service acknowledges do or should maintain reserves for this type of contingency.

In addition to building up undedicated reserves, the Church has definite, specific plans for the use of reserves totalling over \$432 million during the next five years. In practice, there is likely to be some variation from these projections as needs and plans change. However these projections can be relied upon just as the 87/88 reserves expenditure projections previously provided to the Service were found to be accurate in hindsight as covered separately.

### **CATEGORIES OF PREDICTED RESERVES EXPENDITURES IN THE NEXT FIVE YEARS**

#### CATEGORY 1 - PUBLIC DISSEMINATION

The Scientology Scriptures mandate the rapid expansion and growth of the religion. It is our belief that the current civilization will not long endure unless man becomes aware of himself as a spiritual being and raises his level of ethics and assumes a higher level of responsibility for himself, his fellows and the world around him. For this reason we have made a

determined effort to attract large numbers of new members and to broadly disseminate the teachings of Mr. Hubbard and their workable answers to life's problems.

Thus, a major commitment of central reserves over the next five years will be in dissemination programs to widely distribute the writings of Mr. Hubbard and to attract new Church members. The key method of dissemination is the widespread distribution of Mr. Hubbard's basic books. People who read these books gain insight into the nature of man and life and workable answers to situations in their lives. Many will go beyond the application of the Scriptures to their immediate problems and see the higher truth of Mr. Hubbard's applied religious philosophy. These individuals will become members of the Church and advance up the Bridge to Total Freedom. The most effective means of reaching people over the years has been through books, and the broad scale advertising of them on radio and television. In addition to the traditional short messages, we are also utilizing the longer info-ads, and public service announcements.

The religious movement started in 1950 with the bestselling book, DIANETICS THE MODERN SCIENCE OF MENTAL HEALTH ("DMSMH"), and this book continues to be the mainstay of dissemination for the religion. The majority of funds expended will be to further the distribution of this book.

Another important book is CLEAR BODY CLEAR MIND which is a compilation of Mr. Hubbard's writings describing his detoxification program. When properly done, this program results in a spiritually uplifted, drug free, much happier person. Ridding the society of drugs is a major, long-term goal of the Church as we have found that drugs destroy the individual's spiritual awareness and ethical standards. In addition to the book, it is planned to make known the Purification Rundown in Churches of Scientology as the solution for handling the debilitating effects of past drugs and chemicals.

There are a number of other entry level Dianetics and Scientology books which are also very useful in terms of providing basic information to the public and attracting new members and which will be broadly promoted and distributed. These include the books SELF ANALYSIS, FUNDAMENTALS OF THOUGHT and PROBLEMS OF WORK.

Audio-visual materials are another effective means of dissemination. In 1965 Mr. Hubbard granted the only filmed interview in existence where he describes the basic precepts and principles of Dianetics and Scientology. The film was recently colorized and packaged as a video to make it broadly available to the general public both in video stores and on cable television. In this film, the Founder of the religion directly answers commonly asked questions and the film has been found to be a valuable aid in dissemination.

The Church plans to disseminate the video to the public as well as broadcast it on television.

The Church also plans a series of seminars to attract people who have read DMSMH, people who have seen the film and other individuals so that they might learn rudimentary auditing techniques and both receive and deliver supervised Dianetics auditing and then continue auditing thereafter. Many, having experienced spiritual relief from auditing, will want to become members of the Church.

In addition to the above, which is designed to continue the overall large growth of the Scientology religion, we plan additional specific activities. One such activity is to ensure that every Scientology Church is listed in the yellow page phone directory or their local equivalent so that people who have otherwise been introduced to the religion can locate their nearest Church.

There is also a planned program to broadly disseminate the benefits of Scientology training courses and co-auditing with other students. This promotion is intended for existing Scientologists rather than the general public and is intended to speed their spiritual progress.

Because Scientology has workable answers to the problems that civilization is grappling with, the Church makes a concerted effort to get its message across to leaders in society. The mailing list for such is over 100,000 in the United States alone. These names on the lists are sent brochures on Scientology, L. Ron Hubbard and also social reform literature.

Every year the Church sponsors celebrations or special events on major Scientology holidays for the benefit of both Scientologists and prospective members. They contain briefings from senior ecclesiastical officials on the accomplishments of the Church and the plans for the future. Parishioners are encouraged to continue their spiritual progress and to participate in the Church's many programs to improve society. These special events are integral to maintaining an informed and active international congregation. They are often televised by satellite to Churches around the world.

Following is a summary of the projected expenses for dissemination over the next five years:

Book Advertising Campaigns:

DMSMH (US)	\$30,000,000
DMSMH (Outside US) -	15,000,000
Clear Body, Clear Mind -	13,800,000
Self-Analysis, Fundamentals of Thought, Problems of Work -	12,000,000
Dianetics Seminars -	10,320,000
Introduction to Scientology Video Distribution -	5,000,000
Magazine Advertisement -	8,600,000
Yellow Pages Listing -	250,000
Training Promotion Campaign -	6,000,000
Mailings -	3,600,000
Special Events -	7,500,000
	-----
Subtotal Public Dissemination	\$ 112,070,000

CHURCH FACILITIES:

The Church has extensive plans to acquire, construct and renovate Church facilities around the world to enable it to meet the increasing demand for Scientology services from parishioners, both old and new.

The Church has unique requirements in terms of facilities for ministering to its parishioners and the community at large and also to provide working space for its staff and living quarters for members of the Sea Organization.

In all cases, the design of Church properties has the purpose of assisting the organization's ability to provide religious training courses and spiritual counselling in an environment that is aesthetic, conducive to the conduct of religious services and efficiently organized. This enables the parishioner to devote the maximum time and attention to his or her religious studies and/or auditing, free from external distractions.

Church facilities must contain a chapel or meeting room in which Sunday services, weddings and other public events are held. There is a film room where new public are able to view any one of the several public dissemination films, as well as a meeting room in which basic introductory lectures are given, such as the Anatomy of the Human Mind course.

There is also a large course room devoted solely to the delivery of basic courses for new parishioners, which is separate from the church's main student academy.

The main academy is where major courses are delivered, such as the Academy levels and the New Era Dianetics auditor course. Each Church is required to have both a theory course room for students' study of the materials, which is a quiet area, and a practical courseroom where students do drills and practice the auditing skills they learned in the theory part of the course. The practical courseroom is usually a hive of activity and noisy, so it needs to be separate from the theory course room. In a large church, there could be as many as several hundred students studying at any one time, so it can be seen that the course room must be quite large.

A totally separate training activity provided by each Church is the Key to Life and Life Orientation Courses, which are designed to fully put the individual into communication with his environment and enable him to discover his role in life. These courses require their own facilities.

There is also a second film room adjacent to the main academy so that students can view the numerous religious training films that are an integral part of the main academy courses. These films were written by Mr. Hubbard and produced by Golden Era Productions. The Scriptures contain exact requirements for the construction of the film room with respect to size, soundproofing, and removing any visual distractions that would prevent the student from fully grasping the contents of the film.

A Scientology Church is also expected to make available the Purification Program to parishioners and the general public to free the person spiritually from the harmful effects of drugs. A major requirement of this program is that a sauna be available. Thus, all Churches must have their own sauna.

In addition to the above, auditing further imposes unique space requirements. Auditing is a one-on-one activity where an auditor assists a preclear to locate and resolve areas of spiritual difficulty. Normally, each auditing session is given in a separate room. Although the rooms are generally small, there must be upwards of 20-30 rooms available for use in a normal-size Church and the figure increases markedly for larger churches such as, for example, Flag Service Organization where the figure is in the hundreds. The rooms must be soundproofed, able to be heated or cooled as needed and otherwise free of potential distractions.

Another division of the Church, called the "Qualifications Division" is responsible for assisting students who have difficulty on course or in applying the course materials. These students are sent for intensive and personalized supervision. This same division also supervises the training of interns who are students that have completed and passed their courses, but who are practicing their auditing techniques learned on course by delivering auditing to others and thus gain real-life experience and demonstrate their auditing skills. An auditor who has completed his academy course must demonstrate his practical abilities to audit flawlessly as an intern, in order to be permanently certified as an auditor of that particular level. These activities require additional course rooms.

In addition to the requirements for the ministering of religious services described above, there are many other functions which are part of a Scientology Church that have their own requirements with respect to facilities. Due to the amount of individualized service which we provide to our parishioners, a considerable number of staff is required to properly conduct the affairs of a Church, both to directly minister to the congregation and to provide the necessary support. The Scriptures require that there be anywhere from one to two administrative support personnel for every person who directly ministers to parishioners since, based on experience, the quality of service suffers when the necessary administrative facilities do not exist. Thus, office space is needed for administrative personnel. Storage space is required. Ethics Officers and Chaplains also require private rooms where they can counsel parishioners on an individual basis.

Churches staffed by members of the Sea Organization provide housing, child care and dining accommodations for their staff. There are over a thousand Sea Organization members in the Los Angeles area and over seven hundred in Clearwater, Florida to give two examples, so it can be seen that this is a major undertaking.

All Church premises are tailored to accommodate each of the above needs and functions, as well as provide adequate space for future expansion.

#### Flag Land Base - Clearwater, Florida

The Flag Land Base is intended to provide both lower and upper level services to Scientologists from all over the world. It is expected that in the next several years, sufficient space will be

needed to provide services to over two thousand parishioners at one time as well as sufficient living and working space for the necessary staff to minister to this congregation. Because one of the major purposes of Flag is to provide a distraction-free environment, and because the large majority of parishioners are not from the local area, extensive hotel accommodations are also provided for the many parishioners.

The biggest single project to be undertaken at the Flag Land Base is the construction of a new 170,000 square foot building across the street from the Fort Harrison Hotel. This building is being designed specifically for use by the Flag Service Organization to enable it to serve its parishioners and will contain full facilities for auditing and training. Due to the expansion of the Flag Land Base over the years, most of these services are now provided in rented buildings. The new building is expected to accommodate in excess of 1,000 students on academy courses at one time, as well as providing auditing to 200 parishioners simultaneously (the Land Base has other delivery facilities as well).

There are also other upcoming renovations projects in Clearwater. One building is being renovated to accommodate staff dining and study facilities for over seven hundred staff, as well as a small museum for the Sea Organization. Two staff residential facilities will also be renovated. A building and its annex on Fort Harrison Avenue which provide office space for Church administrative personnel will be renovated. Renovations are also needed on a hotel on Cleveland Street which provides accommodations for students. Lastly, the main building in Clearwater, the Fort Harrison Hotel, is many years old and needs extensive renovations including extensive structural work in order to continue to be operational.

#### Saint Hill Manor

Saint Hill Manor is the symbolic home of L. Ron Hubbard and the site of many of his researches and writings and most famous lectures in the field of the human spirit. A recently constructed castle on the same grounds serves as a thriving Advanced Church and the site of the Continental Liaison Office for the UK. It provides services to hundreds of parishioners at any one time. For these reasons it plays a vital role in Scientology's international activities.

Although extensive construction has recently been completed, there are other projects which are still needed. New dining facilities are needed for the staff, a small building is needed for Estates personnel, and new housing is



needed for the growing number of Sea Organization members in the UK.

#### Los Angeles Area Church Facilities

Los Angeles has a number of churches of different levels of the Bridge which serve the largest group of Scientologists in the world. In addition, the Continental Liaison Office for the Western United States and the Flag Command Bureaux are located in Los Angeles. The Church maintains extensive facilities in the Los Angeles area to provide services to its parishioners, to provide the necessary administrative support and as living quarters for the Sea Org staff.

The Church owns a large complex of buildings which was formerly a hospital near Vermont and Sunset in Los Angeles. These buildings are of great importance since they house two upper level churches (Advanced Organization of Los Angeles and American Saint Hill Organization) and a Class V Church, which is among the largest Class V Churches in the world. In addition, it provides living quarters for hundreds of staff, serves as the location for Bridge Publications, and is the site of several management organizations. The buildings themselves are over 50 years old and need extensive engineering, modernization and renovation work to refurbish them to more adequately serve the needs of the religion and its parishioners and staff.

There are other anticipated renovations expenses as well. The Church owns a ranch approximately fifty miles outside of downtown Los Angeles, which is to be renovated to serve as a parochial boarding school for the children of Sea Organization members in a pleasant rural setting. It is also planned to renovate the exterior, basement and first floor of a Church building near the corner of Sunset and Highland in Los Angeles to serve as an information and dissemination center to attract new members to the Church. There are three staff housing facilities in Los Angeles which need significant renovation and refurbishing. It is also anticipated that the Church will need to acquire an additional apartment building to house Sea Org staff.

#### Golden Era Productions

The Church owns a large property in Riverside County, California which is the site of Golden Era Productions, Religious Technology Center and several church management bodies. The main activity of Golden Era is the production of religious motion pictures used in the training of ministers and also for

dissemination and providing basic information on Scientology. In addition to filmmaking Golden Era also carries out a full range of audio-visual functions which include the production of tape recorded lectures of LRH, which comprise the largest portion of the Scriptures and the production of the E-Meter, used in auditing.

Golden Era is also responsible for the broad dissemination of Scientology through media advertising described in the first section. This is a unique combination of functions and it has required an extensive program of construction and renovations to convert what was formerly a resort into something that can be used to fit the Church's purposes. The construction program has been underway for approximately four years and is still ongoing. In addition to being most economical in the long run, it was decided that construction of in-house facilities which would be operated exclusively by Scientologists and members of the Sea Organization was the only way to ensure that the materials produced would fully meet all standards required in the Scriptures.

Construction still to be done at this facility includes completion of a sound recording and tape storage building, construction of housing for staff, a film processing laboratory, a large film studio, two office buildings, a crew study facility, an underpass beneath a highway which bisects the property, a crew study facility, as well as landscaping and installation of various utilities and infrastructure.

There is also a ranch facility nearby which serves as a parochial boarding school for children of Sea Org Members working at the Golden Era facility. Additional renovations are needed of the main building of this facility.

#### Other Church Real Estate

The Australian Church owns a three story building in Sydney Australia from which it ministers the upper levels of Scientology services to its religious community. This building is being fully upgraded. The Advanced Church in Europe owns a 300-year old six story building in the centre of Copenhagen which is used to house the Advanced Organization for Europe. This building requires extensive renovation due to its age.

There are Sea Org staffed Continental Liaison Offices (CLO's) at various locations around the world. Currently, CLOs consist of between 35 and 90 staff and it is expected

that they will grow in size over the next several years. Since all CLO staff are members of the Sea Org, residential, dining and child care facilities are also provided for staff. The CLOs for Latin America, Australia-New Zealand, Africa, Canada, Italy and Europe need either renovation of existing facilities or purchase and renovation of new facilities.

ScientologyScripture requires that Church organizations do whatever they can to become and remain free of debt. Therefore it is planned to pay existing mortgages on Church buildings.

There are currently 100 Class V Churches which are housed in rented properties. Churches have specific building requirements, in order to accommodate their delivery needs, as discussed in the introduction to this section above. An adequate building for a Class V Church will vary in price depending on the location, but an average is estimated to be around \$1,600,000 for the purchase and another \$300,000 in renovations to customize it to needs of a Class V church. It is estimated that we will acquire properties for at least 35 such Churches in the next five years.

Lastly, renovations projects are planned for existing Class V Church buildings in Washington, D.C., Boston and New York.

The anticipated cost of property acquisition, construction and renovation is:

Flag Land Base:

New Building -	\$24,000,000
Staff Dining/Study -	1,600,000
Staff and Student Housing -	4,200,000
Office Bldg & Annex -	575,000
Housing for Parishioners -	450,000
Fort Harrison -	8,000,000

Saint Hill Manor:

Staff Dining -	\$ 500,000
Estates Building -	150,000
Staff Housing -	5,000,000

Los Angeles Area:

Ranch -	\$ 750,000
Los Angeles Complex -	9,950,000
Dissemination Center -	600,000
Staff Housing Renovations -	2,200,000
Staff Housing Acquisition -	2,000,000

Golden Era Productions:

Sound recording and tape storage facility -	\$ 587,000
Film processing laboratory -	1,500,000
Large film studio -	3,000,000
Landscaping and utilities -	3,646,000
Office Buildings -	5,200,000
Staff Housing -	7,500,000
Electrical distribution and emergency power supply -	2,125,000
Highway underpass -	825,000
Crew study facility -	545,000
Emergency supplies and storage -	750,000
Renovations of Ranch -	250,000

Other Real Estate:

Advanced Church Australia -	\$ 1,200,000
Advanced Church Europe -	2,500,000
CLO Europe -	2,000,000
CLO Australia/New Zealand (Sydney)	1,500,000
CLO Canada -	1,500,000
CLO Latin America -	750,000
CLO Italy -	2,000,000
CLO Africa -	750,000
Mortgage retirement -	20,000,000
New buildings for Class V Churches	66,500,000
Renovations of Class V Churches	600,000
	-----
Subtotal Church Facilities	\$185,203,000
	=====

CATEGORY 3 - PRODUCTION OF RELIGIOUS MATERIALS

The third major category of expenses is the production of Scientology Scriptures in different forms for particular uses. This is in keeping with the overall goal of the religion to get the writings of L. Ron Hubbard and the wisdom they contain broadly distributed in as short a time as possible. Various specific projects will be carried out to improve dissemination and to make the works of Mr. Hubbard available in various forms.

There are 61 technical and public dissemination films written by Mr. Hubbard which are not yet produced. It is intended that these all be produced in the next five years and completion of the

larger film studio mentioned earlier is part of this plan. These are vital to the training of ministers and religious dissemination.

There are other audio-visual materials that Golden Era will produce as well. 26 slide shows per year will be produced to disseminate Scientology, recruit new members for the Sea Organization and to inform staff regarding some particular aspect of the Scripture. Golden Era will also produce a variety of videos that are produced and distributed to Churches for instructional purposes as well as for general information on current events within the Church.

Golden Era Productions also plans to produce a special Hubbard electrometer for secular use in word clearing (helping a student locate and define (clear) words that he doesn't understand). This is in furtherance of the Church's social betterment programs to upgrade the quality of education.

Much of Mr. Hubbard's administrative and technical Scripture is contained in two multi-volume sets of books known respectively as the OEC (Organization Executive Course) and the Technical Volumes. It is intended to make these sets available in 12 additional languages over the next five years.

CSI is currently producing packs of ecclesiastical policy and other pertinent materials specifically tailored to each position in a Church organization, so as to make staff fully proficient in their duties.

CSI will also establish a printing facility in Los Angeles to more economically produce dissemination materials.

There is an official biography of L. Ron Hubbard in production which is due to be released in 1993. The Church will utilize this book for public education purposes and to attract new members. It will be distributed free of charge to libraries and societal leaders to bring about an understanding of Mr. Hubbard and his accomplishments. It will also be made available in public bookstores and widely announced as a major dissemination campaign.

Also to be released is a large book entitled "What is Scientology", which answers all questions anyone might have about the religion and which will serve as a permanent reference book. This book will also be distributed free of charge to libraries and key figures in society so that they might have a true understanding of what Scientology is and does.

Certain portions of Scientology Scripture will be adapted and recorded in a format used by radio stations in many languages. These are then utilized as public service announcements by radio stations and are part of the Church's social betterment activities.

Lastly, the Church intends to produce a series of high quality magazines depicting different aspects and accomplishments of L. Ron Hubbard in all major languages. Many of these magazines will be distributed free of charge to a large mailing list of government and societal leaders in order to provide a better reality on Mr. Hubbard and his contributions to mankind.

Estimated Cost of Materials Production are:

Films -	\$ 28,500,000
Slide Shows -	3,250,000
Golden Era Videos -	3,600,000
Word Clearing Meter -	160,000
Translation of Technical and Policy Volumes -	12,000,000
Post Training Materials -	2,850,000
Church Printing Facility -	2,000,000
LRH Biography - printing and distribution	4,000,000
What is Scientology - printing and distribution	2,500,000
Radio Public Service Announcements -	1,040,000
LRH Magazines - printing and distribution	2,650,000
Subtotal Production of	-----
Religious Materials	\$ 62,550,000
	=====

MISCELLANEOUS

The Church has plans to expand its central computer facilities so that ecclesiastical management will be better informed as to the state of affairs in local churches and thereby better able to serve and to also assist individual Churches. The Church also supports various social reform activities from its own reserves in addition to the broad based public support of these efforts. Lastly, the Church has been forced over the years to engage in extensive litigation to protect the rights of its members around the world to freely practice their religion. The estimated litigation expenses

over the next few years is based on current expenses. The  
estimated cost internationally is:

Miscellaneous Costs:

Computerization -	\$ 8,750,000
Social Reform -	3,500,000
Defense -	60,000,000
	-----
Subtotal Miscellaneous Costs	\$ 72,250,000
	=====

Grand Total All Categories Without	
Contingency Reserve	\$ 432,073,000
	=====

\* \* \* \*

USE OF RESERVES  
CHURCH OF SPIRITUAL TECHNOLOGY

Church of Spiritual Technology ("CST") was formed to preserve and protect Scientology Scripture for all time against any conceivable catastrophe. To date, CST has spent in excess of \$52,000,000 towards the accomplishment of its archival mission. Three vaults for storage of Scripture have been completed along with ancillary structures and support facilities. Two of the vaults have been designed to withstand any conceivable catastrophe, including a near direct nuclear blast. The third is a working vault at CST's headquarters which preserves the original materials and films. As covered below, CST has definite plans to spend another \$114,000,000 in reserves to complete the current phase of its archival preservation project within the next five years. The below projects are firm plans but subject to modification if improvements in preservation materials or technology become available.

A. Metal Plates Project:

The entirety of Scientology Scripture is being etched by CST onto thin indestructible plates of stainless steel. The stainless steel used is one of the most corrosion resistant types available (Type 304), and these plates will last for several thousand years even in a corrosive marine environment. They will last indefinitely inside sealed capsules filled with inert gas. There are an estimated 1,800,000 stainless steel plates required to hold all the Scientology Scripture. Each plate weighs .6 lbs and the combined weight of all plates that will be produced is over 540 tons. At a cost of \$13 each, the total cost of the project will come to \$23,400,000. CST has spent \$1,365,000 to date on this activity and estimates that it will spend an additional:

\$22,035,000

B. Archival Publishing Project:

CST is archivally re-printing all the Scientology Scripture in book form using the longest possible lasting materials. The paper used is custom made for CST using long-fiber cotton and linen which is then alkaline buffered to protect against future acid attack. The printing inks were specially researched and formulated for this project and are lab tested not to fade under the equivalent of 2 years of direct sunlight. Once printed, the books are hand crafted by one of the foremost archival binderies in the world using only



the longest lasting and most durable materials. The total number of books that will be produced in this fashion is estimated at 75,000. There are 250 different book titles that will be preserved with an average cost of \$37,000 per title. The total cost of this project is estimated at \$9,250,000 and CST has spent \$1,150,000 of this to date. It is estimated that CST will spend an additional:

\$8,100,000

C. Archival Reference Book Project:

CST is producing archival reference books to go into long-term storage with the Scientology Scripture in order to assist the understanding of the Scripture in the far distant future. This is essentially a full reference library containing dictionaries, an encyclopedia, simple texts on a variety of subjects and foreign language dictionaries for the 20 most spoken languages. 26 copies of each book are duplicated onto archival paper using an archival xerographic process to transfer the text. The pages are then bound with the same procedure and materials as the Scientology books above - i.e. hand-sewn with 100% linen thread, archival inner cover liners and durable Irish linen book cloth. The total number of reference books being produced on this project is 2730, which includes 105 different book titles. The estimated cost of the entire project will be \$1,115,000 and CST has incurred \$370,000 to date, leaving:

\$745,000

D. Archival Record Project:

Mr. Hubbard's recorded Scientology and Dianetics lectures are being preserved on long playing records made of pure nickel. These are partially manufactured by CST using the finest possible mastering equipment. The records are hermetically sealed with a thin coating of nickel which can be peeled away at some future date. The total number of such records to be produced by CST is 187,500, which consists of 2500 different lectures with 75 records per lecture. The cost for these records is \$90 each for an overall project cost of \$16,875,000. CST has only just begun this project and has to date spent \$200,000, with an estimated cost to complete of:

\$16,675,000

E. Archival Compact Disc Project:

All of Mr. Hubbard's Scientology and Dianetics lectures are also being preserved on long lasting archival compact discs. These CDs are made from very durable tempered glass which has the digital data etched right into it (rather than being etched into the reflective layer, as is done with conventional CDs). The reflective layer used on these CDS is pure gold. Protecting the gold is an extremely hard and tough layer of transparently thin titanium. The estimated life of these archival compact discs is projected to be at least 1,000 years. The total number of such compact discs CST will be producing is 62,500, which consists of 25 copies of 2500 different recorded lectures. At a cost of \$9000 per lecture, the overall estimated cost of this project is \$22,500,000. CST has spent \$100,000 to date on this project and estimates an additional expenditure of:

\$22,400,000

F. Digital Film Project:

There are approximately 100 films written by Mr. Hubbard which are used for training Scientology students in the exact use of Scripture or for introducing persons to the Scientology religion. Although still under research, CST plans to digitize these films and transfer them to archival laser discs for retrieval in the distant future. There will be 25 laser disc copies made of each of the 100 films. At a cost of \$30,000 per film the total cost of this project will be \$3,000,000. No funds have been spent to date on this project until the research is completed, so the amount left to spend is:

\$3,000,000

G. Analog Tape Project:

All of Mr. Hubbard's Scientology and Dianetics lectures have been preserved on long lasting magnetic tape utilizing the best technology and equipment available to rescue and preserve the original recordings from their often deteriorated state. The total number of tapes produced thus far is 113,000, including 48,000 reel to reel tapes and 65,000 cassettes. The total cost of this project is \$1,500,000 with \$1,150,000 having been spent to date, leaving:

\$350,000

H. Time Capsule Project:

CST has designed and engineered titanium time capsules for storage of the archival Scripture. These capsules are designed to remain intact even if immersed in salt water for hundreds of years and will last 1,000s of years in a less corrosive environment. The capsules are filled with archival Scripture, evacuated and then filled with inert gas to preserve the contents. A total of 15,500 of such time capsules will be produced by CST at a cost of \$2075 a piece for a total projected cost of \$32,165,000. To date CST has spent approximately \$14,640,000 on producing these capsules and estimates that it will spend another:

\$17,525,000

I. Thermal Cover Project:

The time capsules contain heat sensitive materials and therefore will be further protected with thermal covers made from insulation materials and designs incorporated in the space shuttles. The total number of thermal covers to be produced is 14,000. At a cost of \$850 each, the total cost for this project is \$11,900,000 and CST has spent \$720,000 to date, leaving:

\$11,180,000

J. Storage Rack Project:

CST designed and engineered storage racks to hold the time capsules and thermal covers. The racks are made from corrosion resistant stainless steel tube and are of modular design so they can be stacked for efficient utilization of vault space. Once loaded the racks are then encased in extremely tough Kevlar dust covers. The total number of storage racks needed to store the materials is 2,400 at a cost of \$4,870 apiece, with a total project cost of \$11,688,000. So far CST has spent \$1,260,000 on this project, leaving:

\$10,428,000

K. Playback Equipment Project:

CST is modifying playback equipment (e.g. CD players, record players, digital film players) for inclusion in the vaults. This equipment is modified to make it long lasting and to utilize solar energy as there is no guarantee of current power sources in the long distant future. The playback equipment items to be stored with the materials includes 25 CD players, 25 record players and 25 digital film players. The total estimated cost for this equipment is \$1,760,000. To date CST has spent \$20,000 on this project, leaving:

\$1,740,000

-----

Total Remaining Costs of Above Projects      \$ 114,178,000

=====

ADDITIONAL PROJECTS

The completion of the above projects will satisfy the current phase of CST's archival preservation activities. There will be two virtually indestructible vaults containing several full sets of Scripture on very long lived media with additional sets of the preserved Scripture stored in the vault at CST's main facility. Additional sets of the preserved Scripture and the required storage containment systems for them will also have been produced for storage in overseas storage vaults which CST is currently planning to build as outlined below. Thus the survival of Mr. Hubbard's religious philosophy and technology will be very much assured. The preservation media will be upgraded as new materials and techniques become available and this will be an ongoing activity.

The major threat to these vaults and archived Scripture in the centuries to come will be from vandals and looters. In large measure the security of the archives will depend on the political and social stability of the population in this country. In order to minimize this risk, CST will be establishing additional indestructible vaults in other parts of the world in the next phase of its religious program.

CST also has firm plans to construct many large indestructible obelisks in different parts of the world with the express purpose of preserving for all future generations of man, the precepts from

the book The Way to Happiness, by L. Ron Hubbard. These precepts will be translated into pictograph form, etched onto large stainless steel sheets and then be attached to the obelisks. Thus these vital precepts will survive far into the future in such a form that even a primitive culture will be able to decipher them and derive the basis for a sane cultural beginning.

These future projects are vast in scope with construction of the first 4 additional vaults and the first twelve obelisks estimated to cost between 55 and 60 million dollars.

## USE OF RESERVES - UPDATE

The supplemental submission that Church of Scientology International filed with the Service in August of 1987 included a list of planned reserves expenditures for the years 1987/88. The following description compares this projection to expenditures actually made thereafter.

### DISSEMINATION OF THE TECHNOLOGY:

The Church reported that there were plans to use a total of \$43,514,631 from reserves in 1987 and 1988 to disseminate Scientology.

In the first half of 1987 the Church spent approximately \$4.1 million on the promotion of the books, Dianetics The Modern Science of Mental Health and Self Analysis and by the end of 1988 had spent an additional sum estimated at \$18 million on these campaigns. In addition, the Church invested over \$2 million per annum in the production of public dissemination and religious training films that were produced by Golden Era Productions.

Some of the Church's planned expenditure on dissemination campaigns occurred subsequently. For example, in 1989, the Church spent a total of over \$16,500,000 on church dissemination and public relations campaigns, and in 1990 over \$17.5 million was spent on broad dissemination campaigns and public event costs.

#### Summary of dissemination:

Total projected expense	\$43,514,631
	=====
Spent in 1987-88	\$26,100,000
	=====

### PROJECTED EXPENDITURES FOR DEFENSE:

The Church projected expenditure on legal and professional fees, relating to legal matters at approximately \$1,000,000 per month. The Church's estimated expenditure in 1987-88 averaged \$1,250,000 per month or approximately \$30,000,000.

Total projected for 1987-88	\$24,000,000
	=====
Spent in 1987-88	\$30,000,000
	=====

This figure does not include a total of over \$10,500,000 that was paid to the Internal Revenue Service in 1988 in respect of federal income taxes for Church of Scientology of California for 1973-74, including penalty and interest.

Expenditure in subsequent years has run at somewhat lower levels: 1989 \$13.6 million; 1990 \$8.5 million.

PROPERTIES IN CLEARWATER:

The Church projected expenditure on the remodeling and renovations of buildings in Clearwater, Florida, the location of the Church of Scientology Flag Service Organization totaled \$5,558,500 in 1987-88.

Total expenditure on property renovations in the two years 1987-88 was over \$5,750,000.

PLANNED PROPERTY RENOVATIONS AND PURCHASES IN LOS ANGELES:

a. Cedars Complex:

The Church projected renovations of the Cedars Complex totalling \$2,690,000. In 1987-88 the Church spent a total of \$1,070,000 on these renovations and a further \$1,466,000 on Cedars Complex renovations over the next 2 years: 1989-90.

b. LRH Exhibition:

It was projected that a museum would be built to exhibit an informative view of LRH's life costing \$3.2 million and a new facility for introductory religious services and parking structure. The L. Ron Hubbard Life Exhibition situated on the ground and mezzanine floors of the Hollywood Guaranty Building, at 6331 Hollywood Boulevard, was opened in April 1991 at a cost of approximately \$3.4 million. The facility for introductory services is still planned to be built in the parking lot of the Church's Hollywood Inn property, situated at 5724 Hollywood Boulevard, but work has not yet commenced.

c. New properties and Hollywood Inn:

It was projected that the Church would acquire new properties for about 600 of the staff who were at that time at Cedars Complex. Projected costs with renovations was \$15,000,000. Renovations were also projected for the Hollywood Inn, to convert it to an

administrative office building, including construction of a 100-car parking facility and extensive interior and exterior renovations. The total estimated costs were \$22,000,000.

The Church's plans for the use of the Hollywood Inn subsequently changed. Instead, in 1988, the Church bought the Hollywood Guaranty Building for \$5,000,000 to house middle management organizations that were situated in the Cedars Complex or at other locations in Los Angeles. The building was extensively renovated at an additional cost of over \$11,500,000.

In 1988, the Church also bought a berthing building to accommodate Sea Org staff, called the Anthony Building on Fountain Avenue close to the Cedars Complex, at a cost including renovation of over \$3,500,000.

d. Boarding school for children:

For a boarding school for children of Sea Org members outside of the city the Church projected purchase and renovation costs of \$1.7 million and operational costs for the first year of operations at \$972,000.

A property was located at Saugus, 50 miles North of Los Angeles, and purchased in 1990 at a cost of slightly over \$700,000. Delays in obtaining vacant possession of the property and the necessary Conditional Use permit have delayed renovation and occupancy of the property, which is now scheduled for late 1992.

The Church did proceed with the renovation and occupancy of a second Ranch property for children of staff based at Gilman Hot Springs called Castile Canyon Ranch, a Church property owned since 1979 but not renovated or used to any great extent other than as staff berthing. This included the purchase of an adjacent property, known as the Campbell property, and renovation of both properties prior to occupancy at a cost of over \$1.7 million over the period 1988 to 1991.

e. Restoration of the Manor:

The Church projected expenditure from Central Reserves for renovations to the Fifiield Manor, 5730 Franklin Avenue in Hollywood, which is occupied by the Church of Scientology Celebrity Centre International, totalling \$9,343,000. The commencement of these renovations was delayed but got underway in 1988. Thereafter, in the period from 1988 to 1991, a total of over \$13 million was spent to complete the full interior renovation. The final portion of the renovations to the exterior area, including



event facility and landscaping, is scheduled for completion in mid-1992 at an additional cost of approximately \$3 million.

#### **GILMAN HOT SPRINGS PROPERTIES AND FACILITIES:**

The projected reserves expenditures with respect to the properties at Gilman Hot Springs relating to Golden Era Productions and certain other Church organizations located there totalled \$13,215,000, together with a new building costing \$1,085,060, and other staff facilities and utilities for \$12,277,606, giving a grand total of \$26.5 million.

Extensive renovations to the property were carried out on a continuous basis during the years from 1988 onwards and a total of over \$40 million was invested over the 4-year period 1987 to 1990.

The main features of the base renovations include: the construction of a new building which houses the administrative offices of Golden Era Productions and manufacturing lines for cassette tapes reproduction of Mr. Hubbard's lectures and the Hubbard electrometer; new kitchen and dining room facilities for the 700 Sea Org members based at Gilman Hot Springs; new offices for film and video production staff; improvements to the movie studio; the full renovation of numerous buildings for use by staff of the LRH book Compilations and Translations units; outbuildings used by Golden Era's carpentry and movie sets crew, carpentry and engineering facilities, motor pool and estates machinery maintenance workshops; extensive earth-moving and landscaping; pipework, water, sewage and utility lines, etc. In addition a golf course was constructed at the east end of the property pursuant to a County of Riverside pre-condition to the Church receiving a Conditional Use permit for other construction on the property. It is leased to a professional golf course management company and open to the public.

Some of the original planning has not yet been carried out or commenced, including, for example: the construction of staff accommodation on the base; the construction of a second movie studio; completion of an audio building and storage facilities for use in the recording of L. Ron Hubbard's lectures in foreign languages; self-sufficiency farming project; production lines for manufacture of L. Ron Hubbard's recorded lectures on compact discs and films on laser discs.

#### **ADDITIONAL INVESTMENTS:**

Although not included in the original planning, the Church also invested funds from central reserves during the period since 1988, on the following real and tangible property projects:

(i) New sound recording and movie equipment including an Arriflex camera used by Golden Era Productions in producing public dissemination and religious training films and soundtracks.

Cost \$2,480,000

(ii) New computerized telephone system for the principal organizations within Church of Scientology International which has a staff of over 1,200 people at 3 different locations.

Cost \$ 360,000

(iii) The completion in October 1989 of the Saint Hill Castle buildings at East Grinstead, Sussex, England for Church of Scientology Religious Education College, the UK Church. The entire construction comprised the completion of a new driveway and public reception area, fifty new rooms for auditing parishioners, large Public Division course rooms, new academy for major courses (including the Saint Hill Special Briefing Course which Mr. Hubbard gave at Saint Hill in the early 1960s), new refectory for use by students and preclears, new administrative offices for the Advanced Organization Saint Hill UK, refurbishing of the bookstore area, up-grade of original course rooms, Hubbard Guidance Center, parishioner waiting area, and advanced course rooms, plus an auditorium for public events of up to 1,000 people with built-in stage, lighting, chairs, etc.

The above saw the final completion of a several phase castle building project, based on an original design Mr. Hubbard prepared when he lived there in the mid-1960s. This project first began in the early 1970s but was never completed.

Saint Hill Manor, East Grinstead is of considerable historical interest to Scientologists since it was Mr. Hubbard's home for several years in the late 1950s and early 1960s. It was there that he undertook the research that lead to the uniform attainment of the state of "clear" as postulated several years earlier.

Saint Hill, East Grinstead, was the place where Mr. Hubbard gave the series of lectures, and released numerous technical bulletins dealing with the essence of the religion, which later

formed the famous Saint Hill Special Briefing Course. This course includes over 400 taped lectures and the study of thousands of pages of Mr. Hubbard's religious writings. It is thus the most comprehensive of all courses in Scientology and is only delivered in the Academies of Saint Hill organizations which are located in East Grinstead, Copenhagen, Sydney and Los Angeles, and at the Flag Service Organization in Florida.

Following completion of the Saint Hill Castle project, a full restoration of Saint Hill Manor house itself was undertaken and completed in August 1991.

Because of the significance of Saint Hill Manor to the Scientology religion and Scientologists, the Saint Hill projects were funded from central reserves at a total cost to completion of over \$8,000,000 during 1988 to 1991.

---

To give the Service a better understanding of the improvements to church properties that have been done recently, some photographs are attached, as Exhibits II-5. These show representative examples of Church buildings prior to renovation and after completion.

#### **PROJECTED EXPENDITURES FOR COMPUTER EQUIPMENT:**

In the projection, a total of \$21,430,000 was estimated to be spent on computerization and computer equipment.

In the 4-year period 1988 to 1991 a total of over \$17,500,000 was expended, primarily on the following: Mainframe computer equipment \$4.8 million, terminals and printers \$2 million, communications equipment \$2.1 million, site establishment and computer installation \$450,000, software and software development \$3.7 million, computerization of church organizations \$2.8 million, and hard and software maintenance \$1 million.

#### **LRE COMPILATIONS UNIT:**

The Church also described the need for equipment for the LRE Compilations Unit totalling \$757,561. Of this \$360,000 was spent on typesetting equipment and a further \$165,000 on computer and word processing equipment to date. The facility for recording translated materials on tape will be operational in 1992.

**OFFICE OF LRH PERSONAL PUBLIC RELATIONS OFFICER AND CHURCH PERIODICALS:**

It was forecast that the LRH Personal Public Relations Office would incur expenditures of over \$5.6 million including release of never published LRH photographs, Good News magazine, Calendar, booklets on the life of LRH, and publication of the Ron magazine which features articles on the early life of LRH. In addition, projected expenditures on Church publications comprising Freedom magazine, Scientology Today and The Crusader were \$5.7 million.

On average, approximately \$2 million per annum was expended over the 4-year period from 1987 to 1991 on the above items, or over \$8 million in total. This is a continuing and recurring expense.

**UNIFORMS FOR SEA ORG STAFF:**

Uniforms for all Sea Org members in the US were expected to cost \$2,125,000. The program was extended to cover all Sea Organization personnel internationally, at a total cost of over \$5.6 million in the period 1988 to 1991, an average of \$1.4 million per annum.

**ADDITIONAL:**

The Church also expended funds from central reserves during the period since 1988 on the following projects:

(i) Release of new courses: During the four years from 1988 to 1991, several new courses with accompanying books and materials were released. This includes major courses such as the Hubbard Key To Life Course and Life Orientation Course, and the re-release of the original Saint Hill Special Briefing Course. The latter included all taped lectures on cassettes with considerably improved sound reproduction and full transcripts. Previously, these lectures were only available on reel-to-reel tapes.

The cost of these releases and materials was over \$2,500,000.

(ii) The year 1991 saw the release of two multi-volume sets comprising the complete reference books for Technical Bulletins and Policy Letters that comprise a major portion of Scientology Scripture. The first set comprises 11 volumes of organizational policies (called the Organization Executive Course volumes). The second set comprises 16

volumes of religious Scriptures (called the HCO Technical Bulletin volumes).

These volumes cost approximately \$6,000,000.

#### **SUMMARY**

In summary, the Church predicted that it would spend over \$190 million during 1987-88. In some cases plans changed or the predicted expenditure occurred in a later period. However, the total expended in the above categories of dissemination, defense, buildings and facilities, including the additional expenditures listed above - was over \$205 million, and thus within ten percent of the original projection.

The Church continues to devote all its resources to the practice and growth of the religion - to the end of accomplishing its purpose of a new civilization on earth.

\* \* \* \* \*

Question 6-1

Extent of Holdings - Central Reserves

Please describe which, if any, organizations listed in question 1 are not participants in the central reserves system. In addition, please provide the amount of assets under the jurisdiction or control (i.e. with respect to which the committee may, in conjunction with another organization or otherwise, deposit, disburse or transfer funds) of the central reserves committee as of December 31, 1989 along with a reasonable estimate of such reserves as of the date of your response of the letter.

Almost all Scientology organizations contribute in the Church's central reserves system, either directly or indirectly. Scientology Class V Churches and Missions contribute indirectly through their contributions to CSI and to SMI for ecclesiastical guidance. More senior church organizations contribute directly through deposits into their own accounts. In addition, some church organizations that have not made contributions to their accounts in recent years nonetheless still participate in the sense that they may maintain an account.

Each participant in the Church's central reserves system is listed below. An asterisk by the name indicates that the particular participant is a primary contributor.

- \* Association for Better Living and Education
- \* Bridge Publications Inc.
- \* Building Management Services
- Church of Scientology of California
- \* Church of Scientology Flag Service Organization, Inc.
- \* Church of Scientology International
- \* Church of Scientology Religious Trust
- \* Church of Scientology Western United States
- \* Flag Ship Trust
- \* Foundation Church of Scientology Flag Ship Service Organization
- \* FSO Oklahoma Investments Corporation
- \* FSS Organization N.V.
- \* International Publications Trust
- \* Majestic Cruise Lines Inc.
- \* MCL Services N.V.
- \* New Era Publications International ApS
- \* Publications Int Limited
- \* San Donato Properties Corporation
- \* Scientology International Reserves Trust

- \* Scientology Missions International
- \* SOR Services Limited
- \* SOR Services (UK) Limited
- \* Transcorp Services S.A.
- \* World Institute of Scientology Enterprises

\* \* \* \*

Question 6-2(a)

Expenditure Responsibility--Central Reserves

a. For calendar year 1990, list all expenditures (as described below) that have been made from central reserves. The list should include the date of the expenditures, to whom the payment was made, by whom the payment was received, and the purpose of the expenditure. For this purpose, the term "expenditure" includes, but is not limited to, grants, purchases, transfers or other expenditures of assets under the control of the central reserves committee. The list need not contain expenditures that were less than \$10,000. The \$10,000 cutoff is to be disregarded if the aggregate payments made to the same individual or organization are \$10,000 or more during calendar year 1990.

Attached as Exhibit II-6-A is a list of all "expenditures" from central reserves during the calendar year 1990. The following information is being provided for each expenditure:

1. The identity of the payor
2. The identify of the payee
3. The date of the expenditure
4. The number of the disbursement voucher that documents that expenditure
5. The purpose of the expenditure
6. The amount of the expenditure

Many disbursements from central reserves accounts consist of transfers among accounts within central reserves. Thus these funds actually remain within central reserves and therefore do not constitute expenditures out of reserves accounts. Accordingly, in order to provide you with an accurate figure of actual expenditures from reserves, we have prepared three lists of reserves "expenditures". The first list identifies all expenditures from reserves accounts to other entities including commercial vendors. (These expenditures totalled \$45,323,164.55 in 1990.) The second list identifies all payments from reserves accounts to non-reserves accounts within the same Scientology-related entity where the entity participates in the central reserves system. (These transfers totalled \$51,596,086.13 in 1990.) The third list identifies disbursements within central reserves. (These transfers totalled \$69,712,359.03 in 1990.)

\* \* \* \*



Question 6-2(b)

**Expenditure responsibility - Central Reserves**

**b. Please provide certified minutes of all central reserves committee meetings that occurred during calendar year 1990.**

The International Reserves Committee meets at least once per week. However, formal minutes are not kept of these meetings.

Although the Reserves Committee does not prepare or maintain formal minutes, it does prepare an internal summary of authorized expenditures known as the weekly "SOR Financial Planning". This records in short summary form the expenditures that were approved at the weekly Reserves Committee meeting.

This process of approval and authorization is described in detail in the response to the next part of this question.)

Detailed information concerning the reasons and need for a particular expenditure is contained in the original proposal (or CSW) that is forwarded to Reserves Committee. However, once the Committee approves the expenditure (or if it is disapproved), the proposal and all supporting documentation are returned to the organization that originated the request, and they become part of that organization's financial records.

For your information, a representative example of the weekly SOR Financial Planning for 1990 is attached as Exhibit II-6-B.

The example is for week ending June 7, 1990 and divides the authorized expenditure into three sections: Investments, Disbursements, and CSI FP (Financial Planning). The latter represents the operating expenses of organizations and units that form part of Church of Scientology International.

The total of the Investments section for the week was \$557,069.35 and comprises expenditures on four areas of church property renovations, as follows:

(i) MANOR - represents costs approved for Fifield Manor, Hollywood, to complete the fifth floor renovations \$134,774.35.

(ii) UK RENOS - refers to Saint Hill Manor, East Grinstead, UK and approved renovations for the week of \$14,170 being part of expenditure on Saint Hill Manor and Castle grounds that continued throughout most of 1990.

(iii) EXHIBITION - means the L. Ron Hubbard Life Exhibition in the Hollywood Guaranty Building. The approved cost of \$98,693 covers the photography for seven of the exhibits and contractors' costs on four of the exhibits.

(iv) GOLD RENOS - covers specific construction and renovation projects being undertaken by Golden Era Productions at the 500-acre Gilman Hot Springs property.

It includes work on:

- the water and sewer lines on the southside (south of Highway 79 which bisects the property) \$54,000;

- the construction of a roadway to existing buildings in zone E of the property \$50,000;

- electrical work in the garage structure used by Golden Era's Estates division which includes movie sets construction, carpentry, electrical and mechanical engineering, sewing, machinery and vehicle maintenance \$40,732;

- purchase of heating and ventilation and other construction material supplies for the garage renovation \$25,000;

- repairs to the roadway adjacent to Golden Era's main production facility building (known as building 36) due to subsidence \$43,500;

- expenditure on a new computerized internal and external phone system at Golden Era which has a staff, including various church management organizations, of approximately 700 people - \$41,000;

- an allocation of \$50,000 to the construction of a new Audio Building which is used for the recording and production of translated tapes of Mr Hubbard's lectures;

- weekly maintenance costs of \$5,200 for a golf course that forms part of the east end of the Gilman property. This property is not used by the Church -- the local county mandated that the course be constructed prior to granting Golden Era Production's Conditional Use permit, some years earlier.

The total of the Disbursements section for the week was \$322,744.79 and comprises authorized expenditure on four areas of church activity and operations, as follows:

(i) ROYALTIES \$16,926.62 - royalties are payable by Church of Scientology International on film leasing fees it received from Church lessees, to Author's Family Trust B. The amount is calculated at 12.5% of the film fees received.

(ii) FILMS \$55,821.76 - this represents the weekly amount allocated to Golden Era Productions for the production of religious training films and public dissemination films. This particular week, the allocation covered the production of first prints (answerprints) for Training Routine film number 12 (TR 12, entitled The Solo Auditor), the shoot costs of the main Training Routine film (TR 7, entitled Upper Indoc TRs) being produced at the time, completing ten Clearing Course (CC) final film prints (checkprints), that form part of the materials to be studied on one of the advanced level courses, ready for final quality control check, plus part of the cost for colorizing the only filmed interview with Mr. Hubbard, done by reporter Tony Hitchman in 1966, which has subsequently been released as a videotape.

(iii) PROMO/PR \$239,991.41 - this item covers the week's allocation to public dissemination and public relations campaigns. It includes the promotion of "DN", which refers to the book Dianetics the Modern Science of Mental Health (DMSMH), including a display stand and attendance costs at the American Booksellers Association annual convention which had a stand promoting DMSMH and Mr. Hubbard's books; expenses and attendance at the Goodwill Games which were held in Seattle, Washington where Dianetics was one of the sponsors; setaside to cover the fees of the church's then public relations consultants - Hill & Knowlton, Washington DC; the costs of mailing "ISN" which refers to International Scientology News, a newsletter published periodically by Church of Scientology International that informs staff and public about recent news and events concerning the Church around the world, wins and successes using Scientology, etc.; and Scientology image advertisements which were a series of public information ads placed in broad distribution publications such as Newsweek and airline in-flight magazines, e.g., Ambassador (TWA), American Way (AA).

(iv) RESERVES FEES AND COSTS - \$10,005 covers the weekly operating costs of SOR Services Limited, the Office that handles the bookkeeping and administration of Non-US Reserves entities, plus a weekly setaside for accountancy and attorney fees relating to Reserves corporations and trusts.

The last item on the weekly SOR Financial Planning is the allocation of \$426,237 for the "CSI FP" by which is meant the total allocated for the weekly operating costs (or Financial Planning) of the principal organizations and divisions that comprise Church of Scientology International.

It included:

- Commodore's Messenger Org International;
- Exec Strata International (including Book Compilations and Translations unit);
- LRH Personal Public Relations Office International;
- International Management Public Relations Office;
- Planetary Dissemination Organization;
- Commodore's Messenger Org International Extension Unit;
- INCOMM (an acronym for International Network of Computer Organized Management);
- Flag Bureaux;
- Office of Special Affairs;
- Weekly support payment to Religious Technology Center (as required by the trademark licence), and
- Trademark registration and annual renewal fees.

The grand total authorized by the International Reserves Committee for SOR expenditures in the week ending June 7, 1990 totalled \$1,306,051.14.

\* \* \* \*

Question 6-2(c)

c. Describe whether, and to what extent, the central reserves committee monitors its grants in order to ensure that any amounts disbursed are actually used exclusively for charitable purposes. As part of your response, please provide information and documentation regarding the grant making process and follow-up involved in one representative grant of an average amount that was approved and with respect to which assets were distributed in calendar year 1990. Please only provide information with respect to grants that are fair representations of grants that have been made in the past.

As an initial matter, grants (as well as all other disbursements) from the Church's central reserves are strictly monitored by a network of finance staff applying Scientology finance policy.

The church has very specific finance policies for obtaining approval for a specific project or purchase. If the source of funding for a particular project is central reserves, then a completed proposal (called a Completed Staff Work, or CSW) will be submitted to the International Reserves Committee.

The procedure by which the International Reserves Committee receives and reviews proposals, and authorizes a grant of funds to a particular project is described in detail below. It should be noted that under Scientology practices any money authorized by the International Reserves Committee for disbursement from central reserves is effectively a grant of funds for a specified purpose, whether or not such grants are to another Scientology corporation or trust. The treatment is virtually the same, with the exception that board or trustee resolutions and ratification may be required when the grant is to another legal entity.

The International Reserves Committee does not approve any general or lump-sum "grants" of money for unspecified purposes. It only approves funds against detailed, written proposals which specify the exact purpose of the expenditure. This purpose must fully align to the purpose of the religion, or it will not be approved.

Such proposals invariably emanate from or are routed through individuals within middle and upper management echelons, (i.e., Flag Command Bureaux, etc.) and pertain to some specific responsibility they have concerning the planning and future direction of church activities.

The International Reserves Committee receives and reviews proposals in the form of CSWs, which are accompanied by budgets and/or individual purchase orders. The latter will detail exactly what items are to be bought or incurred, from whom, the precise cost, and the reasons why the item or expenditure is needed. The corporate funding source for the expenditure will also be indicated.

These CSWs and attached budgets and purchase orders are submitted to the International Management Flag Banking Officer, who is a member of the International Reserves Committee. The International Management FBO reviews each CSW prior to its presentation at the weekly meeting of the Reserves Committee. Any CSW that does not forward an approved ecclesiastical management strategy, conform to church Scripture, or benefit the particular church or church organization will not be presented to the Committee.

In practice, the weekly total of reserves expenditures that are submitted to the International Reserves Committee via the International Management FBO usually adds up to more than the amount of income that is available to allocate or grant for proposed disbursements. Thus, not all of the proposed expenditures for a given week can be approved.

When a proposed expenditure is approved by the International Reserves Committee, the originator will be notified of the fact by the International Management FBO on behalf of the Committee. The CSW will be sent back to the originator with an approved stamp on it. All approved expenditures for the week are called the "reserves financial planning" and are listed on a one-to-two page document called the "reserves financial planning coversheet."

The International Management FBO then gives the weekly approved reserves financial planning coversheet to the Reserves Disbursement Officer. The Reserves Disbursement Officer retains all documentation pertaining to approved expenditures from the reserves accounts of U.S. entities; he forwards all documentation pertaining to approved expenditures from the reserves accounts of non-U.S. entities to the Deputy SOR Chief, who heads the non-U.S. Reserves Office.

The Reserves Disbursement Officer either prepares checks for signature, arranges wire transfer of funds or, when necessary, asks representatives of the appropriate church entities for board approval of the International Reserves Committee decision and then completes the transaction. The Reserves Disbursement Officer also prepares a disbursement voucher for each transaction, which itself

will be submitted to the International Finance Network for review and verification as part of the Church's internal audit procedures for each week. (These procedures are described below). The Deputy SOR Chief performs the same transactions for every disbursement from reserves accounts of non-U.S. entities.

There are always at least two required signatories on checks and the signatories vary according to the bank account and the entity involved. The checks are presented for signing by the signatories along with evidence of International Reserves Committee authorization.

Funds are not usually disbursed directly from central reserves accounts to suppliers; rather they normally are transferred to local church operating accounts and the Treasury Division of the local church assumes responsibility for paying the suppliers.

With this assumption of responsibility by the church's Treasury Division, primary oversight of grant expenditures is transferred from the Reserves Committee itself to the International Finance Network. This oversight function arises from application of Scientology financial operating procedures: As explained in detail below, these procedures require the church's Treasury Division to expend the grant funds only for the specific purpose for which they were approved; any deviation will be detected by officials in the Church's International Finance Network during the Church's weekly audit and reported to the Reserves Committee by the International Finance Director (who both heads the International Finance Network and serves as a member of the Reserves Committee).

This system of strict fiscal accountability begins when the funds are first released. As noted above, each transfer or disbursement of reserve funds is recorded on a disbursement voucher which becomes a part of the records of both the disbursing entity and the International Reserves Committee. Every disbursement voucher shows the payee, the purpose of the transfer and the amount.

When the grant or transfer of funds is received from a central reserves account it is invoiced by the receiving church or organization. In due course, the goods will be ordered and delivered or the services obtained. A bill will be received by the Treasury division of the church organization concerned, which will be matched to the original budget or purchase order.

If a CSW was not approved for the bill or if the bill exceeds the approved amount, then Scientology Scripture requires the staff member who incurred the unauthorized expense to re-imburse the organization for the amount involved and to undergo staff discipline if called for under the circumstances.

If Treasury verifies the bill as consistent with the original CSW, it will disburse the money to the supplier. A copy of the disbursement voucher, the bill, and corresponding purchase order that had been attached to the CSW is then filed in the church organization's "paid bills" files.

All disbursements and corresponding bank transactions are reviewed and verified every week (or month in the case of smaller church organizations) as part of the church organization's internal audit procedures. (These procedures are described in detail in the response to Question 4(b). Any discrepancies in the disbursements will be identified in the summaries of the period's disbursements which are reviewed by internal audits personnel. Any oddities would be reported to the FBO of the local church as well as the Continental Finance Office and the International Finance Office, which has members serving on the International Reserves Committee (the International Finance Director and the International Management FBO).

In summary, the Church has very strict ecclesiastical controls over reserves expenditures to ensure they are spent only for Scientology religious purposes: (a) submitting a request for funding to Reserves Committee which furthers the church's religious purpose; (b) getting the funding approved, with or without modification; (c) the transfer or grant of funds from central reserves usually to an account of the local church organization Treasury, pending disbursement; (d) receipt and verification of the supplier's bill against the original approved CSW; (e) payment of the bill by the local Treasury; (f) the accounting therefor and, through internal audit procedures, reporting back to the International Reserves Committee.

Representative examples are attached of budget proposals to Reserves Committee, as exhibits II-6-C and II-6-D.



Question 6-3(a)

Are there any assets under the jurisdiction and control of central reserves committee other than reserve bank accounts? If so, please list the location and fair market value of each such asset as 3/31/92. Please designate what organization owns each such asset, on whose books each such asset is found, and in which organization's physical control the assets are held. Please explain the method by which fair market value was determined.

If any entity holds more than \$50,000 of assets on behalf of one or more Scientology-related entities, and you do not believe that the entity comes within that above-described definition of financial institution, please disclose the fact and the entity's name in your response if that entity's holdings are not otherwise disclosed under this questions.

Assets under the ecclesiastical control of International Reserves Committee, other than reserve accounts, as at 31 March 1992 are as follows:

1. PRECIOUS METAL

Church of Scientology Flag Service Organization owns 2,712.5 ounces of Silver which had a value at 31 March 1992 of \$11,094 based on the open market price of \$4.09 per oz. This asset is on the books of Church of Scientology Flag Service Organization and is physically held in a safe by Reserves Committee in California, USA.

Church of Scientology International owns 5,189.38 ounces of Silver which had a value at 31 March 1992 of \$21,225 based on the open market price of \$4.09 per oz. This asset is on the books of Church of Scientology International and is physically held in a safe deposit at Chase Manhattan Bank, New York, USA.

2. SHIP ASSETS

Although not directly under Reserves Committee's control, the ultimate disposition of the Church's two sea-going vessels falls under Reserves Committee's ecclesiastical purview. They comprise:

- a. "Freewinds" cruise vessel: this asset has a net book value (cost less depreciation) of \$15,295,000 and is

subject to a mortgage of \$12,500,000 held by Trust for Scientologists. The net equity in the vessel is thus \$2,795,000. The vessel is owned by San Donato Properties Corporation and is chartered to Majestic Cruise Lines Inc. Its home port is Curacao in the Netherlands Antilles, and it sails primarily in the Caribbean.

b. "Diana" - a 50' Bermudan ketch: this boat was one of the original Sea Organization fleet of vessels owned in the late 1960s and is thus of considerable historical interest to Scientology. It was bought from Church of Scientology Flag Service Organization in March 1991 by San Donato Properties Corporation at its then market value of \$23,000 and extensively rebuilt at a cost of \$760,680. It is chartered to Majestic Cruise Lines Inc., and is used for day trips for parishioners and is based in Curacao, Netherlands Antilles.

As neither vessel is for resale and because of the fluctuating nature of the market for cruise ships, the fair market value of these ships cannot be accurately estimated.

#### 5. INVESTMENT LAND

FSO Oklahoma Investments Corporation owns a piece of land that was originally bought as a business investment in the early 1980s, and has a loan interest and small equity participation in another land development. Both real estate investments are located in Maui, Hawaii and cost \$1.4 million. The intention is to dispose of both property interests once quiet title has been settled on one of the properties.

The fair market value is believed to be not less than cost, but this is subject to market conditions upon sale.

#### 6. REAL ESTATE

The ultimate disposition of the real estate owned by Building Management Services and by Church of Scientology Religious Trust falls under Reserves Committee's ecclesiastical purview. Those properties are:

a. Anthony Building, 5165 Fountain Ave., Los Angeles

Date of original purchase: 1 Jan. 1988  
Cost less depreciation to 31 March 1992 \$3,047,152

b. Cedars Complex, 1404 North Catalina, Los Angeles

Date of original purchase: 1 Jan. 1977  
Cost less depreciation to 31 March 1992 \$9,496,092

- c.    Fifield Manor, 5930 Franklin Avenue, Los Angeles  
Date of original purchase: 1 Feb. 1973  
Cost less depreciation to 31 March 1992    \$17,766,320
- d.    19625 Highway 79, Gilman Hot Springs, including Castile Canyon Ranch and Campbell property, Soboba Springs  
Date of original purchase: 1 Nov. 1978  
Cost less depreciation to 31 March 1992    \$33,398,506
- e.    Hollywood Guaranty Building, 6331 Hollywood Blvd., Los Angeles  
Date of original purchase: 1 Feb. 1988  
Cost less depreciation to 31 March 1992    \$14,509,349
- f.    Hollywood Inn, 5165 Hollywood Blvd., Los Angeles  
Date of original purchase: 1 Dec. 1975  
Cost less depreciation to 31 March 1992    \$1,240,889
- g.    36491 Bouquet Canyon Road, Saugus, California  
Date of original purchase: 20 Aug. 1990  
Cost less depreciation to 31 March 1992    \$756,060
- h.    Gray Moss Block, Clearwater, Florida  
Date of original purchase: 1 Aug. 1990  
Cost less depreciation to 31 March 1992    \$2,869,814

Properties (a) to (g) are owned by Building Management Services and are subject to external, third-party mortgages totalling \$422,272 and a mortgage bond held by U.S. Parishioners Trust of \$25,000,000.

Property (h) is owned by Church of Scientology Religious Trust and comprises properties on a block of land which will be demolished prior to the construction of a new Church technical delivery building.

The above real estate is shown at historical cost less accumulated depreciation and mortgages payable. These assets are used for exclusively religious purposes and are not for re-sale. In a number of cases, the property has been specially modified for church use and the market for such is limited. Thus, there is no basis on which to determine what is fair market value of these assets.

SOR Services Limited is a service company that provides bookkeeping and administrative services to the following Non-US Reserves trusts: Scientology International Reserves Trust and Flag Ship Trust. It also provides similar services to Trust for Scientologists. Among its functions, SOR Services Limited holds assets on behalf of each trust in accounts designated accordingly. All such assets are fully accounted for on the balance sheets of the respective trust, not in the accounts of SOR Services Limited which simply holds them on their behalf.

Question 6-3(b)

On an aggregate basis, please give a classified statement of receipts or deposits to the central reserves for calendar year 1989, 1990 and 1991.

A schedule of receipts into central reserves for the three years 1989-91 is attached.

The classification of the receipts is as follows:

1. FSO's payments to its own Reserves

This represents Church of Scientology Flag Service Org's contributions, over and above its own operating costs, to its own central reserves.

2. CSFSSO's payments to CSI's central reserves for CSI's support

This represents Church of Scientology Flag Service Org's contributions to CSI to cover CSI's operating expenses which it is required to do by Scientology administrative policy. (See the response to Question 4(d), above).

3. Church organizations' support payments to CSI's reserves for CSI's ecclesiastical guidance

This represents receipts by CSI for ecclesiastical guidance provided to lower church organizations. It includes payments from all Class V orgs and above, except Church of Scientology Flag Service Org (see 1 above), Church of Scientology Western US (see item 6 below), and those in exchange control countries (see 7 below).

4. CSFSSO payments to its own reserves

This represents payments from Foundation Church of Scientology Flag Ship Service Org. to its own reserves account.

5. Majestic Cruise Lines payments to its own central reserves

This represents Majestic Cruise Line's contributions, over and above its operating costs, to its central reserves accounts.

6. Church of Scientology Western US's payments to its own reserves

These represent Church of Scientology Western US service orgs' contributions over and above their operating costs, to the Church of Scientology Western US's corporate reserve account, which forms part of central reserves. The service orgs comprise: the Advanced Organization Los Angeles and American Saint Hill Organization.

7. Accumulations of Non-US funds due to exchange control

In certain countries, exchange control restrictions mean that during local churches are unable to remit funds abroad. Thus they cannot pay Church of Scientology International for ecclesiastical guidance, or film leasing fees, etc. This situation applied to churches in six countries during the years in question.

In addition, other sums which are owed to CSI are held in local accounts of Non-US organizations but are restricted or pledged against potential liabilities in those countries. Contributions to these accounts also are regarded as subject to the supervision of the International Reserves Committee to ensure that potential liabilities are settled on favorable terms.

8. Film leasing payments to CSI's reserves accounts

These payments are weekly leasing fees all churches pay to CSI for use of the religious training and public dissemination films produced by Golden Era Productions, a part of CSI.

9. SMI's payment to its own reserves

This represents Scientology Missions International's contributions to its own reserve accounts, over and above its operating costs.

10. WISE's payments to its own reserves

This represents WISE International's contributions to its own reserve accounts, over and above its operating costs.

11. ABLE's payments to its own reserves

This represents ABLE International's contributions to its own reserve accounts, over and above operating costs.

12. Payments from church organizations to BMS's reserves for rent

Building Management Services (BMS), a California non-profit corporation, and an integrated auxiliary of CSI, owns the majority of the Church's properties in California. The properties are leased to occupying Churches and organizations who make periodic rent payments. These payments consist of these lease payments.

13. BPI's payments to its own reserves

This represents Bridge Publications' contributions to its own reserve accounts, over and above its operating costs.

14. NEP's payments to its own reserves

This represents New Era Publication International's contributions to its own reserve accounts, over and above its operating costs.

15. Church loan and mortgage repayments

In the past, central reserves lent money to United States and non-US churches to enable them to buy church premises. Also some Churches from time-to-time require financial assistance from the other Churches or Central Reserves to overcome temporary cash flow difficulties, some of which was provided as loans. Payments by church organizations on these loans and mortgages are deposited in the central reserves account of the particular lender.

16. Interest Income

This represents bank interest income received on accounts that form central reserves.

17. Income from investments

FSO Oklahoma Investments Corporation, a subsidiary of CSFSO invested in non-Scientology related ventures in the early to mid-1980s. Receipts from this source (which are deposited in OIC's reserve accounts) are shown under this category.

18. Currency exchange difference

This represents the realized gain or loss in the various reserves accounts arising on conversion of foreign currencies into US dollars during the year, or the unrealized gain or loss arising on translation of foreign currencies held at the balance sheet date into United States dollars.

19. Other Income

This comprises miscellaneous income, such as income from sale of reserves assets.

\* \* \* \*



Question 7

To the extent not already answered in responses to the previous questions in this letter, please describe the method by which the funds held overseas are managed and controlled, with particular emphasis on safeguards against inurement to private individuals.

There are primarily three circumstances in which funds belonging to churches of Scientology are held in overseas accounts: a local church of Scientology in a foreign country has its own funds in its own accounts in that country; a United States church of Scientology has accounts in a foreign country; and the Church's central reserves has accounts either for U.S. or non-U.S. churches. Each of these circumstances and the manner in which the funds are managed and controlled are discussed separately below.

As an initial matter, however, it should be noted that Scientology Church organizations have an overriding safeguard against inurement arising from the caliber of staff personnel holding responsible positions in finance. Staff members who hold responsible finance positions are entrusted with those positions only after careful review of their past experience on Scientology positions, ethical records, level of Scientology training and auditing, their length of service to the Sea Organization or to the Church, and their overall level of responsibility as executives. Those with a poor ethical record or evidence of past irresponsibility simply are not entrusted with such positions. If an office holder violates that trust, he will be summarily removed and replaced.

1. Accounts of Non-U.S. Churches

Churches of Scientology outside of the United States maintain their own local bank accounts where they deposit their receipts and expenses incurred in conducting their programs of religious activities. Safeguards against inurement to private individuals from these accounts is built into Scientology policies and procedures governing expenditures.

Typically the signatories on the local accounts of a church of Scientology include the Flag Banking Officer and other trusted executives of that church. At least two signatures are required on all accounts. Before funds are disbursed, however, they must be

approved through the Church's financial planning procedure which is designed to ensure that all expenditures are tightly controlled and are made for proper Church purposes.

The financial planning process at a church of Scientology begins with that church's Advisory Council. The composition of the Advisory Council is established in Scientology administrative policy as the heads of each of the divisions that comprise a Scientology organization. The Advisory Council reviews purchase orders submitted by anyone in the organization wishing to make an expenditure on behalf of the church and decides, based on the amount of funds available that week and the priority of expenses, which purchase orders to approve and which cannot be covered. The priorities of expenses are determined by which are vital to the organization and forward the goals of the religion. Proposed expenditures that would result in private inurement would not be approved.

When the Advisory Council completes its consideration of the proposed purchase orders for the week, it formulates a Financial Planning that consists of a proposal of which expenses will be covered. This is forwarded to the organization's Executive Council. The Executive Council consists of the Executive Director of the church and the other chief executives of the organization. They review the proposed financial planning submitted by the Advisory Council, as well as the purchase orders that the Advisory Council rejected, and either approve, modify or reject the proposal. Once the Executive Council completes its consideration of the Financial Planning it is passed on to the Flag Banking Officer who reviews it to ensure it conforms with Church financial policy as established in Scripture and gives the final approval.

Based on the approved Financial Planning the church's Treasury Secretary or Director of Disbursements prepares checks for presentation to the signatories on the church's accounts. The signatories are charged with ensuring that the proposed checks conform with the approved Financial Planning.

The church staff member who expends the funds is then responsible for accounting for those funds with appropriate receipts and documentation of the expense or return of unused funds. The required accounting must include a copy of the disbursement voucher received by the staff member when the funds were disbursed to him or her, a listing of the actual expenditures made and what they were for with receipts for each expenditure attached. Treasury Division personnel receive this accounting, compare it to the approved purchase order that authorized the

expenditure and, provided the documentation is satisfactory, attach the accounting to the purchase order and file the documents as an original Church financial record. Any unused funds that are returned are invoiced back to the Church.

## 2. Funds of United States Churches in Overseas Accounts

Funds belonging to United States organizations that are held in "local" overseas bank accounts (i.e. bank accounts that are not part of central reserves) primarily consist of money collected from parishioners or from organizations for contributions or donations due with respect to services to be ministered by the organization in the United States. In general, a United States church maintains local bank accounts overseas because foreign currency checks clear promptly and thus the funds become available sooner. In several countries local banking is a necessity due to exchange control restrictions in remitting funds abroad.

Usually, the balances in local overseas accounts are relayed by check or bankwire to the organization's principal overseas reserve accounts in Luxembourg. Funds do not normally accumulate in local accounts overseas, other than in Luxembourg.

The financial planning procedures and safeguards followed by churches of Scientology in the United States for monitoring expenses from these accounts are the same as those described above for the local accounts of foreign churches. These safeguards provide absolute protection against inurement.

## 3. Central Reserves Accounts

The principal accounts of United States and non-U.S. organizations that are held in Luxembourg fall under the central reserves system, and are thus under the ecclesiastical control of the International Reserves Committee. Funds are disbursed from those accounts only for purposes that have been expressly approved by the Reserves Committee, as part of their regular review and authorization of the reserves financial planning for the week. Factually, no disbursements from those accounts are ordered which have not first been approved by the International Reserves Committee. The method by which funds in central reserves are managed and controlled is described in detail in the response to Question 6.

Question 8

a. What does the acronym "IMU" stand for? In addition, what, if anything, do the terms "logistics" and "tours" mean with respect to operations at IMU?

b. Please describe in detail the activities, operations and places of business of IMU during the period of its existence. In particular, please describe the method by which funds within the care of IMU at its location in Clearwater, Florida were handled, transported and deposited into the accounts maintained at financial institutions (within the meaning given financial institution in question 6 above).

c. Did IMU at any time during its existence perform any services, directly or otherwise, for any Scientology-related organization? For example, did IMU handle funds for any entity other than IAS? If so, please specify and provide copies of any written agreements (or descriptions of oral agreements, if that is the case).

d. Were there any payments to or from Scientology-related organizations and IMU, including any payment directly or indirectly) of expenses relating to the operation of IMU? If so, please describe.

e. Is any organization currently performing any of the activities and functions that had been performed by IMU? In this regard, please include a description of the activities and functions of IAS Administrations, and the extent to which it differs from IMU.

See attached letter dated June 29, 1992 from Monique E. Yingling in response to the above questions concerning IMU.

\* \* \* \*

LAW OFF 223  
ZUCKERT, SCOUTT & RASENBERGER

888 SEVENTEENTH STREET, N. W.  
WASHINGTON, D. C. 20006-1080  
TELEPHONE: (202) 298-8800  
FACSIMILES: (202) 342-0803  
                  (202) 342-1318  
TELEX: 80048

MONIQUE EDWIGE TINDLING

June 29, 1992

Mr. John E. Burke  
Assistant Commissioner (Employee  
Plans and Exempt Organizations)  
Internal Revenue Service  
Room 3408E  
1111 Constitution Avenue, N.W.  
Washington, D.C. 20224

Re: Church of Scientology Discussion

Dear John:

This letter is intended to supplement the responses of the Church of Scientology International ("CSI") to your letter of May 4, 1992 seeking information with respect to various Church of Scientology entities. As we discussed at our May 13, 1992 meeting, although CSI was generally familiar with the operations of "IMU", it does not have the detailed information to respond to question 8 of your May 4, 1992 letter. I became familiar with the operations of IMU as a result of representing that then-liquidated entity in an examination of its 1986, 1987 and 1988 taxable years by the Jacksonville District. Accordingly, I will endeavor to respond to your question 8 based on my knowledge of the operations of IMU gleaned from my review of IMU's records and from former IMU staff during the examination.

The Service informed IMU in May 1989 that it intended to examine IMU's 1987 federal income tax return. Subsequently, the examination was expanded to include IMU's 1986 and 1988 taxable years. The Service conducted a comprehensive audit spanning more than one year. During that time period, the Service reviewed all of IMU's bank records and canceled checks and made several voluminous document requests. The information requested and produced included virtually all of the financial records of the corporation, including original entry documents, tax returns of the parent corporation, information regarding the payment of commissions, accountant workpapers, contracts, and detailed information with respect to IMU's operations, its relationship with the IAS and its relationship with Churches of Scientology.

BRUSSELS OFFICE: AVENUE MOULIERE, 106, 1050 BRUSSELS, BELGIUM    TELEPHONE: (02) 343.95.32    FACSIMILE: (02) 343.68.11    TELEX: 63703 MCBRU B

CSI PROD NOV 22 1993

250520

ZUCKERT, SCOUTT & RASENBERGER

Mr. John E. Burke  
June 29, 1992  
Page 2

When efforts to settle the matter with the revenue agent failed, the Service issued a 90-day letter in September 1990 with respect to 1986. The 90-day letter proposed a single adjustment to income under Code section 482 on the ground that IMU had not been adequately compensated for its services and alleged a deficiency of \$687,761, along with additions to tax under Code sections 6653(a)(1) and 6661. Subsequently, the Service issued a 90-day letter with respect to 1987 and 1988. This second 90-day letter proposed adjustments to income for both years under Code section 482 on the same ground as 1986 and alleged a deficiency of \$387,526 for 1987 and \$26,634 for 1988, along with additions to tax under Code sections 6653(a)(1) and 6661 for both years. No other issues were raised in any year.

These two cases were consolidated for settlement in the Service's Tampa, Florida Appeals Office and were settled in March 1992 on the basis of increasing IMU's income tax liability in the amounts of \$16,389, \$61,827, and \$6,761, for 1986, 1987, and 1988, respectively, less than 10% of the alleged deficiencies. The Service conceded all of the additions to tax for all three years.

Request for information -- Question 2

- a. What does the acronym "IMU" stand for? In addition, what, if anything, do the terms "logistics" and "tours" mean with respect to operations at IMU?

IMU was incorporated in Florida as "IMU Services, Inc." Thus, the letters "IMU", as part of IMU Services, Inc., do not stand for anything. However, to Scientologists IMU means International Membership Unit. With respect to operations at IMU, "logistics" means simply the cost of mailings and related costs such as transportation. With respect to operations at IMU, "tours" means an individual or group of individuals who worked as independent contractors soliciting new members and donations for the IAS. During the years of IMU operations there were approximately ten tours worldwide. The tours were referred to by location, i.e., the German Membership Tour was located in Germany.

- b. Please describe in detail the activities, operations and places of business of IMU during the period of its existence. In particular, please describe the method by which funds within the care of IMU at its location in Clearwater, Florida were handled, transported and

Mr. John E. Burke  
June 29, 1992  
Page 3

deposited into the accounts maintained at financial institutions (within the meaning given financial institutions in questions 6 above).

#### Place of business

The only place of business of IMU Services during the period of its existence was 118 North Fort Harrison Street, Clearwater, Florida.

#### Activities and Operations

IMU's activities were designed to facilitate raising funds for the IAS and to provide IAS members worldwide with information about Scientology in general and the activities of the IAS and its members in particular. IMU liaised with the fundraising tours around the world and helped coordinate their activities, including the forwarding of funds collected on behalf of the IAS to the IAS and the payment of commissions (during the early period of its existence) to fundraisers. IMU did not collect, tally, invoice or deposit funds collected on behalf of the IAS. IMU also published a bi-monthly magazine (IMPACT) detailing the activities of members worldwide.

IMU also sponsored events around the world where IAS members would receive information on Scientology activities and sent out promotional mailings to encourage Scientologists to become members. IMU organized a large celebration each year in October to mark the anniversary of the formation of the IAS. This celebration was held in different cities around the world and included such functions as an event presenting the highlights of the Association's activities during the year, the annual convention of delegates, seminars on Scientology topics, and presentations of Religious Freedom Awards to outstanding members.

#### Handling of funds in care of IMU

IMU deposited funds in its "care" used for its operating expenses directly in local bank accounts in Clearwater, Florida by either a staff member physically carrying funds to the bank or by wire transfers from its parent company or the IAS. These were the only funds in the "care" of IMU.

In addition, IMU helped coordinate the forwarding of funds (in the form of checks payable to the IAS and credit card advices) collected as membership dues or donations by the tours in the U.S.

Mr. John E. Burke  
June 29, 1992  
Page 4

to the IAS. This assistance was provided by an IMU staff member who would receive mail packs or courier packs from the Membership Tours in Clearwater, Los Angeles and New York, combine them into one courier package and forward them by air courier to England. IMU was not involved in invoicing or depositing these funds.

c. Did IMU at any time during its existence perform any services, directly or otherwise, for any Scientology-related organization? For example, did IMU handle funds for any entity other than the IAS? If so, please specify and provide copies of any written agreement (or descriptions of oral agreements, if that is the case).

During 1986 and 1987 IMU helped raise funds for the Flag Ship Trust ("FST"). As discussed in response to question 9(f) of your May 4 letter, the IAS sponsored a project to locate and purchase an ocean-going motor vessel to be used as a religious retreat for Scientologists. Following the purchase of the M.V. Freewinds in 1986, the project, including the funds raised, was transferred to FST. IMU then continued to assist FST in its efforts to solicit donations for refurbishing the Freewinds by liaising with and coordinating the fundraisers around the world, as it did for the IAS.

IMU engaged in this activity at the request of IAS, through IMU's parent, IMU Administrations, Aps ("IMU Aps"), a Danish corporation. There was no written agreement covering this activity other than the service contract between IMU and its parent (copy attached as Exhibit 1.)

At no time during its existence did IMU handle funds for the Church of Scientology Flag Service Organisation ("CSFSO") or any other Church of Scientology.

d. Were there any payments to or from Scientology-related organizations and IMU, including any payment (directly or indirectly) of expenses relating to the operation of IMU? If so, please describe.

Money to or from Scientology-related organizations

Pursuant to its contract with its parent, IMU Aps, IMU received funds for its operating expenses, along with a fee for its services, on a weekly basis from its parent. On various occasions, IMU was reimbursed for operating expenses directly by the IAS.



Mr. John E. Burke  
June 29, 1992  
Page 5

IMU received small payments from various Scientology-related organizations during its existence, as follows:

IMU received approximately \$6,000 in Field Staff Member Commissions from Churches of Scientology because an IMU staff member helped raise funds for those entities by sending them new parishioners;

Upon liquidation in 1988, IMU sold some equipment to CSFSO for approximately \$7,000, including furniture, a copier machine and a printer;

New Era Publications paid IMU approximately \$3,000 in 1986 for Scientology car badges;

CSFSO and other Churches of Scientology purchased IAS membership pins from IMU to give to their staff members or for resale to their parishioners.

IMU made payments to various Scientology-related organizations during its existence, as follows:

IMU made small grants on behalf of the IAS, including a total of \$50,000 in grants to Scientology Missions International to open missions in such areas as Africa and Eastern Europe, and a \$9,100 grant to Citizens Campaign for Human Rights;

IMU paid rent of approximately \$300 per week to CSFSO for the use of office space in a Church building in Clearwater;

IMU reimbursed CSFSO for the use of its mailing lists to send CSFSO parishioners information about the IAS;

IMU paid the expenses of the staff of a division of CSI, Golden Era Productions, to assist with satellite transmission of the annual IAS convention to Churches of Scientology around the world. IMU also paid the expenses of Golden Era to produce videos of these conventions and to produce a video announcing the purchase of the Freewinds to the Scientology public;

IMU reimbursed the Church of Scientology of Toronto approximately \$11,000 for expenses incurred during the annual IAS convention held in Toronto in 1986;

Mr. John E. Burke  
June 29, 1992  
Page 6

IMU purchased Sea Org uniforms for its staff from CSI;

IMU paid a division of CSI, INCOMM, \$500 per week on average for the use of computer equipment;

IMU reimbursed CSI for expenses incurred in producing photographs to be used in IMPACT magazine;

IMU paid small amounts to CSFSO over the years for such items as Scientology religious materials (approximately \$400); use of CSFSO's photo copier; Scientology car badges (approximately \$300); accommodations at the Fort Harrison religious retreat for IMU staff; and donations for religious services for IMU staff (approximately \$4,000);

IMU reimbursed Church of Scientology Western United States for food and lodging for IMU staff at Church facilities in Los Angeles;

IMU reimbursed New Era Publications for the cost of boxes used to house Religious Freedom Awards presented each year at the IAS annual convention.

- e. Is any organization currently performing any of the activities and functions that had been performed by IMU? In this regard, please include a description of the activities and functions of IAS Administrations, and the extent to which it differs from IMU.

IAS Administrations, Membership Services Administration, and Theta Management Ltd. have at various times since IMU's dissolution performed activities and functions previously performed by IMU. IAS Administrations ("IASA") currently performs some of the functions and activities performed by IMU. However, IASA's activities and functions in many respects are broader than those carried on by IMU. Like IMU, IASA publishes and distributes IMPACT magazine bi-monthly, liaises and coordinates fundraising activities for the IAS around the world, organizes and sponsors events worldwide to keep the membership informed of Association activities and organizes the annual convention. IASA does not forward funds from the Membership Tours to the IAS.

ZUCKERT, SCOUTT & RASENBERGER

Mr. John E. Burke

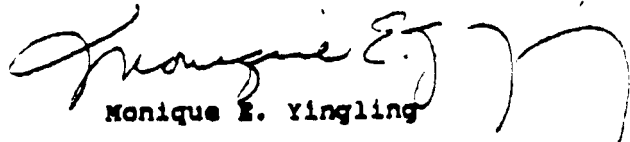
June 29, 1992

Page 7

In addition to the functions similar to those previously carried on by IMU, IAS& handles general legal and administrative matters for the IAS, including retaining counsel. It also handles all correspondence with members of the IAS, maintains membership records, maintains donation records, processes all grant requests to the IAS and all follow-up grant activity and produces promotional information used by fund raisers for the IAS.

I trust you will find the above responsive to question 3 of your May 4 letter.

Sincerely,

  
Monique E. Yingling

Question 9

Relationship to Scientology-related organizations

a. Please describe the relationship between IAS and Scientology-related organizations, as well as the relationship of IAS parishioners. For example, please include in this description the benefits of membership in IAS, including any discount or other benefit available with respect to the receipt and/or purchase of services or products from Scientology-related organizations include all Class V Churches and Missions, regardless of whether the entity was listed in question 1. Please include representative documentation of the relationships described in your response to this question.

The IAS is a voluntary membership association formed to promote and preserve the Scientology religion worldwide. It is an unincorporated religious membership association composed of individuals, churches of Scientology and national associations of Scientologists. The IAS is not part of the Church of Scientology hierarchy. It has its own separate Board of Directors elected annually from among its members, and it functions autonomously from CSI and the rest of the Church hierarchy. CSI, acting in its capacity as the Mother Church, adopted the IAS as the official membership organization for the Church of Scientology in 1984. The purposes of IAS are to assure the continued practice and expansion of Scientology throughout the world, to assist Churches of Scientology when needed, and to maintain communications with Scientologists on matters of common concern.

Benefits of membership in the IAS:

1. Membership card identifying him/her as a member.
2. IMPACT Magazine, issued 6 times per year.
3. Special Publications.
4. Information summaries to keep members abreast of international developments in Scientology.
5. Invitations to events sponsored by the IAS.
6. Participation in IAS Award Games.
7. Participation in IAS projects to assist in the expansion of Scientology around the world.

Benefits extended to members of the IAS by Scientology Churches:

While CSI advises subordinate churches to extend the following benefits to IAS members, Churches do not generally check for IAS membership. As a result, all Scientology parishioners are routinely afforded these benefits.

8. Certificates in force.
9. Participation as a Field Staff Member and Field Auditor.
10. Training Scholarship Awards and Professional Rates on processing.
11. Discount of 20 percent on donations requested for religious services at Churches of Scientology.
12. Discount of 20 percent on Church of Scientology bookstore items.
13. Discount of 50 percent on "I Want To Go OT" Club membership fee.

Representative documentation is attached as Exhibit II-9-A.

\* \* \* \*

Question 9

b. Is there any written or oral agreement regarding the benefits of membership in IAS? If yes, and unless already provided under a. above, please provide documentation and a description. If any oral agreement exists, please describe the agreement including who has knowledge of such agreements.

(See Exhibit II-9-B).

\* \* \* \*

Question 9

c. Is membership in IAS solicited at or through the auspices of any Scientology-related organizations? If so, please describe the method of solicitation, any documentation regarding the solicitation, and the period of time during which such solicitations have occurred.

Scientologists who are members of the IAS encourage fellow Scientologists to join the Association wherever they come in contact, including Churches of Scientology. In addition, Church staff members, all of whom are IAS members, encourage new parishioners to join the IAS on an introductory basis. The IAS offers a free six-month introductory membership to all Scientologists.

Since the formation of the IAS in 1984 and its recognition by CSI as the official membership association of the Church of Scientology, CSI has encouraged all Scientology-related organizations to help expand the membership of the IAS. CSI has done this in a variety of ways, including sponsoring membership drives, issuing policy statements regarding membership, and directing all Churches of Scientology to include a "membership officer" on staff. The membership officer ordinarily assumes this title as part of another staff position in the Church and is the individual Scientologists can contact for information about the IAS and membership applications. Churches of Scientology around the world often place advertisements in their local Scientology publications promoting membership in the IAS.

The only documentation used in soliciting members to the IAS are Membership application forms, a copy of which was provided in response to question 9a, above. IAS applications are not submitted to Churches of Scientology. They are forwarded directly to the IAS for acceptance.

\* \* \* \*

Question 9

d. Are donations to or for the benefit of IAS solicited at or through the auspices of any Scientology-related organizations? If so, please describe the method of solicitation, provide documentation regarding the solicitation, and describe the period of time during which such solicitations occurred.

Donations above the amount of the annual and lifetime membership dues are in almost all cases solicited by the Membership Tours (discussed at page 2 of the supplemental letter from Monique Yingling regarding IMU). The Membership Tours generally do not solicit donations on the premises of Churches of Scientology, however, such contact may occur as some Membership Tours have office space located in Churches of Scientology. Neither CSI staff nor the staff of other Scientology-related organizations is ordinarily involved in the solicitation of such donations.

\* \* \* \*



Question 9

e. Does any Scientology-related organization provide (or in the past provided) office space or staff for, or directly or indirectly pay expenses (or subsidize the costs) of, any solicitations for membership in or donations to IAS?

As discussed in the response to "c" above, at the direction of CSI, Churches of Scientology generally have a "membership officer" who provides information on the IAS to Church parishioners.

Membership Tours with office space located in Churches of Scientology generally pay rent to the Church for the space used. The Membership Tour for Germany has paid rent to the Church of Scientology Munich since 1990. We have been unable to ascertain whether the Munich Church charged any rent in earlier years. The Denmark Membership Tour has paid rent for the office space it uses in the Danish Church for the last 18 months. Before that time, we understand there was no rent charged by the Church. The Italy Membership Tour (located in the Milan Church) has recently paid rent. Until recently, no rent was charged by the Milan Church. The Clearwater Membership Tour has always paid rent to Church of Scientology Flag Service Organization for the space it uses. The Swiss Membership Tour has always paid rent to the Church in Zurich. The United Kingdom Membership Tour, Canada Membership Tour, and Japan Membership Tour, have also paid rent. The Church of Scientology in New York provides a small work room for the Membership Tour of the Eastern United States at no charge when that Tour is in New York. The Western United States Membership Tour does not use space on Church property.

\* \* \* \*

Question 9

f. Does IAS have (at present or in the past) any direct or indirect relationship, financial or otherwise, to the ownership or operation of the M.V. Freewinds, or any entity related to the ownership or operation of the ship? Please include in your response the role, if any, of IAS in purchasing or financing of the M.V. Freewinds.

The IAS was involved in the initial fund raising for the search and purchase of an ocean-going motor vessel to be used as a religious retreat for Scientologists. The IAS directly sponsored this project from late 1984 to early 1986. In early 1986, this project was assumed by the Flag Ship Trust. The IAS fully funded the costs of the ship project throughout 1985 and 1986. In addition, between 1985 and 1988, the IAS paid fundraising commissions and some operating costs of the Ship Project. The amounts expended by the IAS with respect to the Ship Project are as follows:

1985	\$ 26,477.00
1986	\$ 746,630.00
1987	\$ 543,565.00
1988	\$ 42,207.00

IAS Administrations currently operates aboard the M.V. Freewinds and pays rent on a weekly basis to Majestic Cruise Lines for the space occupied.

\* \* \* \*

Question 9

g. Please describe the management structure of IAS, including the names of those who manage the affairs of IAS or sit on the governing body or bodies of the entity. To what extent are Scientology-related organizations involved in or represented in IAS? Please describe the selection of delegates and officers in IAS. Please include in your response the governing documents of IAS as in effect on the date of this letter.

In accordance with its Constitution, the International Association of Scientologists is governed by a Board of Directors, originally elected by the Delegates to the founding convention. Annual Delegates are selected by Churches of Scientology in accordance with Article VII of the Constitution. The Constitution provides that the Board of Directors shall adopt Rules (which must be consistent with the Constitution) for the governance of the IAS, the conduct of its activities and the qualifications, rights, privileges and duties of its members. The Board exercises general oversight over the operations of the two corporations it has contracted with to administer its activities, IAS Administrations and Theta Management Limited. The Board ensures that the Constitution of the IAS is followed and sets the location of each annual Convention of Delegates. The IAS Delegates establish the time of the next Convention of Delegates. Each year, the Delegates decide the Association's goals for the coming year.

The current members of the Board of Directors of the IAS are:

Ms. Maureen Brigatti, Australia  
Ms. Pauline Chatterton, New Zealand  
Mr. Carl Heldt, Sweden  
Ms. Janet Light, United Kingdom  
Mr. Marc Yager, United States

The Delegates to the most recent annual Convention of Delegates were:

Ms. Valerie Rollins, Africa  
Ms. Sue McClintock, Australia  
Ms. Gabrielle Rupp, Austria  
Mr. Pascal Carminati, Belgium and Luxembourg  
Ms. Marina Mackie, Canada  
Ms. Ditte Nielsen, Denmark  
Mr. Olli Toivonen, Finland

Mr. Alain Frank Rosenberg, France  
Ms. Weibke Hansen, Germany  
Mr. Michel Czimbalmos, Greece  
Ms. Ester Rood, Holland  
Ms. Antonia Navarro, Spain  
Mr. Trino Tirale, Italy  
Mr. Hector Vidales, Latin America  
Ms. Marion Moffat, New Zealand  
Ms. Laila Breivik, Norway  
Ms. Yoko Takeda, Japan  
Ms. Martina Blanes, South America  
Ms. Eva-Lena Alvang, Sweden  
Ms. Vreni Schoenenberger, Switzerland  
Mr. Brian Wordie, United Kingdom  
Mr. Thomas Welch, Eastern United States  
Ms. Margaret Brueske, Western United States

Scientology-related organizations may be members of the IAS but are not involved in its management.

The only governing instrument of the IAS is its Constitution, a copy of which is attached as Exhibit II-9-C.

\* \* \* \*

Question 9

h. Please describe CSI's recognition of IAS as the sole worldwide membership organization for Scientology parishioners. Is there any written agreement or other document regarding this recognition? If so, please provide a copy. Otherwise, please provide a description regarding such recognition, including the terms of any oral agreement. Has CSI or any other Scientology-related organization recognized any membership organization, e.g. country-wide or continent-wide membership organizations (other than DAS or EAS)? If so, please list and describe.

After the IAS was formed and had stated its purpose "To unite, advance, support and protect Scientology and Scientologists in all parts of the world so as to achieve the aims and purposes of Scientology," CSI determined to support the IAS fully in its crusade and the fight for religious freedom. CSI elected to recognize membership in the IAS as the official membership for its parishioners.

CSI and the former Mother Church of the Scientology religion, Church of Scientology of California, previously recognized the Hubbard Association of Scientologists International ("HASI") as the official membership of the Church. Lifetime members of HASI receive the same benefits the Church extends to IAS members.

In addition to DAS and EAS there are other national Scientology membership associations required by local laws. For example, the Church of Scientology in Germany is a membership association.

Relevant documentation regarding CSI's recognition of IAS as the official membership organization of Scientologists is attached as Exhibit II-9-D.

Question 9

i. Does IAS use any intangible or intellectual property, including any trademarks, service marks, logos, copyrights, patents, or other property that is owned by any Scientology-related organization? Please separately indicate which, if any of this property is owned by Estate of L. Ron Hubbard, Authors Family Trust or Author Services, Inc. If IAS uses property, does IAS pay for such use?

CSI's trademark counsel has advised that the IAS does not "use" the Scientology trademarks or service marks: "Technically, the IAS does not use any of the trademarks or service marks of Religious Technology Center. The word "use" is a technical word in the trademark law (15 U.S.C Section 1127) and does not include mere references to the marks in [the] magazine, IMPACT, and other literature." RTC, the owner of the Scientology religious marks, has never licensed IAS as a user of the marks. Relevant correspondence acknowledging IAS's reference to the marks in its literature is attached as Exhibit II-9-E.

IAS regularly reprints portions of the Scientology Scriptures that are copyrighted and owned by the Author's Family Trust in IMPACT magazine and other literature. The Trustee has acknowledged copyrighted materials are used by the IAS, but never required a license or payment for such limited use.

Question 9

Receipts and Expenditures

The information requested regarding IAS receipts and expenditures is voluminous and not readily available to CSI or any other Scientology-related organization. Accordingly, CSI is providing IAS receipts and expenditure information from 1989 forward, the same period of time to which substantially all of the Service's requests for financial information relate.

a. Please list all transfers of funds, property (of whatever kind) or other assets from any Scientology-related organization to IAS. This list should include the amount or fair market value transferred, the purpose, the date and the transferor's name.

During the period January 1, 1989 to December 31, 1991, the only transfers of funds, property or other assets to the IAS from Scientology-related organizations were payments for advertisements in IMPACT magazine. In consideration for these payments, the various Churches and church-related organizations have had promotional materials included in IMPACT. Since 1991, payments for advertisements in IMPACT have been made directly to IAS Administrations. A detailed list of the advertisement payments follows:

APPLIED SCHOLASTICS INCORPORATED

1989	11,925.00
1990	2,160.00

ASSOCIATION FOR BETTER LIVING AND EDUCATION

1989	7,400.00
------	----------

AUTHOR SERVICES, INC.

1989	7,125.00
------	----------

CHURCH OF SCIENTOLOGY ADVANCED ORGANIZATION SAINT HILL EUROPE AND AFRICA (AOSH EU & AF)

1989	950.00
------	--------

CHURCH OF SCIENTOLOGY CELEBRITY CENTRE INTERNATIONAL

1989	4,250.00
1990	2,400.00

CHURCH OF SCIENTOLOGY FLAG SERVICE ORGANIZATION, INC.

1989	25,200.00
1989	51,751.88
1990	24,525.00
1990	32,500.00

CHURCH OF SCIENTOLOGY INTERNATIONAL

1989	500.00
1989	6,275.00

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE, INC.

1990	7,603.50
1991	106.31

CHURCH OF SCIENTOLOGY WESTERN UNITED STATES

1989	14,700.00
------	-----------

DIANETIK ZURICH MISSION DER SCIENTOLOGY KIRCHE

1990	1,648.86
------	----------

FOUNDATION CHURCH OF SCIENTOLOGY FLAG SHIP SERVICE ORGANIZATION

1989	43,950.00
1990	67,400.27
1991	1,000.00

INTERNATIONAL HUBBARD ECCLESIASTICAL LEAGUE OF PASTORS

1989	14,400.00
1990	16,400.00
1991	600.00

MAJESTIC CRUISE LINES INC.

1989	24,877.50
1990	29,850.00



SCIENTOLOGY MISSIONS INTERNATIONAL

1989	3,038.00
1990	9,300.00

WORLD INSTITUTE OF SCIENTOLOGY ENTERPRISES

1989	3,800.00
1990	12,980.00
1991	5,000.00

In February 1990, CSI returned to IAS \$522,373.08 of the \$2,100,000 IAS had advanced to cover bail and legal costs of Scientologists arrested in Spain in 1988. An additional \$472,816.55 had been returned to the IAS in April 1989 by CSI's Spanish counsel, Gomez-Acebo Pombo.

\* \* \* \*

ANDREA FECHNER

1989	5,508.17
1990	7,352.04
1991	4,104.01

DETLEF FOULLOIS

1990	74,442.98
1991	124,691.37

KARL ERICH HELIG

1990	2,656.66
1991	29,525.14

ANTON KUCHELMEISTER

1989	1,960.31
1990	22,017.28
1991	14,593.71

GUDRUN KUGLER

1991	10,532.26
------	-----------

HERBERT NONNEN

1989	47,368.32
1991	38.65

MONIKA NONNEN

1989	12,863.06
1991	29.56

RAINER OTTENWELLER

1991	26,084.25
------	-----------

GABI SCHAEFER

1989	1,134.75
1990	9,667.22
1991	179.75

JOHN DONAGHY

1989	13,441.20
1990	30.00
1991	5,201.30

STEVE EDELSTEIN

1989	5,763.00
1990	5,976.87
1991	14,007.66

MARK FREEDMAN

1991	15,503.87
------	-----------

JOHN D. FUTRIS

1989	970.00
1991	19,255.24

H.D.B. CONSULTANTS

1989	8,502.48
1990	124,460.13
1991	225,295.41

ROBERT & MARY HUSS

1989	340.00
1990	6,260.00
1991	7,155.00

LAWRENCE G. JAFFE

1989	23,762.47
1990	2,889.44
1991	30.00

PENNY ATWELL JONES

1989	2,440.00
1990	665.00
1991	13,776.91

BARRY KLEIN

1989	25,979.00
1990	2,230.00
1991	3,904.20

RANDY MERRILL

1989	3,654.00
1990	8,775.31
1991	3,800.00

CHUCK OVERFELT

1990	26,079.50
1991	210.00

BILL PELLETIER

1989	21,673.14
1990	3,764.62

MICHAEL DAVID PHILLIPS

1989	1,530.00
1990	10,480.00
1991	1,265.00

JEFF POMERANTZ

1989	619.00
1991	115,055.34

MICHAEL D. ROBERTS

1989	8,757.50
1990	13,972.00
1991	58,093.77

LORAL SELWAY

1990	230.00
1991	12,513.54

SHARON SKONETSKI

1989	22,596.18
1990	47,037.46
1991	17,178.44

STERLING MANAGEMENT LTD.

1990	7,082.50
1991	25,700.80

DAVID W. STOBBE

1989	12,086.71
1990	120.00
1991	319.00

HANS PETER TSCHUPP

1989	118,440.87
1990	20,059.16

ANNIE WHITE

1989	54,654.24
1990	68,969.70
1991	53,676.93

DAVID WORTHEN

1989	2,490.00
1990	5,190.00
1991	2,700.60

HERBERT ZERDEN

1989	140,946.81
1990	50,341.78
1991	1,000.00

VENEZUELA

AGUSTIN PINTO

1989	3,688.00
1990	7,138.29
1991	200.00

In addition to the fundraising commissions, above, paid directly to individual Scientologists, the IAS transferred amounts during the relevant periods to IMU, IASA, TML and MSA for payment of commissions to Membership Tours. The amounts paid to Membership Tours reflect gross amounts from which the tours paid their expenses of operations, staff, travel, etc. The payments to the tours were as follows:

PAYMENTS TO MEMBERSHIP TOURS

ANZO MEMBERSHIP TOUR

1989	7,188.73
1990	27,254.72

CANADA MEMBERSHIP TOUR

1990	13,222.71
1991	41,563.87

CW MEMBERSHIP TOUR

1989	217,523.64
1990	273,441.84

EUS MEMBERSHIP TOUR

1989	27,245.19
1990	61,746.75
1991	85,985.45

EUROPEAN MEMBERSHIP TOUR

1991	22,489.52
------	-----------

FRANCE MEMBERSHIP TOUR

1989	13,311.18
1990	20,204.94

GERMAN MEMBERSHIP TOUR

1989	105,838.97
1990	269,629.15
1991	274,333.74

ITALY MEMBERSHIP TOUR

1989	23,350.52
1990	56,143.25
1991	100,707.07

JAPAN MEMBERSHIP TOUR

1989	2,243.55
1990	23,012.49
1991	27,276.04

LATIN AMERICA MEMBERSHIP TOUR

1989	41,045.70
1990	22,524.44
1991	17,954.28

NW US MEMBERSHIP TOUR

1989	20,636.90
------	-----------

SCANDINAVIA MEMBERSHIP TOUR

1989	24,222.52
1990	53,974.93
1991	118,437.05

SPAIN MEMBERSHIP TOUR

1990	2,383.85
1991	11,997.26

SOUTH AMERICAN TOUR

1989	18,145.08
1990	18,013.33

SWISS MEMBERSHIP TOUR

1989	28,810.72
1990	86,633.00
1991	101,173.87

UK MEMBERSHIP TOUR

1989	21,458.41
1990	68,197.94
1991	91,828.47

WUS MEMBERSHIP TOUR

1989	57,021.41
1990	182,867.94
1991	407,052.46

VENEZUELA MEMBERSHIP TOUR

1990	18,145.08
1991	18,013.33

Note: The 1989 figures, above, include only nine months of 1989 as CSI was advised the records for September- November 1989 could not be located.

#### PAYMENTS TO SCIENTOLOGY RELATED ORGANIZATIONS OVER \$50,000

While not requested in this question 9b, in addition to the expenditures listed below, the IAS transfers funds to the service companies it has contracted with, i.e. IMU, IASA, TML, to cover the expenses of those entities.

#### GRANTS

##### 1) CITIZENS COMMISSION ON HUMAN RIGHTS

1989	\$	64,900.00
1990	\$	6,208.46
1991	\$	26,082.00

##### 2) CHURCH OF SCIENTOLOGY INTERNATIONAL

1990	\$	114,541.00	(Interpol booklets Germany, France)
1990	\$	29,373.82	(War booklet)
1991	\$	46,339.00	(Interpol booklets, Germany)
1991	\$	61,000.00	(What Is Scientology booklet)

##### 3) CHURCH OF SCIENTOLOGY INTERNATIONAL FOR USA TODAY ADS

1991	\$	2,909,608.00
1991	\$	3,308,854.00

##### 4) NARCONON INTERNATIONAL

1989	\$	24,000.00	(Chilocco)
1990	\$	39,225.00	(Russia)

##### 5) CHURCH OF SCIENTOLOGY ITALY (Legal costs and related expenses)

1989	\$	365,240.81
1990	\$	161,492.18
1991	\$	180,583.22



6) CHURCH OF SCIENTOLOGY SPAIN (Legal costs and related expenses)

1989 \$ 91,540.00

REIMBURSEMENT OF EXPENSES

1) CHURCH OF SCIENTOLOGY INTERNATIONAL (Reimbursement of travel expenses )

1989 \$ 7,663.18

2) CHURCH OF SCIENTOLOGY INTERNATIONAL (Golden Era Productions) (IAS Annual Convention costs)

1989 \$ 103,247.99

3) CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE (For promotional costs for annual IAS convention)

1989 \$ 38,202.14

4) CHURCH OF SCIENTOLOGY FSO (Reimbursement of expenses for IAS Patron Dinner)

1990 \$ 25,000.00

5) BERT RONHAAR (Reimbursement of expenses for IAS Patron Dinner)

1990 \$ 13,000.00

\* \* \* \*

Relevant documents, including a copy of the invitation to the founding convention and a copy of the Pledge to Mankind are attached as Exhibit II-9-F.

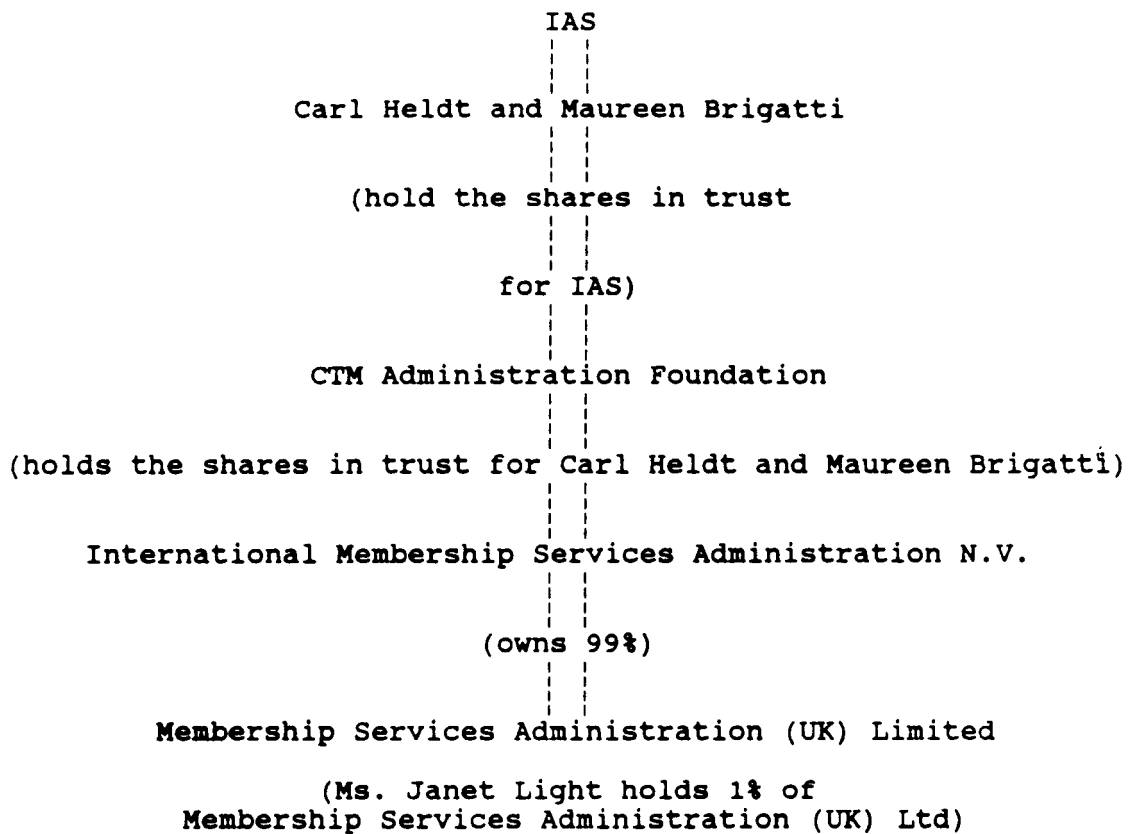
\* \* \* \*

Question 9

Operating Entities

Please describe in detail the ownership of the three operating arms of IAS.

As an unincorporated association the IAS cannot hold property in its own name under the laws of the jurisdictions in which the service companies IAS has contracted with are incorporated. Thus, individuals hold the stock of these service companies on behalf of the IAS.



IAS

Pauline Chatterton and Helen Wehl

(hold the shares in trust for IAS)

Costas Kemidjis and Taslaw Nominees Ltd.

(nominees for P. Chatterton and H. Wehl)

Theta Management Ltd.

Question 10(a)

10(a). The Service has expressed its concerns relating to violations of public policy committed in the past by certain individuals affiliated with Scientology and by various Scientology-related organizations. What assurances can the Service be provided that these violations are not continuing as of December 31, 1989, and that those who were involved in the commission of the acts described in the CSC case are no longer affiliated in any capacity or employed by the Church of Scientology, including any Scientology-related organization?

The Service's ongoing concerns about "violations of public policy committed in the past by certain individuals affiliated with Scientology and by various Scientology-related organizations" appear to be based on the Tax Court's decision in CSC. The misconduct that gave rise to the Tax Court's public policy findings in CSC was the criminal misconduct of individuals within the Guardian's Office. As discussed in detail in response to question 3(a), the Guardian's Office has been disbanded, the principal wrongdoers removed from staff permanently barred from ever serving on staff of any Scientology church in any capacity, and other former GO staff with lesser involvement removed and retrained. The procedures instituted that prevent recurrence of misconduct by Church staff in their official capacity apply equally here -- the legitimate functions of that office now are carried out under full and direct ecclesiastical supervision, and there are no organizations or groups performing church functions in the practice and propagation of the religion of Scientology or its affiliated social welfare and public benefit activities which can operate independently of CSI and the ecclesiastical hierarchy.<sup>1/</sup>

---

<sup>1/</sup> Church of Spiritual Technology is autonomous from the CSI hierarchy. CST has its own unique activities and purposes which require it to be autonomous. CST's autonomy does not create a risk of a recurrence of the Guardian Office misconduct, because CST is not involved in any way with the ministry of religious services to the public, the proselytization of the Scientology religion, or the performance of its social welfare and public benefit functions.

Question 10(b)

b. The term "Snow White" referred in the 1970s to a covert operation carried out by the Guardian's Office under which illegal acts were perpetrated, including burglarizing the National Office of the Internal Revenue Service. Is any operation known as "Snow White" still in existence? If not, please describe and document the method by which it ceased operations. If an operation under the name still exists, please describe the operation and provide supporting documentation. In addition, please describe any operation of whatever name that may be designed to achieve goals similar to the "Snow White" operation that existed in the 1970s.

As discussed in our responses to Questions 3(d) and 10(a), during the 1970s the Information Bureau of the Guardian's Office ("GO") carried out a series of operations to infiltrate government offices, including the National Office of the IRS, to obtain copies of documents concerning the Church. While the GO used various names to refer to those operations, we do not believe it ever used the name "Snow White" to designate those operations. However, we understand that the term Snow White may have been misused within a program involving infiltration of government agencies. This may be the source of the misconception about this program conveyed by the Service's question. The term "Snow White" correctly refers to a program written by L. Ron Hubbard in 1973 for the purpose of correcting false governmental reports about the Church of Scientology through strictly legal means.

Mr. Hubbard wrote the Snow White Program because several countries bordering the Mediterranean Sea had denied entry to their ports to the ship Apollo, which at that time housed the Church's senior ecclesiastical management bodies, as a result of false reports concerning the Church that were being distributed primarily by certain governmental officials in England and the United States. Mr. Hubbard wanted to correct the record and to seek redress for religious persecution. Accordingly, Mr. Hubbard wrote:

To engage in various litigation in all countries affected so as to expose to view all such derogatory and false reports, to engage in further litigation in the countries originating such reports, to exhaust recourse in these countries and then finally to take the matter to the United Nations (that now being possible for an individual and a group) and to the European Commission on Human Rights, meanwhile uprooting and cancelling all such files and reports wherever found.

This program did not contemplate anything illegal whatsoever, and in fact expressly stated its "Ideal Scene" to be "All false and secret files of the nations of operating areas brought to view and legally expunged . . . ." (Emphasis added).

An example illustrating the use of the Snow White Program, why it was necessary and its results, concerns the country of Portugal. Between 1969 and the first half of 1974 the Apollo frequently docked at ports in Portugal with no problems and good relations with the people and local governments. In July 1973 a rumor was first heard in the port of Oporto that the Apollo was a "CIA ship." This same rumor had first surfaced at ports in Spain in 1972 and as a result of this and other false reports the ship had been denied entry into some Spanish ports. Although the rumor continued to surface in 1973 and 1974 in Portugal, the Apollo nonetheless continued to be welcome in Portuguese ports without major incident.

On October 3, 1974, when the Apollo was docked at the port of Funchal on the island of Madeira, Portugal, it was attacked by a large crowd throwing rocks and shouting "CIA ship." The local police and army stood by and watched, doing nothing to hold the crowd back. As a result some Church staff aboard the ship were injured and property was damaged or destroyed. Cars and motorcycles belonging to the Church and Church staff were thrown off the dock into the bay. The ship crew had to fight off the attackers with fire hoses while the ship made an emergency departure to escape the violence, without being able to take on food, fuel or water. The Apollo and her crew were forced to wait miles offshore for over a day while order was restored so she could return to load fuel, food and water and sail to a safe country.

Documents obtained from the U.S. State Department through the Freedom of Information act pursuant to the Snow White Program, trace the "CIA ship" rumor to a State Department telex in April of 1972 sent to various European countries that contained this and other false reports. Following the Snow White Program procedure of locating and expunging false reports and seeking redress for religious persecution, a suit was filed in Lisbon by the company that owned the Apollo, Operation Transport Corporation ("OTC"), against the government of Portugal seeking damages as a result of this riot. In June of 1985 the Administrative Court of Lisbon awarded damages to OTC finding that the riot in October of 1974 had been sparked by the CIA ship rumor, and that this rumor was false. These damages were sustained by an appellate court in 1987.

Based on these decisions and clearing up of the false

information originally generated by the U.S. government, in April of 1988 the Minister of Justice in Portugal officially authorized the registration of the Church of Scientology in Portugal, accomplishing the Snow White Program's objective for that country.

The principal activities in the United States under the Snow White Program have consisted of filing Freedom of Information Act requests with all Federal governmental agencies and public record requests at the state and local level, pursuing litigation to compel disclosure of records being withheld, and the filing and prosecution of a large lawsuit in 1978 against a number of federal government agencies for the purpose of expunging all false reports on the Church and Mr. Hubbard contained in their files. Other activities under the aegis of Snow White, both in the U.S. and abroad, had to do with investigating and exposing Interpol as an autonomous police agency serving as a conduit for false reports on the Church and others.

The Osler Decision:

The Service need not simply rely on our representations about the Snow White Program as we are providing a copy of the original program with this write-up as Exhibit 10-A. Additionally, Justice Osler of the Supreme Court of Ontario, Canada, reviewed this program in 1985 to determine whether an Ontario Provincial Police officer should be cross-examined on an affidavit he had sworn in support of a search warrant against a Church of Scientology in Canada. The officer had characterized the Snow White Program as calling for illegal actions.

In an opinion dated January 23, 1985, after reviewing the Snow White Program document and other related evidence, Justice Osler noted that

" . . . it is not without significance that the affidavit of Fletcher Prouty, appearing in Volume 8A of the record at tab KK, makes it appear that he formed the conclusion, as a highly placed official of the Central Intelligence Agency of the United States that since 1950 there has been a definite campaign of harrassment against this organization (Scientology) for nearly thirty years primarily by means of the dissemination of false and derogatory information around the world to create a climate in which adverse action would be taken against the Church and its members. Defense against this type of activity was, of course, the stated objective of the SNOW WHITE program.



Decision of Supreme Court of Ontario, Osler, J., pp. 33-34.

Concluding that the document on its face called for actions to "legally" expunge files and that the word "legally" appeared to have been purposely left out of the officer's affidavit, Justice Osler ordered that the cross-examination of the officer go forward.

Following the cross-examination, on February 7, 1985, Justice Osler issued a second opinion stating that while he did not believe that the officer's mischaracterization of the Snow White Program rose to the level of a fraudulent misrepresentation, he did find that the officer had made "errors in judgment" in characterizing the program as calling for illegal actions.

Current Snow White Activities:

The Snow White program is not being executed today. It was a very specific program tailored to a particular state of affairs at the time it was written. However, over the years the term Snow White became synonymous with the activity of legally locating and correcting false reports on the Church. So the term may be heard in connection with this activity from time to time. The Church's legal bureau, working with Church counsel, utilize the Freedom of Information Act and similar statutes around the world to locate false reports on Churches. When located they seek cooperation of the agencies involved in expunging and correcting such reports.

These staff and attorneys carry out no activities that are in any way illegal, and neither does any other unit or function in the Church.

A copy of the Snow White Program as issued in 1973 is attached as Exhibit II-10-A.

Question 10(c)

Please state whether, to the best of your knowledge and belief, there are any pending United States or state or local governmental investigations regarding possible criminal law violations by a Scientology-related organization or by any individual alleged to have been acting under the direction of (as agent or otherwise), or in conjunction with, any such organization. For purposes of this question, please include any information relating to any Class V Church or Mission without regard to whether such Church or Mission is required to be listed in your response to question 1. Please include any pending criminal charges (and/or any pending court action including relevant docket number(s) against such entity or individual. Include in the description the investigating agency and any knowledge and/or documents known by you, or in your possession, or known by a Scientology-related organization or in the possession of such an organization regarding the investigation (e.g., what the allegations are and the date the acts were allegedly committed). In addition, please list all positions held by the individual listed in response to this question in any Scientology-related organizations at the present time and at the time the activity in question allegedly occurred.

There are no known pending governmental investigations regarding possible criminal law violations by any Scientology-related organizations or by any individual alleged to have been acting under the direction of (as agent or otherwise), or in conjunction with, any such organization.

\* \* \* \* \*

Question 10 (d)

d. Please provide a list of all civil or criminal litigation commenced on or after January 1, 1980 in which it is alleged that any Scientology-related organization (as that definition has been modified in c. above) or any individual alleged to have been acting under the direction of (as agent or otherwise), or in conjunction with, any such organization, has violated any criminal law or has committed an intentional tort. The list should contain parties' names, the docket number(s) of the litigation, the court in which the matter is or was pending, a short description of all claims (and any counterclaims) by the parties, including any additional facts you believe would be relevant to allow us to understand the bases of the suit, and the status of the action. The list need not contain litigation in which the Commissioner of Internal Revenue is a named party.

Background

Although only litigation that commenced on or after January 1, 1980 has been requested, background information is necessary to put those cases in context. In the 30 years prior to 1980 there were only a handful of alleged intentional tort cases in the United States. These were principally cases involving a disgruntled former member wishing a refund of his or her donations, and who included tort causes of action as a litigation tactic. Such cases were typically dismissed without a trial or settled for a refund of the donations made.

The response to Question 3(d) describes in detail how during the 1970s the Guardian's Office ("GO") acted as an autonomous organization unchecked and unsupervised by the ecclesiastical management of the Church. GO staff carried out illegal programs, such as the infiltration of government offices for which eleven members of the GO were prosecuted and convicted. There were also instances in which GO staff used unscrupulous means to deal with people they perceived as enemies of the Church -- means that were completely against Scientology tenets and policy.

Although these activities involved a very small number of Guardian's Office staff members operating autonomously in violation of Church policy and the law, their actions provided ammunition for those who would attack the Church and damaged the Church's credibility with courts and the government. The GO carried out several years of secretive, questionable and often illegal activities before they were exposed and stopped. Much of this was recorded in documents that were seized in FBI raids on GO offices and made publicly available during the criminal prosecutions of GO members. The Commodore's Messenger Organization

investigated and disbanded the GO in the early 1980s, dismissing a large number of GO members from Church staff along with a few GO sympathizers in Church management.

The GO documents and the activities that they revealed, along with a small group of rabid apostates, came to the attention of Boston personal injury attorney Michael Flynn, who concluded that this combination made the Church an easy litigation target in cases which he hoped to position for large monetary settlements.

#### Michael Flynn

Flynn, whose practice had theretofore centered on medical malpractice, launched his litigation assault on the Church of Scientology in 1979. His formula, which he repeated in all of the cases he brought, was to: (1) locate someone who had left the Church, had been purged or who could be induced to leave the Church; (2) convince the person to file "cookie-cutter" fraud and emotional distress claims; and (3) commence an action through an inflammatory complaint, relying on documents from the Guardian's Office to give an air of false credibility to the claims.

Flynn, however, did not sue the GO; instead, his targets were Churches of Scientology generally and L. Ron Hubbard. As part of his design, Flynn enlisted the aid of ousted GO sympathizers and former GO members as witnesses, thus enabling him to orchestrate a highly prejudicial portrayal of Scientology for judges and juries and for the media.

On a separate front, Flynn set out to create broader problems for the Church in the hope both of spreading Church resources thin and imparting a false air of credence to his civil claims. This he accomplished by instigating governmental investigations and attacks on the Church, often through IRS personnel who were more than willing to cooperate.

#### The Van Schaick Action

Flynn's first step was to file a class action lawsuit on December 13, 1979, in the United States District Court for the District of Massachusetts. Van Schaick v. Church of Scientology of California, et al., No. 79-2491-G. In that action, Van Schaick, purporting to act as a supposed class representative, alleged an array of torts and sought \$200 million in damages. However, no class certification was ever pursued by Flynn. Instead, he used the lurid allegations and huge prayer of the Van Schaick complaint as a tool for soliciting additional clients to sue the

Church. Ultimately, Flynn recruited 28 plaintiffs to file virtually identical actions in various jurisdictions.

#### Flynn Associates Management Corporation

In 1980, Flynn created a corporate entity to promote his burgeoning business of suing the Church. Flynn Associates Management Corporation ("FAMCO") was formed, in the words of a FAMCO document, to promote four basic goals:

1. Closing Scientology organizations (Churches)
2. Adverse media
3. Adverse public reaction
4. Federal and state attacks (on religion)

FAMCO was merely a front designed to generate money to finance Flynn's litigation against the Church. A "get rich quick" scheme outlined in one FAMCO document actually promised FAMCO "investors" between \$2 and \$4 for every \$1 invested in FAMCO shares. FAMCO was essentially a franchising scheme through which Flynn solicited co-counsel in various other jurisdictions to join in the Church litigation through a fee-splitting system. Flynn's plan was ". . . to position ourselves such that to fight us would be cost ineffective." He forecast "One thousand lawsuits (against the Church of Scientology) . . . by the end of 1981." Flynn provided attorneys with "turn-key" lawsuits. He promised other attorneys that, "We provide the clients, the damages, the pleadings, the memoranda, the documents, the witnesses and virtually everything required for an instantaneous trial with little or no necessity for discovery."

#### Flynn's Probate Gambit

A particularly outrageous tactic employed by Flynn was his attempt to steal Mr. Hubbard's estate by inducing Mr. Hubbard's estranged son, Ronald DeWolfe, to bring a probate action in November 1982, falsely alleging that Mr. Hubbard was missing and that DeWolfe should be appointed to control the estate. At the same time, of course, Flynn was representing a group of former Scientologists who had named Mr. Hubbard as a defendant in civil suits against the Church, alleging that Mr. Hubbard controlled the Church as its managing agent. Flynn thus achieved the unique distinction of going into one court room to argue that Mr. Hubbard controlled the day-to-day operations of the Church through a constant stream of orders to Mr. Miscavige, and then crossing the hall to another court room to argue that Mr. Hubbard was ill and dying and that he was being manipulated by his close advisors, especially Mr. Miscavige. By being willing to speak out of both sides of

his mouth, Flynn was seeking to get rich by trying to gain control of the very estate he was simultaneously seeking to plunder./1

After Flynn's probate action was dismissed on summary judgment in June of 1983, Flynn shifted gears and announced that his "real" purpose in bringing the probate action had been to force Mr. Hubbard out of seclusion so he could be served in Flynn's other cases.

One of Flynn's clients, Paulette Cooper, graphically described in an affidavit how Flynn detailed to her his strategy to "quickly and easily win" cases by "conducting an attack against Scientology founder L. Ron Hubbard" by naming him as a defendant in her pending lawsuits. Flynn specifically told Cooper that he believed that "Hubbard would never appear" in those suits because "by approximately 1979, Mr. Hubbard had severed his ties with the Church." Flynn boasted that such a ploy would result in quick money judgments because the litigation could be "quickly terminated, either by obtaining a default judgment against Mr. Hubbard," or by forcing "settle[ment] in order to protect Mr. Hubbard." Cooper further affirmed that Flynn filed sworn statements by Cooper in her cases alleging Mr. Hubbard's control when Cooper lacked any evidence whatsoever of the claim, "solely for strategic reasons in pursuit of default judgment."

#### Government Support for the Flynn Campaign

As noted above, Flynn obtained government assistance to lend credence and momentum to his attacks and to bring additional pressure on the Church. Tactics, strategies and the goal of the destruction of the Scientology religion were shared and carried out by Flynn in coordination with some parts of the IRS and Department of Justice. The clearest examples of this collusion were in the fall and winter of 1984.

In August of 1984, in civil litigation between churches of Scientology and the IRS and other federal government agencies that had been in progress for some years, the government worked with Flynn in importing one of Flynn's principal tactics into the Church's government litigation, namely seeking the deposition of L. Ron Hubbard as managing agent of the Church and then seeking dismissal or default as

---

1/ It was during that same time period that Charles Rumph of the IRS National Office told Mr. Miscavige that he lacked credibility because he was an "automaton" who only did and said what L. Ron Hubbard told him to do and say.

a sanction if Mr. Hubbard failed to appear. The evidence used to support the government's motions to compel those depositions were declarations by individuals who were clients of or had been witnesses for Flynn. Simultaneously, the government launched an "unclean hands" defense in these same suits based on allegations and claims that mirrored those that Flynn had asserted in his redundant lawsuits nationwide.

Two of the government's principal declarants were Flynn's client Laurel Sullivan and Flynn witness Dede Reisdorf. Sullivan had been removed from her position and later left the Church because she conspired with the GO to place GO members who had committed crimes in positions of corporate authority within the Church. She was a loser in the purge. Flynn provided her to the IRS who used her as a government witness represented by DOJ attorneys in Flynn litigation. Dede Reisdorf was also a GO sympathizer who was removed from her post in 1981 when she tried to block the investigation in the GO.

In March of 1985, based on the declarations of Sullivan and Reisdorf, Judge Joyce Hens Greene ordered the Church to produce Mr. Hubbard for deposition or face dismissal of a civil suit against the government which was in the process of exposing 20 years of false reports and harassment against Scientology and Scientologists. Unable to comply with the order as Mr. Hubbard was not running the Church or even accessible to anyone in the Church, the Church's suit was dismissed in April of 1985 as a discovery sanction.

A few courts saw through the charade and refused to order Mr. Hubbard's deposition. One such Judge was District Judge Marianna R. Pfaelzer, who, on January 24, 1986, just hours before Mr. Hubbard's passing, refused to order Mr. Hubbard's deposition. In her ruling, Judge Pfaelzer held that, while Mr. Hubbard was "accorded reverence and respect by Scientologists," he was not the managing agent of the Church corporations.

#### IRS CID Support of Flynn

It was during this same period that the IRS Criminal Investigation Division in Los Angeles commenced a criminal investigation of L. Ron Hubbard, David Miscavige and various churches of Scientology and other Scientologists. According to the testimony of CID Branch Chief Phillip Xanthos, the impetus for the investigation was a newspaper article detailing allegations made by Flynn and a number of his witnesses and clients. In fact, the majority of the individuals who were interviewed and used as informants by the CID in their investigation were from Flynn's stable of

witnesses and clients, among them Gerry Armstrong. In a late 1984 police-authorized video tape surveillance, Armstrong -- a Sullivan ally who had made several attempts to join the GO's intelligence office -- was recorded plotting a take-over of the Church. The plan included planting phony documents that would then be seized in a CID raid, the filing of a new lawsuit by Flynn which was designed to wrest control of the Church from its legitimate leaders and to set up the sexual compromise and blackmail of a senior Scientologist.

Just as Flynn expressed his goal of destroying the Church in his original planning papers, in the Special Agents report prepared at the end of the CID investigation, the agents expressed the same aim -- "the final halt" and the "ultimate disintegration" of the Church of Scientology.

#### Resolution of Flynn Cases:

Between 1980 and 1986, Flynn was either counsel of record, of counsel or coordinating counsel on 40 virtually identical lawsuits against the Church. Flynn's plan to incite 1,000 lawsuits never came to fruition, and his plan to break the Church financially, failed. By 1986, only one of Flynn's cases had gone to trial. That case, Stifler v. Church of Scientology of Boston and Church of Scientology of California, involved an altercation between Stifler and a Church disseminator in which Stifler claimed injuries.<sup>2/</sup> He found his way to Michael Flynn and filed suit, alleging various tortious conduct on the part of the Church and sought \$4,250,000 in damages. Flynn took the case to trial and Stifler was awarded the amount of his medical bills (\$979) in a judgment against the individual Church member. There was no judgment or damages against either of the Churches.

Realizing his plan had failed, Flynn approached the Church in 1986 offering a settlement. The Church decided to pay nuisance value to get rid of the distraction created by these cases, begin a new era of expansion for Scientology and to settle matters with the IRS. The first two of these objectives were achieved and all of the Flynn-related cases, as listed below, were settled if they had not been previously dismissed already. A new era of expansion did begin for Scientology.

2/ The only other "Flynn" case that went to trial was Church of Scientology of California v. Armstrong, a suit the Church brought against Armstrong, over Armstrong's theft of Church archival materials. Armstrong brought a counter-suit with intentional tort claims which was never tried and was part of the Flynn settlement.



It also appeared that a settlement with the IRS would be possible, but after years of good faith efforts and cooperation by the Church in its efforts to settle with the IRS, agents in the Los Angeles IRS Criminal Investigation Division and hardliners against Scientology in the National Office, such as Marcus Owens, sabotaged those efforts causing the negotiations to break down, as is covered in more detail later.

The following is the list of the Flynn-related suits that were either dismissed or settled: Gerald Armstrong v. Church of Scientology of California, et al., (cross-complaint), No. C 420 153, Superior Court of the State of California for the County of Los Angeles; Jose Baptista v. Church of Scientology Mission of Cambridge, No. Civ. 81010, Superior Court of the Commonwealth of Massachusetts; Mark D. Barron v. Church of Scientology of Boston, No. 5110, Superior Court, Commonwealth of Massachusetts; Donald Bear v. Church of Scientology of New York, et al., No. 81 Civ. 6864 (MJL), United States District Court Southern District of New York; Peggy Bear v. Church of Scientology of New York et al.; No. 81 Civ. 4688 (MJL) United States District Court Southern District of New York; Phillip Bride v. Church of Scientology of Portland, Church of Scientology Mission of Davis, et al., No. A 8003-01189, Circuit Court of the State of Oregon, Multnomah County; Eileen Brown for Kevin Brown v. Delphian Fdn., et al. No. 81-435 (FBL); United States District Court of New Jersey transferred to the U.S. District Court for the District of Oregon on July 28, 1981; Tonia C. Burden v. Church of Scientology of California, et al., No. 80-501-Civ-T-K, U.S. District Court for Middle District of Florida, Tampa Division. Gabriel and Margaret Cazares v. Church of Scientology, No. 82-886-Civ-T-15 United States District Court Middle District of Florida, Tampa Division; Gabriel and Margaret Cazares v. Church of Scientology of California, et al. 81-3472-CA-OI, Circuit Court Seventh Judicial Circuit Volusia County; John G. Clark, Jr. v. L. Ron Hubbard No. 85-356-MCN, United States District Court for the District of Massachusetts; Bent Corydon and Mary Corydon, Mark Lutovsky, Phil Black, Mark Chacon, Church of Sciologos v. Church of Scientology Mission of Riverside, et al., No. 154129, Superior Court of the State of California County of Riverside; Paulette Cooper v. Church of Scientology of Boston, Inc., et al., No. 81 681 MC United States District Court, District of Massachusetts; Michael J. Flynn, Lucy Garritano, Steven Garritano, James Gervais and Peter Graves v. Church of Scientology of Boston, Inc., (counter-claim), No. 40906 Superior Court Commonwealth of Massachusetts; Michael J.

Flynn v. Church of Scientology of California, et al., No. 54258, Superior Court Commonwealth of Massachusetts; Michael J. Flynn v. Church of Scientology International, et al., CV 85-4853, United States District Court, Central District of California; Michael J. Flynn v. L. Ron Hubbard, Mary Sue Hubbard, Church of Scientology of California, No. 83-2642-C, United States District Court for the District of Massachusetts; Carol A. and Paul Garrity v. Church of Scientology of California, Mary Sue Hubbard, and L. Ron Hubbard, CV 81-3260 RMT (JRX), United States District Court Central District of California; Hansen, Marjorie J. v. Church of Scientology of Boston, Church of Scientology of California, No. 47074, Superior Court Commonwealth of Massachusetts; Betsy Harper v. Lafayette Ronald Hubbard, No. 65262, Superior Court Commonwealth of Massachusetts; Ernest and Mary Adell Hartwell, v. Church of Scientology of California et al., No. 196800, Eighth Judicial District Court of the State of Nevada in and for County of Clark; Thomas Jefferson v. Church of Scientology of California, L. Ron Hubbard and Mary Sue Hubbard, CV-81-3261, United States District Court Central District of California; Deborah Ann Keck v. Church of Scientology of California, et al., CV-81-6060 R, United States District Court for the Central District of California; Dana Lockwood v. Church of Scientology of California, L. Ron Hubbard and Mary Sue Hubbard, CV-81-4109 CBM, United States District Court Central District of California; Nancy and John McLean, v. Church of Scientology of California, et al., No. 81-174-Civ-T-K United States District Court Middle District of Florida Tampa Division; Steven R. Pacca v. Church of Scientology of New York, et al., No. 12076-81, Supreme Court New York County; Jane Lee and Richard Peterson v. Church of Scientology of California, L. Ron Hubbard, Mary Sue Hubbard, CV 81-3259 CBM (KX), United States District Court Central District of California; Patrick R. Rosenkjar v. Church of Scientology of California, L. Ron Hubbard, and Mary Sue Hubbard, No. 81-1350, United States District Court for the District of Columbia; Martin Samuels, v. L. Ron Hubbard, A8311-07227, In the Circuit of the State of Oregon for the County of Multnomah; Howard D. Schomer v. L. Ron Hubbard, et al., No. CV 84-8335, U.S. District Court, Central District of California; Michael W. Smith v. Church of Scientology of Boston, Inc. and Church of Scientology of California, No. 47236, Superior Court for the State of Massachusetts; Manfred Stansfield, Valerie Stansfield, Franklin Freedman et al. v. Norman Starkey, et al., No. CA 001 012, Superior Court for the County of Los Angeles; Lawrence Stiffler v. Church of Scientology of Boston and Roger Sylvester, No. 44706, Superior Court Commonwealth of Massachusetts; Gabor Szabo v. Church of Scientology of California and Vanguard

Artists International, No. C 312 329, Superior Court of California, County of Los Angeles; Janet Troy v. Church of Scientology of Boston and Church of Scientology of California, No. 41073, Superior Court Commonwealth of Massachusetts; Kim L. Vashel v. Church of Scientology of Boston and Church of Scientology of California, No. 47237, Superior Court for the Commonwealth of Massachusetts; Margery Wakefield v. Church of Scientology of California, No. 82-1313 Civ-T-10 United States District Court for the Middle District of Florida Tampa Division. Bent Corydon v. Church of Scientology International, et al., No. C 694401, Superior Court of the State of California, County of Los Angeles.

Other Categories of Cases:

Although the cases generated by Michael Flynn comprised the majority of tort litigation against the Church of Scientology between 1980 and 1986, there were some other cases that arose during the same period of time that were not entirely "Flynn" cases although they were generally of the same ilk. Flynn shared information, witnesses, tactics and sometimes acted as coordinating counsel for other attorneys involved in similar litigation against the Church. In other instances, while there was no apparent direct link between Flynn and a particular plaintiff or attorney in a suit, the similarity of claims and tactics suggests that these individuals or attorneys were copying Flynn's strategy. The following cases fall into this category: Alberto Montoya v. L. Ron Hubbard, Church of Scientology, et al., No. 450094, Superior Court of California, County of San Diego; Joan Edin v. Church of Scientology Mission of Davis, et al., No. 287191, Rita Engelhardt B. v. Church of Scientology, et al., No. C 312 692, Superior Court of California, for the County of Los Angeles. Each of those cases was dismissed.

There are a few cases where Flynn's influence was felt that deserve separate discussion as they are cases that actually went to trial and were adjudicated.

Christofferson:

The Christofferson case was actually originally filed in 1977, prior to the period covered by the Service's question.

In 1977, after taking a few elementary courses at the Church of Scientology Mission of Portland and working for a short time at another organization, Julie Christofferson was kidnapped and, over a four day period, deprogrammed to give up her religion by convicted felon Ted Patrick. She was

then turned over to attorneys by the anti-religion group involved so she could bring suit against the Church on a contingent fee basis.

At trial, Christofferson's attorneys derided and distorted Scientology's beliefs and practices to such an extent that the Oregon State Court of Appeals overturned the \$2 million verdict, finding that Scientology is a religion and that the trial had been rife with First Amendment violations. Upon remand, Christofferson's lawyers -- by then FAMCO members -- applied Flynn's tactics and inflamed a jury into a \$39 million verdict that led the trial court to declare a post-verdict mistrial in May of 1985. There never was another trial. The Christofferson case was part of the 1986 global settlement with Flynn.

#### Wollersheim

Larry Wollersheim had been in and out of churches of Scientology for over a decade before he finally left for good in 1979. While in the Church he was continually in trouble over his unethical business practices. He filed suit against the Church for a variety of claims, Wollersheim v. Church of Scientology of California, No. C-332-027, in State Court in Los Angeles in 1980, represented by attorney Charles O'Reilly, a participant in the original FAMCO planning meetings.

During the five month trial in 1986, O'Reilly applied the FAMCO tactics and relied upon Flynn's stable of witnesses and obtained an absurd verdict of \$30,000,000.

While the Wollersheim case is still going through the appeals process, the jury verdict has been reduced to \$2,500,000 from its original \$30,000,000, and further appeals are pending.

#### GO Criminal Activity Fallout Litigation:

Another category of cases involved Guardian's Office members or stemmed from GO illegal activities. This included, for example, proceedings to compel testimony before a grand jury convened in Florida to investigate GO activities and an action by the State of Florida to disbar Merrell Vannier, an attorney who was also a GO operative and who violated the canons of ethics as an attorney. It was this kind of activity that was rooted out and condemned in the disbanding of the GO. Nonetheless a certain amount of fall-out litigation from the years of GO criminality had to be expected. Cases falling into this category -- i.e., cases which were not against the Church but which present allegations about the GO -- are as follows: The Florida

Bar v. Merrell G. Vannier, No. 61,691, Supreme Court of Florida (Vannier was disbarred); Merrell and Francine Vannier v. Superior Court for the State of California, County of Los Angeles, No. 60 478, Supreme Court of California (Vannier lost an appeal against an extradition order); In re Charles Batdorf; United States v. Batdorf, No. 80 CV Misc (MM-188), United States District Court, Southern District of New York (Batdorf convicted); In re Grand Jury Proceedings (Mitchell Hermann, Peggy Tyson, Richard Weigand, and Duke Snider), Nos. 80-5 Misc-T-H and 80-614 CIV-T-H, Municipal District State of Florida -- Tampa Division (investigation dropped); United States v. Stephen E. Poludniak, Libby Wiegand, No. 80-00143 CR (1), United States District Court for the Second District of Missouri (defendants plead guilty).

The Mayo Cases:

Mayo was removed from a senior post in 1982 due to unethical conduct and the discovery that he had altered Scientology religious practice and Scriptures. Mayo then left the Church and along with a few other ex-Scientologists established the Church of the New Civilization, dba Advanced Ability Center, in Santa Barbara, California, where he delivered his own version of Scientology religious services to ex-Scientologists. He also sought the defection of Church members in order to build his membership. Mayo then acquired copies of certain confidential advanced Scientology Scriptures which had been stolen by some of Mayo's confederates from a Church facility in Denmark.

As a result, in 1985, Religious Technology Center, Church of Scientology of International and Church of Scientology of California sued David Mayo and others in a suit alleging RICO causes of action based on the conspiracy to acquire the secret confidential materials of the Scientology religion and use them for the economic advantage of Mayo's organization and other related splinter groups. This litigation consists of the consolidated cases, including counter-claims, of Religious Technology Center, et al. v. Scott, et al., U.S. District Court (C.D. Dal. 1988), No. CV 85-711 JMI (Bx) and Religious Technology Center, et al. v. Wollersheim, et al., U.S. District Court (C.D. Cal. 1985) No. CV 85-7197 JMI (Bx).

Although this litigation is still ongoing, Mayo's Advanced Ability Center has long since ceased to operate and the various individuals who had been associated with it have for the most part scattered to different areas.

The IRS has been supportive of Mayo's efforts. Mayo became an IRS informant during the CID investigation of the

mid-80's. Whereas Scientology organizations have been unable to obtain exempt status, the IRS granted exempt status to Church of the New Civilization - even though it had closed its operations and its sole remaining business was to contest this litigation. Further, much of this litigation is financed by wealthy psychiatrist Sarge Gerbode. In 1986, Gerbode formed a trust known as the "Friends of the First Amendment." The IRS granted exempt status to this anti-Scientology fundraising entity, and Gerbode has funnelled in excess of \$1.4 million dollars to fund Mayo's litigation through that trust as charitable tax deductions for himself.

#### The Aznaran/Yanny Litigation:

Vicki Aznaran is the former President of Religious Technology Center and her husband, Richard, is a former Church staff member. Vicki was removed from her position by the Trustees of RTC in March 1987 as she had betrayed the trust of her position and was not acting in the best interests of the religion. By her own testimony, she first got in trouble when she sought to place an ex-GO criminal in RTC's personnel department. Vicki and her husband then left the Church after Vicki's removal.

Joseph Yanny served as an attorney for RTC and various churches from 1983 until November of 1987. His primary contact with the Church was with RTC and Vicki Aznaran, with whom he developed a close personal relationship.

After Vicki's departure, the new officers of RTC examined Yanny's performance, determined it to be sub-standard, and learned that he was a user of LSD. He was then discharged.

Upon his termination, a billing dispute erupted between Yanny and the Church, and Yanny enlisted the aid of the Aznarans in supporting him in his billing dispute and, in exchange, acted as de facto counsel for the Aznarans in helping them prepare and file a lawsuit against his former clients. The Aznaran suit, Aznaran v. Church of Scientology of California, et al., U.S. District Court (C.D. Cal. 1988), No. CV 88-1786 JMI, was filed on April 1, 1988. Despite Vicki Aznaran's high ecclesiastical position as the head of RTC for a number of years, her suit portrays her as a victim who didn't know for all these years that she was really "brainwashed" and under "mind control" - plus the other stock inflammatory allegations that characterize this sort of litigation. It seeks \$70,000,000 in damages and is still pending.

Shortly after the Aznaran complaint was filed, Yanny

received from Vicki Aznaran a declaration by her as the former President of RTC supporting Yanny's claim that a retainer he received in 1985 was "non-refundable." Yanny used this declaration in his fee dispute over the retainer which is now in litigation along with claims against Yanny for his breach of his fiduciary duties.

Even before the Aznaran case was filed, Al Lipkin, one of the agents who conducted the IRS's CID investigation in 1984 and 1985, was in contact with Yanny and the Aznarans. It was Lipkin who arranged for the Aznarans to be interviewed by Exempt Organizations agents from Los Angeles who were conducting an on-site review of Church records, ostensibly the final step in negotiations concerning tax exempt status for Scientology churches. The day after issuing summonses to the Aznarans to be interviewed and to produce documents relating to their lawsuit, the same agents issued document requests to Religious Technology Center asking RTC to produce Vicki Aznaran as a corporate officer of RTC.

While the allegations of the Aznaran complaint serves as the purported reason for the summonses and interview, in reality the taped interview was a contrived setting for an IRS/Aznaran diatribe against the Scientology religion and L. Ron Hubbard, with the IRS agents urging the Aznarans to press their litigation and the Aznarans urging that the tapes of the interview be furnished to Lipkin and LA IRS CID.

It was the Church's discovery of this event which precipitated the breakdown of the earlier negotiations between the Church and the IRS.

Coincident with their interview with the IRS, the Aznaran's personal tax problems evaporated and their private investigation business was retained by Guess? Jeans -- the large jeans manufacturer that Al Lipkin befriended during an earlier IRS CID investigation (which also involved tampering with civil litigation and was the subject of a Congressional investigation).

The Aznaran suit is still pending at this time and has not yet gone to trial. Meanwhile Yanny has pursued an agenda to cause as much harm as possible to the Church by repeatedly betraying his fiduciary duties as former Church counsel by providing information concerning the Church to the Aznarans and a number of other litigants against the Church, as well as to the IRS and the FBI.

Other Current Litigation:

Several other suits are pending against Churches of Scientology that allege some form of tort claim. Although there are variations in the claims and different attorneys representing the plaintiffs, there is one common denominator underlying most of these suits: the influence of the Cult Awareness Network ("CAN").

CAN, which the IRS has recognized as exempt under section 501(c)(3) as an educational organization, is in fact a bigoted hate group that targets and tries to destroy churches and religions. CAN's principal activities are negative propaganda campaigns, covert dissemination of false information for purposes of subversion and acting as a referral service for deprogrammers on a fee sharing arrangement. Although complaints have been made to the IRS about CAN's continued exempt status in light of its true activities, no action has been taken.

The Church of Scientology is presently CAN's principal target for attack, and CAN's favorite tactic is to spread false and defamatory information about the Church through all available means while holding itself out as an authority on the subject. When contacted by anyone with a complaint about the Church, CAN manipulates them to attack the Church either through the media or by referring them to an anti-Scientology attorney.

The majority of the suits against Churches of Scientology recently filed and presently pending, that have not been otherwise discussed above, fall into this category. None has gone to trial. The following are cases instigated or influenced by CAN either directly or as a result of one of CAN's spread of false information: Terry Dixon v. Church of Scientology Celebrity Center of Portland, et al., No. 9010-08200 Multnomah County - Circuit Court of Oregon (in arbitration); John Finucane, David Miller, Alexander Turbyne v. Emery Wilson Corporation, et al., No. C 045216, Superior Court of the State of California for the County of Los Angeles (pending); Dorothy Fuller, an individual v. Applied Scholastics International, et al., No. 92K 11466, Municipal Court of the State of California for the County of Los Angeles (just filed); Lisa Stuart Halverson v. Church of Scientology Flag Service Organization, et al., No. 92K11186, Municipal Court for the State of California, County of Los Angeles (settled); Thomas and Carol Hutchinson v. Church of Scientology of Georgia, et al., No. D90315, Superior Court of Fulton County, State of Georgia (pending); Mark Lewandowski v. Church of Scientology of Michigan, et al., No.



91-421716-LZ, State of Michigan in the Oakland Circuit Court (pending); Peter and Francis Miller v. Church of Scientology et al., No. 027140, Superior Court for the State of California, County of Los Angeles (case abated re the Church and in arbitration re Sterling); Ted Patrick, et al. v. Church of Scientology of Portland, et al., State Court of Oregon for the County of Multnomah (dismissed); Dee and Glover Rowe v. Church of Scientology of Orange County, et al., No. BC 038955, Superior Court of California (pending); Frank and Joan Sanchez v. Sterling Management Systems, et al., No. 91-224-CV, 4th Judiciary District Court San Miguel County, State of New Mexico (pending); Thomas Spencer v. The Church of Scientology, et al., BC 026740, Superior Court of the State of California for the County of Los Angeles (settled); Irene Zaferes v. Church of Scientology, Superior Court of the State of California County of Los Angeles (dismissed); Jo Ann Scrivano v. Church of Scientology of New York, et al., No. 87-1277, Supreme Court of the State of New York, County of Suffolk (in discovery stage); Marissa Alimata and Richard Wolfson v. Church of Scientology of California, etc., et al., No. C 650 988, Superior Court of the State of California, County of Los Angeles (judgment entered for the Church).

Personal Injury, Medical-Related Suits:

Another category of lawsuits involve claims by individuals who have been injured on Church premises or in some way attributed responsibility to the Church for an injury or death. For example, in the Rabel case listed below, a stereo speaker accidentally fell out of the window of a Scientology mission and hit someone on the street below. The case was settled. The Arbuckle case was brought by the parents of an individual who died while a parishioner of a church of Scientology. Although his death from kidney failure was traceable to his use of steroids, the case was settled to avoid expense of litigation. Each of this group of cases was either settled or dismissed. Mira Chaikin v. Church of Scientology, L. Ron Hubbard, et al., No. 81 Civ 7525, United States District Court of the Southern District of New York; Gary and Susan Silcock v. Church of Scientology, Mission of Salt Lake, et al., No. C 86-7213, Third Judicial District Court for the Salt Lake County, Utah; Rimando, Pedro H. Irene Marshall v. The Church of Scientology of San Francisco, et al., No. C 669015, California Superior Court, County of Los Angeles; Wendy and William Rabel v. Eric Rising, Jane Doe Rising, his wife; Church of Scientology Mission of University Way, et al., King County Superior Court, Washington State; Francine Necocha, a minor child, by her guardian Ad Litem

Cecilia Garcia v. Church of Scientology, et al., No. C 165360, California Superior Court for the County of Riverside; Roxanne Friend v. Church of Scientology International, et al., No. DC 018 003, California Superior Court, County of Los Angeles; Bruce and Lynnel Arbuckle v. Skip Pagel M.D., Church of Scientology Celebrity Center Portland, et al., No. 8907-04119, Multnomah County, Oregon Circuit Court.

A final category of lawsuits includes cases that have arisen out of financial or property disputes or transactions involving individual Scientologists, their businesses or creditors or organizations or individuals that Churches of Scientology or related organizations have had financial dealings with. Often the Church is named in such cases simply as a perceived "deep pocket" or as a tactic to try to coerce a settlement. Such cases are typically dismissed or settled. These cases are as follows: In re Dynamic Publications Inc., U.S. Bankruptcy Court in Maryland (settled); Gregory F. Henderson v. A Brilliant Film Company, et al., No. 164213, California Superior Court, County of San Joaquin (settled); Gregory F. Henderson v. Marvin Price, et al., No. 165165, California Superior Court, County of San Joaquin (settled); Peter Siegel v. Religious Technology Center, et al., CV 89-5471, United States District Court, Central District of California (pending); Steve Dunning v. Church of Scientology, et al., No. 060613, California Superior Court County of Los Angeles (dismissed with prejudice); Jeff and Arlene Dubron v. Church of Scientology International, et al., No. NCC 29267B, Superior Court of California Burbank Division (settled); Sherry Fortune v. Church of Scientology American Saint Hill Organization and Chuck Tingley, No. C 099061, Superior Court of California, County of Los Angeles (dismissed as to the Church and settled as to Tingley); Vicki Adler v. American Sun, Inc., Church of Scientology of Los Angeles, SWC 81874, Torrance Superior Court of California (settled); Benham v. Church of Scientology Celebrity Center of Dallas, No. 91-08216, 9th Judicial District Court, Dallas County (settled); Michael Burns v. The Recording Institute of Detroit, Inc., et al., No. 91-412334-CZ, Oakland County Circuit Court, State of Michigan (pending); Clay Eberle and Eberle & Jordan Law Firm v. Church of Scientology of California, No. NCC 166486, Superior Court of the State of California, County of Los Angeles in the City of Glendale (dismissed in favor of the Church); Mario Metellus v. Church of Scientology of New York, Linda Barragan, No. 01133-89, Superior Court of the State of New York, County of New York (settled).

CONCLUSION:

The civil litigation campaign against the Church in the 1980's was unscrupulous in its creation and execution. Using the crimes of the GO and the GO's documents, Flynn and others have manufactured meritless claims and secured the survival of those claims against the very people and organizations which uncovered the GO's crimes and harrassment, put an end to GO misconduct, and rid Scientology of the criminals who were responsible for the GO's terrible legacy. In that regard, the unsettling truth is that what can correctly be characterized as the GO's last operation, was the litigation campaign the GO criminals, Flynn and his confederates and their IRS allies launched against the people and organizations which put an end to the GO.

\* \* \* \*