

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.