



CHURCH OF SCIENTOLOGY" RELIGIOUS TRUST

18 August, 1993

Mr. John Burke  
Assistant Commissioner (Employee  
Plans and Exempt Organizations)  
Internal Revenue Service  
Room 3408E  
1111 Constitution Avenue, N.W.  
Washington, D.C. 20223

Re: Church of Scientology Religious Trust  
Request for New Determination Under Section 509.

Dear Mr. Burke:

Pursuant to section 3.02 of Revenue Procedure 76-34, 1976-2 C.B. 656, Church of Scientology Religious Trust ("CSRT") respectfully requests a new determination of its foundation status under section 509(a) of the Internal Revenue Code of 1986, as amended. CSRT is filing this determination request with the IRS National Office rather than CSRT's Key District Office because the National Office is considering applications for exemption that have been filed concurrently with this request by churches of Scientology and Scientology organizations related to CSRT.

CSRT is a Scientology religious trust formed on December 10, 1981 to serve as an integrated auxiliary of Church of Scientology International ("CSI"), the Mother Church of the Scientology religion. CSRT's purpose is to support CSI by providing financial assistance to churches within the international Scientology ecclesiastical hierarchy as CSI may direct.

CSRT was recognized as an organization described in section 501(c)(3) by the Seattle, Washington District Office by determination letter dated May 31, 1983. In this letter the District Office further determined that CSRT was not a private foundation because it was an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

CSRT respectfully requests that the National Office issue a new determination as to CSRT's status under section 509 that better reflects CSRT's actual activities as they have evolved over the years. In particular, CSRT requests a determination that it qualifies as an organization described in section 509(a)(3) because it is organized and operates exclusively for the benefit of CSI, an organization described in sections 509(a)(1) and 170(b)(1)(A)(i).

As discussed in detail below, CSRT fully satisfies the three statutory tests for section 509(a)(3) status.

#### I. Section 509(a)(3) (A)'s Organizational and Operational Tests

CSRT meets the four requirements for satisfying the organizational test under section 509(a)(3)(A) that are set forth in Regulations section 1.509(a)-4(c)(1). First, CSRT's articles of organization, its Declaration of Trust, limits its purposes to the purposes set forth in section 509(a)(3)(A). As provided by Paragraph 7 of its Declaration of Trust, CSRT's specific purpose is

"to engage in activities which support or benefit . . . organizations which are described in section 501(c)(3) of the Internal Revenue Code which are also described in sections 509(a)(1) or 509(a)(2) of the Internal Revenue Code; and which are organized and operated exclusively for the purposes of the religion of Scientology . . . ." (Exhibit A.)

Second, CSRT's articles of organization do not expressly empower it to engage in activities that are not in furtherance of supporting or benefiting Scientology religious organizations described in section 501(c)(3). Third, CSRT's articles of organization do not expressly empower it to operate to support or benefit any organization other than Scientology religious organizations described in section 501(c)(3). Finally, while CSRT's articles of organization do not specifically identify CSI as its supported organization, they need not since CSRT and CSI have an historic and continuing relationship and have developed a substantial identity of interests by reason of this relationship. See Regulations sections 1.509(a)-4(d)(2)(iv).

CSRT meets the requirements for satisfying the operational test under section 509(a)(3)(A) that are set forth in Regulations section 1.509(a)-4(e)(1). CSRT operates exclusively to support CSI because it engages solely in activities that support or benefit CSI, individual churches of Scientology, and the hierarchical church as a whole. CSRT's sole activity consists of providing financial assistance to churches of Scientology to enable them to

acquire new or renovate existing church facilities, to defray operating costs in times of financial stress, and to defend them and their staff from unfounded or illegal attacks prompted by their status as Scientologists. CSRT provides its financial support in the form of grants and interest-bearing and interest-free loans.

Examples of some of the projects relating to Church facilities that CSRT has helped fund through loans or grants are:

1. CSRT helped fund CSI's construction of a 49,000 square foot facility for the production of E-Meters and audio cassettes of lectures by L. Ron Hubbard. This facility also houses CSI's Planetary Dissemination Organization, which carries out broadscale dissemination campaigns for the religion.
2. CSRT provided funding for the demolition and reconstruction of a 24,000 square foot dining hall and kitchens to service the 700 staff housed at one of CSI's facilities. The dining hall also serves as a congregational meeting room for the staff.
3. CSRT provided funding for the renovation of a 104,000 square foot Church and religious retreat for the Los Angeles Scientology community and an adjacent 3,500 square foot auditorium facility for holding congregational gatherings.
4. CSRT provided funding to CSI to purchase and for the renovation of a 131,000 square foot, 12 story office building in Hollywood which is CSI's ecclesiastical management headquarters and which provides training facilities for staff from around the world.

At present, CSRT is engaged in a fundraising program to raise \$40 million to construct a 150,000 square foot facility to be used by Church of Scientology Flag Service Organization ("CSFSO"). This facility will consist of two buildings. One will be custom designed for the ministry of Scientology religious services to CSFSO's parishioners. The other will be a contiguous auditorium capable of seating 2,500 people for congregational religious events, meetings and religious celebrations. When completed, CSRT will lease the two buildings to CSFSO on reasonable terms as determined by CSI.

## II. "Operated. Supervised or Controlled by" Test

CSRT meets the second test for section 509(a)(3) status contained in section 509(a)(3)(B) in that it is "operated, supervised or controlled by" CSI. Within the meaning of that term under Regulations section 1.509(a)-4(g) CSI exerts a substantial degree of direction over CSRT's policies, programs and activities on both a general and a detailed basis. CSI effectively determines who can serve on CSRT's governing body since CSRT's articles of organization require that each member of its governing body be in good standing with CSI. CSI selects all of CSRT's staff. CSI's International Finance Office conducts CSRT's administrative functions for no compensation. CSI authorizes all expenditures of CSRT's funds to ensure they forward specific goals of the Scientology religion. CSI selects each entity that is to receive CSRT's financial support as well as the specific amounts, terms and form thereof (i.e., grant, interest-bearing loan, interest-free loan, etc.), so long as consistent with CSRT's articles of organization.

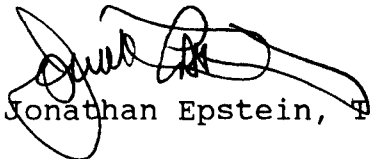
## III. Control Test

CSRT meets the third test for section 509(a)(3) status contained in 509(a)(3)(C) in that it is not controlled, directly or indirectly, by disqualified persons other than foundation managers or organizations described in sections 509(a)(1) or (2). As discussed above, CSI controls CSRT by directly conducting its administrative functions by directly determining who can benefit from CSRT's activities, and by indirectly determining who can serve on CSRT's governing body. CSI is an organization described in sections 509(a)(1) and 170(b)(1)(A)(i). No other organization or individual controls CSRT other than CSRT's foundation managers solely in their capacity as such.

\* \* \*

CSRT fully satisfies the three statutory requirements for classification as a supporting organization described in section 509(a)(3) and respectfully requests a determination to this effect.

Respectfully submitted,

  
Jonathan Epstein, Trustee