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Exhibit 8C-2

Church of Spiritual Technology
Ecclesiastical Governance and Management

A. Ecclesiastical Governance

CST, as the only independent Church of the Scientology faith, has its own ecclesiastical hierarchy and polity. Whereas other Churches of Scientology operate within the ecclesiastical hierarchy of CSI as the Mother Church and therefore are subject to its levels of hierarchical authority, CST pursues its religious mission under the guidance of its own ecclesiastical hierarchy. This guidance is absolute. Neither CST nor its staff is subject to the authority of any other Church of Scientology.

CST's ecclesiastical activities are managed primarily by two ecclesiastical governing bodies -- the Executive Council and, below that, the Advisory Council. The Executive Council is the executive level of CST's ecclesiastical hierarchy and is responsible for making high-level managerial decisions and for approving proposed activities and budgets. The Advisory Council is responsible for managing CST's daily activities, executing all planning approved by the Executive Council, and advising the Executive Council on needed changes in activities and policies.

CST's highest ecclesiastical official is its Commanding Officer, Dan Przybylski. Immediately below the Commanding Officer in CST's hierarchy are four Deputy Commanding Officers. Each Deputy Commanding Officer is responsible for one of four areas of religious concern relating to CST's religious purposes and activities known as Internal, Base, Archives and External. The Executive Council consists of the Commanding Officer, the four Deputy Commanding Officers, and the Finance Officer.

These four areas of religious concern are broken down into 12 divisions, 11 of which are headed by a Divisional Secretary. The 11 Divisional Secretaries make up CST's Advisory Council.

The divisions are further divided into 37 departments, each managed by a Departmental Director. Each department in turn is divided into various sections, units and offices.

During the period in question, CST had approximately 62 staff members. Staff personnel are recruited on the basis of their dedication to the religion and their attainments as Scientologists. All staff are required to be members of Scientology's religious order, the Sea

Org, and to live and eat on CST's premises. CST provide its staff with room, board, child care, medical and dental assistance and other essentials, and \$30 per week pay. They also may receive modest bonuses each year based upon their performance. They are required to work exclusively for CST and for no other organization.

The basic areas of concern under the four Deputy Commanding Officers are organized as follows:

1. Internal

Internal encompasses CST's executive affairs and all activities relating to CST's own religious and managerial needs. During the period in question, Jim Isaacson was the Deputy Commanding Officer for Internal. Internal consists of four divisions:

a. Executive Division. The Executive Division is responsible for overall planning and coordination of CST's activities. It does not have a Divisional Secretary since it functions over the Divisional level. Its departments are: Department of the Board of Directors (for liaison between CST's corporate governing body, its Board of General Directors, and its ecclesiastical hierarchy), Department of the Commanding Officer (CST's highest level of ecclesiastical management, responsible for planning,

Records, Assets and Materiel (supplies, records, banking and audits). Nancy O'Meara is CST's Finance Officer.. She also serves as CST's corporate Treasurer.

2. Base

Base provides essential support services for CST's general operations and other staff. During the period in question Antonio DeBragga was the Deputy Commanding Officer for Base. Base consists of three divisions:

a. Services Division. The Services Division is responsible for feeding and berthing CST's staff. Its departments are: Department of Domestic Services Planning (planning and purchasing), Department of the Galley (dining), and Department of Housekeeping (cleaning, laundry and storage).

b. Estates Division. The Estates Division is responsible for all matters relating to CST's buildings, grounds and equipment. Its departments are: Department of Estates Planning (research, design, and planning), Department of Renovation & Construction (construction), and Department of Maintenance (engineering, grounds and vehicles).

c. Port Captain Division. The Port Captain Division is responsible for CST's staff and community

relations. It has three Departments, Department of Information (public relations), Department of Internal PR (staff relations) and Department of Property Administration (trademark matters, personnel references, immigration).

3. Archives

Archives performs CST's preservation and archival function, which directly furthers CST's primary purposes. Tom Vorm is the Deputy Commanding Officer for Archives. Archives consists of three divisions:

a. Library Division. The Library Division is responsible for collecting, categorizing, indexing and preserving the written materials that comprise the Scriptures of the religion. Its departments are: Department of Collections (locating and collecting written materials), Department of Files (access to materials), and Department of Preservation (preservation, microfilming and copying).

b. Audio Visio Division. The Audio Visio Division is responsible for preserving the films and recordings that comprise the Scriptures of the religion, including technical engineering and copy production. Its departments are: Department of Audio Visio Administration

(index and storage of film and recordings), Department of Technical Engineering (equipment and production lines), and Department of Audio Visio Preservation (copying and respooling).

c. Quality Control Division. The Quality Control Division is responsible for inspecting all preservation activities to ensure they meet CST's demanding standards. Its departments are: Department of Quality Control for Audio Visio Products (inspection of research, audio and tape techniques, respooling, digital conversion and storage), Department of Quality Control for Paper Preservation Products (inspection of research, microfilming, copying and storage), and Department of Quality Control for External Products (inspection of research, construction and maintenance of storage facilities).

4. External

External performs CST's research and storage functions. All activities here are closely connected to CST's preservation activities and in effect represent the beginning and end of CST's primary work. Russ Bellin is the Deputy Commanding Officer for External. External has two divisions:

a. Research Division. The Research Division is responsible for conducting all research necessary for CST to carry out its preservation function. It also confers with archival and industry professionals to determine the ideal medium for preserving the Scriptures. Its departments are: Department of Data Collection (gathering, filing, and storing information), Department of Research (compiling information, testing), and Department of New Lines Programming (implementing new preservation and production programs).

b. External Division. The External Division is responsible for building long-term storage facilities, such as the vault in New Mexico, and for preparing the preserved materials for storage. Its departments are: Department of Assembly and Packaging (assembling, indexing, packing and transporting materials), Department of Planning and Preps (designing storage facilities), Department of Construction (constructing storage facilities), and Department of Property Management (maintaining storage facilities).

B. Ecclesiastical Management

As noted above, CST's activities are managed primarily through its Advisory Council, under the direction and control of the Executive Council. The two Councils work in close coordination in carrying out their tasks.

CST's activities and programs, including its financial matters, generally are planned on a weekly basis. Every week the Advisory Council meets to review each Division's progress on preserving the Scriptures, to prepare a report on what was accomplished during the prior week, and to prepare a program of objectives and a financial plan (or budget) for the upcoming week. The weekly report, preservation program and proposed financial plan are sent to the Executive Council for review and approval or modification. Once approved, the pertinent program and financial plan are sent to each staff member to use during the following week.

At the beginning of each day, the Executive Council meets to review the weekly preservation program, plan the specific tasks that must be performed that day, develop any additional programs that may be necessary, and discuss general performance in CST's four areas of concern -

Internal, Base, Archives and External. After the meeting, the Deputy Commanding Officers meet with appropriate Divisional Secretaries to discuss their work for the day. At the end of each day, the Advisory Council meets with the Executive Council to review that day's activities and discuss plans for the following day.

At the end of the week, the Divisional Secretaries provide their Deputy Commanding Officers with written program and financial reports of what their Divisions accomplished during the week, how their staff performed, and any new information that would bear long range planning. Each Deputy Commanding Officer prepares his own summary report (with the Divisional reports attached) for the Commanding Officer. The Commanding Officer then summarizes all of the reports into one weekly program report, which he provides to CST's President.

The President reviews the weekly report and offers any necessary comments or directions. He also meets from time to time with the Commanding Officer and with individual members of the Executive Council to discuss long-range planning and any unusual problems, and to receive oral reports on special projects. The President also approves major program proposals. The President keeps CST's Board of General Directors apprised of CST's overall activities.

The Advisory Council also meets routinely to discuss medium-range planning and coordination of preservation activities and to develop new preservation programs or changes in existing programs for recommendation to the Executive Council.

Every Friday evening CST's staff meets to discuss CST's overall progress in accomplishing its preservation objectives. Each member of the Executive and Advisory Councils summarizes what was accomplished within his or her area of responsibility during the preceding week. CST's staff also uses this occasion to hear news and reports on the overall expansion of the Scientology religion throughout the world and on new developments in the religious technology or Church policies.

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IV. Activities

Since it was formed in 1982, CST has devoted its staff time and expenditures to two activities: religious services and training, and preservation. CST has not engaged in any other activities, even on a de minimis level. Fully 100 percent of its funds have been spent solely for staff worship and training in the Scientology Scriptures or for preservation of the Scriptures.

During the National Office conference, CST invited you to visit its archival facilities so you could see firsthand its extensive program of religious and preservation activities. CST believes that written descriptions are an unsatisfactory medium for providing you with an overall view of the extent and vitality of its total program. Unfortunately, you declined the invitation.

CST decided that it should do the next best thing and bring its activities to you in the form of the attached video-taped presentation of its activities, including a video cassette recording on VHS format (Exhibit E) and a transcript of the recording (Exhibit F). CST respectfully requests that you take the time to view this recording

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(it is only 45 minutes long) before you decide whether it is entitled to exemption. It is your only opportunity to see CST's actual operations.

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A. Religious Services and Training

CST is a Church of Scientology. It adheres to the doctrines, sacraments, codes, creed, policies and practice of the Scientology faith as set forth in the Scriptures. The Scriptures consist of the writings, recorded words and film of L. Ron Hubbard, the Founder of the religion. Taken as a whole, the Scriptures express all of the principles, practices and fundamental beliefs of Scientology. A small portion of the Scriptures has been submitted in this proceeding. (See Exhibits A-1 to A-105 of the Protest).

CST facilities in San Bernardino include premises to meet the spiritual needs of its parishioners through group and individual religious services. The parishioners of CST consist entirely of its staff, who are all members of the Sea Org. Staff members participate in religious observances six days each week where they receive the principal sacrament of Scientology, auditing, as well as training in the Scriptures. A photograph of several CST staff personnel attending a training session is attached as Exhibit G.

CST also has a formal program for training its ministers. Once training is complete, qualified

individuals are ordained as Ministers of the Church of Spiritual Technology at ordination ceremonies. Ministers provide pastoral counseling, give spiritual advice, minister to the spiritual needs of CST's parishioners and perform the sacerdotal functions of the Church, such as naming, marriages and funerals. CST's Bylaws require its ordained ministers to adhere strictly to the Scientology Auditor's Code relating to the spiritual ministration and guidance of its parishioners. CST also provides fundamental training in the religion to the children of its staff.

CST provides religious training and services to its staff strictly according to the Scriptures of the Scientology religion and consistent with standard technology. CST has used the marks and the Advanced Technology in providing these services to its staff pursuant to an informal understanding it reached with RTC in 1982. Since CST's limited staff desired to receive religious services and are all members of the Sea Org, which entitles them to receive services without charge, and since CST would not be providing or supervising services to the public, RTC concluded that a formal license was unnecessary for CST to use the marks and Advanced Technology.

B. Preservation Activities

CST's preservation activities have been substantial, ongoing and concern every medium in which the Scriptures exist -- paper, tape and film. Since its mission is to ensure that the Scriptures will be available for all future generations, CST must ensure that the medium on which the Scriptures are preserved must last millions and millions of years. To accomplish this goal, CST will preserve both the originals of the Scriptures and at least four complete sets of copies.

At present, CST is preserving the Scriptures by the most advanced techniques currently available, to the extent a technique exists. However, existing technology cannot preserve material forever -- film can be preserved for only 30 to 50 years; paper for only 1,000 years -- so the form of the media itself must be replaced periodically. CST therefore will substitute existing copies of the Scriptures with more durable materials as better preservation methods evolve.

As discussed below, original written scriptural materials undergo five steps in CST's archival process: they are collected, organized, reproduced, preserved, and then stored. CST uses different techniques for each step

programs and executive decision making), and Department Office of LRH (ensures that CST's organizational structure and staff operate in accordance with the Scriptures).

b. Hubbard Communication Office. The Hubbard Communication Office is responsible for personnel matters and CST communication systems. It has a Department of Routing and Personnel (personnel recruitment, training), a Department of Inspection and Reports (personnel review), and a Department of Communication (mail, telephone, computer systems and transportation).

c. Enhancement Division. The Enhancement Division is responsible for all religious matters and performs CST's sacramental and sacerdotal functions. It provides CST's staff with the counseling, training and services of the Scientology faith. It has a Department of Training (for sacerdotal activities), a Department of Processing (for sacramental services), and a Department of Correction (for counseling).

d. Treasury Division. The Treasury Division is responsible for CST's bookkeeping and general financial affairs. Its departments are: Department of Income (records receipts), Department of Disbursements (purchasing, payments, and payroll), and Department of

depending on the particular medium involved. CST personnel perform most of their preservation work in CST's main production building in San Bernardino. Photographs of the front and lobby of this building are attached as Exhibits H and I.

1. Preservation of Written Scriptures

The original manuscripts of the Scientology Scripture consist of over 500,000 pages of issues (e.g., bulletins, policy letters, orders, etc.), articles, books, transcripts of lectures, charts, research notes and other original writings on Dianetics and Scientology. The majority of these original materials is stored in over 70 filing cabinets at CST's archives in San Bernardino.

CST is still collecting originals of the written Scriptures. Since Mr. Hubbard wrote frequently to Scientologists and Scientology Churches and Missions in the United States and foreign countries, many of his original writings can be found throughout the world. CST hopes to acquire all originals by sending collection missions of experts in the Scriptures to every Scientology organization in the world. It already has sent missions to over 40 churches in the United States, Canada, England, Denmark, Australia, Germany and Switzerland.

Each week CST receives between four and five feet of original materials as a result of its collection effort. As writings are located and collected, they are transmitted to CST's archival facilities to be organized. Here they are sorted, categorized by subject, and then indexed on a computer system. They are then filed temporarily in environmentally controlled facilities while they undergo copying and preservation. A photograph of CST's main library room with newly-collected material in sorting trays is attached as Exhibit J.

After the originals are collected and organized, they are reproduced through two copying techniques -- microfilm and Durable Masters -- so CST will have at least seven copies of each original (two will be on microfilm, five on Durable Masters). These copies will ensure that the Scriptures always will be available even if the originals, or perhaps several sets of copies, are somehow destroyed. In addition, by using different copying techniques and forms of media, CST may be able to produce one copy form that is longer lasting than the other and should have more flexibility in selecting additional copying procedures in future years. CST continues to monitor the industry for newer and better methods of archival reproduction. For example, it has been

exploring the use of gold and glass laser disks as a storage medium for the written Scriptures. This project is in the early planning stage but is expected to cost up to \$2 million.

CST plans to microfilm all written material on high quality microfilm that has a proven life span of at least 100 years. CST will index the film images for rapid retrieval and then store them in long-term vaults. CST personnel recently completed microfilming the 500,000 pages of originals maintained in CST's issues room by making two film images of each original, along with the printed mimeo issue. This program took approximately two years to complete. Once all collection projects have been completed, CST will microfilm approximately 40 filing cabinets of other materials such as research and auditing session notes. .

CST also will reproduce the original written Scriptures on long lasting medium called "Durable Masters," which are acid-free paper and ink designed to last at least 1,000 years. CST personnel developed this, long-lasting material through extensive research and work in conjunction with professionals in the field. A prototype Durable Masters pack is attached as Exhibit K.

CST is reproducing each issue directly from a computer onto a printer that uses this durable paper and ink. As issues are copied, they are proofread and tested to ensure they meet specific preservation criteria. They are then stored in acid-free folders for filing. Eventually, the Durable Masters will be bound into packs so they may be easily used as a reference source sometime in the future. CST estimates that it will take several years to reproduce one set of the Scriptures on Durable Masters. The cost of producing five sets of copies is projected at \$500,000. A photograph of part of CST's Durable Masters room is attached as Exhibit L.

CST will create long-life copies of books by using the same methodology and materials it used for issues except that it will develop a thicker version of the Durable Master paper for book covers. It also plans to preserve the transcripts of all Scriptural lectures by microfilm and Durable Master. CST estimates that these transcripts will comprise over 100 volumes of lectures once the transcription is completed.

After the written Scriptures are reproduced, they will undergo a two-part preservation process -- deacidification and encapsulation. First, CST must somehow prevent deterioration from the acid contained

in the paper. Although it has extensively analyzed different deacidification techniques, CST has yet to find or develop one that meets its high standards, and this part of its preservation work is temporarily suspended. However, once the ideal method of deacidification is developed, CST will de-acidify all originals. They will then be encapsulated in clear, archival mylar plastic envelopes that have a lifespan in excess of 1000 years. CST estimates that the material and equipment necessary to deacidify the originals will cost between \$200,000 and \$300,000.

As the final step, the encapsulated originals will be stored in gas-filled time capsules similar to those used by the National Archives for preserving the Constitution and the Declaration of Independence. The time capsules will be stored in a special long-term storage facility designed just for the originals, as discussed below. CST currently is researching possible time capsules and related storage procedures. It anticipates that this project will cost approximately \$1.5 million.

CST will place sets of the Durable Masters and microfilm in fire-proof, gas-filled containers designed to prevent deterioration from atmospheric pollutants. These

containers will be safely stored in long-term repository vaults. Other sets will be available as sources for current research.

2. Preservation of Film

The Scriptures of the Scientology religion include over 42 films of lectures Mr. Hubbard gave on Dianetics and Scientology back in the late 1950s and early 1960s and instructional films on the technology of the religion that were written or directed by Mr. Hubbard. CST plans to maintain a complete set of the original films in its archives and store a complete set of duplicates in each of the three vault repositories it will construct. At present, CST is storing the originals of the film in special environmentally-controlled storage facilities at CSI's film studio.

To date, CST has only collected and organized the original film. It has yet to begin reproduction and preservation, though after extensive research it has concluded that the best method for preserving original film is a color separation process.

CST has found that existing laboratories cannot perform this process at the high quality standards desired

and that their work in any event would cost over \$1 million. CST may purchase the necessary equipment and process the film on its own though current estimates are so expensive -- \$350,000 for the equipment and approximately \$150,000 to process each set of film -- that CST is still in the planning stage.

CST constantly monitors the industry for new developments in film preservation. It is particularly interested in preservation techniques that record film images in digital format for storage on laser discs. While existing equipment can do this, CST is not satisfied with the resolution of the finished product. This technology is still evolving, however, and CST expects that better quality discs may be available soon and that it eventually will be able to use this process.

3. Preservation of Tape Recordings

A very important source of Scientology Scriptures is the tape recordings of Mr. Hubbard's lectures on Scientology and Dianetics, which date back to as early as 1947. To date, CST collected and organized approximately 6,500 master reels of original lectures in its archives. These include over 900 "Soundscriber discs," which are small plastic records containing lectures Mr. Hubbard gave in the late 1940s and early 1950s.

CST already has begun copying the original tape recordings on magnetic tape through four identical copy lines consisting of a master playback machine, four Studer A-80 Master Recorders and peripheral equipment. (A photograph of one copy line is attached as Exhibit M.) CST has made seven complete sets of each master lecture so far, four of which will be placed in the long term vault repositories and other storage areas. This project took ten CST personnel over two years to complete and has cost over \$1.3 million in tape and studio equipment.

CST had to develop special techniques for preserving the Soundscriber discs on magnetic tape that utilized a state of the art turntable and tone-arm assembly. To date, CST has made seven copies of each disc.

CST is not satisfied with the longevity of magnetic tapes -- which have a life of only 30 to 50 years -- so it has been researching longer lasting mediums. This research has led to laser disc and digital sound technology, which CST believes holds great promise for the future. Through this technology, regular analog recordings are translated into digital data and recorded on videotape. The data then can be transferred from the videotape and stored on a laser disc.

Unfortunately, currently available mass-produced laser discs consist of thin aluminum film on plastic and have a lifespan of only ten years -- even shorter than magnetic tape. While CST has been exploring special archival laser discs made of more durable materials, such as gold on glass, the current cost of creating these more durable discs is much too prohibitive -- around \$7.8 million for just one set of lectures (\$6.5 million for laser discs and \$1 million for the mastering equipment).

CST is in close contact with companies in the laser disc industry and anticipates that the cost of high quality discs will decline in the near future and that eventually it will be able to use this more durable sound preservation medium. In fact, CST already has researched, selected and purchased the recording equipment necessary to translate the lectures into digital data and to store the data on videotape. CST will begin this process soon so it will be in a position to transfer the digital data to archival laser discs as soon as better quality discs are developed. The cost of this first step in the total process alone will well exceed \$100,000. A photograph of CST's digital recording lab is attached as Exhibit N.

CST recognizes that magnetic tape and digital recording are not final solutions to preserving these

lectures, and it continues to monitor the state of the art for advances in longer lasting media.

4. Long-Term Vault Repositories

In addition to preserving the actual media containing the written and spoken words of Scientology Scriptures, CST also must house originals and archival copies of the Scriptures so they are available for use for millions of years. For the present, CST plans to store the material in three long-term vault repositories that it will construct. It also will store the originals of the Scriptures in a special repository it will construct in San Bernardino, California. CST already has purchased sites for two repositories and has begun construction on its first long-term vault.

In light of the limitations of current technology, CST has decided that its vaults must have a minimum life of 1,000 years. To meet these specifications, CST has thoroughly researched such matters as vault design, specifications, engineering, tunneling methods, materials and doors. It also has inspected numerous potential sites and investigated the effects of local geology as well as the potential effects of earthquakes, floods and nuclear war.

CST already has begun construction on its first long-term vault repository, which is located in New Mexico. CST chose this particular site after a lengthy search due to its remote location, its favorable geological conditions, and its relative low potential for natural disasters and damage in the event of nuclear war. A photograph of the area surrounding this site is attached as Exhibit O.

When completed, the New Mexico vault will consist of a 200-foot entrance tunnel that will fork into two separate storage tunnels, each 150 feet in length. The tunnel will have three- to four-inch thick concrete lining and a drainage system patterned on systems used in Swiss railway tunnels. The vault will have four doors with a maintenance-free life of 1,000 years. Two of the doors will be nuclear blast resistant and constructed out of stainless steel, corrosion-resistant steel and concrete and will weigh approximately 6,500 pounds each. The total cost of this vault is estimated to exceed \$2 million.

CST began work on the New Mexico vault in August 1985. So far, it has built approximately three miles of new roads for access and improved others, engaged a contractor, and established a camp for the construction crew. It has built a 6,000 square foot drilling pad in

front of the tunnel entrance to support the auxiliary equipment, along with a steel-frame hoist to raise the tunneling equipment to the tunnel entrance. Eventually, the hoist will serve as the frame for a four-story caretaker's house. A photograph of the hoist is attached as Exhibit P.

To date, CST has drilled approximately 160 feet of the entrance tunnel. Construction on the vault doors has been completed. Photographs of the tunnel and tunnel entrance are attached as Exhibits Q and R.

CST currently is in the planning stage with respect to the other long-term vaults it will construct, though it expects to begin site preparation and initial construction for the second vault sometime in early 1988. It also plans to purchase property abroad for the third site sometime next year. CST projects the cost to construct the other two vaults (and to purchase the final site) at over \$5 million. Construction of living facilities will cost another \$50,000 to \$100,000 per site.

As noted above, CST also plans to construct a separate underground storage facility at its headquarters in San Bernardino to house the original Scriptures. This vault will be similar to the long-term vault repositories

but will have more extensive environmental controls and other special features such as air conditioning, humidity controls and a halon gas fire-extinguishing system, in light of the fragile condition of the originals. This vault will cost approximately \$750,000 to construct.

5. Research

CST often must carry out its own research projects to develop the equipment and techniques necessary to meet its demanding specifications. The staff of CST's Research Division are highly trained and experienced technical experts capable of researching the most advanced methods in preservation technology.

CST's research personnel work closely with archival professionals, chemists and engineers and leading manufacturers of state-of-the art products. They keep abreast of technological advances by attending trade shows and conferences and by reviewing reports of new developments by such organizations such as the Library of Congress Preservation Office, the National Archives, the National Bureau of Standards, and the American National Standards Institute. Their work is ongoing, intensive and demanding, and includes the following: