Interne Studie Nr. 152/1998

G. Beckstein, St. Kent, T. Kirkhope, O. Schätzing u. a.

Wie umgehen mit Scientology?
Ein internationaler Vergleich
Interner Studie Nr. 152/1998

G. Beckstein, St. Kent, T. Kirkhope, O. Schätzle u. a.

Wie umgehen mit Scientology?
Ein internationaler Vergleich

Sankt Augustin, April 1998

ISBN 3-83157-54-3
Scientology in the United States

Stephen A. Kent

With two world centres of Scientology operating on American soil (i.e., in Los Angeles and Clearwater, Florida), the United States remains an influential player in the international operation of this multifaceted transnational conglomerate (Kent, forthcoming). Remarkably, however, recent actions by branches of the American federal government have increased the difficulties that other countries face when attempting to formulate appropriate responses to Scientology's totalitarian presence within their own borders. I will present an overview of the American government's recent responses to Scientology, and then mention some of the very important cases of civil litigation that are occurring in various courts around the country.

A. Status in the Country

1. Tax Exemption by the Internal Revenue Service

In early October, 1993, the United States Internal Revenue Service (I.R.S. or simply IRS) granted tax-exempt status to 153 Scientology organizations, missions, and groups (International Association of Scientologists, no date). Granted under section 501(c)3 of the federal tax code, most of the organizations no longer "have to file annual financial disclosure forms that other charities, but not churches, have to file" (Garcia, 1993: 3A). It meant that "church members may also deduct their membership dues from their taxes" (Labaton, 1993: A18). Furthermore, the organization gets special bulk mailing privileges (seecon, 1997). For years, the American government had not disputed Scientology's claim to be a religion, "but had maintained that its organizations were operating mainly as businesses for the private benefit of church leaders, including its founder, L. Ron Hubbard, while he was alive" (Chronicle of Philanthropy, 1993). The 1993 tax exemption decision was the result of two years of discussions between Scientology officials and "a special [IRS] committee [that was allowed] to negotiate a settlement with Scientology outside of normal agency procedures" (Frantz, 1997: 11). Exact details of settlement are unknown, because "the IRS refused to disclose any terms of the
agreement, including whether the church was required to pay back taxes, contending that it was confidential taxpayer information” (Frantz, 1997: 1, 20). A nonprofit corporation named Tax Analysts, however, successfully sued the IRS in an effort to force it to make public certain background legal memoranda (called Field Service Advice) that will shed additional light on the exemption decision (Tax Analysts v. Internal Revenue Service, 1996). Thus far the IRS has not released the material.

Four factors, however, seemed to be crucial to the decision. First, Scientology apparently convinced the IRS that current organizational leaders received salaries that are in line with those that leaders receive in recognized religious institutions (Hersey, 1993: A12). Second, the IRS was convinced that Scientologists involved in crimes against the IRS and the Department of Justice in Scientology’s “Snow White” program during the 1970s “had been purged” (Frantz, 1997: 31). Ironic, perhaps, is the fact that one of Scientology’s lawyers working on the IRS situation was Kendrick Moxon, who was an unindicted co-conspirator in a federal criminal case against eleven Scientologists in the late 1970s for their “Snow White” activities. He had submitted a false affidavit to a grand jury in 1976 ([USA] vs. Mary Sue Hubbard et. al., 1979: 212-214). Third, the IRS likely was convinced “that church money was devoted to tax-exempt purposes,” and, finally, it probably concluded “that no one was getting rich from Scientology” (Frantz, 1997: 31). As a consequence of the IRS ruling, the 2,300 tax court cases by Scientologists against the IRS “were all brought to an end” (International Association of Scientologists, no date). These court cases were part of an extensive counterattack that Scientology had waged against the IRS, which additionally included “private investigators to dig into the private lives of IRS officials and to conduct surveillance operations to uncover potential vulnerabilities.” Moreover, Scientology “also financed an organization that attacked the agency publicly” (Frantz, 1997: 1). Critics wonder whether Scientology’s relentless counterattack influenced the IRS’s tax-exemption decision in any way.

The limited documents that the IRS made available provide glimpses into the operations of the Scientology organization. In the early 1990s, the Scientology conglomerate had assets of about $400 million (US) and took in approximately $300 million (US) a year from auditing or “counseling fees, book sales, investments and other sources” (Hersey, 1993). Its largest income source, however, appears to have been “donations from its members and newcomers, who pay fees to undergo Scientology’s ascending series of personal evaluations, called auditing” (Vick and Dahl, 1993: 2A). During the years 1987 und 1988 Scientology spent approximately $30 million (US) in legal bills, and $7 million (US) on bomb-resistant doors, behind which the organization is storing Hubbard’s specially preserved writings (Hersey, 1993). Remarkably, while Scientology’s most committed adherents, called Sea Organization (or simply Sea Org) members, were only getting paid about $50.00 per week for 14 1/2 hours of work per day (Dahl and Vick, 1993: 2A); a few people, who received commissions for fundraising and recruiting, made hundreds of thousands of dollars a year (Hersey, 1993).

2. The United States Department of State
The IRS tax-exemption to Scientology has affected American foreign policy. Now that Scientology’s religious claims have tax-exempt status, the State Department is compelled to defend the right of American citizens to be adherents of the ideology without discrimination by other governments under whose jurisdiction the Americans live or work. Consequently, the State Department first criticized Germany over its alleged discrimination of Scientologists in 1993 – the year of the IRS decision – then also in 1994, 1995, and 1996 (Lippman, 1997; U.S. Department of State, 1996). In August, 1996, State Department spokesperson, Nicholas Burns, expresses “unhappiness over the treatment of Scientologists in Germany,” including musician Chick Corea and actor Tom Cruise, star of the movie “Mission Impossible” (Reuters, 1996). This “unhappiness” received mention in the Germany section of the Country Reports on Human Rights Practices for 1996 (Bureau of Democracy, Human Rights, and Labor, 1997; also excerpted in Nordin, 1997).

Protection, too, of Americans’ economic interests overseas also seems to be a factor in the State Department’s criticism of Germany over Scientology. State Department spokesperson Burns, for example, spoke favorably about Cruise’s movie in his Daily Press Briefing on January 30, 1997. In reaction to a German attempt to boycott the movie, Burns said that “We [in the State Department] think it’s a good movie. We would encourage Germans to watch it, and we don’t believe it’s proper to see that movie banned anywhere in the world. It’s a good product of Hollywood American cinema” (United States Department of State, 1997a: 5). Nonetheless, he indicated that Scientology’s equation of its
position in contemporary Germany as parallel to Jews during the rise of Hitler was "outrageous" (quoted in Lippman, 1997: A9).

These positions of the U.S. State Department are not likely to change in the near future. This conclusion is based upon spokesperson Burns's response to The New York Times article detailing the unusual circumstances around the IRS tax exemption. He indicated that he read the article "with great interest," but added that "I believe that the Church of Scientology's tax exempt status is secure and there's not going to be an attempt by the Treasury Department to turn it around. So that's a reality that is a factor in our view of the treatment of Scientologists, but particularly American Scientologists who find themselves in Germany" (United States Department of State, 1997b: 16-17).

By maintaining this critical position, however, about Germany's response to Scientology and Scientologists, American government officials such as Nicholas Burns ignore the fact that Germany's interpretation of Scientology as a commercial enterprise is in accordance with a quarter-century of IRS interpretations of the organization prior to 1993 (Frantz, 1997: 31).

Moving beyond the German-American debate, other international examples suggest that the IRS tax exemption may have additional foreign relations implications. Certainly governments around the world know of the IRS decision. In a Scientology publication, for example, Chairman of the Board of Scientology's Religious Technology Center, David Miscavige, indicated that "the IRS has agreed to send out letters to the governments of every nation" announcing the tax exemption (Church of Scientology International, 1993: 1). Likewise, the IRS spelled out the tax exemption in a letter to Interpol's General Secretary in late March, 1994 (McGovern, 1994), and later that year Interpol's General Secretary sent the IRS decision to all of the National Central Bureaus, accompanied by two substantial public relations pieces that Scientology wrote about itself (Keadall, 1994).

The wide dissemination of the IRS decision may explain why, in Moscow, an American embassy official seemed to have taken the side of Scientologists in a spring 1997 trial over a "cult" pamphlet that a staff member wrote as part of his duties for the Moscow Patriarchate of the Russian Orthodox Church. Accused by several members of controversial religions (including Scientologists) of slandering Russian religious organizations, author Alexander Dworkin, himself an American citizen with a Ph.D. from Fordham University in New York, successfully defended his comments before a Russian court. Apparently, however, an American embassy official attended the trial, and he chose to sit behind the plaintiffs (including Scientologists) and frequently conversed amiably with them before the proceedings began each day (personal communication from Dworkin; see Hausherr, 1997). Also worth mentioning is that a Scientology memo uncovered by Greek officials stated that "with the intervention of CIA the Greek Intelligence Department regarding NRMs [new religious movements] is closed down and the employees fired!" (Scientology, no date). We cannot even be certain that this closure happened, but if it did then we must wonder both about how Scientology knew of a CIA operation and about whether the operation had anything to do with the IRS tax exemption decision.

B. Legal Cases

The most important public activity occurring in the United States today involves a number of legal cases in civil courts. Millions of dollars are at stake, along with issues involving the medical safety of some Scientology practices and the control over which the organization can maintain over its upper level, supposedly secret teachings. Certainly the most tragic legal battle is over the death in Clearwater, Florida of Scientologist Lisa McPherson, aged 36. After a minor traffic accident in November, 1995, McPherson exhibited extremely bizarre behavior and was taken to a hospital emergency room. Against the advice of the examining physician, McPherson checked herself out of the hospital in the care of Scientists who promised to look after her and care for her needs. Seventeen days later she was dead from "a blood clot brought on by bed rest and severe dehydration." (Waldrip, 1997: B1) After Scientologists kept her in isolation at the organization's Fort Harrison Hotel. Her estate launched a lawsuit that accused Scientology of "allowing McPherson to languish in a coma without nutrition and liquids while she was in isolation as part of an 'Introspection Rundown'" - a program Hubbard designed ostensibly to handle psychotics without recourse to psychiatrists (Tobin, 1997a). At stake is the extent to which Hubbard's policies caused McPherson's death, which in turn has direct bearing on the issue of Scientology being a pseudo-medical practice (see Kent, 1996: 30-31) that can harm its adherents. Even more serious for the organization would be the
consequences of criminal charges being laid, but police have not stated their intentions on the matter (Tobin, 1997b).

A different series of American lawsuits involve the organization's attempts to maintain control over its upper level, 'secret' doctrines. Scientology's Religious Technology Center (RTC) has sued four separate individuals (Dennis Erlich, Keith Henson, Arnoldo Lerma, and Grady Ward) in the United States, another person in Sweden (Zenon Panousis), and a person in Holland (Karlin Spinka) for allegedly posting upper level, 'confidential' Scientology doctrines, in violation of trade secrets law and copyright law. It also launched a similar lawsuit against an anti-Scientology internet information provider called F.A.C.T.NET, allegedly for copyright infringement. Each of the cases against Erlich (Abrahamson and Riccardi, 1995), Lerma (Fisher, 1995), and F.A.C.T.NET - specifically Lawrence Wallersheim and Bob Penny (Lane, 1995) - began with court-sanctioned raids on offices (in people's residences), in which Scientology computer experts accompanied law enforcement officials and lawyers and decided what computer material, books, and other items were to be removed. People lost hard drives and hundreds of computer disks, as Scientologists removed anything that might have included copies of allegedly copyrighted material. Critics also suspected that the Scientologists were engaged in intelligence-gathering operations, attempting to collect information about people's contacts, correspondence, etc. (see Lane, 1995: 9A). Although a judge in the Lerma case ruled that posted documents were not trade secrets (Lewis, 1996), he also ruled that Lerma had violated copyright (Hall, 1996) and ordered the Scientology critic to pay $2,500 (US). Because the Religious Technology Center also wants Lerma to pay various court costs totalling $19,500 (US), the court's final order still is pending (McLaughlin, 1997: 3).

The battles raging in the remaining cases are opening up delicate issues in Scientology's past that the organization would prefer not examined. Erlich and F.A.C.T.NET are attempting to prove that Scientology inadvertently let many copyrights lapse in 1983, which thereby put key documents into the public realm.

More seriously, they are arguing that Hubbard was in no physical or mental condition to sign over his writings to a new executor the night before his death (see Keller, 1997b: 3-6). He had suffered a stroke and apparently was taking Vistaril, which is an intramuscular drug for treating "psychoneurotic and psychotic" patients suffering from "anxiety, tension, agitation, apprehension, or confusion" (Medial Economics Data, 1993: 2058). While Vistaril is supposed to be effective "without impairing mental alertness" (Medical Economics Data, 1993: 2058), the mere fact that a doctor had prescribed it after Hubbard had a stroke suggests that Hubbard was not mentally balanced. The implication that the defendants draw from these facts is that irregularities exist, possibly of a criminal nature, around Hubbard's will that have direct bearing on the copyright issue.

A final American legal battle of potentially great consequence involves the efforts of former member Lawrence Wallersheim (who also is involved with F.A.C.T.NET) to receive $2.5 million (US) in payment from Scientology for a case that he won against it in 1989. His current efforts are concentrating on proving that Scientology's organizations are intimately interconnected, so that he can receive his payment from Scientology organizations other than the one (Church of Scientology of California) against which he won the initial judgement (see Keller, 1997a: 1-2).

In closing my discussion about Scientology and society in the United States, I must mention the existence of at least three Scientology forced labour and re-indoctrination facilities operating on American soil. We also know of similar locations in or near Copenhagen, Denmark and East Grinstead, England (Bracchi and Dack, 1994). Scientology calls these facilities the Rehabilitation Project Force or RPF, and all of them almost certainly violate several international human rights laws involving fair trials, forcible detention, fair pay-for-work, safe working conditions, and freedom from psychological coercion (Kent, 1997: 23-34). Given that RPF programs have operated on American soil for two decades, the U.S. State Department's criticism of Germany's human rights relationships with Scientologists is the height of diplomatic arrogance.
Bibliography


- Church of Scientology International. 1993. „IRS: Scientology is Tax Exempt“. International Scientology News. [No Publisher or Location].


- Dahl, David and Karl Vick. 1993. „Papers Detail Church’s Finances“. St. Petersburg Times, October 14: 1A-2A.


- International Association of Scientologists. No Date (1994?). „Ensuring the Future of Scientology Throughout the World“. (Magazine). No Place or Publisher.


- 1997b. „A.r.s. Week in Review-4/20/97“. Downloaded from <alt.religion.scientology>, April 28: 15 pp.


- Lane, George. 1995. „Scientology Foes’ Data Seized“. The Denver Post, August 23: IA, 9A.


- Montvale, New Jersey: Medical Economic Company.


• (Scientology). No Date. "Dear Marlis" D/CO für DSA's OSA EU. 1pp.


• 1997b. "16-Month Inquiry Into Scientist's Death Nearing End". St. Petersburg Times, April 28: 3B.

• United States Department of State. 1996. "Daily Press Briefing" (DPB) #168, October 18.


• Vick, Karl and David Dahl. 1993. "Scientologists Profited From New Members". St. Petersburg Times, October 15: 1A, 2A.