

Medicolegal

Scientologists Lose Tax-Exempt Status

The Founding Church of Scientology of Washington, D.C. (*The AMA News*, Sept. 2, 1968) has lost its tax-exempt status because a federal court says its activities were too commercial.

Donald E. Lane, trial commissioner of the U.S. Court of Claims in Washington, ruled that the church received substantial income from its "processing and auditing" services, and that the value of these services was over and above the organization's religious and spiritual aspects.

Government officials have indicated the decision would signal the end of the tax-exempt status which has been granted to various alleged "personality development" centers for Scientology across the country.

Refund Sought: The federal claims court ruling resulted from a suit filed by the Founding Church of Scientology seeking a tax refund for 1956. A review by the full claims court is scheduled, with arguments expected

that in the course of various lives the spirit is inhibited by 'detrimental aberrations' or 'engrams' which result from misdeeds or unpleasant experiences."

The commissioner explained that the objective of Scientology is to counteract this burden through processing, also called auditing. He said the goal of Scientology "is for the individual to advance through various levels of accomplishment leading to the state of 'clear,' and ultimately to become an 'operating thetan' (spirit)."

Spirit Immortal: Lane added that Scientologists "believe that the spirit is immortal and that it receives a new body upon the death of the body in which it resides. They also believe

The report states that founder L. Ron Hubbard was paid a salary of \$125 a week and an additional fee of \$125 a week, plus 10% of the gross income of the "church."

"Persons coming to plaintiff (the Founding Church) for processing were usually required to sign a contract for a stated amount of processing," the commissioner said. "The normal contract covered 25 hours of processing at a rate of \$20 per hour."

6% Interest: He said when a person was unable to pay cash, the center often would have the individual sign a note bearing 6% annual interest plus 25% service charge.

There was advertising under "Personality Development" and "Personnel Consultants" in the yellow pages of telephone directories, the opinion said, in addition to newspaper advertisements.

The Hubbard E-Meter, described by Lane as essential to the practice of Scientology, costs \$12.50 to manufacture, but the selling price was \$125 to \$144, the opinion said. Lane said every auditor was expected to acquire the meter.

A federal court jury ruled in 1967 that the meter was a misbranded medical device, and a federal judge ordered destruction of the devices.

A U.S. Treasury Dept. spokesman said the legal action in the Washington claims court was the first U.S. litigation from a tax standpoint involving Scientology.

California previously had permitted a tax exempt status to Scientologists in that state, but this has been revoked.

WE'LL BLOCK SCIENTOLOGY CHURCH — DICKIE

The State Government will amend the law if necessary to make sure scientologists cannot reappear in Victoria "to bring distress and unhappiness to people."

The Minister for Health, Mr Dickie, said today that this will be done "if there are any legal avenues through which they can operate."

He was commenting on a meeting of six scientologists at Noble Park last night.



MR DICKIE

Mr Harry Baess who conducted the meeting said it was the first of the Dandenong congregation of the Church of Scientology.

The meeting discussed scientology and Mr Baess said:—

"There is not the slightest doubt that scientology was practised here tonight.

"The Church of Scientology has never been banned in Victoria.

"I am free to hold church meetings to help to guide members of the church to obtain spiritual freedom."

Scientology was banned in Victoria under the Psychological Practices Act, passed in December, 1965.

The Act makes it an offence for anyone to charge a fee or accept reward for practising scientology or advertising that they are willing to teach it.

The banning followed an inquiry in 1964 and 1965 by Mr K. V. Anderson, QC.

He found that scientology was evil, a danger to mental health of the community, based on fiction and propagated by falsehood.

The Act provides a maximum penalty of \$200 on a first conviction of practis-

ing scientology for fee or reward.

'Vocal again'

Mr Dickie said today that scientologists had become vocal again under the veil of religion.

"But the Government will make certain that they cannot reappear in Victoria," he said.

Mr Dickie said the Government inquiry into scientology highlighted the dangers associated with it.

"I would warn everyone to steer clear of this particular cult," he said.

"Victorians should not allow themselves to be hoodwinked."

Mr Dickie said he had been invited to last night's meeting at Noble Park.

"The invitation was posted to my home at Bacchus Marsh and arrived on Thursday," he said.

Mr Dickie said he sent the invitation to the Attorney-General, Mr Reid.

Several other ministers are believed to have received invitations.

Mr Dickie said the Crown Law Department was examining the legal implications of the meeting.

"The Government will make sure that scientologists cannot set themselves up in a capacity similar to the way they operated before they were banned in 1965," he said.

The Acting Premier, Sir Arthur Rylah, said he had asked heads of the Health, Law and Chief Secretary's Departments to confer "with a view to taking appropriate action."

'Not religion'

An official of the Crown Law Department said today that the Board of Inquiry into Scientology had stated that it was not a religion.

In some parts of the United States, scientologists had tried to operate as a church to claim protection, he said.

People closely connected with the Anderson inquiry said today that last night's meeting of scientologists was a deliberate attempt to provoke police prosecutions.

People connected with the scientologists inquiry said there was no doubt that scientologists in Victoria had big financial backing from overseas.

They said that even if the matter was decided in a police court it was almost certain that scientologists would appeal to higher courts.

At last night's meeting, Mr Baess said:

"We invited the police to come along, but they did not accept our invitation."

Six men attended the meeting.

An E-meter, pamphlets and books on scientology were displayed.

The use of the E-meter for scientology purposes is unlawful in Victoria.

After the meeting, four of the group were invited to give money "for consolidation of the church."

OCTOBER 8, 1968

SKELETON IN THE HUBBARD

SCIENTOLOGY returned to Melbourne on Sunday — battered, on a small scale, but apparently unbowed.

A meeting of six people in a Noble Park house is hardly a dramatic resurgence. But the cult gained one objective — publicity.

The cult invited police and State Cabinet Ministers to the meeting. None attended.

Scientology is banned in Victoria, and the State Government has made it clear it will act to prevent any revival of the cult.

The practice of Scientology is banned under the Psychological Practices Act, and the Crown Law Department, following Sunday's meeting, is considering whether the so-called "Church of Scientology" can be prosecuted under the present Act.

MINISTER GIVES PROMISE

Even if it cannot be prosecuted, the State Health Minister, Mr Dickie, has promised that the Government will amend the law if necessary to ensure that Scientologists cannot reappear in Victoria and "bring distress and unhappiness to people."

Whether members of the

By TREVOR SYKES

Scientology cult are seeking publicity or martyrdom, they seem destined for a head-on clash with the law.

The cult was founded by Lafayette Ronald Hubbard, apparently in Phoenix, Arizona, in the early 1950s, although it is difficult to get exact information on this.

Hubbard calls himself a doctor on the grounds of a doctor of philosophy degree awarded to him by the University of Sequoia, Southern California, although this university is privately endowed and not registered with the American authorities.

Scientology spread to Australia in about 1958 and within a few years became a matter of grave concern to the Victorian Government.

In 1963, the State Government appointed an inquiry into it, which was conducted by Mr K. V. Anderson, QC, and resulted in a scathing condemnation of the cult.

It also produced some evidence that must have ranked amongst the weirdest ever heard by any legal inquiry.

Witnesses said...

- Scientologists believed earth was the penal colony of the universe and its inhabitants were insane.

- A former Scientologist had hallucinations in which he ran an atomic factory trapping souls in outer space.

- 43 trillion years ago certain malign people had made mental implants which caused aberrations in people living today.

- A 21-year-old man under the influence of Scientology had imagined he was an Indian prince.

CHARGES TO STUDENTS

Witnesses also said students had been charged up to \$1200 for courses and that a Melbourne business man had been told he had to take at least 275 hours of "processing."

The Scientologists also had a considerable jargon of their own including the following terms...

- Dianetics — meaning the science of mental health.

- Clear — a person clear of aberrations.

- Preclear — a person who has not reached the state of "clear."

- E-meter — a small box containing two electrodes which are held by the student and which is supposed to measure his mental reactions.

Mr Anderson said in his report that Scientology was evil and should not be permitted in Victoria.

Scientology files contained intimate secrets and confessions with potential for blackmail, he said.

"It is the world's largest organisation of unqualified persons practising dangerous techniques which masquerade as mental therapy," he said.

"Its theories are fantastic and impossible, its principles perverted and ill-founded, its techniques debased and harmful.

"Its smattering, with the merest smattering of knowledge in various sciences, has built upon the scintilla of his learning a crazy and dangerous edifice.

"No acceptable or recognised standards are prescribed for its practitioners, whose ignorance of orthodox medicine and psychology make them each a menace to the health of the community."

SCIENCE FICTION WRITER

Mr Anderson said that Hubbard was a former science-fiction writer who falsely claimed academic and other distinctions and whose sanity was gravely to be doubted.

The gross income of the Hubbard Association of Scientologists International over six years in Victoria had been \$546,746, of which 10 per cent had been remitted to Hubbard's headquarters in England.

The Government consequently banned Scientology in this State. Its files were seized and its Spring St. headquarters closed down. Scientology is still practised in other States.

Meanwhile, Mr Hubbard himself has been banded from South Africa, Rhodesia and Britain — probably the only thing that those three countries have agreed about for a long time.

He quit his headquarters — a manor in East Grinstead, Sussex — two years ago and left Britain after renouncing his directorships in Scientology.

He was last reported living, with his wife and 250 Scientology students, aboard a 3300-ton ship in the Mediterranean.

The ship, a rusted former Irish Sea ferry named the Royal Scotsman, is now docked at Corfu, Greece, for repairs which are estimated to cost \$52,000.

NEWSFEATURES

Sunday, October 13, 1968 HOUSTON POST

Youthful Inventor Thinks on His Hands

By GARY CHRISTIAN
Post Reporter

Pat Flanagan judges everything by one standard. He insists that it work. The former resident boy genius of Bellaire is doing his part to make things work. He has come up with 150 inventions since he graduated from high school six years ago.

"I haven't put all of them out or even developed them all," he said. Many of them he has.

AMONG THEM ARE an air conditioner with one moving part that cools to minus 70 and heats to plus 450 degrees, an Eavesdropper Stopper that stops persons from overhearing police radio conversations and a stereo device that en-

ables a person to hear music coming from all sides.

One way to pack a lot of living into a little bit of time is to follow Flanagan when he gets an idea.

He once stayed awake 15 days working on an invention. Ten days without sleep is nothing. What other inventors work on a year, he does in days.

"Actually I get so excited in what I'm doing that it (sleep) takes care of itself," he said. "One of the things I'm proud of is my ability to move quickly."

HIS QUICKNESS enables him to serve several companies, often in a motel room from a suitcase lab, as a \$1,000-a-day "electronic inventor consultant."

"I'm the highest paid electronics consultant in the world," he says proudly. And only 24 years old.

It all started for real when he was 17, a senior at Bellaire High School. He came up with a little device he called the Neurophone.

It was an electronic device that passed

sound directly into the auditory center of the brain, bypassing the ears entirely. Most folks said it wouldn't work.

OFFERS TOTALLING \$7 million poured in after a Houston Post story telling of the invention was picked up by newspapers and magazines all over the country in 1962.

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Flanagan, the Young Inventor

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Life magazine called Flanagan a member of "the take over generation."

"Lots of groovy things were going on in those days," he now says.

Huyck Corp of Stamford, Conn., a small company, bought an option on the invention, with intentions of developing it further. They returned it to him later — untouched.

"I was young at the time, and I didn't know what to do," Flanagan said. "My lawyer had said it looked like a good deal."

THE U.S. PATENT Office turned down a patent request on the Neurophone. They said it could not possibly work.

He went to Centenary College in Shreveport, La. for a year. He married the former Miss Liela Franklin of San Jacinto High School. He dropped out of college.

"I didn't see any use in going. I found I could make more than most PhDs."

His career hit a low point. Inventions were slow in coming.

"After the Neurophone," he said, "I felt pretty dull. I didn't have any new inventions going for me."

This low point was the first in a long line of firsts he likes to mention.

WHEN HE WAS FIGHT, he dreamed for several nights that the world was coming to an end.

"I don't know whether I got it from a science fiction movie or what," he said. "But what it did was give me a compulsion about what I could do to help save it."

"I took it seriously at the time." Seriously enough that he determined to learn everything he could to help save it when the time came.

He taught himself electronics, knife throwing, Yoga, hypnotism, photography and a few other things that are still tucked away in his head somewhere.

"EVERYTHING I could possibly master. I did in those days and still do," said Flanagan. "It was entirely self taught."

He was a television repairman at 11. It provided the practical knowledge for the Neurophone and a missile-tomoe blast detector which won him a science fair prize and some Pentagon attention while he was in junior high.

Flanagan attracted attention by standing on his head to give his thought processes a boost.

He taught himself gymnastics, won a gymnastics contest six weeks later. He was on top of the world. Then came the lull after the Neurophone.

A PSYCHOLOGIST told him it would take seven years of therapy to clear up his "mental block." He measured Flanagan's IQ. It had dropped 65 points from other tests which had put it at 185.

"But it was still above normal," he said.

He went to a scientist in Dallas, and the scientist "took 30 minutes to clear up my mental block."

Searching for an explanation of scientology, he finally decided the best way to explain was to tell his problem. He had once made the statement, "I'm stupid,"

after doing poorly in a college course he misunderstood.

STATEMENTS MADE during an emotional turmoil, he said, stick in the subconscious. What the scientist did was to free that statement.

"I don't care whether you believe it or not, it works. I felt like I had been re-born again."

Flanagan said he has since spent enough money on scientology to buy a Rolls Royce.

"But I feel like a Rolls Royce inside," he adds.

Once freed of the mental block, he went on an inventing rampage.

He helped develop a vocabulary between man and dolphins. In two years he worked out a 224 word vocabulary.

"I DEVELOPED A computer to translate man's language to dolphin's language and dolphin's language to man's language."

It was possible using the vocabulary to give a dolphin complex commands, he said, and have the dolphin carry out all the commands or even repeat the sentence.

"We proved the dolphin — and maybe other animals — is not necessarily a stimulus response animal," said Flanagan.

It was possible to change the command in midstream and have the dolphin drop the first command and do the second, he said. The program was dropped when his fellow researcher drowned in Hawaii.

THE PEACE CORP asked him to teach 36 executives to communicate with each other.

He applied some mind freeing techniques of scientology and in a week "they were putting their arms around each other and were very close friends."

He took a second look at the Neurophone. The patent office had given a final rejection on the patent plea.

Flanagan went to Washington and convinced the skeptical patent investigator it would work. They reopened the case and granted a patent in July of this year.

"This was the first time they had ever done this," he said.

He is now tentatively living in the Memorial area with his wife and 14-month-old son, John Patrick. He retains a permanent mailing address at the home of his parents, Mr and Mrs G. C. Flanagan of 5162 Minusa in Bellaire.

ONE OF THE things he likes to talk about best is the air conditioner with "only one moving part." It operates entirely on compressed air, using no frion. The temperature range is fantastic.

"That's on a crude lab model," he said. "I think I can get better than that. One four inches square would cool and heat an automobile. It would have fewer parts to break down and could be fixed easily."

It would also be much lighter, about 10 pounds, compared to 80 pounds for conventional units.

He developed the police radio scrambler in seven days, his nearest competitor said it would take two years.

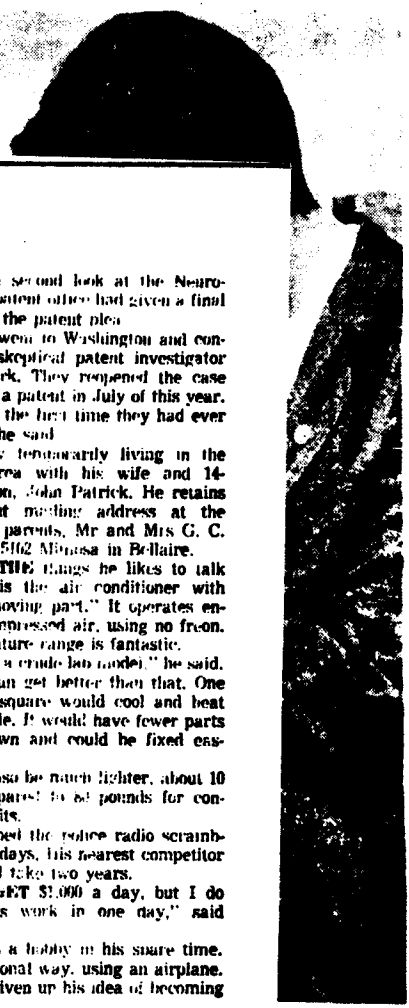
"I MAY GET \$1,000 a day, but I do lots of day's work in one day," said Flanagan.

He flies as a hobby in his spare time. The conventional way, using an airplane. But he has given up his idea of becoming an astronaut.

"I guess I was too short and I found out and I've been concentrating on other things. I think I can do more good as far as mankind is concerned with my inventions that I could with that."



A \$1,000



Circuit Board