

Scientology Unit Raided in Fraud Probe

**Riverside Mission Is
Searched for Evidence
of False Loan Scheme**

BY ROBERT RAWITCH
Times Staff Writer

Sheriff's deputies seized 17 boxes of documents from the Riverside mission of the Church of Scientology Wednesday in a search for evidence that possibly as many as 100 past and current members fraudulently obtained bank loans and then gave the money to Scientology.

More than two dozen Riverside County sheriff's deputies spent six hours searching through the offices of the mission for tax, payroll and other records on 20 named individuals who, an informant asserts, took part in the alleged scheme.

Riverside Sheriff's Capt. Jack Reid said authorities have no idea how much money may have been fraudulently obtained. But there is reason to believe, he said, some loans as high as \$10,000 were obtained by Scientologists by making allegedly false financial statements—subsequently verified by church officials—on loan applications to banks and finance companies.

Although only 20 names plus the informant's are cited in the court-approved search warrant authorizing the seizure, Reid said he has information the practice of filing fraudulent loan applications was a common one and as many as 100 persons may be involved.

Scientology officials immediately labeled the sheriff's probe "ridiculous" and attacked what they called the Gestapo-like conduct of the deputies.

The Rev. Heber Jentzsch, the California-based church's public affairs spokesman, declined to comment on the specific allegations, saying Scientology prefers to state its case in court.

He said there had been no history of problems between the Riverside mission and local authorities, but that Scientology would launch its own investigation into why the department would "engage in this kind of harassment."

Almost two years ago more than 100 FBI agents seized thousands of documents from Scientology's headquarters in Los Angeles and subsequently 11 top officials were indicted on charges of conspiracy, burglary

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LOAN FRAUD PROBE

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and theft of government documents. A trial in that case is set for Sept. 24 in Washington, D.C.

In extradition hearings in London last month for two Scientology officials named in the Washington indictment, attorneys did not deny the burglaries of U.S. government agencies took place. Instead, they unsuccessfully argued that the aim was to obtain official secrets of interest to Scientology and therefore were of a political nature and not an extraditable offense.

An affidavit filed by Dep. Sheriff Gary L. Jensen in support of the search warrant suggests that most of the authorities' information about the

inner workings of the Riverside mission comes from two defectors from Scientology.

Gay Anne Marie Doucette, 30, told sheriff's deputies she obtained a \$6,500 bank loan at the behest of a church staff member who allegedly told her around April, 1976, to use her house as collateral and use false sums of money on the loan application.

Staff member Jeff Kovack was said to have told Miss Doucette to put her monthly income on the loan application as \$450 rather than the \$297 she actually received from Social Security.

"Kovack advised Miss Doucette that he would take care of having the church verify the \$450 amount by

telling them that she was employed as a baby sitter for other church members and earned approximately \$250 a month for this service," Jensen's affidavit said.

Later feeling that she had been "swindled," Jensen said, she sought to have her house and money returned to her. Instead, she allegedly was physically restrained from leaving the mission by church members and taken against her will to the home of Thomas Steiner, head of the mission, where she was kept for a day before being released.

Neither Steiner nor Kovack could be reached for comment about the allegations.

Jentzsch would only say he questioned authorities relying on the information of Miss Doucette, who has sued the church to regain her money.

More than Miss Doucette, however, sheriff's deputies appeared to rely on

information supplied by Todd Eric Carter who left Scientology in August, 1978, after being a member since December, 1975.

Cooperating with the Riverside authorities since April 30 of this year but nevertheless listed by Capt. Reid as a prospective defendant, Carter has said he fraudulently obtained more than \$4,000 in loans which he turned over to Scientology.

A statement by Carter appended to the search warrant said he was told by a Scientology official in February, 1977, to list his monthly church salary as \$950 when it actually was \$250. The salary figures were cited in an effort to have his credit limits increased for both BankAmericard and Master Charge credit cards.

Two months later, Carter said, he was told "an arrangement existed between church registrars and a loan officer named 'Mike' at the Market

Street branch of Pacific Finance, making it easy for Scientologists to obtain loans from that lender."

Loans of \$1,000 from Pacific Finance and then \$3,000 from United California Bank in Palm Desert were obtained by Carter, he said, by use of his false statements verified by church officials when checks were made by the lending institutions.

Carter also told authorities a one-time roommate of his told him he filed a false loan application with another finance company in Riverside. The roommate allegedly obtained a loan of an unknown amount after Scientology officials assertedly supplied him with apparently phony pay stubs reflecting a salary greater than he actually was making.

It was Carter who gave Riverside authorities the names of individuals he claimed had some role or knowledge of the alleged loan scheme.

Capt. Reid said his deputies were searching for financial records of the church because "we have serious reason to believe the salary statements made on dozens of loan applications do not agree with the earning statements reported to the IRS."

Scientology spokesman Jentzsch confirmed that Carter had been on the mission's staff for a number of years, but he said he did not know the circumstances of Carter's departure from Scientology. Jentzsch said he had yet to see Carter's statement setting forth his allegations.

"I just question his intentions," said Jentzsch, who speculated that Carter might be an agent provocateur of the FBI or some other federal agency.

Scientologists have complained that for more than 20 years the federal government and particularly the FBI have engaged in a systematic campaign to harass the church.

Scientology Mission Raided by Deputies in Fraud Probe

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RAID OF SCIENTOLOGY MISSION

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DEPUTIES RAID SCIENTOLOGY MISSION

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Scientologists have complained that for more than 20 years the federal government and particularly the FBI have engaged in a systematic campaign to harass the church. The Internal Revenue Service has granted tax exempt status to most Scientology churches and missions, but revoked the exemptions of some like Los Angeles, the nation's largest.

Jentzsch labeled the search a "fishing expedition."