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Church Offers to Pay Back False, Defaulted Loans

BY MARK FORSTER

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Church of Scientology officials said they will attempt to repay any defaulted loans they may have taken out fraudulently by Scientology members in Riverside, an attorney for the organization said Friday.

Christopher Ashworth, a Century City attorney, said the church will take a nationwide collection from its members to set up a trust fund to reimburse any lender "who may have been harmed by credit misrepresentation."

The offer came a week after Riverside sheriff's deputies raided the church's Riverside mission in an investigation into an alleged loan-fraud scheme.

The investigation began after two former church members said they and several hundred other church members obtained loans from local banks and loan companies by overstating their church earnings on credit applications. Church officials then allegedly verified the false salaries, the two former members said, and the loan proceeds were turned over to the church.

Ashworth added that the restitution plan was "not an unequivocal offer" and he said it would be undertaken when the church is satisfied that the investigation is being conducted solely by the Riverside Sheriff's Department. He said church officials are concerned that the investigation possibly is being conducted at the behest of the FBI or Internal Revenue Service.