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Treasury agents said probing sect

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The United States Treasury Department's Criminal Investigations Division has mounted an in-depth investigation into the activities of the Clearwater-based Church of Scientology, the *Clearwater Sun* has learned.

In the past several weeks, Treasury agents have traveled across the United States interviewing a number of former Scientologists—including some who held positions of immense power and influ-

ence in the worldwide sect prior to their defection, sources said.

Spokesmen for the Treasury Department and Internal Revenue Service in Tampa and Los Angeles, citing Department of Justice guidelines, could neither confirm nor deny the investigation Thursday.

"We are unable to comment on pending criminal investigations," said Lowell Langers of the Los Angeles IRS office. "The only thing we can comment on is what is already a matter of public record."

However confidential sources have told the *Sun* that the investigation is, indeed, "in in the works."

The sources, who agreed to talk with a *Sun* reporter only on the condition they were granted anonymity, said federal investigators have expressed interest in the financial holdings of the Church of Scientology, founded 34 years ago by reclusive science-fiction writer L. Ron Hubbard.

"I was approached by agents of the Treasury Department, and they asked me to tell them literally everything I

knew about the financial transactions of the church and its founder," said one of those interviewed by authorities.

"They were also concerned with the principals of the Church of Scientology."

Another former Scientologist acknowledged that investigators have requested any and all documentation relating to the "financial network" of the sect.

The federal investigation comes on the heels of recent court revelations, previously reported in the *Sun*, detailing an alleged complex sect scheme, directed by Hubbard, to create a myriad of shell

corporations to funnel much of the sect's monies to Hubbard's personal bank accounts overseas.

According to former sect insiders, Hubbard has "bankrupted" his own organization by diverting more than \$100 million through dummy corporations such as Religious Research Foundation (RRF) and the Religious Technology Center (RTC), among others.

Court testimony and documents indicate the operation also involved shielding

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Hubbard—who has not been seen publicly for four years—from criminal and civil proceedings by creating the illusion that he is no longer connected with Scientology.

Such an operation is detailed in tape recordings known as the "MCCS Tapes," recorded during a Sept. 29, 1980 "strategy meeting" of the sect's Mission Corporation Catagory Sort-Out.

The *Sun* has obtained a partial transcript of the tapes—currently under court-mandated seal in Los Angeles Superior Court—on which a Scientologist in the sect's Legal Bureau calls the operation "a classic case of inurement, if not fraud."

And Gerald Armstrong—the sect's former archivist and member of Hubbard's "inner circle"—

has submitted sworn statements to various courts that Hubbard "received millions of dollars through a dummy corporation (RRF) specifically set up to funnel money to him which should have been paid to CSC (the Church of Scientology of California) by foreign customers paying for 'Flag' services in Clearwater, Florida."

The sect has come under fire in recent months in courts from California to Canada and Europe. And the Treasury Department's investigation brings to at least eight the number of law enforcement agencies the *Sun* has learned are presently investigating the organization.

The Clearwater Police Department and the Pinellas-Pasco State Attorney's office have acknowl-

edged investigations into the sect's activities locally, and the Department of Justice in Tampa is reportedly investigating an alleged sect scheme to entrap a federal judge who was presiding over a sect trial.

In Canada, the Ontario Provincial Police are in the midst of a massive criminal investigation into suspected fraud on the part of the Church of Scientology, and law enforcement agencies in England and West Germany are also probing the suspected criminal stature of the sect.

And the IRS has been involved in litigation with the sect for a number of years. One case in particular, regarding the sect's tax-exempt status in the United States, is presently under federal appeal.