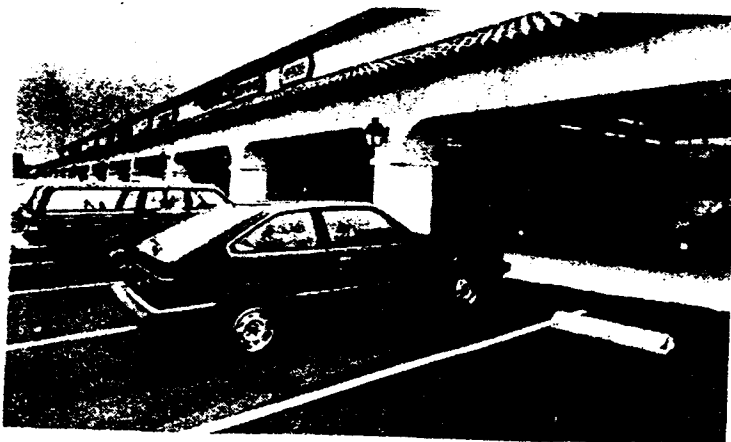
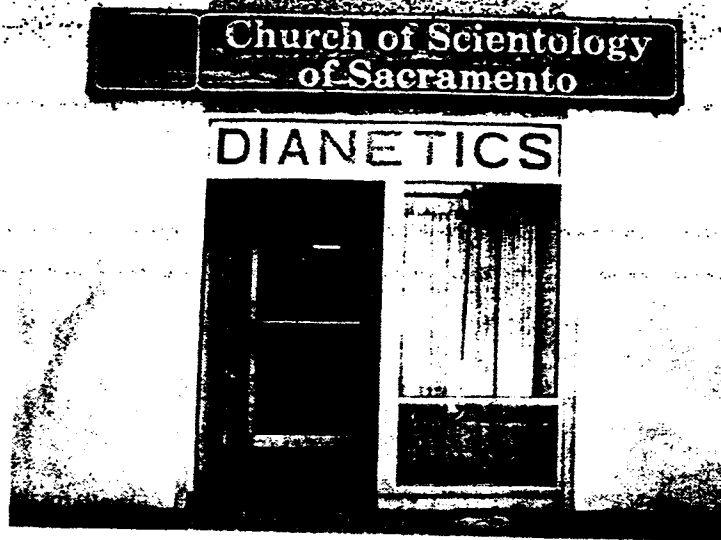


# Scientologists' power in city

## Holdings include church, missions, shopping center



The Church of Scientology continues to maintain properties in Sacramento. At top is the Sacramento office at 825-15th St. near Memorial Auditorium. Center, in a building at 6720 Fair Oaks Blvd., the Carmichael Scientology office occupies the first floor. Bottom, the church owns Fulton Square shopping center on Fulton Avenue, where the U.S. Postal Service rents space.

**T**he Church of Scientology, despite shrinking membership, still wields power in Sacramento — openly through its church and missions, and not-so-openly through other organizations.

Some buildings — a church on 15th Street near Memorial Auditorium and branch missions in Carmichael and Davis — are obviously part of Scientology.

Other holdings, including a shopping center called Fulton Square that the church bought through another business entity, are less conspicuous.

The Flag Service Organization Inc., a Florida branch of Scientology, bought the \$1.5 million center on Fulton Avenue at Hurley Way through a group called Palm Desert Investors in 1979, according to John Nelson, once an official in the inner circle of Scientology.

Ironically, even local church members didn't know until recently that the church bought Fulton Square. The center houses a post office branch, a tax preparation firm and restaurants.

Owning the center is perfectly legal. But, according to longstanding policy, the church has always liked to conceal its investments because it fears publicity, Nelson said.

The money to buy Fulton Square came from the sale of a home in La Quinta, Riverside County, that was once the secret residence of Scientology founder L. Ron Hubbard, said Nelson. When it became public knowledge that Hubbard lived in La Quinta, the home was sold. Church officials used some of the proceeds to invest in Sacramen-

to real estate, he said.

The Flag Service Org — as the powerful investment arm of the church is known — bought Fulton Square through the George Hoag family of Southern California.

"It was a good way to do some freewheeling investment," said Nelson of the Fulton Square deal.

George Hoag, a Realtor, arranged one other large investment for the church — its desert property at Gilman Hot Springs, where a \$565,000 clipper ship is located, said Richard J. Hoag, his son.

Richard Hoag, a Santa Monica attorney, said Palm Desert Investors was not a "front" set up to buy Fulton Square. Hoag said he and his father set up Palm Desert Investors and bought Fulton Square as an investment property. The church, he said, had nothing to do with it until buying it from them in 1982. Richard Hoag's company, RSJ Development, now manages Fulton Square.

"None of these people have anything to hide. I have submitted 100 deals to the church," and most have been refused, he said.

But the Flag Service Org has not yet been registered as the owner with the county recorder. Richard Hoag explained the church has had trouble working out a lease arrangement with the family that owns the land, so its name has not yet been recorded. The church owns the buildings, but not the land.

The Flag Service Org has many other investments — such as another shopping center in South San Francisco, and a major interest in an Oklahoma oil and gas exploration firm, said Richard Hoag.

The Flag Service Org, only one branch of the church, claims in an internal financial statement that it has more than \$40 million in gross assets, including real estate holdings in California and Florida. Some of this capital is invested in precious metals.

Scientology or its members are also involved in other Sacramento groups.

•The Citizen's Commission on Human Rights, a patients' rights group that deals

with psychiatric issues, is "tied" to Scientology, said church spokeswoman Kathy Gorgon. Repeated calls to the commission were not returned.

•Applied Scholastics, which tutors children and adults in basic study skills, is affiliated with the church, said Gorgon. A local spokeswoman, however, denies being associated with Scientology.

•The Delphian School on Northrop Avenue, advertises that it uses "the methods developed by L. Ron Hubbard," but school director Vicki Walker said it is not connected in any way with Scientology. The state-accredited, "back-to-basics," elementary-level school has 40 students, up from 30 last year, said Walker.

•Detox of Sacramento, a company on J Street that purifies toxic poisons from people by sweating them out of their systems, has "no legal or financial connection with Scientology," according to administrative director Keith Miller.

Miller said he is a Scientologist; some workers are also members of the church and they use methods developed by Hubbard.

Miller said Detox uses a therapeutic sauna, balanced with an intake of vitamins and minerals to remove poisons such as PCBs from people contaminated with toxins.

"We use Hubbard's techniques because we've found it is the only one that works," said Miller. Customers receive a treatment every day for 18 days. Cost of the service averages \$2,000, he said.

Applied Scholastics and the Citizen's Commission were controlled by the church when he was a member, said Ken Wagner. Wagner was involved with fund raising for the Association of Scientologists for Reform, the church umbrella group that ran the commission.

Wagner said they were instructed "not to let anyone know" that the commission was connected with Scientology. But, he said, "They aligned our goals with those that exist in society. These groups have good goals. We were real dedicated."