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Why a Portland jury awarded \$39 million in damages against one of the world's most profitable cults.

By BILL DRIVER

NE SUNNY AFTERNOON last week, an elderly man, who looked as though he had probably spent the past few nights sleeping under the stars, stood in the southeast corner of Lownsdale Square in downtown Portland gazing in bewilderment at the scene before him. Several hundred people, many wearing T-shirts proclaiming something about a crusade for religious freedom, gathered around a large stage in the park, listening as an assortment of speakers lambasted Oregon justice and vowed to save all men's religious liberty. Between speeches, everyone joined in a chorus of "We Shall Overcome."

The old man turned to a passerby and asked, "Who are these people, and what in the hell is this all about?"

Those people, as anyone who has been downtown or watched television in the last 10 days knows, were Scientologists who have come to Portland by the hundreds to protest a May 17 verdict by a Multnomah County Circuit Court jury. The jury found L. Ron Hubbard (Scientology's founder), the Church of Scientology of California (CSC, Scientology's corporate head-quarters) and the Church of Scientology Mission of Davis (COSMOD) guilty of fraud in their dealings with Julie Christofferson Titchbourne, a

27-year-old Portland woman who was involved with COSMOD for a nine-month period in 1975 and 1976.

This case was actually a retrial. In 1979 Titchbourne won a \$2.1 million verdict against local Scientology organizations. But that decision was overturned by the Oregon Court of Appeals primarily on account of faulty jury instructions.

Legal problems are not new for Scientology. The self-styled religion — deemed a dangerous cult by its critics — has had more than its share of run-ins with the Internal Revenue Service and Please turn to page 6

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other public agencies, both in this country and abroad. The most publicized case involved the conviction of a number of top Scientology executives for breaking into federal offices in Washington, D.C., during the late '70s for the purpose of stealing official documents.

But the decision in this case has Scientologists particularly concerned, and followers have been flying here from all over the world to protest. Why is the outcome of the Portland case so important to them?

One reason is that the Portland chapter is, as the trial made clear, one of the most lucrative in Scientology's complex 600church, 30-nation organization. Another is the astronomical punitive damages award assessed against Hubbard (\$20 million), the CSC (\$17.5 million) and COSMOD (\$1.5 million). Perhaps most important is the fact that the lawyers for Julie Titchbourne were able to accomplish something others who have sued Scientology have been unable to do: Attorneys Garry P. McMurry and Ronald L. Wade succeeded in getting Hubbard himself, as well as the national Scientology organization, brought in as defendants. As a result, they were able to obtain documents never before available to litigants opposing the organization.

In addition, former Scientologists who had once been close to Hubbard or had held prominent positions within the organization came forward to testify. Most striking was the testimony of Martin Samuels, who was a defendant in the 1979 trial, but dropped out of the organization in 1982 and appeared this time as a witness for Titchbourne. (Hubbard has not been seen in public for many years

and did not testify.)

As a result of these legal coups, lawyers for Titchbourne were able to provide a window through which no jury had ever before viewed this extraordinary and controversial worldwide organization, which evolved out of Hubbard's best-selling book called Dianetics: The Modern Science of Mental Health. (Dianetics was published in 1950; Hubbard founded Scientology in 1954.) What the jurors were presented with in this case is obvious from their vertice. They saw a group characterized by:

Deceit so rampant that it permeates the organization;
Shocking and effective methods of con-

trolling its members, especially full-time staff members;

• A much-used and almost limitless policy of attacking anyone who dares to criticize or attempts to expose aspects of the group (this policy is used not only against people who actually commit some action against Scientology, but also against many, both in and out of the group, who might do so);

A lust for money that has resulted in staggering volumes of income for the group;

• An organizational structure designed to maximize the power and income of L. Ron Hubbard, while concealing both.

DECEIT

The fraud case involved a long list of misrepresentations that were made to Titchbourne by COSMOD registrars (salespeople) who were attempting to sign her up for training sessions at the Portland mission (then operated by COSMOD) and later at the COSMOD-owned Delphian School in Sheridan, Ore., in July and August of 1975. Testimony, particularly that of Scientology archivist Gerald Armstrong, revealed that many of the same representations appeared in various Scientology publications and were made to thousands of other prospective and practicing Scientologists. Some of the false representations, followed by the actual facts, are noted below:

Titchbourne, who had a scholarship to study engineering at Montana State University starting in the fall of 1975, was told that .. Ron Hubhard had graduated from George Washington University in Washington, D.C., with a degree in civil engineering; was a nuclear physicist; had attended Princeton University; and held a PhD. According to the testimony and exhibits presented at the trial, including Hubbard's transcript from George Washington University, the facts were somewhat different. Hubbard's transcript revealed that he had failed to complete two years at GWU, and had received numerous Ds and Fs. including a failing grade in his only nuclear physics class. He never attended Princeton, and the doctorate degree he holds was awarded by Sequoia University, described by witnesses as a "mail-order diploma mill.'

• Titchbourne was also told that the Scientologists' introductory Communications Course had been taken and endorsed by Father Pat Flanigan of Boy's Town; this turned out to be untrue.

· Regarding Hubbard's military career,



Exhibit 239: "When under attack.

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Exhibit 239: "When under attack . . . attack."

Titchbourne was told that he had been crippled and blinded in the war and had, in fact, been twice declared dead. Furthermore, she, like thousands of other Scientologists, was told that Hubbard used the techniques that serve as the basis for Dianetics and Scientology to cure himself. As it turned out, Hubbard's only "war wounds" stemmed from two ulcers and a minor fall from a ladder in 1942. No evidence was presented showing that Hubbard was ever blind or crippled, much less declared dead.

• Titchbourne was also given another standard pitch by the Scientologist salespeople: that Hubbard had developed his programs for the benefit of mankind and was paid less than the average Scientology staff member's wage of about \$15 per week. Much of the evidence at the trial dealt with Hubbard's income, with one former Hubbard financial aide testifying that, during a six-month period in 1982, some \$34 million was transferred from church accounts to Hubbard.

When Titchbourne requested a partial refund so she could return to Montana State and study engineering, a COSMOD salesman alter thereinto going to the Delphian School in Sheridan. He told her that it was funded in part by the federal government and would be a fully accredited university by the following spring. She would be able to work in the offices of engineers and architects who were then building the Delphian facility and could transfer all credits to the university of her choice if she chose to leave. Titchbourne ended up working as a field laborer and nanny at Delphian, which never became an accredited university and never received any federal funding.

Perhaps the misrepresentation that most bothered witnesses, jurors and spectators alike was the false assurance that was given to Titchbourne and all Scientologists that their counseling files were confidential. Testimony revealed that the intimate disclosures made to Scientology counselors in training and in sessions (often referred to as "pastoral counseling") were, in fact, maintained in special files and used to control the Scientologists as long as they remained in the organization and — if they decided to leave — even afterward.

In his testimony and in a subsequent interview, Eddie Walters, a former member who had served as a special operative for Scientology's security and intelligence unit, known then as the Guardian's Office, and had also been a top-level auditor (counselor), discussed the process known as "culling" files. We [auditors] were instructed to tell them they could tell us anything," Walters said in the interview. "They were encouraged to be very open and honest . . . No one would see his folders. Everything he says is between him and 1.* However: Walters added, the Guardian's Office people violated that trust as a matter of policy: "They look for specific things. Things to use for blackmail such as sexual promiscuity, sexual problems, problems within the family, troubles with parents, any alcoholic problems . . . anything a person would not want others to know about

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Another important revelation regarding the use of deceit within Scientology came when Martin Samuels took the stand. Samuels had been the executive director of COSMOD until 1982 and had been a defendant in Titchbourne's original suit in 1979. Samuels testified how he, along with a 40-person unit

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from the Guardian's Office and Portland law yers Mark Segal and Timothy Bowles, had organized and conducted a "witness college" at the Heathman Hotel during the 1979 trial. Samuels described in detail the special areas in which Scientology witnesses were coached to lie. He admitted to having committed perjury himself at that trial, and described numer ous instances of perjured testimony by others

Asked to explain the widespread use of deceit within the organization, other former Scientologists who testified in the more recent trial gave similar responses. Former Executive Director International Bill Franks put it this way: "I was giving acceptable truth. In Scientology that is how we are trained to talk."

METHODS OF CONTROL

Testimony at the trial revealed that Scientology, at the level of the local missions and throughout the organization's hierarchy, is administered through the use of thousands of pages of policy letters and directives, most of which Hubbard wrote and to which he holds the copyright. Many of those documents were entered into evidence and one, written by Hubbard in 1961, gives an impression of how he felt about controlling people: "Any control we exert upon the public brings about a better society. We are entirely justified in using control... Dominance of others is a control symptom. We are not looking for PLEASANT [his emphasis] control... we are looking for effective control."

Margaret Singer, a clinical psychologist from the University of California at Berkeley and one of the world's leading experts in the field of thought control, testified for the plaintiff and described what she referred to as the "5 Ds" used by groups that practice "the sys-"5 Ds" used by groups that practice "the systematic manipulation of social and psychological influence." According to Singer, deceit is first practiced on individuals coming into such a group and later by such individuals. Dependency on the group, she said, is the second characteristic fostered by such groups, and it is accomplished in a variety of ways, including forced isolation from outside contacts and later financial need Singer tacts and, later, financial need. Singer described dehabilitation of members, both physical and mental, as another common group feature, often accomplished and maingroup teature, often accomplished and maintained by long hours of work, lack of sleep, and extremely harsh mental therapies or counseling. Dread was the fourth of Singer's common denominators, and she said it is typified by the fostering of an "us versus them attitude that permeates the group. The dread, added Singer, is two-fold in that the members also learn to fear and mistrust people in the group's hierarchy, and are kept — through an group's hierarchy, and are kept — through an ever-changing system of rewards and punishments — in a position of not knowing what is expected of them. Finally, Singer discussed the desensitization so common in thoughtcontrol groups, noting how members lose the ability to think critically or to react to negative things they might see in the group, such as widespread deceit and callous treatment of other members and outsiders.
Singer said that Scientology displayed all

the characteristics she described and should be considered a thought-control group. Much of the evidence that followed seemed to confirm her theory.

Beginning Scientologists, according to

extensive testimony, usually go through what are referred to as "Hard TRs" (training routines). The routines were mandated by Hubbard himself in a policy letter dated May 21, 1971. Walters testified that in the first level of TRs, individuals are required to sit totally still, with absolutely no body movements, including blinking. The drill, Walters added, is "almost physically impossible" and "some people did it for weeks."

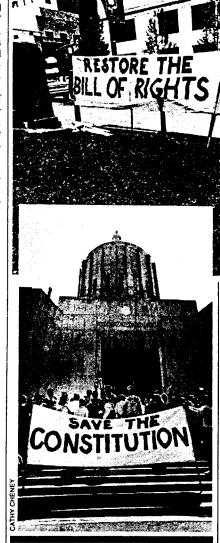
The description by Bill Franks was similar. He only added that the trainings sometimes lasted "15 hours per day, seven days a week."

When interviewed by Willamette Week,

Walters described the strange combination of working conditions and rewards that characterized Scientology projects:

The kids [many are in their 20s] are made to work 14, 18 hours a day. They are brought very high with clapping and yelling about how great a job they are doing and hit really hard at other times. It's a tremendous handling of rewards and punishment The kids can never live up to L. Ron Hubbard. That's how he is made to feel. But at the same time, Ron writes beautiful, flowery prose at times, just praising them, you know. It's very clever.

All of the former high-level Scientologists who testified indicated that the system of



"Just be NOISY it's very odd at first, but makes fantastic sense and WORKS."

rewards and intense punishment applied equally, if not to an even greater degree, to people at their level. They described a special punishment detail to which they had been sent at various times.

The detail, known as the Rehabilitation Project Force (RPF), was started in the early '70s when Hubbard and the international headquarters of Scientology were based on a ship called the Apollo, which sailed primarily off the coast of Europe and Northern Africa. Homer Schomer, a former financial aide to Hubbard who left Scientology in 1982, said people, sometimes as few as 20 or 30 and people, sometimes as few as 20 or 30 and sometimes as many as 150, were assigned to a lower hold in the ship which was "cockroach-and rat-infested." He said they slept in the hold and also did TRs and Security Checking drills there during the day. They wore black coveralls and were no allowed to talk to any coveralls and were not allowed to talk to anyone outside the RPF.

Another former Scientologist, Laurel Sullivan, who served for years as one of Hubbard's top personal public-relations aides, said she was sickened by the fact that RPF people "had to eat out of buckets."

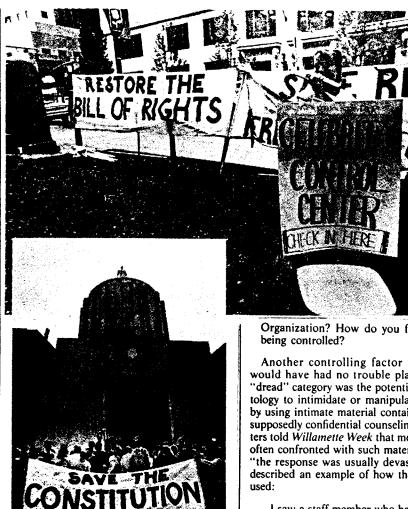
Bill Franks, who was RPF'd several times

before being named executive director inter-national, said the "idea is to be reprogram-"All the former members who discussed the RPFs said the sessions lasted anywhere from two to 18 months.

The Security Checks described throughout

the trial involve questioning of an individual who is attached to a crude lie-detection device known as an E-Meter. Questions on one Sec-Check form included in part:

Have you ever had any unkind thoughts about LRH? Have you ever had anything to do with Pornography? Have you assisted in an abortion? Have you ever practiced Sodomy? Have you ever been a newspaper/reporter? Do you know of any plans to injure a Scientology



"Just be NOISY it's very odd at first, but makes fantastic sense and WORKS."

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Organization? How do you feel about

Another controlling factor that Singer would have had no trouble placing in her 'dread" category was the potential for Scientology to intimidate or manipulate members by using intimate material contained in their supposedly confidential counseling files. Walters told Willamette Week that members were often confronted with such material and that "the response was usually devastating." He described an example of how the tactic was

I saw a staff member who had a problem with masturbation, and they kept her up day and night washing floors, and she did that for two days. They brought her in and confronted her with her stuff in her files. It just totally caved her in . This person, believe it or not, had just not produced as much as they wanted. They felt she didn't work hard enough.

Walters added that the fact that Scientology possesses records of its members' most intimate secrets is a powerful tool to keep them from leaving, or at least to keep them from

criticizing the group if they do leave.

The threat of "disconnection" from loved ones and friends in the group also makes leaving difficult, said former members who testified at the trial. All had found it necessary to completely sever their ties to active Scientologists, who were forbidden to communicate with the defectors by organization policy.

ATTACK THE ATTACKER

Exhibit 239 at the Titchbourne trial highlighted an aspect of Scientology that received considerable attention throughout the proceeding. A Hubbard Policy Letter, it reads in part, "PROSECUTE [his emphasis]. This is standard, 1, 2, 3, action and should not be desired from 2007. deviated from When under attack . . . attack. The point is . . . even if you don't have enough data to win the case still attack

LOUDLY:

Most of the people mentioned at the trial who had become victims of Scientology's who had become victims of Scientology's "attack loudly" policy had previously been declared "suppressive people," usually in a written order that outlined their alleged crimes. SPs are considered "enemies" or "fair game," and, according to a Hubbard Policy Letter, "may be deprived of property or injured by any means by any Scientologist without any discipline of the Scientologist[s]. May be tricked, sued, lied to or destroyed."

Although Scientology attorneys claimed that the so-called fair game policy had been rescinded in the late '60s, and that the security and intelligence unit known as the Guardian's Office had been disbanded in 1981, testimony of the former members, as well as other Scientology documents, raised

questions about those claims.

Extensive directed operations Titchbourne by Scientology illustrated that policies and/or organizational names might have changed but that actions had not. Since filing her original suit, Titchbourne has been sued two times by Scientology or its agents. The first suit, according to Samuels' testimony, came after he received orders from the Guardian's Office to file a suit against her within 24 hours. That suit, like the other, was eventually dismissed.

According to Samuels, after Titchbourne's victory in the original trial in 1979, the general feeling among Scientology leaders was that "we were defending and not attacking." A Guardian's Office Programme Order that was admitted as evidence in the retrial shows that the strategy soon changed to one of attack. Entitled "CHRISTO [Titchbourne's maiden name was Christofferson] FINAL HANDLING EVAL," the document reads in part, "Bulletin must be reviewed by the Founder personally. But the advices are to get IAIL sentences before the appeal.

Several witnesses testified that "the Founder" referred to Hubbard and "the advices" were a coded reference to his direct

"JULIE'S BACKGROUND," said, "MAJOR TARGET: The criminal background, drug history, record of arrests, former employ-ment, perversions of Julie, fully known and documented, as needed.'

Before the retrial, the Scientologists held various media events to publicize their contention that Titchbourne had been involved in a criminal conspiracy, which allegedly included allies as diverse as the foreman of the first trial's jury; Judge Robert Jones, who presided over that trial; and Titchbourne's attorney Garry McMurry. Papers were even filed with then-U.S. Attorney Sidney Lezak seeking criminal prosecution.

MEDIA MANIPULATION

Events surrounding the trial have offered a very interesting view of Scientology's attitude toward public relations and the news media. Eddie Walters, the former Guardian's Office special operative, told Willamette Week that 'Hubbard believes that most media are either Please turn to page 8

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criminals or very weak people and that any attack will cave them in, they will Back off."

Walters went on to describe how he remembered the subject of possible lawsuits being handled:

It's done in stages. First, it's implied, then it is threatened. We usually went to editors and mucky mucks, because when you talked about lawsuits they got nervous and were easy to manipulate. Vereasy.... He goes with a watered-down story and thinks he has won, but he didn't know that's exactly what wattempted to do anyway.

Since the verdict on May 17, the Portland area has gotten a massive dose of another Sci-

entology tactic for dealing with the media—the big diversion. That tactic is typified perfectly in the statement prepared prior to the verdict and issued by Church of Scientology International President Heber C. Jentzsch:

A major blow was struck today against government agency and psychiatric attempts to destroy the first amendment in this Portland case. Documentary evidence exposed government collusion with private individuals in what church attorney Earle Cooley has called "the broadest-based attack on religion in the history of man." . . . Evidence in this suit shows plaintiff witnesses acted as agents in a far-ranging conspiracy among government and private vested interests including the IRS and psychiatric front

groups

Anyone who attended the trial and examined Exhibit 241, entitled "How to Do a Noisy Investigation," could see that there is some method to the seeming madness of Jentzsch and his public-relations colleagues. The document, which was written in 1966 by Hubbard, shows that Jentzsch and Co. are simply following policy:

As soon as one of these threats starts, you get a Scientologist or Scientologists to investigate noisily. You find out where he or she works or worked, doctor, dentist, friends, neighbors, anyone, and phone 'em up and say, "I am investigating Mr./Mrs. . . . for criminal activities as he/she has been trying to prevent Man's freedom and is restricting my religious freedom." . . . Just be NOISY — it's very odd at first, but makes fantastic sense and WORKS.

Perhaps Hubbard was right. Local television news virtually ignored the trial and the revelations that came out of it, but made the

Scientology reaction, as strange as it was, a lead story for days.

Money, Money, Money

In order to justify the \$42 million in punitive damages they sought for their client, Titchbourne's attorneys presented a great deal of evidence concerning the income of COSMOD, the CSC, and Hubbard. While it came as no surprise that Scientology generated large amounts of money, the magnitude of those funds — particularly of the portion going to Hubbard — was phenomenal.

According to Samuels, COSMOD (which included his missions in Sacramento, Davis, San Francisco, Sheridan and Portland) had assets of some \$9 million when he was thrown out of Scientology in October 1982. He said his missions made over \$4 million in the first 10 months of that year, with 60 percent of that coming from the Portland mission.

Samuels described how his staff continually developed "games" designed to increase income. "There always had to be a new game," he said. "Always, always, always." He described one strategy, called the September Game, which involved an attempt to bring



500 new people and \$500,000 into COS-MOD during a single month. The game actually brought in 506 people and over \$400,000, mostly in Portland.

The income figures were even more impressive for the CSC. Bill Franks, at one point in his duties, monitored the International Weekly Statistics Sheets, which outlined the financial status of all Scientology missions and organizations on a worldwide basis. He testified that they did between one and two million dollars of but iness each week. The local missions in the United States sent 10 percent of their gross incomes, as well as vast sums for higher levels of training for their staffs, to the CSC. The CSC, said Franks, had a net worth of at least \$340 million in 1981.

In addition, Franks said, at least another \$150 million was kept in a fund known as the Sea Organization reserves.

It was, however, the testimony regarding Hubbard's personal income that drew the most attention at the trial, in part because he had always denied making money from his contributions to Scientology, but also because of the magnitude of the funds he was said to receive.

In 1976, he declared in a publication entitled What Your Fees Buy: "Even today I draw less than an org[anization] staff member, and they draw very little. So the fees you pay for service do not go to me."

Testimony at the trial indicated that the

Hubbard claim was inaccurate in 1976, and that he received, to put it mildly, a substantial raise in the years that followed. Several witnesses, who had been familiar with how the finances were handled in regard to Hubbard, testified, noting that a constant problem facing them was how to funnel money to Hubbard.

An early method, according to testimony, involved the Religious Research Foundation based in Liberia with a bank account in Luxembourg and, later, Liechtenstein. Through the RRF alone, Hubbard received up to \$385,000 annually according to Laurel Sullivan, the personal public-relations aide who worked directly with Hubbard for several years.

Sullivan also testified that Hubbard was to get \$10 million for his role in producing a series of Scientology films in 1979. Making the deal even more lucrative for Hubbard was the fact that the CSC provided the \$5 million used to fund the project as well as some 185 people to work on it. Hubbard, by the way, retained all rights to the films, which were to be leased to various Scientology missions and organizations.

Sullivan also discussed a special project called the Mission Corporate Category Sort-Out, which began in 1980 and was to be designed, according to orders she received from Hubbard's top aide, to hide Hubbard's control of Scientology and his income while maintaining both.

Franks testified that Hubbard received \$85 million from the CSC for the rights to the E-Meter. Homer Schomer described how some \$34 million was funneled to Hubbard during a six-month period during 1982. Schomer, who held Hubbard's power of attorney on many of his bank and brokerage accounts during that period, said the weekly transfers started at \$200,000 and had reached over \$1 million by the time he left the organization.

WHAT NEXT?

While many Oregonians doubt that Julie Titchbourne will ever see even part of her \$39 million award, several factors exist that could prevent another reversal by the various appellate courts.

First, one must consider the massive, devastating, and virtually unrebutted evidence that was presented at the trial regarding widespread fraud and abuse on the part of Hubbard and select groups of aides who serve him and Scientology.

Second, it is important to note that punitive damages are not awarded to compensate the victim, but to punish the guilty party. Multnomah County Circuit Court Judge Donald Londer, who presided over the trial, told the jury that if they found "wanton misconduct" that required punitive damages, they should consider the following in setting the amounts of those damages: a) what amount would be required to punish defendants; b)

what amount would discourage the defendant, and others, from engaging in such conduct in the future; and c) what amount of resources the defendants had.

The testimony concerning the astronomical income of Hubbard and the CSC — which was totally unrebutted by the defense — obviously had a tremendous impact on the jury.

The third factor to note when considering the possibility of an appeals-court reversal of the Titchbourne verdict is that the instructions given to the jury this time were actually taken almost verbatim from the Court of Appeals decision that reversed the original trial.

Regardless of the final outcome of the Titchbourne case, there is no guessing the effect of the trial on Hubbard and the various Scientology organizations that are facing numerous other trials in the near future. The Titchbourne case has special importance because it is the first of such cases to go to trial. Two others, one in Boston and one in Los Angeles, are scheduled to begin on June 10.

Franks, Schomer, Sullivan, Walters, Armstrong and Samuels will be testifying at some, if not all, of the coming cases. If what happened in Portland is an indication of how juries around the country will respond to their testimony and the documents now available, the troubles for Hubbard and Scientology are just beginning.