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Supreme Court Turns Down Scientology Plea

Way Cleared for Former Member to Start Seizing Church Assets to Satisfy Award of \$30 Million

By DAVID G. SAVAGE and JOEL SAPPPELL, *Times Staff Writers*

The Supreme Court on Monday rebuffed pleas by the Church of Scientology of California for relief from having to post a bond of up to \$60 million to guard its assets against seizure while it appeals a huge Los Angeles jury award.

Scientology lawyers have argued that payment of the bond would plunge the church into bankruptcy. But the state court judge who presided over the jury trial contends that the controversial organization's claims of poverty are untrue.

The Supreme Court's decision clears the way for former Scientologist Larry Wollersheim to begin seizing church assets to satisfy a \$30-million award he won last year.

Wollersheim, who contended that the church harassed him and drove him to the brink of insanity, was awarded \$5 million in compensatory damages and \$25 million in punitive damages by the Los Angeles Superior Court jury.

The church has appealed the verdict. But under California law, a losing litigant must post a cash bond of twice the amount of the award or a surety bond costing 1½ times the award to avoid paying a judgment while an appeal is under way.

In October, the high court temporarily granted the Church of Scientology of California's plea to

stay posting of the bond. But on Monday the justices vacated the stay and rejected the church's appeal without comment.

Monday's action followed by two weeks a Supreme Court ruling in a similar case from Texas involving Texaco's effort to avoid posting an \$11-billion bond before it could appeal a judgment won by Pennzoil. The court, however, did not rule on the constitutionality of the bond requirement, declaring instead that the Texaco case should not have been in federal court while state court remedies were still available.

Lost Issue in State Courts

The Church of Scientology has already lost the issue in the California courts.

In legal papers seeking to have the bond requirement voided, church attorney Leonard P. Boudin had argued that Scientology "will be severely crippled or destroyed by a judgment of questionable constitutionality" since the organization's net worth is only \$13 million.

The church's claims of imminent financial ruin, however, have been disputed by Wollersheim's attorneys and by Los Angeles Superior Court Judge Ronald E. Swearinger, who presided over the trial.

In a strongly worded opinion last

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September, Swearinger said "the claim of relative indigency is not believed by the court, and the court has had ample opportunity to examine and consider the credibility of the defendant during 5½ months of trial and extended post-trial proceedings."

Swearinger said Scientology is composed of interconnected entities, including the California church, which form a "monolithic whole." Swearinger said the Church of Scientology of California transferred "virtually all of its assets and functions" to those other entities between the time Wollersheim filed his lawsuit in 1980 and the start of the trial in February, 1986.

The transfers, Swearinger said, "are seen as mere 'jiggery-pokery [deception].' The power to transfer out to a sister entity is the power to transfer back in 'when the heat is off,' so to speak."

Moreover, Swearinger characterized as "pure sham" arguments by the church that the bond would deprive its parishioners of the right to practice their religion.

"Proof has shown that the real estate, furnishings, fixtures and stock in trade of Scientology are in possession and control of other Scientology entities," the judge said, adding that the Church of Scientology of California "is merely a shadow of its former self. . . ."

'We Don't Have \$60 Million'

Reacting to the Supreme Court ruling, church attorney John Peterson said Monday that the church will not post the bond.

"We've made it clear that we don't have the \$60 million," Peterson said, emphasizing that the church is nonetheless pressing ahead with its state court appeal of the Wollersheim verdict.

Peterson said the church will

consider further litigation should Wollersheim's lawyers move to seize church assets.

Neither Wollersheim nor his attorneys could be reached for comment.

As for Swearinger's September ruling, Peterson said the judge "doesn't know what he's talking about." The transfers of assets and responsibilities from the California church to other Scientology entities, Peterson said, were done openly and lawfully.

"Any asset that was put into another corporation, there was value received for it" by the Church of Scientology of California, Peterson said.

2 Months of Demonstrations

Last year's jury verdict of \$30 million to Wollersheim prompted nearly two months of demonstrations in the Los Angeles Civic Center by Scientologists from around the world. They contended that their religion was being unconstitutionally attacked in courtrooms across the land.

Wollersheim said in his suit that he was "psychologically manipulated" and robbed of his independent judgment through a church practice known as auditing. During auditing, an individual is asked to reveal intimate details of his life while his responses are monitored for veracity on a lie-detector device known as an E-meter.

Under Scientology doctrine, an individual will unburden himself of negative experiences during an auditing session, thus freeing himself to achieve his full potential.

But Wollersheim said auditing caused him severe mental stress, and that the church failed to provide him with professional psychological help. He said he must now take lithium to control erratic mood swings.

Wollersheim also claimed that, after he criticized the group, the

church drove his novelty wares business into bankruptcy by ordering Scientologists to boycott his products, to quit working for him and to refuse to repay money owed to him.

The Wollersheim lawsuit was but one of dozens filed against Scientology by disaffected ex-members, who charged that they had been defrauded and harassed by the organization. Scientology late last year paid millions of dollars to rid itself of virtually all of that litigation.

In a December interview with The Times, a church lawyer insisted that Scientology would not "pay a dime by order of the court in the Wollersheim case." He said "that case will be litigated as long as it takes."

But Peterson said Monday, "We are always amenable to talking settlement."

Also pending is a \$1-billion class-action suit filed in December

against Scientology and its leaders by an organization claiming to represent 400 ex-members of the church. Among other things, the suit accuses certain organization officials of plundering church coffers.

Scientology was founded in the early 1950s by the late science-fiction writer L. Ron Hubbard.

The organization has been accused by its critics of harassing opponents and of running a business under the guise of a religion.

In 1980, 11 Scientologists—including Hubbard's third wife—were convicted of burglarizing and infiltrating U.S. government offices. In 1984, the Church of Scientology of California had its tax-exempt status revoked by the the U.S. Tax Court for operating in a commercial fashion.

This story was reported by David G. Savage in Washington and Joel Sappell in Los Angeles.

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