Los Angeles Times

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MARKETS / MONEY / PERSONAL FINANCE

BUSINESS

Short Road to Success

■ Investing: The Feshbach brothers of Palo Alto have made a fortune betting that stocks will go down. But critics question their short-selling methods.

By MARTHA GROVES
TIMES STAFF WRITER

PALO ALTO

One quick glance around the Palo Alto offices of Feshbach Bros. suffices to show that this is no typical bullish investment firm.

First, there are the bears: stuffed Teddy bears, bronze bears, ceramic bears, crystal bears, paintings of bears.

Then there is the bust of the late L. Ron Hubbard, self-styled management guru and founder of the controversial Church of Scientology, which has waged fierce battle with the Internal Revenue Service over its tax-exempt status.

There are also dozens of Hubbard's tomes, a poster advertising his self-help book "Dianetics" and, pinned to walls and bulletin boards, copies of Scientology-inspired organizational charts.

The Feshbachs run their firm strictly according to Hubbard's principles, and they contend that Scientology accounts for their success. They often speak at Scientology meetings and proselytize among their investment contacts.

Guest sports a Feshbach Bros. shirt.

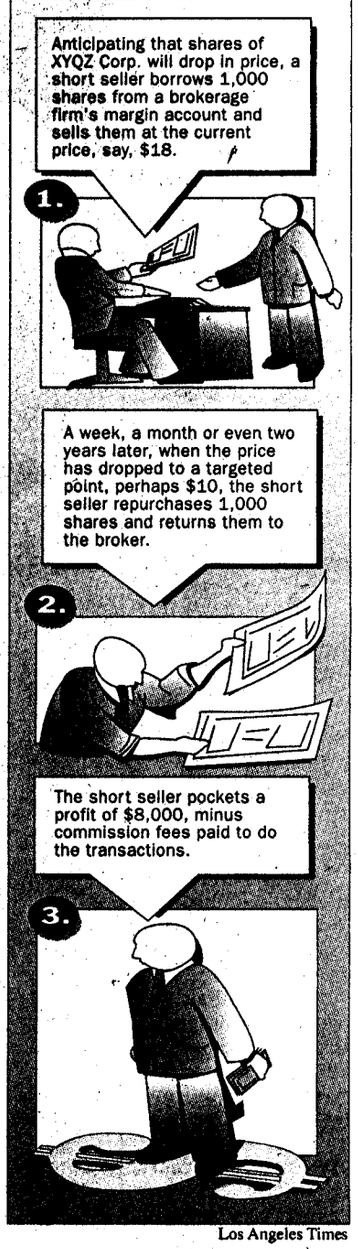
The Feshbach brothers—Kurt, 38, and twins Joe and Matt, 37—have gotten rich and famous (on Wall Street, at least) by being atypical in both their professional and personal lives. They have also irritated a lot of people, usually executives whose stocks—and reputations, many contend—have been slashed by the claws of these stock market bears.

Even in the long-running 1980s bull market, the Feshbachs, who make their money when stock prices go down, managed to reap substantial profits. But now that the market has been jolted by the Persian Gulf crisis, things have gotten a lot easier.

"Are we happy there's a war? No,"

Please see SHORT, D10

HOW SHORT SELLING WORKS



Los Angeles Times

SHORT: Brothers Have Come a Long Way

Continued from D1

said Joe Feshbach, who acts as the firm's spokesman. "Of course, we're happy making tons of money. It is refreshing to have the wind at your back."

Unlike most other investors, who hope to profit when stocks do well, the Feshbachs, along with Dallas-based partner Tom Barton, zero in on issues that they expect will plummet because of being overpriced, overhyped or downright fraudulent. These self-described "stockbusters" sell borrowed securities in the expectation of replacing them at a lower price, an oft-reviled but growing practice known as short selling.

Already the biggest and best-known of the short sellers, the Feshbachs have lately become even more influential as investment managers seek their advice.

One recent evening at a park near the Stanford University football stadium, more than 100 stockbrokers and money managers from First Boston, Wertheim Schroder & Co. and other firms played volleyball and schmoozed about stocks at the "first annual Feshbach Bros. BBQ."

The Feshbachs' main investing pool is Southgate Partners, a 5-year-old limited partnership with 90 investors and about $480 million under management. It has never had a down year, with the best being 1986 (when gross returns were up 62%) and the worst, 1989 (up 20%). Based on unaudited in-house numbers as of Sept. 30, the firm has shown gross gains of nearly 60% this year, compared to a drop of 13% for the Standard & Poor's 500-stock index.

The Feshbachs hold short positions in about 200 stocks. From clients, including Dreyfus Corp. and Frank Russell Co., a pension consultant, they collect a 1% management fee and a 20% commission on all profits. If the bearish mood prevails, Joe Feshbach said the firm stands to make more than $50 million for 1990.

The brothers, who manage a total of $850 million, also operate Stockbridge Partners, a brokerage, and Junkyard Partners, a junk bond fund.

Short selling works like this: Short sellers borrow shares, usually from a brokerage margin account, then sell them immediately at what they hope is an inflated price. They wait—sometimes as long as two or three years—for the price to sink before they repurchase the same number of shares and return them to the broker to "cover their position." The harder the stock falls, the bigger the short sellers' profit. If they guess wrong, they stand to lose a bundle if they have to cover at a higher price.

Short selling, which accounts for a tiny portion of stock trading, is not for the faint of heart. Joe Feshbach acknowledges: "I hate the nerve-racking nature of it."

Feshbach fans value their intensive research. Of the firm's 60 employees, 18 are in research. In addition to poring over financial documents, they call a company's competitors, suppliers, customers and former employees to try to spot weaknesses. Occasionally, the firm will hire private detectives.

It was a Feshbach analyst using old-fashioned detective-style digging who uncovered fake contracts at ZZZZ Best Co., the infamous Reseda-based carpet-cleaning company. ZZZZ Best went bankrupt in 1987, and its whiz-kid founder, Barry Minkow, is in jail. The Feshbachs made big money.

They have made other killings in Zondervan Corp., a leading Bible publisher; Cannon Group Inc., once a high-flying producer of low-budget films, and American Continental Corp., the bankrupt former parent of Lincoln Savings & Loan. They shorted American Continental at an average of $7 a share and covered, after regulators seized its Irvine-based thrift, at 87.5 cents. (Charles H. Keating Jr., American's former chairman, has been indicted on charges of violating state securities laws.)

'We don't tend to make the same mistakes twice. Besides, we have a blast doing it.'

JOE FESHBACH

Unlike many other shorts, who usually maintain a low profile, the Feshbachs invite publicity. Joe Feshbach asserted, however, that 98% of the firm's contacts with the press are initiated by reporters.

"We have a legitimate right to express our opinion," he said. Besides, in his view, investors far more often get hurt by companies that tout favorable developments or hyped projections and then fail to live up to them.

When the Feshbachs target a stock, they often go further than simply taking a short position. Their actions range from sharing information with other fund managers to answering reporters' queries to tipping off regulators when they smell something fishy. After all, a Securities and Exchange Commission investigation seldom causes a stock to rise.

"If we give information about something to the SEC, as long as we believe it to be correct . . . then we've just been good citizens," Joe Feshbach said.

Yet critics contend that the Feshbachs' decision to take a short position in a stock can turn their negative opinion into a self-fulfilling prophecy as others follow suit, and confidence in the issue erodes.

Critics also say some short sellers spread false rumors about their targets and plant seeds of doubt in the financial press.

Back in 1984, Melvin Lloyd Richards, founder of a Glendale-based oil and gas company called Unioil, declared to angry shareholders that short sellers led by Kurt Feshbach had planted misstatements in the press that resulted in the collapse of Unioil's stock. He denounced the Feshbachs as members of a "religious cult."

Although Joe Feshbach acknowledged that the Feshbachs were short on the stock at the time, he suggested that the company's fortunes soured because of fundamentals. He pointed out that Richards later was sentenced to prison for mail and income-tax fraud related to a uranium mine tax shelter.

One of the Feshbachs' most outspoken foes is Robert J. Flaherty, a former writer for Forbes magazine who is now editor of the New York-based publication Equities, formerly OTC Review.

Flaherty often writes about alleged dirty tricks by short sellers. He says negative campaigns by short sellers have occasionally damaged start-up companies that otherwise might have thrived.

Concerns about short seller abuses prompted congressional hearings last year. And the Assn. of Publicly Traded Companies, a Washington-based group of firms with shares traded over the counter, is seeking legislation that would, among other things, require filings by short sellers with big positions, similar to 13-D filings by investors with long positions.

In August, Herb Greenberg, the San Francisco Chronicle's market columnist, wrote that the SEC had queried him about the Feshbachs' "relationship" with columnists "such as yourself." Greenberg and other columnists routinely quote the Feshbachs. Some critics such as Flaherty say shorts use reporters to help drive down stocks.

Greenberg said any writing about stocks is open to such charges. "We get 'used' by people all around who try to tell us good stories," he said. "The shorts are no different from the longs."

Experts say short sellers perform a legitimate function in bringing balance to the markets.

"Knowing that our basic incentive is profit," Joe Feshbach said, "we do think there is a great deal of social good that comes as a result of short selling. It serves as a sort of ballast where there's hype and overvaluation." Besides, he added, "good companies don't complain about short sellers."

The Feshbachs occasionally guess wrong in dramatic style. A loser early this year was footwear maker L.A. Gear, although the Feshbachs continue to hold a "very, very large short position."

The Feshbachs' influence is especially remarkable given their lack of fancy business degrees and their relatively short tenure in the investment community.

In 1981, Kurt, a high school dropout, was a diamond broker. Matthew, who never attended college, was running a tennis school and store in Menlo Park. Joe, who briefly attended Utah State University, had become a volunteer minister for the Church of Scientology after converting from the family religion, Judaism.

Their father, Bernard, encouraged them to join his business, public relations for small energy companies. Soon after, the brothers stumbled onto what became their

first short target—an oil and gas venture that had a $45-million stock market value despite low sales and a lack of capital. They hit the jackpot.

Father Bernie was a big influence on the boys. "Dad was very hard-nosed about how he looked at numbers," Joe said.

(The Feshbachs' older brother, Dan, 42, chose not to join the firm and is chief executive of Mortgage Information Corp., a database service in San Francisco. Besides his two master's degrees, he differs from his brothers by not being a Scientologist. "It works for them," Dan said, "but it's not my thing.")

The other brothers credit Scientology, to which they donate great sums, for their skeptical, analytical style. "I willingly donate time and money [to Scientology]," Joe Feshbach said. "I think it's the greatest thing that ever lived, and so do my brothers."

In addition to contributing to the Church of Scientology and attending courses, the Feshbachs are members of the separate International Assn. of Scientologists, which promotes the church.

According to a publication of the association, Kurt and Matt are both "patrons meritorious," having donated more than $250,000 each. Joe is a "patron with honors," having given more than $100,000. Ten other Feshbachs have given more than $40,000 each, making the family's total donations more than $1 million.

Feshbach Bros. employees are encouraged to become Scientologists, and many have. However, one former employee said Feshbach evangelism sometimes borders on coercion.

Another man who deals with the Feshbachs said the Scientology connection troubles him. "I think they believe Scientology got them where they are," said the man. "I have to say that's the aspect I'm least comfortable with."

Although the Feshbach brothers and their staff dress casually, the office has a pressure-cooker aura. At the reception area, visitors are greeted with a sign: "We're going to make Money!"

In an interview, Joe Feshbach's eyes kept darting to the stock prices flashing on his computer.

According to Joe, Feshbach analysts are judged strictly on performance. Office walls are papered with graphs showing how many "new ideas" analysts have proposed to short, how their stock choices have performed and how the firm's profit looks.

A misstep can mean dismissal, as with the employee who initially suggested shorting L.A. Gear.

It's not all business, however. The Feshbachs, who are obsessed with exercise and weight, constantly tease one another. To torment his slightly pudgy, mountain-bike-riding brother Joe, Kurt, who could pass for a lean surfer in his shoulder-length, dark-blonde hair and tennis shoes, bought a candy-dispensing machine and installed it outside Joe's office.

Given their recent stunning successes, it's easy to see why the Feshbachs are acting like cocky kids in a candy store these days. Whether they can keep it up could be another matter.

But Joe Feshbach remains confident in their ability not to panic when others do.

"We don't tend to make the same mistakes twice," Joe Feshbach said. "Besides, we have a blast doing it."

Times researcher Norma Kaufman contributed to this story.

Photos by FRED MERTZ / For The Times

Feshbach Bros. partners, from left, Kurt and Joe Feshbach and Tom Barton enjoy themselves at a recent barbecue.

Religion

SECTION E
Magee Wilkes / E2
Clergy Corner / E2

Scientologists claim harassment by IRS

By Lawn Griffiths
Tribune religion editor

Saying the Internal Revenue Service harasses and discriminates against their members, Arizona followers of the Church of Scientology have gotten four of the state's congressmen and Sen. John McCain, R-Ariz., to look into their allegations against the IRS.

Scientologists have long waged a bitter battle with the IRS, which has challenged members' tax returns, saying they cannot claim charitable deductions on some money they pay for church-sponsored courses, materials and other costs associated with the 35-year-old organization founded by L. Ron Hubbard. They say IRS agents harass scientologists and are abusive when trying to collect taxes the government agents say they owe.

The Church in Scientology, in turn, has waged a relentless war of printed words calling the IRS "an agency out of control."

Freedom, a slick 40-page quarterly Scientology magazine for "investigative reporting in the public interest," routinely clamors against "IRS abuses" and "IRS' sabotaging Congress' intent." They are leading a crusade with other religious groups against what they see as stepped up intrusion by the IRS into church financial records. They say the IRS is ignoring the Church Audit Procedures Act passed by Congress in 1984 giving churches greater protection from IRS investigations.

"We have received dozens and dozens of letters, maybe 100, from the Church of Scientology," said Greg Houtz of the Mesa office of Rep. Jay Rhodes, R-Ariz. "We have forwarded the letters on to IRS asking for an explanation."

In the case of Hernandez vs. Commission of Internal Revenue, the U.S. Supreme Court ruled 5-2 in 1989 that fixed donations made by parishioners of the Church of Scientology were not tax-deductible.

E.J. Weiler, director of the Employee Plans and Exempt Organizations of the IRS' Operations Division, wrote Rhodes last month, saying certain Scientology organizations "operated exclusively for religious, charitable or other section 501 (c) (3) purposes" qualify for exemption, while others have not.

"The Internal Revenue Service has not expressed or implied a judgment on the merits of Scientology as a religion or the sincerity of the beliefs of its adherents," Weiler wrote. "... the issue in the (Hernandez) case was not whether Scientology is a religion, but whether the payments qualified as contributions within the meaning of the Internal Revenue Code."

Weiler likened it to the recent Supreme Court ruling that said parents of Mormon missionaries may not claim deductions for money sent to their children on mission work.

Reps. Jon Kyl, R-Ariz., Bob Stump, R-ARiz., and Morris Udall, D-Ariz., also have agreed to make inquiries with the IRS after receiving complaints from Scientologists.

"The IRS doesn't single anyone out for discrimination purposes. That is not our role at all," said Steve Yost, spokesman for the Phoenix office of the IRS. "We are not in a position to harass anyone."

"The dispute with the Church of Scientology is over the use of non-profit status, being a recognized exempt organization and being able to solicit donations that would be viewed as tax-deductible," Yost said. "We don't have any problems with any organization soliciting contributions, but for them to be tax-deductible, they have to meet certain standards."

"We are simply asking Congress to demand that the IRS commissioner explain why his agency is singling out church members for harassment and what he is doing to stop it," said Byron Sampson, a Phoenix businessman and Scientologist.

To date, about 350 letters have been written to the IRS by Washington lawmakers in quest of information, said Linda Simmons Hight, spokeswoman for Arizona Scientologists.

She cited an elderly California couple who received a letter from an IRS agent calling Scientology a "sham." The couple filed and won a suit against the IRS for removal of false information from their file, she said. The court ordered $14,000 in damages.

Another case involved a software company in New Hampshire that employed 170 workers, including 40 Scientologists. "More than 50 percent of the Scientologists have b en singled out for an IRS audit, while audits of the non-S ientology employees are closer to the 1 percent rate published by the IRS as its average," Hight said.

Scientology is based on what Hubbard, the prolific science fiction writer, explorer and church founder, called "Dianetics," a philosophy and lifestyle designed to rid people of their "engrams," unconsciously recorded life experiences. Once expunged of engrams, people become what are called "clears."

Dianetics has been described as a science leading to the source of all psychosomatic ills and human aberrations. Hubbard, who founded the church in 1955, believes the mind has two parts: analytical (perceiving, remembering and reasoning) and reactive (a recorder of engrams, completely detailed impressions of periods of pain and trauma in our lives.). By ridding oneself of those engrams and becoming "clear" through a process called "auditing," a person is assured of mental health and self-discovery.

"Auditing is done with an E-Meter, actually a modified Wheatstone Bridge, which measures resistance to electric

Please see Scientology / E2

currents," explains J. Gordon Melton in *The Encyclopedia of American Religions*. "The student takes hold of lines connected to the E-Meter, and the instructor, called an auditor, takes him through various drills, all aimed at freeing one from engrams." The process costs several thousand dollars.

Scientology, which calls itself an "applied religious philosophy," has not won favor in the professional mental health community and often appears on cult lists.

The church typically recruits by wide distribution of its colorful, eye-catching literature and its famed 200-question personality profile that goes to a Dianetics Center and invariably shows a person needs Dianetics. Starting with free "public service" lectures, those who join often move through endless series of courses for which they pay fees.

School Drops Assembly Because of Group's Scientology Link

By SAM ENRIQUEZ
TIMES STAFF WRITER

The principal of a Sherman Oaks elementary school has canceled an assembly by an environmental group because of fears that parents would object to the organization's connection with the Church of Scientology.

The Sherman Oaks School's 927 students were scheduled to watch skits and hear songs Monday performed by Cry Out, an environmental group affiliated with Scientology. The event, which was to include an appearance by child actor Vonni Ribisi, was to kick off a yearlong study of environmental issues such as recycling and air pollution, Principal Grace Snipper said. Ribisi starred in the canceled TV show "My Two Dads."

Snipper said Friday she decided to drop the event, pending review by officials of the Los Angeles Unified School District.

The Church of Scientology's self-help ideology is based on the writings of science fiction author L. Ron Hubbard, its founder. The church has been investigated by federal authorities and is considered by many experts to be a cult.

"I don't know the first thing about the Church of Scientology, but it would be a waste of time to have people worrying about whether or not we are trying to expound the teachings of Scientology," Snipper said. "We can teach environmental lessons in other ways."

At least one parent raised questions about the group's affiliation with Scientology last week, Snipper said. Although she did not believe the presentation would be harmful to children, Snipper said she feared more parents would object once they found out about the program's connection with the controversial religion.

Materials used by Cry Out were prepared by Author Services Inc., the literary agency for Hubbard, the late founder of Scientology, according to an investigation earlier this year by The Times. Author Services is controlled by influential Scientologists, The Times investigation found.

"I would be concerned and understand the concern

Please see SCIENTOLOGY, B8

SCIENTOLOGY: Principal Cancels Assembly

Continued from B3

of parents about exposing children to any organization that links back to the Church of Scientology," said Cynthia Kisser, executive director of the Chicago-based Cult Awareness Network, a national nonprofit organization.

School board member Roberta Weintraub said she agreed with Snipper's decision to cancel the event.

"I don't think it is appropriate for any kind of church or organization like this to be on campus, particularly if they are coming under the guise of something else," Weintraub said.

The Cry Out booklet makes no mention of Scientology or its teachings. But it credits Hubbard with writing the words and music to "Cry Out," a song used as an anthem by the group.

A portion of the song includes: "To hell with those whose carelessness in pollution is expressed, to hell with forced politics, where victory is only death."

Meri Dolan, a Cry Out volunteer who helped Sherman Oaks School officials organize the event, said the only connection between the environmental group and the Church of Scientology "is L. Ron Hubbard, who wrote the song, 'Cry Out.' "

"There is absolutely no connection with Scientology," Dolan said.

Members of the Sherman Oaks Parent Assn., a school booster club, spent $600 to purchase 1,000 "Cry Out" booklets to distribute to students after Monday's assembly. The 48-page color booklet explains the benefits of recycling and other forms of conservation.

Jay Levy, co-chairman of the parents group, said he was aware of the link between Cry Out and Scientology but supported the assembly because "the program itself is great."

"I looked at the booklet and there is no mention of Scientology," Levy said.

"The only thing that bothers me is if it is related to Scientology, why didn't they come out and say it?" he said.

Sherman Oaks parent Judy London said she approached school officials with the idea of bringing the Cry Out presentation to the school after picking up one of the group's booklets at the Los Angeles Zoo earlier this year.

London said she grew nervous about the group in September when she went to pick up 40 booklets to distribute to teachers.

"I went to the address they gave me, and it said Author Services Inc. on the building but inside you walk into the L. Ron Hubbard Gallery," London said. "I asked about the relation and they said there was no relation at all."

Sandy Scholton, principal of Montemalaga Elementary School in the Palos Verdes Unified School District, said he was unaware of any connection between Cry Out and the Church of Scientology when he agreed to have the presentation at his school in June.

"It was a very entertaining program, but if I had known the connection I would have taken a much closer look at the literature," Scholton said.

LOS ANGELES TIMES / SUNDAY, OCTOBER 14, 1990

'Management seminar' horrowing experience

By TERRY DEAN, Staff Writer

"We now feel like we've been raped. We feel so invaded. We say, 'I still can't believe this happened to us.'"

Dee Rowe, wife of local dentist Glover Rowe D.M.D., described their recent harrowing experience in what was supposed to be a "management seminar" in California. Dr. and Mrs. Rowe said they were held against their will by a religious cult and were forced to endure brainwashing attempts.

MRS. ROWE identified the organization responsible for luring dentists, chiropractors, veterinarians and other medical professionals into this "scam" as a management systems firm with facilities in Glendale, Calif.

"They advertise business management courses that cost $15,000 for seven days," said Mrs. Rowe. "They usually get a dentist who has been in your area and print a success story on him. This dentist gets 10 percent of the $15,000 if you buy the package."

Mrs. Rowe, who could not reveal the name of the dentist who introduced them to the seminar, said her and Dr. Rowe took out a loan for $15,000, not knowing how they would pay it back.

They advertise business management courses that cost $15,000 for seven days . . . They usually get a dentist who has been in your area and print a success story on him . . . This dentist gets 10 percent of the $15,000 if you buy the package.

Mrs. Dee Rowe

"We went to California to a seven-day seminar," said Mrs. Rowe. "These people participate in a type of mind control. I now look back at some of the things I was doing. They were having a big influence on me."

DR. ROWE became a different person, Mrs. Rowe said.

"They had a lot of meetings with him. They talked him into bumping up our credit cards to buy more courses, basically life-improvement courses."

The first seminar the Rowes attended was held Oct. 18-25 in Glendale, Calif. and they attended a second seminar Nov. 15-22 in Orange County, Calif.

"I went in and begged Glover not to sign anything," said Mrs. Rowe. "Glover said 'I've already signed it and feel good about it.'"

According to Priscilla Coates, with Cult Awareness, a national organization, these people are so sophisticated at mind control, they do not need drugs or other mind-altering devices.

"You see people walking around with this glazed look in their eyes," said Mrs. Rowe.

The Rowes returned to California for their other courses a few weeks later, which were $5,000 and $2,500 each.

"I FOUND OUT they had done personality tests on us and were lecturing him on our marriage," said Mrs. Rowe. "They said we're in serious trouble and that if we didn't take these courses, we would be divorced in a year and I would become a child abuser."

On her second trip, Mrs. Rowe said she wasn't happy the first three days, but could not put her finger on a specific reason for her mood. The third night, however, things started coming to a head.

"They put a telephone in front of me and said I should call every member of my family and tell them I was a member of the Church of Scientology. I refused," said Mrs. Rowe. "At that point, they said, 'but you see Dee, you have to.' I said, 'No I don't have to,' and they said I couldn't leave until I did."

After arguing with them for two hours, Mrs. Rowe convinced them to let her leave, saying she would call her family from her hotel room.

"WHEN I STARTED complaining to Glover about this, he said, 'You don't understand, because you've never been to dental school. You have to do what they tell you to pass.' It hit me. Medical professionals have been trained to think that way," said Mrs. Rowe.

The next day, Mrs. Rowe told seminar personnel she had phoned her family, but that she resented it. They then asked Dr. Rowe if she had called her family from her hotel room.

"All that night in the hotel room, I threw up and cried," said Mrs. Rowe. "They sent both of us back to the motel room early. The next day, I began to complain immediately. I said 'you people are trying to control us!'"

Dr. and Mrs. Rowe were then separated, she said, and she was taken into a room where her back was placed against a wall.

"FOR SEVEN hours, a man drilled me, tried to brainwash me," said Mrs. Rowe. "I begged him to let me go, he kept saying, 'but you see Dee, you can't.' He tried to get me to confess to crimes. He started getting me to tell him sex stories. He made me list every overt sin

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CHEROKEE COUNTY HERALD

Working for a better Cherokee County in a growing tourist area

CHEROKEE COUNTY — CENTRE, ALABAMA, WEDNESDAY, DECEMBER 12, 1990

CHEROKEE COUNTY HERALD

Working for a better Cherokee County in a growing tourist area

CHEROKEE COUNTY — CENTRE, ALABAMA, WEDNESDAY, DECEMBER 12, 1990

Management

I had committed. They insisted I write down everything I had done wrong. I couldn't list anything bad enough to please them. They tried to get me to tell them crimes other people I knew had committed. I learned later that this was for blackmail purposes."

At this point, Mrs. Rowe had cried for seven hours. Mrs. Rowe finally decided the best thing to do was play along.

"THEY WERE TRYING to control me," said Mrs. Rowe. "I stopped and started rubbing my eyes. He kept on at me, trying to get me to tell him sex stories, so I burned his ears. He seemed really pleased."

"Okay Dee, now that you're calm, we'll see what to do with you," the man said.

Mrs. Rowe bolted out the door at this point, out into the highway and tried to scream for help.

"He stood there and watched me," said Mrs. Rowe. "It was just highway with a sidewalk. Eventually, I got to an intersection."

A man then jumped out of the car, Mrs. Rowe said, and began to chase her.

"I was about a mile up the road by then," said Mrs. Rowe. "He turned, ran and jumped back in his car. He drove off quickly when I screamed."

MRS. ROWE then hit a side road and tried to stay out of sight. The sun was setting about this time.

"I came upon a golf course, found a restaurant with pay phones and starting making calls," said Mrs. Rowe. "I called the hotel and said, 'Gary, I'm in bad trouble. This thing we've been going to is a cult.'"

Gary had just started working at the hotel, Mrs. Rowe said, and was someone the Rowes' felt they could trust.

"Dee, the people are demanding that you come back to the hotel."

Gary, as it turned out, was working for these people and Mrs. Rowe refused to go with him when he came for her in a car.

MRS. ROWE then called Barbra, Dr. Rowe's office manager, who was keeping the Rowes' baby in the hotel.

"Dee, they're asking where you are," said Barbra.

Mrs. Rowe then arranged to meet with Barbra and her baby at the restaurant next door to the hotel, before calling the police.

"They were waiting at the hotel," said Mrs. Rowe. "At the restaurant next door, two men came running and chasing me through the restaurant. I began screaming, 'Call the police, call the police!' In the meantime, we called a cab and went to a populated area."

MRS. ROWE said the police had advised her to go to a populated area because the cult members would follow her home. The three went to Irvine, Calif.

"We checked into a hotel under a fake name," said Mrs. Rowe. "We didn't sleep all night."

Mrs. Rowe then got in touch with Priscilla Coates of Cult Awareness who called Dr. Rowe at 5:30 a.m. the next morning.

"They let her through because she had a California accent," said Mrs. Rowe. "They told Glover 'the Cult Awareness people had kidnapped Dee and are holding her for ransom.' Cult Awareness doesn't hold people for ransum, it helps them get away."

"ARE YOU going to stay with Scientology?" Mrs. Coates asked Dr. Rowe.

"Yes," Dr. Rowe replied.

"They were with him every minute," said Mrs. Rowe. "Glover couldn't even go to the bathroom by himself. Me, the baby and Barbra got out of there. We had police escorts all the way home. We were very scared. That was Thanksgiving Day."

Mrs. Rowe was informed by Cult Awareness that Dr. Rowe was probably under the cult's control and didn't offer much hope of getting him back.

"Friday, I decided to call Glover and see if he was okay," said Mrs. Rowe. "I disguised my voice. Glover answered."

"ARE YOU alone?" Mrs. Rowe asked.

"No," Dr. Rowe said.

"Are you being held against your will?" Mrs. Rowe asked.

"Yes," Dr. Rowe said.

"If you can get away from there, call me," said Mrs. Rowe. "Get them in a public place and start screaming. I'm going to call the police to come get you."

"The guy from Scientology then told Glover he was playing along with them. He pretended to be on their side. After Glover hung up, he told the guy it was me."

"I THINK I better go," the man said. "If you take the shuttle to the dianetics center, I'll give you a plane ticket back home."

Dr. Rowe then went to a shopping center across the street from the hotel and called his wife and got a cab.

"He called me and said I had an hour to catch my flight," said Mrs. Rowe.

Their troubles weren't over yet, however. A woman from Scientology came to the airport looking for Dr. Rowe.

"The lady at the ticket counter remembered us," said Mrs. Rowe. "She asked him if he was in trouble and called airport security to see that he got on the plane safely."

WHEN THE Rowes arrived at the airport, they were met by two police officers, Dr. Rowe's brother, an elder from his brother's church, a psychologist and Craig Branch, who helps people get away from cults.

"A man approached Glover's brother and said he'd pick him up," said Mrs. Rowe. "Glover's brother said, 'Well we're here now, so you may leave.'"

Mrs. Rowe said her and her husband are in the process of filing a lawsuit against scientology and the Sterling Corporation.

"My mission is to expose this company rooking these people," said Mrs. Rowe. "I don't want to see them bring our profession down. It is such a clever scam. Many people don't understand. They really believe everything that is being said to them."

UPON DOIN research, the Rowes discovered that their experience, is by no means a solitary incident. Mrs. Rowe said the California police were "not ever surprised," when they reported the cult's behavior.

In a March 1990 issue of Cult Awareness Network News, Dr. Robert Geary, an Ohio dentist reported writing up to $200,000 to Sterling Management and claimed the company "almost cost him his dental practice and injured his wife's mental health."

According to the article, Mrs. Geary was told that she needed to be "cleared" and was held captive in a cabin for two weeks "to correct behavior that could harm the organization."

At the cabin, Mrs. Geary was deprived of food and sleep and was pushed against walls and thrown onto a bed whenever she tried to get away.

"Tell people if they get any brochures from Sterling or any other Scientology group, to just throw them away," said Dr. Geary in the article.

FOR THREE decades, the Church of Scientology was headed by L. Ron Hubbard, famous science fiction writer, who died at the age of 74.

The Church of Scientology, according to an article in the Nov. 23, 1987 issue of Fortune Magazine, is a full-blown cult that believes it has simple cures for high cholesterol levels, radiation sickness, low productivity and "just about anything else that ails society."

In an open letter to readers of the New York Times, publisher Lyle Stuart quotes a former Scientology recruiter as saying, "Our job as Scientologists is to suck every dime we can from a person. We convince them that they are saving not just this world but the entire universe!"

According to Stuart's letter, the goal of Scientology experts is $80,000 per customer, which is extracted in sums of $20,000 to $30,000 per year. Scientologists even ask the customer to sign a billion-year agreement.

SCIENTOLOGISTS seek young people in the 19-25 age range, Stuart said.

After their ordeal was over with, Mrs. Rowe recalled another strange incident.

"When I got away from these people, they called the Crystal Cathedral," said Mrs. Rowe. "When we were at Sterling on the first trip, I had Robert Schuler's book, 'Tough Times Never Last But Tough People Do.' It occurred to me that I read to Glover every night out of that book but I never mentioned it. They must have bugged the room."

The Rowes will never forget their nightmare at the Park Court Hotel in Orange County, Calif., but they now feel they can warn others from being sucked in.

"A LADY FROM scientology called the office when we got back home and asked how we were doing," said Mrs. Rowe. "I said 'not very well. We went to Orange County, were held against our will. We want nothing to do with scientology or anything having to do with cults.'"

Dr. and Mrs. Rowe are now on the campaign to "wipe these people out," Mrs. Rowe said.

"I'm extremely paranoid, so is my babysitter," said Mrs. Rowe. "We're real jumpy about the baby. You're jumpy after being a victim."

The Rowes, although they were taken for more than $23,000, are grateful for a happy ending, however.

"I BELIEVE God's children carry an armour," said Mrs. Rowe. "We've been told it is a miracle they didn't gain control of our minds. I give credit to God and know he was protecting us. I think there are reasons for everything and think we have been put through this to inform people. God knew I couldn't keep my big mouth shut!"