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COIN DEALERS CLAIM IRS SINGLED THEM OUT

Three men accused of money laundering in a Clearwater rare-coin dealership claim they were unfairly singled out for prosecution because they are Scientologists.

They claim the Internal Revenue Service had no evidence of criminal activity when it began an investigation of the coin dealership, Bernstein, McCaffrey & Lee. Instead, the three accused men charge that they were "targeted for investigation and prosecution solely because they are Scientologists," and say the case against them should be dismissed.

They claim another example of this allegedly selective prosecution is the ongoing IRS inquiry into the tax-exempt status of the Clearwater-based Church of Scientology Flag Service Organization.

Scientologists follow the teachings of L. Ron Hubbard, the late science-fiction writer who founded the Church of Scientology. The organization has its worldwide spiritual headquarters in Clearwater.

The IRS says it began the investigation because the coin dealership advertised that coins could be "bought and sold with cash, without a paper trail."

But the defendants' motion says there is nothing necessarily illegal about buying and selling coins with cash, without a paper trail, and says the ad was not the real reason behind the investigation. Because an agent said they had arranged to sell a man \$100,000 in gold bullion and to keep any record of the transaction secret, because the cash was the untaxed proceeds of an illegal gambling operation. The staff allegedly agreed to sidestep federal regulations requiring financial disclosure forms for cash transactions of more than \$10,000.

The man posing as the buyer actually was an undercover IRS agent. Grant Boshoff, 19, Lawrence Spencer, 43, and the company's owner, Ronald W. Bernstein, were arrested and charged.

Now those three say, in a motion filed in federal court last week, that they are being victimized because the IRS has targeted Scientologists for selective enforcement for the past 30 years.

Spencer, one of the accused, says in an affidavit that, shortly after his arrest, an IRS agent peppered him with questions about possible connections between the business and the Church of Scientology. The agent asked whether the Church of Scientology owned the coin dealership or the building, whether Spencer was a Scientologist, whether he had been a Scientologist before he started working for the coin dealership, and why so many Scientologists worked for the business. Spencer's answers were not included in the motion.

The motion also points out that an IRS agent testified in the tax case that the agency is investigating whether businesses owned by former Scientology officials are funneling money to Scientology churches.

The coin dealership has offices on a portion of western Cleveland Street in downtown Clearwater where many businesses run by Scientologists are located. Most of the business owners say the Church of Scientology has no formal connection to their businesses.

A spokesman for the IRS declined to comment on the defendants' motion. A spokesman for the Church of Scientology could not be reached this week.

SUBJECT: RELIGION PROBE PROTEST