

\$2.9M in Fees Awarded in Church Dispute

By Dick Goldberg
Daily Journal Staff Writer

Citing abuse of the court system simply to "destroy their opponents," a federal court special master ordered the Church of Scientology to reimburse \$2.9 million in attorney fees to former members who had to defend themselves against charges of stealing church secrets.

This constituted "extraordinary, malicious, wanton and oppressive conduct," on the part of the church, wrote James G. Kolts, a retired judge of the Los Angeles Superior Court.

"It is abundantly clear that plaintiffs sought to harass the individual defendants and destroy the church defendants through massive overlitigation and other highly questionable litigation tactics," wrote Kolts in a memorandum of decision handed down last week.

"The Special Master has never seen a more glaring example of bad-faith litigation than this. Therefore it is appropriate to award attorneys' fees pursuant to the copyright statute," Kolts concluded.

Kolts was appointed by U.S. District Judge James M. Ideman in Los Angeles to hear defense motions for attorney fees after the court imposed the ultimate discovery sanction, termination of the lawsuit, for Scientology's persistent refusal to produce documents sought by the defendants.

Began in 1985

Scientology filed suit in 1985, two years after four high-ranking officials broke from the Church of Scientology and formed the Church of the New Civilization in Santa Barbara. The suit accused David Mayo and others of stealing copyrighted religious materials and trade secrets developed by the late Scientology founder L. Ron Hubbard.

When the 9th U.S. Circuit Court of Appeals ruled that copyright laws did not extend to religious teachings, Scientology turned the suit into a straight case of copyright infringement and theft of business secrets, according to defense counsel Gary M. Bright.

"From that point on they stonewalled us at every turn to keep this case from getting resolved," said Bright, partner in the Carpinteria firm of Bright & Powell.

"We'd get a favorable ruling and they would move to reconsider. They would appeal the ruling, then file a motion for review. Then they would file a writ of mandate on the same issues. They tried to keep the case moving sideways, never forward. It's like they wanted to keep us there forever."

Co-defendants' counsel Jerold Fagelbaum agreed. "Scientology must have brought in a dozen law firms in the past seven years. It's obvious they were out to wear us down. It was a war of attrition and the court simply wouldn't tolerate it."

Vow to Fight

"It's ironic. We're being characterized as the bad guys when, in fact, we are the party who was wronged," said Scientology counsel Michael T. Stoller. He termed Kolts' charge "only a recommendation," void of specifics, and he vowed to fight it through the federal court system.

Stoller, a partner in the Los Angeles firm of Besbris, Hollis & Stoller, said he expects the trademark infringement cases to be revived on appeal.

LAW**Scientology Case**

The Church of Scientology should pay defendants' legal fees of \$2.9 million in a suit the church brought over the alleged theft of secret Scientology teachings, a federal court officer recommended.

The report by the special master, who was appointed by the federal judge overseeing the case, criticized the Scientology suit as frivolous and a "glaring example of bad faith litigation." The suit was dismissed last spring, also on the recommendation of the special master, because the Scientologists hadn't complied with orders to turn over documents to the defendants.

The suit was brought in 1985 against former church members accused of using confidential church teachings in non-Scientology programs. The secret teachings were allegedly stolen in 1983 from a Scientology church in Denmark.

In his report to the federal court in Los Angeles, Special Master James Kolts said, "It is abundantly clear that plaintiffs sought to harass the individual defendants . . . through massive overlitigation and other highly questionable legal tactics."

William T. Drescher, an attorney in Calabasas, Calif., for the Church of Scientology, said his client will ask the federal judge overseeing the case to reject the special master's recommendation. "Not a single instance of bad conduct" can be cited by the special master, he said. He also said the criticism of the Scientologists was unfair because the case was "hotly contested" on both sides.

Jerold Fagelbaum, a Los Angeles attorney representing one of the former Scientologists, David Mayo, and Mr. Mayo's defunct Church of the New Civilization, said that in not turning over documents, "the Scientologists refused to put their evidence where their mouth was." Mr. Mayo is pursuing counterclaims of unfair competition and libel against the Scientologists.

(Religious Technology Center, et al.,

vs. Robin Scott, et al., U.S. District Court, Los Angeles, No. 85-711)



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HOME 7

Hanged man had feared attack by Scientologists

A MAN found hanged last year believed his life was in danger because he had been trying to expose the "evils" of the Scientology cult, which his former girlfriend had joined, a west London inquest heard yesterday.

Paul Burton, the Hammersmith coroner, recorded an open verdict on Khushroo Motivala, 38, who was found hanging from a loft beam at his home in Greenford, west London, last September.

Dr Burton was told that Mr Motivala had extensive debts and that he blamed the cult for the break-up of his relationship with Ruth Turk and for the loss of his three daughters. The couple had been fighting for custody of the children since Miss Turk had left with them six months earlier.

Linda Lewis, a friend, said that Mr Motivala had told him stories about opponents of Scientology who had been attacked in the United States.

"He certainly feared for his life," Mr Lewis said. "He kept a big knife by the front door in case of an attack. He was always talking about exposing the evils of Scientology. We all thought he was a bit silly, but then he died."

By Kathy Marks

The inquest heard that Mr Motivala initially attended Scientology meetings with Miss Turk. Later he accused her of giving £14,000 to cult members from the taxi and courier business which they jointly ran until financial problems forced them to sell it in early 1991.

Mr Lewis said that the Scientologists had issued a "non-enturbulation" order against Mr Motivala, which forbade him from speaking to or going near Miss Turk. Another friend, Patrick Smith, said that Mr Motivala had been listed by the cult as a "suppressive person", or enemy.

Miss Turk told the inquest that she had been a Scientologist for 10 years, but that her religion was not connected with her separation from Mr Motivala and that she had not taken any money out of the business.

She said that he had received a letter, possibly on the morning of his death, informing him of the date of the next custody hearing.

Mr Motivala's body was discovered by his girlfriend, Clare Bruce,

about an hour after the departure of his children, who had spent the day with him. Dr Burton said that because Miss Bruce had intended to be home half an hour earlier, it was possible that he had expected to be found before he died.

Miss Bruce said that her boyfriend was living in a state of fear. "He made a habit of harassing the Scientologists and he was always afraid that there would be an assault on him, because it was known to happen," she said.

Ray Jenkins, who employed Mr Motivala as a driver, said that he would be astonished if he had taken his own life.

Mr Jenkins said: "He had become obsessed about Scientology — to the extent of taking a lot of advice from an anti-Scientology adviser — and also about the custody of his children. To have done what he appears to have done would be to concede everything."

Mr Lewis said that Mr Motivala was in very good spirits at the time he died, as his lawyers had just told him that he had a good chance of gaining a residency order in the custody proceedings. "He was absolutely ecstatic, over the moon," he said.

Some of Cocolat's ex-workers claim that the company's newest ingredient is Scientology

By Erin McCormick
OF THE EXAMINER STAFF

IT WAS once a sweetheart of the Bay Area business world — a woman-run chocolate company that grew from a single storefront to a national success.

Now, two years since an employee's embezzlement forced the sale of Cocolat Chocolate Co., an unlikely mix is brewing at the company's Hayward plant: Scientology and chocolates.

The mixture has been volatile. Cocolat is the latest in a small but growing number of California companies whose employees claim religious harassment because their employers are using management techniques based on the teachings of Church of Scientology founder L. Ron Hubbard.

Thirteen former management and administrative employees told *The Examiner* they quit Cocolat because they were disturbed by its use of Hubbard's management practices.

An additional six managers said Cocolat fired them after they resisted the management techniques.

The former employees say Cocolat's new controlling investor, Feshbach Brothers Inc., has brought not only new management but the religion of its owners as well.

"Scientology has scared away almost every good employee the company's had," said Brenda Vinson, a former store manager who in October filed an Equal Employment Opportunity Commission claim against Cocolat's then-president, Jeff Titterington, charging religious harassment.

Vinson claimed she was pressured to quit her job last July after openly criticizing the company's use of the Hubbard management techniques for employee training. Her resistance to the techniques, she said, led to negative performance reviews and denial of a promotion.

Her complaint is pending.

Feshbach Brothers Inc. says it has never tried to push Scientology on Cocolat employees.

"I'm proud to be a Scientologist, but I respect the beliefs of others," said Joe Feshbach, who acted as spokesman for Feshbach Brothers Inc., a Palo Alto investment firm that includes his brothers Matt and Kurt Feshbach. The company took control of Cocolat in the fall of 1990 after an employee embezzled more than \$500,000, forcing Cocolat founder Alice Medrich to sell her interest in the company.

"The fact is, Scientology came in and saved this company from going bankrupt," Feshbach said.

After Feshbach Brothers took over, the number of Cocolat's Bay Area stores blossomed from seven to 14, but since January the com-

[See *COCOLAT*, E-5]

◆ *COCOLAT* from E-1

A bittersweet mix at Cocolat

pany has closed four stores, laid off some workers and had both its president and chief financial officer resign.

Feshbach said the charges that Hubbard management techniques infringe on Cocolat workers' religious rights are "bigoted, uninformed and small-minded" complaints from disgruntled former employees.

"We certainly would admit to the company going through an evolution from a family-owned business to a professionally-managed, investor-owned company," he said. "There are some employees that didn't want to go along with that transition."

Scientologists believe the teachings Hubbard outlined in his book "Dianetics" are a path to happiness and success.

Hubbard founded the Church of Scientology in 1950. It is now a multimillion-dollar organization that claims 8 million members in 71 countries. Hubbard died in 1986 after living in hiding for more than five years, amid Internal Revenue Service attempts to indict him for tax fraud.

Groups such as the national Cult Awareness Network have criticized the church for its hard-sell recruiting tactics and the tens of thousands of dollars it often costs members to complete Scientology training.

2 lawsuits have been settled

Two California companies have settled lawsuits by employees who claimed they were driven from their jobs because of their refusal to study Hubbard materials or follow certain Scientology practices.

A third company in Southern California that trains medical professionals, using Hubbard management techniques, is facing multiple lawsuits by clients who say they paid thousands of dollars for a management seminar that amounted to an intensive week of Scientology indoctrination and recruitment.

Susan Morrill Chun, Cocolat's former pastry manager, said she quit last fall after six years with the company because Hubbard's materials disturbed her and the work atmosphere degenerated as employees became upset about them.

"A lot of us had read about Scientology and had a pretty good

idea that we didn't want to get involved with it," she said.

Chun said "undertones of religion" began to pervade the company's training courses and in-house communications through references to Hubbard and the use of his terminology.

Chun and other former Cocolat employees said consultants from outside the company presented Hubbard's business theories to managers at seminars in November 1991 and March 1992.

"These three women came in with these books and they proceeded to tell us how they were going to better our lives," said former store manager Phillip Everett, describing the November 1991 meeting.

He said the consultants presented problem-solving techniques and gave employees a workbook of Hubbard materials, which they were told they would be paid \$50 to complete.

"It was like Scientology came in disguised as a management course," said Everett. "All the red lights went off for me. I felt like I was being brainwashed or something."

Cocolat employees unnerved

After the meeting, he said, "five or six employees called personnel and said if this happens again we quit."

Everett said Hubbard's influence also appeared in company

San Francisco

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memos.

One memo, dated Dec. 10, 1992, asked senior managers to stop "passing monkeys" (problems) to higher company officers and to reduce "dev-t" — a Scientology term meaning unnecessary work. The memo from then-company President Titterton, a Scientology, included an essay Hubbard had written on the subject.

Everett, who worked for Cocolat for three years, said he quit last spring, taking a \$7,000-a-year pay cut just to get out of the company.

"I definitely felt like they wanted us to be pulled into something," said Everett. "If you've ever been held hostage at vacation Bible school that's what it's like. You have to listen to this stuff. You have no choice."

Feshbach said the Hubbard materials are secular and are designed to make managers more efficient and productive, not to influence their religious beliefs.

"The fact that it is L. Ron Hubbard doesn't imply anything negative," Feshbach said. "This (technique) is a common-sense approach that has worked for me."

Darlene Fricero, spokeswoman for the Scientology's San Jose branch said Hubbard developed his management techniques "to establish and strengthen organizations so they would last and expand."

"As with many of L. Ron Hubbard's discoveries they have wide application," she said.

stuff."

Plevin said church members commonly bring Scientology into their businesses.

"Scientists are strongly encouraged to be so devoted that they'll want to bring Scientology into every aspect of their lives, including their businesses," she said. "They then expect everyone to follow their principles."

Plevin's current cases involve Sterling Management, which recruits dentists, chiropractors, and other medical professionals for week-long seminars in Hubbard's management techniques. The company, which bills itself as a secular organization, promises to help medical professionals expand their practices using Hubbard's techniques.

A 1992 lawsuit filed by Plevin against Sterling charges that dentists David Miller, John Finucane and Alexander Turbyne signed up for a \$17,000 Sterling business seminar, but instead got a week-long "Scientology workshop" aimed at recruiting them into the church.

The suit claims that Sterling and Scientology representatives used anxiety-producing techniques, such as conducting lengthy sessions where they elicited private information from the plaintiffs, to persuade them to sign up for expensive Scientology counseling

programs.

Each of the dentists was recruited into church programs, the suit says. Miller alone spent about \$65,000 on Scientology counseling and the Sterling management course in less than six months, according to Plevin.

The church's Orange County chapter has settled with Miller and has given him a refund, Plevin said. His case against Sterling is still pending.

Attorney Michael Stoller, who represents Sterling, said the plaintiffs' allegations are unfounded. He said the dentists were informed in writing that they were signing up for a course based on Hubbard's writings. He said the training they received was non-religious.

"Sterling has basically taken information from the Scientology Church and secularized it," he said. "It's not intended to be religious."

"If an individual doctor is interested in signing up for courses with the Church of Scientology, they (Sterling employees) contact a representative from Scientology to meet with him," he said. "People have the freedom to choose."

Other lawsuits, involving use of Hubbard's management materials in the workplace, have been settled out of court.

In August 1992, Applied Mate-

[See COCOLAT, E-8]

◆ *COCOLAT from E-5*

A bittersweet mix at Cocolat

rials Inc., a Santa Clara manufacturer of semiconductor equipment, settled a lawsuit filed by three former employees that charged they had been driven out of the company for refusing to attend Scientology management workshops. The amount of the settlement was undisclosed.

At the time of the settlement, Applied Materials released a statement saying it had "lacked sensitivity with regard to the controver-

sial nature of L. Ron Hubbard."

In a similar 1990 case, plaintiffs Stuart and Molly Maesel received a settlement in a suit alleging that they were fired from their jobs as salespeople for Stryker Systems, a Glendale software company, for refusing to adopt Scientology practices in the workplace.

The Maesels charged that Stryker forced employees to "write up their overt acts and withholds," a Scientology practice that involves confessing bad thoughts or actions. When they refused, the Maesels said, they were fired.

Stoller, who represented Stryker in the Maesel case, said the

Maesels were disgruntled employees.

Terms of the settlement were not disclosed, but Stoller said Stryker made no acknowledgement of wrongdoing.

At Cocolat, one former employee said she was asked to read Hubbard's book, "The Problems of Work," which includes a "first aid" section describing how to treat burns, bruises and sprains by using a "Scientology assist," the equivalent of the religious laying on of hands.

Another text given to employees at Cocolat stated that if an employee's production stops increas-

ing he is in a "condition of emergency" and must take a specified set of actions to improve his work.

For example, it said, if an artist discovers his production level is stagnating, he should work through the night to complete his unfinished paintings and prepare them for sale the next day. Then he should learn to change his work habits.

Feshbach said he doesn't know how many church members work at Cocolat because he doesn't ask applicants to state their religion.

Most new hires not Scientologists Current and former employees

said, however, that aside from former company president Titterington, most of the people hired since Feshbach Brothers took over have not been Scientologists.

Some employees are not offended by the Hubbard management principals.

"Time management techniques are about the extent of what I've been subjected to," said Joe Guerreiro, Cocolat vice president of wholesale. "There is a new management philosophy. People have had to start writing memos and have an in basket and an out basket. Some people reacted negatively."

But former Cocolat operations manager Glen Ishikata, who quit last April, said employees who aren't receptive to Hubbard's management philosophy don't last long.

"(Cocolat's managers) felt that if you were not going to go along with the program, they'd rather bring in people who would," he said.

Former pastry chef Chun said the problems at Cocolat were experienced by too many people to be a figment of a few employees' imaginations. "All of us that were affected by it couldn't have been over-reacting," said Chun.

Evening Standard
Prayer 26/3/93
for today

THE CHURCH of Scientology, once described by a High Court judge as "socially obnoxious... corrupt, sinister and dangerous", is hoping to find some support in the House of Commons. To this end, it has written to MPs promising them solutions to unemployment, violence and illiteracy.

"We are not encouraging MPs to join our Church but we want them to have proper information," says a spokesman for the sect, whose galactic ruler is promisingly called Xenu. "Scientologists get angry when they are accused of being part of a sinister and greedy cult."

With followers like John Travolta, the cult seems unlikely to find sympathy in Westminster. "The glossy booklet is the size of a doorstop — I thought it was for pressing flowers," says Tory MP Roger Gale, a former member of the Commons all-party cult group. "I am not

impressed just because a couple of film stars are involved with it."

Labour MP Alan Meale, former secretary of the cult group, is equally unimpressed. "I am always going on about how awful it is," he says.