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Scientologists profited from new members

■ Newly released earnings reports show late founder L. Ron Hubbard's disciples can earn big money by soliciting members to Scientology.

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WASHINGTON — It pays to pitch Scientology, according to earnings reports the church has filed with the Internal Revenue Service.

One man averaged almost \$200,000 a year in commissions from the fees of new members he had solicited to become Scientologists.

The church gives its proselytizers 10 to 15 percent of what newcomers "donate" for church services, such as the process called

auditing that tells how far from salvation the newcomer is. That means the top pitchman in the 1990s, identified only as Barry Klein, drummed up more than \$1.3-million for Scientology each year.

Scientologists who collect from other church members can make out even better. Ken Pirak made \$407,000 in 1991 from a western states "membership tour," as the church calls its fund-raising round-ups. Next in line that year was Steve Grant, whose commissions totaled

\$340,000 from a membership tour based in Clearwater, home of Scientology's spiritual headquarters.

The earnings reports stand out in the voluminous record of Scientology's 40-year battle to persuade the IRS that as a religious organization it deserved to be exempt from taxes.

This week the IRS announced it granted the exemption, and the Scientology files that led to the decision became public. They reveal a vast organization sophisticated in finances — and more than a little

defensive about that sophistication.

"In truth, only 1 percent of Scientology Scripture has anything at all to do with finance," church lawyers wrote in one of their more combative replies to a written question from the IRS. They said founder L. Ron Hubbard's oft-quoted advice to "make money" is balanced by a passage in which Hubbard calls money "the weakest" motivation.

"People and businesses that are motivated only by money are wobbly people," Hubbard wrote.

"Yet somehow the IRS and other detractors never quote the above policy," the lawyers said. "Instead we are vilified with out-of-context quotes that are further interpreted falsely by the Service passing their interpretations off on courts."

Church lawyers went on to acknowledge that Hubbard, who died in 1986, also advised "never volunteer anything" when dealing with tax collectors. He mentioned the government's "bloodsucking appetite."

But, the lawyers add, "that is hardly a novel view."

Whatever role money plays in Scientology as a religion, it was naturally a main issue before the IRS. Millions in tax dollars were at stake, as well as a stamp of legitimacy for a religion that appears to offer its followers salvation on a fee-for-service basis.

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Documents from 12 Scientology organizations, all but one dated 1992, list \$275-million in assets. The church has holdings in real estate, stocks and gold bullion, but by far its largest source of revenue appears to be donations from its members and newcomers, who pay fees to undergo Scientology's ascending series of personal evaluation, called auditing.

Exact figures remain elusive, however, because money flows freely among the more than 30 Scientology organizations that received tax-exempt status from the IRS this month. Their hierarchy is far from simple.

For example, the buildings in Clearwater house the church's spiritual headquarters, known as the Flag Service Organization. It had assets last year of \$48-million and revenues of \$74.3-million. Of those revenues, \$24.3-million was transferred to the "mother church" — the Church of Scientology International in Los Angeles.

The mother church listed assets of \$69-million in 1991. They were topped a year later by the \$92-million controlled by the International Association of Scientologists, a "support" organization established to safeguard Scientology and raise funds. It is based in Sussex, England.

Meanwhile, the church's top executive, David Miscavige, is paid by Religious Technology Center, a \$3.8-million organization that serves as "protector of the religion of Scientology" and its logos and slogans.

If it seems confusing to an outsider, its lawyers explain that Scientology is a "very exact faith . . . (and) utmost importance is given to the precise application of Dianetics and Scientology." In the hands of rivals, the religion's trademarks could "deny unwitting and well-intentioned individuals the opportunity to experience the gains of real Dianetics and Scientology, and thus ultimate spiritual salvation."

Easier to make out is where the church spends its money. In one document, lawyers detail \$205-million in spending from cash reserves across two years, 1987 and 1988. The total includes \$30-million in legal bills, and \$3.4-million used to mount a Hollywood Boulevard exhibition on Hubbard's life.

The church spent relatively little on good works. Its own statement of one year's cash flow to organizations devoted to "social betterment," such as The Way to Happiness Foundation, totaled less than \$9-million.

Meanwhile, Scientology spent \$7-million on the seven nuclear blast-resistant doors for a vault where Hubbard's papers would be stored within titanium capsules, which cost another \$7-million.

A total of three vaults are being built, the files reveal: one in Southern California, another in Northern California, the third in New Mexico.

Other expenses: \$1-million for the powerhouse public relations firm Hill & Knowlton and \$1-million to sponsor the Seattle Goodwill Games.

An Internal Review spokesman declined Thursday to explain how the agency came to decide Scientology qualified as tax-exempt. Bland form letters announced the exemptions, and the correspondence between the IRS and the church runs in contrary directions.

The agreement appears to have grown from a 1991 invitation from the IRS to come to an amicable conclusion on the tortured issue. Yet the agency's questions understandably dwell on areas officials found most troublesome.

One was the Guardian Office. Scientology lawyers offered a lengthy summary of how the church's former security arm came to threaten reporters and other critics, infiltrate government offices and steal federal files.

From its establishment in the 1960s, the documents say, the Guardian Office was run by Hubbard's wife, Mary Sue, as a secretive separate operation with 1,500 employees. Scientology provided a sworn statement from a government prosecutor confirming that rank-and-file members knew almost nothing of its operations.

Neither, apparently, did Hubbard. The documents report the founder often disappeared for long periods, calling in every few months to ask what was new. In September 1981, he was reportedly shocked to hear developments that had been making headlines since the FBI raided his church's Washington, D.C., office four years earlier.

But then, according to the files, his sabbaticals had had consequences before.

In 1966, Hubbard left Scientology headquarters, then in England, to live aboard a yacht and investigate the past lives he suspected he had lived around the Mediterranean. His journeys led to greater ecclesiastical glories for his religion, but the church itself languished in his absence.

Eventually, managers of Scientology's spiritual side took up residence aboard the yacht *Apollo* as well, then moved to Clearwater in 1975. Its leaders share the elite mantle "Sea Org," or Sea Organization, meaning each has neared the pinnacle of the faith, and signed a contract pledging the next billion years of existence to Scientology.

"A couple of dozen of the most proven Sea Org executives," led by Miscavige, are portrayed as riding to the rescue of Scientology by wresting control of the Guardian Office from Mary Sue Hubbard in a dramatic series of "missions" in the early 1980s.

In due course, Mrs. Hubbard and 10 other Scientologists were imprisoned on charges of stealing government files and bugging an IRS office. Guardian Office and its Intelligence Bureau were disbanded altogether by Scientology and replaced by new services.

All are closely supervised, church lawyers assured the IRS.