

LOS ANGELES

# Daily Journal

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## California

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### VERDICTS & SETTLEMENTS

#### Ex-Scientologist Wins \$6M After 17 Years



Today's issue of Verdicts and Settlements profiles litigators Craig J. Stein, Daniel A. Leipold and Cathy Shipe. Their client, an ex-Scientologist, won a judgment against the church for intentional infliction of emotional distress. The church reorganized its corporate structure, and 17 years of legal wrangling resulted in an amended judgment to include the church's alter egos.

Also in today's issue:

- Michael Solender, a construction expert, discusses the wisdom of closely monitoring subcontractors' work to reduce the chance of litigation.
- In every issue of V&S: Recent jury verdicts, bench verdicts, arbitration awards and settlements in all areas of civil litigation including business law, employment law, insurance law and personal injury.

**CASE IN FOCUS**  
**THE CASE**

# Ex-Scientologist Wins \$6 Million After 17-Year Fight

**Type:** Tort, intentional infliction of emotional distress, alter ego.

**Bench decision:** Amendment of judgment - \$6,025,857 (\$4,649,328 renewed judgment plus \$1,376,529 accrued interest).

**Case/Number:** *Larry Wollersheim v. Church of Scientology of California* / C332027.

**Court/Date:** L.A. Superior Central / Oct. 29, 1997.

**Judge:** John P. Shook.

**Attorneys:** Plaintiff - Craig J. Stein (Gartenberg, Jaffe, Gelfand & Stein, LLP, L.A.); Daniel A. Leipold, Cathy Shipe, Robert F. Donohue (Hagenbaugh & Murphy, Orange); Lita Schlosser (Encino); Ford Greene (Hub Law Offices, San Anselmo). Defendant - William T. Drescher (Calabasas); David M. Chodos (Simke Chodos, L.A.); Gerald L. Chalet (Ortick, Herrington & Sutcliffe, L.A.); Monique E. Yingling (Zuckert, Scoutt & Rasenberger, Washington, D.C.).

**Facts:** Plaintiff, Lawrence Wollersheim, a former

member of defendant Church of Scientology of California (CSC), initially obtained a \$30 million verdict in compensatory and punitive damages against defendant in 1986. Prior to trial, Scientology reorganized its corporate structure, wherein the Church of Scientology International (CSI) became the new "mother church" replacing CSC. Religious Technology Center (RTC) was formed in 1982 and became the owner and protector of Scientology service marks and products. CSC became an inactive corporation with no income, assets, employees or business. At trial in 1986, plaintiff alleged that defendant intentionally and negligently inflicted severe emotional injury on him through the use of certain practices during his years in Scientology, which aggravated his mental condition. These practices included "auditing" wherein plaintiff was forced to undergo a strenuous regime for six weeks aboard a ship maintained by defendant. Although plaintiff attempted to escape, he alleged he was seized by Scientology members, who held him captive until he agreed to continue with these practices. Additional-

ly, plaintiff alleged that Scientology auditors convinced him to "disconnect" from his family, which meant he was no longer to have any contact with them. Plaintiff also claimed the defendant engaged in "fair game," a practice of retribution and threatened retribution against members who left or otherwise posed a threat to the organization. Plaintiff claimed this practice forced him into continued participation in Scientology's other practices that were harming him emotionally. Plaintiff, then represented by different counsel, sued defendant alleging fraud and intentional and negligent infliction of emotional injury. In 1986, a jury issued a verdict for \$30 million in compensatory and punitive damages. On appeal, the Second District found substantial evidence to support its decision that defendant had committed the tort of intentional infliction of emotional injury against plaintiff and that there was sufficient evidence of "auditing" and other practices conducted in a coercive environment. The appeals court also found that none of the practices were "voluntary religious practices" See SCIENTOLOGY Page 6

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## Scientology

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otherwise entitled to constitutional protection under the First Amendment religious freedom guarantees." However, in 1989, the appeals court reduced judgment to \$500,000 in compensatory and \$2 million in punitive damages. Both sides appealed to the California Supreme Court, which declined review. Both sides appealed to the U.S. Supreme Court, which denied plaintiff's petition but granted CSC's petition and remanded to the state appellate court for reconsideration on the punitive damages issue following its decision in *Pacific Mut. Life Ins. Co. v. Haslip*. On remand, the appellate court essentially affirmed its prior decision. The U.S. Supreme Court denied Scientology's petition for review, and the judgment became final in March 1994. In 1993, in a separate lawsuit, Scientology sued Wollersheim to

set aside the judgment on the ground of claimed judicial bias during trial. The trial court granted Wollersheim's special motion to strike the complaint pursuant to the state's anti-SLAPP suit (strategic lawsuits against public participation). The appellate court affirmed the judgment and an award of attorney fees for \$130,506.71, holding among other things that the history of the underlying litigation revealed that Scientology's action against Wollersheim was "consistent with a pattern of conduct by the church to employ every means, regardless of merit, to frustrate or undermine [Wollersheim's] petition activity." Wollersheim was awarded an additional \$240,000 in attorney fees on appeal. Plaintiff, through present counsel, Craig Stein, Daniel Leipold, Robert Donohue and Cathy Shippe, then moved to amend the judgment rendered against defendant CSC to include real party defendants and judgment debtors, CSI and RTC. Plaintiff claimed that CSC's reorganization occurred partly to prevent him from collect-

ing his judgment against CSC.

**Contentions:** The plaintiff essentially contended in its motion to amend the judgment that CSI and RTC were the alter ego of defendant CSC. CSI controlled the litigation by paying for it. RTC, run by David Miscavige, the head of Scientology's management entity known as "Sea Organization" directed the litigation. Plaintiff further contended RTC was the recipient of CSC assets, most notably Scientology trademarks, without payment of consideration. The defendants essentially contended that Wollersheim's efforts to amend the judgment were barred by laches and that defendants were denied due process because they were denied an evidentiary hearing since the court ruling was based upon declarations and other evidence submitted by both parties.

**Result:** The trial court concluded that defendants' leaders "acted in bad faith which would result in an injustice to plaintiff if CSI's and RTC's corporate separateness

were maintained and they were not added as judgment debtors." In a 6-page order issued Oct. 29, 1997, the court concluded that CSI and RTC were the alter egos of CSC. The court based its findings on a number of factors including that CSI and RTC had sufficient unity of interest and ownership with CSC, that CSI and RTC controlled the litigation, that CSI financed the lawsuit, used the same counsel, and that RTC's chairman and highest officer supervised and controlled the defense and ordered the destruction of certain files the court ordered CSC to produce to plaintiff. Consequently, plaintiff was permitted to amend the judgment to include CSI and RTC, the real party defendants and judgment debtors. On Nov. 17, 1997, defendant CSI posted a bond in the amount of \$9,045,229.40 to undertake an appeal of the reported decision.

**Other information:** The result was reached approximately 17 years after the case was filed.

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## LITIGATOR PROFILES



ROBERT LEVINS / Daily Journal



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**HAPPY ENDING** — Craig J. Stein, Cathy Shipe and Daniel A. Leipold, from left, won \$6 million for a former Scientologist who initially sued the church 17 years ago.

## The Collector

Searching for the money proves to be tedious work

**Name:** Craig J. Stein.

**Firm:** Gartenberg, Jaffe, Geland & Stein, Los Angeles.

**Background:** Stein was born in New York City and raised on Long Island. He received his bachelor's degree in business administration from the Bryant College of Business Administration in 1974 and his law degree from Hofstra University School of Law in 1979. He began practicing law at the firm of Wilens & Baker in New York City. In 1980, he moved to Los Angeles and was in-house counsel for a publishing company for three years. He has been in private practice since 1983 specializing in commercial business litigation with an emphasis on creditor's rights. He helped establish his present firm in 1996. Stein is married with one child.

**At what time were you brought into the Wollersheim case?**

"I was brought into the case the summer of 1994. The United States Supreme Court **See COLLECTOR Page 10**

## The Technician

Writing briefs, doing research play key roles in major case

**Name:** Cathy Shipe.

**Firm:** Hagenbaugh & Murphy, Orange.

**Background:** Shipe was born and raised in Southern California. She received her bachelor's degree from National University in 1982 and her law degree from California Western School of Law in 1991. She has been practicing for six years specializing in civil litigation, primarily professional negligence. Shipe is divorced and enjoys writing fiction, traveling and skiing.

**You went to Hagenbaugh & Murphy right out of law school. Did you immediately start working with Daniel Leipold?**

"No, I was originally working in our Glendale office, and I didn't actually have much to do there. He got his first Scientology case down here and was looking for some help and since I was without much to do up there... It was interesting. Three weeks after I passed the bar exam, I got an **See TECHNICIAN Page 6**

## The 'Enemy'

Legal efforts against church earn an entry on Internet list

**Name:** Daniel A. Leipold.

**Firm:** Hagenbaugh & Murphy, Orange.

**Background:** Leipold received his bachelor's degree from St. Mary's College in 1970 and his law degree from Western State University in 1977. He has been practicing for 20 years in the areas of civil rights, copyright and trade secret, elder abuse and medical malpractice. Leipold has a daughter, 10, and a stepson, 17.

**How did you originally get involved in the Wollersheim case?**

"Well, to go back — I also represented the Cult Awareness Network (CAN). ... Scientology is what I would call a serial litigator, and they filed approximately 30 lawsuits against the CAN in California. They actually filed about 50 of them. ... I didn't know anything about Scientology. [and] didn't know anything about the CAN. ... They needed a defense to some lawsuits. Well, at the time. **See 'ENEMY' Page 8**

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## Collector

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had denied the second petition by the Church of Scientology to review the case in March of 1994. At that point in time, Mr. Wollersheim was without counsel and retained me for the purposes of trying to collect his money.... My role in this case and my associations with Dan Leopold and his firm has been to locate the money that is long overdue to Mr. Wollersheim."

**The court stated that the defense will use whatever means to undermine an action. Were you aware that the church had that type of reputation?**

"I had, secondhand, read stories in the press about the litigation tactics that had been employed by the Church of Scientology prior to my becoming involved with the case. Coincidentally, some years before, I had sued the Church of Scientology for another client for a wholly unrelated matter and that was resolved almost instantaneously."

**So, what was your approach to this case?**

"Well, again, there was a judgment, and I was hired to collect this money. I started reading everything I could about the case, related cases and decisions that effected Scientology generally. What made the case difficult is that Mr. Wollersheim sued a corporation called the Church of Scientology of California. That was its corporate name and when he filed that lawsuit, it was what Scientology called the mother church. It was at the top of the hierarchical pyramid. After Mr. Wollersheim filed suit and up until the case went to trial, Scientology changed its corporate structure and created a new mother church called the Church of Scientology International. They stripped, basically, all of the assets from the Church of Scientology of California and gave those assets to other corporations including the Church of Scientology International."

**Now that you have won the appeal, what are the chances of your client getting his money?**

"Well, the new entities that Judge Shook found to be responsible for this debt have posted bond. There is a \$9 million dollar appeal bond that has been posted."

**Considering how hard they go after people who sue them, did you have any concerns?**

"I have been concerned about that, but I have never been treated in any way that I could call inappropriate. I have not experienced anything. I have not experienced anything that is different than any other litigation except for the fact that everytime we go to court, they have a new set of lawyers."

**Why is that?**

"Basically, we have continued to have reasonably positive results with the court. I guess they say, 'Well, we didn't have success with this set of lawyers, let's bring on another set of lawyers.'"

**Did the defendants know that the plaintiff was manic-depressive when he joined the church?**

"The findings at the trial and at the first level of appeal was that they did know he was manic-depressive, and they played on his manic-depression in keeping him beholden to the church. At least, that is how I read what transpired."

**The defendant's claim that targeting the plaintiff's business is part of their religious practice seems unusual.**

"Well, again, they were trying to escape liability for conduct which, I think, most people would say is unacceptable in our society. They were trying to shield the conduct behind the claim it was a religious practice. Most religious practices are protected by the First Amendment, but what the appellate court found, and was guided by earlier precedent, is that, yes, religious practices are protected, but there are boundaries for even that conduct. In this case, those boundaries were exceeded."

**The court found that the defendant's actions caused the plaintiff emotional distress. But weren't their actions against the plaintiff part of their normal custom**

**and practice? Are they now open to further litigation?**

"Well, I think that if they engaged in this similar conduct with anyone else, they would be subject to similar types of liability. I think that one of the reasons that they have fought this case as strenuously as they have is that Mr. Wollersheim is one of their most severe public critics."

**How so? Does he grant a lot of interviews?**

"Mostly, nowadays, through the Internet. He speaks of his experiences. He maintains an extraordinary database of Scientology related materials and litigation histories. He has acted as an expert witness and consultant to other people who have been involved in litigation with the church. You saw the term 'fair game'?"

**Yes.**

"There is a Scientology practice where once someone is an enemy of Scientology, that person is declared a, and this is one of their buzz words, 'suppressive person.' Anyone who is declared a 'suppressive person' is subject to 'fair game.' Mr. Wollersheim is declared, back in 1980, a 'suppressive person' and subject to what you have read, ever since. He is being sued by Scientology as we speak in Denver — a claim of copyright infringement on some of the information that has been posted on the Internet."

**Now is a "suppressive" someone who has left the church or can it be anyone?**

"It could be a member of the church. As far as I know, it is primarily directed toward members of the church, but I suppose (laugh) I might be considered a suppressive. I am certain my co-counsel, Dan Leopold, is considered a 'suppressive person.'"

**Why do you think it is certain?**

"Dan has been involved for many, many years in much litigation with Scientology on many different fronts. I'm sure he is not one of their most favorite people."

**Considering what Mr. Wollersheim had already been through, it is amazing he has gone on this long.**

"I think that most people would have folded. It is hard to even explain to you in a brief interview just how much litigation Mr. Wollersheim has been involved in, in connection with this case. He sued Scientology once, they have sued him at least four times, and they are presently suing him now. It is hard to imagine the process being used in this fashion. During the pendency of the trial, Scientology sued Mr. Wollersheim in the district court — not only Mr. Wollersheim, but his lawyers and his expert witnesses. Ultimately, it was determined to have been brought in bad faith and was dismissed."

**They are persistent(laugh).**

"(Laugh) Very persistent. The problem they have now is that the original defendant, the Church of Scientology of California was determined to be not tax-exempt by the Internal Revenue Service. They found that the benefits of the corporation did not endure to the public benefit, but rather that the benefits went to L. Ron Hubbard. So, they said it was not a bona fide tax-exempt organization. But the new mother church, the Church of Scientology International and its other leading entity, the Religious Technology Center — both now the defendant debtors, were granted tax-exempt status in 1993. I think that this ruling, which says there is no separateness among these entities could conceivably threaten the tax exempt status, which is something they can ill afford to let happen."

**What other litigation professionals say about this attorney: Attorney Daniel S. Latter of the Law Offices of Daniel S. Latter in Century City says: "I think (Stein) is a terrific business litigator — diligent and tenacious, and I think it was necessary to be diligent and tenacious to get to the finish line in the Scientology case. I trust his ability and judgment, and it is because of the trust that I have in him and the faith I have in him that we have worked on a number of matters over the years."**

— Kathy Kinsey

## Technician

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assignment to oppose the preliminary injunction application that was made in the *Hart v. Cult Awareness Network* case. I don't know if you are familiar with that case."

### What is the Cult Awareness Network?

"They were our first client where we got to know Scientology. ... [I]f you had somebody who joined, let's say, the Moonies, Jehovah Witnesses or many different groups and you were wondering what that group was about, you could call the Cult Awareness Network [CAN] and say, 'Tell me about the Moonies.' They would send you a packet of information which basically consisted of newspaper clippings. ... [I]t was a fairly loose knit group of individuals around the country — mostly concerned parents and that sort of thing. The Scientologists, way back when, decided that they weren't happy with this group, and they started suing in large numbers. We defended lots of those suits — somewhere around 35 of them, although, there were similar suits around the country. Basically, it started looking like they were trying to sue the Cult Awareness Network out of existence, and eventually, that's what happened. CAN filed for bankruptcy sometime last year and the interesting thing that has happened as a result of that is that Scientology, in the bankruptcy proceedings, has purchased the name 'Cult Awareness Network' and their phone numbers. Now, if you call the Cult Awareness Network, the person who answers the phone is a Scientologist and will tell you really nice things about the Church of Scientology."

**In an article, attorney Graham Berry states that litigating against Scientology is a great way to develop your litigation skills.**

"That's the truth, because they are very litigious. They will file every sort of conceivable motion and oppose the motions you file very vigorously. So you get repeated opportunities to perfect your law and motion skills (laugh). ... In other words, in a normal case you send out some discovery, a month later you get back some answers. In this sort of a case, you send out some discovery and then you might get some objections, and then you might get a motion filed. It is just a never-ending, long and tedious process."

**So, they go after their opponents vigorously. Do you feel you need to respond in kind?**

"We haven't really responded in kind. We always try to be more strategic than that.

We have more limited resources (laugh). So, we have tried to use our litigation dollars in a way that is going to most effectively benefit our client and get our objectives met, which is to win the case. You see, the Church of Scientology adheres to L. Ron Hubbard's doctrine. They consider all of L. Ron Hubbard's writings to be scripture and one of the things that L. Ron Hubbard wrote is, and I can almost quote it for you after hearing it so many times, 'The purpose of litigation is not to win, but it is to harass.' They really adhere to that. They file motions that can't possibly be calculated to win, but it causes you to have to spend time and money. If they do that and they do it enough times, then they win."

### Are their tactics really much different from other hard-nosed litigators?

"There is no group of opponents that I have ever dealt with that has even come close to these people in terms of the volume and rancor associated with the litigation tactics that they use. You know, it's not just me. We have declarations that we have used various times over the years from people like Judge Kolts ... He talked in one of the declarations he filed in one of the cases about how they filed every motion that was conceivable and some that are not conceivable. He had never seen anything like it. Judge Ideman, who was on the Central District of California panel at one time, filed a declaration that basically said the same thing. He recused himself from the case, because he felt like he was being harassed by them. He just had enough. It is truly phenomenal. It's like nothing you see anywhere else."

### For an outsider looking in, it may be hard to understand their philosophy.

"Well, they operate on a whole different system of behavior. They have a couple of different volumes of just definitions of their language. They have a whole different language, and one of the terms they use a lot is the word ethics or ethical. When you see that word, you think, 'Oh, we all know what ethics are and what the term ethical means.' They have a different definition of it though. To them, in order for an action to be ethical, what it has to do is to promote the prevalence of Scientology in the world. So anything is ethical as long as it makes Scientology more prevalent. [O]nce you understand that everything they do is designed to promote Scientology in the world then, I guess, it makes more sense."

**Now considering their philosophy, there is something that is hard to understand — John Travolta. It's hard to reconcile him with the actions that took place in the Wollersheim case. He seems so cool (laugh).**

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"(Laugh) I know. I have a hard time with it too. I don't know this. This is just how I perceive it, because I have done that too — 'How can [they]? They seem like nice people.' The celebrities that participate in Scientology — I think Scientology understands that it really needs these people. It really helps Scientology to have all these celebrities as part of their organization, and so, they have to treat them very well. So, they have the celebrity center. Are you familiar with that?

#### The one in Hollywood?

"Yeah, although they do have others, I believe, in other parts of the world, but that is the main one. In fact, I just spoke to somebody who actually had been inside there. It's opulent. It is like a hotel. It's like a refuge for these people. ... They get treated like royalty. This woman I spoke to the other day said she had gone to the celebrity center. ... One of the things she saw was the John Travolta suite. ... It was beautiful she said. Well, if you are John Travolta, (laugh) and you have your own suite at the celebrity center, that's going to seem like a really good deal, and you never get exposed to the evils of Scientology. ... I think there are divisions in Scientology. There are things that some people see. There are things that others absolutely don't see."

#### Do you know why they wear the military uniforms?

"That's part of 'Sea Org' and 'Sea Org' is sea organization. It is something L. Ron Hubbard started. He took Scientology from L.A., and ... eventually, they took to a floating ship called the 'Apollo,' I think. He took all of his most loyal Scientologists aboard a ship, and he created this paramilitary organization. See, he had been in the U.S. Navy, and he made much of his military experience, although it seems he made more out of it than it really was. So, he wanted to be not only the leader of Scientology but also be known as the Commodore, and he was. That's what they called him. In order to be the Commodore, you had to have a bunch of people under you that looked like, you know, military people. That's what they are today. ... They have ranks — captain, lieutenant. ... But those are the most loyal Scientologists. Those are the people who probably do the lion's share of work in Scientology. They sign billion year contracts."

#### A billion? Doesn't that violate some kind of public policy?

"(Laugh) Well, they've never tried to enforce one in a court of law. They do that because they believe people come back and are reincarnated and have several lifetimes."

And you are bound for all those lifetimes, too.

"That's right. You sign up in this life — you're bound for all your future lives too."

#### What do you see as the future for the Wollersheim case— after 17 years?

"Well, you would think that it would come to an end at some point. All I can tell you is that right after Mr. Wollersheim won his original verdict of \$30 million, it was reduced on appeal, a rally was held in Los Angeles, at which their top lawyer at the time, Earl Cooley, was the speaker. It is my understanding that he made a comment to the crowd that 'There would never be one thin dime paid to Larry Wollersheim.' A similar quote was found in a LA Times article at the time, and that became sort of the battle cry — 'Not one thin dime to Wollersheim.' I really think that is how they intend it is going to end up — that no matter what, they are not going to pay a dime to Wollersheim. Certainly, everything that they have done up to this point has demonstrated that is their conviction. It's tempting to think they can't possibly drag this out any longer, but they are so darn good at that (laugh)."

#### What other litigation professionals say about this attorney: Attorney Keri Bush of Woldt & Peterson in Irvine says of Shipe:

"I think she is a great attorney. She writes remarkably well. The cases she has worked, specifically the Scientology ones, are an absolute horror (laugh). I mean, from the attorneys to the game playing to the issues which are things no one has ever heard of before. I tell her constantly that I don't know how she gets through it without blowing her top or turning out like what she has to deal with. She handles it with great aplomb. She loves to research, too, which I think benefits her in these types of cases because there are always new issues." Bush adds: "Cathy is not a bulldog, by any stretch of the imagination, but she is persistent and calm." Attorney Nancy Greenan Hamill of Reuben & Alter in San Francisco says that Shipe "was a great mentor for me. I was grateful for the opportunity to work for her. ... She is a very professional and astute individual." Hamill adds: "She is a lawyer other lawyers should emulate. If there were more attorneys like her, we wouldn't have such a bad reputation (laugh)." Attorney Robert C. Harvey of the Law Offices of Robert C. Harvey in San Diego describes Shipe as a "bright, hardworking and motivated attorney. She is also level-headed. I have seen her do some oral arguments, and she conducts herself really well in oral arguments."

— Kathy Kinsey



# 'Enemy'

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it was just two lawsuits, so I said fine, I'd be willing to do that. ... What they did was, the Scientologists were using what they call FSMs, field staff members, which are outside public members of the organization to act as fronts, and they were fronting a series of Unruh civil rights actions against the CAN which considers Scientology to be a cult. [The suit] stated that CAN was discriminating against them by not allowing Scientologists to join. That's how I got involved in the entire field of Scientology. That was, I think, in late 1991 or 1992. ... Mr. Wollersheim filed the first case, which is Wollersheim I, and the [Church] filed the rest. Wollersheim IV is based in Wollersheim I. In Wollersheim IV, the Church of Scientology of California, which was the defendant in the Wollersheim I case, was on the verge of exhausting every conceivable appeal you can imagine, and they came back with a lawsuit saying that they had 'just discovered' that Judge Swearingin, who had been dead for six months, harbored a secret prejudice against Scientology, and therefore, this was intrinsic fraud that infected the jury, and they wanted to overturn the Wollersheim I verdict and start all over again. Larry Wollersheim was attempting to defend this by himself and some people contacted me. I basically came into the case at that point because [Wollersheim I] was such an important case. ... So, I said, 'OK, this is what we will do: We will file a SLAPP suit motion. We filed a SLAPP motion and then eventually got awarded about \$500,000 in attorneys fees on it. ... As a result of getting involved in that, we began examining what they were doing. They had stripped the Church of Scientology of California of all its assets. They were basically sitting there saying, 'Ha, got away with it.' We looked at the entire structure of what was going on. There is a case out there called Church of Spiritual Technology versus, I think, the IRS. Church of Spiritual Technology is another Scientology church, and in that case they call the corporate structure of Scientology a 'deceptis vidas.' Whatever that means in Latin. But, obviously you get the flavor of it. ... So, basically we undertook a year long project of preparing this motion to amend the judgment to add CSI and RTC which, so far, has been successful. That explain it? That was the long answer."

**In doing some research, your name popped up as an enemy of the church on a web site. How did you get on that list?**

"Anybody who stands up to them is on that list. Are you aware of the 'fair game' policy?"

**Craig Stein described it to some degree.**

"Right now, that I know of, I have the best track record of anybody litigating against them currently."

**So, are you fair game?**

"Oh yeah!"

**What does that mean to you?**

"To me? Not that much. It hasn't been that horrible. I don't want to misconstrue things. I know that I was followed once, or I believe that I was followed once. I have a pretty good basis for it, but otherwise I have avoided most of the pitfalls. They call me names and accuse me of nasty, unethical stuff, but that is pretty typical for whatever opponent they are facing in litigation. Do you know who Graham Berry is?"

**Yes, a quote of his came up in the interview with Ms. Shipe. He stated that litigating Scientology is a great way to develop litigation skills.**

"Yes. Exactly. That's true. I believe that this has made me a much better litigator. ... [I]t has made me a much more efficient litigator because they throw everything and the kitchen sink at you, and you have to be able to control yourself and not react to all this stuff. That's the key to surviving Scientology litigation. These guys are deadly serious. They believe that they can do no wrong. They literally believe that, and they believe that any finding against them is an injustice and that everybody is conspiring against them to destroy them. You cannot get sucked into their world."

**OK, the Church believes that, but they hire firms, often well-known firms, to do their legal work. How do the firms view their client?**

"You know, these well known firms tend to come and go. You will see them on a case for six months or a year and then you won't see them again. ... I suspect that they eventually realize that they are getting farther and farther out on an edge. But, can I prove that? No. That is my suspicion. ... I do not believe that the motions are written by these well-known firms. ... And I have had these lawyers admit to me that they are not writing them. I don't know what the relationship is. They tend to over-lawyer cases unbelievably. They send legions of lawyers when any rational law firm or litigant would send one or two, and they believe by facing you off with a half dozen overpaid lawyers they will either overwhelm you or impress the court so much, that you won't stand a chance."

**Does that have a negative effect in front of juries and judges?**

"Certainly their track record in front of juries has been miserable. As far as judges? I think it doesn't initially have that, but eventually it does. The key, in my opinion, to Scientology litigation is to build on their past record and constantly build on it and come back to the record. It's a real temptation when they are saying some of these outrageous things about your client and doing these horrible things to get sucked into the name calling. I will admit to you, and I am not talking about Larry Wollersheim in particular, but some of my clients have been virtually hysterical. Some of my witnesses have been too, but they have been through hell. I can't blame them. Larry Wollersheim, if he were to ever bring another lawsuit against them, ... the \$30 million that was initially awarded would look like chicken feed. I have no doubt that the Court of Appeal would uphold whatever verdict was rendered against them. [Scientologists] have been constantly using litigation as a bludgeon against this gentleman for 17 years. You know, I am not one of these guys that gets up there and say, 'Lawyers are next to God, and we are wonderful people' and quote from Abraham Lincoln, but it is the most disgusting thing I have ever seen, and it makes one ill to be a lawyer to see how many lawyers from good firms are willing to participate in a simple trashing of the system — just for money."

**What you see happening to your client. Is that one of the things that keeps you going?**

"Yes. Absolutely. I mean there is no big payday in this. You get paid half a million dollars to work on a SLAPP suit? Big deal! You did a million dollars worth of work. ... You get paid \$110 or \$120 an hour for work that you would normally bill out at \$250 to \$300 an hour. I mean, it's not about money. If they want to get rid of me, leave these people alone. Just leave them alone."

**How are they able to recruit people?**



Friday, December 12, 1997

## SETTLEMENTS

"One of the typical ways they recruit is that they will hand you a free personality test. Well, the personality test is loaded. You can't pass it. There will always be something wrong that only Scientology can help, and they will run you through certain simple processes which they will call auditing. ... So, let's take an example of a simple auditing procedure. They will give you auditing procedure called 'bull-baiting,' and this is a process in which you sit with your knees touching the person across from you, ... and you are staring into each other's eyes. That other person is the auditor, and your job is to sit there, unblinking, and stare not at the person's eyes, but at a point, say, several inches behind the back of their head — learn to do that unflinching. So, perhaps a man is sitting there in a chair, they might have an attractive woman walk in the room and rub his leg. They might have another person come in and tell jokes. They might have another person come in a jump up and down behind the person he is staring at. All things that are supposed to distract you, and what you have to learn to do is the stare though this person's head at a point beyond the person's head. Now it is a parlor trick. It has nothing to do with religion. It is a parlor trick, but you can learn to do that. ... It gives the person a sense of power to be able to learn this simple parlor trick and they will go around and use it. 'Wow! They really taught me something that gives me power over people! It really makes me something I wasn't the day before.' They basically teach that to screen out their environment and focus on very narrow points. Well, that obviously has an advantage if you think about how that can aid you in your daily work, to have that simple-minded focus. ... The problem is the environment is also your support. The environment is also what keeps you in touch with reality. So, once you've started getting this single-minded focus, they then take you from these simple-minded premises and begin to get you into the more complex premises, and then begin to isolate you more, so that your contacts are basically all within Scientology and all about Scientology. ... It is a methodology, call it brain washing if you want to, and it is not different in kind from what advertisers do. It's not different in kind from what all religions do. It is not different in kind from going to law school or going to boot camp. It is different in the intensity and focus, by a factor that is quadruple, at least. That is what makes it dangerous. ... It is important for a litigator to understand this. Most people can't survive the first six months, because [Scientologists] are not practicing law. They are practicing Scientology. This is more about Scientology and Scientology doctrine than it is about legal positions. They only use the law as a tool, and it is a tool to 'utterly destroy' their enemies. Those are L. Ron. Hubbard's words."

**So, to litigate against them, you must understand their process?**

"You have to understand it, and what they try to do is *smack* you down and run you over like steamroller in the early stages of the litigation using this massive legal machine they have. You don't understand what's going on around you because if you are evaluating things on a straight legal basis, it does not compute. You see, you have to understand who these people are. Scientology has these secret levels that are called the OT levels. That's where the height of the religious doctrine lies, and they claim that these are not only religious doctrines but also their trade secrets and copyrights. In other words, they switch back and forth between the secular and the religious constantly, and every religion, obviously, has a secular component, but these peo-

ple can strictly be a business in the morning, in the afternoon they can strictly be a charitable operation, in the late afternoon they can switch over to be a book publishing organization and later in the afternoon, when they really need a last hope, they are strictly a religion. They switch back and forth and play this shell game with people."

**So that is why there is a debate about whether they are a business or a religion? Because they keep shifting?**

"The businesses are absolutely controlled by them — these outside businesses that are theoretically secular. ... They *run* these things. WISE is the World Institute of Scientology Enterprises. The WISE program is nothing but a secularized tech of the Church of Scientology. Dianetics is the basis for Scientology, and yet they will market Dianetics as if Dianetics is different from Scientology. Dianetics is the religion. Let me give you an example. These business, they will give [people] the same personality test, and tell them 'We can repair your business and back it and boom — make your profits triple, but you are going to have to apply this tech.' They then take this same tech, which is secularized from the control tech of the Church of Scientology and teach you the basic principles of it. It does help you. There is no question about it. Eventually, it's going to break down, but it does help you, at least in the short term. Once they have you familiarized with the tech, they go in and say 'Look, we have detected some problems. 'Gee, we really can't help you more completely, because we are just in the business of business tech, but we do know who can,' and they refer you to the Church of Scientology and then you take courses from there."

**But why do people pay all that money for courses?**

"They *control* these people. Maybe not the Travoltas and the Cruises who get pampered. They are treated specially. They don't see that side of it. They are prizes within Scientology to use to show the world favorable images of Scientology. They are in separate organizations — Scientology organizations. They are within the celebrity centers, and they get special treatment within them, but the masses of people in Scientology ... I've got declarations from rational professional people who get hooked into one of these business organizations to help their business and within months they have gone through their kids' college funds. They have maxed out their credit cards. They've gone through their savings accounts. They have hocked everything they own. It's unbelievable. ... They *suck* money out of these people like a vacuum."

**What is the future of the Wollersheim case? Will he get his money?**

"I've got a \$6 million judgment against viable entities now. I've got a \$9 million bond sitting on my desk. ... However, if you read the Wollersheim IV case, you will understand what their program is. Their program is to keep litigating, keep litigating, keep litigating on quasi-plausible claims, ... to suck out all possibility he will have a benefit from this judgment. ... They believe they can outlast anybody. I believe we are getting to the end of the game here as to collecting this judgment. However, if they keep harassing Mr. Wollersheim, this ain't the end of the game, They are *terrible* at defensive actions. Terrible! They don't know how to defend a case. All they know how to do is attack. ... The seeds of their destruction lies within that argument in the Wollersheim IV case."

**Do you think the debates in Germany about Scientology's** See 'ENEMY' Page 9

## VERDICTS & SETTLEMENTS

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### 'Enemy'

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**status as a religion is something that is going to spread?**

"It's not going to spread to this country, because we have an entirely different concept of freedom of religion here than in Germany. But, it is not just Germany. It's Germany. It's Greece. It's Italy. It's Spain. It's Sweden. It's Russia. It's France. It's Switzerland. Virtually all these countries have pegged them and know what they are — this is nothing but a money making machine. This is not to say these people do not have a religious philosophy, but, in the end, this is a huge money making machine that grinds up people and spits them out. In my opinion, this organization represents the most serious threat to our legal system that I know of. Period. Bar none."

**What other litigation professionals say about this attorney:** Attorney John C.

Adams of Hunt & Adams in Santa Ana has known Leipold for a number of years and says: "I think he is an excellent attorney.

... He has been involved in a lot of very complicated cases. You know, he is a person that I certainly would go to myself if I needed to be represented in a litigation matter. ... I think he has reputation for being honest in his dealings and someone whose word you can rely on." Adams adds: "You know he is going to fight hard in a case. He is going to fight hard on the case, but it is going to be done in an above the board manner and in a way that doesn't personalize things." Jean Hobart of the Law Offices of Jean Hobart in Irvine is Leipold's opposing counsel on a pending case and says: "I think he has done an excellent job for his client. He is extremely knowledgeable in a very specialized area of which this litigation involves. He is a meaningful opponent. He is extremely well qualified to defend his clients and is extremely professional. He has a real commitment to his clients." — Kathy Kinsey