

# Scientologists promised to care for woman who later died

**SUMMARY:** When Scientologists took Lisa McPherson from Morton Plant Hospital, they said they would provide constant care. Seventeen days later, she was dead on arrival.

By CHERYL WALDRIP  
of The Tampa Tribune

**CLEARWATER** — On the day Lisa McPherson signed herself out of Morton Plant Hospital's emergency room, fellow Scientologists promised to take good care of her.

"Her friends at Scientology will watch her 24 hours a day and be sure that she gets the care that they want her to have and the patient wants to have," physician

Flynn Lovett wrote in McPherson's medical records on Nov. 18, 1995. "I told them I felt this was OK."

McPherson left with members of the Church of Scientology, who took her to the church's headquarters at the Port Harrison Hotel in downtown Clearwater.

Seventeen days later, church members took her to HCA (Columbia) Hospital in New Port Richey, where she was dead on arrival. Doctors could not revive her. She was 36.

Her death was caused by a blood clot brought on by "bed rest" and "severe dehydration," according to an autopsy by the Pinellas-Pasco Medical Examiner's Office.

Her arms and legs were bruised. She had abrasions and what appeared to be bug or animal bites.

Clearwater police are investigating her death.

The medical records, provided by McPherson's family, reveal she had a "very minor" car accident on Nov. 18, 1995. At the scene, McPherson took off her clothes, and paramedics took her to Morton Plant for evaluation. The records show she had "no evidence of [any] acute medical problem or injury."

But mentally, she was troubled. "She stated she needed to talk," Lovett's report said. "She took her clothes off

to make people think she was crazy. She kept switching topics back and forth. ... The Scientologists arrived and told me that they did not want her to see a psychiatrist and that they would be able to handle her themselves."

With her "friends from the congregation" at her bedside, McPherson spoke in a monotone, had a fixed stare through teary eyes and appeared forgetful or confused at times, according to a report by psychiatric nurse Joseph Price.

Asked about her "bizarre behavior," McPherson told Price, "I did it [look like that] because I was scared." See SCIENTOLOGISTS, Page 2

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## SCIENTOLOGISTS/Member left hospital, died

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clothes off] for attention — I did not want to be arrested."

"Patient states, 'I want to go home. [with] my friends from the congregation — I won't do anything to harm myself.'"

Lovett's evaluation shows McPherson said she did not want to stay in the hospital, and, although "we feel that she does have a psychiatric problem," doctors could not commit her under the state's Baker Act because she was not a danger to herself or others.

Lovett told her he thought she was capable of making a rational decision about leaving, and she signed herself out against medical advice.

"Again, the Scientology group will observe her very closely and will give her whatever care that they want to do for this problem she

is having," Lovett wrote.

Her family was never notified. McPherson had been in a car accident, or that she was mentally unstable, until after her death. Instead of listing her mother as next of kin, Morton Plant records list her supervisor at a Scientologist-owned company.

Asked about the statements in the medical records, Scientology attorney Elliot Abelson said, "That's exactly what we told the Clearwater police and exactly what we told you, and we're really happy it came out."

Abelson said the church "watched her carefully" and that she was not ill until the day she died on Dec. 5, 1995.

Medical records from the New Port Richey hospital where McPherson was taken upon her death show she had a staph infection. Scientology officials have said it was "se-

vere" and have suggested it contributed to her death.

Medical Examiner Joan Wood said Friday it did not.

Wood said she could not comment on the length of time McPherson had been dehydrated prior to her death, except to say "this didn't happen in two or three hours."

## Scientologists And IRS Settled For \$12.5 Million

Accord in 1993 Also Called  
For Church to Set Up  
Tax-Compliance Panel

By ELIZABETH MACDONALD

Staff Reporter of THE WALL STREET JOURNAL

The Church of Scientology paid the federal government \$12.5 million as part of a broad 1993 settlement with the Internal Revenue Service under which the church's main branch secured its tax-exempt status.

According to a copy of the settlement, details of which have never before been made public, the church also agreed to set up a special "church tax-compliance committee," composed of high-level church officials, to monitor its adherence to the pact and to laws governing nonprofit organizations.

Further, the church agreed to drop thousands of lawsuits filed against the IRS in courts around the country and to stop assisting people or groups suing the agency based upon claims prior to Oct. 1, 1993, the settlement date. Any Scientology member or organization that sues based on those claims could face IRS penalties.

The 1993 agreement was nearly unprecedented and brought an end to an extraordinary battle. Starting in 1967, the IRS had argued that the main Scientology church should lose its tax-exempt status because it was a for-profit business that enriched church officials. The church's response was an all-out attack: filing suits against the IRS, feeding negative stories about the agency to news organizations, and supporting IRS whistle-blowers.

The church's \$12.5 million payment was intended to cover the church's payroll, income and estate-tax bills for an undisclosed number of years prior to 1993. It is unclear how much money the IRS originally sought.

### More Provisions

Other major provisions of the settlement:

- The IRS canceled the payroll taxes and penalties it had assessed against certain church entities and seven church officials, including church leader David Miscavige. (The pact doesn't specify the amount of these bills). It also dropped liens and levies it had filed against these entities and officials for these bills.

- The church tax-compliance committee was required to give the IRS annual reports for 1993 through 1995 disclosing how much the church paid its 20 top-compensated officials, as well as the finances of 23 member churches, businesses and organizations. Failure to file the reports could result in penalties of as much as \$75,000 for each committee member.

- The IRS can impose as much as \$50 million in penalties on certain church entities if the IRS finds that they repeatedly spend church funds on noncharitable purposes, including enriching themselves. The penalties would be in effect through 1999.

- The IRS dropped its audits of 13 Scientology organizations, including the mother church, the Church of Scientology International, and agreed not to audit the church for any year prior to 1993. The IRS also dropped litigation to enforce summonses for church records.

Regulating the activities of churches

has long been a prickly area for the IRS. The First Amendment generally prohibits the government from determining what is and isn't a valid church; yet the tax-collection agency is charged with making certain that churches don't abuse their tax-exempt status, since taxpayers effectively subsidize their operations. The Scientology settlement shows just how difficult it is to walk that line.

IRS officials refused to discuss the settlement, citing confidentiality rules. Spokesman Frank Keith said the IRS granted Scientology tax-exempt status "because the church provided adequate documentation and information to us to enable us to make the determination that they met the legal standards under the law and that they were legally entitled to tax-exempt status."

Monique Yingling, a lawyer for the church, declined to comment on details of the agreement but said the church "does comply with the tax laws." She added that the church "received a more in-depth standard of scrutiny than other religions." Ms. Yingling also said that the church's \$12.5 million payment was not a tax bill but was "meant to resolve all outstanding disputes" between the church and the IRS.

"At one time the IRS asserted [that the church owed] hundreds of millions of dollars, [and] it might have gone as high as a billion dollars," Ms. Yingling said. The IRS so far has not assessed any penalties against the church as spelled out in the agreement, she said.

Some tax experts worry the settlement may prove it pays to harass the tax agency. "The IRS normally settles on tax issues alone," said Robert Pink, a New York tax lawyer who reviewed the agreement. "What the IRS wanted was to buy peace from the Scientologists. You never see the IRS wanting to buy peace."

### Established in 1954

The Church of Scientology was established in Los Angeles in 1954 and was granted tax-exempt status in 1957. But 10 years later, the IRS pulled the tax exemption for the main church in California, although not for any other branches, according to church officials. The IRS claimed that founder L. Ron Hubbard and his family were enriching themselves with church funds. Subsequently, courts also noted that the church makes money from the sale of Scientology books and materials, as well as its "sacrament" of "auditing," in which members generally are required to pay church-trained "auditors" to hook them up to a device that is supposed to purge negative thoughts.

The settlement, which lets Scientologists deduct on their individual tax returns "auditing" fees as donations, supersedes the IRS's earlier rule denying such deductions — a position that was backed by the U.S. Supreme Court.

The church owns an estimated \$300 million in assets; between 1988 and 1992, according to church documents filed with the IRS, its revenues totaled about \$1.1 billion. In a separate IRS filing, the church said it may spend an estimated \$114 million for a variety of church-related activities, including designing titanium time capsules to hold Mr. Hubbard's "scriptures." Mr. Hubbard died in 1986.

A trust that oversees the church's 7,056-ton, 440-foot cruise ship, Freewinds, also got tax-exempt status. According to church filings with the IRS unrelated to the pact, the church uses the ship, which is docked in Curacao and "has sailed almost exclusively in the Caribbean," as a "seagoing religious retreat" for church parishioners. The church bought the ship with \$5 million in donations in 1986.

**WSJ Journal Link:** For the text of the Internal Revenue Service's settlement with the Church of Scientology, see The Wall Street Journal Interactive Edition at <http://wsj.com>

# The New York Times

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## \$12.5 Million Deal With I.R.S. Lifted Cloud Over Scientologists

By DOUGLAS FRANTZ

The Church of Scientology paid \$12.5 million to the Federal Government in 1993 as part of a settlement with the Internal Revenue Service that granted tax-exempt status to the church and ended a long and bitter battle with the agency.

The payment was part of a landmark agreement, whose details had been kept secret until yesterday, that saved the church tens of millions of dollars in taxes and provided Scientology with an invaluable public relations tool in its worldwide campaign for acceptance.

In addition to the \$12.5 million payment, the agreement required the church to create an internal oversight committee of high-level church officials to monitor its compliance with tax laws and report annually to the tax agency for three years, according to a copy of the 76-page settlement agreement.

As part of the settlement, the church agreed to drop its lawsuits against the Internal Revenue Service and its officials and to stop helping church members who, along with the church itself, had brought 2,200 lawsuits against the agency and its officials over the years. In exchange, the tax agency stopped its audits of 13

major Scientology organizations, dismissed tax penalties and liens against some church organizations and granted tax-exempt status to 114 Scientology-related entities in the United States.

The outline of the agreement was announced by the tax agency in October 1993. But the details had been kept secret as private taxpayer information. Those details were first disclosed yesterday by The Wall Street Journal and copies of the agreement were subsequently posted on at least two Internet sites, including one operated by The Journal.

The agreement, signed on Oct. 1, 1993, represented a sharp reversal for the tax agency. For 25 years, the agency had refused to provide Scientology with the blanket tax exemption accorded bona fide churches.

The agency had contended that Scientology operated as a for-profit business that enriched some church officials. In response, the church had mounted an aggressive campaign against the revenue service and individual agency officials. In a campaign first described last March in

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## \$12.5 Million I.R.S. Deal Lifted Scientology Cloud

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The New York Times, private detectives dug into the backgrounds of agency personnel and the church helped finance an organization of agency whistle-blowers. According to the settlement document, two church leaders, David Miscavige and Mark Rathbun, approached the agency in October 1991 seeking to negotiate a resolution of the long-standing dispute.

Fred T. Goldberg Jr., the Commissioner of Internal Revenue at the time, met with the church officials and indicated that he, too, wanted to resolve the outstanding issues, the document said. Over the next two years, the agency conducted an exhaustive inquiry into the finances and operations of the church. The result was the final agreement reached in October 1993.

The Church of Scientology was founded in the 1950's by L. Ron Hubbard, a science fiction writer who died in 1986. Its adherents believe that Scientology's self-help techniques and counseling sessions, known as auditing, can help people live more productive and satisfying

lives. But the cost of the auditing sessions, which can run into thousands of dollars an hour, have drawn criticism as have the church's aggressive tactics toward its critics.

The newly disclosed details of the agreement show that the church agreed to more Federal Government intrusion than perhaps any religious organization has ever allowed.

Along with creating the oversight committee, called the Church Tax Compliance Committee, Scientology agreed that the tax agency could impose penalties of as much as \$50 million on specific church organizations if they repeatedly spent money on noncharitable purposes from the time of the agreement through the end of 1999.

Mr. Rathbun, a senior Scientology official and member of the oversight committee, said the church was willing to accept the monitoring because it had nothing to hide. "When you are as pure as the driven snow, it doesn't mean anything," Mr. Rathbun said of the oversight. "We're doing what we have always done, and that is operating for religious and charitable purposes."

Frank Keith, a spokesman for the revenue service, said he could not

comment on any details of the settlement because of the taxpayer privacy law. He said only that the agency had determined after a long inquiry that Scientology was entitled to its tax exemption. The settlement document does not disclose how much in back taxes the agency has sought from the various Scientology entities under investigation at the time of the agreement.

But Mr. Miscavige, the church's highest ecclesiastical leader, told a gathering of members in 1993 that the tax bill could have been as much as \$1 billion. Along with dismissing the audits and erasing any back-tax liability, the revenue agency reversed an earlier ruling and said that Scientologists could deduct from their taxes the money that they paid to the church for auditing sessions.

In recent years, the church has made use of the tax agency's decision both to raise contributions from its members and to counter criticism from foreign governments about its practices.

It is not known how much the tax agency has spent investigating Scientology or defending itself against the hundreds of lawsuits filed by the church and its members.