

Exhibit

73

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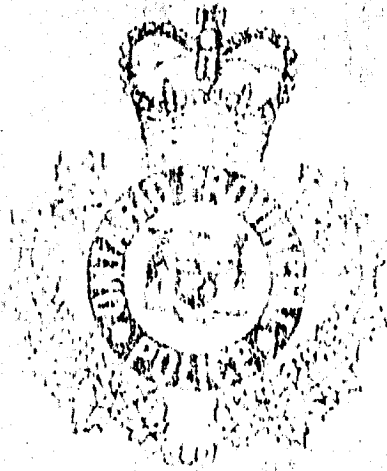
(INFORMATION TO OBTAIN)

Exhibit 62

Rec'd

7/7/83

lv.



INFORMATION TO
OBTAIN A SEARCH
WARRANT

FORM 1

(Criminal Code, section 443)

INFORMATION TO OBTAIN
SEARCH WARRANT

CANADA PROVINCE OF ONTARIO JUDICIAL DISTRICT OF YORK	INFORMATION OF Detective Sergeant A. CIAMPINI of the Ontario Provincial Police, a police officer in the said Judicial District of York.
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The informant says that he has reasonable and probable grounds to believe and does believe that there is (are) in a certain building, receptacle or place, namely, the premises owned by Church of SCIENTOLOGY of Toronto, to include the offices of the Church of SCIENTOLOGY of Toronto, the offices of Church of SCIENTOLOGY of Kitchener, Church of SCIENTOLOGY of the Annex, Church of SCIENTOLOGY of Niagara, Church of SCIENTOLOGY Mission of London, Flag Operations Liaison Office, Continental Publications Liaison Office Canada, The Dianetic Foundation, Dianetic Counselling Group of North Toronto, Religious Research Foundation, Narconon Guardian Office Toronto, Guardian Office Canada (hereinafter referred to as SCIENTOLOGY) located in the:

Basement - excluding restaurant storage room, 1st (street-level) floor - excluding main entrance area, lobby, restaurant, 2nd floor, 3rd floor, 4th floor - Scientology offices to include FOLO, Continental Publications Liaison Office Canada (CPLO), Estates, 7th floor - offices on west wall only at 696 and 700 Yonge Street, Toronto, Ontario, certain things, to wit:

THINGS TO BE SEARCHED FOR

1. CENTRAL FILES - which would include the files opened on individuals who have purchased a service or book from SCIENTOLOGY so that future contact by phone or mail can be made with that person, including the addresso plates made from the central files, which are used for the bulk mailing of various SCIENTOLOGY literature which is sent out on a regular basis.
2. GUARDIAN OFFICE STAFF MEMBERS PRE-CLEAR FOLDERS AND CLEAR FOLDERS - which contain the information given to the auditor by the Pre-Clear and Clear during auditing sessions in Dianetics or SCIENTOLOGY processing.
3. BULK FILES - which contain copies of HUBBARD COMMUNICATION OFFICE Policy Letters and Bulletins, Board Policy Letters and other communications used in the administration of SCIENTOLOGY.
4. STAFF PERSONAL FILES - which include the signed contracts and other biographical data on staff members.
5. ETHICS FOLDERS - which contain favourable or unfavourable comments or information placed therein by an Ethics Officer or other staff members.
6. FLAG OPERATIONS LIAISON OFFICE (FOLO) - which contain documents from L. Ron HUBBARD and others dealing with the operation of SCIENTOLOGY Orgs in Canada as listed in Paragraph 15.

7. GUARDIAN OFFICE
TORONTO FILES

- which will include personnel files on staff members, field staff members and guardian assistant Scientologist (GAS) members
- pre-clear and clear folders on Guardian office staff and former staff members
- files on suppressive persons (SP's), potential trouble sources (PTS), files on enemies, files on enemy groups, files on potential enemies, files on potential enemy groups
- files on persons and groups in doubt
- intelligence and research files on individuals and groups
- files copied, borrowed, removed or stolen from Federal, Provincial, Municipal Government offices, private organizations and private individuals
- instruments for use in covert operations such as break and entering devices or wiretap equipment
- files relating to the SNOW WHITE Program and telex messages, internal memos, bulletins, directives, orders, long distance telephone tolls and documents relating directly to the SNOW WHITE Program or other covert operations
- financial records, documents, ledgers, invoices, books of accounts, journals and bank records relating to the Guardian offices
- directives or management files, books, policy letters, memos and orders relating to the overall direction or management of the Guardian office and other communications from those

groups in paragraph 15, relevant to the operation of the Guardian Office

3. GUARDIAN OFFICE CANADA FILES

- files relating to the training material of Guardian office staff members
- which will include personnel files on staff members, field staff members and guardian assistant Scientist (GAS) members
- pre-clear and clear folders on Guardian office staff and former staff members
- files on suppressive persons (SP's), potential trouble sources (PTS), files on enemies, files on enemy groups, files on potential enemies, files on potential enemy groups
- files on persons and groups in doubt
- intelligence and research files on individuals and groups
- files copied, borrowed, removed or stolen from Federal, Provincial, Municipal Government offices, private organizations and private individuals
- instruments for use in covert operations such as break and entering devices or wiretap equipment
- files relating to the SNOW WHITE Program and telex messages, internal memos, bulletins, directives, orders, long distance telephone calls and documents relating directly to the SNOW WHITE Program or other covert operations

- financial records, documents, ledgers, invoices, books of accounts, journals and bank records relating to the Guardian offices
- directives or management files, books, policy letters, memos and orders relating to the overall direction or management of the Guardian office and other communications from those groups in paragraph 15, relevant to the operation of the Guardian office
- files relating to the training material of Guardian office staff members
- which contain information relating to payments made in respect to courses, services, books, literature, E-Peters, audio and video tapes, jewellery and other items sold for the promotion of SCIENTOLOGY and price lists for the aforementioned
- information on monies classified as donations
- Claims Verification Board (C.V.B.) files showing demands for refunds and responses thereto.
- freeloaders files which contain information in regards to money owed for courses and services taken by staff members who have left the org before completing their contracts.
- debtors files which contain names of persons and organizations owing money to SCIENTOLOGY.
- which include the documents to support the day-to-day operation of SCIENTOLOGY which

9. TREASURY FILES

would include the Assistant Guardian Finance records, the Flag Banking Officer files, audit reports, Estates files and cheques payable to or returned from Religious Research Foundation (R.R.F.) and other SCIENTOLOGY organizations listed in Paragraph 15

10. LRH COMMUNICATOR FILES - which include policy letters, bulletins, memos, directives and other communications from CHURCH OF SCIENTOLOGY HEADQUARTERS WORLD WIDE, Saint Hill Manor, East Grinstead, Sussex, England, FLAG, International Management Organization, Clearwater, Florida, FLAG OPERATIONS LIAISON OFFICE, L. Ron HUBBARD, Mary Sue HUBBARD, and groups listed in Paragraph 15.

11. CONTINENTAL PUBLICATIONS-Continental Publications Liaison LIAISON OFFICE (CPLO) office Canada Files which include CANADA FILES records, transcripts and invoices in regards to the purchase and re-sale of E-Meters, video and audio tapes, literature, books and other items sold to promote SCIENTOLOGY.

12. BOOKS OF ACCOUNT - including Sales Journals, Cash Receipts Journals, Purchase Journals, Cheque Disbursements Journals, General Journals, Minute Books, Financial Statements, Price Lists, Sales Invoices, Customer Statements, Supplier Invoices and Statements of Account, correspondence, contractual agreements between CHURCH OF SCIENTOLOGY and its organizations, missions, students, members, customers and suppliers,

Bank Deposit Slips (Books), Bank Statements, Paid Cheques, Cancelled Cheques, Passbook Withdrawal Slips, Debit and Credit Memos, Bank Drafts, Bank Resolutions, telex messages, Payroll Journals, and other like documents relating directly to the financial affairs of the said SCIENTOLOGY in respect to the Flag Banking Office, Treasury, Day and Foundation Organizations, Guardian Office, Toronto and Canada, Flag Operations Liaison Office and the Canadian Publications Liaison Office.

13. ARTICLES

- Devices commonly known as E-Meters models Mark V and Mark VI (one of each).

14. PUBLICATIONS (One of Each):

Dianetics: The Modern Science of Mental Health
 What is Scientology
 Handbook for Preclears
 Dianetics Today
 Have You Lived Before This Life
 Introduction to Scientology Ethics
 Volunteer Minister's Handbook
 Child Dianetics
 Modern Management Technology Defined
 Technical Dictionary
 All About Radiation
 Complete Organizational Executive Course (8 volumes)
 Complete Organizational Executive Course Checksheets
 Management Series and Checksheet
 HCO PL Subject Index
 HCO PL Chronological Packs (9) and Index

Tech Volumes (12 Volumes)

Research and Discovery (Volume 1 and 2)

Scientology Abridged Dictionary

Book of E-Meter Drills

E-Meter Essentials

Introduction to the E-Meter

Understand the E-Meter

PACKS:

Hubbard Personal Ethics and Integrity Course

Hubbard Qualified Scientologist Course

New Era Dianetics Course

New Era Dianetics Update Pack

New Era Dianetics Internship

New Era Dianetics Graduate C/S Course

New Era Dianetics C/S Internship

New Era Dianetics Hard TR's

Level 0

Level 1

Level 2

Level 3

Level 4

Level 4 Internship

Level 4 Graduate Internship

Student Hat Pack

Confessional Course

Ministers Course

Hubbard Ethics and Justice Specialist Course

PTF/SP Course

PTG/SP Update Pack

New E-Meter Course

SERIES PACKS:

Admin Know-How Series

Executive Series

Marketing Series

FULL HAT PACKS

FSM Advanced Sales Course

Staff Status 0 (LRH Checksheet)

Staff Status 1 (LRH Checksheet)

Treasury Secretary Full Hat

FBO Full Hat

FBO Admin. Full Hat

Reg Sales Course

FD/CO Full Hat

FP Full Hat

TAPES

Philadelphia Doctorate Course Lectures

15. Documentation with respect to financial transactions between Scientology Toronto and those groups listed below and documents with respect to the Guardian's Office Operations between Scientology Toronto and:

ORGS. MISSIONS

WASHINGTON, D.C.

LOS ANGELES

SAINT HILL

MONTREAL

EDMONTON

WINNIPEG

NIAGARA FALLS

HALIFAX

QUEBEC CITY

VANCOUVER

KITCHENER

OTTAWA

ST. ETIENNE

NEW YORK

LONDON, ENGLAND

LONDON, ONTARIO

BUFFALO

WINDSOR

CALGARY

SEA ORG-ORGS

AOLA

Advanced Org Los Angeles

ASBO D

Advanced Saint Hill Org Day Org

ASBO F

Advanced Saint Hill Org Foundation Org

ASBO U

Advanced Org Saint Hill United Kingdom

CONTINENTAL FLAG OPERATIONS LIAISON OFFICES

WUS

Western United States

CAN

Canada

EUS

Eastern United States

GUARDIAN OFFICES

Guardians Office World Wide

Guardians Office United States

Other Guardian Offices around the world

PUBLICATIONS ORGS

Publications Organization United States

Bridge Publications

Publications Organization Denmark

New Era Publications

AFFILIATED ORGANIZATIONS

Dianetic Counselling Group of North Toronto

2295A Yonge Street

Toronto

The Dianetic Foundation

696 Yonge Street

Toronto

Religious Research Foundation

Narconnon

Education Alive

Citizens Commission for Human Rights

Parents Interested in Education

Learning, Interest and Motivation

Applied Scholastics Inc.

Commission on Police Reform

Freedom

National Commission on Law Enforcement and Social Justice

Committee for the Protection of Religious Liberty

World Institute of Scientology Enterprises

Church of Scientology International

Flag Land Base and Its Associated Orgs.

Church of Scientology World Wide and Its Associated Orgs.

See Org Reserves or Special Org Reserves known as S.O.R.

LAFAYETTE MEDICAL CENTRE

Dr. Zoltan RONA

Dr. Kathleen KERR

Dr. Paul JACONELLO

16. The above described documents to be searched for are to relate to the time period January 1, 1976 to February 15, 1983 with the exception of those documents described in paragraphs 7 and 8 which are to relate to the time period January 1, 1972 to February 15, 1983 - all the above described things to be searched for to relate directly to the below described offences.

OFFENCES IN RESPECT OF WHICH SEARCH IS TO BE MADE

17. And the informant for this warrant states that he has reasonable grounds to believe that the above described things to be searched for will afford evidence in respect to the commission of offences against the Criminal Code of Canada, to wit:

that L. Ron HUBBARD, Mary Sue HUBBARD, CHURCH OF SCIENTOLOGY of Toronto and Garry JEPSON (President), Dan CROCI (Secretary), Arnette PEARSE (Treasurer) Kathy WHITMORE (Past Secretary), and others unlawfully did between January 1, 1976 and February 15, 1981 at the City of Toronto, in the Judicial District of York and elsewhere in Canada commit an indictable offence, to wit: by deceit, falsehood or other fraudulent means did defraud Her Majesty the Queen in Right of the Province of Ontario (Province of Ontario, Ministry of Revenue) and Her Majesty the Queen in Right of Canada (Government of Canada, Department of National Revenue, Taxation) of money, property, valuable securities of a value exceeding \$200.00 by representing to those officials responsible for registration of non-profit corporations under THE CORPORATIONS TAX ACT of Ontario and THE INCOME TAX ACT of Canada that SCIENTOLOGY was a non-profit organization, collecting "donations" from its members, without distribution of profit to any of its proprietors or members thereby obtaining non-profit status and exemption from corporate taxes otherwise payable while the said SCIENTOLOGY in fact distributed and paid monies or profits raised by the Church of Scientology to the personal use of L. Ronald HUBBARD, Mary Sue HUBBARD and other members of the Church of Scientology, such profits arising from the sale of courses and other materials, contrary to Section 332(1)(a) of the Criminal Code of Canada. (Offence 501).

And further that L. Ron HUBBARD, Mary Sue HUBBARD, CHURCH OF SCIENTOLOGY OF TORONTO, Garry JEPSON (President), Dan CROCINI (Secretary), Armelle PEARSE (Treasurer), Kathy WHITMORE (Past Secretary)

and others unlawfully did between January 1, 1976 and February 15, 1983 at the City of Toronto, in the Judicial District of York and elsewhere in Canada, commit an indictable offence, to wit: did defraud the public, more specifically persons to whom Scientology made representations concerning the qualities of, and benefits receivable from, courses, including the Purification Rundown, and from E-Peters, for sale at costly prices in no way related to the real value of such things, such things being without the represented qualities and incapable of providing the represented benefits, thus by deceit, falsehood or other fraudulent means defrauding such persons of money, property or valuable security of a value exceeding \$200.00 contrary to Section 328(1)(a) of the Criminal Code of Canada. (Offence #2)

And further that L. Ron HUBBARD, Mary Sue HUBBARD, CHURCH OF SCIENTOLOGY OF TORONTO, Hilarie ROCKL, Scott CAMMICHAEL, Harvey SCHMIEDEKE, Nicole CRELLIN, Marion EVOY, William O'NEARA, Garry JEPSON, Dan CROCINI, Armelle PEARSE, and others unlawfully did between January 1, 1972, and February 15, 1983 at Toronto, in the Judicial District of York, and elsewhere in Canada, commit an indictable offence, to wit: did conspire together and with other persons to effect a lawful purpose, the operation of Scientology-owned and controlled companies and organizations, by unlawful means, to wit: the use of the GUARDIAN OFFICE OF SCIENTOLOGY to commit indictable offences, including theft, and, break, enter and theft, when perceived necessary by the said persons to protect the interests of Scientology contrary to Section 423(2) (b) of the Criminal Code of Canada (offence #3).

13. And the informant says that he has reasonable grounds to believe that the above-described things to be searched for in respect of the above-described offences are in the said location and verily does believe based on the following sources and grounds of belief:

I N D E X

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CHAPTER 1 - BACKGROUND AND STRUCTURE

19. The sources of the grounds of belief for the statements in paragraphs 25 to 44 below are based upon the following investigative sources:
20. a) A confidential source (herein after referred to as source (#1) believed to be reliable. The informant has known the said source for about ten (10) years to be a person and citizen without a criminal record. The said source was a former minister of SCIENTOLOGY at Toronto and personally familiar with the operations of SCIENTOLOGY prior to 1972. Source #1 has on prior occasions given evidence under oath before the courts on the operation of SCIENTOLOGY.
21. b) In depth study and examination of SCIENTOLOGY publications, documents and writings in the possession of the informant, previously and currently in force in SCIENTOLOGY, Toronto; the Organizational Executive Course, volumes 0-7, plus Index and Modern Management Technology Defined, last reprinted in 1976.
Dianetics and Scientology Technical Dictionary last reprinted in 1975.
Technical Bulletins last reprinted in 1979.
Hubbard Communication Office Policy Letters Chronological Pack from 6 January 1970 to 28 December 1980, printing date unknown.
All of the above are currently on sale and used in the practice of SCIENTOLOGY at Toronto.
22. c) Other public documents from Canada and the United States of America, including court-filed documents, and judgments relating to SCIENTOLOGY, true copies of which are in the possession of the informant.

23. d) Correspondence and documentation forwarded by SCIENTOLOGY Toronto to Ministries of the Ontario Government during 1980, 1981 and 1982.
24. e) Original letters of response to the Ontario Provincial Police inquiries regarding the background of L. Ron HUBBARD, some true copies of which are included in Appendix 41, pages 4 to 11.
25. SCIENTOLOGY was created by L. Ron HUBBARD. The first CHURCH OF SCIENTOLOGY was incorporated on February 18th, 1954, in Los Angeles, California, U.S.A. (See Articles of Incorporation, Appendix VII, pages 144 to 165). The Church of Scientology of Toronto was incorporated in Ontario on September 3, 1967. (See Letters Patent, Appendix VII, pages 137 to 143).
26. SCIENTOLOGY's doctrines are adopted from the writings of Lafayette Ronald HUBBARD, most prominent of which is "DIANETICS: THE MODERN SCIENCE OF MENTAL HEALTH", first published in the early 1950's. (See Organization Executive Course, Book 2, HCO Bulletin of April 23th, 1960, page 91).
27. From this emerged an international network of independently incorporated but centrally controlled organizations called the CHURCH OF SCIENTOLOGY. Controlling this vast network of organizations is a man about whom it is reasonably believed that an autobiographical myth was created. (See Appendix I Pages 1 to 3).
28. The herein alleged ambiguous and fraudulent claims made by HUBBARD on behalf of himself and SCIENTOLOGY are nonetheless believed by its many adherents throughout the world.

29. Some of the extraordinary claims credited to his own experiences and knowledge are found in literature published and disseminated by SCIENTOLOGY.
30. Claims of what SCIENTOLOGY professes him to be have been gathered from many sources also published by SCIENTOLOGY. When dealing strictly with the Province of Ontario, the informant has examined these publications in which SCIENTOLOGY defines such words as church, religion and why it claims to be a religious organization.
31. Included is correspondence to various Ministries of the Government of Ontario, excerpts from SCIENTOLOGY "objectives" as filed with the Province to obtain status as a registered non-profit organization, applications to the Supreme Court of Ontario and newspaper advertisements. (See Appendix II, Pages 17 to 27).
32. SCIENTOLOGY describes itself as a religion but did not adopt this guise to describe its operation until approximately 1954. (See Appendix II, Pages 6 to 16).
33. As SCIENTOLOGY evolved through the years it has been the subject of other inquiries and investigations both in Ontario and abroad. (See Appendix III).
34. One of the most significant years in SCIENTOLOGY was 1966 when HUBBARD established the post of The Guardian and Assistant Guardian on March 1st.
35. The post of Guardian was quote: "To help L. Ron HUBBARD enforce and issue policy, and to safeguard SCIENTOLOGY organizations, Scientologists and Scientology".

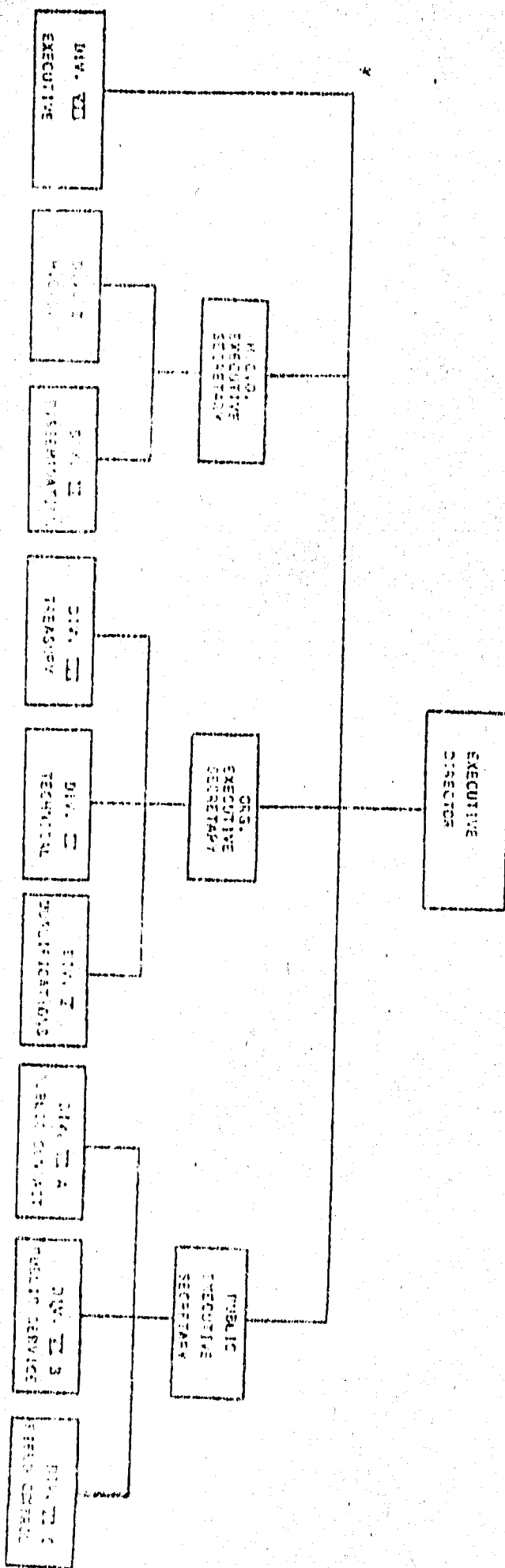
36. The Assistant Guardian post was also created on that date and to be appointed only by the Guardian.
37. Other significant posts established were: CHURCH OF SCIENTOLOGY OF CALIFORNIA WORLD WIDE GUARDIAN OFFICE (G.O.) the CHURCH OF SCIENTOLOGY OF CALIFORNIA UNITED STATES (G.O.), and on September 1st, 1966, L. Ron HUBBARD resigned from the Board of Directors and the post of Executive Director and was given the title FOUNDER, to continue his research and writing. (Source for Paragraphs 34 to 37 is SCIENTOLOGY publication, "What is Scientology", page 142).
38. However, as is submitted below, there are reasonable grounds to believe on the basis of investigation including examination of legal documents, that HUBBARD and his wife, Mary Sue HUBBARD, are in complete control of this vast network of commercial enterprises or franchises. The source for this is found in the following Paragraphs 39 to 44.
39. In the Stipulation of Evidence agreed to by counsel for the United States and all defendants including counsel for Mary Sue HUBBARD, entered in the United States of America vs Mary Sue HUBBARD et al, in the United States District Court for the District of Columbia, #78-401 Criminal, October 1979, Page seven (7) quotes, "At all times material to the indictment, (indictment period Nov. 1978 - June 1977), L. Ron HUBBARD was by virtue of his role of founder and leader of SCIENTOLOGY overall supervisor of the Guardian Office.
40. His wife, the defendant Mary Sue HUBBARD, held the titles of "Controller" and "Commodore Staff Guardian" (C.S.G.) and, as the second person in the hierarchy of SCIENTOLOGY, had duties which included supervision of the Guardian Office". (See Appendix IV, Pages 21 and 22).

41. This stipulation was agreed to by all the defendants and eventually Mary Sue HUBBARD was convicted of a criminal conspiracy against the U.S. Government and sentenced to five (5) years in jail and fined ten thousand dollars (\$10,000.00).
42. Subsequently, the United States Court of Appeals (District of Columbia Circuit) October 2nd, 1981 found the HUBBARDS to be first and second highest officials in the SCIENTOLOGY organization during the indictment period, November 1973 to June 1977.
43. SCIENTOLOGY, through the Guardian Office, established a programme named "OPERATION BULLDOZER LEAK", date of 21 July, 1976, G.O. Program 408, OT9, the stated purpose of which was to spread the rumour that L. Ron HUBBARD had no control of SCIENTOLOGY and no legal liability for it. (See Appendix IV, page 370).
44. The above mentioned decision in the United States Court of Appeals (para. 43) also found that "OPERATION BULLDOZER LEAK", the stated purpose of which was to spread the rumor that L. Ron HUBBARD has no control over SCIENTOLOGY and no legal liability for it, also found that the "Red Box" effort to hide key personnel and key documents, showed efforts of concealment attributed to L. Ron HUBBARD.
45. a) The source for paragraphs 46 to 66 is information received directly from Provincial Constable Joao Cunha, an Ontario Provincial Police Constable, a person in my command whom I have known personally for about two (2) years as reliable and trustworthy. The said Constable was employed as an undercover police officer in the Toronto Day Org from March 1981 to February 1982 and has stated to me details and information from personal observation and experience which I believe to be accurate, hereinafter referred to as source #2.

- b) Source for paragraph #63 and paragraphs #330 to #340 is the information received directly from Provincial Constable Bruce Burley, an Ontario Provincial Police Constable, a person in my command whom I have known personally for about 10 years as reliable and trustworthy, herein-after referred to as Source #1.
- c) Additional sources of belief are my own investigation which includes contact with persons who have attended Celebrity Centre and the North Toronto Dianetics Centre; source #1 previously mentioned in Chapter No. 1, and, physical surveillance to ascertain that these locations exist.
46. SCIENTOLOGY organizations or Orgs are run on the same basic structure and policies whether in Toronto or Clearwater, Florida, or elsewhere in the world.
47. SCIENTOLOGY Orgs each have a seven division structure with each division responsible for a specific function.
48. Division 1 called H.C.O. (HUBBARD Communication Office), Division 2 Dissemination, Division 3 Treasury, Division 4 Technical, Division 5 Qualifications, Division 6 has divisions A, B, C in it and these are called the public divisions. Division 7 Executive, including the "Guardian Office". Each Org has overseeing all of its operations the Guardian's Office - the Guardian's Office responsibilities include preventing, any persons either Scientologists or non-Scientologists, from exposing or attacking L. Ron HUBBARD or SCIENTOLOGY. The Guardian's Office also ensures that all the orders of HUBBARD and his subordinates are carried out at the local level.

49. The number of staff members in each department within the divisions varies. Number of departments and divisions are a constant factor in each Org.
50. The seven departments of the local org and the Guardian's Office each report to a similar set of departments at a higher level.
51. Once information leaves the local level, it proceeds on either one of two major chains of command.
52. The first chain originates from any of the seven departments previously mentioned, and passes to upper levels at the headquarters, Flag Land Base in Clearwater, Florida.
53. The second chain of information is the Guardian's Office and information from the Guardian's Office is transmitted from the local Guardian Office level to the Canada Guardian's Office in Toronto, Ontario, to the Deputy Guardian, Worldwide and then on to Mary Sue HUBBARD, Controller of the Guardian's Office, and finally to L. Ron HUBBARD.
54. A diagram of the Org Board is included for reference. See Table #1.
A diagram of the "Chain of Command" is included in Table #2.

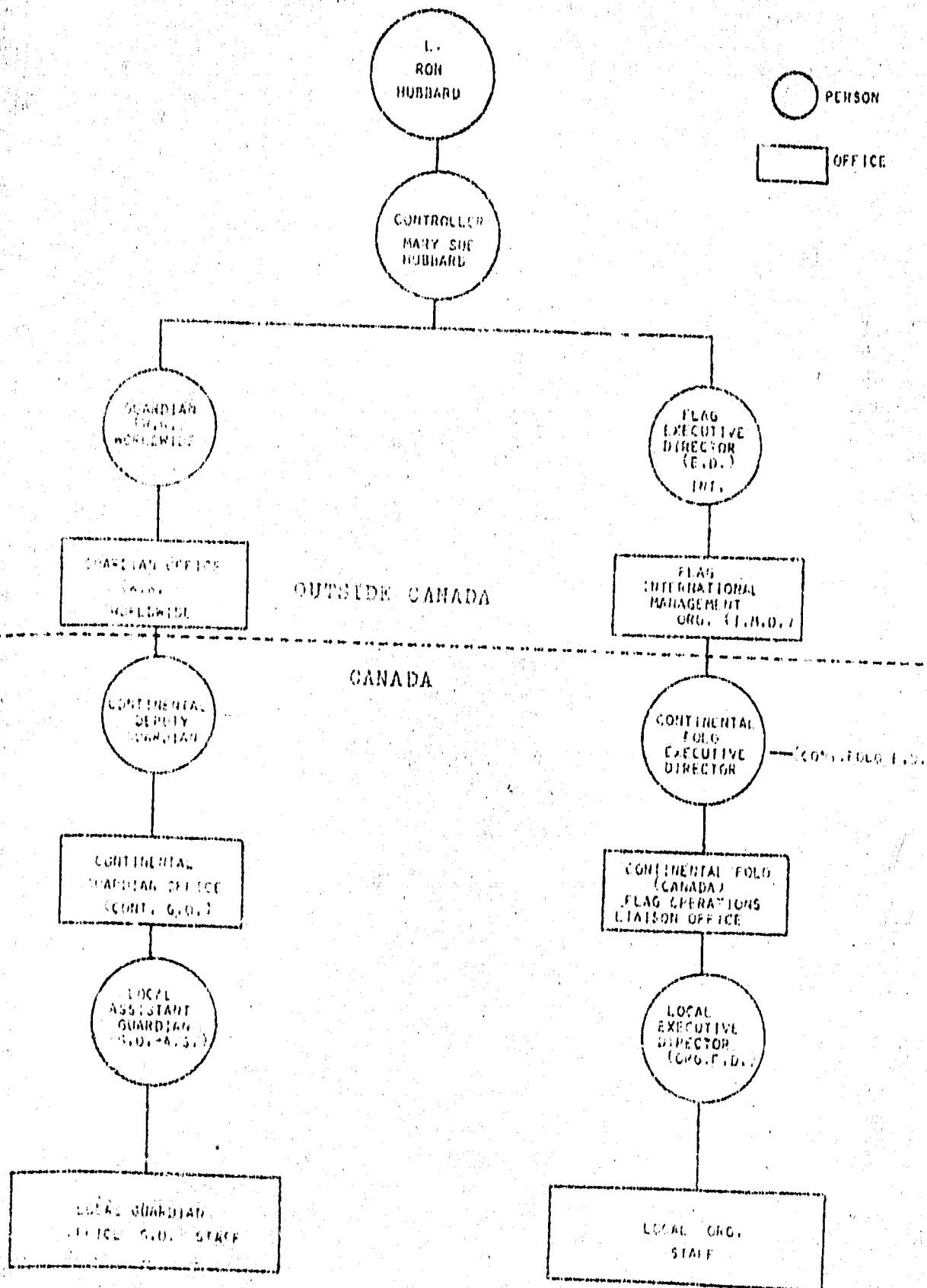
TABLE 1
ORG BOARD



See Table 2 for continued
reporting of...

TABLE 2

CHAIN OF COMMAND



CHAPTER 2

TORONTO ORGANIZATION

55. The Toronto Org which is now situated at 696 & 700 Yonge Street, Toronto, Ontario, has approximately 250 staff members. The Toronto Org is actually comprised of two orgs, Day and Foundation. The majority of the staff members are deployed on the Foundation staff. The Day Org has approximately 30 members, while there are 20-30 staff members in the Guardian operation.
56. There are as well, about 15-20 staff members in the Scientology Org Flag Operations Liaison Office (FOLO). The Flag Operation Liaison Office is responsible for the administration of policy and direction from the headquarters in Clearwater, Florida, U.S.A., that are carried out in Canada. Any programs that are enacted on a continental basis come under the auspice of the Flag Operation Liaison Office, which in turn may issue its own programs and orders in Canada.
57. The Day Org which operates from 8:00 a.m. to 6:00 p.m., Monday to Friday, and the Foundation Org operating from 6:00 p.m. to 11:00 p.m., weekdays and 8:00 a.m. to 6:00 p.m. on weekends, is responsible for the bulk of the "training" of students who take Scientology courses.
58. This is the mainstay of the income of Scientology and responsible for the constant flow of money into this organization.
59. The entire financial operation is explained fully, later in this information, Chapter 5.
60. In addition to the Toronto Org, there is also a location at 437 Sherbourne Street, Toronto, Ontario, known as the Church of Scientology Celebrity Centre, Mission of York, which caters to mainly professional people such as doctors, teachers, television and media people. This is a very money-producing location as

the clientele is, from personal knowledge, one which has sufficient income to invest in the more expensive courses which Scientology offers for sale.

61. At 2295A Yonge Street in Toronto, Ontario, the Dianetic Counselling Group of North Toronto is located. This is a branch of the SCIENTOLOGY Org at 696 Yonge Street. Primarily, this group is a franchise, which pays a franchise fee to the parent org.
62. It services the population in the north corridor of Yonge Street and offers basic courses in SCIENTOLOGY. This mission sends its students to the 696 Yonge Street location to purchase higher level training courses.
63. With respect to the Dianetics Foundation source #4 received in the mail, in January 1983, promotional literature from SCIENTOLOGY which claimed that The Dianetic Foundation is a non-profit organization registered in the Province of Ontario.
64. Through queries to the Ministry of Consumer and Corporate Relations, it has been determined that no such entity is registered in the Province of Ontario as either a corporation or small business or a non-profit organization registered under The Corporations Tax Act, R.S.O. 1980, c.97.
65. The informant further believes, from information received from Source #2, that the Dianetic Foundation at 700 Yonge Street, is run by Foundation Org, previously described in paragraphs 55 to 58.
66. Further, it is believed that the only explanation for SCIENTOLOGY identifying itself publicly as The Dianetic Foundation and as a non-profit organization is to deceive the public, by not clearly identifying itself as the Church of Scientology and in order to avoid the payment of taxes to the Province. (See Appendix VII, pages 1 & 2).

CHAPTER 3

GUARDIAN OFFICEIntroduction

67. The information for paragraphs 75 to 159 has been obtained from the sources set out in paragraphs 68 to 74 below:
68. a) Source #1 above,
69. b) Documents seized by the F.B.I. in the U.S.A. in California in 1977 relevant to SCIENTOLOGY in Ontario and personally examined by the informant,
70. c) police investigation of criminal occurrences in the Province of Ontario as described in paragraphs 95 to 116 below.
71. d) information received from a confidential and reliable source (hereinafter referred to as Source #3), a person whom I have known over the last two years to be a citizen of good reputation without a criminal record. The said informant is a person who has been in the employ of SCIENTOLOGY in that time period and has provided me details and information about the Org and documentation which I believe to be accurate and which I have confirmed, at least in part, through my own investigation including Source #1 above and sources described in paragraphs 68 to 70 above,
72. e) reference to Guardian Office documentation from Toronto Org, in particular as referred in paragraphs 121 to 159 below,

73. f) correspondence and documentation forwarded by SCIENTOLOGY Toronto to Ministries of the Ontario government,
74. g) Stipulation of Evidence reproduced in Appendix IV.
75. The Guardian Office (GO) as previously noted was formed to "safeguard" SCIENTOLOGY. For reasons hereinafter described, the informant for this warrant states that he has reasonable grounds to believe that the tactics of the GO are not only inconsistent with the existence of a "religion" but in some instances themselves constitute criminal activities in pursuit of the protection of SCIENTOLOGY as a franchise system.
76. In the Toronto Org, as in all other Orgs, the Guardian Office is composed of seven divisions (See Appendix V, pages 1 to 15). Information on the "enemies" of SCIENTOLOGY is gathered by this office, analyzed and then "targeted" for the necessary action.
77. The Guardian Office World Wide will initiate programs, such as SNOW WHITE, which began in April 1973, immediately after the Flag Ship Apollo, a converted frigate used as a headquarters, was expelled from Morocco. (See Appendix V, page 16). The program was directly ordered by L. Ron HUBBARD to free up access to all ports in the Western World for his ship. In order to achieve the acceptability of SCIENTOLOGY throughout the world, L. Ron HUBBARD personally ordered the SNOW WHITE Program.
78. Through the SNOW WHITE Program, any and all files held by Government or the private sector on L. Ron HUBBARD or SCIENTOLOGY were to be brought to light and "expunged". L. Ron HUBBARD was of the view that many countries who were unfriendly towards SCIENTOLOGY, kept secret dossiers which were disseminated worldwide. Consequently, SCIENTOLOGY was to attack these files and replace them with their own corrected version.

79. SNOW WHITE Program was to be the ultimate weapon in this campaign and as quoted from Guardian Order #1206 of 22 June 1974, it "was the HIGHEST PRIORITY OF ALL GUARDIAN OFFICE ACTIVITY", and as previously mentioned was: "Written by the Commodore who called it "Snow White". (See Appendix 2, page 16).
80. Because such a priority was given this program, it led to a great deal of Bureau 1 (B1) activities in the Guardian Office. Standard Bureau 1 policies for collection of data are penetration of the "targets" by whatever means, legal or illegal, to collect information.
81. In the SNOW WHITE Program, a complicated network of code words was instituted by L. Ron HUBBARD for all nations, i.e. U.S.A. code name HUNTER, the United Kingdom code name WITCH.
82. From the documents seized by the F.B.I. in 1977, the informant has viewed a document numbered #20272 in which the code name for Canada appears as "WEAN".
83. SNOW WHITE was directed at private institutions as well as governments, and in some cases, individuals who were considered Suppressive Persons (S.P.'s) in order to gather and suppress any information adverse to L. Ron HUBBARD or SCIENTOLOGY.
84. The informant in this investigation has knowledge of the activities of the Guardian Office of the Toronto Org of SCIENTOLOGY as set out below which give grounds of belief in support of the above-described offences in that:
 - a) the actions of the Guardian Office appear inconsistent with the operation of a bona fide religion involved in the distribution of income for non-profit reasons,
 - b) the actions of the Guardian Office include the commission of certain offences to which the

and its commercial operation preventing public disclosure of consumer fraud and a distribution of profit for the personal benefit of L. Ron HUBBARD and others.

examples of overt acts in furtherance of conspiracy
Case #1

85. The Toronto Org. was involved in activities such as the removal of files from the Ontario Hospital at Whitby, Ontario for the express purpose of attacking the field of psychiatry and the treatment of mental patients in institutions to embarrass the field of psychiatry and to deflect patients to SCIENTOLOGY.
86. This attack on psychiatry has been a long standing tactic of SCIENTOLOGY and L. Ron HUBBARD who believed mental patients were mistreated by conventional psychiatric methods and it was HUBBARD's aim to have his theories or doctrines used in the treatment of mentally handicapped persons.
87. When his theories were rebuffed, it was the task of the Guardian Office to infiltrate agencies where mental patients were treated and spy on the practices of these institutions and remove files which they felt would be embarrassing to the agency in question.
88. In August 1972, Corporal John WRIGHT of the Ontario Provincial Police of the Security Intelligence Branch, whose reports I have read, revealed that one John PARKER, representing the Society for Individual Freedom, delivered the file of Benjamin GOLDBERG, (a psychiatric patient for some 56 years), to Mr. Ron BOULTON, Supervisor, Communication Section of the Ontario Ministry of Health.
89. PARKER alleged he had received the file from some SCIENTOLOGISTS and was having some second thoughts about SCIENTOLOGY.

90. Corporal J. WRIGHT checked the post office box of PARKER and found that it was rented to one Allen COULSON of 27 Chicora Avenue, Toronto, Ontario.
91. COULSON was a member of SCIENTOLOGY and attached to the Guardian's Office. He was later arrested for a criminal offence which is also part of this information.
92. The phone number given by PARKER was listed to one H. JOOT and WRIGHT discovered that Helen Parker CLEMINSON-JOOT was the telephone subscriber. She was married to one Jaan JOOT, a SCIENTOLOGIST and a member of the Guardian's Office, as later confirmed by Source #1.
93. According to Source #1, Jaan JOOT was to be referred to in the Toronto Org as Don ARMSTRONG, and Allen COULSON to be referred to as Keith SUMMERFIELD. This name change, as referred to by Source #1, comes from a Toronto Org SCIENTOLOGY Orders of the Day, printed in 1972, and personally read by Source #1. To confirm this, it was later discovered by the informant for this warrant that SUMMERFIELD had his name changed legally in 1965 to Allen COULSON.
94. Later investigation by Corporal WRIGHT revealed that SCIENTOLOGY had self-sponsored a research team that was to travel coast to coast interviewing staff, parents and social workers of all mental institutions.
95. Bryan LEVIAN and Susan MORGAN of SCIENTOLOGY stated they had permission from Dr. J.C. DEADMAN, Medical Director, Ministry of Health, to conduct their survey at Whitby which allegedly dealt with problems and diseases of geriatric patients. After Susan MORGAN and Bob DOBSON-SMITH were introduced to authorities at Whitby, they had little difficulty obtaining access to patients' files.

96. LEVMAN alleged the Goldberg file was received by SCIENTOLOGY via the mails anonymously.
97. MORGAN and DOBSON-SMITH also advised they subsequently made a couple of visits to Whitby O.H. to ascertain if the copy they received was genuine.
98. The last visit paid to the Whitby O.H. was made at 3:30 a.m. on the guise that MORGAN, DOBSON-SMITH and Phil McAINY required some vital information quickly to complete their research on the GOLDBERG file. They were given access.
99. Concerning the truthfulness of LEVMAN who was the head of the Toronto Organization of SCIENTOLOGY, it was later discovered that under direct questioning by Corporal WRIGHT, LEVMAN denied that COULSON and JOOT were members of SCIENTOLOGY.
100. This it is believed was done to avert suspicion and negate publicity for SCIENTOLOGY and its members. The Society for Individual Freedom previously mentioned was a front group of SCIENTOLOGY. (See Appendix V, page 63).
101. Further, on April 1st, 1982, Source #3 had conversation with a SCIENTOLOGIST and former Guardian Office staff member, and it was stated to Source #3 that personnel from the Guardian Office in Toronto had stolen a Whitby Hospital file on a patient by the name of GOLDBERG and then turned it over to the Globe and Mail newspaper.

Case #2

BREAK AND ENTER

COULSON - CHORNOVESKY

102. In April 1979, two members of the Guardian's office of Scientology, one being the aforementioned Allen COULSON and a Michael CHORNOVESKY were discovered after business hours in an office building at 130 University Avenue in Toronto, Ontario.

103. When discovered by the security guard at approximately 11:00 p.m., they had, in their possession, three flashlights and two briefcases. They were unable to give the security guard a satisfactory explanation for their presence, the public had no access to the building after 5:45 p.m. and they had no permission to be there.
104. The Metro Toronto Police (MTP) were called and COULSON and CHORNOPEFSKY were taken to No. 52 Division. In addition, two tension bars were found at 330 University Avenue, and when confronted with the evidence, CHORNOPEFSKY admitted ownership and stated that he and COULSON were in the building to examine documents in the offices of WEIR and FOULDS, a law firm.
105. This law firm was, at that time, involved in the defence of one Nancy McLEAN in her civil suit against Scientology. There were in the offices a quantity of documentary files of the McLEAN family which were to be used in court during this civil suit.
106. Both CHORNOPEFSKY and COULSON refused to admit they were members of SCIENTOLOGY or that the documents they were after were those belonging to McLEAN. As a result of the police investigation, both were charged with possession of instruments for the purpose of housebreaking, and sentenced to two years probation.
107. Bryan LEVMAN, also mentioned previously, was contacted during the investigation to ascertain whether either of the two accused were members of the Scientology and denied the membership under direct questioning of Staff Sergeant John FALLIS of Metro Toronto Police Force.
108. The informant has gathered information from Source A1, from the Metro Toronto Police reports and transcript of the trial of COULSON and CHORNOPEFSKY, of 1975, October 27th, in which the two accused pleaded guilty

to the charge of possession of instruments for housebreaking and were sentenced to two years probation. (See Appendix V, pages 64 to 69).

109. The Metropolitan Toronto Police investigation with which I am familiar showed that COULSON and CHORNOPESEY had been sent to a lawyer on their charges by SCIENTOLOGY and that anytime anything of importance took place, SCIENTOLOGY sent those matters to that particular lawyer.

110. Source #1 can attest to the fact from reading SCIENTOLOGY documents and from personal knowledge that the accused were members of the Guardian Office and that LEVMAN was protecting the image of SCIENTOLOGY when he denied that the accused were SCIENTOLOGISTS.

Case #3

THEFT OF FILES - ONTARIO GOVERNMENT

111. Examination of F.B.I. seizures of SCIENTOLOGY files in California in 1977 revealed copies of Ontario Government documents. Examples of such documents are included in this information under Appendix V, pages 70 to 79, and are as follows:

- A covering Scientology memo entitled, "Police and Intelligence", which sets out the attachments which are correspondence between the Attorney General of Ontario and the U.S.A. Attorney General and correspondence denoting a connection between the Los Angeles Police Department Intelligence Unit and the Ontario Provincial Police with the concluding line stating, "Hope this is of some benefit to you".

Case #4

THEFT OF FILES - COMMITTEE ON HEALING ARTS

111A. Internal correspondence from the Ministry of Health which deals with the subject of Scientology documents.

From the Committee on Healing Arts (C.H.A.), specifically dealing with Professor John A. LEE, who SCIENTOLOGY hoped to exploit and a covering letter which contains the summary of file contents signed by "JAAN" who, we have reasonable and probable grounds to believe, is the previously mentioned JAAN JOOT.

112. From this summary, it was deduced that SCIENTOLOGY had managed to place an agent in the offices of the C.H.A. and this agent was removing copies of files which were eventually sent to the Guardian's Office in Los Angeles where they were eventually seized by the F.B.I. in 1977. It is believed this was done by SCIENTOLOGY to obtain advance information on the C.H.A. findings should they prove harmful to themselves.

113. The C.H.A. findings were in fact unfavourable to SCIENTOLOGY and advised that authorities in Ontario should keep the activities of SCIENTOLOGY under constant scrutiny.

CASE #5

THEFT OF FILES

FROM

THE TORONTO SUN NEWSPAPER

114. From the documents seized in the U.S.A. by the F.B.I. referred to as Source (b) in paragraph 69, and from information from Source #1, the informant believes that SCIENTOLOGY had placed an agent in the offices of the newspaper the Toronto Sun.

115. An internal memo written in 1976 that clearly indicates that SCIENTOLOGY had placed this agent in the Toronto Sun and that agent had intercepted a letter sent from a reporter on that paper to another reporter in Clearwater, Florida, U.S.A. The informant and the postal

authorities in both Canada and U.S.A. were made aware of this information but were unable to discover who the offender was.

116. The previously mentioned memo now clearly shows that the agent placed at the newspaper had intercepted private mail and had done so to ascertain if there was any co-operation between the two newspapers on articles dealing with SCIENTOLOGY. (See Appendix V, pages 100 to 110).

additional evidence of conspiracy

117. The informant has also included in Appendix V additional copies of material seized by the Federal Bureau of Investigation in 1977 reflecting the overall policy of the Guardian Office infiltration, break and enter, covert intelligence gathering and instructional policies or how to carry out such activities. (See Appendix V, pages 111 to 210).

118. To summarize the activities of SCIENTOLOGY in the 1970's and early 80's, the informant can state from his personal knowledge from viewing all the documents made available from the Federal Bureau of Investigation raids in the United States of America that SCIENTOLOGY was bent on destroying in whatever manner opposition to its expansion and its successful achievement of tax exempt status from the Internal Revenue Service (I.R.S.). For U.S.A. P.E.F. material on the Guardian Office, (see Appendix V, pages 111 to 210).

119. SNOW WHITE tactics in dealing with governments or people, as exposed in the U.S.A. in 1979, ranged from harassment to burglary, blackmail and perjury when called upon to testify before a judicial inquiry.

120. Further proof of the policy of lying in court to protect SCIENTOLOGY was exposed in 1961, when under oath, in Denmark in the Eastern Division of the Danish High Court, Division 14, Case #503/1978(7043) an action between

Jacob ANDERSON and Mr. Poul Olaf JORGENSEN et al, testimony was given by one Gibeke DAMMAN, an ex-SCIENTOLOGIST, that to lie under oath was to protect the interests of SCIENTOLOGY. (See Appendix V, pages 211 to 214).

121. The Guardian's Office operates as a secret police-like force within SCIENTOLOGY to protect profit and existing franchises and to prevent exposure of SCIENTOLOGY as other than a religion. The sending of dispatches, projects or programmes of a sensitive nature require special security procedures. (Ref. CO 1987, 7 July 1976).
122. Guardian's Office documents express serious concern that persons in authority will learn, as through Customs or postal inspections, that data or information has been obtained by SCIENTOLOGY in a manner requiring SCIENTOLOGY to attribute its source as anonymous or "otherwise" giving rise to the belief that documents have been illegally obtained. (Ref. Formal Dispatch and File Security, 14 July 1976).
123. The Guardian's Office is concerned with possible physical surveillance of Org premises and the alerting of guards in that respect (Memo, 9 Sept. 1977).
124. Guardian's Office documentation, internal and from outside Canada directed to Toronto commonly uses language including:
 - standard targetting
 - guards
 - security
 - sensitive nature
 - attacks, major attacks, actions, primary targets,
 - vital targets, operating targets
 - defensible records
 - command
 - dispatches - cleaned

orders
 front line trenches
 SNOW WHITE Programmes, infiltration
 targets, opposition, immediate threat, enemy
 intelligence, intelligence files
 suitable guise
 covertly obtained materials
 agent
 operative
 special bank files
 investigations
 isolation and containment of major suppressive
 elements of society
 sweep aside opposition
 need to know GO (Guardian Order) applies
 degree of secrecy or concealment is required
 covert and clandestine activities
 raid, raid drill
 possible leaks, leaks
 meter checks
 heavy security file cabinets
 recruit a plant
 high crime
 executing a target
 security risk

125. Guardian Office documentation reflects a lack of any absolute prohibition against covertly or illegally obtained materials but rather a recognition of the limited use of such documentation, inadmissible in legal proceedings, as a possible guide to where SCIENTOLOGY could secure legally useful documents. (GO 704 MW, 20 June 1973).

126. The Guardian Office internal documentation shows concern for the appearances of stating that because the description "Intelligence" unit is too "revealing" its activities are to be referred to as an "information" service as a guise for its true purposes. (GO 784 WW, 08 June 1973).
127. The Org Security section is responsible for ensuring that confessionals (personal behaviour questionnaire done on F-Meter) are utilized by HCO to further keep security in on the Org. (GO 3432, 12 October 1980).
128. Meter checks and HCO confessionals are particularly useful in investigations where you have an emburulated Org. The meter checks will help you zone in on the likely troublemakers. (GO 3490, 09 December 1980).
129. The Guardians Office is responsible for undertaking intelligence activities involving covert and clandestine activities, and agents so involved are frequently checked. (GO 1735, 29 July 1975).
130. Guardians Office personnel are directed to the Comm Dept. to inspect to see if all "Z materials" are accessible to "handle" (control or direct) in event of a raid. Ensure that all telex master files are stored securely. Carry out any handlings necessary. Inspect the Org facilities to handle Z traffic in event of a raid, and ensure these are operational . . . GO through some non-B1 Z traffic. Inspect to see if it is really Z, or just "eyes only" or what . . . be the filing of the security files, shredding crudge, but correctly retaining useful data (after vetting it as necessary) (Local SH Security Officer Apprenticeship, 11 Dec. 1979).

- 130A The Z traffic mentioned in this paragraph is believed by the informant, after examining this document and the documents seized in the U.S.A. by the F.B.I., to be the equivalent of the "Red Box" material implemented by the SNOW WHITE Programme. (See Appendix IV; 49 F Supp 209(1979) at 252).
131. Personnel are directed to inspect the latest raid drill write up . . . ensuring all vetting in the GO is done. (Local SB Security Officer Apprenticeship, 11 Dec. 1979).
132. Further documentation speaks of ensuring security of outside BL locations, and any materials therein, so as there is no liability to the Organization (Local SB Security Officer Apprenticeship, 11 Dec. 1979).
133. Any person used by Bureau I in the field must have security clearance from the Info Bureau after the person's records have been checked (GO 1156, 28 May 1974).
134. As late as 20 Feb. 1982, the Canadian's Office Canada was involved in the continuing of the SNOW WHITE Program under external direction, for example:
 "For example, the SNOW WHITE oval about to be issued will need to be cleared with WW attorneys as well as US as it affects both areas".
135. Special security measures are required for the auditing of GO staff members because of concern for security of GO materials and data where a GO staff member makes statements to a non-GO auditor.
 (GO 71823A, 06 June 1977, cancelled 5/4/82).

136. As early as 1966, L Ron HUBBARD stated:

"Remember, churches are looked upon as reform groups. Therefore we must act like a reform group". This particularly gives the informant grounds to believe that the adoption of non-profit status for religious purposes is a description of convenience only.

(GO FD #34, 19 January 1982).

117. GO WW, Cent OR and ORs are viable with an increasing amount of income resulting from GO production (GIL 130, 29/12/1981).

138. The clear involvement of L. Ron HUBBARD in local operations as evidenced by:

"POLICY:

NOTHING IN THIS EVAL MAY BE INTERPRETED TO VIOLATE OR ALTER OR CHANGE HCO PLS OR HCO BS. ANYONE EXECUTING A TARGET IN THIS EVAL IN SUCH A WAY AS TO VIOLATE OR ALTER ANY HCO PL OR HCO B WILL BE ACTIONABLE BY COMM EV. ANY RECOMMENDATION IN THIS EVAL OR CHANGE OF POLICY OR TECH MUST BE CLEARED BY THE WATCHDOG COMMITTEE (WDC) BEFORE BEING PLACED IN THE EVAL AS A TARGET AND RESULTING PL OR BULLETIN MUST BE REVIEWED BY THE FOUNDER PERSONALLY. ALL DATA OR HANDLINGS WHERE THEY REFER TO POLICY OR BULLETINS MUST GIVE THE POLICY OR BULLETIN NUMBER AND ITS LOCATION AND TEXT VERBATIM.

. GO 037872 INTELLIGENCE PRINCIPLES

. HCO PL 16.2.1969: TARGETS DEFENSE

. GO 1514: GO PURPOSE

. 2.12.1969: Intelligence Actions

(OC FCH D 415E, Jan. 15, 1982, revised Feb. 15, 1982)
(emphasis added)

139. Guardian Office documentation speaks of the mentality of G WW and GO BI promoting a dangerous environment with what amounted to almost a fixation on the who's who had or were attacking us who than had to be annihilated (OC PGM 0415R, 15/1/1982, revised 15/2/1982).

140. "The GO has been increasingly boxed into the legal arena in a number of countries and areas following chronic Intell. failures over the years in handling who's (sources of attack) and suppression cutting across Scientology expansion".

(OC PGM 0415R, 15/1/1982, revised 15/2/1982).

141. The Guardians Office is responsible for protecting the tax exempt status of Scientology through religious cover for commercial franchising:

"Do an eval on our international religious/org image to truly isolate what the correct religious image for the Church is".

(Guardian Office Strategic Plan, 20 Dec. 1981). This gives the informant reasonable grounds to believe that Scientology engages in offences 1 and 3 above while maintaining a religious appearance to further its economic ends.

142. The Guardian Office BI has planted undercover agents in groups or organizations to further its interests, for example a spy in various "anti-cult" groups during the period of about 1976 to 1980. This information was corroborated by Source #3.

143. Scientology itself, nor any member thereof in Ontario, is licenced to perform marriages under the Marriage Act, R.S.O. 1980, c.256. The licencing to marry was assigned by G.O. "major target" status in 1982. Written application and

subsequent correspondence to the Office of the Registrar General, Ministry of Consumer and Corporate Relations, has been examined as has copies of Toronto Org documentation "plotting" strategy to obtain the right to marry. That latter SCIEN-TOLOGY documentation, dated 1982, acknowledges unwillingness to answer Government inquiries and several deliberate lies and untruths in SCIENTOLOGY's responses to the Ministry in an effort to obtain legal status to marry. This is further corroborated by Source #3, who was advised in July 1982, by a Guardian Office staff member, that SCIENTOLOGY's reply to the Ministry of Consumer and Commercial Relations (May 1982) had exposed their "overtes" (SCIENTOLOGY term for wrongdoings) in an effort to obtain legal status to marry. It was explained to Source #3 that in the past, the Ministry had asked specific questions that they did not want to answer, such as the financial lines of the Org, and the Guardian Office, did not want to answer the questions and did not, stating the questions had nothing to do with the issue.

143A In 1981 the Toronto Org viewed the Attorney General of Ontario to be improperly influencing the Ministry of Consumer and Corporate Affairs to prevent licensing - an "Ontario Government Handling Programme" was formulated by the Toronto Guardian Office to place an agent in the office of the Attorney General to get "data" and to use the services of "all Scientologists in the area". Personal data on the Attorney General and his family was to be gathered and analyzed. Such conduct raises reasonable grounds to believe that the right to marry is sought in furtherance of SCIENTOLOGY's aims at representing itself as a non-profit organization while increasing revenues for distribution to the BROWARDS and others.

144. The Guardian's Office was responsible during the years 1981 and 1982, according to source No. 3, and other police investigation for the placement of G.O. personnel in two Provincial Political Parties in the Province of Ontario. This is believed to be consistent with the dictates of the SNOW WHITE Programme that Field Staff Members who are members of the Guardian's Office, be placed in the offices of targets of SCIENTOLOGY. Attempts have been made to place such a G.O. agent in the office of a member of the other political party to "predict". The informant has reason to believe that such persons are located by the Guardian's Office in order to forewarn SCIENTOLOGY should the Government discuss anything affecting SCIENTOLOGY'S interests and to act in accordance with G.O. Orders in that regard. The informant has reason to believe that this conduct by SCIENTOLOGY and the G.O. reflects a continuation of the SNOW WHITE Programme tactics.

144A. SCIENTOLOGY has experienced varied success in Canada in achieving municipal property tax exemption, as for example, under the Assessment Act R.S.C. 1980, c. 31. Documentation dated 1982 in the Toronto Org reveals that the G.O. should use "some BI (intelligence) and PR (public relations) actions to handle the tax officials out of court" and specifically handling city of Toronto officials with BI tech. The documentation states that tax exemption is necessary for an affluent and prosperous Org. A solution of the Org was to create a "game" and target for getting all land tax cases handled, giving high commendations and valuable awards to those members successfully assisting in that regard.

145. Orders for the Guardian's Office, Information Bureau, describe confidential data collection planning for target areas:

TARGET AREAS

The first action in planning data collection is that of knowing what target areas exist from which to collect information. Our experience through the years has taught us these fairly well.

A list of target areas is given below:

1. National government
 - a. Tax departments
 - b. Health departments
 - c. Mental health departments
 - d. Justice departments
 - e. Immigration departments
 - f. Labor departments
 - g. Intelligence departments
 - h. Custom departments
 - i. Drug control departments
 - j. Police enforcement departments
 - k. Consumer departments
 - l. Other departments
2. Local equivalents of national governments
3. National and local medical associations
4. National and local psychiatric associations
5. National and local mental health associations
6. National and local psychological associations
7. The media, national and local
8. National and local state religions
9. National and local minority religious groups
10. Better Business type associations
11. National and local advertising associations
12. Disaffected Scientologists

13. The relatives and friends of PTS Scientologists
14. Squirrel groups
15. Individuals in any of the above categories.

The above list is not totally complete but is given to establish an idea of what is meant by target areas.

Target areas are not assigned solely on the basis that these areas have attacked Scientology in the past, but should be assigned on the potential of threat now or in the future. It is up to the Information Bureau to predict and handle attacks before they occur, not passively to handle them only after the fact."

(GO 1575-7- April 14, 1980)

146. The Information Bureau is directed as to the necessity of the operational necessity of covert data collection, stated to be confined to legal activities, but includes for example Guardian Order 3175-7, April 14, 1980.

1. Secret or concealment involved either with the person collecting the information or the means used to collect the information.
2. The very essence of covert information is access.
3. Creation of a cover to protect the agent from detection.
4. Recommended operational conduct likely to contravene Part IV.1 of the Code, document removal without authority, payments to employees of the target areas, which in the case of Government employees violates the employees' oath of secrecy and may constitute a breach of Section 111 of the Criminal Code.

147. The Toronto Org has prepared itself in the eventuality of a police raid including a whistle code as to the police position, and, immediate posting of pastoral counselling signs, and the starting of auditing sessions in the Deputy Guardian area to disguise the G.O. office area and initiation of document shredding (hats to be worn in case of a raid, G.O. 2085).

148. In October 1980, a list of procedures to follow, taped to the reception desk on the second floor. The instructions were as follows:

"If the police show up to search premises immediately call AG (Asst. Guardian) at (phone number) or (phone number), advise that unwelcome persons present. Upon completion of this immediately call DG (Deputy Guardian) at (phone number) or (phone number) or at night call (phone number), if no answer call (phone number), let these numbers know whether or not they have a search warrant. Demand to see it. Stall and say that some church officials are coming to assist them".

149. In August 1981, the Assistant Guardian of the Information Bureau, Toronto GO, attended the Day Org morning product conference. This meeting is held daily, in the Executive Director's office on the third floor. (The GO is also located on this floor) and is attended by Division heads only. The Assistant Guardian stated that the GO was having a raid drill and that a raid was not expected but they should be prepared in any event. The staff were advised to remain in the office and to continue working and to not leave the third floor. The alert would be the sound of a whistle blowing. Staff members working on the other floors of the building were not believed

150. In addition to the raid procedures, there are strict rules regarding access to the Guardian Offices. In September 1980, Source #3 was advised that the third floor at 696-700 Yonge Street was where the hierarchy of SCIENTOLOGY were located and that it was strictly out of bounds with access absolutely prohibited.
151. The elevator system had been fixed so that the doors did not open on the second or third floors without the use of a key. There were two staircases leading up to the second and third floors but the third floor doors were always locked denying access. An intercom system was utilized at the main staircase, with a "buzz code system". It was necessary to identify oneself and to identify who one wished to see. (The third floor also housed the Toronto Day and Foundation Executive Directors office, LPH Communicator and the FHO offices).
152. All persons wishing to see someone in the Guardian Office had to stay on the second floor and have their arrival announced through the Receptionist, who in turn would notify the appropriate person. The visitor, or even a staff member, would then wait in the reception area until a G.O. escort was sent down. Frequently, G.O. staff members would conduct their business on the second floor or go out to a restaurant rather than returning upstairs. Telephone calls to G.O. personnel were screened at the switchboard and instructions were that if the caller did not identify himself, the call was not to be put through.

153. Even Org staff members, assisting GO personnel, were never left unattended while on the third floor. This applied to the hallway as well. If one were allowed into GO office space, they were accompanied and not allowed to walk around freely.
154. The third floor hallway doors leading into GO office space were always locked, even when personnel were working inside. Rooms within the main office space were kept locked as well, even when GO personnel were inside. Even GO staff members are not allowed free access to many areas in their own office areas. Strict security of the third floor and office areas is maintained at all times.
155. The Guardian Office maintained night security on the third floor, apart from the security man left to look after the remainder of the building. The obsession with security gives reason to believe that the fruits and instrumentalities of crimes committed in furtherance of Offence #3 are located at the location to be searched.
156. Copies of Guardian Office intelligence reports are to be sent to the Continental G.O. and to G.O. W W (Guardian's Office World Wide). In sending reports, security is to be kept in mind with no reference to how the data was obtained to protect the sources identity, (GO 4937, 20 May 1982).
157. The GO 3641 Guardian Order Confidential DGI/ACI and Information Bureau Full Bat Checksheet, a document to assist in training experienced G.O. BL personnel in reports required studies in relation to specific Guardian Orders and policy, for example:

1. why psychiatry is a target to attack
2. two ways to collect information
3. operations collection
4. cover to data collection methods
5. how to divert attacks
6. enemy names
7. battle tactics
8. the 7 targets
9. occupy territory
10. reason for attack
11. GO alert
12. Snow White Programme Orders
13. Intelligence actions
14. sequence of action of an intelligence officer
15. codes and coding
16. advantage of codes and cyphers
17. suppressive acts
18. enrollment in suppressive groups
19. internal security
20. E-Metres replace guns
21. ethics E-Meter checks
22. police raids, handling a raid
23. phone security
24. need to know system
25. a drop, a safehouse
26. the art of cover
27. building a background, using a real name
28. organization infiltration
29. covert operations
30. dead agent

159. SCIENTOLOGY advocates its agents and Guardian personnel gathering affidavits, saying what SCIENTOLOGY wants from persons to protect and deflect blame from SCIENTOLOGY. As for example, by committing a potential trouble source to a sworn statement of facts. SCIENTOLOGY DOCUMENTATION ADVISES:

"The most important thing to remember when getting an affidavit or statement is that it should be very clear and should state precisely what you want it to. An affidavit must be sworn to and signed before a Commissioner of Oaths or a Notary Public. (Both are individuals who have been given a commission by the Government to administer oaths and take affidavits). Almost all lawyers can swear affidavits but you will find that they often advise the person swearing the affidavit not to do so without consulting their lawyer due to the content of the affidavit. Therefore, avoid having lawyers swearing affidavits unless he is the Church's lawyer or you have no other choice.

159. You can find a Notary Public by checking the Yellow Pages of the telephone book under that heading. You will find that Notaries are the best people to swear affidavits as they have only a little legal training and very very seldom advise anyone of anything".
(Ref: Affidavits, Statements and Bonds, Page 1).

CHAPTER 4

LEGAL PROCEEDINGS

160. As a result of examination of Court judgements and documents from Canada, the United States, Australia, England and France, the informant has collected the information in paragraphs 161 to 167.
161. In May of 1982, the Full Supreme Court of Australia ruled in an unreported judgment that the Church of New Faith practising Scientology was not a religious institution. See Appendix V, pages 1 to 3.
162. The Statement of Claim filed in the County Court of the Judicial District of York in the matter of CHURCH OF SCIENTOLOGY of TORONTO v. NANCY McLEAN (No. 26342/76) states in paragraph 1 that "the plaintiff is and was at all material times a non-profit religious corporation incorporated under the laws of the Province of Ontario".
- Paragraph 5 of the above-styled Statement of Claim states however that "as a result of the foregoing breaches, the plaintiff has suffered a loss of business profits and has been put to out-of-pocket expenses". (emphasis added). See Appendix VI, pages 4 to 10.
163. The case of R. v. REGISTRAR GENERAL, EX PARTE SEGERDAL AND ANOTHER, (1970) 3 All E.R. 836 (C.A.), is an appeal from the Divisional Court judgment, reported at (1970) 1 Q.B. 430, refusing an application for mandamus that the Scientology Chapel at Saint Hill Manor, East Grinstead, Sussex, England be recorded as a place of worship. The appeal to the Court of Appeal, Civil Division was unsuccessful and an application for leave to appeal to the House of Lords was refused. See Appendix VII, pages 11 to 35 for the Court of Appeal Judgment.
164. An action by the Founding Church of Scientology in the U.S. Court of Claims reported at 412 F.2d 1197 (1969),

to recover Federal income taxes and assessed interest paid by Scientology to the United States Government was dismissed. Certiorari to the United States Supreme Court was denied on March 30, 1970: 397 U.S. 1009.

At issue in this case was whether the Founding Church of Scientology was entitled to an exemption from Federal income taxation as a corporation "organized and operated exclusively for religious or educational purposes" 26 U.S.C.A. (I.R.C. 1954), Section 501 (c) (3).

As stated in the headnote to the case, Collins, J. held that "where the founder of the Church was not only paid, in addition to his salary, commissions and royalties, but he and his family received unexplained payments in nature of loans and reimbursements, the Church was not entitled to exemption from Federal income taxation under statute".

The U.S. Court of Claims judgment, THE FOUNDING CHURCH OF SCIENTOLOGY V. THE UNITED STATES, is found at Appendix VI, pages 36 to 42.

105. The case of THE CHURCH OF SCIENTOLOGY OF TORONTO V. MARITIME BROADCASTING COMPANY LIMITED, GOLDEN POUNDFOOT AND STEVEN NORTH, an unreported judgment of the Nova Scotia Court of Appeal delivered on May 10, 1979, involved an appeal from an order dismissing the Appellant Church's action for defamation against the Respondents because the Church had failed to comply with an order of the Chief Justice for the production for inspection of 194 specified documents.

Chief Justice MacKeigan, in dismissing the appeal by the Appellant Church stated:

"The learned chambers judge refused any adjournment. I think she was right in so doing. No suggestion was made then, or indeed has since been made, that the appellant has tried to find the missing documents in England or elsewhere. In particular, and very surprisingly, no affidavit has been offered as to the results of the search in England, which Mr. Lewis on August 2, 1978, said would be reported within two weeks. Nothing has been reported to show that the missing documents are not available to the appellant and not under its control. Thus the appellant has given no reason why it should not be punished for contempt under r.20.09(1) and have its action dismissed." See Appendix VI, pages 43 to 47.

166. In the case of the CHURCH OF SCIENTOLOGY MISSION OF EDMONTON, CHURCH OF SCIENTOLOGY MISSION OF CALGARY AND CHURCH OF SCIENTOLOGY MISSION OF OLD STRATHCONA V. EVELYN HARRISON, LES JACKMAN, LORNA LEVETT, BETTY MCCOY, BRENNY MOORE, WILLIAM BRID, BETT TAYLOR AND DAVID WALLACE, an unreported judgment of the Alberta Queen's Bench delivered on October 6, 1980, it was held that "the proceedings and action of the Plaintiffs amounted to a clear abuse of process". The Court further stated that "the contempt of court, the failure to comply with innumerable court orders, the need to formally settle minutes of appeal; the entire conduct of the Plaintiffs is not one that should be countenanced by our courts" and accordingly, the Court awarded costs on a solicitor/client basis to the Defendants. See Appendix VI, pages 48 to 50.

167. The Superior Court of Pardon on February 14, 1978 sentenced L. Ron Hubbard to a term of two years' imprisonment and a \$10,000 fine and issued a warrant for his arrest on the basis of fraud, contrary to Articles 724 and 725 of the Code of Criminal

Procedure. The defendant HUBBARD was convicted along with 3 other officials of the French Scientology Association of "having in Paris and on the national territory,

between 1967 and January 8, 1976, used fraudulent manoeuvres to induce the existence of false enterprises, having imaginary power and credit, or for having encouraged the hope of success or of any other unreal event, namely: Under the guise of an association, pretending to be a "Church", whose sole objective is philosophical and religious, whereas the said institution functions as an organized psychotherapeutic system and veils its character as a well-managed, fully operative commercial enterprise, . . . by carrying out pseudo personality tests under the leadership of unqualified persons, by using in conditions not in keeping with scientific practice, . . . by giving the aura of a religious status, . . . pressure on individuals attracted by the hope of a better personal balance, of a more successful career and especially of "Happiness", and by persuading these persons thus that their goals can only be attained by an initiation of a religious character, in the concrete form of courses, services or books or documents distributed or given out at a costly price, whereas the real value of these courses, services or books is in no way related to the high prices required to purchase them; having obtained from many people the payment of large sums of money, and stealing in this way all or a part of the fortunes of others; . . ."

The Court found as a fact that the French Scientology organization was "a commercial enterprise hiding behind

58.
false pretenses, a business selling services, namely psychotherapy sessions". The Court highlighted the evidence of a circular signed by the defendant HUBBARD in which he wrote that "the collecting of money is essential" and concluded from all of the evidence that "money is above all what interests the leaders of Scientology" (emphasis in the original).

The Court further concluded from all the evidence that the Defendant HUBBARD was the true beneficiary of the profits of the French Scientology Association in so much as there was "the devious but real transfer to England of 100% (sic) of the amount of the gross income" for his use and that the Defendant HUBBARD "in spite of appearances, remained in fact and skillfully the master of this "affair" of a very particular kind".

For the judgement in ATTORNEY OF THE REPUBLIC, THE ASSOCIATION FOR THE DEFENSE OF THE FAMILY AND THE INDIVIDUAL AND M. TRAN NGOC LAN V. HENRY LAARHUIS, JACQUELINE VALANTIN, LAFAYETTE RONALD HUBBARD and GEORGES ANDREU, See Appendix VI, pages 51 to 63.

167A On Friday, February 29, 1980, the 9th Chamber of the Appeal Court discharged Georges ANDREU who presided over Scientology in Paris, France from September 1973 to 1976 and who, on February 14, 1978, received a year's suspended sentence and a fine of 3,000 francs for fraud.

167B The Appeals Court Judgement stated that ANDREU played a limited role in Scientology which had been in existence for a long time, and that this Judgement concerned only him and did not affect the other convictions and sentences imposed in 1978 on HUBBARD and the above mentioned persons in paragraph 167.

CHAPTER 5

ACTIVITIES OF SCIENTOLOGY IN TORONTO

168. This Chapter deals with the investigation conducted by the informant and others which was commenced in the fall of 1980, and continued on a full-time basis to date, of the activities of SCIENTOLOGY in Canada and elsewhere.
169. The paragraphs below in Chapter 5 are based upon the investigation of the informant for this warrant, and specifically, but not exhaustively include the following investigative sources:
- (a) Source #1
 - (b) Source #2
 - (c) Source #3
 - (d) SCIENTOLOGY Technical Dictionary
 - (e) H.C.O. Policy Letters
 - (f) Promotional literature distributed by the Org.
 - (g) Technical Bulletins, Volume 1-10
 - (h) Organizational Executive Course Volumes 0-7
 - (i) A true copy of the Affidavit of Gerry ARMSTRONG dated June 25, 1982, and his supplementary affidavit of August 11, 1982, (See Appendix VII, pages 166 to 179).
170. As a result of this investigation, and from the grounds of belief set out in Chapter 1 to 4 above, and from examination of the matters listed in paragraph 173, it is the informant's belief that the above described offences have been committed on the basis that reasonable grounds exist for believing that:
- (1) The Toronto Scientology Org operates as a franchise in a world-wide network of Scientology Orgs,

- (2) Intense organized commercialism in Scientology Toronto exists without "donations" to a religious group but rather the payment of set fees whereby courses and materials are sold,
- (3) Scientology fraudulently misrepresents courses and objects sold as religious processing or artifacts, for example, the Purification Rundown and E-Meter respectively, to increase revenues and market such items and other courses at high cost, set prices unrelated to real value or represented qualities of, and benefits from, such items.
- (4) An ever identifiable concern for generation of increased profits, as opposed to concern for religious pursuits,
- (5) The role of the Guardian Office as a part of Scientology dedicated to protection of income-production and the advancement of a religious guise for Scientology's commercial franchising and prepared to commit criminal offences and to conduct intelligence operations in furtherance of an agreement to "protect" Scientology.
- (6) On a world-wide and local basis, Scientology's lack of openness or disclosure of the true nature of its operation and income-distribution,
- (7) Distribution, at least in part, of income or profits payable to, or otherwise available for, the personal benefit of persons in Scientology, including:

a) monies paid to high level orgs and to L. Ron HUBBARD in particular through monies paid out of Canada to R.R.F. and to high level orgs outside Canada as "management fees", publications and courses;

b) monies to upper level executives in the Toronto org through a unit-post pyramid payment system and an extended commission payment system.

171. An incorporated entity may obtain non-profit status upon application to the Provincial Government under the Corporation Tax Act, and upon application to the Federal Government pursuant to the Income Tax Act.

172. Since 1967 the Church of SCIENTOLOGY has applied for and been granted exemption from corporate taxes otherwise payable on the basis of its representation that it was complying with the following statutory provisions:

149. (1) No tax is payable under this Part upon the taxable income of a person for a period when that person was

(1) a club, society or association that, in the opinion of the Minister, was not a charity within the meaning assigned by subsection 149.1(1) and that was organized and operated exclusively for social welfare, civic improvement, pleasure or recreation or for any other purpose except profit, no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof unless the proprietor member or shareholder was a club, society or association the primary purpose and function of which was the promotion

Income Tax Act, S.C. 1970-71-72, c. 63 as amended,
S.C. 1976-77, c. 4, s. 59(2) as amended.

49.(1) Except as hereinafter provided, no tax is payable under this Part upon the taxable income of a corporation for a period when that corporation was,

- (b) a club, society or association that, in the opinion of the Minister, was not a charity within the meaning given to that expression by subsection 149.1(1) of the Income Tax Act (Canada) and that was organized and operated exclusively for social welfare, civic improvement, pleasure or recreation or for any other purpose except profit, which has not in the taxation year or in any previous taxation year distributed any part of its income to any proprietor, member or shareholder thereof, or appropriated any of its funds or property in any manner whatever to or for the benefit of any proprietor, member or shareholder thereof, unless the proprietor, member or shareholder was a club, society or association, the primary purpose and function of which was the promotion of amateur athletics in Canada, or

The Corporations Tax Act, R.S.O. 1980 c. 97, as amended.

173. Examined below in this Chapter are the following:

- A. The Source of Hubbard Communication Office Policy Letter
- B. The E-Meter
- C. Staff Recruitment - Security Checks and Contracts
- D. Staff Status Courses, Study and Service Privileges
- E. Freeloaders Debt in Relation to Contracts
- F. Regging Staff

- G. Significance of Statistics
- H. Completed Staff Work
- I. Sunday Service
- J. Donations Versus Set Fees
- K. Regging Public
- L. Purification Rundown
- M. Finances

A. THE SOURCE OF HUBBARD COMMUNICATION OFFICE
POLICY LETTERS

174. According to HUBBARD Communication Office (H.C.O.) Policy Letter of March 1965, Issue II, "Policy: Source Of", See Appendix VII, pages 3 and 4 only
L. RON HUBBARD may write H.C.O. policy letters or authorize them. (Ref: OEC Volume 0, page 336).

175. Some H.C.O. Policy letters, binding directives upon Scientology, are hereinafter referred to. The HUBBARD Communication Office policy letters are basic organizational policy within the orgs. This policy letter states, "If it is not in an HCO policy letter it is not policy". According to Source #2, the policy letter is in force today. This policy letter also states, "... no officer or SCIENTOLOGY personnel may set aside policy even when requesting revision". Although the above is stated in this HUBBARD Communication Office policy letter, another policy letter of 19 March 1968 (ref. OEC Volume 0, page 281), entitled "Service", states:
"Use the rules until they prevent you from doing your job, but if these stop you, then to hell with the rules! Get the show on the road". (See Appendix VII, page 5.)

B. THE E-METER

176. The informant further has reasonable grounds to believe and does believe that the SCIENTOLOGY is a profit-oriented organization, by the method of which the E-Meter, an alleged "religious artifact", is

marketed by SCIENTOLOGY. Due to the high mark-up value of E-Meters, at times of well over 100%, affords further evidence of a profit making operation. Further, reasonable grounds exist to believe that the said E-Meter is fraudulently represented as a spiritual artifact.

177. The definition of the E-Meter, as contained in the SCIENTOLOGY Technical Dictionary, by L. Ron HUBBARD, is as follows:

"The E-Meter is a religious artifact used as a spiritual guide in the church confessional.

It is an aid to the auditor (minister, student, pastoral counsellor) in two-way communication locating areas of spiritual travail and indicating spiritual wellbeing in an area".

The E-Meter is used by SCIENTOLOGY during auditing sessions, in order to help the auditor (counsellor) find the areas of upset (problems) in an individual.

178. The E-Meter is simply a galvanometer whose leads are attached to tin cans (asparagus or soup cans) that the individual holds during a session. A significant role of the E-Meter is as a lie detector during security checks given by the church. These security checks are to ascertain one's intentions and beliefs about SCIENTOLOGY when being recruited as staff and periodically thereafter. (See Paragraphs 197 to 200 below).

179. Various governments have studied the E-Meter and have drawn the following conclusions regarding the device: From a Report of the Commission of Enquiry into Scientology for 1972 from South Africa, page 103:

"8.12 The Commission is satisfied beyond any serious doubt that the claims made on behalf of the E-Meter are intensified beyond the limits of truth. It is an instrument capable of detecting and registering skin reaction to electricity. Skillfully used or abused it could unearth close and personal secrets. It is scientifically of no value in testing emotions, feelings or reactions of persons. It has no value in itself in the treatment of psychosomatic or other illnesses".

"CONCLUSION:

The "E-Meter", considered as an instrument in relation to the literature supplied by the Commission, and in the context in which it is apparently used by the Church of SCIENTOLOGY, is not a scientific method for assessing or measuring human behaviour".

180. From the Report of the Board of Enquiry into Scientology in Australia in 1963, page 45:

"A great air of mystery and reverence surrounds the E-Meter. It is accorded almost magical powers. It is said to be infallible. Of it HUBBARD writes, "The E-Meter is never wrong. It sees all, it knows all. It tells everything".

In fact, it is no more than a powerful gimmick for controlling preclears and developing in them a sense of awe and of submission to and dependency on the HSI. It is merely an electrical measuring instrument, with no other capacity than to detect and record the degree of resistance to the flow of electricity of any medium placed between its terminals to complete the circuit".

181. From the Australian Inquiry, page 96:

"Scientists, without any proof that thought causes a facsimile which alters the density of the body or the electrical field of the thetan or the voltage passing through the E-Meter, proceed on the assumption that it is the thetan which causes the E-Meter to register".

182. From the Australian Inquiry, page 97:

"None of the scientology theories associated with, or claims made for the E-Meter is justified".

183. From a study for the Committee on Healing Arts in Ontario, the Sectarian Healers and Hypnotherapy, page 65, it advises that the Food and Drug Administration of the U.S.A. seized 100 E-Meters and in 1967 it was determined in a Federal Court that the E-Meters were mislabelled.

184. In a subsequent decision in the United States Court of Appeals in 1973, United States of America vs An Article or Device... "Hubbard Electrometer" or "Hubbard E-Meter", etc. Founding Church of Scientology et al, No. 712064, it was upheld that the E-Meter was misbranded and could only be distributed as follows:

- "1. E-Meters shall be used or sold or distributed only for use in bona fide religious counselling.
2. Each E-Meter shall bear the following warning, printed in 11-point leaded type, permanently affixed to the front of the E-Meter so that it is clearly visible when the E-Meter is used, sold or distributed: "The E-Meter is not medically or scientifically useful for the diagnosis, treatment or prevention of any disease. It is not medically or scientifically capable of improving the health or bodily functions of anyone."

3. " Any and all items of written, printed, or graphic matter which directly or indirectly refers to the E-Meter or to Dianetics and/or Scientology and/or auditing or processing shall not be further used or distributed unless and until the item shall bear the following prominent printed warning permanently affixed to said item on the outside front cover or on the title page in letters no smaller than 11-point type:

WARNING

The device known as a Hubbard Electrometer, or E-Meter, used in auditing, a process of Scientology and Dianetics, is not medically or scientifically useful for the diagnosis, treatment, or prevention of any disease. It is not medically or scientifically capable of improving the health or bodily functions of anyone".

(See Appendix VII, Page 16).

185. The E-Meter is a high profit item marketed by SCIENTOLOGY. The profit is due to the fact that the E-Meter is essentially a low cost item to produce. The E-Meter is distributed to the Orgs by "Publications Organization U.S." (Bridge Publications), or "Publications Organization Denmark" (New Era Publications). Both Publications Organizations are SCIENTOLOGY controlled.
186. These two Publications Organizations sell the Meters to the Toronto Org for \$300.00 to \$1,000.00. The meters are then sold to the staff and public for prices ranging from \$1,000.00 to \$2,500.00. The Org in Toronto, on importation of the meters, represents to Canada Customs the fair market value as the price at which the meters were purchased from the foreign Publications companies. That value is de-

clared after the subtraction of non-arm's length bulk purchase discounts given to the importing Toronto Org. The Toronto Orgs are in fact only paying duty and tax on the value at which they purchased the items, rather than on the value for which the items are actually being sold for in Canada.

187. A tremendous amount of sales pressure is exerted towards staff to purchase an E-Meter. Source #3 in 1982 was told that the fact that they did not know how to operate an E-Meter made no difference, as eventually a meter would be mandatory to do upper level SCIEN-TOLOGY training. Further pressure was put on the person by being told that by purchasing the Meter at that time advantage could be taken of a limited time discount. The salesperson was not concerned that the person had outstanding debts and was not willing to over-extend further. Within a few days the person was re-approached and told that it was mandatory for a staff member to purchase their own E-Meter. The salesperson eventually contacted a bank (SCIENTOLOGY loan applicants have dealt very successfully at this Bank in the past), and made the necessary arrangements and told the individual that the loan would be approved and it was just a matter of signing papers. However, the loan was turned down and the salesperson ceased conversation with the previously potential customer and put his attention on another prospect. Each time the person was approached, the salesperson utilized the "tagging" sales method, he always had another staff member with him to assist in answering questions and to reinforce what he had stated.

C. STAFF RECRUITMENT

General

188. The greatest asset that SCIENTOLOGY orgs have on a worldwide basis, allowing them to expand, is, with exceptions, the use of largely unqualified and poorly paid staff, a situation akin to slave labour with little or no compensation for employment in a harsh environment. It is the informant's belief that it is this seldom properly compensated work force which assists SCIENTOLOGY to reap high profits.
189. SCIENTOLOGY is constantly on the lookout for new staff members. Every division has numerous posts or positions which are never adequately filled, thus putting extra responsibility and duties on the shoulders of the division heads. Also, in order to secure a different post, the staff member is obligated to fill his former post with a fully trained, competent replacement, before being transferred. Normally, the "Personnel Procurement Officer" (PRO) is responsible for recruiting. However, anyone seeking personnel for their department

"... may procure it wherever they wish, and however they wish..."

(Ref: Organization Executive Course, Volume 1, Page 129, HCO PL 28 March 1961, Personnel Policies Staff Post Qualifications Permanent Executive to Be Approved)

Methods

190. Various methods are utilized by the Org to attract new staff. Basic course and academy students are the prime candidates.
191. Initially, one is befriended and all personal data secured. SCIENTOLOGY's policy is to reject anyone with a criminal record or history of psychiatric illness from staff eligibility. Such persons are not eligible for course enrollment.

192. SCIENTOLOGY prefers to recruit unemployed and/or "loner" types with promises of employment with another staff member's private company, or state that sufficient income can be earned through the commissions from books sales, or promise rent-free accommodation in exchange for babysitting services. The recruiter will say anything to entice an individual to join staff.
193. For others, joining staff is approached quite subtly. The interested procurer will conveniently be present during course room breaks to sociably chat and promote the advantages of joining staff, such as free services, discounts and the reward of helping others. Casual tours of the building and introductions with "very friendly" members are conducted. When questioned in regards to the Org, staff members provide varying answers but will never speak negatively or attempt to discourage. To do so and be discovered, is risking disciplinary action, as it is in contravention of policy (Ref: HCO PL 20 October 61, OEC Volume 0, page 23). It is in the best interest of staff members to aid in increasing staff and thereby possibly reduce the burden of their own post duties.
194. Holding a post on staff is presented as being a prestigious type of job and comparable to an "executive position" in society. The extremely remote possibility of not qualifying or the challenge of perhaps not being eligible is dangled in front of the prospect to further tantalize. This proves quite effective and the potential staff members usually become quite eager to prove their "worthiness".

195. Staff members are persistent and have been known to talk for hours at one time to a prospect, in order to persuade him to join staff. Ordinarily any resistance to joining staff is eventually worn down, and any indecision overcome. Letters are continuously written, and pamphlets forwarded by Personnel Procurement Officers (names secured from the vast mailing lists that are kept at the Org), to entice persons to join staff, the plea being to "become part of a team of staff that dedicate themselves to helping mankind". The promises being "to achieve your purposes and goals working in SCIENTOLOGY".
196. Newspaper ads in the help wanted columns are placed in local newspapers. Such ads in 1981 did not specify the type of work. The Org deliberately omits full disclosure to applicants, in particular regarding salary and payment. For example, in early November 1981, one female applicant believed she had been hired as a paid receptionist for the Org, but was not aware she was not to be paid on a regular basis. She was unaware that she was to be paid the same as other staff members as per the policy at the Toronto Org, which is a percentage of the corrected gross income for the Org. This amount varies but for lower staff members, is usually less than \$5.00 per week for the Toronto Day Org. After approximately one (1) week of work, she discovered, inadvertently, she would not be paid regularly and subsequently never returned.

Security Checks - New Staff

197. "Security checks should be given any new staff on a meter. When a theft or insecurity has occurred, staff should consent to such a check and such a consent is contained in the hiring contract." (Ref: HCO PL 20 July 1966 Amended 19 March 1968, Organization Executive Assoc. Volume 0, page 49).

198. SCIENTOLOGY uses the E-Meter for security checks of its new staff members. The apparent purpose, given the questions asked, is primarily to determine whether or not anyone has infiltrated the Org. A security check is designed to elicit any negative attitude the member may have towards SCIENTOLOGY, L. Ron HUBBARD or Mary Sue HUBBARD. By using the E-Meter, the person administering the check can allegedly determine, or convince the person he can determine, whether the subject has any negative thoughts on SCIENTOLOGY or has engaged in any perceived anti-SCIENTOLOGY activities.

"Security Check:

An E-Meter is better known as "lie detector" and is used to ascertain truth of background and conduct".

(Ref: HCO Bulletin of 3 February 1960,
Technical Bulletins Volume IV, Page 23)

199. In the initial security check, questions of a personal nature are asked in relation to educational background, family and social relationships, use of alcohol and drugs etc., with the person responding required to hold the tin cans of the lie detector device. Administration of a security check is a pre-condition of employment. The person administering the check is recording, in writing, the responses and reactions of the E-Meter at all times. The E-Meter is shielded, thus preventing the person submitting to such a check from observing the needle.
200. Information is recorded and retained by the Org in pre-clear folders. New staff are not informed at the onset that numerous staff in the Org have access to the pre-clear folder. Should a staff member cause problems, the Guardian Office has absolute access to the file for use in "handling" the individual and bringing him under control with the implicit, if

not expressed, threat of public disclosure of personal details.

Contract

201. Once the individual has been persuaded to become a staff member, through the promises of salary, respected position and free SCIENTOLOGY services, a contract is presented for signature. A true copy of contract is contained in Appendix VII, pages 17 to 21.
202. The staff member presenting the contract for signature provides little or no detail as to the significance of the document and seeks to obtain the signature as summarily as possible.
203. SCIENTOLOGY maintains that this document is legally binding such that failure to fulfill the obligations set forth therein, makes the member liable to remit forthwith, a sum equal to the full value of all services received "free of charge" as a staff member, frequently thousands of dollars.
204. A perspective staff member when contracted may agree to be a staff member for five (5) years or two and one half (2-1/2) years. The contract has a third option of being contracted on a weekly basis, but such short term contracts are strongly discouraged. Org staff seek to obtain long term commitment. For example, one person was informed that the weekly contract applied to professionals only who were used in a consulting capacity. Another staff member advised that an individual could be hired on a weekly basis but that would mean ineligibility for any free services.

205. Normally, a new staff member signs a two and one-half (2 1/2) year contract, as it is difficult for the procurer to obtain a five (5) year commitment. However, shortly after the contract is signed, and definitely prior to its expiry, the staff member is re-approached and pressured to enlist for a longer duration. Also, if one is selected to attend a higher level org for training, it is mandatory to sign a five (5) year contract.

206. Another contract, different than the above described, was introduced in the Toronto Org in the summer of 1981 -- "Sea Org" where members sign a "billion year" contract. Joining Sea Org is perceived as one of the highest proofs of a Scientologist's dedication.

D. STAFF STATUS COURSES STUDY AND PRIVILEGES

Staff Status Courses General

207. A newly contracted staff member must enroll in Scientology's Staff Status Courses, of which there are three. The new staff member has no choice but to take these courses. These are used solely to orient the new staff member with the org and its basic policies.

208. Although these courses are represented as free of charge, the new staff member must sign a promissory note for the value of the courses.

209. If the staff member chooses to leave the Org, he will be harassed and pressured to pay for the services which he received "free". The payment sought is equivalent to the total of the promissory notes signed. (See Paragraphs 234 to 242).

210. Once the individual has been recruited, has signed the contract and successfully passed the security check, he believes himself to be in a position to attain the benefits promised by the SCIENTOLOGY recruiter.

A new staff member expects to start services geared toward personal enhancement. In reality, training is commenced immediately to make a new staff member an obedient, productive staff member, and in of little or no personal benefit to the individual. Prior to completion of the staff status courses, one is classified as an "expediter" and works in whatever area is assigned by the senior member. These duties could range from passing out free personality test tickets on Yonge Street to "mess work", such as emptying garbage cans or washing floors. It is explained to the new staff member that the period of time spent as an expeditor is to orient himself as to how the Org functions.

211. Though new staff members are generally verbally guaranteed a choice of post prior to joining staff, it is normally predetermined where that staff member is to be assigned. Per item #7 on Staff Covenant (contract):

"Staff members shall accept whatever activity is assigned, in accordance with existing policy".

Per item #15 on Staff Covenant (contract):

"The Church shall not be obligated to honour any verbal promise or any other terms or conditions not specifically covered in this Covenant....."

Staff Status 0 (Zero)

212. This course takes approximately one and one-half (1 1/2) hours to complete and the price of same fluctuates greatly. In 1980 one staff member was required to sign a promissory note, and received a debit invoice, to the staff member's staff member account, in the amount of nearly four hundred dollars (\$400.00) for this course, yet five (5) months later, the same course was offered free of charge, without the necessity of signing a promissory note.

213. Such a change in the price of a course has no bearing on a Freeloaders Debt billing to a staff member who has signed a promissory note for the course. Such a staff member is required to repay according to what was being charged at the time the course was taken. Staff Status 0 is basically an Org orientation and consists of absurd and ridiculous drills. The following examples are directly quoted from Staff Status 0 check-sheets (course directions):

EXAMPLE:

- #4 "Go outside and look at the Org".
- #6(c) "How many desks are there in HCO?"
- #7(b) "Go to the reception centre.
 - 1) Note whether there is a Receptionist on post".
 - 2) Note whether the front door is open so people can come in".
- #14(b) "Locate the cashier's desk. What colour is it?"
- #23 "Now go outside and take another look at the Org.
 - a) What does the sign on the front of the building say?"

(See Appendix VII, pages 22 to 25).

214. For the new staff member who signs a promissory note for the Staff Status 0, as for example the staff member described in paragraph 212 above, each of the above described areas of instruction, as set out in paragraph 213, i.e.: "go outside and look at the Org", costs the staff member about \$15.00 each. The informant has grounds to believe that such courses offered by Scientology at the costs to the participant, and upon the representations as to the value to the purchaser are misrepresented and that real worth is unrelated to cost.

215. Staff Status 0 is a mandatory course for any new staff member.

Staff Status I

216. Depending on the recommendation one receives upon completion of Staff Status 0 and the "TIP" (Technical Individual Program), the Staff Section Officer (SSO) recommends either the completion of a study course prior to Staff Status 1 or "routes" (directs) the Staff member directly on to Staff Status 1.
217. As with most courses, a staff member signs a promissory note for whatever training is received. It is mandatory for the staff member to take the training the Staff Section Officer deems necessary. Within a one year period, the cost of Staff Status One course fluctuated from one hundred and fifty dollars (\$150.00) down to sixty dollars (\$60.00). Staff Status 1 takes approximately nine (9) to twelve (12) hours to complete and consists of further orientation, the importance of Scientology's public image, the reason for post training, staff regulations and learning the basic chain of command.
218. In total, there are ten (10) H.C.O. Policy Letters to be learned and five (5) drills to be performed.

Staff Status II (Two)

219. This course takes approximately twenty (20) to twenty four (24) hours to complete and the price remains relatively consistent at three hundred dollars (\$300.00). It is much more detailed than the two previously described courses.
220. Essentially, it covers the duties of a staff member, the inner Org communication system, policy-source and interpretation, ethic proceedings, chain of command, and definitions of suppressive acts. In total, it covers sixty two (62) HCO Policy Letters to be learned and fourteen (14) drills to be performed.

221. Its sole purpose appears to be the training of an obedient, productive staff member and the placing of the member further in debt to the Org. These courses in no way assist a staff member in attaining any of the Org's promised spiritual gains.

222. Upon completion of each and every course, the individual is tested on the E-Meter to ensure total comprehension and agreement with the course material. The individual must attest to the successful completion of the course and that he wishes others to receive the training he has and to acquire the knowledge he has. It is necessary to write a "Success Story" proclaiming the benefits gained by the course taken, as a record of comprehension and agreement of the course material. Public and staff members are supposed to be awarded a certificate upon completion of any course. The public generally seem to receive certificates but staff members are generally ignored.

Study and Service Privileges

223. Staff members are constantly reminded that studying (i.e. receiving services) is a "privilege" despite the fact that it is mandatory to take the staff enhancement courses and that the member is committed to a service contract and a promissory note.

224. According to policy (Ref: HCO PL 30 Jul 66 amended 19 Mar 68, OEC Volume 0, page 49), staff are required to study after post hours (40 hours minimum per week). However, a study period is allowed during post hours, providing it does not interfere with assigned production and daily quota. Study periods during post hours are more readily available to a new recruit, who will undoubtedly be of more service to the Org if he is trained in the basics of a staff member's training. In this way, he becomes familiar with the chain of command system and the necessity

for strict adherence to policy. He is not to dispute policy, nor to waste another staff member's valuable money-producing time, and acquires some knowledge on ways to achieve his own statistics.

225. A program entitled, "Grass Roots" was implemented by the Toronto Org in the spring of 1981. Executive Directive No. 5040, dated 8 April 1981, issued by Armelle PEARSE (Executive Director for Toronto Day Org), to all staff stated:

"We are getting in the standard basis 12½ hours of study per week as one of basics to return Day Org to its former state of production of 1971-74. During that boom period, we had several FEBC's, fully hatted staff and hatching and study time being done. You have made a good start by submitting a 12½ hour schedule. However, this has resulted in many staff coming off production and not getting in their 40 hours on post per week, so the schedule currently is not workable".

This directive further states:

"I realize this will involve some schedule change for most, but LRH policy is clear on post time and study time so that above must be confronted. Qual or HCO will assist those who find it difficult. This will be done with policy references, etc."

(See Appendix VII, page 26).

226. Scientologists are encouraged to acknowledge and congratulate course completions. New staff members are encouraged to experience pride in course completions and to further enter what is represented as the fraternal atmosphere of the Org.

227. Very few staff members are able to take any type of personal enhancement courses in off post hours, simply due to lack of time. Many must put in well beyond the minimum 40 hours weekly in order to meet their assigned quotas, plus it is usually necessary to maintain outside paying jobs in order to have such basic necessities as food, clothing and accommodation.
228. By the time the new staff member realizes he will be getting minimal wages from the Org and very often no pay at all, he is already caught up in the world of SCIENTOLOGY. The member finds himself financially indebted to SCIENTOLOGY, committed to a service contract which does not afford enough payment to survive, depleted financial resources, long work days to meet quotas, and limited to existence in an environment of other Scientologists.
229. New staff anxiously anticipate the "free" receipt of services (such as auditing) to enable them to attain the represented benefits of SCIENTOLOGY. However, the non-paying staff member is depreciated in importance and priority in view of the Org because of the persistent emphasis upon the value of the paying members. Most join staff with little or no auditing experience and do not know what it entails, yet are intrigued by the wonderful stories they have heard in the Org about the capabilities of auditing.
230. If one is not a potential source of revenue, the Org's concern over his wellbeing is quickly decreased. The Org demonstrates concern when a staff member's personal problems interfere with his overall production and revenue-producing ability.
231. Staff sometimes receive auditing if it will aid an intern in becoming a professional auditor. If he is a staff intern who becomes a professional auditor, the Org will be able to charge the paying public for

auditing sessions with this auditor. If the intern is a public person, the Org benefits because the public person will be ready to buy his next level of auditor training. That is about the only time staff are "invited" to session, and even then they will be subjected to constant breaches of SCIENTOLOGY's proclaimed "Auditor's Code", i.e., continuous change of auditors, appointment cancellations, see:

"4. I promise to keep all auditing appointments once made".

"7. I promise not to permit a frequent change of auditors".

(Ref: The Auditor's Code, obtained from Page 190 in SCIENTOLOGY publication "What is SCIENTOLOGY?").

232. Even though being in session has been primarily to assist an intern in becoming qualified, the staff member will be required to pay for the processing if he breaks the staff contract.

233. The particular "actions" (series of questions relating to particular theme) that are run during these sessions, are the ones that are required by the intern to complete a level of training and little or no attention is paid to the staff member's personal problem or "case", unless it is so significant that he is "unsessionable".

E. FREELOADER'S DEBT IN RELATION TO CONTRACT

General

234. A Freeloader's Debt is the accumulation of all the promissory notes signed by a staff member for his "free" courses taken within the contracted period, which he must pay to the Org in the event that he leaves prior to completing the full term of his contract. The Freeloader's Debt is for some SCIENTOLOGIST's a major reason why they remain in the Org. Because SCIENTOLOGY staff members have little or no savings and live day by day, they generally have limited access to funds

to pay their Freeloader Debt. They must, because of these financial problems, remain on staff, thus compounding their financial commitments.

235. By hiring staff on a service contract basis, with Freeloader Debt and secrecy covenants, staff are effectively prevented from defection and the Org is protected against lawsuit or attack from staff.

236. One condition in the contract states:

"Further, I recognize, understand and agree that in consideration for the Church permitting me to become an active participant pursuant to this Declaration, I shall not commence any action or assert any claim against either or both of them, their heirs, successors or assigns, based on any matter arising out of or in connection with the Church, and I hereby release L. Ron HUBBARD and Mary Sue HUBBARD and their heirs, successors and assigns, from and against any and all claims I or my successors or assigns ever had, now have, or may hereafter acquire, arising out of my dealings with the Church as a staff member pursuant to this Declaration".

237. This condition, one of many, directly contradicts SCIENTOLOGY's own proclaimed Creed, wherein it is stated:

"That all men have inalienable rights to think freely, to talk freely, to write freely their own opinions and to counter or utter or write upon the opinion of others".

(Ref: Page 188, "What is SCIENTOLOGY?", SCIENTOLOGY Publication)

238. If the individual contemplates leaving the Org, the intimidation of having to pay the Freeloader Debt will make the member very hesitant to assert this desire, and consequently, he may stay only because it is not economically feasible for him to leave.
239. If the individual does "blow" staff (leave without permission), thereby breaking the contract, an "ethics order" (pronouncement of misconduct) is written and the person declared a freeloader. Under no circumstances will services be allowed to the freeloader at any Org until this debt is paid.
240. The freeloader will be contacted at home or place of employment by phone, letter or personal appearance, in order to collect the debt. Instalment payments are acceptable as long as the Org is receiving some money. If necessary, the Org will pressure, in any way possible, to make the freeloader secure financing to pay his debt. Thus the Org receives the money immediately and a third party assumes the debt risk.
241. The Reg (professional salesman) recommends to the freeloader a financial institution where the Org has experienced success in helping service-takers obtain loans, and frequently accompanies the applicant to help "handle" (persuade successfully) the loans manager.
242. Based on the actions repeatedly displayed, the Reg's apparent helpfulness is more likely motivated by the possibility of securing a commission on the Freeloader's Debt and relieving pressure from his supervisor to obtain more revenue for the Org.

"Therefore, where a freeloader refuses to cooperate in repaying his debt, even after receipt of a correct billing and repeated communications from the Org, the Org is obligated to resort to any and all legal means to obtain payment".

(Ref: HCO PL Chronological Pack 15 January '72 -

27 December '72, HCOPL 13 October 1972

Freeloader Program Administration, Who is a Freeloader?)

F. REGGING STAFF

243. In SCIENTOLOGY terminology, a "Reg" is short for Registrar. The common meaning of the word "regging" is selling.
244. SCIENTOLOGY registrars are trained to employ hard sell methods. As salesmen, their sole function is to procure income for the Org. In SCIENTOLOGY selling almost anything goes, if it will secure income for the Org. Anyone is a target, the only criteria being that the person have money, credit card or other sources of revenue.
245. Becoming a staff member does not protect one from being the object of intensive regging. Although the staff member is undoubtedly aware of the "system" and the fact that the sales pitch is probably a "stat boost" for the Reg, he is nevertheless a target for the Reg who will not always attempt to disguise his intentions and will be all the more forcible because he is dealing with staff.
246. The Reg has the added leverage of being able to use the staff member's position against him by stating it is his duty as a staff member to purchase certain items because he receives so much already for so little. Not wanting services or various artifacts

draws suspicion of lack of loyalty to SCIENTOLOGY, and one is made to feel guilty and is verbally confronted that he is only on staff to take advantage of free privileges.

247. As a staff member, the prime concern is to boost the Org's income and it is the duty of the staff member to help in any way possible.
248. The artifacts, which sell at a highly inflated price, are classed as being an investment. Quantity buying is encouraged for staff to increase the gross income of the Org. Members then resell to make a profit as a personal source of revenue.
249. A reg will frequently state that due to inflation, prices always increase and therefore it is advantageous to purchase now, even if the purchase necessitates a loan. It makes no difference that the individual may not know how to operate an "E-Meter", because the reg insists that he eventually will, because he is a Scientologist. The Org is concerned with boosting income. There is no concern that the staff member may be over-extending himself financially.
250. The reg is very helpful when it comes to bank loans. He will inform the staff member what bank and branch to approach, the name of the manager to see, arranges the appointment, provides transportation, and even accompanies the staff member there. The reg encourages application for the maximum amount, ensuring that the member will be a continued source of revenue to the org.
251. If the loan application is rejected, the reg will want to know if the staff member has any friends or relatives who will agree to a private loan, or will agree to co-sign at a bank. The reg will

handle these people for the staff member and attempt to convince them that it is very worthwhile and in the best interest of the staff member.

252. The reg elicits all pertinent data including details of any savings, stocks, bonds or items of resale value (i.e., car, jewellery) possessed by the staff member.
253. The regs are professional salesmen trained at "closing" sales and will use any method felt necessary to secure money. The fact that they are paid a healthy commission on some sales, serves as an incentive and is a main driving force behind their dedication and persistence.
254. A potential customer is dropped immediately once it is discovered he has no money nor access to any funds.
255. A staff member with an outside job, and a majority of low level staff find it necessary (unless being otherwise supported), is asked to deposit money into an "Advanced Payment Account" (monies deposited for future use). Such an account has no interest rate and the money cannot be withdrawn. The reg is very adept at informing the staff member of how much money he should be able to deposit. While it is definitely preferred that entire fees be paid in advance, some money coming in is better than none.

G. THE SIGNIFICANCE OF STATISTICS

Statistics General

256. Every position or post in a Scientology org has a predetermined economically related end product which forms the basis for the statistics of the particular post. The org and each post is under pressure to keep statistics on the increase. The higher statis-

tics rise the more pressure there is placed to ensure they continue to climb. Where a statistic increases and then remains constant it is described as non-optimum.

257. Low statistics is a reason for a staff member to be dismissed from staff and in turn results in a subsequent demand for payment by that member for his services received.

258. Statistics are a source of continual pressure upon the staff member. Statistics are also used to ensure that a staff member is always working for the org.

259. This org is governed by "Statistics". According to HCO PL 1 Sept. AD15 issue VII (Ref. OEC Vol. 0; page 173):

"The purpose of the Org is to get the show on the road and keep it going. This means production. Every division is a production unit. It makes or does something that can have a statistic to see if it goes up or down".

It further states:

"Every post in an Org can have a statistic. So does every portion of the org. The purpose is to keep production (statistics) up. This is the only thing that gives good income for the staff member personally. When statistics go down or when things are so organized you cannot get one for a post, the staff member's pay goes down as the Org goes down in its overall productions".

260. Hence, the ethics system designed by HUBBARD is to combat and confront a down statistic situation in an org. The ethics system (SCIENTOLOGY'S justice and punishment system) involves negative sanctions for the staff member whose statistics are down.

261. If a staff member is "upstat", he can do no wrong. If the reverse is true, he can do no right.

"Ethics actions are often used to handle down individual statistics. A person who is not doing his job becomes an ethics target".

(Ref: HCO PL 1 Sept. AD Issue VII, OEC Vol. 0; page 173).

262. This policy letter further states:

"Therefore if a staff member is getting production up by having his own statistic excellent, ethics sure isn't interested. But if a staff member isn't producing, shown by his bad statistic for his post, ethics is fascinated by his smallest misdemeanor. In short, a staff member can get away with murder so long as his statistic is up and can't sneeze without a chop if it's down".

263. If a staff member is "upstat" he will be eligible to receive additional income. If the entire Org is upstat, the gross income will be greater and more money is available for distribution to staff.

264. Non-production is never rewarded and good production safely cloaks a staff member from ethics actions (disciplinary actions) being taken against him.

"It should be established as a matter of principle that the staff member who does a good job gets lots of processing (auditing) and a person who is not doing a good job is given minimal processing".

(Ref: HCO PL 10 Aug 64 Good Workers (Ref OEC Vol. 0, page 44)

265. This policy further states:

"An almost perfectly run organization will fail to get in income or give service if the reverse policy is used and if the whole effort to improve the Org is concentrated on processing only erring staff members".

266. The purpose of the ethics system is confirmed in HCO PL 7 Dec 69, Ethics, Design of (OEC Vol. 0, pg. 188) which states:

"An ethics officer uses ethics to protect ethics upstats and keep the stats up and smoke out crime that push people and stats down".

Conditions

267. The Org has been compared to ".... home to SCIENTOLOGISTS" (REF: HCO PL 27 Dec. 63, The Magic of Good Management, OEC Vol. 7; pg. 301).

In fact, because of the extreme emphasis on statistics, a staff member must operate within a rigidly controlled environment. Staff can be ordered by a senior to meet their daily statistic quotas, which can necessitate putting in a considerable amount of overtime hours, with no additional pay. The practice of the assignment of conditions is a useful tool for ensuring that production always increases.

268. The conditions, in regards to statistics, are as follows:

Power

Affluence

Normal

Emergency

Danger

Non-Existence

Conditions of Power, Affluence and Normal are considered "upstat", and anything below this is "downstat".

269. For example, if a staff member increases his gross income stat from \$100.00 to \$200.00 in a one week period, he would be put in a condition of Power. The staff member will be awarded additional pay because of this and will be protected from any ethics action. If the following week the staff member brings in the same amount (\$200.00), he is

put in a condition of "emergency" and no extra pay will be received and discipline could be instituted. If the staff member had brought in \$195.00, he would be in the condition of "danger", and liable to stiffer ethics actions.

270. In the Toronto Orgs, there exists a significant staff shortage problem. Therefore, there are few "firings" or post dismissals, as even the worst producing staff member must be utilized, if only in a position of demotion such as assignment in the Estates department, to clean toilets, hose down the sauna area, sweep floors, etc.

271. Although in Scientology policy is deemed an unbending law, to be strictly adhered to at all times, any rule can be broken if production is at stake. Policy will be used either for or against the staff member, depending on the circumstances and what is deemed appropriate by senior officials concerned about their own state and state of posts under their control.

272. To keep in good standing and remain being classed as an "upstat", and subject to its privileges, the staff members must always increase their production.

273. There is no tolerance of a down statistic.

"Never justify why a graph continues to be down and never be reasonable about it. A down graph is simply a down graph and somebody is goofing".

(REF: HCO PL 6 Nov 66 Issue 1 (OEC Vol. 10, page 223).

"Rationalizing a statistic" is a derogatory term meaning finding excuses for the down statistics.

"Finding excuses or reasons why a stat is down does not bring it up and at best is a scathing comment on the lack of foresight or initiative of the executive in charge of the area. What is wanted is (1) prevention of stats going down and (2) quick

action to bring them up. Being reasonable about their being down should be regarded as agreement with their being down, which is, of course, suppressive. (Ref: HCO PL 8 Feb 68 Statistics Rationalization OEC Vol. 0, page 246).

274. The last word "suppressive", in the above mentioned quotation deserves special comment. Being labelled a "suppressive" is greatly feared by every staff member.

"Letting an SP (Suppressive Person) collapse the stats of an Org is a shooting offence". (REF: HCO PL 7 Dec 69 OEC Vol. 0, page 188).

Birthday Game

275. SCIENTOLOGY has devised a clever scheme to keep staff always pushing to increase their production and to compete within their own Org structure (i.e. Toronto Day vs. Toronto Foundation), and against other SCIENTOLOGY Orgs as well. In order to prove to L. Ron HUBBARD how hard everyone is working towards the ultimate goal of "clearing the planet", an annual "birthday game" was introduced. Each week the main stats of each and every Org translated into a point system according to condition and subdivided by Province/State and individual Orgs, are recorded and distributed to staff, ranking Orgs by priority, sequence determined by highest to lowest points, based solely on production. If one division within the Org is "down stat", it could be held responsible for holding the entire Org back from being the number one Org on the planet.
276. Prizes are awarded at year end (March 13, L. Ron HUBBARD's birthday, hence birthday game) to the Org having the highest point total. For example, the executive director will receive an E-Meter and the staff will be awarded a plaque for the building.

17. The Org uses the birthday game to hype or generate the staff into meeting their daily quotas and produce more money for SCIENTOLOGY. Morning and evening staff meetings are held and executive conferences to monitor the daily statistic levels.
18. Division heads must predict their stat target daily and submit a "battle plan" written up to show how they will achieve same. The chain of command moves into action, with pressure to produce an upstat, starting at the top of the Org and working all the way down the line. If weekending (every Thursday, 2:00 p.m.) is approaching and a particular stat is still down, the staff member may be subject to an ever-increasing amount of pressure from the higher executives.
19. The approach to induce staff to produce varies and depends largely on the person doing the "handling" and the personality type of the person being "handled".
20. Some may merely receive suggestions on how to increase their stat, be referred to helpful policy, or even be assisted on the duties of their post. Others are subject to a much steeper gradient of pressure. They may be hounded by phone calls and personal contact to check on their production status. They may be ordered to have their quotas met by the following morning, which necessitates unpaid overtime. They may be the victims of profane language, severe looks, threatening gestures and resultant feelings of guilt for holding back the Org.
21. The type of handling, and extent of pressure exerted is based on what the individual can bear, without him "blowing" (leaving) or "caving in" (unable to produce) thereby becoming totally useless as a money-making resource.

82. Innumerable written policies apply to the application of the statistics system and significance of it in relation to production.

II. COMPLETED STAFF WORK

83. A completed staff work (C.S.W.) form must be presented to a staff member's senior for approval, if one requests time off of post (away from production hours).
84. The C.S.W. must explain why time off is being requested and an appropriate solution to the loss of production hours by the requesting staff member. The solution must be presented and guaranteed (promised) before permission is granted so as not to interfere with production.
85. For example, a staff member may promise to have his statistic met by the target date or perhaps promise to secure someone to replace him on post during his absence. In 1981, a female, Toronto Foundation Org staff member, CSW'd for one Saturday's relief to get married. Even under this circumstance she was obligated to find herself a suitable replacement before the C.S.W. was approved. Dental appointments, job interviews or social functions are to be arranged for off production/post hours. If a member is consistently late or known to be absent without reason, other staff members are sent to his residence to bring him in and get him on post. If one calls in sick, he is told to come in and get on post. No illness is serious enough to grant a staff member time off.

"Case is no excuse. If a staff member's breath can be detected on a mirror, he or she can do his or her job".

(REF: HCO PL 21 Feb 64, Staff Regulations,

OEC Volume 0; Page 43)

1. SUNDAY SERVICES

186. The Toronto Org rarely conducts religious services in its chapel. Source #2 and #3 are not aware of a single instance, during the period of September 1980 to present time, when said services have been held.
187. During December 1980, Source #3 was approached by the Assistant Guardian Legal Bureau, Guardian Office, to assist during off-post hours. On one occasion, Source #3 accompanied this AG in order to receive "hatting" (training) on how to ensure the "legal rudiments were in". This consisted of a check sheet outlining certain things that had to be checked weekly. For example, a specified area had to have a sign stating chapel and this area also had to have an altar, SCIEN-TOLOGY cross and a SCIENTOLOGY book present. Also, it was mandatory that someone be "mocked up" (dressed up) as a minister at all times and that an ad appear in a newspaper advertising services. The AG told Source #3 that all auditing rooms must have signs reading "Pastoral Counselling" and explained that this was like confession to the Catholics.
188. During September 1981, Source #2 was asked by the same person if he would wear ministerial garb, consisting of a white collar. He was told the reason for this request was because SCIENTOLOGY was a church and therefore someone should wear a minister's mock up, and because the person who usually did was away for training. Source #2 was not a minister of the Org and there were no plans for Source #2 to obtain any form of training for this function. He was merely requested to wear the white collar so that someone in the Org looked like a minister.
189. In July 1982, at a Guardian Office staff meeting, the AG (Assistant Guardian) of the entire Toronto Guardian Office, stated the major objective was to receive land

tax exemption and to save a lot of money and that the Guardian Office wanted to receive religious recognition first to make achieving the land tax exemption easier. The proposed plan was to "put the chapel back in the Org" as the C.O. (Commanding Officer/Executive Director) of the Toronto Foundation Org had taken it out a few months previously to utilize the space for something else. When this was mentioned, another G.O. staff member (Deloras ALLATRE) wanted to know what difference that would make because the Church never held services anyway.

290. The A.G. explained that a Church had to have a Chapel to be accepted as a bona fide religion and that she also planned on forming a woman's auxiliary to further boost the image and the Chapel could be used to hold their meetings.

J. DONATIONS VERSUS SET FEES

291. SCIENTOLOGY, in an attempt to show itself as a non-profit organization, claims that all fees paid for services are donations.
292. Although called donations, payments to the Org in actual fact are pre-set fees. The fees are established on an international basis and the amount (donation) given may be subject to some local variation of the same amount as that set by SCIENTOLOGY.
293. Before receiving anything from SCIENTOLOGY, the full amount must be paid.
294. The Org charges a set fee for any course or service taken. On the invoice, it is referred to as a "donation", which infers that the amount received was determined by the purchaser, which is not true.

295. The Org will accept a deposit on any course, but the individual is not allowed to commence training until the amount is paid in full.
296. SCIENTOLOGY professes the desire to help mankind and to personally enhance lives, but what determines whether or not an individual receives the "necessary and immediately required" help is whether or not he has the money to pay for it.
297. This practice stems from HUBBARD's theory on "not rewarding non-production", in other words, not providing SCIENTOLOGY training to persons unable to pay for services.
- "The more you help those in society with low statistics the more tangled affairs will get. The Orgs require fantastic attention to keep them there at all when we reward low society statistics with training and processing. The worker pays his way. He has a high statistic, so give him the best in training and processing, not competition with people who don't work and don't have any money" Always give the best service to the person in society who does his job. By not extending credit you tend to guarantee the best service to those with the best statistics and so everyone wins again. None is owed processing and training. We are not an Earthwide amends project."
298. This policy further states:
- "Charity is charity. It benefits the donor, giving him a sense of superiority and status. It is a liability to the receiver but he accepts it as he must and vows (if he has any pride) to cease being poor and get to work".

299. This policy continues, stating:

"Only when success is bought by enslavement or rewards are given to bums or thieves will you find me objecting. This is a new look. It is an honest look. Reward the up statisticians and damn the down and we'll all make out".

(REF: HCO PL 6 March 1966, Rewards and Penalties, OEC Volume O, Page 177).

300. Prices for training, etc., fluctuate constantly and appear to be based on the state of the economy and what the current market will bear. There are "limited time only" offers advertised through posters on the Org walls. Coincidental extensions beyond the alleged expiry date are also common if the Org is in a financial slump and Org stats are down.

301. Books such as "Dianetics: The Modern Science of Mental Health", by L. Ron HUBBARD, are sold at a set rate. However, if a person seems interested in purchasing the book and lacks sufficient funds, the seller will hunt up an old or damaged copy and sell it for whatever amount of money the buyer has on his person.

302. Deposits in the amount of a few pennies will be accepted as advance payments. Staff members have been chastised for not securing the prospect's last few cents as an advance payment. It would appear there are two primary reasons for this practice. Mainly, it is felt that a person who invests even a small, partial payment will be more likely to return, and thus the full payment will eventually be collected. No effort is every made to refund deposits, of any amount, to those that do not return. Secondly, in order for the public division to count someone as a "new name", a major statistic for the division, something must be bought. An

advance payment is quite acceptable and the new name may be claimed as a statistic. However, according to policy (HCO PL 28 Nov 71 Issue 11 Public Division Statistics, OEC Volume 6, Page 86), the least item to be purchased that can be counted as a statistic is a book and does not include items of lesser monetary value such as magazines.

303. While SCIENTOLOGY operates on a policy of payment for services, the Org will accept a donation of any amount of money at any time, without an exchange of service for the contribution. It is interesting to note that HUBBARD's own policy (para. 298) regarding charity is not applicable to a SCIENTOLOGY Org.

K. REGGING PUBLIC

304. A SCIENTOLOGY reg will use his "hard sell" methods upon public members. "Public" means anyone not a staff member.
305. Public members are brought along the "bridge" (a chart of SCIENTOLOGY services) on a gradient scale. The public begin with simple low cost courses "Self Improvement Course", "Success Through Communication Course", etc. When the basic course reg feels that the new public member might be ready for higher services, the person is then turned over to the upper service reg. The time is right when the reg knows the financial background of the public member and has raised the person's expectations and curiosity concerning the mysteries of SCIENTOLOGY.
306. The Public Division (Distribution Division) is controlled by the Public Executive Secretary. The primary objectives are bringing new people into the Org, securing new names for central files, starting new people on basic courses, regging people for other courses, there are classified for the stats for this Division.

307. The specific duties are outlined in HCO PL 21 June 65, Distribution Division (Div. VI), (OEC Vol. 6, page 2).
308. In HCO PL 28 Nov. 71 (OEC Vol. 6, page 86), it is stated that new people brought into the Org "... are new, raw public coming into the Org for the first time for Testing, Events, Introductory Lectures, to see the Public Registrar or for any reason in the direction of wanting to know about SCIENTOLOGY".
309. And in reference to the number of new names to central files:
"This is anyone who has bought something from the Org for the first time, whether this is a book, HQS course, or any other service - either paid in part or in full, and whose name is not already in Central Files. This does not authorize the illegal practice of counting a new name to C/F as someone who bought an "FSM Magazine" or some other small item. The least item bought is a book".
310. The Public Divisions are critical to the Org, and are the "front lines" as it is from this area that "raw public" are secured to buy books and courses, and hopefully these persons will bring in friends and relatives as well, also possibly be recruited for staff.
311. The Public Divisions are extremely important areas of action on the Org board. These Divisions keep the new public coming in, business continuing and expand an organization".
- REF: HCO PL 31 March 69 OEC Vol. 6, page 94).

312. Def. "BUSINESS" per Modern Management Technology Defined, Hubbard Dictionary of Administration And Management, by L. Ron HUBBARD (page 60), BUSINESS - "remunerative activity."
313. Numerous methods have been devised and policies written in SCIENTOLOGY on how to secure "bodies in the shop". HCO PL 27 Dec. 53, The Magic of Good Management (OEC Vol. 7, page 301), describes the importance of having persons come into the Org, how this can be achieved and how this pertains to org solvency.
314. A favourite marketing tool of achieving bodies in the shop is through direct solicitation of persons on the street by the "body router". This staff member has usually received some training and has been properly "hatted" (trained) in regards to this function. (Example: HCO Bulletin 15 Sept. 59 Dissemination Tips) (OEC Vol. 6, page 101).
315. Raw public are enticed into the Org with offers of a free personality or I.Q. test with the further offer of an immediate result or interpretation of the test, from someone represented as a trained professional. What the body is not aware of is that every attempt will be made to sell him something, anything, before he leaves the Org.
316. The "trained" professional or evaluator possesses no formal training in the field of psychology, psychiatry or the healing arts.
317. Most persons persuaded to enter the Org are told that the test will only take a few moments of their time to find out more about themselves and how they are handling their lives. The personality test takes approximately one-half (1/2) hour to complete, as it consists of 200 questions. It takes an additional 10-15 minutes to be scored and graded by the evaluator.

People are encouraged to read SCIENTOLOGY literature while awaiting test results.

318. "Everything must be done to make testing prompt, accurate and available. The Test Section, as an entrance point to service, must look crisp and efficient. There is no virtue in telling the applicant how fast they can be marked. Stress how carefully they are marked and the expertness of evaluation".

REF: HCO PL 28 Oct. 60 (OEC Vol. 6, page 157).

319. The test evaluator has only one objective and that is to convince the person he has problems and to convince him that he needs the help SCIENTOLOGY can offer according to source #3.

320. "Evaluation tests should be helpful, wise and very direct. An evaluator should know all HCOB's (Hubbard Communication Office Bulletins) about test evaluation. Remarks that "Scientology can improve this or that characteristic" or "processing can change this" or "training can stabilize that" should be used repeatedly during the evaluation for sake of impingement (emphasis). A clever evaluator can surmise such things as domestic grief, trouble with possessions etc., much more easily than a fortune teller.

Test evaluation is modern, scientific fortune telling. It deals with past, present and future. A low profile, low I.O. future is of course a dreary one, profitless, unless changed. We can erase the fate of the past and alter utterly anyone's future, so it does not matter how hard one leans on the person. Remember low cases want only to escape the consequences of life.

A poor or average test (or a theistic-woetic (overly optimistic attitude) high test with no reality) shows a rough future full of disease and injury. Processing as of the past six months shows a very high shift of future in terms of high graph gains". (HCO PL 26 Oct. 60 continued)

321. This policy continues on stating:

"The IQ factor, while it is in actuality improved by processing, is useless without Scientology training. It can be used to sell training. The professional aspect of training should be played down in selling. The practical application aspect of it should be played up while graph and IQ reading for the pc. Certain traits showing difficulty in handling people should be stressed as most easily remedied and kept remedied by academy training. Graphs showing the "therapeutic" value of training should be in the display book and on the wall".

322. More data is contained in HCO PL 24 November 1960 (OEC Volume 6, Page 164) which states:

"Evaluator now explains each point in graph. But it is vital that at each low point, where explained, he adds, "Scientology can help that". This is said directly to make an impingement. The wording can be varied but the sense must be the same. Do not precede this statement with "Don't worry" or the like as this cancels impingement".

Graph done, evaluator explains IQ. If low, he says, "Scientology training can raise that". He explains levels of IQ, tells persons even if it's high that IQ means little unless person knows something with it".

323. This policy continues stating:

"The Evaluator now leans back and says "that's it". Incomer is hanging on ropes. If incomer says anything like "what can I do about it?" Evaluator says "that is very commendable, a good point in your favour wanting to do something about it. I'm a technical person not a sales personnel. Confidentially though, I'll give you a tip. Don't spend money foolishly until you know what you're spending it for". Psychiatrists and so forth could cost you thousands, so why don't you take the Anatomy Course and learn something about the mind. That's just a tip. It's cheap and you'll be wise about what to do about yourself. The person over there is in the Service Department, ask him".

324. The test evaluator will attempt, in every conceivable way, to route the person over to the Public Servicing Secretary (public reg) to enroll and pay for a course.

325. If the individual lives out of town or refuses to see the reg, the sales pitch swings immediately into a book sale instead. There is constant pressure to sell something to everyone.

326. HUBBARD has placed some restrictions on what people can be accepted for training, and if the individual falls within a restricted category, he will be refused services and strongly pressured to purchase books instead.

327. "For the first time in our history, I am placing restrictions on the acceptance of students for training on Dianetics and Scientology. It is important that these restrictions be placed in effect and kept in effect. We are becoming too successful to take stupid risks as an organization".

328. This policy continues stating:

"Therefore, no student may be accepted for training by the Director of Training (D of T) until he has been given a solid security check by the D of T personally. If the student fails to pass the test, he is to be sent to the HCC (HUBBARD Guidance Centre) for processing, using the money deposited for training. When entirely cleared, he may then be accepted for training and only then. Thus he is not refused training, but he may not be trained before he is cleared as a security risk. State of case shall be used for rejection only when it is such that he or she is impossible to security check by reason of a stalled or wild needle that will not register.

These three reasons only may be used for rejection in addition to the above:

- 1) Has a criminal record;
- 2) Is studying Scientology to procure data or evidence for another organization; and
- 3) Is a member of subversive organization that might use Scientology to overthrow a government by force".

(REF: HCO PL 30 August 1960 - Training Restrictions;
OEC Volume 1, Page 512)

329. If the individual has ever been "institutionalized" for mental illness, he will not be offered any courses for sale and will only be pressured to buy books. Even if the person requests to enroll on a course, he will be rejected. This practice of refusal applies to persons who have had any type of brain surgery and it does not matter if it is a frontal lobotomy or removal of a tumour.

330. On November 23rd, 1982, a complaint was received by the informant regarding a mentally handicapped person who had allegedly been defrauded of \$50,000.00 by SCIENTOLOGY. The victim in this occurrence was one Ivan MAGEE, then under psychiatric care at the Toronto General Hospital.
331. The complaint came from the parents of MAGEE and was investigated by Source #4. The result of this investigation showed that the subject was apparently defrauded by SCIENTOLOGY and five of its members as follows:
332. In September 1982, MAGEE, who had in the past been institutionalized for psychiatric treatment, and was, at that time, living at a half-way house for psychiatric patients, became associated with members of SCIENTOLOGY through his place of employment.
333. MAGEE was told that the Purification Rundown could help him improve his I.Q. and cease his dependence on drugs which he was taking for his mental condition.
334. This inducement led MAGEE to pay \$1,700.00 to Narconon for the Purification Rundown. (Narconon is a wholly controlled SCIENTOLOGY Organization as per SEA ORGANIZATION, FLAG BUREAU DATA LETTER 220, dated 29 August 1972, See Appendix VII, page 27. It is operated by the Guardian Office and its Board of Directors is invariably made up of SCIENTOLOGISTS).
335. It is, according to Source #2 (described above), also paying a management consultant fee to the Toronto Org of SCIENTOLOGY.

336. However, after paying his money, MAGEE was informed by a physician, Dr. K. KERR, that he should not take the service because he could experience health problems. By this time he was induced by a number of SCIENTOLOGISTS to cease taking his prescribed medications.
337. MAGEE, who wished to become a member of SCIENTOLOGY, was not eligible because of his mental handicap but was told that he could petition SCIENTOLOGY and the purchase of SCIENTOLOGY books and tapes for \$7,471.00 may assist in this petition.
338. The subject also paid for auditing which he received from a member of SCIENTOLOGY, which he was not eligible by SCIENTOLOGY policy to receive.
339. It was also discovered that MAGEE gave another member of SCIENTOLOGY \$12,000.00 so that member could take SCIENTOLOGY services. When SCIENTOLOGY discovered that there were some problems in relation to these monies, they had MAGEE sign an agreement that the money was a loan rather than a gift.
340. Subsequently, MAGEE gave this SCIENTOLOGY member another \$17,500.00 for an unknown purpose.
341. Occasionally, an "illegal pe" (a person in a restricted category) manages to become enrolled and commences a course without being detected. When it is discovered, it is handled in the following way:
- "I do not want to be placed in a position where I would be refusing help to anyone who needed it. The history of institution and shock cases is that they can be helped but that they do not continue long enough in processing to be helped. They become subjected to pressure in their surroundings to end off programs. After causing considerable work by

auditors, many such cases leave before anything effective can be done and ask for refunds which the organization is bound by its code to then make.

Anyone with institutional or shock history would have to guarantee to continue in processing long enough to be helped and to waive any right to refund. It is not mandatory that either an organization or an auditor help them even when permission is granted".

342. This policy continues stating:

"A petition (request for special consideration) from anyone with shock or institutional record may be granted only with the stipulation that:

- 1) They obtain the consent of an Org and auditor to help them.
- 2) They continue in processing for enough time to be actually helped.
- 3) They waive the right to refund.
- 4) They follow instructions given by the Org.
- 5) That they do not attack any auditor, Org or Scientology during or after processing and post a bond not to do so.
- 6) That they help Scientology and help others.
- 7) That they sign and have any guardian sign a document containing these stipulations".

(REF: HCO PL 16 May 1970 - Institutional and Shock Cases, Petitions from, OEC Volume 1, Page 529).

343. All the aforementioned policy pertaining to restrictions is contrary to earlier policy, HCO PL as October 1961 revised 7 March 1967 - Non-Scientology Staff, OEC Volume 0, Page 23) which states:

"This group has accepted you at face value. No one of this group will hold your past against you. A person entering a Scientology group is looked upon as a person whose conduct now is important, but whose conduct in the past is utterly unimportant".

344. The Org also advertises "free personality and I.Q. tests" in local newspapers, supplying the address to attend, with no mention of SCIENTOLOGY.

(See Appendix VII, page 28).

345. Many books are sold in the public divisions, and book selling units are also organized to sell door to door in neighbourhoods. These purchasers' names are added to the Central Files system and persistent contact made to induce these people to attend the Org in person.

346. The low priced basic courses serve only as a stepping stone to the more expensive upper level training. Depending on the person's financial situation, he may be approached by the Div II Reg to enroll in the higher priced courses, upon near completion of a basic course. Data on his financial status will be secured by the Public Division Personnel, through informal chats, and this data passed on to the appropriate Reg. At this point, the Reg is a total stranger to the prospect and the sales technique of "tagging" is greatly utilized. Tagging is the term used when one Reg starts a sales transaction, works the prospect and then the other partner moves in and takes over. This tagging method is often used by SCIENTOLOGY as the prospect has no partner and must face the sales team alone, thereby molting the prospect's resistance.

347. This tagging method and many of the sales methods used by a SCIENTOLOGY Reg are contained in the book, "Big League Sales Closing Techniques", by Les DANE. This book is sold at SCIENTOLOGY Orgs, primarily to staff members, but is also listed on SCIENTOLOGY Publications list.
348. If a person's financial state is not too secure, or still unknown, the Division VI Reg will enroll him on another basic course, usually a much higher priced one.
349. It is necessary for these public students to supply and purchase whatever course materials are required.
350. A Reg of Div II of the Toronto Org, on October 22nd, 1981, stated that public members want to be "bled of their money ... If they didn't, they would be staff members eligible for free training."
351. An American Reg, visiting the Toronto Org on January 25th, 1982, while lecturing at a staff meeting, stated that one should not feel guilty about taking someone's money or having them sell their house or borrowing from a bank to pay for services because if that person took \$10,000.00 to a bank, the bank is not able to sell them an extra day of life, but SCIENTOLOGY can. This Reg claimed to have "regged" \$85,000.00 in a one week period at three Orgs. He also told the Toronto Org staff that you don't let anyone walk out the door until you have their money.
352. Once a public person has paid for all levels of training available at the Toronto Org, he is then regged to pay for more services at an upper level Org. For this higher level training, both public and staff are targets for the reg.

353. For example, on July 21st, 1981, a staff member at the Toronto Org sold his private auto for a sum of \$8,400.00. Prior to his receiving payment, two regs learned of the forthcoming source of revenue and promptly began professional sales tactics in order to secure the monies from him. They were successful and the entire payment cheque was signed over to the Org upon receipt and forwarded to an upper level Org in Los Angeles as advanced payment for upper level services. However, he would not be eligible to receive this training for at least two to three years as he had not yet done the pre-requisite courses at the Toronto Org. Although a credit would be invoiced in his advance account in Los Angeles he would not receive any interest on the money, nor would he be able to withdraw the sum and still remain a SCIENTOLOGIST in good standing.

354. There is great pressure on the consumer to buy more and more of SCIENTOLOGY, mainly due to the pressure placed upon the regs. There is constant pressure to secure ever increasing amounts of money for the Org. The Executive Director of the Org, in an effort to push the staff to higher production, on May 15th, 1981, walked throughout the Org with a sign on the back of her clipboard, upon which was written, "Go for blood". This sign was in reference to a staff meeting the previous week (May 8th, 1981) where all staff were required to yell repeatedly after the Executive Director, "Go for the throat. Go for blood. Go for the bloody throat".

D. PURIFICATION RUNDOWN

355. SCIENTOLOGY's initial auditing action is the Purification Rundown. It must be taken as the first major step up the SCIENTOLOGY bridge. For the reasons set out below, the informant, for this warrant, has grounds to believe that this course is a further example of

consumer fraud given the misrepresentations of fact by SCIENTOLOGY as to the qualities of, and benefits from, the course and the relation of the real worth of the course to its actual cost.

355A. The Purification Rundown, as described below, is an example of the fraudulent pattern of SCIENTOLOGY services marketed to the public. An example of the representation of the claims of the Purification Rundown is illustrated above in paragraphs 330 to 340, an incident which occurred in 1982.

356. SCIENTOLOGY promotes and sells what is described as a detoxification course called the Purification Rundown. This programme, developed by L. Ron HUBBARD, traced back to an HCOB dated November 5, 1974, is represented as being able to rid the body of toxins from food preservatives, atmospheric poisons, pesticides and medical drugs such as aspirin, pain pills and tranquilizers, as well as illicit drugs such as marihuana, LSD, angel dust and other street drugs. It also professes to rid the body of the harmful effects of radiation and to build up resistance towards radiation exposure. These claims are confirmed in various promotional literatures distributed to the public. (See Appendix VII, pages 29-33).

357. "In today's chemical oriented society, the single most destructive element is drugs. Drugs retard or prevent case gain.

Recent research by Ron has demonstrated that "Not only LSD, but other chemical poisons and toxins, preservatives, pesticides, etc., as well as medical drugs and the long list of street drugs (Angel Dust, Heroin, Marihuana, etc) can lodge in the tissues and remain in the body for years".

Now, like a cleansing flow of pure spring water, Ron's latest breakthrough, the Purification Rundown, clears the way to new vitality, energy, and full and optimum case gain. "The primary purpose of the Purification Rundown", Ron says, "is to handle drugs, toxic substances, accumulated in the body, and according to the success stories pouring in, it certainly does that".

And, as an added benefit, a fully and properly done Purification Rundown lessens the consequences of future radiation exposure, as fully described in the article, "Purification Rundown and Atomic War" in this issue.

Experience the invigorating freshness of this sparkling new rundown!

It's vital for all.

See the registrar and sign up now!". (Appendix VII, page 33)

358. Another piece of promotional literature quotes the opinion of Paul JACONELLO, a Toronto physician, as to the benefits of the Purification Rundown. The opinion is unaccompanied by any reference to the fact that DR. JACONELLO is himself a SCIENTOLOGIST. He states:
- "I, Ron HUBBARD has discovered and piloted a detoxification programme which has staggering implications in our polluted world. The end result of the programme is a drug free and chemical free body.

The individual feels much better and a re-energization occurs in the body. Persons who have finished generally feel healthier, both mentally and physically, and I.Q. is enhanced and improved by such a programme.

The results are remarkably consistent and the renewed vitality that occurs seems to lay a new foundation of both mental and physical health for those who complete it. Ron HUBBARD, who pioneered this programme, has made available an incredibly effective programme which will benefit each and every person who does it".

359. A third piece of promotional literature states the following:

"Do something about the effects of the past drugs and chemicals on You with the Purification Rundown.

A person can re-experience drug effects even years after he has taken them. Those unexplained effects are known as restimulation.

L. Ron HUBBARD, the Founder of DIANETICS and SCIENTOLOGY, found that these effects can remain, quietly or forcefully, far longer than previously understood or believed. They can make life sluggish and muddy.

Chemicals in the air, water and food can have these effects on you. Perhaps the worst are "street drugs" and medical or psychiatric drugs.

GET RID OF THE RESTIMULATIVE EFFECTS OF PAST DRUGS AND CHEMICALS!.

The Purification Rundown, developed by L. Ron HUBBARD is an effective programme including exercise, sauna, sweating and good common-sense nutrition. Thousands have now experienced a new vigor and clarity of thought with the Purification Rundown.

Many who are students have found they can study much more easily - some can study successfully for the first time!

Many more have found they can more brightly and energetically accomplish their goals. Life can be fresh and hope for the future can be real!" ...

360. The Purification Rundown is a loosely supervised programme which includes exercise, sauna sweat-out and the intake of numerous and large dosages of vitamins, minerals and oil.
361. Prior to beginning the rundown, it is necessary to receive written approval from a recognized medical practitioner, stating the individual has no heart problems and is not anemic.
362. The Qualification Division Secretary of the Toronto C-94 referred Source # 3 in 1982 to obtain an appointment with Dr. JACONELLO prior to beginning the Purification Rundown. Should an appointment with Dr. JACONELLO not be available, the staff member was further advised by a Guardian Office staff member, that any doctor would do but, to merely state that a health programme was about to be undertaken. The programme should be presented as one which contained some exercise, followed by a sauna and a vitamin programme.
363. Source #3 did attend JACONELLO's medical centre for examination and blood tests. JACONELLO gave Source #3 four (4) form prescriptions to fill in with name, address and date. These form prescriptions listed the type and dosage of vitamins and number of repeats on each, and were signed by Dr. JACONELLO. When filled out by Source #3, they were returned to JACONELLO who placed them, along with a letter of approval re: said Source's approval to commence Purification Rundown, in sealed envelope, addressed to the Case Supervisor. This envelope was turned over to Source #3 for delivery.

364. It is also necessary to sign a release and consent form which forever discharges the CHURCH OF SCIENTOLOGY, L. Ron HUBBARD, etc., from any and all claims, actions, damages, injuries, etc., as a result of the Purification Rundown.
365. One must also take the SCIENTOLOGY I.Q. personality and aptitude tests prior to commencement of the Purification Rundown, and one of each of these tests after completion. The same tests are done each time, and any marked improvement is allegedly due to the success of the Rundown.
366. It is also necessary to read two (2) HCO Bulletins prior to starting the programme. These were, "Purification Rundown Replaces the Sweat Programme" HCOB 6 Feb 78 RA revised 16 Mar 78 re-revised 4 Dec 79 and "Purification Rundown Case Data" HCOB 21 May 80. Having read the bulletins the staff member may never again be checked on comprehension of the required reading material.
367. This programme costs in excess of one thousand (\$1,000.00) and can take weeks or months to complete. The reason for the time variance in the duration of the rundown is because the individual undergoing the rundown must state when he feels it is complete. SCIENTOLOGY refers to this as having reached the "end phenomena".
- RFP: HCO Bulletin 21 May 82 Purification Rundown Case Data "the End Phenomena is reached when the individual is free of the restimulative presence of residuals of past drugs and other toxic substances. He will no longer be feeling the effects of these impurities going into restimulation and there is a marked resurgence of overall spiritual wellbeing". (See Appendix VII, Pages 34 to 52).

368. Each day the individual picks up his instructions from the Case Supervisor (C/S). This informs him of what dosages of vitamins, minerals and oil he is to consume. At the end of each session, the individual submits a daily report to the C/S stating:

- a) time jogged
- b) time sweated in sauna (excluding breaks)
- c) list of vitamins, minerals, niacin, cal-mag formula (amount), salt, potassium, oil and fluids taken.
- d) any reactions from the niacin and where present, whether they increased or diminished from the previous day
- e) weight change
- f) any occurrences, somatics or restimulati and where present, whether they increased or diminished from the previous day
- g) diarrhea, if experienced
- h) vegetables consumed
- i) quantity of sleep
- j) any "wins" (favourable occurrences)

369. Source 43, taking the programme in 1982, never met the C/S and only communicated via the written daily report system.

370. That person had adequate sleep, and ate a well balanced diet while on this Rundown, but still experienced adverse effects (headaches, nauseous stomach, light headedness, muscle spasms in legs, occasional diarrhea).

371. The above described staff member reported headaches to the C/S and requested (via the daily report system) to know if seeing a doctor would be advisable.

372. The C/S instructed the staff member to consume salt and to increase the number of hours in the sauna.
373. A headache was reported the next day and the C/S instructed the staff member to consume extra salt and potassium and to take cool showers and drink plenty of water, as "the headaches sounded like overheating or salt depletion". The number of hours in the sauna was also to be increased.
374. Also, while on this programme, this staff member reported feeling dizzy when leaving the sauna, despite consuming salt and potassium and drinking plenty of water and taking cool showers. When this symptom was reported a second time to the C/S, and that a headache had also developed, the C/S instructed the staff member to read the HCO Bulletin Purification Rundown Case Data, Section 4 and Section 5. This bulletin was included in the prerequisite reading material.
375. The staff member followed these instructions and again reported the adverse symptoms stating that these symptoms may have been caused by too many hours in the sauna and that a doctor should be consulted.
376. The C/S instructed the staff member to see a doctor, but in the meantime, to continue on the programme, as, "the symptoms might be toxins running out" (poison leaving the body). Two days later, the staff member reported feeling well and the C/S told the staff member that a doctor need not be seen.
377. The above mentioned staff member also collected a urine sample on Day #18, and two other urine samples, (12 hours apart) on Day #19 of this programme. The staff member noted that the refrigerated sample from Day #19 appeared to be divided into two distinct parts, being a thick cream coloured substance in the bottom half of the container and an orange coloured liquid in the upper portion. Poranitic chemical testing

of the said staff member's urine revealed the body's attempts to rid itself of heavy niacin intake.

378. Every individual on the Purification Rundown dispenses his own vitamins, without medical or any immediate supervision. There is no medical person present to check blood pressure or daily state of health. The staff member was frequently alone in the sauna and was never assigned a "twin" to be present in the event that assistance was required.

379. At the onset of the programme, the staff member took the following vitamins, shown in milligrams:

Niacin	100
Vitamin A	10,000
Vitamin D	400
Vitamin C	500
Vitamin E	800
Vitamin BX (B Complex)	2 tablets
Vitamin B1	400
Mineral Tablets	2
Cal Mag	1 cup
Oil	2 tablespoons

380. Over the following twenty-four days, the vitamin dosages were increased daily to the following:

Niacin	4,000
Vitamin A	50,000
Vitamin D	2,000
Vitamin C	5,000
Vitamin E	2,400
BX (B Complex)	6 tablets
B1	1,000
Mineral Capsules	5 capsules
Cal-Mag	2 cups
Oil	3 tablespoons

381. HUBBARD's theory on niacin and increased dosage of it and other vitamin quantities, dictates what the C/S instructs in their daily reports. The above described staff member was subject to increased dosages of vitamins and longer lengths of time in the sauna, to alleviate the adverse symptoms reported.
- 3.2. An uncomfortable niacin reaction causing the skin to flush and become itchy was experienced by the staff member. Other persons on the Rundown experienced this reaction but thought it was drugs being run out of their bodies as proclaimed in HCO Bulletin of 6 Feb. 1978 RA revised 16 Mar. 1978 Re-revised 4 Dec. 1979, The Purification Rundown Replaces The Sweat Programme: (See Appendix VII, Pages 53 to 71) which states as follows:

NIACIN

"Niacin, as one of the B Complex vitamins, is essential to nutrition. It is so vital to the effectiveness of the Purification Rundown that it requires some extensive mention here.

It can produce some startling and in the end very beneficial results when taken properly on the Rundown, along with the other necessary vitamins and minerals in sufficient and proportionate quantities, and along with proper running and sweat out.

Its effects can be quite dramatic so one should understand what niacin is and does and have a good E-factor on it when starting the Rundown. Taken in sufficient quantities it appears to break up and unleash LSD, marijuana and other drugs and poisons from the tissues and cells. It can rapidly release LSD crystals into the system and send a person who has taken LSD on a trip. (One fellow who had done the earlier sweat out for a period of months and who believed he had no more LSD in his system took 100 mg of

niacin and promptly turned on a re-stimulation of a full blown LSD trip!).

Running and sweating must be done in conjunction with taking niacin to ensure the toxic substances it released actually get flushed out of the body.

NIACIN: BACKGROUND HISTORY

Niacin's biochemical reaction is my own private personal discovery. In the middle of the 1950's, I was doing work on radiation and I worked out that it must be niacin that operated on radiation. I was recently told by a doctor that the Dianazene formula of that time is remarkably workable today. Niacin runs out radiation. It will often cause a very hot flush and prickly, itchy skin which can last up to an hour or longer. It may also bring on chills or make a person feel tired.

The outpoint in medical thinking has been that they thought the niacin itself turned on a flush, so they invented something called Niacinamide to keep from turning on this flush. Niacin all by its lonesome does not turn on any flush. What it starts to do is immediately run out sunburn or radiation, so the Niacinamide they invented is worthless and it should be mentioned that it is". This same Bulletin continues stating:

NIACIN THEORY

"In theory, niacin apparently does not do anything by itself. It is simply interacting with niacin deficiencies which already exist in the cellular structure. It doesn't turn on allergies; it runs out allergies. Evidently anything that niacin does is the result of running out and running through past deficiencies.

CAUTION: The manifestations niacin produces can be quite horrifying. Some of the somatics and manifestations the person may turn on are not just somatics in lots of cases in my experience. I have seen a full blown case of skin cancer turn on and run out. So, a person can turn on skin cancer with this and if that should happen, if niacin is continued the skin cancer has run out completely.

Other things that may turn on are hives, flu symptoms, gastroenteritis (inflammation of the mucous membrane of the stomach and intestine), aching bones, upset stomach or a fearful or terrified condition. There seems to be no limit to the variety of phenomena that may occur with niacin. If it is there to turn on by niacin it apparently will do so with niacin.

"The two vital and proven facts are:

1. When the niacin was carried on until these things discharged, they did run out as they will do (sometimes people chicken out on it and don't finish the course and it leaves them hung up. This should not be allowed to happen).

IT IS A MATTER OF RECORD THAT WHAT TURNS IT ON WILL TURN IT OFF WHERE NIACIN IS CONCERNED.

2. When the niacin dosage was increased, the whole lot of the rest of the vitamins being taken were also increased proportionately, the niacin itself, taken in large amounts, did not create a vitamin deficiency".

3. A critical analysis of the Purification Rundown, dated October 8th, 1981, has been written by a Toronto physician, David HOGG. Dr. HOGG concludes his analysis by stating:

"His (HOBARD'S) programme not only fails to deliver what it promises but may actually be detrimental to the health.

of those taking it". (See Appendix VII, Pages 74 to 78).

384. In 1981, a professor of Pharmacology at the University of Toronto, consulted by the Ontario Provincial Police, stated that there is no scientific basis for the claims made by the Purification Rundown, and in fact, an individual with blood vessel problems, on such a high dosage of Niacin, could experience severe health problems.
385. In keeping with HOGG's assessment, an evaluation of the detoxification procedure used in the Purification Rundown was undertaken in October 1971 in the U.S.A. by two medical doctors plus a Registered Nurse and another individual.
386. The report, entitled "Evaluation of Narconon New Life", was conducted for the Deputy Director of the Health Treatment System, State Department of Health, Sacramento, California. (See Appendix VII, pages 79 to 132).
387. This report, completed in 1974 deals mainly with Narconon, a SCIENTOLOGY directed drug rehabilitation programme, but makes specific statements dealing with the "detoxification" or Purification programme then in existence in SCIENTOLOGY. Excerpts from the report and its findings are as follows:

"III.

INTRODUCTION

The State of California has sought to intervene in the process of drug addiction and give opiate addicts alternative to incorporation and hazards of a self-destructive life-style. In January, 1973, with the passage of Senate Bill 714, millions of dollars of state monies were made available to county governments through the Mental Health Short-

Doyle mechanism. These funds were specifically designed to add treatment alternative to the earlier repertoire of jails and prisons, probation and parole, civil commitment and court orders".

"*Narconon - Conditions for Continued Public Funding

1. Programme shall operate a facility that specifically and exclusively deals with the rehabilitation of narcotic addicted persons as required by their County contract. Such condition should be documented in each case to the satisfaction of county authorities.
2. Programme shall make all fiscal, programme and client treatment records available for evaluation by duly authorized evaluators of the county or state. Independent audit by a CPA shall be done.
3. Programme must cease all practices that have been found to be specifically practices of the Church of Scientology and which may only be practiced by a recognized minister of the Church of Scientology. (Example - use of E-Meter in student auditing, use of training materials copywrited by the Church of Scientology).
4. Programme shall eliminate all restrictive admission policies listed in their legal contract for Narconon Rehabilitation Programme that are not in accordance with standard admission policies for Short-Doyle clients receiving mental health services.
5. Detoxification procedures shall be stopped on the premises since their procedures are without proper medical supervision and may be dangerous".

"VII.

LETTER OF INSIGHT

Shortly after the team completed its evaluation and initial report, one of the team's members (Dr. Tennant) received the attached letter which reveals many of Narconon's means of operation. In the letter there is an overt and scientifically unvalidated advertisement for detoxification with megavitamins. Note that there is no reference as to which drugs for which megavitamins might provide withdrawal assistance. We were informed by Narconon staff this may include barbiturates, and the team considers this is to be a potential life-threatening hazard. Note further that Narconon charges \$300 for 72 hour detoxification.

j. "Urine Testing": No urine testing is done by Narconon New Life Halfway House. However, students on parole may get urine testing at their parole officers. It was not stated whether or not records were kept of urinalysis results but it appeared clear that communication between Narconon and the parole officials was maintained".

k. Detoxification: Narconon New Life Halfway House has one room specified as the Detoxification room. The detoxification procedure is monitored 24 hours daily by a Narconon trained detoxification specialist. The procedure consists of "touching", "extroverting" the subjects attention from his body, and approximately a half handful of anorectic coated vitamins taken every six hours. The detoxification procedure usually does not exceed 72 hours and is described as comfortable. The subject is said to sleep well. A single page communique from Mark Jones (former Executive Director-Narconon U.S.) explicitly states that only heroin addicts should be detoxified by the Narconon process. This information is either unknown or unheeded by the staff members interviewed at Narconon New Life Halfway House. Mr. John Powers states that he had seen a

"convulsion" stopped immediately by the Narconon procedure but was unable to describe in even laymen's terms what this convulsive episode consisted of. What he did describe was similar to a hysterical outburst which could quite easily be relieved by a calm, soothing and attentive companion".

1. Informed Consent...
 Item 11 "expressly waives the prohibitions of Section 1542 of the Civil Code of California". i.e. Certain Claims not affected by general release.

There is a specific detoxification agreement (see attachment) that simply provides a signed agreement that the detoxification subject will remain in the detoxification and is willing to accept a no refund provision.

We were not provided with and must presume that there is no informed consent document specifying the risks involved in withdrawal from hypnotic/tranquilizer medications such as convulsive episodes during barbiturate withdrawal. There are two inherently logical conclusions for omitting this type of informed consent document:

- 1) the legal contract described above apparently relieves Narconon of any legal responsibilities for any such risk
- 2) Mark Jones' memorandum excluding detoxification from any drug excepting heroin in which serious withdrawal complications are minimal. Nevertheless, our information indicates that the latter directive is either unknown or unused at Narconon New Life Halfway House.

INTERVIEW OF PATIENTS

- a) General Appearance: The residents appeared to be well dressed and well nourished.
- b) Attitude: The patients had a positive attitude. Most of them want to become qualified Scientologists.

"13. ADVERTISEMENTS AND CLAIMS

- b. Misleading Claims: Narconon claims to have an 86% cure rate for narcotics addicts which is simply not true. Mr. Greg ZEROVNIK, National Director, Narconon U.S., explained that the 86% figure came from a study of parolees from the Arizona State Prison who may or may not have been narcotics addicts. This sort of claim is, of course, misleading to both the prospective client and to public officials who are sincerely attempting to find ways to cope with the problem of drug abuse.

Narconon also advertises detoxification with megavitamins and other non-medical procedures that may be hazardous and in some cases lethal. Attachment 19 is a Narconon letter to the East Valley Free Clinic advertising an extraordinarily expensive detoxification procedure. It furthermore claims a 68% two year "success rate" for drug abstinence and for arrests "for anything related to drugs". It implies that these success ratios are applicable to heroin addicts and alcoholics. This claim is either misleading or miraculous".

16. RECOMMENDATIONS AND/OR CONDITIONS FOR CONTINUED STATE FUNDING

- a) Detoxification procedures should be stopped on the premises since their procedures are without proper medical supervision and may be dangerous.
- b) "Three evaluation team members recommend cessation of State funding".

c) "Program must cease all practices that have been found to be specifically practices of the Church of Scientology and which may only be practiced by a recognized minister of the Church of Scientology. (Example -

use of E-Meter in student auditing, use of training materials copyrighted by the Church of Scientology)."

II. FINANCES

Org Income

388. A main source of Org income is the "donations" which are in fact set fees in price lists of services available at the Org. If the individual attempts to make a "donation" of a voluntary offering of his choosing other than in the amount price listed for the service, the service is not rendered.
389. In one instance, in the summer of 1981, where an actual cash donation was made to the Org not referable to any services sought to be taken, no one present had any idea how to invoice or record the incoming cash other than in the context of a purchase.
390. Money appears to be the motivating factor in the conduct and operation of SCIENTOLOGY. Source #2, familiar with the day to day operations of the Treasury Department, can attest to the fact that an Org such as the Toronto Org alone, will have a gross income of approximately one million dollars annually - no taxes are paid.
391. There is a great amount of stress placed upon individual staff members to acquire more revenue for the Org. It is perhaps greatest upon those persons who are in direct revenue procuring positions. There is constant pressure to recruit new members or former members who have dropped out of the Org. Current members who have financial resources are constantly pressured to purchase more services from SCIENTOLOGY.
392. The Division II Regs are among the highest revenue producers for the Org as this is their sole function in the Org. They use a varied number of what could be described as professional sales techniques de-

signed to break down all resistance to a sale. The Div II Regs are to establish contact with the local bank officials, and in particular, the Loans Officer. Any and all loans are to be the personal commitment of the individual - no financial liability to the Org and it is illegal (against policy) for a staff member to co-sign a loan for any amount. (See Executive Directive Sea Organization, 7 January 1981, Appendix VII, pages 133 to 135.)

3. As Thursdays are the end of the week for statistical purposes for the Org, it is not uncommon for a Reg to be at a sympathetic bank on a Thursday morning to assist an individual in securing a new loan for the purchase of further SCIENTOLOGY services. The loan, once approved by the bank, is then counted as a statistic for the Org. The general attitude of the Org and the Regs is that it doesn't particularly matter what the member purchases, so long as he purchases something.
4. The fluctuation and wide variance of these prices, both up and down, over the last several years, appears to substantiate this concept that the Org charged whatever the market will bear.
5. A public member must pay the Org for services before commencing the services. SCIENTOLOGY cannot be purchased from the Org on credit. In order to increase immediate income to the Org and to transfer the member's debt relationship to a third party other than the Org, the Toronto Org has arranged with the Royal Bank of Canada that goods or services may be purchased at the Org through use of the VISA Credit Card. The bank alone therefore suffers any loss occasioned by the member's default in payment.

96. Prior to the acceptance of the VISA credit card at the Org, it was a general practice of SCIENTOLOGY to have the individual contact his credit card Company and have his credit limit raised to the maximum amount. Once this was made available, the member would, in most cases, then make use of the credit card cash advance system to pay for SCIENTOLOGY services.
97. Another source of income for the Org is the collection of the Freeloader's Debt. This is the debt incurred as a result of an individual deciding to join the Org as a full-time staff member and signing a contract to work for the Org. The services received during this period of employment are stated to be "free" but should the individual decide to leave during the contract period, he is subject to immediate repayment of the cost of all services he received for free. If a staff member does leave during this period, he receives a bill advising him how much he owes the Org. The repayment can be made as one lump sum or arrangements can be made to pay on a monthly or weekly basis. If such avenues for repayment fail to entice the individual to pay his debt, there is another method used, that being for the Org to offer a special discount price for one day if the person can come up with the money on that date. The philosophy of the Org appears to be that it is in the best interest of the Org to obtain, if not all the money owing, then at least a substantial percentage of it. These discounts are approved by senior SCIENTOLOGY executives at the local level. HCO Policy letter of 27 February 1971, First Financial Policy, states:
- "Income is more important than disbursement".
- This is a quote approved by L. Ron HUBBARD and strictly adhered to by all SCIENTOLOGISTS.

distribution of income to staff members

(1) Unit Value Distribution Of Profit

92. Lower level SCIENTOLOGY staff members are poorly compensated for the amount of labour provided to the Org. Part of this reason is the clever way in which SCIENTOLOGY has set up its payroll procedure. The amount of money available for the benefit of staff members is a set percentage of 45% of the amount allocated to the Org for its expenses. This system creates a two-fold situation in which SCIENTOLOGY itself cannot lose. By only allocating a certain percentage of the weekly revenue collected to benefit staff, the Org protects itself from having to draw upon its reserves to provide income to staff should the need arise due to poor weekly income. Secondly, this system is also used to encourage staff members of the Org to generate as much revenue as possible for the Org in order that the profit may be higher for the distribution to and personal benefit of the staff members.

93. Each post in SCIENTOLOGY is worth a predetermined number of units, depending upon each staff members position within the Org. When the dollar amount allocated for distribution to staff is known, it is then divided by the aggregate number of units of all staff members in the Org to calculate a per unit monetary value. This unit value is then the measurement of profit distribution, the unit value is multiplied by the number of units which each staff member is worth, thereby giving the dollar amount each staff member is to receive. Where the amount received by the staff member is sufficient to cause payroll deductions to have to be made, these are subtracted and deposited into a Bank account until such time as it has to be paid to the appropriate government agency.

(2) HCO (Hubbard Communication Office) Book Commissions

All items such as books, E-Meters etc. ... received by the ... are purchased from Publications Or-

ganization United States (Bridge Publications) or Publications organization Denmark (New Era Publications), which are SCIENTOLOGY controlled organizations, all funds remain in the SCIENTOLOGY family of companies.

01. In addition, considering the initial cost of the items to the SCIENTOLOGY organizations as a whole, and the high mark up prices at the local Org, and the high turnover of products, the HCO account represents the greatest mechanism for the removal of business profits from SCIENTOLOGY to L. Ron HUBBARD and his upper level Orgs supplying the said products.

SEE TABLE #4

02. From the revenue generated by the sale of books, tapes, E-Peters and other such items handled through the HCO account, the Org pays a commission to the seller. In this instance, SCIENTOLOGY pays the commission whether the seller is a staff member or not, this commission is paid even if the staff member makes a sale during post hours. The person who sells the book or other item receives a 15% commission for the sale. These commissions are paid on weekly basis to the seller. This system of commissions encourages the staff member, with a low number of units allocated to his post, to sell more and more such items, due to the fact that these commissions are paid on a regular basis. This in turn creates a larger turnover of these items for the Org, generating an even greater revenue and a higher profit for SCIENTOLOGY Orgs outside Canada and for high unit-post staff members locally.

iii) FSM (Field Staff Member) Commissions

03. Another method of motivation used by SCIENTOLOGY is to offer a commission on auditing and training. This also encourages members to sell more of these services which generates a greater revenue for SCIENTOLOGY and staff members.

94. An FSM OF SCIENTOLOGY is one who recruits new members into SCIENTOLOGY by expanding the benefits and rewards of training and processing. Once the new member starts purchasing services, the FSM receives 15% of the amount spent by the member on training (study courses) and 10% of the amount spent on processing (auditing), because the FSM was the new member's first contact with SCIENTOLOGY. The FSM also receives a commission any time the new member who he recruited purchases subsequent services. The relationship continues as long as both people remain in SCIENTOLOGY. These commissions are also paid to regular staff members who recruit new members during their off post hours.
95. This pyramid system encourages those in SCIENTOLOGY to constantly sell SCIENTOLOGY.

Training Fees

96. It has been established by investigation that a percentage of all net income of the Org is channelled to the higher management Orgs within SCIENTOLOGY both in Canada and outside. This would result in the lower Orgs showing a negligible profit on paper, where in fact the funds have been transferred to another segment of the SCIENTOLOGY operation under the guise of training and management fees. For example, with respect to training fees, a local Org is directed to send students to FLAG to advance their studies, which is SCIENTOLOGY's Headquarters in Clearwater, Florida. Transportation to FLAG is also paid for by the staff member's Org.

There are two particular courses offered called the O.E.C., P.E.B.C. (Organizational Executive Course, Flag Executive Briefing Course). These courses are generally in the area of three months duration in total and there appears to be a heavy demand by FLAG to have the Orgs send as many people to Clearwater as possible for this training.

408. Once the course is completed, FLAG then sends the local Org a bill for the cost of each student. The cost, excluding accommodations is, for the F.R.B.C. (\$9,000.00) nine thousand dollars, while the O.E.C. is (\$16,000.00) sixteen thousand dollars for a minimum of over (\$25,000.00) twenty-five thousand dollars. It is referred to as a bill, while in an official document from the International Training Organization, it is referred to as a "donation".
49. The money used by the local Org to pay for these services or donations is any amount the Org has left over after paying its outstanding debts. These amounts of money go out of the Org, therefore as expenses serving to reduce the profit.

Management Fees

1. The Org must pay management fees to upper level Orgs such as FLAG, FOLO, Continental G.O., Church of SCIENTOLOGY World Wide, Local G.O. and G.O. Reserve Account. Although little if anything is received for these payments, it would appear that the management fees are nothing more than "franchise fees".
- Prior to 17 December 1982 and HCO Policy Letter 25 Nov. 1981, all funds sent to these Orgs were a fixed percentage of the Toronto Org's Corrected Gross Income (C.G.I.)

FLAG	5%
FOLO	5%
LOCAL G.O.	5%
C OF S WORLD WIDE	5%
G.O. RESERVE ACCOUNT	10%
CONTINENTAL G.O.	5 to 10% (depending on the amount of CCI)

SEE TABLE #5

412. Over the period of seven months (1 Jan. 81 to 31 July 81), the Toronto Day and Foundation Orgs paid in excess of one hundred and twenty thousand dollars (\$120,000.00) for these management fees. Cheques made out to Church of SCIENTOLOGY World Wide and FLAG, dated 19 January 1981 through 23 July 1981, were all returned to SCIENTOLOGY Toronto Orgs after having been cleared in banks in Luxembourg.

413. All cheques that are sent to FLAG to pay for services, tangible goods and management fees, are made payable to the Religious Research Foundation (R.R.F.).

414. Effective 17 December 1981, a new policy was implemented via HCO Policy Letter 25 November 1981, stating that each Org will be notified monthly by telex what percentage of the C.G.I. is to be sent to the Church of SCIENTOLOGY International (C.S.I.) formerly called Church of SCIENTOLOGY World Wide. Once that has been determined, then the remaining part is to be sent to Special Org Reserves (S.O.R.). It has been determined that C.S.I. and S.O.R. are eligible to receive 20% of an Org's C.G.I. ... S.O.R. is believed to be held at FLAG.

Concerning the further management fees, 5% of the C.G.I. is being sent to FOLO and 5% to Continental G.O. (G.O. CANADA), as they apparently have no source of income and therefore depend on the lower Orgs for total financial support.

The informant believes that the payments of money to R.R.F. by the Orgs throughout the world, including the Toronto franchise, constitutes a distribution of profit to, or for the benefit of, L. Ronald HUBBARD or other persons, and bases that belief upon the following:

- (1) examination of the affidavits of Mr. Gerry Armstrong, true copies of which are reproduced in Appendix VII. The said true copies of Armstrong's affidavits were requested from and received from the office of the Florida Agency of Law Enforcement. The informant for this warrant, in addition, spoke to Gerry Armstrong by telephone, following arrangements made with a lawyer in the United States, to confirm the contents of the said affidavits. The said Armstrong has stated that he has direct knowledge that the payments to R.R.F. are controlled by, and received by, L. Ron HUBBARD for his personal use and benefit, as detailed in the said affidavits and telephone conversations.
- (2) In the Stipulation of Evidence, a true copy of which is reproduced in Appendix IV, in the matter of United States of America v. Mary Sue Hubbard et al, U.S. Dist. Ct., No. 78-401 Crim. October 1979, Mary Sue Hubbard "Controller" and "Commodore Staff Guardian", signed an acknowledgement that R.R.F. was a Scientology "front" organization and that Scientology was concerned about the Internal Revenue Service (I.R.S.) gaining knowledge of that organization.
- (3) The informant has seen a true copy of the transcript of the proceedings, United States District Court v. Jane Kember and Morris Budlong, a.k.a. Mo Budlong (the Guardian World-Wide and the Deputy Guardian for Information World-Wide, respectively) from which the Informant gained the following information concerning

the Religious Research Foundation:

Michael Meisner, the Assistant Guardian for information for the Washington, D.C. Guardian's Office, testified on October 30, 1980 and November 6, 1980 in the United States District Court for the District of Columbia that he was instructed by Mary Rezzonico, the Deputy Guardian for Legal, United States, to be on the alert during his illegal entries into the offices of the Internal Revenue Services and the U.S. Department of Justice for any information contained in their files concerning R.R.F. Meisner testified that Rezzonico described R.R.F. as "some kind of Scientology organization outside of the United States, through which some U.S. monies, Scientology monies, had been funnelled".

- (4) The obstruction of employees of the Federal Government - Revenue Canada, at the premises of Scientology, 696-700 Yonge Street, in the exercise of their duties under the Federal Income Tax Act during February of 1981.

The informant bases this on information received from Source #3 who learned through the conversation with an Org staff member, that the Guardian Office and members of its staff, had purposely established an office for the Revenue Canada auditors in a converted washroom at the back of the Chapel. The reason for this was that this space was cool, damp, crowded and improperly ventilated. These factors, combined with the presence of two Guardian Office staff members that were continually called away to answer the phone (calls intentionally being placed to them by other Guardian Office staff) provided the intended interruption to severely

hamper the efforts of the Revenue Canada auditors. The Org staff member relating this episode to Source #3 indicated that the operation had been successful as the auditors only remained for two days.

Bank Accounts

417. The SCIENTOLOGY Org in Toronto maintains several bank accounts at the Royal Bank of Canada at Yonge and Grenville Streets, Toronto, Ontario. Apart from the main accounts used by the Org, other groups within the Org also maintain accounts at this same Branch. The Guardian's Office Toronto, POLO Canada, Continental Publications Liaison Office Canada, the Guardian's Office Canada, possess their own accounts and banking privileges. There are upward of 25 separate accounts at this one Bank Branch.

Finance Office #1 Account (F.O. #1)

418. This account is under the control of the Flag Banking Officer (FBO). All revenues collected by the Org for whatever purpose are the FBO's direct responsibility. Records maintained as to the origins of the revenue as well as the services rendered. All invoices for services (books, meters, etc.) are scrutinized by the FBO. At the end of the SCIENTOLOGY week (Thursday, 2:00 p.m.), it is the responsibility of the FBO to distribute all income received to the various other SCIENTOLOGY bank accounts.

419. The Flag Banking Officer records the gross income for the week. All revenues from the sale of books, E-Meters and other accountable items is then transferred to the Hubbard Communication Office (HCO) Account.

420. Provincial Sales Tax applicable to the sale of taxable items is deducted and transferred to the reserve account.
421. From the gross income, money is also deducted and deposited to other bank accounts such as Public Executive Secretary (PES) Account, and Field Staff Member (FSM) Account.
422. The amount of money remaining after the above mentioned transfers is known as the Corrected Gross Income (C.G.I.).
423. From the Corrected Gross Income, the Flag Banking Officer then calculates the amount of money to be disbursed to the upper level orgs, (such as Flag, F.O. and the Guardian Offices) of SCIENTOLOGY as Management fees. This is on a fixed percentage basis.
424. The remainder of the Corrected Gross Income is then transferred to the Main Account for the use of the local Org for operating expenses.
425. The only funds retained in the F.O. #1 account after all transactions have taken place is a float amount known as the Bounced Cheque Float. This basically is just a nominal amount in order to cover any NSF cheques received by the Org.
426. The F.O. #1 account is perhaps the most important bank account at any SCIENTOLOGY org. This account best shows the flow of money in and out of the Org.

Main Account

427. All the money in this account has been transferred by the FBO from the Finance Office #1 account. The amount transferred into the main account is the remaining amount of the corrected gross income after the management fees have been paid. Of this re-

maining total, 45% is to be distributed to staff members, 15% is for promotion purposes, 30% for operating expenses and the remaining 10% is for bills overdue or deposited to the reserve account.

428. Although these percentages are directed towards specific purposes, changes may be made. It is not uncommon for the largest percentage (45%) to be allocated as promotion in lieu of distribution to the benefit of staff members. From this account, training fees are paid to FLAG, FOLO, or any other higher level Org from operating expenses.

429. All the money deposited in this account has been allocated for a specific expense. Except at the actual time of transfer, there is little or no money in it. The money that is deposited in the account is spent very soon thereafter. SEE TABLE #3.

Hubbard Communication Office (H.C.O.) Account

430. All revenue from the sale of books, tapes, E-Meters and other SCIENTOLOGY marketable products is transferred into the HCO account from the FO #1 account. As quickly as the money is transferred into this account, it is disbursed to pay for such items as promotion, transportation, and to replenish stocks of these items, and payment of commissions to members for the sale of these items.

Reserve Account

431. The main purpose of the Reserve Account is to act as an emergency source of cash should the Org be involved in a situation that might require a large amount of cash such as building loan payment to Special Org Reserves (SOR), believed to be situated at FLAG in Clearwater, Florida.

MAIN
ACCOUNT
DISBURSEMENTS

OTHER ORGS
-FLAG TRAINING,
ROOM & BOARD
-GOLDEN ERA STUDIOS
TECHNICAL FILM RENTALS

CREDITORS
-OFFICE SUPPLIES
-BELL CANADA
-CHARTERED ACCOUNTANT
FEES
-POSTAGE

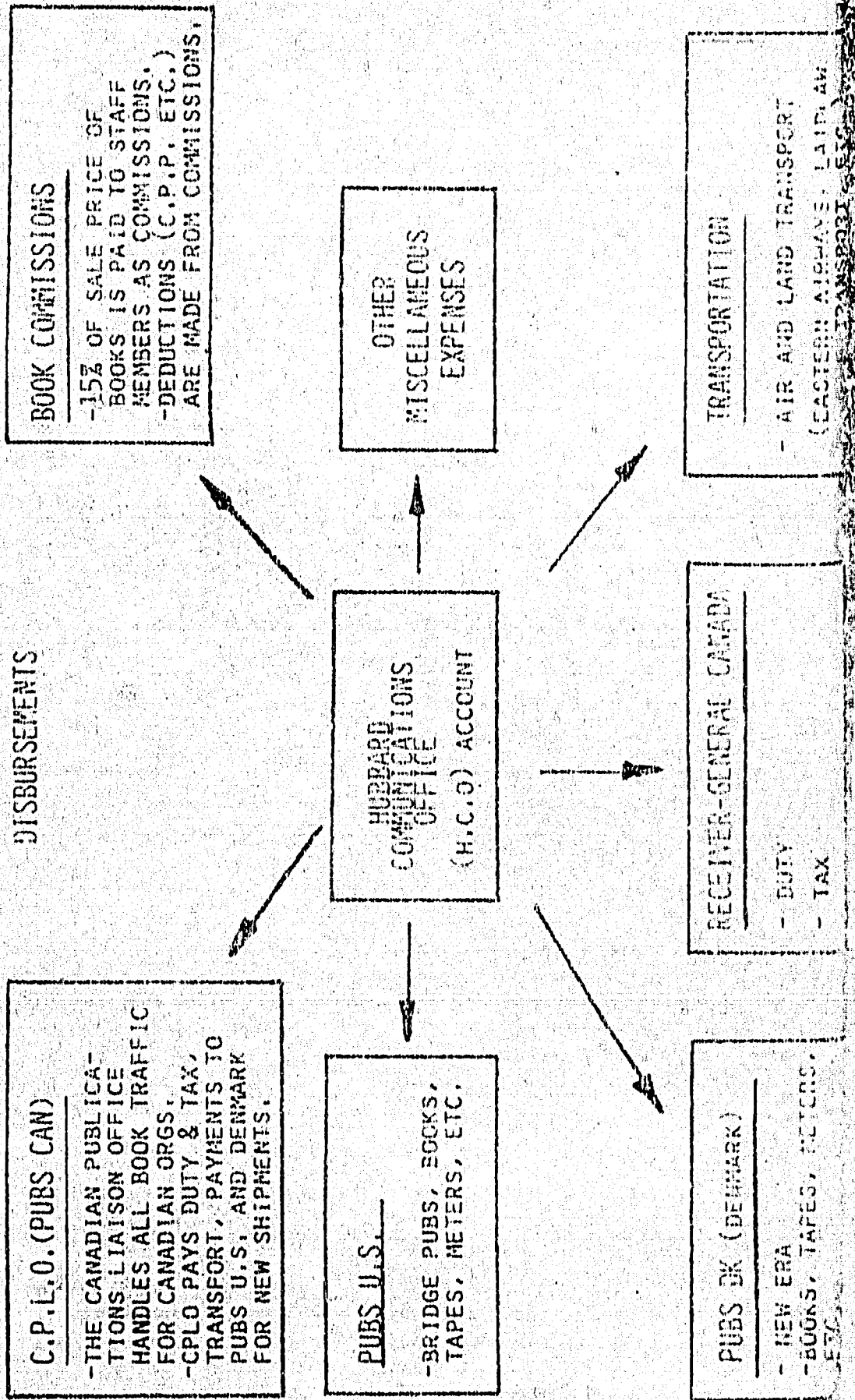
MAIN
ACCOUNT

SALARIES
-STAFF SALARIES
-O.M. SALARIES (SECURITY)
-O.O.T. PAY (OUT OF TOWN)
STAFF MEMBERS STUDIES
OUT OF TOWN

ESTATES ORG.
-OWNS C.OFS. BUILDING
-RENT PAID FROM MAIN
ACCOUNT

FOLO (CAN)(EUS)
-MONEY PAID TO FOLO
CANADA AND EASTERN
U.S. FOR MISSIONS
TRAVEL

H.C.O.
ACCOUNT
DISBURSEMENTS



432. Figures in January 1982 revealed there was approximately \$75,000.00 in this account.
433. A secondary purpose of this account is the retention of sales tax from items sold. All tax collected is deposited, again through the EO.#1 account, to this account for payment to the respective government agencies. This also encompasses Canada Pension Plan and Unemployment Insurance Contributions, from both employee and employer, as well as income tax payable by the employees.

Guardian's Office Local Account

434. Prior to 7 December 1981, 5% of the corrected gross income of the Org was transferred into this account from the EO #1 account. This money was expended by the G.O. for the purchase of office supplies, expenses incurred by members of the Guardian's Office while on special projects and for legal fees incurred by their counsel. Also paid for from this account is the fee for use of the xerox copier and paper shredder at the Org.
435. As of December 1981, all expenses etc., incurred by the Guardian's Office were covered by the Org from the Main account and the 5% of the C.G.I. was no longer allocated directly to the G.O. This is believed to be an attempt on the part of SCIENTOLOGY to show that the G.O. is no longer an autonomous network, not linked or under the direct control of SCIENTOLOGY as a whole, and that the G.O. has changed its ways of the past.
436. The original G.O. local account was still functioning as funds remained in the account after December, 1981.

Guardian's Office Reserve Account

437. This is another account for the use of the Guardian's Office. While the previous reserve account is supplemented by whatever the Org can contribute, the G.O. Reserve Account is given a fixed percentage from the Org's corrected gross income, transferred into this account from the FO#1 account.
438. The purpose of this account is for the legal defense of SCIENTOLOGY. Money is very seldom withdrawn from this account. The policy being that it is to be used as a reserve, primarily for the G.O. in case of an emergency. Although if there is an emergency, "gather bit by bit a cushion of cash to fall back on and don't ever fall back on it make more money to meet the emergency instead".
(REF: HCO PL 28 Jan 65, How To Maintain Credit Standing & Solvency, CEC Vol. 3, page 40)

Claims Verification Board Account

439. This account is maintained solely for refunds to dissatisfied customers. There is generally not very much money in this account at any time.
440. Any refunds made by the Org generally take up to four months to process, therefore, when a request is made for a refund, nominal sums are deposited over an extended period, and when there are sufficient funds in the account, the refund is made from this account. The money that is used to replenish this account when needed is taken before the C.G.I., is calculated and is then transferred from the FO #1 account to this account.

Public Executive Secretary (P.E.S.) Account

441. All funds received into this account are disbursed from the F.O. #1 account. These funds are as a result of income from the Public Divisions sale of Basic Courses (Success Through Communication Course, Self Improvement Course etc.). It is operated as a joint account between the Day and Foundation Orgs, with each Org entitled to strictly that portion of the income it contributed to that account.
442. Expenses from this account are in the nature of newspaper ads for Sunday Church Services, promotion of courses offered by the Public Divisions and other miscellaneous office expenses.

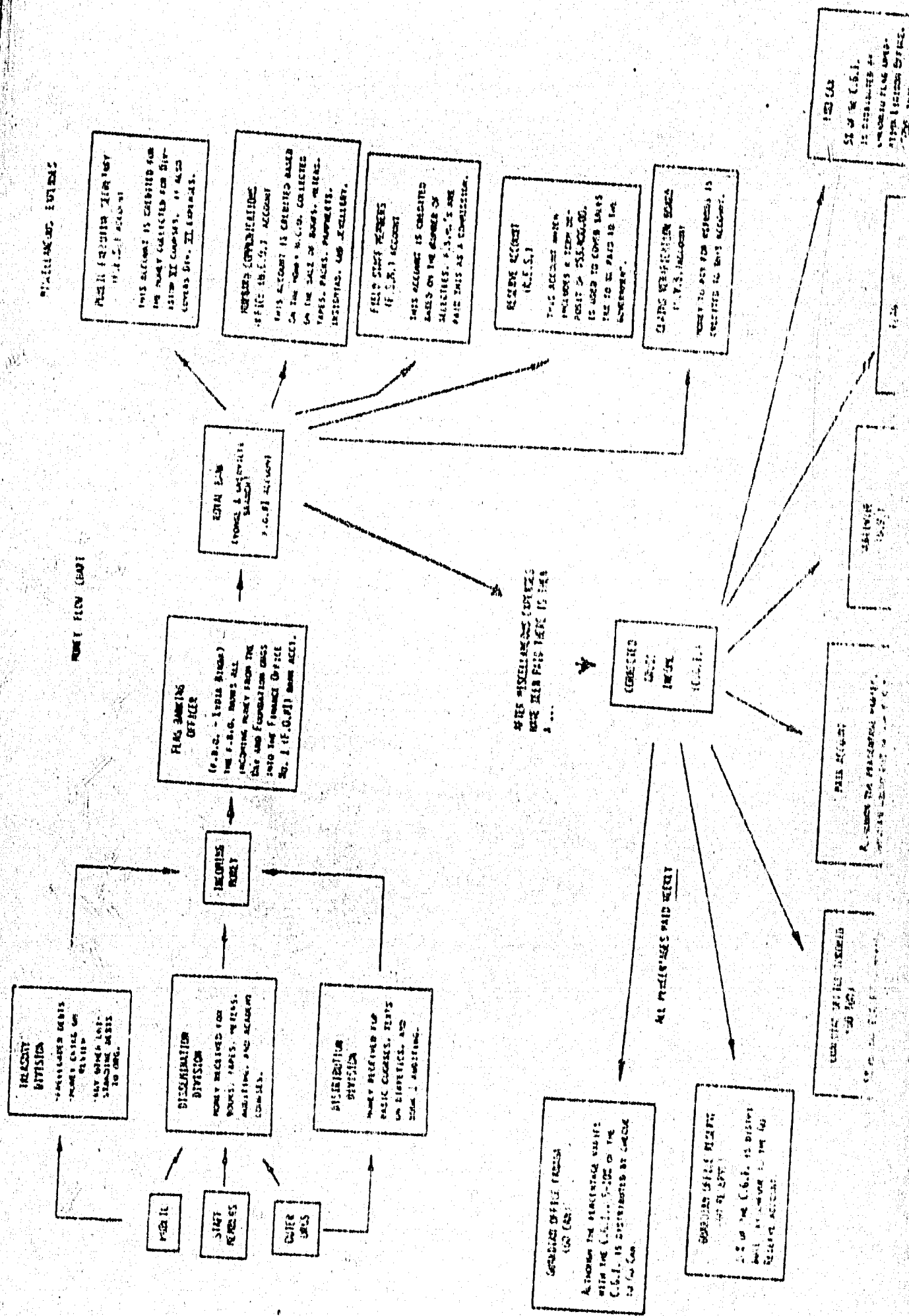
Day and Foundation Field Staff Member (F.S.M.) Account

443. This account is used solely for the payment of all commissions with the exception of the commission paid on the sale of books and other such items.

Estate Account

444. This account is maintained by the Flag Banking Officer in Toronto and is kept separate from all other accounts. Revenue is received into this account from the lease of office space in the SCIENTOLOGY building at 696-700 Yonge Street, Toronto. All tenants, including Day and Foundation Orgs, pay rent to Estates. In the case of Day Org, it pays \$600.00 per week and Foundation pays \$900.00 per week, yet these "separate" Orgs operate out of the same office space. It is believed that Day and Foundation Orgs write off these expenses as rent for tax purposes.
445. From the revenue received, Estates then pays all utilities, upkeep, other such amenities and the building loan for the building at 696-700 Yonge Street, Toronto. It is believed that the building

loan is from Special Org Reserves (S.O.R.) at
FLAG and is in the area of two million dollars
(\$2,000,000.00).



B-6

CONCLUSIONThings to be Searched For

The Informant believes from investigation including direct observations of Sources #2 and #3, that the files and other documents listed in the section of this information under the heading of "Things To Be Searched For" and designated as Central Files, Ethics Folders, Staff Personal Files, Flag Operations Liaison Office (FOLO) Files, Treasury Files, L.R.H. Communicator Files, Books of Account, Continental Publications Liaison Office (CPLO) Canada Files, will afford evidence that SCIENTOLOGY is primarily a profit oriented organization. This will be shown primarily through the Org's own books of accounting and records. Evidence as to the Org's marketing techniques will also be found among these documents. These documents will be found among FOLO Files, Treasury Files, CPLO Files and Books of Account. Evidence contained in these documents will also demonstrate the chain of command of SCIENTOLOGY, the organization of policy, the pattern of marketing of fraudulently represented courses, money obtained therefrom, as well as the distribution of monies to higher level management bodies of SCIENTOLOGY.

Such evidence will also be found among the FOLO Files, Treasury Files and L.R.H. Communicator Files. Towards SCIENTOLOGY's goal of a high profit, the organization will also use documents such as Ethics Folders, Claims Verification Board Files and Free-loader's Files to secure a certain amount of control over disaffected members. It is through the use of these files and other methods that SCIENTOLOGY is able to create a state of possible legal ramifications against the member, while at

at same time acquiring signed waivers of legal action against themselves, thereby effectively closing the door on redress by the member. The above described classes of documents will, in addition, detail the income of the Org and its contribution to the personal benefit of staff members and payment of commissions and unit value compensation to staff members. The said documents will further show the taxable income of the Org for which taxes were lawfully payable to the Province of Ontario and the Government of Canada.

The said documents will, in addition, reflect the flow of monies and payments to higher level Orgs "management fees", whether such payments outside Canada are supported by invoice or other document, and the mechanics of payment to R.R.F. including receipts, levels of payments, recording a reason for payment.

The documents to be searched for, with the exception of Guardian Office documents, are sought for the time period January 1, 1976 to February 15, 1983, affording evidence of the commission of the described offences based upon;

- a) the observations of documents and the operation of SCIENTOLOGY by Sources 2 and 3 at 696-700 Yonge Street reported to me,
- b) the governing books or manuals in force at SCIENTOLOGY today were issued as a re-edition in 1975 and have governed the operations of SCIENTOLOGY since that time,
- c) the period of the fraudulent conduct of SCIENTOLOGY in the prosecution of L. Ron HUBBARD in France,
- d) the period of the indictment in the United States in the prosecution of Mary Sue HUBBARD et al and the intense application of the SNOW

and R.R.F. in the United States.

From police investigation, including direct observations of Sources #2 and #3, it has been learned that the Guardian Office, Toronto and Canada files will afford evidence of the role of those offices within SCIENTOLOGY and the extent of the activities undertaken to protect the non-profit status of SCIENTOLOGY and the public exposure of consumer fraud. From information learned about the Guardian's Office described above, it is believed that the G.O. has acted in a manner inconsistent with a religion and has, under Ron L. HUBBARD's direction, engaged in illegal activities where perceived necessary. In addition, stolen and illegally obtained documents in furtherance of the object of continued tax exempt status it is believed will be obtained in the search. Documentation on the SNOW WHITE programme will, in addition, reveal a concerted effort to promote SCIENTOLOGY as other than a commercial enterprise. The said documentation from the Guardian's Office requested from January 1, 1972 to the present, a time period beyond the stated time of the described offence, to afford that the G.O., prior to 1976, was employed by SCIENTOLOGY, as through the SNOW WHITE programme, to protect and insulate the non-profit status of SCIENTOLOGY in the time period 1974 to 1983 from any close public or government scrutiny, and to protect the payment of monies "off-shored" to L. Ron HUBBARD. Documentation is sought from January 1, 1972 because of the participation of the Toronto G.O. prior to the SNOW WHITE Programme in the commission of criminal offences described above in paragraphs 85 to 116 and thereafter in Ontario. The E-Meter and above described publications to be searched for from police investigation including direct observations of Sources #2 and #3 will afford

evidence of offence #1 including actual value of same compared to their retail value and the use of the said materials to direct the staff of SCIENTOLOGY Toronto toward income earning and the distribution of profit to the personal benefit of staff members. It is further believed that the said materials will afford evidence that SCIENTOLOGY is not operated exclusively for a purpose other than profit, including those groups referred to as affiliated groups in paragraph 15 according to Sources 2 and 3.

The informant for this warrant has reasonable grounds to believe and does believe that the things to be searched for, above described, are in the said premises to be searched from police investigation including direct observations of Sources #1, #2 and #3.

Night Execution

The informant hereby makes further application pursuant to Section 444 of the Criminal Code of Canada that this warrant authorize execution by day and night and my reasons for requesting this are as follows:

SCIENTOLOGY has numerous staff members which attend on a daily basis at 696-700 Yonge Street. These staff members have all been alerted to the fact that the police may execute a warrant on the premises and a "Raid Drill" has been implemented. The Raid Drill consists of delaying tactics, particularly with regards to an attempt to search the Guardian Office where, as in the search in 1977 in the U.S.A., all of the files stolen from various agencies were located.

In addition, the Guardian Office staff U.S. have received instructions to immediately remove any incriminating files via the "Red Box" method believed to be in Canada the equivalent of Guardian Office directions re: "2" traffic materials.

described in paragraph 130, obtain such files and depart the Org immediately.

c. The premises at 696-700 Yonge Street is a nine-storey building at which Scientology presently carries on business on the first four floors, the basement and the seventh floor. However, there are, in this building, several other businesses run independent of SCIENTOLOGY, but by members of SCIENTOLOGY. These offices could be used as places to which such files could be covertly removed and concealed.

d. It is further believed that the execution of the warrant itself will extend beyond the hours of the "day" as defined in Section 2 of the Criminal Code of Canada.

The Offences

11

The diversion of SCIENTOLOGY profit to the personal benefit of Lafayette Ronald HUBBARD through the Religious Research Foundation (R.R.F.), the management fees paid to higher level Orgs, and the pyramid-like distribution of Org profit to the personal benefit of staff members is contrary to the Letters Patent of the Church of Scientology of Toronto, inasmuch as SCIENTOLOGY declares that it is a Corporation to be carried on without the purpose of gain for its members. The informant has viewed a certified copy of the said Letters Patent showing the Church of Scientology of Toronto as incorporated in Ontario September 1, 1967 and as a corporation to be carried on without purpose of gain for its members (See Copy of Letters Patent, Appendix VII, pages 137 to 143)

The non-profit status of SCIENTOLOGY in the Province of Ontario enables the Church of Scientology of Toronto to enjoy tax exemption under the Federal Income Tax Act S.C. 1970-71-72, c.63 (as amended), Section 149(1)(1), and under the Corporations Tax Act, R.S.O. 1980, c.97, Section 49(1)(b).

The Church of Scientology of Toronto, as shown by a letter dated February 4th, 1981, presented to the Provincial Minister of Consumer and Corporate Affairs, has, in fact, taken advantage of the tax exemption offered by the Ontario Corporations Tax Act, Section 49(1)(b).

The informant has made inquiries with the Ministry of Revenue, Province of Ontario, and has found that the Church of Scientology of Toronto, from 1976 to 1982, has taken advantage of the tax exemption provided for by the Ontario Corporation Tax Act, Section 49(1)(b) resulting in an exemption from the payment of any corporate taxes. The informant has made inquiries with Revenue Canada and also found that SCIENTOLOGY has taken advantage of Section 149(1)(1) resulting in an exemption from the payment of any corporate taxes from 1976 onward.

This exemption is confirmed by a letter from D. HAY, an Accountant, to SCIENTOLOGY, on 25 April 1979, which stated that he had secured tax exemption from the Federal Government for SCIENTOLOGY Toronto, Ottawa, British Columbia (Vancouver), the Annex (Montreal), Mission of Vancouver, Mission of Edmonton, Mission of York (Toronto) and Mission of Calgary.

The informant for this warrant accordingly believes that SCIENTOLOGY has contravened the Articles of Incorporation in the Province of Ontario by distributing, at least in part, monies or profit to the

personal use of L. Ron HUBBARD and to other persons at Toronto and elsewhere, thus defrauding the Province of Ontario of a sum exceeding two hundred dollars, Contrary to Section 338(1) of the Criminal Code of Canada and also did defraud the Government of Canada of a sum exceeding two hundred dollars, Contrary to Section 338(1) of the Criminal Code of Canada, between January 1, 1976 to February 15, 1983.

The above described offence is stated to take place from the period January 1st, 1976 through to February 15th, 1983 on the basis of the following sources of belief:

- a) the observations of documents and the operations of Scientology by Sources 2 and 3 at 696-700 Yonge Street reported directly to me,
- b) the governing books or manuals in force at Scientology today were issued as a re-edition in 1976 and have governed the operations of Scientology since that time,
- c) the period of the fraudulent conduct with Scientology and the prosecution of L. Ron HUBBARD in France,
- d) the period of the indictment in the United States in the prosecution of Mary Sue HUBBARD et al and the intense application of the SNOW WHITE Programme to protect taxes and status in P.R.F. in the United States from 1976 onward.

In addition to the grounds of belief set out in Chapters 1 to 5 above as to the involvement of L. Ron HUBBARD, Mary Sue HUBBARD and the CHURCH OF SCIENTOLOGY, TORONTO in the commission of the described offences, the informant, for this warrant, has reason to believe that the following persons are involved in the commission of the offence as described more particularly below:

Garry JEPSON (President, since December 20, 1981), Dan CROCINI (Secretary, since May 21, 1982), Armelle PEARSE (Treasurer since December 20, 1981), Kathy WHITMORE (Past Secretary to May 31, 1982), Nicole CHAILIN (Assistant Guardian Toronto in January, 1982), Scott CARMICHAEL (Assistant Guardian 1982), Hilarie ROCKE (Assistant Guardian 1981), William O'MEARA (Deputy Guardian Canada since May, 1982), Marion EVOY (Deputy Guardian, prior to May, 1982), and the informant believes that the reason for naming these persons in this information are as follows:

- (1) he has examined the 1982 return filed with the Companies Branch, Ministry of Consumer and Commercial Relations, to which is attached to a certified copy of the Letters Patent of SCIENTOLOGY dated September, 1967 and finds that the said persons held the positions, during the time period shown in parentheses above:
 - (a) Garry JEPSON holds the position of President on the Board of Directors for SCIENTOLOGY Toronto, in addition, he is also the Executive Director, and in charge of the entire Toronto Foundation Org and as such he exercises control of SCIENTOLOGY operations in Toronto,
 - (b) Armelle PEARSE holds the position of Vice-President on the Board of Directors for SCIENTOLOGY Toronto, and in addition, she is also the Executive Director and in charge of the entire Toronto Day Org,
 - (c) Dan CROCINI holds the position of Secretary on the Board of Directors for SCIENTOLOGY Toronto, and he is also the Assistant Guardian Legal Bureau for the Toronto Guardian Office,
 - (d) Kathy WHITMORE, the Past President prior to CROCINI in 1982, and was on the Board of Directors for SCIENTOLOGY Toronto, and until recently, she was also Assistant Guardian

Legal Bureau for the Toronto Guardian Office.
Presently she holds a staff member position
with F.O.L.O.;

The Toronto Org is governed by the three member
Board of Directors as listed above, and by virtue
of their roles on the Board of Directors for
KIBTOLOGY Toronto, have responsibility for or-
ganizational actions listed in Chapters one to
five.

Nicole CRELLIN, Scott CARMICHAEL, Harvey SCHMIEDERKE
and Hilarie ROCKE, having been Assistant Guardians
of the Toronto Guardian Office, have had control of
the activities of the Guardian Office and, by virtue
of this post, have also exercised control over the
Toronto Orgs, in the relevant time period.

Arnon EVOY and William O'NEARA, past and present
Deputy Guardians of Canada, have, by virtue of
their post, had control of all Guardian Offices of
Canada, including Toronto; and a further source for
the information in this paragraph, and its sub-
headings (a) to (d) above, is supplied by Source
#2 and Source #3.

Other persons at present unknown held Director posts
and position of control prior to 1981-82 and since
January 1, 1976 and as such are reasonably believed
responsible for the commission of the said offence.

The informant, for this warrant, has reason to
believe that the offence described above as
Offence No. 2, has been committed as described on
the basis of the sources of belief set out in this
information. The charge for a course such as Staff
Status Zero, compared to the benefits receivable
on the course, given the substance of the subject
matter dealt with, is misrepresented and over-
stated to the point of being fraudulent. In addi-

tion, the E-Meter and the Purification Rundown are marketed with the above described misrepresentations giving the Informant grounds to believe that the courses and materials marketed by Scientology are intentionally deceiving in order to produce income for Scientology. Persons buying such courses or materials rarely, if ever, complain of Scientology's fraudulent activities because:

1. They are promised the benefits of the next higher Scientology course and pursue that objective after writing a success story about the course just completed, thereby committing themselves to a statement of facts that the course had value and was not deceitful;
2. The use by the Guardian's Office of pre-clear folders and folders containing personal information on persons who have taken courses which can be used against them should they become critical of Scientology.

With respect to the time period of the offence and those persons involved in the offence, reference may be made to earlier chapters in the Information and to the contents of paragraphs 460 to 462.

#3

From the sources and grounds of belief set out above in the Information, and in particular in Chapter 3, the Informant, for this Warrant, has reasons to believe that there is an ongoing agreement or unlawful conspiracy between the persons described in the Information described as Offence No. 3, to undertake criminal activities such as theft and break, enter and theft, when it is perceived necessary by the Guardian's Office to protect the interests of Scientology, economic and otherwise. Overt acts

in furtherance of such a conspiracy, involving criminal activities in themselves, have been detailed above. In addition, there continues to be documentation in the Guardian's Office which indicates currently that the Guardian's Office is promoting covert and clandestine operations and a continuation of the SNOW WHITE Programme which was exposed in the prosecution in the United States, to involve the commission of criminal activities in furtherance of the ends of Scientology. The Informant believes that this unlawful agreement has existed from January 1, 1972 to the present on the basis of information received from sources #1 and #3 and the overt acts discovered which have been described above.

With respect to the stated duration of the offence and those persons involved in the commission of the offence, reference may be made to paragraphs 450, 461 and 462 above.

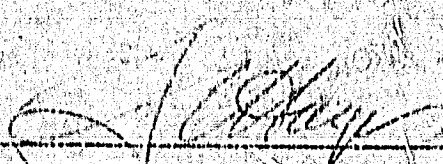
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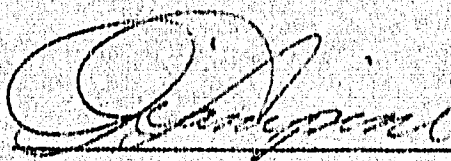
The informant for this Warrant further states that based upon the criminal activities of Scientology in France and the United States, the information received from Sources #2 and #3, the fact that 696-700 Yonge Street is the corporate offices of Scientology Toronto, the lack of voluntary compliance of Scientology with Ontario inquiries or studies, the protective role of the Guardian Office, the Guardian Office raid protection mechanisms, and because Scientology itself is named above as having

committed the said offences that there is no reasonable alternative source or method of obtaining the information sought.

Wherefore the informant prays that a search warrant may be granted to search the said premises for the said things.

SWORN BEFORE ME
at the City of Toronto,
in the Judicial District of
York, this 1st day of March,
1983 A.D.


CHIEF JUDGE OF THE
PROVINCIAL COURT,
ONTARIO.


DETECTIVE SERGEANT
A. CIAMPINI