

## DECLARATION OF LAWRENCE H. BRENNAN

I, Lawrence H. Brennan, also know as “Larry Brennan”, declare and say:

1. I am over 18 years of age and a resident of the State of New Hampshire. I have personal knowledge of the matters set forth in this declaration and, if called upon as a witness I could and would competently testify thereto.
2. I have read numerous legal documents filed by members of the Church of Scientology (hereinafter “organized scientology”) including filings made to the US Internal Revenue Service and filings made in various legal cases including two declarations by David Miscavige (hereinafter “Miscavige”) “Chairman of the Board of the Religious Technology Center” (Declaration of David Miscavige dated 8 February 1994 in the case Church of Scientology International vs. Steven Fishman and Uwe Geertz AND Declaration of David Miscavige dated 24 September 1999 in the case Larry Wollersheim vs.Church of Scientology of California).
3. For the sake of brevity, I am leaving the vast majority of details out of this declaration but I will offer them to any governmental officials investigating organized scientology in the United States of America, Germany, the United Kingdom, France, Spain, Italy, Belgium, Norway, Canada, Greece, Russia, Australia or anywhere else where there is a legal interest in the details behind what is covered in this declaration and where the governmental agency has an honest interest in stopping abuses, frauds and/or other misdeeds by organized scientology and Miscavige.
4. I have reason to believe that organized scientology will try to prevent me from giving such details, including possibly physical harm to myself. Thus I wish to make one thing clear now. I am of sound mind and happy in my life and look forward to living many more years of life. I have no desire to commit suicide. Should I die and it appear that “I committed suicide” I wish to point out I would never do that and I would wish to request an investigation into organized scientology and Miscavige as potentially being behind my death.

### BACKGROUND

5. I have more factual and legal knowledge of the history of organized scientology’s corporate, tax and other legal matters outside of the courts from the 1970s through early 1984 than any single person currently in organized scientology or outside of same. I believe that I have more knowledge of actions taken by organized scientology to develop a religious cloaking and why it was done than anyone else currently in organized scientology. Additionally, I have intimate and detailed knowledge of the creation of much of the current corporate and other legal structure of organized scientology as well as what Miscavige and L. Ron Hubbard (hereinafter “Hubbard”) had to do with it. This will be covered below.
6. Positions I have held while on staff of organized scientology that dealt with the above include the following:
  - (i) “Legal Handling United States Guardian’s Office” (LHUSGO) from December 1974 to about July 1975. In this capacity I supervised staff in the Guardians Offices of all the local organizations of scientology throughout the United States in administering the basic legal rudiments of organized scientology. I also carried out other actions relating to the legal aspects of organized scientology as I was instructed to do from time to time;

(ii) Legal Branch I Director United States Guardian's Office" (L Br I Dir USGO) from July 1975 to July 1976. This was a promotion from the above noted position and put me in charge of all legal matters of all organizations of scientology throughout the United States that were outside of the courts. In other words I did not supervise legal matters once they involved litigation but I did supervise all legal matters outside of same which constitute the vast majority of all legal matters;

(iii) Legal Branch I Director World Wide Guardian's Office" (L Br I Dir GOWW) from July 1976 through early July 1981. This was a promotion from the above noted position and put me in charge of all legal matters of all organizations of scientology throughout the world that were outside of the courts. Once again, I did not supervise legal matters once they involved litigation but I did supervise all legal matters outside of same which constitute the vast majority of all legal matters. From this position I wrote many legal programs and orders that had to do with religious cloaking and corporate controls throughout organized scientology and had them complied with by all local scientology organizations throughout the world. This includes not only what was known as "churches" or "missions" of organized scientology. It also included all their front groups including those known as "Narconon", "Applied Scholastics, "Education Alive", "Citizens Commission for Human Rights" and any other group then used by organized scientology.

In the last year at "GOWW" I was in regular contact with a team called "Mission Corporate Category Sort out" (MCCS) who were in part trying to develop a new corporate structure for organized scientology. This was an unusual action in that normally such matters would be handled by the Guardians Office but now they were being worked on by a team under the Commodores Messenger Organization ("CMO") in liaison with us in the Guardians Office. They were having many problems with same as they were running up against the same problems we in GOWW were having with redesigning the corporate structure which was that it was expected that the truth be hidden. It was expected that the structure hide the fact the Hubbard really was in control of organized scientology and was getting money for same. It was expected that MCCS also hide the fact that the CMO was now taking over the running of all of organized scientology including having full control of the lower organizations. It was wanted to have MCCS develop a plan to give Hubbard and CMO complete control, to funnel millions of dollars to Hubbard, to justify taking most of the money from all scientology organizations around the world and put it under the control of CMO and to hide the major assets of organized scientology from the government or potential litigants. At the same time, it had to insulate both Hubbard and the CMO from any legal liability for running the organizations of scientology by lying about the level of control they really had. Miscavige was the supervisor over MCCS and failed to work out a solution. The missionaries on that mission wanted to develop an honest structure and not have to hide the above but Miscavige disagreed. That mission was then disbanded. Miscavige later lied in court as to why he disbanded that mission. This will be covered in detail below.

(iv) In July 1981 I reported to organized scientology headquarters in Los Angeles after the Guardians Office was taken over by CMO which was secretly run by both Hubbard and Miscavige under Hubbard orders. While there I wrote up with another what was called an "evaluation" of what was wrong with the corporate structures of organized scientology. It was greatly messed up due to the fact that it was hiding Hubbard's control of same and due to the fact that by that point millions of dollars were secretly funneled to Hubbard. I did not include that analysis in the evaluation as it would not have been accepted by the CMO nor Hubbard. I blamed us in the Guardian's Office instead so that it could be accepted and sent it up to Miscavige and Hubbard. I had to actually draw charts throughout the evaluation to show graphically the difference between ecclesiastical and corporate structures and why it was so confused in organized scientology so that people like Miscavige who had no real understanding of corporate matters could understand what I was trying to say. My intention was to use

this opportunity to actually get everything straight within corporate organized scientology. I was then put on a new mission to handle the corporate structure called "Corporate Sortout". We in fact did work out the new corporate planning ultimately under Miscavige. More details will be given below;

(v) from December 1981 through 1983 I initially worked on further actions to implement the new corporate planning under a group known as "Special Unit", then became part of Special Unit itself with a post title of "Special Unit Corporate Execution". After that I was promoted to run Special Unit as "Special Unit In Charge" until I was removed in or about early 1984 and then left staff in March 1984. Details of Special Unit will be covered below. During the approximately one and one half years that I was Special Unit In Charge I also held the position known as "Watchdog Committee X" ("WDC X"), The Watchdog Committee has been listed in organized scientology promotion as the senior most body within the "church" that oversees all major operations of organized scientology. There were approximately ten of us in this body but we were not at the top as organized scientology states. Secretly we were run by both Miscavige and Hubbard as covered below.

## RELIGIOUS CLOAKING IN THE CHURCH OF SCIENTOLOGY

7. Based on years of work in the senior most legal bodies of organized scientology as covered above I have dealt with directly or supervised the handling of hundreds of legal matters involving the organizations of scientology which directly or indirectly had to do with using religious cloaking to help handle a real or potential legal or PR problem involving said organizations. This included a wide range of legal matters involving taxes, immigration, licensing, corporate, potential draft issues, practice of medicine and/or psychology, sales of services, employment laws and much more. This involves times both within the Guardians Office as well as later in Special Unit and from my position as WDC X.

8. It was determined that the only way to handle many of the legal matters in front of us and still apply Hubbard's policies that had to do with staff, ethics, sales of services, money, delivery of services and the like was to develop and use a religious cloaking saying scientology was a religion, its services religious, its staff members of religious orders and the like. I can state without doubt that the overwhelming main reason that organized scientology developed and pushed its religious cloaking was to avoid a myriad of real or potential legal problems that would exist by following Hubbard's policies if it were not considered a religion. By developing this religious cloaking for organized scientology it was hoped to avoid legal requirements around the world that might otherwise have to be followed that would make it impossible to follow Hubbard's policies. In developing the religious cloaking for organized scientology, the following were considered a few of the "benefits" so that Hubbard policies could be applied. There are countless examples but the below are listed simply as a few of them:

- (i) minimum wages would not have to be paid;
- (ii) staff could be sent to different parts of the world and be able to stay locally as religious workers;

- (iii) standard employee rights, such as those found in laws like the Fair Labor Standards Act, could be discarded and thus Hubbard policies involving such things as ethics conditions, the Rehabilitation Project Force and the like could be applied without outside interference;
- (iv) less scrutiny would be allowed on the controls of the funds of scientology and the intermingling of funds between the corporations and other legal fictions of organized scientology;
- (v) it was hoped that the treatment of public scientologists and the use of their funds would be considered outside the purview of governmental bodies;
- (vi) couching the demand for and flow of monies within organized scientology using “religious” terms (such as by saying that clear cut mandatory payments for services were “fixed donations” and were mandated by the scripture of “exchange”) was hoped to cut off attempts by governments and others to look into them further;
- (vii) what was considered one of the most important reasons for the religious cloaking was so that the services of dianetics and scientology could be delivered without it being considered the practice of psychology and/or medicine. It was feared that unless there was a religious cloaking developed and used throughout organized scientology that its practices would be outlawed in many parts the world.

9. In order to perpetuate what amounts to a worldwide fraud through the religious cloaking many things were done by the Guardians Office before Miscavige was involved and later under Miscavige after he ran the functions once handled by the Guardian’s Office. Again, these things were done so that Hubbard policies otherwise inconsistent with the laws of the lands could be applied. For example, a number of books were written to forward this religious cloaking either by the Guardians Office staff or with their input and help. If you look though the US Library of Congress records for books put out by the “Church of Scientology of California” you will see a number authored entirely or in part by the Guardians Office. These include such titles as:

- (i) Scientology: documenting the truth – 1978;
- (ii) Background and ceremonies of the Church of Scientology of California, world wide” – 1970;
- (iii) “What is Scientology” – 1978.

It also includes other “Guardian Office” books designed to attack governmental bodies that were investigating abuses by organized scientology such as:

- (iv) “Press view of the FBI raid” – 1977;
- (v) “FBI, tool of the Justice Department: a public service report” – 1978;
- (vi) “True FBI story: a public service report” – 1978.

I worked closely with many of the people who wrote these materials and I personally contributed to the writing of the “What is Scientology” book of 1978. My name is even listed in that book as a contributor.

10. To further substantiate my qualifications to speak on the matter of religious cloaking within organized scientology and how it was promoted both during and after the days of the Guardians Office, I can state the following:

- (i) I am the only person who worked at the highest levels of organized scientology dealing with such matters both during the reign of the Guardians Office and afterwards when the Office of Special Affairs was formed;
- (ii) I have written hundreds of orders, issues, programs and other writings to forward the religious cloaking of scientology, all under either Hubbard or Miscavige’s orders or in an attempt to make doable what Hubbard wrote in his policies. I am the primary writer of all of the “legal rudiments” programs of organized scientology that were enforced around the world for years. The rudiments programs included such things as ensuring the religious cloaking was in;
- (iii) I was the primary person on the Corporate Sortout mission to help put together with attorneys and accountants the basic corporate structures used by organized scientology today. This includes the then new “mother church” known as “Church of Scientology International” (“CSI” for short) and many legal agreements, corporations, trusts that went along with the restructuring. I was the one who took the entire planning to Miscavige in 1981, answered his questions for hours and got his approval for the implementation of same. I also was the one who coordinated it with all of the then key Watchdog Committee members including how they could control all the main funds of organized scientology. Thereafter I was a key person to oversee the implementation of the corporate planning covered in that proposal as well as other legal matters. This will be gone into more detail later.

11. Two of the things that organized scientology felt were of the most importance in order to avoid compliance with many laws that were contrary to Hubbard policy were the religious cloaking as covered above and a corporate restructuring to make it very difficult if not impossible for outsiders to ever get to the main assets of organized scientology and to ensure that the real leaders of organized scientology could be insulated from legal liability by hiding their real controls behind a myriad of corporate and other legal veils. It was considered both a defensive and offensive strategy to have such cloaking (religious and corporate) in place. Defensively it makes it very difficult for individuals or even governments to force legal compliance of the many types of laws as covered above. It also makes it almost impossible to hold those that really control organized scientology responsible legally or to get to the financial assets of organized scientology spread out around the world. Offensively, it gives organized scientology a “safe base” from which to attack critics and/or anyone it feels is its enemy. Hiding behind religious cloaking and corporate veils it can act as a victim when people point out its crimes and injustices calling them “religious bigots” and even scaring governments, many of whom are not

supposed to get involved with “religious matters”. By calling policies by Hubbard or Miscavige that are otherwise abusive or contrary to law “religious scripture” it was hoped to avoid legal scrutiny of same.

12. Once religious cloaking was begun in earnest and many self serving documents were made and images created to reflect a religious image, it was considered vital to get “experts” to support the concept that organized scientology was in fact an organized religion., it’s policies “religious scripture”, etc. The entire intention behind the acquisition and use of such religious and legal scholars was to create and develop “evidence” to support the religious cloaking that could be used in courts and elsewhere where needed. While organized scientology today parades out various scholars that say they are “religious”, I can tell you that this scholar program was started in the Guardian’s Office and I worked on it as early as 1974. I worked on the obtainment of such scholars opinions personally and by supervising others to do same and I used such scholars opinions to obtain recognitions that organized scientology would not otherwise have obtained.

13. At no point where any scholars briefed on either the real controls of organized scientology or the reasons why religious cloaking was developed. Instead they tended to be briefed using the religious cloaking materials developed and/or by speaking with pre qualified, briefed scientologists who were told what to tell the scholars. If scholars wrote less than glowing reports of scientology being religious in nature, their opinions were discarded. For those who would write glowing reports supporting scientology’s “religious nature”, those reports were kept for further use in legal and/or PR matters.

14. An example of such usage by myself as the Legal Branch 1 Director of the United States Guardian’s Office has to do with organized scientology moving to Clearwater, Florida in I believe 1975. Organized scientology acquired property and moved into Clearwater, Florida using a phony front corporation called “Southern Land Development and Leasing Corporation” (SLDLC) as the “buyer” of the first building. An elaborate PR hoax was worked out in Hubbard’s area to hide the fact that organized scientology was moving in there by using the above front corporation and then saying that it was leasing the property it purchased to another phony front corporation called the United Churches of Florida (“UCF”). When the lies behind this were discovered it all blew up into a PR mess. One of the things needed was an approval to sell courses and other “Flag” services which in Florida required either a dealer’s license (to collect sales taxes for products/services sold) or an exemption from doing this known as a Consumers Certificate of Exemption as non profit. The problem for organized scientology was that this exemption was denied and they did not want to have to get a for profit dealers license.

After I wrote a program to get in the proper legal rudiments for organized scientology there, Hubbard wrote to me approving the program but saying he was worried about the Consumers Cert of Exemption, asking me to handle it. I did this by applying for the

recognition this time using scholars opinions stating that scientology was a religion, organized scientology a church and thus qualified for the exemption. I applied in the name of the then president of the Church of Scientology of California as we decided it would be that corporation that would run flag operations in Clearwater, Florida. The exemption was approved and it was just another example of the success of our religious cloaking and then getting legal and theological scholars to study that cloaking and then state we were religious. There were many examples of how this was used.

15. There were different forms of religious cloaking but it mostly broke down into two broad areas. The first area was creating a religious slant to what organized scientology was already doing per Hubbard policies. This included such things as calling mandatory payments for services “fixed donations” to try to make it look like the payments were voluntary and not required to buy a service. They were not voluntary but the term “fixed donation” again was used to cloud this fact.

The second broad type of religious cloaking was where we made up something that was not already part of organized scientology and pretended it was a vital or normal part of organized scientology’s actions such as Sunday services or using roman ministerial collars. This was done for no reason other than trying to “look religious” and gain advantages legally that were afforded to religions.

16 Hubbard himself pushed many of the religious cloaking points for that very reason. He constantly came up with ideas to help make more money using religious cloaking. He made statements and put out at least one issue to scientologists around the world that he made no money from scientology and was just doing it because he cared. Nothing could be further from the truth as he received millions of dollars from organized scientology with it often being just taken by his subordinates as they later tried to make up phony legal significances for same to try to cover Hubbard legally and/or not risk tax exempt status for the organizations of scientology. Hubbard constantly pushed us in the Guardians Office and then later in CMO to make more money, including money for him. and use religious cloaking. Purely as an example, the following is a quote from a letter from Hubbard dated September 10, 1979 (it had to do with the setting up of a new “entity” called “Scientology Missions International” “SMI” to run and get money from missions of scientology):

“The point of "selling" a franchise area has been misunderstood by Legal WW. One cannot sell a territory. But one can sell a very posh package of setup materials for thousands and thousands of dollars which is a starter package. One sells the starter package and what goes along with it is a district and SMI contract. The money which is received is from the starter package and the money which will be received is from the percentage which will be paid to SMI. There is not the least bit of legal difficulty at this if one takes a look at it. This idea has not been put on the lines previously. But it is very easy to resolve it and no reason to

block the sale of franchise districts just because you can't say "Chicago southend is now sold for \$25,000." You can say "The district Chicago southend is granted between block number so and so and block number so and so to the (corporate name of the franchise acquirer) who must now buy a starter package for his franchise of so many books, so many this, so many that, so many meters, so many this, so many that etc., at such and such a price and in return for signing the SMI contract which requires the payment of so many percent tithe to SMI." What is added to the contract is up to the GO as a series of protective clauses which are advantageous and otherwise. Do you realize that when this organization is put together as a Church from SMI, it will have all manner of tax benefits and everything else. It can trade, buy property etc., etc. and all of these things are tax exempt. There is one hell of a sales pitch that can be launched back of this. In the last issue of "Spotlight" newspaper there was an ad from a Henshal or Benshal about the United Church league, or some such thing, who laid out the benefits of being a church under the heading of the "fastest growing religion in the world." This guy sells ordinations, and is getting away with it. What he says is true. It has terrific, terrific advantages from a tax point of view to run a church. A copy of this should be acquired, or I can get it back and send it through, but the point is this can be a highly advantageous thing that the guy is buying. What he pays for is the starter package and the promise to give a certain tithe to the basic organization and he also is therefore and thereby disconnected from the C of S of California, and from liability to the C of S of California, and this is what we're trying to do and this is the only reason we're organizing SMI. I have added to it the additional reason that it can make a fortune. It also gets this franchise scene under control. What has been overlooked here is the reasons why this organization is being created. We have just lost now the Kristofferson suit, a 2 million dollar suit, because of the sloppy contracts and relationship of the franchise network to C of S of California. Therefore, it has got to be handled and it is behind times already. One has to sort out the sales pitch, how one will get money from it, the advantages, and get this fully understood by anybody along the line, or nobody will be able to sell a damn thing. This is actually not a very bright conclusion at Legal WW, but then they are concerned with the law and not with promotion and Marketing. These new franchises have to be marketed, marketed, marketed. It's a piece of cake. You can sell a dozen of them in every major city in the world. They gain in this enormous tax advantages, a good business that pays money, ways and means to invest money and hold money without tax ripoff and it's actually like selling warm mittens to a frozen eskimo.

[End Quote]

This lengthy quote is just one example of Hubbard pushing religious cloaking to gain advantages and to make money. Additionally, he would be receiving royalties for the thousands of dollars of books that one would have to purchase to get one of these starter packages. Less than three years after this, Miscavige would take millions of dollars from these “missions” and funnel it to Hubbard after greatly physically and mentally abusing many mission holders in order to get that money out of them.

17. In summation, religious cloaking was constantly pushed within organized scientology by Hubbard by its legal and PR departments and later by Miscavige to gain undeserved legal and PR advantages, to make more money, to use as a cover when abusing staff, public and even non scientologists, to hide behind when attacked by others and to use to discredit and attack others. Normal staff and public scientologists know little to nothing about the lies behind the religious cloaking. They were constantly deceived by Hubbard and then Miscavige as well as was the broad public. Most scientologists have no idea that the only real reason organized scientology promotes itself as a religion are the above points.

#### HUBBARD’S AND THEN DAVID MISCAVIGE’S CONTROL OF THE ORGANIZATIONS OF SCIENTOLOGY – THE ‘CORPORATE SORTOUT’ OF 1981 THROUGH 1983

18. In two legal declarations Miscavige made in the 1990s under penalty of perjury (listed above) he made many statements that were either outright lies or that were misleading. These will be covered in complete detail in a separate declaration to be written shortly just on the subject of perjuries by Miscavige. For the purposes of this next section of this declaration, it should be noted that in those declarations Miscavige’s lies of substantial legal significance include the following subject areas:

- (i) that Miscavige was not involved in the corporate reorganization of 1981-1983;
- (ii) that Hubbard was not involved in that reorganization;
- (iii) that Miscavige did not run organized scientology when he was in Author Services Inc (“ASI”) between 1982 and 1986;
- (iv) that Hubbard did not order extensively into organized scientology in the period 1981-1983;
- (v) that Hubbard did not oversee and order into the Guardians Office;
- (vi) that the reorganization of organized scientology was not to hide assets from potential litigants or governments nor to protect those secretly running organized scientology.

19. In this and later declarations what will be shown is that the above and many other statements from Miscavige are false and were used to cover up the control of and making money from organized scientology. Here is but one example of many showing perjury by Miscavige. This is from a declaration that David Miscavige made on 15 October 1999 in the case of Wollersheim vs. the Church of Scientology of California. It is part 57 of that declaration:

"57. Upon the dismantling of the GO, church executives within the ecclesiastical hierarchy assumed responsibility for the legal affairs which the GO had mishandled. This era was marked by great concerns about the religion's future in the aftermath of the GO, and it was against this backdrop that newly assigned personnel began to examine the legal affairs that had been the exclusive province of the GO for 15 years. Not being experienced in such matters, they retained legal counsel to review the structure of the entire religion. I know the concern was not "gutting CSC" to "avoid Wollersheim," or anybody else for that matter. The history that Wollersheim ignores concerned events of far greater importance than his case. In fact, at the time, I had never even heard of the man. I was not involved in that restructuring, but I am aware of the events that led up to it. I shortly thereafter resigned from church staff for 5 years, as described later in this declaration".

While I quoted the whole section above, the main part I am referring to is the next to the last sentence:

"I was not involved in that restructuring, but I am aware of the events that led up to it".

As we can see in Miscavige's own words, he was NOT involved in the corporate restructuring.

Now look at the following link from one of their own web pages about Miscavige:

<http://www.scientologytoday.org/corp/rtc2.htm>

The sentences on that page I refer you to are:

"Mr. David Miscavige has worked tirelessly to protect the religion. He authored the early 1980's reorganization of Church corporate and management structures which have given the religion years of sustained growth and stable leadership".

Additionally, as covered below, Miscavige was the very person I had to take that corporate planning to for approval in late 1981. He was the final approval point. Both of

the above statements from or about Miscavige are false. He was involved in the reorganization and he did not “author” it.

Other pieces of just that section 57 quoted above are also blatantly false which will be covered by the separate declaration just listing Miscavige’s perjuries as well as yet another separate declaration to go into many more details concerning lies and frauds behind the corporate reorganization.

20. Key reasons behind the corporate reorganization of organized scientology that started in 1981 included that there were real problems because Hubbard really was the one controlling organized scientology and there was a great deal of money funneled to him for his private benefit for which there was no really defensible legal significance. Additionally, a large part of the organized scientology’s “eggs” were in fact in the Church of Scientology of California’s “CSC” corporate basket (Flag, Advanced Organization of Los Angeles, American Saint Hill Organization, Los Angeles Organization, San Francisco Organization, United States Guardians Office and really all of top management, including CMO). On top of all that, there was no real corporate integrity throughout organized scientology, the GO had undated resignations of all corporate officers and board members of all church corporations throughout the world and most local staffs who were legally in such positions didn't even know it. Couple this with the facts that the IRS was breathing down CSC's corporate neck and there were many damages cases looming and you have a legal mess.

The real problems had little to do with corporate organization. The real and potential legal problems facing organized scientology then and throughout their history had to do with the constant lies, fraud and abusive policies followed by organized scientology. Instead of dealing with abusive or even illegal policies by Hubbard, which was not considered an option, corporate evolutions and religious cloaking were used to cover up such things.

21. The "corporate sort out" was done in late 1981 and 1982, with various other pieces following that. Millions was spent to cover all legal issues and get it “right” and "defensible". The net result included the following:

(i) Church of Scientology International (CSI) comes out as the new "mother church" and all churches of scientology sign agreements acknowledging same. What is supposed to be "top management" is put in CSI. This ends up including CMO Int/WDC, the Executive Director Int's (“ED Int) Office and OSA;

(ii) The organizations that were once the big revenue-producing arms of CSC (Flag, AOLA, ASHO, LA Org and San Francisco Org) become separate corporations. They, like other “church” organizations, are managed by CSI;

(iii) SMI exists and licenses missions and SMI is managed out of CSI;

(iv) WISE exists and gets involved in various businesses run by scientologists and WISE is managed out of CSI;

(v) RTC is created as what is supposed to be a "non management body" to see to the proper usage of all the trademarks and service marks. It holds various rights to the usage of the trade/service marks and, through it, all orgs (including CSI) are licensed to use them;

(vi) Church of Spiritual Technology ("CST") gets created to eventually receive most of Hubbard's fortune, the rights to his copyrights, etc and will work on the "preservation" of the tech. Very important is that CST, for \$100, can take all rights to the trademarks and service marks from RTC should they ever be at risk in RTC. If needed, CST could then license the churches itself or create and license another body like RTC;

(vii) ASI (Author Services Inc.) is setup allegedly to manage Hubbard fiction works and otherwise his copyrighted works as a for profit corporation. It is to take all that out of the "church" corporately. It is supposed to have nothing to do with the management of the "church";

(viii) The Publications organizations (Bridge Publications in the USA and New Era Publications in Denmark) then deal mostly with the manufacture and distribution of Hubbard's works related to dianetics and scientology. They have royalty contracts with Hubbard. Later, both organizations are owned by a non profit "trust";

(ix) many trusts are established, more come later, to receive monies from various organizations of scientology. They are set up as non profit. (For example, a films trust is set up to receive a portion of each "church's" revenues weekly "in exchange for" the "churches" being allowed to show the films to their staffs and public);

(x) old "problem" entities are eventually gotten rid of - Religious Research Foundation ("RRF"), Operation Transport Corp (OTC"), CSC, etc.. For example, the last of the monies in OTC that did not end up inuring to Hubbard's benefit were transferred to a "non profit" trust, CSC is let to die a financial death as all its assets were stripped out of it;

(xi) International Association of Scientologists ("IAS") later gets setup to get millions directly from any scientology public that hope to be able to do services again in churches;

(xii) additional little fancy legal steps are taken later to further spread out the money into various trusts and a company is setup in the UK that is staffed by Sea Org members to help "manage" the reserves of individual churches.

What was once basically CSC with all the legal problems mentioned above is now many of those things above. What were both CSC's and hidden funds before in entities like RRF and OTC are now neatly spread out around the world in various trusts and such.

What was legally confusing before (the legal status and control of the publications orgs, non US public monies to Flag, the licensing of trademarks, the legal "distinctions" between Hubbard's and the "church's" interests, etc.) are now considered more clarified and "defensible".

22. For some of us that worked on the corporate reorganization, this evolution was supposed to be a new legal beginning where things could be legally clear, Hubbard's and organized scientology's interests separated and legally defensible and organized scientology itself having a legal structure that no one could topple. And it would be a "new era" in that management would go in to actually mirror the corporate structure. By that I mean, it was thought that things like the following would really happen:

(i) CSI, through the likes of CMO Int and the ED Int's office would manage scientology organizations, missions and the like;

(ii) a body would exist that is truly not management called "RTC" and it would simply focus on the "pureness" of the technology covered by the trademarks;

(iii) money could go to Hubbard, not by cover up and lies, but actually via legally defensible channels, such as market-based royalties, that could be shown to the likes of the IRS;

(iv) ASI would truly be an organization that does what it says it does, which is make money on Hubbard's fiction works, etc. It would be separate from the "church" and not in any way be involved in the management of the "church".

23. These four steps are what the public was told happened by Miscavige and organized scientology. But this is not what really happened. Examples:

(i) In 1982 alone, with the GO now out of the way, Miscavige sees that over \$40 million is funneled to Hubbard from his position in ASI. There is no longer any kind of "check and balance" to any degree within organized scientology. The GO is gone and Miscavige can do whatever he wants. The \$40 million is gotten in part using funds obtained through huge abuses on churches, missions, individuals, etc.

Here is a quote from a small section of an affidavit filed by Hana Whitfield in the Church of Scientology International vs. Steven Fishman and Uwe Geertz case in 1994 that addresses this matter:

"44f. What is also not seen in Exhibits 23, 24 and 25, is that the Mission Holder Conference was held in order to perpetrate an enormous financial fraud and scam on CSI and individual Mission Holders, and was done with the full knowledge and

participation of Miscavige, others present as well as Hubbard as follows: (1) Through massive intimidation and coercion ("Fair Game"), the wealthy and independent Mission Holders were forced to pay huge sums of money through CSI to ASI; (2) ASI funneled the money through a Liberian shell corporation, Religious Research Foundation, and through Canada, into Hubbard's private bank accounts in Luxembourg and Lichtenstein; (3) During only part of 1982, over forty million dollars from the non-profit CSI was funneled through the for profit ASI into Hubbard's personal bank accounts, attached hereto as Exhibit 26, according to trial testimony of Homer Schomer in JULIE CHRISTOFFERSON TITCHBOURNE vs. CHURCH OF SCIENTOLOGY, et al., pages 3609, 3611, 3614-3620, 3629-3630". "

(ii). The corporate integrity that was made to appear real in all that structure mentioned earlier, was completely untrue, despite repeated statements to the contrary by Miscavige in courts in the 90s, under penalty of perjury. While he was in ASI legally, he ran CSI and RTC with an iron fist and through his control of CMO Int, RTC and Special Unit ran the church completely. Because of Miscavige the corporate integrity was now, after the millions of dollars spent on the "corporate sort out" WORSE than when the GO basically ran it. Miscavige had total dictatorial control. ; and

(iii) Starting in late 1981 with the advent of the new corporate structure and Miscavige securing complete control over the organizations, there have been wholesale abuses of scientology staff, public and critics through many means. In 1982 alone, under Miscavige, more people were horribly abused, gang bang sec checked, declared, fair gamed and the like than in any years prior to that time.

The biggest violator of all this has been Miscavige, yet he is the one who has been the "church" spokesperson in courts legally to stress things like how complete the corporate integrity is in organized scientology, how they have reformed from the old GO days and the like. Nothing can be further from the truth.

24. Once the new corporate structure was implemented, Miscavige started demanding money to Hubbard weekly. In courts Miscavige later positioned himself for that time period as having been in ASI representing Hubbard with no control whatsoever over the church corporations such as CSI and RTC. If you follow what Miscavige said in courts you would think that the next two years after the corporate sort out he was somehow "negotiating" with us in CSI on matters that might have to do with funds to Hubbard or anything else. Miscavige says that those in ASI, as they represented Hubbard,

were doing some "coordination" with us in CSI with regard suits that might also include Hubbard.

Nothing could be further from the truth. As regards the suits, Miscavige and Norman Starkey fully took over running the CSI area dealing with the suits. This was a CSI department headed by Marty Rathbun who was then "Special Unit Litigation Execution". ASI gave all the orders on how to handle the suits and what CSI or any other "church" corporations would file or otherwise do with the suits.

25. As far as the money to Hubbard goes, Miscavige also lied in courts when he said the above. The facts are throughout 1982 and into 1983 Miscavige was ordering us in CSI to "legally justify" money to Hubbard regularly. Instead of negotiating on behalf of Hubbard from his position in ASI, Miscavige was ordering the funds be paid regularly and often. Lyman Spurlock in ASI and I in CSI desperately tried weekly to come up with legal significances that were justifiable to cover the monies that Miscavige ordered be sent to Hubbard. We tried to query the orders but Miscavige responded that they had to be "made legal" and that the funds were going whether we made them legal or not and threatened non compliance with strangulation and worse.

26. Miscavige's alleged "non involvement" in "church" management when he was in ASI and just "coordinating" and "negotiating" with the "church" included such things as ordering who would run RTC, who would run the key parts of CSI (WDC/CMO Int for example) and then running those people himself and deciding who of them got removed from post. In later 1982/early 1983 this included Miscavige spitting on top "church" WDC/CMO Int executives, punching at least one in the mouth hard, slapping at least one across the face hard and choking at least one top executive hard. Again, this was in the time period Miscavige says in court he was in ASI and not involved in running organized scientology.

27. Throughout his declarations, Miscavige positions Hubbard as some how a wonderful person betrayed by the GO. Hubbard, according to Miscavige, was not involved in GO activities and was off the lines during major corporate sort outs.

The facts are very different. Hubbard was deeply involved in all major GO legal actions involving corporate throughout the history of the GO. Not only that, but many horrible abuses some in the GO carried out were under Hubbard's orders. Not only that, but the "damages cases" and other such cases that the GO was mired into defending were not just from things of their own doing. They were trying to defend against real damages in fact caused, not just by the GO, but rather by the standard application of abusive Hubbard policies found throughout organized scientology. The GO did many bad things and some in there committed crimes and deserved to go to jail. But the insane policies of Hubbard relating to such things as "fair game", "disconnection", the RPF, penalties, hard selling, etc., etc. were in fact behind many legitimate governmental and private civil actions against the "church". Hubbard was creating many of the main legal problems, not the GO.

28. A few examples from just my personal experience of direct Hubbard orders and involvement in major organized scientology corporate matters include:

(i) the establishment of SMI for money making reasons as covered earlier in the religious cloaking section;

(ii) Hubbard being the one behind the mid 70s "Greater Churches of Scientology" plan that GO US was following to set up backup corporations for each "church" corporation in the mid 70s. This was so new corporations were ready to start in the event the IRS seized all assets of church corporations in the US via jeopardy assessment. Hubbard wrote then that the real assets of any organization were its staff and contacts and not the cash, buildings, etc. so he instructed the GO to get ready with backup corporations that could be funded from financial sources outside of the IRS's reach if needed

(iii) Publicly available documents seized in the FBI raids on "the church" showed Deputy Guardian USGO's telexes to Hubbard where Hubbard's approval was being gotten on funds to use to purchase the Fort Harrison Hotel in Clearwater. CSC (Church of Scientology of California) funds could be used and they would secretly go through a phony front corporation called "Southern Land Development and Leasing Corporation" (SLDLC). Hubbard was not only behind this but his approval was needed on anything major that the GO did involving this. I myself was on the first "SLDLC" mission in Savannah, Georgia where I and a "Commodore Staff Aide" were checking out the Savannah Country Club as a possible location for Flag when the ship came ashore. When that was given up as not practical, Florida was chosen and Hubbard himself had to approve it being Clearwater;

(iv) As covered earlier Hubbard was controlling the legal aspects of Flag moving to Clearwater including ordering me about the Consumer Certificate of Exemption and my legal rudiments program for Flag.

(v) Hubbard's were the orders I had to follow to set up the first World Institute of Scientology Enterprises "WISE" corporation in Liechtenstein (which we didn't use as Hubbard did not like the "Limited" in the name as he said that killed the PR for WISE). Hubbard was very much involved in the setting up of WISE; including how to make millions of dollars from it by controlling businesses run by scientologists.

(vi) Contrary to testimony by Miscavige I had Hubbard's own orders on MCCA where he pushed them to come up with legal solutions to mask his control of the organizations of scientology and gave his own instructions on how to brief the attorneys;

(vii) Hubbard's own orders were used for the actual corporate sort out missions that put in such things as CSI, broke up CSC, etc.;

(viii) Hubbard's orders were the ones followed when the GO held undated resignations for all board members of the legal organizations of organized scientology. That was done

during the years of the GO as well as later where Miscavige ordered the use of undated resignations to remove people from whom he was taking power. This included Bill Franks as ED International;

(ix) also contrary to Miscavige's sworn declarations, Hubbard continued to order top organized scientology executives, including myself, well into 1983 about legal matters, hiding his controls and more.

29. Miscavige did control organized scientology and run it as covered above. Part of the reason that so much about "the 1981/82 takeover" by Miscavige was hard to pin down on exact orders and time lines is that so much was hidden about it all to mask Hubbard's and Miscavige's real control of it. There was a "secret" body of people directly run by Hubbard. The unit was referred to as an "All Clear Unit" (to make things "all clear" for Hubbard to come out of hiding) and Miscavige was part of that unit.

In 1981 Miscavige took sole control of that unit. By mid 1981 Miscavige had managed to remove MarySue Hubbard and "take over the GO". He also took over running CMO International secretly by being able to order the heads of it.

30. This "All Clear Unit" by later 1981 was broken down into two "groups" both 100% controlled by Hubbard and, through his contacts with Hubbard, Miscavige: "Special Project" and "Special Unit". Special Project went on to become ASI and Miscavige positioned himself as legally running just ASI. Throughout the time Miscavige was "in ASI" he ran scientology operations through several contacts in CMO Int/WDC, RTC and Special Unit.

31. There are many examples that show how the entire corporate evolution of 1981 on was a cover up of what is really a centrally run and controlled international organization hidden behind many corporate veils. Although the paperwork would make it appear otherwise, Miscavige's statement in one of his declarations that "Corporate boundaries and responsibilities are distinct and firm" is completely false. Just a few examples of this, just from the period of mid 1981 up until early 1984 include:

(i) I personally witnessed and/or was the recipient of direct orders from Miscavige to both the most senior members of RTC and CSI. These were repeated and ongoing. This included the period when he was in ASI;

(ii) There were no actual board meetings or board level decisions made by board members of either RTC or CSI in that time period. Major decisions were made by Miscavige or were based on orders from Hubbard himself as relayed by Miscavige;

(iii) This included at the very least the removal of senior corporate executives of CSI (Bill Franks and Gordon Cook) by order of Miscavige, in part using undated resignations that he insisted we keep for all those who held corporate authority in any major

Scientology-related companies. This was just one of many practices of the old Guardian's Office that Miscavige kept in place;

(iv) Miscavige gave each major CSI and RTC executive (WDC level in CSI and Inspector General of RTC) weekly orders from Hubbard and insisted that we comply to same weekly. Each week we would write a report to Hubbard about our sectors of "church" management and in a few days would get his reply with his orders. I personally wrote weekly reports to Hubbard and got and complied to his orders while I was WDC X. Miscavige knew of these as he secretly ran the reports and orders back and forth to Pat Broeker pretty much weekly;

(v) During the time that Miscavige was "Chairman of the Board" of ASI, not only did I see him ordering CSI and RTC executives but I have personally witnessed him at the California desert headquarters punch, choke and slap hard on the face three senior CSI staff members, including the then WDC SMI for what Miscavige considered non compliance to his or Hubbard's orders;

(vi) When I was in Special Unit (CSI) "in charge" of "church" corporate, Miscavige weekly ordered huge sums of money be transferred to Hubbard and demanded that we weekly come up with legal justifications for same. Once I was sent to Sante Fe, New Mexico where attorney Elwood Rickless from London was on vacation as we had to work out a legal justification for more money to Hubbard that very week. Miscavige, from ASI, threatened to strangle me if we did not work it out. This is just one example but weekly I had to get together with Lyman Spurlock from ASI and we both would be frustrated at how we were going to have to keep coming up with legal justifications to meet Miscavige's demands for money to Hubbard that week. We were ordered by Miscavige that the money was to be sent and he would have us busted if it were not. And, again, I was a WDC member in CSI at the time;

(vii) When I was in CSI, I was ordered by Miscavige through Lyman Spurlock at ASI to go to the New Era Publications Organization in Denmark and get them to sign the new publishing agreement with Hubbard that, amongst other things included the royalties he was to be paid. I did this and can attest that the corporate integrity was so bad that they did not even get the read the contract much less negotiate it. ASI did not negotiate on behalf of Hubbard with the royalty paying publications organizations. Rather ASI, as run by Miscavige, was the conduit to relay Hubbard's orders and demands to those organizations. And, those organizations were in turn controlled by the Sea Organization which in turn was controlled by Miscavige;

(viii) When we incorporated CSI and then decided on the official date it would "start" as the "Mother Church", a date I myself picked to coincide with a convenient weekly stat reporting time, we had staff students from other areas who were at Flag for training fly to all "Churches of Scientology" and get them to sign the contract recognizing CSI as the new Mother Church. The local churches had no say in it whatsoever. Many of them did not even know who their board members were as they never met nor managed anything

as a board. Instead they took their orders from whoever was in command of the Sea Organization. I did the legal paperwork at what we called the “Los Angeles Command Center” and sent them to the Command Center in Clearwater. That was run by Mike Rinder and a few others. They then implemented whatever we sent them, including getting the students off of course and sending them to the local “churches” so that all signatures could be gotten that week. The entire thing was orchestrated by us in the Sea Org, under Miscavige’s direction and there was ABSOLUTELY no local corporate control, negotiation or the like occurring;

(ix) Another example of the interaction between the Los Angeles and Florida corporate sort out “Command Centers” worked was it was us that worked out who in Florida would remain part of CSC, who would be part of CSI and who would be part of the new FSO corporation. Rinder and those on his team in Florida would tell us what staff were doing what jobs and we in the LA Command Center would tell them what corporation to put each area under. It was 100% up to us, the Sea Org Missionaries as to who went where corporately and how we controlled it all;

(x) Even prior to that, I believe in early 1981, while I was still in GOWW, I had to fly to California to meet with “Special Project” (that became ASI) and was told we had to work out how to get more money to Hubbard. There was an initial company called “B13”, a name gotten from a local DK address involving attorney Jakob Arreverd (spelling?) which could have been used to secretly funnel money to Hubbard. When I got there I met Ron Pook, was told Miscavige was in charge and they were considering whether or not to try to keep “Scientology” non profit and qualifying for tax exemption as it was getting too difficult to funnel money to Hubbard and keep the “church” exempt. It was decided that Hubbard said the Church had to be tax exempt so things would just have to be done covertly and kept hidden;

## SUMMARY AND WHAT LIES HIDDEN BEHIND THE CORPORATE VEILS AND RELIGIOUS CLOAKING

32. Religious cloaking was intentionally used to help organized scientology make money and to avoid compliance with a myriad of laws that would otherwise apply if it was not so considered. The use of scholars to say scientology was a religion or organized scientology was a religious organization was carefully planned and executed to forward the cover of the religious cloaking.

33. The entire corporate reorganization of 1981 on was to hide assets from litigants/governments and to protect those secretly running organized scientology from legal liability

34. Much has been done under Miscavige to hide the truth including the vetting or destruction of files that showed Hubbard and he was in control. This was similar to the mass vetting and removal of files throughout the GO after the FBI raids in the late 1970s to hide the fact that Hubbard was really running the GO. Miscavige constantly ordered

cover-ups of the truth even extending to the killing of a biography on L Ron Hubbard written by Omar Garrison which Miscavige wanted destroyed as it contained embarrassing truths about Hubbard. On orders of Miscavige I and Vaughn Young and three of Hubbard's attorneys negotiated the rights to this book with Omar Garrison and his attorney. I then brought the book over to Author Services and gave it to Norman Starkey for Miscavige so that it could be killed and never get out. It was entitled: "L. Ron Hubbard, His Life, His Loves and His Letters.

35. Countless abuses have been carried out by Miscavige and the people he controls in OSA after he was able to hide behind those corporate veils and religious cloaking. This includes:

(i) the examples of Miscavige spitting on and beating top organized scientology executives in late 82. There are a number of people who have now gone public telling of Miscavige's beatings and other abuses of others since I first posted this over a year ago. This includes Jeff Hawkins, Bruce Hines, Mark Headley, John Peeler and others. These will show a pattern of brutality and control over decades by Miscavige over organized scientology which in turn will show his statements that he did not run organized scientology under penalty of perjury to be false.

(ii) In at least 1982 and 1983 Miscavige also ran a new unit of organized scientology called the Internal Finance Police. Miscavige gave orders for them to carry out many abuses of others to "find and handle" alleged "financial crimes" against Hubbard and scientology. They were the ones at that famous San Francisco mission holders conference (spoken about in the book "A Piece of Blue Sky") who helped Miscavige declare, sec check and/or extort money out of the mission holders. They had a mission to actually get people jailed for "financial crimes" against scientology so that heads could be put on pikes to scare others into toeing the line. It did not even matter if the person was innocent, they just wanted "examples". And a "financial crime" was anything at all that Hubbard/Miscavige considered took money away from organizations of scientology and thus to Hubbard/management as well. Their methods of threats, physical abuse, screaming, "gang bang sec checks" and the like were used against anyone and everyone who Miscavige considered were financially "ripping off scientology organizations or Hubbard". They were often "the enforcers" of so many of the abuses then. The Int Finance Network was really the more visible and darker side of that whole plan to take over everything in scientology by Miscavige. They were for the most part "the face" of what people saw as enforcing "financial policy". But they were controlled and secretly run by Miscavige and his crew. There is video available from one of the main financial police working under Miscavige how Miscavige abused others and how the finance police extorted and committed other crimes against others. His name is Don Larsen. As Special Unit IC I had to many times stop the International Finance Police from wrongfully charging someone in their effort to get heads on a pike for Miscavige.

(iii) others are now speaking out and I believe will be giving evidence of even greater barbarity at the tops of organized scientology as controlled by Miscavige.

36. The true danger lurking behind those corporate veils and hidden behind religious cloaking is organized scientology's intention to control the legal systems and educational systems of the world, to rid the world of its enemies and it apply its brutal ethics policies to everyone. That is what is in store for the world should the policies of organized scientology be applied throughout the world. It has long been the intention of organized scientology to do the above as it uses its front groups like Narconon, Applied Scholastics, the Way to Happiness Foundation etc. to get inroads into society for organized scientology.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this [6th] day of May 2008, at Merrimack County, New Hampshire

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Lawrence H. Brennan