

DECLARATION OF STACY YOUNG

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3 I, STACY YOUNG, declare as follows:

4 1. I was a member of the Church of Scientology for
5 fourteen (14) years, from January, 1975 until July, 1989. From
6 October, 1979, until July, 1989, I was a member of the Sea
7 Organization, the most dedicated group of Scientologists in the
8 entire organization. During my tenure in Scientology I acquired
9 extensive knowledge of the counseling methods, as well as the
10 administrative and management practices and procedures of the
11 organization.

12 2. The facts set forth herein are of my own personal
13 knowledge and I could and would be competently able to testify
14 thereto.

15 3. My first experience with Scientology was at the mission
16 of Atlanta, Georgia, where I attended a series of introductory
17 lectures in January, 1975. I received my first Scientology
18 auditing in Atlanta called "Life Repair" and I also took several
19 courses.

20 4. I joined the Sea Organization ("Sea Org") at the
21 Advanced Organization in Los Angeles ("AOLA") in October, 1975,
22 signing a billion year contract to confirm my dedication to
23 Scientology and "clearing the planet."

24 5. All staff members involved in the delivery of the
25 confidential Upper Levels of Scientology processing ("OT
26 Levels"), and all staff members involved in Scientology
27 management are members of the Sea Org, living communally and
28 under the authority of the Sea Org Command Lines 24 hours a day.

1 6. At the end of 1977, I transferred to the United States
2 Guardian's Office ("USGO") in Los Angeles.¹ I was a staff
3 member in the USGO from January, 1978 through January, 1982. The
4 Guardian's Office was the part of Scientology that handled public
5 relations, intelligence and legal matters for all of Scientology.
6 The "USGO" was corporately part of the Church of Scientology of
7 California (CSC). The Guardian's Office was renamed the "Office
8 of Special Affairs" (OSA) in or about 1983.

9 7. Starting in August, 1984, I worked in the Office of
10 Special Affairs U.S. (OSA US). I was assigned to handle public
11 relations writing and to write articles for and edit a
12 publication known as "Freedom" (discussed in further detail
13 herein). At that time the OSA US was part of the Church of
14 Scientology of California (CSC).

15 8. The office where I worked in 1984 was in the
16 Scientology "complex", formerly the Cedars of Lebanon Hospital.
17 This "complex" covers an entire block in Hollywood bordered by
18 Sunset, North Berendo, Fountain Avenue, and North Catalina.

19 9. When I started working for OSA US, the OSA US offices
20 were located on the third and fourth floors of a building in the
21 "complex" known as the "American St. Hill Organization" or more
22 commonly the "ASHO" Building.

23 10. It was common knowledge within OSA US that Lawrence
24 Wollersheim, a former Scientologist, was suing CSC, and that
25 Scientology and CSC had no intention of ever paying Wollersheim
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27 ¹Certain covert activities of the Guardian's Office led to the
28 criminal convictions of various Scientologists including Mary Sue
Hubbard, wife of the founder of Scientology, L. Ron Hubbard, for
conspiracy and other substantive crimes. See U.S. v. Heldt
(Fed.Cir.1981) 668 F.2d 1238, 1242, 1243.

1 "one thin dime". The phrase "not one thin dime for Wollersheim"
2 became a slogan for the Wollersheim case.

3 11. In early 1985 the OSA US staff was briefed at a staff
4 meeting about the "Wollersheim" case. The briefing was done by
5 the Commanding Officer of OSA US, who as I recall, was David
6 Butterworth at the time. The staff, including me, were told
7 during the briefing that it looked as though Wollersheim might
8 win his lawsuit. This would mean that the Court could order the
9 corporation, CSC, to pay Wollersheim money. We all knew that
10 this was a joke because CSC would never pay Wollersheim a cent.
11 It was a matter of principal that Scientology would never pay an
12 "enemy" like Wollersheim.

13 12. At this meeting we were briefed that Scientology's plan
14 was to gut CSC of any and all assets. In this manner there would
15 be nothing for Wollersheim to seize if he won his suit.

16 13. To accomplish this "gutting" the OSA US Treasury office
17 and the *Freedom Magazine* office were to be moved, out of the
18 "complex" and into an office across the street on North Catalina.
19 The OSA US Treasury Office was going to be moved because that was
20 where the financial records for CSC would be stored. The *Freedom*
21 *Magazine* offices were going to be moved because it was a public
22 office and would make it look like CSC was a functioning
23 corporation. In fact, money for *Freedom* would be funneled into
24 CSC from other Scientology corporations to publish *Freedom*
25 *Magazine* and for other projects. This money was always spent
26 immediately so as to leave CSC without attachable assets.

27 14. The balance of the OSA US operations were to be
28 transferred to another corporation or entity. If I recall

1 correctly, these other OSA US operations became part of what is
2 now known as the Church of Scientology Western United States.

3 15. To the best of my knowledge, CSC was, for all intent
4 and purposes, "gutted" of any and all assets. These assets were
5 transferred from CSC to other Scientology corporations. The
6 asset transfers were for the express purpose of defeating Mr.
7 Wollersheim's chances of ever collecting any money in this
8 action.

9 16. I am aware that on or about October 17, 1982, the
10 Church of Scientology held a "U.S. Missionholders Conference" in
11 San Francisco. During the time I was a member of Scientology, I
12 became familiar with a multi-paged document entitled
13 "International Management Bulletin NBR 2 - Tools to Expand Your
14 Org Reference Pack." This document was directed to "All Org
15 Staff, FOLO Staff and Flag." It was copyrighted in 1982 by CST.
16 A true and correct copy of five pages of this document is
17 attached to my declaration as Exhibits "1-5". All copies have
18 been reduced from legal to standard size for purposes of this
19 declaration. Exhibit "1" represents a copy of the cover sheet of
20 the "reference pack" of materials which contains 162 two-sided
21 pages. The reference pack consists of eight "executive
22 directives" of various dates. Exhibit "2" is a copy of the first
23 page of the "reference pack" explaining the purpose for
24 distribution of the directives. Exhibit "3" is a true and
25 correct copy of executive directive SOED 2104 Int. dated 7
26 November 1982 and the first eight pages of the transcript of the
27 conference. The directive was a cover for the transcript of the
28 San Francisco Mission Holders Conference addressed by "Commander

1 David Miscavige," "Warrant Officer Lyman Spurlock, Corporate
2 Affairs Director," and "Commander (RA) Norman Starkey," among
3 others.

4 17. The covering directive identifies these individuals as
5 "top officials of the Sea Organization." The Sea Organization
6 ("Sea Org") is an unincorporated entity within Scientology which
7 is the true structure of power within the Scientology empire. It
8 is the Sea Org which Scientologists recognize as having power
9 over them, not the corporate structure, which in fact is merely a
10 hall of mirrors used to deal with the courts and to maintain tax
11 exemption with the IRS. The corporate structure has nothing to
12 do with the true hierarchy of Scientology. Internally, the
13 corporate structure is ignored, not only in terms of authority
14 but also regarding the flow of monies.

15 18. The transcript of the San Francisco Mission Holders
16 Conference offers a rare window through which can be seen how
17 power in Scientology is actually wielded. David Miscavige was
18 Chairman of the Board of ASI², a for-profit corporation which
19 was ostensibly created to be a literary agency for Scientology
20 founder L. Ron Hubbard. In reality, Miscavige was running
21 Scientology from his position as head of ASI when the Mission
22 Holders Conference was held. To the outside world, he presented
23 himself as COB ASI, but within the closed world of Scientology,
24 he was Commander David Miscavige, head of the Sea Org and thus,
25 the head of Scientology.

26 19. "Warrant Officer" was Lyman Spurlock's Sea Org
27 designation, but he was also the Corporate Affairs Director at
28

²Author Services, Inc.

1 ASI. It was from his position in this for-profit company that he
2 orchestrated the corporate restructuring of Scientology, which
3 was then announced at the Mission Holders Conference. "Commander
4 (RA)" was Norman Starkey's Sea Org designation, but he was also
5 the Deputy Executive Director for Legal Affairs at ASI (later to
6 become Executive Director of ASI, directly under Miscavige).

7 20. Exhibits "4" and "5" are true and correct copies of
8 display charts used by Mr. Spurlock when he addressed the
9 Conference. These documents specifically delineate how the
10 various entities that were operating as the Church of Scientology
11 of California, the "Mother Church of Scientology" were taken over
12 and systematically stripped of all of its divisions, functions
13 and assets by RTC (Religious Technology Center) and CSI (Church
14 of Scientology International). This is Scientology's own version
15 of their reorganization. Before Church of Scientology
16 International (CSI) was formed in late 1981, Church of
17 Scientology of California (CSC) was the "Mother Church". Exhibit
18 "4" reflects the various church entities that were included as
19 part of CSC at that time, including WDC (Watch Dog Committee);
20 FSO (Flag Service Organization); ASHO (American St. Hill
21 Organization); Church of Scientology Los Angeles; Church of
22 Scientology San Francisco; USGO (U.S. Guardian Office), etc. The
23 FSO, Los Angeles and San Francisco, entities were major sources
24 of income for CSC.

25 21. Exhibit "5", the second chart, displays the end result
26 of the "reorganization" that effectively gutted the assets and
27 divisions of Church of Scientology California wherein CSC's
28 divisions, functions and assets were rolled over into the newly

1 formed corporations, Religious Technology Center (RTC) and Church
2 of Scientology International (CSI). As noted in Exhibit "5",
3 after "reorganization" CSI became the Mother Church and all the
4 divisions, functions and assets of CSC such as the WDC, the Flag
5 Service Organization and the San Francisco and Los Angeles
6 Churches of Scientology were now controlled by CSI. The
7 reorganization also diverted all revenue flow from CSC to CSI and
8 RTC.

9 22. Based upon everything I know, and everything I observed
10 while I was a member of Scientology, I believe that Scientology
11 transferred all of the assets out of CSC after the filing of Mr.
12 Wollersheim's lawsuit for the express purposes of preventing Mr.
13 Wollersheim from recovering any money as a result of the lawsuit.

14 23. While in the U.S. Guardian's Office from 1978 to 1982,
15 I was posted as the Organizing Officer ("Org Officer") for the
16 Public Relations Bureau, and later, as the Org Officer for the
17 entire Guardian's Office. As the Org Officer, my functions
18 included the handling of all personnel and organizational
19 matters, such as correcting a staff member who made mistakes,
20 getting staff members into auditing or ethics handling when they
21 were sick or upset or in trouble, recruiting new people for
22 staff, and promoting or demoting staff members as needed. I was
23 also responsible for the establishment and proper administration
24 of all the Guardian's Office personnel throughout the United
25 States. As the Guardian's Office oversaw certain aspects of the
26 administration of ALL other Scientology organizations, I became
27 very familiar with the overall structure of Scientology and how
28 the various organizations interact with each other and with the

1 outside world.

2 24. In early 1982, I was posted as the Special Project PR
3 Assistant under my husband, Robert Vaughn Young. Several months
4 later, Special Project became what is now Author Services, Inc.
5 (ASI), as described earlier, a for-profit company whose
6 ostensible purpose was to be L. Ron Hubbard's literary agency. I
7 was taken out of PR and made the Organizing Officer for ASI in
8 April, 1982. Miscavige appointed Terri Gamboa Executive Director
9 of ASI. He gave Norman Starkey the title of Legal Affairs
10 Director of ASI. He gave Lyman Spurlock the title Corporate
11 Affairs Director. In my position as organizing officer, I worked
12 directly under David Miscavige, who was Chairman of the Board of
13 ASI, ("COB ASI"), to carry out his orders concerning the staff of
14 ASI.

15 25. David Miscavige, known as DM, has been the head of
16 Scientology since 1981. He ran the Scientology Empire from ASI
17 until early 1987. He moved the seat of power of Scientology from
18 ASI to the Religious Technology Center ("RTC") in 1987, during a
19 period of time when the IRS was investigating ASI's ties to the
20 non-profit corporations of Scientology. At that point, he
21 appointed himself Chairman of the Board of RTC, which is his
22 current title. The fact is that Miscavige runs Scientology as a
23 dictator regardless of which corporation he is part of. The
24 corporate structure of Scientology is purely a cloak used to
25 shield Scientology from all outside control.

26 26. Although ASI was established as a for-profit, non-
27 religious corporation, in reality, while DM was COB ASI, the
28 staff of ASI ran the entire Scientology network. This included

1 the Church of Scientology of California. ASI had complete
2 control over the management of all Scientology orgs and missions,
3 all Office of Special Affairs activities (the Office of Special
4 Affairs is the successor organization to the functions previously
5 performed by the Guardian's Office), all transfers of funds
6 between Church accounts and LRH accounts, every aspect of life of
7 anyone who was a Scientologist, whether staff or public. (These
8 powers were moved to RTC in 1987, when Miscavige appointed
9 himself COB RTC.)

10 27. Because of my experience in ASI, I am familiar with the
11 day-to-day activities of the highest level of management of
12 Scientology. I have first hand knowledge of the establishment of
13 the corporate structure of Scientology as it now exists, having
14 worked with the staff who are responsible for creating it. The
15 purpose of this activity was to create an impenetrable, legally
16 defensible network of corporations such that neither the IRS nor
17 any legitimate agency of government or any private individual
18 engaged in a lawsuit against Scientology could "pierce the
19 corporate veil" of Scientology organizations, thereby freeing
20 Scientology management to transfer funds between organizations
21 without concern for the law.

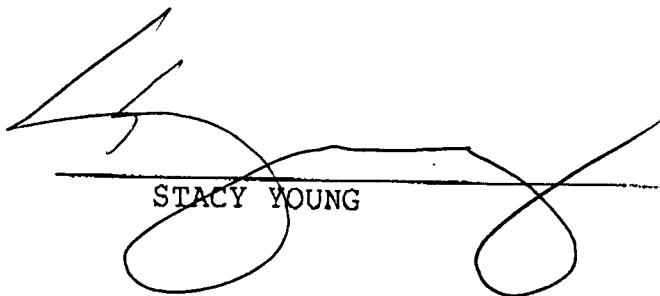
22 28. I can state from personal knowledge from my observation
23 within Scientology that all Scientology corporations are a sham
24 and that David Miscavige and his key aides can and do control
25 every aspect of every Scientology corporation and can at any time
26 directly take over and seize all practical control of any and all
27 Scientology corporations.

28 29. David Miscavige wields such absolute authority over the

1 entities known as Church of Scientology International and
2 Religious Technology Center that he should be recognized legally
3 as the managing agent of these two entities. It was true at the
4 time I left in 1989 and I believe it is still true that both CSI
5 and RTC have their seats of power at the secret Scientology
6 management compound in Gilman Hot Springs, California, where
7 Miscavige also lives and works. Nothing happens at the compound
8 in Gilman Hot Springs without Miscavige's direct approval or the
9 approval of his circle of aides, from the daily and weekly
10 management of Scientology organizations and finances around the
11 world to the minute details of the daily operations of the
12 compound.

13 I declare under penalty of perjury under the laws of the
14 State of Washington that the foregoing is true and correct.

15 Executed this 13 day of March, 1997, at Seattle,
16 Washington.

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19 STACY YOUNG
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