

1 IN THE CIRCUIT COURT OF THE STATE OF OREGON
2 FOR THE COUNTY OF MULTNOMAH

3 JULIE CHRISTOFFERSON TITCHBOURNE,

4 Plaintiff,

No. A77-04-05184

5 vs.

6 CHURCH OF SCIENTOLOGY, MISSION OF
7 OF DAVIS, a nonprofit California
corporation doing business in Oregon,

AFFIDAVIT OF
GERALD ARMSTRONG

8 Defendant.

9 STATE OF CALIFORNIA

) ss.

10 County of

11 I, GERALD ARMSTRONG, being duly sworn, depose and say:

12 (1) I was a member of the Sea Organization of the
13 Church of Scientology of California from February, 1971 to
14 December 1981. During such time I held many executive
15 positions with the Church of Scientology and directly
16 observed and met with L. Ron Hubbard and other Scientology
17 executives. From February of 1971 until L. Ron Hubbard's
18 disappearance in March of 1980, Mr. Hubbard totally
19 controlled the Church of Scientology and all Church of
20 Scientology organizations. Mr. Hubbard's control was
21 effectuated through a personal communications unit that
22 received daily telexes and other communications from the
23 various Church of Scientology organizations throughout the
24 world.

25 Examples of Mr. Hubbard's control of the Church of
26 Scientology and of efforts to conceal such control include

1 the following:

2 a. On or about September 28, 1980, a meeting was
3 held in Los Angeles, California at one of the corporate
4 headquarters of the Church of Scientology of California.
5 Attending the meeting were Charles Parselle, the head of the
6 Guardian's Office worldwide legal department and Laurel
7 Sullivan, a personal representative of L. Ron Hubbard and
8 the person in charge of a special legal mission which was
9 seeking to conceal Hubbard's control of Scientology and to
10 develop strategies to allow Mr. Hubbard to control
11 Scientology without incurring legal responsibility. The
12 meeting was tape recorded and the following conversation
13 took place relating to the corporate structure of **the**
14 organization and Mr. Hubbard:

15 Laurel Sullivan: There is no need for them to be the
16 actual Board of Directors.

17 Charles Parselle: There is no need at all for them to
18 be the Board of Directors in order
19 for them to run the Church, but the
20 authority of the Church has to lie
21 somewhere, and on some basis. And
22 since the Church has always chosen a
23 corporate entity, eventually the
24 authority is going to have vest with
25 the Board of Directors. The only
26 reason it has worked so long without
27 that occurring is because everyone
28 has effectively been bound by the
29 authority of L. Ron Hubbard and have
30 ignored corporate lines.

31 (b) During my involvement with the Church of
32 Scientology, I was in charge of L. Ron Hubbard's personal
33 communications unit. As part of my job, I relayed mail and

1 telexes between Mr. Hubbard and various Scientology
2 organizations throughout the world. I became aware that Mr.
3 Hubbard had absolute control of all large corporate bank
4 accounts and that he, alone, had the authority to order
5 withdrawals of large amounts from these accounts. He
6 controls these accounts through various people who work
7 directly for him. Neither the directors of the Church of
8 Scientology of California nor any other Church of
9 Scientology executives had such authority or control.
10 Because of such control, Mr. Hubbard received millions of
11 dollars through a dummy corporation (R.R.F.) that was
12 specifically set up to funnel money to him which should have
13 been paid to the Church of Scientology of California by
14 foreign customers paying for services at "Flag". "Flag" is
15 a part of the Church of Scientology of California. At a
16 strategy meeting held on September 29, 1980 between several
17 senior executives of the Church, the development of legal
18 methods to shield Mr. Hubbard from liability while funneling
19 money to him was discussed. The exchange was tape recorded
20 with the knowledge of all present. The people attending
21 were:

- 22 1. Charles Parselle, Deputy Guardian Legal Worldwide.
- 23 2. Allen Wertheimer, an attorney for L. Ron Hubbard
24 working with Laurel Sullivan.
- 25 3. Laurel Sullivan.
- 26 4. Dick Sullivan, husband of Laurel Sullivan who worked

1 with his wife.

2 The following is a portion of the tape recorded
3 conversation:

4 Charles Parselle: Right. That's a very helpful
5 exercise. And also I may say this,
6 that is very helpful for LRH to have
7 his own attorneys, i.e. yourselves,
8 because for many years we have been
9 missing this essential service and
10 we have done this exercise of trying
11 to think of a the way it would be on
12 the one side and trying to think of
13 the way it would be on the other
14 side and it really doesn't work very
15 well to do that. It doesn't work to
16 represent both parties at the same
17 time. Especially if you also happen
18 to be Scientologist and involved in
19 that particular way as well. So, I
20 am with relief representing the
21 Church interest and I certainly
22 invite you to represent Ron's
23 interest as much as you can. I say
24 that R R F, which is as far as I am
25 concerned part of the church, made a
26 mistake when it paid over that 2.1
million. R R F had nothing . . . we
could say that R R F and the Church
of Scientology of California are
part of the same church, even though
they are corporately different. I
mean if anything was a sham corpora-
tion, it's R R F.

20 Allen Wertheimer: As I understand it, R R F receives
21 monies that would otherwise be due
22 the California Church for services
23 rendered by the California Church to
24 people outside of the country who
25 decide to pay the church from
26 outside the country . . .

24 Allen Wertheimer: So that's basically right?

25 Charles Parselle: That's right. Foreign Scientolo-
26 gists who wish to pay for Flag
services pay R R F and then go to
Flag and take the services. R R F

1 was originally supposed to hold the
2 money until the service was rendered
3 and then pay it to the Church of
4 Scientology of California. But in
5 fact, it has no really done that and
6 so the Church of Scientology of
7 California has rendered much service
8 to many foreign Scientologists and R
9 R F has got the money. Fortunately
10 for us R R F wasn't incorEorated
11 until 1973 and we are now litigating
12 1972. So, I haven't really tried to
13 sort this one out but, it obviously.
14 is the classic case (loud laughl of
15 inurement, if not fraud. (several
16 laughs).

17 Laurel Sullivan: Well put.

18 Unidentified speaker: It's all privileged.

19 Dick Sullivan: The tape recorder is going here,
20 Charles.

21 Charles Parselle: However, as you can see, our
22 financial direction is really
23 weighted to this solution and it is
24 an on-going battle which I will
25 eventually win because I am the one
26 who has to litigate the case next
27 year and we obviously have to handle
28 R R F. The way we will probably
29 handle it is by simply saying it is
30 part of the same church, in fact.
31 Now that, of course, goes directly
32 contrary to what you are doing which
33 is to split LRH off from the Church
34 and you talk about the corporate
35 integrity of the different churches.
36 Unfortunately, the churches do not
37 have any corporate integrity. And
38 our efforts to give them corporate
39 integrity have not hitherto been
40 sucessful. Now when you talk around
41 a table like this and there is no
42 internal revenue agent present,
43 (whispered: I hope so), bugged or
44 otherwise, one can work out
45 solutions. But when you are a few
46 weeks away from trial and everything
47 you say is going to be rammed down

1 your throat, then you have to start
2 looking at what actually happened...

3 (c) It is common knowledge among senior executives
4 of the organization and is the policy of the Church of
5 Scientology of California that members of the Boards of
6 Directors of the various Scientology corporations are mere
7 figure heads without authority or control, and that control
8 really vests in Mr. Hubbard. I have personal knowledge that
9 in order to carry out this corporate fraud, organizational
10 executives have engaged in various unethical practices
11 including back dating phony board minutes and forging
12 signatures.

13 (d) Although Mr. Hubbard's legal representative
14 claim that he has not been paid by Scientology other than a
15 \$35,000 annual consultant's fee and the receipt of royalties
16 from the sale of his books, the fact is that he has absolute
17 control of all scientology accounts. In 1980, he authorized
18 the expenditure of unlimited Scientology funds for a project
19 to get him a Nobel Prize. As stated before, Mr. Hubbard
20 also received millions of dollars directly from a foreign
21 corporation called R R F (Religious Research Foundation).

22 (2) I am very familiar with the background of L. Ron
23 Hubbard and the Church of Scientology. Throughout 1980 and
24 1981 I was in charge of a project to collect materials about
25 L. Ron Hubbard's life for the purpose of providing such
26 documentation to a biographer. I collected

1 and reviewed thousands of pages of documents, many of them
2 in the personal handwriting of L. Ron Hubbard. The
3 documents establish that Mr. Hubbard has continually
4 misrepresented himself, his accomplishments, qualifications,
5 credentials, and physical and mental history.

6 (3) During my ten years as a member of the Church of
7 Scientology or in Mr. Hubbard's personal office staff, I
8 became aware of a continuous pattern of fraudulent
9 statements and conduct by high Church officials relative to
10 their relationships and the Church's relationship with L.
11 Ron Hubbard. It has been a policy of the Church to conceal
12 the true relationship between the various Church
13 organizations and Mr. Hubbard since at least 1971. This
14 policy was adopted to insulate the higher level
15 organizations and Mr. Hubbard from liability for acts that
16 Mr. Hubbard and such higher level organization authorized
17 and condoned.

18 In 1977 through 1981 I and members of Mr. Hubbard's
19 personal staff and the Guardian's Office destroyed hundreds
20 of thousands of pages of documents which concerned Mr.
21 Hubbard's control of the "Church of Scientology". In early
22 1980, a commercial paper shredder was rented and operated
23 day and night for over two weeks to destroy huge amounts of
24 documents which showed Mr. Hubbard's control over the
25 activities of Church of Scientology organizations.

26 (4) Mr. Hubbard has, on several occasions in the past

1 ten years, moved his residence at short notice because of
2 his fear of being indicted on criminal charges or being
3 served with civil process. To insure that he was not served
4 with civil process, Mr. Hubbard's whereabouts are kept
5 secret, guards are posted at his residence, and all guards,
6 his personal staff and Scientologists near him are trained
7 and drilled to obstruct process servers and lie about Mr.
8 Hubbard's whereabouts and their relationship to him.

9 (5) After 10 years of working with Scientology and Mr.
10 Hubbard I have become aware that Mr. Hubbard, through the
11 Sea Organization and the Guardian's Office has complete
12 control of the assets and activities of all Scientology
13 organizations throughout the world. The Guardian's Office
14 in the United States and the Church of Scientology of
15 California, pursuant to Mr. Hubbard's authority, has
16 absolute control of all scientology missions and other
17 organizations in the United States.

18 DATED this 0:6 day of _____, 1983.

19 _____
20
21 Gerald Armstrong

22 Subscribed and sworn to before me this 17*---4 day of
23 July, 1983.



24 OFFICIAL SEAL
25 SALINE IL YOUNG
26 Nobly Public - California
OUNCE COUNTY
My Commission Expires January 29, 1985

24 Notar Oet///k" public for California
25 My Commission Expires: 41:i/717g
26 _____

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