

FALSE REPORT CORRECTION

GERALD ARMSTRONG

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Armstrong is a former clerk for the Church of Scientology of California who, as part of his duties, was entrusted with the care of thousands of pages of personal records belonging to L. Ron Hubbard. In December 1981, Armstrong left the Church and took with him more than 10,000 pages of records belonging to Mr. Hubbard and the Church. This included 5,000 pages of original documents for which no copy was left behind.

As the custodian of confidential Church papers, Armstrong had a fiduciary responsibility not to disclose these documents to individuals outside the Church. In breach of this obligation, Armstrong loaned the documents to one Omar Garrison, an author who at one time had been retained to write a biography of Mr. Hubbard, a project which fell through. Armstrong gave these documents to Garrison not to assist him in writing the biography but to enable Garrison to deliver them to attorneys representing litigants involved in suits against the Church.

In April 1982, Armstrong also made contact with Michael J. Flynn, who was the lead attorney in more than a dozen lawsuits against the Church. Armstrong showed Flynn two private archival documents. Thereafter, from May until August 1982, Armstrong continued to give stolen documents to Flynn for use in Flynn's cases against the Church, even though the litigation did not involve Armstrong. Ultimately, Armstrong gave Flynn thousands of documents, including original and private Navy records and diaries of Mr. Hubbard from the 1940s.

On May 26 and May 27, 1982, the Church wrote to Armstrong demanding return of all the stolen documents, but Armstrong denied having them. Subsequently, however, Armstrong admitted that he indeed had possessed the stolen documents on those dates.

The Church sued Armstrong for the return of the documents. Trial began in the California Superior Court in May 1984. The Court received the testimony of Armstrong and his witnesses, many of whom were clients of attorney Flynn in other actions against the Church. These witnesses for Armstrong were permitted to testify as to Armstrong's purportedly imperiled state of mind. The Court did not permit the Church to present any of its own witnesses to rebut the testimony of hostile witnesses about Armstrong's alleged "state of mind."

Judge Paul G. Breckenridge also heard "evidence" from Armstrong consisting of distortions, half-truths, and outright falsehoods, amounting to a justification defense that Armstrong had stolen the documents to protect himself in the event of "retaliation" by the Church. The result was a negative decision for the Church.

Since the case was heard, Armstrong has adopted a degraded life-style and developed some odd financial ideas. He is the self-proclaimed founder of the "Organization of United Renunciants." In November 1992, the Marin Independent Journal attempted to explain Armstrong's philosophy of life in an article entitled "Is money the root of problems?" The story featured a photograph of an apparently naked Armstrong, eyes closed and smiling, sitting in a lotus position embracing an enormous globe.

According to the article, "Gerald Armstrong has an idea for dealing with the national debt -- write it off. Forget it. It doesn't exist."

"It's that easy.

"The novel prescription for fixing the fiscal fiasco is only part of Armstrong's larger message that money should be abolished ... Armstrong can count only a handful of friends as converts, but he is trying to get the word out. Detailed proposals have gone out to Bill Clinton, Ross Perot and Pete Wilson (no one has tapped him for an economic advisory post just yet). He has also written to the New York Times and other mega-media.

"Ted Koppel has not called."

Armstrong's ideas include "no more pay checks, no more loan payments, no more taxes, and forget that \$20 you owed your brother-in-law." **SECTION 1**

Today, Armstrong is hooked up with Cult Awareness Network, which is primarily a referral agency for those who engage in the illegal activity of kidnapping adults for the purpose of forcibly persuading them to abandon their religious beliefs. In November 1992, Armstrong attended CAN's convention in Los Angeles. He has the ear of Priscilla Coates and appears to be on excellent terms with CAN's leadership.

Armstrong Plotted to Take Over Church Assets

Since the trial, the Church has discovered new evidence which was completely unavailable in 1984.

This evidence shows conclusively that Armstrong's "justification" defense was a sham and a fraud. He was not remotely in fear of retaliation by the Church and was actively plotting the Church's downfall.

Armstrong considered the materials he had stolen useful not only as a lever against the Church and Mr. Hubbard in ongoing litigation with Flynn's clients, but he also sought to use the materials in pursuit of his plan to undermine the Church for his own financial benefit.

As part of his plan, Armstrong actively sought out Church staff members who would be willing to "defect" and assist him in discrediting Church leadership. After leaving the Church, he contacted Church member Daniel Sherman to enlist Sherman's aid in attacking the Church. Sherman, without Armstrong's knowledge, consulted Church staff for advice. It was decided that the Church would obtain authorization from the Los Angeles Police Department to make "undercover" videotapes of Armstrong's conversations with Sherman and any other Church dissidents or defectors.

The police authorized the investigation and videotapes, at which point Sherman embarked on an effort to ascertain the full extent of Armstrong's intentions.

Sherman informed Armstrong that a group of staff members who were dissatisfied with Church management might be interested in working with him in his efforts to undermine the Church. This wholly fictitious group was dubbed "the Loyalists."

Sherman enlisted the aid of two other persons, David Kluge and Mike Rinder, who agreed to pose as "Loyalists" and meet with Armstrong. Kluge assumed the code name "Joey," and first met with Armstrong in the late summer of 1984.

Armstrong told "Joey" that part of his plan was to use the auspices of the Internal Revenue Service to attack the Church. Armstrong wanted "Joey" to plant in the Church's files the documents Armstrong would fabricate, so that Armstrong could tell the Criminal Investigation Division (CID) of the Los Angeles IRS office to conduct a raid and find the "incriminating" documents. He reassured "Joey" that he would be able to create the needed documents "with relative ease" since he had done "it for a living."

Armstrong also explained to "Joey" how he intended to go about forging the new documents, based on his experience:

ARMSTRONG: "So it seems to me that the use of the communication lines, I don't know maybe you guys are using them, but it seems to me that you don't have a way of printing anything to get an issue on the lines, used for anything. Right? I'm saying that I can do it. I can type those goddam things and duplicate them and make them look exactly the same. You can't, you would not be able to tell the difference."

Armstrong also made it clear that he had developed a personal program intended to undermine and eventually destroy the Church. His goals were to oust the current management of Scientology, to obtain an advisory position within the restructured Church by becoming a consultant to the "Loyalists" and to plunder the Church for his own financial gain. His program to remove current Church management included the filing of a civil suit, based on evidence that he would manufacture. In a conversation with another co-conspirator, who, unknown to Armstrong, was still faithful to the Church, he insisted that the suit could be launched based on manufactured allegations.

ARMSTRONG: "They can allege it! They can allege it! They don't even have - they can allege it!"

MIKE: "So, they don't have to -- like, they don't have to have the document sitting in front of them, and then. ..."

ARMSTRONG: "I'm f-king saying the organization destroys the documents. ...!"

MIKE: "The point -- the point I'm trying to get across is that that's not criminal. That's the -- that's the civil complaint in there and that would have to be proven."

ARMSTRONG: "Show me the lines you're talking about."

MIKE: "Well, it's over here."

ARMSTRONG: "Where are the -- we don't have to prove a goddam thing. We don't have to prove sh-t. We just have to allege it. SECTION 2

At other meetings between Armstrong and his "co-conspirators," Armstrong described in detail his plans for bringing about the collapse of the Church so that he and the other "Loyalists" could move in and take over. Armstrong's goal, as revealed in his own words on videotape, was to overthrow existing Church management and to set up in its place a new set of Church executives who would settle all of the civil damages suits brought

against the Church by the attorneys representing Armstrong. His plans included wresting control of the Church, planting forged incriminating documents in Church files, to be discovered by a government raid, and blackmailing a senior Scientologist executive through attempted sexual entrapment. **SECTION 3**

In sum, Armstrong's plans consisted of:

A) Stealing documents from the Church to serve as models for forgeries. **SECTION 4**

B) Plotting the forgery of false incriminating evidence in Church files. **SECTION 5**

C) Orchestrating a coup in which agents of Armstrong and the U.S. government would take control of the Church of Scientology from its lawful management; **SECTION 6**

D) Suborning perjury in order to keep his conspiracy under cover. **SECTION 7**

Armstrong also worked closely with Michael Flynn and two members of the IRS CID, Al Lipkin and Al Ristuccia. In late summer or early fall of 1984, Armstrong contacted Sherman and explained that he and his IRS contacts had come up with a plan to create false documents and plant these on Church premises, where they would be seized in a CID raid. According to Armstrong the IRS agents wanted the "Loyalists" to plant covert electronic bugs in Church offices. Armstrong offered eavesdropping and special photographic equipment.

Armstrong informed "Joey" that the "Loyalists" would be placed in the federal witness protection program and would receive tax-exempt status in exchange for participating in the covert operation.

Armstrong instructed "Joey" how to lie under oath about their plans to disrupt Church management. Armstrong wanted "Joey," if deposed, to say that he and Armstrong had merely discussed a "global settlement" of Church litigation.

ARMSTRONG: "OK, what are our conversations, should it come down to it?"

"JOEY": "What do you mean?"

ARMSTRONG: "What do we talk about? You're deposed. You walk out there, and there's a PI hands you a paper, saying you're deposed, Jack, and not only that, you're out of the organization. And what do you say in deposition. Well,

Armstrong and I talked about this, and he had a whole bunch of ideas about how to infiltrate the communication lines and spread turmoil and disaster, you know. What are we doing here? That's my question, before I tell you my ideas on documents."

"JOEY": "Well, what I got is basically -- Loyalists gotta -- we gotta move -- we've got the suit coming up and I guess we need other lines to get stuff going. ..."

ARMSTRONG: "OK. So as far as the doc ... Let me just say, ah, you and I get together, we get together because we have a goal of global settlement. You have felt that the turmoil and abuses and so on have gone on too long ... Hence we get together and discuss things. We have not discussed anything about a destruction of the tech, or Scientology is bad, or anything like that. Are we agreed?" **SECTION 8**

During one meeting with "Joey," Armstrong's alleged claim that he "feared" Church retaliation was revealed as a complete falsehood.

"JOEY": "Well you're not hiding!"

ARMSTRONG: "Huh?"

"JOEY": "You're not hiding."

ARMSTRONG: "F-k no! And ..."

"JOEY": "You're not afraid, are you?"

ARMSTRONG: "No! And that's why I'm in a f-king stronger position than they are!"

"JOEY": "How's that?"

ARMSTRONG: "Why, I'll bring them to their knees!"

New evidence of Armstrong's fraudulent intentions was revealed in a declaration of November 18, 1991, in which he admitted that he never intended to stick to the terms of the settlement agreement he signed with the Church in 1986. In his declaration, Armstrong asserted that he had read and understood the settlement agreement, but that he "put on a happy face" and went through the charade of signing it even though he told his lawyers that he never intended to abide by its terms. Armstrong's stated reason for signing the agreement in the full knowledge that he would violate it later is so that he could receive the "financial wherewithal" to "get on with the next phase of [his] life." **SECTION 9**

Armstrong's motives were money and power. This is also shown by a letter to Church attorney Eric Lieberman on June 21, 1991. Armstrong wrote that he had been asked to testify against the Church in a case in South Africa. He laid out specific terms for the settlement of that case. **SECTION 10**

The Church later appealed the Breckenridge judgment and a decision was issued by the Court of Appeal in 1991. The Church had sought to introduce evidence showing Armstrong's attempts to organize a conspiracy to bring it down, but the Appeals Court stated that it could not accept the new evidence because it had not been a part of the trial record. The Court's decision upheld that of the lower court, but stated that Breckenridge's negative comments about the Church were to be taken to indicate Armstrong's state of mind at the time he stole the documents, and not for their truth.

Armstrong's state of mind is illustrated by various "literary" writings authored by him, none of which more clearly demonstrated it than a document now known as the "pig letter," in which Armstrong purported to describe a dream. **SECTION 11**

All the documents Armstrong stole have now been returned to the Church. As mentioned above, Armstrong never intended to abide by the terms of the agreement, which included staying out of other court cases involving the Church. Armstrong meddled in these and tried to prejudice their outcome. So, in 1992, the Church filed a new suit against him for breach of settlement. The Court entered an injunction preventing Armstrong from violating the settlement agreement by assisting anti-Church litigants. **SECTION 12**

During the trial in 1984, Armstrong had made numerous false allegations about L. Ron Hubbard, pretending to the judge that while in the Church, he had thoroughly researched Mr. Hubbard's life. However, Armstrong's incompetence as a researcher is well documented. Ironically, it was Armstrong's lack of research into the various facts and incidents regarding Mr. Hubbard's life that led him to his false claims.

In the court transcripts, Armstrong admitted to his own incompetence as a researcher. While being cross-examined concerning his "research" regarding L. Ron Hubbard's career as an officer in the Navy during World War II, Armstrong stated the following about himself:

1. He was never trained in how to research a

biography.

2. He never searched out and obtained official documents from any agency of the United States government.

3. He was not aware that there was an agency of the United States Navy that kept records of ships.

4. He never attempted to find out what data the Naval Historical Center had on the subchaser 815, the ship under the command of L. Ron Hubbard during World War II.

5. Armstrong concluded that Hubbard was not a Commander of a squadron of Corvettes as he did not do the necessary research to locate the documents in Navy files which established that Hubbard was in command of a squadron of Corvettes (English term for subchaser). Armstrong was not even aware that the initials SC stood for Submarine Chaser.

When questioned during the trial on evidence substantiating Mr. Hubbard's combat record, Armstrong admitted that he merely "went through some books on the subject. But that was it. I never went to D.C. And I obviously never checked the sources that whoever did this research was able to check. So I stand corrected."

SECTION 13

Armstrong also challenged Mr. Hubbard's claim that he (Mr. Hubbard) had been made a blood brother of the Blackfeet Indian tribe. Yet just recently that nation celebrated Mr. Hubbard's 70th anniversary as a blood brother.

A reliable account of Mr. Hubbard's career in the Navy is given by L. Fletcher Prouty, former senior U.S. intelligence officer with the Pentagon.

Mr. Prouty, who joined the Army just a month before Mr. Hubbard joined the Navy, is experienced in reading and understanding military and intelligence records. There is an intelligence process called "sheep dipping," wherein additional or cover files are created which mask the true activities of the intelligence operative. Mr. Prouty's knowledge is based on firsthand experience in creating such files.

His analysis of Mr. Hubbard's files shows that there are at least two and more likely three separate and different files in existence: a "false" file created by the Navy; a personnel file; and a file which contains Mr. Hubbard's true activities as an intelligence officer. It is this last file which appears missing and therefore

there is an incomplete record of Mr. Hubbard's career.

Detailed examples are provided in Mr. Prouty's affidavit. **SECTION 14**

Regarding Mr. Hubbard's medical history, Mr. Prouty points out that Mr. Hubbard's Notice of Separation paper indicates he was awarded the Purple Heart twice. The Purple Heart is awarded only to those wounded in action.

Another document from the U.S. Naval Hospital in Oakland covers Mr. Hubbard's condition following the war:

"Eyesight very poor. ... Lame in right hip from service connected injury. Infection in bone. ... All service connected."

In sum, Mr. Hubbard's past is exactly what he stated it is.

Mr. Hubbard's achievements completely belie Armstrong's allegations. Through hundreds of books and literally thousands of articles and lectures, L. Ron Hubbard communicated and taught the methods which today are used by millions to improve their own lives and the lives of those around them. His career spans more than 50 years during which he produced more than 530 published works which have sold more than 100 million copies in more than two dozen languages. In developing the religious philosophy of Scientology, he delivered and recorded 6,000 lectures. In country after country, he has received wide acclaim for his accomplishments in bettering mankind.