

Church of Scientology International



Director, Exempt Organizations
Technical Division
1111 Constitution Avenue, N.W.
Washington D.C. 20224

September 3, 1993

Re: Church of Scientology International
EIN: 59-2153393
Request for Group Exemption Ruling Under Sec. 501(c)(3)

Dear Sir,

I am providing you with the following information and materials in support of the accompanying request for a group exemption letter under Code Section 501(c)(3) for Church of Scientology International ("CSI"), as the central organization, and 30 subordinate churches of Scientology (the "Subordinate Organizations"), identified on the schedule attached as Exhibit A.

This information is being supplied pursuant to the requirements of section 5 of Revenue Procedure 80-27, 1980-1 C.B. 677 and corresponds to the subsection lettering of section 5.

Section 5.01. CSI's principal office is located in Los Angeles, California. CSI is under the jurisdiction of the Los Angeles, California Key District Director. However, the tax exemption of CSI and some of its subordinates have been under consideration at the National Office for some time, so it therefore is appropriate that this request for a group exemption letter be filed directly with the National Office.

Section 5.02. CSI's Employer Identification Number is 59-2153393. CSI's application for exemption, IRS Form 1023, is being considered concurrently with this group exemption request and it is understood that the granting of this request is conditional upon the granting of CSI's exemption application.

Section 5.031(a). CSI and the Subordinate Organizations to be covered by CSI's group exemption letter

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have the relationship described in section 4.02 of Revenue Procedure 80-27 for the following reasons:

(1) The Subordinate Organizations are churches of the Scientology religion and are all affiliated with CSI. As the Mother Church of the Scientology faith, CSI exercises ecclesiastical authority over all churches of Scientology, integrated auxiliaries of CSI and all related religious organizations within the Scientology ecclesiastical hierarchy. A detailed discussion of the churches within the Scientology ecclesiastical hierarchy and related organizations and their religious programs of activities is contained in the administrative record of CSI's exemption determination proceeding.

The Subordinate Organizations, all of which are within the ecclesiastical hierarchy, share with CSI the same religious faith and the same religious goals, purposes, policies and doctrines. This commonality of faith is the most fundamental unifying feature of CSI and the Subordinate Organizations. All subordinate organizations to be included under CSI's group tax exempt status in the future also will be churches of the Scientology religion and share common names, goals, purposes and activities.

(2) The Subordinate Organizations are subject to CSI's ecclesiastical authority as the Mother Church of the Scientology religion. Scientology is a very exact faith, and a fundamental doctrine of the religion is that its religious services must be orthodox. This doctrine holds that spiritual salvation can be attained if, and only if, the path to salvation outlined in the Scripture's religious technology is followed without deviation. All of the Subordinate Organizations are churches of Scientology that minister religious services to their parishioners and conduct training in the Scientology Scriptures both as seminary training for Scientology ministers and for the spiritual enlightenment of parishioners.

CSI coordinates the activities of the Subordinate Organizations, and as covered more specifically below, monitors and supervises the practice of the faith by the Subordinates to ensure that they do not deviate from orthodox Scientology.

The articles of incorporation of each of the subordinate organizations expressly recognize CSI's ecclesiastical authority (a copy of the articles of incorporation of one Subordinate Organization that is representative of the articles of incorporation of the other subordinate organizations is attached as Exhibit B). Article I of the bylaws of each of the Subordinate Organizations requires that their directors and trustees be in good standing with the

Mother Church and that:

The Church is and shall be one of the many churches within and without the United States which have been and will be organized for the purposes of the religion of Scientology, all bound together as elements of one international and hierarchical church by voluntary and self determined agreement upon the adherence to the following:

- 1. The goals, tenets, doctrines, codes, Creed, policies and practices set forth in the Scriptures (as hereafter defined); and
- 2. Recognition of the ecclesiastical authority of the hierarchy of the Mother Church; and
- 3. Governance in ecclesiastical matters by said hierarchy.

The Trustees, Directors, Officers and agents of the corporation shall be bound by and shall observe the foregoing to the end that the operations and activities of this corporation shall support and maintain the Church as a church of Scientology in good standing with the Mother Church; subject, however, at all times and in every respect to the paramount requirement of observance of and compliance with all applicable laws, and the provisions of the Articles and of these Bylaws.

(A sample copy of the bylaws of one of the subordinate organizations is attached as Exhibit C).

CSI's ecclesiastical authority is further enhanced by a written covenant between it and Religious Technology Center ("RTC") with respect to the use of certain religious marks associated with the Scientology religion. Through this covenant RTC has given CSI the right and responsibility to permit the churches of the religion of Scientology to use the religious marks, which include the marks "Scientology," "Dianetics," and L. Ron Hubbard's name and initials. Without CSI's written authority to use the marks, and RTC's approval, an organization cannot legally use the marks and thus cannot call itself a church of Scientology. These written covenants formalize the relationship of the churches within the hierarchy and create legal rights and duties with respect to the marks that are cognizable in the secular world. Thus, if a church continues to minister services under the name Scientology despite CSI's objections, CSI is able to stop the practice through the civil judicial system. CSI has full responsibility for supervising use of the marks by the churches with which it has entered covenants. (A representative copy of the covenant between CSI and the Subordinate Organizations is attached as Exhibit D).

CSI's primary function is to coordinate the activities of all churches of Scientology and their related organizations to ensure they are working in harmony toward Scientology's ultimate goal -- "a civilization without insanity, without criminals and without war, where the able can prosper and honest beings can have rights and where Man is free to rise to greater heights." CSI carries out this function by providing ecclesiastical guidance and programmatic support to the Subordinate Organizations. CSI receives reports from and provides advice, ecclesiastical guidance and programs to the Subordinate Organizations to guide them in carrying out their religious activities.

(3) As discussed herein, each of the Subordinate Organizations is a church of the Scientology religion and therefore is exempt under section 501(c)(3) of the Internal Revenue Code because it is organized and operated exclusively for religious purposes.

(4) The Subordinate Organizations are not private foundations. Each is a church within the meanings of sections 509(a)(1) and 170(b)(1)(A)(i) because they have a distinct legal existence, a recognized creed and form of worship, a definite and distinct ecclesiastical government, a formal code of doctrine and discipline, a distinct religious history, a membership generally not associated with any other church or denomination, an organization of ordained ministers, ordained ministers selected after completing prescribed studies, a literature of their own, established places of worship, regular congregations, regular religious services, and facilities for the preparation of ministers.

(5) CSI and all Subordinate Organizations have annual accounting periods ending December 31.

(6) As churches, each of the Subordinate Organizations falls under the exception of section 508(c)(1)(A) to the notice requirements of section 508(a).

Section 5.031(b). Attached as Exhibits B and C are representative copies of articles of incorporation and bylaws adopted by the Subordinate Organizations (to the extent allowed by state law, all have adopted uniform governing instruments). Subject to differences in the laws of incorporating states, these same articles and bylaws will be used by organizations to be incorporated in the future that will be included under CSI's group exemption letter.

Section 5.031(c). The purposes and activities of the Subordinate Organizations including the sources of receipts and nature of expenditures are as follows.

Each of the Subordinate Organizations is a church of the Scientology religion. The primary activities of the churches of Scientology comprising the Subordinate Organizations are

ministering the religious service of auditing to their congregations; proselytizing and disseminating the Scientology faith; providing training in Scientology Scripture both as seminary training and for the spiritual enlightenment of their parishioners; church administration; and in the case of one Subordinate Organization, Church of Scientology Celebrity Centre International, providing ecclesiastical management services to other churches pursuant to CSI's direction. Each church is separately incorporated and has its own ordained ministers and congregation. Each adheres to the Scientology Scriptures and follow the Scientology creed (which is set forth in their bylaws), policies, codes, and system of ethics and justice.

The Subordinate Organizations' sources of funding are almost entirely from fixed donations for religious services (approximately 75%) and for religious books and materials (approximately 20%). The Subordinate Organizations' expenditures are primarily for operating expenses, which include the ecclesiastical management payments that they make to CSI to support broadscale dissemination, defense of the religion and other activities; proselytization, which includes printing and mail expenses; and all of the expenses necessary to operate, maintain, and upgrade their church premises and pay and care for their staffs.

Section 5.031(d). I affirm that, to the best of my knowledge and belief, the purposes and activities of CSI's Subordinate Organizations are as set forth in paragraphs 5.031(b) and 5.031(c).

Section 5.031(e). Each Subordinate Organization has furnished CSI with written authorization to include it in this application for a group exemption letter. Such authorization was signed by a duly-authorized officer of the particular Subordinate Organization and will be retained by CSI while the group exemption is in effect.

Section 5.031(f). With the exception of the Founding Church of Scientology of Washington D.C. ("FCDC"), the Internal Revenue Service has not issued a ruling or determination letter relating to the exemption of any of the Subordinate Organizations. FCDC was recognized as exempt under section 501(c)(3) in 1956 but this ruling was revoked a few years later. The revocation was sustained by the Court of Claims in 1969. Beginning in 1973, however, FCDC reasserted its exempt status and has continued to do so to the present. In 1989 and 1990 the Baltimore District of the Internal Revenue Service conducted an exemption examination of FCDC and on February 27, 1991 issued a finding of no change in FCDC's expressly asserted status as an exempt church.

Section 5.031(g). All of the Subordinate Organizations are churches and fall within the exception in section 508(c)(1)(A) to the notice requirements of section 508(b). As

religious organizations espousing and practicing the Scientology faith, the Subordinate Organizations have a distinct religious creed, form of worship, code of doctrine and discipline, history, literature and membership. Each has established places -- training and auditing rooms -- for conduct of religious services. The Subordinate Organizations minister regular religious services to their members by ordained clergy or ministers in training. They ordain ministers after a prescribed course of study. Each has its own distinct ecclesiastical government, with an organized structure for the conduct and supervision of religious services, counselling and discipline. Each is separately incorporated and therefore necessarily has a distinct legal existence.

Section 5.031(h). Not applicable.

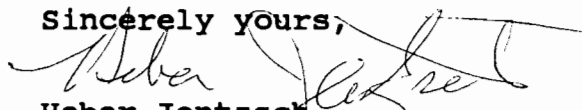
Section 5.032. The names and mailing addresses of the Subordinate Organizations initially to be included in CSI's group exemption letter are listed in Exhibit A.

Section 5.04. CSI's Employer Identification number is 59-2153393.

Section 5.05. Each of the Subordinate Organizations has its own Employer Identification Number.

Thank you for your assistance. We look forward to a favorable ruling on our application.

Sincerely yours,


Heber Jentzsch
President, Church of Scientology
International