

HUBBARD COMMUNICATIONS OFFICE  
Saint Hill Manor, East Grinstead, Sussex.

Limited Non-Remimeo  
Info only to U.S.

HCO POLICY LETTER OF NOVEMBER 6, AD14

URGENT TO ASSOCIATION SECRETARIES

CORPORATE STATUS

U.K. & Commonwealth. (Not pertinent to the US offices.)

Membership Hurdles

Unless HASI Inc is in full force the Central Organization may not sell memberships as they will be subject to tax and other complications. Therefore a full understanding and immediate compliance with this policy letter is urgently necessary.

It is of considerable, even vital interest to all Association Secretaries and HCO Secretaries of the UK and Commonwealth that no transfer of property, funds, business, leases or goodwill from HUBBARD ASSOCIATION OF SCIENTOLOGISTS INTERNATIONAL, Incorporated in Arizona, has ever been made to any other corporation. No property, goodwill or assets was ever transferred to HASI Ltd or to any smaller company anywhere in the world.

Scientology Organizations in England, Australia and South Africa as well as Saint Hill are owned and operated by HASI, Inc.

Some years ago I sought to organize HASI Ltd as a public corporation to receive these assets but for some reason no non-profit status was granted it by Inland Revenue of the United Kingdom. Also, for some reason, it seems that Australia somehow cannot make a filing of an international balance sheet to the Australian Government but is continually being called upon by that "government" to do so and fined for not doing so. I have not thoroughly traced down why this is so, but it is so and therefore HASI Ltd cannot receive assets or operate. If Melbourne has this trouble then HASI Ltd cannot go into action anywhere so it is dormant.

In 1963 an alternate plan of reorganization was made by John Damonte and Palmer & Co., chartered accountants, London, to have local areas including London register their own companies. Pursuant to this several local Scientology companies were chartered including three at Saint Hill. Some of these have sought to operate since Jan. 1 1964. However, no business of any kind, no assets or funds, have ever been turned over to them.

In December of 1963 I began to find the planned reorganization at Saint Hill confusing and by April found that it would be completely impossible to operate solvently in that manner.

Now I am informed by legal advisor that none of these corporations so formed may sell memberships without incurring a heavy taxation and other disadvantages. Carrying on this organization plan of small limited companies would therefore cost us a fortune.

Simultaneously I am informed that HASI, Inc, Washington, D.C. will probably get a full non-profit status from the US government soon and that it can sell unlimited numbers of memberships without compromising control or incurring taxation as would limited companies.

In my position of Trustee for Transfer of all HASI, Inc of Arizona and HASI, Inc, Washington D.C. assets and activities in the United Kingdom and Commonwealth, I am bound by the laws of Arizona and the District of Columbia to turn the businesses and assets over only to companies of a non-profit nature.

Therefore I cannot, will not and do not release any assets, leases, goodwill or property to any corporation so formed as none of these have been able to obtain a non-profit status.

Although some of the limited companies formed have sought to carry on the business in their names, they received no assets with which to do so.

Therefore I hereby declare, in my legal right, that all such companies formed be held inactive with the exception of HASI Ltd and HCO Ltd., public corporations, which are dormant.

I further declare that all Scientology Central Organizations and City Offices in England and the Commonwealth remain active as HASI, Inc. of Arizona or Washington, D.C.

All orgs in the UK and Commonwealth are filed with their local Company registrar as HASI, Inc, Washington, D.C. or should be. They should have a local Resident Agent for that company in each place.

They should cancel and cease to use any and all stationery of any registered company except that of HASI, Inc. of Washington, D.C.

HCO abroad for some long time has been only part of HASI, Inc. of Arizona or Washington, D.C. The proper designation of HCO in full is HUBBARD COMMUNICATIONS OFFICE (WORLD WIDE DIVISION OF HASI, INC.)

This does not apply in the United States or Canada where HCO means HUBBARD COMMUNICATIONS OFFICE OF THE FOUNDING CHURCH OF SCIENTOLOGY or HUBBARD COMMUNICATIONS OFFICE OF THE CHURCH OF SCIENTOLOGY.

There has therefore been no change of status or character of business in any Central Organization or City Office in the United Kingdom or the Commonwealth from HASI Inc. of Washington, D.C. under which they have long been registered.

ALL BANK ACCOUNTS OF ALL ORGANIZATIONS including Saint Hill must be only in the name of THE HUBBARD ASSOCIATION OF SCIENTOLOGISTS, INC. of Washington, D.C. or HCO World Wide Division of HASI, Inc. of Washington, D.C.

Any other company bearing the name or style of HASI with the exception of HASI Ltd and HCO Ltd, the non-active public companies, must be withdrawn from company registers and rendered non-extant by whatever quiet legal procedure necessary to accomplish this. THEY HAVE NEVER HAD ASSETS OR DONE BUSINESS. They are therefore very easy to dispose of. Their balance sheets should show no activity.

They sometime in the future will be able to reclaim all their taxes paid anywhere. Their non-profit status in their area required only a statement that the Federal Government of the U.S. had given HASI, Inc, D.C. a non-profit status. This will come through and will be retro-active in all areas in the world. It will also permit all fees paid HASIs to be tax-deductable and it will make contributions to local orgs tax free for donor and org.

The heads of all organizations, Association Secretaries of every Central Organization and City Office in the United Kingdom and the Commonwealth must present to me the complete legal facts of their company registrations, stationery and bank accounts by January 1 1965.

I require the following:

- (1) Copies of the registration of HASI, Inc. with the local company registrar of that zone or area.
- (2) Specimens of the HASI Inc.. stationery for HASI Inc. & HCO used in all business transactions and Scientology activities.
- (3) Copies of mailed letters to all trading accounts informing them that the account is only to be carried in the name of HASI, Inc.
- (4) A list of bank accounts now active showing only HASI, Inc. and HCO of HASI, Inc. accounts of the usual kind.

I call to the attention of all Association Secretaries that they hold their appointment in the name only of HASI, Inc, from me as Trustee for Transfer.

#### REORGANIZATION

Aside from the basic impossibility of turning assets over to companies that are profit companies, reorganization of the type recommended and for which planning was made has been unworkable at Saint Hill where a pilot project was undertaken.

Therefore, if it wouldn't work at Saint Hill it isn't likely to work at great distances.

Further, I believe unsettled ideas of corporate status as well as advancing and retracting HASI Ltd has hurt Scientology activity.

There is a further reason to retain HASI, Inc. of Washington, D.C. It is a RELIGIOUS FELLOWSHIP and a NON PROFIT ORGANIZATION and is legally of a religious character. No local company registrar can change any of that and even a tax office in your area cannot dispute it, even where they refused you non-profit status for it.

Its memberships are only those of a U.S. corporation and unlike UK Association and Commonwealth limited companies, membership in HASI, Inc. carries no share or vote and as such risks no weird taxations on members or membership funds. It can sell with complete impunity Life Memberships and International Memberships.

Without this our programming to pyramid Scientology would be greatly hindered.

The only legal stationery that may be used by a Central Organization or City Office is headed HUBBARD ASSOCIATION OF SCIENTOLOGISTS (a Non-Profit Organization Incorporated in Washington, D.C.) (Registered in \_\_\_\_\_) and must bear the officers: L. Ron Hubbard, President, Mary Sue Hubbard, Director & Secretary and Marilyn Routsong,

Director & Treasurer. Also it should carry the Resident Agent's name in your area. Resident Agent \_\_\_\_\_. To this you add your address, telephone number, telex number and fill in the blank in Registered in \_\_\_\_\_ with your area name.

HCO stationery must include all the above but is headed HUBBARD COMMUNICATIONS OFFICE (World Wide Division of Hubbard Association of Scientologists, a Non-Profit Organization Incorporated in Washington, D.C. Registered in \_\_\_\_\_) with local address, telex, telephone, and the company officers and the name of the resident agent for HASI, Inc.

#### QUESTIONS

You are going to have the following questions to answer.

Question: "What is the balance sheet of the Local Company formed in reorganization such as HASI (Pty) Ltd?"

Your answer: "Zero as it never had any assets or monies of its own it of course did no business and no document exists transferring any assets to it."

Question: "How have you traded in some other name?"

Answer: "We haven't. Expecting to transfer assets, we sought to use the new name but no assets or activity was ever transferred to it."

Question: "Why couldn't HASI, Inc. transfer the property to this new company?"

Answer: "Because the new company could not obtain non-profit status and under US law HASI, Inc, a non-profit corporation, cannot transfer its property to a profit company. Thus when no company could be formed that anyone would grant non-profit status to, we therefore could not transfer and so no new company could have done any business using HASI, Inc assets."

Question: "What is HASI, D.C.? Why is it registered?"

Answer: "HASI, Inc. of the District of Columbia is the national office of HASI, Inc. of Arizona. Under U.S. law this was a successive registration. Therefore the same company. You will find, however, that HASI, Arizona was also registered here earlier or should have been. HASI D.C. is equally valid. The owner of the assets in an exact sense is HASI, Inc. of Arizona."

Question: "You sometimes drop the Incorporated from your name. How is this?"

Answer: "The Corporation Commission of Arizona specifically granted this to HASI and later it was granted by Washington, D.C. As a non-profit religious fellowship it is not then required to actually use the 'Incorporated' in its name when it doesn't want to. The same favour is granted by the Registrar of Companies in London to various limited companies."

Question: "Are you a membership corporation?"

Answer: "No. We are an incorporated company and the only voting shares are held by the officers."

Question: "What is Doctor Hubbard's role in this?"

Answer: "In 1956 the board of directors of HASI of Arizona, twelve directors in number, saw that they could no longer bear the expense of the UK and Commonwealth branches due to their inability to get money out of the UK and Commonwealth to pay for administration and appointed Doctor Hubbard Trustee for Transfer, directing him to take sole charge of these offices and assets and attempt the formation of a UK and Commonwealth non-profit company and to then turn these offices and assets over to the new company, and until that time take charge of them. The original board resolution has been placed on file with all registrars where the company is registered abroad. The board of HASI, Inc. of Washington, D.C. accepted this situation at a later date, regarding the overseas assets of HASI, Arizona."

Question: "Then Doctor Hubbard has never completed the transfer?"

Answer: "That is correct. Of the several companies formed in the U.K. and Commonwealth, none has yet been granted non-profit status by the local governments and so were ineligible to receive the U.S. assets. Therefore the corporation HASI, Inc. D.C., still owns these companies in their entirety and controls them through their Trustee for Transfer, Doctor Hubbard. In fact all these companies owe the U.S. office considerable sums which have never been paid."

Question: "Will the transfer ever be effected?"

Answer: "It will be completed the moment non-profit status is finally granted to a U.K. company by the U.K. Inland Revenue."

Question: "Is any effort being made to do this?"

Answer: "Yes, a new effort is now being made in England to have Inland Revenue there review the business to the end of granting a non-profit status to a new company."

Question: "What caused this confusion of the limited companies being registered and withdrawn?"

Answer: "Tax officials require a new corporation to be in existence before they will pass upon its non-profit status. Therefore the company has to be formed first and reviewed second. The tax review of the new structure that was formed looks unfavourable and the structure must again be cancelled. Meanwhile HASI, Inc. overseas has never ceased to do business and reverts to its original position."

Question: "Why is non-profit status denied?"

Answer: "The companies have never had an unfavourable report as to the non-profit nature of their status or activities and the denial of non-profit status is never stated, but only said to be 'unlikely.'" Doctor Hubbard is now having this studied with the hope of achieving it either for HASI, Inc. overseas interests or for some new company."

Question: "Is HASI, Inc. of Arizona or HASI, Inc. of Washington, D.C. a public company?"

Answer: "No, these are private companies and also of a non-profit nature and so are not required to file balance sheets."

The above questions and answers cover, truthfully, the main points about which solicitors will want to be informed.

#### REASON FOR THIS POLICY LETTER

Due to the general slowness of legal procedures in general, we have reached the point of Go! on our planned boom without finalizing our corporate structures.

We cannot go into this boom with indefinite corporate structures. This point, if weak, would shortly mess us up. We must have our structure strong organizationally and the strongest we have ever had is HASI, Inc. So we should not be moving off from it even if we legally could. We can't legally transfer any assets so will make the best of it.

HASI, Inc. can sell memberships with impunity and it is a private company and does not have to issue balance sheets publicly. However, it is all right if it had to, as we've nothing to hide.

Our planning is best seen against the background of HASI, the incorporated company of Arizona and later Washington, D.C. We have no time now to fool about.

My immediate plans are to get HASI Inc. reviewed by Inland Revenue in view of the non-profit certificate about to be granted by the U.S. and perhaps in a year or two (it takes them forever) we will have non-profit status in full effect with all governments. So we hold on to what we've legally got.

So get your corporate status as HASI Inc. of Washington, D.C. completely in order and get the evidences of it in my hands fast.

As soon as you have fully understood the programme covered in the Policy Letters of Oct.19, '64, Oct.27, '64, Oct.30, '64, Oct.31, '64, Oct.31, '64 (Issue II), and corrections of Nov.5, '64, and Nov.9, '64, and have heard the taped lecture of Nov.3, '64, you will understand also the need of swiftly getting your corporate house in order with no delay.

Do not send any data reports, filings or any other item required in this Policy Letter to anybody but myself.

I will also be wanting your HASI, Inc. balance sheets for 1963 and up to Jan. 1 1965 as fast as they can be made up. That means all the financial activity of the Central Orgs and City Offices through 1963 and 1964, in a balance sheet type of report. So get it worked on now. Only HASI, Inc. balance sheets are possible. These include all your 1963-1964 activities.

I might add that fast action on this on the part of orgs is also a test of their effectiveness. I have a few months until the programme will be truly in action and I will be able to make any changes necessary to be assured of that effectiveness before the roof starts to cave in from too much traffic generated in some shaky area.

I want this boom to go right for everybody and I'm making awfully sure it will. We're not playing now. We're in it with everything we've got.

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L. RON HUBBARD