Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Rusthoven, Peter J.: Files, 1981-1985

Folder Title: PJR/Synanon Distribution Network

Box: OA 11423

To see more digitized collections visit: https://www.reaganlibrary.gov/archives/digitized-textual-material

To see all Ronald Reagan Presidential Library Inventories, visit: https://www.reaganlibrary.gov/archives/white-house-inventories

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: https://reaganlibrary.gov/archives/research-support/citation-guide

National Archives Catalogue: https://catalog.archives.gov/

Last Updated: 04/19/2023

THE DAILY WASHINGTON Law Reporter

Established 1874

U.S. District Court

CIVIL PROCEDURE

FRAUD ON THE COURT

Suit complaining of Internal Revenue Service revocation of tax exempt status is dismissed with prejudice based on plaintiff's fraud on the Court; plaintiff is estopped to deny fraud based on Superior Court decision.

THE SYNANON CHURCH v. UNITED STATES, Dist.Ct., D.C., C.A. No. 82-2303, February 9, 1984. Opinion per Charles R. Richey, J. Philip C. Bourdette and Geoffrey P. Gitner for plaintiff. Thomas M. Lawler and Francis G. Hertz with Stanley S. Harris and Joseph E. DiGenova for defendant.

RICHEY, J.: Synanon filed a complaint for declaratory relief in August 1982, pursuant to the Internal Revenue Code of 1954, 26 U.S.C. §7428, alleging, inter alia, that the Internal Revenue Service ("IRS") erroneously revoked its tax-exempt status under \$501(c)(3) for the two fiscal years ending August 31, 1977, and August 31, 1978. Since that time, the parties have filed reams of motions, memoranda, exhibits, and affidavits, some of which remain before this court for consideration, but which for the most part it will not be necessary to decide in view of the result herein. Those outstanding motions include cross motions for summary judgment, defendant's second motion for summary judgment, defendant's motion to dismiss with prejudice, and a variety of motions relating to discovery and evidentiary matters. For the reasons set forth below, the court has determined that this case will be dismissed with prejudice for plaintiff's fraud upon the court, and judg-ment will be entered in favor of the United States.

BACKGROUND

Synanon was founded in 1958 by Charles E. Dederich, allegedly to rehabilitate drug addicts and to engage in related research and public education. Its application for tax-exempt status was granted in July 1960 because it was "organized and operated exclusively for charitable purposes" and therefore qualified under 26 U.S.C. §501(c)(3), which excludes from

Corporations . . . organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, . . . no part of the net earnings of which inures to the benefit of any private of which indres to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation . . ., and which does not participate in, or intervene in . . . any political campaign on behalf of any candidate for public office.

Synanon operated as a residential facility and relied on group encounter sessions, known as "games," for part of its therapy. Beginning in 1967, non-addicts were also admitted to Synanon D.C. Court of Appeals

AGENCY

DISCLOSURE

Agent of corporate principal would be liable on contract if he failed to disclose agency and identity of principal before contract was executed.

AMERICAN INSURANCE COMPANY v. AMERICAN INSURANCE COMPANY V. SMITH, D.C.App. No. 82-132, February 13, 1984. Reversed and remanded per John A. Terry, J. (John W. Kern, III and James A. Belson, JJ. concur). Steven E. Mirsky with Robert J. Burstein for appellant. Gerald W. Heller for appellee. Trial Court—Timothy C. Murphy, J.

TERRY, J.: Appellant sued appellee for \$2,492 in unpaid premiums under an insurance contract. Appellee filed a motion to dismiss for failure to state a claim under Super.Ct.Civ.R. 12(b)(6), asserting that the money was owed by a corporation of which he was merely the agent, not by appellee himself. The trial court granted the motion; we reverse.

Appellant's verified complaint named appellee "individually and t/a [trading as] Bob Smith Electronic Tune-Up Center" as the sole defend-ant. Attached to the complaint as an exhibit was ant. Attached to the complaint as an exhibit was a business record which identified "Bob Smith Electronic Tune-Up Center" as the insured under the policy. Appellee filed a motion to dismiss under Rule 12(b)(6), stating that "Bob Smith Electronic Tune-Up Center, Inc." was a corporation organized under the laws of the District of Columbia and that the money allegedly owed to appellant was a debt of the corpora-tion, not of appellee individually. Appellant opposed the motion and attached to its opposition a certificate, under seal, from the office of the Recorder of Deeds, stating that "Bob Smith Electronic Tune-Up Center" was not of record as either a domestic or a foreign corporation authorized to transact business in the District of Columbia. In reply appellee admitted that he had made a mistake in his original motion and stated that "Electronic Tune-Up Center Company" was the correct name of the corporation. He urged nevertheless that the motion to dismiss be granted because he could not, as a matter of law, be liable for any debt of the corporation for which he acted merely as agent.

The trial court, mistakenly believing that the

motion to dismiss was unopposed, entered an order granting it. That order was set aside after appellant made a showing that it had in fact filed an opposition within the time allotted by the rules. A few weeks later, however, the trial court, having decided sua sponte that oral argument on the motion was not necessary, entered another order granting it. Appellant then filed a motion for reconsideration, accompanied by an affidavit from an official of the Department of Licenses and Inspections stating that a cer-tificate of occupancy had been issued in the name of Robert Johnnis Smith "T/A Bob Smith Elec-

(Cont'd. on p. 653 - Disclosure)

D.C. Court of Appeals

CRIMINAL LAW & PROCEDURE SENTENCING

Defendant was properly sentenced to 3 to 10 years imprisonment upon conviction for distribu-tion of hashish.

LAWRENCE v. UNITED STATES, D.C.App. No. 82-788, February 28, 1984. Affirmed per curiam (Theodore R. Newman, Jr., C.J., John W. Kern, III and James A. Belson, JJ. concur). W. Kerli, II and Saines A. Beison, 35. Collab. Richard T. Tomar with Michael A. Garcia for appellant. Bruce A. Peterson with Stanley S. Harris, Michael W. Farrell and Judith Hether-ton for appellee. Trial Court—Eugene N. Hamilton, J.

PER CURIAM: Appellant Geoffrey P. Lawrence appeals his conviction of distribution of hashish in violation of the Uniform Narcotic Drug Act, D.C. Code §§33-501-526. (1973) (UNDA). Appellant was found guilty after a jury trial and was sentenced to three to ten years imprisonment. After sentencing, appellant filed a motion to correct an illegal sentence. The trial court denied the motion, but reduced appellant's sentence to two to nine years. This appeal follow-

Appellant contends, inter alia, that he was improperly sentenced under the Uniform Controlled Substance Act of 1981 (UCSA), D.C. Code \$\$33-501-567 (1983 Cum.Supp.), which became effective on August 5, 1981, after his indict-

ment, but prior to his conviction.

The UCSA classifies each substance it controls into one of several schedules; the penalty for conviction of unlawful distribution of a controlled substance depends upon into which schedule the substance in issue falls. *Id.* at §33-541. In the definitional provision of the UCSA, §33-501, the term "cannabis" is defined as including both "marijuana" and "hashish." "Cannabis" is listed as a Schedule V controlled substance. *Id.* at as a Schedule V controlled substance. Id. at \$33-522(a). The penalty for unlawful distribution of a Schedule V drug is imprisonment for not more than one year, a fine of not more than \$10,000, or both. Id. at \$33-541(a)(2)(D).

However, "hashish" is specifially listed as a Schedule II controlled substance. Id. at \$33-516(1)(F). The penalty for unlawful distribution of a Schedule II non-narcotic drug is imprisonment for not more than five years a fine

prisonment for not more than five years, a fine of not more than \$50,000, or both. Id. at

\$33-541(a)(2)(B).

Appellant contends that although hashish appears within Schedule II, the language of the statute directs that Schedule V is the proper basis for his penalty. Referring to Schedule II substances, the statute provides in part:

(Cont'd. on p. 652 - Sentencing)

TABLE OF CASES

United States District Court

The Synanon Church v. United States. 649

D.C. Court of Appeals

American Insurance Company v. Smith....649

(Cont'd. on p. 653 - (Court)

DISCLOSURE

(Cont'd. from p. 649)

tronic Tybe-Up [sic] Center" to operate a "service station (gasoline)" at the address shown for appellee on the complaint. Appellant later submitted, another affidavit from one of its own corporate officials, stating that the policy in question had been issued to "Robert J. Smith, Owner, t/a Bob Smith Electronic Tune-Up Center," and that appellant had been "without knowledge of the existence of a corporate entity" and had relied on appellee to be individually liable for the payment of premiums. The motion for reconsideration was denied, and this appeal followed.

The trial court was apparently led into error by appellee's incorrect characterization of his motion as a motion to dismiss under Super.Ct. Civ.R. 12(b)(6) for failure to state a claim. The motion raised an affirmative factual defense. and thus it was not properly made under Rule 12(b)(6).

The Rule 12(b)(6) motion, like its common-law ancestor, the general demurrer, is intended solely to test the legal sufficiency of the complaint. Like a demurrer, the motion admits all facts well pleaded but contests the plaintiff's right to any recovery based on those facts. See 5 C. WRIGHT & A. MILLER, FEDERAL PRACTICE AND PROCEDURE \$1355 (1969). Thus a Rule 12(b)(6) motion may not rely on any facts that do not appear on the face of the complaint itself. If any matters outside the complaint are presented to the court, then the rule requires that the motion be treated as one for summary judgment and disposed of as provided in Super.Ct.Civ.R.

Appellee's motion raised a factual defense which had nothing to do with the legal sufficiency of appellant's complaint. The motion asserted that the debt was owed by a corporation of which appellee was only the agent, not by appellee himself. This assertion was apparently based on a misreading of the complaint. Paragraph 2 of the motion states:

Exhibit A attached to Plaintiff's Complaint demonstrates on its fact [sic] that the "account" alleged to exist is between the Plaintiff and Bob Smith Electronic Tune-Up Center, Inc.

This is simply incorrect. Exhibit A, which is a "Statement of Premium Adjustment" offered to show the amount of the debt owed, states that snow the amount of the debt owed, states that the insured under the policy is "Bob Smith Electronic Tune-Up Center," not "Bob Smith Electronic Tune-Up Center, Inc." The absence of "Inc." is fatal to appellee's argument, for without it there is no indication anywhere in the complaint that "Bob Smith Electronic Tune-Up Center" is a small and the same than the same than the same that "Bob Smith Electronic Tune-Up Center" is a small and the same than Center" is a corporation. Appellee's misreading of the complaint resulted in a crucial error of fact in his motion, namely, the assertion that the debt was allegedly owed by the corporation rather than by appellant individually. Since the complaint contained no such allegation, the factual premise of appellee's motion was defective.

Moreover, it is clear from the record that the trial court accepted and considered the two affidavits offered by appellant in support of its motion for reconsideration. Putting aside any issue as to the timeliness of their filing, we conclude that the trial court abused its discretion in failing to reconsider its granting of the motion to dismiss and in failing, upon such reconsideration, to deny it. As we have said, the trial court appears to have been initially led into error by the flaws in appellee's motion to dismiss. The affidavits submitted by appellant, however, focused the spotlight on the error, so that the trial court should have recognized and corrected it. The court's acceptance of the affidavits (again pretermitting any issue as to their timeliness)

had two effects. First, it converted the motion to dismiss into a motion for summary judgment. Richardson v. Rivers, 118 U.S.App.D.C. 333, 335 F.2d 996 (1964); accord, e.g., Doolin v. Environmental Power, Ltd., 360 A.2d 493, 496 n.5 (D.C. 1976). Second, the affidavits raised a genuine issue of material fact-or rather, they reidentified the same issue of material fact that was initially raised by appellee's motion to dismiss, namely, whether appellant knew of the existence of a corporation of which appellee was the agent, or whether it believed that it was dealing with appellant as an individual. The presence of that issue in the case makes summary judgment impossible.

III

In order to avoid liability, an agent must disclose both the fact of his agency and the identity of his principal. McNeill v. Appel, 197 A.2d 152, 153 (D.C. 1964). "Whether an agency relationship exists is a question of fact for which the person asserting it carries the burden of proof.' Smith v. Jenkins, 452 A.2d 333, 385 (D.C. 1982) (citations omitted). Likewise, whether the fact of the agency and the identity of the principal were disclosed so as to protect the agent from per-sonal liability is "a question of fact which depends upon the circumstances surrounding the particular transaction." 3 AM.JUR.2d Agency 320 (1962) (footnote omitted); see Tarolli Lumber Co. v. Andreassi, 59 A.D.2d 1011, 399 N.Y.S.2d 739 (1977). The timing of the disclosure may also be critical. "Disclosure of the agency after execution of the contract will not relieve the agent of liability." McNeill v. Appel, supra, 197 A.2d at 153 (citation omitted); accord, Ardwin v. Englert, 81 A.D.2d 960, 439 N.Y.S.2d 720 (1981).

If appellee Smith was an agent of a corporate principal, the Electronic Tune-Up Center Company, he would nevertheless be personally liable on the insurance contract if he failed to disclose

Seeing Is Believing

The eyes have it! Of all the five senses. sight is used by more people more of the time than any other. Make your case visual and you increase your chance of winning. Shinder & Associates specializes in preparing demonstrative evidence. Bring your case to the jury with Flow Charts, Scale Models & Drawings, Litigation Photography, Video Taping, Enlargements of Crucial Forms, Documents and Diagrams.

To see examples of our highly successful products or arrange a consultation Call 573-2222.

Shinder & Associates. One of the Few Firms in the Nation Specializing in the Science & Art of Demonstrative Evidence.



3550 Marvin Street Annandale, Virginia 22003 Phone 573-2222

his agency and the identity of his principal before the contract was executed. McNeill v. Appel, supra; RESTATEMENT (SECOND) OF AGENCY §322 (1958). Whether he was such an agent and whether he made timely disclosure are issues of fact in this case which must be resolved in the trial court. We therefore reverse the order of dismissal and remand the case for trial on the

Reversed and remanded.

COURT

(Cont'd. from p. 649) as residents, and were known as either "squares" or "lifestylers" depending on whether they worked within Synanon itself or at outside jobs. Lifestylers paid to live in Synanon facilities. In 1974, Synanon's chief counsel proposed "calling ourselves a religion," to reflect what had "been so for a long time," and won the Board of Directors' approval. Synanon's Articles of Incorporation were amended in September 1975 to include "religious purposes."

Over the years, Synanon became involved in a wide variety of endeavors other than strictly residential rehabilitation of addicts. in addition to its inclusion of lifestylers and squares, these activities included ADGAP, an advertising gift business; the Synanon Distribution Network, which solicited goods from farmers and the business community; real estate development; investment counseling; and the training and maintenance of security forces, among others. Synanon claims that these were all designed to enhance its educational and rehabilitative objectives, while the government contends that they are evidence of its ineligibility for tax exemption. The government bases its position on three arguments, two statutory and one extrastatutory. First, it claims that Synanon is not "organized and operated exclusively for religious, charitable, scientific, . . . or educational purposes," as required by \$501(c)(3). The United States further claims that Synanon fails to qualify under \$501(c)(3) because its net earnings inure to the benefit of private individuals. Finally, the government relies on Bob Jones University v. United States, 103 S.Ct. 2017, 2028-29 (1983), for the proposition that a taxexempt organization must serve a public benefit, in addition to satisfying the statutory criteria. The government argues that Synanon's violent and illegal activities bar tax exemption under the Bob Jones test. Although the government vigorously disputes Synanon's self-characterization as a religion, the decision herein does not depend on the resolution of that controversy. Even a bona fide church that failed the "exclusive operation," "private inurement," or Bob Jones test would not be eligible for tax exemption. Incorporated Trustees of the Gospel Worker Society v. United States, 510 F.Supp. 374, 378 n.12 (D.D.C.), aff'd, 672 F.2d 894 (D.C. Cir. 1981), cert. denied, 102 S.Ct. 2010 (1982).

I. IT IS NOT NECESSARY TO REACH DEFENDANT'S MOTIONS FOR SUMMARY JUDGMENT IN LIGHT OF THE RESULT HEREIN BUT IT CANNOT BE DISPUTED THAT SUBSTANTIAL EVIDENCE

SUPPORTS THEIR ALLEGATIONS THAT PLAINTIFF HAS A POLICY OF COMMITTING HEINOUS ACTS OF PHYSICAL VIOLENCE AGAINST ITS PERCEIVED ENEMIES

II. THIS CASE MUST BE DISMISSED BECAUSE OF SYNANON'S FRAUD UPON THE COURT

Although summary judgment is not necessary given the posture of this case, the action must be dismissed due to plaintiff's wilful, systematic, and extensive destruction and alteration of documents and tapes relevant to a determination

of Synanon's tax-exempt status. This "egregious misconduct" amounts to "a scheme to interfere with the judicial machinery performing the task of impartial adjudication, . . . by preventing the opposing counsel from fairly presenting . . [its] case or defense." Pfizer, Inc. v. International Rectifier Corp., 538 F.2d 180, 195 (8th Cir. 1976). More than mere fraud between the parties, or an isolated instance of perjury, plaintiff has compounded its "unconscionable plan," England v. Doyle, 281 F.2d 304, 309 (9th Cir. 1960), by its indisputable misconduct before this court, as outlined below.

A. Plaintiff Is Collaterally Estopped From Denying Its Systematic Destruction and Alteration of Records by the Bernstein Decision of Judge Braman of District of Columbia Superior Court

In Synanon Foundation, Inc. v. Bernstein, et al., Superior Court of the District of Columbia, Civil Action No. 7189-78, Judge Braman found by clear and convincing evidence that Synanon engaged in a "wilful, deliberate and purposeful scheme to ... destroy extensive amounts of evidence and discoverable materials which probably would have had a dispositive bearing upon Synanon's . . . non-profit status The scheme further had as its purpose to cover up and conceal this destruction of evidence and discoverable materials..." The destruction and alteration of tapes, a computer inventory, and transcript index was aimed at "materials not only related to violence, but also to money, to sexual subjects, to guns, and to other matters." This destruction and cover-up were conducted under the direction of Steve Simon, Synanon's "Archivist," with the "knowledge and approval of ... [Synanon's] legal department," including Philip Bourdette, its general counsel, Board of Directors' member, and Secretary. Judge Braman found that the destruction took place in three "waves:" the first beginning in October 1978 and continuing through December; the second in 1979; and a third in 1980.

The doctrine of collateral estoppel bars relitigation of an issue by the losing party once it has been actually and necessarily determined, expressly or by implication, by a court of competent jurisdiction. Montana v. United States, 440 U.S. 147, 153 (1979); Parklane Hosiery Co. v. Shore, 439 U.S. 322, 326 (1979); Jack Faucett Associates, Inc. v. AT&T Co., 566 F.Supp. 296, 298-99 (D.D.C. 1983). The doctrine will be applied only when the issue is "substantially the same as the issue previously litigated," Schneider v. Lockheed Aircraft Corp., 658 F.2d 835, 851 (D.C. Cir. 1981), cert. denied, 455 U.S. 994 (1982); Carr v. District of Columbia, 646 F.2d 599, 608 n.47 (D.C. Cir. 1980), and when the party who is estopped had a full and fair opportunity to litigate, id. at 602.

The prerequisites for invoking collateral estoppel are satisfied here. The court in *Bernstein* was faced with the question of whether Synanon was a "non-profit corporation" under the District of Columbia zoning laws, and therefore examined "whether its corporate policy contravened fundamental public law policy" in light of "the claimed illegality of Synanon's corporate policy

claimed illegality of Synanon's corporate policy ... of terror and violence." The defendant also claimed that Synanon was not "non-profit" because "the corporate monies were deflected to private usages." These issues are substantially identical to the government's arguments for summary judgment against Synanon: that its corporate policy of violence violates the public policy standard of Bob Jones as well as the "exclusive operation" test of \$501(c)(3), and that private inurement bars tax exemption under \$501(c)(3). The Bernstein court also devoted meticulous attention to the issue of plaintiff's destruction and alteration of documents and tapes. It was on the basis of that destruction, not

We Specialize in Estate Real Property Purchases

QUICK SETTLEMENTS

Will pay cash for D.C. houses in any condition Alfred Ekuban & Associates, Inc., Realtors

Call Alfred Ekuban

President / Broker

270-0001

270-4411

because Synanon's alleged corporate policies of violence or its use of funds, the Judge Braman decided to dismiss *Bernstein*.

Before rendering his decision in Bernstein, Judge Braman heard eleven witnesses and received seventy-eight exhibits into evidence over twelve days of hearings; eight of the eleven witnesses were called by Synanon. Substantial discovery had occurred over the preceding five years since Synanon's filing its complaint. This amounts to a full and fair opportunity to litigate, despite Synanon's frivolous protests. See Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313, 333 (1971). Synanon clearly had the incentive to litigate the Bernstein case and was hampered only by the choice of its own top officials to invoke their fifth amendment privilege against self-incrimination rather than to testify.

Synanon's other objections to the application of collateral estoppel are without merit. First, the fact that Bernstein has been appealed is without significance for collateral estoppel. The rule for both District of Columbia and federal courts is that the pendency of an appeal does not impair the conclusiveness of a final judgment. Mahoney v. Campbell, 209 A.2d 791, 794 (D.C. 1965). See also Huron Holding Corp. v. Lincoln Mine Operating Co., 312 U.S. 183 (1941). It is also clear that a judgment of the Superior Court of the District of Columbia is entitled to full faith and credit under 28 U.S.C. §1738. Carr, 646 F.2d at 605-07; see also United States Jaycees v. The Superior Court of the District of Columbia, 491 F.Supp. 579, 581-82 (D.D.C. 1980). Finally. Synanon offers no persuasive precedents or reasoning to support its argument that the doctrine of collateral estoppel ought not to apply in a tax case. The purposes of the doctrine-conserving judicial resources, protecting adversaries from vexatious litigation, and fostering reliance on prior judicial action by minimizing the possibility of inconsistent decisions—are served by its application here as in other contexts. See Montana, 440 U.S. at 153-54.

B. Synanon's Fraud Upon the Court Mandates the Dismissal of this Case

"Fraud upon the court" is a distinct subclass of the broader category of "fraud." Professor Moore's definition has been adopted by a number of courts:

"Fraud upon the court" should, we believe, embrace only that species of fraud which does or attempts to, subvert the integrity of the court itself, or is a fraud perpetrated by officers of the court so that the judicial machinery cannot perform in the usual manner its impartial task of adjudging cases that are presented for adjudication, and relief should be denied in the absence of such conduct. Fraud inter partes, without more, should not be a fraud upon the court

7 Moore's Federal Practice ¶60.33 (2d ed. 1983), at 60-360 & -361. * * * Allegations of fraud upon the court arise in two contexts: first, as in this case, before there has been an adjudication, and second, in cases where a party seeks to overturn a final judgment, usually under Fed.R.Civ.P. 60(b). Whenever such a fundamental fraud is uncovered, it "calls for nothing less than a complete denial of relief." Hazel-Atlas

Glass Co. v. Hartford-Empire Co., 322 U.S. 238, 246 (1944).

1. The court invokes its inherent powers to dismiss this case

A district court has those inherent powers which "are necessary to the exercise of all others." Roadway Express, Inc. v. Piper. 447 U.S. 752, 764 (1980), quoting United States v. Hudson, 11 U.S. (7 Cranch) 32, 34 (1812). See also Hazel-Atlas, 322 U.S. at 245-46. They are properly invoked to dismiss Synanon's case to regain its tax-exempt status because Synanon engaged in a "deliberately planned and carefully executed scheme to defraud." Id. at 245. Its systematic destruction of tapes and alteration of records was contemporaneous with an IRS audit that began in March 1979 and that focused on whether Synanon was a tax-exempt organization. The matters under investigation included the existence of a corporate policy of terror and violence and the diversion of corporate resources for the enrichment of individuals. It is material relating to precisely these subjects that Judge Braman found Synanon had deliberately destroyed.

Synanon has continued its misconduct and perpetutated this fraud up to the present. First, it filed this lawsuit, having wilfully destroyed the most probative evidence of its true claim to taxexempt status. Judge Braman's findings directly refute Synanon's innocent explanation for the nonexistence of certain tapes, i.e., that tape erasure was a normal practice within the organization and that tapes have also been lost and/or stolen. Synanon opposes defendant's summary judgment motions by relying on its "gaming" theory and by denying a corporate policy of violence, but it has effectively precluded resort to the best evidence: tapes of its high-level meetings. The continuing fraud is demonstrated by other litigation tactics Synanon sought an admission in October 1982, pursuant to Fed.R.Civ.P. 36, that no relevant information had been denied the IRS. Philip Bourdette represented to this court on March 21, 1983, that "[t]here was never, ever any situation where he [the IRS agent] was denied access to anything." Mr. Bourdette made a similar representation in ¶6 of his affidavit filed in May 1983. These statements are disingenuous, at best, given Mr. Bourdette's knowledge that extensive campaigns of destruction had rendered the IRS audit a charade.

In addition to the misconduct detailed above, Synanon, in response to two orders of this court, dated August 17 and October 21, 1983, failed to acknowledge its scheme of targeted destruction and concealment of materials perceived to be damaging. * * * Those orders required accounting for destruction if the materials were no longer extant. Synanon cannot complain of lack of specificity in the orders when its own destruction and alterations made greater specificity impossible. Nor can it credibly claim that the government has unfairly introduced new issues with its Bob Jones theory and, therefore, is now demanding material previously deemed irrelevant; the issue of a corporate policy of terror and violence was clearly raised from the start of the audit in 1979 as part of the "exclusive operation" inquiry. (Bourdette affidavit at ¶5,

The seriousness of Synanon's continuing misconduct is only magnified by the complicity of its legal department. * * *

In addition, the public interest in conferring the *privilege* of tax exemption—which amounts to a subsidy from the public coffers—only on deserving organizations, demands the drastic sanction of dismissal in this case. * * *

Although the Court relies on its inherent power to dismiss for fraud, it notes that dismissal would also be justified under Rules 16(f) or 41(b) for Synanon's failure to obey its orders of August 17 and October 21, 1983. ***

For the reasons stated herein, judgment will be entered in favor of the defendant because of the plaintiff's fraud upon the Court, and the case will be dismissed, with prejudice. An order shall issue accordingly of even date herewith. Moreover, all other motions not explicitly ruled upon are unnecessary to decide because of the result herein. Costs shall be awarded to the defendant, and the Court will retain jurisdiction to consider the question of further sanctions against the plaintiff, and some or all of its attorneys who have appeared herein.

LEGAL NOTICES

FIRST INSERTION

BAILEY, Shelley G.

Alan Steele-Nicholson, Attorney Steptoe & Johnson 1250 Conn. Ave., N.W. Washington, D.C. 20036

Washington, D.C. 20036 SUPERIOR COURT OF THE DISTRICT OF COLUM-BIA. CIVIL DIVISION. IN RE: Application of Shelley G. Bailey, Parent, On Behalf of Aaron Keith Nicholson, A Minor. Civil Action Number: CA3618-84. ORDER OF PUBLICATION—CHANGE OF NAME. Shelley G. Bailey, Parent, On Behalf Of Aaron Keith Nicholson, a minor, having filed a complaint for judgment changing Aaron Keith Nicholson name to Aaron Edwards Van Cortlandt Steele-Nicholson, and having applied to the Court for an order of publication of the notice required by law in such cases, it is by the Court, this 22nd day of March, 1984, ORDERED that all persons concerned show cause, if any there be, on or before the 23rd day of April, 1984, why the prayers of said complaint should not be granted: PROVIDED, That a copy of this order be published once a week for three consecutive weeks efore said day in The Washington Law Reporter. /s/ &EGGIE B. WALTON, Judge. [Seal.] A True Copy. Test: Mar. 22, 1984. THOMAS A. DUCKENFIELD, Clerk, Superior Court of the District of Columbia. By Gloria J. Smith, Deputy Clerk.

BAILEY, Shelley G.

Alan Steele-Nicholson, Attorney Steptoe & Johnson 1250 Conn. Ave., N.W. Washington, D.C. 20036

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA. CIVIL DIVISION. IN RE: Application of Shelley G. Bailey, Parent, On Behalf of Kim Alan Nicholson, A Minor. Civil Action Number: CA3617-84. ORDER OF PUBLICATION-CHANGE OF NAME. Shelley G. Bailey, Parent, On Behalf of Kim Alan Nicholson, having filed a complaint for judgment changing Kim Alan Nicholson name to Schuyler Livingston Van Rensselaer Steele-Nicholson, and having applied to the Court for an order of publication of the notice required by law in such cases, it is by the Court, this 22nd day of March, 1984, ORDERED that all persons concerned show cause, if any there be, on or before the 23rd day of April, 1984, why the prayers of said complaint should not be granted: PROVIDED, That a copy of this order be published once a week for three consecutive weeks before said day in The Washington Law Reporter. /s/ REGGIE B. WALTON, Judge. [Seal.] A True Copy. Test: Mar. 22, 1984. THOMAS A. DUCKENFIELD, Clerk, Superior Court of the District of Columbia. By Gloria J. Smith, Deputy Clerk. Apr. 2, 9, 16.

GLUCKMAN, Arthur

Deceased

Superior Court of the District of Columbia Probate Division

Administration No. 614-84 S.E. Arthur Gluckman, deceased

Notice of Appointment, Notice to Creditors and Notice to Unknown Heirs

Melvyn Gluckman, whose address is 3435 Vintage Valley Road, Ann Arbor, Michigan 48105, was appointed Personal Representative of the estate of Arthur Gluckman, who died on January 11, 1984 without a Will. All unknown heirs and heirs whose whereabouts are unknown shall enter their appearance in this proceeding. Objections to such appointment shall be filed

with the Register of Wills, D.C., 500 Indiana Avenue, N.W., Washington, D.C. 20001, on or before May 4, 1984. Claims against the decedent shall be presented to the undersigned with a copy to the Register of Wills or to the Register of Wills with a copy to the undersigned, on or before May 4, 1984, or be forever barred. Persons believed to be heirs or legatees of the decedent who do not receive a copy of this notice by mail within 25 days of its publication shall so inform the Register of Wills, including name, address and relationship. MELVYN S. GLUCKMAN. Name of Newspaper: Washington Law Reporter. TRUE TEST COPY. Henry L. Rucker, Register of Wills. [Seal.]

GOODSON, Josephine

Deceased

Superior Court of the District of Columbia Probate Division

Administration No. 636-84 S.E.

Josephine Goodson, deceased Notice of Appointment, Notice to Creditors and Notice to Unknown Heirs

Samuel W. Goodson, whose address is 505 Timber Lane, Falls Church, Virginia 22046, was appointed Personal Representative of the estate of Josephine Goodson, who died on March 17, 1984 without a Will. All unknown heirs and heirs whose whereabouts are unknown shall enter their appearance in this proceeding. Objections to such appointment shall be filed with the Register of Wills, D.C., 500 Indiana Avenue, N.W., Washington, D.C. 20001, on or before May 4, 1984. Claims against the decedent shall be presented to the undersigned with a copy to the Register of Wills or to the Register of Wills with a copy to the undersigned, on or before May 4, 1984, or be forever barred. Persons believed to be heirs or legatees of the decedent who do not receive a copy of this notice by mail within 25 days of its publication shall so inform the Register of Wills, including name, address and relationship. SAMUEL W. GOODSON. Name of Newspaper: Washington Law Reporter. TRUE TEST COPY. Henry L. Rucker, Register of Wills. [Seal.] Apr. 2.

GRANT, Juliette Rice

Deceased

Superior Court of the District of Columbia Probate Division

Foreign No. 61-84

Juliette Rice Grant, Deceased Notice of Appointment of Foreign Personal Representative and Notice to Creditors

Norman E. Haack, whose address is 6959 Conservation Drive, Springfield, Virginia 22153, was appointed Personal Representative of the estate of Juliette Rice Grant, deceased, on 19 October, 1983, by the Circuit Court for Prince William County, State of Virginia. Service of process may be made upon Lalla W. Henion, 4707 Connecticut Avenue, N.W., Apt. 302, Washington, D.C. 20008, whose designation as District of Columbia agent has been filed with the Register of Wills, D.C. The decedent owned District of Columbia personal property. N.E. HAACK. Date of first publication: Apr. 2, 1984. TRUE TEST COPY. Henry L. Rucker, Register of Wills. [Seal.]

HALL, Thomas J., Jr.

Thomas J. Hall, Jr., Pro Se 1712 Independence Ave., S.E. Washington, D.C. 20003

SUPERIOR COURT OF THE DISTRICT OF COLUM-BIA. CIVIL DIVISION. IN RE: Application of Thomas J. Hall, Jr.. Civil Action Number: CA3710-84. ORDER OF PUBLICATION-CHANGE OF NAME. Thomas J. Hall, Jr., having filed a complaint for judgment changing Thomas J. Hall, Jr. name to Amir Farid Mustafa, and having applied to the Court for an order of publication of the notice required by law in such cases, it is by the Court, this 23rd day of March, 1984, ORDERED that all persons concerned show cause, if any there be, on or before the 23rd day of April, 1984, why the prayers of said complaint should not be granted: PRO-VIDED, That a copy of this order be published once a week for three consecutive weeks before said day in The Washington Law Reporter. /s/ REGGIE B. WALTON, Judge. [Seal.] A True Copy. Test: Mar. 23, 1984. THOMAS A. DUCKENFIELD, Clerk, Superior Court of the District of Columbia. By Joyce Brown, Deputy Apr. 2, 9, 16.

HAYMAN, Evelyn M.

Deceased

Superior Court of the District of Columbia

Probate Division
Administration No. 586-84
Evelyn M. Hayman, deceased
Robert E. Lynch, Jr., Attorney
4802 Leland Street, Chevy Chase, Maryland
Notice of Appointment, Notice to Creditors
and Notice to Unknown Heirs

Charles R. Hayman, whose address is Apt. 907, 2500 Virginia Avenue, N.W., Washington, D.C. 20037, was appointed Personal Representative of the estate of Evelyn M. Hayman, who died on February 24, 1984 with a Will. All unknown heirs and heirs whose whereabouts are unknown shall enter their appearance in this proceeding. Objections to such appointment (or to the probate of decedent's Will) shall be filed with the Register of Wills, D.C., 500 Indiana Avenue, N.W., Washington, D.C. 20001, on or before October 2, 1984. Claims against the decedent shall be presented to the undersigned with a copy to the Register of Wills or to the Register of Wills with a copy to the undersigned, on or before October 2, 1984, or be forever barred. Persons believed to be heirs or legatees of the decedent who do not receive a copy of this notice by mail within 25 days of its first publication shall so inform the Register of Wills, including name, address and relationship. CHARLES R. HAYMAN. First Published: April 2, 1984. TRUE TEST COPY. Henry L. Rucker, Register of Wills. [Seal.] Apr. 2, 9, 16.

REDDICK, Dorothy

Stephen L. Bluestone, Attorney 1346 Connecticut Avenue, N.W. Washington, D.C. 20036

SUPERIOR COURT OF THE DISTRICT OF COLUM-BIA. Civil Division. Dorothy Reddick, Plaintiff vs. Unknown Heirs at Law or Devisees of James H. Rutherford, Jr., et al., Defendants. CA3448-84. ORDER OF PUBLICATION. The object of this action is to reform a deed to real property, partition the property, in the alternative, and for other causes of action not dealing directly with ownership of the property. The property is situated in the District of Columbia and is described as follows: Lot 109, in the subdivision made by the Fort Stevens Terrace Company, Inc., in square 3199, as per plat recorded in the office of Surveyor for the District of Columbia in liber 74 at folio 199. On motion of the plaintiff, it is this 20th day of March, 1984, ORDERED that the defendants Ella Myers and the unknown heirs at law and devisees of James H. Rutherford, Jr., cause their appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the day of the first publication of this order; otherwise the cause will be proceeded with as in case of default. Provided that a copy of this order be published once a week for three (3) successive weeks in the Washington Post (Weekly Section) before said day, and in the Washington Law Reporter. /s/ REGGIE B. WALTON, Judge. [Seal.] A True Copy. Test: Mar. 22, 1984 . THOMAS A. DUCKENFIELD, Clerk, Superior Court of the District of Columbia. By Gloria J. Smith, Deputy Clerk.

Apr. 2, 9, 16.

WOYCHOUSKY, Anne S.

Deceased

Superior Court of the District of Columbia Probate Division Administration No. 613-84 S.E. Anne S. Woychousky, deceased

Notice of Appointment, Notice to Creditors and Notice to Unknown Heirs

Lillie Peterson, whose address is 3143 24th Street, N.W., Washington, D.C. 20018, was appointed Personal Representative of the estate of Anne S. Woychousky, who died on December 19, 1983 with a Will. All unknown heirs and heirs whose whereabouts are unknown shall enter their appearance in this proceeding. Objections to such appointment (or to the probate of decedent's Will) shall be filed with the Register of Wills, D.C., 500 Indiana Avenue, N.W., Washington, D.C. 20001, on or before May 5, 1984. Claims against the decedent shall be presented to the undersigned with a copy to the Register of Wills or to the Register of Wills with a copy to the undersigned, on or before May 5, 1984, or be forever barred. Persons believed to be heirs or legatees of the decedent who do not receive a copy of this notice by mail within 25 days of its publication shall so inform the Register of Wills, including name, address and relationship. LILLIE A. PETER-SON. Name of Newspaper: Washington Law Reporter.

MEMORANDUM

THE WHITE HOUSE WASHINGTON

January 19, 1984

FOR:

FRED F. FIELDING

FROM:

PETER J. RUSTHOVEN

SUBJECT:

Letter from Cecilia Jason Dederich of The Synanon Distribution Network about Problems of Hunger in America

Late last month, Chuck Donovan in the Correspondence Office forwarded for our review a proposed response for the President's signature to an October 13 letter from Mrs. Cecilia Jason Dederich, Chairman of The Synanon Distribution Network, in which she (1) expressed support for legislation to establish a "White House Conference on the Homeless and Hungry," and (2) emphasized Synanon's desire to "work in partnership with the Administration" in helping to distribute to the needy food that would otherwise be wasted. Donovan's note accompanying this aging correspondence suggested that we take a look at this "[i]n view of the history of Synanon."

While I was not previously aware of that "history" and any concerns it might raise, the library was able by the beginning of this month to turn up background information about Synanon more than sufficient to douse any idea that the President should be signing any letters to its Chairman. The attached description from the Encyclopedia of Associations is only moderately disturbing (see, e.g., the references to "the Synanon Game, a forum for conversation and information where people speak their subjective, uninhibited truths to each other in a safe setting"). The additional newspaper check I then asked the library to run, however, revealed more interesting items. Consider, for example, the following paragraphs from an October 25, 1982 UPI feed:

Synanon, founded in 1958 by [Charles] Dederich as an alcoholic-recovery plan, gained attention in the 1970s after Dederich ordered members to get butch haircuts, men to get vasectomies, pregnant women to get abortions and couples to swap mates.

In 1978 two members and Dederich were convicted in the rattlesnake attack of a Los Angeles lawyer who only weeks before had won a \$300,000 suit against the cult on behalf of a former member who said she was held against her will. As part of his punishment, Dederich was ordered to sever relations with Synanon, which is now led by his daughter, Cecilia Jason Dederich.

The following lead from a Ron Ostrow story for the Los Angeles Times, which appeared October 14, 1983, is no less reassuring:

A District of Columbia judge has ruled that Synanon Foundation officers destroyed tape recordings, computer data and other evidence sought in a multimillion-dollar lawsuit and then engaged in "a fraudulent cover-up" that included perjury.

Superior Court Judge Leonard Barman found that the controversial drug treatment center had committed "a gross fraud upon the court of the most grave and serious proportions" and threw out a suit Synanon had brought against real estate developers alleging that they had provided Synanon with a building for its Washington headquarters that did not meet building code requirements.

These and other stories -- which include accounts of how the Salvation Army and other "mainstream" organizations have refused to be associated with Synanon's charitable efforts -- are attached.

As noted above, it was clear to me after reviewing these materials that the President should send no letters to this outfit. It is only marginally less clear to me that it would be preferable not to have anyone in the White House correspond with this group -- a judgment that is also influenced in part by the fact that we plainly should not be endorsing any "White House Conference on the Homeless and Hungry," as well as the age of the letter by the time it reached our office.

If you disagree, however, we do have a pretext for sending a response (presumably over your signature) at this time -- namely, forwarding the recently released "Summary" of the report on the Task Force on Food Assistance, which could be enclosed with a carefully worded acknowledgement of Dederich's letter. (I have obtained a copy of the "Summary"; the full report of the Task Force is not yet readily available.)

On balance, though, I think there is little to be gained from responding at all, at this point, and would prefer to stay away from this organization. If you agree, I will advise Donovan simply to file Dederich's letter. Thank you.

Attachments

alvised church proving ph

THE WHITE HOUSE

WASHINGTON

January 19, 1984

FOR:

FRED F. FIELDING

FROM:

PETER J. RUSTHOVEN

SUBJECT:

Letter from Cecilia Jason Dederich of The Synanon Distribution Network about Problems of Hunger in America

Late last month, Chuck Donovan in the Correspondence Office forwarded for our review a proposed response for the President's signature to an October 13 letter from Mrs. Cecilia Jason Dederich, Chairman of The Synanon Distribution Network, in which she (1) expressed support for legislation to establish a "White House Conference on the Homeless and Hungry," and (2) emphasized Synanon's desire to "work in partnership with the Administration" in helping to distribute to the needy food that would otherwise be wasted. Donovan's note accompanying this aging correspondence suggested that we take a look at this "[i]n view of the history of Synanon."

While I was not previously aware of that "history" and any concerns it might raise, the library was able by the beginning of this month to turn up background information about Synanon more than sufficient to douse any idea that the President should be signing any letters to its Chairman. The attached description from the Encyclopedia of Associations is only moderately disturbing (see, e.g., the references to "the Synanon Game, a forum for conversation and information where people speak their subjective, uninhibited truths to each other in a safe setting"). The additional newspaper check I then asked the library to run, however, revealed more interesting items. Consider, for example, the following paragraphs from an October 25, 1982 UPI feed:

Synanon, founded in 1958 by [Charles] Dederich as an alcoholic-recovery plan, gained attention in the 1970s after Dederich ordered members to get butch haircuts, men to get vasectomies, pregnant women to get abortions and couples to swap mates.

In 1978 two members and Dederich were convicted in the rattlesnake attack of a Los Angeles lawyer who only weeks before had won a \$300,000 suit against the cult on behalf of a former member who said she was held against her will. As part of his punishment, Dederich was ordered to sever relations with Synanon, which is now led by his daughter, Cecilia Jason Dederich.

The following lead from a Ron Ostrow story for the Los Angeles Times, which appeared October 14, 1983, is no less reassuring:

A District of Columbia judge has ruled that Synanon Foundation officers destroyed tape recordings, computer data and other evidence sought in a multimillion-dollar lawsuit and then engaged in "a fraudulent cover-up" that included perjury.

Superior Court Judge Leonard Barman found that the controversial drug treatment center had committed "a gross fraud upon the court of the most grave and serious proportions" and threw out a suit Synanon had brought against real estate developers alleging that they had provided Synanon with a building for its Washington headquarters that did not meet building code requirements.

These and other stories -- which include accounts of how the Salvation Army and other "mainstream" organizations have refused to be associated with Synanon's charitable efforts -- are attached.

As noted above, it was clear to me after reviewing these materials that the President should send no letters to this outfit. It is only marginally less clear to me that it would be preferable not to have anyone in the White House correspond with this group -- a judgment that is also influenced in part by the fact that we plainly should not be endorsing any "White House Conference on the Homeless and Hungry," as well as the age of the letter by the time it reached our office.

If you disagree, however, we do have a pretext for sending a response (presumably over your signature) at this time -- namely, forwarding the recently released "Summary" of the report on the Task Force on Food Assistance, which could be enclosed with a carefully worded acknowledgement of Dederich's letter. (I have obtained a copy of the "Summary"; the full report of the Task Force is not yet readily available.)

On balance, though, I think there is little to be gained from responding at all, at this point, and would prefer to stay away from this organization. If you agree, I will advised Donovan simply to file Dederich's letter. Thank you.

Attachments

Source: Encyclopedia of Associations

★9982★ SYNANON CHURCH (Selfhelp) (SC)

P.O. Box 42, 50300 Hwy. 245

Phone: (415) 663-8111 Badger, CA 93603 Cecilia Jason Dederich, Bd.Chm.

Founded: 1958. Resident Members: 600. Community which provides a lifestyle for former drug abusers, juvenile delinquents, alcoholics, felons and other troubled and character-disordered people, as well as for people who have no history of self-destructive behavior but who seek a drug-free, integrated and nonviolent community. It is "an American religious order committed to personal growth, self-reliance and social change. It provides a process of intellectual, vocational, physical and moral education with the emphasis on playing the Synanon Game, a forum for conversation and information where people speak their subjective, uninhibited truths to each other in a safe setting." The Synanon Distribution Network, supported in part by the church, funnels surplus from American industry and agriculture to those in need nationwide through recognized charitable organizations. Maintains speakers bureau. Communities are located in Tulare County, CA; Houston, TX; and Los Angeles, CA. Publications: Synanon Story, bimonthly. Formerly: (1981) Synanon Foundation.

4TH STORY of Level 1 printed in FULL format.

Proprietary to the United Press International 1982

October 25, 1982, Monday, AM cycle

SECTION: Regional News

DISTRIBUTION: California

LENGTH: 450 words

HEADLINE: Synanon to hand out goods in west Texas

DATELINE: PAMPA, Texas

KEYWORD: Synanon

BODY:

Members of the controversial drug rehabilitation group Synanon have set up a center for the distribution of surplus goods to needy Texas Panhandle residents, a spokesman for the California-based group said.

The Synanon Distribution Network gained access to an abandoned bra factory Oct. 18 and plans to have members occupy the facility one weekend of every month, said spokesman Bob Salkins.

''I want the people to know we won't bring in a bunch of dope addicts,'' he said. He said some Pampa residents invited the group because ''people here respect people who work hard but are in need.''

Synanon became notorious in the 1970s when its founder and two other men were convicted of a rattlesnake attack on a lawyer. The leader, Charles Dederich, was ordered to leave the group.

The directors of a McAllen-based manufacturer, Form-O-Uth, donated its 70,000-square-foot building as a tax write-off because the network ''is one of the finest organizations in the country,'' said Form-O-Uth vice president Harry Woods of McAllen.

The group will draw on its approximately 75 corporate contacts to obtain surplus goods and food and pass them along to local charities, Salkins said. He explained that local groups desiring Synanon goods must keep records of their transactions and promise not to sell the goods.

''It's important for the merchants to know we are not competing with them,'' Salkins, 26, a vice president of the network, said Saturday. He said there is a similar distribution center in Houston and Exeter, Calif.

Once the Pampa center gains appropriate shipping and receiving equipment, the network hopes to use it for worldwide distribution of goods and surplus food, he said. Salkins said the network distributed \$16 million in goods last year.

Police Chief J.J. Ryzman said eight of the workers were in the building and that he had spoken with Salkins.

LEXIS NEXIS LEXIS NEXIS

Proprietary to the United Press International, October 25, 1982

''He seems like a real nice guy,'' Ryzman said.

Synanon, founded in 1958 by Dederich as an alcoholic-recovery plan, gained attention in the 1970s after Dederich ordered members to get butch haircuts, men to get vasectomies, pregnant women to get abortions and couples to swap mates.

In 1978 two members and Dederich were convicted in the rattlesnake attack of a Los Angeles lawyer who only weeks before had won a \$300,000 suit against the cult on behalf of a former member who said she was held against her will.

As part of his punishment, Dederich was ordered to sever relations with Synanon, which is now led by his daughter, Cecilia Jason Dederich.

At its peak, Synanon claimed 1,800 members and had assets of \$30 million, including 10 planes and numerous vehicles. Today the group claims 650 members.



1ST STORY of Level 1 printed in FULL format.

Copyright (c) 1983 The Washington Post

October 14, 1983, Friday, Final Edition

SECTION: Metro: B10

LENGTH: 688 words

HEADLINE: D.C. Judge Dismisses Synanon Case, Finds Officials Destroyed Tapes,

Files

BYLINE: By Ed Bruske, Washington Post Staff Writer

KEYWORD: SYNANO

BODY:

A D.C. Superior Court judge has found that top legal advisers and corporate officials of Synanon, a California-based drug rehabilitation program, engaged in a two-year effort to destroy tape recordings and computer files pertaining to three court cases involving the group's officials.

Judge Leonard Braman found that Synanon officials destroyed scores of tapes and computer indexes of meetings involving group founder Charles Dederich at a time when Los Angeles police were investigating allegations that group residents had placed a rattlesnake in the mailbox of a California attorney.

According to Braman, who issued his findings Wednesday as he dismissed a Synanon lawsuit against the owner of a District apartment building that the group attempted to turn into an East Coast headquarters five years ago, the destruction of tapes was accomplished "under the aegis" of the director of Synanon archives, Steven Simon.

The tapes involved, which may have numbered 100 or more, plus hundreds of computer references in the group's archives, "not only related to violence, but also to money, to sexual subjects, to guns and to other matters," Braman said.

Braman said Synanon officials "perceived that the tapes and like material might be harmful and that a jury might find that their content was deadly serious, and therefore proceeded to destroy the materials and then cover up the destruction. . . "

These actions, Braman said, constitute "a gross fraud upon the court of the most grave and serious proportions."

Braman found that the head of Synanon's legal department, Philip Bourdette, had knowledge of some of the deletion of data from computer files.

Synanon had filed suit in Superior Court against the owner of the Boston House apartment building, 1711 Massachusetts Ave. NW, claiming breach of contract and fraud because the owner allegedly failed to tell the group before it moved in that the building would not meet zoning requirements for office use.

Boston House owner Stuart A. Bernstein filed a countersuit of fraud and breach of contract, claiming Synanon failed to make payments on its purchase of the building and misrepresented itself as a nonviolent and nonprofit



(c) 1983 The Washington Post , October 14, 1983

organization.

Braman, citing court testimony by former residents that Dederich had espoused violence in pursuit of corporate goals, dismissed Synanon's suit and ordered the group to pay attorney's fees to the owner of the apartment building.

"I feel that the judicial process has been vindicated," said Warren K. Kaplan, attorney for Bernstein. "This has been a very long, costly and arduous struggle for my client. We've had a number of roadblocks thrown up by Synanon and the truth has finally come to light."

Synanon officials could not be reached for comment yesterday.

Braman ruled that Synanon officials had destroyed tapes and computer records specificially relating to Boston House, to the 1978 rattlesnake incident and to a \$42 million libel suit filed by the group against an ABC-owned television station in San Francisco.

Three years ago, Dederich was placed on probation and fined \$5,000 for inciting Synanon residents to place the poisonous snake in the mailbox of Paul Morantz, an attorney who had won a large judgment against Synanon.

Synanon had filed its suit against the news station claiming coverage of the group's purchase of 138 guns gave the impression that Synanon was a terrorist organization. Synanon dropped its claim after ABC agreed to settle the dispute out of court for an undisclosed sum.

According to court testimony in the Boston House case, meetings involving Dederich and other officials were carefully taped and archived.

In some of the meetings, Dederich advocated the use of violence, according to tostimony.

Synamon residents testified that Michele Alband, assistant to December with and Synamon chairman, Jady Doderich, knew about the operation to destroy tapes.

Braman found that Symanon treasurer David Dibns participated directly in burning tapes.

Simon, Albano, Bourdatte and other officials reqused to testify on Fifth Amendment grounds. Dederich did not appear in court.



 $\frac{\text{L.A. Times}}{10/14/83}$

Judge Says Synanon Destroyed Evidence

By RONALD J. OSTROW, Times Staff Writer

WASHINGTON—A District of Columbia judge has ruled that Synanon Foundation officers destroyed tape recordings, computer data and other evidence sought in a multimillion-dollar lawsuit and then engaged in "a fraudulent cover-up" that included perjury.

Superior Court Judge Leonard Braman found that the controversial drug treatment center had committed "a gross fraud upon the court of the most grave and serious proportions" and threw out a suit Synanon had brought against real estate developers alleging that they had provided Synanon with a building for its Washington headquarters that did not meet building code requirements.

Braman announced his decision from the bench Wednesday, but copies of his ruling did not become available until Thursday.

He dismissed the suit with prejudice, which means that Synanon may not raise the complaint again, and ruled that Synanon must pay the legal fees and related costs of the defendants: Coldwell Banker & Co, a real estate firm; James Kabler, a former sales agent for the firm, and Stuart A. Bernstein, a real estate investor.

Justice Department Studies Ruling

Although the ruling has direct impact only on Synanon's damage suit against the real estate interests, it could have implications for other of the foundation's pending legal matters, including its drive to have its tax-exempt status restored. That matter is set for trial in Washington in a month, and a spokesman for the Justice Department's tax division said Braman's ruling is under study.

Braman ruled that Synanon had altered and destroyed evidence relating to violence, money, sexual subjects and guns and that this was done "under the aegis" of Steven Simon, Synanon's director of archives.

Synanon perceived that the tapes, which included statements by its founder, Charles Dederich, and related material "might be harmful and that a jury might find that their content was deadly serious," Braman said. Synanon "therefore proceeded to destroy the materials and then cover up the destruction," he added.

Braman's ruling was based largely on testimony by two former Synanon residents, Bette Fleishman and George Farnsworth.

Destruction of Tapes Cited

The judge said the destruction of evidence was set off by the attempted murder of Los Angeles attorney Paul Morantz in 1978. Dederich and two members of Synanon's security force, Lance Kenton and Joseph Musico, pleaded no contest in 1980 to charges that they had conspired to murder Morantz by placing a rattle-snake in his mailbox.

After Kenton and Musico were arrested, Dan Garrett, formerly Synanon's chief counsel, flew to Home Place, a Synanon facility in Badger, Calif. He, Simon and two other Synanon officers, Daniel Sorkin and Chris Haber, then "adjourned to a trailer and, during a period of approximately two weeks, a substantial number of tapes were destroyed," Braman found.

Braman based his perjury finding on Pleishman's testimony that Simon had told her in the summer of 1980 that he had testified falsely in giving a deposition in Synanon's damage suit against the real estate interests.

7

1ST STORY of Level 1 printed in FULL format.

Proprietary to the United Press International 1982

November 11, 1982, Thursday, AM cycle

SECTION: Regional News

DISTRIBUTION: Texas

LENGTH: 140 words

HEADLINE: Texas News Briefs

DATELINE: PAMPA, Texas

KEYWORD: Texbrfs

BODY:

Three charitable organizations have refused to take free food and other commodities from the controversial, California-based Synanon organization.

Synanon recently set up a distribution network for charity. The Pampa Meals on Wheels program, the Pampa Senior Citizens Center and the Salvation Army are not taking the goods.

''The Salvation Army is in no wise affiliated with, neither does it endorse, the efforts of the Synanon Distribution Network in the city of Pampa,'' the charity's board said in a statement released Wednesday.

Synanon, based in Badger, Calif., began in the late 1950's as a drug and alcohol treatment program. It aroused controversy over strict rules of behavior imposed on its members. Its founder, Charles Dederich, was convicted of conspiracy in connection with an attempted killing.

2ND STORY of Level 1 printed in FULL format.

Proprietary to the United Press International 1982

November 11, 1982, Thursday, PM cycle

SECTION: Regional News

DISTRIBUTION: Texas

LENGTH: 180 words

HEADLINE: Complete writethru for datanews points

DATELINE: PAMPA, Texas

KEYWORD: Synanon

BODY:

Three charitable organizations, including the Salvation Army, have refused to accept free food and other commodities from the controversial, California-based Synanon organization.

The Pampa Meals on Wheels program, the Pampa Senior Citizens Center and the Salvation Army -- all of which are partially funded by the United Way -- refused donations from the Synanon Distribution Network.

''The Salvation Army is in no wise affiliated with, neither does it endorse, the efforts of the Synanon Distribution Network in the city of Pampa,'' the charity's board said in a statement released Wednesday.

Salvation Army Capt. Francis Gary said the board took the action ''because of the controversial nature of Synanon.''

Synanon, based in Badger, Calif., began in the late 1950's as a drug and alcohol treatment program. It currently operates several communes and imposes strict rules for the behavior of its members.

Bob Salkins, vice president of the group's food distribution network in Pampa, was unavailable for comment.

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

ID # 193202 # E003 HEET Peter

| □ O - OUTGOING | | | | |
|--|---|---------------------------------------|---|---------------------------------------|
| ☐ H - INTERNAL ☐ I - INCOMING Date Correspondence Received (YY/MM/DD) / / / | | | 1 | 18: Synanom |
| Name of Correspondent: | e Donovar | / Judi | 1 Deder | uh. |
| □ MI Mail Report | User Codes: (A) _ | · · · · · · · · · · · · · · · · · · · | (B) | (C) |
| Subject: braft response | to Jady | Deder | ich re: | |
| 000,000 | | (Oct 13 | ^ | n to |
| the Pres | ident) | | | |
| | | | | |
| ROUTE TO: | ACTION | | DISPOSITION | |
| Office/Agency (Staff Name) | Action Code | Tracking Date YY/MM/DD | Type of Response | Completion Date Code YY/MM/DD |
| CUHOLL | ORIGINATOR | 83112127 | - | |
| 2 125 09 | Referral Note: | 78312127 | , | S 84,01,00 |
| | Referral Note: | | | |
| | Referral Note: | | | |
| | Referral Note: | . , , , | | |
| | Referral Note: | | | |
| ACTION CODES: A · Appropriate Action C · Comment/Recommendation D · Draft Response F · Furnish Fact Sheet to be used as Enclosure | I - Info Copy Only/No Ac R - Direct Reply w/Copy S - For Signature X - Interim Reply | tion Necessary | DISPOSITION CODES: A · Answered B · Non-Special Referra FOR OUTGOING CORRECT Type of Response = 1 Code = 1 Completion Date = 1 | SPONDENCE: nitials of Signer A" |
| Comments: | | | | - |
| | | | | |
| | | | | |

Keep this worksheet attached to the original incoming letter. Send all routing updates to Central Reference (Room 75, OEOB). Always return completed correspondence record to Central Files. Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

THE WHITE HOUSE WASHINGTON

Date: 12-23-83

To: White House Connact

193202066

In view of the history of Symenon, I believed you would wont to review the progressed drofts Frieidential response to Mrs. Judy Delevich.

Comp

CHUCK DONOVAN
Presidential Correspondence
Office
Room 94, x7610

THE WHITE HOUSE

gh .

WASHINGTON

DRAFT RESPONSE (12/22/83)

Dear Mrs. Dederich:

Thank you for your letter relating to the problem of hunger in America. I too am concerned when even one person goes hungry through no fault of their own.

That is why I established the Presidential Task Force on Food Assistance.

I have been told that Synanon testified before the Task Force during its hearings in Los Angeles. I look forward to receiving the report of the Task Force in mid-January. I am sure your views will be considered by its members.

In the meantime, your work on behalf of needy people is greatly appreciated.

Sincerely,

Ronald Reagan

Mrs. Jady Dederich Chairman The Synanon Distribution Network P. O. Box 112 Badger, California 93603 TO: Judy Johnson

Can someone up

there below

FROM:

Anne Higgins
Special Assistant to the
President and Director
of Correspondence
Room 94
x 7610

CECILIA JASON DEDERICH

SYNANON

October 13, 1983

CAD

The President
The White House
Washington, D.C. 20500

Dear President Reagan:

I understand that legislation has been introduced in Congress recommending a White House Conference on the Homeless and Hungry. The Synanon Distribution Network wholeheartedly endorses this legislation, and we would urge you to convene such a conference due to the seriousness of this problem facing so many Americans today. We would also propose that we be included as participants. We would like to work in partnership with the Administration and Congress to further mobilize the private sector and make available to the people who need it, the vast amount of product that we all know is currently going to waste.

/I am writing to you as the Chairman of the Board of The Synanon Distribution Network, an organization that has distributed \$70 million worth of donated product (both food and other useable product of all kinds, as well) to needy people since 1977. This product has been contributed by American industry and agriculture. As of September 30th of this year, we have distributed over \$14 million worth (estimated retail value) in This work has been done entirely through the private sector. We are convinced that your emphasis on rekindling and mobilizing the spirit of philanthropy in our great nation is essential to meeting some of today's most pressing social problems. We not only support your philosophy, but we are participating in making it happen. We too would like to see American industry and agriculture meet your "2% challenge" of yearly corporate giving by 1986.

Although we are pleased with our accomplishments in seven short years, we know it could be much greater. We are convinced that it is possible for our organization alone to distribute \$100 million worth of

The President October 13, 1983 Page Two

product annually (not to mention the many other organizations also involved in "redistribution" work).

The Synanon Distribution Network operates on the philosophy of self-reliance which built our country. Our purpose is not only to provide the food and other necessities of life to those who can't, at this time, provide for themselves. In addition, we strive to involve those receiving the product in the process of distributing it -- sorting, transporting, loading and unloading, actual distribution, and so on. This involvement is essential to restoring and maintaining a person's dignity and providing a purpose in life to those who are currently unemployed and in need.

We want to share our vision and our methods as well, and we hope you will consider our proposal.

Respectfully,

Jady Dederich

Chairman

The Synanon Distribution Network

P.O. Box 112

Badger, California 93603

(209) 337-2881

CJD/jsa