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Scientology : The Thriving Cult of Greed and Power

Monday, May. 06, 1991

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DRUG TREATMENT. Hubbard's purification treatments are the mainstay of Narconon, a Scientology-run chain of 33 alcohol and drug rehabilitation centers -- some in prisons under the name "Criminon" -- in 12 countries. Narconon, a classic vehicle for drawing addicts into the cult, now plans to open what it calls the world's largest treatment center, a 1,400-bed facility on an Indian reservation near Newkirk, Okla. (pop. 2,400). At a 1989 ceremony in Newkirk, the Association for Better Living and Education presented Narconon a check for \$200,000 and a study praising its work. The association turned out to be part of Scientology itself. Today the town is battling to keep out the cult, which has fought back through such tactics as sending private detectives to snoop on the mayor and the local newspaper publisher.

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FINANCIAL SCAMS. Three Florida Scientologists, including Ronald Bernstein, a big contributor to the church's international "war chest," pleaded guilty in March to using their rare-coin dealership as a money laundry. Other notorious activities by Scientologists include making the shady Vancouver stock exchange even shadier (see box) and plotting to plant operatives in the World Bank, International Monetary Fund and Export-Import Bank of the U.S. The alleged purpose of this scheme: to gain inside information on which countries are going to be denied credit so that

Scientology-linked traders can make illicit profits by taking "short" positions in those countries' currencies.

In the stock market the practice of "shorting" involves borrowing shares of publicly traded companies in the hope that the price will go down before the stocks must be bought on the market and returned to the lender. The Feshbach brothers of Palo Alto, Calif. -- Kurt, Joseph and Matthew -- have become the leading short sellers in the U.S., with more than \$500 million under management. The Feshbachs command a staff of about 60 employees and claim to have earned better returns than the Dow Jones industrial average for most of the 1980s. And, they say, they owe it all to the teachings of Scientology, whose "war chest" has received more than \$1 million from the family.

The Feshbachs also embrace the church's tactics; the brothers are the terrors of the stock exchanges. In congressional hearings in 1989, the heads of several companies claimed that Feshbach operatives have spread false information to government agencies and posed in various guises -- such as a Securities and Exchange Commission official -- in an effort to discredit their companies and drive the stocks down. Michael Russell, who ran a chain of business journals, testified that a Feshbach employee called his bankers and interfered with his loans. Sometimes the Feshbachs send private detectives to dig up dirt on firms, which is then shared with business reporters, brokers and fund managers.

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"This is about the U.S. sweetening the bitter experience Eastern European leaders had when President Obama scrapped the missile defense plan."

PETR DRULAK, director of the Institute of International Relations, on the Obama Administration's anticipated new proposal for Poland to jointly host an SM-3 missile system

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