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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

THE SYNANON CHURCH )  
46216 Dry Creek Drive )  
P.O. Box 112 )  
Badger, California 93603 )  
(209) 337-2881, )  
Plaintiff, )  
v. )  
UNITED STATES OF AMERICA, )  
Defendant. )

CIVIL ACTION NO. 82-2303

AUG 16 1982

COMPLAINT FOR DECLARATORY RELIEF

COUNT I

1. This is an action for a declaratory judgment to establish that, inter alia, PLAINTIFF THE SYNANON CHURCH (also previously known as Synanon Foundation, Inc.; hereinafter referred to as "PLAINTIFF SYNANON") was, during the two years of September 1, 1976 to August 31, 1978, an organization described under section 501(c)(3) of the Internal Revenue Code of 1954, as amended, (hereinafter referred to at times as "IRC") and thus is exempt from Federal Income Tax under IRC section 501(a) for those two years, and to establish that the tax-exempt status of PLAINTIFF SYNANON for September 1, 1978 and thereafter is still in effect, since the Internal Revenue Service (hereinafter referred to at times as "I.R.S.") has never audited or examined PLAINTIFF SYNANON after that two-year period ending August 31, 1978 and there are no facts upon which to deny the exemption of PLAINTIFF SYNANON after September 1, 1978.

RICHEY, J.

E

JURY ACTION



1           2. This Court has jurisdiction over this action by reason of  
2 the provisions of 28 USC Section 2201, 26 USC Section 7428, and  
3 Rule 57 of the Federal Rules of Civil Procedure.

4 PLAINTIFF SYNANON is, pursuant to these laws and rules, entitled  
5 to a jury trial and requests a jury trial for the issues herein  
6 set forth. Furthermore, as is reflected below and will be  
7 reflected during discovery and at trial, PLAINTIFF SYNANON  
8 disagrees with and contests the factual findings and  
9 administrative record of defendant relating to PLAINTIFF SYNANON.  
10 Therefore, discovery, a full evidentiary hearing and a trial are  
11 warranted and necessary on that basis, as well as Rule 57.

12           3. Description of PLAINTIFF SYNANON:

13           A. PLAINTIFF SYNANON was at all times relevant hereto a  
14 non-profit, religious corporation organized and existing under  
15 the laws of the State of California.

16           B. PLAINTIFF SYNANON was founded, organized and  
17 incorporated by Charles E. Dederich in 1958, and for all years,  
18 including the two years 1977 and 1978 for which it was audited by  
19 defendant, operated in furtherance of the following charitable,  
20 scientific, educational and religious purposes consistent with  
21 the articles in effect during the time of the audit as follows:

- 22           (1) To engage in research and  
23 investigation into causes of personal  
24 alienation and delinquency and all  
25 manifestations thereof, including but not  
26 limited to narcotic addiction, alcoholism  
27 and similar addictions;
- 28           (2) To engage in research and to develop  
29 methods of re-orientation and  
30 re-education for alienation and  
31 delinquency in whatever form it may be  
32 found, and to apply, establish and refine



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be

1 such methods;  
2 (3) To increase public understanding of  
3 alienation and delinquency through the  
4 dissemination of information;  
5 (4) To establish, maintain and operate  
6 appropriate facilities and other  
7 services, including but not limited to  
8 medical care, room and board for the  
9 care, re-orientation and re-education of  
10 persons alienated from society because of  
11 such narcotic addiction, alcoholism or  
12 some similar addictions or other  
13 character disorders;  
14 (5) To establish, maintain and operate  
15 schools for the education of such  
16 persons, their families and all other  
17 members of the general public wishing to  
18 attend such schools, and to operate  
19 facilities and services for the  
20 dissemination of information relative to  
21 the primary purposes of this corporation  
22 and such other facilities as may  
23 reasonably be necessary to effectuate the  
24 primary purposes of this corporation; and  
25 (6) To operate a church for religious  
26 purposes and to establish, maintain,  
27 operate and promote institutions of the  
28 Synanon Religion.  
29 C. PLAINTIFF SYNANON, in furtherance of said purposes,  
30 operates religious communities in which resident adherents of the  
31 Synanon Religion live and work. Members of the general public  
32 and non-resident adherents visit said communities for spiritual



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1 rejuvenation, religious ceremonies, religious services and  
2 information about Synanon's charitable works.

3 D. Religious community life is central to the beliefs  
4 and tenets of the Synanon Religion. At the core of the Synanon  
5 Religion is a belief in the ultimate unity of mankind and the  
6 importance of developing a society without the barriers that  
7 nurture the alienation of people from one another and from God.  
8 Alienation is believed to be an inherent condition of man in much  
9 the same way that Roman Catholics perceive original sin.  
10 Resident adherents believe that the most effective way to redeem  
11 man from alienation and to achieve this unity is to form and  
12 reside in the religious community based upon the theologic tenets  
13 of the Synanon Religion in order to participate in the  
14 observances of the Synanon Religion, to carry out the religious  
15 work of The Synanon Church, to experiment and research ways for  
16 man to enhance his life experience, to communicate, to work and  
17 recreate, to form relationships, to break through racial and  
18 religious prejudices, and to conquer physical and spiritual  
19 barriers between each other and within themselves. One goal of  
20 these religious communities is the development of models which  
21 can be adopted to improve other religious, rehabilitative and  
22 educational communities as well.

23 E. Integration, including integration of an individual  
24 with God, with all the aspects of himself, and with others, is a  
25 fundamental goal of the Synanon Religion. Fundamental to the  
26 establishment and maintenance of integrated religious communities  
27 is the existence of a wide diversity of people living within the  
28 community. People with no history of debilitating personal or  
29 physical problems live alongside those who entered Synanon to  
30 receive assistance with their problems. These individuals serve  
31 as necessary role models, vocational teachers, and inspiration  
32 for newer people in overcoming their personal difficulties. It



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1 is a fundamental belief of the Synanon Religion that conversion  
2 and redemption must be actualized by helping other people.  
3 Thus, all resident adherents are required to participate actively  
4 in Synanon's charitable and religious works relating to people  
5 who have come to Synanon for help. The integration of people  
6 with diverse educational, employment and character backgrounds,  
7 as well as different races and ages, is seen as being absolutely  
8 necessary for the Synanon religious community. It is the Synanon  
9 religious community life that is essential to the performance of  
10 Synanon's charitable works. The integrative aspect of Synanon  
11 makes possible the application of Synanon's example to widely  
12 varied situations in this country's culture.

13 F. Resident adherents to the Synanon Religion are  
14 committed to living the theologic tenets and codes of the Church  
15 on a daily basis, in the same way as priests, monks and nuns do  
16 in Roman Catholic and Buddhist orders. Synanon resident  
17 adherents believe that God is in all men and that, thereby, all  
18 men share in the Divine Nature. Therefore, all Synanon resident  
19 adherents believe that they must participate both in their own  
20 growth, unification and ultimate holiness, as well as in that of  
21 the world around them. Synanon's charitable works are an  
22 outgrowth of, and dependent on, the spiritual energy and  
23 religious beliefs of the community.

24 G. The Synanon Game is the central religious ritual of  
25 The Synanon Church and serves in that role for all individual  
26 adherents. The Synanon Game fosters the actualization of  
27 religious principles such as unification, conversion,  
28 integration, commitment, redemption and confession. Community  
29 life makes the Synanon Game possible, and Synanon religious  
30 communities devoutly create, protect and nurture the Synanon  
31 Game. Religious ceremonies of the Church are all outgrowths of  
32 the Synanon Game, and even generally take place in the circular



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1 formation of the Game. Adherents participate in celebrations of  
2 marriage, separation, death, commitment, confirmation and Chapel  
3 in Synanon Church ceremonies. Additionally, traditional  
4 religious and national holidays and the holy days unique to The  
5 Synanon Church are celebrated in the Synanon Game circle.  
6 Religious scholars have recognized the Synanon Game as a sincere  
7 liturgical form. The whimsy of the name "Game" should not  
8 detract from the serious and sincere beliefs that adherents to  
9 the Synanon Religion hold about the Game as the central ritual of  
10 their theology. Attached as Exhibit 'A', and incorporated fully  
11 by reference herein, is a 1973 declaration by Charles E. Dederich  
12 which describes in part the Game and its place in Synanon.

13 H. PLAINTIFF SYNANON maintains, as an integral part of  
14 its religious activities, a large body of written and oral  
15 religious works especially oriented toward the promotion and  
16 promulgation of the tenets and beliefs of the Synanon Religion.  
17 These works are in large part stored in Synanon Archives, and  
18 contain the ongoing development of the religious tracts,  
19 literature, sermons and other works central to the Synanon  
20 Religion. These works are single-denominational, in that they  
21 relate to the Synanon Religion and its religious observances,  
22 practices and rituals.

23 I. PLAINTIFF SYNANON, in furtherance of said religious  
24 purposes, has always operated facilities as a special ministry to  
25 those whose alienation has manifested itself in alcoholism, drug  
26 abuse, delinquency, criminality or some other debilitating  
27 symptom. At present, approximately 600 persons reside in the  
28 religious communities of PLAINTIFF SYNANON. Between the years  
29 1958 and 1976, approximately 9,965 persons entered Synanon for  
30 help with these problems, and over 9,780 such persons have left  
31 their residence in PLAINTIFF SYNANON to reside elsewhere. Over  
32 1751 such persons entered Synanon for aid in the years 1977



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1 to 1982; of these people, 1643 have already left to reside  
2 elsewhere. Prior to the founding of PLAINTIFF SYNANON, it was  
3 generally believed that drug addiction could not be cured and  
4 PLAINTIFF SYNANON has been the consistent renowned expert in  
5 disproving the myth that drug addiction was incurable. PLAINTIFF  
6 SYNANON is, likewise, the renowned expert in the methods and  
7 manner by which that cure is possible. PLAINTIFF SYNANON has  
8 concluded, and independent experts in the field of drug addiction  
9 concur, that it is impossible to determine the number of years  
10 necessary to rehabilitate successfully a drug addict or alcoholic  
11 and that, in fact, some people with said problems will revert to  
12 substance abuse or crime if they do not continue to live in a  
13 supportive community. The decision is an individual one and  
14 varies with each person. It is true that many people who lived  
15 in Synanon for over five years have left and reverted to drug or  
16 alcohol abuse. Many others have not. PLAINTIFF SYNANON contends  
17 that while follow-up studies indicate that the chances for  
18 successful rehabilitation do increase with very long stays in  
19 communities, it is still uncertain, as to most people, how long  
20 the stay must be. Those persons who do remain in Synanon over  
21 five years lead productive lives and assist with doing Synanon's  
22 religious work. These resident adherents make it possible for  
23 newer residents and non-residents to participate in the works and  
24 activities of the Synanon Religion.

25 J. PLAINTIFF SYNANON, in furtherance of said purposes,  
26 offers aid to the non-resident families of people described in  
27 the paragraph above. Parents, husbands, wives and children are  
28 invited to participate in programs at Synanon's religious  
29 communities to become acquainted with solutions to the problems  
30 which they are encountering. Many such people eventually move  
31 into Synanon in order to reunite their families.

32 K. PLAINTIFF SYNANON has, since its inception, been



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1 widely recognized and imitated as the model upon which the entire  
2 "self-help movement" with respect to rehabilitation of drug  
3 addicts, criminals and delinquents is based. PLAINTIFF SYNANON,  
4 in furtherance of said purposes, continues to train personnel and  
5 develop new techniques for the over 2,000 rehabilitation programs  
6 which are outgrowths of PLAINTIFF SYNANON. Persons trained at  
7 PLAINTIFF SYNANON have even worked for defendant, such as in  
8 helping develop defendant's drug addiction programs at  
9 defendant's hospital in Lexington, Kentucky. Some of the more  
10 widely known direct outgrowths of PLAINTIFF SYNANON include  
11 hundreds of state and federal government drug addiction programs  
12 and many private programs, such as Daytop, Phoenix House and  
13 Delancey Street.

14 L. PLAINTIFF SYNANON, in furtherance of said purposes,  
15 operates the Synanon College which includes extensive vocational  
16 education programs to teach work and personal skills. As part of  
17 this effort, PLAINTIFF SYNANON operates fire departments and  
18 ambulance services free of charge to the rural areas in which it  
19 has religious communities. Education is available in  
20 construction and automotive trades, business, sales, management,  
21 office skills, child care, agriculture, food services and many  
22 other fields. Several thousands of persons have directly  
23 participated in classes of the Synanon College.

24 M. PLAINTIFF SYNANON, in furtherance of said purposes,  
25 makes Synanon Trades Scholarships to attend the Synanon College  
26 available to the general public, to other charitable groups and  
27 to needy individuals.

28 N. PLAINTIFF SYNANON, in furtherance of said purposes,  
29 operates a religious school from nursery school through high  
30 school for the children of residents and other members of the  
31 public. This school provides education in the values and  
32 theology of the Synanon Religion, formal academic training,



1 research on new educational techniques, innovative ways to teach  
2 character and morality, and methods of circumventing the  
3 development of alienation. This research has been disseminated  
4 to the public via professional conferences, published papers,  
5 speaking engagements, tours through the school, and staff  
6 training for other schools. The school provides an effective  
7 model for child care in a country with ever increasing needs for  
8 day care. The high school is a working model of effective  
9 integration of academic and vocational education with early  
10 involvement in the adult work force. Educators and government  
11 agencies use the Synanon model for new ideas.

12 O. PLAINTIFF SYNANON, in furtherance of said purposes,  
13 operates the Charles E. Dederich School of Law to research the  
14 application of Synanon's educational techniques to the study of  
15 law and to make the law profession available to students who  
16 might not be able to enter it through more traditional schools.

17 P. PLAINTIFF SYNANON, in furtherance of said purposes,  
18 operates a speaker's bureau and literature service so that  
19 information about alienation, addictions, social problems, the  
20 Synanon Religion and Synanon research is made available to the  
21 public to aid in combatting these ills. This information is also  
22 disseminated to the thousands of self-help groups and therapeutic  
23 communities that have been formed based on the Synanon model.

24 Q. PLAINTIFF SYNANON, in furtherance of said purposes,  
25 has operated the "Synanon Distribution Network," which obtains  
26 surplus from American business and agriculture and distributes it  
27 to other 501(c)(3) charitable groups and needy people. When  
28 necessary, the Network representatives also teach groups the  
29 skills necessary to responsibly handle these contributions. From  
30 1977 to 1980, approximately 26 million dollars (estimated retail  
31 value) of product was distributed to over 300 charitable  
32 organizations. In 1981 and the first six months of 1982, almost



1 23 million dollars (estimated retail value) of product was  
2 distributed to over 270 charitable organizations. Many of these  
3 groups that receive products directly through the Synanon  
4 Distribution Network in turn allocate these goods to other  
5 organizations.

6 R. Plaintiff, in furtherance of said purposes, operates  
7 Advertising Gifts and Specialties Program (referred to hereinafter  
8 as ADGAP), a specialty sales program, for its vocational  
9 education value, to provide a marketable skill to those persons  
10 who came to PLAINTIFF SYNANON for help, to expand knowledge of  
11 the Synanon Religion, to procure support for PLAINTIFF SYNANON,  
12 to obtain funds for operation of other church activities, and to  
13 obtain donations through the Synanon Distribution Network. ADGAP  
14 representatives act as missionaries for The Synanon Church  
15 by serving those parts of the country which are not located near  
16 a Synanon religious community, by conducting Open House Parties  
17 and speaking engagements to promulgate to the public Synanon's  
18 work and beliefs, by interviewing prospective residents and by  
19 visiting recipient charitable groups in the Distribution Network.

20 S. Plaintiff relies upon voluntary contributions from  
21 residents and associated persons, monies generated by its own  
22 efforts and voluntary contributions from the public. Any monies  
23 earned by residents are regularly reported on individual tax  
24 returns. Plaintiff seeks to be independent of any government  
25 funding, and it attempts to educate other charitable  
26 organizations to work within the private sector.

27 T. Plaintiff is organized and operated exclusively for  
28 religious purposes; no part of the net earnings of plaintiff  
29 inures to the benefit of any private individual; no substantial  
30 part of plaintiff's activities is carrying on propaganda or  
31 otherwise attempting to influence legislation; and plaintiff does  
32 not participate in or intervene in any political campaign on



1 behalf of any candidate for public office.

2 4. History of Revocation of Plaintiff's Exempt Status:

3 A. Plaintiff was incorporated as a California nonprofit  
4 corporation on September 18, 1958. At that time, PLAINTIFF  
5 SYNANON submitted to defendant the Articles of Incorporation, and  
6 on September 25, 1958, the By-Laws of PLAINTIFF SYNANON were  
7 submitted to the defendant.

8 B. The first application for recognition of exemption  
9 under section 501(c)(3) of the Internal Revenue Code of  
10 1954 was made on November 18, 1958. This first application was  
11 denied because at that time it was the law that the applicant had  
12 to operate a complete fiscal period before an exemption could be  
13 granted, and a second application was filed on September 18,  
14 1959. On July 7, 1960, PLAINTIFF SYNANON received recognition of  
15 tax exemption as an organization described in section 501(c)(3).  
16 Also, contributions made to PLAINTIFF SYNANON by donors were  
17 deemed tax deductible under section 170 of the 1954 code.

18 C. Plaintiff has given defendant all Amended and  
19 Restated Articles of Incorporation and also all amended By-Laws.

20 D. Defendant has conducted audits of PLAINTIFF SYNANON's  
21 charitable and religious works. The first audit was conducted  
22 regarding PLAINTIFF SYNANON's fiscal years ending August 31, 1963  
23 and 1964. The auditor found that there should be "No Change" in  
24 the recognition of plaintiff's tax-exempt status. The second  
25 audit was conducted regarding PLAINTIFF SYANANON's fiscal years  
26 ending August 31, 1965 and 1966. The auditor for the second  
27 audit made a thorough evaluation of PLAINTIFF SYNANON's  
28 activities and likewise found that there should be "No Change" in  
29 the recognition of plaintiff's tax-exempt status. The third  
30 audit was made of the fiscal years ending August 31, 1969, 1970  
31 and 1971. The audit commenced with pre-audit conferences on  
32 December 29, 1971 and January 5, 1972. Tak Fukuchi, Internal



1 Revenue agent, conducted the audit for the above-listed time  
2 period. He reviewed PLAINTIFF SYNANON's charitable and  
3 educational purposes and the expansion of the community to  
4 include lifestylers (non-addicted persons). Mr. Fukuchi spoke  
5 with many persons who had come to PLAINTIFF SYNANON both for help  
6 or otherwise, and who had lived for many years as residents. He  
7 stated he understood their role as "Role Models" to those newer  
8 persons who had more recently come to Synanon for help. After  
9 Mr. Fukuchi's extensive examination, the I.R.S. notified  
10 PLAINTIFF SYNANON on February 14, 1974 that there would be "No  
11 Change" in PLAINTIFF SYNANON's tax-exempt status as a 501(c)(3)  
12 organization. Plaintiff relied on this finding and did not  
13 modify its operations as to resident adherents and continued to  
14 develop religious communities and expand its charitable  
15 activities.

16 E. Plaintiff was assessed \$3,384.00 of taxes based on a  
17 finding that part of its advertising gift and premium business  
18 was asserted to be unrelated business income for the years  
19 1969-71. Income from lifestyler payments was determined to be  
20 related income. During the audit, PLAINTIFF SYNANON maintained  
21 that all of its income was related business income. Plaintiff  
22 paid the amount of tax proposed and has filed a claim for refund  
23 for the full amount of assessment. The claim for refund was  
24 denied in the letter of May 19, 1982 revoking the I.R.S.  
25 recognition of PLAINTIFF SYNANON's tax exemption.

26 F. The fourth audit of PLAINTIFF SYNANON's charitable  
27 and religious works was conducted for the fiscal years ending  
28 August 31, 1977 and August 31, 1978. The preliminary site visit  
29 was made on March 30, 1979. Synanon representatives met with  
30 Internal Revenue employees Les Brandin and Les Stepner and toured  
31 them through the three Synanon religious communities in Marshall,  
32 California. The actual audit commenced on April 23, 1979 by Les



1 Brandin. Mr. Brandin continued as the auditor agent through June  
2 25, 1980. As auditor agent, Mr. Brandin's examination included  
3 the following areas: PLAINTIFF SYNANON's charitable, religious,  
4 and educational activities; financial transactions relating to  
5 the founder, Charles E. Dederich; payments and benefits of any  
6 sort to Synanon resident adherents, including officers and  
7 directors; questions raised by media stories; rehabilitation and  
8 reeducation of persons who came to Synanon for help; the  
9 involvement of all resident adherents in Synanon's religious and  
10 charitable works; and PLAINTIFF SYNANON's population statistics,  
11 Board minutes, accounting, financial records and litigation.

12 G. In the course of his 13-month examination, Mr.  
13 Brandin made at least 45 visits to PLAINTIFF SYNANON's religious  
14 communities in Marshall, California, as well as visits to the  
15 Home Place property in Badger, California and the Synanon  
16 Distribution Network warehouse in South San Francisco. In  
17 addition, Mr. Brandin spent four days reviewing PLAINTIFF  
18 SYNANON's financial status with the independent Certified Public  
19 Accounting firm of Laventhol & Horwath, that performed annual  
20 audits and submitted certified reports on the financial  
21 activities of PLAINTIFF SYNANON. No single document or piece of  
22 information requested was ever denied to Mr. Brandin. Mr.  
23 Brandin met with executives of PLAINTIFF SYNANON, including the  
24 Chief Executive Officer, General Counsel, members of the Board of  
25 Directors, Controller and Chief Financial Officer. He also met  
26 with a cross section of residents of the Synanon communities.  
27 Mr. Brandin interviewed many residents at great length regarding  
28 their backgrounds and their reasons for initially coming to  
29 PLAINTIFF SYNANON and remaining as residents.

30 H. On November 29, 1979, defendant made a Request for  
31 Technical Advice and sent it to the National Office. On January  
32 10, 1980, the Chief of the EP/EO Division, San Francisco office,



1 requested that Mr. Stepner recall the Technical Advice Memo and  
2 do a further review. This request for further review resulted  
3 from erroneous allegations by the California State Attorney  
4 General's office as reported in the media. Defendant had already  
5 considered all the issues raised by the California State Attorney  
6 General but decided that the same issues, along with others  
7 inaccurately reported in the media, should be examined again in  
8 relation to the basic issue of rehabilitation versus communal  
9 living.

10 I. In March 1980, Les Brandin, after 11 months of  
11 auditing, notified PLAINTIFF SYNANON that a "No Change"  
12 recommendation should be issued. Plaintiff was informed and  
13 believes that Group Manager, Les Stepner, concurred with Mr.  
14 Brandin's findings. PLAINTIFF SYNANON relied on these  
15 conclusions that plaintiff was operating properly within IRC  
16 Section 501(a) for its subsequent business activities.

17 J. On May 1, 1980, Mr. J. Kajiki, Chief of the EP/EO  
18 Division of the I.R.S. in San Francisco, requested that the audit  
19 be further developed to reconsider, once again, the following  
20 areas:

- 21 (1) Communal Living versus  
22 Rehabilitation;
- 23 (2) Inurement of the Founder, Officers  
24 and key personnel;
- 25 (3) Rehabilitation of persons suffering  
26 from a character disorder;
- 27 (4) Various external business entities  
28 that had some relationship to certain  
29 resident adherents of PLAINTIFF SYNANON;
- 30 (5) Unrelated Business Income.

31 On June 25, 1980, Bob Chui replaced Les Brandin as the  
32 agent in charge. On July 17, 1980, Group Manager, Les Stepner,



1 along with Bob Chui and Les Brandin, met with representatives of  
2 PLAINTIFF SYNANON to discuss the continuation of the audit.  
3 Plaintiff was informed by Mr. Stepner that Bob Chui would be  
4 replacing Mr. Brandin, as Mr. Brandin had been reassigned due to  
5 other priorities. Mr. Chui was to redevelop the case along the  
6 above-mentioned lines. Mr. Chui visited PLAINTIFF SYNANON's  
7 religious communities between July 22, 1980 and November 10,  
8 1980.

9 K. On November 7, 1980, a second Request for Technical  
10 Advice was made to the National Office of the defendant. In  
11 June, 1981, representatives of PLAINTIFF SYNANON went to the  
12 National Office to clarify the position of PLAINTIFF SYNANON on  
13 the second Technical Advice Memo. The meeting lasted for two  
14 days, with representatives of PLAINTIFF SYNANON answering each  
15 and every point raised by defendant. The Synanon representatives  
16 offered to provide additional information to defendant to help in  
17 the analysis of the issues. Defendant requested no additional  
18 information other than the information offered by plaintiff's  
19 representatives at the meeting. Further information was  
20 subsequently given to the defendant by PLAINTIFF SYNANON in  
21 August and September of 1981 to support this position.

22 L. PLAINTIFF SYNANON contends that a barrage of adverse  
23 media publicity and false information provided by agents of the  
24 media to defendant caused defendant to be greatly biased and  
25 prejudiced against plaintiff and to treat plaintiff in a  
26 prejudicial manner.

27 M. The following public bodies have already recognized  
28 PLAINTIFF SYNANON to be a bona fide religion:

- 29 (1) On May 22, 1980, the California  
30 Secretary of State issued a  
31 reclassification notice to PLAINTIFF  
32 SYNANON recognizing Synanon as a



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religious nonprofit corporation.

(2) The Attorney General's offices in the State of Illinois on June 11, 1981 and the State of Michigan on December 30, 1977 recognized PLAINTIFF SYNANON as a religious organization and exempt from the Solicitation Act and licensure respectively.

(3) In a suit initiated, and thereafter dismissed by the California State Attorney General, entitled People of the State of California v. Charles E. Dederich, et al., Case No. 96566 in the Superior Court of the State of California, County of Marin, PLAINTIFF SYNANON was conceded by the California Attorney General to be an organization whose "primary purpose is the operation of a church for religious purposes and the establishment, maintenance, etc. of the 'Synanon Religion.'"

(4) On March 11, 1981, PLAINTIFF SYNANON was found exempt from Hotel Tax due to its religious nature by the Comptroller's Office in the State of Texas.

(5) In May, 1981, the Employment Development Department of the California State Department of Health and Welfare conceded that PLAINTIFF SYNANON is and has been exempt from unemployment taxes as a religious organization as described in section 634.5 of the California



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Unemployment Insurance Code.

(6) On October 16, 1981, in Jack Tolchin and Marianne Tolchin v. Synanon Foundation, Inc., Case No. C178669, the Honorable Charles Older, Judge of the Superior Court of California, County of Los Angeles, dismissed the suit against Synanon by former residents of Synanon on the grounds that PLAINTIFF SYNANON, under the law and facts, had been a religion since at least 1975, and the basis for the action was an ecclesiastical matter of PLAINTIFF SYNANON outside of the jurisdiction of the civil courts.

N. On May 19, 1982, defendant mailed its Final Adverse Ruling letter on fiscal years ending August 31, 1977 and August 31, 1978. The stated basis in the revocation letter was that PLAINTIFF SYNANON's "net earnings inure to the benefit of private individuals. The provision of such net earnings to private individuals further serves a private rather than a public interest." In addition, according to the revocation letter, it was stated that PLAINTIFF SYNANON was not operated exclusively for any exempt purpose. Plaintiff has exhausted its administrative remedies as required by IRC section 7428(b)(2), as shown herein.

5. Organizational Structure of PLAINTIFF SYNANON:

A. All corporate power is exercised by and under the authority of the Ministers of the Synanon Religion, who are also designated as the members of the Board of Directors. The religious activities and business of the corporation are managed and conducted under the authority of these same ministers.

B. The original Board of Directors, formed in September



1 1958, consisted of Charles E. Dederich and four other individuals  
2 who had joined him in founding Synanon. Over the years a wide  
3 cross section of people have served as members of the Board of  
4 Directors of PLAINTIFF SYNANON. During the period from  
5 September, 1958, through August, 1978, 52 individuals served as  
6 members of the Board of Directors. Among these 52 Board members,  
7 there were 31 people who originally entered Synanon for help with  
8 disabling personal problems and 21 people who had joined Synanon  
9 to help with the religious work of the organization. Among these  
10 52 people were Mr. Dederich and four members of his family, one  
11 certified public accountant, three doctors, several businessmen,  
12 four attorneys and three people who were not residents of  
13 Synanon, including a sociologist, a physician and an attorney.

14 6. Financial Activities of PLAINTIFF SYNANON:

15 A. The financial activities of PLAINTIFF SYNANON during  
16 the two-year period of the audit by defendant (September 1, 1976  
17 to August 31, 1978) were a direct result and necessary outgrowth  
18 of the unique financial characteristics of PLAINTIFF SYNANON  
19 during its preceding eighteen years of corporate existence.  
20 These two financial years were characterized by a financial  
21 condition previously unknown to PLAINTIFF SYNANON, and payments  
22 to officers, directors, employees and other residents reflected  
23 compensation which had been deferred from many previous years.  
24 All payments in any form from PLAINTIFF SYNANON to any person,  
25 including remuneration to the Founder, Board of Directors,  
26 officers and residents, were completely in line with, and  
27 according to, the most prudent business standards necessary for  
28 the operation of the charitable and religious activities of  
29 PLAINTIFF SYNANON. As shown below, and as will be proved at  
30 trial, no improper inurement resulted to any individuals relating  
31 to PLAINTIFF SYNANON.

32 B. All residents of religious communities owned or



1 operated by PLAINTIFF SYNANON, including the Founder, members of  
2 the Board of Directors and officers, have always lived in a most  
3 frugal, community lifestyle. Most adult individuals reside in a  
4 single room with their spouse, using only community dining  
5 facilities for their meals. A few residents temporarily have the  
6 use of larger living quarters, both as a symbol of status in the  
7 religion's hierarchy and to permit them to hold religious  
8 observances in a private setting. The vast majority of residents  
9 own no vehicles, but have periodic access to the pooled  
10 transportation system of PLAINTIFF SYNANON. All residents of the  
11 religious communities are obligated to live by the precepts of  
12 the Synanon Religion and are available full-time, 24 hours a day,  
13 seven days a week, to carry on the religious work of PLAINTIFF  
14 SYNANON. Persons who have jobs outside of the Synanon religious  
15 communities are obligated to pay PLAINTIFF SYNANON for their room  
16 and board. PLAINTIFF SYNANON has always informed such persons  
17 that these payments are not tax-deductible to the payor as  
18 charitable deductions.

19 C. During the entire eighteen years of the existence of  
20 PLAINTIFF SYNANON prior to the date of the audit, it was always  
21 the hope and intention that PLAINTIFF SYNANON would some day  
22 generate enough funds to pay salaries to persons who worked for  
23 PLAINTIFF SYNANON. These individuals had worked for PLAINTIFF  
24 SYNANON for many years and had been willing to accept less than  
25 adequate or normal compensation for the jobs that they did.  
26 These individuals voluntarily chose instead to defer said  
27 compensation during those years when PLAINTIFF SYNANON did not  
28 have adequate funds to pay them, so that they could help build  
29 the religion and pursue the good work of PLAINTIFF SYNANON.  
30 Reasonable compensation to these individuals then began to take  
31 place in 1976, when PLAINTIFF SYNANON was financially in a  
32 position to pay salaries and to pay some of the deferred



1 compensation.

2 D. The records, literature and other materials of  
3 PLAINTIFF SYNANON reflect that it was always the hope and  
4 intention to pay persons for their employment with PLAINTIFF  
5 SYNANON when funds became available for this purpose. For  
6 example, in 1965, a book co-authored by Chuck Dederich stated:

7 No one in Synanon, Chuck included, receives any  
8 pay at this time. However, Chuck foresees a  
9 future in which the professional Synanist would  
10 receive some kind of salary commensurate with his  
11 leadership position and contribution to the  
12 administration of the organization.

13 . . . .

14 [As Chuck Dederich said,] "We're having an  
15 increasing problem with some of our older Synanon  
16 people who have climbed the ladder to important  
17 positions and want to continue to work for  
18 Synanon and commute to their own families and  
19 homes. At this time, we cannot afford to give  
20 our executives rent money and the rest to live  
21 outside Synanon. But we will, of course, solve  
22 this in time, as we have the other problems that  
23 are tied in with our occupation." Synanon: The  
24 Tunnel Back, pages 86-7, Macmillan Publishing  
25 Co., Inc., New York (1965).

26 E. The Board of Directors of PLAINTIFF SYNANON always  
27 understood that it was lawfully proper for individuals to defer  
28 payment of compensation from periods when PLAINTIFF SYNANON was  
29 short of funds to those periods when funds were available.

30 F. For example, for the period between September 1, 1965  
31 and August 31, 1976, a resident adherent received from PLAINTIFF  
32 SYNANON on the average of \$19 per month in cash in the form of  
"Walk Around Money," and PLAINTIFF SYNANON expended in cash for  
each resident an average of \$136 per month, including food,  
lodging, medical expenses, transportation and other expenses. In  
addition, each resident has received some benefit from the  
products that have been donated to PLAINTIFF SYNANON and directly  
passed on to the residents, for which a monetary value was never  
established. Thus, the average expenditure by PLAINTIFF SYNANON  
to each Synanon resident during this eleven-year period before



1 the audited years was a mere \$1,863 per year in food, lodging,  
2 cash and other expenses.

3 G. During 1976, the gross receipts of PLAINTIFF SYNANON  
4 increased due to various factors, including the \$300,000 received  
5 as a settlement of the defamation suit against the Hearst  
6 Corporation. For the first time, in the judgment of the members  
7 of the Board of Directors, PLAINTIFF SYNANON was in a position to  
8 begin to reimburse its residents in the form of suitable  
9 salaries, which payments had been deferred for many years. For  
10 example, the 30 individuals who had resided in Synanon religious  
11 communities for the longest consecutive period of time were each  
12 paid an amount equivalent to 1/30th of PLAINTIFF SYNANON's Hearst  
13 libel settlement. It was reasoned by the Board of Directors that  
14 these residents deserved to have their deferred compensation paid  
15 as soon as funds were available. In addition, these individuals  
16 generally had greater status in the hierarchy of the Synanon  
17 Religion, and their compensation was essential to reflect their  
18 status and importance within the Synanon Religion. Finally,  
19 these 30 individuals had for at least the previous decade  
20 dedicated themselves to the religious and charitable works of  
21 PLAINTIFF SYNANON, and payment to them represented incentive to  
22 work for Synanon and pursue Synanon's charitable activities.

23 H. Other payments to persons who were long-term  
24 residents of Synanon were made during the two fiscal years for  
25 which PLAINTIFF SYNANON was audited. These payments all  
26 reflected the deferred compensation to individuals who had put in  
27 many years of dedicated service with minimal compensation.  
28 Nevertheless, cash payments for all salaries, wages and  
29 retirement payments to all resident adherents, including those to  
30 the Founder, to all officers, directors and other employees,  
31 constituted less than 9% of the gross cash receipts of PLAINTIFF  
32 SYNANON from all sources for those two years. In addition,



1 during those two audited years, other than direct cash payments  
2 for salaries, PLAINTIFF SYNANON expended in cash for each  
3 resident an average of \$267 per month, including food, lodging,  
4 medical expenses, transportation and other expenses, or an  
5 average of \$3,200 per year. During 1976 to 1978, very few of the  
6 salaries, even the highest ones paid, were commensurate with  
7 those paid to persons in similar employment and professions  
8 outside of the religious communities of Synanon. Thus, Synanon  
9 resident adherents, even during these two years, resided frugally  
10 and at a minimal cost to PLAINTIFF SYNANON, such that the funds  
11 of PLAINTIFF SYNANON were in full measure dedicated to charitable  
12 and religious works.

13 I. The compensation of the Founder of The Synanon  
14 Church, Charles E. Dederich, was, as with other compensations  
15 during these two years, an attempt to reimburse him for his  
16 twenty years of deferred compensation. Mr. Dederich's salary,  
17 which was fully taxable, was determined by the Board of Directors  
18 to be in line with other executives of his standing. During 1977  
19 and 1978, as a result of his remuneration from PLAINTIFF SYNANON,  
20 Mr. Dederich personally paid over \$297,600 in federal taxes and  
21 over \$72,000 in California state taxes. In addition, Mr.  
22 Dederich's salary payments in those two years represented less  
23 than three-fourths of one percent of the gross receipts of  
24 PLAINTIFF SYNANON for those two years. Mr. Dederich received  
25 from PLAINTIFF SYNANON during the entire period before 1976 a  
26 total net cash payment of less than \$8,500.

27 J. For his retirement, Mr. Dederich received a taxable  
28 lump sum cash payment. Had Mr. Dederich placed the money he  
29 received after taxes into an annuity at that time, his return  
30 would have been less than \$1,812 each month for the rest of his  
31 expected life. Furthermore, a fully secured, arms-length  
32 negotiated loan was also made to Mr. Dederich at the prevailing



1 rate of 10% interest in March, 1978. This loan was fully repaid  
2 with interest within a two-month period of time.

3 K. All payments made to Mr. Dederich, officers,  
4 directors and employees were considered as salary, and taxes were  
5 withheld by PLAINTIFF SYNANON and paid accordingly.

6 L. All benefits received by any person from PLAINTIFF  
7 SYNANON during the two years in which defendant audited PLAINTIFF  
8 SYNANON, as well as all of those made in subsequent years, were  
9 properly in line with the charitable and religious purposes of  
10 PLAINTIFF SYNANON, and were pursuant to the most prudent  
11 standards for religious and charitable practices.

12 7. Relief Requested:

13 PLAINTIFF SYNANON contends that defendant has wrongfully  
14 revoked recognition of plaintiff's tax-exempt status as a  
15 religious organization described in Internal Revenue Code  
16 section 501(c)(3) for the two years between September 1, 1976 and  
17 August 31, 1978, because:

18 A. PLAINTIFF SYNANON was organized and operated during  
19 those two years exclusively for purposes expressly within the  
20 meaning of Internal Revenue Code section 501(c)(3);

21 B. PLAINTIFF SYNANON's governing instruments are fully  
22 in compliance with the requirements of defendant's income tax  
23 regulations;

24 C. All of the activities of PLAINTIFF SYNANON qualify as  
25 proper religious activities of a religious organization within  
26 the meaning of Internal Revenue Code section 501(c)(3);

27 D. In the two years in question and thereafter,  
28 PLAINTIFF SYNANON detrimentally relied on findings of I.R.S.  
29 agents that plaintiff's operations qualified it for exemption  
30 from taxation.

31 E. The net earnings of PLAINTIFF SYNANON did not inure  
32 to the benefit of private individuals;



1 F. PLAINTIFF SYNANON was not operated to serve a private  
2 rather than a public interest.

3 THEREFORE, PLAINTIFF SYNANON respectfully requests that  
4 this Court issue a declaratory judgment to declare invalid the  
5 revocation of the recognition of the tax-exempt status of  
6 PLAINTIFF SYNANON for the two years between September 1, 1976 and  
7 August 31, 1978, and to declare that PLAINTIFF SYNANON is a  
8 tax-exempt, religious organization for that two-year period.

9 COUNT II

10 8. PLAINTIFF SYNANON alleges and incorporates herein by  
11 reference paragraphs 1-6 above.

12 9. PLAINTIFF SYNANON was never examined or audited by  
13 representatives of defendant for any period of time beyond  
14 September 1, 1978.

15 10. Relief Requested:

16 PLAINTIFF SYNANON contends that defendant has wrongfully  
17 revoked recognition of plaintiff's tax-exempt status as a  
18 religious organization described in Internal Revenue Code  
19 section 501(c)(3) for the time since September 1, 1978 because:

20 A. PLAINTIFF SYNANON has been organized and operated  
21 exclusively for purposes expressly within the meaning of  
22 Internal Revenue Code section 501(c)(3);

23 B. PLAINTIFF SYNANON's governing instruments have been  
24 fully in compliance with the requirements of defendant's income  
25 tax regulations;

26 C. All of the activities of PLAINTIFF SYNANON have  
27 qualified as proper religious activities of a religious  
28 organization within the meaning of Internal Revenue Code  
29 section 501(c)(3);

30 D. The net earnings of PLAINTIFF SYNANON have not inured  
31 to the benefit of private individuals;

32 E. PLAINTIFF SYNANON has not been operated to serve a







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COUNT V

15. PLAINTIFF SYNANON alleges and incorporates herein by reference paragraphs 1-9 above.

16. PLAINTIFF SYNANON respectfully requests this Court to declare invalid the revocation of the I.R.S. recognition of the tax-exempt status of PLAINTIFF SYNANON for all years subsequent to August 31, 1978, on the grounds that defendant has never audited or investigated PLAINTIFF SYNANON subsequent to that date, and any prospective revocation by defendant is in violation of the due process clause of the Fifth Amendment to the United States Constitution.

COUNT VI

17. PLAINTIFF SYNANON alleges and incorporates herein by reference paragraphs 1-9 above.

18. PLAINTIFF SYNANON respectfully requests this Court, in the event that it is found that defendant's actions were a proper application of the statutes and regulations of defendant, to declare invalid as unconstitutional the statutes and regulations of the defendant regarding the matters contained herein as violative of, inter alia, the First Amendment and the due process clause of the Fifth Amendment to the United States Constitution.

COUNT VII

19. PLAINTIFF SYNANON alleges and incorporates herein by reference paragraphs 1-9 above.

20. PLAINTIFF SYNANON respectfully requests this Court to declare invalid the revocation of the I.R.S. recognition of the tax-exempt status of PLAINTIFF SYNANON, on the grounds that defendant has deprived PLAINTIFF SYNANON and its resident adherents of their civil rights in violation of laws of the United States, including, inter alia, Title 42 USC sections 1981 and following.



1 WHEREFORE, it is prayed that this Court, after full  
2 discovery, briefing, adducing of evidence and a full jury trial,

3 1. Declare that the tax-exempt status of PLAINTIFF  
4 SYNANON under Internal Revenue Code section 501(a) as an  
5 organization described in section 501(c)(3) is in effect between  
6 September 1, 1976 and August 31, 1978;

7 2. Declare that the tax-exempt status of PLAINTIFF  
8 SYNANON under Internal Revenue Code section 501(a) as an  
9 organization described in section 501(c)(3) is in effect after  
10 September 1, 1978;

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Suite 610  
1700 F Street, N.W.  
Washington, D.C. 20006

Dated: August 14, 1982

By: \_\_\_\_\_

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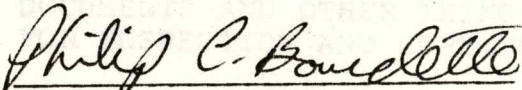
1 3. Stay all actions of defendant, including but not  
2 limited to actions regarding demands for the filing of tax  
3 returns and the payment of taxes, until a final termination of  
4 this proceeding regarding PLAINTIFF SYNANON's tax-exempt status;  
5 and

6 4. Grant such other relief as requested or as the Court  
7 may deem appropriate, including attorney's fees.

8 BOURDETTE, BENJAMIN & WEILL  
9 Philip C. Bourdette  
10 David R. Benjamin  
11 P.O. Box 112  
12 Badger, California 93603  
13 (209) 337-2881

14 Dated: August 14, 1982

15 By:

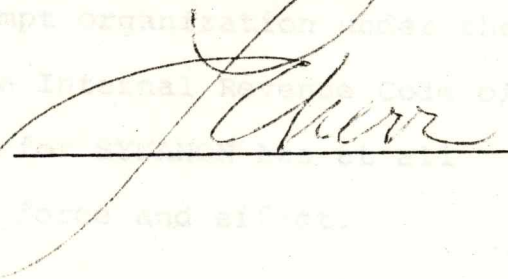
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17 PHILIP C. BOURDETTE

18 BRUCE R. HOPKINS, P.C.  
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20 1511 K Street, N.W.  
21 Washington, D.C. 20005  
22 (202) 737-7090

23 SCHERR, KREBS & GITNER  
24 Suite 610  
25 1800 K Street, N.W.  
26 Washington, D.C. 20006

27 Dated: August 14, 1982

28 By:

29 



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Oakland, California 94612  
Telephone: (415) 444-3624

Attorney for Plaintiffs

82- 2303

AUG 16 1982

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN FRANCISCO

SYNANON FOUNDATION, INC., et al., )

Plaintiffs, )

v. )

THE HEARST CORPORATION, et al., )

Defendants. )

No. 651-749

DECLARATION OF CHARLES E. DEDERICH IN OPPOSITION TO MOTION FOR PRODUCTION OF DOCUMENTS AND OTHER THINGS FOR INSPECTION AND COPYING

1. I am a Plaintiff in the above-entitled action, and I make these declarations of my own personal knowledge, and if called as a witness in the above-entitled matter, would so testify.

2. In the month of May, 1958, I founded the organization which subsequently was incorporated in September, 1958, as SYNANON FOUNDATION, INC., a California non-profit corporation (hereinafter referred to as "SYNANON"). On July 7, 1960, the United States Treasury Department issued SYNANON its letter certifying that SYNANON was a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended. Said tax exemption for SYNANON has at all times since been, and now is, in full force and effect.

YVETTE M. LEODORO  
NOTARY PUBLIC - CALIFORNIA  
PRINCIPAL OFFICE IN  
MARIN COUNTY  
My Commission Expires Feb. 3, 1984

*Yvette M. Leodoro*  
NOTARY PUBLIC

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2 3. At all times since SYNANON's inception I have been  
3 in over-all control of its management and policies. Since its  
4 incorporation I have occupied, and now hold, the position of  
5 Chairman of the Board of SYNANON FOUNDATION, INC.

6 4. I am the innovator and developer of that group inter-  
7 action now called the Synanon Game. I organized and commenced the  
8 first of these groups during the month of February, 1958. The  
9 development of this group interaction, now known as the Synanon  
10 Game, preceded, and is directly responsible for the founding of  
11 SYNANON and its development during the past fifteen years.

12 5. Everyone who resides in SYNANON, whether an employee,  
13 officer, lifestyler, or character-disordered resident, plays the  
14 Synanon Game regularly -- at least once a week. This is not a  
15 matter of individual choice, but rather a condition of residence  
16 in SYNANON. Children play the Synanon Game beginning at about  
17 age four.

18 6. Synanon Games are scheduled in a manner which at-  
19 tempts to provide a mix of residents producing a maximum of com-  
20 munication and free flow of information within SYNANON. It is  
21 therefore common that employees, officers, lifestylers, character-  
22 disordered residents, and others play the Synanon Game together.  
23 Old and young encounter one another there, as well as employers  
24 and employees, black and white. A deliberate attempt is made,  
25 in other words, to make the Synanon Game a completely integrated  
26 setting in which the participants can resolve their conflicts  
27 over differences which ordinarily set them at odds with one  
28 another. An understanding can be reached there that those things  
which all men hold in common are much more than the surface dif-

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*Yvette M. Leodoro*  
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ferences which tend to drive them apart.

2           7. Total freedom of speech for all participants in the  
3 Synanon Game is actively encouraged. Experienced Synanon Game  
4 players ordinarily become adept at triggering or encouraging the  
5 full and unfettered expression of the most intimate and inner-  
6 most thoughts, feelings, fears, ambitions, obsessions, convictions,  
7 hatreds, prejudices, joys and hopes from all. A complete expres-  
8 sion of the full range of emotions experienced by human beings  
9 is one of the goals deliberately sought.


10           8. The Synanon Game is an educational tool. When full  
11 and trusting participation is achieved, playing the Game can  
12 accomplish a unification and healing of the personality, an  
13 appreciation and acceptance of new and more constructive forms of  
14 behavior, and the adoption of new and sounder value systems. It  
15 is, therefore, a therapeutic experience for most Synanon Game  
16 players. Most SYNANON residents with character-disordered back-  
17 grounds sincerely believe that playing the Synanon Game has  
18 saved their lives.

19           9. To play the Synanon Game properly is to become more  
20 intimate with other human beings than is possible in most life-  
21 times. Without physical intimacy, the intimacy of the Synanon  
22 Game setting rivals or exceeds that of the relationship between  
23 husband and wife. One's deepest thoughts and feelings of all  
24 kinds concerning his actions, the actions of others, and the  
25 relationship of people to each other, are exposed to the process  
26 of group examination.

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 **YVETTE M. LEODORO**  
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NOTARY PUBLIC



10. The Synanon Game is the central ritual in the lives  
of all SYNANON residents, and is the key to the formation of their  
beliefs. In it, the participants attempt to actualize the in-  
junction laid down by Jesus Christ to "confess ye one to another."  
Instead of a one-to-one relationship in confidentiality, such as  
with penitent and confessor, the Synanon Game constitutes an  
"omni-confessional". Synanon residents have trust or faith that  
by playing the Synanon Game they can move toward a realization  
of their potentials as human beings.

11. Words are often spoken in Synanon Games in anger  
or rage, and in the grip of every other emotion of which man is  
capable. Whether what is said in a Synanon Game is true or not  
is not a relevant value in the playing of the Synanon Game. Words  
are not spoken for the truth of their content. Exaggeration and  
distortion are the rule. Indeed, what would be considered lying  
in other contexts often occurs both consciously and unconsciously  
in the face of psychic pressures generated in the Synanon Game.  
Likewise, whether words spoken are rational or irrational is a  
question which is not relevant to the values of the Synanon  
Game. Some statements may appear to be the height of rationality  
when made within the Game context, but must be viewed within the  
total context of the Game, which is irrational in itself. Lan-  
guage is used which is totally uninhibited. In order to have  
freedom of speech, one must have freedom of expression. Synanon  
Game participants, therefore, quite ordinarily use language in the  
Game which they would consider shocking or obscene in other  
contexts.

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*Yvette M. Leodoro*  
NOTARY PUBLIC



12. The free circulation of Game information is encouraged among SYNANON residents. There always has been, however, an on-going campaign to educate all SYNANON residents to understand that what is said in a Synanon Game is not necessarily the truth, nor is it intended to be. And, the SYNANON lifestyle is grounded upon a strict preservation of an "in-the-Game" and "out-of-the-Game" dichotomy. In other words, SYNANON residents must strictly differentiate between what goes on in a Synanon Game and what goes on outside a Synanon Game. What is said within a Synanon Game context must ordinarily be put aside when one is not in the Game. Actions, which always take place outside the Synanon Game, in SYNANON are based on civilized manners and mores having no necessary relationship to what has been said in the Synanon Game. Circulating Synanon Game information in such a setting is one thing. The threat to publish Synanon Game information to the general public, or to consider it as evidence in a court of law, is quite another matter, however. In my opinion, the threat or actual realization of such conditions would have a chilling effect upon the ability of most SYNANON residents to continue this form of free association with each other with any reasonable degree of effectiveness, and would deeply humiliate and embarrass many. Privacy for SYNANON people in their free association with each other in the Synanon Game is a necessary ingredient to its success, as long as the world apart from SYNANON generally holds to the view that what one says is more important than what one does.

13. The advancement of SYNANON's beliefs and principles by its members through their actions depends entirely upon pre-

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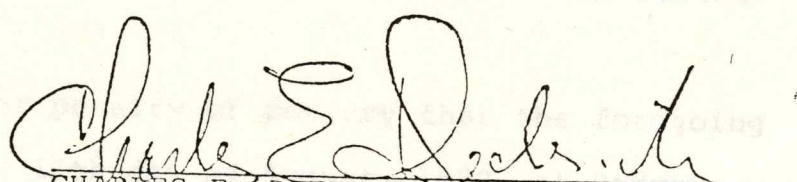
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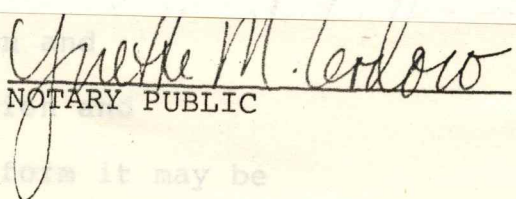
1 serving and making the playing of the Synanon Game more effective.  
2 Without the Synanon Game being effectively played in SYNANON, the  
3 advancement of SYNANON, and the development of its principles is  
4 not possible. Playing the Synanon Game is, therefore, central  
5 to the beliefs of SYNANON residents. It pervades and influences  
6 the quality of all thought and action in SYNANON. Curtailing the  
7 freedom or ability of SYNANON residents to associate in this  
8 manner will curtail the advancement of the ideals of SYNANON  
9 members now evidenced in the lifestyle they have chosen to live.  
10 Freedom to so associate, and the privacy necessary to give this  
11 freedom sufficient breathing space, is therefore critically  
12 necessary and important to every person who elects to live the  
13 SYNANON lifestyle.

14 Dated: May 3, 1973.

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17 CHARLES E. DEDERICH

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YVETTE M. LEODORO  
NOTARY PUBLIC - CALIFORNIA  
PRINCIPAL OFFICE IN  
MARIN COUNTY  
My Commission Expires Feb. 3, 1984  
  
NOTARY PUBLIC



