

1 Michael F. Ram (SBN 104805)  
2 mram@rocklawcal.com  
3 Susan S. Brown (SBN 287986)  
4 sbrown@rocklawcal.com  
5 RAM, OLSON, CEREGHINO & KOPCZYNSKI  
6 555 Montgomery Street, Suite 820  
7 San Francisco, California 94111  
8 Telephone: (415) 433-4949  
9 Facsimile: (415) 433-7311

10 [Additional Counsel Appear on Signature Page]

11 *Attorneys for Plaintiffs*

12 **UNITED STATES DISTRICT COURT**  
13 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**

14 NATHAN BURGOON and CALEB  
15 LANDERS, on behalf of themselves and all  
16 others similarly situated,

17 Plaintiffs,

18 vs.

19 NARCONON OF NORTHERN CALIFORNIA  
20 d/b/a NARCONON REDWOOD CLIFFS,  
21 HALCYON HORIZONS, a California  
22 Corporation; NARCONON FRESH START  
23 d/b/a WARNER SPRINGS, a California  
24 Corporation; ASSOCIATION FOR BETTER  
25 LIVING AND EDUCATION  
26 INTERNATIONAL, a California Corporation;  
27 NARCONON WESTERN UNITED STATES,  
a California Corporation; NARCONON  
INTERNATIONAL, a California Corporation;  
and DOES 1-100, ROE Corporations I – X,  
inclusive,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR  
DAMAGES, RESTITUTION AND  
INJUNCTIVE RELIEF FOR  
VIOLATIONS OF:**

1. **Consumers Legal Remedies Act  
Cal. Civ. Code § 1780**
2. **Unfair Competition Law, Cal.  
Bus. & Prof. Code §§ 17200 *et*  
*seq.***
3. **False Advertising Law, Cal. Bus.  
& Prof. Code §§ 17500 *et seq.***
4. **Negligent Misrepresentation**
5. **Breach of Contract**

**JURY TRIAL DEMANDED**

1 Plaintiffs Nathan Burgoon and Caleb Landers (“Plaintiffs”), by and through their counsel,  
2 file their Complaint for Class Action and Jury Demand on behalf of themselves and all others  
3 similarly situated:

4 **I. PARTIES**

5 1. Plaintiffs received “drug treatment” services in treatment facilities located in  
6 California.

7 2. Defendant Narconon of Northern California (“NNC”), d/b/a Narconon Santa  
8 Cruz, Narconon Vista Bay, Narconon Redwood Cliffs, and/or Halcyon Horizons, is, and at all  
9 times relevant to this Complaint was, a corporation incorporated under the laws of, and with its  
10 principal place of business in, the State of California.

11 3. NNC purports to be a drug rehabilitation center with its principal place of  
12 business in California and may be served with process through its registered agent, Dennis  
13 Howell, 240 Westgate Drive, Watsonville, California, 95076.

14 4. Defendant Narconon Fresh Start owns and operates various Narconon “drug  
15 rehabilitation” centers, including the facility located in Warner Springs, California (the facilities  
16 will be collectively referred to as “NFS”). NFS is, and at all times relevant to this Complaint  
17 was, a corporation incorporated under the laws of, and with its principal place of business in, the  
18 State of California.

19 5. NFS has its principal place of business in California and may be served with  
20 process through its registered agent, P. Mark Kirwin, 4480 Market Street, Suite 804, Ventura,  
21 California, 93003.

22 6. Defendant Narconon International (“NI”) is a California corporation with its  
23 headquarters in Los Angeles, California.

24 7. NI is the principal and licensor of various drug rehabilitation centers throughout  
25 the United States (“Narconon Centers”), including Defendant NNC and Defendant NFS. All  
26  
27

1 references to Narconon Centers in this complaint include by reference NNC and NFS. NI  
2 exercises control over the time, manner, and method of operations of all Narconon Centers.

3 8. NI has its principal place of business in the State of California and may be served  
4 with process through its registered agent, Timothy Bowles, 1 South Fair Oaks Avenue, Pasadena,  
5 California, 91105.

6 9. All Narconon Centers and NI are subsidiaries of the Association for Better Living  
7 and Education International (“ABLE”). ABLE oversees the drug rehabilitation, education, and  
8 criminal justice activities of the Church of Scientology including, but not limited to, Narconon  
9 Centers and NI. The Church of Scientology describes itself as “a religion that offers a precise  
10 path leading to a complete and certain understanding of one’s true spiritual nature and one’s  
11 relationship to self, family, groups, Mankind, all life forms, the material universe, the spiritual  
12 universe and the Supreme Being.” (<http://www.scientology.org/what-is-scientology.html> (last  
13 visited March 12, 2015)). It is recognized by the IRS as tax-exempt under section 501(c)(3) of  
14 the Internal Revenue Code. ([http://www.scientology.org/faq/church-funding/significance-of-irs-  
15 ruling.html](http://www.scientology.org/faq/church-funding/significance-of-irs-ruling.html) (last visited March 12, 2015)).

16 10. Defendant ABLE is a corporation registered in the State of California and may be  
17 served with process through its registered agent, Timothy Bowles, 1 South Fair Oaks Avenue,  
18 Pasadena, California, 91105.

19 11. ABLE controls the time, manner, and method of NI’s and all Narconon Centers’  
20 businesses by, among other things, actively managing their daily operations, including  
21 conducting inspections and creating, licensing, and approving their marketing materials.

22 12. Defendant Narconon Western United States (“Western”) is a corporation  
23 registered in the State of California with its headquarters in Los Angeles, California.

24 13. Western controls the time, manner, and method of NFS’s, NNC’s, and other  
25 Narconon Centers’ businesses by, among other things, actively managing their daily operations  
26 and creating, controlling, and approving their marketing materials.

1 14. Western transacts business in the State of California and may be served with  
2 process through its registered agent, Luria K. Dion, 249 North. Brand Boulevard #384, Glendale,  
3 California, 91203.

4 15. Defendants' decisions about advertising and marketing of the Narconon Program,  
5 including their decisions to include misrepresentations in and to omit material facts from their  
6 advertising and marketing campaign occurred in California and all misrepresentations and  
7 material omissions emanated from California.

8 16. NNC, NFS, NI, Western, and ABLE are collectively referred to as "Defendants."

9 **II. JURISDICTION AND VENUE**

10 17. Subject Matter Jurisdiction. This Court has subject matter jurisdiction over  
11 Plaintiffs' claims pursuant to 28 U.S.C. § 1332(d) because the combined claims of the proposed  
12 class members exceed \$5,000,000 and because some members of the Class are citizens of states  
13 other than California.

14 18. Personal Jurisdiction. This Court has personal jurisdiction over Defendants  
15 because each has registered with the California Secretary of State for the privilege of conducting  
16 business in California, and the wrongful acts alleged in this Complaint were committed in  
17 California.

18 19. Venue. Venue is proper in this District pursuant to: (1) 28 U.S.C. § 1391(b)(2) in  
19 that a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in this  
20 District; and (2) 28 U.S.C. § 1391(b)(3) in that Defendants are subject to personal jurisdiction in  
21 this District.

22 20. Further, the contracts signed by Plaintiff Burgoon and other patients receiving  
23 treatment at NNC contain a forum clause in favor of Santa Cruz County, which is located in this  
24 District.

**III. FACTS**

1           21. The “drug treatment” program offered at Narconon Centers (the “Narconon  
2 Program”) is a standardized program marketed as treatment for individuals dealing with some  
3 form of addiction (“Patients”).

4           22. The Narconon Program is standardized and is substantially identical at every  
5 Narconon Center, including the course of “treatment” prescribed and the literature assigned to  
6 Patients to read.

7           23. Each Narconon Center licenses the Narconon Program and the Narconon  
8 trademark from NI.

9           24. The Narconon Program is substantially identical to the religious practices  
10 prescribed and practiced by the Church of Scientology, which is based on the ideas of L. Ron  
11 Hubbard, the founder of the Scientology Religion. Hubbard incorporated NI in 1970, together  
12 with fellow Scientologist, William Benitez.

13           25. Defendant ABLE was incorporated in 1988 and is the entity responsible for  
14 licensing the Narconon trademark to NI on behalf of the Church of Scientology (the “License  
15 Agreement”).

16           26. This License Agreement includes the rights to intellectual property owned by the  
17 Church of Scientology and utilized in the Narconon Program.

18           27. The Narconon Program consists of eight courses founded upon the works of L.  
19 Ron Hubbard. These are based on Scientology scriptures called Hubbard Communications Office  
20 Bulletins (“HCOBs”) and are substantially identical to the religious practices, doctrines, and  
21 rituals of the Church of Scientology.

22           28. HCOBs or “Tech Bulletins” are a series of documents that define and describe  
23 Scientology’s religious practices, including “auditing” – a method of verbal communication  
24 between an “auditor” and a Scientology devotee allegedly intended to bring about psychological  
25 or spiritual healing; the use of “e-meters” - a machine devised by L. Ron Hubbard that purports  
26 to measure changes in the electrical resistance of the human body and thereby facilitate spiritual  
27

1 growth or healing through the auditing process; and “thetans” – entities that the Church of  
2 Scientology teaches are immortal, reincarnated spiritual beings of alien origin that comprise all  
3 human life and from which the material world was willed into being.

4 29. NI provides manuals (the “Training Manuals”) to each Narconon Center through  
5 which it directs the implementation and administration of the Narconon Program at all Narconon  
6 Centers. Through these Training Manuals and through centralized control and oversight,  
7 Defendants provide the same program at every Narconon Center.

8 30. Each Narconon Center licensed to use the Narconon Program must do so under  
9 strict adherence to the guidelines set forth by NI.

10 31. The Training Manuals are and derived from Scientology scriptures. The Training  
11 Manuals frequently reference foundational Scientology concepts, doctrines, and terminology  
12 including but not limited to: the “Eight Dynamics of Existence;” the “Cycle of Communication;”  
13 the “Conditions of Existence;” the “Suppressive Person doctrine;” “Overts and Withholds;” and  
14 “the A-R-C triangle.” Each of these terms and concepts are central to, and unique to, the  
15 Scientology Religion.

16 32. The administrative structure of the Narconon Centers is modeled after  
17 Scientology churches or “orgs” using Hubbard Communications Office Policy Letters (“Policy  
18 Letters”). Policy Letters dictate internal policy on how the Church of Scientology, and the  
19 Narconon Centers, operate.

20 **A. The Narconon “Drug Treatment” Program**

21 33. The Narconon Program consists of eight stages or “books,” each of which is  
22 substantially identical to the path of induction into the Scientology Religion.

23 34. Book 1 is referred to as either “the Communications Course” or the “Therapeutic  
24 Training Routines Course.” It was designed to teach practitioners of the Scientology Religion  
25 communication techniques for the religious practice known as auditing. The Therapeutic  
26 Training Routines are taken directly from Scientology scriptures.

1 35. Book 2 of the Training Manuals is called “the New Life Detoxification Program.”

2 This Program requires Patients at Narconon Centers to:

- 3 a. spend five to six hours per day in 140 – 180 degree dry saunas with  
4 limited access to drinking water;
- 5 b. take up to 5,000 mg of Niacin per day; and
- 6 c. take five tablespoons of vegetable oils per day.

7 36. This protocol is identical to a Scientology religious practice called the  
8 “Purification Rundown.” It originates from Scientology scriptures known as the “Purification  
9 Series” and an L. Ron Hubbard Book called *Clear Body, Clear Mind*. Completion of the  
10 Purification Rundown is a required ritual for practicing Scientologists in order to move up the  
11 “Bridge To Total Freedom,” which is considered an essential practice in a Scientologist’s  
12 spiritual journey.

13 37. Book 3 of the Training Manuals is called “the Learning Improvement Course.” It  
14 instructs Patients that strict adherence to Narconon Program procedures will bring them success.  
15 It too comes directly from Scientology scriptures.

16 38. Book 4 is called “the Communication and Perception Course.” It reiterates the  
17 content of Book 1 and comes from the same Scientology scriptures.

18 39. Books 5 through 8 are referred to as the “Ethics Phase” of the program. Books 5  
19 through 8 in the Narconon Program have the same titles and content as courses in the Church of  
20 Scientology. They set forth Scientology religious doctrine and advocate Scientology religious  
21 practices.

22 **B. Narconon is a Recruitment Program for the Church of Scientology**

23 40. Scientology publications show that the Narconon Program is part of Scientology’s  
24 spiritual plan to “clear” the planet – i.e., for all humans to achieve enlightenment or a heightened  
25 spiritual state according to Scientology principles. (To “go clear” is the ultimate spiritual goal  
26 for a Scientologist, achieved after one goes up the “Bridge to Total Freedom.”)

1 41. The Narconon Program and Narconon Centers are used to recruit people into the  
2 Church of Scientology and Patients who complete the Narconon Program are to be “route[d] to  
3 the nearest Org for further services if the individual so desires.”

4 42. The Church of Scientology and Narconon refer to the Narconon Program as the  
5 “Bridge to the Bridge” - the initial step in recruiting vulnerable people with addictions to  
6 Scientology and placing them on the “Bridge to Total Freedom,” the key spiritual journey that  
7 practitioners of the Scientology religion undertake

8 43. The Church of Scientology recognizes and rewards Narconon Centers for  
9 indoctrinating Patients into Scientology through the Narconon Program. For example, NFS  
10 displays a plaque from the Church of Scientology at its corporate headquarters that thanks its  
11 Executive Director Larry Trahant and “The Narconon Fresh Start Team” for introducing Patients  
12 to L. Ron Hubbard and “The Bridge.” The plaque states:

13 Larry and his dynamic team at Narconon Fresh Start are hereby  
14 warmly thanked and highly commended for their dedication and  
15 hard work. They give us tremendous back up in introducing LRH  
16 to the world and are saving lives on a daily basis. There are  
17 thousands of beings who have taken their first steps on The Bridge,  
18 thanks to the compassion and efforts of this team.

19 44. NNC and NFS, like all Narconon Centers, use the Narconon Program to  
20 indoctrinate unwitting Patients seeking drug rehabilitation into the Church of Scientology.

21 **C. Defendants’ False Representations and Breaches of Contract**

22 45. Patients or their family members paid, on average, over \$30,000 for drug  
23 rehabilitation treatment at Narconon Centers.

24 46. Patients who paid, or whose family members paid, for drug treatment services at  
25 NNC received a contract that stated (emphasis added):

26 NNC is a fully licensed and accredited drug rehabilitation program  
27 with multiple facilities in California. It has been operating since  
1992 and has provided services to thousands of people throughout  
the United States and abroad. **NNC dba NRC delivers a  
comprehensive social-education based drug and alcohol**



1           **treatment program** using the Narconon methodology. The  
2 program was developed by William Benitez in 1966, while an  
3 inmate at an Arizona state penitentiary. The techniques used in the  
4 program are based on specific discoveries involving problems of  
5 substance abuse and rehabilitation of L. Ron Hubbard, the founder  
6 of Scientology. **This program is secular and not associated with  
7 any religion.** Students are free to practice the religion of their  
8 choice and attend religious services that are available in the local  
9 area.

10 47. Plaintiff Landers' contract with NFS for drug rehabilitation services states:

11           NARCONON FRESH START (FRESH START) drug and alcohol  
12 rehabilitation program has an excellent success rate for students  
13 who actively and honestly participate in and complete the entire  
14 program. Our program is designed to achieve this positive result  
15 with specific program steps and procedures, in a gradient found to  
16 be most workable and successful based on 40 years of experience  
17 in treating chemical dependency.

18           Fresh Start delivers a comprehensive drug and alcohol treatment  
19 program using the Narconon program methodology. This  
20 methodology was written and developed by founder William  
21 Benitez, and author L. Ron Hubbard. This is based on the client's  
22 (called students) completion of established, results-oriented  
23 treatment goals, as opposed to a set number of days or weeks in  
24 treatment. The amount of time it takes each individual to complete  
25 the program varies, but should average between 90 to 120 days.

26 48. Contrary to what the contract provides, the materials in the Narconon Program are  
27 not "a comprehensive drug and alcohol treatment program" but rather Scientology propaganda.

28 49. Likewise, the materials in the Narconon Program are not "specific discoveries  
29 involving problems of substance abuse and rehabilitation" that L. Ron Hubbard made, but rather  
30 are substantially identical to the programs and literature provided to practitioners of the  
31 Scientology religion.

32 50. The Narconon Program is not secular as claimed by Defendants but rather  
33 consists entirely of Church of Scientology practices and requires that Patients study Scientology  
34 doctrines.

1           51. Patients are forced to engage in Scientology rituals such as multiple, day-long, hot  
2 sauna treatments combined with vitamin or mineral supplements, under the dangerous premise  
3 that this Scientology ritual can treat substance abuse and addictions.

4           52. Defendants falsely advertised that the Narconon Program has a success rate  
5 between seventy (70%) and ninety (90%) percent. Defendants made these false statements on  
6 websites they own and maintain for the purposes of recruiting people with addictions to  
7 participate in their program, in many phone conversations between Defendants or their  
8 representatives and Plaintiffs and Class Members, and in contracts they present to Patients  
9 seeking drug rehabilitation.

10           53. Defendants also make use of drug addiction interventionists – people who offer  
11 paid services coordinating “interventions” on behalf of the family and friends of drug addicts.  
12 Defendants’ representatives refer families of drug addicts who are seeking intervention services  
13 to particular interventionists. These referrals in turn create a financial incentive for  
14 interventionists to conceal from patients or their families that Narconon Centers are part of the  
15 Church of Scientology.

16           54. On information and belief, Defendants’ representatives also expressly warn  
17 intervention specialists against telling families that the Narconon Centers are associated with  
18 Scientology.

19           **IV. REPRESENTATIVE PLAINTIFFS’ ALLEGATIONS**

20                           **Nathan Burgoon**

21           55. On or about November 18, 2014, Plaintiff Nathan Burgoon paid \$37,500.00 to  
22 receive drug rehabilitation treatment at NNC.

23           56. Mr. Burgoon found NNC when researching drug treatment facilities on the  
24 Internet in or around June 2014.

25           57. Mr. Burgoon was looking for, and thought he had found, a secular program that  
26 offered medically-supervised drug rehabilitation treatment.

1           58.     Mr. Burgoon saw a success rate of over 70% advertised on the NNC's website.  
2 He was impressed with this advertised success rate.

3           59.     In making his decision to enroll in NNC, Mr. Burgoon reasonably relied upon  
4 Defendants' claims that the Narconon Program provided secular drug rehabilitation with a high  
5 success rate. But for these representations, he would not have enrolled in the Program.

6           60.     Mr. Burgoon opted to terminate his "treatment" after complying with NNC's  
7 direction that he spend *six to eight hours a day for twenty straight days* in a hot sauna, in  
8 accordance with the Narconon Program. NNC did not, and has not, refunded Mr. Burgoon any  
9 of the \$37,500 he paid.

10           61.     Had Mr. Burgoon been informed that "treatment" at NNC consisted of the study  
11 of Scientology and participation in Scientology rituals, he would not have enrolled in a Narconon  
12 Program and would not have paid \$37,500.00 for the "treatment."

13           62.     Had Mr. Burgoon been informed that the Narconon Program is part of the Church  
14 of Scientology's plan to "clear" the planet (i.e., to convert all of humanity to the Scientology  
15 Religion and obtain spiritual enlightenment for all persons), he would not have paid \$37,500.00  
16 for "treatment" at NNC.

17    **Caleb Landers**

18           63.     On or about October 1, 2014, Plaintiff Caleb Landers ("Mr. Landers") called a  
19 phone number that he saw advertised as providing local drug addiction help.

20           64.     Mr. Landers spoke with Dan Carmichael ("Carmichael"), a representative of  
21 Defendants, and was convinced to attend NFS's Warner Springs, California location.

22           65.     Carmichael informed Mr. Landers that NFS had a success rate of seventy-six  
23 (76%) percent in curing drug addictions.

24           66.     Mr. Landers was impressed with this success rate.

25           67.     Mr. Landers was looking for, and reasonably believed that he had found, a secular  
26 program that offered medically supervised drug rehabilitation.

27

1           68. Mr. Landers and his parents (collectively referred to as “the Landers”) asked  
2 Carmichael if the program was secular. Mr. Carmichael referred them to the NFS website,  
3 which states that the program was secular.

4           69. Another NFS representative also later confirmed in a phone conversation with the  
5 Landers that NFS was a secular drug rehabilitation facility and reassured the Landers that no  
6 religious views would be promoted.

7           70. In making his decision to enroll into NNC, Mr. Landers reasonably relied upon  
8 Defendants’ claims that the Narconon Program provided secular drug rehabilitation with a high  
9 success rate.

10           71. On or about October 2, 2014, the Landers arrived at NFS’s Warner Springs drug  
11 rehabilitation facility to drop off Mr. Landers. Mr. Landers paid \$10,000.00 to receive drug  
12 rehabilitation treatment at NFS.

13           72. Shortly thereafter, it became apparent to Mr. Landers that NFS had strong ties to  
14 Scientology and the Narconon Program was a tool to promote its teachings. Mr. Landers  
15 observed that all of the text books used by NFS were written by L. Ron Hubbard. Furthermore,  
16 Mr. Landers was regularly forced to perform Scientology rituals that were often mischaracterized  
17 as drills, exercises and/or counselling sessions. Mr. Landers advised his parents of his  
18 experiences at NFS and with their consent decided to leave the NFS Warner Springs Facility.  
19 Mr. Landers’ parents also placed put a stop payment request on a personal check written to NFS  
20 for \$21,000.00.

21           73. Had Mr. Landers been informed that treatment at NFS consisted of and required  
22 the study of Scientology religious doctrines and participation in Scientology’s religious rituals,  
23 he would not have enrolled in a Narconon Program or paid for the treatment.

24                           **V. RELATIONSHIP BETWEEN DEFENDANTS**

25           74. Plaintiffs incorporate by reference all preceding paragraphs.

26           75. ABLE and NI govern and control nearly every aspect of all Narconon Centers’  
27 business activities.

1           76.     Western also exerts control over several Narconon Centers, including NNC and  
2 NFS, and, together with ABLE and NI, governs and controls nearly every aspect of Narconon  
3 Centers' business activities.

4           77.     NI publishes the Narconon Program operations manuals and requires that  
5 individual Narconon Centers such as NNC and NFS abide by these manuals in their operations.

6           78.     These manuals show that NI and ABLE have the ultimate authority over the  
7 employees of all Narconon Centers.

8           79.     These manuals also show that Western also shares the ultimate authority over the  
9 employees of many Narconon Centers including but not limited to NNC and NFS.

10          80.     For example, the manuals state that Narconon Centers cannot demote, transfer, or  
11 dismiss a permanent staff member without approval from the Senior Director of Administration  
12 at NI.

13          81.     Similarly, NI, ABLE, and in some instances Western, have the ultimate authority  
14 over the hiring of staff members at Narconon Centers.

15          82.     NI, ABLE, and Western have the ultimate authority over the hiring, termination,  
16 and discipline of staff members at NNC and NFS.

17          83.     The operations manuals require staff members at Narconon Centers to report  
18 misconduct or, in Scientology terms, "nonoptimum conduct" to a central Quality Control  
19 Supervisor at NI.

20          84.     NI investigates "misconduct" (conduct contrary to the principles, doctrines, and  
21 administrative directives of Scientology) at Narconon Centers and may take disciplinary action  
22 against the staff members of Narconon Centers. For some Narconon Centers such as NNC and  
23 NFS, the investigation and disciplinary process is completed jointly by NI and Western.

24          85.     NI and Western receive a percentage of the weekly gross income earned by many  
25 or all of the Narconon Centers including NNC and NFS.

26          86.     NI requires Narconon Centers, including NNC and NFS to send their detailed  
27 weekly reports containing statistics of more than 40 different metrics.

1 87. NI, and in some cases Western, review these weekly reports and order changes  
2 based on increases or decreases in the statistics in the reports. NI and Western both review the  
3 weekly reports and order changes for NNC and NFS.

4 88. NI, ABLE, and in some instances Western, require that Narconon Centers receive  
5 approval on all promotional materials before dissemination. NNC and NFS must obtain NI,  
6 ABLE, and Western's approval of all promotional materials.

7 89. Narconon Centers must obtain prior approval of their Internet websites from NI,  
8 ABLE, and in some instances, Western. NNC and NFS are both required to obtain approval of  
9 their Internet websites from NI, ABLE, and Western before said websites are published to the  
10 Internet.

11 90. NI, ABLE, and in some instances Western, also participate in creating advertising  
12 materials for Narconon Centers and mandate approval of all advertising content. NI, ABLE, and  
13 Western participate in creating advertising material and require approval of advertising content  
14 for NNC and NFS.

15 91. NI requires Narconon Centers, including NNC and NFS, to maintain a "building  
16 account fund" in which monies from the gross income fund are deposited weekly. This money is  
17 used to purchase premises for new Narconon Centers and also serves as a cushion to protect the  
18 organization in times of financial hardship.

19 92. The "building fund" is under the control of NI.

20 93. NI, ABLE, and in some instances Western, conduct "tech inspections" at  
21 Narconon Centers. NI, ABLE and Western conduct such "tech inspections" at NNC and NFS.

22 94. These inspections entail monitoring the manner in which Narconon Centers  
23 deliver the Narconon Program to Patients and making corrections to ensure the Program is  
24 applied consistently at all Centers and in accordance with the principles of the Scientology  
25 religion.

1           95.    NI, ABLE, and in some instances Western, instruct staff at Narconon Centers,  
2 including NFS and NNC, as to the exact manner in which they are to perform their services and  
3 deliver/implement the Narconon Program.

4           96.    NI, ABLE, and in some instances Western, publish the materials authorized to be  
5 sold in Narconon Centers' bookstores, including bookstores located inside NNC and NFS  
6 facilities.

7           97.    The NI Director of Technology and Approval demands and ensures that there are  
8 good photos of L. Ron Hubbard visible in every facility and that materials are available to  
9 Patients and staff as to L. Ron Hubbard's contributions in the field of alcohol and drug  
10 rehabilitation.

11           98.    NI, ABLE, and in some instances Western, provide direction and support to  
12 individual Narconon Centers, including NNC and NFS, on legal problems, including Patient  
13 requests for refunds and complaints to the Better Business Bureau or other consumer protection  
14 entities.

15           99.    NI, ABLE, and in some instances Western, hold final authority over all decisions  
16 at Narconon Centers related to hiring and firing, delivery of services, finances, advertising,  
17 training, and general operations. In the case of NNC and NFS said final authority is held and  
18 exercised by NI, ABLE, and Western.

19           100.   NI, ABLE, and Western use the Narconon Program to recruit for and promote the  
20 Scientology religion under the guise of providing drug rehabilitation.

21           101.   NI, Western, and ABLE are all principals served by their agents, the individual  
22 Narconon Centers.

23                                   **VI. CLASS ACTION ALLEGATIONS**

24           102.    Plaintiffs and Class Members bring all claims as a class action pursuant to  
25 23(b)(2) and 23(b)(3) of the Federal Rules of Civil Procedure. This action satisfies the  
26 requirements set forth under Federal Rules of Civil Procedure 23(a), as well as the requirements  
27 for certification under Rules 23(b)(2) and (b)(3).

1 103. Plaintiffs advance this action on behalf of the following Class:

2 **National Class**

3 All individuals in the United States who paid for and/or  
4 participated in drug rehabilitation services at a Narconon Center.

5 Excluded from the Class are Defendants, their legal  
6 representatives, assigns, and successors and any entity in which  
7 Defendants have a controlling interest. Also excluded is the judge  
8 to whom this case is assigned and any member of the judge's  
9 immediate family and judicial staff. Any claims for personal  
10 injury are also excluded from the Class.

11 **NNC Sub-Class**

12 All individuals in the United States who paid for and/or  
13 participated in drug rehabilitation services at NNC located in the  
14 State of California.

15 Excluded from the Class are Defendants, their legal  
16 representatives, assigns, and successors and any entity in which  
17 Defendants have a controlling interest. Also excluded is the judge  
18 to whom this case is assigned and any member of the judge's  
19 immediate family and judicial staff.

20 **NFS Sub-Class**

21 All individuals in the United States who paid for and/or  
22 participated in drug rehabilitation services at Narconon Centers  
23 owned by NFS.

24 Excluded from the Class are Defendants, their legal  
25 representatives, assigns, and successors and any entity in which  
26 Defendants have a controlling interest. Also excluded is the judge  
27 to whom this case is assigned and any member of the judge's  
immediate family and judicial staff.

**Western Sub-Class**

All individuals in the United States who paid for and/or received  
drug rehabilitation services at a Narconon Center that is affiliated  
with Western.



1 Excluded from the Class are Defendants, their legal  
2 representatives, assigns, and successors and any entity in which  
3 Defendants have a controlling interest. Also excluded is the judge  
4 to whom this case is assigned and any member of the judge's  
5 immediate family and judicial staff.

6 104. Claims for personal injury are specifically excluded from the Class.

7 105. The "Class Period" means:

8 a. Three years prior to the filing of the Complaint in this action for Causes of  
9 Action I and III.

10 b. Four years prior to the filing of the Complaint in this action for Causes of  
11 Action II, IV, V, and VI.

12 106. **Numerosity**: Although the actual size of the Class is uncertain, Plaintiffs are  
13 informed and believe the Class is comprised of many hundreds of individuals treated at each of  
14 the many Narconon Centers throughout the United States, making joinder impractical. The  
15 disposition of the claims of these Class Members in a single action will provide substantial  
16 benefits to all parties and to the Court.

17 107. **Commonality**: There are questions of law and fact common to Plaintiffs and the  
18 Class, including the following:

- 19 • Whether Defendants breached the contracts they entered into with Plaintiffs  
20 and the Class Members;
- 21 • Whether the Narconon Program is secular;
- 22 • Whether Defendants represented the Narconon Program as secular;
- 23 • Whether Defendants falsely represented the success rate of the Narconon  
24 Program;
- 25 • Whether the Narconon Program consists of the tenets of the Scientology  
26 religion;
- 27 • Whether the Narconon Program requires participants to study the beliefs of and  
engage in practices of the Scientology religion;

- 1 • Whether Defendants knew or should have known about the falsity of their
- 2 claims;
- 3 • Whether Defendants failed to disclose the falsity of their claims to Plaintiffs
- 4 and the Class;
- 5 • Whether Defendants engaged in misrepresentations and failures to disclose
- 6 material facts that violated California Business and Professions Code Section
- 7 17200;
- 8 • Whether Defendants' actions, including their misrepresentations, were in
- 9 violation of California Civil Code section 1770(a)(5);
- 10 • Whether Defendants' advertising is false, untrue, or misleading within the
- 11 meaning of California Business and Professions Code Section 17500;
- 12 • Whether Defendants acted intentionally in making the misrepresentations
- 13 alleged in this Complaint;
- 14 • Whether Defendants breached contracts with Plaintiffs and the Class Members
- 15 by failing to provide a program that is secular and has the success rate stated
- 16 by Defendants;
- 17 • Whether Defendants, through their conduct, received money that, in equity and
- 18 good conscience, belongs to Plaintiffs and Class Members; and
- 19 • Whether Plaintiffs and Class Members are entitled to damages, equitable relief,
- 20 and injunctive relief.

21 108. **Typicality:** Plaintiffs' claims are typical of the claims of the Class Members, in  
22 that Defendants made the same misrepresentations and material omissions to the Plaintiffs, the  
23 Class, and the public through substantially identical websites and marketing materials. Plaintiffs,  
24 like all Class Members, attended a Narconon Center and were treated under the Narconon  
25 Program. Plaintiffs, like all Class Members, suffered a common injury. None of them received  
26 the secular drug rehabilitation and therapy services with a high success rate for which they paid.  
27 Consequently, both Plaintiffs and Class Members incurred monetary damages including but not

1 limited to the cost of treatment. The factual basis of Defendants' misconduct is common to all  
2 Class Members.

3 109. **Adequacy**: Plaintiffs will fairly and adequately represent and protect the interests  
4 of the Class. Plaintiffs have retained counsel with several decades of experience in prosecuting  
5 consumer class actions, including actions involving defective rehabilitation programs,  
6 misrepresentations and failures to disclose material information regarding products and services,  
7 and violation of consumer protection statutes. Plaintiffs and their counsel are committed to  
8 vigorously prosecuting this action on behalf of the Class and have the financial resources to do  
9 so. Neither Plaintiffs nor their counsel have any interests adverse to those of the Class.

10 110. **Predominance of Common Questions**: Common questions of law and fact  
11 predominate over any questions involving individualized analysis. Fundamentally there are no  
12 material questions of fact or law that are not common to the Class. All members of the class  
13 purchased the same program, developed and controlled by the same Defendants. All were  
14 exposed to the same misrepresentations. All executed the same or substantially similar contracts.

15 111. **Superiority**: Plaintiffs and the Class Members have all suffered and will  
16 continue to suffer harm and damages as a result of Defendants' unlawful and wrongful conduct.  
17 A class action is superior to other available methods for the fair and efficient adjudication of the  
18 subject controversy. Because of the relatively small size of the individual Class Members'  
19 claims, and because of the health and lifestyle challenges many addicts face, most Class  
20 Members likely would find the burden and cost of litigating their individual claims to be  
21 prohibitive, and will therefore have no effective remedy at law. Thus, absent a class action,  
22 Class Members will continue to incur damages and Defendants' misconduct will proceed without  
23 remedy. The class treatment of common questions of law and fact is also superior to multiple  
24 individual actions or piecemeal litigation in that it conserves the resources of the courts and the  
25 litigants, and promotes consistency and efficiency of adjudication.

**VII. FIRST CAUSE OF ACTION**

**(Violation of California’s Consumers Legal Remedies Act (“CLRA”))**

**(Brought on Behalf of the Entire Class)**

112. Plaintiffs incorporate by reference all preceding paragraphs.

113. Defendants are persons as defined by California Civil Code §1761(c).

114. Defendants violated California Civil Code §1770(a)(5) and (a)(7) when:

a. Defendants represented, through their advertising and other express representations, that the drug rehabilitation services they offered were “secular” and not associated with any religion when, in fact, their treatment program required the Plaintiff and Class Members to study Scientology and engage in Scientology religious rituals as “treatment.”

b. Defendants falsely represented that the Narconon Program/Narconon Centers had a success rate of seventy (70%) percent or higher.

115. Defendants’ deceptive practices, including the use of deceptive marketing practices, were specifically designed to induce Plaintiffs and members of the Class to pay money to Defendants and receive drug treatment at a Narconon Center. ”

116. To this day, Defendants continue to engage in unlawful practices in violation of the California Consumers Legal Remedies Act.

117. Defendants’ deceptive trade practices are likely to continue without court intervention.

118. Plaintiffs therefore seek injunctive relief pursuant to Cal. Civ. Code § 1782(d).

119. Plaintiffs sent a notice to Defendants as required by Cal. Civ. Code § 1782(a).

120. Plaintiffs are entitled to all available relief under Cal. Civ. Code § 1780, including Plaintiffs’ attorney’s fees, costs of this action, and an injunction restraining Defendants from further engaging in the deceptive trade practices complained of herein.

**VIII. SECOND CAUSE OF ACTION**

**(Violation of California’s Unfair Competition Law)**

**(Brought on Behalf of the Entire Class)**

121. Plaintiffs incorporate by reference all preceding paragraphs.

122. California Business and Professions Code § 17200 *et seq.* (the “UCL”) prohibits acts of unfair competition, which includes unlawful business practices.

123. Defendants have engaged in and continue to engage in unlawful business practices by representing, through their advertising, warranties, and other express representations that the Narconon Program had characteristics it did not actually have.

124. Defendants violated the UCL by falsely representing that the Narconon Program is of a particular standard or quality, including representations that the Narconon Program is “secular,” “not associated with any religion,” and has a success rate of seventy (70%) percent or higher.

125. Defendants’ deceptive practices constitute an unlawful business practice in that they violate California’s Consumers Legal Remedies Act and California’s False Advertising Law (“FAL”).

126. Defendants’ deceptive practices constitute a fraudulent business practice under the UCL in that Defendants made and continue to make false representations about the quality, nature, and success rate of the Narconon Program in order to induce vulnerable individuals suffering from serious addictions (a) to pay money, sometimes tens of thousands of dollars, to participate in the Program and (b) to join the Scientology religion.

127. Defendants’ deceptive practices constitute an unfair business practice under the UCL in that they violate established public policy, including the CLRA and the FAL, and the gravity of Defendants’ conduct and the harm to Plaintiffs and the Class outweighs any utility or benefit.

1 128. To this day, Defendants have engaged and continue to engage in unlawful  
2 business practices by continually misrepresenting facts about the Narconon Program regarding  
3 its characteristics, nature, association with Scientology, and success rates.

4 129. As a direct and proximate cause of Defendants' unfair and unlawful methods of  
5 competition and unfair, deceptive, or unlawful acts or practices, Plaintiffs and the Class  
6 Members have lost money they have paid to receive treatment for their addictions.

7 130. As a direct result of their unlawful, unfair, or fraudulent practices, Defendants  
8 have been unjustly enriched and should be required to make restitution to Plaintiffs and the Class  
9 Members pursuant to §17203 of the California Business & Professions Code.

10 131. Plaintiffs and all respective Class Members are entitled to all available relief  
11 under the California Unfair Competition Law, Bus. & Prof. Code § 17200 *et seq.*, including,  
12 without limitation, restitution and injunctive relief.

13 **IX. THIRD CAUSE OF ACTION**

14 **(Violation of California's False Advertising Law)**

15 **(Brought on Behalf of the Entire Class)**

16 132. Plaintiffs incorporate by reference all preceding paragraphs.

17 133. Plaintiffs and Defendants are both "person[s]" as defined by California Business  
18 & Professions Code §17506. California Business & Professions Code §17535 authorizes a  
19 private right of action on both an individual and representative basis.

20 134. The misrepresentations, acts, and non-disclosures by Defendants of the material  
21 facts detailed in this Complaint constitute false and misleading advertising and therefore violate  
22 Business & Professions Code §§ 17500 *et seq.*

23 135. At all times relevant, Defendants' advertising and promotion regarding its drug  
24 rehabilitation program, the Narconon Program, were untrue, misleading, and likely to deceive the  
25 reasonable consumer and the public.

1           136. In fact, Defendants deceived Plaintiffs and Class Members similarly situated by  
2 representing that the Narconon Program was “secular,” “not associated with any religion,” and  
3 had a success rate of seventy (70%) percent or higher.

4           137. Defendants knew or had reason to know, and failed to disclose that, their  
5 Narconon Program was not secular, was associated with and consisted of the teachings of the  
6 Church of Scientology, and had a success rate much lower than what was stated.

7           138. Defendants engaged in the false and/or misleading advertising and marketing as  
8 alleged herein with the intent to directly or indirectly induce the Plaintiffs and Class Members  
9 into entering their facilities when Defendants knew, or had reason to know, that their  
10 representations were in fact false.

11           139. Defendants knew or should have known that the statements and/or omissions  
12 were untrue or misleading, and acted in violation of California Business & Professions Code  
13 §§ 17500 *et seq.*

14           140. Plaintiffs and Class Members have suffered injury in fact and have lost money  
15 and/or property as a result of Defendants’ false advertising.

16           141. Plaintiffs and Class Members were deceived by and consequently injured because  
17 Defendants falsely advertised the Narconon Program as a secular treatment program with a 70  
18 percent success rate or higher. Plaintiffs and Class Members would have chosen a different drug  
19 rehabilitation facility if: (1) Class Members and Plaintiffs had knowledge about Narconon  
20 Program’s and/or Narconon Center’s ties to Scientology; or (2) Defendants had not falsely  
21 represented a high success rate for the Narconon Program.

22           142. This false and misleading advertising presents a continuing threat to consumers,  
23 particularly vulnerable consumers suffering from drug addictions and the family members who  
24 seek drug rehabilitation help for them.

25           143. Defendants’ misrepresentations already have and are likely to deceive Class  
26 Members.

1           144. As a direct and proximate result of the aforementioned acts and representations of  
2 Defendants, Defendants received and continue to hold monies rightfully belonging to Plaintiffs  
3 and the Class Members, all of whom who were induced into entering the Defendants’ facilities to  
4 receive treatment during the Class period or paying for others to enter the facilities.

5           145. Plaintiffs and all respective Class Members are entitled to all available relief  
6 under the California Bus. & Prof. Code § 17535, including, without limitation, restitution and  
7 injunctive relief.

8                                   **X.       FOURTH CAUSE OF ACTION**

9   **(Negligent Misrepresentation)**

10   **(Brought on Behalf of the Entire Class)**

11           146. Plaintiffs incorporate by reference all preceding paragraphs.

12           147. Defendants negligently misrepresented to the public, including Plaintiffs and  
13 Class Members, that the Narconon Program was “secular,” “not associated with any religion,”  
14 and had a success rate of seventy (70%) percent or higher.

15           148. Defendants made the misrepresentation with the intention to induce Plaintiffs and  
16 Class Members to pay for and enroll in Narconon Centers and participate in the Narconon  
17 Program.

18           149. Plaintiffs and Class Members reasonably relied upon Defendants’ advertising  
19 representations and, in reliance on them, paid for and enrolled in Narconon Centers and  
20 participated in the Narconon Program.

21           150. Defendants made the misrepresentations alleged herein when they knew or should  
22 have known these representations to be untrue. Defendants had no reasonable basis for believing  
23 the representations to be true.

24           151. As a proximate result of Defendants’ negligent misrepresentations, Plaintiffs and  
25 Class Members incurred damages including but not limited to out-of-pocket costs for treatment  
26 at the Narconon Centers.



1           152. Plaintiffs request this court award actual and punitive damages and all other relief  
2 just and proper for Defendants' tortious conduct.

3   **XI. FIFTH CAUSE OF ACTION**

4   **(Breach of Contract)**

5   **(Brought on behalf of the Entire Class)**

6           153. Plaintiffs incorporate by reference all preceding paragraphs.

7           154. In their standard written contracts with Patients as well as in their written  
8 marketing materials Defendants promise that Plaintiffs and the Class Members will receive  
9 secular drug treatment through a program with high success rates.

10           155. Defendants breached their promises to Plaintiffs and the Class by failing to  
11 provide either a secular program not associated with any religion or a program with high success  
12 rates.

13           156. Plaintiffs and the Class Members fully performed all terms required of them under  
14 the Narconon Contracts.

15           157. As a result of these breaches by Defendants, Plaintiffs and the Class Members  
16 have suffered damages including but not limited monies paid to Defendants for drug treatment as  
17 well as other incidental and consequential damages.

18   **XII. PRAYER FOR RELIEF**

19           Plaintiffs, on behalf of themselves and all others similarly situated, request the Court  
20 enter judgment against Defendants, as follows:

21           A. An order certifying the proposed Plaintiff Class, designating Plaintiffs as named  
22 representatives of the Class and designating the undersigned as Class Counsel;

23           B. A declaration that Defendants are financially responsible for notifying all Class  
24 Members of its wrongdoing;

25           C. An order enjoining Defendants from further deceptive advertising, marketing, and  
26 sales practices with respect to its "drug treatment programs;"

1 D. An order enjoining Defendants from continuing to offer its deceptive “drug  
2 treatment programs;”

3 D. An award to Plaintiffs and the Class of compensatory, exemplary and statutory  
4 damages, including interest, in an amount to be proven at trial, except that for now, Plaintiffs  
5 seek only equitable and injunctive relief with respect to their claims under California’s  
6 Consumers Legal Remedies Act, California Civil Code § 1750 *et seq.*;

7 E. A declaration that Defendants must disgorge, for the benefit of the Class, all or  
8 part of the ill-gotten profits they received from the operation of their drug treatment centers, or to  
9 make full restitution to Plaintiffs and the Members of the Class;

10 F. An award of attorneys’ fees and costs, as allowed by law;

11 G. An award of pre-judgment and post-judgment interest, as provided by law;

12 H. Leave to amend the Complaint to conform to the evidence produced at trial; and

13 I. Such other or further relief as may be appropriate under the circumstances.

14 **XIII. DEMAND FOR JURY TRIAL**

15 Pursuant to Fed. R. Civ. P. 38(b), Plaintiffs demand a trial by jury of any and all issues in  
16 this action so triable of right.

17 Dated: March 25, 2015.

18 Respectfully submitted,

19  
20 By: /s/ Michael F. Ram

21 Michael F. Ram (SBN 104805)  
22 mram@rocklawcal.com  
23 Susan S. Brown (SBN 287986)  
sbrown@rocklawcal.com  
24 RAM, OLSON, CEREGHINO & KOPCZYNSKI  
25 555 Montgomery Street, Suite 820  
San Francisco, California 94111  
26 Telephone: (415) 433-4949  
Facsimile: (415) 433-7311  
27

1 David E. Miller (SBN 294095)  
david@sllawfirm.com  
2 Syed Ali Saeed, *Pro Hac Vice Motion Forthcoming*  
ali@sllawfirm.com  
3 SAEED & LITTLE LLP  
1433 North Meridian Street, Suite 202  
4 Indianapolis, Indiana 46202  
Telephone: (317) 721-9214  
5 Facsimile: (888) 422-3151

6 Beth E. Terrell (SBN 178181)  
bterrell@tmdwlaw.com  
7 Mary B. Reiten (SBN 203142)  
mreiten@tmdwlaw.com  
8 TERRELL MARSHALL DAUDT  
& WILLIE PLLC  
9 936 North 34th Street, Suite 300  
10 Seattle, Washington 98103-8869  
Telephone: (206) 816-6603  
11 Facsimile: (206) 350-3528

12 *Attorneys for Plaintiffs*  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27