


FILED

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03 MAY -5 PM 3:44

CLERK OF COURT
 CENTRAL DISTRICT OF CALIFORNIA
 BY  CITY

5 Attorneys for Objecting Parties in Interest,
 6 Arthur Colaianni, Alessandra
 Columbo (formerly Colaianni), *et al.*

8 UNITED STATES BANKRUPTCY COURT
 9 CENTRAL DISTRICT OF CALIFORNIA
 10 NORTHERN DIVISION

In re:

REED E. SLATKIN,

Debtor.

) Case No. ND 01-11549-RR
) [Substantively Consolidated with
) Former Case No. ND-01-12990-RR]
)
) CHAPTER 11
)
) JOINDER OF CERTAIN
) OBJECTING PARTIES IN
) "OBJECTIONS OF CERTAIN
) PARTIES IN INTEREST
) [JUANITA ADAMINA, ET. AL.] TO
) PROPOSED CHAPTER 11 PLAN"
) DATED JANUARY 30, 2003 AND
) ADDITIONAL OBJECTION
)
) Date: June 2, 2003
) Time: 10:00 a.m.
) Ctrm: Hon. Robin Riblet
) 1415 State Street
) Courtroom 201
) Santa Barbara, CA 93101

23 Arthur Colaianni, Alessandra Columbo (formerly Colaianni), James and Kaye
 24 Conley, Judith de Saldarriaga, Virginia Fair, Josh Fair, Jana Fair, Cobie and Whitney
 25 Fair, Henry Gould, Norman and Janet Herring, Michael and Helena Kobrin, Barbara
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1 Linson, Tom and Jennifer DeVocht, Jeffrey Mintz, Ali Mintz, and Larissa Mintz, Elvira
2 Morgan, Yvonne Kellerhals, and Alex Gucvara, and Susan Watson ("Objecting Parties")
3 hereby join in the Objections of Certain Parties in Interest to Proposed Chapter 11 Plan
4 Dated January 30, 2003, filed by Danning, Gill, Diamond & Kollitz, LLP on behalf of
5 Juanita Adamina, *et al.*

6 The Adversary Defendants, all of whom are parishioners of the Church of
7 Scientology, further object that the Plan omits to disclose that the Trustee intends to sue
8 Scientology Churches and other Scientology-related entities in violation of the good faith
9 disclosure requirements of 11 U.S.C. § 1129(a)(3). The Trustee has never made any
10 official or formal disclosure; instead, the Trustee, through his attorneys, disclosed that
11 this was, indeed, his intention in an article entitled "Victims of Scam Target Church,"
12 published in the *Los Angeles Times* on March 26, 2003 – seven weeks after the
13 Disclosure Plan was approved. (Declaration of Helena K. Kobrin and Exhibit A.) This
14 joinder and additional objection is based upon the memorandum of points and authorities
15 and the Declaration of Helena K. Kobrin and Exhibit thereto, together with all papers and
16 supporting documents in which the Objecting Parties are joining, the records and files of
17 this case, and such other evidence as may be presented at the hearing on confirmation of
18 the Plan.

19
20 **MEMORANDUM OF POINTS AND AUTHORITIES**

21 For their joinder in the Objections filed by Juanita Adamina, *et al.*, the objecting
22 parties join in their Memorandum of Points and Authorities and the Declarations and
23 Exhibits filed by them. The Objecting Parties also provide the further points and
24 authorities below.

25 The Objecting Parties are parishioners of the Scientology religion. They include
26 adversary defendants being sued as net gainers, one of whom is also a net loser.

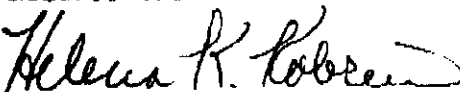
1 Objecting Parties assert that the Plan cannot be confirmed because it has become evident
2 that the Trustee intends to sue various Scientology entities, but did not disclose this
3 intention in his disclosure statement. Instead, he waited to make this intention known
4 through his attorney's comments to a newspaper reporter, resulting in a March 26, 2003
5 article entitled "Victims of Scam Target Church." Beyond the obvious desire to use this
6 intention to create yellow journalism, the Trustee's failure to disclose this intention in the
7 normal fashion through disclosure documents filed in the Court violates 11 U.S.C. §
8 1129(1), (2), and (3). Not only would it affect how a substantial number of claimants
9 who are parishioners of the Scientology religion would vote, but the concealment of this
10 issue affects the entire conduct of the case, including such things as the intensity of the
11 Trustee's pursuit of these and other adversary defendants and the Trustee's refusal to
12 settle other than at a very high percentage of the amounts demanded. It could also well
13 affect the decisions made by both net gainers and net losers who are Scientology
14 parishioners in their dealings with the Trustee.

15 Being well aware that many of the adversary defendants and net losers are
16 parishioners of the Scientology religion, the Trustee could not in good faith propose a
17 Plan without this disclosure. Its absence therefore requires that the Plan not be
18 confirmed, consistent with the good faith requirements of 11 U.S.C. § 1129(a)(3).

19 Dated: May 5, 2003

Respectfully submitted,

MOXON & KOBRIN

20
21 By: 
22 Helena K. Kobrin

23 Attorneys for Objecting Parties
24 Arthur Colaianni and Alessandra
25 Columbo (formerly Colaianni), et al.
26

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7
 8 UNITED STATES BANKRUPTCY COURT
 9 CENTRAL DISTRICT OF CALIFORNIA
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11 In re:

12 REED E. SLATKIN,

13 Debtor.

11) Case No. ND 01-11549-RR
 12) [Substantively Consolidated with
 13) Former Case No. ND-01-12990-RR]

14 CHAPTER 11

15) **DECLARATION OF HELENA K.**
 16) **KOBRIN IN SUPPORT OF**
 17) **JOINDER OF CERTAIN**
 18) **OBJECTING PARTIES IN**
 19) **"OBJECTIONS OF CERTAIN**
 20) **PARTIES IN INTEREST**
 21) **[JUANITA ADAMINA, ET. AL.] TO**
 22) **PROPOSED CHAPTER 11 PLAN**
 23) **DATED JANUARY 30, 2003 AND**
 24) **ADDITIONAL OBJECTION**

20) Date: June 2, 2003
 21) Time: 10:00 a.m.
 22) Ctm: Hon. Robin Riblet
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I, Helena K. Kobrin, hereby declare:

1. I am counsel of record for the Objecting Parties. I have personal knowledge of the facts set forth herein, and if called upon to do so, could and would testify competently thereto.

2. Attached hereto as Exhibit A is a true and correct copy of a *Los Angeles Times* article that was published on March 26, 2003, entitled "Victims of Scam Target Church."

I declare under penalty of perjury that the foregoing is true and correct. Executed at Los Angeles, California the fifth day of May 2003.


Helena K. Kobrin

Los Angeles Times

BUSINESS

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Wednesday, March 26, 2003

latimes.com/business

Victims of Scam Target Church

Investors defrauded by Reed Slatkin hope to recover funds from Scientology groups.

By E. SCOTT HICKARD
Times Staff Writer

Investors defrauded of \$256 million by EarthLink Inc. co-founder Reed Slatkin are hoping to recover funds from the Church of Scientology International and six affiliated organizations that allegedly wound up with tens of millions of dollars from the investment scam, their attorneys said Tuesday.

The investors won an initial battle when a bankruptcy judge in Santa Barbara recently refused to block subpoenas ordering the Scientology groups to hand over records of money transferred to them by certain Slatkin investors who came out ahead financially. The subpoenas also seek records of communications the groups had about Slatkin, a longtime but now ex-communicated Scientologist who was known for his celebrity clientele.

Investors burned by Slatkin's schemes have sued individuals who profited, including supermodel Cheryl Tiegs and actor [See Slatkin, Page C9]

Scam's Victims Target Church

[Slatkin, from Page C7]

Peter Coyote. But the subpoenas mark the first legal targeting of church entities. No suits have been filed against the church or the affiliates. Attorneys expect months of legal wrangling before the subpoenas might yield anything.

Lawyers for the church groups, who sought to block the subpoenas, won a partial victory from U.S. Bankruptcy Judge Robin Riblet, who is overseeing Slatkin's bankruptcy. The judge ruled Friday that they can participate in the subpoena process. That will allow the groups to mount further legal challenges and to have access to any documents that are made public.

Church of Scientology attorneys will confer with the Chapter 11 bankruptcy trustee on the material that should be released through the subpoenas, "and to the extent the subpoenas seek to violate religious protections of communications between the church and its members, we will object," said Joseph Eisenberg, a lawyer for the church.

One of the claims made to try to block the subpoenas was that details of money transfers are protected by "clergy-communicant privileges" — the status accorded to the confessing of sins to a priest. But attorneys for the trustee and the committee of unsecured creditors questioned in court documents "how a simple monetary transfer, where no communication was involved, would violate any clergy-communicant privileges."

In pleading guilty to fraud last year, Slatkin described his



Associated Press

FOLLOW THE MONEY:
Reed Slatkin's victims want Scientology groups to pay.

investment empire as a scam from its start in 1986. Lawyers for the trustee and the creditors contended that proves the "profits" he distributed were ill-gotten, whether the investors knew it or not, and must be returned.

Legally, there is no protection for third parties such as the Church of Scientology if it can be shown that they received supposed profits from Slatkin, said Alexander Pilmer, an attorney for the trustee and creditors. He added that there's a potential for significant recoveries from the organizations.

"We believe that Scientology entities received tens of millions of dollars from Slatkin or from Slatkin's Ponzi scheme," Pilmer

said.

In a report to the bankruptcy court, trustee E. Todd Neilson calculated that investors poured \$253 million into Slatkin's investment pool. Neilson wants to recover as much as possible of the \$195 million that investors received as purported profits.

Slatkin pleaded guilty nearly a year ago to fraud, money laundering and conspiracy charges carrying a potential sentence of up to 15 years. The co-founder of the Internet service provider EarthLink is in federal custody, trying to win a lesser sentence by cooperating with prosecutors. Sentencing is set for June 9.

Slatkin's plea agreement allowed him to request a lighter sentence because of what the plea agreement called the "psychological impact of his association with certain individuals and/or groups," a reference to his membership in the Church of Scientology and long and close relationship with some prominent members.

Linda Simmons Hight, a spokeswoman for the church in Los Angeles, said Slatkin "used his position in the church to suck in Scientologists who were victimized along with other people."

Pilmer said dozens of people who profited from Slatkin's scheme have settled the claims. The latest settlement, approved Friday by Riblet, was with CNN legal commentator Greta Van Susteren and her husband, tobacco litigator John Coale. They agreed to pay about \$700,000 — about 81 cents on the dollar for the profits Slatkin paid them.

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PROOF OF SERVICE

I am over the age of 18 years, and not a party to this action. My business address is 3055 Wilshire Blvd., Suite 900, Los Angeles, California 90010, which is located in the county where the mailing described below took place.

I am readily familiar with the business practice at my place of business for collection and processing of correspondence for mailing with the United States Postal Service. Correspondence so collected and processed is deposited with the United States Postal Service that same day in the ordinary course of business.

On May 5, 2003, in Los Angeles, California, the following documents:

JOINDER OF CERTAIN OBJECTING PARTIES IN "OBJECTIONS OF CERTAIN PARTIES IN INTEREST [JUANITA ADAMINA, ET. AL.] TO PROPOSED CHAPTER 11 PLAN" DATED JANUARY 30, 2003 AND ADDITIONAL OBJECTION; DECLARATION OF HELENA K. KOBRIN IN SUPPORT OF JOINDER OF CERTAIN OBJECTING PARTIES IN "OBJECTIONS OF CERTAIN PARTIES IN INTEREST [JUANITA ADAMINA, ET. AL.] TO PROPOSED CHAPTER 11 PLAN DATED JANUARY 30, 2003 AND ADDITIONAL OBJECTION

were placed for deposit in the United States Postal Service in a sealed envelope, with postage fully prepaid to those designated below:

John P. Reitman
Andrew S. Rotter
Gumport, Reitman & Montgomery
550 South Hope Street, Suite 825
Los Angeles, CA 90071

Richard L. Wynne
Jolee M. Adamich
Kirkland & Ellis
777 South Figueroa Street
Los Angeles, CA 90017

Attorneys for R. Todd Neilson,
Trustee of the Chapter 11 Bankruptcy
Estate of Reed E. Slatkin

Attorneys for the Official Committee of
Unsecured Creditors

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on May 5, 2003 at Los Angeles, California.

