

Wichita, Kansas
March 29, 1952

Dear Friends:

On the eve of our important date with the U.S. District Court, the following is an up to date statement of happenings since our last communication.

Prior to our filing bankruptcy, Ron, aware of our financial condition, expressed a desire to establish a school that might be free from the entanglements of our creditors. In the regular meeting of the Board of Directors on February 12, 1952, he asked that he be given the right to teach the subject. This right was given by resolution on the same date. Ron asked the Board if they would assist him in furnishing the school. They agreed to do this to the fullest extent that it would be possible. Ron encountered the usual difficulties that are attendant to an over-crowded city such as Wichita, and his plans were not completed until after the bankruptcy action had been filed.

All personnel of the Foundation, including Ron, were given both oral and written instructions regarding their conduct and activities under the bankruptcy laws. Nothing except personal belongings could be removed from the premises. These instructions were questioned many times during the next few days by prospective staff members of Hubbard College, both in person and by phone. Ron questioned them also and indulged in some rationalization regarding the legality of the situation.

Some time between the filing of bankruptcy and the preliminary hearing held March 3rd, assets of the Foundation were removed. During the preliminary hearing, the court held that anything on the premises of the Foundation at the date of filing should be held in trust by the receiver until disposition could be made at the first meeting of the creditors on April 1st. The court also issued an order that the items removed be returned. Included among these assets was the Foundation's mailing list which was used to solicit students, preclears, and purchasers of books at a reduced price. These books included the HANDBOOK for PRECLEARS, distribution of which was to be maintained exclusively through HDA's. The receiver began to get cancellations for training, processing, and for book orders in large numbers. Since he had been instructed by the court to carry on the business of the Foundation for the "going concern of the corporation," and since it had been agreed that all the funds be held by him, and in fairness the court had ordered him to pay Mr. Hubbard his royalties at the usual time, he asked the court for an order to prevent those who were using the Foundation's assets in violation of the court's ruling, from doing so. The following order was issued March 13, 1952:

1. That said L. Ron Hubbard and said Jim Elliott, and their agents, servants, employees and all those persons in active concert or participation with them be restrained from communicating in any way or manner with any of the persons whose names appear on the aforementioned address plates or mailing lists, and that the U. S. Marshal forthwith take all copies of said mailing lists which are in possession or custody of any of the aforesaid persons, or which any of the aforesaid persons have access to, and deposit them with the Clerk of this court.

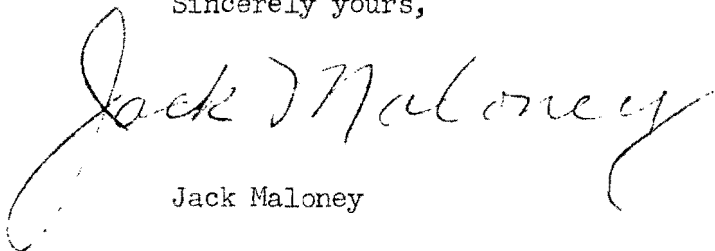
2. That all the persons mentioned in the paragraph above be restrained from selling or otherwise disposing of any of the aforesaid Handbooks, and that the United States Marshal forthwith take all said books which are in the custody or possession of any of the aforesaid persons, or which they have access to and turn them over to the receiver herein.
3. That all persons mentioned in paragraph one of this order be restrained from interfering in any way or manner with the activities or assets of this receivership.
4. That this temporary restraining order shall be in force for ten days after filed in the office of Clerk of Court, unless further extended.
5. That no security for costs or damages or any security whatever be required of the receiver herein in connection with this restraining order.
6. That the U.S. Marshal forthwith serve copies of this order upon said L. Ron Hubbard and said Jim Elliott, and post a copy of this notice in a conspicuous place upon the premises of Hubbard College located in the Derby Building, Wichita, Kansas

This action of the receiver has in some quarters, been confused somewhat and attributed to the Foundation.

We have a representative number of students taking the course. Several medical doctors will be included among our April students. Don Purcell has done a commendable job of teaching during the first two weeks of this course. A. E. van Vogt, will take over on Monday morning, March 31st. The anticipated number of enrollees for the course and for processing has, to some degree, been cut down by the confusion resulting from sources other than the Foundation. Books sold at "cut-rate" prices have also curtailed the Foundation's income. However, the receiver will make a substantial financial report to the court Tuesday morning, April 1st.

Ron is visiting his parents in Phoenix, Arizona, and we may be able to announce in our next communication that we have resumed relations. Mr. Jim Elliott has left town.

Sincerely yours,



Jack Maloney

JM:e/c