

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No.

CHARLES MATTHYS, a Texas Citizen;
TYLER MATTHYS, a Texas Citizen, and
LINDA PHILLIPS, a New Mexico Citizen,

Plaintiffs,

v.

NARCONON FRESH START d/b/a A Life
Worth Saving, Inc., ASSOCIATION FOR
BETTER LIVING AND EDUCATION
INTERNATIONAL; and NARCONON
INTERNATIONAL,

Defendants.

COMPLAINT AND JURY DEMAND

Plaintiffs Charles and Tyler Matthys and Linda Phillips (“Plaintiffs”), through counsel, Ryan Hamilton of Hamilton Law, LLC, allege the following:

I.

PARTIES

1. Plaintiffs Charles and Tyler Matthys were, and at all relevant times to this Complaint are, residents of Texas. Plaintiff Linda Phillips was, and at all relevant times to this Complaint is, a resident of New Mexico.

2. Defendant Narconon Fresh Start d/b/a A Life Worth Saving (hereafter “Fresh Start”), is, and at all times relevant to this Complaint was, a corporation incorporated under the laws of, and

with its principal place of business in, the State of California. Fresh Start has been at all relevant times transacting business in Fort Collins, Larimer County, Colorado. Fresh Start may be served with process through its registered agent, Mark Kirwin, 4480 Market St., Ste. 804, Ventura, CA 93003.

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

4. NI is the parent/licensor of Defendant Narconon Fresh Start. NI exercises control over the time, manner, and method of Fresh Start’s operations.

5. NI was doing business in the State of Colorado by and through its agent and subsidiary/licensee Defendant Narconon Fresh Start. NI may be served with process through its registered agent, Sherman D. Lenske, 6400 Canoga Ave., Suite 315, Woodland Hills, CA 91367.

6. Fresh Start and NI are subsidiaries of the Association for Better Living and Education (“ABLE”). ABLE oversees the drug rehabilitation, education, and criminal justice activities of the Church of Scientology including, but not limited to, Fresh Start and NI.

7. Defendant ABLE is a corporation registered in the State of California with its headquarters in Los Angeles, California.

8. ABLE controls the time, manner, and method of NI’s and Fresh Start’s businesses by actively managing their daily operations, including conducting inspections of Narconon centers and creating, licensing, and approving their marketing materials.

9. ABLE transacts business in the State of Colorado by and through its agents, Narconon International and Narconon Fresh Start. ABLE may be served with process through its registered agent, Sherman D. Lenske, 6400 Canoga Ave., Suite 315, Woodland Hills, CA 91367.

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II.

JURISDICTION AND VENUE

10. This Court has subject jurisdiction pursuant to 28 U.S.C. § 1332. The amount in controversy exceeds \$75,000.00, and there is complete diversity between the parties.

11. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(a) because a substantial portion of the events and omissions giving rise to this lawsuit occurred in this District, and the Court has personal jurisdiction over each of the parties as alleged throughout this Complaint.

III.

FACTUAL ALLEGATIONS

12. On or about February 20, 2014, Plaintiff Charles Matthys was seeking to find an appropriate substance abuse program for his son, Plaintiff Tyler Matthys.

13. That same day Charles spoke with Fresh Start employees Bryan Randall and Matt Kinser who convinced Charles to send his son for treatment at Fresh Start's facility near Fort Collins, Colorado.

14. Fresh Start uses the Narconon treatment program.

15. Randall and Kinser made the following false representations to Charles about the Narconon treatment program that Fresh Start uses: (i) that the Narconon treatment program has a 75% "success rate;" (ii) that Narconon's sauna program would eliminate Tyler's drug cravings by making him sweat out residual drug toxins in his cells; (iii) that Fresh Start would provide Tyler with extensive drug and addiction counseling from duly qualified professionals; and (iv) that Tyler would be under the care of a doctor or nurse at Fresh Start; and (v) that at least 50% of the cost of the program would be covered by Tyler's health insurance.

16. Randall and Kinser also directed Charles to the Narconon Fresh Start website for its facility in Fort Collins, Colorado, [www. narcononcolorado.org](http://www.narcononcolorado.org). This website claimed that Fresh Start has a 76% "success rate." The website further claimed that the cornerstone of the program is

its “Sauna Based Detox” which the website describes as “[a]n exact program of medically supervised exercise, dry sauna sweating and vitamins, [sic] rid fatty tissues of [drug] residues.”

17. Fresh Start also falsely represented to Charles, both through its representatives and its website, that religion is not part of the Narconon treatment program.

18. Based on these representations, Charles agreed to send his son to Fresh Start on or about February 20, 2014.

19. To pay Fresh Start’s \$31,000 fee, Plaintiff Linda Phillips, Tyler’s grandmother, and Charles Matthys took out a loan from Ms. Phillips’ bank. Both Ms. Phillips and Charles Matthys are responsible for repayment of the loan.

20. Once at Fresh Start Tyler received treatment from former patients of Fresh Start, not from qualified counselors. Fresh Start did not have any on-site medical professionals, such as doctors or nurses, to provide care to Tyler.

21. Fresh Start’s treatment program for Tyler consisted of having him read books written by, or based on the works of, L. Ron Hubbard.

22. The books in the program teach Scientology doctrines and concepts.

23. In addition, Fresh Start had Tyler undergo its sauna program.

24. Under its sauna program, Fresh Start had Tyler sit in a sauna for up to six hours per day for five weeks. Fresh Start also instructed Tyler to ingest dangerous amounts of Niacin as part of the sauna program.

25. The sauna program Fresh Start had Tyler undergo is a Scientology ritual known as the “Purification Rundown.” Fresh Start calls the sauna program the “New Life Detoxification Program.”

26. Under the New Life Detoxification program, students first exercise vigorously before entering the sauna each day. On entering the sauna, Fresh Start requires each student to ingest

increasing doses of Niacin and a “vitamin bomb.” Fresh Start increased Tyler’s dosages of Niacin well beyond the recommended daily allowance.

27. There were no medical personnel such as doctors or nurses overseeing Tyler during the sauna program.

28. Fresh Start claims that its sauna program has been scientifically shown to flush out residual drug toxins stored in fatty tissue thereby reducing or eliminating a person’s drug cravings.

29. Not only does the New Life Detoxification Program fail to live up to Fresh Start’s claims about its benefits, the sauna program is dangerous. By having students ingest extreme doses of Niacin and other vitamins while sitting in extreme temperatures for hours, the sauna program unnecessarily exposes students to serious health risks including severe dehydration.

30. In a prior lawsuit, Dr. Louis A. Casal, an expert **retained by** Narconon International and Narconon of Northern Georgia in a wrongful death suit filed against those entities, testified at his deposition. The relevant portions of Dr. Casal’s deposition testimony are attached hereto as **Exhibit A**. When asked under oath about the New Life Detoxification sauna program – the same sauna program at issue in this case – he testified that there is no scientific basis for the notion that sweating in a sauna detoxifies a person’s body or treats addiction:

Q. Have you looked at the Narconon literature on what Narconon contends the benefits from the sauna are?

A. [Dr. Casal] Yes, I have.

Q. And the sauna program, what Narconon contends is that in – it in fact detoxifies your body. True?

A. True.

Q. But there’s no scientific basis that you can point me to to support that contention, is there, sir?

A. You’re correct.

Q. So when Narconon states that the sauna program detoxifies its students, you're not aware, as a medical doctor, of any scientific basis for that contention?

A. I agree.

Exhibit A, Deposition of Dr. Louis Casal, 136: 21 – 137:9.

31. Despite their own expert's admission that there is no scientific basis for the idea that patients sweating in the New Life Detoxification Program treats addiction, Defendants continue to represent to prospective patients, as they did to Plaintiffs, that the New Life Detoxification has been "scientifically and medically proven" as effective.

32. Fresh Start claims a success rate of over 70% for all Narconon centers, including Narconon Fresh Start d/b/ A Life Worth Saving. Fresh Start has published no studies or other verifiable evidence to support their claimed success rates.

33. Dr. Casal, the medical expert retained by Narconon International in another lawsuit, testified at his deposition that he was not convinced Narconon's claimed success rate was true:

Q. Okay. What are you relying on – well, let me ask you this; do you believe that 76 percent success ratio is accurate?

A. [Dr. Casal]. Mr. Harris, I'll be honest with you, that's a big number.

Q. Yeah, it's -- it's a real big number.

A. It's a big number.

Q. And it's completely inconsistent –

A. I – I hope it's true, but, I mean, I would need some convincing.

...

Q. Okay. Do you have any idea where Narconon is getting the numbers that it's using?

A. You know, in the interest of time – I just didn't have enough time to delve deeper into those studies, Mr. Harris. And I – I would be happy to, but, no, I don't have a clear understanding of where that 70 – 70-something number came from, no, sir.

Exhibit A, Deposition of Dr. Louis Casal, 124:21 – 125:5; 126:1 – 7.

34. Defendants are well aware that there is no support for Narconon Fresh Start’s claimed success rate, but nonetheless advertised a more than 75% success rate to Charles Matthys.

35. Narconon documents indicate that the Narconon program is used to recruit patients into the Church of Scientology. For example, a Narconon document titled the “Narconon Technical Line-Up” provides a flow chart of a patient’s experience into and through the Narconon program. The document shows that when a patient finishes the Narconon program, the patient is to be “route[d] to the nearest Org for further services if the individual so desires.” “Org” is Scientology jargon for an individual church providing services for the Church of Scientology. A copy of the “Narconon Technical Line-up” is attached hereto as **Exhibit B**.

36. Defendants consider the Narconon program to be the “Bridge to the Bridge.” That is, Narconon considers its program to be an initial step into getting on Scientology’s “Bridge to Total Freedom,” the key spiritual journey that practitioners of the Scientology religion undertake. See, e.g., “Narconon News, 1974, Volume 6, Issue 3: Narconon Is The Bridge to The Bridge,” attached hereto as **Exhibit C**.

37. Despite Fresh Start’s representations that Tyler would receive counseling, at no point did Narconon staff ever speak to Tyler about the specifics of his life or his drug use and its causes. In fact, no one at Fresh Start ever spoke to Tyler about his substance abuse at all.

38. Instead, counselors at Fresh Start attempted to treat Tyler using only Scientology.

39. Despite Fresh Start’s representations, Tyler’s health insurance did not cover any portion of the fee for the program. Plaintiffs have never received any evidence that Fresh Start even sent the required documents to Tyler’s insurance requesting coverage.

40. Tyler left Fresh Start on or about April 2, 2014, because he was not receiving substance abuse counseling and he did not feel safe.

41. Tyler has suffered severe emotional distress resulting from his time at Fresh Start.

ALTER EGO LIABILITY

42. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further alleges as follows:

43. Defendants Narconon Fresh Start and NI have all appearances of being a corporate sham illusion and mere instrumentalities of Defendant ABLE.

44. ABLE heavily influences Narconon Fresh Start and NI and governs and controls nearly every aspect of their business activities.

45. There is such unity of interest and ownership among Narconon Fresh Start, NI, and ABLE that they are inseparable from one another.

46. The separate corporate existences of Narconon Fresh Start, NI, and ABLE is a design or scheme to perpetrate a fraud. The separate corporate existences of Narconon Fresh Start, NI, and ABLE is a scheme to fraudulently induce patients to enroll in one of their treatment facilities and pay substantial funds. Further, Defendants perpetrate this scheme to recruit for and promote the Scientology religion.

47. It is interests of justice to disregard the corporate shield and treat Defendants Narconon Fresh Start, NI, and ABLE as identical. Accordingly, each cause of action listed below is made against all Defendants.

FIRST CLAIM FOR RELIEF

BREACH OF CONTRACT

48. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

49. Defendants contracted with Charles Matthys to provide Tyler Matthys secular drug and alcohol treatment.

50. As consideration, Plaintiffs Charles Matthys and Linda Phillips paid Narconon \$31,000.00.

51. Defendants breached this contract by, *inter alia*: (i) failing to provide services constituting drug and alcohol treatment; and (ii) providing Scientology in lieu of drug and alcohol treatment.

52. Defendants' breaches have caused Plaintiffs to suffer damages in excess of \$75,000.00.

SECOND CLAIM FOR RELIEF

FRAUD

53. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

54. The following is a non-exhaustive list of false representations Defendants knowingly made to the Plaintiffs: (i) that the Narconon program has a 76% success rate; (ii) that Tyler Matthys would receive counseling related to substance abuse at Fresh Start; (iii) that the New Life Detoxification sauna program is safe and has been scientifically shown to eliminate or reduce drug cravings; (iv) that Tyler would be under the care of a doctor or nurse at Fresh Start; and (v) that at least 50% of the cost of Fresh Start would be covered by Tyler's health insurance.

55. Bryan Randall and Mike Kinser, Fresh Start employees, made these representations to Charles Matthys on or about February 20, 2014, with the intent that they be acted upon.

56. Plaintiffs did not know that these statements were false.

57. As a proximate result of Defendants' false representations, Plaintiffs have sustained damages in excess of \$75,000.

THIRD CLAIM FOR RELIEF

FRAUDULENT CONCEALMENT

58. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

59. Defendants' representatives Bryan Randall and Mike Kinser intentionally concealed material facts to Charles Matthys when persuading Charles to admit Tyler to the Narconon program. The facts they failed to disclose include the fact the Narconon treatment program

consists of the works of L. Ron Hubbard, the founder of Scientology. Further, Defendants' representatives concealed the fact that patients in the Narconon program are instructed to practice and study the same materials as beginning Scientologists.

60. Charles Matthys was unaware of these facts when speaking to Defendants' representatives about obtaining drug treatment for his son.

61. Representatives Randall and Kinser intentionally concealed these facts because they knew that Charles Matthys would not admit his son to Fresh Start if he knew these facts.

62. As result of Defendants' concealment of these material facts, Plaintiffs have suffered injuries in excess of \$75,000.

FOURTH CLAIM FOR RELIEF

NEGLIGENCE

63. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

64. Defendants owed Plaintiffs a duty to render substance abuse treatment to Tyler Matthys in a manner that did not subject him to an unreasonable risk of harm.

65. Defendants breached these duties by: (i) instructing Tyler to sit in a sauna for 6 hours per day for five weeks while ingesting extreme dosages of Niacin and other vitamins; (ii) failing to staff the Narconon treatment facility, and particularly the sauna, with any qualified medical personnel; (iii) failing to provide duly qualified counselors to administer treatment; and (iv) providing Scientology in lieu of substance abuse treatment.

66. As a proximate result of Defendants' breaches of the above duties, Plaintiffs have suffered injuries in excess of \$75,000.00.

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FIFTH CLAIM FOR RELIEF

INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS

67. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

68. Defendants engaged in extreme and outrageous conduct with the intention of causing, or with reckless disregard of the probability of causing Tyler severe or extreme emotional distress.

69. Defendants' extreme and outrageous conduct consisted of, *inter alia*: (i) providing Tyler Matthys Scientology in lieu drug treatment or substance abuse counseling; and (ii) preying on Plaintiffs' vulnerabilities and attempting to recruit Tyler Matthys into Scientology under the guise of providing drug treatment.

70. As a proximate result of Defendants' extreme and outrageous conduct, Tyler Matthys has suffered severe and extreme emotional distress way beyond what any person in a civilized society should be expected to endure.

SIXTH CLAIM FOR RELIEF

NEGLIGENT MISREPRESENTATION

71. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

72. On or about February 20, 2014, representatives Bryan Randall and Mike Kinser made the following false representations of material fact to Charles Matthys: (i) that the Fresh Start program has a 76% success rate; (ii) that Tyler Matthys would receive counseling related to substance abuse at Narconon; (iii) that Narconon's sauna program is safe and has been scientifically shown to eliminate or reduce drug cravings; (iv) that Tyler would be under the care of a doctor or nurse at Narconon; and (v) that at least 50% of the cost of the Narconon program would be covered by Tyler's health insurance.

73. Defendants made these statements to Charles Matthys without exercising reasonable care.

74. Defendants made these statements to guide Charles Matthys in his business transaction with Defendants.

75. Defendants knew that Charles Matthys would rely on these representations of fact.

76. Charles Matthys relied on these false representations of fact to his detriment and Plaintiffs have suffered injuries in excess of \$75,000.

SEVENTH CLAIM FOR RELIEF

CLAIM UNDER COLORADO CONSUMER PROTECTION ACT, C.R.S.A. § 6-1-105

77. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

78. Defendants engaged in unfair or deceptive trade practices by knowingly making false representations of fact to Charles Matthys.

79. On or about February 20, 2014, Defendants knowingly made the following false representations to Charles Matthys, both through its representatives and on its website: (i) that the Narconon program has a 76% success rate; (ii) that Tyler Matthys would receive counseling related to substance abuse at Narconon; (iii) that Narconon's sauna program is safe and has been scientifically shown to eliminate or reduce drug cravings; (iv) that Tyler would be under the care of a doctor or nurse at Narconon; and (v) that at least 50% of the cost of the Narconon program would be covered by Tyler's health insurance.

80. Defendants made these false representations in the course of its business to induce Charles Matthys to admit his son to Fresh Start.

81. Defendants' unfair or deceptive trade practices complained of herein significantly impact the public. Defendants have deceived numerous other consumers using these same practices. Consumers seeking drug rehabilitation services for their loved ones such as Plaintiff Charles Matthys are often in an urgent and vulnerable situation. Consequently, they often are left with relatively little bargaining power in their transactions with Narconon. Defendants' deceptive trade

practices have the potential to impact adversely numerous consumers seeking drug rehabilitation services in the future.

82. As a consequence of Defendants' unfair or deceptive trade practices, Plaintiffs have suffered damages in excess of \$75,000. Plaintiffs are entitled to all damages recoverable under the Colorado Consumer Protection Act, including without limitation, treble damages and attorneys' fees.

EIGHTH CLAIM FOR RELIEF

CIVIL RICO FOR MAIL AND WIRE FRAUD, 18 U.S.C. § 1964(c)

83. Plaintiffs incorporate by reference, as if fully set forth herein, each and every allegation set forth in the preceding paragraphs and further allege as follows:

84. Plaintiffs have been injured by Defendants' conduct of an enterprise through a pattern of racketeering activity.

85. Defendants have engaged in a scheme to defraud Plaintiffs and countless others. In furtherance of that scheme, Defendants have committed countless acts of mail fraud and wire fraud under 18 U.S.C. § 1962 within the preceding ten years.

86. Defendants perpetrate this scheme as follows: When prospective patients or their loved ones are referred to Narconon, they then speak to an intake specialist. The intake specialist – following a script – makes claims that Defendants know to be false and without scientific support such as the claims that Bryan Randall and Mike Kinser made to Charles Matthys in this case on or about February 20, 2014. These false claims include: (i) that Fresh Start has a more than 76% success rate; (ii) that the New Life Detoxification sauna program reduces or eliminates drug cravings by eliminating toxins from an addict's fatty tissue; (iii) that patients at Fresh Start will receive extensive drug counseling; (iv) that the Narconon treatment program Fresh Start offers does not involve any religion; and (v) that patients at Fresh Start will be under the supervision of licensed physicians and other medical personnel.

87. Defendants also mail prospective clients such as Plaintiffs pamphlets making these same false claims to induce them to enter into the program. Defendants refer prospective patients to its website where these false claims are also made. NI and ABLE approve Narconon Fresh Start's marketing materials and representative's scripts that contain these false claims.

88. While a patient is undergoing the program, Defendants prepare the patient to become a Fresh Start staff member following the patient's completion of the program. In doing so, the patient becomes a counselor for the next wave of incoming patients. This scheme allows Defendants to pay a patient-turned-counselor low wages and Defendants are spared the relatively higher cost of paying duly qualified addiction counselors.

89. In addition, Defendants use their treatment program as a recruiting tool for the Church of Scientology, as evidenced by Defendants' own documents, attached hereto as Exhibits B and C.

90. As a result of Defendants' racketeering activity, Plaintiffs have suffered pecuniary damages and other injuries in excess of \$75,000.00.

DEMAND FOR JURY TRIAL

Plaintiffs demand a jury trial on all issues triable.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for the following relief:

- A. Judgment in favor of Plaintiffs and against Defendants for damages in such amounts as may be proven at trial;
- B. Compensation for special and damages;
- C. Reasonable attorneys' fees and costs of suit;
- D. Interest at the statutory rate; and

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E. Treble damages as provided for by the Colorado Consumer Protection Act.

DATED this 8th day of May, 2014.

Respectfully submitted,

By:  _____

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