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UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

STEPHEN KOSLOW, a New Mexico Citizen;
and, SARA KOSLOW, a New Mexico Citizen;
and DONNA KOSLOW, a New Mexico Citizen,

Case No.

Plaintiffs,

vs.

COMPLAINT AND JURY DEMAND

NARCONON FRESH START d/b/a RAINBOW
CANYON RETREAT; ASSOCIATION FOR
BETTER LIVING AND EDUCATION
INTERNATIONAL; NARCONON
INTERNATIONAL; NARCONON WESTERN
UNITED STATES and DOES 1-100, ROE
Corporations I – X, inclusive,

Defendants.

Plaintiffs Stephen, Sara, and Donna Koslow (“Plaintiffs”), by and through counsel, Ryan Hamilton of Hamilton Law, LLC, allege the following:

PARTIES

1. Plaintiffs Stephen, Sara, and Donna Koslow are citizens of New Mexico.
2. Defendant Narconon Fresh Start (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

1 business in, the State of California. Defendant has been at all relevant times transacting business in
2 Lincoln County, Caliente, Nevada. Fresh Start may be served with process through its registered
3 agent, Mark Kirwin, 4480 Market St., Ste. 804, Ventura, CA 93003.

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

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

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

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

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

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

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

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

24 11. Western controls the time, manner, and method of Fresh Start’s business by actively
25 managing its daily operations, and creating and approving their marketing materials.

1 12. Western transacts business in the state of California and may be served with process
2 through its registered agent, Luria K. Dion, 249 N. Brand Blvd #384, Glendale, CA 91203.

3 13. Plaintiff is unaware of the true names and capacities, whether individual, corporate,
4 associate, or otherwise, of Defendant DOES 1-100, inclusive, and, therefore, sues these
5 Defendants by fictitious names. Plaintiff will seek leave of this Court to amend this Complaint
6 when the identities of these Defendants are ascertained.

7 **II.**

8 **JURISDICTION AND VENUE**

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

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

14 **III.**

15 **FACTUAL ALLEGATIONS**

16 16. On April 3, 2014, Plaintiff Donna Koslow spoke with Nick Morrill, Admissions Director
17 at Fresh Start about the possibility of admitting her daughter, Sara, to Fresh Start for treatment.

18 17. Morrill represented to Donna that the Narconon treatment program uses incorporates a few
19 concepts developed by L. Ron Hubbard but that the program was completely secular and had
20 nothing to do whatsoever with Scientology.

21 18. Based on the information received from Mr. Morrill, Plaintiffs Stephen and Donna Koslow
22 admitted their 20-year-old daughter, Plaintiff Sara Koslow, to Fresh Start in April of 2014.

23 19. Plaintiffs paid Fresh Start \$33,000.00 for drug rehabilitation. *See Invoice*, attached hereto
24 as **Exhibit A**.

1 20. On or about May 16, 2014, Stephen and Donna received a phone call from Fresh Start's in-
2 house legal counsel, Bruce Hadrill.

3 21. Hadrill informed Stephen and Donna that a Fresh Start staff member had engaged in
4 sexual relations with their daughter during the withdrawal phase at the beginning of her treatment
5 program approximately two months earlier. This incident occurred when Sara was at Fresh Start's
6 facility in Caliente, Nevada (hereafter the "First Incident").

7 22. Hadrill further informed Stephen and Donna that Fresh Start was now expelling their
8 daughter from Fresh Start program.

9 23. Subsequently, Hadrill e-mailed Stephen and Donna and told them that Fresh Start had
10 decided that Sara would be allowed to remain in the program.

11 24. Despite Fresh Start's permission, Sara and her parents decided that it was in her best
12 interests to leave the facility.

13 25. While arrangements were being made for Sara to transfer to an all-female treatment
14 facility, a Fresh Start intern engaged in sexual relations with her. This incident occurred when Sara
15 was at Fresh Start's facility near Warner Springs, California known as Narconon Fresh Start d/b/a
16 Sunshine Summit Lodge (hereafter the "Second Incident").

17 26. These two sexual encounters with staff at Fresh Start impeded Sara in her attempts to
18 recover from drug addiction. They also caused her emotional distress and embarrassment.

19 **The Narconon Treatment Model**

20 27. Fresh Start uses the Narconon treatment model to treat persons suffering from drug
21 addiction.

22 28. In the Narconon treatment model, patients are referred to as "students." As treatment,
23 students study eight books based on works of L. Ron Hubbard, the founder of the Scientology
24 religion.
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1 29. Each student in the Narconon Program studies the same written materials and performs the
2 same exercises that Narconon calls “Training Routines” or “TRs.”

3 30. The written materials in the Narconon Program and the TRs come directly out of
4 Scientology’s scriptures. The written materials teach Scientology doctrines such as the “Eight
5 Dynamics of Existence” or the “Conditions of Existence” and have no apparent connection to the
6 treatment of substance abuse.

7 31. Students also undergo a sauna vitamin program that Narconon calls the New Life
8 Detoxification Program. The New Life Detoxification Program is actually a compulsory rite in the
9 Scientology religion known as the “Purification Rundown.”

10 32. The primary qualification of most, if not all, staff members at any Narconon center such as
11 Narconon Fresh Start d/b/a Rainbow Canyon Retreat is that the staff member has “graduated”
12 from the Narconon program.

13 33. Once a patient or “student” finishes the Narconon program, he or she undergoes a brief
14 training period before being placed in charge of patients.

15 34. Students may also serve as “interns” at a Narconon center. After a student graduates, the
16 student may pay an additional fee to Narconon to stay on and work at the Narconon center for a
17 designated length of time. During the internship, the intern is given responsibility over patients.

18 35. The training the staff member receives consists almost entirely of the administration of the
19 Narconon program.

20 36. Because of the Scientology religion’s hatred of psychiatry and psychology, Narconon
21 centers such as Narconon Fresh Start d/b/a Rainbow Canyon Retreat do not hire psychologists or
22 psychiatrists.

23 37. Consequently, patients at Narconon centers such as Narconon Fresh Start d/b/a Rainbow
24 Canyon Retreat are under the care of persons who may have only recently been patients at the
25 treatment facility themselves and who are still at a serious risk of relapse.

RELATIONSHIP AMONG DEFENDANTS

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38. 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:

39. Defendant Narconon Fresh Start has all appearances of being a corporate sham illusion and mere instrumentality of Defendants NI, ABLE, and Western.

40. ABLE, NI and Western heavily influence Narconon Fresh Start and govern and control nearly every aspect of Narconon Fresh Start’s business activities.

41. NI publishes operations manuals and requires that individual Narconon centers such as Narconon Fresh Start d/b/a Rainbow Canyon Retreat abide by these manuals in their operations. These operations manuals are called “Running An Effective Narconon Center” and “Opening A Successful Narconon Center.”

42. These manuals show that NI, ABLE, and Western have the ultimate authority over Narconon Fresh Start employees. Narconon Fresh Start cannot demote, transfer, or dismiss a permanent staff member at Narconon Fresh Start without approval from the Senior Director of Administration at NI.

43. NI, ABLE and Western have the ultimate authority over the hiring of staff members at Narconon Fresh Start. If a Narconon Fresh Start staff member does not meet the qualifications of a staff member, the staff member may petition the Senior Director of Administration at NI to remain on staff.

44. If a staff member at Narconon Fresh Start believes she has been given orders or denied materials that make it hard or impossible for her to do her job, she may file a “Job Endangerment Chit” with the Ethics Department at NI. NI and Western then investigate and work to resolve the staff member’s issue.

45. The operations manuals require staff members at Narconon Fresh Start to report misconduct and “nonoptimum conduct’ to the Quality Control Supervisor at NI. NI and Western

1 investigate misconduct at Narconon Fresh Start and may take disciplinary actions against its staff
2 members.

3 46. NI receives ten percent of the weekly gross income from Narconon Fresh Start.

4 47. NI requires Narconon Fresh Start to send it detailed weekly reports containing statistics of
5 more than 40 different metrics. NI and Western review these weekly reports and order changes at
6 Narconon Fresh Start based on increases or decreases in the statistics in the reports.

7 48. NI, Western, and ABLE require that Narconon Fresh Start receive approval on all
8 promotional materials before Fresh Start disseminates them. Further, Fresh Start must obtain
9 approval as to its Internet websites from NI, Western, and ABLE before the sites “go live.”

10 49. NI, Western and ABLE also assist in creating Narconon Fresh Start’s advertising
11 materials. NI, Western and ABLE dictate the contents of those advertising materials.

12 50. NI requires that Narconon Fresh Start maintain a “building account fund” in which weekly
13 monies from the gross income are used to purchase new premises and also as a cushion to salvage
14 the organization in dire circumstances. The “building fund” is under the control of NI.

15 51. Upon information and belief, Western receives a percentage of Fresh Start’s gross income.

16 52. NI, Western and ABLE conduct “tech inspections” at Narconon Fresh Start. These
17 inspections entail NI, Western, and ABLE monitoring and correcting the manner in which
18 Narconon Fresh Start delivers the Narconon treatment program to patients at Fresh Start. NI,
19 Western, and ABLE instruct staff at Fresh Start as to the exact manner in which they are to
20 perform their services and deliver the Narconon treatment program.

21 53. NI and ABLE also publish all training materials for Narconon Fresh Start. This includes
22 seven different training materials on subjects ranging from the Narconon sauna program to
23 overseeing to delivering the Narconon treatment program.

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1 54. NI, Western, and ABLE micro-manage individual Narconon centers such Fresh Start d/b/a
2 to such a large extent that they publish the exact materials authorized to be sold in an individual
3 Narconon center's bookstore.

4 55. Further, the NI Director of Technology and Approval demands and ensures that there are
5 good photos of L. Ron Hubbard visible in every center and that materials are available to students
6 and staff as to L. Ron Hubbard's contributions in the field of alcohol and drug rehabilitation.

7 56. NI, Western, and ABLE work with individual Narconon centers such as Fresh Start on
8 legal problems, including patient requests for refunds and complaints to the Better Business
9 Bureau. In addition, NI, Western, and ABLE work to combat negative publicity for Fresh Start.

10 57. NI, Western, and ABLE are intimately involved in the day-to-day operations of Narconon
11 Fresh Start. NI, Western, and ABLE have the final authority over all decisions at Narconon Fresh
12 Start relating to hiring and firing, delivery of services, finances, advertising, training, and general
13 operations.

14 58. NI, Western, and ABLE perpetrate this scheme to recruit for and promote the Scientology
15 religion under the guise of providing drug rehabilitation.

16 59. NI, Western, and ABLE all are principals served by their agent, Fresh Start.

17 **FIRST CLAIM FOR RELIEF**

18 **BREACH OF CONTRACT**

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

21 61. Fresh Start, acting on behalf of all Defendants, contracted with Plaintiffs to provide Sara
22 Koslow residential drug and alcohol treatment. Plaintiffs paid Defendants \$33,000.00.

23 62. Defendants breached this contract by, *inter alia*: (i) engaging in sexual relations with Sara,
24 which hindered her attempts at rehabilitation; and (ii) providing Scientology in lieu of drug and
25 alcohol treatment.

1 63. As a consequence of Defendants' breaches, Sara was forced to seek substitute services at
2 another facility.

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

4 **SECOND CLAIM FOR RELIEF**

5 **NEGLIGENCE**

6 65. Plaintiff incorporates by reference, as if fully set forth herein, each and every allegation set
7 forth in the preceding paragraphs and further alleges as follows:

8 66. Defendants owed Plaintiff Sara Koslow a duty of reasonable care to provide her a safe
9 environment in which to focus on rehabilitation.

10 67. Defendants breached this duty in the following manners: (i) failing to staff the Narconon
11 Fresh Start facilities with appropriately qualified personnel; (ii) failing to supervise Fresh Start
12 personnel in their interactions with Sara Koslow; (iii) developing and implementing a treatment
13 model that exposes patients to unreasonable risks from staff who have only recently achieved
14 sobriety; and (iv) failing to take adequate measures to protect against the Second Incident after
15 learning of the First Incident.

16 68. As a result of Defendants' breaches, Plaintiff Sara Koslow has sustained injuries and has
17 been hindered on her path to recovery.

18 **THIRD CLAIM FOR RELIEF**

19 **BREACH OF FIDUCIARY DUTY**

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

22 70. A fiduciary relationship existed between Plaintiff Sara Koslow and Narconon Fresh Start.

23 71. This fiduciary relationship arose out of, *inter alia*, Sara's entrustment of herself to Fresh
24 Start's care when she was in a vulnerable and dependent position.

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1 72. Fresh Start breached its fiduciary duty to Sara Koslow by: (i) failing to adequately
2 supervise personnel interacting with Sara; (ii) failing to take preventive steps against a second
3 incident involving sexual relations occurring after Fresh Start had knowledge of the First Incident;
4 (iii) staffing the facility with personnel not qualified to care for persons in the vulnerable state of
5 withdrawing from drugs.

6 73. As a result of these breaches, Plaintiff Sara Koslow has sustained severe emotional distress
7 and has been hampered in her attempt to recover from drug addiction.

8 74. All Defendants, by virtue of their extensive control over the operations at Narconon Fresh
9 Start, are liable to Plaintiffs for general, special, and punitive damages in an amount to be
10 determined at trial.

11 **FOURTH CLAIM FOR RELIEF**

12 **FRAUD**

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

15 76. Defendants, through their agent, Nick Morrill, on April 3, 2014, represented to Plaintiff
16 Donna Koslow that the Narconon program is secular and has nothing to do whatsoever with
17 Scientology.

18 77. These statements were knowingly false. The Narconon Program consists entirely of
19 Scientology teachings and doctrines that bear no relation to the treatment of substance abuse. The
20 Narconon Program is used to introduce vulnerable persons to Scientology and indoctrinate them
21 into Scientology.

22 78. Had Plaintiffs known that Morrill's statements were false, they would never have admitted
23 their daughter to Fresh Start for treatment and paid Fresh Start \$33,000.00.

24 79. As a proximate result of Defendants' fraudulent conduct, Plaintiffs have pecuniary
25 damages, severe emotional distress, and other injuries in excess of \$75,000.00.

1 **FIFTH CLAIM FOR RELIEF**

2 **NEGLIGENT MISREPRESENTATION**

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

5 81. Defendants, through their agent, Nick Morrill, on April 3, 2014, represented to Plaintiff
6 Donna Koslow that the Narconon program is secular and has nothing to do whatsoever with
7 Scientology.

8 82. These statements were false. The Narconon Program consists entirely of Scientology
9 teachings and doctrines that bear no relation to the treatment of substance abuse. The Narconon
10 Program is used to introduce vulnerable persons to Scientology and indoctrinate them into
11 Scientology.

12 83. Defendants made these representations of fact without using reasonable care.

13 84. Defendants knew that Plaintiffs Stephen and Donna Koslow would rely on these
14 representations of fact.

15 85. Plaintiffs relied on these false representations of fact to their detriment, and, as a result,
16 Plaintiffs suffered damages in excess of \$75,000.00.

17 **DEMAND FOR JURY TRIAL**

18 Plaintiffs demand a jury trial on all issues triable.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, Plaintiffs pray for the following relief:

- 21 A. Judgment in favor of Plaintiffs and against Defendants for damages in such amounts as
22 may be proven at trial;
- 23 B. Compensation for special, general, and treble damages;
- 24 C. Reasonable attorney's fees and costs of suit;
- 25 D. Interest at the statutory rate;

1 E. Punitive or exemplary damages against Defendants;

2 F. All further relief, both legal and equitable, that the Court deems just and proper.

3 DATED this 26th day of September, 2014.

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Respectfully submitted,

By: /s/ Ryan A. Hamilton

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