

Business Protective Bureau, Wichita Chamber of Commerce, Wichita, Kansas
March 1, 1932

Dear to All Affiliated
Better Business Bureaus:

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Re: Hubbard-Diagnostic Foundation
211 West Douglas, Wichita, Kansas
International Library of Arts and
Business, same address.
Allied Scientists of the World,
same address and Denver, Colorado.
Hubbard College, Box 624, Wichita
L. Don Hubbard, President
John W. Elliott, Business Manager
Scientific Press, Inc., same address.

The following information, secured from what we believe to be reliable sources but for which we assume no responsibility, is believed to be correct and up to date.

Hubbard Diagnostic Foundation, Inc., a Kansas corporation, on February 21, 1932, filed a voluntary petition in bankruptcy, by action of its president, Don Purcell, a Wichita business man. The corporation was previously in receivership (appointed to State Supreme Court) as result of action brought by creditors in the east prior to the move to Wichita.

Allied Scientists of the World, and International Library of Arts and Sciences, are subsidiaries of the Foundation, and presumably affected by the same action.

The Foundation has had a contract with Hubbard which permits the Foundation to use the name, Diagnostic, and to act as distributor for Hubbard's books. The contract specifies that if Hubbard is discredited with the Foundation's methods he has the right to cancel this agreement. In view of this fact, and since the name Diagnostic seems to have considerable possibility for commercial exploitation, the Foundation should still be kept in your "live" files, and we will report when there are further developments.

Hubbard is now completely separated from the Foundation, and has organized Hubbard College, a Kansas corporation, non profit, with temporary offices in the Dorcy Building, Wichita, while they seek larger quarters.

Scientific Press, Inc., a Kansas corporation, is owned secretly by Hubbard, for the printing and distributing of his books and other writings.

Hubbard College, intent up to teach Diagnostics under the personal supervision of Hubbard. Graduates become "registered diagnosticians" and will be licensed to give courses in diatomic processes in their own offices or schools. The fees and charges for this licensing, with necessary films and texts, are now \$1,000, which is to be increased to \$1,500 on March 1, 1932, to \$2,000 on March 20, and to \$3,000 on June 1, 1932.

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General History Originally Hubbard Dialectics Foundation was operating under four separate charters, at Los Angeles, New York City, Washington, D. C., Elizabeth, N. J., and an office at Honolulu. Two of these are now in operation, no business. The office at Honolulu was discontinued because of an old law which forbids any sort of practice of the kind. An action was brought against the New Jersey corporation for the illegal practice of medicine, alleging that Dialectics was a form of psychiatry, therefore subject to this law. Our information from an interested party is that this case did not come to trial and was dismissed when the concern left Elizabeth and came to Wichita.

In 1929 Don C. Farrell, a builder and oil operator of Wichita, became interested in Dialectics and was instrumental in moving the Foundation to this city. The Foundation was then in financial difficulties, and Farrell is reported to have invested considerable money in the enterprise, becoming president of the Kansas corporation and active in the management.

This Bureau received various papers and reports of law business management of affairs in Wichita, but nothing in the way of explanation from the public until immediately prior to the bankruptcy action, at which time we received three complaints that the Foundation had not lived up to its teaching promises. Any claims for refunds could now have to be directed to the trustee in bankruptcy. Elliott infers so that any students of the Foundation who wish to do so may continue their course of instruction at Hubbard College without further cost by assigning their claims to Elliott.

We are informed that prior to the bankruptcy action, Hubbard had sold his stock in the Foundation, presumably to the Foundation or to Farrell, but claims he has not been paid for it. He also claims to have other financial claims as a creditor of the Foundation. The petition of bankruptcy lists liabilities of about \$212,000 and assets of about \$40,000.

What is Dialectics? ("...statements quoted from their literature, () are true.") Printed matter put out by the Foundation while under Hubbard's direction states that "Dialectics is the science of human behavior discovered and originated by L. Ron Hubbard, American engineer and nuclear physicist. Hubbard's study for 20 years and under actual test and application for five, Dialectics is responsible today for saving the lives, health and sanity of thousands of human beings."

"Life force is an energy not unlike other energies in some respects. This energy (and) other energies such as those of physical pain and (and) later re-act back on the body." (Apparently the stored "energies" which are involved in psychosis or body cells, are called "energies" and "dialectic processing" is the process of removing them.)

"Processing is done by a skilled auditor, one who listens and computes. The pre-clear (they do not use the word, patient) simply complies with the auditor's requests of the auditor, and after 20 hours, more or less, of processing is usually free from his chronic symptoms. The pre-clear sits or lies on a couch in the auditor's office. The auditor directs the pre-clear into various portions of the pre-clear's life. (That is, asks questions.) No hypnosis, drugs, surgery, anesthesia or diets are used. It is mostly conversation between the auditor and pre-clear."

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"Psychosomatic illness such as arthritis, sinus trouble, neuralgia, rheumatism, and others numbering 70% of man's illness were caused, Hubbard found, by their storage of pain. Every psychosomatic illness has its root some old injury which has become continually inflicted just as though it had never gotten well. Dialectic processing can remove all pain from a lifetime, but such an effort is not necessary to relieve a single psychosomatic illness, to make it unnecessary to wear glasses or to receive operations (such as caused by lesions in the family)."

"Generally the rapidity of results leaves the pre-clear incredulous. But this is an incredible age and Dialectics, like its sister, the L-5-2-2, is incredible. It does what one would expect an actual miracle to accomplish. Dialectic processing has no exceptions. Its human engineers can hold you." (In a processed letter, Hubbard says) "bluntly, we are out to replace medicine in the next three years. To had better get a move on."

L. Ron Hubbard was born March 13, 1911 Nebraska; educated at Cornell Washington University as a mathematician, and has worked in the fields of ethnology and general exploration. He is also known as a writer of science-fiction. His book, "Dialectics, the Modern Science of Mental Health," was published by Heritage House in 1950.

This Bureau has made no attempt to evaluate any of the claims made by and for Dialectics, nor has it been furnished sufficient evidence to support such claims. We have no information to indicate that the question of whether Dialectics processing conflicts with laws governing the practice of medicine or the healing arts has ever been adjudicated, except in Hawaii as previously mentioned. We have been informed, without verification, that New York has recently passed a state law specifically regulating this type of practice.

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