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5. ACCORDING TO THE EXTRACT, THE CURRENT TRUSTEES ARE:

JAYANTILAL M. THAKKAR (AKA SVAMI SATYA BODHISATVA -
THE ASST. TAX COMMISSIONER IN POONA)
JAXMI T. NIRJEE (AKA MA YOGA LAXMI)
MANIKANT YOGENDRA KHONA AKA SVAMI YOGENDRA MANU
SHEELA SILVERMAN AKA MA ANAND SHEELA
DARSHAN N. VALIA AKA MA YOGA DARSHAN
MANSA KHONA AKA MA YOGA MANSA
RAMERCHAND B. SHAN AND SVAMI CHAITANYA SAGAR
FALI CHINOF AKA SVAMI GYAN NIRMAL
TARU C. MENTA AKA MA YOGA TARU
DR. HEMANT NARAYAN PHADNIS AKA SVAMI AJEET SARASWATI
HARISH MALHOTRA AKA SVAMI ANAND SVABHAVA

6. ACCORDING TO THE EXTRACT, THE GOALS OF THE RAJNEESH
FOUNDATION (UPON WHICH ITS TAX EXEMPTION DEPENDS) WERE
AS FOLLOWS:

A. "TO SPREAD AND IMPORT THE PREACHING OF ACHARYA SHRI
RAJNISHJI (RAJNEESH) AND OTHER PHILOSOPHERS PERTAINING
TO ALL RELIGIONS;"

B. "TO PRINT, PUBLISH, SELL, DISTRIBUTE EITHER FREE OR
FOR PRICE BOOKS, MAGAZINES, LECTURES, PREACHINGS,
JOURNALS AND OTHER LITERATURE;"

C. "TO CONDUCT OR ARRANGE LECTURES, TOURS, SWIMMS
(REVIVAL CAMPS), RESEARCH, PROGRAMS OF ANY KIND
EITHER IN INDIA OR ABROAD;"

D. "TO PROMOTE, MAINTAIN, CONTROL, OR CONDUCT GYANA
YAGNA SADHANA CENTERS, SEMINARS, DISCOURSES,
STUDY GROUPS, LECTURE, READING ROOMS, LIBRARIES,
SCHOOLS, PATHSHALAS (SCHOOLS), RESEARCH CENTERS;"

E. "TO GIVE LOANS, SCHOLARSHIPS, FELLOWSHIPS, PRIZES,
HONORARIUM REMUNERATION, OR MONETARY ASSISTANCE TO
THE PHILOSOPHERS, THINKERS, WRITERS, AUTHORS AND
STUDENTS;"

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FM AMCONSUL BOMBAY

TO USINS, DISTRICT DIRECTOR PORTLAND OREGON IMMEDIATE

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EMBASSY NEW DELHI

UNCLAS SECTION 3 OF 5 BOMBAY 9186

VISAS.

ATTENTION: INS FOR CRIMINAL INVESTIGATOR THOMAS M. CASEY

E.O. 12865: N/A

TAGS: CVIS, IN (RAJNEESH, BHAGVAN SHREE)

SUBJ: VISAS: INVESTIGATION-BHAGVAN SHREE RAJNEESH, A24 404 851

REF: A) INS PORTLAND'S MEMO OF NOVEMBER 23, 1981
(P0050/88-C) (NOTAL).
B) 81 STATE 314448 (NOTAL)

1. ON DECEMBER 28 AND 29, 1981, CONSULAR OFFICERS JOYCE
A. SMITH AND JOHN O'LEARY AND FOREIGN SERVICE NATIONAL
EMPLOYEE ARIF G. RADWANI VISITED POONA (ALSO SPELLED
PUNE) TO INVESTIGATE RAJNEESH, HIS ASHRAM, ITS TAX
PROBLEMS, ITS ORGANIZATION, AND ITS METHODS OF DEALING
WITH OUTSIDERS. IN THIS REPORT, RAJNEESH ASHRAM AND
RAJNEESH FOUNDATION ARE USED INTERCHANGEABLY. FOLLOWING
IS OUR REPORT:

2. ORGANIZATION

ACCORDING TO A CERTIFIED EXTRACT OF THE RAJNEESH FOUNDATION'S
CHARTER, THE RAJNEESH FOUNDATION WAS ORIGINALLY REGISTERED
AS AN ORGANIZATION WITH THE INDIAN GOVERNMENT'S CHARITY
COMMISSION IN BOMBAY ON JULY 17, 1969 UNDER THE NAME
"JEEVAN JAGRITI MEMORA." THE EFFECTIVE DATE WAS JUNE 11,
1969. ON MARCH 27, 1976, THE ORGANIZATION WAS OFFICIALLY
TRANSFERRED TO POONA AND THE NAME CHANGED TO "RAJNEESH
FOUNDATION."

3. ACCORDING TO THE EXTRACT, THE NUMBER OF TRUSTEES MUST
BE AT LEAST 2 BUT MAY NOT EXCEED 11. RAJNEESH HIMSELF
CAN NOMINATE NO MORE THAN 5 TRUSTEES AND A COMMITTEE
(PRESUMABLY OF TRUSTEES) CAN NOMINATE UP TO 6 INDIVIDUALS.
RAJNEESH HIMSELF HAS NO OFFICIAL POSITION IN THE ORGANIZATION;
HE IS MERELY "ADVISOR FOR LIFE."

4. THE ORIGINAL TRUSTEES WERE:

HIMATLAL HANIBHAI JOSHI DELETED VIDE C.R. 83/71
ISHWARILAL MARAMJI SHAN DELETED MARCH 23, 1978
DHANPATI T. NIRJEE (SISTER OF MA YOGA LAXMI)
DELETED JULY 14, 1974
VASANJI LODAYA DELETED MARCH 18, 1974
HANECKLAL V. BAFNA DELETED JULY 18, 1974
B.R. SANGHVI DELETED MARCH 18, 1974
JAYANTIBHAI M. JHAKKAR (LATER TO BE SVAMI SATYA
BODHISATVA, ASST. TAX COMMISSIONER FOR POONA)
DELETED JULY 14, 1974
HARI PRASAD LOHIA DELETED JULY 14, 1974
DHANPAT RAI KARNANI DELETED JULY 14, 1974
JAYENDRA D. LASKARI DELETED JULY 14, 1974
RAVINBHAI DESAI DELETED JULY 14, 1974
LISAN CHAINANI DELETED JULY 14, 1974
SUSHILA TAMPURIA DELETED JULY 14, 1974.

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VISAS

F. "TO ESTABLISH, PROMOTE AND MAINTAIN ASHRAMS, SCHOOL COLLEGE TO TRAIN STUDENTS AND TEACHERS;"

G. "TO IMPAN (ESTABLISH) MEDICAL COLLEGE BY WAY OF SADHANA AND OTHER SUITABLE SYSTEM BENEFICIAL TO PHYSICAL AND MENTAL HEALTH;"

H. "TO ESTABLISH, PROMOTE AND/OR TAKEOVER AND CONDUCT HOSPITALS, HEALTH AND MEDICAL CENTERS;"

I. "TO PROVIDE FOR THE RELIEF OF POOR PEOPLE AND PEOPLE IN DISTRESS OR FOR NATIONAL CAUSE AND TO PROVIDE FOR MEDICAL RELIEF;"

J. "TO MAINTAIN AND RUN SADAVANT, DHARAMSHALAS REST HOUSE, NALA MANDIR, BAL MANDIR, ETC UREL REST HOUSE, ARTS CENTER, CHILDREN'S NURSERY, ETC.;"

THE RAJNEESH FOUNDATION APPARENTLY FAILED TO LIVE UP TO ITS GOALS, LEADING TO THE REVOCATION OF ITS TAX EXEMPTION. (SEE SECTION "THE TAX PROBLEM")

7. DEALINGS WITH OUTSIDERS

DURING OUR STAY IN POONA, WE HAD DISCUSSIONS WITH SEVERAL PUBLIC OFFICIALS AND PRIVATE CITIZENS WHO HAVE HAD DEALINGS WITH THE RAJNEESH ASHRAM. FROM OUR DISCUSSIONS WE LEARNED THAT BESIDES THE NORMAL, LEGAL METHODS OF COMMUNICATION, ASHRAM OFFICIAL ALSO USED OTHER METHODS IN ATTEMPTS TO INFLUENCE INDIVIDUALS. THE FAVORITE TECHNIQUE, ACCORDING TO OUR CONTACTS, INVOLVED SEXUAL ENTRAPMENT. AN INDIVIDUAL, USUALLY A MAN, WOULD BE LURED INNOCENTLY INTO A SITUATION WHERE HE FOUND HIMSELF ALONE WITH AN ASHRAM FEMALE. AFTER A SHORT TIME THE FEMALE CLAIMED THAT SHE HAD JUST BEEN MOLESTED. AMAZINGLY ENOUGH, THERE WERE OFTEN TAPE RECORDERS OR CAMERAS PRESENT. THEN, AN ASHRAM OFFICIAL WOULD APPEAR AND OFFER TO TRADE SILENCE ON A SEXUAL ASSAULT CHARGE FOR SOMETHING WANTED BY THE ASHRAM. WE WERE TOLD OF 3 DEFINITE SUCH CASES IN THE LAST FEW YEARS (WE HAD ALSO READ NEWSPAPER ACCOUNTS OF THESE) AND HAVE HEARD OF 2 OTHERS. THESE FIVE INDIVIDUAL WERE MEN WHO REFUSED TO BE INTIMIDATED; WE DO NOT KNOW HOW MANY OTHERS THERE MAY HAVE BEEN WHO SUCCEEDED TO THIS LOT.

ANOTHER METHOD OF INFLUENCE USED BY ASHRAM OFFICIALS AS TO ATTEMPT TO PLACE SYMPATHETIC INDIVIDUALS IN SENSITIVE POSITIONS. THE MOST PROMINENT EXAMPLES WERE THE PLACEMENT OF JAYANTILAL M. THAKKAR (ADA SWAMI SATYA DHARISATVA) AS COMMISSIONER OF INCOME TAX (APPELLATE), RS. PRATIBHA LALUANI (ANKA MA ANAND PRATIPHA) AS ASSISTANT INSPECTING COMMISSIONER OF INCOME TAX, AND A K. CHADHA AS A MEMBER OF THE CENTRAL BOARD OF DIRECT AXES (THE CONTROLLING TAX BODY IN INDIA.)

9. WE EXAMINED THE QUESTION OF BRIBERY BUT COULD FIND NO EVIDENCE OF THIS. THE MOST ANY OF OUR CONTACTS WOULD SAY IS THAT THINGS HAPPENED FOR WHICH THEY HAD NO EXPLANATION. FOR EXAMPLE, ONE SOURCE TOLD US THAT RAJNEESH DEVOTEES WOULD RECEIVE VISA EXTENSIONS EVEN THOUGH THE EXTENSIONS HAD BEEN DENIED BY THE LOCAL POLICE, SUPPOSEDLY THE CONTROLLING AUTHORITY. THE SOURCE COULD NOT EXPLAIN ON WHAT BASIS THE EXTENSIONS WERE GRANTED; HE SAID HE THOUGHT THERE WAS A POSSIBILITY OF BRIBERY, ALTHOUGH HE HAD NO EVIDENCE.

10. THE TAX PROBLEM

A WELL PLACED SOURCE IN POONA INFORMED US THAT THE RAJNEESH FOUNDATION WAS ORIGINALLY GRANTED TAX EXEMPT STATUS IN 1969 UNDER THE NAME JEEVAN JAGRITI KENDRA AND THAT THE STATUS CARRIED OVER WHEN THE NAME CHANGED. THE ORGANIZATION IS REGISTERED AS A NON-PROFIT "PUBLIC CHARITABLE TRUST" WITH THE GOVERNMENT OF INDIA'S ASSISTANT CHARITY COMMISSION IN POONA. IN ITS REGISTRATION, THE ORGANIZATION LISTS AS ITS AIMS THE PROPAGATION OF RAJNEESH'S PHILOSOPHY (PT PHILOSOPHY (NOT RELIGION), AND THOSE OF OTHER PHILOSOPHERS PERTAINING TO THE SUBJECT OF RELIGION, AS STATED IN PARAGRAPH 6. THE RAJNEESH FOUNDATION'S TAX EXEMPT STATUS WAS NOT BASED UPON ANY RELIGIOUS PURPOSE BUT UPON ITS SO-CALLED CHARITABLE NATURE. THE TAX EXEMPTION DID NOT IMPLY ANY RECOGNITION OF RAJNEESH'S ORGANIZATION AS A RELIGION OR RELIGIOUS ORGANIZATION. IN SUM, INDIAN TAX AUTHORITIES DID NOT RECOGNIZE IT AS A RELIGIOUS ORGANIZATION.

11. IN ESSENCE, UNDER THE INCOME TAX ACT OF 1922, THE STATED GOALS OF A NON-PROFIT PUBLIC CHARITABLE TRUST MUST BENEFIT THE PUBLIC AT LARGE AND THE FOUNDATION MUST REMAIN A NON-PROFIT ORGANIZATION TO QUALIFY THE FOUNDATION FOR TAX-EXEMPT STATUS. IN 1977, INDIAN TAX AUTHORITIES BEGAN TO REEXAMINE THE FOUNDATION'S TAX EXEMPT STATUS AFTER NOTING THAT THE ASHRAM (FOUNDATION) BENEFITED ONLY RAJNEESH'S DEVOTEES (MOSTLY FOREIGNERS WHO IN ONE WAY OR ANOTHER PAID FOR ALL SERVICES AT THE ASHRAM) AND NOT THE PUBLIC AT LARGE, AND THAT THE ASHRAM'S VARIED ACTIVITIES WERE EARNING IT VAST SUMS OF MONEY WHICH CAST DOUBT ON ITS NON-PROFIT CHARACTER. AS AN EXAMPLE OF THE LATTER POINT, WHEN CURRENCY NOTES OF RUPEES 1,000

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Examples taken

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THE RAJNEESH FOUNDATION, AS THERE IS STILL A PENDING COURT CASE. HE SUGGESTED, HOWEVER, THAT THE CENTRAL BOARD OF DIRECT TAXES MIGHT BE IN A POSITION TO RELEASE INFORMATION. WE WILL PURSUE THIS LINE.

15. IN AN ISSUE SOMEWHAT RELATED TO THE TAX PROBLEM, WE LEARNED FROM VARIOUS SOURCES THAT SOME KIND OF INITIATION FEE PAYMENT WAS MADE TO THE RAJNEESH FOUNDATION BY THOSE WHO TOOK UP ACTUAL RESIDENCE IN THE ASHRAM ITSELF. WE WERE UNABLE TO PIN DOWN THE EXACT AMOUNT, BUT ONE SOURCE TOLD US IT WAS DOLLARS 10,000. OTHER SOURCES SAID IT AMOUNTED TO ALL THE APPLICANT'S WORLDLY GOODS AND POSSESSIONS. THE "PAYMENTS" WERE MADE INTO FOREIGN ACCOUNTS OUTSIDE OF INDIA. WE HAVE ALSO HEARD THAT THE ADMISSION FEE FOR RESIDENCE AT THE NEW ANTELOPE, OREGON SITE IS DOLLARS 20,000.

16. ONE INTERESTING RUMOR IN POONA IS THAT THE RAJNEESH FOUNDATION TOOK LARGE SUMS OF MONEY FROM DEVOTEES IN EXCHANGE FOR BEING ALLOCATED A HOUSE IN THE FUTURE ASHRAM - WHEREVER THAT WAS TO BE. THIS MONEY WAS COLLECTED AND DEPOSITED OUTSIDE INDIA. AS THE FOUNDATION, HOWEVER, WAS ENCOUNTERING MUCH DIFFICULTY IN SECURING A NEW SITE, THOSE WHO HAD ALREADY "PURCHASED" HOMES WERE ALLEGEDLY BECOMING RESTLESS, FUELING A MOVE TO OREGON.

17. THE MEDICAL PROBLEM
BHAGVAN SHREE RAJNEESH SUFFERS FROM SEVERE ASTHMA AND ALSO FROM "FLUCTUATING DIABETES", REQUIRING INSULIN TWICE A DAY. AS A RESULT OF HIS DIABETES, HE HAS A WEAK AND SOMEWHAT NUMB LEFT FOOT. IN MARCH 1981 HE APPARENTLY DEVELOPED SEVERE BACK PAIN, RADIATING DOWN HIS LEFT LEG. HIS REGULAR PHYSICIAN SINCE 1974, A WELL-KNOWN GENERAL PRACTITIONER NAMED DR. SARDESAI, GAVE AN INITIAL DIAGNOSIS OF SLIPPED DISC. STRICT BED REST WAS PRESCRIBED, RESULTING IN RAJNEESH'S MUCH-PUBLICIZED "SILENT-PHASE." TREATMENT WAS CONTINUED FOR SEVERAL WEEKS WITHOUT SUCCESS. AT THAT POINT, A SPECIALIST, A DR. HARDIKAR, WAS CALLED IN. HIS

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DENOMINATION WERE RECENTLY REMOVED FROM CIRCULATION, THE ASHRAM PRESENTED 87 OF THEM FOR CONVERSION INTO SMALLER, PERMITTED DENOMINATIONS. TAX AUTHORITIES WERE CURIOUS AS TO HOW A NON-PROFIT CHARITABLE ORGANIZATION HAPPENED TO HAVE 87,000 RUPEES IN CASH (APPROXIMATELY 17,000 DOLLARS LYING AROUND.) AS A RESULT OF ITS INVESTIGATION, TAX AUTHORITIES REVOKED THE ASHRAM'S TAX EXEMPT STATUS AND ASSESSED ITS INCOMES BACK TO 1974. AS A RESULT, THE INDIAN GOVERNMENT IS CLAIMING APPROXIMATELY RUPEES 500,00 (55,000 DOLLARS) FOR EACH YEAR OF THE FOUNDATION'S OPERATION AND IS DENYING IT FUTURE TAX-EXEMPTION. THE RAJNEESH FOUNDATION HAS APPEALED THE GOVERNMENT'S RULING AND THE CASE IS PENDING IN THE TAX APPELLATE COURT.

12. OUR CONTACT INFORMS US THAT OVER THE YEARS THE RAJNEESH FOUNDATION TOOK PAINS TO ASSURE ITS NON-TAX STATUS. AROUND 1976, SWAMI SATYA BODHISATVA (AKA PRATYALAL M. THAKKAR), A TAX OFFICIAL, AND DEVOTED FOLLOWER OF RAJNEESH GOT HIMSELF TRANSFERRED FROM MUMBAI TO POONA AS TAX COMMISSIONER (APPEALS), THE CHIEF TAX OFFICER IN THE DISTRICT. FROM HIS POSITION, HE REPORTEDLY BROUGHT HEAVY PRESSURE TO BEAR ON OFFICIALS INVESTIGATING THE FOUNDATION'S TAX STATUS, FORCING TWO TO TRANSFER AND ONE TO TAKE EXTENDED LEAVE. IN SPITE HIS EFFORTS, HOWEVER, SUBORDINATE OFFICIALS PERSISTED AND SUCCEEDED IN OBTAINING THE REVOCATION OF THE FOUNDATION'S TAX EXEMPTION. ASSISTING SWAMI BODHISATVA IN HIS ATTEMPT TO BRING PRESSURE WAS A MAN NAMED CHADNA, ALSO A RAJNEESH FOLLOWER, WHO SERVED ON THE CENTRAL BOARD OF DIRECT TAXES, THE TAX GOVERNING BODY OF INDIA.

RAJNEESH HIMSELF DOES NOT SEEM TO HAVE HAD A TAX OBLIGATION, AS HE DOES NOT SEEM TO HAVE HAD AN INCOME. HE LIVED OFF THE GENEROSITY OF THE FOUNDATION. HIS WANTS AND WANTS WERE GRATIFIED BY THOSE AROUND HIM, WHICH IS TO SAY THE ORGANIZATION. (AS AN EXAMPLE OF HOW HIS NEEDS WERE MET, HE HAD FOUR HIS PERSONAL USE 3 SEATED BENZ SEDANS AND 1 ROLLS ROYCE.) AS RAJNEESH HAD NO INCOME, HE OBTAINED AN INCOME TAX CLEARANCE FROM THE TAX DEPARTMENT BEFORE HIS JUNE 3, 1981, DEPARTURE FOR THE UNITED STATES. IT IS PERHAPS SIGNIFICANT THAT INCOME TAX CLEARANCES ARE REQUIRED ONLY FOR EMIGRANTS. THE CLEARANCE WAS ISSUED THROUGH THE GOOD OFFICES OF SWAMI BODHISATVA, THE TAX COMMISSIONER (APPEALS) IN POONA. THE ISSUANCE OF THE CLEARANCE RAISED A QUESTION IN THE INDIAN PARLIAMENT IN NEW DELHI AND A SUBSEQUENT INVESTIGATION RESULTED IN THE DISCIPLINARY TRANSFER OF BODHISATVA TO A REMOTE POST IN INDIA. (BODHISATVA WAS REPORTEDLY DECLINED THE OFFER AND WILL INSTEAD TAKE EARLY RETIREMENT.)

THE CURRENT ASSISTANT TAX COMMISSIONER IN POONA REQUESTED TO GIVE THE CONCERN ANY INFORMATION CONCERNING

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VISAS

21. IN ESSENCE, WE BELIEVE THAT IT IS POSSIBLE THAT RAJNEESH'S CLAIMED ILLNESS WAS NOT AS SEVERE AS HE PORTRAYED, AND THAT HE AND ASHRAM OFFICIALS MISREPRESENTED THE ILLNESS TO THE CONGEN IN ORDER TO OBTAIN A B-2 VISA ON MEDICAL GROUNDS. WE HAVE NO INFORMATION HERE WHETHER HE UNDERWENT EITHER AN OPERATION OR ADVANCED MEDICAL TREATMENT IN THE U. S. WE SUSPECT THAT HE AND HIS ASHRAM OFFICIALS EITHER FAKED, OR MORE LIKELY, SERIOUSLY EXAGGERATED HIS CONDITION IN ORDER TO TRANSFER THE ASHRAM TO THE UNITED STATES AND ESCAPE TAX DIFFICULTIES IN INDIA.

22. RECOMMENDATIONS

A. WE RECOMMEND THAT YOU NOTIFY THE INTERNAL REVENUE SERVICE OF RAJNEESH'S TAX DIFFICULTIES IN INDIA. THE IRS MAY WISH TO INVESTIGATE THE RAJNEESH FOUNDATION MORE THOROUGHLY BEFORE CONTINUING ITS TAX EXEMPT STATUS. WE DO NOT BELIEVE THAT THE RAJNEESH FOUNDATION IS A RELIGIOUS ORGANIZATION IN THE NORMAL MEANING OF THAT TERM, AND WE QUESTION WHETHER IT QUALIFIES AS A CHARITABLE TRUST. AS STATED ABOVE, THE INDIAN TAX AUTHORITIES DID NOT CONSIDER THE ASHRAM AS EITHER.

B. WE SUGGEST THAT RAJNEESH BE REQUIRED TO PROVIDE EVIDENCE OF HIS TREATMENT AND RECOVERY IN THE U. S. WE FURTHER SUGGEST THAT EVIDENCE BE ACCEPTED ONLY FROM REPUTABLE PHYSICIANS NOT CONNECTED IN ANY WAY WITH RAJNEESH OR THE RAJNEESH FOUNDATION.

23. WE ARE CONTINUING THE FRAUD INVESTIGATION HERE, ESPECIALLY IN RESPECT TO THE DISESTABLISHMENT OF THE ASHRAM IN POONA AND THE DATES ARRANGEMENTS WERE MADE TO MOVE TO THE U. S. (I. E. WHETHER THIS OCCURRED BEFORE THE APPLICATION FOR B-2 VISAS). WE BELIEVE THAT EITHER MISREPRESENTED MEDICAL GROUNDS OR INTENT TO IMMIGRATE TO THE U. S. DEMONSTRATED THROUGH THE DISMANTLEMENT OF THE ASHRAM WILL BE ENOUGH TO ESTABLISH RAJNEESH'S INELIGIBILITY TO RESIDE IN THE U. S. UNDER SECTION 212 (A) (19) INA.

24. SUMMARY.

OUR INVESTIGATION TRIP TO POONA SUGGESTS THE POSSIBILITY OF FRAUD OR WILFUL MISREPRESENTATION IN CONNECTION WITH RAJNEESH'S APPLICATION FOR A NONIMMIGRANT VISA. AMSTUTZ

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