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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT COURT OF ARIZONA

URANTIA FOUNDATION,)
)
Plaintiff,)
)
vs.)
)
KRISTEN MAAHERRA,)
)
Defendant.)

*Maaherra
filed all*

CIV 91-0325

COPY

The discovery deposition of
WILLIAM M. HALES, taken in the above-entitled cause
before LYDIA MSZAL, C.S.R., a notary public in and
for the County of Cook and State of Illinois, on
the 21st day of October, 1994 at 815 Sumac
Winnetka, Illinois, at the hour of 10:30 o'clock
a.m. Chicago, Illinois, pursuant to subpoena.

*all - not a certification
of reporting only*

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PRESENT:

BOOTH, WADE & CAMPBELL

BY: MR. SCOTT WHARTON
Cumberland Center II
3100 Cumberland Circle
Suite 1500
Atlanta, Georgia 30339-5939
(414) 850-5004

On behalf of the Plaintiff;

CLEARY & KOMEN

BY: MR. JOSEPH D. LEWIS
600 Pennsylvania Avenue, SE
Washington, D.C. 20003-4304
(202) 675-4700

On behalf of the Defendant.

ALSO PRESENT:

MR. JOHN HALES

REPORTED BY:

LYDIA MSZAL

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WITNESS

WILLIAM M. HALES

EXAMINATION

By Mr. Lewis

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EXHIBITS

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1 (Interpreter sworn)

2 JOHN HALES,

3 called as an interpreter herein, was sworn to
4 interpret the answers from Mr. Bill Hales, to the
5 best of his ability when necessary.

6 (Witness sworn)

7 WILLIAM M. HALES,

8 called as a witness herein, having been first duly
9 sworn, was examined and testified as follows:

10 MR. LEWIS: Good morning Mr. Hales, Mr. Hales,
11 Mrs. Hales as well as Scott Wharton and Kristen
12 Maaherra. I'm Joseph Lewis, the attorney
13 representing Kristen Maaherra in the case that's
14 pending of Urantia Foundation versus Kristen
15 Maaherra.

16 And we are going to be taking your
17 deposition today. By that I mean, we'll be asking
18 you a series of questions mostly relating to The
19 Urantia Book, it's origin and some of the symbols
20 relating to The Urantia Book.

21 If at any time you don't understand what
22 I'm asking, please ask me to clarify the question,
23 and I'll be happy to do that.

24 Also, if at any time you feel tired or

1 want to take a break, just indicate that and we can
2 stop at any time.

3 BY MR. LEWIS:

4 Q. Have you ever had your deposition taken
5 before?

6 A. No.

7 Q. All right. Then after I'm finished
8 asking questions, Mr. Wharton will have an
9 opportunity to do so as well. Also with us present
10 is Mr. John Hales and he's here.

11 Is Mr. John Hales your son?

12 A. Yes.

13 Q. Did you request that he be with us today?

14 A. Yes.

15 Q. And let me make a statement for the
16 record that Mr. William Hales has a medical
17 condition which makes speaking difficult and
18 consequently it may be difficult for the court
19 reporter and others to clearly understand the
20 answers he's giving.

21 It's my understanding that John Hales is
22 more familiar with the communication of his father
23 than we, of course, can be and, therefore, may be
24 better able to enunciate some of the responses that

1 Q. Are you familiar with the Urantia papers?

2 A. Yes.

3 Q. Would you please tell us how you first
4 came to learn of the Urantia papers?

5 A. Through my parents who were exposed to
6 them ahead of me.

7 Q. Do you recall the approximate year when
8 you first learned of the Urantia papers?

9 A. 1926.

10 Q. Are you familiar with a group known as
11 the Forum?

12 A. Yes.

13 Q. Were you a member of that group?

14 A. Yes.

15 Q. What year did you become a member of the
16 group approximately?

17 A. 1930.

18 Q. Prior to becoming a member of the Forum
19 and you say you were familiar with the papers for
20 years before that, had you read any of the papers
21 prior to becoming a member of the Forum?

22 A. Yes.

23 Q. Where did you read those papers?

24 A. At 533 Diversey Parkway.

1 Q. Why were you permitted to read those
2 papers if you were not a member of this group known
3 as the Forum?

4 A. Because of my parents' interest and
5 because of my and his interest in them.

6 Q. Before the time when you became a member
7 of the Forum, did you attend any meetings of the
8 Forum?

9 A. Yes.

10 Q. Approximately how many did you attend
11 before you yourself became a member? Was it for a
12 number of years or just a few meetings?

13 A. Yes. A brief period. Almost
14 simultaneously. A member of the Forum or not a
15 member of the Forum.

16 Q. Do you know how many Urantia papers there
17 are today?

18 A. I guess 197.

19 Q. At the time you joined the Forum, were
20 all of these papers in existence?

21 A. No.

22 Q. At the time you joined the Forum were
23 some of the papers in existence?

24 A. Yes.

1 Q. Do you know approximately how many papers
2 were in existence at that time in 1930?

3 A. Through Part III.

4 Q. And you're referring to Part III of The
5 Urantia Book?

6 A. Yes. And I assume that Part IV is the
7 life and teachings of Jesus.

8 Q. Are you familiar with an organization
9 called the Urantia Foundation?

10 A. Yes.

11 Q. Have you ever had any official capacities
12 in that organization?

13 A. Yes. Was one of the founders of the
14 Urantia Foundation and the president of it.

15 Q. Were you the first president of it?

16 A. Yes.

17 Q. Do you know why you were selected to be
18 the first president of Urantia Foundation?

19 A. No, I do not.

20 Q. Were you elected to that office by other
21 trustees?

22 A. I do not know.

23 Q. Are you familiar with a group called the
24 Contact Commission?

1 A. Yes.

2 Q. Were you a member --

3 A. Scratch that. I assume I knew who the
4 Contact Commission were.

5 Q. Were you a member of the Contact
6 Commission?

7 A. No, I was not a member of the Contact
8 Commission.

9 Q. Can you describe the role of the Contact
10 Commission?

11 A. The role of the Contact Commission was to
12 bring the text of The Urantia Book to a --

13 What was the question?

14 Q. What was the role of the Contact
15 Commission?

16 A. Oh. The role of the Contact Commission
17 was to -- to tell the story of The Urantia Book to
18 the Forum and eventually it became The Urantia
19 Book.

20 Q. Do you know who wrote the Urantia papers?

21 A. No, I do not know who wrote the Urantia
22 papers.

23 Q. Do you know anything about the process by
24 which the Urantia papers were materialized?

1 A. Only in a vague way.

2 Q. Did the Forum group, to which you're a
3 member, write any of the Urantia papers?

4 A. Not that I know of.

5 Q. Did the Forum group to which you were a
6 member edit any of the Urantia papers?

7 A. Not that I know of.

8 Q. Did you personally know members of the
9 Contact Commission?

10 A. No. Wait a minute, I assumed that I knew
11 some members of the Contact Commission.

12 Q. Who did you believe were on the Contact
13 Commission?

14 A. Do you want me to name them?

15 Q. Please.

16 A. Dr. Sadler, Christy, Mr. Kellogg. Those
17 for sure.

18 Q. When you refer to "Christy," is that a
19 reference to Emma Christensen?

20 A. Is that what --

21 Q. When you refer to Christy, is that a
22 reference to a woman named Emma Christensen?

23 A. Yes.

24 Q. Did any of those individuals ever claim

1 to you that they were authors of any of the Urantia
2 papers?

3 A. No.

4 Q. Did any of those individuals on the
5 Contact Commission ever talk to you about any super
6 ehuman entities?

7 A. No.

8 Q. Did there come a time in the Forum where
9 questions -- where the Forum was invited to submit
10 any type of questions?

11 A. Yes.

12 Q. Who were the questions to be submitted
13 to? Who were you going to submit them to?

14 A. They were submitted to -- I don't know
15 quite how to say it.

16 Q. Use your best expression.

17 A. The unseen friends, who in turn would
18 respond with written material.

19 Q. Do any of the questions generated by the
20 Forum group appear in The Urantia Book?

21 A. I would not recognize them.

22 Q. Are you familiar with the term "contact
23 personality?"

24 A. I am familiar with that term.

1 Q. Do you know the identity of the contact
2 personality?

3 A. I do not.

4 Q. Do you know of people who did know the
5 identity of the contact personality?

6 A. I assume the Contact Commissioners.

7 Q. What is the basis of your assumption?
8 Did they ever make any statements to you that they
9 personally did know who the contact personality
10 was?

11 A. I had the impression they knew the
12 contact personality.

13 Is there more to the question?

14 Q. Well, there's another question.

15 Did the Contact Commissioners ever
16 indicate to you a desire to keep the contact
17 personality unidentified to yourself?

18 A. Yes.

19 Q. What was the reason that was given for
20 that?

21 A. For what?

22 Q. For not disclosing the person.

23 A. They said there would be no advantage to
24 do so, I suppose.

1 Q. And is the contact personality that
2 you're familiar with the same contact personality
3 that is referred to in The Urantia Book?

4 A. Would you repeat that please.

5 (Record read as requested.)

6 MR. WHARTEN: I want to object to the form in
7 that it assumes that he is familiar with the
8 contact personality.

9 MR. LEWIS: I believe Mr. Hales said he's
10 familiar with the term "contact personality."

11 Well, I'll rephrase the question.

12 BY MR. LEWIS:

13 Q. Is the contact personality that you
14 referred to that the Contact Commissioners knew
15 about the same contact personality you refer to in
16 The Urantia Book?

17 A. I cannot answer that question. I don't
18 recall where the Contact Commissioner is mentioned
19 in the book. The only one I'm familiar with is the
20 one referred to in conversation by Dr. Sadler.

21 Q. You referred to unseen friends before.
22 Apart from the Urantia papers, are you aware of any
23 other communications from these unseen friends?

24 A. No, I don't.

1 Q. When you became president of the Urantia
2 Foundation, was it your intention to publish The
3 Urantia Book at that time?

4 A. No.

5 Q. What was the reason for forming the
6 Urantia Foundation when it was formed?

7 A. To have a channel for publishing The
8 Urantia Book. They did not have the money at the
9 time they got the charter for The Urantia Book,
10 pardon me, for the foundation. They had to wait
11 until they got enough money to go ahead with it,
12 publishing it.

13 Q. Do you recall the year when The Urantia
14 Book was published?

15 A. October 12, 1955.

16 Q. Why was the decision made to publish The
17 Urantia Book at that time?

18 A. Evidently there was enough funds to do
19 so.

20 Q. When the book was published, was there
21 any reference in it to any type of index for The
22 Urantia Book?

23 A. I did not pay any attention to whether
24 there was or was not.

1 Q. I want to ask you some questions about
2 the nature of The Urantia Book, if you might
3 characterize what type of book it is. For example,
4 do you consider The Urantia Book to be a novel?

5 A. Would you please present that question
6 again.

7 Q. Do you want me to repeat it or rephrase
8 it?

9 A. Please repeat it.

10 (Record read as requested.)

11 THE WITNESS: No, I do not think The Urantia
12 Book is a novel.

13 Q. Do you consider The Urantia Book to be a
14 literary work?

15 A. In the context of the word "literary," I
16 would say it was more of a revelation than a
17 literary work.

18 Q. Do you consider The Urantia Book to be a
19 religious revelation?

20 A. Yes.

21 Q. Do you consider The Urantia Book to be a
22 divine revelation?

23 A. Yes.

24 Q. Are you familiar with the Bible that's

1 known as the New Testament? A. Somewhat.

2 Q. Do you consider that book to be a revelation?
A. No.

3 Q. Could you explain why you do not consider that book to be a revelation?
A. I consider that the Bible, written by individuals, used as a basis for spreading their religion.

4 Q. And what religion is that that you're referring to, to make the record clear?
A. Christian.

5 Q. And when you use the word "individuals," are you referring to human beings?
A. Yes.

6 Q. Do the Urantia papers have the same type of individual elements that you believe the Bible does?
A. No.

7 Q. Are all of the Urantia papers that you're aware of published in The Urantia Book?
A. Yes.

8 Q. The Urantia Book as you see in front of

1 you contains a Foreword?

2 A. Pardon.

3 Q. The Urantia Book that's in front of us
4 contains a portion marked as a Foreword, Foreword.
5 Are you familiar with a section of that book known
6 as the Foreword?

7 A. Yes.

8 Q. When we have been referring to the
9 Urantia papers before today earlier, when you were
10 responding you were including the portion of the
11 book known as the Foreword within your responses
12 when you referred to Urantia papers?

13 A. Yes. I gave it no special thought. I
14 consider it a part of the book.

15 Q. I'm going to be referring to some letters
16 that were used in a deposition the other day.

17 A. Uh-huh.

18 Q. And I understand that in order to read
19 small print you need the assistance of a mechanical
20 device, is that correct?

21 A. Uh-huh.

22 Q. What I'm going to do is just really refer
23 to a sentence or two from a letter which I'll read
24 in full, and you'll be happy to examine the

1 document to the extent you can and ask you whether
2 you agree with that statement. And Scott was not
3 here so the first one is Exhibit 16 from the
4 deposition of Carolyn Kendall.

5 MR. WHARTON: I'll just note for the record
6 that this document is marked "confidential," and I
7 wasn't present the other day, but it is my
8 understanding that all of the documents marked
9 confidential, we have agreed to allow this specific
10 document and some others, portions to be read or
11 shown to the witness.

12 But by doing so, we are not waiving the
13 provisions of the Protective Order or acknowledging
14 that any other documents will be exempt from the
15 provision of the Protective Order and that our
16 agreement applies only to this document and the
17 others that were discussed the other day.

18 MR. LEWIS: That is correct.

19 BY MR. LEWIS:

20 Q. This is a letter dated March 23, 1960
21 from E.L. Christensen to a Mr. Thomas Gray. And
22 she has several numbered paragraphs. And paragraph
23 Number 2 reads:

24 "The Urantia Book was published just as

1 we received it in English. There was no editing.
2 Our only jurisdiction had to do with typing,
3 proofreading, and publication." And the letterhead
4 of this letter is from the Urantia Foundation.

5 Does that statement accurately describe
6 the role of the Urantia Foundation and the
7 publication?

8 A. Yes, I suppose. I believe it does.

9 THE WITNESS: Will you read that statement
10 again please.

11 MR. LEWIS: Could you read it back for him.

12 (Record read as requested.)

13 THE WITNESS: Yes, I assume that that is a
14 correct statement.

15 BY MR. LEWIS:

16 Q. Well, I'm interested in your own belief,
17 not whether Ms. Christensen was stating what she
18 believed.

19 A. Yes, I see.

20 Q. Is that your own belief and understanding
21 of the facts surrounding the publication of The
22 Urantia Book?

23 A. That sentence, the people were concerned
24 with the mechanics of getting it ready to print and

1 so forth. I would separate that from part of, I
2 would separate that from -- I would not separate
3 that from part of making The Urantia Book up.

4 MR. LEWIS: Would you read back the answer?

5 (Record read as requested.)

6 THE WITNESS: That says the same thing.

7 BY MR. LEWIS:

8 Q. When you say "making The Urantia Book up,"
9 what do you mean by that phrase?

10 A. The mechanics of getting it typewritten
11 and the plates ready and so forth.

12 Q. I'd like to refer next to Exhibit 17 from
13 the deposition of Carolyn Kendall which is a letter
14 dated April 20, 1978 from Ms. E.L. Christensen to a
15 Mr. Michael McLeavey.

16 A. Mr. who?

17 Q. McLeavey. And although, I might point
18 out for the record to protect what the Foundation
19 believes to be confidential information, some
20 material from these documents has been blackened
21 out so we don't have the individual's address or
22 other identifying information.

23 And let me read the first two --

24 MR. WHARTON: That document has also been

1 marked confidential. And I just wanted to note
2 that, and it's subject to the same stipulation that
3 applied during Carolyn Kendall's deposition.

4 BY MR. LEWIS:

5 Q. I'll read the first two paragraphs of the
6 letter or more for you.

7 "Thank you for your recent inquiry. We
8 are pleased to learn of your interest in The
9 Urantia Book. As concerns the origin of The
10 Urantia Book, the essential facts which explain
11 this matter are found in the book itself."

12 Is that a statement which comports with
13 your own personal understanding of the facts?

14 A. Yes.

15 Q. She goes on with another sentence giving
16 page references and then a further sentence saying
17 "I can categorically assure you that no humans
18 decided the content of The Urantia Book." Is that
19 a sentence you agree with?

20 A. Yes.

21 Q. "The book is as the revelators gave to
22 us." Is that a sentence that comports with your
23 own understanding as well?

24 A. Yes.

1 Q. There's a citation and then continues
2 "The human response to the revelators' initiative
3 such as the mechanics of getting the book printed,
4 and the organization of Urantia Foundation and
5 Urantia Brotherhood are interesting activities but
6 have no revelatory, spiritual significance."

7 A. That is correct.

8 Q. There's reference in the statements to
9 the revelators. What is your understanding of who
10 the revelators are?

11 A. What is my understanding as to who the
12 revelators were?

13 He depicts them as a group on the other
14 side that handle the project.

15 Q. And when we say "the other side," as best
16 you can explain it, the concept such as this, the
17 concept of what?

18 A. The unknown side. To distinguish it from
19 the human side.

20 Q. Were any of the revelators human?

21 A. I do not know. I do not believe so.

22 Q. Does the word "Urantia" have any meaning
23 to you?

24 A. Yes, it does, as defined in the book.

1 Q. And what is that definition that you
2 understand?

3 A. It's the earth, our earth.

4 Q. On the cover of The Urantia Book is a
5 symbol. Are you familiar with that symbol?

6 A. Yes.

7 Q. Does that symbol represent anything to
8 you?

9 A. It represents the order of the
10 Melchizedek.

11 Q. And could you give us a brief explanation
12 as you understand that order?

13 A. It was a religious order in the events of
14 the creation, in advance of the creation of the --
15 which was to come.

16 Q. Do you know whether that symbol appeared
17 on The Urantia Book when it was first published in
18 1955?

19 A. Yes, it was.

20 Q. Were you involved in the decision as to
21 whether or not to place that symbol on The Urantia
22 Book?

23 A. I presume that all the trustees were
24 involved in that decision.

1 Q. Do you recall why that symbol was
2 selected?

3 A. Because it represented what it did.

4 Q. When you say "what it did," meaning what
5 you referred to just previously?

6 A. Yes.

7 Q. I'd like to have marked, make it
8 W. Hales Exhibit Number 1, a document that says
9 Exemption Application.

10 (W. Hales Dep. Ex. No. 1
11 was marked for
12 identification)

13 BY MR. LEWIS:

14 Q. Let me ask you to look at this exhibit,
15 and is this something that you have had an
16 opportunity to review?

17 A. Yes.

18 Q. Referring you to Page 2, and ask you if
19 that is your signature that appears on here?

20 A. Yes.

21 Q. At the top of the first page there are a
22 number of boxes. And the heading says "For use of
23 organizations applying for exemption under" and
24 then gives the code numbers of the Internal Revenue

1 code of 1954 "which are organized and operated
2 exclusively for one of the following purposes."

3 And then it says "check purpose." And
4 then parenthesis (s) closed parenthesis, "the
5 purposes" or "purpose."

6 And the form shows that the box marked
7 "religious" is checked.

8 Did you check the box that is marked
9 "religious?"

10 A. I did not personally check the box that
11 is marked "religious." That no doubt was done at
12 the office of the Urantia Foundation at 533
13 Diversey Parkway.

14 Q. Did you have the approval of the trustees
15 of the Urantia Foundation to sign this form?

16 A. Yes.

17 Q. Do you know why the box marked
18 "religious" was checked?

19 A. No.

20 Q. Do you remember discussing the
21 application for an exemption?

22 A. No.

23 Q. When you reviewed this document
24 yesterday, did you find any information on it that

1 was not accurate?
2 A. No.
3 Q. Do you consider yourself to be an author
4 of any of the Urania papers?
5 A. No, definitely not.
6 Q. Do you consider yourself to be an author
7 of The Urania Book?
8 A. Definitely not.
9 Q. Did you engage in the process of
10 submitting questions that you referred to before?
11 A. A small degree.
12 Q. Did you ever assign to the Urania
13 Foundation any copyright that you owned in The
14 Urania Book?
15 A. No.
16 Q. Do you recall whether at some point the
17 Urania Foundation received printing plates
18 relating to The Urania Book?
19 A. Would you repeat that question?
20 (Record read as requested.)
21 THE WITNESS: We received plates. That's it.
22 Is that a -- I'd like you to repeat the
23 question on this document.
24 BY MR. LEWIS:

1 Q. There were several questions, so was

2 there something you wanted to correct?

3 A. There was a question raised I know.

4 I didn't read this in -- with that in mind.

5 Is that the question?

6 MR. LEWIS: Would you like to translate?

7 MR. JOHN HALES: You want to repeat that, Dad,

8 your answer?

9 MR. LEWIS: If I say it maybe you can confirm

10 it, the question about whether everything was

11 accurate, "I did not read it with that in mind," is

12 that what you just stated?

13 THE WITNESS: Yes.

14 MR. JOHN HALES: Yes. He's saying yes.

15 He didn't read it with that in mind.

16 BY MR. LEWIS:

17 Q. Well let me ask you these questions and

18 see if you agree with these statements.

19 It says "state the manner of

20 organization." And typed in the response

21 "Declaration of Trust?"

22 A. Uh-huh.

23 Q. Is that an accurate answer?

24 A. Uh-huh.

1 Q. And just for the reference, let me ask
2 you to look at what's been previously marked as
3 Thomas Kendall Exhibit Number 3, and if you're able
4 to identify this document.
5 MR. JOHN HALES: Do you need your magnifying
6 glass?
7 THE WITNESS: No. This is a booklet that was
8 put out by the Foundation setting forth the
9 Declaration of Trust.
10 BY MR. LEWIS:
11 Q. And is that the Declaration of Trust that
12 was referred to on this I.R.S. Form that's Exhibit
13 1?
14 A. I assume so.
15 Q. Box 4E says "Date of Organization," and
16 the response there is "January 11, 1950."
17 Is that a correct answer to that
18 question?
19 A. Uh-huh. Yes.
20 Q. The next box, box 5A asks "Is the
21 organization the outgrowth or continuation of any
22 form of predecessor?"
23 A. No.
24 Q. Okay. And you said "no" on that, and the

1 box is checked "no." So I guess my question is was
2 the response check "no" here an accurate answer?

3 A. (Nodding.) Yes.

4 Q. It then asks for a box 7 to state briefly
5 the specific purposes for which the organization
6 was formed.

7 And the response to that begins with the
8 statement "Urantia Foundation was formed with the
9 object of fostering --

10 MR. LEWIS: Would you like to take a break for
11 a minute?

12 THE WITNESS Just for a minute.

13 (Brief break.)

14 BY MR. LEWIS:

15 Q. Before the break we were talking about
16 the I.R.S. form that you have identified, and I was
17 referring now to the box Number 7 in which is typed
18 in "See statement attached."

19 The attached statement begins with the
20 sentence "Urantia Foundation was formed with the
21 object of fostering a religion, a philosophy, and a
22 cosmology which," and then there's a word,
23 I-N-C-L -- is it "inculcate?"

24 Does that sound familiar to you?

1 MR. JOHN HALES: Which includes --

2 BY MR. LEWIS:

3 Q. We'll leave the word unintelligible.

4 "...and encourage the realization and
5 appreciation of the fatherhood of God and the
6 brotherhood of man by means of the dissemination of
7 the principles, teachings, and doctrines of The
8 Urantia Book."

9 Is that an accurate description of at
10 least part of the purpose of the Urantia
11 Foundation?

12 A. Yes.

13 Q. Now the phrasing here that refers to
14 "fostering a religion," what does that phrase mean
15 to you, or what did that phrase mean to you as a
16 trustee of the Urantia Foundation?

17 A. Well, I consider The Urantia Book a
18 revelation, not well-known. I consider it a
19 religious work.

20 Q. Let me ask you to review what's been
21 marked as W. Hales Exhibit Number 2.

22 (Dep. Ex. No. 2 was marked
23 for identification)

24 BY MR. LEWIS:

1 Q. It's a letter signed by William Hales in
2 October 25, 1950. And it's addressed "Dear
3 Friend." Can you identify what this letter is?

4 A. This is the same as that one.

5 Is it fundraising?

6 Then that's what it is.

7 Q. Was it customary for you to sign such
8 letters on behalf of the Urantia Foundation?

9 A. Yes.

10 Q. The letter is addressed "Dear Friend."
11 When you used this term, what did you mean, who
12 were you referring to as "friend?"

13 A. The members on the roll of the Forum and
14 others that were interested in the Foundation --
15 excuse me -- in the finances.

16 Q. Let me now ask you to look at what's been
17 marked as W. Hales Exhibit 3.

18 It's again, a letter, and this time on
19 the letterhead of both Urantia Foundation and
20 Urantia Brotherhood. And it bears the signature of
21 William M. Hales as president, Urantia Foundation.
22 And Alvin L. Kulieke, K-U-L-I-E-K-E president of
23 Urantia Brotherhood.

24 Can you identify what this letter is?

1 A. I don't know. You want to read it?

2 MR. JOHN HALES: Well it's -- I don't know.

3 MR. LEWIS: Please, you want to take a minute
4 to review it or I can read it to you -- well,
5 would you like to review it with your magnifying
6 glass?

7 MR. JOHN HALES: This one here is too small.

8 THE WITNESS: Yeah.

9 BY MR. LEWIS:

10 Q. Well, let me just ask you to read the
11 salutation on the letter with your magnifying
12 glass.

13 (Discussion had off the
14 record.)

15 THE WITNESS: It says "Dear Urantian."

16 BY MR. LEWIS:

17 Q. By saying "Urantian," who are you
18 referring to?

19 A. Same list of people who are being
20 solicited.

21 Q. You're saying the same as you were
22 referring to with respect to the previous Exhibit
23 Number 2?

24 A. I assume this is an ongoing procedure to

1 raise money.

2 MR. LEWIS: Could you read back the previous
3 answer?

4 (Record read as requested.)

5 MR. JOHN HALES: The same list, he was asking
6 you about the list. List of who?

7 MR. LEWIS: I'll rephrase the question.

8 BY MR. LEWIS:

9 Q. By saying "Dear Urantian," when you said
10 "the same list," was that the same list you were
11 referring to when we asked you what you meant by
12 "Dear Friend."

13 A. I presume so.

14 Q. These are words that you used so I want
15 to get your understanding.

16 A. I just used a different form.

17 Q. In the context of these letters, are the
18 words "friend" and "Urantian" interchangeable?

19 A. I would say so.

20 Q. I'm referring to the document that you
21 identified as the Declaration of Trust. And
22 Paragraph 1.2 within Article I, Roman Numeral I,
23 says "We the undersigned, for ourselves, and our
24 successors in trust is hereinafter defined do

1 hereby acknowledge that there have been transferred
2 and delivered to us approximately 2,200 nickel
3 plated stereoplates of patent base thickness
4 prepared from the manuscript of "The Urantia Book"
5 and it continues on.

6 Apart from these plates, was anything
7 else transferred or delivered to the Foundation at
8 its inception?

9 A. To my knowledge, the plates were the only
10 tangible evidence of The Urantia Book delivered to
11 the Foundation.

12 Q. Apart from the plates, was any other
13 property, either tangible or intangible transferred
14 or delivered?

15 A. Not that I know of.

16 Q. Are you familiar with how The Urantia
17 Book is classified by the Library of Congress?

18 A. No, I am not.

19 Q. Do you recall any effort by the Urantia
20 Foundation to communicate with the Library of
21 Congress regarding the classification of The
22 Urantia Book?

23 A. I think there were efforts made to do
24 that.

1 Q. Do you recall why the Foundation made
2 such efforts?

3 A. No, I do not. I believe they made such
4 efforts to give it a classification that is as
5 close to a correct type as possible.

6 Q. Do you feel that the world today is in
7 need of the teachings contained in The Urantia
8 Book?

9 A. Yes.

10 Q. Why do you believe that?

11 A. Evidently it is evident that it is in
12 need of being straightened out to have more
13 brotherly love and peace.

14 Q. Do you believe that the world is ready
15 for the teachings contained in The Urantia Book?

16 A. Not on the fast track.

17 Q. When you were president of the Urantia
18 Foundation, was it typical that you would receive
19 letters from readers of The Urantia Book?

20 A. They could come to the office, usually be
21 shown to me.

22 Q. Who would make the decision as to who
23 would respond to these letters?

24 A. I presume Dr. Sadler or Christy or

1 Mr. Kellogg, maybe.

2 Q. How is the determination made?

3 A. I do not know how they made that
4 determination. They were ten miles from me.

5 Q. Are you familiar with Dr. Meredith
6 Sprunger?

7 A. Yes.

8 Q. Please explain, please identify who he is
9 for the record?

10 A. He is a very much interested person in
11 The Urantia Book.

12 Q. Would you consider him to be an expert
13 with regard to the teachings of The Urantia Book?

14 A. Expert in what way?

15 Q. Would you consider his statements on that
16 subject to be generally accurate and of value to
17 you?

18 A. He has great enthusiasm for the
19 teachings, and I have not heard him criticize The
20 Urantia Book in any major way.

21 Q. Are you familiar with a document sent out
22 by the Urantia Foundation entitled "The Urantia
23 Book, a Question of Origin" by Meredith Sprunger?

24 A. The question?

1 Q. Do you recall such a publication?

2 A. No, I do not.

3 Q. Do you know whether Dr. Sprunger has
4 studied the origin of The Urantia Book?

5 A. No.

6 Q. Do you know an individual named Jim
7 Mills?

8 A. Yes.

9 Q. Please identify who Mr. -- is Mr. Mills
10 presently alive?

11 A. Pardon me?

12 Q. Do you know if Mr. Mills is presently
13 alive?

14 A. No, he died about two months ago.

15 Q. Can you identify who he was?

16 A. He was a member of the Forum, and he took
17 university courses to obtain a degree in religion.

18 Q. Have you been a supporter of the Urantia
19 Foundation in a financial way?

20 A. Yes.

21 Q. Do you personally consider the amounts
22 you have given to the Urantia Foundation to be a
23 significant amount?

24 A. Yes.

1 Q. Have you made donations to the Urantia
2 Foundation in memory of other people?

3 A. I made donations in memory of the wishes
4 of my mother.

5 Q. Are you familiar with a day of the year
6 that's considered to be the birthday of Jesus?

7 A. Yes.

8 Q. And what is the date that you consider to
9 be the Birthday of Jesus?

10 A. August 11.

11 Q. Is that a day that is celebrated in any
12 manner by you?

13 A. Yes, each year.

14 Q. How do you celebrate that day?

15 A. Having a meeting, reading passages from
16 The Urantia Book, and maybe Communion. Perhaps
17 other things related to celebrating something of
18 importance.

19 Q. Have such celebrations occurred at the
20 premises of the Urantia Foundation at 533 Diversey?

21 A. Yes.

22 Q. Have you attended such celebrations
23 there?

24 A. Prior to the schism between the Urantia

1 Foundation and Urantia Brotherhood.

2 Q. Did you attend any wedding ceremonies at
3 the premises of the Urantia Foundation?

4 A. No.

5 MR. LEWIS: I have no further questions for
6 you today.

7 Mr. Wharton may have some for you.

8 MR. WHARTON: I have no questions for you,
9 Mr. Hales.

10 MR. LEWIS: Well, thank you very much for your
11 time.

12 THE WITNESS: Thank you. It's been an
13 experience.

14 MR. LEWIS: After the reporter types up the
15 transcript, you may afford yourself the opportunity
16 to review the transcript and make any corrections
17 that are necessary in the transcription.

18 Would you like to do that?

19 THE WITNESS: Sure.

20 MR. LEWIS: And Mr. Wharton, will you
21 stipulate it can be done before any notary?

22 MR. WHARTON: Yes.

23 MR. LEWIS: So we'll make arrangements to have
24 the transcript delivered to you, and then you will

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have 30 days in which to review it.

THE WITNESS: Thank you.

MR. LEWIS: Thank you very much again. That concludes the deposition.

AND FURTHER DEPONENT SAITH NAUGHT

* * *

1 STATE OF ILLINOIS)
)
2 COUNTY OF COOK)

3 I, LYDIA MSZAL, a notary public within
4 and for the County of Cook and State of Illinois,
5 do hereby certify that heretofore, to-wit, on the
6 21st day of October, 1994, personally appeared
7 before me WILLIAM M. HALES, witness in a certain
8 cause now pending and undetermined in the U.S.
9 District Court, District of Arizona,
10 wherein, URANTIA FOUNDATION is the plaintiff, and
11 KRISTEN MAAHERRA is the defendant.

12 I further certify that the witness was by
13 me first duly sworn to testify the truth, the whole
14 truth and nothing but the truth in the cause
15 aforesaid; that the testimony then given by the
16 said witness was reported stenographically by me in
17 the presence of said witness and afterwards reduced
18 to writing, and the foregoing is a true and
19 complete transcript of the testimony so given by
20 the said witness as aforesaid.

21 The signature of the witness to the
22 foregoing deposition was not waived.

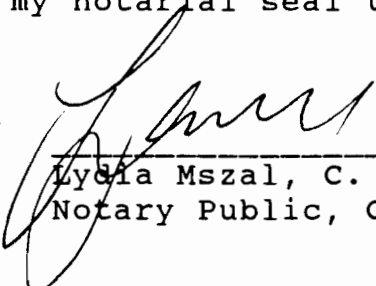
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I further certify that the taking of this deposition was pursuant to notice, and that there were present at the taking of said deposition the appearances as heretofore noted.

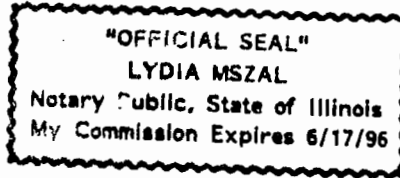
I further certify that I am not counsel for nor in any way related to any of the parties to this suit, nor am I in any way interested in the outcome thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal this 4th day of November 1994.



Lydia Mszal, C. S. R.
Notary Public, Cook County

No. 084-002893



EXEMPTION APPLICATION

(To be made only by a principal officer of the organization claiming exemption)

To be filed with
the District
Director for
your District.

For use of organizations applying for exemption under section 501 (a) and described in section 501 (c) (3) of the Internal Revenue Code of 1954, which are organized and operated exclusively for one of the following purposes (check purpose(s)):

- Religious Charitable Scientific Testing for Public Safety
 Educational For the prevention of cruelty to children or animals Literary

If the space provided for the insertion of information or data under any of the questions below is inadequate for the purposes, additional sheets may be used which should be properly identified and securely attached hereto.

1. FULL NAME OF ORGANIZATION
Uranian Foundation

2. DATE OF APPLICATION

3. COMPLETE ADDRESS (Number and street, post office box, etc.)
533 Diversey Parkway, Chicago, Illinois

4a. IS THE ORGANIZATION INCORPORATED?
 Yes No

4b. IF INCORPORATED, UNDER LAWS OF WHAT STATE?
--

4c. DATE OF INCORPORATION
--

4d. IF NOT INCORPORATED, STATE THE MANNER OF ORGANIZATION
Declaration of Trust

4e. DATE OF ORGANIZATION
January 11, 1950

5a. IS THE ORGANIZATION THE OUTGROWTH OR CONTINUATION OF ANY FORM OF PREDECESSOR?
 Yes No

5b. IF SO, STATE NAME OF PREDECESSOR
--

5c. PERIOD DURING WHICH IT WAS IN EXISTENCE
--

5d. SUBMIT COPIES OF ALL PAPERS BY WHICH THE TRANSFER OF ASSETS, IF ANY, WAS EFFECTED
--

6a. HAS ORGANIZATION FILED FEDERAL INCOME TAX RETURNS?
 Yes No

6b. IF SO, STATE RETURN FORM NUMBER
--

6c. YEAR OR YEARS FILED
--

7. STATE BRIEFLY THE SPECIFIC PURPOSES FOR WHICH THE ORGANIZATION WAS FORMED (Do not quote from, or make reference to, the articles of incorporation or bylaws for this purpose.)
(See Statement attached)

8a. IS CAPITAL STOCK ISSUED AND OUTSTANDING?
 Yes No

8b. IF SO, STATE (A) CLASS OR CLASSES OF SUCH STOCK, (B) THE NUMBER AND PAR VALUE OF THE SHARES, (C) THE CONSIDERATION FOR WHICH ISSUED, AND (D) WHETHER OR NOT ANY DIVIDENDS OR INTEREST HAS BEEN OR MAY BE PAID ON ANY CLASS OF SUCH STOCK.
--

9a. HAS ANY DISTRIBUTION OF CORPORATE PROPERTY EVER BEEN MADE TO SHAREHOLDERS OR MEMBERS?
 Yes No

9b. IF SO, ATTACH HERETO A SEPARATE STATEMENT CONTAINING FULL DETAILS THEREOF, INCLUDING (1) AMOUNTS OR VALUE, (2) SOURCE OF FUNDS OR PROPERTY DISTRIBUTED, AND (3) BASIS OF AND AUTHORITY FOR DISTRIBUTION
--

10. STATE ALL SOURCES FROM WHICH THE ORGANIZATION'S INCOME IS DERIVED
(See Statement attached)

11a. DOES ANY PART OF THE RECEIPTS REPRESENT PAYMENT FOR SERVICES OF ANY CHARACTER RENDERED BY THE ORGANIZATION?
 Yes No

11b. IF SO, EXPLAIN IN DETAIL
--

12. STATE ALL THE ACTIVITIES IN WHICH THE ORGANIZATION IS PRESENTLY ENGAGED
(See Statement attached)

13. EXPLAIN IN DETAIL EACH FUND-RAISING ACTIVITY AND EACH BUSINESS ENTERPRISE ENGAGED IN, ACCOMPANIED BY COPIES OF ALL AGREEMENTS, IF ANY, WITH OTHER PARTIES FOR THE CONDUCT OF THAT BUSINESS
The only fund-raising activity engaged in to date was the direct solicitation by the organization of contributions by means of a letter dated October 25, 1950, a copy of which is attached.

14. WHAT, IF ANY, SPECIFIC ACTIVITIES OF THE ORGANIZATION HAVE BEEN DISCONTINUED? (Explain fully, giving dates of commencement and termination and the reason for discontinuance.)
None



16a. IF THE ORGANIZATION NOW, OR HAS IT EVER BEEN, ENGAGED IN CARRYING ON PROPAGANDA OR OTHERWISE EITHER ADVOCATING OR OPPOSING PENDING OR PROPOSED LEGISLATION?

16b. IF SO, FURNISH A DETAILED EXPLANATION OF SUCH ACTIVITIES, AND FURNISH COPIES OF LITERATURE, IF ANY, DISTRIBUTED BY THE ORGANIZATION

Yes No

16a. DOES THE ORGANIZATION PARTICIPATE IN OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS) ANY POLITICAL CAMPAIGN ON BEHALF OF ANY CANDIDATE FOR PUBLIC OFFICE?

16b. IF SO, FURNISH A DETAILED EXPLANATION AND COPIES OF LITERATURE DISTRIBUTED

Yes No

17. FOR WHAT PURPOSES, OTHER THAN IN PAYMENT FOR SERVICES RENDERED OR SUPPLIES FURNISHED, ARE THE ORGANIZATION'S FUNDS EXPENDED? IF CONTRIBUTIONS, GIFTS, ETC., WERE MADE TO OTHER ORGANIZATIONS, ATTACH LIST.

(See statement attached)

18a. ARE ANY PAYMENTS MADE TO MEMBERS OR SHAREHOLDERS FOR SERVICES RENDERED THE ORGANIZATION?

18b. IF SO, ATTACH DETAILED EXPLANATION SHOWING AMOUNT SO PAID AND THE CHARACTER OF THE SERVICES RENDERED

Yes No

19. DOES ANY PART OF THE NET INCOME OF THE ORGANIZATION INURE TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL?

Yes No

20a. IF THE ORGANIZATION IS A HOSPITAL, STATE WHETHER IT ACCEPTS PATIENTS IN NEED OF HOSPITAL CARE WHO CANNOT PAY FOR SUCH SERVICES	20b. FOR THE LAST COMPLETE YEAR OF OPERATION, STATE NUMBER OF PATIENT DAYS OF TREATMENT OF	(1) FULL PAY PATIENTS	(2) PART PAY PATIENTS	(3) CHARITY PATIENTS (admitted as such)
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	(Not applicable)	---	---	---

21. IN THE EVENT OF THE DISSOLUTION OF THE ORGANIZATION, WHAT DISPOSITION WOULD BE MADE OF ITS PROPERTY?

The Urania Foundation is a self-perpetuating trust. No part of its assets may be distributed or will devolve to any private individual.

22. AFTER JULY 1, 1950, DID THE CREATOR OF YOUR ORGANIZATION, OR A CONTRIBUTOR TO YOUR ORGANIZATION, OR A BROTHER OR SISTER (WHOLE OR HALF BLOOD), SPOUSE, ANCESTOR, OR LINEAL DESCENDANT OF SUCH CREATOR OR CONTRIBUTOR, OR A CORPORATION OWNED (50 PERCENT OR MORE OF VOTING STOCK OR 50 PERCENT OR MORE OF VALUE OF ALL STOCK) DIRECTLY OR INDIRECTLY BY SUCH CREATOR OR CONTRIBUTOR—If answer to any of the following is "Yes," attach detailed statement.

	Yes	No		Yes	No		Yes	No
A. Borrow any part of your income or corpus?		<input checked="" type="checkbox"/>	C. Have any part of your services made available to him?		<input checked="" type="checkbox"/>	E. Sell any securities or other property to you?		<input checked="" type="checkbox"/>
B. Receive any compensation for personal services from you?		<input checked="" type="checkbox"/>	D. Purchase any securities or other property from you?		<input checked="" type="checkbox"/>	F. Have any part of your income or corpus diverted to him by any transaction?		<input checked="" type="checkbox"/>

23. ATTACH TO THIS APPLICATION

A. A classified statement of receipts and expenditures during the last complete year of operation.

B. A complete statement of assets and liabilities as of the end of the last complete year of operation.

C. If incorporated, a copy of your articles of incorporation, or if not incorporated, a copy of your constitution, articles of association, declaration of trust, or other document setting forth your aims and purposes (conformed copies should be furnished).

D. A copy of your bylaws or other similar code of regulations.

E. A copy of each lease, if any, in which you are the leasee or lessor of property (real, personal, gas, oil, or mineral) or in which you own an interest under such lease, together with copies of all agreements with other parties for development of the property.

24. If exemption is claimed as an exclusively educational organization and a regular curriculum and faculty are not normally maintained and a regularly organized body of pupils or students is not normally in-attendance at the place where the educational activities are regularly carried on, there should be attached specimen copies of any books, pamphlets, leaflets, or other printed matter issued or distributed during the latest complete year of operations.

SIGNATURE AND VERIFICATION

I, the undersigned, president, vice president, treasurer, assistant treasurer, chief accounting officer (or other duly authorized officer) of the organization for which this application is made, declare under the penalties of perjury that this application (including any accompanying statements) has been examined by me and is, to the best of my knowledge and belief, a true, correct, and complete application, made in good faith pursuant to the Internal Revenue Code and the regulations thereunder.

(Date) _____ (Signature of officer) *William M. Hayes* President, Trustee (Title)

IMPORTANT

A mere claim or contention by an organization that it is exempt from income tax under section 501 (a) of the Internal Revenue Code of 1954 and the corresponding provisions of prior revenue acts will not relieve the organization from filing income tax returns and paying the tax. Unless the Commissioner has determined that an organization is exempt, it must prepare and file a complete income tax return for each taxable year of its existence. Accordingly, every organization that claims to be exempt should furnish the information and data specified herein, together with any other facts deemed material to the question, with the least possible delay, in order that the Commissioner can determine whether or not it is exempt. As soon as practicable after the information and data are received, the organization will be advised of the Commissioner's determination, and, the annual returns which will be required.

STATEMENT

Attached to Application of the Urantia Foundation

7. Urantia Foundation was formed with the object of fostering a religion, a philosophy, and a cosmology which inculcate and encourage the realization and appreciation of the Fatherhood of God and the Brotherhood of Man by means of the dissemination of the principles, teachings, and doctrines of The Urantia Book. The Trustees of the Urantia Foundation are impressed with the duty of perpetually preserving inviolate the text of The Urantia Book. The teachings of The Urantia Book undertake the promotion, improvement and expansion of the comprehension and understanding by the peoples of the world (a) of cosmology and the relation of the Earth to the Universe, (b) of the genesis and destiny of Man and his relation to God, and (c) of the teachings of Jesus Christ. Urantia Foundation was created by the execution of a Declaration of Trust by five individuals on January 11, 1950. It is managed by a self-perpetuating Board of five Trustees.

10. The income of Urantia Foundation is derived (a) from contributions made to it and (b) from earnings from investments made by it. No investments have been made by the organization to date. Urantia Foundation owns the printing plates, the copyright, and the volumes resulting from the first printing of The Urantia Book, which was published October 12, 1955 and which is distributed principally through the Urantia Brotherhood. As of December 31, 1955, the cost of The Urantia Book to the Urantia Brotherhood had not been ascertained but it is contemplated that the Brotherhood will pay to the Foundation an amount equal to the latter's cost for each book purchased. It is not contemplated that the Foundation will realize any amount in excess of its cost for any books sold by it.

12. Urantia Foundation is presently engaged (a) in the sale, at cost, of The Urantia Book, principally to the Urantia Brotherhood, (b) in the preservation and safekeeping of copies of the original text of The Urantia Book and of the printing plates used in publishing The Urantia Book, (c) in the preparation of a concordance, and (d) in the translation of the text into foreign languages.

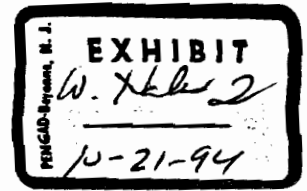
17. (a) For the printing, publication, copyright and distributing of The Urantia Book;
- (b) For the dissemination of the teachings of The Urantia Book;
- (c) For the translation of The Urantia Book into foreign languages;

- (d) For the preparation of a concordance of The Urantia Book;
and
- (e) For the preserving inviolate of the original text of The Urantia Book and all translations thereof.

23. Included as a part of this Application are the following:

- (a) Statement of Receipts and Disbursements for year ended December 31, 1955
- (b) Statement of Assets and Liabilities as of December 31, 1955
- (c) Copy of Declaration of Trust of Urantia Foundation
- (d) Copy of By-Laws of Urantia Foundation
- (e) Copy of contribution solicitation letter, dated October 25, 1950.

A copy of The Urantia Book was forwarded with the Exemption Application of Urantia Brotherhood, which application was dated October 10, 1956 and was filed on October 15, 1956 with the Office of the District Director of Internal Revenue at Chicago, Illinois



URANTIA FOUNDATION

333 NORTH MICHIGAN AVENUE

CHICAGO 1, ILLINOIS

ANDOVER 3-6744

October 25, 1950

Dear Friend:

At long last, the time we have been looking forward to, some of us for many years, has come — the time to make active preparations for publishing the Urantia Book.

To this end, the organization of the Urantia Foundation has been completed by recording in the Cook County Recorder's office the Declaration of Trust (a printed copy is enclosed); this means that we are now a going concern, ready to proceed with the printing of the Book.

Already, the plates, some twenty-two hundred of them, have been completed and paid for. The next step is to print and bind. But to print on suitable paper and substantially bind 10,000 copies (the smallest number that can be economically produced) will require an outlay of around \$45,000.00. In addition to this, money must be provided to cover the modest operating expenses of the Foundation office until revenue from the sale of books is sufficient to cover these necessary outlays.

To raise these funds, the Board has worked out a five-year financial program under which each of us will be privileged to set aside each year a definite sum for this enterprise, one of the most important in human history, and one in which we should match the patience we have cultivated in the past with our enthusiastic dedication to the work that lies before us.

A pledge card is enclosed.

In deciding what you will do in this connection, will you not bear in mind what the Urantia papers have meant to you and consider what they will mean to thousands upon thousands of others in "this world gone awry"? Was there ever a time when the stabilizing influence they will wield was more sorely needed?

Fill out and mail the pledge card, giving as liberally as your conscience will allow.

Yours for service,

A handwritten signature in cursive script that reads "William M. Sales".

President

P.S. The attached copy of a letter from Edward H. Baker, our attorney, explains how individual contributors should handle their contributions in preparing income tax returns.