

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

WORLD SERVICE OFFICE, INC., a :
Charitable corporation and :
Trustee of the Copyrights, :
Trademarks and Service Marks :
for the Fellowship of :
Narcotics Anonymous, :

Plaintiff, :

v. :

DAVID MOORHEAD, :

Defendant. :

DECLARATION OF STUART TOOREDMAN

1. I am the Acting Executive Director of WORLD SERVICE OFFICE, INC. as well as a member of the Board of Directors of WORLD SERVICE OFFICE. I have worked for the benefit of the Fellowship of Narcotics Anonymous (hereinafter "Fellowship" or "NA") and within the "service structure" of the Fellowship (which is defined hereafter) for in excess of seventeen years. All the facts and matters set forth herein are true of my own knowledge, or if set forth on information and belief, are believed to be true, and I would and could competently testify thereto.

2. The Fellowship of Narcotics Anonymous was founded in 1953 in Southern California. The principals and traditions of the Fellowship are loosely based upon those of Alcoholics Anonymous. NA has developed its own Twelve Steps and Twelve Traditions, which its members strive to follow. The only requirement for membership by an individual in the Fellowship is the desire to stop using drugs. The Fellowship consists of recovering

addicts who meet regularly to help each other stay clean. Over the years, the Fellowship has developed literature that reflects its message and guidance. My best estimate is that the Fellowship has between 400,000 and 500,000 members worldwide, and there are approximately 20,000 groups registered with the WSO.

3. The "service structure" of NA consists of the following: An "NA group" is any meeting of NA members which meets regularly at a specified time and place (provided it follows the Twelve Steps and Twelve Traditions). Each group has an elected group service representative, group secretary and group treasurer. Groups in a common geographic location make up "Areas". A significant number of "Areas" in the same geographic location constitute a "Region". Representatives of "Regions" meet regularly at various conferences, including at an annual "World Service Conference" ("WSC"). The Regional Representatives elect a Board of Trustees for the WSC. Basic organizational and philosophical decisions and directions are discussed and determined at the WSC level.

4. WORLD SERVICE OFFICE, INC. is a California non profit and charitable corporation with its principal place of business at 16155 Wyandotte Street, Van Nuys CA 90025. One of the most important functions of the WSO is to link the widespread groups and members into a single cohesive Fellowship. There are also other Fellowship Service Offices located throughout the world. Each of those Service Offices distributes literature produced by the WSO. The WSO stays in close contact with groups, areas and regions through correspondence, newsletters, and through the representatives within the service structure.

5. WSO offers assistance to new groups, existing groups with special problems, institutional groups, and "loners", who are members without a group affiliation. The other

major function of WSO is the publication and distribution of Fellowship literature. WSO is the exclusive publisher of Fellowship literature, provides direct services, and acts as an information clearing house for the Fellowship. WSO provides "starter kits" for new groups, arranges for translation of Fellowship literature into other languages, and coordinates the development and approval of Fellowship literature.

6. Fellowship literature is typically first developed by the Literature Committee of the World Service Conference. Thereafter, literature is submitted to the World Service Conference for approval. When approved, the final approved version of the literature is provided by the WSC to WSO for purposes of printing and sales. WSO holds legal title to the copyrights, trademarks and service mark of the Fellowship. WSO holds this legal title as a trustee in a charitable trust on behalf of the Fellowship. WSC is the settlor of the charitable trust and WSO's actions are subject to direction of the World Service Conference.

7. To date, World Service Conference has affirmed that WSO grant permission to four major Fellowship Service Offices in several parts of the world (Great Britain, Ireland, Australia, and Germany) to duplicate certain pieces of Fellowship literature. At all times, those Service Offices acknowledge that legal ownership of the literature lays with WSO, and, on information and belief, each piece of literature produced under that permission bears a copyright notice indicating that WSO in Van Nuys, California is the copyright owner. To date, WSC has not permitted WSO to grant permission to duplicate Fellowship literature to any person or entity other than those four Service Offices. In fact, WSC has directed WSO to prosecute any party that infringes WSO's copyrights, trademarks, and service marks.

8. WSO currently publishes and sells over 20 works of literature. The most important of these works is a 286-page book entitled "Narcotics Anonymous" and referred to within the Fellowship as the "Basic Text". The Basic Text, which WSO sells for between \$6.00 and \$8.00, discusses the nature of drug addiction, explains the Twelve Steps and Twelve Traditions, the message of the Fellowship to addicts, and 38 personal stories written by recovered addict NA members. In 1989, over 360,000 copies of the Basic Text alone were sold by WSO. WSO also publishes and sells other publications and materials, including information pamphlets (called "I.P.s"). There is a very large market for Fellowship literature.

9. Proceeds from the sale of approved literature by WSO provide the financial support needed to fund the worldwide services offered by WSO and the service offices around the world. The sale of the Basic Text provides the "lion's share" of that funding.

10. The Basic Text has been revised five times, each time through an elaborate review process culminating with WSC approval of the changes. Each revision affected a small portion of the text. The Basic Text is the subject of six United States Copyright registrations duly and legally issued to WSO.

11. During June, 1990, various members called the WSO in Van Nuys and referred to the fact that certain individuals in the Eastern United States were printing a light blue paperback book which contained the first ten chapters of the Basic Text. Several members obtained copies of this book and provided these to the WSO. I have examined this book and determined that the creator of this book has taken a Third Edition Revised version of the Basic Text (which has been superseded for years), replaced certain portions with sections from the Second Edition version, and applied the Narcotics Anonymous trademark

to the front. I did not know the source of this book.

12. Shortly thereafter, WSO received various copies of an Open Letter from "Grateful Dave", which I know to be a pseudonym for David Moorhead, in which he stated that he was the source of the "little illegal illicit blue books". A true and correct copy of that Open Letter is attached hereto as Exhibit A and incorporated herein by reference as though set forth herein. In that letter he states that he has produced and distributed 7,000 copies of these books, that he intends to print 50,000 more copies and sell those at \$.50 each, and he invites orders.

13. I have known "Grateful Dave" for five years. In June, 1990, I called defendant Moorhead just prior to the Florida Regional Convention of Narcotics Anonymous. Moorhead acknowledged to me that he was printing and distributing his version of the Basic Text. I told him that the Basic Text was not his to copy; that it belonged to WSO. I asked him why he was printing and distributing his own version of the Basic Text. He said that he believed that he has the right to revise, print and distribute the Basic Text if he wants to. In this conversation, he acknowledged that he did not write the Basic Text, and the he had not received any permission to revise or reprint the Basic Text from WSO, or the World Service Conference. He stated that he felt he could do whatever he wished with respect to the Basic Text.

14. I explained to him that his conduct was not approved by the WSO and that if he planned to change the Basic Text at will, and expected others to do the same, the Fellowship's message could, and in all probability would, be extremely distorted within a short period of time. I explained that the reason that the Fellowship transferred the copyrights to WSO was so that the WSO had the exclusive control over the printing and

distribution of the Basic Text. I asked him to stop the printing and distribution of his version of the Basic Text. Moorhead refused and stated that it was still his belief that he could do what he wanted. He did ask, however, if I would arrange for him to address the Board of Directors of WSO to discuss his printing and selling of his version of the Basic Text, I told him that I would try and call him back.

15. Within several days, I spoke to the members of the WSO Board of Directors, and they agreed to sit down and talk with Moorhead. Within five or six days of our conversation, I called Moorhead back, told him that the Board wanted to speak with him, that there was an open forum taking place in Arlington, Virginia from July 20 through 22, 1990, at a particular time and location, and that four members of the WSO Board of Directors plus the entire WSC Board of Trustees would be attending. I told him that both Boards were prepared to talk with him for as long as he wished so that he could fully express his views. We discussed the fact that he was close enough to drive to this location. Moorhead said that he would try to attend. I, as well as the Boards, attended that open forum in Arlington. Moorhead did not appear.

16. Throughout the following months, there were repeated attempts made by myself, George Hollahan, and other members of the Board to persuade Moorhead to cease his infringements. Moorhead is very articulate and charismatic. His position is that he can do whatever he wants, and his infringements are causing tremendous confusion and division within the Fellowship, not the least of which is the Fellowship's desire to handle its own problems internally through honest discussion and sharing of views, and without seeking the intercession of a federal court and the unwanted publicity that might generate.

17. In a last ditch attempt to resolve this dispute, in September, 1990, I called

Moorhead again, and on behalf of the Board of Directors of WSO, I extended an invitation to Moorhead to attend the joint meeting of the Boards of Directors of WSO and Trustees of WSC then scheduled for October 6 and 7 in Van Nuys, California. WSO offered to pay his travel and accommodation expenses. He accepted.¹ He then said that he wanted to have a lawyer with him, and he asked if we would also pay the travel expenses of his attorney and his attorney's assistant. We agreed and paid those expenses.

18. On October 6, 1990, both Boards were present and held a joint meeting. Starting at noon, Moorhead, his attorney (who said he was acting as "adviser", not as counsel),² the undersigned, the Chairman of the Board of Trustees, George Hollahan, and WSO's intellectual property counsel, Theresa Middlebrook, met for hours and discussed the infringements. We tried to persuade Moorhead to stop his activities. He was non-committal. I explained to him that if he did not voluntarily stop, it was going to cost the Fellowship a great deal of money to sue him to force him to stop. Moorhead said that a lawsuit did not bother him, that he had no assets, was living on social security, and therefore any judgment against him would be useless.

19. On October 6, 1990, commencing at around 4:00 p.m., Moorhead addressed the joint Boards, which consist of 18 individuals. This was followed by a lengthy and heated discussion between the Boards and Moorhead. During the discussion, Moorhead was asked what he did with all the money he received from selling his infringements. He refused to say. Moorhead was asked where the printing plates were that he used. He said that before

¹ Upon his arrival at the WSO in Los Angeles, he voluntarily reimbursed WSO in cash for the cost of his air fare.

²He has since declined any further involvement with Moorhead and specifically requested that he not be identified.

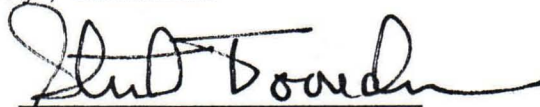
the meeting, he went to a bridge over a river and "threw them in". At the end of that discussion, Moorhead seemed to understand why his actions were a problem, and he agreed that he would stop the infringements. He agreed to sign a written contract and submit to a stipulated judgment and injunction.

20. Thereafter, counsel for Moorhead and WSO jointly prepared an agreement, stipulated judgment and stipulated injunction for Moorhead's signature. Moorhead was provided a copy to review that evening, and was scheduled to return to the WSO offices the following morning with any changes and to sign the final versions of the documents. The following morning, his lawyer/advisor stated that he was not representing Moorhead any more in any capacity. Moorhead appeared at the WSO offices late, and without explanation, refused to sign any documents.

21. Finally, from October 19 through 21, 1990, there was one more meeting, this time of Regional Service Representatives, at the WSO, at which the infringements problem was discussed. Moorhead was expected to appear at that meeting to plead his case. Prior to the meeting, I personally took one of Moorhead's versions of the Basic Text, and inserted into this book some language from the Alcoholics Anonymous Basic Text that is not consistent with the message of the Fellowship of Narcotics Anonymous. Moorhead did appear. During that meeting, I stood up and started reading from Moorhead's version, including the part I had taken from AA's book. I then explained to the meeting what I had done. Moorhead became very upset and expressed that I had no right to change the contents of the Basic Text. I then explained to him that this was WSO's point, that he had no right to change the contents either and that he should stop the infringements. He had no response.

22. As of the signing of this declaration, I have confirmed that Moorhead is still selling infringing copies of the Basic Text. The continuing infringement by Moorhead has threatened to tear the entire Fellowship apart into factions, losing sight of the main purpose of the Fellowship which is to help each other and provide a haven for the addicts that still suffer. Sales of Basic Texts are dropping in numbers. The continued infringement by Moorhead threatens the stability of the Fellowship and WSO, and therefore places the ability of WSO to fulfill its service role to the Fellowship in jeopardy. Moorhead's acts have irreparably damaged WSO and will continue to do so unless this court issues an order stopping all infringements.

I declare under penalty of perjury under the laws of the United States, California and Pennsylvania that the foregoing is true and correct and that this declaration was executed on 11-27-90 at ^{GLENDALE}~~Van Nuys~~, California.

A handwritten signature in black ink, appearing to read "Stuart Tooredman", written over a horizontal line.

Stuart Tooredman

twmf:wpdata/wso/moorehea/decl.st