

'Public Figure' Is Issue in Libel

Los Angeles Times

LOS ANGELES—The judge in a \$630 million libel suit is being asked to decide if the four principal officers of Rancho La Costa, a multimillion-dollar resort complex and country club north of San Diego, are "public figures" in a legal sense.

At issue is the motion for a partial summary judgment filed by attorneys for Penthouse International Ltd., publishers of Penthouse magazine, in defense against the libel suit filed by the officers of Rancho La Costa and

four corporations connected with the 5,600-acre development.

Los Angeles County Superior Court Judge Thomas W. LeSage took the motion under submission last week. The motion seeks to have the four Rancho La Costa officers declared "public figures" making them unable to win a libel judgment unless they can prove "actual malice" against the writers of the article, which appeared in the March, 1974, issue of Penthouse.

Plaintiffs in the libel suit include Morris B. (Moe) Dalitz, 76, described by the

Senate's Kefauver crime committee more than 20 years ago as a long-time gambler, racketeer and associate of the late Bugsy Siegel and Lucky Luciano; Allard Roen, 54, a former partner with Dalitz in Las Vegas gambling casinos, who was convicted in a stock fraud scandal; Mervyn Adelson, 46, and Irwin Molasky, 48, all of whom, besides being business associates of Dalitz, are officers in Lirimar Productions of Hollywood.

The defendants, in addition to the magazine, are two freelance writers: Lowell Bergman, 30, and Jeff Gerth,

32, who spent more than 18 months researching their article called "La Costa: Syndicate in the Sun."

The article, which referred to La Costa as "the hundred-million-dollar resort with criminal clientele" charged that the huge sports-residential complex was financed by questionable loans from the Teamster Union's \$1.5 billion Central States, Southeast and Southwest Area Pension Fund and subsequently turned into a "watering hole" and playground for organized crime.

The resort surfaced in the news early last month, when former President Nixon showed up there for a charity golf tournament with Teamster president Frank Fitzsimmons. La Costa is 30 miles south of Nixon's San Clemente residence.

The Rancho La Costa officers' motion was argued by Louis Nizer, New York lawyer heading up a team of high-powered attorneys representing La Costa interests, and Roy Grutman, also of New York, who leads the battery of defense attorneys.

Working from behind a barricade of defense exhibits—a massive file composed of 30 books, 3,000 documents, hundreds of magazine articles and uncounted newspaper stories—Grutman launched a stinging attack on Dalitz and the others.

"If these men are not found to be public figures, then reporting on organized crime in this country is dead," Grutman told the court.

He challenged a claim by the plaintiff's attorneys that the four Rancho La Costa figures were ordinary

businessmen, saying, "They are not ordinary, and they are not businessmen. These men are not Winken, Blinken and Nod. They have been for 25 years the object of public attention."

Grutman spent considerable time defending freedom of the press and the constitutional rights "of a free and untrammelled press" to be "vigilant" in the pursuit of organized crime.

Nizer, flinty veteran of courtroom battles, characterized the defense as "an eloquent shim-sham of epithets" and attacked Grutman's defense of the press freedom issue.

"Having fought for the First Amendment before Penthouse was born," Nizer said, "I wish it was in better hands than a magazine that specializes in closeups of womens' orifices."

Suit