

## MAGAZINE BACKED IN A LIBEL RULING

Plaintiffs Held to Be 'Public  
Figures' Open to Scrutiny

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Special to The New York Times

LOS ANGELES, Nov. 20—Superior Court Judge Thomas W. Le Sage ruled today that Rancho La Costa, a southern California hotel and real estate development with alleged links to organized crime, and its four principal owners were "public figures" and therefore valid subjects for probing scrutiny by the press.

The ruling, made in the largest libel suit ever brought in this country, a claim for \$630 million against Penthouse magazine, is expected to affect future press coverage of organized crime. It means that, to win the case, the company and its owners must now prove that the magazine published inaccurate information about them "with malice," knowingly or with reckless disregard for the facts.

The individual plaintiffs in the suit are Morris B. Dalitz, a former bootlegger and a prominent Las Vegas gambling figure; Allard Molasky and Mervyn Adelson, their long-time business associates and the principal officers of Lorimar Productions, a major Hollywood television and film pro-

duction company.

In an article in Penthouse last spring, two freelance writers, Lowell Bergman and Jeff Gerth, who are also defendants in the suit, described La Costa, a 5,656-acre development about 100 miles south of here, as a haven for gangsters that was financed largely by questionable loans from a pension fund of the International Brotherhood of Teamsters. This article prompted the libel suit.

Louis Nizer, the New York lawyer who represents the plaintiffs, has sought to depict them as private businessmen who were the victims of "irresponsible rumor and gossip" and "McCarthyism."

He argued that they were not legally subject to the same kind of critical reporting as public officials and other "public figures" under rulings of the United States Supreme Court.

However, Judge Le Sage, after reviewing previously published material about La Costa and the four men, ruled:

"The evidence is overwhelming that the corporate plaintiff, La Costa, and the individual plaintiffs are public figures and that the La Costa story is a matter of general or public interest" within the rules of *New York Times v. Sullivan*, a 1964 Supreme Court ruling, and subsequent decisions.

More than any other libel case he had been informed of, Judge Le Sage said, the La Costa case "merits a positive reaffirmation of the constitutional right of freedom of the press."

Alan M. Gelb, a lawyer for Penthouse, said after the ruling: "This is the first time that individuals or entities of such repute have attacked the press in the courts en masse, and in the courts have responded in the best traditions enjoined upon them by the First Amendment to the Constitution."