La Costa Slaps Suit on ‘Penthouse’

A cloud of uncertainty will hang over the La Costa Country Club for the next few months, as the club battles one of the biggest libel suits in journalism history.

In the March issue of Penthouse magazine, an article entitled “The Hundred Million Dollar Resort with Criminal Clientele” painted the San Diego-area development as a haven for organized crime and a base of operations for the planning of everything from investment rip-offs to Watergate.

On May 27, La Costa President Merv Adelson held a news conference in Los Angeles to voice his operation’s disagreement with the story and launch a $540 million lawsuit along with several other management individuals and corporations mentioned in the Penthouse piece.

For years, La Costa has been the home of the Tournament of Champions, which itself has had the dubious distinction of being taken off and put back on the Tournament Players Division tournament calendar in a matter of weeks.

In early May, TPD commissioner Deane Beman indicated that since the format of the World Series of Golf had been changed, there would be no real need for the T of C and it would be lopped off the schedule. The World Series is now the property of the PGA and indications are that at least 16 season champions will be entered, maybe more.

Whether the article about La Costa had anything to do with the dropping of the tournament is only supposition. When the decision was announced by Beman to cancel the event, there was a loud rumble from TPD members. The La Costa tournament is one of the better stops on the circuit for the players. They get $2,000 each just for showing up and with the attraction of the development and its famous spa, there are a number of activities available for the pro’s family to participate in.

During the Atlanta Classic, a TPD Board meeting was held and Beman fielded the dissent from TPD members who favored the T of C format. Anyway, the tournament was put back on the schedule and the reasons for the cancellation and the reinstatement are still vague. The TPD commissioner reversed a decision, which in itself, seems surprising for a major professional sport.

How long it will take to settle the La Costa case is anyone’s guess, but Adelson, in a statement to GOLFDOM, said that he would carry the litigation through and there would be no settlement out of court. Others named as plaintiffs in the case include Irwin Molasky, Allard Roen and M. B. Dalitz, management heads of La Costa along with several corporations that are tied into the development.

To quote from the complaint, filed in the California Superior Court in Los Angeles, “the defendants willfully, wrongfully, maliciously and with intent and design to injure, disgrace and defame with wanton, reckless and utter disregard for the truth or falsity of the statements made therein concerning plaintiffs, caused to be printed, published and circulated of and concerning plaintiffs the libelous and defamatory article published in said March 1975 issue.”

The basis of La Costa’s complaint stems from the fact that the operation has suffered financial losses since the publication of the Penthouse article. According to La Costa, conventions that would have been held at the complex were cancelled, patrons of the spa, golf course, hotel and other facilities, who would otherwise use La Costa haven’t and there has been a general decrease in the purchase of condominiums at the resort. In short, business has dropped off.

Penthouse Editor and Publisher Robert Guccione told GOLFDOM from his New York City residence that he thought the legal hassle was, “a cosmetic exercise on their (La Costa’s) part.” Guccione commented that his magazine was currently into investigative journalism on an above average scale and that the La Costa piece was just along those lines.

“I guess if you’re going to sue someone in a libel suit, you might as well go for as much as you can. I don’t really believe they have a case. Our legal counsel went through the whole article, analyzing every point. The entire piece was carefully researched,” Guccione said.

Adelson and his colleagues disavow a majority of the information found in the Penthouse article and insist that La Costa is not a home for the Mafia. In fact, Adelson points to the fact that some of the top corporations and associations in the country have utilized the club facilities. The list includes the American Bar Association, Chrysler, Ford, General Electric, Xerox and John Hancock Insurance.