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Lodge at Tahoe Failed to Pay Taxes Is Claim

Cal-Neva Lodge
Didn't Report
\$900,000 Income

Claims that Cal Neva Lodge, Inc., failed to report from \$700,000 to \$900,000 in income during fiscal years 1953, '54 and '55 are being presented by the Internal Revenue Service in hearings before a referee in bankruptcy.

The hearings are being held in the post office building before Referee John C. Mowbray, of Las Vegas.

NO PROPER REPORT

In an opening statement this morning John Nyquist, IRS attorney, said the government would show that cash received over gambling tables at Cal Neva Lodge, Crystal Bay, Lake Tahoe, was not properly reported.

Nyquist said the government would show that on one occasion the cash count from a gaming table was misstated by \$20,000.

At the noon recess of the hearing, Sylvan L. Sauner, who said he had been an accountant for the corporation, had testified that he had personally seen more than 200 \$50 bills taken in by a crap table during an hour and a half Aug. 15, 1952.

OFFERS RECORD

As soon as he said that the government offered what was apparently a record of the table receipts, but the case was recessed at that point, to re-open at 2 p.m.

In his opening statement, Nyquist said the government would show that a vital spot in any gambling operation is the counting of cash from games. He added that he would show that on numerous occasions regular cashiers would be asked to be elsewhere so that the management of the corporation could count the money.

Nyquist also contended the government would show that gamblers have a method of testing whether or not cash counts are accurate.

He said the test would operate only over a long term, and was a percentage indicating the ratio of winnings to the overall cash in the table boxes.

Closing his statement, Nyquist said that each Summer Sanford D. Adler, president of Cal Neva Lodge, Inc., would ask for an estimate of profits at Club Cal-Neva, in Reno, then would adjust the percentage, so that the Lodge losses at the lake would counteract any profit at the Reno club, so that the corporation which included both the Reno and Lake Tahoe casinos, would have no taxable income.

The government is seeking about \$400,000 in income taxes for the three years concerned.

In the present hearing the government is in the same position as any other creditor, seeking to be paid a claim from assets of the corporation which has filed bankruptcy proceedings.

The corporation is represented by Attorneys Leslie Riggins, of Reno and Aaron Levinson and Francis Quittner of Los Angeles.

Saturday they presented Adler and Lawrence Semenza, Reno accountant, as witnesses who said the corporation tax returns were properly prepared.

Semenza said Saturday that he knew of no way to determine the accuracy of cash receipts in a gambling operation.

Internal Revenue agents seized the money in Club Cal-Neva to settle claims Nov. 11, 1955, and the club closed immediately.

A petition in bankruptcy was filed by the corporation next day, and Adler said then that he would never engage in gambling in Nevada again.

Both the lodge at the lake and the club in Reno have been sold, and are now under new management.