



ENFORCEMENT OF FEDERAL LAWS ON GAMBLING

By JOHN W. WINTERS, JR., USGA PRESIDENT

In view of recent activity by agents of the Internal Revenue Service, we call attention to the opinion of the USGA General Counsel, Philip H. Strubing, concerning Federal tax liabilities involving Calcutta pools and other forms of organized gambling. This opinion was distributed in 1959 and follows under separate heading.

The Internal Revenue Service has been active in at least one large area in enforcing the pertinent Federal tax laws. Following are examples:

Case 1: Two Internal Revenue Service agents appeared at a club just before a Calcutta pool was to be conducted. They advised that the club would have to buy a Federal gambling stamp and would have to pay 10% of the pool to the Government if the club were to proceed with the Calcutta. The club bought the gambling stamp and paid the Government 10% of the pool.

The agents demanded a list of every purchaser, amounts paid, and winners' shares, presumably for purposes of individual income tax.

Two days later the agents returned to the club and asked for 10% on Calcuttas held in the last five years, not barred by the statute of limitations. The club settled the retroactive feature for \$5,000.

Case 2: After a Calcutta sponsored by individuals, Government agents insisted that they be provided with names of participants and amounts won, which are subject to individual income tax.

The club was advised that if it had conducted the Calcutta, it would have been liable for 10% of the receipts, and its exemption from Federal income tax would have been jeopardized.

The USGA's Position

The USGA has long disapproved of gambling in connection with golf tournaments because of the harm it can do to the best interest of the game.

Golf is a game to be played primarily for its own sake, especially amateur golf. When it is played for gambling motives, evils can arise to injure both the game and individual players.

The United States Golf Association urges its Member Clubs, all golf associations and all other sponsors of golf competitions to prohibit gambling

in connection with tournaments, not only to serve the best interests of the game but also to avoid possible serious legal and tax dangers.

FEDERAL TAX LIABILITIES ON CALCUTTA POOLS

By PHILIP STRUBING, USGA GENERAL COUNSEL

Clubs as well as hotels and other organizations would do well to study the Federal tax laws before running a Calcutta pool in connection with a golf tournament or other sports event.

If part of the proceeds of such a pool are retained by the club to meet any kind of expense, the club has received a direct benefit and the pool will be considered by the Treasury Department as having been conducted for profit. Moreover, even if the club does not retain any portion of the pool, the Treasury has ruled that "it must be assumed that . . . there is an expectancy of other benefits, such as advertising the establishment or increasing attendance at a tournament to which there are charges for admission." It is considered by the Government that this expectancy of indirect benefits constitutes "profit" for purposes of the wagering tax. See Revenue Ruling 56-72.

What are the wagering tax consequences of running a pool for profit?

First, the club, as operator of the pool, is liable for the wagering excise tax of 10 percent of the total of the amount for which the tickets on players are sold and the amount for which the players are auctioned. Section 4401, Internal Revenue Code of 1954.

Second, not only the club, as operator, but each individual (including officers) who receives wagers on the club's behalf is liable for the special \$50 tax imposed by Section 4411 of the Code.

Third, it has been ruled by the Treasury that, as to each winner of \$600 or more, an information return on Form 1099 must be filed by the club, on pain of a penalty which could run to \$1,000 under Section 6652 of the Code.

Clubs contemplating the operation of a Calcutta pool in connection with a tournament may well conclude that the "benefits" to be derived aren't worth the assumption of these tax responsibilities.

USGA COMPETITONS FOR 1962

- 1) Amateur Championship, September 17-22, Pinehurst Country Club, Pinehurst, N.C.
- 2) Senior Amateur Championship, October 1-6, Evanston Golf Club, Skokie, Ill. Qualifying round September 13 (with exceptions).
- 3) World Amateur Team, October 10-13, Fuji Golf Course, Kawana, Japan.
- 4) Senior Women's Amateur Championship, October 17-19, Manufacturers' Golf & Country Club, Oreland, Pa. Entries close October 3.

Four Switch-Hitters

A foursome at the Country Club of Buffalo, Williamsville, N. Y., has found an unusual way to add spice to their matches.

The group consists of Sam D. Wettlaufer, father of former Walker Cup player Ward, and his partner Thorne Reineman against Jack Trefts and Ted Platt. Wettlaufer and Reineman have handicaps of 7, Trefts is 9 and Platt 11. Trefts and Platt play left-handed.

They compete against each other regularly but once a year everything is reversed. In the latest match the Wettlaufer-Reineman side won 2 up. Medal scores were Wettlaufer 62-61—123, Reineman 68-72—140, Trefts 59-65—124 and Platt 85-76—161.

Score For Our Side

Crows are the greatest hazard to golf ball owners at a course in England. The birds have been carrying away scores of balls from the fairways in recent years.

There appears to be only one way to stop them; use the American size ball. Golfers say our ball is too big to get into the crow's beak. The English ball has a minimum diameter of 1.62 inches while the American ball is not less than 1.68 inches in diameter.

Hands Across The Border

The Columbia Country Club, Chevy Chase, Md., was the scene recently of a junior competition that featured boys from the District of Columbia Golf Association against a team from Mexico.

Play followed the pattern of the

Walker Cup Match, except there were six players on each team instead of eight. Mexico led by 5 to 4 after the first day's play of foursomes and singles but the next day saw the District boys outscore their visitors by 7 to 2 for an overall score of 11 to 7 in the District's favor.

Rodrigo Medellin, Treasurer of the Mexican Golf Association, served as captain of his country's team while Frank Emmet, member of the USGA Junior Championship Committee and director of the District of Columbia junior golf program, was captain of the District's winning team.

The host club made all players and officials welcome and everyone enjoyed the companionship of this first international junior event. Mexico has invited a District team to visit that country next year in a continuation of the series.



U. S. AND MEXICAN YOUTHS PLAY MATCH

The Mexican team is shown at front in dark coats. Members are, left to right, Jaime Escudero, Jose Palacios, Raul Orive, Alfonso Garcia Mendez, Guillermo Coghlan, Riccardo Urrea and, standing, Captain Rodrigo Medellin. The District Golf Association team members, standing, light coats from left: Captain Frank Emmet, Bob Roberts, Jimmy Galvin, Ricky Meissner, John Cavin, Kent Kittle and Jim Duffy.

— Photo by Joe Gambatese

Golf — The Game of Truth

If you are not among the estimated five million Americans enjoying the great and growing game of golf today — why not?

There are now nearly 7,000 golf courses in the United States from which to choose and as you read these words, wherever you are, there is a nearby course to satisfy your needs.

Many years ago Sarah N. Cleghorn, in commenting upon oppressive child labor conditions in some steel mills, wrote:

“The golf links lie so near the mill
That nearly every day
The laboring children can look out
And see the men at play.”

All this, of course, has changed. Golf is no longer only for the few, nor is it a “rich man’s game.” Golf now is for children. Golf is democracy, and Golf is truth. Why is golf a great game? Golf is a fine physical conditioner. Ask your doctor. Golf knows no age barriers. Nine or ninety, you do yourself a favor every time you play.

Golf is pleasure. And often, like when you sock a controlled, low drive some 200 yards straight into the teeth of the wind, golf is sheer exhilaration.

But golf is an humbling game. It is discipline, and self control. You can’t fret about finances and personal problems while belting that ball straight down the middle.

Golf is beautiful—a natural game of nature, played a million miles outside the confines of modern man’s self-imposed steel and asphalt jungle. You walk on thick, green grass, under shade trees, sunshine and bright blue sky.

But above all, golf is truth. From scorecard to handicap rating you are really playing your self. Golf is a gentlemen’s game of honor. You must play the truth. And when you do, you will win—even when the scorecard says you lose.

— FRED ROHRS

Necrology

It is with deep regret that we record the death of:

A. L. (LOB) EXLINE, Dallas, Texas, a member of the USGA’s Sectional Affairs Committee since 1950. A prominent businessman as well as golf enthusiast, he was cited in May by the Dallas Golf Association for contributing most to the area’s golf in 1961.

NEW MEMBERS OF THE USGA

REGULAR

- Calif. Sharon Heights Golf & Country Club
Menlo Park
- Conn. Orange Country Club
Orange
- Conn. Rolling Hills Country Club
Wilton
- Fla. Plant City Golf & Country Club
Plant City
- Ill. Danville Country Club
Danville
- Iowa Boone Golf & Country Club
Boone
- La. Bayou Country Club
Thibodaux
- Md. Mt. Pleasant Golf Club
Baltimore
- Mass. Indian Ridge Country Club
Andover
- Mass. Country Club of Natick
Natick
- Minn. Executive Golf Club of Minnesota
Minneapolis
- Miss. Columbia Country Club
Columbia
- N. J. Atlantis Country Club
Tuckerton
- N. Y. Cedar Brook Golf Club
Old Brookville
- N. C. Southern Pines Country Club
Southern Pines
- Ohio Adams County Golf Club
West Union
- Ohio Greene Country Club
Yellow Springs
- Pa. Culbertson Hills Golf & Country Club
Edinboro
Waynesboro Country Club
Waynesboro
- S. C. Spring Valley Country Club
Columbia
- Tex. Laredo Golf Association
Laredo
- Va. Bow Creek Golf & Country Club
Lynnhaven
- Wisc. Bull’s Eye Country Club
Wisconsin Rapids

ASSOCIATE

- Calif. Vandenburg Golf Club
Vandenburg AFB
- Conn. Pleasant View Golf Course
Meriden
- Fla. Sunset Golf Course
Hollywood
- N. Y. Twin Ponds Golf & Country Club
New York Mills
- Wash. Cedarcrest Golf Course
Marysville