

STATE OF NEW YORK
LIQUOR AUTHORITY

(SERIES 1965)
Divisional Order #446a
Revised - July 30, 1965

(Orig. Issue 4/28/59)

TO: ZONE OFFICES AND LOCAL BOARDS

SUBJECT: APPLICATIONS FOR CLUB LICENSES - NEW

It has come to the attention of the Authority that in some instances membership clubs have been used as "fronts" to mask profit making ventures wherein profits are siphoned off by service or rental arrangements.

To safeguard against the issuance of club licenses under such circumstances the Members of the Authority have directed that the following measures shall be instituted effective immediately in processing applications for new club licenses - either summer or annual - and changes of class of such licenses from summer to annual or from beer or wine to liquor:

1. Local Boards investigating such applications are to pay particular attention to and report the full details on the financial relationship between the applicant membership corporation and the landlord or lessor. Such investigation should ascertain and report on the rental arrangements between the parties and determine whether or not the landlord or lessor, or if a corporation, any of its principals, will participate in any manner in the financing of the club, its operation or in any of the income of the club other than by the payment of a bonafide rent for the premises.
2. All applications filed for club licenses on behalf of applicants who are not affiliates of well-known organizations such as those listed in paragraph 3 below, should be accompanied by:
 - a. Copy of club's constitution,
 - b. Copy of club's by-laws, and
 - c. Signed statement by a principal officer as to disposition of all profits.
3. Except where the application is filed by a fraternal organization recognized under the Benevolent Orders Law such as the Veterans of Foreign Wars, American Legion, Elks, Knights of Columbus and others of similar calibre which may be acted upon by a Licensing Board in the Zone Office, all other applications for new club licenses or changes in class as referred to above are to be referred to the Members of the Authority for final determination pending further instructions.

STATE LIQUOR AUTHORITY



D. S. HOSTETTER
Chairman