



STATE OF ARIZONA
ARIZONA STATE LIQUOR BOARD
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DOUGLAS A. DUCEY
Governor

CYNDY A. VALDEZ
Board Chair

JOHN COCCA
Director

Arizona State Liquor Board Hearing Minutes
August 4, 2016

Members Present: Cyndy Valdez - Chair, Vikki Scarafiotti, Michael Troyan, Sergio Arellano, and Troy Campbell

Members Absent: None

Counsel Present: Michael Raine, Assistant Attorney General
John Tellier, Licensing & Enforcement Section Chief

Staff Present: Denise Bale, Board Administrator

A. Call to Order

The hearing of the Arizona State Liquor Board was called to order on August 4, 2016 at 10:00 a.m. with Ms. Valdez presiding.

Roll Call

All members were present.

B. Recognition of departing Board Member

Bill Du Pont was appointed to the State Liquor Board in 2003 by Governor Napolitano. He served four consecutive terms as the Neighborhood Association representative. According to the Arizona State Legislature's website, Mr. Du Pont has served longer than any Liquor Board member in the past 40 years. He also served as Vice Chair for several years. Ms. Valdez expressed gratitude for Mr. Du Pont's service.

C. Introduction of new Board Members

Ms. Valdez introduced Troy Campbell (Coconino County) and Sergio Arellano (Pima County).

D. Election of Officers: Vice Chair

Motion to elect

Michael Troyan as Vice Chair -	Valdez
Seconded -	Scarafiotti
Yay -	Valdez, Scarafiotti, Arellano, Campbell
Nay -	None
Abstained -	Troyan
Disposition -	Michael Troyan elected Vice Chair

E. 10:00 a.m. Agenda: Review, consideration and action

1. Beer and Wine Bar Liquor License No. 07070656 - Person Transfer Application

From:
H.J. Lewkowitz, Agent
BAB 1, LLC
T & A Cabaret II
3790 Grand Avenue
Phoenix, AZ 85019

To:
Blair Cordon Driggs, Agent
Nytroflo LLC
Exotica Gentlemen Club
3790 Grand Avenue
Phoenix, AZ 85019

This matter was continued from the July 7, 2016, meeting and is set for hearing because the City of Phoenix recommended disapproval. There is an interim permit in place. The Applicant, Blair Cordon Driggs and Nytroflo LLC, appeared at the hearing and was represented by counsel, Peter H. Schelstraete. Assistant City Prosecutor Elizabeth Sugges appeared on behalf of the City of Phoenix. Subsequent to this matter being scheduled for hearing, an application withdrawal was filed with the Board. Ms. Sugges stated the City of Phoenix does not object to the application withdrawal.

Motion to accept
application withdrawal - Scarafiotti
Seconded - Arellano
Yay - Scarafiotti, Arellano, Valdez, Troyan, Campbell
Nay - None
Abstained - None
Disposition - Application withdrawal accepted

Motion to terminate interim
permit effective immediately - Valdez
Seconded - Scarafiotti
Yay - Valdez, Scarafiotti, Arellano, Troyan, Campbell
Nay - None
Abstained - None
Disposition - Interim permit terminated

The Board proceeded to agenda item #4.

4. Liquor Store Liquor License No. 09100004 - Person and Location Transfer Application

From:
Jason Barclay Morris, Agent
Arizona CVS Stores, LLC
CVS/Pharmacy #9273
3785 W. Ina Road
Tucson, AZ 85741

To:
Jason Barclay Morris, Agent
German Dobson CVS, LLC
CVS/Pharmacy #10742
2385 N. Silverbell Road
Tucson, AZ 85745

This matter is set for hearing because of public protest. The Applicant, German Dobson CVS, LLC, appeared at the hearing and was represented by counsel, William F. Allison. Public protestors Betty Hannon and George Hannon did not appear at the hearing and were not represented by counsel. Mr. Allison made an opening statement. There was a question from the Board.

Ms. Valdez made a motion regarding liquor license number 09100004. Based upon the following factors: There is no protest by the Department of Liquor Licenses and Control. CVS is a respected licensee because of the manner in which they sell and manage liquor stores. They are one of the largest liquor license holders in Arizona, holding over one hundred forty-five (145) liquor licenses with a near flawless record. They are committed to being a responsible liquor licensee. They have well established internal alcohol training and sales policy. I move that we find that the Applicant is capable, qualified and reliable as required by A.R.S. § 4-203(A). And based upon the following factors: The City of Tucson unanimously recommended approval with no Tucson department protest. There is a demonstrated need and necessity for a license in this location; it does replace an existing license. I move that we find that the public

convenience does require and the best interest of the community will be served as required by Section 4-203(A), and that the liquor license application be granted.

Motion to grant license -	Valdez
Seconded -	Arellano
Yay -	Valdez, Arellano, Scarafiotti, Troyan, Campbell
Nay -	None
Abstained -	None
Disposition -	License granted

The Board proceeded to agenda item #2.

2. Restaurant Liquor License No. 1207A465 – Original Application

Randy D. Nations, Agent
Mr. Lucky's Sabor Latino LLC
Hacienda Valle Del Sol
1650 E. Roosevelt St. #160
Phoenix, AZ 85006

This matter is set for hearing because of Department protest. The Agent, Randy A. Nations, resigned as Agent on April 8, 2016. Victor Zamora, the Manager and majority shareholder of Mr. Lucky's Sabor Latino LLC, did not appear at the hearing and was not represented by counsel. The Department of Liquor Licenses and Control ("Department") was represented by Assistant Attorney General Michael Raine. Special Investigator Mario Trevizo and Special Investigator Daniel Webb appeared in support of the Department. Dennis Canar and Sergio Mendez appeared in support of the Department. Mr. Canar was sworn and testified. John R. Tellier, Licensing & Enforcement Section Chief Counsel, was present and available to provide independent legal advice to the Board.

Mr. Raine distributed supplemental exhibits to the public record and discussed the facts of the investigation. Mr. Raine stated the Department is protesting the application based on violations of A.R.S. §§ 4-210(A)(11) Licensee lacks good moral character; 4-205.02(D) Licensee ceases to operate as a restaurant; 4-203(A) Capability, qualifications, reliability; and 4-202(A) No current agent on file. Mr. Raine called his witness, Dennis Canar. Mr. Canar described his involvement in the restaurant and the investments he and his family members had given Mr. Zamora. Mr. Canar testified that he and his family received nothing for the money they invested.

Ms. Valdez made a motion regarding Liquor License number 1207A465. Based upon the following factors: The facility has an inadequate amount of food on hand to accommodate a menu. It is more of a bar versus a restaurant. It does not appear to be operating as a restaurant. There is no history of it operating as a restaurant or a plan to operate as a restaurant. We find that the business will not operate as a restaurant as provided in A.R.S. § 4-205.02. Additionally, the Applicant lacks good moral character. There is no current agent on file. He is not of good moral character and there is evidence that Mr. Zamora has defrauded third parties. He has been cited for unlicensed liquor sales. Additionally, when he was cited in November of 2015, Mr. Zamora's remarks to the Department was that he could not remember the details of that citation, I find that incredible. Therefore, I move we deny the application for a liquor license under both section 4-203(A) and section 4-202(A) and that the Board deny this application. Ms. Scarafiotti requested an amendment. Additionally, Mr. Zamora is not present today for the hearing although he received notice for appearance. Ms. Valdez added, he is operating under a LLC that was dissolved by the Arizona Corporation Commission as of at least July 26, 2016.

Motion to deny license -	Valdez
Seconded -	Campbell
Yay -	Valdez, Campbell, Arellano, Scarafiotti, Troyan
Nay -	None
Abstained -	None
Disposition -	License denied

The Board recessed from 10:48 to 10:55 a.m.

3. Beer and Wine Store Liquor License No. 10076671 – Agent Change and Acquisition of Control Application

Jawdat H. Abdullellah
A-1 Food Store #2
13641 N. 32nd Street
Phoenix, AZ 85032

This matter is set for hearing because the City of Phoenix recommended disapproval. The Applicant, Jawdat H. Abdullellah, appeared at the hearing and was represented by counsel, Harvey M. Yee. Assistant City Prosecutor Elizabeth Sugges appeared on behalf of the City of Phoenix. Mr. Yee made an opening statement. When the application came before the Phoenix City Council, Staff had recommended approval of the application. During the City Council hearing, the pastor of a local church objected to the application based on merchandise that was carried by the store. On that basis, the Council recommended disapproval when the Applicant said he would not meet with the pastor to address the pastor's concerns. Ms. Sugges made an opening statement. There were questions from the Board. Mr. Abdullellah was sworn and testified that he accommodated a request from the community to change the sign on the store, and that he attempted to contact the pastor who objected to the smoke shop merchandise carried by the store.

Mr. Arellano made a motion regarding liquor license number 10076671. In reference to A-1 Food Store, the application has not been protested by the City. The City staff had approved it prior. Being that there was an objection as to the merchandise and there were no clear violations as to anything involving liquor sales, I move that we find the applicant is capable and qualified and reliable as required by A.R.S. § 203(A) and that the Board grant this application for a person transfer. Ms. Valdez requested amendments to strike the reference to prior liquor violations because the store was not licensed under the applicant; and to add the applicant has received the Basic and Management Title 4 liquor training and that he made efforts to meet with the community officials.

Motion to grant license -	Arellano
Seconded -	Valdez
Yay -	Arellano, Valdez, Scarafiotti, Troyan, Campbell
Nay -	None
Abstained -	None
Disposition -	License granted

F. Minutes

Motion to approve the minutes
of April 7, 2016 general session,
April 7, 2016 executive session,
March 3, 2016 executive session - Scarafiotti
Seconded - Troyan
Yay - Scarafiotti, Troyan, Valdez
Nay - None
Abstained - Arellano, Campbell
Disposition - April 7, 2016 general session, April 7, 2016 executive session, and March 3,
2016 executive session minutes approved

G. Reports on Current Events, Matters of Board Procedure, Requests and Items for Future Agenda

There are two matters scheduled for hearing in September. The next scheduled meeting is September 8, 2016. The Board requested future agenda items of Board training on (1) Title 4 changes that go into effect August 6, 2016, and (2) Arizona's three-tier system of alcohol distribution.

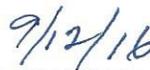
H. Call to the Public

None.

The Board adjourned at 11:16 a.m.



Denise M. Bale
Administrator of the
Arizona State Liquor Board



Date