Arizona State Liquor Board Hearing Minutes  
July 9, 2020

Members Present: Troy L. Campbell – Chair, Walter W. Jahn – Vice Chair, Michael N. Widener, and Lynn Shulman

Members Absent: Jeffrey K. Oravits

Counsel Present: Michael Raine, Assistant Attorney General

Staff Present: Denise M. Bale, Board Administrator

A. Call to Order
The hearing of the Arizona State Liquor Board was called to order on July 9, 2020, at 10:08 a.m. with Mr. Campbell presiding. Google Meet was utilized for facilitating the meeting. Board members, staff, and all parties participated telephonically.

Roll Call
Mr. Oravits was absent. All other members were present.

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

1. Bar Liquor License No. 06020023, Application No. 96362 - Person Transfer Application

From: Bennett Gary JTWROS  
Sundown Steakhouse LLC  
10348 Highway 191  
Elnfria, AZ 85610

To: Vicki Lynn Davison, Agent  
RD Steakhouse LLC  
RD Steakhouse  
10348 Highway 191  
Elnfria, AZ 85610

This matter is set for hearing because the Department of Liquor Licenses and Control is protesting the application. The Applicant, RD Steakhouse LLC, and its Agent, Vicki Lynn Davison, did not appear at the hearing. Assistant Attorney General Michael Raine appeared on behalf of the Department of Liquor Licenses and Control ("Department"). The Applicant filed a request to withdraw its application, and there were no objections.
Motion to accept application withdrawal - Shulman
Seconded - Jahn
Yay - Shulman, Jahn, Widener, Campbell
Nay - None
Abstained - None
Disposition - Application withdrawal accepted

2. Bar Liquor License No. 06070320. Application No. 97891 — Person and Location Transfer Application

From: Michael E. Carr, Agent
Michael’s Designs Inc.
Michael’s at Park Central
3110 N. Central Avenue #140
Phoenix, AZ 85012

To: Robert Eugene Wallace, Agent
Kandies Int’l. L.L.C.
Kandies Cabaret
3790 Grand Avenue
Phoenix, AZ 85019

This matter is set for hearing because the City of Phoenix recommended disapproval. This matter is also set for hearing because of public protest. The Applicant, Kandies Int’l. L.L.C., and its Agent, Robert Eugene Wallace, appeared at the hearing and were not represented by counsel. Mr. Wallace testified in support of the Applicant. Assistant City Prosecutor Lori Van Haren appeared on behalf of the City of Phoenix. Detective Robin Gokool appeared and testified.

Mr. Wallace began by questioning Mr. Widener’s participation in this hearing because of a perceived conflict of interest. Mr. Raine explained that the question has been ruled on by independent bodies. Mr. Widener responded that he is not recusing himself because his services as a contractor for the City of Phoenix is not a conflict as he does not participate in any matter regarding the City’s consideration of Kandies Cabaret.

Mr. Wallace continued with his opening statement. Mr. Wallace stated that he has not been convicted of a felony within five years of this application and that he has not had a license revoked within one year of this application. Mr. Wallace also stated that his co-owner, Regina Scott, does not have a felony at this moment. Ms. Van Haren questioned Mr. Wallace if he pled guilty in 2009 to a Class 6 felony for money laundering. Mr. Wallace admitted to a marijuana violation in 2009. Mr. Wallace was questioned about his current ownership in Chicas Cabaret, formerly called Mustang Sally’s. Mr. Wallace was involved with Mustang Sally’s as far back as 2000. Ms. Dieckman had no questions for Mr. Wallace. Ms. Shulman questioned Mr. Wallace about his business licenses under Kandies Cabaret, Kandies International, Prepared Nicely Foods, and Wallace Group LLC. Ms. Shulman asked, how many Title 4 violations have Chicas Cabaret and Mustang Sally’s had. Mr. Wallace answered 15-17. His most recent violation was for capability, qualifications, and reliability.

Ms. Van Haren called her first witness, Detective Robin Gokool with the City of Phoenix Police Department. Det. Gokool has operated as a liquor license liaison in his precinct for the last four years. He has completed several Title 4 trainings provided by the Department and has inspected and conducted several administrative investigations regarding liquor licenses within his precinct. Det. Gokool reviewed the liquor license application for Kandies Cabaret. He noted that Mr. Wallace is the Agent and Owner of Chicas Cabaret/Mustang Sally’s. On the Kandies Cabaret application, he is listed as the Applicant, Owner, and Agent. With respect to felony convictions, Det. Gokool stated that Mr. Wallace pled guilty as charged to money laundering, a Class 6 felony, on May 29, 2009. Mr. Wallace also has a marijuana violation in his criminal record. Ms. Van Haren continued questioning about Regina Scott and the role she has in Kandies Cabaret. Det. Gokool stated that Ms. Scott is listed as the Manager and partial owner of Chicas Cabaret/Mustang Sally’s. In her prior role, Ms. Scott was listed in the articles of incorporation as Chief Financial Officer in 1996. Det. Gokool read a list of 20 liquor violations at Chicas Cabaret/Mustang Sally’s
from 1996 to 2019. Det. Gokool’s report also revealed Ms. Scott’s criminal history including two DUI’s. Ms. Shulman asked Det. Gokool about the location’s proximity to the neighborhood and the last time the location had a liquor license. Det. Gokool described the east wall of the location is within 100-200 feet of a residential home.

Public protestor Shirley Dieckman has lived in the area for 40 years. She testified that the location is in a high crime area, Alhambra High School is within one mile of the location, there are small children living in the newer homes in the area, and there is concern that the late closing hours combined with alcohol will create traffic and safety problems.

Mr. Wallace misunderstood the proceedings and he requested ten minutes for providing additional testimony. Mr. Wallace submitted a petition of 135 signatures that support the application. Mr. Wallace discussed traffic concerns. In his closing remarks, Mr. Wallace reiterated that he has not had a felony conviction in five years and that he has not had a license revoked. Ms. Van Haren gave her closing statement. Ms. Dieckman also made a closing statement. There was Board discussion concerning the Applicant’s capability, qualifications and reliability.

Mr. Campbell made a motion. Regarding capability, qualifications and reliability, based upon the following facts, the Applicant did not disclose ownership of other businesses and LLC’s on the application, there have been 20 Title 4 violations in the Applicant’s businesses, and there is a felony conviction; I move that the Board find the Applicant is not capable, qualified and reliable as required by section 4-203 (A); and based upon the following facts on location, there is a neighborhood complaint against the application, the location is in a high crime area and close to a high school; I move that the Board find the public convenience and best interest of the community will not be served by granting a liquor license to this location, and that the Board deny the application.

Motion to deny license - Campbell
Seconded - Shulman
Yay - Campbell, Shulman, Widener, Jahn
Nay - None
Abstained - None
Disposition - License denied


Michael Jackson Gohn, Agent
Family Dollar Store #28851
5060 N. US Highway 89
Flagstaff, AZ 86004

This matter is set for hearing because the City of Flagstaff recommended disapproval. The Applicant, Family Dollar Store #28851, and its Agent, Michael Jackson Gohn, did not appear at the hearing and were not represented by counsel. Senior Assistant City Attorney Christina Parry appeared on behalf of the City of Flagstaff. Deputy City Clerk Stacy Fobar appeared in support of the City of Flagstaff. Ms. Parry reported that the City Clerk followed necessary requirements defined in statute and coordinated rules to provide notice for the liquor license hearing before the City Council. A notice was posted March 14, 2020, on the location where it remained until April 4, 2020. On April 7, a published and open hearing was held at the City Council meeting. Sergeant Ryan Turley provided reports from the Zoning Department and Police Department. Carlos Favela, the location Manager, said he would be present at the hearing. Mr. Favela did not attend the hearing. Mr. Gohn did not attend the hearing. No one from Family Dollar Store attended the hearing. The City Council voted 7-0 to recommend disapproval of the application. Minutes of the meeting provide insight into the Council’s decision for disapproval. Councilmembers could not support selling single serve beer and wine near a park and neighborhood where they believe there are existing problems with single serve beer and wine including
inebriation and litter. The compatibility of the business to residences and businesses within a one mile radius of the premises demonstrates the public convenience does not require and the best interest of the community will not be substantially served by granting this liquor license application.

Mr. Widener made a motion to deny the application because the Applicant has failed to satisfy the burden of demonstrating that the public convenience requires and best interest of the community will be substantially served by issuing the license.

Motion to deny license - Widener
Seconded - Shulman
Yay - Widener, Shulman, Campbell, Jahn
Nay - None
Abstained - None
Disposition - License denied

C. Minutes: Review, Consideration and Action

Tabled to next meeting.

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

Mr. Raine reported on the Superior Court affirming the Board’s denial of the Centerfolds Cabaret person and location transfer application for a series 6 liquor license. The matter initially came before the Board in 2017. The Applicant appealed to superior court in what is called a judicial review action. There are key points that are helpful for the Board. First, location was the key factor in the court’s decision. The Applicant had made most of its arguments about personal qualifications and very few about location. Effectively the court said that even if the personal qualifications are true, a location denial is still a denial. The decision was instructive to know that these are two very distinct items in Title 4 - the personal qualifications and the location. Unless there is a presumption or a person transfer, you really need to establish both personal qualifications and location.

The next meeting is scheduled for August 6, 2020. Arlene Moreno will be filling in for Denise Bale.

E. Call to the Public

None.

Motion to adjourn - Widener
Seconded - Jahn
Yay - Widener, Jahn, Campbell, Shulman
Nay - None
Abstained - None
Disposition - Meeting adjourned at 12:47 p.m.

Denise M. Bale
Administrator of the
Arizona State Liquor Board

Date

Dec. 3, 2020