



STATE OF ARIZONA  
DEPARTMENT OF LIQUOR LICENSES AND CONTROL

**FY 2008**  
**Annual Report**

**July 1, 2007 - June 30, 2008**

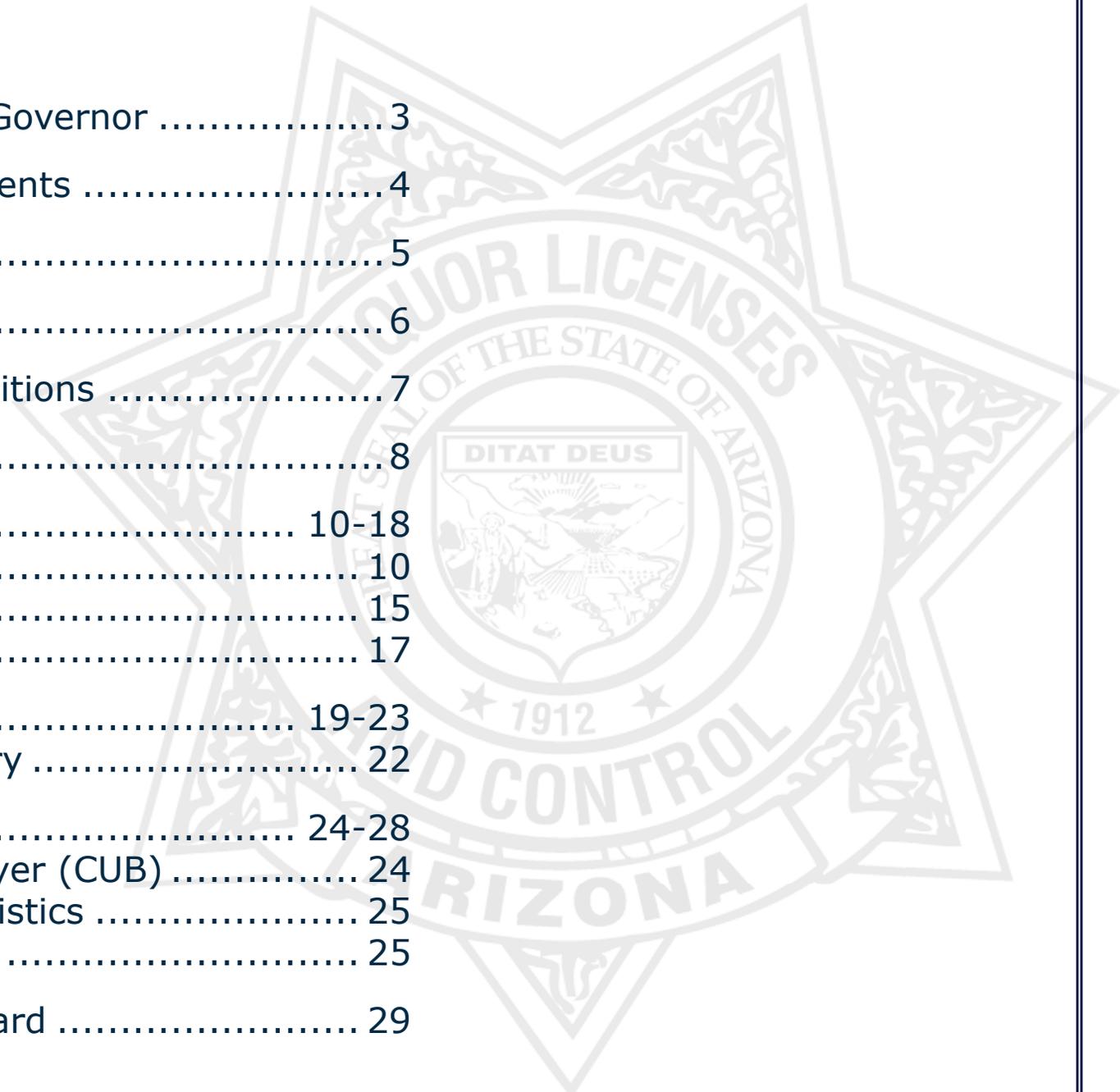
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STATE OF ARIZONA  
DEPARTMENT OF LIQUOR LICENSES AND CONTROL

JANET NAPOLITANO  
GOVERNOR

JERRY A. OLIVER, SR.  
DIRECTOR

The Honorable Janet Napolitano  
Office of the Governor  
1700 W. Washington  
Phoenix, Arizona 85007

November 1, 2008

Dear Governor Napolitano,

On behalf of the Department of Liquor Licenses and Control (DLLC), I submit to you our Annual Report for the period from July 1, 2007 through June 30, 2008.

In spite of the economic downturn, DLLC continued to increase revenues, and improve productivity and efficiency. Some of the year's highlights include; 1) a five percent (5%) decrease from FY 2007 in the sale of alcohol to Arizona's underage; 2) an increase of thirteen percent (13%) in DLLC collections which brought our FY 2008 revenues to \$13,287,91; 3) a fifty percent (50%) increase in the number of routine liquor inspections conducted by DLLC investigators who enforce compliance for the 11,027 active liquor licenses statewide; and a two hundred seventy-two percent (272%) increase in the number of liquor license audits, which significantly improved our Audit Unit's 5-year performance average.

DLLC begins FY 2009 with the finalization of the first complete rewrite of A.R.S. Title 4 Rules in more than 20 years. In FY 2009 Arizona will see improved liquor law training standards for all who sell and serve alcohol in our state, and, as part of your statewide e-licensing initiative, our agency will implement a state-of-the-art e-licensing system. These much needed improvements will further bolster DLLC's efficiency and effectiveness in liquor licensing and law enforcement in Arizona.

Sincerely,

A handwritten signature in blue ink that reads "Jerry Oliver". The signature is stylized and cursive.

Jerry A. Oliver, Sr.  
Director

cc: The Honorable Timothy S. Bee, President, Arizona State Senate  
The Honorable James P. Weiers, Speaker, Arizona House of Representatives

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## DLLC Mission Statement

To vigilantly promote the health, safety and welfare of Arizona citizens by licensing the liquor industry and assuring compliance with state liquor laws through collaboration, training, adjudication, and enforcement.

## DLLC Vision Statement

We continuously improve processes that teach and enforce Arizona's liquor laws and license liquor establishments statewide. Quality remains our number one, non-negotiable priority. For everything we do, we recognize there is a better way...our challenge is to find and implement improvements that maximize positive outcomes.

# DIRECTOR'S MESSAGE

Few industries are as heavily regulated as the liquor industry, and few industries consistently generate an abundant revenue stream to the private and public sectors. U.S. revenues collected by spirits-makers were \$18.2 billion in 2007. In Arizona, approximately 65 million dollars in Luxury Taxes were collected in FY '08 (July 1, 2007 - June 30, 2008) exclusively from the sale of liquor.

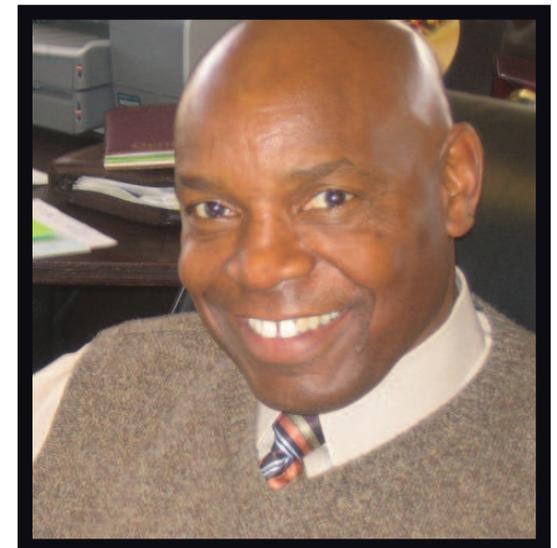
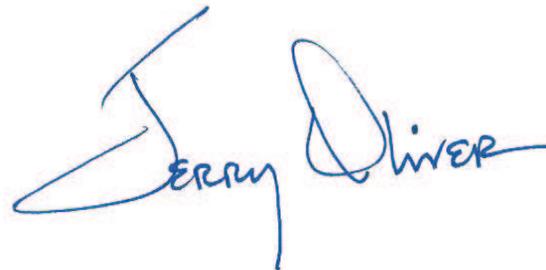
The Arizona Department of Liquor Licenses and Control (DLLC) is a law enforcement and licensing agency, one of a few significant revenue-generating governmental agencies in the state. At year end FY 2008, our department oversaw 11,498 liquor licenses. During the course of the fiscal year, 13,260 liquor license transactions were processed by our Licensing Division. Liquor license fees and fines generated 13.2 million dollars in FY 2008 state revenue.

Eliminating the sale, service, and consumption of liquor involving underage persons remains the top priority of DLLC's Investigations Division. Since the inception of on-going law enforcement operations that target underage drinking violations, our investigators have prevented or terminated 3,310 incidents of underage drinking. The FY 2008 average of 450 monthly routine liquor inspections increased DLLC's actionable completed cases involving an underage to 855 and all (licensee) and criminal (age 21 or older) liquor-related cases to 3,520.

Title 4 (Arizona liquor law) Rules are supposed to be easy-to-follow guidelines that help people obey Arizona's liquor laws. In early FY 2008 DLLC began to give the 38 year old Title 4 Rules a sorely needed update. DLLC leadership sought industry and community perspective for the rule writing process and took the innovative approach of tapping into the expertise and experience of local law enforcement, parents, bar owners, liquor distributors, neighborhood associations, liquor law trainers, and attorneys from around the state – just to name a few. Six statewide forums were conducted where participants presented suggestions to improve Arizona liquor laws. With the input we received, the Newly Proposed Title 4 Rules will truly be easy-to-follow, relevant guidelines that support Arizona liquor laws.

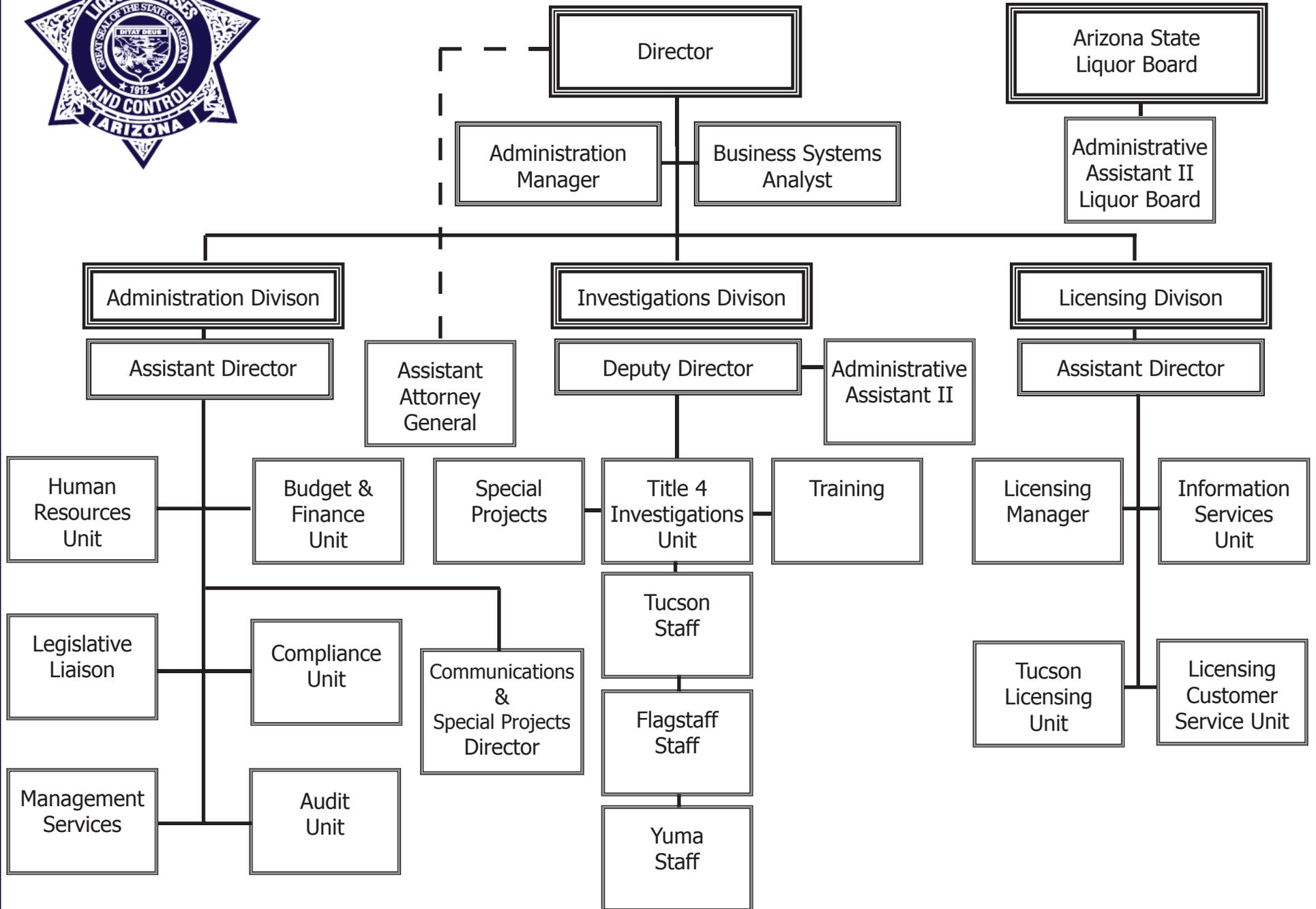
Two significant service improvements were borne out of rewriting the Rules; better statewide liquor law training requirements, and streamlined liquor license application and annual renewal forms. Authorized, independent liquor law trainers who offer mandatory Title 4 training courses for licensees and their staff will soon see changes in the required curriculum, testing, and certification they offer. Licensees, managers, and staff who serve and sell liquor will see new web-based training and recertification options.

There is no doubt that Arizona will be a safer, healthier place to live because of these much-needed improvements. Together, DLLC and our constituencies, have accomplished much during Fiscal Year 2008.





# Department of Liquor Licenses and Control Organizational Chart





## Full Time Equivalent Positions (FTEs)

The Department of Liquor Licenses and Control (DLLC) had a total of forty-seven (47.2) authorized Full Time Equivalent positions, or FTEs, throughout FY 2008. At year end, forty-five (45) FTEs were assigned to three DLLC Divisions leaving three (3) vacancies:

### Administration Division

Total FTEs = 11

---

Human Resources Unit .....	1
Budget & Finance Unit.....	2
Compliance Unit.....	2
Management Services.....	1
Audit Unit .....	3
Communications & Special Projects.....	1
Liquor Board Administrator/ Policy Analyst.....	1
Contractual .....	1

### Licensing Division

Total FTEs = 15

---

<u>Phoenix Office</u>	
Assistant Director.....	1
Licensing Manager .....	1
Customer Service Representatives .....	6
Information Technology (IT).....	2
Records Specialists.....	3
<u>Tucson Office</u>	
Customer Service Representatives .....	2

### Investigations Division

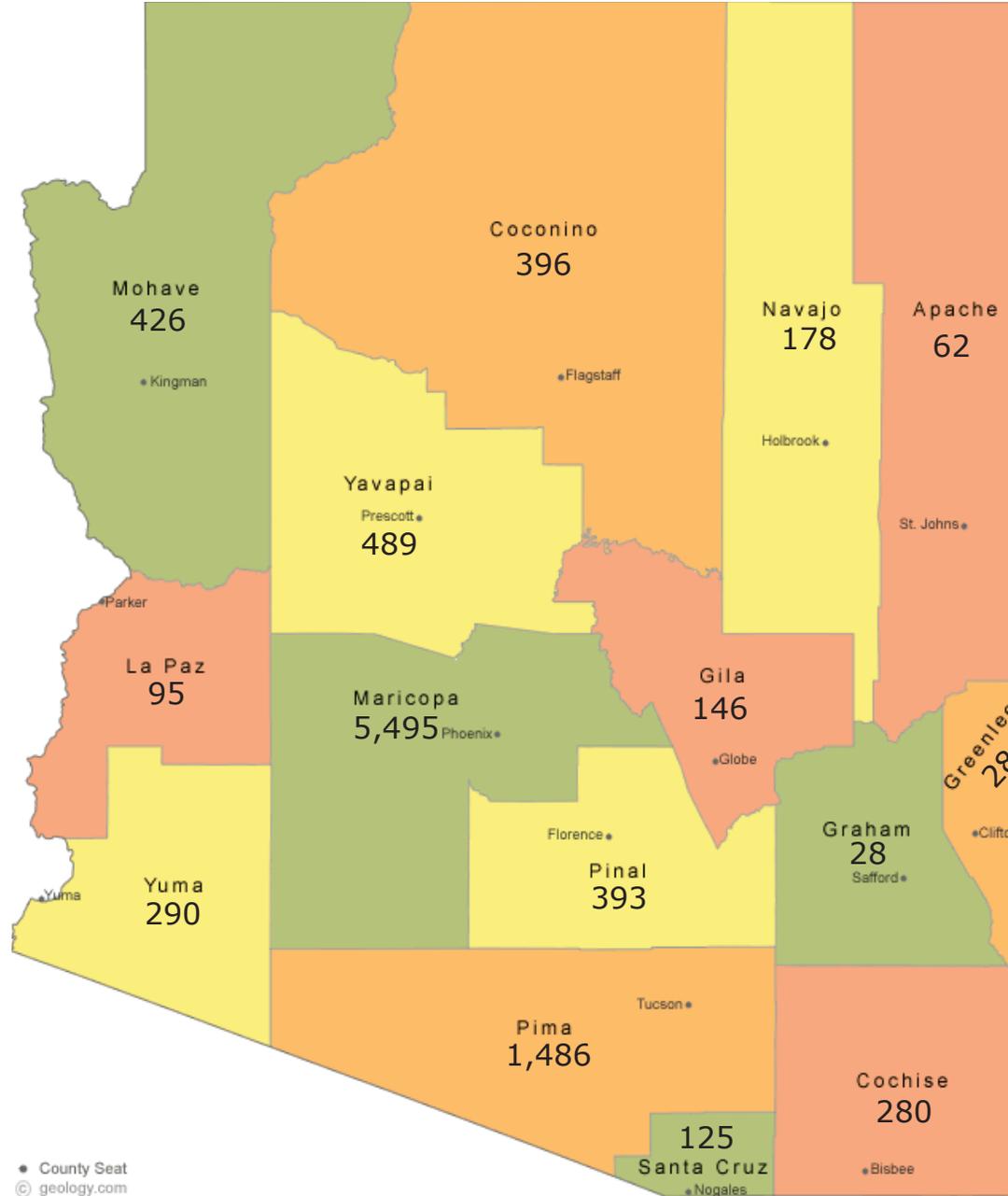
Total FTEs = 19

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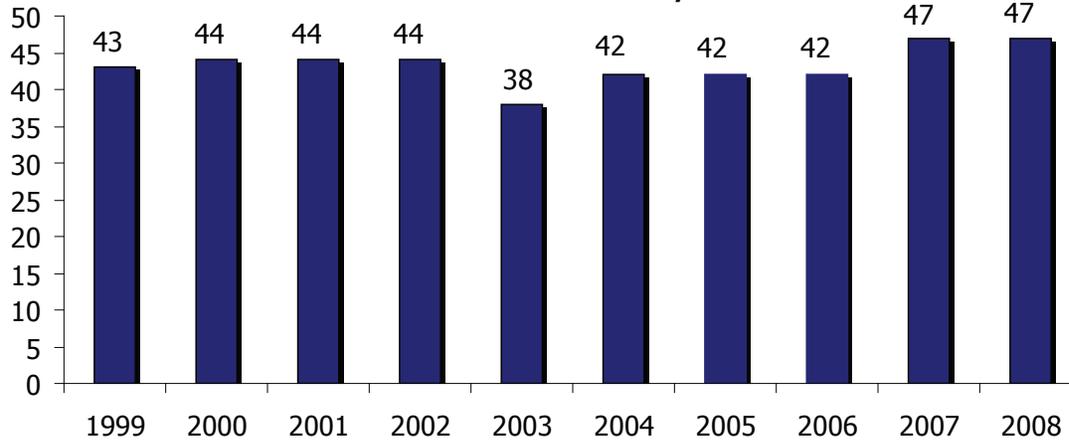
<u>Phoenix</u>	
Deputy Director .....	1
Administrator .....	1
Investigators .....	11
<u>Southern Arizona</u>	
Investigators .....	4
<u>Yuma</u>	
Investigators .....	1
<u>Northern Arizona</u>	
Investigators .....	1

# Liquor Licensed Establishments Overseen By DLLC

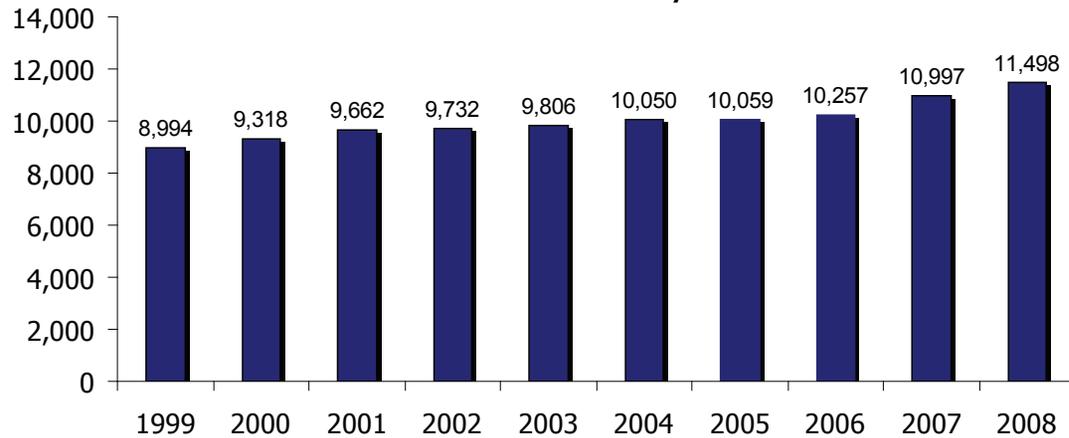
Year End FY 2008



### Full Time Equivalent (FTE) Positions Ten Year History



### Active Liquor Licenses In Arizona Ten Year History



### Liquor License to FTE Ratio Ten Year History

Liquor License:FTE

1999.....	209:1
2000.....	212:1
2001.....	220:1
2002.....	221:1
2003.....	258:1
2004.....	239:1
2005.....	240:1
2006.....	244:1
2007.....	234:1
2008.....	245:1

## Administrative Division

The Administrative Division is responsible for four DLLC units; Human Resources, Compliance, Audit, and Budget and Finance.

The Human Resources Unit manages the proper entrance and exit process for employees, participates in the creation, maintenance and distribution of departmental policies and procedures, as well as facilitate DLLC's on-going employee training curriculum.

The Compliance Unit governs the dispute-resolution process. The mandate of the Compliance Officer is to arbitrate cases and attempt a fair resolution and to find alternatives to the more costly and time-consuming formal hearing process when appropriate.

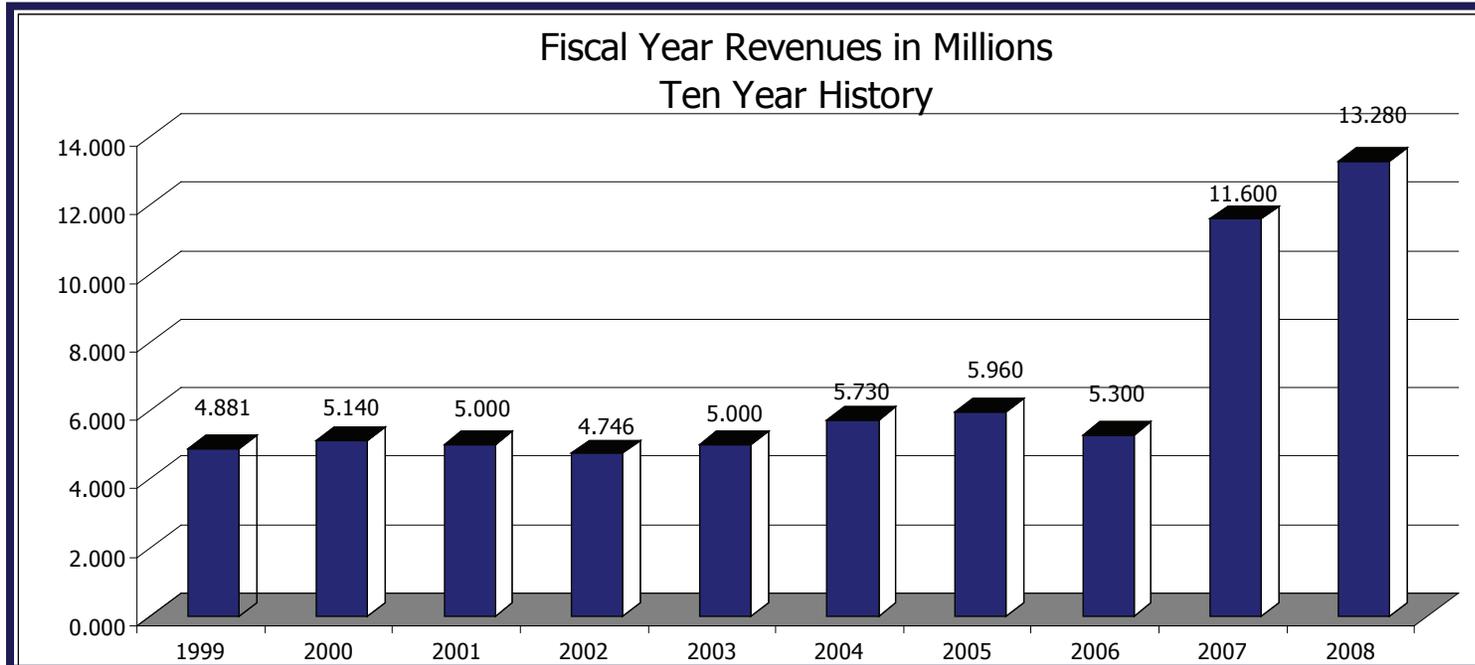
The Audit Unit audits liquor licensed establishments that are hotel/motels with restaurants (series 11) as well as restaurants (series 12), to ensure they maintain the 40:60 food-to liquor sales ratio required by Title 4.

The Budget and Finance Unit tracks the use of funding allocated to the department, tracks the source of collected revenues, and deposits those revenues into the state's General Fund.

## Budget and Finance Unit

### FY 2008 Collected Fees and Charges By Source

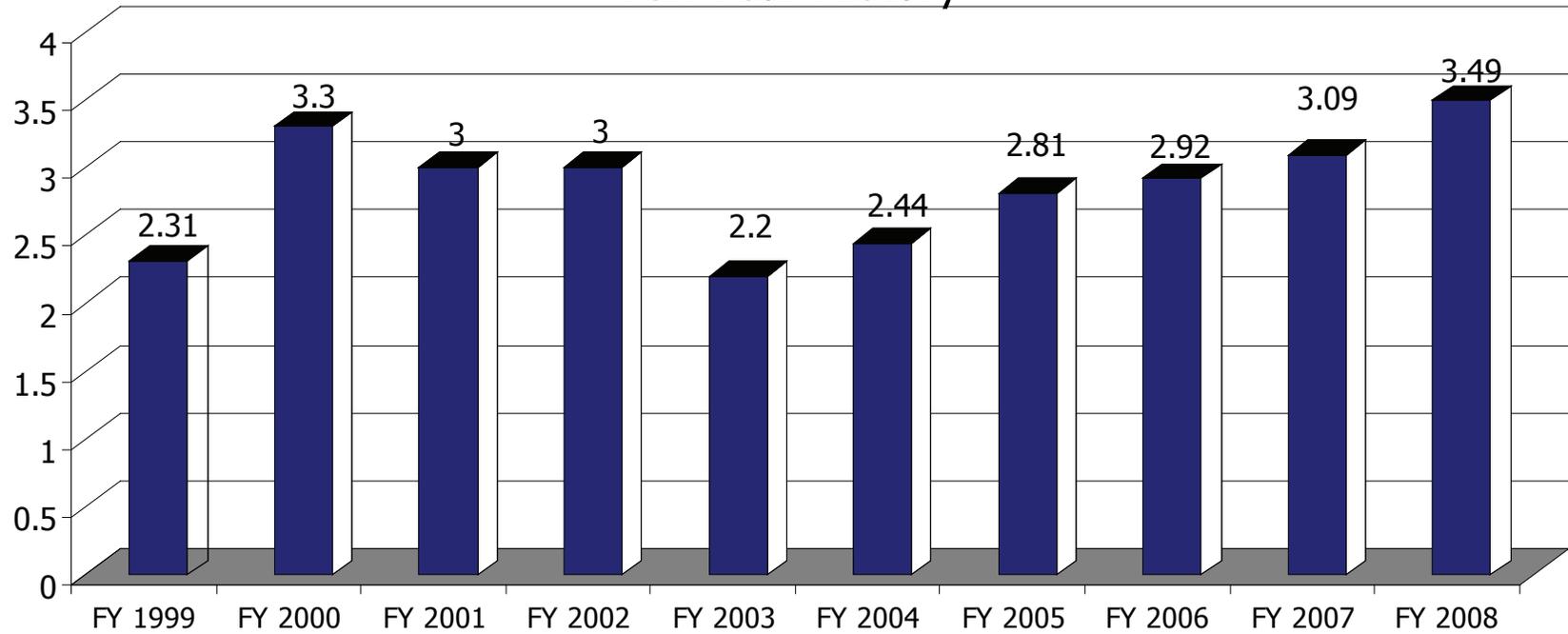
Fair Market Value Lottery Liquor Licenses .....	6,954,293
Applications.....	196,425
License Fees.....	4,115,397
Out-of-State .....	77,000
Agent Change.....	41,150
Fines.....	585,150
Special Event.....	45,775
Club.....	49,600
Penalties .....	113,850
Copy Fees .....	7,916
Non-Use Surcharge.....	218,100
Audit Surcharge.....	162,150
Enforcement K Surcharge.....	383,565
Enforcement L Surcharge .....	337,470
Miscellaneous.....	70



Fees collected by DLLC which are not deposited into the state's General Fund are distributed as follows:

1. One-third (1/3) of all license fees are reserved and returned to the county of origin. Licensing fees deposited into the General Fund are disbursed to the counties with the exception of Maricopa and Pima. These two counties receive three thousand (3,000) dollars per license that they issue in unincorporated areas. The remainder of the license fees, and all other receipts, are retained by the state General Fund. Reference A.R.S. § 4-115.
2. Fees from special event liquor permits (series 15) are transferred to the Department of Health Services. Reference A.R.S. § 4-203.02 (A)1.
3. Fees from club licenses (series 14) are transferred to the Department of Economic Security's Division of Developmental Disabilities. Reference A.R.S. § 4-116.
4. A surcharge of thirty (30) dollars per license renewal for bar (series 6), beer and wine bar (series 7), and restaurant (series 12) is assessed, with industry support, for funding DLLC's Audit Unit. Reference A.R.S. § 4-209 (J).
5. A surcharge of thirty-five (35) dollars per license is used to investigate licensees who have been the subject of multiple complaints to DLLC. Reference A.R.S. § 4-209 (K).
6. A surcharge of twenty (20) dollars per license renewal for hotel/motel with restaurant (series 11) and restaurant (series 12) licenses, and thirty-five (35) dollars for all other licenses types, is assessed for a neighborhood association interaction/liquor enforcement unit. Reference A.R.S. § 4-209 (L).
7. Money received for processing fingerprints is transferred to the Department of Public Safety to pay the FBI for fingerprint review charges.

## Budget In Millions Ten Year History

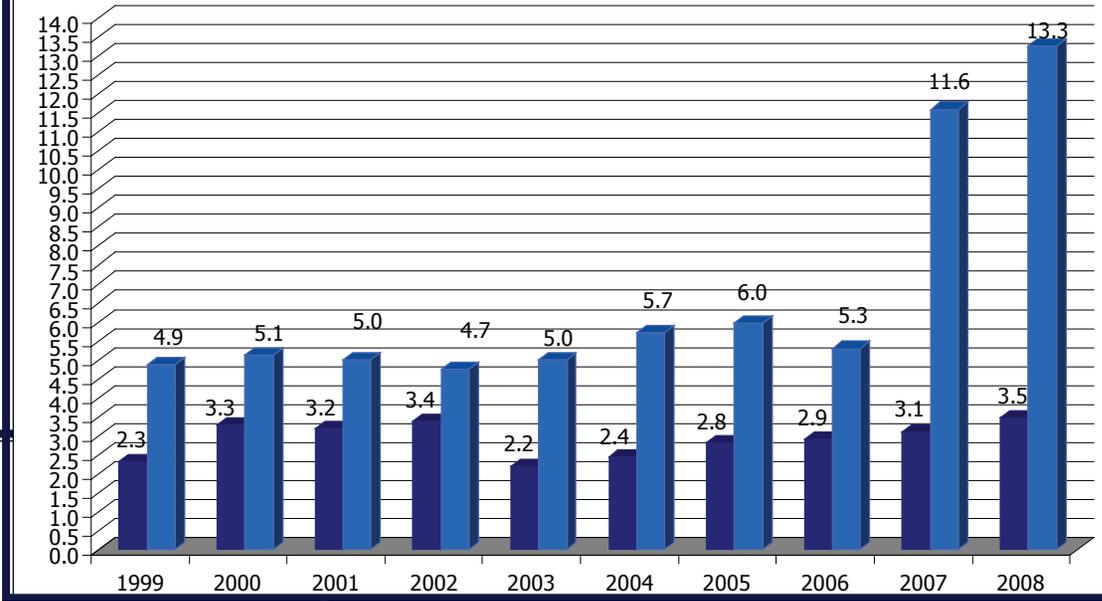


## Revenues and Budget Ten Year History

Fiscal Year	(in millions) Revenues	(in millions) Budget	Revenue Change
1999	4.881	2.31	1%
2000	5.140	3.30	5%
2001	5.000	3.00	(3%)
2002	4.746	3.00	(5%)
2003	5.000	2.20	5%
2004	5.730	2.44	13%
2005	5.960	2.81	(1%)
2006	5.300	2.92	(7%)
2007	11.600	3.09	54%
2008	13.280	3.49	13%

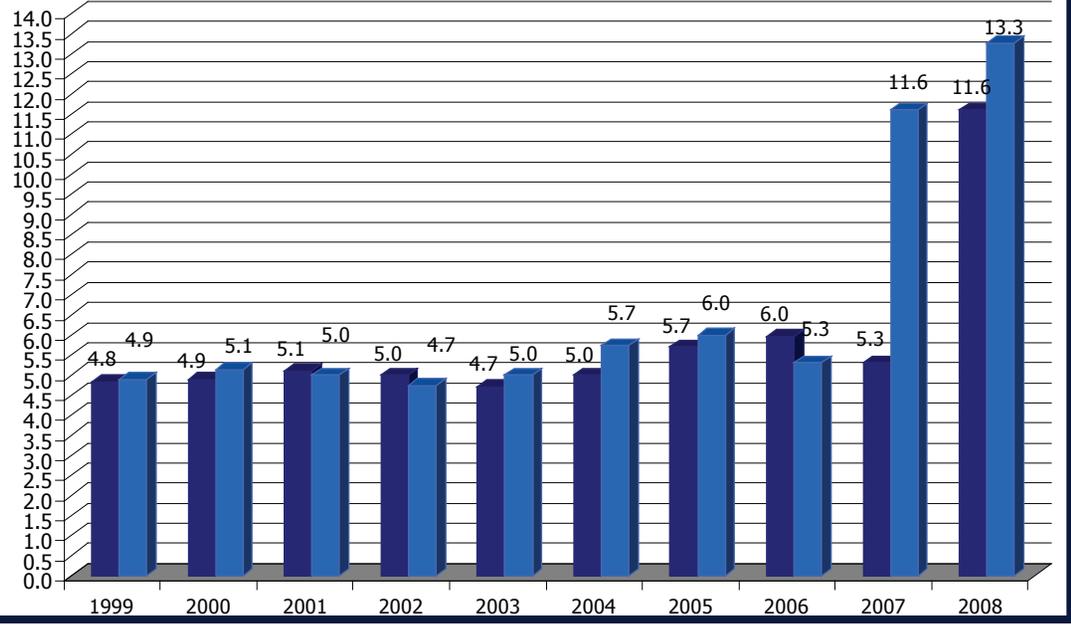
Budget to Revenue Comparison  
Ten Year History

□  
■ Budget ■ Revenue



Yearly Revenue Comparison  
Ten Year History

■ Previous Year ■ Actual Year



## Disbursement of Revenues

General Fund Revenues	Actual FY 2008
License, fees, permits and penalties .....	4,164,134
Doc Fees, Tape Record, Computer Record, Co-op Reg.....	7,986
Fines .....	585,150
Penalties.....	113,850
<b>SUB-TOTAL DISBURSEMENT TO GENERAL FUND .....</b>	<b>\$4,871,121</b>

Counties and Other Agencies	Actual FY 2008
Apache.....	4,567
Cochise .....	28,894
Coconino .....	46,265
Gila .....	12,439
Graham .....	4,739
Greenlee.....	892
LaPaz .....	10,100
Maricopa .....	69,000
Mohave .....	53,317
Navajo.....	16,364
Pima .....	81,000
Pinal.....	47,288
Santa Cruz.....	13,011
Yavapai .....	64,247
Yuma .....	31,817
Dept. of Health Services (Special Event Fees).....	45,775
Dept. of Economic Security Div. of Developmental Disabilities.....	49,600
<b>SUB-TOTAL DISBURSEMENT TO COUNTIES AND OTHER AGENCIES.....</b>	<b>\$579,315</b>

Fair Market Value of Liquor Licenses Sold Through Lottery .....	6,954,293
Audit Surcharge .....	162,150
Enforcement Surcharge K .....	383,565
Enforcement Surcharge L.....	337,470
<b>TOTAL DISBURSEMENT .....</b>	<b>\$13,287,913</b>

The Compliance Unit governs the dispute-resolution process. The compliance officer arbitrates cases to reach a fair resolution, and identifies alternatives, when appropriate, to bypass a hearing which is often a costly and time-consuming option.

After a DLLC Investigation Report or police report alleging a violation is filed, the Compliance Unit determines the level of department action warranted. Actions consist of verbal or written warnings, consent agreements, or referral to a full administrative hearing.

Consent agreements may be offered for some violations. In these cases, the licensee is notified to contact the department to informally discuss the case with a compliance officer. Signing a consent agreement usually obligates the licensee to remedy the situation, pay a fine, and/or agree to a suspension for a specified period of time. A Consent Agreement can be as broad as requiring liquor law training, surrendering of the license, or for the licensee to contract professional security personnel to bring their establishment into compliance.

Administrative citations are prepared for the more severe violations and for those licensees who have refused the consent agreement option. When citations are complete, they are forwarded to the Office of Administrative Hearings (OAH) for a formal hearing process.

The Attorney General's Office provides legal counsel for DLLC. The attorney may participate in the determination of a compliance action and assist in the preparation of cases with outcomes to be determined during an OAH or a Liquor Board Hearing.

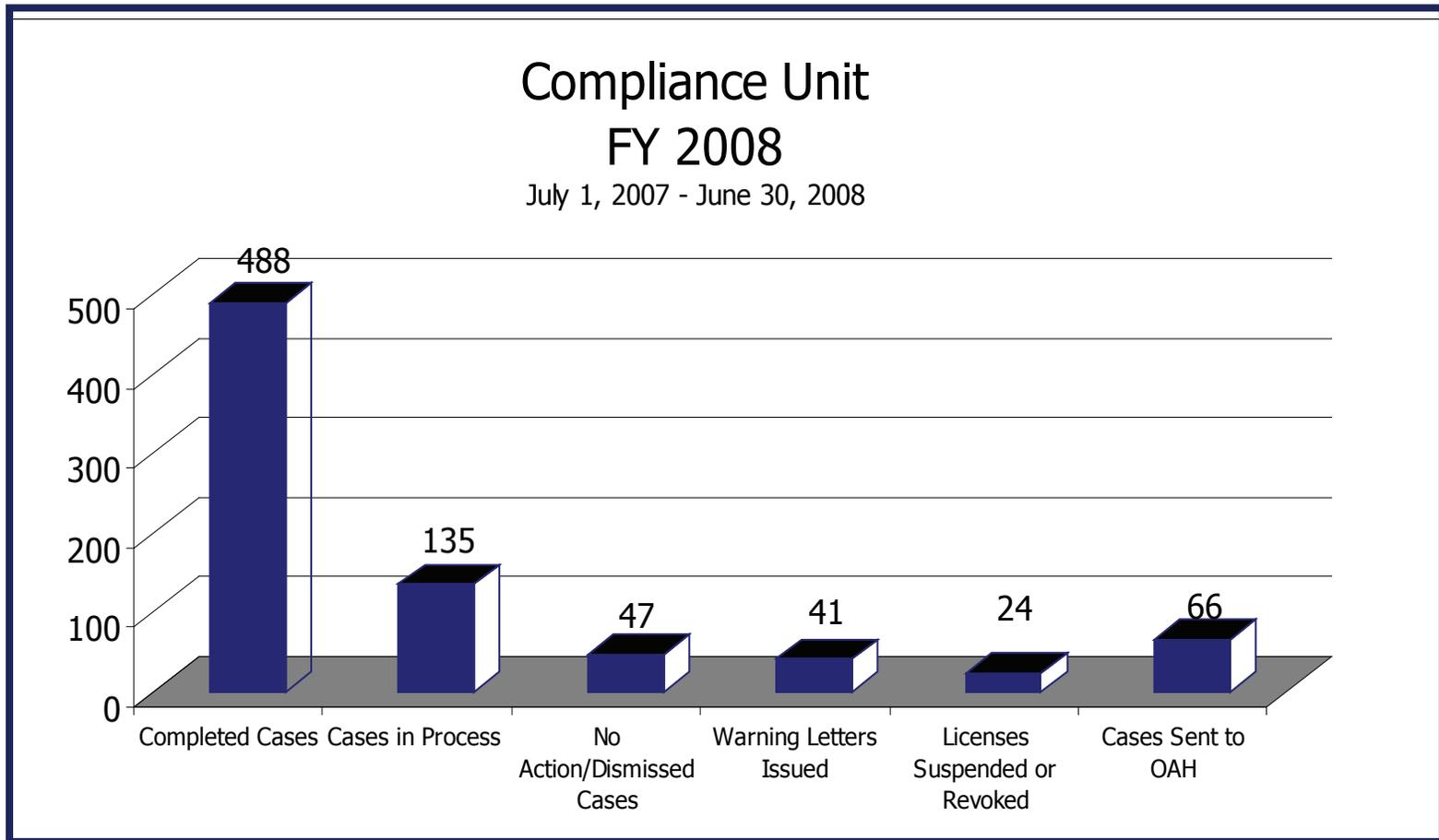
### FY 2008 Compliance Fines and Violation Statistics

Revocations.....	10
Suspensions .....	14
Surrenders .....	15
Divestitures .....	4
Administrative Complaints .....	49
Administrative Violations .....	543
Decisions & Orders .....	32
Cases Received.....	623
Cases Completed .....	488
Cases in Progress at Year End.....	47
Warning Letters Issued .....	41
Cases Sent to OAH.....	66

DLLC's Compliance Unit collected fines totaling \$585,150 from two hundred eighty-eight (288) compliance actions processed and adjudicated between July 1, 2007 and June 30, 2008. Consent Agreements were reached in a majority of the compliance actions.

## FY 2008 Compliance Unit Economic Impact

Total Fines Collected..... \$585,150



The Audit Unit audits liquor licensed establishments including hotel/motel with restaurant (series 11) and restaurant (series 12) to ensure they maintain a 40:60 food-to-liquor sales ratio required by Title 4. At year end FY 2008, active restaurant-type licenses statewide accounted for three thousand two hundred thirty-eight (3,238) of the eleven thousand four hundred ninety-eight (11,498) active liquor licenses statewide.

To keep up with the increasing number of liquor licenses that require auditing, the Audit Unit was restructured during FY 2008. As a result, an audit efficiency increase of 272 percent (272%) compared to the combined average performance of the previous five (5) years. By refining audit procedures and increasing in DLLC's presence in the liquor licensed community (by requiring the completion of a Financial Review Form by restaurant-type licensees), the number of cases open for audit at year end FY 2008 are as follows:

### Number of Cases Open For Audit Year End FY 2008

Audits in Progress .....	21
Open Cases w/Projected Ratio of >37% .....	5
Open Cases w/Projected Ratio Between 30 - 37%.....	15
Open Cases w/Projected Ratio of < 30% .....	1
Locations Granted 1 Year to Continue Operation .....	1
Locations Being Monitored.....	26

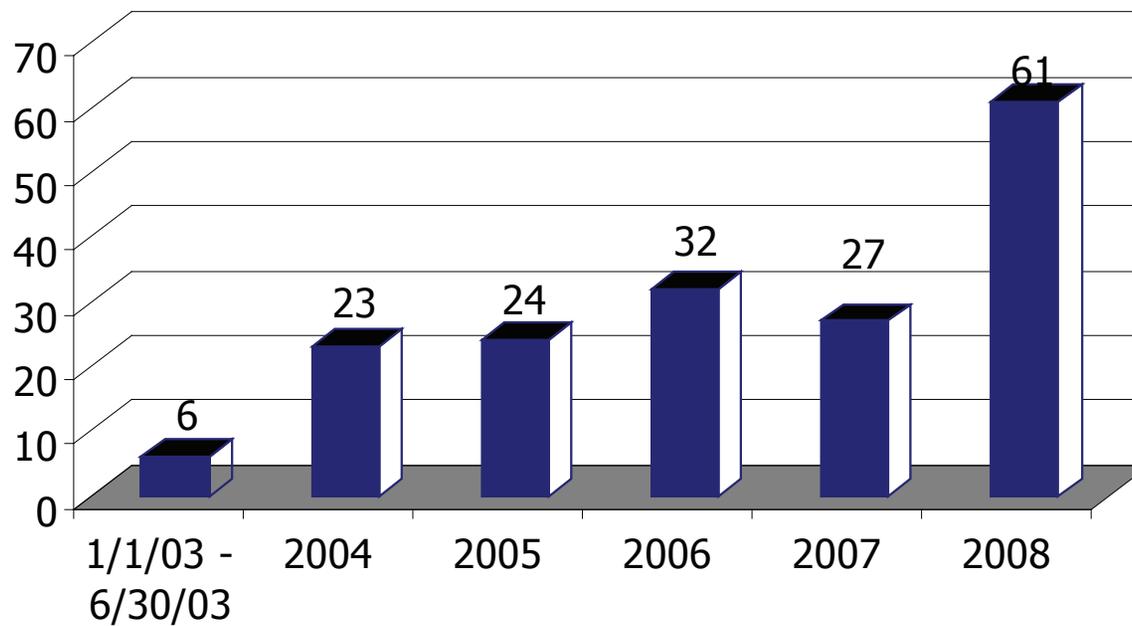
### FY 2008 Audit Unit Statistics

Total audits completed .....	61
Total audits passed .....	21
Total audits failed .....	26
Total audits inconclusive/audit not performed .....	14
Audits that reveal additional Title 4 violations .....	0

### Audit Unit Economic Impact

Fees collected from issuing series 11 and 12 license extension (AKA "Grill Bill") .....	\$30,000
Fines assessed as a result of an audit.....	\$36,500
Revenue collected from fines .....	\$32,000

### Audits Completed Six Year History (Fiscal Year July 1 - June 30)



## Licensing Division

Licensing Division responsibilities include the processing of new license applications, permits, renewals, and keeping information up-to-date and accurate on active licenses. There were eleven thousand four hundred ninety-eight (11,498) active liquor licenses at year end FY 2008, a five percent (5%) increase from FY 2007.

In FY 2008, two thousand one hundred twenty-four (2,124) new licenses were issued, one thousand three hundred sixty-two (1,362) special event permits issued. Due to improved efficiency in the time taken to process applications, the amount applications in "pending" status was reduced by two hundred twenty-four percent (-224%) from FY 2007.

In FY 2008 eleven thousand one hundred thirty-six (11,136) licenses were renewed and six hundred forty-three (643) interim permits were issued.

DLLC's Information Technology (IT) and Records Unit provide support for the Licensing Division. This support includes continuous on-line access of up-to-the-minute license status for industry stakeholders. Documentation for each license is stored on the department's Licensing Control System (LCS), a database developed for the department in the 1990s. Data for public and departmental access on the DLLC website, for departmental reports, and public records requests are stored on LCS. LCS is updated by the licensing, compliance, and investigative staff and maintained by IT.

To improve our ability to maintain the thirty-five percent (35%) increase in licenses since 1990, DLLC will begin implementation of a new Electronic Licensing Information System (ELIS) in 2009. ELIS, part of the Governor's statewide e-licensing initiative, is a world-class e-licensing solution. In conjunction with the Registrar of Contractors (ROC) and Government Information Technology Agency (GITA), ELIS will drive consistent and efficient licensing operations shared by multiple licensing agencies and boards in Arizona.

### FY 2008 Licensing Division Statistics

	FY 2008	FY 2007	% Change
New Liquor Licenses Issued .....	2,124.....	1,846 .....	+ 15
Special Event Permits Issued .....	1,362.....	1,340 .....	+ 2
Applications In Process .....	869 .....	1,947 .....	- 224
Liquor Licenses Renewed .....	11,136.....	10,355.....	+ 7
Interim Permits Issued.....	643.....	735 .....	- 13
Current Active Liquor Licenses.....	11,498.....	10,997.....	+ 5

## Types of Liquor Licenses, County Codes, License Number Components

License Series	Series Description	County Name	County Code
Series 01	In-State Producer	Apache	01
Series 02	Out-of-State Producer	Cochise	02
Series 03	Domestic Microbrewery	Coconino	03
Series 04	Wholesaler	Gila	04
Series 05	Government	Graham	05
Series 06	Bar (All spirituous liquor)	Greenlee	06
Series 07	Beer and Wine Bar (Beer and wine only)	Maricopa	07
Series 08	Conveyance (Airplanes, Trains, Boats)	Mohave	08
Series 09	Liquor Store (All spirituous liquor)	Navajo	09
Series 10	Beer and Wine Store (Beer and wine only)	Pima	10
Series 11	Hotel-Motel (with restaurant)	Pinal	11
Series 12	Restaurant	Santa Cruz	12
Series 13	Domestic Farm Winery	Yavapai	13
Series 14	Club (Private)	Yuma	14
Series 15	Special Event (Temporary license)	La Paz	15
Series 16	Wine Festival/Wine Fair		
Series 17	Direct Shipment License		

### Liquor License Number Components

Sample License Number: 06031050

06 = a series 6 bar license

03 = licensed premises is located in Coconino County

1050 = sequential number of issue for this liquor license

## Liquor License Count by County and License Type

June 30, 2008

County Code	In-State Producer	Out-of-State Producer	Domestic Microbrewery	Wholesaler	Government	Bar (all liquor)	Beer & Wine Bar	Conveyance	Liquor Store (all liquor)	Beer & Wine Store	Hotel/Motel	Restaurant	Domestic Farm Winery	Club (private)	TOTAL OF ALL
01) Apache County	0	0	1	0	0	21	6	0	17	5	3	6	0	3	62
02) Cochise County	0	0	1	1	1	72	33	0	41	60	5	46	7	13	280
03) Coconino County	1	0	3	7	3	53	61	1	54	81	17	103	0	12	396
04) Gila County	0	0	0	2	0	48	17	0	23	22	2	23	0	9	146
05) Graham County	0	0	0	1	1	17	6	0	14	12	0	5	0	2	58
06) Greenlee County	0	0	0	0	1	7	1	0	7	6	0	2	0	4	28
07) Maricopa County	2	0	16	66	35	683	448	13	726	1,308	75	2,017	6	100	5,496
08) Mohave County	0	0	3	3	5	50	52	2	51	121	5	107	0	27	426
09) Navajo County	0	0	0	2	1	41	22	0	42	28	1	30	0	11	178
10) Pima County	0	0	3	8	8	233	179	4	247	280	30	446	1	47	1,486
11) Pinal County	0	0	0	2	2	84	36	0	68	108	2	73	0	18	393
12) Santa Cruz County	0	0	0	1	2	21	10	0	18	32	3	27	9	2	125
13) Yavapai County	0	0	4	4	2	75	50	1	52	98	12	158	13	20	489
14) Yuma County	0	0	0	2	2	54	28	0	53	77	4	59	0	11	290
15) La Paz County	0	0	0	1	1	16	14	0	17	23	0	16	0	7	95
Out of State Suppliers	0	1,077	0	0	0	0	0	0	0	0	0	0	0	0	1,077
Ltd. Out of State Suppliers	0	474	0	0	0	0	0	0	0	0	0	0	0	0	474
<b>TOTALS</b>	<b>3</b>	<b>1,551</b>	<b>31</b>	<b>100</b>	<b>64</b>	<b>1,475</b>	<b>963</b>	<b>21</b>	<b>1,430</b>	<b>2,261</b>	<b>159</b>	<b>3,118</b>	<b>36</b>	<b>286</b>	<b>11,498</b>

## The 2008 Liquor License Lottery

When our state's population boomed in the 90s, DLLC asked for legislation that would increase the number of three of the most sought-after liquor licenses; the bar license (series 6), the beer and wine bar license (series 7), and the liquor store license (series 9). Of the 17 series of liquor licenses available in Arizona, only these three are issued in limited quantities per county. In 2005 legislation was passed to make more licenses available through a statewide lottery every year for five consecutive years.

2008 marks the third year of Arizona's liquor license lotteries. Before each lottery, three independent auditors determine the fair market value of each license. Prices ranged from a low of \$5,233 for a beer and wine bar license in Gila County to a high of \$235,800 for a liquor store license in Maricopa County.

DLLC launched the 2008 lottery in early March and within approximately three weeks one hundred fifty-seven (158) lottery license applications were received, almost twice the yield of the 2007 lottery. New to the 2008 lottery was the choice of two different types of applications; Disclosed Location (where the location of the licensed establishment has been determined) and an Undisclosed Location (where the licensed establishment's location is not yet established).

Before a liquor license can be issued, each winner must meet Arizona liquor license requirements, plus the requirements of the city, town or county where they will operate their business.

In addition to a \$100 non-refundable application fee, the winner of each license is required to pay a mandatory fifty percent (50%) deposit by May 30th, 2008 or they will be disqualified and an alternate entrant selected.

### 2008 Lottery Statistics At Year End FY 2008

Disclosed Location Liquor License Applications .....	42
Non-Disclosed Location Liquor License Applications .....	116

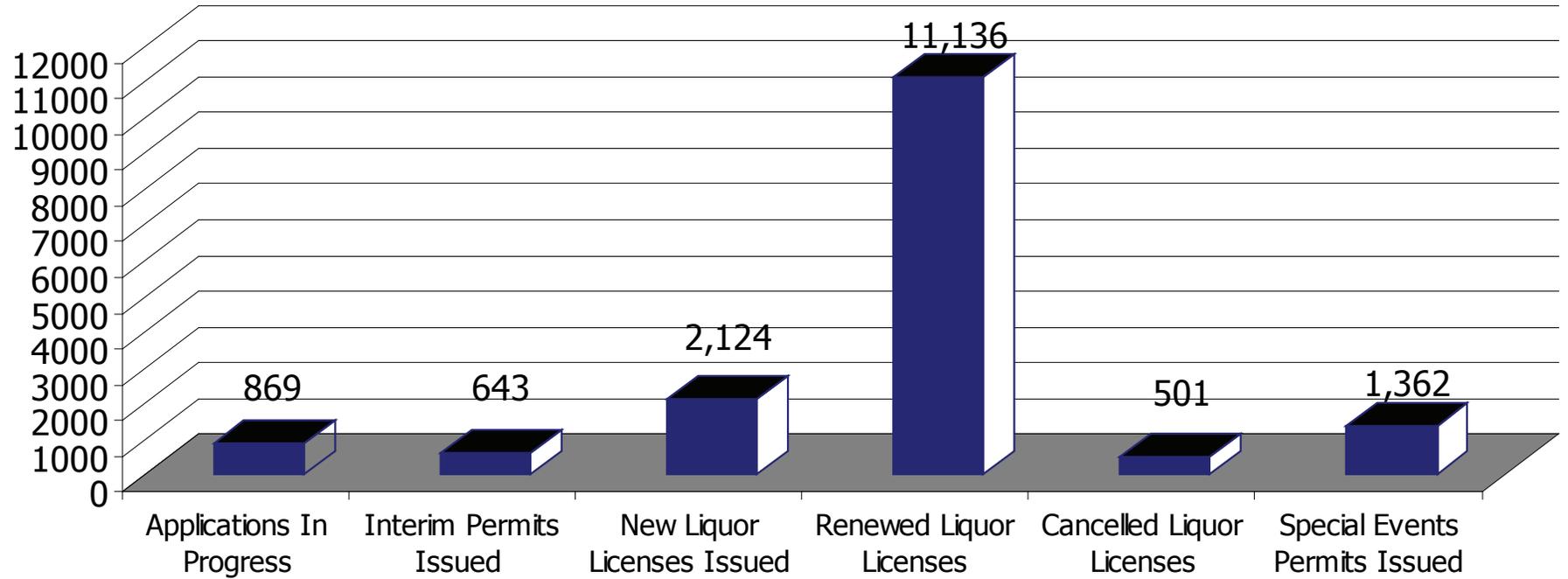
### 2008 Lottery Economic Impact

Mandatory 50% Deposit Revenue .....	\$2,359,604
January 1, 2008 - June 30, 2008 Revenue .....	\$12,606,321.50

# Licensing Division

## FY 2008

July 1, 2007 - June 30, 2008



## Investigations Division

It is the responsibility of the Investigations Division to ensure that all licensees statewide adhere to A.R.S. Title 4 (Arizona liquor laws) and all Rules established by the DLLC.

The primary functions of the Investigations Division are to:

1. train other law enforcement agencies statewide on the application of Title 4, with emphasis on the Administrative Law Process;
2. educate students about legal, physical, and emotional outcomes that have occurred when alcohol is consumed by persons under the age of 21 (AKA "underage") ;
3. educate community members regarding the legal responsibilities of licensed establishments and train those members to work with law enforcement agencies to ensure liquor establishments do not negatively impact their neighborhoods,
4. enforce Title 4 criminal laws to ensure compliance with statutes;
5. conduct routine liquor-licensed establishment inspections to ensure they comply with the criminal and administrative requirements of Title 4, and apply the appropriate action when violations are observed;
6. investigate complaints regarding liquor-licensed establishments received from community members and local law enforcement personnel;
7. conduct background investigations on liquor license applicants to determine if Title 4 qualifications to possess a liquor license are met;
8. review police reports submitted by local law enforcement agencies to determine if Title 4 violations exist and, when action is appropriate, submit reports to DLLC's Compliance Unit;
9. conduct Covert Underage Buyer (CUB) detail to determine if the licensed establishment is in compliance with Title 4 provisions regarding the sale and service of liquor only to persons over the age of 21;
10. research and respond to inquiries regarding Title 4 provisions for the branding, sales, and distribution of liquor throughout Arizona; and
11. develop and implement enforcement plans for large scale, public "special events" where the sale and service of liquor is provided and an attendance of 100,000+ people is anticipated.

## Covert Underage Buyer (CUB) Program

The Covert Underage Buyer (CUB) program, overseen by DLLC's Investigations Division, began in May of 2003. In an effort to curb alcohol sales and consumption to underage persons, this program provides the resources necessary for DLLC to investigate reported complaints of liquor licensed businesses suspected of one or more underage liquor law violations. Once DLLC has reasonable suspicion that a liquor location may be selling alcohol to underage customers, the agency will send a CUB to attempt to purchase alcohol. Each CUB is nineteen (19) years or younger and is carefully trained to follow state laws and DLLC guidelines. The program has been instituted statewide once CUB training is provided to local law enforcement agencies. Many agencies work with DLLC investigators during the initiation of the program in their area.

### FY 2008 CUB Program Statistics

Locations Investigated	# Sold to CUB	Percentage of Establishments That Sold To CUB	Administrative Citations Issued	Criminal Citations Issued	CUBS Used
432	97	22.4%	215	160	80

### May 2003 - June 2008 CUB Program Statistics

Since the inception of the program, one thousand five hundred sixty-nine (1,569) establishments have been investigated and four hundred seventy-five (475), or twenty-nine (29) percent, sold to the CUB buyers resulting in one thousand seventy-one (1,071) administrative violations and one thousand one hundred eight (1,108) criminal citations.

Locations Investigated	# Sold to CUB	Percentage of Establishments That Sold To CUB	Administrative Citations Issued	Criminal Citations Issued
1,569	475	30.2%	1,071	1,108

## Target Responsibility for Alcohol Connected Emergency (TRACE) Program

The TRACE (Target Responsibility for Alcohol Connected Emergency) program began in December 2004. TRACE is a system of effective and rapid communication between local law enforcement, EMS personnel in high-profile cases involving underage drinking. Each TRACE case is concluded when the source of alcohol is traced back to the supplier and the supplier is charged with a criminal and/or administrative violation. TRACE is now statewide with three full time investigators available for immediate response to alcohol-related emergencies that involve a person under the age of twenty-one.

### FY 2008 TRACE Program Statistics

Total # of Cases	Administrative Violations	Criminal Violations
4	9	6

### Party Crew Statistics

February 2007 - June 2008

DLLC investigators gather intelligence on "party crews", defined as a group assembling in an abandoned (currently or temporarily unoccupied) property, or by taking occupied property by force to engage in private social activities. Fliers and/or text messages announce the event location and time shortly before the party begins.

Firearms and underage drinking are frequently found at these parties. DLLC shares party crew intelligence with local police departments and together they terminate parties, make arrests, and gather further intelligence.

Since the department began tracking party crews in February 2007, one hundred thirty-four (134) parties have been identified resulting in one thousand forty-three (1,043) underage arrests and one hundred one (101) curfew violations. There have been three homicides and four "shots fired" calls directly related to these parties, and four hundred fourteen (414) arrests on various other charges. Approximately \$58,400 in cash has been confiscated.

# of Parties Identified	Underage Arrests	Curfew Violations	Homicides	Shots Fired
134	1,043	101	3	4



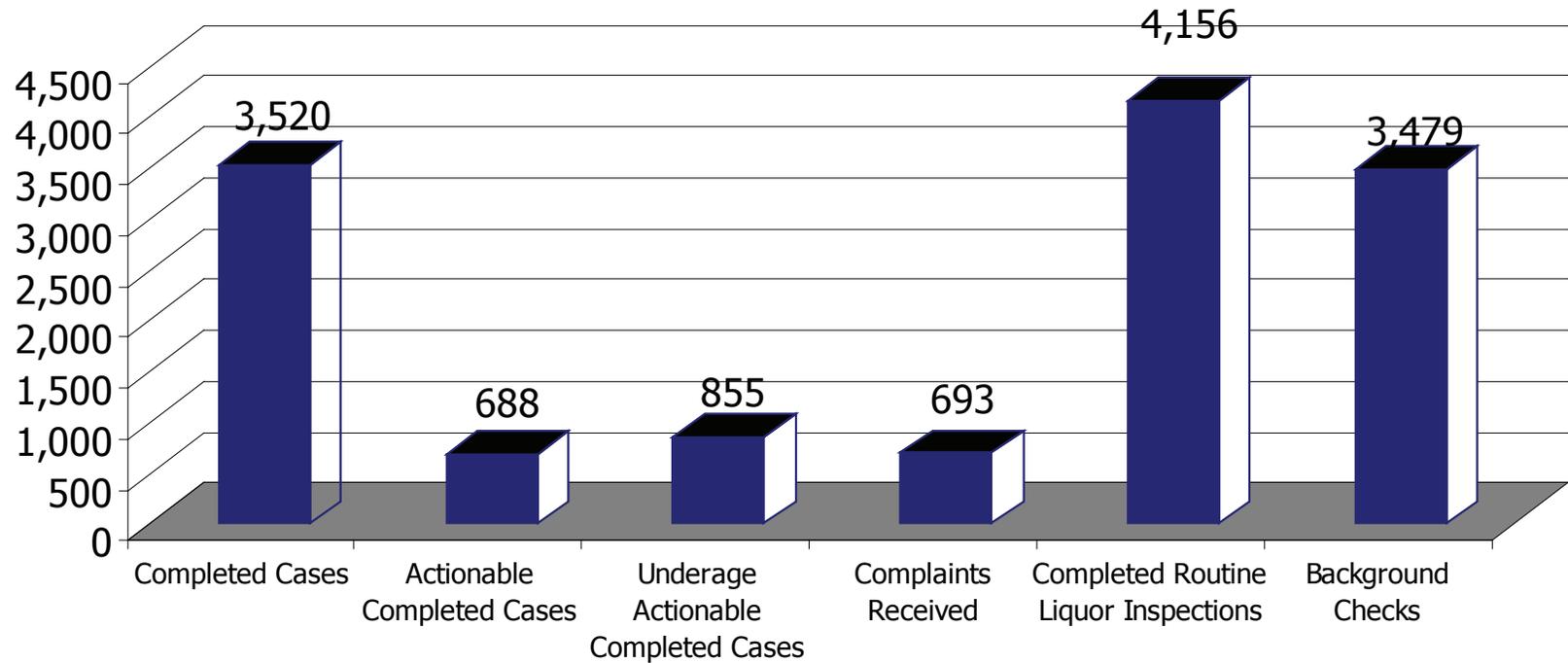
## FY 2008 Investigations Division Statistics

Routine Liquor Inspections .....	4,156
Police Reports Reviewed.....	2,131
Protests Completed.....	21
Non-actioned Complaints.....	322
Actioned Complaints .....	161
Compliance Case Reports Submitted .....	416
Administrative Counts Charged .....	1,186
Hidden Ownerships Completed .....	13
Site Inspections Completed .....	431
No Action Field Inspections.....	2,118
Law Enforcement Liaison Completed .....	471
Criminal Citations Issued .....	1,128
On-view Violation Case Reports.....	385
Title 4 Law Enforcement Training Events .....	15
Community Title 4 Training Events .....	2

# Investigations Division

## FY 2008

July 1, 2007 - June 30, 2008



## Arizona State Liquor Board

The Arizona State Liquor Board operates independently from the director of Department of Liquor Licenses and Control; however the Board is housed within the department and is provided one staff member to prepare Board schedules, hearing notices, Board records, Board expenditures, Board hearings, preparation of agendas, issuing Board orders, etc.

The Arizona State Liquor Board is responsible for hearing all liquor license applications that are protested by the public, governing body of a city, town or county, or DLLC's director. The Board may also cause a protest of an application. Additionally, an aggrieved party may appeal certain decisions of the director to the Board for review.

Members of the Arizona State Liquor Board are appointed by the Governor and confirmed by the Arizona State Senate pursuant to A.R.S. Sections 38-211 and 4-211. An Arizona State Liquor Board administrator, hired by DLLC, schedules hearings, posts decisions, and records hearing minutes.

Seven Board Members are appointed for three-year terms. Each term expires on the third Monday in January. There are no more than two members from the same county and no more than four members from the same political party. At least six (6) members cannot be directly or indirectly financially involved in a business that is engaged in spirituous liquor. One member shall currently be engaged in the liquor business. The members elect the chairman and vice-chairman annually.

### FY 2008 Totals

Hearings Scheduled	182	Continuances	50	Rehearing	3
Licenses Granted	79	Withdrawn	17	Received Exemption	0
Licenses Denied	20	Vacated	1		
Appeals Heard	10	Removed	2		

Member Name	Board Position	Occupation	Term Expires
Cyndy Valdez	Chair	VP/General Counsel Golden Eagle Dist., Inc.	Reappointment Pending
Alan Everett	Vice-Chair	Consultant, Strategic Planning	January 18, 2010
Don Jongewaard	Member	Captain/Paramedic, Tempe Fire Department	January 19, 2009
Charles Huellmantel	Member	Attorney	January 17, 2011
Bill DuPont	Member	Attorney/CAO Auditor	January 18, 2010
Jim C. Carruthers	Member	Retired	January 19, 2009
Vacant	Member	n/a	n/a