



STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES AND CONTROL

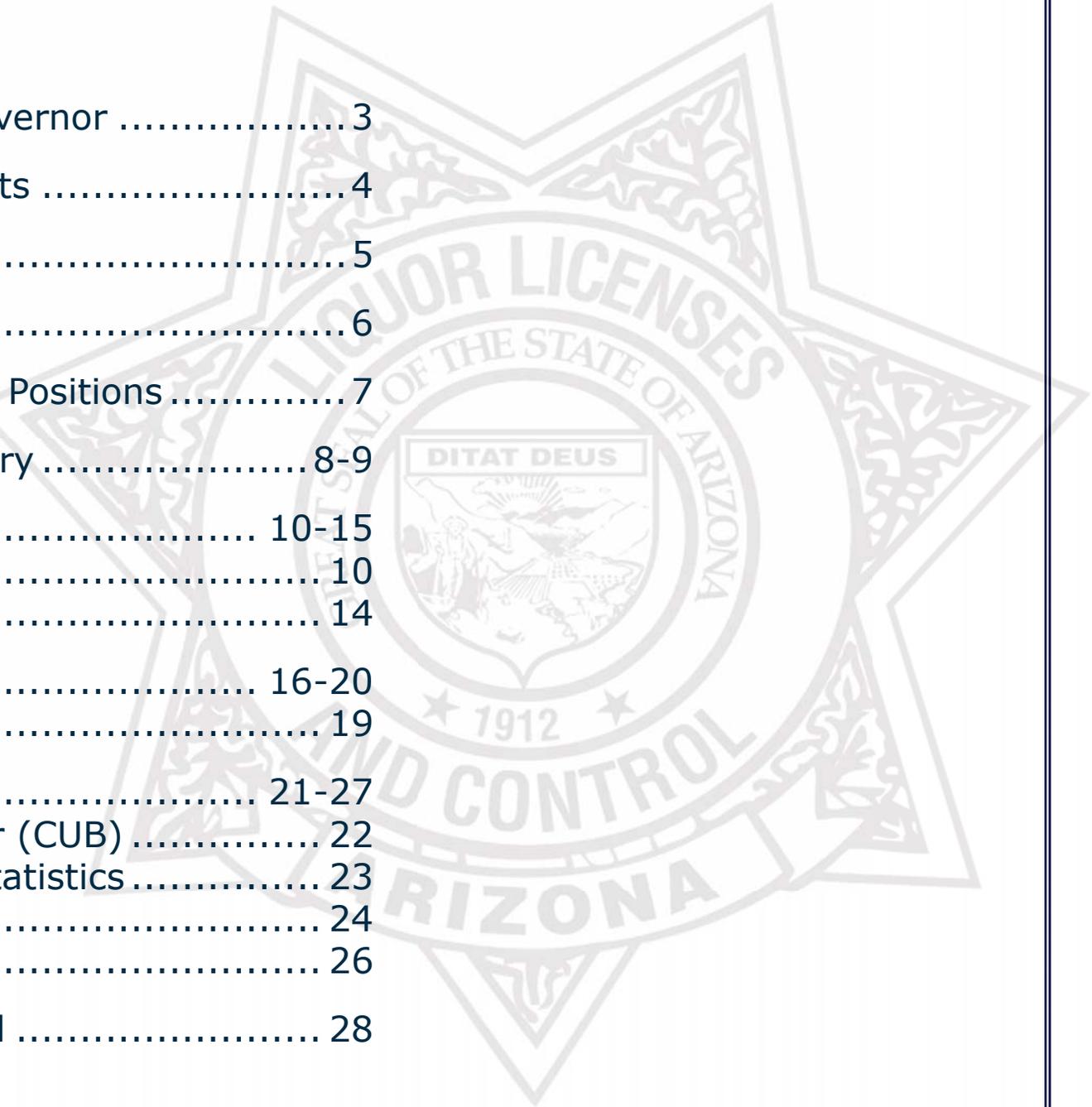
FY 2009
Annual Report
July 1, 2008 - June 30, 2009

800 West Washington Street, 5th Floor
Phoenix, Arizona 85007
Phone: (602) 542-5141
Fax: (602) 542-5707

www.azliquor.gov

Table of Contents

Director's Letter to the Governor	3
Mission & Vision Statements	4
Director's Message.....	5
Organizational Chart	6
Full Time Equivalent (FTE) Positions	7
Liquor License & FTE History	8-9
Administrative Division.....	10-15
Budget and Finance	10
Audit Unit.....	14
Licensing Division	16-20
Liquor License Lottery	19
Investigations Division	21-27
Covert Underage Buyer (CUB)	22
TRACE & Party Crew Statistics	23
Division Statistics	24
Compliance Unit	26
Arizona State Liquor Board	28





STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES AND CONTROL

JANICE K. BREWER
GOVERNOR

JERRY A. OLIVER, SR.
DIRECTOR

October 19, 2009

The Honorable Janice K. Brewer
Office of the Governor
1700 W. Washington
Phoenix, Arizona 85007

Dear Governor Brewer,

On behalf of the Department of Liquor Licenses and Control (DLLC), I submit to you our 27th Annual Report for the period of July 1, 2008 through June 30, 2009.

Some of DLLC's FY 2009 highlights are: 1) the prevention of 1,240 incidences of underage consumption and/or liquor sales to underage in addition to a 25 percent increase in actionable cases involving underage persons compared to FY 2008; 2) Arizona realized 64.5 million dollars in state luxury tax generated exclusively from the sale of liquor and 9.5 million dollars generated from liquor license fees and fines; 3) the number of active liquor license rose from 11,498 at year end FY 2008 to 11,633 by June 30, 2009.

As the state budget and agency staffing declined, DLLC began FY 2009 with the implementation of new ideas expected to further streamline the agency's ability to serve the public. Although our statewide presence continued to dwindle, the streamlining proved successful as we saw efficiency bolster in the licensing and regulation of alcohol in Arizona. The results are reflected in DLLC's attached FY 2009 Annual Report.

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 Robert "Bob" Burns, President, Arizona State Senate
The Honorable Kirk Adams, Speaker, Arizona House of Representatives

800 WEST WASHINGTON, FIFTH FLOOR • PHOENIX, ARIZONA 85007 • (602) 542-5141 • FAX (602) 542-5707
www.azliquor.gov

INDIVIDUALS REQUIRING ADA ACCOMMODATIONS, CALL (602) 542-9027

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

DLLC continuously improves processes that teach and enforce Arizona's liquor laws and license liquor establishments statewide. The quality of the outcome remains the 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 Overview

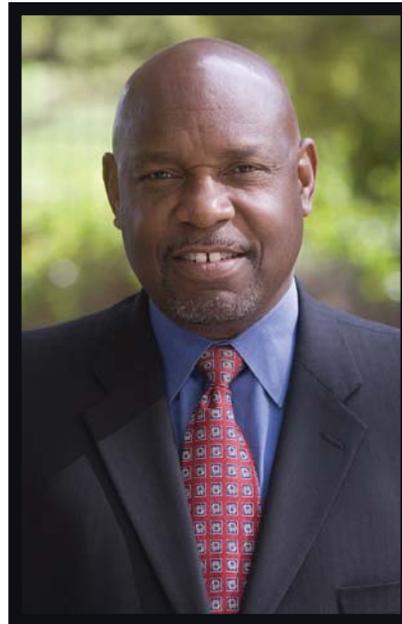
The economic decline of fiscal year 2009 presented DLLC with several unexpected challenges which included budget cuts, a hiring freeze, lay-offs and mandatory furlough days. By year end FY '09, DLLC would close the Tucson and Flagstaff offices leaving Phoenix and Yuma staff to provide licensing and law enforcement services to the entire state.

Despite these challenges, the liquor industry continued to deliver an abundant flow of revenue into Arizona. The state received more than \$64.5 million in luxury tax, exclusively from the sale of liquor, in FY 2009. General Fund liquor luxury tax deposits in FY '09 totaled \$28.79 million. DLLC added an additional \$9.5 million pool of revenue from liquor license fines and fees and at year end FY 2009, the state's revenue from the liquor industry totaled \$74 million.

This FY 2009 annual report (July 1, 2008 - June 30, 2009) illustrates DLLC's successes and relevancy as Arizona's liquor law enforcement and licensing agency. The most marked accomplishments during this fiscal snapshot includes the prevention or termination of 1,234 incidents of underage drinking and the increase of actionable cases involving underage person(s) by 25 percent compared to FY 2008.

During the same timeframe, citations issued to licensees rose by 32 percent, an increase attributed in part to the number of routine liquor inspections (random visits to licensed establishments) required to be 60 per month per investigator compared to 30 in previous years.

This dismal economic climate didn't hamper an annual increase in the number of active liquor licenses in Arizona. The number of licensed business establishments increased by 1 percent to 11,633 and DLLC's Licensing Division was successful in the processing of 13,071 newly issued and renewed licenses within the provided timeframes.

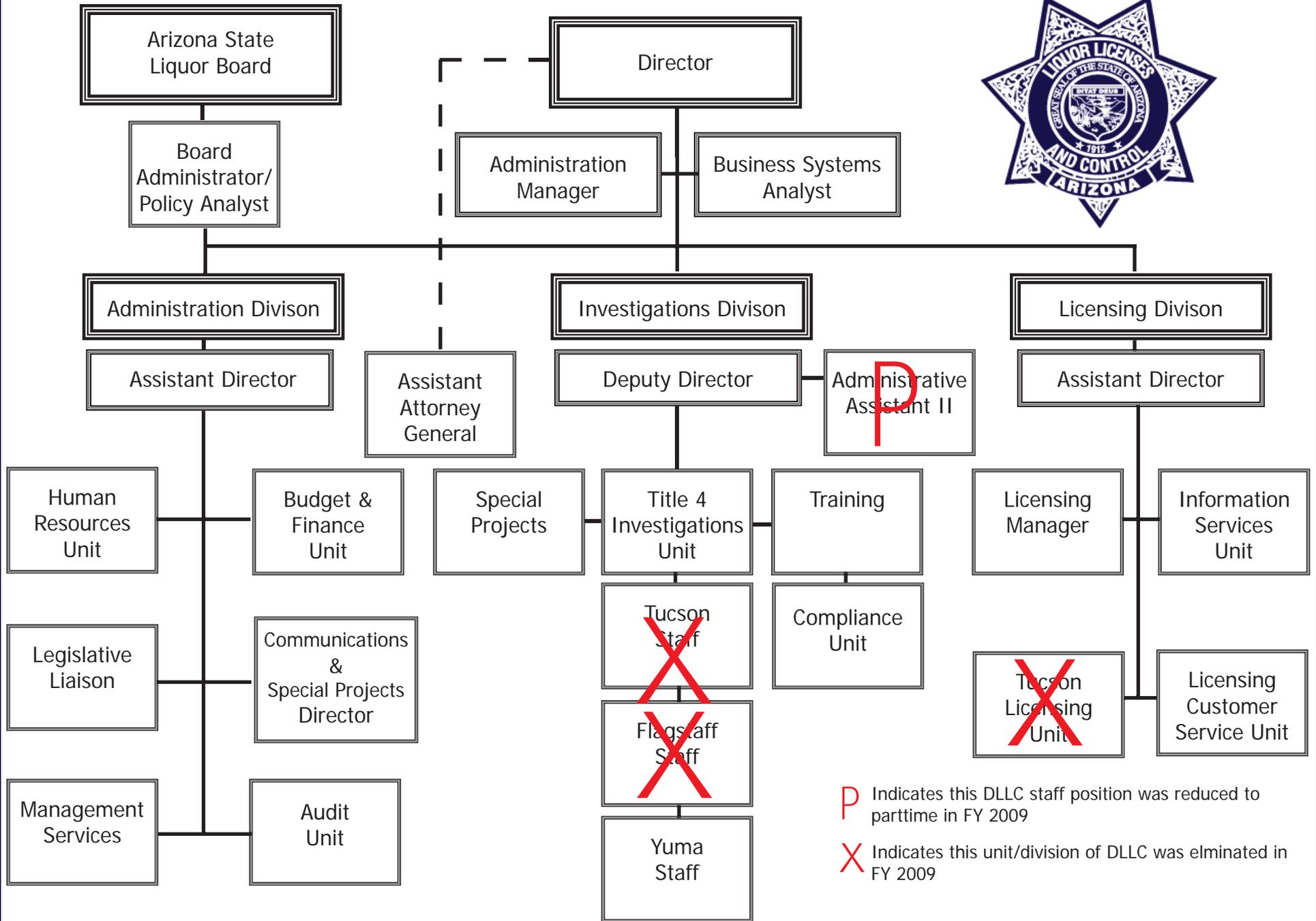


And finally, of the \$9.5 million dollars in revenue generated by DLLC in FY 09, the agency functioned on a \$3 million operating budget, which is 70 percent less than similar liquor regulatory agencies in this country (when based on budget-to-revenue ratios).

As DLLC keeps a sharp focus on its mission, its staff continues to successfully implement cost-saving methods which streamline processes and increase the agency's ability to serve customers during difficult economic times.

A handwritten signature in blue ink that reads "Jerry Oliver". The signature is stylized and fluid, written in a cursive-like script.

Department of Liquor Licenses and Control Organizational Chart



P Indicates this DLLC staff position was reduced to parttime in FY 2009

X Indicates this unit/division of DLLC was eliminated in FY 2009



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 2009. Due to a hiring freeze and budget reductions, at year end, thirty-two (32.5) FTEs were assigned to the DLLC's three Divisions.

Administration Division

Total FTEs = 7

Director	1
Asst. Dir. of Administration.....	1
Human Resources Unit	1
Budget & Finance Unit.....	2
Management Services.....	0
Audit Unit	2
Communications & Special Projects.....	1
Liquor Board Administrator/ Policy Analyst.....	1

Licensing Division

Total FTEs = 12

<u>Phoenix Office</u>	
Assistant Director	1
Licensing Manager	1
Customer Service Representatives.....	6
Information Technology (IT)	1
Records Specialists	3
<u>Tucson Office</u>	
Customer Service Representatives.....	0

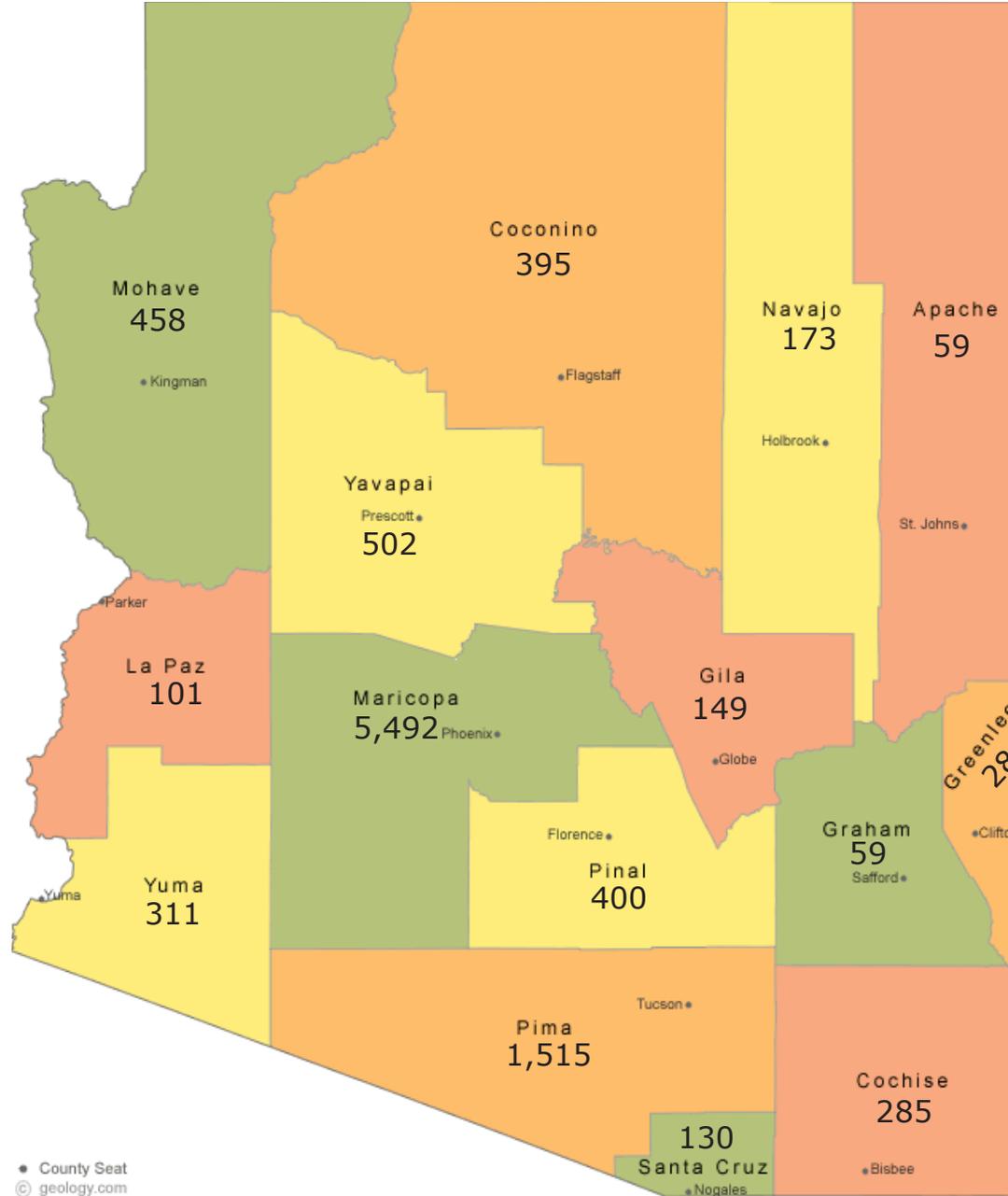
Investigations Division

Total FTEs = 13.5

<u>Phoenix Office</u>	
Deputy Director.....	1
Administrator	1/2
Compliance Unit	2
Investigators.....	9
<u>Southern Arizona</u>	
Investigators.....	0
<u>Northern Arizona</u>	
Investigators.....	0
<u>Yuma</u>	
Investigators.....	1

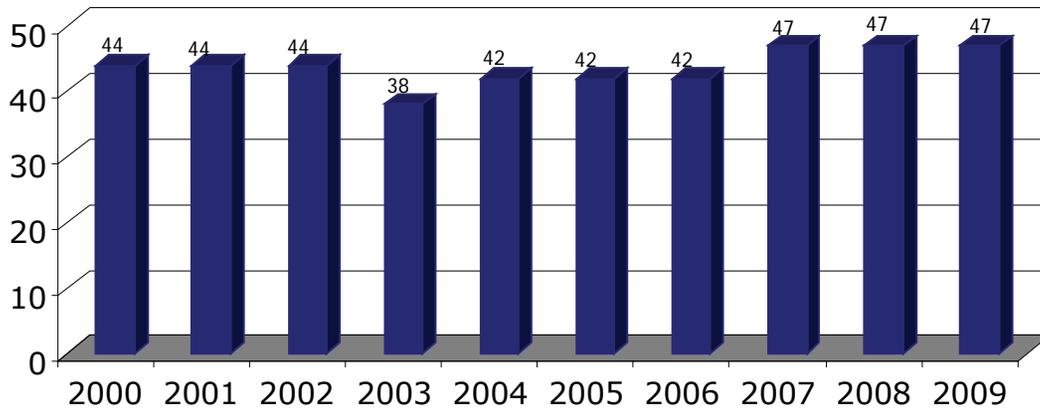
Liquor Licensed Establishments Overseen By DLLC

Year End FY 2009



● County Seat
© geology.com

Full Time Equivalent (FTE) Position
Ten Year History

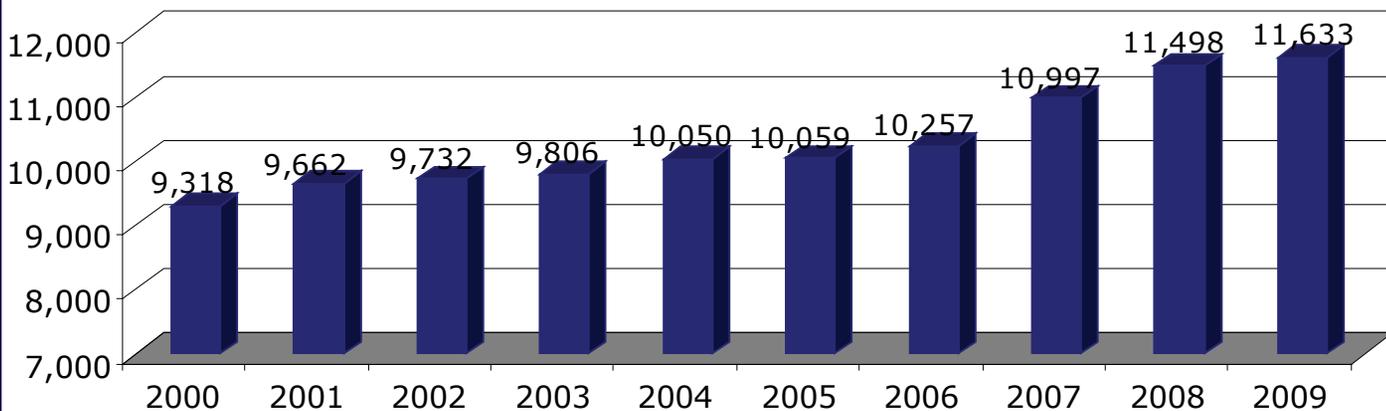


Liquor License to FTE Ratio
Ten Year History

Liquor License:FTE

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
2009.....	358:1

Active Liquor Licenses In Arizona
Ten Year History



Administrative Division

The Administrative Division is responsible for four DLLC units; Human Resources, 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, and facilitates DLLC's on-going employee training curriculum.

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.

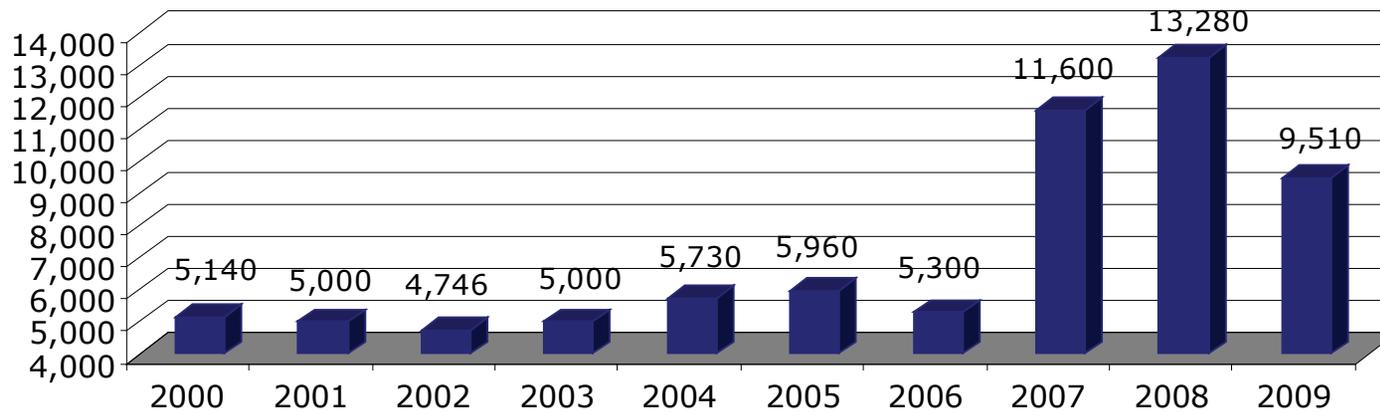
The Budget and Finance Unit tracks the use of funding allocated to the department, tracks the source of collected revenues, and coordinates revenue disbursements and deposits into state and county funds.

Budget and Finance Unit

FY 2009 Collected Fees and Charges By Source

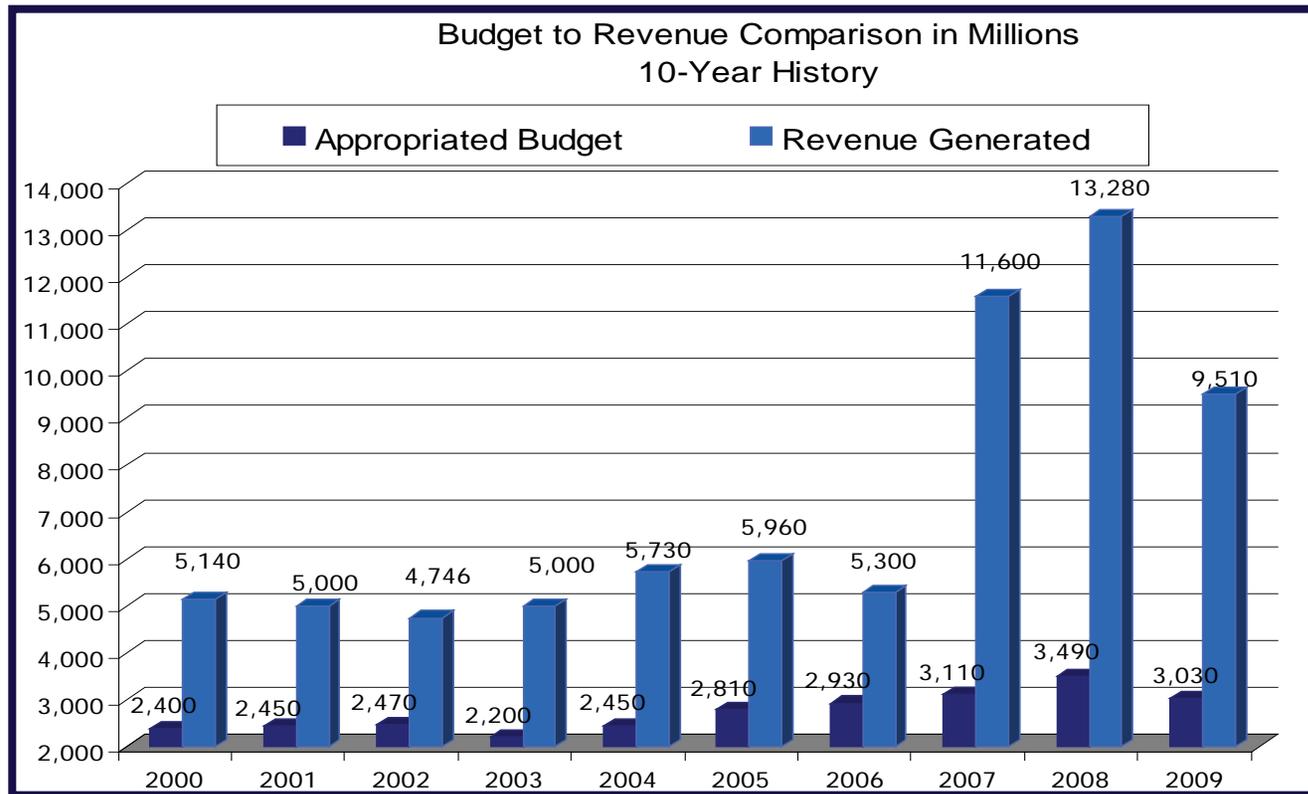
Fair Market Value Lottery Liquor Licenses	2,975,355
Applications.....	165,300
License Fees.....	3,806,481
Out-of-State	90,225
Agent Change.....	48,950
Fines.....	886,440
Special Event.....	49,175
Club.....	56,400
Penalties	140,600
Copy Fees	4,868
Non-Use Surcharge.....	321,800
Audit Surcharge.....	158,730
Enforcement K Surcharge	385,035
Enforcement L Surcharge	339,390
Miscellaneous	100
TOTAL REVENUES COLLECTED	\$ 9,510,448

Fiscal Year Revenue in Millions Ten Year History



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.



Revenues and Appropriated General Fund Budget
Ten Year History (in millions)

Fiscal Year	Revenues	Budget	Change from Previous Year	
			Revenue	Budget
2000	5.140	2.40	5.0%	(2.72%)
2001	5.000	2.45	(2.72%)	2.08%
2002	4.746	2.47	(5.08%)	0.82%
2003	5.000	2.20	5.35%	(10.93)
2004	5.730	2.45	14.60%	11.36%
2005	5.960	2.81	4.01%	14.69%
2006	5.300	2.92	(11.07%)	3.91%
2007	11.600	3.11	118.87%	6.51%
2008	13.280	3.49	14.48%	12.22%
2009	9.510	3.03	(28.39%)	(13.18%)

Disbursement of Revenues

General Fund Revenues	Actual FY 2009
License, fees, permits and penalties	4,008,078
Doc Fees, Tape Record, Computer Record, Co-op Reg.....	4,968
Fines	886,440
Penalties.....	140,600
SUB-TOTAL DISBURSEMENT TO GENERAL FUND	\$5,040,087

Counties and Other Agencies	Actual FY 2009
Apache	4,908
Cochise	18,331
Coconino	47,779
Gila	11,572
Graham	3,086
Greenlee.....	1,508
LaPaz	9,557
Maricopa	63,000
Mohave	56,685
Navajo.....	12,947
Pima	51,000
Pinal.....	39,536
Santa Cruz.....	11,897
Yavapai	63,494
Yuma	29,377
Dept. of Health Services (Special Event Fees).....	49,175
Dept. of Economic Security Div. of Developmental Disabilities.....	56,400
SUB-TOTAL DISBURSEMENT TO COUNTIES AND OTHER AGENCIES.....	\$530,252

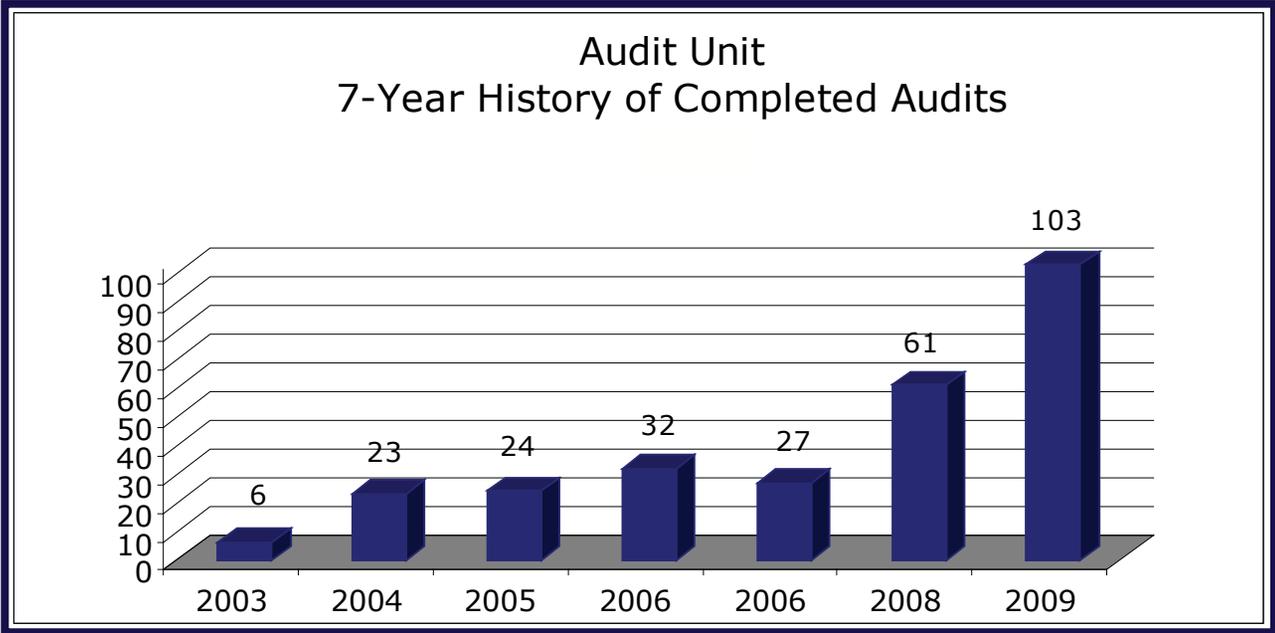
Fair Market Value of Liquor Licenses Sold Through Lottery	2,975,355
Audit Surcharge	158,730
Enforcement Surcharge K	385,035
Enforcement Surcharge L.....	339,390
Fingerprints	81,600
TOTAL DISBURSEMENT	\$9,510,448

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 2009, active restaurant-type licenses statewide accounted for three thousand two hundred and seven (3,207) of the eleven thousand six hundred thirty-three (11,633) 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, audit efficiency increased by 272% in FY 2008 and 169% in FY 2009. By refining audit procedures and increasing 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 2009 are as follows:

Number of Cases Open For Audit Year End FY 2009

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 2009 Audit Unit Statistics

Total audits completed	103
Total audits passed	56
Total audits failed	33
Total audits inconclusive/audit not performed	14
Audits that reveal additional Title 4 violations	0

FY 2009 Audit Unit Economic Impact

Fees collected from issuing series 11 and 12 license extension (AKA "Grill Bill")	\$90,000
Fines assessed as a result of an audit.....	\$90,775
Revenue collected from fines	\$81,275

Licensing Division

Licensing Division responsibilities include the processing of new license applications, permits, renewals, and maintaining up-to-date and accurate information on active licenses. There were eleven thousand six hundred thirty-three (11,633) active liquor licenses in Arizona at year end FY 2009, a one percent (1%) increase from year end FY 2008.

In FY 2009, one thousand eight hundred ninety-two (1,892) new licenses and one thousand nine hundred sixty-six (1,966) special event permits were issued. Eleven thousand ninety-seven (11,097) licenses were renewed and five hundred seventy-three (573) interim permits were issued. Combined licensing transactions totaled sixteen thousand four hundred fifteen (16,415).

DLLC's Information Technology (IT) and Records Unit provides support for the Licensing Division which includes continuous on-line access of license status for industry stakeholders, generating monthly renewal applications, and scanning documents into the Licensing Control System (LCS), a database developed for the agency in the 1990s. LCS also captures data used on the DLLC website, generated by the investigations and compliance divisions, in addition to storing public records. LCS is updated by the licensing, compliance, and investigative staff and maintained by IT.

Arizona has realized a thirty percent (30%) increase in the number of liquor licenses since the early 1990s. To properly maintain records, DLLC will begin implementation of a new e-Licensing Information System (ELIS) in 2010. ELIS, part of a state-wide e-licensing initiative will be created in conjunction with the Registrar of Contractors (ROC) and Government Information Technology Agency (GITA), and will drive consistent and efficient licensing operations shared by multiple licensing agencies and boards in Arizona.

FY 2009 Licensing Division Statistics

	FY 2008	FY 2009	Change
New Liquor Licenses Issued	2,124.....	1,892	(11%)
Special Event Permits Issued.....	1,362.....	1,966	44.3%
Applications In Process	869	887	2%
Liquor Licenses Renewed	11,136.....	11,097.....	(0.4%)
Interim Permits Issued.....	643.....	573	(10.9%)
Current Active Liquor Licenses.....	11,498.....	11,633.....	1.17%

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, 2009

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	0	0	0	21	5	0	17	5	3	5	0	3	59
02) Cochise County	0	0	1	1	3	71	33	0	43	59	5	47	9	13	285
03) Coconino County	1	0	3	6	3	53	62	3	54	76	18	105	0	11	395
04) Gila County	0	0	0	2	0	48	19	0	24	21	2	24	0	9	146
05) Graham County	0	0	0	1	1	17	7	0	15	12	0	4	0	2	59
06) Greenlee County	0	0	0	0	1	7	1	0	7	6	0	2	0	4	28
07) Maricopa County	2	0	17	71	36	677	456	12	742	1,324	79	1,967	5	104	5,492
08) Mohave County	0	0	3	5	5	50	51	2	50	132	4	128	0	28	458
09) Navajo County	0	0	0	2	1	42	21	0	42	26	1	28	0	10	173
10) Pima County	0	0	3	8	8	230	187	3	255	278	31	461	1	50	1,515
11) Pinal County	0	0	0	2	2	84	36	0	70	109	2	76	0	19	400
12) Santa Cruz County	0	0	0	1	2	21	10	0	17	32	3	32	10	2	130
13) Yavapai County	0	0	4	6	2	76	50	1	56	94	11	166	16	20	502
14) Yuma County	0	0	0	2	2	59	33	0	53	79	5	67	0	11	311
15) La Paz County	0	0	0	1	1	16	15	0	18	24	0	19	0	7	101
Out of State Suppliers	0	1,059	0	0	0	0	0	0	0	0	0	0	0	0	1,059
Ltd. Out of State Suppliers	0	517	0	0	0	0	0	0	0	0	0	0	0	0	517
TOTALS	3	1,576	31	108	67	1,472	986	21	1,463	2,277	164	3,131	41	293	11,633

The 2009 Liquor License Lottery

When Arizona'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.

2009 marks the fourth year of Arizona's liquor license lotteries. Before each lottery, three independent auditors determine the fair market value of each license. 2009 lottery license prices ranged from a low of \$5,133 for a beer and wine bar license in Graham County to a high of \$235,800 for a liquor store license in Maricopa County.

DLLC launched the 2009 lottery on April 1. Seventy-seven (77) lottery license applications were received before the April 24 deadline, a fifty-one percent (51%) decrease from last year which is attributed to the economic downturn which became apparent in the middle of calendar year 2008.

Before a lottery liquor license can be issued, each winner must meet Arizona liquor license requirements, plus the requirements imposed by 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 was required to pay a mandatory fifty percent (50%) deposit to DLLC by June 26th, 2009 or they were disqualified and an alternate entrant was selected.

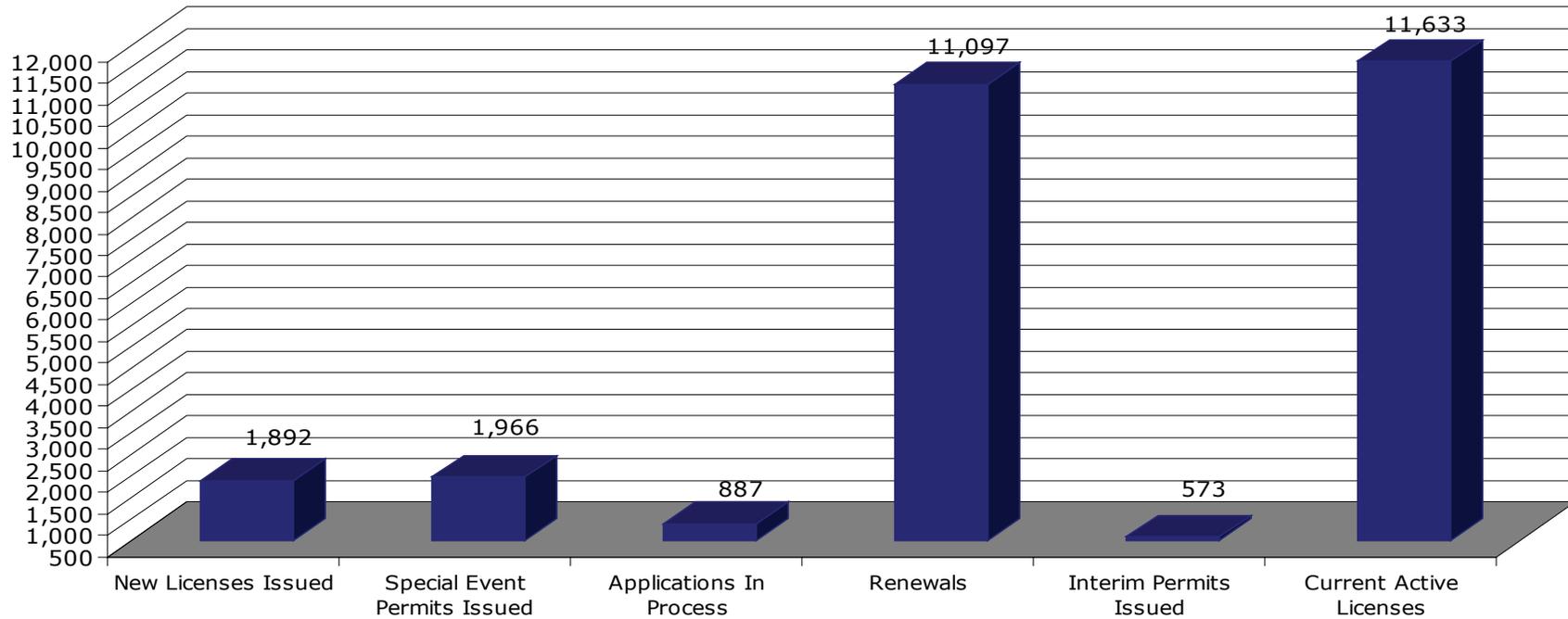
2009 Lottery Statistics At Year End FY 2009

Disclosed Location Liquor License Applications	30
Non-Disclosed Location Liquor License Applications	47

2009 Lottery Economic Impact

January 1, 2009 - June 30, 2009 Revenue	\$2,975,354.50
---	----------------

Licensing Division Transaction Activity



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.

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.

Covert Underage Buyer (CUB) Program

The Covert Underage Buyer (CUB) program was instituted by DLLC 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 2009 CUB Program Statistics

Locations Investigated	# Sold to CUB	Percentage of Establishments That Sold To CUB	Administrative Citations Issued	Criminal Citations Issued	CUBS Used
630	185	29.3%	406	391	115

May 2003 - June 2009 CUB Program Statistics

Since the inception of the program, two thousand four hundred fifty-five (2,455) establishments have been investigated and six hundred ninety-three (693), or twenty-eight (28) percent, have sold liquor to the CUB resulting in one thousand six hundred sixty-one (1,661) administrative violations and one thousand four hundred ninety-three (1,493) criminal citations.

Locations Investigated	# Sold to CUB	Percentage of Establishments That Sold To CUB	Administrative Citations Issued	Criminal Citations Issued
2,455	693	28%	1,661	1,493

Target Responsibility for Alcohol Connected Emergency (TRACE) Program Statistics

December 2004 - June 2009

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. The statewide TRACE program has one full time investigator available for immediate response to alcohol-related emergencies that involve a person under the age of twenty-one.

Total # of Cases	Administrative Violations	Criminal Violations
35	47	20

Party Crew Statistics

February 2007 - June 2009

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 one hundred eight (1,108) underage arrests and one hundred sixty-six (166) 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.

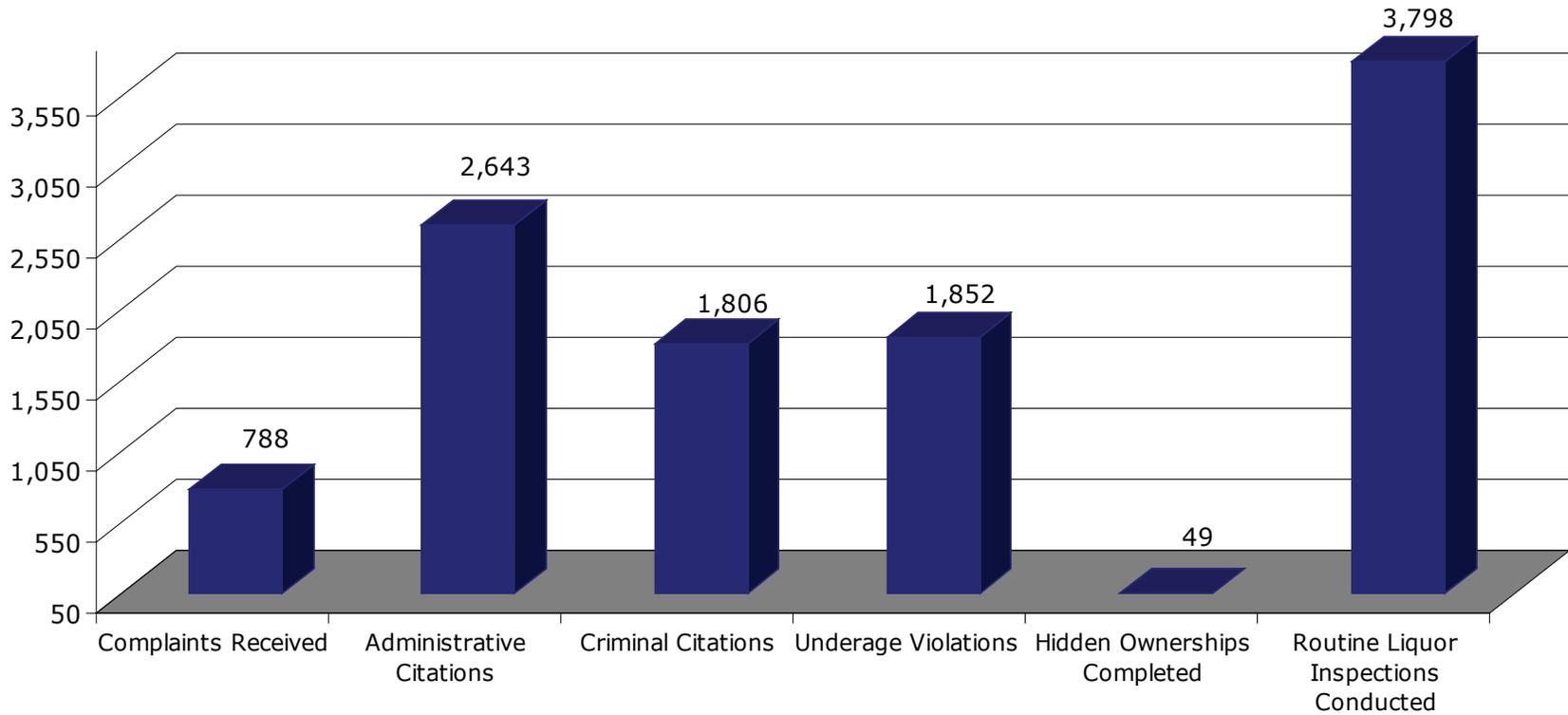
# of Parties Identified	Underage Arrests	Curfew Violations	Homicides	Shots Fired
134	1,108	166	3	4



FY 2009 Investigations Division Statistics

Routine Liquor Inspections	3,798
Non-actioned Complaints.....	532
Actioned Complaints	256
Administrative Counts Charged	2,643
Hidden Ownerships Completed	49
Site Inspections Completed	959
Law Enforcement Liaison Completed	909
Criminal Citations Issued	1,806
On-view Violation Case Reports.....	403
Title 4 Law Enforcement Training Events	11
Community Title 4 Training Events	5

Investigations Division Completed Activity



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.

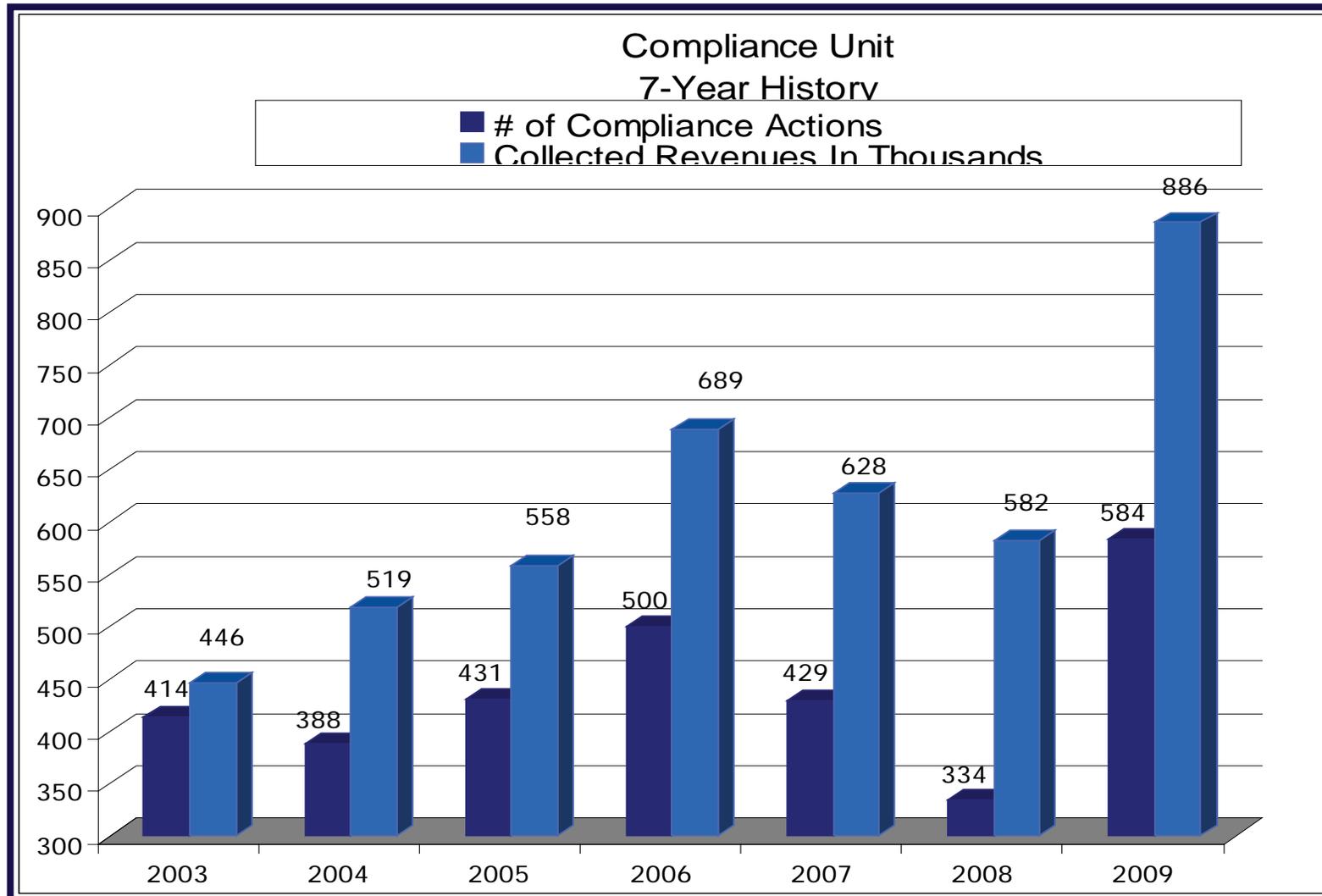
FY 2008 Compliance Fines and Violation Statistics

Revocations.....	5
Suspensions	18
Surrenders	15
Divestitures	4
Administrative Complaints	44
Decisions & Orders	22
Cases Received.....	665
Cases Completed	529
Cases in Progress at Year End.....	36
Warning Letters Issued	122
Cases Sent to OAH.....	42

DLLC's Compliance Unit collected fines totaling \$886,400 from five hundred eighty-four (584) compliance actions processed and adjudicated between July 1, 2008 and June 30, 2009. Consent Agreements were reached in a majority of the compliance actions.

FY 2009 Compliance Unit Economic Impact

Total Fines Collected..... \$886,400



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.

From and after January 31, 2003, the board consists of seven members to be appointed by the governor pursuant to section 38-211. Five of the members of the board shall not be financially interested directly or indirectly in business licensed to deal with spirituous liquors. Two members shall currently be engaged in business in the spirituous liquor industry or have been engaged in the past in business in the spirituous liquor industry, at least one of whom shall currently be a retail licensee or employee of a retail licensee. One member shall be a member of a neighborhood association recognized by a county, city or town.

The term of members is three years. Members' terms expire on the third Monday in January of the appropriate year. The governor may remove any member of the board for cause. No member may represent a licensee before the board or the department for a period of one year after the conclusion of the member's service on the board.

FY 2009 Totals

Matters Heard	159	Continuances	48	Rehearing	1
Licenses Granted	58	Withdrawn	18	Received Exemption	0
Licenses Denied	22	Vacated	1	Appeal Continued	2
Appeals Heard	11	Removed	0	Appeal Vacated	1

Member Name	Board Position	Occupation/County	Term Expires
Charles Huellmantel	Chair	Attorney, Maricopa County	January 17, 2011
Alan Everett	Vice-Chair	Consultant, Strategic Planning, Gila County	January 18, 2010
Bill DuPont	Member	Attorney/CAO Auditor, Pima County	January 18, 2010
Don Jongewaard	Member	Captain/Paramedic, Tempe Fire Department, Maricopa Cnty	January 19, 2009
Jim C. Carruthers	Member	Retired, Yuma County	January 19, 2009
Tim Linden	Member	Wholesaler, Graham County	January 17, 2011
Robin Cantrell	Member	Retailer, Graham County	January 16, 2012