

GOVERNOR'S MONTHLY REPORT
JUNE 2009



STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES AND CONTROL
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GRANTS & FUNDING
Liquor Enforcement & Education Outreach Grant
CUB (Covert Underage Buyer) Program

In an effort to curb the sale of liquor to underage persons, the Covert Underage Buyer (CUB) program was instituted in May of 2003. 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 of age or younger and is carefully trained to follow state laws and DLLC guidelines. DLLC provides CUB training to all Arizona law enforcement agencies, allowing the program to operate statewide.

In June 2009, using eight (8) CUBs and six (6) officers, DLLC conducted investigations of forty-seven (47) liquor-licensed establishments. Eight (8), or seventeen (17%) percent, of these establishments sold alcohol to a (CUB) resulting in sixteen (16) criminal and sixteen (16) administrative violations. Forty (40) of the locations were investigated in response to a complaint received by DLLC. Seven (7) were follow-up visits to locations previously investigated by DLLC.

In June 2009, DLLC saw a decrease of seven (7%) percent in alcohol sales to the CUB compared to May 2009. This represents a decrease of five (5%) percent in sales to the CUB compared to June 2008.

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 been sold to CUB buyers resulting in one thousand six hundred sixty-one (1,661) administrative violations and one thousand four hundred ninety-three (1,493) criminal citations.

CUB Program Statistics

Calendar Year	Locations Investigated	# Sold to CUB	% of Locations that Sold to CUB	Administrative Violations	Criminal Violations
2003	122	33	29%	70	71
2004	217	55	25%	122	136
2005	337	108	32%	342	283
2006	475	148	31%	409	317
2007	450	108	24%	200	201
2008	572	172	30%	416	349
2009 YTD	292	70	24%	146	144

An Underage Drinking Hotline is in operation for concerned citizens to call when underage drinking, service, or sales are suspected. With each complaint DLLC launches an investigation. The Underage Drinking Hotline number is 1-877-NOT-LEGL or 1-877-668-5345.

GRANTS & FUNDING
Liquor Enforcement & Education Outreach Grant
CUB (Covert Underage Buyer) Program (Continued)

Twenty (20) new CUB complaints were received in June 2009. All thirty-seven (37) of the locations investigated in June 2009 were complaint-based investigations.

The Chandler/Tempe CUB detail of June 5, 2009 included (2) CUB's, and (1) DLLC Investigator. Of the Nine (9) locations investigated, one (1) sold to a CUB.

The Phoenix/Glendale CUB detail of June 15, 2009 included (1) CUB and (1) DLLC Investigator. Of the ten (10) locations investigated, one (1) sold to a CUB.

The Phoenix/Glendale/Avondale CUB detail of June 25, 2009 included (2) CUB's and (2) DLLC Investigators. Of the nine (9) locations investigated, three (3) sold to a CUB.

The Mesa/Tempe CUB detail of June 26, 2009 included (2) CUB's and (1) DLLC Investigator. Of the nine (9) locations investigated, one (1) sold to a CUB.

GRANTS & FUNDING
Liquor Enforcement & Education Outreach Grant
TRACE (Target Responsibility for Alcohol Connected Emergency)

The TRACE (Target Responsibility for Alcohol Connected Emergency) program began in December 2004 to develop a system of effective and rapid communication between local law enforcement and emergency medical services (EMS) personnel in high-profile cases involving underage drinking. Each TRACE case is considered concluded only 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 one (1) full time investigator available for immediate response to alcohol-related emergencies that involve those who are underage.

TRACE Program Statistics

Calendar Year	Total # of Cases	Administrative Violations	Criminal Violations
2005	11	5	3
2006	11	24	12
2007	4	9	6
2008	6	6	3
2009 YTD	2	3	0

Investigator Palubeskie is currently working on one (1) open 2008 TRACE case and two (2) 2009 TRACE cases which are pending information from local law enforcement agencies.

OUTREACH

Community & Agency Outreach

Community and agency outreach meetings and presentations create opportunities to increase DLLC's efficiency and relevancy, encourage agency collaborative efforts, and promote safe and legal alcohol distribution, sales, and consumption in Arizona.

Community and agency outreach during the month of June 2009:

- 6/10 National Liquor Law Enforcement (NLLEA) 2009
Save-A-Teen Program Statistical Underage Participation – Comm. Dir. participated
- 6/15-19 National Conference of State Liquor Administrator – Director participated
- 6/25 Preproduction of Title 4 Training Video w/DPS Production Unit – Comm. Dir. participated

June 2009 Law Enforcement Special Detail:

Tucson Title 4, TRACE and Fake ID Training - Investigators Miller and Turner

Warped Tour Detail – Investigators Maldonado and Trevizo

SPECIAL EVENTS

Media

Media Outlet	Content of Story
Arizona Daily Star	Inquiry about licensee "The Rock" which used to be "Stumble Inn"
New Times	Inquiry about an art gallery cited for selling without a license
Arizona Republic	Bars and restaurants on Mondrian property – How many licensed establishments allowed on one property? Can a microbrewery sell beer? What arrests have been made recently at bars/clubs?
KPHO TV 5	SB1113 – firearms allowed on licensed premises

Published Articles	Content of Story
Arizona Restaurant Association	Tough Times Offer Opportunities For Better Communication
Arizona Licensed Beverage Assoc.	Alcohol and Aging; A Serious Hidden Threat

SUCCESS STATISTICS
Investigations

In June 2009, DLLC investigators completed two hundred fifteen (215) routine liquor inspections (RLIs) at licensed establishments and events throughout Arizona resulting in fifty-six (56) criminal citations and fifty-nine (59) administrative violations. The following success statistics were completed by a staff of ten (10) fulltime investigators and a statewide investigator-to-liquor license ratio of 1:1,182.

Achievements	Current Month	Total FY 2009 YTD	1 Year Ago This Month	Total FY 2008
Hidden Ownerships Completed	1	49	2	28
Site Inspections Completed	109	959	65	865
Actioned (administrative) Complaints	12	256	22	242
Non-Actioned (criminal) Complaints	49	532	62	613
Administrative Counts Charged	204	2,643	238	1,822
Criminal Charges Issued	40	1,806	168	1,840
Routine Liquor Inspections	289	3,798	464	4,251
On-view Violation Case Reports	12	403	52	712
Law Enforcement Liaison	71	909	91	963

Underage Investigations Statistics:	Current Month	Total FY 2009
Citations Issued to Underage	23	919
Total Underage Violations Cited	100	1,234

Statute	Definition	# of Citations issued this month	# of Citations issued in FY '09
A.R.S. § 4-241.A	Failure to Check ID	19	77
A.R.S. § 4-241.L	Sold to CUB	22	157
A.R.S. § 4-244.1	Unlicensed Resale	0	8
A.R.S. § 4-244.9	Furnishing alcohol to an underage	51	506
A.R.S. § 4-244.22	Consuming w/o permission of premises owner	139	146
A.R.S. § 4-244.33	Underage DUI	0	1
A.R.S. § 4-244.40	Alcohol in system of underage	51	202
A.R.S. § 13-2907.01	Providing false information to state	0	1
A.R.S. § 28-3478.1	Unlawful use of driver's license	0	2
A.R.S. § 28-3478.3	Using another person's driver's license	15	38

SUCCESS STATISTICS
Liquor License Audits

As stated in A.R.S. §4-213.C (commonly referred to as the "Grill Bill"), DLLC conducts audits of licensed liquor establishments holding a series 11 liquor license (hotel/motel with restaurant) or series 12 liquor license (restaurant) to determine if they maintain the required 40:60 food-to-liquor sales ratio.

Currently there are one hundred sixty-one (161) active series 11 licenses and three thousand forty-six (3,046) active series 12 licenses statewide. Compared to June 2008, this is a statewide increase of six (6) hotel/motel with restaurant licenses and a decrease of forty-one (41) restaurant licenses. DLLC has three (3) fulltime auditors which brings the statewide auditor-to-liquor license ratio to 1:1,069.

Number of Cases Now Open For Audit	Current Month	This Month Last Year
Audits in progress	21	21
Audits closed	11	7
Audits initiated	10	9
Open cases w/projected ratio of >37%	13	5
Open cases w/projected ratio between 30 to 37%	6	15
Open cases w/projected ratio of < 30%	2	1
Locations granted 1 year to continue operation	3	3
Locations being monitored	72	26

In March 2009 eleven (11) audits were closed and ten (10) audits were initiated (audit considered initiated after an appointment date is set to pick up accounting records) in the following counties; Maricopa, Yavapai, Pima, Mohave and Coconino. Of the ten (10) audits completed this month, seven (7) cases, or seventy (70%) percent, revealed actionable violations.

	Current Month	This Month Last Year	Total FY '09	Total 2003 - Present
Audits completed	11	8	103	276
Audits passed	4	4	56	99
Audits failed	6	3	33	134
Inconclusive	1	0	14	38
Other charges only	0	0	0	5

SUCCESS STATISTICS
Liquor License Audits (continued)

Auditing statistics beginning in March 1, 2003 to present are:

Year	Audits Completed
1/1 - 6/30/03	6 audits
FY 2003-2004	23 audits
FY 2004-2005	24 audits
FY 2005-2006	32 audits
FY 2006-2007	27 audits
FY 2007-2008	61 audits
FY 2008-2009	103 audits

To date, fees collected from issuing series 11 and 12 continuation licenses, as stated in A.R.S. §4-209 D.12 (AKA "Grill Bill"), total one hundred fifty thousand (\$150,000) dollars.

Revenue collected by the department for audit-related violations during the month of June 2009 is thirteen thousand five hundred seventy-five (\$13,575) dollars. Audit fines assessed during the month of June 2009 total eleven thousand seven hundred (\$11,700) dollars.

SUCCESS STATISTICS
Compliance

Achievements:	Current Month	Total YTD FY '08-'09	Total FY '07-'08	1 Year Ago This Month
Revocations	0	5	9	2
Suspensions	2	18	13	1
Surrenders	2	15	17	1
Divestitures	0	4	6	0
Administrative Complaints	0	44	66	6
Decisions & Orders	2	22	48	1

Economic Impact:

The department has collected fines totaling one hundred one thousand eight hundred sixty-five (\$101,865) dollars from sixty-seven (67) compliance actions processed and adjudicated between June 1, 2009 and June 30, 2009.

Fines Collected From Violations:

Current Month	1 Year Ago This Month	Total YTD FY '08-'09	Total FY '07-'08
\$101,865	\$67,750	\$886,440	\$582,350

Historical Statistics:

Fiscal Year	Compliance Actions	Revenues Collected
2002-2003	414	\$445,725
2003-2004	388	\$518,800
2004-2005	431	\$557,725
2005-2006	500	\$689,475
2006-2007	429	\$627,975
2007-2008	334	\$582,350
2008-2009	584	\$886,440

Adjudicated Underage Violations

Statute	Definition	adjudicated this month
A.R.S. § 4-241.A	Failure to Check ID	13
A.R.S. § 4-241.L	Sold to CUB	0
A.R.S. § 4-244.1	Unlicensed Resale	5
A.R.S. § 4-244.9	Furnishing alcohol to an underage	13
A.R.S. § 4-244.22	Consuming w/o permission of premises owner	2
A.R.S. § 4-244.33	Underage DUI	0
A.R.S. § 4-244.40	Alcohol in system of underage	0
A.R.S. § 13-2907.01	Providing false information to state	0
A.R.S. § 28-3478.1	Unlawful use of driver's license	0
A.R.S. § 28-3478.3	Using another person's driver's license	0

SUCCESS STATISTICS
Arizona Liquor Board

Achievements:	Current	Total YTD	Total
Compliance	Month	FY '08-'09	FY '07-'08
Hearings Scheduled	10	159	182
Licenses Granted	0	58	79
Licenses Denied	3	22	20
Continuances Granted	7	48	50
License Withdrawn	0	18	17
Hearing Vacated, No Action Required	0	1	1
Hearing Removed From Agenda	0	0	2
Rehearing Requested	0	1	3
Exemption Received	0	0	0
Appeals Heard	0	11	10

ARIZONA LIQUOR BOARD MEMBERS AND TERMS

Charles Huellmantel (D)	Arizona Liquor Board Chair Maricopa County No Financial Interest	Term Expires March 17, 2011
Alan Everett (R)	Arizona Liquor Board Vice Chair Gila County No Financial Interest	Term Expires March 18, 2010
Bill DuPont (D)	Arizona Liquor Board Member Pima County Neighborhood	Term Expires March 18, 2010
Don Jongewaard (R)	Arizona Liquor Board Member Maricopa County No Financial Interest	Term Expires March 19, 2009
Jim Carruthers (R)	Arizona Liquor Board Member Yuma County No Financial Interest	Term Expires March 19, 2009
Tim Linden (R)	Arizona Liquor Board Member Graham County Wholesaler	Term Expires March 17, 2011
Robin Cantrell (I)	Arizona Liquor Board Member Graham County Retailer	Term Expires March 16, 2012

SUCCESS STATISTICS
Licensing

Achievements: Licensing	Current Month	1 Year Ago This Month	Total FY '07-'08	Total YTD FY '08-'09
New licenses issued	144	203	2,082	1,892
Renewed licenses	719	589	11,136	11,097
Lottery licenses issued	25	15	93	82
Collected Lottery Revenues:	\$ 307,781	\$1,993,417	\$6,954,292	\$2,975,355
Number of Active Liquor License:	11,182	11,027	n/a	n/a
Collected Licensing Revenues (including lottery revenues):	Current Month \$ 776,166	1 Year Ago This Month \$ 1,052,005	Total FY '07-'08 \$13,287,911	Total YTD FY '08-'09 \$9,501,611

Collected Revenue By Fee Type in June 2009

Fair Market Value	307,781
Applications	15,300
License Fees	263,835
Agent Change	4,950
Fines	101,865
Special Event	2,125
Club	4,350
Penalties	9,750
Copy Fees	175
Non-Use Surcharge	12,000
Audit Surcharge	10,740
Enforcement K Surcharge	22,750
Enforcement L Surcharge	20,545
Miscellaneous	-
TOTAL REVENUES COLLECTED	\$ 776,166
(fingerprints)	7,992
TOTAL REPORT	\$ 784,158

WHAT'S NEXT AT DLLC?

Upcoming Events/Milestones

Closure of DLLC Tucson Office

The Tucson DLLC office was closed on June 30, 2009. The DLLC Phoenix now handles all liquor licensing and investigative functions for the state.

FY 2009 Annual Report

DLLC will begin preparation for the FY 2009 annual report anticipated for distribution in late August 2009.

S.B. 1113 "NO FIREARMS ALLOWED" Signs

In response to an unfunded mandate included in S.B. 1113, a bill passed during the 2009 Legislative Session, DLLC will design and make available to licensees, "NO FIREARMS ALLOW" signs.

Social Media

DLLC will provide two new means of public communication through Facebook and Twitter in July 2009.

Mandatory State Website Continuity

DLLC is on target to meet the September 1, 2009 deadline for the statewide launch of a uniform look for all state websites.

Resume Newly Proposed Rulemaking

Once the rulemaking process resumes, DLLC will review a Rules rewrite, originally completed in late 2008, and include relevant updates which have occurred during the moratorium issued in January 2009. This rules rewrite is thought to be the first complete Title 4 rewrite in approximately 38 years.

E-licensing

DLLC's E-Licensing Information System, ELIS, is being developed in collaboration with GITA and NIC/CAVU. The software program is in the final stages of customization prior to a testing period which is targeted for September 2009. The "go live" date for ELIS is anticipated in January 2010. ELIS will replace a twenty (20) year old licensing system currently used by DLLC and stakeholders to record and track liquor license activities and violations.

Performance Audit and Sunset Review

The Office of the Auditor General (OAG) has completed the verbal fieldwork exit interview. A preliminary draft of the Audit Report is anticipated to be ready for DLLC's review in early July 2009 (step 6 of the 12-step Sunset Review/Performance Report procedure). OAG will complete all DLLC Performance Audit and Sunset Review reporting by March 2010.