

GOVERNOR'S MONTHLY REPORT
JULY 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 July 2009, using four (4) CUBs and three (3) officers, DLLC conducted investigations of twenty-four (24) liquor-licensed establishments. Five (5), or twenty-one (21%) percent, of these establishments sold alcohol to a (CUB) resulting in ten (10) criminal and ten (10) administrative violations. Twenty (20) of the locations were investigated in response to a complaint received by DLLC. Four (4) were follow-up visits to locations previously investigated by DLLC.

In July 2009, DLLC saw an increase of four (4%) percent in alcohol sales to the CUB compared to June 2009. This represents a decrease of four (4%) percent in sales to the CUB compared to July 2008.

Since the inception of the program, two thousand four hundred seventy-nine (2,479) establishments have been investigated and six hundred ninety-eight (698) or twenty-eight (28%) percent have been sold to CUB buyers resulting in one thousand six hundred seventy-one (1,671) administrative violations and one thousand five hundred three (1,503) 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	316	75	24%	156	154

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)**

Fourteen (14) new CUB complaints were received in July 2009. All forty-four (44) of the locations investigated in July 2009 were complaint-based investigations.

The Apache Junction/Phoenix CUB detail of July 2, 2009 included (1) CUB, and (1) DLLC Investigator. Of the eight (8) locations investigated, two (2) sold to a CUB.

The Phoenix/Glendale CUB detail of July 17, 2009 included (1) CUB and (1) DLLC Investigator. Of the seven (7) locations investigated, two (2) sold to a CUB.

The Chandler/Tempe/Phoenix CUB detail of July 24, 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 July 2009:

- 7/14 - 31 DLLC website construction begins – Comm. Dir. participated
- 7/15 Title 4 training video production begins - Comm. Dir. participated
- 7/16 E-Licensing Information System (E.L.I.S.) report prioritization complete – department heads participated
- 7/22 Arizona Information Officers 3rd Quarter meeting - Comm. Dir. participated
- 7/23 Twitter Communication Course - Comm. Dir. attended
- Neighborhood Renewal Taskforce, South Mountain Coalition – Asst. Dir of Admin participated
- 7/27 National Alcoholic Beverage Control Assoc. Survey - Comm. Dir. participated

July 2009 Law Enforcement Special Detail:

Havasu New Year's Planning - Investigator Eaton met with Havasu law enforcement

4th of July – Entire investigations division worked statewide

SPECIAL EVENTS
Media

Media Outlet	Content of Story
KOLD, Ch 13 Tucson	Inquiry about any increase to liquor robberies due to recession
ABC, Ch 15 Phoenix	Inquiry about liquor violations at "The Roadrunner"
Goldwater Institute	Inquiry about license #06070119, 06070151, 06070504
Arizona Daily Star	Inquiry about # of bars in S. Tucson during decades of '70s, '80s, '90s

DLLC's Use of Social Media

In July 2009, DLLC created a **Twitter** account and posted the following tweets:

July 21, 2009

[AZDLLC](#) Need to report underage drinking? Learn about AZ liquor laws? Visit the AZ Dept. of Liquor website @ www.azliquor.gov

July 22, 2009

[AZDLLC](#) "NO FIREARMS ALLOWED" signs & a link to S.B. 1113 are available now at www.azliquor.gov. Bill will become Arizona law on Tues., Sept. 29, '09.

July 27, 2009

[AZDLLC](#) Questions about carrying firearms in Arizona's liquor-licensed establishments? Visit www.azliquor.gov for answers -- see the homepage.

SPECIAL EVENTS Media (continued)

DLLC's Use of Social Media (continued)

In July 2009, DLLC created a **Facebook** account and posted the following tweets:

July 30, 2009

[State of Arizona Department of Liquor Licenses and Control](#) Find answers to the most frequently asked questions about Arizona liquor laws by clicking the link below.

[Frequently Asked Liquor Law Questions](#)

Source: www.azliquor.gov

July 30, 2009

[State of Arizona Department of Liquor Licenses and Control](#) Agency office hours and locations have changed. The Licensing Division is closed every Wednesday afternoon. The Tucson office has closed.

[Hours and Location](#)

Source: www.azliquor.gov

July 30, 2009

[State of Arizona Department of Liquor Licenses and Control](#) Report liquor law violations and complaints by clicking on the link below.

[Report Violations and Complaints](#)

Source: www.azliquor.gov

July 30, 2009

[State of Arizona Department of Liquor Licenses and Control](#) To answer your questions about the new law which allows people to carry concealed firearms into liquor-licensed establishments, the department has compiled the Frequently Asked Questions link below.

[Questions About The New Firearms Law](#)

Source: www.azliquor.gov

SUCCESS STATISTICS
Investigations

In July 2009, DLLC investigators completed two hundred twenty-nine (229) routine liquor inspections (RLIs) at licensed establishments and events throughout Arizona resulting in twenty-six (26) criminal citations and thirty-two (32) administrative violations. The following success statistics were completed by a staff of eight (8) fulltime investigators and a statewide investigator-to-liquor license ratio of 1:1,389.

Achievements	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Hidden Ownerships Completed	0	49	1	49
Site Inspections Completed	65	65	92	959
Actioned (administrative) Complaints	8	8	35	256
Non-Actioned (criminal) Complaints	52	52	36	532
Administrative Counts Charged	121	121	322	2,643
Criminal Charges Issued	35	35	139	1,806
Routine Liquor Inspections	229	229	411	3,798
On-view Violation Case Reports	15	15	67	403
Law Enforcement Liaison	67	67	92	909

Underage Investigations Statistics:

	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Citations Issued to Underage	26	26	0	919
Total Underage Violations Cited	11	11	124	1,234

Current Month	Younger than Age 15	-----Age-----					
		15	16	17	18	19	20
Age of minor cited	0	0	0	2	4	3	2

SUCCESS STATISTICS
Investigations (continued)

Underage Investigations Statistics (continued):

Statute/ Definition	# of Citations issued this month	Total FY 2010 YTD	1Year Ago This Month	# of Citations issued in FY '09
A.R.S. § 4-241.A Failure to Check ID	19	19	0	77
A.R.S. § 4-241.L Sold to CUB	0	0	0	157
A.R.S. § 4-241.N Use of false ID to enter premises	4	4	3	66
A.R.S. § 4-244.1 Unlicensed Resale	0	0	0	8
A.R.S. § 4-244.9 Furnishing alcohol to an underage	11	11	3	506
A.R.S. § 4-244.22 Consuming w/o permission of premises owner	0	0	0	146
A.R.S. § 4-244.33 Underage DUI	0	0	0	1
A.R.S. § 4-244.40 Alcohol in system of underage	1	1	4	202
A.R.S. § 13-2907.01 Providing false information to state	0	0	1	1
A.R.S. § 13-3478 Unlawful use of a license	0	0	1	1
A.R.S. § 28-3478.1 Unlawful use of driver's license	0	0	0	2
A.R.S. § 28-3478.3 Using another person's driver's license	1	1	0	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-three (163) active series 11 licenses and three thousand forty-one (3,041) active series 12 licenses statewide. Compared to July 2008, this is a statewide increase of ten (10) hotel/motel with restaurant licenses and a decrease of eleven (11) restaurant licenses. DLLC has three (3) fulltime auditors which brings the statewide auditor-to-liquor license ratio to 1:1,068.

Number of Cases Now Open For Audit	Current Month	This Month Last Year
Audits in progress	24	21
Audits closed	11	5
Audits initiated	14	5
Open cases w/projected ratio of >37%	15	7
Open cases w/projected ratio between 30 to 37%	6	13
Open cases w/projected ratio of < 30%	1	3
Locations granted 1 year to continue operation	0	1
Locations being monitored	71	36

In March 2009 eleven (11) audits were closed and fourteen (14) audits were initiated (audit considered initiated after an appointment date is set to pick up accounting records. Of the eleven (11) audits completed this month, eight (8) cases, or seventy-three (73%) percent, revealed actionable violations.

	Current Month	This Month Last Year	Total YTD FY 2010	Total FY 2009	Total 2003 - Present
Audits completed	11	5	11	103	287
Audits passed	9	3	9	56	108
Audits failed	2	2	2	33	136
Inconclusive	0	0	0	14	38
Other charges only	0	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 2004	23 audits
FY 2005	24 audits
FY 2006	32 audits
FY 2007	27 audits
FY 2008	61 audits
FY 2009	103 audits
FY 2010 YTD	11 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 July 2009 is five thousand seven hundred fifty (\$5,750) dollars. Audit fines assessed during the month of July 2009 total twenty-seven thousand four hundred fifty (\$27,450) dollars.

SUCCESS STATISTICS
Compliance

Achievements:	Current Month	Total YTD FY 2010	Total FY 2009	1 Year Ago This Month
Revocations	0	0	5	2
Suspensions	3	3	18	1
Surrenders	2	2	15	1
Divestitures	0	0	4	0
Administrative Complaints	0	0	44	6
Decisions & Orders	0	0	22	1

Economic Impact:

The department has collected fines totaling forty-eight thousand four hundred fifty (\$48,450) dollars from forty-eight (48) compliance actions processed and adjudicated between July 1, 2009 and July 31, 2009.

Fines Collected From Violations:

Current Month	1 Year Ago This Month	Total YTD FY '08-'09	Total FY 2009
\$48,450	\$35,100	\$48,450	\$886,440

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
2009-2010YTD	48	\$ 35,100

Adjudicated Underage Violations

Statute	Definition	adjudicated this month
A.R.S. § 4-241.A	Failure to Check ID	4
A.R.S. § 4-241.L	Sold to CUB	0
A.R.S. § 4-244.1	Unlicensed Resale	1
A.R.S. § 4-244.9	Furnishing alcohol to an underage	4
A.R.S. § 4-244.22	Consuming w/o permission of premises owner	1
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: Compliance	Current Month	Total YTD FY 2010	Total FY 2009
Hearings Scheduled	15	15	174
Licenses Granted	5	5	63
Licenses Denied	3	3	25
Continuances Granted	2	2	50
License Withdrawn	5	5	23
Hearing Vacated, No Action Required	0	0	1
Hearing Removed From Agenda	0	0	0
Rehearing Requested	0	0	1
Exemption Received	0	0	0
Appeals Heard	0	0	11

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 2009	Total YTD FY 2010
New licenses issued	132	148	2,082	1,892
Renewed licenses	797	880	11,136	11,097
Lottery licenses issued	6	6	93	6
Collected Lottery Revenues:	\$ 36,619.	\$ 271,125	\$ 6,954,292	\$ 36,619
Number of Active Liquor License:	11,112	11,027	n/a	n/a
Collected Licensing Revenues (including lottery revenues):	\$ 508,409	\$1,052,005	\$10,010,020	\$ 508,409

Collected Revenue By Fee Type in July 2009

Fair Market Value	36,619
Applications	12,900
License Fees	288,641
Agent Change	3,750
Fines	51,450
Special Event	1,600
Club	6,300
Penalties	9,000
Copy Fees	260
Non-Use Surcharge	22,900
Audit Surcharge	12,780
Enforcement K Surcharge	30,065
Enforcement L Surcharge	26,960
Miscellaneous	-
TOTAL REVENUES COLLECTED	\$ 503,225
(fingerprints)	5,184
TOTAL REPORT	\$ 508,409

WHAT'S NEXT AT DLLC?

Upcoming Events/Milestones

National Appointment for DLLC Director

Jerry Oliver was appointed as Western Regional Chairman for the National Conference of State Liquor Administrators.

FY 2009 Annual Report

DLLC will begin preparation for the FY 2009 annual report anticipated for distribution in late September 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 has designed and will print and make available to licensees, "NO FIREARMS ALLOW" signs.

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 was submitted and DLLC completed the review on July 15, 2009 (step 7 of the 12-step Sunset Review/Performance Report procedure). DLLC responded in writing and (step 8 of the 12-step Sunset Review/Performance Report procedure) agreed to/acknowledged each of OAG's recommendations and awaits OAG's response. OAG will complete all DLLC Performance Audit and Sunset Review reporting by March 2010.

END OF DLLC JULY 2009 REPORT TO THE GOVERNOR