

GOVERNOR'S MONTHLY REPORT
NOVEMBER 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 November 2009, using five (5) CUBs and three (3) officers, DLLC conducted investigations of eighteen (18) liquor-licensed establishments. Nine (9), or fifty (50%) percent, of these establishments sold alcohol to a (CUB) resulting in fourteen (14) criminal and sixteen (16) administrative violations. Seventeen (17) of the locations were investigated in response to a complaint received by DLLC.

In November 2009, DLLC saw a decrease of thirty-one (31%) percent in alcohol sales to the CUB compared to October 2009. This represents an increase of twenty-eight (28%) percent in sales to the CUB compared to November 2008.

Since the inception of the program, two thousand five hundred sixty-six (2,566) establishments have been investigated and seven hundred thirty-six (736) or twenty-eight (28%) percent have been sold to CUB buyers resulting in one thousand seven hundred forty-five (1,745) administrative violations and one thousand five hundred seventy-five (1,575) 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	361	100	28%	204	199

The statistics above reflect totals of seventeen (17) new CUB complaints and eighteen (18) locations investigated during November 2009.

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
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	7	16	2

Investigator Palubeskie is currently working on two (2) 2009 TRACE cases. Further action on these cases is pending information which will be provided to DLLC by local law enforcement agencies. The three (3) TRACE cases that were concluded in November 2009 resulted in one (1) criminal and six (6) administrative violations with two (2) additional criminal citations pending.

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 November 2009:

Maricopa County Sheriff's Reserve Meeting – deputy director participated

Arizona Information Officer's Assoc. – communication director participated

East Valley Chief's Meeting - deputy director participated

Arizona Beverage Consultants - communication director participated

West Valley Chief's Meeting - deputy director participated

November 2009 Law Enforcement Special Detail:

SADD Conference – Investigators Hall & Jaramillo attended

Cardinal Games – All investigators participated

Fake ID Training/Tucson – Investigator Miller facilitated

Pandemic Coordinator Training – Investigator Ribera attended

SUCCESS STATISTICS
Investigations

In November 2009, DLLC investigators completed two hundred seventeen (217) routine liquor inspections (RLIs) at licensed establishments and events throughout Arizona resulting in seventy-four (74) criminal citations and four (4) administrative violations. The following success statistics were completed by a staff of ten (10) fulltime investigators who uphold a statewide investigator-to-liquor license ratio of 1:1087.

A decrease in total investigative achievements during November 2009 of twenty-eight (28%) percent is attributed to reduced staff and restricted travel due to recent sweeps and budget cuts.

Achievements	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Hidden Ownerships Completed	2	14	0	49
Site Inspections Completed	68	320	72	959
Actioned (administrative) Complaints	12	57	40	256
Non-Actioned (criminal) Complaints	30	182	23	532
Administrative Counts Charged	105	727	157	2,643
Criminal Charges Issued	88	465	144	1,806
Routine Liquor Inspections	217	1,137	351	3,798
Compliance Case Reports Submitted	45	200	79	875
On-view Violation Case Reports	29	125	56	403
Law Enforcement Liaison	63	359	90	909

Underage Investigations Statistics:

	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Citations Issued to Underage	68	423	80	919
Total Underage Violations Cited	74	437	86	1,234
Total Achievements	801	--	1,113	--

Current Month	Younger than Age 15	-----Age-----					
		15	16	17	18	19	20
Age of minor cited	0	0	0	4	8	8	3

SUCCESS STATISTICS
Investigations (continued)

Underage Investigations Statistics (continued):

Statute/ Definition	# of Citations issued this month	Total FY 2010 YTD	1 Year Ago This Month	# of Citations issued in FY '09
A.R.S. § 4-241.A Failure to Check ID	7	62	0	77
A.R.S. § 4-241.L Sold to CUB	10	50	20	157
A.R.S. § 4-241.N Use of false ID to enter premises	0	25	6	66
A.R.S. § 4-244.1 Unlicensed Resale	0	0	0	8
A.R.S. § 4-244.9 Furnishing alcohol to an underage	56	207	80	506
A.R.S. § 4-244.22 Consuming w/o permission of premises owner	9	9	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	0	62	29	202
A.R.S. § 13-2907.01 Providing false information to state	0	0	0	1
A.R.S. § 13-3478 Unlawful use of a license	0	0	10	11
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	2	20	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-six (166) active series 11 licenses and three thousand one hundred three (3,103) active series 12 licenses statewide. Compared to November 2008, Arizona realized an increase of seven (7) hotel/motel with restaurant licenses and a decrease of forty-three (43) restaurant licenses. Due to the hiring freeze and budget cuts, DLLC employs two (2) fulltime auditors, down from three (3) at this time last year. With a total of three thousand two hundred sixty-nine (3,269) restaurant-type licenses combined, the statewide auditor-to-liquor license ratio is 1: 1,634.

Number of Cases Now Open For Audit	Current Month	This Month Last Year
Audits in progress	14	20
Audits closed	10	8
Audits initiated	9	8
Open cases w/projected ratio of >37%	6	5
Open cases w/projected ratio between 30 to 37%	6	15
Open cases w/projected ratio of < 30%	2	0
Locations granted 1 year to continue operation	0	0
Locations being monitored	80	30

In November 2009 ten (10) audits were closed and nine (9) audits were initiated (audit considered initiated after an appointment date is set to pick up accounting records). Of the ten (10) audits completed this month, eight (8) cases, or one eighty (80%) percent, revealed actionable violations.

	Current Month	This Month Last Year	Total YTD FY 2010	Total FY 2009	Total 2003 - Present
Audits completed	10	8	42	103	318
Audits passed	4	1	24	56	123
Audits failed	3	5	17	33	148
Inconclusive	3	2	4	14	42
Other charges only	0	0	0	0	5

SUCCESS STATISTICS
Liquor License Audits (continued)

Audit 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	42 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 November 2009 is twelve thousand (\$12,000) dollars. Audit fines assessed during the month of November 2009 total seventy-five hundred (\$7,500) dollars.

Audit Revenue 2-year Comparison

	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Fines Collected	12,000	32,875	8,375	81,275
Fines Assessed	7,500	44,075	3,625	90,775
Continuation License (Grill Bill) Revenue	0	0	30,000	90,000
Pending Continuation Licenses (Grill Bill)	1	--	0	--

SUCCESS STATISTICS

Compliance

Achievements:	Current Month	Total YTD FY 2010	Total FY 2009	1 Year Ago This Month
Revocations	0	5	9	0
Suspensions	2	20	13	1
Surrenders	2	17	17	1
Divestitures	0	4	6	0
Administrative Complaints	3	55	66	3
Decisions & Orders	4	262	48	2

Economic Impact:

The department has collected fines which total sixty-one thousand one hundred fifty (\$61,150) dollars from thirty-seven (37) compliance actions processed and adjudicated between November 1, 2009 and November 30, 2009. A decrease of forty-six (46%) percent from November 2008 collections is the result of a new payment policy instituted in June 2009 by the Compliance Unit. Designed to increase licensee's ability to remain in business during the economic downturn, the payment plan gives licensees the option to pay fines in installments rather than in one lump sum. A payment plan is agreed upon by the licensee and compliance officer during the compliance process. Although payments reduce monthly fine revenues in the short run, the long term outcome is anticipated to stimulate the economy by keeping establishments in business without reducing the amount in total collections.

	Current Month	1 Year Ago This Month	Total YTD FY 2010	Total FY 2009
Fines collected	\$61,150	\$114,000	\$277,050	\$886,440
Cases adjudicated	37	42	194	584

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	194	\$277,050

SUCCESS STATISTICS
Compliance (continued)

Adjudicated Underage Violations		Adjudicated	1 Year Ago
Statute	Definition	This month	This Month
A.R.S. § 4-241.A	Failure to Check ID	33	47
A.R.S. § 4-241.L	Sold to CUB	0	0
A.R.S. § 4-244.1	Unlicensed Resale	3	0
A.R.S. § 4-244.9	Furnishing alcohol to an underage	28	46
A.R.S. § 4-244.16	Knowingly allow furnishing liquor to underage	2	0
A.R.S. § 4-244.22	Consuming w/o permission of premises owner	5	16
A.R.S. § 4-244.33	Underage DUI	0	0
A.R.S. § 4-244.40	Alcohol in system of underage	0	0
A.R.S. § 13-2907.01	Providing false information to state	0	0
A.R.S. § 28-3478.1	Unlawful use of driver's license	0	0
A.R.S. § 28-3478.3	Using another person's driver's license	0	0

SUCCESS STATISTICS
Arizona Liquor Board

Achievements:	Current Month	Total YTD FY 2010	Total FY 2009
Compliance			
Hearings Scheduled	12	48	174
Licenses Granted	3	12	63
Licenses Denied	3	12	25
Continuances Granted	4	12	50
License Withdrawn	1	8	23
Hearing Vacated, No Action Required	0	0	1
Hearing Removed From Agenda	0	0	0
Rehearing Requested	1	2	1
Exemption Received	0	0	0
Appeals Heard	0	2	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
J.D. Ghelfi, Member (R)	Arizona Liquor Board Member Maricopa County No Financial Interest	Term Expires January 16, 2012
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

Compared to November 2008, the number of new liquor license issued has decreased by fifteen (15%) percent, renewals have decreased by thirty-two (32%) percent, and the number of active licenses has decreased by three (3%) percent.

Also in comparison to November 2008, lottery license revenues have fallen by ninety-five (95%) percent, monthly licensing revenues decreased by twenty-five (25%) percent and total YTD revenues are down approximately forty-four (44%) from \$4,824,757 at this time last year.

Achievements: Licensing	Current Month	1 Year Ago This Month	Total FY 2009	Total YTD FY 2010
New licenses issued	115	136	1,892	824
Renewed licenses	918	1,347	11,097	5,257
Lottery licenses issued	7	7	93	30
Collected Lottery Revenues:	\$ 58,983	\$1,191,723	\$ 6,954,292	\$ 192,900
Number of Active Liquor License:	10,871	11,216	n/a	n/a
Collected Licensing Revenues (including lottery revenues):	\$ 511,458	\$ 678,680	\$10,010,020	\$ 2,697,001

Collected Revenue By Fee Type in November 2009

Fair Market Value	163,819
Applications	13,025
License Fees	90,551
Out-of-State	75,462
Agent Change	3,500
Fines	64,975
Special Event	3,975
Club	2,250
Penalties	8,850
Copy Fees	70
Non-Use Surcharge	14,600
Audit Surcharge	600
Enforcement K Surcharge	32,235
Enforcement L Surcharge	32,040
Miscellaneous	10
TOTAL REVENUES COLLECTED	\$ 505,962
(fingerprints)	5,496
TOTAL REPORT	\$ 511,458

WHAT'S NEXT AT DLLC?

Upcoming Events/Milestones

Title 4 Training

Records for state-approved Title 4 training providers are being updated using new application forms which indicate the type(s) of training each provider offers (online, classroom, management, basic, etc) to licensees and their staff. The deadline for training providers to update the application is January 30, 2010. Once complete, the DLLC website will reflect the type of training provided by each company which will assist licensees when selecting a training provider.

New DLLC Website

Beginning in November, DLLC website visitors may easily report complaints and violations regarding licensed premises and submit comments, concerns and questions regarding licensing and Arizona liquor laws. Each submission, within a two-day period, receives a response which accurately addresses any questions.

Resume Newly Proposed Rulemaking

Once the rulemaking moratorium is lifted, DLLC will review the Rules rewrite completed in late 2008 to include relevant updates which have occurred since January 2009. This rules rewrite, when accepted, is thought to be the first complete Title 4 rewrite since the early 1970s.

E-licensing

DLLC's E-Licensing Information System, ELIS, is being developed in collaboration with GITA and NIC/CAVU. ELIS is anticipated to "go live" in March 2010. The software which will run ELIS is in the final stages of customization prior to a testing period which is targeted for late 2009. Interagency and licensee training will begin in early 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) completed step 10 of the 12-step Sunset Review/Performance Report procedure) which includes public comment and information gathered during the legislative hearing held on November 4, 2009. OAG will complete all DLLC Performance Audit and Sunset Review reporting by March 2010.