



STATE OF ARIZONA
ARIZONA STATE LIQUOR BOARD
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DOUGLAS A. DUCEY
Governor

J. D. GHELFI
Board Chair

JOHN COCCA
Director

Arizona State Liquor Board Hearing Minutes
March 5, 2015

Members Present: J.D. Ghelfi - Chairman, Cyndy Valdez - Vice Chairman, Bill Du Pont, Robin Cantrell, Jim Carruthers, Pud Colquitt, and Vikki Scarafiotti

Members Absent: None

Counsel Present: Michael Raine, Assistant Attorney General

Staff Present: Denise Bale, Board Administrator

A. Call to Order

The hearing of the Arizona State Liquor Board was called to order on March 5, 2015 at 10:00 a.m. with Mr. Ghelfi presiding.

Roll Call

All board members were present.

B. 10:00 a.m. Agenda: Review, consideration and action

1. Beer and Wine Store Liquor License No. 10076593 - Original Application

Clare Hollie Abel, Agent
Dollar General Store #11185
951 East Pima Street
Gila Bend, AZ 85337

This matter was continued from the February 5, 2015 meeting and is set for hearing due to public protest. The Agent, Clare Hollie Abel, appeared at the hearing. Bill Conley, District Manager for Dollar General, appeared on behalf of the Applicant and was sworn and testified. Public protestor Fred Hull appeared at the hearing and was sworn and testified.

Ms. Valdez disclosed that her employer, Golden Eagle Distributors, Inc., does business with Dollar General Stores and will be the distributor for this Dollar General Store. Ms. Valdez stated that she is not an owner or shareholder of Golden Eagle Distributors and that her compensation is not tied to the revenue of the company. She does not believe that her participation will be swayed by the business relationship of Golden Eagle Distributors with other Dollar General Stores. Unless there are objections, she does not feel the need to recuse herself. There were no objections.

Mr. Conley testified that beer and wine represent about one-half of one percent of the total store inventory. The hours of operation are 8:00 a.m. to 10:00 p.m. seven days a week. The store manager has been at this store for several years. There are security cameras at the doors, registers, in the storage room, and throughout the store. Mr. Conley responded to Board questions regarding liquor training, shoplifting, and preventing underage sales.

Mr. Hull read a prepared statement. The Board and Ms. Abel received a copy. There were no Board questions.

There was Board discussion. Mr. Du Pont made a motion regarding Liquor License No. 10076593: Based upon the Mayor and Town Council passed the motion for a license; the manager has been at that location for several years; there is a trespass policy in place; there is in-store training; and the manager of that store has taken Title 4 basic and management training, I move that we find the applicant is capable, qualified and reliable as required by A.R.S. § 4-203(A). And based upon this location has been there for the past several years, and that the current grocery store will be closing, we find that the public convenience does require that the best interest of the community will be served as required by A.R.S. 4-203(A), by granting a liquor license and that the Board grant the application.

Motion to grant license -	Du Pont
Seconded -	Carruthers
Yay -	Du Pont, Carruthers, Cantrell, Ghelfi, Valdez, Colquitt, Scarafiotti
Nay -	None
Abstained -	None
Disposition -	License granted

The Board proceeded to agenda item #3.

3. Beer and Wine Store Liquor License No. 10076590 - Original Application

Alma Angelica Ramos
LJH, LLC
Carniceria LJH
3525 W. Southern Ave., Suite 144
Phoenix, AZ 85041

This matter was continued from the February 5, 2015 meeting and is set for hearing because the City of Phoenix has recommended disapproval of this application based on a Police Department recommendation for disapproval. The Applicant, Alma Ramos, appeared at the hearing and was represented by counsel, Cameron A. Morgan. Assistant City Prosecutor Nathan J. Watts appeared on behalf of the City of Phoenix. Subsequent to this matter being scheduled for hearing, the Applicant through its counsel, Mr. Morgan, filed a Motion to Continue. Mr. Watts stated the City of Phoenix does not have a position on the Motion to Continue.

Motion to deny	
Motion to Continue -	Valdez
Seconded -	Cantrell
Yay -	Valdez, Cantrell, Du Pont, Carruthers, Colquitt, Ghelfi, Scarafiotti
Nay -	None
Abstained -	None
Disposition -	Motion to continue denied

The Board proceeded to agenda item #2.

2. Bar Liquor License No. 06070583 - Acquisition of Control Application

James Zanzucchi
Creative Impact, Inc.
Bandaids Show Lounge
2548 N. 7th Street
Phoenix, AZ 85006

This matter is set for hearing because the City of Phoenix has recommended disapproval of this application based on a Police Department recommendation for disapproval. The Licensee, Creative Impact, Inc. was represented by counsel, Harvey Yee. Timothy Zanzucchi appeared on behalf of the Applicant and was represented by counsel, Thomas Aguilera. JZ Liquor Consultants, LLC was represented by its General Counsel, Robert Traica. The City of Phoenix was represented by Assistant City Prosecutor Elizabeth Sugges.

Mr. Yee drew a diagram to illustrate the relationship of the parties and their counsel. Mr. Aguilera explained the initial application for Acquisition of Control is James Zanzucchi, Trustee for James L. Zanzucchi Revocable Trust, and Timothy Zanzucchi, Trustee for Timothy E. Zanzucchi Revocable Trust, each owning 50% of JZ Liquor Consultants, LLC. JZ Liquor Consultants, LLC owns 51% of JZMC Ventures, LLC which owns Creative Impact, Inc. doing business as Bandaid's Show Lounge. Mr. Aguilera filed a Motion to Withdraw Applicant Timothy Zanzucchi's Acquisition of Control. Ms. Sugges stated the City of Phoenix has no opposition to the withdrawal of Applicant Timothy Zanzucchi.

Motion to accept	
Motion to withdraw -	Valdez
Seconded -	Cantrell
Yay -	Valdez, Cantrell, Du Pont, Carruthers, Colquitt, Ghelfi, Scarafiotti
Nay -	None
Abstained -	None
Disposition -	Motion to withdraw granted

The current application consists of James Zanzucchi transferring 100% of his interest in JZ Liquor Consultants, LLC to his Trust. Ms. Sugges stated the recommendation for disapproval by the City of Phoenix was based on issues with Timothy Zanzucchi, not James Zanzucchi.

Motion to convene in executive session for legal advice -	Ghelfi
Seconded -	Scarafiotti
Yay -	Ghelfi, Scarafiotti, Du Pont, Cantrell, Valdez, Carruthers, Colquitt
Nay -	None
Abstained -	None
Disposition -	Convene in executive session

The Board convened in executive session at 10:40 a.m. and reconvened in open session at 11:05 a.m.

The Board heard argument from Mr. Aguilera, Mr. Yee, and Ms. Sugges regarding the withdrawal of Timothy Zanzucchi's Acquisition of Control. Mr. Traica stated that Timothy Zanzucchi had been removed from JZ Liquor Consultants, LLC and that the required documents had been filed with the Corporation Commission to remove Timothy Zanzucchi from the company.

Motion to convene in executive session for legal advice -	Ghelfi
Seconded -	Colquitt
Yay -	Ghelfi, Colquitt, Scarafiotti, Du Pont, Cantrell, Valdez, Carruthers
Nay -	None
Abstained -	None
Disposition -	Convene in executive session

The Board convened in executive session at 11:19 a.m. and reconvened in open session at 11:25 a.m.

Mr. Aguilera moved to enter Applicant's Exhibit A, Articles of Amendment to the Articles of Organization of JZ Liquor Consultants, LLC, filed with the Corporation Commission on March 4, 2015. There was no objection by the City of Phoenix. Copies were distributed to the Board.

The withdrawal of Timothy Zanzucchi will stand as an amendment to the Acquisition of Control application. Mr. Yee and Ms. Sugges both agreed to stand on the record as it relates to James Zanzucchi. Mr. Yee, Ms. Sugges and Mr. Aguilera addressed the Board.

Ms. Valdez made a motion regarding Bar Liquor License No. 06070583. Based upon the following factors related to James Zanzucchi, there is no protest by the City of Phoenix; there is no protest by the Department of Liquor Licenses and Control as to personal qualifications; there is no protest by an individual protestor; Mr. Zanzucchi has a history of owning at least four licenses, and with no violations at least since 2004. I move that we find the

Applicant is capable, qualified and reliable as required by A.R.S. § 4-203(F) and that we approve the change in Acquisition of Control.

Motion to approve change in Acquisition of Control -	Valdez
Seconded -	Cantrell
Yay -	Valdez, Cantrell, Ghelfi, Colquitt, Scarafiotti, Du Pont
Nay -	Carruthers
Abstained -	None
Disposition -	Acquisition of Control granted

The Board proceeded to agenda item #3.

3. Beer and Wine Store Liquor License No. 10076590 - Original Application

Alma Angelica Ramos
LJH, LLC
Carniceria LJH
3525 W. Southern Ave., Suite 144
Phoenix, AZ 85041

Mr. Morgan presented an application withdrawal stamped by the Department. Mr. Watts stated the City of Phoenix does not have a position on the withdrawal.

Motion to accept	
Application withdrawal -	Du Pont
Seconded -	Cantrell
Yay -	Du Pont, Cantrell, Valdez, Carruthers, Colquitt, Ghelfi, Scarafiotti
Nay -	None
Abstained -	None
Disposition -	Application withdrawal accepted

C. 1:00 p.m. Agenda: Review, consideration and action

The hearing of the Arizona State Liquor Board was called to order at 1:10 p.m. with Mr. Ghelfi presiding. Ms. Cantrell was absent. All other board members were present.

The Board proceeded to agenda item #5.

5. Beer and Wine Store Liquor License No. 10103735 - Original Application

Godlove Sopo Ngwa
Kuna Kuna Market
3408 E. Grant Road #C
Tucson, AZ 85716

This matter is set for hearing because the City of Tucson has recommended disapproval of this application based on non-compliance with Planning & Development Services Department. The Applicant, Godlove Sopo Ngwa, did not appear at the hearing and was not represented by counsel. Notice of hearing was sent to the Applicant via certified mail to the address of record. Principal Assistant City Attorney Stacy Stauffer appeared on behalf of the City of Tucson.

Ms. Valdez disclosed that this particular license is in the area where her employer, Golden Eagle Distributors, Inc., distributes alcoholic beverages. Ms. Valdez stated that she is not an owner or shareholder of Golden Eagle Distributors and that her compensation is not tied to the revenue of the company. She does not believe that her participation will be swayed by the potential business relationship. Unless parties have any objections, she will not recuse herself. There were no objections.

Ms. Stauffer stated that as of today the record remains the same with Planning & Development Services. All mail has been returned. There have been efforts to communicate with the Applicant since then and the fee remains unpaid. Ms. Stauffer moved for denial of the liquor license. The location was not contested at the City level.

There was no Board discussion. Mr. Du Pont made a motion regarding Liquor License No. 10103735: Based on the Mayor and City Council's vote for denial, the inability for him to attend the Mayor and City Council meeting and the current meeting before the Liquor Board, and the inability to follow through in paying all dues and fees required to obtain a liquor license; I move that the Applicant is not capable, qualified and reliable as required by A.R.S. § 4-203 and that the Board deny this application based on personal qualification only.

Motion to deny license -	Du Pont
Seconded -	Colquitt
Yay -	Du Pont, Colquitt, Carruthers, Valdez, Ghelfi, Scarafiotti
Nay -	None
Abstained -	None
Disposition -	License denied

The Board proceeded to agenda item #4.

4. Restaurant Liquor License No. 12104347 - Original Application

Thomas Robert Aguilera, Agent
QQ Sushi Restaurant, LLC
QQ Sushi Restaurant
4554 E. Camp Lowell Drive
Tucson, AZ 85712

This matter is set for hearing because the City of Tucson has recommended disapproval of this application based on location. This matter is also set for hearing due to public protest. The Agent, Thomas Robert Aguilera, appeared at the hearing. Winston Chou was present to interpret for the Applicant. Kent Chen, Zi Quan Lu, You Ling Lu, and April McMahon appeared on behalf of the Applicant and were sworn. Mr. Chen, Mr. Lu, and Ms. McMahon testified. Principal Assistant City Attorney Stacy Stauffer appeared on behalf of the City of Tucson. Public protestor Diana Lett, representing Feldman's Neighborhood Association, appeared at the hearing and was sworn and testified.

Ms. Valdez disclosed that her employer, Golden Eagle Distributors, Inc., would be the distributor of Anheuser-Busch products and other products should this license be granted. Ms. Valdez stated that she is not a shareholder of Golden Eagle Distributors and that her compensation is not tied to the revenue of the company. She believes that she can participate as a fair and impartial Board member. With respect to the Islamic Center of Tucson, her youngest daughter lives in Level on the third floor, not facing the Islamic Center, and she does not have a balcony. Unless there are objections from the parties, she will not recuse herself. There were no objections.

Mr. Du Pont disclosed that he has done business with Bob Lett, using him as a consultant for his neighborhood on several issues and for other neighborhoods. He has also worked with Diana Lett on neighborhood issues for many years. Mr. Du Pont feels that he can be impartial [inaudible] as found in Title 4. [inaudible [Mr. Du Pont]] There were no objections.

Mr. Aguilera drew the Board's attention to A.R.S. § 4-201(B) and the fact that Feldman's Neighborhood Association did not file organizational documents with the City of Tucson and the State Liquor Board. There was discussion with the parties regarding compliance with A.R.S. § 4-201(B) and whether Ms. Lett would be allowed to speak on behalf of Feldman's Neighborhood Association.

Motion to convene in executive session for legal advice -	Ghelfi
Seconded -	Du Pont
Yay -	Ghelfi, Du Pont, Colquitt, Scarafiotti, Valdez, Carruthers
Nay -	None
Abstained -	None
Disposition -	Convene in executive session

The Board convened in executive session at 1:32 p.m. and reconvened in open session at 1:42 p.m.

The decision was made to allow Ms. Lett to speak on behalf of Feldman's Neighborhood Association as it relates to the items addressed in the letter of protest. Mr. Aguilera delivered his opening statement. He drew a diagram of the area and discussed the development taking place in the Main Gate Urban Overlay District. Ms. Stauffer waived an opening statement. Ms. Lett discussed her position.

Mr. Aguilera called his first witness, Zi Quan "Ricky" Lu. Mr. Lu has been in the restaurant business for eight years and has been a sushi chef for eight years. His job at the restaurant is going to be mostly in the kitchen. He hired Mr. Chen to be the general manager. Mr. Lu has completed Title 4 liquor law training. He met with representatives of the Islamic Center of Tucson to resolve parking issues and other concerns. Mr. Lu testified that the restaurant has been open one month, the menu is reasonably priced sushi, and that sixty percent of the customers are students. Mr. Lu addressed questions about selecting this location and working with the City of Tucson.

Mr. Aguilera called his next witness, Kent Chen. Mr. Chen is a restaurant architect. He has managed restaurants in other states since the late 1970's and has complied with liquor laws in each state. Mr. Chen discussed the restaurant employees and that a prerequisite for employment is completing Title 4 liquor law training. All current employees have completed liquor law training.

The Board recessed from 2:43 p.m. to 2:50 p.m.

There was cross-examination regarding saturation of liquor licenses in the area and over serving customers. There were no Board questions.

Mr. Aguilera called April McMahon to testify on the distances from QQ Sushi Restaurant to student housing, the entrances of the Islamic Center, hotels and other restaurants in the Main Gate Urban Overlay District, and how those distances were determined. Mr. Aguilera rested his case. Ms. Stauffer stood on the record.

Ms. Lett presented her measurement of the distance between QQ Sushi Restaurant and the Islamic Center. Ms. Lett testified to the threatening acts directed at Muslim community members and the garbage she found in the parking lot of the Islamic Center the night before the hearing. She testified that women and children are in danger and that alcohol exacerbates violent behavior. Mr. Aguilera cross-examined Ms. Lett. There were questions from the Board.

Mr. Aguilera, Ms. Stauffer and Ms. Lett made closing remarks. There was Board discussion. Ms. Valdez made a motion regarding Liquor License No. 12104347. Based upon the following factors: the Department of Liquor Licenses and Control and the City of Tucson are not protesting the Applicant's personal qualifications; the Applicant is experienced in the restaurant industry and has several years as a sushi chef. The Applicant and his sister have taken the appropriate basic and management liquor law training. A key condition of employment at QQ Sushi is that all employees will be trained in the liquor law. They have also hired an experienced general manager to oversee the operations. Therefore, I move that we find that the Applicant is capable, qualified and reliable as required by A.R.S. § 4-203(A). And based upon the following factors: there are no other reasonably priced sushi options in the area; the service of liquor will complement the menu; therefore, this serves the public convenience. Customers have asked for the service of liquor. The Tucson Police Department had no issues with the location but noted that the Applicant was in compliance. The same was noted by the Planning and Development Services Department and the Finance Department. The only neighborhood association to protest was Feldman, although there are other neighborhood associations in the area. The population in this area is increasing and the restaurant has been deliberately designed where the alcohol storage is not in a readily accessible area for beer runs. I move that we find, therefore, that the public convenience does require and the best interest of the community will be served as required by A.R.S. § 4-203(A) and that the liquor license application be granted.

Motion to grant license -	Valdez
Seconded -	Colquitt
Yay -	Valdez, Colquitt, Du Pont, Carruthers, Ghelfi
Nay -	Scarafiotti
Abstained -	None
Disposition -	License granted

The Board proceeded to agenda item H.

H. Call to the Public

Diana Lett, Feldman's Neighborhood Association, addressed the Board. Thomas Aguilera, Aguilera Law Group, PC, addressed the Board.

The Board proceeded to agenda item D.

D. Minutes: Review, consideration and action

Motion to approve the February 5, 2015 minutes -	Valdez
Seconded -	Carruthers
Yay -	Valdez, Carruthers, Du Pont, Ghelfi, Colquitt, Scarafiotti
Nay -	None
Abstained -	None
Disposition -	February 5, 2015 minutes approved

Motion to approve the February 5, 2015 Executive Session minutes -	Valdez
Seconded -	Colquitt
Yay -	Valdez, Colquitt, Du Pont, Ghelfi, Carruthers, Scarafiotti
Nay -	None
Abstained -	None
Disposition -	February 5, 2015 Executive Session minutes approved

E. HB2359: Review, consideration and action

HB2359 is in the Senate and assigned to the Government Committee. There was Board discussion.

F. R19-1-704: Report on staff procedures

Mr. Raine revised the Notice of Hearing language pertaining to submitting documents to the Board. Ms. Bale will continue to work with attorneys and non-attorneys to educate parties that rule R19-1-704 is being enforced.

G. Reports on Current Events, Matters of Board Procedure, Requests and Items for Future Agenda

The Board welcomed Director John Cocca. The next meeting is April 2, 2015. There was discussion about holding a future meeting in Flagstaff. Mr. Ghelfi requested an agenda item for a future meeting to have interpretation of A.R.S. § 4-201 as it relates to documentation required of neighborhood associations and implementation of procedures.

The Board adjourned at 4:38 p.m.



 Denise M. Bale
 Administrator of the
 Arizona State Liquor Board



 Date