

GOVERNOR'S MONTHLY REPORT
AUGUST 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 August 2009, using twelve (12) CUBs and six (6) officers, DLLC conducted investigations of forty-five (45) liquor-licensed establishments. Seventeen (17), or thirty-eight (38%) percent, of these establishments sold alcohol to a (CUB) resulting in thirty-four (34) criminal and thirty-four (34) administrative violations. Five (5) 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 August 2009, DLLC saw an increase of seventeen (17%) percent in alcohol sales to the CUB compared to July 2009. This represents an increase of two (2%) percent in sales to the CUB compared to August 2008.

Since the inception of the program, two thousand five hundred twenty-four (2,524) establishments have been investigated and seven hundred fifteen (175) or twenty-eight (28%) percent have been sold to CUB buyers resulting in one thousand seven hundred five (1,705) administrative violations and one thousand five hundred thirty-seven (1,537) 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	338	88	26%	182	179

Nineteen (19) new CUB complaints were received in August 2009. All forty-five (45) of the locations investigated in August 2009 were complaint-based investigations.

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	3	3	0

Investigator Palubeskie is currently working on one (1) open 2008 TRACE case and three (3) 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 August 2009:

- 8/3 – 8/31 statewide website continuity, DLLC finalized project – comm. dir. leads project
- 8/12 Hate Groups in Arizona law enforcement meeting – director participated
- 8/17 firearms signage meeting with Arizona Restaurant & Hospitality Assoc. – dir. and comm. dir.
- 8/20 West Valley Chiefs Meeting – deputy director participated
Underage Drinking Committee – deputy director participated
- 8/25 Lake Havasu briefing Labor Day – deputy director participated
- 8/31 e-licensing information system schedule status meeting – dir., asst. dir of admin participated

August 2009 Law Enforcement Special Detail:

- 8/4 Fake ID and Title 4 training – Law Enforcement Expo Civic Plaza – Sgt. Kuhl and Investigator Miller lead
 - 8/8 Fake ID and TRACE training – Military - Investigators Palubeskie and Miller lead
 - 8/26 Fake ID and TRACE training – DPS - Investigators Palubeskie and Miller lead
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SPECIAL EVENTS

Media

Media Outlet	Content of Story
State Government AP	Auditor General Report pg 34 & legislation after lottery goes away
KPNX ABC 12 News	Liquor law training & fake ID classes
Arizona Republic	New firearms legislation and current firearms laws
ASU Campus News	Fan Can beer on Arizona's college campuses
KOLD 13 News	Increase in liquor robberies due to recession
KNXV ABC 15 News	092886 The Roadrunner liquor law violations
Goldwater Institute	New firearms legislation and # of CCW in state
Arizona Daily Star	# of bars in S. Tucson in 70s, 80s, 90s
KPHO CBS 5	New Firearms legislation
KNXV ABC 15 News	New Firearms legislation
KTVK 3 News	New Firearms legislation

DLLC's Use of Social Media

In August 2009, DLLC created a **Twitter** account and posted the following messages:

August 21, 2009

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

August 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.

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

August 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

August 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

August 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

August 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 August 2009, DLLC investigators completed one hundred ninety-nine (199) routine liquor inspections (RLIs) at licensed establishments and events throughout Arizona resulting in seventy-one (71) criminal citations and twenty (20) 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 1:1,120. Enforcement is now fifty-eight (58.8%) percent less than one year ago when the number of fulltime investigators was seventeen (17) and the investigator-to-liquor license ratio was 1:676. Achievement statistics output has declined proportionately by fifty-one (51%) percent since August 2008.

Achievements	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Hidden Ownerships Completed	4	4	8	49
Site Inspections Completed	55	120	65	959
Actioned (administrative) Complaints	14	22	27	256
Non-Actioned (criminal) Complaints	24	76	37	532
Administrative Counts Charged	118	239	247	2,643
Criminal Charges Issued	71	106	137	1,806
Routine Liquor Inspections	199	428	351	3,798
Compliance Case Reports Submitted	44	99	77	875
On-view Violation Case Reports	15	30	53	403
Law Enforcement Liaison	76	143	90	909

Underage Investigations Statistics:

	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Citations Issued to Underage	71	97	79	919
Total Underage Violations Cited	61	72	105	1,234

Current Month	Younger than Age 15	-----Age-----					
		15	16	17	18	19	20
Age of minor cited	0	0	0	4	8	11	

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	11	30	0	77
A.R.S. § 4-241.L Sold to CUB	10	10	10	157
A.R.S. § 4-241.N Use of false ID to enter premises	2	6	0	66
A.R.S. § 4-244.1 Unlicensed Resale	0	0	0	8
A.R.S. § 4-244.9 Furnishing alcohol to an underage	28	39	49	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	5	6	19	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	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	5	6	1	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 two thousand nine hundred ninety-three (2,993) active series 12 licenses statewide. Compared to August 2008, there has been a statewide increase of seven (7) hotel/motel with restaurant licenses and a decrease of ninety-three (93) restaurant licenses. DLLC has two (2) fulltime auditors. With a total of three thousand one hundred fifty-six (3,156) restaurant-type licenses combined, the statewide auditor-to-liquor license ratio is 1:1,1578.

Number of Cases Now Open For Audit	Current Month	This Month Last Year
Audits in progress	19	18
Audits closed	7	11
Audits initiated	2	8
Open cases w/projected ratio of >37%	11	2
Open cases w/projected ratio between 30 to 37%	6	16
Open cases w/projected ratio of < 30%	2	3
Locations granted 1 year to continue operation	0	0
Locations being monitored	75	34

In March 2009 seven (7) audits were closed and two (2) initiated (audit considered initiated after an appointment date is set to pick up accounting records. Of the seven (7) audits completed this month, seven (7) cases, or one hundred (100%) percent, revealed actionable violations.

	Current Month	This Month Last Year	Total YTD FY 2010	Total FY 2009	Total 2003 - Present
Audits completed	7	11	18	103	294
Audits passed	3	5	12	56	111
Audits failed	4	4	6	33	140
Inconclusive	0	2	0	14	38
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	18 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 August 2009 is three thousand six hundred twenty-five (\$3,625) dollars. Audit fines assessed during the month of August 2009 total six hundred twenty-five (\$625) dollars.

Audit Revenue 2-year Comparison

	Current Month	Total FY 2010 YTD	1 Year Ago This Month	Total FY 2009
Fines Collected	3,625	9,375	7,500	81,275
Fines Assessed	625	28,075	11,500	90,775
Continuation License (Grill Bill) Revenue	0	0	0	90,000
Pending Continuation Licenses (Grill Bill)	2	--	2	--

SUCCESS STATISTICS
Compliance

Achievements:	Current Month	Total YTD FY 2010	Total FY 2009	1 Year Ago This Month
Revocations	1	1	5	1
Suspensions	2	5	18	3
Surrenders	0	2	15	1
Divestitures	0	0	4	0
Administrative Complaints	1	1	44	4
Decisions & Orders	8	8	22	2

Economic Impact:

The department has collected fines totaling eighty thousand seven hundred fifty (\$80,750) dollars from forty-nine (49) compliance actions processed and adjudicated between August 1, 2009 and August 31, 2009.

Fines Collected From Violations:

Current Month	1 Year Ago This Month	Total YTD FY 2010	Total FY 2009
\$80,750	\$74,500	\$132,200	\$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	97	\$132,200

Adjudicated Underage Violations

Statute	Definition	Adjudicated This month	1 Year Ago This Month
A.R.S. § 4-241.A	Failure to Check ID	3	20
A.R.S. § 4-241.L	Sold to CUB	0	0
A.R.S. § 4-244.1	Unlicensed Resale	0	0
A.R.S. § 4-244.9	Furnishing alcohol to an underage	3	7
A.R.S. § 4-244.22	Consuming w/o permission of premises owner	0	20
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: Compliance	Current Month	Total YTD FY 2010	Total FY 2009
Hearings Scheduled	9	24	174
Licenses Granted	1	6	63
Licenses Denied	3	6	25
Continuances Granted	3	5	50
License Withdrawn	0	5	23
Hearing Vacated, No Action Required	0	0	1
Hearing Removed From Agenda	0	0	0
Rehearing Requested	1	1	1
Exemption Received	0	0	0
Appeals Heard	1	1	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 August 2008, the number of new liquor license issued has increased by eighteen (18.9%) percent, renewals have increased by eight (8.9%) percent, and the number of active licenses has increased by one (1%) percent.

Also in comparison to August 2008, lottery license revenues have fallen by forty-seven (47.1%) percent, license revenues have decreased by two (2.4%) percent, and total YTD revenues are down approximately eighteen (17.7%) percent from the YTD total of \$1,304,611 this time last year.

Achievements: Licensing	Current Month	1 Year Ago This Month	Total FY 2009	Total YTD FY 2010
New licenses issued	152	129	1,892	469
Renewed licenses	892	814	11,097	2,609
Lottery licenses issued	7	6	93	13
Collected Lottery Revenues:	\$ 55,501	\$ 104,797	\$ 6,954,292	\$ 141,416
Number of Active Liquor License:	11,204	11,093	n/a	n/a
Collected License Revenues (including lottery revenues):	\$ 565,925	\$579,273	\$9,428,848	\$ 1,074,334

Collected Revenue By Fee Type in August 2009

Fair Market Value	55,501
Applications	13,925
License Fees	311,560
Agent Change	3,500
Fines	80,750
Special Event	3,575
Club	6,325
Penalties	8,700
Copy Fees	72
Non-Use Surcharge	13,400
Audit Surcharge	12,480
Enforcement K Surcharge	26,320
Enforcement L Surcharge	23,380
Miscellaneous	5

TOTAL REVENUES COLLECTED	\$ 559,493
(fingerprints)	6,432
TOTAL REPORT	\$ 565,925

WHAT'S NEXT AT DLLC?

Upcoming Events/Milestones

FY 2009 Annual Report

The DLLC FY 2009 annual report will be ready for distribution in October 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 had 1500 "NO FIREARMS ALLOW" signs printed which are now available to licensees.

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 the Rules rewrite completed in late 2008 to include relevant updates which have occurred during the moratorium issued in January 2009. This rules rewrite, when accepted, is thought to be the first complete Title 4 rewrite in approximately since the early 1970s.

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) completed step 8 of the 12-step Sunset Review/Performance Report procedure) and has publicly released the audit findings for DLLC. OAG will complete all DLLC Performance Audit and Sunset Review reporting by March 2010.

END OF DLLC AUGUST 2009 REPORT TO THE GOVERNOR
