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| *www.IowaABD.com* | *Lynn M. Walding, Administrator* |

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|  | e - NEWS |
| *August 20, 2004* | |

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**1. Government Minus Red Tape Equals Success**

By Sharon Baltes *– Business Record*

August 9, 2004

The results for year one of the Iowa Charter Agency pilot program show that if you give governmental bodies more authority to manage, they’ll do a better job of it, and even set a national example.



As of July 1, 2003, six Iowa government agencies - the Department of Revenue, the Department of Corrections, the Department of Human Services, the Department of Natural Resources, the Iowa Veterans Home and the Alcoholic Beverages Division - were granted charter agency status for five years. The legislation for the Charter Agency program, part of a larger movement of "reinventing" government, was passed by the Iowa General Assembly at the end of the 2003 legislative session.

Iowa Alcoholic Beverages Division warehouse worker Bobbi Heimberg loads a pallet of liquor cases onto a trailer. Heimberg was hired by the state after the Iowa ABD took over its own warehouse duties as part of its charter agency status.

The agencies received an assignment in conjunction with their new status. Their goal, along with the Iowa Lottery, which retains a unique status, was to contribute $15 million to the effort to reduce the state’s budget deficit, either through cost savings or increased revenues. In exchange, the charter agencies received more flexibility, more autonomy and less red tape.

"The idea was introduced and passed at the end of the 2003 legislative session as a way to help balance the budget," said Jim Chrisinger, who is in charge of strategic planning and accountability for the Iowa Department of Management. "The state ran in to the problem where it had anticipated revenues of a certain amount and anticipated expenditures of a certain amount, and the latter number was higher. They had to figure out how they were going to close the gap before the session ended, and having $15 million come from the charter agencies would help. "

The results show that each agency met or exceeded its contribution goal, bringing the total savings generated by the program to more than $22 million, far surpassing initial expectations. Put another way, the charter agencies worked harder, with less funding in some cases, to help close the deficit in the general fund. What made this possible were the new opportunities that came with the "lighter bureaucratic cloud," as Chrisinger described it.

"You need the rules and regulations, but you don’t want it to be the only thing that people think about," Chrisinger said. "You need rules to accomplish their purpose, but you don’t want them to get in the way of innovation or better service to your customers. Like the bottom line in business is service to your customers, the bottom line for state government is service to Iowans."

The agencies say what is even more significant about the past year are the new ideas and programs they’ve launched, which will forever change and enhance their services to Iowans.

The Department of Revenue was able to cut costs and create additional revenue to the tune of $1.3 million. Its goal had been $1 million. Simply by having the state-mandated cap lifted on the number of full-time employees it could have, along with having new access to grant money to hire additional employees, the department was able to concentrate on two areas that were eating away at its bottom line, said Cindy Morton, administrator of the department’s internal services division.

"Through the money we received through the grant, we knew that we could go out and hire new auditors," Morton said. "By doing that, we devoted those new employees to going in to some examination of tax returns that we knew could bring in some additional revenue, and we looked at some things that were slowing us down and causing us to pay more in interest."

Similarly, the Department of Natural Resources was able to make significant changes to its staff, and saved $38,281 by replacing contract employees with 15 full-time positions. Because of the cap on full-time employees, the DNR had been dependent on area staffing agencies to provide contract labor for its office jobs, costing it extra money in third-party administrative costs and training and retraining the temporary employees to fill permanent positions, according to Liz Christiansen, deputy director of the department.

"The contract, we had made it so that we couldn’t keep an employee more than 18 months," Christiansen said. "Where we know we have long-term funding, it makes sense to have those positions under full-time employment."

Many agencies also reduced their travel costs. As charter agencies, they no longer had to follow the state’s travel company contract, and could take advantage of the most economical vendor for their purposes, including Internet options.

Another example of how charter agencies can act more like private businesses, demanding competitive rates for services, is in place at the Department of Corrections. The department is in the process of using its new authority to save taxpayers money on prescription drugs by submitting bids to multiple public and private-sector providers, instead of using a single provider.

Some of the changes the departments made as charter agencies were based on practical business sense. Others were a long time in the planning. But as the agencies found out, any change had a marked effect on the propelling them into further action.

The Alcoholic Beverages Division instituted many changes after gaining its charter agency status, and its efforts helped produce a 22 percent increase in revenues for fiscal year 2004. The ABD’s contribution goal had been $1.25 million. Its actual contribution was $9.8 million.

"We were able to take advantage of the entrepreneurial spirit and fashion profitable programs for the state," said Lynn Walding, administrator of the division. "A lot of the ideas we put in place were ideas that we had beforehand, but there was no way to implement them. The charter agency initiative encouraged innovativeness, and therefore, the programs were able to come to life, and to the benefit of the taxpayers."

Some of the changes the ABD instituted included taking over control of its distribution warehouse, which will save $64,000 per month, and developing a business plan with the Department of Corrections to use a combination of state employees and inmates from the Iowa Women’s Correctional Institute, which will result in a net savings of $1.5 million over the next two fiscal years. Also, the division initiated a variable wholesale liquor markup program March 1, which is showing early signs of increasing annual profits.

In the process of evaluating the division, Walding said they also found ways for the ABD to improve customer service, with many of the best ideas coming from the workers and staff who were most familiar with operations.

Christiansen said she has found that the charter agency program has also prompted the DNR employees to share their ideas on how to work toward "world-class government."

"Tremendous opportunities have been identified, through the changes that we’re going through, which includes the charter agency initiative, and it’s brought out the best in our folks," she said.

Though it may have taken strained economic times to prod the state government into exploring the "reinvention" of government, the new ideas that are being explored are helping bring the public sector up to speed with the private sector, Chrisinger said.

"Government has been much slower to come around to this more entrepreneurial, more team-oriented, more decentralized, more customer-oriented and less rule-oriented status, but slowly, that’s begun to happen," Chrisinger said. "Now the public sector is learning and borrowing from the private sector and adapting that learning and borrowing to the special circumstances of government and the public sector."

COUNCIL RECOGNIZES IOWA CHARTER AGENCY PROGRAM Last month, The Council of State Governments selected the Iowa Charter Agency program as one of two regional winners for its 2004 Innovations Award Program, which is aimed at facilitating the transfer of successful ideas among the states.

The charter agency pilot program was launched in Iowa during fiscal year 2004, which ran July 1, 2003, to June 30, 2004. The highlights of the year include:

• The Alcoholic Beverages Division increased revenues 22 percent, which provided an additional $360,000 for substance abuse programs.

• The Department of Human Services helped boost Medicaid funding to schools, from $4.26 million in fiscal 2003 to $5.35 million in fiscal 2004.

• The Iowa Veterans Home generated an additional $361,778 and completed phase one of a three-phase electronic documentation project.

• The Department of Revenue saved $683,705 in interest payments and collected $633,705 from audits.

• The Department of Natural Resources hired 15 full-time employees and generated $76,500 through a new timber/lumber sales program.

• The Department of Corrections exceeded its goal to increase the use of women inmate labor on projects by 50 percent.

**Charter Agencies Savings and Revenue Reporting**

**Department Total Commitments Actual Total**

Human Services $ 1,000,000 $ 1,000,000

Corrections 500,000 500,000

Natural Resources 200,000 204,665

Revenue 1,000,000 1,316,778

Veterans Home 1,300,000 1,300,000

**Alcoholic Beverages 1,250,000 9,780,000**

Uncommitted Grant Funds (1) 1,550,000

Lottery 8,000,000 8,000,000

**All Departments Total $ 14,800,000 $22,595,443**



**2. Shaken and Stirred**

Pramit Pal Chaudhuri and Fred Weir *– Hindustan Times*

August 14, 2004

NEW DELHI / MOSCOW -- He who controls vodka controls global alcohol. The struggle for vodka brands has created a superpremium market for the clear spirit

In the beginning there was Absolut. Today there is Belvedere to Wyborowa. And the ranks of the premium and super-premium vodka brands continue to multiply.

The latest entrant – it’s still getting its 15 minutes of special display at airport duty-free shops – is the award-winning 42 Below. Distilled at the 42nd parallel, it’s 42 proof and unabashedly writes “Product of New Zealand” at the base of the bottle.

How did the world get to the point it was willing to pay $ 35 for a bottle of Kiwi vodka? Answer: The global struggle for the mastery of branded vodka.

Vodka used to be a rotgut for Slavic peasants. Today it’s the drink of choice of the 21st century yuppie. The Beamer in the bar. The Armani of alcohol. The message of the June $ 2 billion purchase of Gray Goose by the Bacardi family was clear. Any global distiller who lacks name-recognition vodkas will be screwdrivered out of existence.

Absolut began the revolution. Its Swedish creators began with a chic image. Its famous ads were conceived, its clear bottles designed and its city-smart target audience selected even before a lab was asked to create a drink to go with all this. Then came the placements in the James Bond films and celeb endorsements that included Salman Rushdie.

Absolut became a multi-billion dollar success. It also remade vodka. It attracted professional women who liked it as a cocktail base. It also weaned a new generation of males off their father’s whisky. Vodka is today the world’s best-selling tipple.

But Absolut may have sown the seeds of its own destruction. It’s moral: Anyone can peddle vodka for as much as $ 300 a bottle, just get the marketing right.

So no surprises when a US-owned, French-made Gray Goose, selling itself as a super-premium vodka, entered the market in 1997 and left Absolut reeling. Absolut has lost half its marketshare in the US.

Absolut responded this year with its own upper-end Level. But it may have left it too late. The market is now crawling with super-premiums.

Super-premiums seem a lot of effort for a niche market. But the profit margins are fat and growth is good. In the US, superpremium vodka sales have grown at double the rate of other vodkas. And while they represent only 23% of sales in terms of volume, they rake in 44% of the revenue.

Though many superpremiums are launched by small firms, they are often picked up by global distillery giants. Bacardi trapped Gray Goose as part of its overall strategy to beat its main rival Diageo. San Francisco-based Skyy was absorbed into the Campari group. Chopin is marketed by Pernod-Ricard.

Superpremiums are infamous for some of the worst ad puffery in the business. Like Absolut, which claims to be 400 years old, they often claim to have origins in the mediaeval era. Most use organic grain, water from various ancient springs and glaciers and claim mind-bogglingly complex distillation processes.

However, most taste tests indicate superpremiums are actually smoother than their proletariat brethren. But this is obvious only when taken straight or in a martini.

In this, superpremium vodkas would seem to be close to the original Russian ideal. Russian don’t mix their vodkas and flavoured vodka is only for women. A good vodka should not burn the throat but explode inside. And that is what superpremiums do. But Russians can’t feel just a little peeved at how their national drink has become the global tipple – and that most of the resulting profits are going to strange firms in Belgium or the UK. It doesn’t help that vodka celebrates the 500th anniversary of its discovery this year.

Ivan Kostyn, head of quality control at the Kristall factory, where the best of Russia’s vodkas are made, including Stolichnaya, is adamant: “I’ve tried a lot of foreign  vodkas in my life. Some are not too bad, but none were better than the products we make at Kristall…Russian vodka is the best and always will be”.

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**The supervodkas**

42 Below Top of the vodka pops now. From New Zealand

Belvedere Nutty vanilla flavour. Made from rye. Polish

Stoli Gold Russia tries to get into super-premium end.

Wyborowa Extremely smooth. Frank Gehry designed bottle.

Grey Goose Anise taste. Flavoured versions are best

Turi Rated to have a mild peppery aftertaste. From Estonia

Level Named after special distillation process. Made by Absolut



**3. A-B Goes Clubbin' With Marketing Message**

By Gregory Cancelada – *St. Louis Post-Dispatch*

August 12, 2004

On a recent Friday night, Anheuser-Busch Cos. and Grey Eagle Distributors Inc. handed out one-day-fresh Budweiser and Bud Light beer at a crowded Helen Fitzgerald's Irish Pub and Grill on South Lindbergh Boulevard.

The free beer, eagerly grabbed by young adults waiting for a local band, was part of the brewer's eight-year-old freshness campaign, in which consumers get a chance to sample beer packaged that day.

Though the freshness message appears to be aimed at competing beers, Anheuser-Busch also has a new rival in mind: distilled spirits.

Last year, the volume of spirits consumed increased 4.5 percent, according to the Distilled Spirits Council of the United States.

In contrast, domestic-beer consumption declined 0.3 percent in 2003, according to trade publication Beer Marketer's Insights.

In recent years, distillers have made inroads as states loosen laws controlling spirits - such as restrictions on Sunday sales - and cable provides a mass advertising medium for an industry that faces a voluntary liquor-ad ban on broadcast television.

But the success of distillers is due mostly to strong marketing efforts at on-premises locations, such as bars and taverns, said Michael C. Bellas, chief executive of research and consulting firm Beverage Marketing Corp. in New York. "Basically, it's been a fairly effective marketing job on-premises."

This has forced the brewer to look beyond its traditional rivals, a move that Anheuser-Busch first announced at its annual shareholders meeting in April.

Five years ago, Anheuser-Busch wouldn't have noticed spirit companies doing promotions because the brewer was so focused on increasing its beer market share, said Michael J. Owens, vice president of sales and marketing at A-B's domestic-brewing subsidiary.

"Now, we are very aware of the (spirit) promotions they are conducting," he said. "We know that they have aggressively targeted the on-premises as the place to re-establish their growth."

So, the brewer has been stepping up on-premises marketing efforts by increasing the frequency of older programs like the freshness campaign and adding new ones to keep young adults - ages 21 to 27 - loyal and excited about its malt beverages.

But the task is still the same: "Make people feel better about Anheuser-Busch and feel better about the choice they're making," Owens said.

**No. 1 beverage**

Beer remains the most popular alcoholic beverage in the United States, and no other drink is close to surpassing it.

On a per-capita basis, American adults 18 and older consumed about 307 servings of beer last year, compared with 148 servings of spirits and 71 servings of wine, according to Robert Weinberg, a brewing-industry consultant based in St. Louis.

But distilled spirits should grow rapidly in the next five years because baby boomers are increasing their consumption, a behavior consistent with previous generations, he said.

A statistical model developed by Weinberg projects that spirit consumption could grow to 200 servings per adult by 2009 as beer increases only to 315.

The figure, however, doesn't mean the U.S. brewing industry is under threat, Weinberg said.

Beer is the most common drink at most social occasions, and there is nothing to indicate that distilled spirits will take this position, he said. "Beer is a lubricant of social interaction."

Beyond five years, the outlook for beer improves because of a new generation of young drinkers and the shrinking population of baby boomers, Weinberg said. "There have been changes like this in the past."

But analysts are seeing an increase in the consumption of spirits among young drinkers, and the beer industry worries that it might be a trend rather than a fad.

Choice-conscious younger drinkers - ages 21 to 27 - like the wide variety of colors and flavors available in mixed drinks as well as the sophistication and allure created by cable shows like "Sex and the City," said Bellas, the consultant.

"All those women would go out and have cosmopolitans," he said. "It caught a little bit of the fancy of young consumers."

The recent interest wasn't ignored by brewers, who partnered with distillers to offer spirit-branded malt beverages.

In A-B's case, the brewer and Bacardi Corp. launched the Bacardi Silver family of drinks in 2002.

Distillers also have taken advantage of the low-carbohydrate craze, pointing out that many spirits, such as vodka and whiskey, have no carbs.

"We're seeing more spirits consumption with that age group than we've seen in previous generations," said Owens, the A-B marketing executive.

Because a company builds its long-term brand equity and image with young drinkers, they are critical to maintaining the life of A-B's brands, he said.

"So, what are we going to do about it? We're going to do more on-premises; we're going to invest more in our sampling programs," Owens said. "But we're also going to look at new products as we move forward that can put more fun back into beer."

**Building excitement**

The on-premises tactics used by distillers are familiar to Anheuser-Busch.

"You see Captain Morgan running around. You see Bacardi teams out there. You see a Jagermeister bus driving around," Owens said. "Those are really beer tactics that we used to do against Coors, Miller and imports."

A-B has a well-stocked arsenal of marketing programs that it can tap. They include "One Night Stand" and "Bud Light Lounge," where well-known bands play at intimate venues.

One of A-B's newest marketing efforts is the Bud Light Maxim Enfocate parties, a variation of Bud Light Maxim events co-sponsored with the men's lifestyle magazine.

The first party - aimed at young, hip Latino adults - was held during April in Chicago. They're held in 26 urban markets today.

During these on-premises events, the sponsors hand out special invitations to a small number of partygoers who get to attend a VIP bash later in the year and even have a chance at appearing in a local Bud Light ad.

"It's a private party. It's exclusive. It's a hot account. It's a tie-in into beautiful people," Owens said.

These events also help Anheuser-Busch to build a co-ed experience, something the brewer wants to expand on.

But big events can't substitute for programs like the freshness campaign, which can be done more frequently, he said.

"You still have to do the basics," Owens said. "You still have to make sure that you have fresh beer in the account, that you have great point-of-sale (marketing material)."

Besides expanding its on-premises marketing, Anheuser-Busch will be fiercely defending key "beer occasions," the social events people most closely connect to beer.

Sporting events, after-work socializing, family gatherings, picnics and casual dining are events where beer dominates, Owens said.

"Those are the key occasions that we have to protect," he said. "When you see spirits trying to do NASCAR, which is beer's bread and better, you know that they're trying to take our occasions."

In June, NASCAR turned down a request by Roush Racing to allow U.K. distiller Diageo PLC to sponsor spirits on Jeff Burton's No. 99 Ford. The organization has a ban on liquor ads.

But A-B's strategy goes beyond promotions. Fresh packaging also offers the company a way to make its products look more contemporary and stylish to young adults.

The brewer has begun introducing a new, transparent label for Bud Light, a process it expects to complete nationwide by June 2005.

Anheuser-Busch also will test the use of aluminum bottles with Michelob and Michelob Light to upgrade the images of those products.

At the same time, the brewer will continue to develop new products that can appeal to young adults.

"Michelob Ultra was a great innovative idea for us that really helped us with on-premises consumers and retailers," Owens said. "(Retailers) are looking for us (just) as they are spirits companies to bring them ideas that will help generate incremental sales."



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| **4. Capitol Update - Effects of .08 Alcohol Limit After One Year**  By Todd Dorman – *Iowa Newspaper Association*  August 16, 2004 |

**It's been just more than a year since Iowa lowered its blood alcohol threshold for drunken driving, and the dire predictions of critics who fought the change have yet to materialize.**

DES MOINES - It's been just more than a year since Iowa lowered its blood alcohol threshold for drunken driving, and the dire predictions of critics who fought the change have yet to materialize.

Opponents of lowering the limit argued that it would overburden prosecutors, fill jails, ensnare social drinkers and discourage Iowans from stopping by their favorite watering holes. So far, the law hasn't fulfilled those nightmares.

But those fears dominated the debate for years while the Legislature resisted lowering the alcohol limit. And lawmakers didn't budge until the federal government threatened to pull highway dollars.

The limit finally dropped from 0.10 to 0.08 on July 1, 2003.

Supporters of the change argued that it would save lives. Early data compiled by state officials is encouraging.

According to the Iowa Department of Transportation, or DOT, the number of alcohol-related crashes and fatalities dropped during the last six months of 2003 compared to the same period in 2002.

Between July 1 and the end of December in 2003, Iowa recorded 56 alcohol-related crashes and 63 fatalities. That's a decline from 69 crashes and 74 deaths during the same six-month period in 2002.

This year, DOT analysts say the state is on pace for a five-year low in overall traffic fatalities. As of mid June, 149 people have been killed on Iowa roadways, compared to 192 by the same point in 2002 and 156 in 2001. Over the July 4 holiday, crashes took 3 lives compared to 10 in 2003.

But So far, the 0.08 limit has not sparked a meteoric spike in drunken driving arrests. According to the DOT, alcohol-related license revocations during the last six months of 2003 actually dropped when compared to 2002 - from 8,816 to 8,463. Due to a quirk in reporting methods, however, the 2003 figure does not include the final two weeks of December.

Between July 2003 and the middle June, the Iowa State Patrol reported 100 arrests involving drivers with blood alcohol levels between 0.08 and 0.10. Troopers, on average, catch more than 2,000 drunken drivers every year.

According to a 70-county sample released this month by the Iowa Division of Criminal and Juvenile Justice Planning, inebriated drivers arrested with blood alcohol levels below 0.10 made up about 5 percent of all drunken driving arrests between July and October 2003.

But the same analysis found that the number of first time offenders charged during the July-October period in 2003 jumped 9 percent compared to the same period in 2002. It's uncertain how many of those offenders were charged after testing between 0.08 and 0.10.

Black Hawk County Attorney Tom Ferguson said his office has prosecuted more than 40 drivers in the past year with levels between 0.08 and 0.10. He said most are first-time offenders and some have been involved in crashes.

"I think some people were concerned our numbers would skyrocket. We have not seen that," Ferguson said.

The same is true in Woodbury County, according to Mark Campbell, an assistant county attorney. Assistant Muscatine County Attorney Korie Shippee also said her caseload has remained stable. Cerro Gordo County has seen only about a half-dozen such cases and none have been tied to traffic accidents.

But prosecutors and bar owners contend that the law's biggest impact has been psychological. They say Iowans are thinking twice about driving drunk for fear of crossing the lowered line.

"As far as business-wise, I haven't noticed a real decline in business," said Rhonda Capron, who owns Rhonda's Speakeasy in Sioux City. "I have noticed that a lot of people are getting smarter. Maybe the 0.08 is OK."



**5. Todhunter International, Inc., Announces Financial Results for Fiscal 2004 Third Quarter and Nine Months Ended June 30, 2004**

August 13, 2004

WEST PALM BEACH, Fla.--(BUSINESS WIRE)--Aug. 13, 2004--Todhunter International, Inc. (AMEX:THT - News), producer and distributor of the Cruzan line of rums from the Virgin Islands and a leading distiller of rum, brandy, and importer and marketer of premium branded spirits, today reported financial results for its third quarter and nine months ended June 30, 2004.

Net sales for 2004's nine-month period were $69,966,854, an increase of 6.2% over $65,876,955 in the same period last year. Gross profit was $22,355,505, an increase of 4.2% over $21,453,113 in the same period last year. Nine-month period net income was $1,745,308, or $0.30 per diluted share, compared to $1,828,042, or $0.32 per diluted share, one year ago. During the prior fiscal year's first and third quarters, the Company incurred one-time charges of approximately $1,078,000, net of income taxes, relating to the retirement of the Company's former Chief Executive Officer and Chief Financial Officer. After adding back these charges, earnings per diluted share were $0.52 in the nine-month period ended June 30, 2003.

Net sales for fiscal 2004's third quarter were $25,485,359, an increase of 10.4% over $23,087,731 in the same period last year. Gross profit was $7,375,664, a decrease of 8.5% from $8,064,736 in the same period last year. Third-quarter net loss was $224,506, or $0.04 per diluted share, compared with net income of $1,892,432, or $0.34 per diluted share, one year ago.

Commenting on the results, Jay S. Maltby, Chairman and Chief Executive Officer, said, "While our operating and net income was adversely affected by decreased sales in our bottling operations and increased marketing expenses related to the Cruzan brand, our premium brands business continues its strong sales and volume growth, with net sales increasing by 49.8 percent for the quarter and 38.4 percent for the nine-month period. We are very excited about the recent strong growth of the Cruzan brand in the face of increasing competition in the flavored rum category. Our strong results validate our brand promotion strategy and are an indication of the increasing acceptance of the Cruzan brand in the trade and by consumers. The current heavy investment spending in the Cruzan brand lays the foundation for substantial earnings in future years. Sales in our bottling operations, however, continued to decline as a result of a contraction in the ready-to-drink product category, for which we are a major contract bottler. Responding to this decline, in July 2004 we completed the consolidation of our bottling operations to reduce overhead. However, bottling operations volume has not met even our reduced expectations for this year, which has caused a continuing loss in this segment. We are placing a renewed emphasis on the sales effort in this segment, seeking other contract bottling opportunities. Additional sales, coupled with savings to be realized from the consolidation, should reverse this loss trend in future quarters." The Chairman also noted, "Our core bulk alcohol, vinegar and cooking wine businesses are stable and providing good cash flow to support our investment spending on Cruzan."

Todhunter International, Inc., is a major supplier of rum, brandy and wine to the beverage alcohol industry. The Company also produces ultra-premium single-barrel aged rums and tropical rums, vinegar and other alcohol-related products.



**6. Bacardi Doesn't Need an IPO, Chair Says**

From *Herald Wire Services*

Bacardi Ltd., the world's biggest maker of rum, would need a good reason to sell shares to the public, Chairman Ruben Rodriguez said.

''Everything is pretty much set, but we need a reason and we need a good reason, and for that we need an opportunity,'' Rodriguez said in a televised interview with Bloomberg News. ``To finance the acquisition of Grey Goose we didn't need to tap the public market.''

About 600 shareholders, most of whom are family members, own closely held Bacardi, which was founded in Cuba in 1862 and is now based in Bermuda. The company's shareholders have given the board all necessary approvals to go ahead with an initial public offering if needed, Rodriguez said.

Bacardi may not need to sell shares to the public to finance future acquisitions because the company generates enough cash, Rodriguez said



**7. Bear Drinks 36 Cans of Favorite Beer**

Source: *Associated Press*

BAKER LAKE, Wash. - Rain-eeeeer .... Bear? When state Fish and Wildlife agents recently found a black bear passed out on the lawn of Baker Lake Resort, there were some clues scattered nearby - dozens of empty cans of Rainier Beer.

The bear apparently got into campers' coolers and used his claws and teeth to puncture the cans. And not just any cans.

"He drank the Rainier and wouldn't drink the Busch beer," said Lisa Broxson, bookkeeper at the campground and cabins resort east of Mount Baker.

Fish and Wildlife enforcement Sgt. Bill Heinck said the bear did try one can of Busch, but ignored the rest.

"He didn't like that (Busch) and consumed, as near as we can tell, about 36 cans of Rainier."

A wildlife agent tried to chase the bear from the campground but the animal just climbed a tree to sleep it off for another four hours. Agents finally herded the bear away, but it returned the next morning.

Agents then used a large, humane trap to capture it for relocation, baiting the trap with the usual: doughnuts, honey and, in this case, two open cans of Rainier. That did the trick.

"This is a new one on me," Heinck said. "I've known them to get into cans, but nothing like this. And it definitely had a preference."



**8. New York: New Bar Craze: Alcohol Via Vapor**

*The Journal News*

A new machine allowing barhoppers to inhale liquor instead of drinking it is set to debut in New York City tomorrow night — but in Westchester, it faces staunch opposition from County Executive Andrew Spano, who worries it could lure underage drinkers.

Spano said yesterday that he is seeking either a local or statewide ban on the Alcohol Without Liquid — or AWOL — machine, a British device that mixes vaporized liquor with oxygen to deliver a fine alcoholic mist. To inhale one shot, a customer must breathe the vapors for about 20 minutes, according to an AWOL marketing Web site.

"This is really attractive to youngsters," said Spano, who called the machine a potential setback to county efforts to curb teen drinking and drunken driving. "It's portable, and it will wind up at parties with kids. ... We don't want it in Westchester, and, in fact, we don't want it in the state."

AWOL, already available in Europe and Asia, will make its first regional appearance tomorrow night at Trust Lounge in Manhattan, where its American distributor, Spirit Partners, is touting it as a low-carb, low-calorie and hangover-free alternative to regular imbibing. According to the company's promotional materials, the device delivers a "euphoric 'high' " and wards off hangovers by making oxygen part of each shot.

"It's just a fun new way for adults to experience alcohol," said Kevin Morse, who is part-owner of the North Carolina-based distributor. At a cost of $3,000 to $3,600, the device — replete with disposable mouthpieces — is being sold to bars and individuals "who like expensive toys," Morse said, provided they are older than 21.

"We don't want to sell to minors," he said.

Spirit Partners suggests AWOL be used no more than once an hour and only twice in a 24-hour period to avoid overconsumption. Morse denied AWOL is any more dangerous than regular alcohol consumption.

"A lot of people haven't seen the machine yet and are acting off of a lot of rumors," Morse said.

The machine is not at the moment being installed in any Westchester bars, though Morse said he hoped it would be soon. But Spano said he is worried that if AWOL reaches the area, a bar serving both AWOL and traditional drinks might have trouble monitoring how much alcohol a patron is consuming.

Without extensive scientific testing, it remains unclear just how much alcohol an AWOL user absorbs, critics across Europe have charged in the months since AWOL was introduced there early this year.

Spirit Partners said that an AWOL shot produces a nearly immediate buzz by sending alcohol into the bloodstream more quickly than drinking. But the company also said the level of alcohol found in the body after AWOL use is lower than for traditional drinkers. The slow delivery helps prevent drunkenness, it said.

The controversy has been enough to get AWOL banned in New South Wales, Australia (where officials also recently outlawed such bar exotica as an alcoholic aerosol spray and bottled alcoholic milk), and also has drawn fire from Suffolk County Legislator Jon Cooper, D-Lloyd Harbor, who has proposed banning the machine on eastern Long Island.

Part of what critics oppose is AWOL marketers' use of phrases normally associated with health foods.

Several testimonials on the AWOL USA Web site call the inhaled alcohol experience "light" and "clean." Brian Kaley, the executive director of Behavioral Health Services at St. John's Riverside Hospital in Yonkers, said he was concerned AWOL is trying to make alcohol consumption sound safer or more healthful than it really is.

"The Web site portrays it like a toy, but the intake of alcohol is not something to be taken lightly," said Kaley, who runs the county's largest drug and alcohol rehabilitation program.

If an informal survey taken yesterday along Southeast Yonkers' McLean Avenue bar row is any indication, AWOL's biggest obstacle may not be lawmakers or doctors bent on banning it. Just convincing partiers it's a good idea might be tough in its own right, said cousins Sarah and Ethna Carthy, at Fagan's Ale House.

"Drinking is something where you sit, meet people and talk," said Sarah Carthy, 24, originally from County Donegal, Ireland. "To sit there with a mask to your face for 20 minutes ... "

"It just sounds highly dodgy," finished Ethna Carthy, 23.



**9. Ranking Reflects U of I's Alcohol Problems**

By Perry Beeman – *Des Moines Register*

August 18, 2004

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| |  |  |  |  | | --- | --- | --- | --- | |  | |  | | --- | | **Where does U of I rank?** | | The University of Iowa showed up in the Princeton Review's list of the Best 357 Colleges as one of the top drinking schools. The U of I also was second in the nation (University of Illinois at Champaign-Urbana was first) in using too many teaching assistants in upper-level classes.  Iowa State University wasn't on the drinking lists, but came in No. 11 in the popularity of intramural sports (Notre Dame was tops) and No. 8 in "jock schools" (Florida topped that list).  The University of Northern Iowa wasn't listed.   Read more about it at [www.princetonreview.com](HTTP://www.princetonreview.com) | | |

The University of Iowa continues to fight alcohol problems, an effort not helped by the Princeton Review listing it as a top party school, a university official said.

The Review's latest ranking of the Best 357 Colleges in various categories lists Iowa fifth in hard-liquor drinking, 13th in beer drinking. Washington and Lee University in Lexington, Va., was first in both beer and hard liquor.

Iowa State University, the University of Northern Iowa and Drake University weren't on the list of top drinking schools.

Jim Clayton, co-coordinator of the U of I's Stepping Up Project, which fights alcohol abuse by offering other activities, said the problem won't subside until students younger than 21 are banned from Iowa City bars. As it is, anyone 19 or older can get in.

That problem is growing. In 1974, downtown Iowa City, which is next to the U of I, had nine bars and restaurants with liquor licenses. Now it has 45, Clayton said.

"We still have work to do," Clayton said. Last year, two students died in incidents related to drinking, he said.

"These people list 'party schools.' Maybe they should list 'death schools,' and people would have a different perspective," Clayton said. He questioned the validity of the survey rankings but acknowledged that Iowa has a problem with drinking.

The Review reported that the rankings were based on "student feedback," typically several hundred online and in-person questionnaires.

Clayton's program came after a drunken student died after inhaling his vomit in 1995.

