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

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|  | e - NEWS |
| *September 3, 2004* | |

1. [Official: Alcohol Distribution Doesn’t Need to be Privatized](#First)

2. [New Owners Reopen Union](#Second)

3. [Critic: Cigarette, Alcohol Ads Toxic](#Third)

4. [Diageo Cheered by Alcopops Sales](#Fourth)

5. [Takeover Fever Uncorked as Californian Vineyard Plans Shareholder Shake-up](#Fifth)

6. [Catfish Bend Record Clear After Early Snags](#Sixth)

7. [Police Up Efforts to Stem Tobbaco Use by Minors](#Seventh)

8. [US: Pearl Vodka Launches Coconut Flavour](#Eighth)

9. [U.S. Could Face New Export Tariffs](#Ninth)

**1. Official: Alcohol Distribution Doesn’t Need to be Privatized**

By Bret Hayworth – *Sioux City Journal*

September 1, 2004

SIOUX CITY, IA -- The director of the Iowa Alcoholic Beverages Division sees no need for the state's alcohol distribution system to be privatized.

The matter is being discussed by the Iowa Legislature's Government Oversight Committee, but IABD administrator Lynn Walding said two other recent looks into privatization came back with the same recommendations -- to keep the status quo.

The Iowa Alcoholic Beverages Division leader since 2000, Walding said most Iowans probably don't even realize the state is one of 17 nationally to have it's liquor "controlled." That means alcohol first comes to the IABD, which then exclusively wholesales it on down the chain to Class "E" liquor license retailers.

Since 2000, privatizing has been researched by the state auditor and the Program Elimination Commission, which wrapped up work in 2003. Both times, the question "to see if we should or should not be in business" of wholesaling liquor, Walding said, came back with an affirmative answer. The Government Oversight Committee will discuss the issue on Sept. 9.

While it ultimately "is a legislative decision," Walding said, he said he envisions no privatization unless there is a public groundswell to take the state out of the mix. But he said that likely won't happen. Walding defends the state's role, since it produces revenue for the state and it controls liquor, "no ordinary product."

If private companies were to take over the duties, he said, they would take the approach of promoting an increase in alcohol consumption, something the state does not do. "We do not promote consumption at the wholesale tier," Walding said.

Another outcome, he said, is that about three main private wholesalers would quickly command the business, turning from a public monopoly to a private monopoly. Further, Walding added, Iowans could pay about 18 percent more for their alcohol purchases, since private firms would seek about a 20 percent return on their money, much higher that the 2 percent the IABD takes into state coffers.



**2. New Owners Reopen Union**

By Vanessa Miller - *Iowa City Press-Citizen*

August 27, 2004

**Men hope to avoid past problems of Big Ten's biggest bar**

IOWA CITY, IA -- Although the leaves are changing and the summer is slowly fading, fall can yield fresh starts, second chances and new beginnings for some.

Students are embarking on a new school year, sports teams are preparing for another season, and the Union Bar -- under new management -- is reopening.

The establishment at 121 College St. closed in May after becoming the first bar in town to receive four citations for serving to underage patrons. Previous owner George Barlas, who was forced to surrender his liquor license, sold the Union in August to four Des Moines residents in their mid-20s, and Thursday night, the novice proprietors opened for their first night of business.

Under the glowing green sign that has been dim the past three months, bar-hoppers and fun-seekers lined up once again to enter not only the biggest bar in Iowa City, but the largest in the Big Ten conference.

"I think it's a fun place to go every once in awhile ... you can re-live your freshman days," said Ali Pignotti, 21. The University of Iowa senior from Orland Park, Ill. said Thursday afternoon that she and her friends planned to visit the Union on its first night open. "We are going there tonight actually because it's reopening. We were here all summer and it was closed. So it will be interesting to see if it looks different or not."

Marty Maynes said it will.

The 25-year-old co-owner said workers have done a lot to clean up the facilities, including the addition of new flat-screen televisions, a refinished bar top, upgraded floors and better ceiling fans.

"We've done everything we can do to make it look nicer and cleaner," Maynes said Thursday afternoon, adding that the owners did not receive the liquor license until earlier in the day.

The multi-level establishment has two expansive dance floors and five bars. With a capacity of 725 people, Maynes said the traditional layout of the 20-year-old bar will remain the same.

Joining Maynes as owners of the facility are Erik Anderson, 25, George Wittgraf, 23, and Shane Bellefy, 23. Although city and state officials have expressed concerns that the bar is too large to control, making violations difficult to avoid, Maynes said the ownership team is not worried.

"We've made it clear to our employees how they should handle themselves," he said, adding that of the business' 80 employees, about 35 will work each night. "I don't foresee any problems. Our door procedures will be slightly different than what a lot of other bars have."

Maynes said the bar will allow patrons age 19 and older, putting them in compliance with the city law enacted last Aug. 1 banning those under age 19 from entering alcohol-serving establishments after 10 p.m. Upon entrance, those who can legally drink will get wristbands and hand stamps.

"We want to have two ways to check instead of one," he said.

Three of the four violations that forced Barlas to relinquish his license and sell the business came within the first three months after he bought the bar in April 2002. Barlas said he fired the cited employees immediately. According to Lynn Walding, administrator with the state's Alcoholic Beverages Division, the fourth violation was issued May 31, 2003 after Barlas himself served someone underage.

Large crowds exiting the expansive establishment have caused police some difficulty as well, officials said. In March, about 70 people were involved in a series of fights that began just outside the Union.

Before Barlas bought the bar, previous owner Jim Pohl pleaded guilty to misdemeanor charges after allegations of nudity and underage drinking at the business were made in 2001.

Iowa City Police Sgt. Brian Krei said despite the bar's past, he does not expect officers to pay more attention to the establishment.

"We are not going to direct more attention to one bar than any other bar. That is not the practice of the Iowa City Police Department," Krei said. "Since they have new owners, they might be doing all they can to make sure there are no violations at that bar. It's only the name that's the same."

Maynes said the Union will be open Tuesday through Saturday with varying hours.

"I feel this is very significant," Maynes said of the bar's reopening. "Not only to the student body, but to the city. I think we can change the way things are run in this town. If we can do things right, we will set the example for everyone else."



**3. Critic: Cigarette, Alcohol Ads Toxic**

By Julie Zare *- The Daily Iowan*

[August 30, 2004](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20040830.html)

IOWA CITY, IA -- Advertisements - particularly those promoting cigarettes, alcohol, and a perfect figure - should raise the same public-health concerns as the products they tout, an internationally renowned media critic said Sunday as she denounced such "manipulation and censorship."

Jean Kilbourne, a lecturer known for her research on tobacco and alcohol advertising, called for greater scrutiny of "powerful" ads that shape American behavior before a near-capacity audience at Hancher Auditorium.

"We have the right to be free from manipulation and censorship. This is a real freedom," Kilbourne said. "We must fight and cherish it."

The one-and-a-half hour lecture, "Deadly Persuasion: Advertising and Addiction," outlined the difficulty of living healthily in what Kilbourne called a "toxic cultural environment." Advertising, she said, is a powerful educational force that Americans must recognize to remain independent from a barrage of harmful images.

Most people believe they are not influenced by advertisements, but in truth, powerful messages seep into their unconscious minds, she said. Consciously, Americans process only about 8 percent of all advertisements, she said.

"Advertisers want us to define freedom as the right to drink, smoke, and diet," she said. "Addiction is the opposition of freedom, and all they're selling to us is slavery."

Kilbourne chose nicotine advertisements to begin her slide presentation. A hush fell over the crowd as she iterated that nicotine is the nation's deadliest drug, killing more users than all other drugs combined.

Afterward, a handful of UI students said they were shocked to learn about the strength of advertising.

"We thought it was interesting how she referred to both alcohol and cigarettes as a drug," said UI senior Brian Early.

Robin Willham, a preschool teacher from Winfield, Iowa, called the presentation "extremely eye-opening."

"It causes us to be overall better consumers and to be more aware of what we find in the media," she said.

Kilborne concluded by saying the most important task for Americans is to work on prevention and consider advertising as much a public-health issue as high-risk drinking, smoking, or obesity. The Hancher audience gave her a standing ovation.



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| 4. Diageo Cheered by Alcopops Sales  Iain Dey, City Editor – *Scotland On Sunday*  August 29, 2004  Strong sales of alcopops and Guinness in the US are expected to offset a stagnant performance from the UK and Ireland when Diageo unveils its annual results this week.  The world’s biggest spirits company has already warned that restructuring costs and currency movements would hit the bottom line – which is expected to squeeze profits 1% lower to £2.1bn  But North American sales are expected to have climbed by at least 8% thanks to the launch of the group’s Smirnoff Twisted V ready to drink brand. Although Guinness sales in the UK and Ireland are likely to be weak, US sales are believed to be booming.  Investors will also be looking for progress on the group’s plans to sell its 21% stake in US food business General Mills – a move which is expected to spark a £1bn share buyback programme.  Dresdner Kleinwort Wasserstein said in a research note: “Notwithstanding our cautious overview for the industry, we have discerned two positives for Diageo: firstly the RTD [ready to drink] portfolio, driven by Smirnoff Twisted V, is growing 20% in the year to date due to brand reinvention and reduced competition. Secondly as evident in the first half, Guinness is thriving in the US – up nearly 20% as well in the year to date.”  At an earnings per share level, the profits are expected to weigh in at about 48.1p. The dividend is expected to be pushed to 27.65p from 25.6p last year. | http://business.scotsman.com/img/pxl.gif |



**5. Takeover Fever Uncorked as Californian Vineyard Plans Shareholder Shake-up**

By Abigail Townsend *– Independent News*

29 August 2004

A radical overhaul of the share structure at Robert Mondavi, the prestigious California wine business, is expected to kick-start a battle for control by some of the world's biggest drinks companies.

The wine maker is planning to reduce the Mondavi family's voting control from 85 to just 40 per cent. Shares in the group soared on the news, as Wall Street predicted that Mondavi would either be split up or would hoist a "for sale" sign over the entire business.

Founded in 1966 by Robert Mondavi, the company is known for its premium brands, which sell for up to $125 (£70) a bottle in the US and are distributed in 90 countries. It was one of the first wineries to establish California's reputation as a leading producer.

Potential suitors are thought to include Diageo and Allied Domecq. Pernod Ricard of France, which owns Jacob's Creek, and Constellation Brands, the US giant, may also be in the running. Mondavi has a market value of $679m but could sell for considerably more because of the strength of its brand.

Allied Domecq has built up its wine business over the past few years and now owns brands such as Mumm, Montana and Clos du Bois. Its portfolio stretches across New Zealand, France and California, among other countries, although it has failed to secure a producer in Australia.

Sources close to Allied Domecq and Diageo played down suggestions that either would bid for Mondavi but conceded they would be looking at the business.

However, one drinks analyst said: "Allied Domecq would like to buy in Australia but the problem with these things is that companies put forward strategies and then something comes in left of field." He added that Diageo, which owns the Blossom Hill label, would also be interested "as long as it's a sensible valuation".

The potential sale comes during a period of consolidation for the drinks industry, with family-controlled whisky distiller Glenmorangie putting itself up for sale only last week.

The Mondavi family has a long history of not getting on. When Cesare Mondavi died in 1959, he left his wine business to his two sons, Robert and Peter, but Robert was voted out and the brothers did not speak for 20 years.

Robert went on to set up the rival wine maker Robert Mondavi, later suing the family and winning part of the original vineyard. His sons, Tim and Michael, were joint chief executives during the 1990s, but they also had a difficult relationship. Both men are now vice-chairmen, with Gregory Evans brought in as chief executive in 2000.



**6. Catfish Bend Record Clear After Early Snags**

By [Brian Sharp](http://www.press-citizen.com/apps/pbcs.dll/personalia?ID=113) - *Iowa City Press-Citizen*

August 28, 2004

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| |  | | --- | | • Catfish Bend casino has paid $253,300 in fines levied by the Iowa Racing and Gaming Commission. • It has one infraction with the Iowa Alcoholic Beverages Division. That brought a three-day liquor license suspension and $15,000 civil penalty. | |
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IOWA CITY, IA -- While it holds the dubious distinction of having received the largest fine ever handed down by the Iowa Racing and Gaming Commission, Catfish Bend Casino has maintained a clean record since 1999.

Catfish Bend, whose owners are proposing a new casino and resort near Riverside, is the second smallest of the state's 10 riverboat casinos when it comes to revenue. In the budget year that ended June 30, the casino reported an adjusted gross income of $31.1 million and 562,211 visits. Only the Mississippi Belle II, which has ties to Catfish Bend through the Kehl family, recorded less.

Jack Ketterer, the gaming commission administrator, described Catfish Bend as "typical," neither better nor worse than the state's other casino operators. All are screened, put through extensive background checks and monitored by six on-site Department of Criminal Investigations agents.

"They've been in compliance, for the most part," Ketterer said, adding that every facility has been fined at one time. "It's really easier to make it tough for them to get through the door, rather than to try and kick them out the door once they're here."

The biggest black mark on Catfish Bend's record dates from Sept. 19, 1995. Records show Phillip Marshall arrived at the casino and drank to apparent intoxication while losing $10,000. When he later killed himself in the parking lot, his blood-alcohol level registered .239 -- more than twice the legal limit at the time; nearly three times the .08 standard today.

Investigators soon learned there were a number of unreported problems with casino surveillance equipment, and the then-director of security refused to cooperate with authorities. Officials determined that upper management was unaware of the director's actions and he was fired. The state commission, however, handed Catfish Bend a $250,000 fine.

It was a wake-up call, officials said, as other casinos also were being cited with alcohol infractions.

"When that situation (at Catfish Bend) came up, I think we had the licensees' attention," Ketterer said, "and they became very vigilant."

Ketterer said the size of the fine largely was because of the security director's actions. In all, Catfish Bend has forked over $253,300 in fines since forming in November 1994, with seven other violations mainly for procedural errors. The Fort Madison casino has one violation with the state Alcoholic Beverages Division, for serving an intoxicated person in August 1995. That brought a three-day liquor license suspension and $15,000 civil penalty.

"The gaming institutions generally don't pose a lot of problems," said Lynn Walding, the division administrator. "Early on there was an issue ... but they took corrective steps, so, for the most part, it's pretty rare that I have a problem."

He settled two alcohol violations with gaming facilities this summer.

"I'm not saying it doesn't still exist," Walding said.

Added Ketterer: "(The casinos) do a pretty exemplary job when you look at the number of people who go into these places."



**7. Police Up Efforts to Stem Tobbaco Use by Minors**

*The Hawk Eye*

August 28, 2004

KEOKUK, IA -- The Keokuk Police Department will partner with the Iowa Alcoholic Beverages Division in an effort to keep tobacco away from minors.

In addition to performing compliance checks on local retailers, the partnership under the Iowa ABD's Iowa Pledge Program plans to set up education and training classes on tobacco law for retail clerks.

Compliance checks and education and training classes are intended to make sure retail clerks exercise greater caution when dispensing tobacco products.

Local officers wearing street clothes will perform compliance checks with minors who attempt to purchase tobacco using their own valid identification. Clerks who sell to the minors and the retailers who employ them are subject to the following penalties:

for the employee — 1st offense $100, 2nd offense $250, 3rd and subsequent offense $500;

for the retailer — 1st offense $300, 2nd offense (within two years) $1,500 or 30–day suspension, 3rd offense (within three years) $1,500 and 30–day suspension, 4th offense (within three years) $1,500 and 60–day suspension, and 5th offense (within four years) revocation of the cigarette permit.

For more information about the Iowa Pledge Program, visit [www.IowaABD.com](http://www.IowaABD.com).



**8. US: Pearl Vodka Launches Coconut Flavour**

Source: *just-drinks.com editorial team*

August 31, 2004

The Canadian ultra-premium spirit Pearl Vodka has extended its brand to include a coconut flavour offering in the US.

The brand is called Lo Coco.

"Lo Coco is truly one of the industry's finest ultra-premium, flavored vodkas. It has a rich and unique taste - perfect for enhancing the versatility of today's cocktails," said Analisa Blakley, Pearl Brand director. "We're proud to announce the availability of Lo Coco, because it's a refreshing departure from the current flavored vodkas on the market and we've accomplished this without compromising quality over innovation."

Lo Coco is available nationwide in three sizes: 50 ml, 750 ml and 1 litre. The 750 ml size is priced at approximately US$24.00 per bottle.



**9. U.S. Could Face New Export Tariffs**

*The Wall Street Journal,* Page A3

September 1, 2004

**WTO Authorizes Measures For Violating Trade Rules; A Setback for Bush, Congress**

The Bush administration suffered another defeat on international trade as the World Trade Organization cleared the way for major U.S. trading partners to impose punitive tariffs on U.S. exports.

The WTO's action targeted a 2000 law that last year doled out $210 million to U.S. companies hit by imports that were priced unfairly low. Under the law, known as the Byrd amendment, the U.S. collected some $710 million in all from antidumping tariffs from 2000 to 2003 and disbursed it directly to the U.S. companies -- sellers of everything from ball bearings and steel to candles, crawfish and pasta -- that had raised the original complaints about the low-priced imports.

Similar antidumping measures are a widely accepted practice within WTO rules. They enable countries to place tariffs on products that they find are being exported at prices below those charged in their home markets.

But the Byrd amendment takes the idea a step further by giving the tariff money to U.S. companies. The European Union and other complainants argued that the law amounts to an unfair double dip for the U.S. companies because it gives them both tariff protection and a cash bonus. Critics in the U.S. say the law, with its promise of big cash rewards, has led to an upsurge in antidumping cases and has prompted companies to alter their strategies simply to qualify for payments.

**COUNTDOWN TO CONFLICT**

A World Trade Organization ruling allows the European Union and other major U.S. trading partners to increase tariffs as retaliation for Washington's refusal to repeal a law channeling anti-dumping duties to U.S. companies hit by unfair imports.

• October 2000: U.S. Congress approves Byrd amendment, allowing Washington to pass on to U.S. companies duties collected from countries it says are illegally dumping products onto the U.S. market.

• July-August 2001: Ten countries and the European Union ask the WTO to hear their complaint that the practice violates international trade agreements.

• September 2002: WTO panel calls on the U.S. to repeal the Byrd amendment.

• October: The U.S. appeals the WTO's judgment.

• January 2003: The U.S. loses its appeal and is given until December to comply.

• August 2004: WTO arbitration panel says eight countries winning the WTO case could raise tariffs by an amount equal to 72% of annual future disbursements to U.S. companies. Those anti-dumping duties totaled about $240 million in 2003.

Sources: European Union; WSJ research

The WTO ruling would allow the initial list of eight trading partners -- the EU, Brazil, Canada, Japan, Chile, India, South Korea and Mexico -- to raise their own tariff income to an amount equal to 72% of the annual disbursement by imposing punitive duties on U.S. exports. For 2003, that figure would have been about $150 million.

Australia, Thailand and Indonesia, which joined in the original suit, have given the U.S. until the end of this year to change the law before seeking sanctions of their own. Even the countries that remained in the suit are unlikely to move quickly to impose new duties. European Trade Commissioner Pascal Lamy said in a statement that he hoped the U.S. "will now take action to remove this measure, thus avoiding the risk of sanctions." Japan issued a similar statement.

Nonetheless, the ruling stirred anger in Congress, where the law has wide support, especially in an election year in which the loss of manufacturing jobs has become a significant issue, particularly in battleground states such as Ohio and Pennsylvania. Members in both parties attacked the WTO, while some Democrats accused President Bush of being lax in defending U.S. trade protections.

Democratic candidate John Kerry used yesterday's ruling to charge that the Bush administration had "failed to stand up for American companies and workers at the WTO." The law's author, Sen. Robert Byrd (D., W.Va.), slammed the ruling as "outrageous" and vowed to preserve the provision. He said in a statement that the decision "represents yet another in a long line of obvious attempts by the WTO to limit the ability of the United States to enforce its own trade laws."

With the Republican Party convention under way in New York, the U.S. Trade Representative's office walked a line between pledging support for the WTO and support for U.S. workers. "The United States will comply with its WTO obligations, and the administration will work closely with Congress to do so in a way that supports American jobs and workers," USTR spokesman Christopher Padilla said in a statement. He stressed that the U.S. will still be able to protect itself against unfair imports.

The decision marks the latest in a string of U.S. setbacks within the WTO's dispute-settlement system. Late last year President Bush was forced to eliminate tariffs he imposed to protect U.S. steel companies after the WTO ruled that they violated international trade rules. This year the WTO ruled against U.S. prohibitions on Internet gambling and government subsidies to domestic cotton growers. And after years of wrangling, the European Union this spring imposed heightened duties on U.S. goods over an export tax break ruled illegal by the WTO.

Despite its support in Congress, the law has drawn fire from both the Clinton and Bush administrations, though the latter did defend it vigorously before the WTO. The Congressional Budget Office, in a report earlier this year, blasted the law as detrimental to the country's economic interests.

Senate aides from both parties said it was unlikely that Congress would move to address the law this year, but may consider alternatives next year. Prospects for an easy fix aren't good. "The only way that Congress can change the Byrd law is to offer something in exchange," said a Democratic Senate aide.

One proposal calls for putting antidumping revenue into a general fund to help beleaguered industries or communities. Some lawmakers also are suggesting that in modifying the Byrd law, Congress might look to alter the way the U.S. computes punitive tariffs so as to give them more sting.

