

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

|  |  |
| --- | --- |
| abdblue.jpg - 2723 Bytes |  e - NEWS |
| *July 21, 2006* |

1. [‘Truth’ Campaign Prevails in Advertising Lawsuit](#One)

2. [Forum Addresses Underage Drinking](#Two)

3. [D.M. Threatens Club’s Liquor License (Iowa)](#Three)

4. [2 Businesses Fined for Underage Alcohol Sales (Iowa)](#Four)

5. [Nightclub Owner Sued Over Music Played (Iowa)](#Five)

6. [Beer Sales Help Trim Arena's Deficit (Iowa)](#Six)

7. [Diageo Presents Third Annual Golden Bar Awards at the USS Intrepid](#Seven)

8. [News from the TTB](#Eight)

9. [Diageo Streamlines Europe Ops](#Nine)

10. [The Absolut Spirits Company, Inc. Appoints New CEO](#Ten)

11. [Miller Brewing Names New CEO](#Eleven)

12. [New Division Formed by the Wine Group; World's Third Largest Wine Producer Increases Commitment to Serve Millennial Wine Consumers](#Twelve)

13. [SABMiller Plans More Non-Beer Drinks](#Thirteen)

14. [Top Mexican Tequila Sells for Six Figures](#Fourteen)

15. [World Cup Marketing Scoreboard: Budweiser 1, Adidas 6. . .](#Fifteen)

16. [Investors Bid $90 Million for Legacy](#Sixteen)

17. [Brown-Forman Tries to Sell Bolla Winery; Company Would Still Control Brand](#Seventeen)

18. [Heineken Lifts Profit Guidance on New Light Beer](#Eighteen)

19. [Banned Liquor Making Comeback in Mexico and Online](#Nineteen)

20. [Talk about it: Freedom to Smoke or Breathe?](#Twenty)

21. [Marriott to Ban Smoking in All US, Canada Rooms](#Twentyone)

22. [Miller Brewing Reaches Pacts With Teamsters In NC, Texas](#Twentytwo)

23. [State Winegrape Crop to Drop (California)](#Twentythree)

24. [New Mexico Must Tighten Up Lax Liquor Regulations (New Mexico)](#Twentyfour)

25. [New Hampshire Adopts Vertical Drivers' License Law (New Hampshire)](#Twentyfive)

26. [Bill Allows N.C. Beer, Wine Retailers to Offer Beverage Coupons (North Carolina)](#Twentysix)

27. [Supreme Court Upholds Convictions in Underage Booze Sting (North Dakota)](#Twentyseven)

28. [Bill Allows N.C. Beer, Wine Retailers to Offer Beverage Coupons (North Carolina)](#Twentyeight)

29. [Commission Considering Sunday Sales (Arkansas)](#Twentynine)

30. [Second $1.5M Liquor License Sold in Area (New Jersey)](#Thirty)

31. [Idaho Considers Hiking Alcohol Tax (Idaho)](#Thirtyone)

32. [Vineyard Opens Despite New Law (Virginia)](#Thirtytwo)

**1. ‘Truth’ Campaign Prevails in Advertising Lawsuit**

By Ira Teinowitz – AdAge

July 18, 2006

**Tobacco Makers Weren't Vilified, Court Says**

WASHINGTON (AdAge.com) -- The Delaware Supreme Court rejected Lorillard Tobacco Co.'s argument that the American Legacy Foundation's "Truth" anti-smoking ad campaign represented "vilification" of tobacco makers. The court ruled that the ads and similar ones are legal under the 1998 settlement with 46 state attorneys general that funded the advertising.



The Delaware Supreme Court said the 'Truth' ad campaign does not violate the 1996 settlement that ultimately created the edgy anti-smoking effort.

Photo Credit: AP

**'Not invidious'**

"The advertisements are not invidious, disparaging, offensive, belligerent, nor fiercely or severely critical," the court said.

The decision was a major blow to Lorillard, which has fought long and hard against some of the ads and other activities of the in-your-face anti-smoking campaign from the American Legacy Foundation that began its run since shortly after the agreement was signed.

**'Big win'**

"This is a big win. This is not a close call," said Vermont Attorney General William Sorrell, who heads the foundation's board.

Legacy President-CEO Cheryl Healton said the win brings an "unfounded action" to an end and allows the foundation to proceed with the Truth campaign.

The dispute stemmed from wording within of the 1998 Master Settlement Agreement, which ended state lawsuits against tobacco makers and ordered the companies to provide billions of dollars to states and $1.55 billion to fund the American Legacy Foundation's ad campaign. Signed after Florida and California started airing their own anti-tobacco-industry ads, including one Florida ad comparing the tobacco industry to Hitler, the agreement included a section barring the foundation's ad campaign from engaging in "vilification" or "personal attacks" on individual tobacco execs or companies.

**Arnold, Crispin**

Lorillard today declined to comment on the decision. The ad campaign is from Havas' Arnold Worldwide and Crispin Porter & Bogusky.

Lorillard initially cited a 1991 radio ad in which someone called Lorillard claiming to be a dog walker and suggested a "business idea" of collecting dog urine as an easy source of urea, one chemical used in cigarette. A Lorillard's employee real name is heard in the ad. As the case proceeded through the courts, Lorillard also complained about a number of other ads in the Truth campaign.

A Delaware Court of Chancery vice chancellor agreed with Lorillard that one part of the campaign -- a Mad Lib-like form on a Truth website that let users insert words into an e-mail and send it to the company -- did violate the agreement, but ruled that there was little damage and the Truth ads didn't violate the agreement. The Delaware Court of Chancery and Supreme Court today upheld the decision.

<http://adage.com/article?article_id=110586>

**2. Forum Addresses Underage Drinking**

By Mike McWilliams - *Iowa City Press-Citizen*

July 21, 2006

At John's Grocery, some cashiers have made a contest out of confiscating fake IDs.

About four years ago, clerks at the 401 E. Market St. grocery store seized 138 bogus cards in one year that were used by underage customers who tried to buy alcohol there, general manager Doug Alberhasky said.

"We go through very rigorous training procedures, and one of the biggest deterrents is reputation," Alberhasky said. "Word spreads that you don't want to try it at John's."

Ideas for preventing alcohol sales to underage customers were the main thrust behind the Iowa City Responsible Retailing Forum on Thursday. More than 30 people attended the event at the Sheraton Iowa City Hotel, including law enforcement, bar owners, convenience and grocery store employees and public health officials.

Iowa is the fourth state to participate in the national Responsible Retailing Forum, which was established in 2003 to continue the implementation of a model based on a report commissioned by the Center for Substance Prevention to reduce unlawful sales to underage and intoxicated customers.

The project includes assessments on current practices for checking IDs and refusing sales to underage and intoxicated customers.

"There is no silver bullet," said Lynn Walding, administrator of the Iowa Alcoholic Beverages Division. "But there are a variety of tools we can put in our arsenal, and this is one of the potential tools we can use to try and tackle the problem."

For those who sign up for Responsible Retailing, forum director Brad Krevor said "mystery shoppers" would be used to do periodic checks at businesses. The shoppers, who would be old enough to buy alcohol but appear young, would check if the clerk asked for identification, Krevor said. Some mystery shoppers also would simulate drunkenness. In Iowa, it is illegal to sell alcohol to intoxicated customers.

The purpose of the mystery shopper is to provide participating retailers with feedback and is not meant to punish those businesses. Krevor said he hopes 50 Iowa City retailers will participate in Responsible Retailing.

"You cannot manage what you cannot measure," Krevor told the group. "The retail environment presents a wonderful opportunity to communicate with the community the inappropriateness of furnishing alcohol or permitting underage drinking."

Alberhaksy said John's Grocery would participate as did Mike Porter, owner of The Summit Restaurant and Bar, 10 S. Clinton St., and One Eyed Jake's, 18-20 S. Clinton St. Porter said he already conducts in-house alcohol stings, and Responsible Retailers is another way to check for compliance.

"(Responsible Retailers) would definitely do that, and it's free," Porter said. "It's another thing we can do to improve not selling to underage people."

<http://www.press-citizen.com/apps/pbcs.dll/article?AID=/20060721/NEWS01/607210308/1079>



**3. D.M. Threatens Club’s Liquor License (Iowa)**

By Tom Alex and Jeffrey Patch, Staff Writers – *Des Moines Register*

###### July 15, 2006

### Police say the bar has sparked violence and is dangerous. Some say that the city is singling out a hip-hop establishment.

Police have put a west-side Des Moines nightclub on notice that unless noise complaints and violent incidents cease, the city will move to pull its liquor license.

Joe Henscheid, the owner of Loco Joe’s Nickel Arcade, 4100 Merle Hay Road, said he has taken numerous steps to stop the problems, and patrons of the hip-hop-heavy establishment complain that police are unfairly targeting a club with a significantly black clientele.

The city gave the business a nuisance violation warning this week.

The bar must “abate the nuisance immediately,” or the city will start legal proceedings to yank the establishment’s liquor license, said Todd Dykstra, public information officer for the Des Moines Police Department.

Officers have been dispatched to the club or the immediate vicinity 16 times in the last month, police said. Nine of the incidents — such as fights and weapons displays — required charges or a police report.

Henscheid countered that he tried to hire off-duty police officers to control the melee, but they wouldn’t show up for work.

“The fact is the police just don’t like hip-hop music and the crowd that it draws,” he said Friday.

Scott Twaddle, part-owner of the club, said Loco Joe’s tried to hire three off-duty police officers. He said he understood they were to be paid $30 per hour, but when the officers asked for $40 per hour, he agreed. Twaddle said the off-duty officers were busy with the Des Moines Arts Festival the first weekend he wanted them to work at the club and after that just didn’t show up.

“We are not doing anything wrong; we’re just playing music.

 Everybody in town plays hip-hop,” he said.

 City Councilman Chris Coleman said the police department is not singling out blacks.

“It’s certain behaviors the police department doesn’t like, and that’s what the issue is here,” he said.

Coleman said he has fielded several complaints about damage to cars, buildings and property, which moved him to request a full report of incidents around the 4100 block of Merle Hay Road.

“If it is as the police claim, then it may be time to close them down,” he said.

“Shoppers and neighbors and employees should not be placed in the way of violence. There are employees who work in that area around the clock and park their cars there.”

Des Moines Police Chief William McCarthy, meanwhile, ordered a squad of about 15 officers to stand by in the area Friday night — the first step in a campaign to close the place down.

“We’re very unhappy with (Loco Joe’s) approach to the bar, the fights, the all-you-can-drink buffet,” he said. “It’s creating havoc in the neighborhood. We’ve sent our watch commanders up there to talk with them. … We’ve sent the neighborhood sergeants up there. They won’t listen. If they can’t be a good citizen, we’re going to try to take their license away and shut them down.”

Steve Berry, president of the Merle Hay Neighborhood Association, said he has not heard complaints from residents of his neighborhood concerning Loco Joe’s.

“But I suppose if it’s happening at 2 o’clock in the morning, people would be more likely to contact the police than their neighborhood association,” he said.

Henscheid said he has stretched his establishment’s resources to the brink to appease police.

“I doubled the security force from six to 12,” he said. “No, I didn’t try to hire any more off-duty cops because, frankly, they just wore me out by not showing up when I did hire them.”

McCarthy said that hundreds of revelers show up when drink specials are offered — Friday and Saturday nights — and that some of them never go inside, instead starting trouble in the neighborhood.

Officers have compiled a log of incidents near the nightclub, and they plan to use the data if they decide to go after its liquor license.

“The bar will probably claim that what happens outside is not their problem,” McCarthy said.

“But it is their problem. They are the draw. It’s drinking by the gallon that is the problem.”

Henscheid said police blamed his business for problems at a convenience store in the area. He said he now pays for security in that area after Loco Joe’s closes.

Police Capt. David Lillard said problems surfaced last spring when the business on Merle Hay shifted focus from being a pool hall and game center to being a nightclub.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20060715/NEWS08/60715023&SearchID=73251243239585>

**4. 2 Businesses Fined for Underage Alcohol Sales (Iowa)**

*Des Moines Register*

July 19, 2006

Two businesses will pay fines for selling alcohol to someone younger than 21.

The Tavern Pizza Pasta Grill, 1755 50th St., and Casey's General Store, 108 Eighth St., both sold alcohol to someone under 21 on May 4. The Tavern will pay a $500 fine for the violation, and Casey's will pay a $1,500 fine, because it was the convenience store's second violation. Casey's also will receive a 30-day suspension of its liquor license.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20060719/NEWS08/607190377&SearchID=73251243338188>

**5. Nightclub Owner Sued Over Music Played (Iowa)**

Jeff Eckhoff, Staff Writer *– Des Moines Register*

July 17, 2006

### J. Michael McKoy says the fee structure isn't fair

A bill-collecting arm of the Nashville and New York music industry has accused a Des Moines-area nightclub of copyright infringement after the owner failed to pay royalties for music played there during five of the past six years.

Broadcast Music Inc., or BMI, a corporation created to collect money for the public performance of music on radio, on television and in bars and restaurants, has sued J. Michael McKoy, a well-known name in the local radio business and the owner of three Des Moines-area nightclubs.

Papers filed in U.S. District Court in Des Moines say Mc­Koy improperly has allowed music to be played at Miss Kitty’s Dance Hall and Cyber Saloon without paying the required license fees to BMI.

McKoy, who is up to date on licensing fees at his two other establishments, says he stiffed BMI over Miss Kitty’s in protest because the company’s license structure is unfair to operations such as the Dance Hall and Cyber Saloon, a boxy Clive dance place that’s only open four days per week.

“It’s the way they charge their fees, as well as their late fees and their interest,” McKoy said. “It is a bureaucracy that is unfair to small businessmen. … The only way I could get their attention, quite frankly, was to get sued.”

Founded by broadcasters in 1939, BMI collects royalties on behalf of the writers and publishers of roughly 6.5 million songs, or approximately half of all music played in the United States every day.

The vast majority of licensing fees come from songs used on radio and television, said BMI spokesman Jerry Bailey. But roughly 3 percent comes from bars and restaurants, either through concerts or the playing of recorded music.

Based on size and type of business, BMI charges companies one annual fee to play any song whose author has authorized them to collect royalties. The tab amounts to roughly $650 a year “for the average drinking establishment,” Bailey said. For larger nightclubs, such as Miss Kitty’s, the fee has ranged from roughly $1,300 to $2,300 over the past five years, according to McKoy.

BMI records show McKoy paid nothing for Miss Kitty’s music from 2001 through 2004, when his dispute with the organization went into arbitration. He paid several thousand dollars in 2004 before lapsing into nonpayment once more.

“We came to an understanding on the past due,” McKoy said. “However, I could not get them to look at this in the broader sense.”

McKoy says his license fee went up in 2002, about the same time as a musical format change (away from straight country music) boosted Miss Kitty’s revenues.

Bailey insists, however, that license fees are based solely “on the size of the business and the way they use music,” such as the difference between a dance club and a restaurant.

BMI and McKoy each claim to have voiced their complaints about the other in a flurry of phone calls and letters over the past two years. Ultimately, BMI sent a representative into Miss Kitty’s on May 5, 2005, to document the music played.

According to the lawsuit, which was filed both against McKoy and his corporation, “the specific acts of copyright infringement alleged, as well as defendants’ entire course of conduct, have caused and are causing plaintiffs great and incalculable damage.”

McKoy, a longtime bar owner who has worked in radio both as an on-air personality and a behind-the-microphone businessman, stresses that he has no problem with songwriters being paid for public performances. He just objects to the way BMI calculates the fees.

“I’m just a little guy trying to make some noise,” he said.

Court records show that BMI filed four similar lawsuits in Iowa over the past 13 years, all of which were settled without a trial. Nationwide, BMI files “a few dozen lawsuits a year” over licensing disputes, according to Bailey.

Bailey said federal law allows judges to set a fine of between $750 and $30,000 per song if a judge finds that copyright infringement has taken place.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20060717/NEWS01/60717013/1001/NEWS>

**6. Beer Sales Help Trim Arena's Deficit (Iowa)**

*Register* Staff Report

July 17, 2006

### But the cancellations of four major events cause Hy-Vee Hall to perform worse than expected.

Des Moines, IA -- For all their complaints about $6 cups of beer, visitors to Wells Fargo Arena in Des Moines managed to drink plenty in the facility’s first year, officials said.

Concession workers poured nearly 4 million ounces of suds, according to statistics made public last week. And that figure does not include the 47,800 bottles of beer that were sold to nearly 750,000 hockey fans, concert-goers and other ticket-holders in the arena’s inaugural year.

“We have exceeded our expectations on many levels this past year,” said Matt Homan, general manager of Global Spectrum, the Philadelphia company hired to manage the arena, the moneymaking engine of the $217 million Iowa Events Center complex.

Stronger than expected arena concession sales helped cut the center’s expected first-year deficit by about $1 million, Polk County officials said.

“Global Spectrum has done a fantastic job of managing Wells Fargo Arena, as well as our other facilities at the Iowa Events Center,” Polk County Supervisor Angela Connolly said.

Among the highlights:

• Wells Fargo Arena hosted 76 events, which included 45 Iowa Stars hockey games.

• There were 14 concerts. Chief among them: Bon Jovi, Paul McCartney, Bruce Springsteen, Tom Petty and Green Day.

• Disney on Ice, Tony Hawk’s “Boom Boom HuckJam,” World Wrestling Entertainment, Sesame Street Live, the Lipizzaner Stallions, Arenacross, monster trucks, and the Harlem Globetrotters rounded out the offerings.

• The Iowa State Cyclones and Ohio State Buckeyes met in men’s basketball; boys’ and girls’ state basketball tournaments and the state wrestling tourney were staged at Wells Fargo for the first time.

• Thirty luxury suites, 450 club seats and all 20 loge boxes have been sold.

Despite the arena’s success, Hy-Vee Hall, a 100,000-square-foot exhibition center, fared considerably worse than hoped. The poor performance was due in part to the cancellation of four large events.

Veterans Memorial Auditorium, which was updated as part of the project, did about $200,000 better than expected.

County consultants told supervisors this spring they should plan to spend just $43,000 to balance the budgets of all the county’s civic attractions.

In 2002, when Polk County planned to use its own employees to run the Events Center, consultants predicted that it would take three years before operations were out of the red.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20060717/NEWS05/60717016/1001/NEWS>

7. Diageo Presents Third Annual Golden Bar Awards at the USS Intrepid

July 17, 2005

|  |
| --- |
|  |

Spirits, Wine and Beer Distributors Honored

NORWALK, Conn., July 17 /PRNewswire/ -- Spirits, wine and beer distributors from across the country boarded the historic USS Intrepid in New York City's Hudson River last Thursday evening for the Third Annual Golden Bar Awards, the beverage alcohol industry's equivalent of the Academy Awards

The Golden Bar Awards, presented by Diageo, the world's leading spirits, beer and wine company, honors distributors and brokers whose passion for the business and enterprising spirit set the standard for the industry over the past year.

Ivan Menezes, President and CEO of Diageo North America, thanked all of Diageo's distributors, recognizing their "untold examples of achievement and excellence." Menezes saluted the audience citing them all as "leaders in this industry and in your communities."

The Golden Bar Awards recognize distributors and brokers for performance across brands including Smirnoff, Captain Morgan, Guinness and Beaulieau Vineyard. Awards are also given for Corporate Citizenship, Control states and Distributor of the Year. This year, Diageo also recognized distributors for their performance over three years for beer, wine and spirits.

For the first time ever, the program also featured a Lifetime Achievement Award, recognizing the immense contribution made to the industry by Juan Francisco Beckmann Vidal, President Jose Cuervo & Company.

"Juan's vision, keen business acumen, love of people and incredible passion for growth are behind his success," said Menezes. "He has transformed Jose Cuervo into the world's most acclaimed tequila."

In total 27 statuettes made of 24 carat gold were awarded to distributors. Each Golden Bar statuette weighs eight pounds, stands more than a foot tall and is produced by R.S. Owens, the company that created the Oscar®, presented by the Academy of Motion Picture Arts and Sciences.

The aircraft carrier Intrepid helped form the backbone of the United States Navy and its commitment to securing peace and freedom during World War II. The ship was a fitting location given the rich history shared by distributors and Diageo brands alike.

The evening's festivities concluded with an awe-inspiring fireworks display that illuminated the New York City skies.

Below are the categories and winners for the 2006 Golden Bar Awards.

 DISTRIBUTOR OF THE YEAR

 Distributor of the Year - Spirits National Wine & Spirits of Indiana

 Distributor of the Year - Wine Alliance Beverage Distributing Co. of Arizona

 Distributor of the Year - Beer Summit Distributing of Colorado

 SPIRITS

 Spirits Excellence Award - Smirnoff Glazer's of Ohio

 Spirits Excellence Award - Jose Cuervo National Distributing Company of Georgia

 Spirits Excellence Award - Captain Morgan Major Brands of Missouri

 Spirits Excellence Award - Crown Royal Alliance Beverage Distributing Company of Arizona

 Spirits Excellence Award - Baileys Southern Wine & Spirits of Nevada

 Spirits Excellence Award - Johnnie Walker Coastal Wine & Spirits of Florida

 Spirits Excellence Award - Tanqueray Alaska Distributors of Oregon

 Control State Excellence Award - Spirits Alabama Sales Company

 WINE

 Wines Excellence Award - Beaulieu Alliance Beverage Distributing Vineyard Company of Arizona

 Wines Excellence Award - Sterling Alliance Beverage Distributing Vineyards Co. of Arizona

 Wines Excellence Award - Chalone Pacific Wine & Spirits of California

 Wines Excellence Award - Edna Valley Pacific Wine & Spirits of Vineyard California

 BEER

 Beer Excellence Award - Guinness Ohio Valley Wine & Beer Company

 Beer Excellence Award - Harp/Smithwick's FP Winner Ltd. of Maryland

 Beer Excellence Award - Red Stripe Houston Distributing Company

 Beer Excellence Award - FMBs J&L Ventures of Georgia

 GOLDEN BAR CONSISTENCY

 Golden Bar Consistency Award - Spirits Glazer's of Iowa

 Golden Bar Consistency Award - Wine Phillips Wine & Spirits of Minnesota

 Golden Bar Consistency Award - Beer Alliance Beverage Distributing Co. of Arizona

 INNOVATION

 Innovation Launch Award - Spirits Coastal Wine & Spirits of Florida

 Innovation Launch Award - Wine Pinnacle Distributing Company of Colorado

 CORPORATE CITIZENSHIP

 Corporate Citizenship Award - Wine Herman Merinoff, The Charmer & Spirits Sunbelt Group

 Corporate Citizenship Award - Beer Andrews Distributing of North Texas

 LIFETIME ACHIEVEMENT

 Lifetime Achievement Award Juan Francisco Beckmann-Vidal, Casa Cuervo

<http://biz.yahoo.com/prnews/060717/nym198.html?.v=43>

**8. News from the TTB**

*The Alcohol & Tobacco Tax & Trade Bureau (TTB)*

July 21, 2006

1. New Guide to Form 5120.17 Report of Wine Premises Operations

TTB has prepared a line-by-line guide to completing the Report of Wine Premises Operations Form 5120.17 (formerly Form 702).

2. New COLA and COLAs Online Registration Forms Released

These forms can be accessed and printed from TTB’s website at http://www.ttb.gov/forms/5000.htm#general.  If you have any questions, please contact the Advertising, Labeling and Formulation Division at 202-927-8140 or 866-927-2533.

3. Hands-on COLAs Online Workshop

TTB will be presenting a COLAs Online hands-on workshop aimed at regulated industry members (permit holders) on Wednesday, August 30, 2006, in New York City.  Registration is required.  For additional information and a registration form, click here.

4. TTB Seeks Comments

TTB published two notices in the Federal Register relating to forms on wine shipment and information collections on alcohol products, tobacco, and vinegar production.

Also, TTB seeks comments on forms and recordkeeping requirements relating to tobacco and alcohol.  See Proposed Information Collections; Comment Request Notice Published.

**9. Diageo Streamlines Europe Ops**

***Just-drinks***

July 14, 2006

Diageo has moved to streamline its European operations with the creation of a single business unit for continental Europe.

The UK drinks giant said today (14 July) that it was merging its hubs in northern and southern Europe to create a new operating unit called Continental Europe. Diageo said markets in Iberia and Russia would not be covered by the new organisation.

Diageo Europe president Andrew Morgan said: "As we have repeatedly told the market, our Europe business continues to operate in a challenging economic and regulatory environment.

"In further simplifying our organisation structure and creating a single 'Continental Europe' hub, we will be able to serve our customers and consumers even more effectively, and so unlock the fullest growth potential that exists today."

In a trading update earlier this month, Diageo warned that European markets remained "subdued" and blamed increased regulation on the continent for hitting alcohol sales.

The picture in Europe remained mixed for Diageo with a slowdown in Spain's Scotch whisky market and problems with the introduction of a new duty regime in Russia offsetting gains made by Guinness in the UK and J&B Scotch in France.

The new unit will be based in Paris and headed by Gilbert Ghostine, the managing director of Diageo's business in northern Europe. Stephanos Theodorides, MD of Diageo's South and East Europe hub, has decided to leave the company, despite being offered new positions throughout the company.

A Diageo spokesperson said the impact on jobs would be "minimal". The move, she added, was "categorically not about headcount or cost-savings".


# 10. The Absolut Spirits Company, Inc. Appoints New CEO

*PRNewswire*

July 18, 2006

NEW YORK-- The Absolut Spirits Company, Inc. announced today it has appointed Kevin Fennessey to the position of CEO, following the succession of Carl Horton who will retire at the end of this year. Fennessey, who will assume the CEO position August 1, joins The Absolut Spirits Co, Inc. with over 25 years experience in the spirits industry, holding executive positions at Pernod Ricard and Joseph E. Seagram & Sons.

Most recently, Fennessey served as Senior Vice President of Marketing at Pernod Ricard. During his five years at Pernod Ricard, Fennessey was responsible for marketing the company's $1.3 billion wine and spirits portfolio in the U.S. On an international level, Fennessey developed and executed a global strategy for all domestically produced spirits, including brands such as Seagram's Gin and Wild Turkey.

Prior to Pernod Ricard, Fennessey held numerous positions at Joseph E. Seagram & Sons during his 22 years with the company. His last position at Seagram was Senior Vice President and General Manager, Atlantic Pacific Region. Before becoming SVP, Fennessey served as Vice President, Category Director of the Scotch and Cognac divisions; in this role, he was a peer of Carl Horton.

Fennessey will be charged with further developing the Absolut Spirits Co., Inc.'s portfolio -- continued focus on the ABSOLUT(R) brand's growth and propelling the expansion of Level(TM) Vodka, Plymouth(TM) Gin, FRIS(R) Vodka and Cruzan(R) Rum.

<http://sev.prnewswire.com/beer-wine-spirits/20060718/NYTU03518072006-1.html>


# 11. Miller Brewing Names New CEO

*The Associated Press*

July 17, 2006

MILWAUKEE — Miller Brewing Co., the nation's No. 2 brewer, named Tom Long as its new president and chief executive officer on Monday.

Long, Miller's chief marketing officer since July 2005, will succeed Norman Adami on Aug. 1. Miller's London-based parent company, SABMiller PLC, promoted Adami to president and CEO of SABMiller Americas.

The appointments were among a series of management changes at Milwaukee-based Miller Brewing.

Randy Ransome, most recently president of Georgia-based consulting firm ConvergencePoint Group, replaces Long as executive vice president and chief marketing officer.

Tom Cardella, who leads the company's international brand and market development operations, becomes executive vice president for sales and distribution

Doug Brodman, who leads the sales and distribution network, becomes senior vice president of Miller International.

Charlie Frenette, a non-executive at Miller, will serve as interim leader of the company's business strategy and planning while Miller looks for a permanent executive.

<http://www.chron.com/disp/story.mpl/ap/fn/4052027.html>

**12. New Division Formed by the Wine Group; World's Third Largest Wine Producer Increases Commitment to Serve Millennial Wine Consumers**

*Business Wire*

July 14, 2006

San Francisco, CA -- The Wine Group LLC, a management-owned wine company based in San Francisco, today announced the formation of Underdog Wine Merchants to craft, market and sell premium wines to the large and growing Millennial consumer group of young adults.

Underdog Wine Merchants will be an autonomous organization within The Wine Group. The brand portfolio includes "millennial" brands such as Pinot Evil (France), Killer Juice (Central Coast), Silverbirch (New Zealand), Herding Cats (South Africa), Grizzly Flat (Lodi), Tempra Tantrum (Spain), Rhineflur (Germany), Angel Juice (Italy), and Devil's Marbles (Australia).

Fritz Lance has been named President, Underdog Wine Merchants. Lance is a 20-year veteran of Gallo, where he was a Vice President of Sales with a focus on the hotel, restaurant and transportation channels. Adam Richardson has been named International Winemaker and will bring his considerable winemaking experience in both Australia and California to bear on the Underdog portfolio. Richardson has been the Estate Winemaker at Concannon Vineyard for the past three harvests and will continue in that role.

Craig Calders and Wes Alexander have been named Directors of Western and Eastern Sales, respectively. Calders was most recently Regional Sales Manager at Wine Warehouse and Alexander was Division Manager at Paterno Imports. Suzannah Saidy, whose recent experience includes roles as Buyer at Williams-Sonoma and Product Manager at GAP, Inc., has been named Marketing Director.

The division's formation is hailed by David B. Kent, The Wine Group CEO, as evidence of the company's commitment to grow the wine business. "Underdog Wine Merchants is an extension of our market strategy of producing high quality affordable wines which are available wherever the consumer chooses to purchase wine."

The Wine Group LLC produces such well known brands as Franzia, Concannon, Glen Ellen, Corbett Canyon, Foxhorn, Fish Eye, Mogen David, Casarsa and Tribuno. Founded in 1981 by a management buy-out of the wine assets of The Coca-Cola Bottling Company of New York, The Wine Group is currently the nation's and the world's third largest wine producer by volume.

<http://www.drinksmediawire.com/afficher_cdp.asp?id=474&lng=2>

**13. SABMiller Plans More Non-Beer Drinks**

By Jenny Wiggins in London

July 16 2006

SABMiller plans to focus more heavily on flavoured alcohol, bottled water and energy drinks in its core South African market as beer sales slow.

The shift comes as big brewers increasingly diversify away from beer to adapt to changing consumer tastes. The UK's Scottish & Newcastle has been focusing on cider, recently launching a berry-infused Belgian cider into the UK, while the US's Anheuser-Busch has established a subsidiary to develop spirits.

Brewers have also sought to capitalise on rising demand for energy drinks. SABMiller recently bought alcoholic energy drink Sparks in the US, and plans to create new products with the brand's developer, McKenzie River.

Anheuser-Busch in May struck a distribution deal with Hansen Natural, the maker of the Monster energy drink brand.

SABMiller dominates the beer market in South Africa, with a 98 per cent market share. But beer sales in the country have been slowing, with SABMiller reporting sales volume growth of 1 per cent for the 2006 financial year compared to 4 per cent a year earlier.

Tony van Kralingen, managing director of SABMiller's South African beverages operations, said that the brewer had been less creative than some of its competitors in the flavoured alcohol market and needed to "re-innovate" to capture greater market share.

Its key competitors in flavoured alcohol, or "alcopops", are the Distell Group and Brandhouse, a joint venture between Diageo, Heineken and Namibia Breweries. Sales of flavoured alcohol account for 5 per cent of South Africa's total liquor market, nearly double levels of a decade ago.

SABMiller's products include Brutal Fruit, a mixture of vodka and fruit juice, and Redd's Cold, a malt-based apple drink.

South Africa, the home of SABMiller, is the biggest regional contributor to group earnings, accounting for some 31 per cent.

**14. Top Mexican Tequila Sells for Six Figures**

Jul 21, 2006

MEXICO CITY (Reuters) - Forget about the kind of tequila you slam down on the bar or knock back at parties in throat-burning shots with salt and lemon. If you're paying six figures, you might prefer to savour it in small sips.

An impossibly upmarket brand of tequila -- 100 percent blue Agave lovingly aged for six years and sold in a limited edition platinum bottle with fancy artwork on the label -- went on sale in Mexico on Thursday night for $225,000 (121,000 pounds) a bottle.

"Tonight we are trying for the Guinness Book of Records with the most expensive bottle in the world," Fernando Altamirano, chief executive of producer Tequila Ley .925, told a launch party for the liquor.

Tequila Ley .925 has produced 66 bottles of the "Pasion Azteca" tequila, half of them pure platinum bottles and half of them gold and platinum-decorated bottles that sell for the slightly less extravagant price of $150,000.

"Since we started out, we began with the idea of making the finest, most expensive bottle of tequila in the world," Altamirano told Reuters.

For those on a smaller budget, there are 999 bottles of the same tequila in silver and gold bottles priced at $25,000.

Showing off one of each type, Altamirano said they had already been sold to a collector, but declined to give away the buyer's identity.

Altamirano, whose company has won awards for its stylish bottles, said his next goal was to create a million-dollar tequila bottle made from diamond-encrusted platinum and auction it at Sotheby's next year.

**15. World Cup Marketing Scoreboard: Budweiser 1, Adidas 6. . .**

*By* Jonah Bloom – AdAge

July 16, 2006

**Winners and Losers in the $2.2 Billion Commercial Side of the Global Event**

By now you know the results. The Italians have another gold star, les Bleus have, well, *les bleus*, and the rest of us are starting to forget a largely forgettable World Cup.

|  |
| --- |
| http://adage.com/images/random/worldcup071706.jpg |
| The World Cup, the world's largest televised event, is the annual pivot of enormously expensive global marketing campaigns. | Also: Comment on this column in the 'Your Opinion' box below. http://adage.com/images/random/handrule180.jpg |

There were too few upsets, and there was too much diving, poor refereeing and a general absence -- Ghana excepted -- of adventurous football. But what of the other World Cup, the $2.2 billion marketing extravaganza? Results there are in and are unfeasibly high-scoring (because I made them up):

**Emirates 0, Other Airlines 2**

Like the other 15 official sponsors (at least half of which have evidently never heard of ROI or activation), Emirates stumped up around $70 million to be a FIFA World Cup partner. Trouble was people flew in from all over the world -- and hopped around Germany -- on lots of different airlines, most of which were not Emirates but seemed to be doing their best to pretend they were the official carrier. One German told me Lufthansa was the official airline -- an impression that might have owed something to the footballs painted on the nose of its planes. I thought it was Deutsche BA, which had decked its planes out in round-ball regalia and its flight attendants in Puma soccer kit.

**ABC/ESPN 3, Commentators –2 (after PKs)**

While Disney's duo reaped the benefits of increasing U.S. interest in the game -- ratings were up 55% on ESPN and 108% on ABC over last World Cup -- the commentators did their best to remind viewers that the U.S. is a Johnny *arriviste* in soccerland. They misread as many situations as they called correctly, showed scant understanding of offside; ignored 19 of 22 players on the field, preferring to pontificate endlessly about some star they'd actually heard of; and made up names for stuff that had even the most casual soccer watcher bemused. (Why penalties became PKs is anyone's guess). On complaining to two Americans next to me in my local, one told me he watches the Spanish version when he's at home; the other said he turns the sound down and gets radio commentary over the web.

**Brewers 5, Budweiser 1**

It has been the summer of suds. In particular Carlsberg and Scottish & Newcastle have reported a 20% lift in sales. And Budweiser, too, will surely see a spike. But Bud just had to go pay $40 million for exclusive tournament pouring rights. And for that it got . . . acres of negative press and an image crisis. Germans know beer, love beer, live beer. The colonization by the King of Beers sparked outrage, and Bud was widely decried as *spulwasser*, aka dishwater. One of the websites that sprang up in protest showed an American eagle vomiting beer. Eventually those lager-loving Germans got some respite as A-B did a deal with Bitburger to have that served in the stadia, too. Bud is still insisting the whole thing is a success, citing the fact that it outsold Bit by more than 2 to 1 on match days. Of course the fact that no one at the games I attended knew there was any alternative certainly helped jolly along those spulwasser sales.

<http://adage.com/article?article_id=110552>

**16. Investors Bid $90 Million for Legacy**

By Kevin McCallum – *The Press Democrat*

**Bankrupt Napa Valley company seeks OK to sell all 3 wineries; other offers may follow**

A group of investors with ties to one of the most respected wine families in Napa has bid $90 million for the assets of the Legacy Estate Group, which filed one of the largest bankruptcies in U.S. wine industry history in the fall.

A group headed by Augustin Huneeus Jr., whose family owns Quintessa winery in Napa and Veramonte winery in Chile, has been selected to open bidding on the three wineries Legacy has acquired since it was formed in 2000.

Several other wine companies, however, have expressed serious interest in acquiring Legacy's wineries and will have the chance to outbid Huneeus' investment group next month.

Calvin and Dev Sidhu, who purchased Freemark Abbey Winery in St. Helena in 2001, filed bankruptcy in November after defaulting on $53 million it borrowed to buy Arrowood Winery & Vineyards in Glen Ellen and Byron on the Central Coast.

In legal papers filed Monday, Legacy asked a judge to be allowed to sell all three wineries to Huneeus' investment group, called FAB Acquisition Company LLC.

The deal, if approved by the court, would allow others to bid on the wineries, but would require them to bid at least $93 million and would give FAB a $900,000 "break-up" fee if another bidder is chosen.

Legacy's total debt was estimated at $95 million, according to the filing.

The winning bid would be chosen through an auction process managed by the court in mid-August.

"This is a very positive, hopeful sign," said Richard Arrowood, who remains winemaker at the winery he started in 1984 and sold to the Robert Mondavi Corp in 2000. "I'm thrilled to hear it, to be honest, but I'm going to believe it when I hear that judge's gavel come down."

Others close to the deal have said Santa Rosa's Jackson Family Wines and British firm Diageo, the world's largest spirits company, have expressed serious interest and could still outbid FBA.

A hearing in the case is set for Friday.

Monday's filing is significant because it makes it much more difficult for the Sidhus to remain in control of their company, according to Sonoma attorney John MacConaghy, who represents more than 400 unsecured creditors owed about $2.5 million.

The Sidhus have been proposing a different financing deal with an "offshore group" offering more money, MacConaghy said. The deal would have kept the Sidhus in charge of the wineries, he said.

But the deal has yet to materialize, and the creditors didn't want the uncertainty of the bankruptcy to continue through the 2006 harvest, he said.

The Sidhus filed bankruptcy shortly after last year's harvest, much to the consternation of growers who delivered their grapes but then needed to wait through months of court wrangling before they were paid. The hedge fund that loaned Legacy the $53 million, Laminar Direct Capital, later provided additional financing to pay the growers from the 2005 harvest.

With the 2006 harvest fast approaching, the creditors - Laminar in particular - couldn't wait any longer for the Sidhus to pull their deal together and pushed for the existing bidder, FBA, to be named as lead bidder, MacConaghy said.

The Sidhus can still submit a bid if they can pull their own deal together before the court auction, scheduled for Aug. 15, MacConaghy said. If approved by the court, other potential bidders would need to be approved as qualified by Aug. 4, according to the papers.

FAB's $90 million bid will ensure that his clients, the unsecured creditors, receive between a third and two thirds of what they are owed, he said.

It is entirely possible that another bidder will come forward and out-bid FBA, however, MacConaghy said.

"We have hope for an overbid because there has been a lot of interest by serious, qualified candidates," he said, declining to name other bidders.



**17. Brown-Forman Tries to Sell Bolla Winery; Company Would Still Control Brand**

By Patrick Howington - *The Courier-Journal*

July 20, 2006

Brown-Forman Corp. is working on a deal to sell its main Bolla winery in northern Italy to an Italian wine cooperative while retaining control of the brand and its marketing.

The deal is aimed at reducing production costs so Bolla wines could be sold for less, helping them regain U.S. sales lost in recent years, Brown-Forman spokesman Phil Lynch said.

"We want to sell all of our brands at the right price (and still) make money. That's been very difficult to do with Bolla over the last several years," he said.

Brown-Forman announced yesterday that it is negotiating about Bolla with Gruppo Italiano Vini, which controls 15 wine companies. The Louisville-based company said it should know within 90 days if there will be a deal.

Bolla production costs have been kept high by a shortage of grapes in the region where most of the brand's wines come from, Lynch said. Affected varieties include Soave, Valpolicella and Pinot Grigio.

Bolla's relatively high prices have hurt it in U.S. competition against California wines and inexpensive Australian and Chilean wines, Lynch said. Bolla's U.S. sales fell from 1.2 million cases in 2002 to about 875,000 cases last year.

Under the deal being discussed, Brown-Forman would sell its winery in Pedemonte, north of Verona, to Gruppo Italiano, which would then sell wine to Brown-Forman for the Bolla label.

Brown-Forman could buy from Gruppo Italiano's 15 wineries across Italy, as well as from the Pedemonte facility. That way, if a grape shortage in one region drove up costs, it could buy from a Gruppo Italiano winery elsewhere for less.

Because no deal has been reached, Lynch declined to say how much money Brown-Forman might save.

Brown-Forman, which has marketed and sold Bolla since 1968, would continue to do so in the U.S. and other markets. Gruppo Italiano would distribute Bolla in Italy, but Brown-Forman would keep responsibility for marketing.

Brown-Forman already has a relationship with Gruppo Italiano. The company owns the trademark for wines made by Fontana Candida, a Gruppo Italiano company.

Lynch said Brown-Forman won't seek a partner for the wines it makes in California, such as Fetzer. The company also owns the trademark for several wines that others produce.

Brown-Forman shares rose $1.80 yesterday, or nearly 3 percent, to close at $72.21.

**18. Heineken Lifts Profit Guidance on New Light Beer**

By Steve Goldstein, *MarketWatch*

July 18, 2006

**Brewer says it'll beat target for Heineken Premium Light**

LONDON (MarketWatch) -- Dutch brewer Heineken N.V. lifted its profit outlook for 2006 after sales of its new Premium Light beer fared better than it originally forecast.

Heineken said it was lifting its profit view for this year, and now expects comparable growth slightly above 10%, vs. previous expectations of growth in the mid-single digits.

It said the successful launch in the U.S. of Heineken Premium Light, with volumes expected above the target of 400,000 hectoliters (84.5 million pints) for the year, was a strong growth driver.

Premium Light has only been on the market since March, supported by a $50 million marketing budget.

The interest in Premium Light is also benefiting its whole line of Heineken beer in the U.S., the company added.

First-half volumes in the Americas -- which include both North and Latin America -- grew 13.4% on a comparable basis, it said.

Heineken shares improved 3.4% in Amsterdam. Heading into Tuesday, they had grown 23% in 2006. Also see Europe Markets.

The company said the premium beer market is growing more quickly than the overall beer market, which is dominated by Anheuser-Busch (BUDAnheuser-Busch Companies, Inc. Heineken also registered successes outside the U.S.

Integration of breweries acquired in Russia is proceeding "at pace" and beer volumes are developing well, it said. See more global markets coverage.

"There were some expectations that portfolio rationalization could result in drop in volumes," said Sebastiaan Schreijen, an analyst who follows the brewer for Fortis Bank.

In Western Europe, which is a competitive, mature market, volumes rose 0.7%.

"It's a plus," Schreijen said. "That's something competitors have not showed for a long time in Western Europe."

Heineken has benefited in Western Europe from its premium beer exposure, as well as its relatively low presence in the U.K., where rival InBev (BE:000379310: news, chart, profile) is active.

African and Middle East volumes improved 15.5% in the first half, it added.


# 19. Banned Liquor Making Comeback in Mexico and Online

*KFMB Stations: News 8*

July 17, 2006

It's a forbidden drink banned in the United States for more than 90 years. Now, absinthe is making a comeback on the internet and south of the border.

Some say the potent combination of herbal extracts and alcohol in absinthe can make you hallucinate. It's illegal to sell it in the United States, but that's not stopping people from ordering over the internet, or traveling to Mexico to partake.

Take a walk down Avenida Revolucion in Tijuana, and you see it advertised everywhere -- absinthe, a green liquor also known as "The Green Fairy."

Inside Tijuana's El Torito Pub, bartenders serve the popular drink mainly to young Americans.

Mexican absinthe is 55 percent alcohol -- that's 110 proof. European absinthe is even stronger. Part of the lure of drinking absinthe is the ritual of preparing it.

"Well, he poured it over a sugar cube and lit it on fire, dissolved the sugar into the drink over ice, and then I took it all with a straw," one patron said.

Absinthe can be mixed with cold water, or taken straight in a shot glass.

"It tastes like Yeagermeister, or licorice," a bar worker said.

Lighting a sugar cube on fire and stirring it in makes the bitter liquor smoother to drink.

In the late 1800s, absinthe was all the rage in Europe, especially among impressionist artists. Vincent van Gogh is said to have cut off his ear while on an absinthe binge. Several of Pablo Picasso's paintings depict absinthe use, and author Earnest Hemingway wrote about his own absinthe experiences.

Aside from alcohol, the active ingredient in absinthe is thujone, a chemical extracted from the wormwood plant. Thujone is a stimulant that may cause hallucinations and artistic clarity. Extremely high doses of thujone have been linked to stomach problems, convulsions and even death.

As a result, absinthe was banned in the U.S. and Europe in the early 1900s. Today, absinthe is perfectly legal in most of Europe and Mexico, with restrictions on the thujone content. It remains illegal to import or sell in this country, but not to possess or drink, so Americans are ordering it over the internet and traveling to Tijuana to partake in The Green Fairy.

Tijuana liquor stores report selling as many as 50 bottles a day, and customs agents are confiscating bottles of absinthe at the border, where smugglers can be fined 10 times the value of the liquor.

Ordering absinthe over the internet can be risky, because the Web sites are based in foreign countries, and shipments are subject to seizure by U.S. Customs. Still, business is booming, and many customers say they have no problem getting it online.

# <http://www.kfmb.com/features/consumer_alert/story.php?id=56872>


# 20. Talk about it: Freedom to Smoke or Breathe?

###### July 17, 2006

### The issue:

Last month, U.S. Surgeon General Richard H. Carmona issued a report concluding there is no safe exposure to secondhand smoke. Nonsmokers exposed to secondhand smoke at home or work increase their risk of developing heart disease by 25 percent to 30 percent and lung cancer by 20 percent to 30 percent. According to the report, secondhand smoke is a known cause of sudden infant death syndrome, respiratory problems, ear infections and asthma attacks in children. Yet nearly half of all nonsmoking Americans are regularly exposed to secondhand smoke.

Iowa has no statewide ban on smoking in restaurants, taverns or other workplaces or entertainment centers. State law also prohibits local governments from adopting smoking bans. Should this report prompt lawmakers to reconsider?

### How to define it

Though it has been referred to as environmental tobacco smoke, “secondhand” captures the involuntary nature of the exposure because most nonsmokers don’t want to breathe it. This smoke contains more than 4,000 chemical compounds . It contains higher concentrations of many of the toxins found in cigarette smoke. The National Toxicology Program estimates at least 250 chemicals in this smoke are toxic or carcinogenic (cancer-causing).

*Source: U.S. Health and Human Services*

Who smokes?

An estimated 25.5 million men and 21.5 million women are smokers in this country. The latest estimates for persons age 18 and older show:

• Among non-Hispanic whites, 24.3 percent of men and 21.2 percent of women smoke (2002).

• Among non-Hispanic blacks, 25.5 percent of men and 18.3 percent of women.

• Among Hispanics, 22.1 percent of men and 10.3 percent of women.

• Among Asians (only), 17.5 percent of men and 6.5 percent of women.

• Among American Indians/Alaska natives, 42 percent of men and 37.3 percent of women.

Studies show that smoking prevalence is higher among those with less education and highest among those living below the poverty level.

*Source: American Heart Association*

**21. Marriott to Ban Smoking in All US, Canada Rooms**

Source: *Reuters / WSJ*

July 19, 2006

NEW YORK (Reuters) - Hotel chain Marriott International Inc. will announce on Wednesday that it is banning smoking in all rooms of its 2,300-plus hotels in the United States and Canada, the Wall Street Journal reported on its Web site on Wednesday.

The move is part of an effort to stop an increasingly common source of guest complaints, the report said.

More than 90 percent of Marriott's hotel rooms in the United States and Canada are already nonsmoking, but smoking will now be banned in public spaces, such as restaurants, bars and meeting rooms, the report said.

The change in policy will start in September, and guests who smoke in hotel rooms face a clean-up fee ranging from $200 to $300, according to the story.

A spokeswoman for Marriott was not immediately available to comment.

**22. Miller Brewing Reaches Pacts With Teamsters In NC, Texas**

***Dow Jones Newswires***

July 16, 2006

SABMiller PLC's (SAB.JO) Miller Brewing Co. reached three-year agreements with union-represented employees at the company's Eden, N.C, and Fort Worth, Texas, breweries.

The agreements increase raises and "preserves" health-care coverage, the International Brotherhood of Teamsters said in a release Sunday.

The Teamsters represent 500 employees at Miller's Eden brewery and 575 employees at the company's Fort Worth brewery.

Teamsters represent 1,400 workers at three SABMiller plants in North Carolina, Texas and California.

**23. State Winegrape Crop to Drop (California)**

By Ceilia Lamb, Staff Writer - *Sacramento Business Journal*

July 20, 2006

The U.S. Department of Agriculture has forecast California's winegrape crop will drop 16 percent this year from last year's record crop.

Cold weather in March and April hindered vine development, but hot weather in May and June helped the crop catch up. The winegrape estimate is 3.2 million tons of grapes from 477,000 acres of vineyards.

Winegrapes are the Sacramento region's largest crop, measured by production value. In 2004, the last year for which data is available, growers in Sacramento, Yolo, El Dorado and Placer counties harvested a winegrape crop valued at $112.9 million.

With winery tanks still full of bulk wine from last year's bumper crop, growers worry that prices on the spot market will come down this year. Most growers sell their wine on contracts that insulate them from price volatility, but some contracts will expire this year.


# 24. New Mexico Must Tighten Up Lax Liquor Regulations (New Mexico)

By Linda Atkinson & James Mosher - *Albuquerque Journal*

July 13, 2006

If more than 200 New Mexicans were dying and thousands of others suffering each year from a fully preventable disease, you can bet that state public health officials would take aggressive action with the full support of the public.

And yet, when those terrible statistics are caused by the preventable malady of drunken driving crashes, and the state offers a reasoned response that's already in place in neighboring states, the response is decidedly mixed.

Many residents support the regulatory change that would allow the state Alcohol and Gaming Division to revoke a liquor license after four citations for serving alcohol to a minor, or two citations for overserving an intoxicated adult. Currently, five citations are allowed prior to revocations. But to hear owners of bars, liquor stores, markets and restaurants tell it, this change is harsh punishment that will drive them out of business and be impossible to follow.

In fact, the new regulations will promote better business practices and professionalize the sales and service of alcohol. And the payoff to New Mexico in stopping sales to intoxicated people will be significant public health and safety benefits.

These facts are recognized by neighboring states. New Mexico is the most lenient when it comes to penalties for sales to minors and intoxicated people. In Colorado, revocation is allowed after three violations with no time limit. Texas allows three violations in three years and Arizona allows three in two years. But in New Mexico, alcohol outlets are allowed five strikes each year. So, a bar that is cited for selling alcohol to youngsters or to drunken people only four times in one year gets a clean slate after that year is over. In Colorado, Texas and Arizona, that bar would be gone after three.

Bars, liquor stores, markets and restaurants aren't shutting down in Colorado, Texas and Arizona because of regulations there. Business is just fine.

Some opponents of the proposed regulatory change say New Mexico should instead just improve enforcement of existing regulations, suggesting that the real problem lies with sworn officers not doing their jobs. In fact, law enforcement officers want to protect New Mexico communities by ensuring that laws prohibiting sales to minors and intoxicated people are obeyed. But their efforts are undermined by the lack of meaningful penalties when the laws are violated. Outlets get five strikes a year, which is so lenient that it doesn't deter the problem. The one-year time period for five repeat offenses, one of the most permissive of such regulations in the nation, means a proprietor would have to be truly egregious in sales and service of alcohol before license revocation.

Problems caused by irresponsible alcohol service reach deeply into communities. Drunken driving is just one of the calamities related to overservice of intoxicated people, but there's a lot of research data on it. In the past decade, about 200 people have died each year from alcohol-involved fatalities in New Mexico, while about 3,500 drunken-driving car crashes have occurred each year. Research shows that bars, lounges and restaurants are the places of last drink in about half of all drunken driving arrests. In nearly 60 percent of drunken driving arrests, a licensed establishment, grocery store or restaurant was the source of alcohol.

But drunken driving isn't the only problem linked to excessive consumption. Studies show that half of all homicides, one-third of rapes and one-quarter of all violent crimes are related to alcohol abuse. Police don't need statistics; they see the problem first hand almost every night. Ask any police officer about problems caused by intoxicated people, and he or she can name the bars and liquor stores that are magnets for trouble. If everybody stopped getting drunk tomorrow, many cops would have very little to do tomorrow night.

Many people believe that halting sales of alcohol to intoxicated people is impossible, but it's not. Just because it hasn't been accomplished very well up until now doesn't mean it can't be done. Training of servers to spot intoxicated people, strong management support, clear management polices against sales to intoxicated people, appropriate penalties for violations, and targeted enforcement of regulations will work. Tightening regulations against sales to minors and intoxicated people will convince proprietors to adopt professional business practices, which in turn will mean fewer minors and intoxicated people buying alcohol and causing problems in communities. And that, in turn, will save lives in New Mexico.

<http://www.abqjournal.com/opinion/guest_columns/475227opinion07-12-06.htm>


# 25. New Hampshire Adopts Vertical Drivers' License Law (New Hampshire)

*JoinTogether.com*

July 17, 2006

New Hampshire drivers under 21 will have vertical licenses thanks to a bill signed into law by Governor John Lynch in a ceremony last week, according to a July 12 press release from New Futures.

Starting in January 2008, standard licenses will still be printed horizontally, but those under the legal drinking age will be immediately identifiable by their vertical licenses.

'Vertical drivers' licenses are a tool in the fight against underage drinking,' said Rep. William Butynski, the bill's sponsor. 'They provide merchants and law enforcement personnel with an instant visual cue as they verify a license holder's age.'

At least thirteen states have adopted vertical drivers' license laws.

For more information, visit [www.new-futures.org](http://www.new-futures.org).

<http://www.jointogether.org/news/headlines/inthenews/2006/nh-adopts-vertical-drivers.html>

**26. Bill Allows N.C. Beer, Wine Retailers to Offer Beverage Coupons (North Carolina)**

Source: *Fox News North Carolina*

July 19, 2006

RALEIGH, N.C. State legislators are talking about letting beer and wine retailers use coupons or membership cards to sell at a discount.

A House panel approved the legislation today (Tuesday).

State Alcoholic Beverage Control Commission rules now prohibit coupons or free beverages as part of alchol advertising. Stores can pass along sales if prices are discounted by the manufacturer or distributor.

This bill would allow stores that sell beer and wine to provide sales incentives.


# 27. Supreme Court Upholds Convictions in Underage Booze Sting (North Dakota)

By Dale Wetzel - *The Associated Press*

July 18, 2006

BISMARCK, N.D. - State law allows police to use underage volunteers to discover whether bartenders and liquor store clerks will sell booze to minors, the North Dakota Supreme Court ruled.

The decision Tuesday upholds the misdemeanor convictions of workers at two Bismarck convenience stores and a bar, each of whom sold beer to underage customers during a police check on April 1, 2005. They were given deferred sentences and ordered to pay almost $120 each in fines and costs.

In their appeal, the trio's attorney, Justin Vinje, argued the Legislature has not given local police authority to use underage decoys in sting operations to detect underage alcohol sales. North Dakota law forbids minors from going into bars and liquor stores.

The Supreme Court, in a unanimous ruling Tuesday, said the practice was justified by a 2001 state law that allows individuals to work under orders from a law officer, as long as they believe what they're asked to do is within the officer's authority.

"The legislative history of this (law) contains ample testimony showing the intent of this provision was to allow persons under 21 years of age to be used in alcohol compliance checks," says the court's unanimous opinion, written by Chief Justice Gerald VandeWalle.

"It is the Legislature's decision whether or not, as a matter of public policy, to allow law enforcement officials to conduct alcohol compliance checks in this manner," VandeWalle said. "The Legislature has decided to allow this conduct."

When doing the checks, underage buyers were told not to lie about their age and to display identification when asked to do so.

<http://www.grandforks.com/mld/grandforks/news/state/15068658.htm>


# 28. Bill Allows N.C. Beer, Wine Retailers to Offer Beverage Coupons (North Carolina)

By Gary D. Robertson - *The Associated Press*

July 18, 2006

RALEIGH, N.C. - Retailers could use coupons or membership cards to sell beer and wine at a discount in legislation that a House panel approved Tuesday.

State Alcoholic Beverage Control Commission rules now prohibit cents-off coupons or free beverages as part of alchool advertising. But this bill would allow grocery and warehouse stores and other places that sell beer and wine to provide sales incentives.

"The retailers just want to be able to reward their customers," said Andy Ellen with the N.C. Retail Merchants Association, which has pushed for the change over the past year. "It was a delicately manufactured compromise."

Grocers and other stores that sell alcohol through a license sometimes offer reduced prices on a six-pack or bottle of wine passed along by the manufacturer and distributor. But state ABC rules say "cents-off coupons or coupons offering free alcoholic beverages shall not be used as a method for advertising."

The bill, which now goes to the full House, would allow an exception to the rules if the retailer offers a discount coupon to purchase beer and wine or requires a customer to use the buyer's membership card, discount card or loyalty card to receive the discount. The change wouldn't apply to state ABC stores, which sell liquor.

Ellen said retailers could use discounts to highlight North Carolina wines, for example, in addition to offering regular reduced prices. The language would not permit manufacturers to offer coupons or rebates - a decision that would appear to clarify the current ABC rules.

Miller Brewing Co., for example, has offered a mail-in rebate in North Carolina and other states for purchasing their beer.

The language has the support of leading bill-makers in the state, the N.C. Beer and Wine Wholesalers Association and winery groups, according to Ellen.

The Rev. Mark Creech with the Christian Action League of North Carolina said allowing the coupons could boost sales, particularly among college students who are prone to binge drinking and possibly ethnic groups that have been historically targeted for malt liquor sales.

"Any time that you have a two-prong approach of teaming adversiting with a discount price for alcohol sales ... you have a rise in consupmtion levels," Creech said. "This is a sweeping change in alcohol policy in North Carolina."

The Senate declined to insert the language in a separate alcoholic beverage control bill that passed the chamber last week, Creech said.

Dean Plunkett, the wholesaler association's executive director, said the manufacturers' coupons in other states have been of a large monetary value. Distributors often much agree to assume part of that discount.

"They just get ridiculously high, instead of just 50 cents or $1 off," Plunkett said.

<http://www.myrtlebeachonline.com/mld/myrtlebeachonline/15067742.htm>


# 29. Commission Considering Sunday Sales (Arkansas)

By James Jordan -  *Arkcity.net*

July 18, 2006

The City Commission is expected to set the wheels in motion to legalize the sale of beer on Sunday in Arkansas City at its 7 p.m. meeting tonight at city hall.

Mayor Patrick McDonald said the commission wants to make it as easy as possible for the public to weigh in on the issue.

"We want to make it possible to have a vote on the issue. That is where it belongs, for the voters to decide," he said.

The commission has several options. It could do nothing, and then those wanting Sunday sales of beer could submit a petition to put it on the ballot. If the city approves the measure, a petition could be filed in objection that would put the matter on the ballot.

If the latter happens, only a small number, just over 200 signatures, would be needed to force a vote, said City Manager Curtis Freeland.

Freeland expects the commission to set a public hearing to be held at a future meeting.

The commission discussed the issue last year, but to avoid the expense of a special election, the commission tabled the issue until a time closer to the general election.

Freeland said the time has come to take it off the table. Last year the state gave local governments the authority to legalize Sunday sales of alcohol.

Several convenience stores, grocery stores and liquor stores, have asked the commission to legalize Sunday sales of beer. The sale of hard liquor is a separate issue. When the matter was brought up a year ago, some liquor store owners opposed the measure, saying they did not want to have the added expense of staying open an extra day.

Other store owners said it would help their business and keep business in Arkansas City that now goes to Oklahoma.

Jim Coulson, owner of Village Market, said it would not affect his individual sales all that much, but he believes it would benefit the town.

"If the whole town gets together, it would stop them from going to Newkirk. They are going to get it somewhere, it might as well be here," he said.

Mike Groves, owner of Groves Oil, which operates three stores in Arkansas City, said his stores are open anyway on Sunday, so it would mean a little more business.

The city does not have to set a public hearing, since it had one last year, but McDonald said he believes the commission will set another one before deciding on the issue.

He would like to see voters decide whether to have legal beer sales on Sunday.

"It is hard to tell what the community wants. It seems balanced to me," between those who are for it and against it.

<http://www.arkcity.net/stories/071806/com_0002.shtml>

**30. Second $1.5M Liquor License Sold in Area (New Jersey)**

By Lisa Grzboski, Staff Writer - *Courier-Post Staff*

It didn't take long for a record-breaking liquor license sale to be matched in the township.

Just last month, the Township Council passed a resolution permitting local restaurateur Franco Longo to transfer his liquor license to the Cherry Hill Mall owner for $1.5 million, the highest price in New Jersey.

Then the council last week approved another $1.5 million transfer, this one between sellers Vivian and Jean Fiorentino and the developer of Garden State Park, the huge retail, residential and office project being built at Route 70 and Haddonfield Road.

"We looked at it as a chance to slow down and stop working," said Vivian Fiorentino, one half of a husband-wife team that entered the restaurant business in 1981 when the two opened La Patisserie Francaise, a French bakery, in Haddonfield.

Their career has included La Campagne, a French cuisine restaurant they owned and operated in Cherry Hill for four years in the late 1980s, and Nonna's Tuscan Restaurant, which they run on Berlin Road.

The couple bought Steamers Bar & Grill on Brace Road, which held a liquor license, in September 2003 from Chris Fifis, a cousin of the Fifis family that owns Ponzio's Restaurant. They had an idea to eventually recast it with a 1950s Florida touristy theme. Vivian Fiorentino said she was actually in the process of redecorating when the Garden State Park developers called.

Negotiations started at $890,000, or $100,000 more than what the developer paid for the license of Lena's Tavern, which the Cheesecake Factory now uses. But the offers quickly increased, Fiorentino said.

"They came to me and told me to just name a price," she said. "I said $1.5 million and they said fine and we shook hands and that was it."

That was last fall. The Fiorentinos have already received the money.

M&M Realty, the company building Garden State Park's retail sections, didn't respond to a request for comment.

Liquor licenses in Cherry Hill have always been expensive, said Deborah Dowdell, New Jersey Restaurant Association president.

A part of the reason is there are a small number of liquor licenses, which drives up demand and the price people are willing to pay to serve alcohol, she said.

It used to be New Jersey towns could issue as many liquor licenses as they wanted. But Cherry Hill, which is a newer, suburban community, was affected by changes made to the state's alcohol beverage control rules, which limit liquor licenses based on a town's population, Dowdell said.

Even though the township's population hasn't grown much in recent years, commercial development has been steady as evidenced by Garden State Park and the mall.

Fiorentino said she and her husband have always made their money making food rather than deals. But she said they couldn't pass up this "small windfall." It also didn't hurt that Fiorentino, who is used to operating nonalcoholic establishments, wasn't enjoying the bar business.

The couple held a goodbye party at Steamers on May 22, closed the doors and never looked back. They remain committed to Nonna's, but could begin to scale back hours there.

"We're focusing on retirement, having been in the restaurant business in the same square mile for quite some time," Fiorentino said. "We want to enjoy life a little."



# 31. Idaho Considers Hiking Alcohol Tax (Idaho)

*JoinTogether.com*

July 19, 2006

Idaho county commissioners hope to raise the state tax on beer and wine from one cent to five cents, News Channel 6 reported on July 16.

The proposed resolution would raise an estimated $15 million each year to fund school drug and alcohol prevention programs.

<http://www.jointogether.org/news/headlines/inthenews/2006/idaho-considers-hiking.html>


# 32. Vineyard Opens Despite New Law (Virginia)

By Christina M. Wright - *Roanoke Times*

July 21, 2006

The Virginia Mountain Vineyard opened on July 1, the same day that a new Virginia regulation limiting sales of Virginia wines took effect.

The law prevents Alcoholic Beverage Control stores from selling Virginia wines and Virginia wineries from selling their products directly to retailers.

"They handed the distributor a monopoly," said David Gibbs, who owns Virginia Mountain Vineyard with his wife, Marie.

The law affects the three-tier system of getting wine from the winery to the consumer. The winery is tier one. In tier two, wineries sell it to distributors, who take it to tier three -- the stores and other retailers.

Until this month, Virginia wineries had been allowed to skip the second tier by taking their wines to Virginia retailers. Out-of-state wineries, however, weren't allowed to do the same.

The U.S. District Court for the Eastern District of Virginia ruled in the 2005 Brooks v. Danielson case that it is unconstitutional for the state to show preference to their own products while placing out-of-state wines at a disadvantage.

Now, the Gibbses and other small winery owners are concerned about their disadvantage -- their businesses usually do not produce enough wine to be profitable to distributors.

"I'm not saying there is anything wrong with distributors ... if you're large," Marie Gibbs said. "If you're small, like us, they don't want you."

The courts ruled in the same case that Virginia also showed preference to their own wines by only selling Virginia wines in ABC stores.

So now, small wineries can either sell wine from their tasting rooms or at festivals, although the Gibbses said there has been talk of the festival option being taken away.

"Your average person doesn't know about this [the regulations], but, if they start attacking festivals, it'll definitely affect them," Marie said.

Del. Robert Bell (R-Charlottesville) said the General Assembly is "hopeful that ABC can come up with regulations that allow them to sell wines from small wineries, but not just Virginia wines."

Sen. Brandon Bell (R-Roanoke) recently visited the Virginia Mountain Vineyard and found "the entire operation very impressive."

"My thoughts are to set up an informal meeting with local wineries to come up with something that would work," he said. "Unfortunately, anything that we come up with wouldn't be voted on until January."

In an effort to survive the current restraints, Virginia Mountain Vineyard and other wineries are uniting and forming wine trails. The businesses operate separately, but promote area wineries on their Web sites and on-site and will occasionally host events together.

The Bedford Wine Trail was formed in May, combining five small wineries.

"All the wineries are trying to do all they can to bring business in," said Danny Johnson, 67, who owns Peaks of Otter Winery, which is on the Bedford trail. "It's not going to take the place of the ability to self-distribute, but it is helping a little."

