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| *October 20, 2006* |

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**[I. NATIONAL NEWS.](#I)**

**Big Tobacco Spending Big Money to Fight State Bans, Taxes**

*www.WSJ.com*

By CHRISTOPHER COOPER
October 10, 2006; Page B1

American tobacco giants, facing state ballot measures that would sharply increase excise taxes or expand smoking bans, are fighting back. They are spending tens of millions of dollars and, in some cases, pushing rival propositions that sound like tough restrictions but would actually ease antismoking laws already on the books.

The campaign drawing most of Big Tobacco's attention is in California, where [Reynolds American](http://online.wsj.com/quotes/main.html?type=djn&symbol=RAI) Inc. and Philip Morris USA, along with parent [Altria Group](http://online.wsj.com/quotes/main.html?type=djn&symbol=mo) Inc., have already sunk a combined $55 million into a drive to oppose increasing taxes on a pack of smokes by $2.60. The measure, on the November ballot, would generate an estimated $2.1 billion in annual revenue for the state and make California's tobacco excise tax, currently at 87 cents a pack, the highest in the nation. Proceeds from the tax would be used to finance health programs, primarily for children.

The companies are spending so heavily there because the stakes are so high. Philip Morris, the industry's largest cigarette maker, says that California is its single-largest domestic market. Reynolds, the nation's No. 2 tobacco company, says the state accounts for about 6% of its cigarette sales. "Clearly, the impact of California would put pressure on earnings," said Dianne Neal, Reynolds's chief financial officer, during an analyst conference in late July. During the same conference, Ms. Neal said that, altogether, the company planned to spend $40 million to defeat tax increases and smoking bans on state ballots around the country this November.

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| [tobacco] |
| A television advertisement from the 'No on Proposition 86' campaign, which opposes an increase in cigarette taxes in California. |

A leader in citizen-driven proposition balloting, California has often seen pricey campaigns by big businesses seeking to defeat hostile ballot initiatives, and this year is no exception. Another measure, to raise taxes on oil, has sparked an expensive campaign by oil companies. In 2005, a group of pharmaceutical companies spent $73 million to defeat a proposed prescription-drug discount plan. And in 1998, insurance companies spent $66 million to defeat an auto-insurance measure. "Initiative campaigns are not cheap -- this is not an inexpensive venture," said Reynolds spokesman David Howard.

So far, the coalition of cigarette companies and snuff and cigar manufacturers has outspent proponents of this year's cigarette-tax proposal -- mostly a collection of California hospitals -- by a 3-to-1 margin. State records show that, a month before the election, Philip Morris had put $30.7 million into the campaign and Reynolds had donated nearly $24 million. As of the end of September, the antitax campaign had already spent more than $48 million.

The result has been a tidal wave of television advertising attacking the tax increase and its main backer, a California hospital association, whose members stand to benefit most from the new tax. "I was in California two days last week, and that's all I saw on TV," said Kristina Wilfore, executive director of the left-leaning Ballot Initiative Strategy Center. "They were even airing it on the Cartoon Network at midnight."

Beyond California, the companies are fighting similar tax measures in Missouri, Arizona, South Dakota and Ohio. In Missouri, the state's Supreme Court is considering whether to allow an 80-cent-a-pack tax increase to appear on the November ballot, over a legal challenge. If the measure survives, Mr. Howard said, "It’s safe to say" the company will wage a multimillion-dollar campaign to defeat it.

Philip Morris spokeswoman Peggy Roberts said the company has begun consumer and vendor campaigns to defeat a proposed $1-a-pack tax increase in South Dakota and an 80-cent-a-pack increase in Arizona. She said the company was mounting a similar effort in Cuyahoga County, Ohio, where voters will be asked to approve a 30-cent-a-pack tax on cigarettes to finance a local arts program.

Ms. Roberts declined to say how much the company was spending on the campaigns.

![[tobacco]]()The ferocity that Big Tobacco has shown this year in opposing the cigarette taxes contrasts with the industry's relative inactivity on the issue in recent years. The two cigarette companies offered only token resistance to a 2002 proposal in Missouri to raise cigarette taxes 55 cents. They spent a combined $77,000 defeating the proposal, state records show, even as a group of health charities and others spent more than $5 million pushing the effort. That same year, a 60-cent tax increase proposed in Arizona passed with no money being spent by opponents, according to state records. In Florida in 2002, Philip Morris abruptly ended a drive to counter a smoking ban with a softer measure after spending $360,000 on a petition drive.

Political observers say they haven't seen tobacco interests spend so much money on a statewide proposition since 1994, when a cigarette-tax increase went down in defeat in Colorado after an $8 million campaign against it -- a sum that remains a record in that state.

Company spokesmen declined to discuss their reasons for increasing their political activities this year beyond saying that business considerations govern their decisions to enter the political fray.

Dan Smith, a University of Florida political-science professor who studies ballot issues, said the sheer number of proposals may have convinced the companies they need to counter the mushrooming antismoking activism that has taken over statehouses in recent years. Some 41 states have passed cigarette-tax increases in the past five years. A host of others have banned smoking in many public places.

"In the last political round, the tobacco giants basically conceded the issue," Mr. Smith said. "I think they've decided to make a last stand. These proposals are going to keep coming if they're not knocked down."

While Philip Morris has focused its efforts on taxes, Reynolds has mounted a sturdy resistance to proposed smoking limits in Ohio and Arizona this year. Both states are entertaining proposals to virtually eliminate smoking in public buildings.

Reynolds is bankrolling proposals in both states that critics say are designed to confuse voters. In Ohio, voters will be asked to consider two smoking-related measures. One, called SmokeFreeOhio, would change state statutes to ban smoking in most buildings other than private homes and a certain percentage of hotel rooms. It is supported by health charities such as the American Cancer Society.

A rival proposal on the ballot, backed by a group called Smoke Less Ohio, also purports to restrict smoking, through a constitutional amendment. But this proposal would exempt restaurants, bars, bowling alleys and similar establishments. If passed, it would actually unwind more restrictive existing municipal bans. It is being supported by a coalition of bars and restaurants, local retail outlets, [Loews Corp.](http://online.wsj.com/quotes/main.html?type=djn&symbol=LTR)'s Lorillard Tobacco Co. and Reynolds.

Mr. Howard, the Reynolds spokesman, said his company supports the constitutional measure and is prepared to bankroll a multimillion-dollar campaign to see it passed. "We believe this is a way you can still provide a smoker-friendly environment for people who choose to smoke," he said.

Jacob Evans, a spokesman for Smoke Less Ohio, declined to say how much money Reynolds was providing for the campaign but acknowledged that the company was "our main supporter." State campaign-finance documents show Smoke Less Ohio spent $1.5 million through Aug. 9 gathering signatures to place it on the ballot.

Recent polling shows about 45% of the state's voters support the Reynolds-backed measure. Polling shows 58% support for the ban endorsed by the health groups. Both measures require simple-majority support to succeed. But if both pass, the Reynolds-sponsored measure would prevail.

Tracy Sabetta, of SmokeFreeOhio, admitted her group may have been politically outmaneuvered when it decided to pursue its measure as a statutory change in state law rather than a constitutional amendment. "We could get 90% of the vote and theirs could still trump ours," she said.

In Arizona, Reynolds has adopted a similar strategy of backing a rival to the proposed smoking ban. There, state records show, Reynolds had by mid-August funneled nearly $3 million to a local group called the Non-Smoker Protection Committee, which is backing Proposition 206. Though ostensibly a smoking ban, it would actually unwind existing prohibitions in Tempe and other cities by exempting bars and restaurants statewide. A rival proposal, Proposition 201, which is supported by several health charities, provides no such exceptions.

In Arizona, the smoking measure with the most votes will become law. Recent polling showed the Reynolds-backed proposal had slightly more support than the one backed by the health charities.

Dueling smoking bans will also appear on the ballot in Nevada this year, but campaign-finance records suggest that tobacco companies have left that battle to convenience stores and liquor and gambling interests.

Mr. Smith, the political-science professor, said Reynolds's tactics in Ohio and Arizona are similar to those used by insurance companies to defeat the 1998 California auto-insurance measure. They clotted the ballot with five competing ballot questions on the subject. "Counterproposals confuse voters, and when voters are confused, they vote 'No,' " Mr. Smith said. "That's just the default position."

<http://online.wsj.com/services/article/SB116044511224087676-search.html?KEYWORDS=big+tobacco+spending+big&COLLECTION=wsjie/6month>

**The Case for Alcoholics Anonymous: It Works Even if the Science Is Lacking**

By KEVIN HELLIKER

*www.WSJ.com*October 17, 2006; Page D1

A newly published review of addiction-treatment research delivers a verdict that is being interpreted as highly critical of the 12-step model of Alcoholics Anonymous.

"No experimental studies unequivocally demonstrated the effectiveness of A.A. or (professional 12-step therapy) for reducing alcohol dependence or problems," concluded a group of Italian researchers in a July review in the prestigious Cochrane Library. The purpose of the study was to compare the efficacy of A.A. and professional treatment based on A.A. with other types of alcohol therapies and interventions. The study concluded that A.A. and A.A.-based therapies were no more or less effective than the alternatives, and that more and better studies of A.A. and 12-step therapy are needed.

News coverage was immediate. "Review Sees No Advantage to 12-Step Programs," read the headline in a national newspaper.

Could this mean that A.A., the world-wide fellowship of recovering alcoholics, doesn't work?

What it actually means is that the pursuit of evidence-based medicine sometimes produces conclusions and headlines that are misleading. That untold multitudes of problem drinkers have become abstinent after attending A.A. meetings is undisputed. Also undisputed is that anyone who follows the A.A. recommendation of abstinence will never again experience drinking problems.

The Cochrane conclusion indicates that A.A. hasn't been subjected to the gold standard of medical experiments, the double-blind randomized clinical trial. As a result, no scientific proof exists that A.A. causes its members to quit drinking, that they wouldn't quit eventually on their own or that an alternative might not work just as well.

It is hardly scandalous that A.A. hasn't undergone the most rigorous of scientific testing. Evidence-based medicine is designed to root out false marketing claims and unnecessary costs. A.A. makes no marketing claims and charges no fees. Instead of being handed scientific literature, newcomers to A.A. hear existing members tell how they used the program to get sober. Evidence-based medicine is also designed to compare treatments. An A.A. spokesman in New York says, "We're not in competition with anybody. We're not saying we're better than anybody else. We don't recruit members, and there are no dues or fees for A.A. membership."

A.A. doesn't comment on published research or public criticism, including from addiction specialists or other treatment providers who might view A.A. as competition. This no-comment policy makes A.A. an easy target. A Penn & Teller documentary, televised in 2004 and viewable on the Web, characterizes A.A. as a marketing and financial fraud -- without mentioning that A.A. charges no fees. Subsisting on the sale of literature and donations, A.A. is a nonprofit that in 2005 reported total revenue of $13.2 million and total expenses of $12.9 million.

Many problem drinkers quit with no help. And for those who fail at that, differing addiction treatments tend to succeed at similar rates.

Founded in 1935, A.A. is a decentralized collection of nearly 53,000 groups in the U.S. alone, each autonomous and without any membership list, which would make difficult any effort to conduct a double-blind randomized clinical trial. Such a trial could raise ethical questions if, for instance, a newcomer were steered to an alternative treatment -- including possibly a control group receiving no treatment at all.

A multitude of studies show that A.A. attendance is associated with reduced drinking and higher social functioning. Addiction specialists say these benefits likely apply to newer self-help groups such as Smart Recovery, Secular Organizations for Sobriety and Women for Sobriety.

Unlike randomized clinical trials, associative studies don't prove cause, but are often treated as powerful evidence. For example, although no studies prove that moderate drinking enhances health, a wealth of highly publicized data show that a drink or two a day is associated with reduced rates of cardiovascular disease, among other benefits.

Questions about the efficacy of A.A. arise in part because the treatment industry often immerses its patients -- at a cost -- in the same 12 steps that A.A. introduces free. If professionals are charging for what amounts to an introduction to the A.A. model, experts say, there ought to be evidence of efficacy.

Some experts say the demand for efficacy data on A.A. reflects disbelief among professional therapists that their services are no more effective than a fellowship of recovering drunks. But Marica Ferri, lead author of the Cochrane study, says, "I do not distrust A.A."

Following professional therapy of any sort, A.A. attendance is associated with better outcomes, studies have shown. A year-2000 Journal of Studies on Alcohol study of 466 problem drinkers found that for those who attended A.A. following professional treatment, the three-year abstinence rate doubled, to more than 50%.

Professional therapy is often necessary because it gives the patient a chance to speak in private, and because it allows for the diagnosis of co-existing disorders such as depression and anxiety, which are common in alcoholics, particularly women.

<http://online.wsj.com/services/article/SB116103919268294433-search.html?KEYWORDS=acoholics+anonymous&COLLECTION=wsjie/6month>

**Diageo Shareholders Urged to Oppose Political Donations**PIRC recommends opposition to annual report and accounts over £300,000 handout

October 13, 2006
*Source: Cross Border*

LONDON -- A corporate governance advisory firm is urging shareholders to block any attempt by Diageo to donate to political bodies anywhere in the world without first seeking authorization from shareholders.

Pensions Investment Research Consultants (PIRC) made the recommendation after it transpired that Diageo, a UK-based drinks firm with London and New York listings, had donated £300,000 ($557,000) to political organizations based in the US without seeking approval from shareholders.

As a result, PIRC is calling on shareholders to reject the company's annual report and accounts at next week's AGM.

While UK companies have no legal obligation to consult shareholders on donations outside the EU, PIRC felt that UK practice should be applicable to UK-listed entities.

Ben Harris of PIRC, who made the recommendation, says: 'the donations were made entirely to political entities in the US and primarily candidates running for state office.

But our simple view is that companies that are quoted on the UK stock exchange should abide by UK practices.'

Diageo insists that there is nothing untoward about the funding it has given to US political entities. 'Donations are made to candidates and committees with the aim of promoting a better understanding of Diageo and its views on commercial matters, as well as a generally-improved business environment,' explains Yvonne Harrison, a spokesperson for the company.

In the US, companies are able to donate large sums to candidates without seeking permission from shareholders.

But the Political Parties, Elections and Referendums Act 2000, together with the Companies Act, mean that UK companies are barred from making donations of more than £5,000 ($9,300) to political organizations in the UK and EU without having shareholder approval.

'It is not our policy to make political donations in the EU,' continues Harrison. 'However, due to the broad drafting of the Political Parties, Elections and Referendums Act we do seek shareholder approval as a precautionary measure in case any of our routine activities are deemed to be caught.'

Philippa Foster Back, director of the Institute of Business Ethics, believes that Diageo has adequately explained the process to shareholders.

'It says clearly in Diageo's code of business conduct what the law is,' she says. 'I think as long as they're transparent about the giving, as long as they're stating why they're doing it and as long as they make it clear what they're doing while abiding by the law, they needn't be restricted. In general, it's openness and transparency that are key.'

The number of UK companies making such donations has declined in recent years. Harris adds: 'Today it's very rare to find companies that make political donations of any sort - whether in the EU, where they have to be disclosed, or outside the EU - which is why we've taken this stance.'

**Miller Puts the Gruff Back Into High Life Beer**Brewer Jettisons Upscale Approach in First Ad Work from New Agency

Jeremy Mullman
October 16, 2006
*AdAge.com*

CHICAGO (AdAge.com) -- Ever wonder what Miller Brewing Co. executives were thinking when they tried to position Miller High Life as a more upscale, more feminine beer? Apparently, they're now asking themselves the same question.



It appears that 'real men' of the blue-collar persuasion will once again be the target of Miller High Life's marketing efforts.

**Ill-conceived**
In the first work on the brand from Crispin Porter & Bogusky, Miami, Miller High Life is thumbing its nose at its ill-conceived attempt to metrosexualize the beer and trying to reclaim the blue-collar positioning it owned with the much-celebrated, gruff-talking High Life Man it ditched for a classier approach starring the Girl in the Moon label icon.

Still-in-development spots shown to the brewer's distributors at regional meetings last week seem to repudiate the disowned direction, showing Miller delivery drivers forcibly removing High Life from trendy, upscale restaurants and nightclubs. The scenes strike a creative chord not seen since Miller scrapped Wieden & Kennedy's 1950s-era manly man for the fussier, feminine push. Sales cratered with the Girl in the Moon ads and lessons apparently were learned.

"I don't know what the hell they were thinking," said one Southern distributor who was happy to see the new creative effort.

**Brand positioning**
Though the new ads don't feature the High Life Man -- who revived the brand's sales in the mid-'90s but couldn't sustain that momentum as domestic brews slumped earlier this decade -- the brand's positioning appears once again to be firmly in his presumably work-worn hands.

Miller spent about $17 million on measured media for High Life in 2005.

Crispin's higher-profile work for flagship brand Miller Lite is garnering far more scrutiny these days, as weak sales trends prompt questions about whether the agency's "Men of the Square Table" campaign is as good at selling beer as it is at generating buzz.

While the brewer is sticking with the campaign -- though it will talk more about the beer's attributes going forward -- it is clearly aware that early returns aren't good. According to Miller's corporate blog, CEO Tom Long listed the brewery's top three priorities as "Miller Lite, Miller Lite and Miller Lite," and vowed to increase media spending on the brand.

**'Miller went soft'**
"We know Miller Lite went soft over the summer," Mr. Long was quoted as saying to distributors. "And we're more dissatisfied with the volume results than you are because we know in our guts that Miller Lite is a true flagship brand, and we believe it should grow every year, every month, every week and every single day."

Miller Genuine Draft, another struggling Miller brand, also saw new work previewed this week. Miller split with the Martin Agency last month after its "Beer Grown Up" push failed to slow long-declining sales. Snippets of new work from WPP Group's Y&R, Chicago, showed Miller isn't abandoning its "mainstream sophistication" positioning but is taking a different tack. Animated ads sport the tagline "Experience is Golden" and, according to *Beer Business Daily*, appeared to mimic vodka ads by harping on the brew's cold-filtered origins.

The spots are still in development, a Miller spokesman said, and may not be the same when they begin airing in November.

**Ramping up imports**
Miller also told distributors it intends to ramp up imports of four brands from parent SAB Miller: Peruvian brews Cristal and Cusquena, Colombian beer Aguila, and Poland's Tyskie. The move is an apparent response to the growth of imports, and is something Miller distributors in states with large Latino immigrant populations, such as Florida, Texas and Arizona, have wanted for years.

Miller also announced plans for a seasonal chocolate lager that will be sold in six major Midwestern markets during the fourth quarter.

http://adage.com/article?article\_id=112506

**Belly Up: 'Malternative' Drinks Coming Back Strong**

October 16, 2006
By Mike Beirne
*Source: Brandweek*

CHICAGO - "Malternatives" never did come close to the boast that the sweet tasting beverages someday could outsell beer, but the category never went away either.

These drinks-now called progressive adult beverages at least by category leader Diageo-might be just 5.5% of all malt beverage sales tracked by Information Resources Inc., but dollar sales for the six months ended Sept. 10 grew 3.7% compared with beer's 2.4% increase.

That trend may be reason enough for Coors Brewing to relaunch Zima for a third time as Diageo tests Smirnoff Source-a malt beverage with pure spring water.

Zima will inject an X chromosome into the marketing mix next year with a reformulation that dials down carbonation and alcohol by volume to 5% while adding electrolytes. The current offering, Zima XXX, bowed during 2004 packing 5.9% alcohol by volume and a masculine positioning with flavors like Hard Orange and Hard Lemon Lime.

New Zima rolls into stores by next April with citrus, pineapple citrus and tangerine flavors in twist-cap glass bottles. The relaunched look could include bright fruit and sunburst colors on packaging, and "It's electro-liscious" is a possible tagline. Out of home, Internet, PR and coupons will support Zima's drinkable refreshment angle.

Smirnoff Source is testing in clear, glass bottles at Dallas nightclubs and c-stores through December. The lightly carbonated drink carries 3.5% ABV and comes in Pure Berry, Pure Citrus and Pure Orange flavors. Smirnoff Source is positioned as a premium beverage at $2.49 a bottle and is aimed at providing refreshment during a night out for moments when the consumer is in the mood for something lighter than beer or a cocktail, said Erik Amalfitano, Diageo's commercial innovation manager.

While many malternative entries have come and gone since the me-too malternative craze between 2001 and 2004, Diageo has managed to keep its turf in the retail stores by regularly rotating and introducing new flavors and brands, among the latest being Smirnoff Twisted V Wild Grape, Smirnoff Raw Tea and Captain Morgan Parrot Bay.

"(Suppliers) have to keep coming out with something new for consumers who are constantly looking for variety," said John Clevenger, managing director of Meridian Consulting, Westport, Conn., which counts Diageo as a client. "Even if you introduced something innovative six months ago, the consumer is still looking for what is new and where does the category go to next."

Diageo also is testing in Florida ready-to-drink beverages-Captain Morgan and Cola, Smirnoff and Lemon Lime, Seagram 7 and Lemon Lime and George Dickel and Cola-in 12-ounce cans retailing in c-stores only for $1.99.

"It's a success story," said Amalfitano. "It's a great way to track in a spirit-drinking occasion through beer packaging."

He adds that the drinks open new concession opportunities at stadium and concert venues and doubts the ready-to-drink products-which will not be distributed in bar and restaurant accounts-would cannibalize Diageo's bottle business, which caters to different drinking occasions. The test markets conclude during December and expanding distribution will depend on state laws that stipulate where and who can sell spirits.

**Jay-Z Gets a Marketing Title at Anheuser-Busch**Rapper Named 'Co-Brand Director' for Budweiser Select

By Jeremy Mullman
Published: October 17, 2006

CHICAGO (AdAge.com) -- Anheuser-Busch is hoping Jay-Z can bring Budweiser Select beer the kind of blingy success Courvoisier and Cristal have enjoyed.

**'His unique spin'**
A-B named the aspiring hip-hop mogul -- aka Shawn Carter -- "co-brand director" for Bud Select today, noting, in a press release, that the rapper "will participate in Budweiser Select planning sessions to provide his unique spin, thoughts and insights on various brand programs."

The release added: "Jay-Z also will be involved in providing direction on other upcoming Budweiser Select television ads, radio spots, print campaigns and several high-profile events."
A-B's VP-brand management, Marlene Coulis, was unavailable to immediately answer questions about the extent of Jay-Z's role on the brand.

Rapper Jay-Z has been named 'co-brand director' for Anheuser-Busch's Budweiser Select beer.

Photo Credit: AP

**In sales slump**
But clearly, the No. 1 brewer is hoping the rapper can restore momentum for the upscale light-beer brand, which has seen sales slump following an $84 million launch in 2005 that turned the brand into the No. 13 beer brand in the U.S.

In a TV spot airing during tonight's baseball playoff game on Fox, Bud Select product placements will be incorporated into scenes from a video from Jay-Z's upcoming album, "Kingdom Come," which is scheduled for release Nov. 21. The spot, by Cannonball, St. Louis, also features car-racing stars Dale Earnhardt Jr. and Danica Patrick.

It's not known whether Jay-Z -- a onetime pitchman for Heineken -- will supplement or supplant A-B's incoming CEO, August Busch IV, as the brand's primary spokesman. It was also unclear whether the rapper intends to drop references to Bud Select into song lyrics, as other hip-hop artists have done with brands such as Courvoisier, Hennessey, Cristal and Don Perignon.

According to San Francisco consulting firm Agenda, which tracks brand mentions in song lyrics for its annual "American Brandstand" survey, no beer brands were mentioned in hip-hop lyrics during 2005, although import brand Corona did land three mentions during 2004.

<http://adage.com/article?article_id=112549>

**Buffalo Trace Distillery Wins a New Triple Crown**

October 17, 2006
*Buffalo Trace Distillery*

Wine Enthusiast Magazine has named Buffalo Trace Distillery “2006 Distiller of the Year.” This recognition comes after a stellar 2005 in which Buffalo Trace won both Malt Advocate Magazine’s “Distillery of the Year” award and Whisky Magazine’s “Distiller of the Year’” award. Wine Enthusiast will present this latest award to Buffalo Trace January 29, 2007 at their “Wine Star” industry awards dinner held at the New York Public Library.

“We consider this award to be a new kind of Kentucky Triple Crown and we are celebrating,” said Harlen Wheatley, Master Distiller of Buffalo Trace. “To have such a notable publication as Wine Enthusiast Magazine take notice of our bourbons speaks volumes on the quality and craftsmanship going into every bottle of whiskey made here.”

Along with the recent awards from Wine Enthusiast, Malt Advocate and Whisky Magazine other publications such as Jim Murray’s Whiskey Bible have also honored the whiskeys of Buffalo Trace Distillery. Since 2001 Buffalo Trace has earned six “Whiskey of the Year” titles and more than 100 other awards for brands such as: Buffalo Trace, George T. Stagg, Eagle Rare Single Barrel, W.L. Weller and Elmer T. Lee.

For more information on the Wine Enthusiast Magazine and their annual “Wine Star” awards please visit [www.winemag.com](http://www.winemag.com) and to learn more about the award-winning bourbons of Buffalo Trace Distillery go to [www.greatbourbon.com](http://www.greatbourbon.com).

**About Buffalo Trace**

Buffalo Trace Distillery is a family-owned company based in Franklin County, Kentucky. The distillery’s rich distilling tradition dates back to 1787 and has included such legends as E.H. Taylor, Jr., George T. Stagg, Albert B. Blanton, Orville Schupp, and Elmer T. Lee. Buffalo Trace is a fully operational distillery producing bourbon and vodka on site, and was recently named to the National Historic Register. The distillery is also part of the Sazerac family of companies, which has operations in New Orleans, Louisiana; Franklin County, Kentucky; Fredericksburg, Virginia and Loomis, California. Fore more information, please visit www.buffalotrace.com.

<http://www.bevindustry.com/viewprnews.php?nid=8234>

**Big Decisions on tap for Boston Beer**

By Greg Edwards
*Dow Jones Newswires*
October 19, 2006

ST. LOUIS --They're toasting booming sales, record profits and a rising stock price at Boston Beer Co., but before they can party on, they must make some big choices.

As the largest of the small U.S. craft brewers who make beer with high malt content, Boston Beer and its Samuel Adams brands have reaped the benefits of the rising popularity of specialty beers. The company's share price has surged roughly 80 percent from a 2-year low of $19.86 in May 2005.

This growth and high valuation may soon be at risk, however, as the brewer decides whether to build an expensive new brewery, whether to listen to potential suitors, and how to respond to the rising number of competitive specialty beers.

A sale would likely boost the company's stock -- which on Wednesday reached a new peak of $36.10 -- but is seen as unlikely. Building a new brewery, which is seen as more plausible, could pressure the shares, industry watchers say.

In a note accompanying its downgrade on the stock to "hold" from "buy" last month, Deutsche Bank said Boston Beer remains a growth story, but current valuation is full and only an acquisition by a larger company could justify a considerably higher share price. Bank of America, meanwhile, maintains a "neutral" rating at current levels, saying the cost of a new brewery costs limits the possible gains.

Boston Beer's recent price-to-earnings ratio was 29.13, compared with Anheuser-Busch Cos.' 19.62 and Molson Coors Brewing Co.'s 18.09. The relatively high ratio and a rising stock price reflect, in part, the craft growth story and Boston Beer's leading role.

"The craft segment continues to gain in strength as year-over-year share gains have grown despite difficult compares," Morgan Stanley said in a note to investors last week. For example, crafts gained 0.60 percentage point of share in supermarkets during the week of Oct. 1, compared to last year, while Anheuser-Busch lost 0.70 percentage point.

In total, the craft category has 3.5 percent of the more than $70 billion U.S. beer market, but of that small percentage Boston Beer has 19 percent market share, according to Beer Marketer's Insights, a trade publication.

Boston Beer's sales to retailers, an approximation of consumer consumption, were up 17 percent in the second quarter and 18 percent in the first quarter, while Anheuser-Busch's grew only 1.8 percent in the first half of the year and slowed to 0.5 percent in July and August. Boston Beer's second-quarter net income of $7.9 million, or 56 cents a share, was a record.

With increasing sales comes a need for greater production and brewing capacity. The company has its own breweries in Boston and Cincinnati, but they don't meet all of its current needs, much less its production projections.

The projected cost for a new brewery has risen from an estimated $70 million to $90 million a few months ago to $120 million to $160 million, due to higher steel prices.

The increase is huge for a company with market capitalization of $450 million, Boston Beer Chairman Jim Koch said last month at an investor conference. "We have a strong balance sheet of about $65 million, $70 million in cash, and we will need all of that and then some," he said.

Still, the Boston-based brewer recently took an option to build on a site in its home state.

"It's crazy for them to (build) a brewery," Deutsche Bank analyst Marc Greenberg said, noting that the industry has excess capacity available for contract brewing. "Utilization costs are going to go up, return on capital is going to go down, they're going to spend their cash."

As for the possibility of Boston Beer being swallowed in an acquisition, Anheuser-Busch, with a $36 billion market capitalization, is the buyer most often mentioned.

Anheuser-Busch said it doesn't comment on industry speculation. Boston Beer didn't return calls seeking comment.

However, Koch (pronounced "Cook"), also Boston Beer's founder, has shown no interest in selling out. "He's built this thing, and he enjoys its success," said Benj Steinman, editor of Beer Marketer's Insights.

A joint venture with Anheuser-Busch may be an alternative to a merger, said Dan Varroney, president of the Association for Corporate Growth, a trade group for mergers and acquisitions.

**EU Court Says Anheuser-Busch Can Keep "BUD" Trademark >BUD**

*DOW JONES NEWSWIRES*October 19, 2006 4:12 a.m.

BRUSSELS (Dow Jones)--U.S. brewery giant Anheuser-Busch Cos. (BUD) Thursday won a battle in its long-running European trademark dispute when an appeals court ruled in its favor.

The European Court of First Instance in Luxembourg rejected an appeal from German brewer Bitburger Brauerei Th. Simon GmbH, which claimed the St. Louis-based brewer's "BUD" trademark was too close to its "BIT" trademark.

The court said the two trademarks weren't similar and that there was no likelihood of confusion.

A European Union trademark office previously had dismissed Bitburger's concerns. The German brewer then took the matter to the E.U. courts.

There are 17 other cases before the Court of First Instance relating to the "BUD" and "Budweiser" trademarks. Most of these are disputes between Anheuser-Busch and Czech brewer Budejovikcy Budvar NP, according to a court official. The U.S. brewer faces similar lawsuits in other jurisdictions, too.

**[II. IOWA NEWS.](#II)**

# Dance Squad Coach Quits over Alcohol Allegations

By MEGHAN V. MALLOY
*REGISTER STAFF WRITER*

###### October 18, 2006

A Perry woman who was a part-time coach of the high school's dance squad has resigned over allegations that she provided alcohol to a 17-year-old student.

Carlene Coleman, 45, submitted her resignation Monday, two days after the alleged incident, the district's superintendent, Randy McCaulley, said.

Coleman could not be reached for comment Tuesday.

Perry's assistant police chief, Eric Vaughn, said the student reported the incident. He would not say if the student was a member of the dance team.

McCaulley would not provide details but said: "The school district fully cooperated with the police department regarding this matter." The charge is a serious misdemeanor, punishable by up to a year in prison and a $1,500 fine. Tom Lipovac, the high school's athletic director, said the alleged incident did not happen on school grounds. Despite Coleman's resignation, he said, the dance team plans to stay intact and compete in the state competition Dec. 1, with or without a coach. "We are still registered for the state competition, and it is our intention to compete," Lipovac said.

McCaulley added that "we hope to get some applicants and expect to be able to fill the position."

Coleman was hired before the 2004-05 school year. The part-time coaching position did not include teaching duties in the district.

http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=2006610180392


# Ankeny to Tackle Teen DrinkingMore than 14 groups, parents will meet at town hall Tuesday

By LAURA PIEPER
*The Ankeny Register*
REGISTER STAFF WRITER

###### October 20, 2006

Ankeny leaders are trying a new approach to help fight what city officials say is a serious problem in the community - teen alcohol use.

Leaders from more than 14 local city, school, civic and social organizations will gather with residents for a town hall meeting Tuesday. Their goal is to get parents and other adults involved in the fight against underage drinking.

"In many ways we're fighting indifference," said David Wright, Ankeny Substance Abuse Project prevention coordinator. "A lot of people in the community just look the other way when kids are drinking."

Some of those adults, Wright said, consider drinking a right of passage or did it themselves when they were young. They don't consider that it might be their child on the police blotter or in the coroner's office next weekend.

"We expect around 40 percent of 11th and 12th grade (Ankeny) kids are drinking several times a month, and that's an unacceptable number," Wright said. "There isn't an acceptable number."

The idea for a town hall meeting on teen drinking was raised during meetings of the Ankeny Community Education Advisory Council. West Des Moines held a town hall meeting on the topic in March, and Ankeny leaders were impressed with how that meeting was handled.

"It's a new format for us to explore," Community Education Director Kevin Koester said.

Mayor Steve Van Oort, Ankeny schools Superintendent Veronica Stalker, and Ankeny Area Chamber of Commerce Director Julie Cooper will address the group, followed by a panel discussion. Panelists will include ASAP Director Dennis Dixon, Police Chief Gary Mikulec and a parent whose daughter suffered brain damage after being involved in an accident caused by a drunk driver.

Residents will learn about resources available in the community, including ASAP and the first-offender referral program, which lets underage drinkers avoid court in exchange for lessons on responsibility.

After the panel discussion, town hall participants will divide into groups led by members of the Mayor's Youth Council. Those groups will discuss possible solutions to the youth drinking problem in Ankeny and present their ideas to the rest of the audience.

City councilman Gary Welch, who is chairman for the Community Education committee overseeing the town hall meeting, said residents' participation is key to reducing teen drinking.

"The city can't do it, the school can't do it. The community has to do it," he said. "If it's a problem, we have to address it as a community. That's the only way you have a good, healthy community - when people are involved."

http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20061020/NEWS05/610200306/1025/COMM01

**Knoxville Students Suspended after Drinking Photos Posted in Internet**

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KNOXVILLE, Iowa Some students at Knoxville High School have learned the downside of posting photographs on Internet sites.The students, all athletes, were suspended after officials looked at the site and saw them with alcohol.

Athletic director Lonnie Powers says up to seven students were given short-term suspensions from football, volleyball, cheerleading and other fall sports.

As MySpace, Facebook and other social networking sites grows, Iowa students and teachers are being warned about the problems that can come with them.

Mike Ferjak is an investigator with the Iowa attorney general's office. He says personal information doesn't belong on the Internet. He says once it's out there, it's available to anyone -- and you never really know who you're talking to online.

http://www.kwwl.com/Global/story.asp?S=5565826

**[III. OTHER STATE NEWS.](#III)**

# OLCC Reports Three Mid-Valley Liquor Licensee Violations Settled (Oregon)

*SALEM-NEWS.COM*

October 16, 2006

The violations occurred at businesses in Dallas, Independence, and Gervais.

(SALEM) - The Oregon Liquor Control Commission on Friday announced that three mid-valley businesses have settled liquor license violations.

The licensee of Thrifty Market (O), 105 SW Rainbow Ave., in Dallas, installed age verification equipment and paid a $330 civil penalty Sept. 7th for failing to verify the age of a minor before selling him alcohol during a June 16th police compliance check.

The age verification equipment was installed in lieu of a seven-day suspension or $1,155 civil penalty.

The licensee is Sammy Enterprise Inc.; Sean Chung, president; Ai Lan Chung, secretary.

In another settlement, licensees Jagtar Singh and Ravinder Kaur of Circle S Market & Deli (O), 1082 Monmouth St., Independence; agreed to install age verification equipment and pay a $330 civil penalty by Oct. 23rd, or serve a two-day suspension (Oct. 28th).

Licensee Singh failed to verify the age of a minor before selling him alcohol during a June 16th Independence Police compliance check.

The age verification equipment will be installed in lieu of an additional $1,650 civil penalty or 10-day suspension.

Licensees Wu Yong Yuan and Susan Yeung of Lucky Lounge Pizza Pub (FCOM), 562 4th St., Gervais, agreed to install age verification equipment and to pay a $4,125 civil penalty by Oct. 23rd or serve a 25-day suspension (Oct. 28th) for two violations. Licensee Yeung failed to verify the age of a minor before selling him alcohol on May 26th; and the licensees failed to have someone on the premises who could effectively communicate with OLCC staff, in violation of OAR 845-006-0426.

The age verification equipment requirement is in lieu of a 10-day of suspension or $1,650 civil penalty.

<http://www.salem-news.com/articles/october132006/liq_101306.php>

**BART Alcohol Ads Rile Supes (California)**BART's new policy of allowing alcohol ads has come under fire by San Francisco's Board of Supervisors, although no such ads are up yet.

Joshua Sabatini
*The Examiner*
Oct 14, 2006 5:00 AM (7 hrs ago)

SAN FRANCISCO - Agency stresses revenue but critics don't like message; Ammiano drafts resolution

A recent decision by BART to allow alcohol advertising in its stations and cars has come under fire from the Board of Supervisors.

Last month, the BART board of directors approved a new policy that lifted a long-time prohibition on alcohol advertising. The decision makes BART the only local transit agency that allows alcohol advertising.

The new policy now allows one alcohol advertisement per BART car, and at each BART station 17 percent of the ads can be alcohol advertisements. For example, if there are 30 ads at a station, five can be alcohol advertisements.

The board of directors adopted the policy on Sept. 18 in a 6-3 vote. It's estimated that the alcohol ads will bring in an additional $400,000 a year in revenue, according to Aaron Weinstein, BART deputy manager of marketing and research.

"It's not the greatest message, but alcohol is part of our society. It's out there. Even if you prohibit it, people still drink," BART board of directors member Bob Franklin said. "All advertisement is a compromise from my point of view. It's a necessary evil."

Supervisor Tom Ammiano has drafted a resolution that will be submitted to the Board of Supervisors on Tuesday, urging BART to reconsider its decision.

BART's ridership includes those who are "particularly vulnerable to alcohol advertising," such as recovering alcoholics and teenagers, a draft of the resolution says.

It also says "exposure to alcohol advertising is positively associated with higher rates of drinking."

"I am hoping that BART goes beyond the dollar," said board of directors member James Fang, who opposed alcohol advertising. Children and teenagers who see the ads could be more inclined to drink "and I don't think BART should be a part of that," Fang said.

BART generates up to $7 million a year from advertisements in its stations and cars, which represents about 2 percent of its total revenue, according to Weinstein.

The new policy continues to prohibit smoking advertisements and a slew of other types of ads, such as ads that look like graffiti, display graphic violence, contain profanity or adult content.

"I felt that BART would be better off with a half million dollars," Franklin said, adding that the money could be used to hire five more BART car cleaners.

Thomas Blalock, a BART board of directors member, said, "I just didn't see it as a big deal. It's not going to be inundating everything. ... It boosts the coffers," he added.

No alcohol ads have gone up yet because BART is still working out the details with CBS Outdoor, the New York-based company contracted to secure advertisements.


# Lawmakers Tackle Sunday Liquor Sales (West Virginia)

PHIL KABLER, STAFF WRITER

*CHARLESTON GAZETTE*

October 17, 2006

While all states bordering West Virginia allow retail sales of liquor on Sunday, because of local option, only 12 border counties actually permit such sales, according to data provided to a legislative interim committee Monday.

In August, a representative of the Distilled Spirits Council of the U.S. told legislators that the state loses $1.1 million in annual liquor sales because of Sunday sales in border states.

On Monday, Senate Judiciary Committee counsel Connie Bowling said her research showed that only 12 border counties permit Sunday sales.

That includes six counties in Ohio, as well as Beaver, Washington and Fayette counties in Pennsylvania; Washington and Frederick counties in Maryland, and Loudoun County, Va.

There are no Sunday retail sales in the four Kentucky border counties, she said.

Edward George, lobbyist for the Distilled Spirits Council, said liquor sales growth in Ohio, Pennsylvania and Virginia from 2003-05 was roughly double West Virginia's 4.6 percent growth, even though those states impose much higher taxes on liquor.

He said West Virginia's liquor tax of $1.70 per gallon is well below $6.48 a gallon in Pennsylvania, $8.40 a gallon in Ohio, and $14.02 in Virginia - suggesting that customer convenience is a significant factor in liquor sales.

Delegate Tom Azinger, R-Wood, questioned whether the sales increases in those states were attributable to Sunday sales - or to relative population growth.

Sen. Jon Blair Hunter, D-Monongalia, requested that the committee be provided with per-capita sales figures to determine whether Sunday sales account for growth in those border states.

George also provided the committee with figures showing no correlation between Sunday liquor sales and alcohol-related traffic fatalities. The data showed that, with the exception of Kentucky, fatality rates decreased from 2001 to 2005 in the border states.

He said Pennsylvania authorized Sunday liquor sales in 2003, while Virginia, Maryland and Kentucky followed suit in 2004.

<http://www.wvgazette.com/section/News/Today/2006101615>

**State Liquor Officials Blast Wine-Sales Ballot Question (Massachusetts)**Sponsor of measure says pronouncement raises ethics issues

By Bruce Mohl, Globe Staff
October 17, 2006

The top two officials in charge of enforcing Massachusetts liquor laws said yesterday they strongly oppose the ballot question that would allow more food stores to sell wine.

Eddie J. Jenkins , the chairman of the Alcoholic Beverages Control Commission, and Ted Mahony, the agency's chief investigator, issued statements saying that such a law would undermine their enforcement efforts.

The statements were included in a press release issued by the group opposing the ballot question, which consists primarily of package stores and liquor wholesalers regulated by the commission.

``It's sad and shameful that the bureaucrats who are supposed to be overseeing the liquor store industry are doing the industry's bidding," said Kim Hinden , a spokeswoman for the supermarket group sponsoring the ballot question.

Hinden and other officials working for the supermarket group said the statements by the officials raised serious ethical issues, since state employees generally are barred from engaging in political activities during normal working hours.

Hinden also said the commission employees were taking a position on a potential law that they would have to enforce if the measure passes. The agency would be required to approve locally issued wine-at-food-store licenses if the ballot question passes.

In his statement, Jenkins said the ballot question could theoretically allow 2,800 new wine-at-food-store licenses to be issued in Massachusetts with no corresponding increase in funds for enforcement.

``A dramatic expansion of alcohol sales as proposed in Question 1 would undermine the system as a whole and make meaningful enforcement nearly impossible," Jenkins said.

Mahony in his statement said: ``I am opposed to Question 1 because it would make alcohol more accessible to underage persons and will dramatically increase the availability of alcohol in Massachusetts."

Neither Jenkins nor Mahony could be reached to comment yesterday. State Treasurer Timothy Cahill , who oversees the commission, said yesterday he also opposes the wine-at-food-stores ballot question because of the enforcement problems it would create.

Cahill said both Jenkins and Mahony sought his approval before coming out against the ballot question. He said the two officials had a right to weigh in on an enforcement issue affecting their agency, much as some chiefs of police have done in criticizing the ballot question.

Cahill, who has received about $22,000 in campaign contributions this year from package stores and liquor wholesalers, said the political donations had no impact on his view of the ballot question. ``It's an enforcement problem," he said.

Under existing law, corporations or individuals are limited to three licenses to sell alcohol. The ballot question would create a new wine-at-food-store license that could be issued at the discretion of local communities. All communities could issue five of the new licenses, while communities with more than 5,000 residents could issue one additional wine-at-food store license for each additional 5,000 residents.

If every Massachusetts community approved the maximum number of licenses, 2,800 could be issued, but supermarket officials say they believe municipalities would issue only about 1,000.

Under state Ethics Commission rules, public employees are not supposed to engage in political activities, including support of or opposition to a ballot question, during their normal working hours. An advisory opinion issued by the agency also said an appointed state official should not endorse a candidate for public office using their state title.

An Ethics Commission spokeswoman declined to comment on the matter.

Pamela Wilmot, executive director of Common Cause of Massachusetts, said she had reviewed decisions by the Ethics Commission and the Office of Campaign and Political Finance and concluded the statements by the beverages control commission officials were not out of line. She said her opinion would change if they were found to be using state resources to oppose the ballot question. Common Cause is a public interest group that monitors government and political ethics.

The effort to get more food stores to sell wine is shaping up to be one of the most expensive ballot question campaigns. The two sides have raised a combined $7.6 million through Sept. 30, and have pounded the airwaves with TV commercials.

**Charlotte-Mecklenburg Police Say Three Recent Murders Are Linked To Illegal Liquor Houses (North Carolina)**

POSTED: 10:49 pm EDT
October 16, 2006
*www.WSOCTV.com*

CHARLOTTE, N.C. -- Charlotte-Mecklenburg police are investigating seven murders in seven days, and Eyewitness News learned three of those murders happened in or around liquor houses.

A liquor house is a home where liquor is illegally sold after hours. Alcohol law enforcement agents tell us violence surrounding these illegal parties has increased tremendously in the past year and a half. Typically when they make a bust they find illegal liquor, drugs, prostitutes and gambling.

Alcohol law enforcement agents tell us they're looking into starting a new task force to crack down on liquor houses.

Police want you to know what to look for in your neighborhood: A high volume of people walking around for an extended period of time; Frequency of the crowds happening every week at the same time; Gunshots; and loud music.

If you think there's a liquor house near your home, call police.

 <http://www.wsoctv.com/news/10091480/detail.html?rss=char&psp=news>

**Airport Cafe Fined $40,000 for Serving Alcohol to Underage Marine (North Carolina)**

*The Associated Press*RALEIGH, N.C.

A bar and restaurant operator at the Raleigh-Durham airport has been fined $40,000 for serving alcohol to an underage Marine who was so intoxicated he was taken to a hospital, the state's alcohol control commission said.

The fine, the largest ever levied by the North Carolina Alcoholic Beverage Control commission, is a compromise reached last week that allows Anton Airfood of North Carolina to keep its liquor license.

The cafe operator served alcohol to 18-year-old Brian McFarland, a Marine on his way back to Michigan who had been on a training assignment at Camp Lejeune in July, according to airport officials and commission documents.

McFarland had a blood alcohol content of .40 \_ five times the legal limit for driving \_ and had to be hospitalized.

"This was a pretty outrageous case," said Mike Herring, the commission's executive director. "The kid blew a .4-something. He was on death's door."

Anton Airfood fired the bartender and made its staff go through more training, said Rana Florida, a spokeswoman for HMSHost Corp., which owns the company. Anton Airfood did not contest the charges and has agreed to pay all appropriate fines and penalties, she said.

The bartender and the company faced four charges each from the commission, and each charge included a $5,000 fine.

McFarland arrived at the airport seven hours before his flight July 3, commission investigators said. He and other Marines drank at the Cyber Cafe in Terminal C, and the cafe's manager told investigators McFarland was too intoxicated to go anywhere when he left the cafe.

McFarland collapsed and was taken by ambulance to a hospital. He was released the next day and flew back to Michigan, airport officials said.

The bartender, Colleen Walters, 42, has been charged with selling alcohol to a minor and is scheduled to appear in court next month.

**Man Sues State Over Right to Buy Out-of-State Wine (Tennessee)**

*Associated Press*
Thursday, 10/19/06

GREENEVILLE, Tenn. - A Johnson City man is suing Tennessee over his right to order wine directly from other states, and in-state wholesalers are not happy.

On Tuesday, a U.S. District judge allowed the Wine and Spirits Wholesalers of Tennessee to join the state in defending a Tennessee law that outlaws the sale of wine directly from out-of-state vintners to in-state consumers.

Tennessee is one of only six states with the prohibition. The law allows out-of-state producers to sell their goods to licensed wholesalers only. The wholesalers must then sell to licensed retailers, and only the retailers can sell to consumers. Violators face felony charges, and the wine and the vehicle transporting it can be seized.

Rick Jelovsek, who brought the suit against the state, says the law simply protects Tennessee wine producers from competition and prevents people like him from enjoying a wider selection of wine at cheaper prices.

An out-of-state vintner, the S.L. Thomas Family Winery, also is challenging the law, and its lawsuit recently was moved from Nashville to Greeneville to be joined with Jelovsek's claim.

A trial date hasn't been set.

**More Details About why the DUI Charge Against Fruitland Bus Driver Dropped (Idaho)**

12:30 PM MDT on Wednesday, October 18, 2006
*www.KTVB.com*

FRUITLAND -- A Fruitland school bus driver accused of driving kids home from school while drunk will not face criminal charges.

The test given by the Fruitland School District is not considered valid for criminal charges.



Teresa Dixon is no longer a school bus driver with the Fruitland School District, although 24 criminal charges against her have been dropped.

So the city prosecutor has dropped the case against Teresa Dixon and Dixon agrees not to sue the city.

The news of Dixon’s arrest was highly-publicized and after we learned about the charges being dismissed, NewsChannel 7 went to Fruitland to find out more.

Teresa Dixon is clear of all charges. Months ago the Fruitland School District used their drug testing company to test her for driving under the influence. However, State Police say those tests are not valid when it comes to criminal charges.

“Primarily because the way the tests were taken that the state relied on in filing the charges, were unreliable. The state’s own expert agrees that the method that was used was unreliable, were unreliable,” said Sheryl Musgrove, Dixon’s attorney.

After seven months of public scrutiny and accusations of driving a school bus drunk, 46-year-old Teresa Dixon is now clear of the charges. After testing positive last March to a district sanctioned blood alcohol level test, Dixon was charged with one count of driving of the influence of alcohol and 23 counts of child endangerment. “She was innocent and the dismissal of charges just proves she was innocent.  There was no basis for the charges,” said Musgrove.

It all started when someone notified the district that Dixon’s breath smelled like alcohol. Police reports showed the transportation supervisor told Dixon that she was selected for a random drug test. A mobile drug testing company was called.  The results of a blood alcohol test put Dixon’s BAC at .16 – twice the legal limit in Idaho.

Dixon was taken to an Ontario doctor’s office for more testing.  Those results were nearly the same as the earlier test.

But now her attorney says the machine was not State Police approved, and Dixon had a cough drop in her mouth immediately before the test was administered. The testing company admits Dixon told them about the medicine beforehand. “If those are in your mouth, then you take a breath test, the results are totally inaccurate.  The result is from the breath mint not from the blood alcohol,” said Musgrove. “That’s who we contract to do all of our drug testing.  In retrospect, we probably, I guess, would have or should have called police,” said Alan Felgenhauer, Fruitland Superintendent.

It wasn’t until three days after the initial test that police were notified. The superintendent says it never stated in the policy to notify law enforcement and that the issue was a personnel matter.  Now that’s changed. “We certainly learned a lot from it, and like I said, we’ve adjusted our policy so that next time we will certainly involve law enforcement right from the start.

Because of the investigation, Dixon’s attorney claims her client has been publicly humiliated and deserved compensation. A notification of a tort claim was filed at the courthouse, but a compromise was made to drop the charges and cancel the trial if Dixon promised to drop the civil suit. “Definition of her character, absolutely. A financial loss, emotional loss, she has just been devastated by these charges.

There are a number of other issues in this case. According to Musgrove, in the police report the transportation supervisor added he never smelled alcohol on Dixon’s breath. The district says all bus driving positions are filled in Fruitland and Dixon will not be offered her job back.

NewsChannel 7 did try to reach Dixon, but we are told this case is being handled through her attorney.

<http://www.ktvb.com/news/localnews/stories/ktvbn-oct1806-teresa_dixon.4edee23e.html>

**Utah Lowest in DUI-Related Deaths (Utah)**

By Nicole Warburton and Angie Welling
*Deseret Morning News*
Thursday, October 19, 2006

Utah had the largest reduction in alcohol-related traffic deaths in the nation last year, according to a report released Wednesday to state lawmakers.

The report by the Utah Commission on Criminal and Juvenile Justice said that 37 DUI-related fatalities occurred in 2005, compared with 72 fatalities in 2004. That drop also gave Utah the lowest rate of alcohol-related traffic deaths in the nation, according to the report.

Art Brown, president of the Utah chapter of Mothers Against Drunk Driving, praised the decrease in DUI-related fatalities. His comments came during presentations Wednesday to members of the Legislature's transportation and judiciary interim committees.

"It's a tribute to people who think about this around the clock and the Legislature and law enforcement and the community working together," he said.

But Brown and other anti-DUI crusaders said more can be done. Mary Lou Emerson, director of the Utah Substance Abuse and Anti-Violence Coordinating Council, said Wednesday that her group is recommending that the legislature give another $1.6 million in the next fiscal year to an educational campaign against underage drinking.

During the last legislative session, Sen. Pete Knudson, R-Brigham City, sponsored a bill that gave $1.6 million to the state Department of Alcoholic Beverage Control for the campaign. "We propose to you that preventing underage drinking in Utah may be one of the most powerful keys we have to reducing the incidence of driving under the influence," Emerson said.

Other efforts to curb drunken driving include a bill proposed for the 2007 general legislative session that would increase the fee to get a license reinstated after a DUI offense by $10. The transportation committee on Wednesday gave a unanimous recommendation to the bill.

"I, for one, would like to see you continue to turn up the heat on this," said Rep. Dave Clark, R-Santa Clara.

In fiscal year 2006, Utah law enforcement officers made 463 more DUI-related arrests over the previous year, according to the report. Of those arrested, 79 percent were male, while 11 percent were people under age 21, the legal drinking age in Utah.

Also, 65 percent of the arrests happened along the Wasatch Front. Drivers between ages 21 and 36 comprised 55 percent of the arrests, according to the report.

[http://deseretnews.com/dn/view/0,1249,650199976,00.html](http://deseretnews.com/dn/view/0%2C1249%2C650199976%2C00.html)

**Liquor Crackdown: Alcohol Court Case Taps Into Old State Law (Ohio)**
Ohio Agents Seized Brew From Michigan

ROBIN ERB

*BLADE STAFF WRITER*

October 19, 2006

'As an American, I should have the right to go into any state and buy beer,' says Chris Eischen, 27, who was arrested for bringing back into Ohio a keg of beer that he'd bought across the state line in Lambertville.

(THE BLADE/ALLAN DETRICH)

For Earl Mack, who said he's seen too many alcohol-related tragedies, it's about cutting off a source of large quantities of beer, particularly for underage drinkers.

To 27-year-old Chris Eischen, who said he just wanted to have a ready tap for the occasional drink with friends, it's about unfair enforcement of an outdated law.

And for Toledo Municipal Judge Gene Zmuda, it's about constitutional conflicts.

Mr. Mack said he and the agents he oversees at the Ohio Department of Public Safety's Toledo enforcement office plan to continue a crackdown on folks who bring kegs of beer from Michigan into Ohio in violation of a decades-old Buckeye state law enacted after Prohibition was repealed. The law has been revised over the years.

"As an American, I should have the right to go into any state and buy beer," Mr. Eischen said.

Judge Zmuda, at the same time, is considering a 20-month-old case against Mr. Eischen. If he rules in Mr. Eischen's favor, it could bring into question the liquor agents' border arrests.

On Feb. 19, 2005, Mr. Eischen decided to buy a keg of Bud Ice after realizing that he and his two roommates, each in their middle to late-20s, had emptied the keg they had drained over time.

Mr. Eischen enlisted a friend, Brook Johnston, 20, of Defiance, to drive him to Flick's Package Liquor Inc., two miles north of the state line in Lambertville.

Ms. Johnston had stopped by Mr. Eischen's West Toledo home and was blocking his car in the driveway, Ms. Johnston said, so they took her vehicle to make the beer run.

But Ohio law dictates that all alcohol consumed in the state must be purchased from a state-licensed establishment. In Michigan, Ohio liquor agents watched as Ms. Johnston's car was loaded with a keg.

Officers suddenly surrounded the vehicle after the pair crossed into Ohio.

"I felt like we were drug smugglers," said Mr. Eischen, who was charged with illegally transporting beer into Ohio. Ms. Johnston was charged with underage possession. The keg was seized.

Mr. Eischen's attorney, Diane Youngston, argues that the law under which Mr. Eischen was charged is unconstitutional.

While the U.S. Constitution's 21st amendment, which repealed Prohibition, gave states the authority in regulating alcohol, the "Commerce Clause" in the original Constitution makes interstate commerce the responsibility of Congress.

That means states can't make or enforce laws that interrupt interstate commerce, Ms. Youngston said.

Mr. Eischen, she said, "is standing up for legal principle."

Ms. Youngston also argued that Ohio agents unfairly targeted younger beer buyers, assuming that they would serve beer to underage drinkers.

Mr. Mack acknowledges that his agents targeted young beer buyers bringing beer in from Michigan Oct. 6 and 7 during University of Toledo's homecoming weekend. Among the problems agents encountered that weekend was a bloody melee at a party where the beer most likely came from Michigan, he said.

Agents charged 15 people with illegally transporting beer that weekend, Mr. Mack said, and in every vehicle except for one there was at least one passenger under the legal drinking age.

So the law isn't about nitpicking, he said.

"For so many [people], alcohol is such an acceptable part of the world that they don't want anyone touching their beer," he said. "This operation is bigger than someone coming across the line with kegs. It's about the safety of this community."


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**Hotel at D/FW Fined, Loses its Liquor Permits**

By MARK AGEE
*STAR-TELEGRAM STAFF WRITER*
October 19, 2006

GRAPEVINE - The Hyatt Regency DFW hotel has paid a fine of $375,000 and will lose its alcohol permits for serving intoxicated patrons, one of whom walked onto International Parkway and was killed in 1999.

David Clompton, 30, was found to have a blood-alcohol level of 0.31 -- nearly four times the legal limit -- when he was hit by a pickup after a New Year's Eve party at the hotel, according to the Tarrant County medical examiner's office.

Hotel employees were also seen overserving customers in 2005, according to documents from the Texas Alcoholic Beverage Commission.

"It was a sting operation, and they were also serving a minor," said Joan Bates, deputy general counsel for the TABC.

The hotel's liquor permits will be canceled Nov. 26, and the hotel has agreed not to challenge the rulings, the documents state.

The TABC has agreed not to object if the hotel asks for new permits upon change in management. The hotel's attorney could not be reached for comment about the permit cancellations and the fine.

"We felt it should be canceled, and this is a step in the right direction," said John Clompton, who is suing the hotel over his son's death. "This has been a long time coming."


# JOB POSTING ANNOUNCEMENT - VIRGINIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL (Virginia)

October 20, 2006

Director of Policy, Analysis & Support Services

(Role Title: General Administration Manager II)

Position #00794

Richmond, Virginia

Hiring Range:  $65,000 - $75,000

Closing Date: Open Until Filled

The Virginia Department of Alcoholic Beverage Control is seeking a highly motivated and experienced professional to serve as the Director of Policy, Analysis and Support Services.  Reporting to the Chief Financial Officer, the incumbent serves as part of the Agency’s senior leadership team and leads a professional in the areas of strategic and operational planning, performance measure development and implementation, market research and store network planning, policy analysis, operations research, quality improvement, and other decision support disciplines.  Duties include leading and managing work-units, planning and organizing work, allocating resources, developing employees and work teams, to produce high quality work products in a timely manner.  Duties also include overseeing the agency’s procurement and support services functions to ensure compliance with the Virginia Public Procurement Act and champions the implementation of programs designed to promote the use of small, women and minority-owned businesses in agency contracting.

Qualified applicants should have a related Bachelor’s Degree and extensive knowledge of business analysis methods and concepts relating to statistical analysis and reporting, strategic/operational planning, economic modeling and forecasting, marketing and operations research, performance analysis and reporting, and policy and program analysis.  Extensive experience leading a major government or business planning and decision support services unit is needed along with the demonstrated ability to lead a diverse staff of professional and support personnel to accomplish assigned responsibilities in a high pressure, fast-paced environment with changing priorities.  Candidates must also be able to demonstrate advanced personal computer proficiency to produce high-quality analyses, reports and presentations and communicate effectively, both orally and in writing, with all levels of staff within the agency and external stakeholders.

Preferred qualifications include a Master’s Degree in Business or Public Administration and experience with Baldridge based quality management concepts along with experience and professional certification in government procurement management.

For consideration for employment you must complete an online application @ [www.abc.virginia.gov](http://www.abc.virginia.gov/).

Resumes may accompany but will not substitute for a completed State Application Form. Your completed online application MUST BE RECEIVED by Human Resources no later than 5:00 p.m. on the stated closing date. Criminal history record checks are required prior to employment.

Human Resources

VOICE (804) 213-4430

ADA Compliance TDD (804) 213-4687

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