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|  | e - NEWS |
| *November 3, 2006* | |

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

# 1. Substance in Red Wine Appears To Let Mice Live Longer

By David Stipp –*Wall Street Journal*

November 2, 2006; Page B1

One day last summer, a researcher at a Baltimore lab gently lowered two mice onto a device resembling a spinning rolling pin. Though the rodents were old and fat, they gamely began walking in place like log-rolling lumberjacks.

Then the device sped up and forced them to run hard until they maxed out and harmlessly dropped off. Trembling like a winded octogenarian, one fell after 81 seconds. The other lasted 144 seconds -- almost twice as long.

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| [Three 15-month-old mice from the study were fed, from left to right, a standard diet, a high-calorie diet and a high-calorie diet plus resveratrol. Although it still got fat, the mouse on the right had a 31% lower chance of dying as it aged than the control mouse next to it.] Three 15-month-old mice from the study were fed, from left to right, a standard diet, a high-calorie diet and a high-calorie diet plus resveratrol. Although it still got fat, the mouse on the right had a 31% lower chance of dying as it aged than the control mouse next to it. |  |
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The animals were essentially twins that had lived under identical laboratory conditions. But the more vibrant mouse had been given daily doses of resveratrol, a substance in red wine that some researchers think may slow the aging process.

The mice were part of a new study showing that resveratrol at high doses can block many of the deleterious effects of high-calorie diets in mice, enabling them to survive significantly longer than they normally would on fattening fare. Results showing how much longer mice taking resveratrol may live aren't yet complete because some of them are still alive. But preliminary findings indicate they may have a lifespan extension of 20%.

The study follows several earlier ones showing that resveratrol can boost lifespan in creatures like fruit flies. It represents the first time a substance shown to slow aging in multiple species of lower animals was tested for similar effects in mammals. The results boost hopes that resveratrol, or drugs like it, may eventually be able to ameliorate many diseases of aging, and possibly to extend human life, but that would be many years and many studies away.

The resveratrol study was conducted by researchers at Harvard Medical School and the National Institute on Aging, one of the National Institutes of Health. "The significance of the study on a scale of 10 is 11 in the aging and longevity field," said Nir Barzilai, director of the Institute for Aging Research at Albert Einstein College of Medicine in the Bronx, N.Y., who didn't take part in it.

But he cautioned that the study didn't prove that resveratrol slows aging. That's because blocking the diseases associated with rich diets isn't the same as retarding general aging, which isn't considered a disease. In the study, the mice lived longer, but it isn't certain whether that's because resveratrol slowed aging or only blocked diseases associated with rich diets.

LONGEVITY RESEARCH

[Longevity Research][Antiaging Researchers Study Calorie Cutback](http://online.wsj.com/article/SB116217874933807498.html?mod=article-outset-box)

10/30/06

The study's authors are now examining whether resveratrol makes normally fed mice live longer. The data on that should be out next year.

The mice in the Nature study were given much higher doses of resveratrol than anyone could get by drinking red wine, which contains only minuscule amounts of the substance. A person would need to drink more than 300 glasses of wine a day to get the amount of resveratrol the mice got, according to a commentary accompanying the study, which was reported online yesterday by the journal Nature.

Dietary supplements containing concentrated resveratrol extracts, mostly obtained from a plant grown in China known as giant knotweed, let people ingest higher doses than they can get from wine. Various companies, such as Longevinex, based in San Dimas, Calif., sell the supplements over the Internet. But it isn't known what number of such pills might induce health-promoting effects in humans like those observed in mice, because resveratrol hasn't been tested in large, rigorous clinical trials.

Sirtris Pharmaceuticals Inc., a biotech start-up in Cambridge, Mass., co-founded by one of the new study's main authors, recently began testing a resveratrol-based drug in patients with adult-onset diabetes, which is closely linked with fattening diets. Within about a year, the early-stage trial may give a preliminary indication of resveratrol's potential for averting obesity-linked disease in humans. Sirtris says its novel prescription drugs are far more potent than dietary supplements containing resveratrol. Definitive clinical-trial data on the drugs' efficacy probably won't be available for at least several years.

Scientists familiar with the new mouse study generally said that not enough is known about resveratrol to warrant taking the dietary supplements right away. For now, wrote the authors of the Nature commentary, University of Washington biologists Matt Kaeberlein and Peter S. Rabinovitch, "we counsel patience. Just sit back and relax with a glass of red wine."

What has sparked controversy but most interests researchers like Dr. Barzilai about the study are signs that the compound engages the same antiaging mechanisms that calorie restriction does.

Calorie restriction, or CR, entails cutting normal calorie intake by a third or so to slow aging. Discovered in the 1930s, it has been shown to extend longevity by 30% to 40% in animals. Monkey and human studies suggest it can probably also extend human longevity. But its hunger-inducing regimen is too demanding for most people. (Thus, the standard joke about it: Even if it doesn't extend your life, it will make it seem longer.)

Several other substances have shown hints of mimicking CR. A widely used diabetes drug called metformin, for example, activates many of the same genes that CR does. But resveratrol stands out for two reasons: It is the first compound shown to boost lifespan in widely diverse species -- there are four so far -- and it is a naturally occurring molecule that people have long ingested, suggesting that it is safer to take than other potential CR-imitating compounds.

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| [An aged mouse in Dr. Sinclair's Harvard lab like those in the study.] An aged mouse in Dr. Sinclair's Harvard lab like those in the study. |  |
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Hopes that resveratrol might yield CR's gain without pain were first raised in 2003 by Harvard Medical School biologist David Sinclair, who led a study showing that the compound boosted yeast cells' lifespan by 70%, apparently by mimicking CR. The finding led to speculation that resveratrol's CR-like effects might already be evident in people in the form of the "French paradox," under which France's famously bibulous citizens have anomalously low rates of cardiovascular disease despite their fatty, high-calorie diets.

Dr. Sinclair has become the leading proponent of the idea that resveratrol mimics the effects of CR. His theory is controversial, and some researchers assert that his interpretation of existing data on the issue is wrong and that resveratrol's mode of action hasn't been pinned down.

Studies that followed those on yeast cells have shown that resveratrol has antiaging effects in roundworms, fruit flies and a species of short-lived fish. They set the stage for the new mouse study, spearheaded by Dr. Sinclair.

The researchers put the mice on high-calorie diets designed to mimic the kind of fattening food many Americans eat. The study demonstrated that while the mice gained weight on their rich diets, resveratrol largely protected them from adult-onset diabetes, the buildup of harmful fatty deposits in the liver, heart-muscle degeneration and other fallout from the rich diets. The report "suggests that guilt-free gluttony might not be a fantasy," wrote the authors of Nature's commentary.

Still, the study's findings are "very important" because they suggest that resveratrol and similarly acting drugs may offer "considerable benefits" for people with obesity-linked diseases, said Massachusetts Institute of Technology biologist Leonard Guarente. Dr. Guarente co-founded Elixir Pharmaceuticals Inc., a Cambridge, Mass., biotech company that competes with Sirtris, which Dr. Sinclair co-founded to capitalize on his research.

The study's findings paralleled those obtained in another investigation of resveratrol's effects in mice on fattening diets that Sirtris reported at a recent scientific meeting.

Besides lowering the risk of diabetes, according to Sirtris's rodent data, resveratrol and like-acting drugs may limit weight gains from rich diets. (Sirtris's chief executive, Christoph Westphal, is married to a reporter for this newspaper.)

Resveratrol pills for people haven't been tested in large clinical trials, so their efficacy isn't proven, nor is it clear what dose would yield desired effects. Still, Dr. Sinclair believes that long-term ingestion of relatively small doses of resveratrol via dietary supplements may help lower the risk of various diseases.

Resveratrol is considered safe at the modest doses available in the dietary supplements. But massive doses given to rats induced signs of kidney damage, anemia, diarrhea and other side effects, according to a 2002 toxicity report on resveratrol by the National Institute of Environmental Health Sciences.

The toxic doses were roughly equivalent to a person taking many thousands of resveratrol pills a day. The study noted that there were no observable adverse effects in rats at doses comparable to a human taking hundreds of the pills daily, a dose far higher than that used in the study described in Nature.

Resveratrol can inhibit formation of new blood vessels in mice with skin wounds, according to the federal institute's safety study. That could potentially retard wound healing. But it may also have benefits by blocking tumor growth. Resveratrol may also inhibit blood-clotting, according to some studies, potentially risky for people undergoing surgery.

Several of the new study's findings support Dr. Sinclair's view that resveratrol mimics the effects of CR. One of the most striking results was the dramatic edge in running endurance among mice on resveratrol compared with their undosed peers. The longer mice were on resveratrol, the perkier they got. After taking it for a year beginning in middle age (the rodents generally live two to three years), elderly mice had about twice the running endurance of undosed peers. Such late-life sprightliness is also observed in old mice long subjected to CR.

Last spring, Italian scientists reported similar vigor in aged fish treated with resveratrol. The substance also boosted the animals' life span by more than 50%. Another research group, whose data aren't yet published, has reportedly seen the same effect in mice on high doses of resveratrol.

Recent studies by Dr. Sinclair's group and others suggest one reason why this energizing occurs: Resveratrol and other compounds that stimulate an enzyme called SIRT1 engender new mitochondria, tiny dynamos within cells that churn out energy for everything from moving muscles to sending signals between neurons. CR is thought to do the same thing, says Eric Ravussin, an authority on CR at the Pennington Biomedical Research Center, an obesity research center affiliated with Louisiana State University, and an adviser to Sirtris.

Dr. Ravussin adds that the fresh mitochondria appear to spew fewer damaging "free radicals," molecules whose DNA-fraying action has been linked to aging, than do the older mitochondria they replace. "It's like replacing the engine of a polluting gas guzzler with an efficient, cleaner-burning new one," he says.

<http://online.wsj.com/services/article/SB116239800769710272-search.html?KEYWORDS=%22Substance+in+Red+Wine%22&COLLECTION=wsjie/6month>



**2, Beer PAC Aims to Put Congress Under Influence**

By Thomas Frank, *USA TODAY*

October 29, 2006

WASHINGTON - When Congress returns Nov. 13, one bill likely to get a vote is a small measure to curb underage drinking.

But the bill before the House is much different from the version lawmakers introduced last year.

Gone are sections that urged the NCAA to ban alcohol ads during sportscasts and that called alcohol "the most heavily used drug by children." Added is a sentence that could help beer distributors fend off challenges to state regulations that require them - and only them - to transport beer to retailers.

The National Beer Wholesalers Association, a little-known but influential advocacy group, takes credit for the additional line and worked with the alcohol industry to delete the other sections. The beer group's political action committee (PAC) is one of the top givers to congressional candidates for the Nov. 7 elections.

The beer wholesalers are "the pit bull of the alcoholic-beverage industry," says George Hacker, who directs an anti-alcohol campaign led by the Center for Science in the Public Interest, a consumer group.

Since 1999, the beer wholesalers' PAC has given $8.6 million to federal candidates, exceeding donations by the American Medical Association, the American Bankers Association and the National Association of Home Builders for that period, according to the non-partisan Center for Responsive Politics, which tracks campaign funds.

**Access and money**

That money opens doors to lawmakers' offices, where beer-association lobbyists fight to cut taxes, block federal efforts to regulate drinking, and erase descriptions of alcohol's economic and health costs in bills. Since 2005, the association has donated the maximum $10,000 in campaign contributions allowed to about 135 lawmakers, mostly Republicans, according to Center and Federal Election Commission records. Many recipients support association priorities.

"They get an immediate audience when they want it because of the money they've given and the relationships they've developed," Hacker says. "They have lots more leverage with (congressional) leadership than even members of Congress do."

Chuck Hurley, CEO of Mothers Against Drunk Driving, says that leverage was shown when the association won an audience with the seven sponsors of the underage-drinking bill. "To have a meeting with that many members to change a bill requires a fair amount of access," says Hurley, a longtime congressional staffer, lobbyist and highway-safety expert.

The beer association's small size - more than 1,900 members -makes its political largesse striking. The biggest PACs include the 56,000-member Association of Trial Lawyers of America, the 750,000-member International Brotherhood of Electrical Workers and the National Association of Realtors, about 1.4 million strong.

"Our members understand the importance of advocacy," says Craig Purser, the beer association president. Beer, he notes, is regulated and taxed by the federal government and states. Both also license beer distributors. And alcohol faces sharp scrutiny as states have tightened drunken-driving laws and health advocates focus on underage binge drinking.

That helps explain why the beer association and other alcohol-industry groups got lawmakers to delete from the underage-drinking bill three pages of "findings" that detailed alcohol's insidious effects. "There are some things you don't want in the Congressional Record if you don't agree with them or don't think them to be true," Purser says.

**Push for tax repeal**

Last year, the beer wholesalers helped remove from a highway bill that became law "troubling provisions aimed at mandating programs to deal with drunk driving," according to the association's 2005 annual report.

Rep. Rosa DeLauro, D-Conn., a sponsor of the underage-drinking measure, says cutting the three pages of findings "doesn't change the bill." It authorizes $72 million for underage-drinking prevention programs over four years and requires an annual federal report on those under 21 who drink.

The beer association got sponsors to add a sentence to the bill calling for "continued state regulation" of alcohol. That seemingly benign phrase helps beer distributors fight large retailers such as Costco that want to take over beer distribution, says Eric Shepard, executive editor of Beer Marketer's Insights, an industry newsletter. "It helps legitimize the positions beer wholesalers have and the roles they play," Shepard says.

The beer association rose from obscurity after Congress doubled the beer excise tax to $18 a barrel in 1991, which Purser describes as a "a wake-up call." A top priority has been repealing the increase, proposed in a bill that has 207 sponsors in the House and 13 in the Senate. Since 2005, about 160 of those sponsors have received $1.35 million from the association, according to Center for Responsive politics data.

Purser says contributions aren't tied to any single issue but are given based on candidates' "understanding of issues important to beer distributors."

The repeal, proposed regularly since the mid-1990s, has not passed. No one, however, has sought to raise beer taxes. "Any time you've got almost 50% of one chamber wanting to reduce the tax," Purser says, "that makes it much more difficult for them to advocate for increasing the tax."



**3. New Campaign Empowers Adults to Say “We Don’t Serve Teens”**

*Press Release*

October 18, 2006

“Don’t serve alcohol to teens. It’s unsafe. It’s illegal. It’s irresponsible.”

That’s the message from “We Don’t Serve Teens,” a national campaign to reduce underage drinking, which is helping parents protect their kids with [www.DontServeTeens.gov](http://www.DontServeTeens.gov), a Web site sponsored by the Federal Trade Commission and other public and private sector organizations.

“Teen drinking is not inevitable,” said Lydia Parnes, director of the FTC’s Bureau of Consumer Protection. “All adults can play a role in reducing teen access to alcohol. The goal of this campaign is to empower parents and others with tools to help reduce underage drinking.”

For more information on stopping teens’ easy access to alcohol, the dangers of teen drinking, and what to say to friends and neighbors about serving alcohol to teens, visit [www.DontServeTeens.gov](http://www.DontServeTeens.gov), which was prepared and is being maintained by the FTC. Any organization is welcome to use materials offered on the Web site, including press releases, announcements for broadcasters, and camera-ready logos. The Web site is available in both English and Spanish.

Other organizations involved in this campaign are the U.S. Department of Treasury Alcohol and Tobacco Tax and Trade Bureau, the Century Council, the National Alcohol Beverage Control Association, the National Consumers League, Students Against Destructive Decisions, the Responsible Retailing Forum, the National Liquor Law Enforcement Administration, the National Association of State Alcohol and Drug Abuse Directors, Inc., and the American Beverage Licensees.

Also, stickers, lapel pins, and signs are being distributed to alcohol retailers nationwide to remind patrons, “We Don’t Serve Teens.”

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(http://www.ftc.gov/opa/2006/10/alcohol.htm)



**4. Anheuser-Busch Says it Will Hire E-Bouncers for Bud.TV**

*The Associated Press*

November 2, 2006

Anheuser-Busch is set to become the first major brewer to weed out underage visitors to its Web sites by hiring an outside firm to check their age, said Tony Ponturo, Anheuser-Busch's vice president of global media and sports marketing.

Currently, major beer companies use only the honor system to keep teenagers from visiting their Web sites advertising popular brews such as Budweiser or Miller Lite. Visitors are asked to enter their birth date to enter, but the information is never verified.

Ponturo said Anheuser-Busch decided to change its policy before launching Bud.TV in February. The site will stream beer-themed shows, sports events and musical acts 24 hours a day.

"I think that everyone in the past had been comfortable, based on the 70/30 rule," Ponturo said, referring to the policy of advertising only in publications or shows where at least 70 percent of the target audience is 21 or older.

"I think Bud.TV takes on a different dimension," he said.

It is unclear if other brewers will follow Anheuser-Busch's lead. Neither of its two biggest competitors, Miller Brewing Co. and Molson Coors Brewing, returned a message seeking comment Thursday.

Critics have argued for years that alcohol advertising on the Internet reaches too many underage viewers.

Asking visitors to offer their birth date without verifying it against other information amounted to "farce" that let brewers market to teenagers, said George Hacker, director of the Alcohol Policy Project at the Center for Science the Public Interest.

A 2003 study found that 34 percent of visitors who spent time on the Bud Light site were underage, while 15 percent of such visitors to the Budweiser page were underage, said David H. Jernigan, executive director of the Center on Alcohol Marketing and Youth at Georgetown University.

Jernigan supported Anheuser-Busch's decision to hire an outside firm to screen Web site visitors.

"It's a step in the right direction," Jernigan said. "Someone independent of the (alcohol) industry is going to have to assess down the line whether it works."

Ponturo said he is in the final stages of choosing the screening company and could make a final decision within 30 days.

Anheuser-Busch wants to draw between 3 million and 5 million visitors to Bud.TV each month, Ponturo said.

Anheuser-Busch is walking a fine line between keeping minors off its Web sites without turning away too many people.

Visitors who go through the screening process will receive a password that will let them enter any Anheuser-Busch site, Ponturo said.

Anheuser-Busch will likely ask visitors for their name, age and address, including zip code, Ponturo said. The data can be matched against a number of public records, such as driver's licenses and voter registration cards.

Ponturo said Anheuser-Busch employees have been testing the process and found it remarkably accurate at verifying who they were.

"I did it on myself to see," Ponturo said, adding that he was surprised at how much the screening companies could find out about him.

"They had my last three home addresses."



**5. Beer by the Numbers**

*The Associated Press*

October 27, 2006

Information about beer and its consumption, by the numbers:

1,409: The number of breweries \_ ranging from brewpubs to national brewers \_ operating in the United States.

306: The number of breweries in California last year, putting the state first in the country. Mississippi was last with one.

$82 billion: The U.S. sales volume for beer last year. Craft beer \_ beer typically made in small batches by regional or local brewers \_ accounted for $4.3 billion.

21.3 gallons: The amount of beer consumed per capita last year in the United States. New Hampshire led all states with 31.1 gallons. Nevada, North Dakota, Montana and Wisconsin rounded out the top five. Utah was last at 12.2 gallons.

48: The percent of all beer sold in metal cans last year in the United States. Glass bottles followed at 42 percent and draft beer was at 10 percent.

84.1: The market share held by major U.S. breweries and noncraft regional brewers. Imports have 12.4 percent and craft brewers hold 3.4 percent.

*Sources: Brewers Association, Beer Institute.*



**6. Thirst for Absolut Keeps V&S Busy**

Source: *Financial Times*

November 1, 2006

Growing global thirst for Absolut Vodka helped V&S, the state-owned Swedish beverages group, report an 18 per cent rise in operating profit for the first nine months of the year compared with last year.

The company has increased shifts at its main vodka plant in Åhus, Sweden, from two to three, kept the plant open in the summer when it is usually closed and is also running it on Saturdays.

The company said yesterday total sales for the period across all its brands rose 3 per cent to 18.3m nine litre cases compared with last year, but sales at V&S Absolut Spirits rose 13 per cent to SKr4.3bn ($596m).

V&S is government owned and Sweden's new centre-right government has pledged to sell state-owned assets in coming years. A sale of V&S is possible as part of this liberalisation drive, although unlikely for the next two or three years.

The strong result for Absolut is likely to whet the appetite of potential acquirers of the brand.

Pernod Ricard, the French distiller and winemaker, has said it is interested in buying Absolut should it be put up for sale. It has been valued at between $3.7bn and $4.8bn.



**7. Cruzan, Beam Stakes Hit V&S Earnings**

Source: *just-drinks*

October 30, 2006

The acquisition of rum producer Cruzan and the purchase of a stake in Beam Global Spirits & Wine has hit nine-month earnings at V&S Group.

The Swedish state-owned spirits producer said today (31 October) that net profit for the nine months to the end of September fell by 6% to SEK955m (US$132m).

V&S bought a majority stake in Cruzan last year and a spokesman said the company's move to buy the remainder of the rum producer had weighed on profits.

The spokesman said V&S had also maintained its 10% stake in Beam but had had to pay an extra US$153m to hold onto the size of that interest as the US group grew after the Allied Domecq takeover.

On an underlying basis, V&S saw operating profit rise 18% to SEK1.6bn on the back of a 13% increase in sales to SEK7.5bn.

Growing US sales of flagship brand Absolut vodka buoyed the company's spirits business. However, the company's Scandinavian spirits business suffered. Earnings fell 6% as the rise in cross-border shopping by Swedish consumers hit sales at V&S.



**8. U.S. Sales Boost Profit at Molson Coors - Coors Light Drives Summer Growth**

Dana Flavelle, Business Reporter – *The Star*

November 1, 2006

**Earnings up 25.5% despite flat volume**

The world's fifth-largest brewer may still have the word Molson in its name and the Canadian division may be its most profitable one.

But Molson Coors Ltd. said most of its growth over the summer came from its Coors Light brand, while Molson Canadian continued to struggle.

The company reported sharply higher profit yesterday, despite stagnant growth in sales volume, as higher U.S. sales, lower costs and strategic price-cutting helped support key brands.

Profit jumped 25.5 per cent to $135.8 million (U.S.), or $1.56 a share, in the quarter ended Sept. 24, exceeding analysts' estimates by a wide margin. Volume was flat at 11.2 million barrels but sales in dollars increased 3.3 per cent to $1.58 billion.

A year and a half after Montreal-based Molson merged with Denver, Colo.-based Coors, the company says it's on track to achieve the expected $175 million savings from combining their operations.

Molson Coors stock rose nearly 5 per cent to close at $79.50, up $3.15 on the Toronto Stock Exchange.

The company's earnings beat analysts' consensus estimates by 11 cents a share, according to Thomson Financial

"This is the first post-merger quarter to confirm our bull case, which is that stable top line behaviour and cost savings can drive a big step up in cash flow," Goldman Sachs analyst Judy Hong wrote in a note to clients.

But others cautioned against being too optimistic. Investors may be tempted to "misplace confidence in the ability of the U.S. business going forward to offset what are very discouraging trends in the U.K. and Canada," wrote Carlos Laboy, an analyst at Bear, Stearns & Co.

Like other large mainstream brands, Molson Coors remains challenged at both ends of the market by discounters and premium imports as well as other alcohol beverage categories, such as spirits and wine.

As well, the company said it has felt the impact of higher packaging and transportation costs.

Within Canada, its most profitable unit, operating income rose 12.2 per cent to $155.1 million, though seven percentage points of that were due to more favourable exchange rates, the company said.

Its flagship brands, Molson Canadian and Molson Dry, continued to lose ground, while Coors Light, Rickard's and other partner imports showed double-digit gains.

Coors Light is the top-selling brand at The Beer Store in Ontario, the world's single biggest distributor of beer. Molson Canadian is second.

The move by Lakeport Brewing Co. of Hamilton and other discounters into cans this summer boosted competition in that category, said Kevin Boyce, president of Molson Canada.

As well, Molson's domestic competitors in the premium category, including Sleeman's and Moosehead, began using price discounting to support their brands, he added.

Boyce said the company's goal is to "stabilize" sales of its core brands, Molson Canadian and Molson Dry.

The company reported a $9 million benefit in the quarter after reducing its financial guarantee obligations to the Montreal Canadiens hockey team.

In its largest market, the United States, volume sales grew 3 per cent to 6.3 million barrels, while dollar sales grew 6 per cent to $810 million, the company said. Sales of Coors Light rose for the sixth-consecutive quarter.

The company also reported higher profit from its U.K. operations. Its flagship brand, Carling, outperformed the wider market, the company said.



**9. Wireless International Beer Tracking System Trialled. Satellite Technology Refreshes the Parts Beer Reaches**

Andrew Charlesworth, *vnunet.com*

October 27, 2006

How fast can beer cross the Atlantic?

The Beer Living Lab project will wirelessly track beer shipped from Europe to the US with the aim of making faster deliveries and reducing costs for international trade by simplifying tracking processes.

The project involves cooperation between Dutch brewer Heineken, international shipping company Safmarine, Vrije Universiteit Amsterdam (University of Amsterdam), IBM and customs authorities in the Netherlands, US and UK.

The Beer Living Lab will use satellite and cellular technology to create a paperless documentation trail.

IBM's Secure Trade Lane solution will provide real-time visibility and interoperability through wireless sensors linked to IBM's WebSphere platform.

The project's service oriented architecture (SOA) - the Shipment Information Services - leverages the Electronic Product Code (EPC) global network and EPCIS (EPC Information Services) standards.

Rather than build and maintain a large central database with huge amounts of information, distributed data sources are linked, allowing data to be shared in real time between Heineken, Safmarine and relevant customs authorities.

Safmarine will ship 10 containers of Heineken beer from locations in the Netherlands and England, through their customs authorities, to the Heineken distribution centre in US.

Vrije Universiteit Amsterdam will coordinate the project and provide best practices documentation to share across the European Union.

"The Beer Living Lab is setting a roadmap for the next generation e-customs solutions," said Dr Yao-Hua Tan, professor of electronic business at Vrije Universiteit Amsterdam.

According to the Organisation for Economic Co-operation and Development, more than 30 different documents are associated with one single container crossing a border, which equals roughly five billion documents annually.

E-customs solutions ease international trade because shipments require fewer physical inspections by customs authorities.

The findings of the project will provide a viable alternative for manufacturers, shippers, retailers and customs administrations as they move to paperless trading.

Once accepted and implemented widely, paperless trade will support initiatives that will eliminate most inspections on arrival, thus significantly speeding up ocean freight shipments and improving the profit margins for shippers.

"The Beer Living Lab project is the first step in building the 'Intranet of Trade', which will help to substantially improve efficiency and security in the global supply chain," said Stefan Reidy, manager of Secure Trade Lane at IBM.

This project is part of the Information Technology for Analysis and Intelligent Design for E-government (ITAIDE) research project funded by the European Commission, an effort to help reduce security concerns and tax fraud.



**10. Bourbon Boosts Bullish Fortune**

Editorial Team - *just-drinks.com*

October 27, 2006

US consumer goods group [Fortune\_Brands](http://www.just-drinks.com/factsheet.aspx?id=31) has reaffirmed its full-year earnings target as it released its third-quarter results today (27 October).

The company, which sells beverage [alcohol](http://www.just-drinks.com/factsheet.aspx?id=50) through its Beam Global Spirits & Wine division, said it expects to “comfortably achieve” its target of double-digit growth in earnings per share this year.

During the three months to 30 September, Fortune saw operating income leap 29% year-on-year to US$379m on the back of a 23% jump in net sales to $2.2bn.

Chairman and CEO Norm Wesley said Fortune’s “enhanced premium position” in wine and spirits would be a driver in the results. The company owns brands including Jim Beam Bourbon, Sauza [Tequila](http://www.just-drinks.com/factsheet.aspx?id=104) and Clos du Bois wines.

Wesley pointed to the “strong sales gains” made by Jim Beam, Sauza and Maker’s Mark Bourbon during the third quarter.

Wesley said: “We drove strong profit growth and higher margins in spirits and wine, benefiting from a strong increase in worldwide case volumes and the synergy benefits of last year’s acquisition.” Last year, Fortune teamed up with [Pernod](http://www.just-drinks.com/factsheet.aspx?id=6) [Ricard](http://www.just-drinks.com/factsheet.aspx?id=69) to buy UK drinks group [Allied](http://www.just-drinks.com/factsheet.aspx?id=2) Domecq.

<http://www.just-drinks.com/article.aspx?ID=88237&lk=dm>



# 11. Why A.A. Is Effective In Healing Addiction

# October 28, 2006; Page A7

As a physician specializing in internal medicine, I tried to treat alcoholics for years using the principals of scientific medicine ("[The Case for Alcoholics Anonymous: It Works Even if the Science Is Lacking](http://online.wsj.com/article/SB116103919268294433.html?mod=Letters)," Personal Journal, Oct. 17). I found that I could prolong their lives by treating alcohol-related illness, but I couldn't change the power of their addiction.

I've also had an opportunity to interact, in depth, with Alcoholics Anonymous members in long-term recovery over the past several years. On the basis of that interaction, I've concluded that alcoholism is fundamentally a spiritual rather than a medical problem. The 12-steps work because they address and heal the spiritual illness much more efficaciously than either scientific medicine or formal religion.

*Wallace J. Schwam, M.D.*

*Pismo Beach, Calif.*

What should also be included in your A.A. recommendations is that the key agent of change, often underemphasized, is the ability of the alcohol user to find a sponsor at A.A. As my psychoanalytic patients have reported over the years, this significant relationship serves to help the patient talk through their tensions and urges in order to diffuse or circumvent the fatal action of picking up a glass. Just knowing someone is available is often enough to help the patient master the impulse.

*Ira Moses, Ph.D., ABPP*

*Director of Clinical Services*

*William A. White*

*Psychoanalytic Institute*

*New York*

<http://online.wsj.com/services/article/SB116199595571306716-search.html?KEYWORDS=Alcoholic+Anonymous&COLLECTION=wsjie/6month>



**12. Rye Makes a Comeback**

By Eric Felten – *Wall Street Journal*

October 28, 2006; Page P11

Noah Hampson was a middle-aged Connecticut steelworker who -- when the Germans started rolling across Europe -- had a hankering to get into combat. Come 1941, Hampson was in North Africa manning the gun in a British tank. When the United Press caught up with the soldier after a November 1941 battle, Hampson told the reporter that he didn't mind the deprivations of desert fighting, with one exception: "Boy, oh boy, what I would give for a drink of rye," he told the reporter.

Even in the desert of Libya, Hampson would have been able to get some Scotch from his Brit comrades. But no rye. The English were never much for American whiskey of any kind. And rye -- with that grain making up at least 51% of the raw material -- was disdained.

Rye was the original American whiskey, made from a crop abundant in the mid-Atlantic colonies. In the 18th century, Maryland and Pennsylvania even used the whiskey as currency. "What a bank-bill was at Philadelphia or a shilling-piece at Lancaster, that was whiskey in the towns and villages that lay along the banks of the Monongahela river," John Bach McMaster wrote in his "History of the People of the United States." And that whiskey was all rye whiskey.

Virginia produced its share, too. At Mount Vernon, George Washington built a distillery in 1797 -- one that has just been rebuilt, complete with working still. His whiskey recipe called for 60% rye in the mash. In the year before his death, he produced 11,000 gallons.

While George Washington was in the rye business, the most enthusiastic presidential consumer of the stuff was James Buchanan. His favorite brand was made by Jacob Baer in Washington, D.C. Favorite because it was handy, and because the barrels came stamped "J.B."

**SAMPLING RYES**

Very Good

Van Winkle Family Reserve 13-Year-Old Rye $35.99

Excellent balance between the spiciness of the rye and the mellow sweetness one would expect from a good bourbon.

Good/Very Good

Wild Turkey Rye $17.99

The alcohol burn is a little over-assertive, but not out of character for rye. A bargain.

Old Potrero Straight Rye $53.99

Nicely rounded, but the nose and the taste are both a bit doughy.

Good

Hirsch 21-Year-Old Single-Barrel Rye $117.99

Would have been a terrific whiskey if it hadn't been left in the barrel so long.

But Buchanan was willing to entertain other brands, especially if the rye was free. A Pittsburgh distillery sent the president a gift of 10 gallons of whiskey. "Moved by gratitude to the givers of such goods," wrote the Harrisburg Telegraph in 1859, Buchanan "penned to them an autograph letter, in which, with tears of gratitude in his eyes, he says: 'Your rye whisky excels in mildness and fine flavor any spirits I ever drank.'" The Telegraph allowed that such an endorsement was not without weight, given that "the President writes as one having authority, and not as an ignoramus on the subject."

Until World War II, rye was the predominant whiskey in the Northeast. And yet it also came to have a rugged reputation. Bourbon is smooth, even sweet. Rye has a raw-boned zip to it. With its rather more assertive personality, rye is the stuff of cowboys and tough guys, and folk-song legend. Tex Ritter was hardly the first cowboy to sing "Rye Whiskey," but he made a hit of it in 1948. He dressed the ancient melody in such a gaudy garland of coyote-yips, cattle-drive-yawps and empty-jug-hiccups that his is the definitive performance.

But by the 1980s, rye whiskey seemed as much an anachronism as Tex's style of singing; American straight rye had almost completely disappeared from liquor stores. Happily, rye is now resurgent, with several brands on the shelves and their quality high. I tried eight ryes, ranging in price from $10.99 to $117.99, and found them all to be quite drinkable.

The priciest bottle was a 21-year-old single-barrel rye from Hirsch. There is an assumption that the older the whiskey, the better. But it's simply not true. Scotch whisky can improve in the barrel over 20 or 30 years, but after that it's a rare cask of spirit that doesn't start to suffer from a certain flat, warmed-over flavor that comes from over-exposure to the wood.

Whiskies get tired in the barrel much faster in the States. For one, American whiskey is generally made in new oak barrels, whose freshly charred wood flavors the spirit much more profoundly than the recycled barrels used for Scotch. And then there is the weather. Hot Southern summers bake the whiskey in the barrel, accelerating aging. Tasted blind, it was clear that the Hirsch single-barrel rye whiskey was left in the oak too long. It has a nose as wooden as Pinocchio's, and a tarry, singed taste. I suspect that had it been bottled eight or 10 years earlier, it would have been a terrific whiskey.

The best of the bunch were Old Potrero, Wild Turkey rye, and -- at the top of my list -- Van Winkle Family Reserve 13-year-old straight Kentucky rye. Old Potrero, made by Anchor Distilling in San Francisco, can be credited with getting the rye fad going a few years ago. I found Old Potrero, made from 100% malted rye, to be a bit doughy. The Wild Turkey rye has an assertive alcohol burn that distinguishes it from the softer bourbon of the same brand. But it was the Van Winkle Family Reserve that best integrated the distinctive spiciness of rye with the caramel and vanilla sweetness one expects from bourbon.

H.L. Mencken wasn't much for romantic entertainments, but he "made the discovery years ago," Mencken wrote in 1911, "that three drinks of rye whiskey would double the pleasure to be got out of Il Trovatore. Try it yourself." With so many good ryes now on the market, it shouldn't be hard to follow his advice. And if Verdi isn't your style, just sing along with Tex: "If the ocean was whiskey and I was a duck/I'd dive to the bottom and never come up."



**13. Resolution Calls on BART to Drop Alcohol Ads**

*San Francisco (KCBS)*

October 31, 2006

A San Francisco supervisor will ask the full board to consider his resolution today, which calls on BART to reverse their decision to allow alcohol ads in stations and cars. Tom Ammiano's resolution aims to clear the tracks and rail cars of liquor ads that would rake in $400,000 annually.

Ammiano is supported by alcohol industry watchdog, the Marin Institute. KCBS' George Harris spoke with the institute's spokesman, Amon Rappaport, who think the financial gain is no excuse to accept such advertising.

"BART should not be in the business of promoting booze. They should be running a safe, effective transit system," said Rappaport. "BART is frequented by young people, others who are in recovery from alcohol, and it's just one more opportunity for the alcohol industry to reach these vulnerable populations."

BART directors made the alcohol decision in September. Spokesman Jim Allison said there are restrictions. "Each advertisement would have to contain language conveying the message 'drink responsibly, don't drink and drive.'"

Allison said that during the one-year test period no more than 17 percent of the ads in each station could be alcohol related. There will also be a public comment period next fall as part of an evaluation of the year-long program.

"This is not something that is set in stone," Allison assured.

Rappaport urges critical citizens to make themselves heard before than public comment period.

"The more people that contact BART and let them know that they don't want to be exposed to more alcohol ads, perhaps that will make a difference," said Rappaport.

BART is the only Bay Area transit agency to have alcohol ads.



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

**14. ‘Native Iowa Wine’ Focus of Forum**

By Mary Nevins-Pederson, staff writer – *Telegraph Herald*

October 28, 2006

**Rules against wineries importing wine prove to be controversial**

BANKSTON, Iowa – Vintners and grape-growers grappled with the question of what can be called “native Iowa wine” Friday in front of a state commission examining the issue.

The head of the Iowa Alcoholic Beverages Division and several of the agency’s commissioners held a public forum at Park Farm Winery near Bankston. Winery owners and grape growers from northeast Iowa were on hand to offer their opinions on how Iowa wines should be regulated, labeled, taxed and defined.

The most contentious issue is whether “native Iowa wine” is made solely from locally grown grapes or whether it can be made with juice from other parts of the country. Some winery owners even purchase finished wine from other states, bottle it and sell it in their wineries.

Current Iowa law does not allow businesses licensed as “native Iowa wineries” to bring in wine from outside of Iowa to sell. However, the state alcohol agency does not enforce that prohibition, admitted its administrator, Lynn Walding, since it lost its investigating agents to budget cuts three years ago. The practice is considered bootlegging and could be punished with criminal and civil penalties, he said.

“Iowa wine law was originally designated for family farm wine, where the same people grew, fermented, bottled and sold their wine,” Walding said.

But as wineries have grown in popularity and size, many of them cannot produce or buy enough grapes to keep up with demand and began to import wine. One vintner said up to 70 percent of Iowa wineries do that.

“They know they can’t but they do and they put those of who abide by the state’s rules at an economic disadvantage,” said Paul Tabor, owner of Tabor Home Vineyards & Winery, near Baldwin. He claimed that the wineries that skirt Iowa law are guilty of consumer fraud, tax evasion and unfair competitive practices.

Dave Cushman, general manager of Park Farm Winery, said he and his staff did not know about the state’s prohibition against native wineries importing wine when they opened the business last year. They have phased out the practice and now produce wine only from their own grapes or from imported juice.

“Very few wineries grow all their own grapes. Maybe there could be a special seal for bottles of wine made from all Iowa-grown grapes,” he said. “Iowa wineries should not be limited to sell only Iowa wines.”

The commission will hold two more public forums in Iowa and draft a set of recommendations for the state Legislature to consider next year.



**15. Nine Businesses Fail Alcohol Sales Check**

*Iowa City Press Citizen*

October 29, 2006

Nine Iowa City businesses failed an alcohol sales law compliance check conducted by the Iowa City Police Department on Friday evening and Saturday morning.

Police checked 34 businesses that are licensed to sell alcoholic beverages by sending an underage youth into the business to try to buy the beverages. Twenty-five of the businesses refused to sell to the youth and are to be commended, police officials said.

Employees at seven businesses were cited for failure to comply:

• Cole Eugene Bultman, 23, at Fitzpatrick's, 310 E. Prentiss St.

• Donald Lee Schrader, 60, at Gasby's, 2303 Muscatine Ave.

• Amy E. Abdagic, 25, at Hilltop Lounge, 1100 N. Dodge St.

• Alanah Atley, 56, at Hy-Vee, 812 S. First Ave.

• James Michael Weiler, 21, at North Dodge Express, 2790 N. Dodge St.

• Adam Christopher Hachmeister, 22, at the Piano Lounge, 217 Iowa Ave.

• Erica Nicole Waynee, 21, at the Vine Tavern & Eatery, 330 E. Prentiss St.

In addition, charges are pending against employees at Etc., 118 S. Dubuque St., and Martini's, 127 E. College St.

Each was charged with providing alcohol to a minor and faces a fine of $710 plus costs.

<http://www.press-citizen.com/apps/pbcs.dll/article?AID=/20061029/NEWS01/610290317/1079/NEWS01>



**16. Smoking May be Out in City Ramps**

By Jason Clayworth, Staff Writer, *Des Moines Register*

November 2, 2006

### Des Moines already prohibits smoking in other municipal buildings.

Smoking in Des Moines' public parking garages would be banned under a proposal unveiled Wednesday.

That's bad news for people such as Pat Langstraat, an employee at downtown insurer ING, who enjoyed a cigarette with a co-worker Wednesday near the skywalk doors in a city parking garage at Ninth and Locust streets.

Her company closed its smoke room in March, she said.

The proposed city policy "would force us out on the street, and they don't force fat people out of here, and obesity is worse than smoking," Langstraat said.

City Councilwoman Christine Hensley said she receives frequent complaints from people forced to walk through clouds of secondhand smoke after they park their cars.

"You can actually walk through it, and smoke is on your clothing," said Hensley, who noted that people who congregate in parking ramps to smoke also pose a safety hazard.

But as more company smoking areas are phased out, smokers have increasingly turned to the city's eight parking garages for a quick puff.

Des Moines banned smoking in municipal buildings, but not the garages, in 1988, City Attorney Bruce Bergman said.

The city's parking committee will review the proposed ban in garages at a public meeting Nov. 15.

Mayor Frank Cownie, an outspoken anti-smoking advocate who this year decided to vote against tobacco license renewals, said Wednesday he welcomes a discussion on whether to expand the 1988 ban.

Councilman Tom Vlassis, who stopped smoking about three years ago, said he will consider the garage ban but is uncertain if it's practical.

"With all the pollution that goes in a parking garage because of the cars, I don't know if it would be effective at all," Vlassis said. "It's not normally a gathering place."

Smoking bans continue to grow in popularity. Six Des Moines hospitals this year enacted bans throughout their facilities and property. Employees have been warned that they could be fired if they repeatedly break the rule.

Iowa's major-party candidates for governor, Jim Nussle and Chet Culver, say local communities should have the power to enact smoking bans in bars or restaurants. And California Gov. Arnold Schwarzenegger last month signed a bill that bans smoking in parking garages, public and private.

Brenda Haynes of Ankeny, a nonsmoker who walked past Langstraat on Wednesday, said she doesn't mind the smokers in garages. However, she knows others who are disgusted by the smell.  
  
"It does irritate a lot of people," Haynes said. "People are walking in and out, and then they get the smell of smoke on them."

Smoker and downtown worker Debbie Gray of Des Moines says the city should leave smokers alone.

"We're only hurting ourselves," Gray said. "We deserve to do what we do."

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20061102/NEWS05/611020413/1001/NEWS>



**17. Crawford: Puffing in Ramps Beats Bar Smoke**

By Erin Crawford – *Des Moines Register*

November 3, 2006

**Life So Far**

The worst part of the Des Moines bar scene? Easy.  
  
While we're still missing a weird bohemian lounge, the mix of bars around town provides something for most tastes, especially if your tastes are low-key and Miller Lite.  
  
It's not the drinks - you can find a $2 draw within a half-block of an herbal-infused martini. That's more big-city than a mugging.  
  
Nope, it's the toxic clothes syndrome.  
  
After six hours hopping down Ingersoll or hauling yourself around the suburbs trying to find a DJ who shares your affection for Dee-Lite, you may not have picked up anyone cute or heard the song you wanted or even gotten toasted.  
  
But one thing is certain. You'll smell as if you had an ashtray dumped on you.  
  
Like you stuffed your bra with Camels.  
  
Like you spent all night smoking, whether or not you smoked.  
  
Which is exactly what you've done, thanks to the menacing presence of secondhand smoke.  
  
But Des Moines can't join the numerous other cities - big, cosmopolitan, economically vibrant cities - that chose to ban smoking because state law doesn't allow it.  
  
More than 500 cities and 17 states have stomped out cigarettes in workplaces, including restaurants and/or bars, according to the American Nonsmokers Rights' Foundation.  
  
Studies by the Centers for Disease Control and Prevention show bans don't affect bar profits.  
  
Banning smoking is the only way to protect people from secondhand smoke, according to the CDC. Ventilation and separate seating areas don't work.  
  
Instead, here in Des Moines, the City Council is fiddling about with parking garages. Smokers tend to cluster near skywalk entrances and ... well, it doesn't make much sense to me.  
  
Even if these groups do produce a cloud of smoke, it's close to the outdoors, and walking through the cloud into the skywalks only takes a second or two.  
  
I don't mean to make light of the trauma of walking by a cigarette. Actually, yes I do.  
  
Because parking ramp smokers would need to hold people down and blow smoke in their faces for hours to equal the damage in a badly ventilated bar.  
  
Now, someone out there is arguing out loud with their newspaper that smoking bans are a "slippery slope" toward more patronizing governance.  
  
To them, I say, "I can't hear you. Stop talking to your paper and e-mail me."  
  
Their point is probably along the lines of: What will stop the Iowa Legislature from banning fatty food in restaurants next? Or installing treadmills in place of bar stools?  
  
I've never heard a slippery slope argument I didn't think was completely idiotic.  
  
Social customs influence the direction of the law, and a heckuva lot of people have given up smoking since the 1950s. Not so deep-fried cheese.  
  
Meanwhile, as we debate the right of bar owners to create cancer-causing environments, smoke is slowly poisoning bar and restaurant employees.  
  
It's tyranny by a minority. Only 20.9 percent of the population smokes - 20.8 percent in Iowa - meaning four out of five of us are grumbling about the smell of our clothes.  
  
We suffer allergy and asthma attacks for something we don't even do.  
  
Judging by what's happened in other cities, even fewer people will smoke if we institute a ban.  
  
Why do so few people get to create an unhealthful, unpleasant environment for so many? It's just plain undemocratic.  
  
That's why the Iowa Legislature should jump in and make health-conscious, progressive legislation happen for a change - a move that failed last year, so that the City Council can stop discussing social dead zones like parking garages.  
  
The Register has reported that both gubernatorial candidates would support smoking bans enacted by local municipalities.  
  
So get on with it already, you parking-ramp policing pansies. I'm running low on fabric softener.



**18. DM Bartenders: Check Those ID Birthdates Closely**

By Tom Alex, Staff Writer – *Des Moines Register*

November 3, 2006

Police officers are testing bartenders in Des Moines to find out if they are paying attention to the date on driver’s licenses.

A bartender at the Library Lounge, 3506 University Ave., was issued a summons for serving alcohol to a minor. Police are using an underage informant.

Officers said the informant was asked for an identification card and a valid Iowa identification card was shown, indicating the informant to be under age.

The bartender looked at the card but still sold the informant a glass of beer.

Police made the check about 8 p.m. Thursday.  
  
<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20061103/NEWS/61103009/1001/NEWS>



**19. DM's After-Hours Clubs Under Scrutiny**

By Jason Pulliam, Staff Writer - *Des Moines Register*

October 27, 2006

### Concerned citizens ask city leaders to do something to regulate what they consider to be neighborhood nuisances.

City officials are considering drafting an ordinance and appealing to the State Legislature to help regulate after-hours clubs in the wake of a high speed car chase that began last month in the early morning hours outside of Club City, 1820 E. Army Post Road, during which shots were fired at Des Moines police officers.

Undercover vice and narcotics officers were watching the club's parking lot when shots rang out among the estimated 250 people there before the chase ensued.

Chief of Police Bill McCarthy said there are six or seven after-hours clubs that "rise to the attention" of his department, adding the establishments are difficult to regulate and deal within a climate of "significant" and "dangerous" incidents.

"Quite frankly, we in the police department feel victimized by these establishments, as do the residents of the neighborhoods nearby," McCarthy said.

McCarthy and city attorney Bruce Bergman said they have been working with the city manager and council to identify the best possible ways to regulate after-hours clubs. Bergman said he has also consulted with city attorneys from Waterloo, Davenport and Sioux City.

"I can tell you we're not the only place that's having problems," Bergman said.

Establishments like Club City are hard to regulate, they said, because although they allow patrons to bring their own alcohol, the clubs do not have liquor licenses and operate outside of such controls.  
  
Bergman said there may be a way to apply the city's nuisance ordinance to problem establishments or change the Iowa Code to prohibit after- hours clubs from allowing alcohol on their premises.  
  
"It's something we're looking at because it's a serious problem," he said.

Residents of the Bloomfield Allen neighborhood on Des Moines' southeast side, which is nearby Club City, have written city leaders calling for action to regulate such clubs.

Jim Bollard, the group's president, said city officials have been responsive to the residents' concerns.

"My personal interest is not to shut down after-hours clubs," he said. "But certainly there is an element that might attend those establishments that we'd like to get a handle on."

Sgt. Todd Dykstra, Des Moines' public information officer, said police responded to 36 calls involving Club City in 2005 and have investigated complaints at the establishment 67 times thus far in 2006.

McCarthy said the department has had to send every officer on patrol citywide to respond to past incidents at after-hours clubs and they will do the best they can until better regulations are in place.  
  
"We believe the final solution will lie with the Legislature," he said.

The Polk County Assessor's Web site lists Rose Petry of Council Bluffs as the owner of 1820 E. Army Post Road, where Club City is located.

She said she is in the process of selling the property, but she declined to elaborate on the nature of the transaction and referred questions to her lawyer, Des Moines attorney Thomas Clarke, who did not immediately respond to a request for comment.

A recording said the number for the club has been disconnected.

Bloomfield Allen secretary Brian Meyer, who recently announced his candidacy for the vacant Ward 4 city council seat, said he realizes the city's current options are limited by gaps in the law.  
  
"This is in the early stages, but it's time for it to end and it's time for a solution.



**20. Limiting Alcoholic Drink Specials Fails 2nd Time**

*Iowa City Press Citizen*

October 26, 2006

The second consideration of an ordinance that would have limited the sale of alcoholic beverage specials in North Liberty failed Tuesday night at the council meeting.

The first consideration vote Oct. 10 was approved 3-2 with councilors Jim Wozniak, Gerry Kuhl and James Moody in favor. At the second vote Tuesday, Moody joined councilors Tom Salm and Matt Bahl in opposition.

The ordinance would have limited the sale of certain drink specials in town, including two drinks for the price of one, offering an unlimited number of servings of alcohol for free or a fixed price, or serving more than two containers of alcohol to one person at one time.

Last week, North Liberty bar and restaurant employees and owners said they did not think their businesses would be affected by the proposed ordinance. Only Drinks neighborhood pub offers drink specials that would have been illegal.

Council asked for an ordinance to curb drink specials because of noise complaints from residents.

<http://www.press-citizen.com/apps/pbcs.dll/article?AID=/20061026/NEWS01/610260326/1079/NEWS>



**21. Police Want to Shut Down D.M. Nightclub After Gunfire**

By Tom Alex, Staff Writer – *Des Moines Register*

November 1, 2006

An exchange of bullets outside Loco Joe's Nickel Arcade in northwest Des Moines early Sunday morning persuaded Des Moines police to move to close the nightclub.

Last summer, police threatened to revoke the liquor license of Loco Joe's, 4100 Merle Hay Road, if noise complaints and violent incidents did not stop. Records show 44 police trips to Loco Joe's this year, eight of them involving fights.

"We're not going after the liquor license," said Police Capt. Michael Shay. "We're going after the business. They've been attempting to handle the crowds without much success. We gave them an opportunity to abate the problem. Now we're working with the city legal department to get a nuisance injunction because it is a nuisance and a danger to the community."

Police were keeping track of police calls to the area but had not logged any shootouts until last weekend when a security guard reportedly traded gunshots with a patron. No one was injured and no one was arrested, but police continue to review the incident to see whether the security guard was within the law in discharging his weapon.

"The bullets had to go somewhere," noted Shay.

Security guards were using a chemical deterrent to disperse a large crowd in the parking lot, according to a police report, but that action is not under police review.

Joe Henscheid, the owner of Loco Joe's, said he's still trying to find out what happened.

"I was inside and I didn't know about it until all of a sudden the police started showing up," he said.

"I think they're making a big deal out of something that wasn't a big deal," he said. "Even if it was a non-issue, it's an issue now. I can't win."

He said until Sunday morning the nightclub had been enjoying a relatively quiet summer and fall. "Why this happened I don't know."

He said 12 security guards were scheduled to work that night, but two didn't show up for work. Even so, 10 should have been able to handle the crowd.

Henscheid said he plans to find out why the security officers were using a chemical deterrent. "You don't use it to clear a parking lot," he said.

Regardless, it shouldn't have ended in a shooting incident, he said. "Things like this shouldn't happen. Not at all."

Police say hundreds of people meet in the shopping plaza parking lot outside the nightclub in the 4100 block of Merle Hay Road during the early morning hours, and many don't want to leave.

They say problems surfaced last spring when the business shifted focus from being a pool hall and game center to being a nightclub.

When fights break out, police said, the department has no choice but to flood the area with officers, sometimes leaving other areas of the city without police protection.

After keeping extra officers in the area - but not at the night spot - from July 13 to July 30, police sent Loco Joe's a bill for $2,918.

Shay said the business refused to pay the bill, even though it covered only a few of the 17 days of extra police protection.

"We're not in the business of putting businesses out of business," said Shay. "But the fights and drinking and urination and littering has to stop. We have employees of neighboring businesses afraid to go to their cars."

Loco Joe's is surrounded by several businesses but few homes.

Dolores Mandt, who lives in the 4200 block of 62nd Street, said she was surprised to read about gunfire at the business just three blocks away.

"I was amazed to hear about that," she said.

Her chief complaint about the businesses in her area have to do with late night garbage trucks banging containers together.

Henscheid said earlier this year he tried to hire off-duty police officers to control unruly patrons, but the officers didn't show up for work. Police countered that Henscheid didn't pay enough for what amounted to potentially hazardous duty.

City Councilman Tom Vlassis said Tuesday, "This has been going on since last spring, and that's too long. I get complaints every time they have problems and I think it's about time we did something. I think it's gone beyond just going after the (liquor) license."

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20061101/NEWS01/611010358/1001/NEWS>



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

## 22. State OKs Discount Coupons for Bottles of Beer and Wine (Oregon)

By Michael Rose

October 30, 2006

Grocery shoppers soon might notice mail-in, discount coupons attached to six-packs of beer and wine bottles.

The Oregon Liquor Control Commission recently amended its rules to allow coupons on beer, hard cider and wine, an OLCC official said. The coupons could start appearing in Oregon stores as early as November.

The beer-and-wine industry asked the OLCC to change the rules after the liquor agency's decision last year to allow distilled-spirits manufacturers to offer similar mail-in coupons.

Bill Linden, representing Anheuser-Busch, said that the beer-and-wine industry sought the rule change in a competitive move to "level the playing field with the rule on hard-liquor coupons."

Mail-in coupons for wine and beer have been allowed in other states for years, he said.

The Oregon Coalition to Reduce Underage Drinking, an interest group concerned about alcohol abuse, says that putting coupons on alcohol is a bad idea.

"Coupons make it cheaper for problem drinkers to drink," said Pete Schulberg, a spokesman for the group. When alcohol is made less expensive, it invites more drinking, he said.

<http://www.statesmanjournal.com/apps/pbcs.dll/article?AID=/20061030/BUSINESS/610300306/1040>

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## 23. City May Call for 90-Day Ban on New Downtown Bars (Alabama)

By Jason Morton

October 30, 2006

TUSCALOOSA - In a college town, bars tend to be a ubiquitous presence.

But according to a consultant, they can be too much of one.

That’s why the Tuscaloosa City Council will consider a moratorium this week on transferring or approving new lounge liquor licenses, or bar licenses, for at least 90 days.

The ban will not apply to restaurants that serve alcohol.

While City Attorney Bob Ennis plans to introduce the ordinance, its origins lie in the findings of Connie Cooper, head of Cooper Consulting.

The city hired Cooper to study ways to improve downtown Tuscaloosa and The Strip earlier this year. He found that clusters of bars can create barriers to other forms of business.

“High concentrations [of taverns] can create obstacles to retail growth," Cooper said. “And it can lead to other problems that high concentrations can have."

The study, expected to be completed in the next six to eight weeks, will serve as a guide to help city leaders decide how best to craft regulations regarding The Strip and the areas downtown that are part of the renewal plan.

It will address not only bars and drinking establishments, but also retail stores, restaurants, neighborhoods and other residential areas.

Until then, city officials may institute the moratorium.

“Basically they want to maintain the status quo until they know for sure which way they want to handle any liquor applications," Cooper said. “It’s unknown what long-term implications it may have, but for now, they want to keep things as they are."

The temporary bar ban, if passed by the City Council on Tuesday, would halt the opening of any new bars in the area known as the Downtown Central Business District. This zone is bordered on the north by the Black Warrior River, on the south by Bryant Drive, the west by Lurleen Wallace Boulevard South and the east by 21st Avenue.

“We know [Cooper’s study] is going to reference the densities regarding bars and lounge liquor licensees," Ennis said. “And it’s obvious that we couldn’t wait for the study to be completed."

Neither Ennis nor Mayor Walt Maddox said they knew of a specific bar planning to open in downtown Tuscaloosa, but wanted to preserve the efforts and money invested so far in the downtown renovation plan.

The downtown urban renewal and redevelopment plan was adopted by the City Council in May 2005. It calls for the redevelopment of at least 15 city blocks bordered by University Boulevard, 20th Avenue, Paul W. Bryant Drive and 23rd Avenue.

Some of the property in the plan is designated for a $50 million federal courthouse complex, a park and a parking deck.

“We’re being very protective of the downtown, because over the next 36 months there’s going to be tens of millions of dollars in new construction," Maddox said. “And we only get one chance to get it right."

<http://www.tuscaloosanews.com/apps/pbcs.dll/article?AID=/20061030/NEWS/610300320/1007/dateline&cachetime=3&template=dateline>



**24. New Head Named for State's Liquor Control Board (Washington)**

***The Associated Press***

October 31, 2006

OLYMPIA -- Lorraine Lee will become chairwoman of the Washington state Liquor Control Board, succeeding Merritt Long in mid-November.

Gov. Chris Gregoire, who announced the appointment Monday, also named a second woman to the three-member board, effective Jan. 17. She is Ruthann Kurose, a public affairs consultant and chairwoman of the Bellevue Community College trustees.

Lee, 48, of Federal Way, is licensing director for the state liquor monopoly. She is an attorney and formerly assistant director of the state lottery and was policy adviser to Govs. Mike Lowry and Gary Locke.

Long is retiring after a long career in top administration roles. He and Gregoire once worked in the same state probation office in Seattle when both were starting out.

Kurose, 55, of Mercer Island succeeds Vera Ing of Seattle, whose term will expire Jan. 15. Kurose has been Tacoma's international affairs manager and Seattle's international trade and tourism coordinator.



**25. Liquor, Wine Suppliers Pay $2.3 Million in New York to End Probe on Marketing Practices (New York)**

By Michael Gormley, *Associated Press*

October 30, 2006

ALBANY, N.Y. – Fifteen national suppliers of wine and liquor have paid $2.3 million to settle an investigation into the use of rebates and gifts to obtain unfair preferential treatment from retailers and restaurants, officials said Monday.

The illegal incentives can result in higher prices and limit choices for consumers, Attorney General Eliot Spitzer said in announcing the settlement. Liquor wholesalers reached a similar settlement two months ago.

Under the agreement, some of the largest suppliers operating in New York, including such well-known brands as Gallo, Bacardi and Jim Beam, agreed to ban the use of preferential discounts, rebates, allowances, cash and gifts to buy favor for their products. The incentives, which Spitzer said totaled $9 million from 2003 through 2005, went to some of the biggest retailers.

“As a result of these supplier and wholesaler agreements, the illegal schemes that benefited a favored few have ended,” Spitzer said. “The result is that thousands of smaller stores, bars and restaurants will now be able to compete on a level playing field.”

The incentives violate provisions of the state Alcohol Beverage and Control Law aimed at making sure such inducements don't affect marketing decisions. To skirt the law, retailers set up display and advertising companies to accept payments from suppliers and wholesalers, Spitzer said.

In the settlement, suppliers agreed that they wouldn't subsidize illegal marketing schemes orchestrated by wholesalers.

Some suppliers contacted Monday didn't respond to requests for comment, but Banfi Products Corp. said it had cooperated fully with Spitzer's investigation.

“Banfi is pleased the business environment has changed in accordance with the law, and that all industry members will conduct their efforts on a level playing field,” the company said. Another company, Diageo North American Inc., said the deal would encourage “fair industry sales practices.”

In August, the state's eight largest wine and liquor wholesalers agreed to pay $1.6 million and adopt reforms to prohibit wholesalers from favoring select retailers with gifts and discounts not available to smaller businesses. Many of the practices were first chronicled in The Buffalo News.

Besides Banfi and Diageo, the settlement announced Monday involves Bacardi USA Inc., Brown-Forman Corp., Constellation Brands Inc., E&J Gallo Winery, Future Brands LLC, Absolut Spirits Co. Inc., Jim Beam Brands Co., Kobran Corp., Moet Hennessy USA Inc., Pernod Ricard USA LLC, Remy Cointreau USA Inc., Sidney Frank Importing Co. Inc. and Skyy Spirits LLC.

As attorney general, Spitzer, a Democrat, has forced reforms on Wall Street and the insurance industry in recent years and is heavily favored to win election as governor next week.

<http://www.signonsandiego.com/news/business/20061030-0923-liquorsettlement.html>



**26. Grape Crop Draws Raves in Oregon (Oregon)**

*The Associated Press*

October 30, 2006

McMINNVILLE, Ore. - Oregon wine growers say this year's grape harvest is in and it's one of the best, with the makings of good wine and plenty of it.

The exact figures won't be out until the state does a statistical analysis in November. But early indications suggest the total wine-grape harvest could be 15 to 20 percent above normal.

That is a boon for the Oregon wine industry after two tough years.

"Crop sets were normal, and that dry-weather spell did it," said George Hilberry, co-owner of the Chehalem Mountain Vineyard. "Everything ripened beautifully."

At the 150-acre Temperance Hill Vineyard in the Eola Hills, manager Dai Crisp said high quality and quantity don't normally go hand in hand.

"This is a rarity," he said.

Just south of Eugene, at the 270-acre King Estate of Lorane, director of winemaking Bill Kremer estimated the yield at 10 percent above average.

And because it all came in at once, he said, the winery was caught short of space.

"We had to do some juggling," Kremer said. "But across the gamut of fruit, the quality is there. This is a banner year. It's a good thing for Oregon."



# 27. Study Finds Pre-Gaming Could Lead To Serious Health Effects (Massachusetts)

*By Matt Donnelly – The Daily Free Press (Boston U)*

November 1, 2006

(U-WIRE) BOSTON - "Pre-gaming" has gone from collegiate lingo to a significant public health concern, as health officials and a Boston University professor look to examine the practice and shed light on the potential harm of bottoming-up before heading out.

"I was shocked that there was no literature on this issue," said study co-author Beth DeRicco, the associate director of the U.S. Department of Education's Higher Education Center for Alcohol. "It was worth studying because it's a different sort of behavior than we've seen. Pre-gaming poses serious health and safety risks."

The study was presented at the National Meeting on Alcohol and Other Drug Abuse and Violence Prevention in Higher Education last week.

DeRicco, with Boston University School of Public Health professor William DeJong, studied 112 students from 10 Pennsylvania colleges, including Bucknell University, Villanova University and Gettysburg College. Each of the participating students had either violated their school's alcohol policy or were enrolled in a substance-use seminar. Of the 112 participants, 64.9 percent were under 21 and more than 50 percent had a B+ grade point average or higher.

According to the results, while only 25 percent of the students said they pre-gamed between three and nine times a week, 64 percent said they pre-gamed on an average basis and almost 75 percent pre-gamed at least once in the past month.

DeRicco attributed much of pre-gaming's popularity to students' "social anxiety and pressure."

"You don't want to show up [to the party] and be the only one completely in their right mind, because everyone else is either drunk or getting there, and you will feel awkward or uncomfortable," one female student in the study was quoted as saying.

The report defines pre-gaming as "the practice of drinking alcohol in a private setting prior to attending an organized event/social activity where alcohol might or might not be served."

According to one male student quoted in the study, "the intent [of pre-gaming] is to get wasted."

Another male student noted that when pressed for time, the best option is to "line 'em up and drink 'em down."

Additionally, students indicated that the most likely places to drink before a party were in residence halls, apartments or cars, and distilled drinks are preferred to beer or wine because of their high alcohol content and easy concealment in a water bottle for "on-the-move" consumption.

Pre-gaming consequences include a greater possibility of alcohol poisoning, blacking out, drunk driving and unintentional sexual promiscuity, according to the report.

Steve Schmitt, the bureau director for the Pennsylvania Liquor Control Board -- which is responsible for all licensing and retailing in the state -- said all high-risk drinking is a concern, not just pre-gaming and underage drinking.

"[Pre-gaming] is not an entirely new issue," Schmitt said. "Students consuming high amounts before events has administrators very concerned, and the message is finally getting through."

The Pennsylvania Liquor Control Board funded DeRicco's research and created relationships with the higher education institutes used in the study.

BU spokesman Colin Riley said students should understand the consequences of their drinking actions.

"Students know that if they're irresponsible they'll be held accountable -- they shouldn't violate the law," he said.

Riley also said that, although there is no specific university policy on pre-gaming, "people's conditions are pretty clear when they arrive to events."

<http://www.dailycolonial.com/go.dc?p=3&s=3342>



**28. Ole Miss Adopts Two-Strike Suspension Policy For Underage Drinkers (Mississippi)**

*Associated Press*

November 1, 2006

OXFORD, Miss. - The University of Mississippi has adopted a new policy that provides for the suspension of any student found guilty of two alcohol or drug rules violations, Chancellor Robert Khayat said Monday.

The new policy takes effect Wednesday.

Violations include DUI, public drunkenness, minor in possession and breaking UM's alcohol and drug policies or state laws, Khayat said Monday in announcing the policy.

"First offenses will result in a student being placed on probation. Second offenses while on probation will result in suspension," said Thomas J. Reardon, Ole Miss dean of students.

At the same time Khayat announced the new policy, he said a task force headed by former American Medical Association president Dr. J. Edward Hill of Tupelo, will address drinking and drug problems among students.

Khayat said he wanted the task force to gather information on alcohol consumption by students, use of alcohol and other drugs on campus, use of alcohol by underage students and frequency and nature of alcohol- and drug-related traffic and other violations.

He said the task force also will suggest educational programs and preventive measures, assess the university's resources and needs, and present an action plan to the university's executive management council.

Hill said changing the environment will not be easy. He said the advertising and marketing of drink specials, free beer for women and other promotions have helped create an environment where alcohol abuse, underage drinking and binge drinking seem attractive.

Hill said medical studies show a correlation between underage drinking and long-term quality of life issues.

Khayat said Ole Miss hired a substance abuse prevention educator four years ago and a counseling center has programs for students who have violated laws and are required to seek counseling.

"We're doing a lot, but we're learning that it's not enough," Khayat said. "We must do more. We need a thoughtful, clear process that produces a set of programs, policies and expectations that will have a permanent, meaningful impact on all of us, but most especially our students."

The task force will be comprised of faculty, staff, students, alumni, parents and law enforcement officials.

"One thing that has been learned at other colleges and universities is that if the college makes rules and regulations without the community being involved, it doesn't work," Hill said.

"Stakeholders in the community and that includes government officials, parents, law enforcement, owners of liquor licenses, store owners and so on must be involved in making and enforcing these regulations, or they just don't work."

<http://www.sunherald.com/mld/sunherald/news/politics/15886444.htm>



**29. Appeals Court Dumps Drink Specials Lawsuit (Wisconsin)**

By Ryan J. Foley – *The Capital Times*

*Associated Press*

October 26, 2006

A state appeals court today threw out a lawsuit claiming Madison bar owners illegally conspired to raise prices when they voluntarily banned drink specials on weekend nights.

The District 4 Court of Appeals rejected arguments that the two dozen bars that stopped serving drink specials after 8 p.m. on Fridays and Saturdays in 2002 violated antitrust laws by working together to fix their prices.

The lawsuit filed by a Minneapolis firm sought "tens of millions of dollars" on behalf of thousands of customers who allegedly paid higher prices since then. The lead plaintiffs were two University of Wisconsin-Madison students.

Dane County Judge Angela Bartell dismissed the case last year, saying the bars' move to ban drink specials amounted to a political compromise with city officials who were threatening tighter regulations at the time.

The appeals court backed Bartell's ruling today. The bars' action was exempt from antitrust laws because they were reacting to regulatory pressure from the city, the court ruled.

The bars - representing about half of those near campus - announced the voluntary ban Sept. 12, 2002, after some Madison Common Council members threatened to ban drink specials every night. UW-Madison officials were also pressuring bar owners to help crack down on excessive drinking by students.

The bars withdrew the voluntary ban after the lawsuit was filed in 2004 and a university-sponsored study showed serious alcohol-related crime continued to rise despite the effort, and now some bars are offering weekend drink specials.

The same law firm, Lommen, Nelson, Cole & Stageberg, filed a federal lawsuit in Madison last year after Bartell dismissed its state case. That lawsuit is similar but claims the conspiracy dates back to 1990.

Bars and their trade association, through private conversations and secret deals, agreed for 15 years to charge excessive prices, it alleges. The federal case has been on hold pending the outcome of the state appeal.

The litigation has irked the bar owners, who have shelled out hundreds of thousands of dollars in legal fees to defend what they thought was an attempt to help the city.



**30. Judge Voids Ohio Law Barring Out-of-State Alcohol**

By Robin Erb, Staff Writer – *Toledo Blade*

November 1, 2006

Toledo-area beer lovers can head north into Michigan for their kegs and six-packs again - at least for now.

A Toledo Municipal Court judge yesterday ruled that the Ohio law that prohibits the state's consumers from legally purchasing alcohol from retailers outside the state to drink in Ohio is unconstitutional because it interferes with federal interstate commerce law.

While the Ohio law is constitutional on its face, Judge Gene Zmuda wrote that the manner in which it is being applied by the state's Department of Public Safety liquor enforcement agents "indirectly discriminates against out-of-state purchases, and thus creates an impermissible burden on interstate commerce."

And that means the state's misdemeanor case against 27-year-old Chris Eischen of Toledo has been dismissed. He said he spent about $2,000 in legal fees to fight a charge of illegally transporting beer into Ohio.

"If it changes the law and gives us the freedom as Americans to be able to travel throughout the United States and buy what [we] want to buy, then yeah, it's been worth it," he said yesterday after learning that his case had been dismissed.

The case may be appealed, but the Ohio Attorney General's office declined comment because staff there had not received a copy of the judge's decision issued late yesterday afternoon.

Earl Mack, who oversees Ohio Public Safety's Toledo enforcement office, referred questions to a public information officer in Columbus.

She could not be reached for comment yesterday.

On Feb. 19, 2005, Mr. Eischen legally purchased beer from Flick's Package Liquor, Inc., located two miles north of the state line in Lambertville, Mich.

Ohio liquor enforcement agents stopped Mr. Eischen and his friend, 20-year-old Brook Johnston, of Defiance, as she drove them back into the Buckeye state.

Ohio law states that all alcohol consumed in the state must be purchased from a state-licensed establishment.

Agents with the Ohio Department of Public Safety's Toledo enforcement office have used the law to crack down recently on underage drinkers who cross into Michigan to buy kegs of beer.

The case against Mr. Eischen came down to constitutional conflicts, his attorney, Diane Youngston, had argued.

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.

Judge Zmuda considered several cases in reaching his 14-page decision, drawing heavily on a U.S. Supreme Court decision that concluded that a Michigan law preventing shipments of wine into the state from out-of-state wineries discriminated in favor of local producers.

While such laws do contain constitutional provisions, Ohio's liquor statutes, as applied, "unduly burden interstate commerce," he wrote.

"By denying Ohio residents meaningful access to the market of Michigan and other states, the statutes extend the state's reach beyond the core concerns of the 21st Amendment," he wrote.

Judge Zmuda left standing a single charge against Ms. Johnston, who said she drove Mr. Eischen to Flick's because she was behind him in the driveway that day.

She is charged with underage alcohol possession.

The keg was seized that day by liquor agents. Judge Zmuda did not address whether it would be returned.

Linda Flick, owner of the Michigan carry out, said news of the recent crackdown by Ohio agents had prompted plenty of phone calls from "frightened" customers, including those who have shopped there for years.

Like her, Ms. Flick said, they've never thought about the state border as a boundary line for liquor sales and see it as "one big community."

"They didn't understand what all the hullaballoo was about," Ms. Flick said.



**31. Uncorking The Wine Market (Oregon)**

BY Nigel Jaquiss – *Wilamette Week Online*

November 1, 2006

**The OLCC loses a potentially "huge" verdict, but wine drinkers may win.**

In a decision that advocates say could reduce wine prices in Oregon, an administrative law judge ruled last week that out-of-state wineries don't need an in-state middleman to ship the product directly to Oregon retailers.

Opponents of that ruling, such as Paul Romain, longtime director of the powerful Oregon Beer & Wine Distributors Association, also say its impact could be "huge" but in a bad way, because association members could lose business if it stands.

Last week's ruling deals with a case that began in June when the Oregon Liquor Control Commission denied an application for a wholesale malt beverage and wine license submitted by Morchella Wine Cellars of Lyle, Wash.

The dispute over Morchella, a small producer that will bottle about 3,400 cases of wine this year under its Syncline Wine Cellars label, in some ways exemplifies the market distortions that have resulted from Oregon's "three-tier" system of regulating alcoholic beverages. That system, enacted after Prohibition ended in 1933, segregates the wine and beer market into three functions: production, distribution and retail. More than a dozen other states, including Washington, use a similar three-tier system. Those systems have come under attack across the country.

With limited exceptions in Oregon, OLCC rules require that wine and beer must pass through independent distributors that have "premises" in Oregon on their way to stores and restaurants. (Oregon wineries can sell directly to retailers if they obtain OLCC wholesale licensure. Current laws make it nearly impossible for Oregon breweries to sell directly to retail. And hard liquor passes from producer to the state to retailers.)

The OLCC's June denial of Morchella's application deviated from an earlier landmark ruling by a federal judge in Spokane in favor of Costco, which challenged the basic elements of Washington state's three-tier system (see "Spillover Effect," WW, May 17, 2006).

Currently, Morchella cannot sell directly to stores or restaurants in Oregon, although the winery is located just across the Columbia River from the city of Hood River. To reach Hood River retailers, in fact, its wines must travel to a Portland warehouse and then back up the Gorge.

Morchella's attorney, John DiLorenzo of Davis Wright Tremaine (that law firm also represents WW), challenged the OLCC's denial on a simple point: Nowhere, DiLorenzo argued, does the statute say that a wholesaler must have "premises" in Oregon.

Administrative law judge Charlotte Rutherford listened to both sides in a Sept. 21 hearing that was closed to the public, the press and even to Romain, who wields enormous influence both in the Legislature and at OLCC headquarters in Milwaukie.

Romain says Rutherford's decision is unlikely to stand, because it would open Oregon's tightly controlled wine and beer markets to all sorts of unintended consequences that include uncontrolled sales of high-alcohol-content beverages that the OLCC has restricted for public safety reasons. "You could have a contract brewer in Arkansas shipping in high-test malt liquor anywhere he wanted," Romain says. "The same with fortified wines."

Currently, the state collects tax on beer and wine when shipments arrive at the distributor's warehouse, Romain adds, and that process would be disrupted under the ruling.

But DiLorenzo says the three-tier system is an anachronism that stifles competition and confers a monopoly on wine distributors at the expense of both producers such as Morchella and consumers.

The five OLCC commissioners have the option of overturning the ruling. Agency spokesman Ken Palke says the commission will make a decision on the Morchella case no earlier than its Dec. 14 meeting.

Romain says if the commission fails to reverse the judge's decision, he will probably file a lawsuit to prevent out-of-state wineries from getting licenses. DiLorenzo also pledges to proceed immediately to the Oregon Court of Appeals if his victory is overturned.

While legal wrangling may be irrelevant to most tipplers, DiLorenzo argues a definitive win for his client would not be. More out-of-state wine would flow into Oregon, and the elimination of some middlemen would mean wine would get cheaper.

"I think you could see some wine prices come down 20 percent," he says.

