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| *June 15, 2007* |

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

# 1. How the Mondavis Lost an Empire

**Clan Gives Up Control As Father's Donations Add Financial Strain**

*Wall Street Journal*
June 15, 2007

After Robert Mondavi punched his younger brother Peter during an argument over a mink coat in 1965, he was banished from the family winery. He started over with virtually nothing but eventually became the biggest name in the California wine industry, taking his empire public in 1993. During the stock-market boom of the late 1990s, he overextended himself as a philanthropist, and by early 2003, faced the threat of becoming insolvent. That gave the Robert Mondavi Corp.'s outside directors a source of leverage with the family. In this adaptation from her new book, "The House of Mondavi: The Rise and Fall of an American Wine Dynasty," Julia Flynn Siler chronicles how the Mondavis lost control of the company.

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| [Photo] |
| Family roots: Robert Mondavi (center) with sons Tim and Michael in 1988. |

In January 2004, Wall Street's demands were about to collide with the Mondavi family's dynastic dreams. Michael Mondavi, who had succeeded his famous father as chairman of the publicly traded Robert Mondavi Corp., got a morning phone call from his younger brother, Timothy.

"Heads up," his sibling warned him. "You're about to get your a-- handed to you in a sling."

Michael was scheduled to have lunch with two of the company's outside directors, whom he planned to lobby to rein in Mondavi's nonfamily chief executive. His bravado faded as he walked through the Oakville, Calif., winery's famous arch. After some small talk, the directors told him that they thought it best if he'd step down. Michael asked what the terms of his new job would be in his new role as vice chairman.

"We'll figure it out," they said.

Then 60, Michael picked at his chicken breast. He'd spent decades working under his father's shadow. The small winery his father and he had founded in 1966 was now the heart of America's pre-eminent wine empire, spanning four continents. Robert Mondavi Corp., which was controlled by the Mondavi family through a dual-class share structure, would sell more than 10 million cases of wine that year, including some of the world's most recognizable brands: Robert Mondavi, Woodbridge and Opus One, a joint venture with France's Rothschild family.

Over the two-hour lunch, Michael was fired as chairman of the only company where he'd ever worked. His sister Marcia, who lived in New York and served as a director, backed his ouster. When Michael learned this from the directors, waves of anguish and disbelief washed over him.

###  \* \* \*

Sporting a short ponytail in the early 1990s and known for roaring through the Napa Valley on a Harley Davidson with other winery owners, Michael had long struggled to make his mark in an industry shaped by his father. For more than half a century, Robert Mondavi had praised the benefits of fine wine to a nation that preferred Coca-Cola and cocktails. He had tirelessly sermonized that, in an age of fast food, wine was a healthy and civilizing force and that Napa Valley wines belonged in the company of the world's best.

His passion had paid off: In time, Napa wines took their place alongside those from Bordeaux as the world's finest, and a new wine-and-food culture leapfrogged from America's coastal cities to the heartland. Along the way, this son of an Italian peasant became the patriarch of America's fine-wine trade, and he and his children had become fabulously wealthy by selling stock in the family business.

But by early 2004, Robert Mondavi Corp.'s reputation for high-quality wines had eroded, and the House of Mondavi was rent by conflict. His hand-picked successor, son Michael, had been removed as chairman, and the Mondavi family was on the brink of losing control of the company. Indeed, behind Michael's ouster was a closely guarded secret: Robert faced a personal financial crisis that threatened to embarrass him and destroy his legacy.

### \* \* \*

The roots of the problem lay in the late 1990s, when Mondavi stock was trading near the top of its range. During those halcyon days, as Michael ran the company as CEO, Robert's focus shifted to philanthropy. He promised to give the University of California at Davis $35 million, the largest single private gift received by the school at that time. The gift would help build an institute for wine and food science as well as a new cultural center, both named after Robert. The final paperwork was completed just after Sept. 11, 2001, and the gift itself was backed by Robert's stock in the family company.

But his generosity began causing him and his advisers anxiety as the share price plummeted, as the market for premium wine began to sour and competition from such brands as Australia's Yellow Tail and Trader Joe's Charles Shaw, nicknamed "Two Buck Chuck," hurt Mondavi's sales. When the stock dropped below $20 a share, Robert was underwater -- the value of his shares couldn't cover his many philanthropic pledges, which by then had swelled to include his most pressing financial commitments to the new wine-and-food center in Napa called Copia, U.C. Davis and Stanford University's Cantor Arts Center, which named a gallery after him.

If the stock continued to fall, he faced insolvency. His lawyer tried to renegotiate the terms of the gift to U.C. Davis, but the university had already set aside the site, drawn up the building design and included Robert's contribution in its financial plans, which had wound their way through the state legislature. The university also made it clear that it would be forced to drop the Mondavi name from the institute if Robert reneged on his pledge.

Well aware that Robert faced a potentially dire financial situation, the company's outside directors seized the chairmanship from Michael, a move that neither his father nor his sister opposed because they hoped a change in leadership might boost the stock price and help Robert save face. Yet the backdrop to the move was concern by some outside directors that the company, under Michael's watch, had made a quarter of a billion dollars or so of virtually unproductive capital investments during the late 1990s and early 2000s, including failed joint ventures with Disney and Chile's Chadwick family, and a thwarted push into the south of France. Several of these independent directors felt the solution was to oust Robert's successor, paving the way to ultimately force America's most powerful wine family to sell out.

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| [Photo] |
| Picking grapes at the historic To Kalon vineyard |

The board coup that began in January 2004 with Michael's firing reached its climax eight months later at St. Helena's Harvest Inn. The new, nonexecutive chairman, a former McKinsey & Co. partner named Ted Hall, presided. Mr. Hall entered the meeting leaning heavily on crutches. He had been walking at his 650-acre ranch when he slipped on a cow patty and fractured his shin.

Mr. Hall wasn't the only one in pain. The stress of the past few months was apparent in Timothy Mondavi's tottering frame. Robert's fair-haired son arrived leaning on a cane. He had been suffering from muscle spasms for several weeks.

As the family sat around a U-shaped table, the outside directors presented a plan to end Mondavi's dual-class structure, which gave the family control over about 85% of the votes. The family would get a 15% premium for converting their B shares into A shares, worth a total of about $30 million at the time to them as a group. Besides dramatically easing Robert's financial crisis, the plan would preserve the possibility they could bid for their beloved Oakville winery. In return, they'd have to sign a voting agreement that would lower the family's combined votes to about 40%, which meant they'd relinquish control, allowing the independent directors to explore selling all or parts of the company.

Timothy and his older sister Marcia balked. "How did you come up with these numbers?" Marcia angrily asked. She and Timothy were figuratively in one corner of the ring, while Michael was in the other. One or another of the siblings stomped out of the room several times. Then the outside directors wielded their most powerful weapon: They told them they would quit en masse unless the Mondavis agreed to get rid of their supervoting shares. If the outside directors resigned, the news almost certainly would have sent Mondavi's shares falling further, increasing the chance that Robert would face insolvency.

### \* \* \*

Still seething over his dismissal as chairman, Michael had by then channeled his sense of betrayal into a focused desire to sell his shares for as much as he could. He had already negotiated his severance package and was well into making plans for his new company. To keep up his energy and reduce stress, Michael exercised and ate voraciously, pumping an elliptical trainer at his home gym.

His siblings, on the other hand, initially opposed the plan for what were at root emotional reasons: It threatened to wipe out their birthright. Their responses were layered with feelings that stretched back to childhood, where discussions of wine and the family business dominated every meal. By stripping their control, Mr. Hall and the outside directors threatened not only their identity as America's first family of wine but also threatened to fracture what had long held them together.

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| [Photo] |
| In 1972, Robert Mondavi toasts the harvest during a Chardonnay grape stomp. |

They also clung to the hope that they might be able to start again, either by buying the Robert Mondavi Winery in Oakville or at least some of its historic To Kalon vineyards, which surrounded it. But nonetheless, fearing lawsuits from other shareholders and hoping to save their father from further financial strain, they concluded they had no choice but to sign the papers that would mean they relinquished voting control.

"We felt the directors were holding a gun to our father's head and asked us to pull the trigger," says Timothy. "I could not run the risk of his bankruptcy, even if he would have."

###  \* \* \*

On Tuesday Aug. 10, Robert's three children signed the agreement which effectively put an end to their reign at the Robert Mondavi Corp. Robert had been in Italy when Mr. Hall explained the plan at Harvest Inn, so four days after his children had signed it, he rode in the back of a chauffeur-driven car up the narrow, winding road to Mr. Hall's Longmeadow Ranch, where Mr. Hall and Robert's long time legal adviser, Frank Farella, would further describe it to him.

The three men met at the thick wood conference table in Mr. Hall's office above the winery. On Mr. Hall's bookshelf was "Blood and Wine," a saga of the Gallo family's problems. Over the course of their conversation that Saturday morning, Mr. Hall was struck by Robert's practical acceptance of the situation as well as his admission that his own sons weren't capable of running the business. Mr. Hall believed that going along with the plan was Robert's best hope of escaping the embarrassing possibility of defaulting on his pledges. "I never thought I'd have to be making these kinds of decisions at age 91," Robert said.

Mr. Farella, who had known Robert for decades, was glad he was having one of his more lucid days. Robert had struggled with mental confusion over the past year. Although Robert flew to the Mayo Clinic for a full workup, he didn't return home with a clear diagnosis of his problem. A neurologist at University of California at San Francisco eventually put him on Namendo, a drug prescribed for the treatment of moderate to severe dementia associated with Alzheimer's disease.

Robert was convinced that day that somehow the situation would work out, and perhaps his offspring would find a way to buy back the Oakville winery.

### \* \* \*

Twenty seven hundred miles away from Napa Valley, as the leaves on the grapevines began to redden, the upheaval at Mondavi had caught the attention of another pair of brothers who were on the prowl for acquisitions: Richard and Robert Sands, who were, respectively, chairman and president of Constellation Brands Inc.

Sitting behind his modern green desk in Fairport, N.Y., Richard Sands monitored the Mondavi news as it arrived on his flat-panel screen that fall. Most intriguing to the Sandses and their advisers was that Michael, unlike his siblings, seemed to be signaling the market that he, for one, hoped to cash out. Michael had his investment banker at Perseus Group reach out to the Sandses and other potential buyers through back channels to drum up interest in a sale. True to the Mondavi history of palace intrigues, Michael's action came at a time when his brother and sister were desperately hoping to buy back the Oakville winery where it had all begun, and particularly a portion of the To Kalon vineyards, where their mother's ashes had been scattered.

In coming months, the Sandses orchestrated a billion-dollar purchase of America's most famous wine brand. The deal meant an enormous payday for the family. Michael's take was worth more than $100 million, while Timothy's was somewhat less than $59 million and Marcia's was the highest at about $107 million. Robert himself would net around $70 million -- most of which would be needed to get him out of his bind with his philanthropies. Yet Timothy and Marcia, along with many Mondavi employees, were in tears as the legacy of America's first family of wine was sold off to the highest bidder.

<http://online.wsj.com/services/article/SB118186402937636078-search.html?KEYWORDS=mondavi&COLLECTION=wsjie/6month>



**2.** **Alcohol Marketers Turn To Celebrities For Sales Help**

William Spain
*Dow Jones Newswires*
June 8, 2007

From rock legends to movie idols to porn stars to pop icons, the number of celebrity-branded beverages has burgeoned as alcohol marketers seek to leverage our fame-obsessed culture into liquid gold. And while the concept is hardly new, the trend has picked up over the past few years as more stars lend their names to the chorus of booze.

It doesn't seem to matter if they are living or dead - or even out of the public eye: Marilyn Monroe and Jerry Garcia are used to sell wines from beyond the grave; the teetotaler Donald Trump has his own vodka, as does Ed McMahon; Sammy Hagar just sold his Cabo Wabo tequila brand to Skyy Spirits; and Willie Nelson touts his Old Whiskey River bourbon, complete with a signed guitar pick attached to the neck of each bottle.

With a few notable exceptions, the industry's true behemoths have shied away from linking their goods too closely to unrelated celebrity. Of course, they really don't have to: After all, Johnnie Walker, Jim Beam and Jack Daniel are in many ways bigger household names than any star of today.

That has left much of the field to smaller, niche players, companies like Wilton, Conn.-based Drinks Americas Holdings Ltd. (DKAM), which has focused much of its business plan on a single premise, according to its chief executive, J. Patrick Kenny.

"Beverages are as much a fashion statement as clothing or music," he said. "We are founded on the concept that you can use an icon to generate trial and deliver to the consumer an experience more than the price point they paid for it."

Trump Vodka and Whiskey River are among the brands the company markets via "business partnerships" under which profit is split either with the star or a charity of his or her choice. The company is busily readying to launch a cognac with a yet unnamed hip-hop star. Nor is it neglecting the softer side of the business, currently rolling out Newman's Own Lightly Sparkling Fruit Juice, the latest entry from movie-star-turned-food-and-beverage marketer Paul Newman.

"It's really a very simple business plan," Kenny said. "Coke (KO) and Pepsi (PEP) will tell you it takes tens of millions of dollars to establish a brand image, but with Trump and Willie Nelson you get instant brand recognition."

But does it sell? Dozens, maybe hundreds, of new beverage brands launch every year, and many, if not most, are doomed to fail. The marketplace has become incredibly crowded and unforgiving.

Kenny said Trump has been a "phenomenal success" so far and is on track to move 100,000 cases in its first year - and at a superpremium price, no less.

Clos du Bois, now part of Fortune Brands Inc.'s' (FO) Beam Wine Estates, launched J. Garcia wine in 2003, and it has steadily built annual case sales to about 30,000, growing by 13% in each of the last two years.

"The brand made sense because it allows us to tap into a built-in consumer fan base," noted Sarah Devaney, a Beam spokeswoman. "There is a natural demographic overlay between Jerry Garcia's fans and core wine drinkers, both of which are centered in the baby-boomer generation."

Further, she said, while people may be attracted to the label or by the Garcia mystique, they come back for the wine itself: "Quality is what is responsible for the brand's current traction in the marketplace...It's excellent wine, and I think sometimes people are surprised to find that this is not a gimmick wine."

Still, some top people in the beverage industry remain skeptical. Asked if he would put his company's marketing muscle behind a celebrity beverage, Alain Barbet, head of Pernod Ricard USA, replied, "I can't say never, but brands are built on other core values than the name of the people on them. And celebrities can be fleeting. Look at Paris Hilton: She is now more of a liability than an asset."

That said, Barbet added that the company's wine unit offers a Mumm Napa Santana champagne that the legendary guitarist Carlos Santana helped create.

For Kim Jeffery, chief executive of Nestle Waters North America (NSRGY), "Paul Newman is really one of the very few people who can do this. Everybody knows all the money from his business is donated to charity. But he is an exception. How many people can replicate that? There is often too much hype, too much sizzle and no steak."

David Fleming, editor of the alcohol trade magazine Impact, said that "a lot of this has been really gimmicky. And these are kind of longshots. We certainly haven't seen one that's been a big success."

He did concede that "Trump seems to be serious about it. They are advertising a lot, and they are spending a lot. I guess it has a shot."

David Chamberlain, executive creative director at the advertising and marketing agency Gyro International in New York, is particularly taken with one new offering in this niche: Danny DeVito's Limoncello, which launched in late April.

"It sprang from when he was on 'The View' and turned up drunk out of his mind last year," Chamberlain said. That inebriated appearance on the ABC daytime show - supposedly after a night of living it up with fellow actor George Clooney and at least seven servings of the citrus-flavored Italian liqueur - generated scads of publicity.

"It was either marketing genius or a cheap and dirty trick, depending on whether it was premeditated," Chamberlain said.

Steve Kaiden, who owns the New York liquor store Winfield-Flynn Ltd., said he has found that celebrity brands can be a tough sell "unless they're priced to move," he said, explaining that "the ones that are $30 and under have a better shot."

His customers have become, he said, "a little wary. People who come in for a $30-plus bottle of wine aren't going to buy something that says 'J. Garcia.' If it is done right, it can be successful, but some of these celebrities might be better served by just endorsing the product."

Still, he does sell a fair amount of Marilyn Merlot, a wine named for the late sex symbol.

"In that case," he said, "you are dealing with a celebrity that is (a) dead and (b) has a cult following that has gone on forever."

<http://www.smartmoney.com/news/on/index.cfm?story=ON-20070608-000840-1629>

**3.** **America 'Baffled' by Screwcaps**

Howard G Goldberg
*Decanter*
June 8, 2007
While screwcaps are being used increasingly, America's wine industry is baffled about their future.

Depending on who is asked, screwcaps are 'poised on the edge of phenomenal success' or are 'comfortably settling into a niche status,' according to Wine Business Monthly's annual closure research.

'The most adventurous and savviest wine consumers have seemingly embraced the closure, while traditional and less wine-educated consumers still seem unsure of what to do,' the California trade publication said.

Its survey of 237 domestic and foreign wineries showed that respondents using screwcaps increased from 5% in 2004 to 25% in 2007, the publication reported.

The Nielsen Company, which tracks supermarket wine, found the number of brands offering at least one screwcapped wine jumped to 214 from 120 in the nine months to December 2006.

Sales of screwcapped whites more than double those of reds and 'imports comprise more than two-thirds of the total segment,' the monthly said. 'Most screwcapped wines are purchased between $8 and $11.99.'

Although spoiled corks still beset wineries, the 'perception of natural corks as a good value' has made a significant gain, the monthly reported.

**4.** **Is this a Bubble we see Before Us?**

Michael Steinberger
*Financial Times*
June 8, 2007

It is not just life that imitates art. Fine wine does, too. Like the art market, the fine wine market has lately experienced a vertiginous run-up in prices. The 2000 Bordeaux first growths (Margaux, Mouton, Lafite, Latour and Haut-Brion) and their Right Bank equivalents (Pétrus, Lafleur, Cheval Blanc, Ausone) have doubled in price in the past three years, while the 2005s opened in the stratosphere and will almost inevitably climb higher still. Similarly, some 2005 Burgundies are selling in the US for double and even triple the prices they fetched in other recent, well regarded vintages. Prices for certain other sought-after wines - Guigal's single-vineyard Côte-Rôties, Jean-Louis Chave's fabled Hermitage - have also increased dramatically. The Liv-Ex 100, the wine world's version of the S&P 500, is up 64 per cent this year. Meanwhile, hardly a week goes by now without new record auction prices. All this exuberance has provoked the inevitable question: is it rational or has the fine wine market become a financial bubble? Are Dutch tulips suddenly sprouting out of bottles of Pétrus and Romanée-Conti?

Whether the wine market has, in fact, entered bubble territory is a topic of spirited debate at the moment among oenophiles. The two sides - let us be completely unoriginal and call them the Cassandras and the Panglossians - agree that prices have shot up at a dizzying pace and trajectory. However, they offer conflicting explanations for why that is so and very different predictions as to what lies ahead for the wine market. According to the Cassandras, prices of blue-chip wines have become absurdly inflated and are, almost surely, not sustainable over the short- to medium-term. As is usually the case with bubble-spotters, their argument rests mainly on anecdotal evidence. They point to the fact that much of the buying is speculative in nature: several big wine investment funds have pumped large amounts of money into the market in recent years and many private buyers are also punting.

The Cassandras note that the financial press is filled these days with stories touting wine's investment potential, which is usually a reliable contrarian indicator. Delving into market psychology, they cite the manic quality of so much current wine buying - the feeding frenzy that now routinely erupts over certain high-scoring wines. So how will it all end? The bubble will probably burst, they claim, in response to a crisis in the financial markets. The dramatic spike in prices has been driven, to no small degree, by the huge bonuses at hedge fund and private equity firms; a big setback in one or both of those industries - or any sort of financial-market disturbance that would bring a halt to the kind of wealth generation we have seen in recent years - would, they say, have a lethal knock-on effect for the wine market.

The Panglossians do not deny that a meltdown in the financial markets would depress demand for high-end wines, at least temporarily. Most of them also agree that the huge jump in wine prices is, on the whole, a regrettable development, one that is turning the best wines into luxury goods beyond the reach of all but the mega-wealthy. However, unlike the Cassandras, they believe that the run-up in wine prices is built on a solid foundation and that the increasingly astronomical prices being fetched by the likes of Romanée-Conti and Ausone are, as the fine wine market goes, the new normal. They base their conclusions on a few observations. They point out that the most coveted wines are almost all made in small quantities and that there is no way the wineries that make them can bump up production to meet rising demand without sacrificing quality, something they have no intention of doing.

At the same time, demand is rising, quickly: New York and London are both experiencing gilded ages, China is in the throes of a millionaire boom, Russia has seen one, too, and fine wine has become one of the signature trophies of today's new rich. Vastly more people are chasing the same, limited-production wines, and prices have adjusted accordingly. (The Panglossians also note that much of the talk about a wine-market bubble is emanating from the US, where prices of imported wines have been driven up mainly by the sharp decline of the dollar agains the euro.)

Some militant Panglossians go even further. They maintain that, because wine collecting was, until recently, an elitist hobby pursued by relatively few people, the most critically acclaimed wines often failed to command prices commensurate with their quality and rarity. At $400 or $500 a bottle, they say, a wine such as Christophe Roumier's Musigny, produced in minuscule quantities (little more than a barrel annually) from what some insist is Burgundy's finest grand cru vineyard, was absurdly inexpensive. For better or worse, the $1,500 or so per bottle that Roumier's 2005 Musigny is fetching more accurately reflects the wine's quality and scarcity. (John Gilman, who publishes a bimonthly review called View From the Cellar and who is currently writing a book about Musigny, expects the price of the 2005 Roumier to rise to over $5,000 a bottle in the next two years or so).

Seen in this light, the new normal is indeed normal - it is the past, when wines like Roumier's Musigny, Chave's Hermitage and other such gems could be had for a relative pittance, that stands as the aberration. The people making this case contend that the only correction that we are apt to see is still more movement up.

That seems to be the prevailing sentiment in the market. Despite the record high prices, merchants in Europe and the US have had little difficulty unloading their stocks of 2005 Bordeaux and Burgundies (the acclaimed wines, anyway). Not only that - collectors, clearly concerned about what the recent price action portends, have been furiously backfilling their cellars. John Kapon, the president of Acker Merrall Condit, the Manhattan retailer and wine auction house, says that many buyers, unable or unwilling to purchase 2005 Bordeaux and Burgundies, have been directing their dollars to other highly regarded vintages that, at least until recently, still offered relative value.

Kapon points to the 1999 red Burgundies and the 1996 left bank Bordeaux as examples of vintages that have seen stepped-up interest in response to the astronomical prices commanded by the 2005s. "The '96 [Chateau] Latour was $4,000 a case a year ago. It is now $6,000," says Kapon. "A lot of regular collectors have been priced out of current vintages. A guy who isn't going to pay $900 for a bottle of the 2005 [Domaine Armand] Rousseau Chambertin will instead pay $400 for a bottle of the '99." According to Kapon, the spill-off from the 2005 frenzy has even given a pop to the normally quiet vintage champagne market; he notes that the price of the 1985 Krug has jumped 25-30 per cent in the last six months alone.

To the Cassandras, of course, the manic backfilling is just more evidence that the market has grown much too frothy. But Princeton University economist Orley Ashenfelter, a well-known oenophile who used to publish a wine newsletter called Liquid Assets, does not believe that the fine wine market is experiencing a bubble. He does not believe either that supply and demand alone explain the surging prices for blue-chip Bordeaux and the like. Ashenfelter contends that the La Taches and the La Moulines have essentially ceased to be wines and have instead become collectables, for which prices are driven as much by fashion and whimsy as anything else. "The market for wine collectables is a market for intangibles, and talk about limited supply or expanding demand is meaningless," he says. "No doubt, small and constrained production can help to make a wine collectable but it seems neither to be necessary nor sufficient."

As an example, he points to Mouton-Rothschild, which produces a huge amount of wine relative to the other first growths - 25,000 cases a year, on average - yet trades as if it were produced in vastly smaller quantities (in no small part, he suggests, because the famous Mouton label has itself become a collector's item). Ashenfelter says this kind of logic-defying behaviour makes fine wine a risky investment but he also concedes that the most highly acclaimed wines have generated stellar returns over the past 25 or so years. "My pharmacist collects all the first growths in each vintage and stores them perfectly but he doesn't drink them. He has often asked me if he should sell his collection and I've always said: 'Yes, the prices can't go higher.' He has wisely ignored my advice."

And, of course, if there really is a fine wine bubble and if it does eventually pop, the Latours and Lafites at least offer something that no other collectables can claim: they can be consumed. Try eating a Picasso.

[http://www.ft.com/cms/s/414b6674-1627-11dc-a7ce-000b5df10621,\_i\_rssPage=883d080c-3010-11da-ba9f-00000e2511c8.html](http://www.ft.com/cms/s/414b6674-1627-11dc-a7ce-000b5df10621%2C_i_rssPage%3D883d080c-3010-11da-ba9f-00000e2511c8.html)

**5.** **With Vodka Brands, A-B Enters Market of High-End Spirits**

*St. Louis Post--Dispatch*
June 11, 2007

It's official: Anheuser-Busch Cos. is now in the vodka business.

The St. Louis brewery on Monday touted a small new toehold in the fast-growing and profitable market for high-end distilled spirits. This month, it will become the U.S. distributor for three "super-premium" vodkas made by a Vermont micro-distillery.

The 80-proof Vermont Spirits brands are available in some northeastern states, including Vermont, Connecticut, Massachusetts and Rhode Island. Beginning this month, "select" A-B wholesalers in New England will begin distributing the brands.

"I'm happy to be able to share our vodka with even more consumers through Anheuser-Busch's strong wholesaler network," Duncan Holaday, president and founder of the Vermont Spirits distillery, said in a statement.

That feeling is mutual, and it's easy to see why. Super-premium vodkas are enjoying rapid growth partly because of the popularity of mixed drinks - such as vodka and energy drinks - among young adults. Sales jumped 43 percent last year to $782 million, according to the Distilled Spirits Council of the United States, a Washington trade group. Sales of super-premium vodkas contributed nearly a quarter of the overall growth among distilled spirits.

Meanwhile, overall beer shipments in the U.S. are growing much more slowly. A-B's core U.S. business grew by only 1.2 percent last year, measured by barrels of beer sold. Those trends have pushed the company to widen its portfolio of products. It has added craft beers, energy drinks and flavored malt beverages. It has dabbled in distributing Icelandic Glacial spring water in test markets.

"Products like these distinctive, high-quality Vermont Spirits vodkas allow us to compete in this growing category in a limited way, while gaining a deeper understanding of distributing a liquor-based product through our wholesaler system," David Peacock, vice president of business operations at A-B's brewing subsidiary, said in a statement.

The agreement gives Anheuser-Busch the right to acquire up to a 30 percent stake in Vermont Spirits.

One of the brands included in the agreement, Vermont White, is inspired by traditional Tuvan milk vodka, and is triple distilled from milk sugar and Vermont spring water. Vermont Gold and Vermont Gold Vintage are distilled from maple sap - the only such vodkas on the market, according to Anheuser-Busch. Most vodkas are produced from grains such as rye or wheat.

In 1998, Holaday founded his micro-distillery on a farm in St. Johnsbury, Vt. His original distillery burned to the ground the night before his family's first delivery. But Duncan and his family rebuilt, and they introduced Vermont Spirits in local liquor outlets in August 2001.

In some states, regulations make it difficult for alcohol distributors to carry both beer and distilled spirits. Peacock said A-B would work with Vermont Spirits to see if and how the vodka could be distributed more broadly.

"We're still learning about operating in the spirits business, including gaining a deeper understanding of local laws related to beer and spirits distribution," he said.

Anheuser-Busch is in the process of testing a limited portfolio of premium spirits in targeted Northeastern markets. The company recently completed an agreement with Margaritaville Spirits to distribute a tequila in Massachusetts. It also has filed a trademark application for a vodka called Pomacai.

"We know our customers are changing, so we must continue to change as well," August A. Busch IV, president and chief executive of Anheuser-Busch Cos., said last month during an investors conference in St. Louis. "Our vision for A-B goes beyond beer."

<http://www.stltoday.com/stltoday/business/stories.nsf/0/3C19688B6B6A2835862572F8000D225F?OpenDocument>

**6.** **Drink Giant Delves into Second Life**
**Adult beverage maker Diageo starts marketing in Second Life and discusses gaming in the workplace.**

Logan Frederick
*Escapist*
June 12, 2007

Diageo, the alcoholic beverage corporation famous for Captain Morgan, Smirnoff and Johnnie Walker, has launched a campaign to increase its presence with customers within Second Life.

Robin Dargue, Diageo's Chief Information Officer, discussed the increasing importance of reaching what he calls "digital natives," or the users of virtual worlds. "The changing face of our consumers, I have a real issue with. These people don't watch TV so I can't advertise to them. That is a problem if you are in FMCG [fast-moving consumer goods]. This is a world of digital marketing."

The company is drawing a strong line between branding and marketing to youths. "The worry isn't around technology and robustness but corporate governance and reputation," Dargue stated.

A large part of what drew Diageo to enter the digital world was the popularity of them within the organization. But the popularity of the games also posed security problems for Diageo's own internal network. "We sponsor virtual bars. But you can't get into Second Life from the Diageo network. The marketing guys have to go home to get onto Second Life ... but the security guys are protecting the organization."

Bill Nagel, a researcher at Forrester IT, commented on the dangers posed by gaming in the workplace. "Not all information needs to be protected. Only put high-levels of security around data you cannot afford to lose. Consumer technology is very useful and is not going to go away."

**7.** **Miller Gives Lime-and-Salt Beer A Shot at Boosting Sales**

David Kesmodel
*Wall Street Journal*
June 12, 2007

Miller Brewing Co., known for its conventional slate of American beers, is hoping a brew with a Mexican twist can help pull it out of a sales slump.

The Milwaukee brewer is launching Miller Chill, a 110-calorie beer flavored with lime and salt, throughout the U.S. this summer after a successful test run in Texas and several other states. Chill is Miller's answer to the michelada, a drink popular at Mexican beach resorts usually consisting of beer, lime juice and ice in a salt-rimmed glass.

Miller, since 2002 the North American arm of London-based SABMiller PLC, plans to spend more than $30 million this year on television and print advertising for Chill. TV ads in local markets included the slogan, "Se habla Chill?" ("Do you speak Chill?"). Miller is counting on Chill to help it reverse a sales decline in North America and regain market share in the face of brutal competition.

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| [Miller modeled its Chill brand on the Mexican drink michelada.] |
| Miller modeled its Chill brand on the Mexican drink *michelada*. |

In the U.S., beer giants Miller, Anheuser-Busch Cos. and Molson Coors Brewing Co. are struggling to increase sales of their flagship domestic beers, as beer drinkers increasingly reach for imports and small-batch "craft" brews. Miller's prowess in the American beer industry has been gradually slipping since the 1980s, when Miller Lite held the lead in the light-beer wars with its famed "Tastes Great, Less Filling," ad campaign.

Last year, Miller Lite lost market share to the best-selling U.S. beer, Bud Light. Miller's other brands, such as Miller High Life and Miller Genuine Draft, have stumbled for several years. In the year ended March 31, Miller's earnings before interest, taxes and amortization slid 17%, making it the worst-performing of SABMiller's regional divisions. North American sales fell 1% to $4.9 billion.

The brewer hopes Chill, which it calls a premium light lager, will appeal to light-beer drinkers seeking more flavor. Miller is targeting 21- to 35-year-olds with the new brand, says Randy Ransom, Miller's chief marketing officer. "Consumers are looking for new and different ways to experience beer, and they're willing to pay for it," he says. "The core objective of this brand is to take share from competitive mainstream brands by giving light-beer drinkers a compelling reason to trade up."

At stores, a six-pack of Chill, sold in lime-green long-neck bottles, sells for $6.50 to $7, about a dollar more than a six-pack of Miller Lite.

Miller isn't positioning Chill as an alternative to Grupo Modelo SA's Corona, the popular Mexican import often served with a wedge of lime, Mr. Ransom says, stressing that the two beers taste very different.

Beer-industry analysts say the introduction of Chill is an important move for the company. "They need a shot in the arm," says Benj Steinman, editor of the industry newsletter Beer Marketer's Insights. "This is a pretty big bet by Miller."

Miller began researching the possibility of a michelada-style beer about 18 months ago. Its focus groups suggested American beer drinkers would be willing to try it. "There's clearly a move toward Latinization if you've been watching the American consumer," says Mr. Ransom, citing hits such as the Mexican-food chain Chipotle Mexican Grill Inc.

Michelada ingredients can vary; they sometimes include hot sauce and Worcestershire sauce with a pinch of black pepper. Miller tested more than 20 recipes of Chill. It declines to discuss how the beer is made, citing competitive factors. The brewer began test-marketing Chill in March in San Diego as well as in Texas, Arizona, New Mexico and Florida. The beer did so well that Miller decided after four weeks to launch it nationally -- an unusually short trial period in the beer industry. Sales to retailers have been about 40% higher than the company's goals, according to a recent memo sent to the company's distributors.

However, U.S. brewers' past efforts at Mexican-style drinks haven't had big success. In 1999, for instance, Anheuser introduced Tequiza, a "specialty malt beverage" flavored with lime, agave nectar and tequila. Despite some initial success, Tequiza was unable to make a dent in sales of Corona, its main target.

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| [The last frame of a television ad for Chill that ran in areas where the drink was tested] |
| The last frame of a television ad for Chill that ran in areas where the drink was tested |

Anheuser, which is known for testing new brands, since March has been trying out a beer called Chelada -- a combination of Bud or Bud Light with Cadbury Schweppes PLC's Clamato tomato-juice cocktail -- in California and Texas. Keith Levy, Anheuser's vice president of sales and retail marketing, says the response has been "overwhelming," particularly in the Latino market. But the company doesn't have plans for a national launch of Chelada, sold in tall 24-ounce cans. "If it continues to perform well, we'll look at further expansion," Mr. Levy says.

Miller's approach is different. "We are not a company that can go out and throw out multiple brands and see if they stick to the wall," Mr. Ransom says. "What we need to do is get very focused and look for high-potential plays."

Sales of Chill have been brisk at the Rockin' Baja Lobster restaurant and bar in San Diego's Gaslamp Quarter, says Bryce Shepherd, director of operations for the West Coast chain. "People say it's refreshing," he says.

Max Wisniewski, a 46-year-old Milwaukee fireman, has been awaiting Chill's arrival in Miller's hometown since he and his wife bought a six-pack during a trip to Arizona earlier this year. "It was weird seeing Miller in a green bottle, but we really liked it," says Mr. Wisniewski, who usually drinks Miller Genuine Draft Light. "It was a light, summery, very flavorful beer."

Not everyone is a fan. Chill doesn't have "much of a beer taste," Nestor Martinez, a 21-year-old resident of Allegan, Mich., wrote in a posting on BeerAdvocate.com, a Web site for beer enthusiasts. "Tastes a lot like carbonated lime juice with salt."

The Chicago office of WPP Group PLC's Young and Rubicam ad agency is in charge of the campaign for Chill, which will be available throughout the U.S. by mid-July. Miller's $30 million ad budget for the drink compares with $145 million in U.S. ad spending for Miller Lite last year and a little more than $37 million for Miller Genuine Draft, according to TNS Media Intelligence, a research firm that tracks ad spending.

In other efforts to boost its sales, Miller is expanding its distribution of imports brewed by other units of its parent company, such as the Italian beer Peroni, and placing more emphasis on its U.S. craft-beer division, Jacob Leinenkugel Brewing Co. It also recently named a new advertising agency for Miller Lite: the New York office of Bartle Bogle Hegarty. The move came on the heels of a public fallout with its former ad agency, Crispin Porter + Bogusky, whose "Man Laws" ad campaign featuring boxer Oscar de la Hoya and actor Burt Reynolds failed to increase sales. Ironically, a key point of that campaign was that men should "never fruit the beer" -- exactly what Miller is doing with Chill.

"We're in a new era," says beer-industry consultant Joe Thompson, president of Independent Beverage Group. "A few years ago, I would have said, 'You don't want to add things to your beer,' but now consumers want to do that with so many other drinks, like [Energy Brands Inc.'s] Vitaminwater. So they have a good chance of hitting on pretty good timing."

<http://online.wsj.com/services/article/SB118161070599232047-search.html?KEYWORDS=miller&COLLECTION=wsjie/6month>

**8.** **New Award Honors Craft Beer Distributor of the Year**

Rebecca Spicer and Erin Rutherford *NBWA*
June 12, 2007

National Beer Wholesalers Association and Brewers Association Teaming-up to Launch New Award

The National Beer Wholesalers Association (NBWA) and the Brewers Association (BA) are proud to announce the creation of the Craft Beer Distributor of the Year Award. The award will recognize the beer distributor in America who does the most to market, sell and promote craft beer in his or her market. A Craft Beer Distributor Achievement Award and Craft Beer Distributor Recognition Award will also be presented.

Craft brewers, beer distributors or representatives of NBWA and BA are welcome to nominate any distributor they believe is deserving of the award. Nominations can be made now through August 15, 2007. For complete information about the award and how to nominate a distributor, please visit www.nbwa.org. Winners will be announced on Saturday afternoon, October 13 at the Great American Beer Festival; the Festival is hosted by BA and is held in Denver, Colorado, October 11-13, 2007.

NBWA President Craig Purser is pleased to see the success craft beer is having. "Beer distributors take great pride in providing choice and variety in the marketplace. Craft beers have seen double-digit growth in sales each of the past several years," Purser said. "One reason for this is the high quality of American craft beers. A second reason for their success is the first class distribution network all across America. I am glad we will be recognizing some of the distributors who have worked tirelessly to get craft beer to market and strengthen the craft beer segment."

Brewers Association President Charlie Papazian points out that dedicated and educated distributors are essential to the continued success of the craft beer industry. "The availability of craft beers in America has created unprecedented added value for beer drinkers," Papazian said. "Without the valuable service which beer distributors contribute to access to craft beer we wouldn't be seeing the enthusiasm for the flavor and diversity of American beer. The continuing pursuit of beer education and enthusiasm by distributors is making US distributors the absolute best in the world. This award recognizes the extra efforts distributors are making on behalf of craft beer."

Beer distributors serve as the critical link in the American beer distribution system which allows smaller, more unique beers a vehicle to market, provides consumers with the choice they desire at a great value and ensures a safe and orderly marketplace.

<http://nbwa.org/Nbwa/NewsRoom/Press_Releases/pr_06_11_07.htm>

**9.** **Diageo Reveals What Wal-Mart Really Wants from Suppliers**

John Karolefski
*Retail Wire*
June 13, 2007

As category advisor for the beverage alcohol business, Diageo relies on store-by-store planograms to maximize sales in Wal-Mart. There are 35 different shelf sets ranging from four feet to 168 feet in the 18 states where its world-class brands of beer, wine and spirits are sold.

"It's a difficult and time-consuming process," said Francesca Hahn, Diageo's senior category manager for Wal-Mart, recently at Nielsen's Consumer 360 Conference. "We tailor our offerings to whatever the demographics are. If consumers want Johnny Walker Blue at $200 a bottle, we want to make sure that it's there for them."

But she also touted the clear benefits of being a category advisor.

"There are advantages to being a category advisor: a seat at the table to be able to hear all of the department strategies and being part of decisions," she said. "You get to control some of your destiny. It's nice not having my competitor controlling the shelf set."

Ms. Hahn pulled back the curtain to reveal what Wal-Mart really wants from its CPG suppliers:

New Products: Wal-Mart wants to collaborate with suppliers to be part of breakthrough products. If a new product arrives first at Target, that annoys them. Give Wal-Mart an opportunity to look at the item first.

Exclusive Products: If you offer exclusivity in a category, Wal-Mart appreciates it.

Shelf Sets: That is the most time-consuming activity for suppliers positioned in Bentonville. Everyday assortment, price points, replenishments - and more.

Profitability: Wal-Mart prices its products, but the pricing model that goes behind the cost and how to get it as low as possible is a supplier responsibility. It can take as much time as a shelf set.

Targeting: If you can provide products targeting consumer segments like Hispanics, affluent consumers, etc., Wal-Mart will help you position a product in stores that match up well.

Consumer Insights: They want consumer insights about what drives consumption.

Competitive Intelligence: Wal-Mart wants to hear about new ideas in the marketplace and what is effective in stores.

Sustainability: For every new product, Wal-Mart wants to know what's sustainable about it. This is not a PR policy. It is a business practice.

Joint Events: Wal-Mart wants to create excitements in their stores. They want to do things that will bring shoppers back. They want any kind of marketing event you can provide.

Aging Population: Wal-Mart wants to enhance the aging experience for Baby Boomers. Present those products and ideas that match up.

Unbeatable Prices: Everyday low prices continues to be the key.

"If you can do all of those things, maybe you can evolve your relationship to be a category advisor," said Ms. Hahn. "My goal is to drive category growth every day in an ethical and objective manner. My goal is Wal-Mart's goal."

She said that Wal-Mart buyers are the most open, receptive and honest she has worked with in the industry. They just want to know the truth, and want to know what should be done.

Getting to Bentonville enough times for face-to-face meetings with the buyer should be sufficient.

"But living in Bentonville is helpful. It's a nice place to live and I recommend it," she said.

<http://www.retailwire.com/discussions/sngl_discussion.cfm/12240>

**10.** **Budweiser Beer Battle Brews**

Patrick Danner
*Miami Herald*
June 13, 2007

A battle is brewing between Anheuser-Busch and the beermaker's sole distributor in Miami-Dade and Monroe counties.

Distributor Eagle Brands was in line to be sold for $62 million to rival company Gold Coast Beverage Distributors of Miami. But Anheuser-Busch quashed the deal, saying Gold Coast would have a virtual monopoly on beer distribution in the two counties.

Now Eagle Brands is demanding the $62 million from Anheuser-Busch, the brewer says. And the St. Louis-based father of Budweiser is asking a federal judge to rule that its action did not violate Florida beer-franchise law, in a nine-page lawsuit filed Tuesday in U.S. District Court in Miami.

''This sale would have resulted in an anticompetitive situation that would not be in the best interest of Anheuser-Busch and local consumers of our beer and beverage brands,'' says David Peacock, the company's vice president of business operations, in an e-mail.

Eagle Brands is incredulous. Gold Coast already distributes European beers exclusively imported by Anheuser-Busch for Belgium beermaker InBev NV, including Beck's and Bass.

''For them to say they would not approve a sale to their own distributor is unreasonable. It's bizarre,'' says Manny Kadre, Eagle Brands' general counsel.

Eagle Brands was founded in 1984 by Carlos de la Cruz Sr., a Cuban immigrant who took out a second mortgage to start the business delivering Anheuser-Busch beverages to retailers and establishments in Miami-Dade. So why won't Anheuser-Busch approve its sale?

''The short answer is, they want small wholesalers they can control and kick around,'' Kadre complains.

Gold Coast is Florida's largest beer distributor, and ranked as the 10th largest in the nation in a survey by Beverage World Magazines. It distributes beers made by Miller Brewing and Molson Coors Brewing, among others.

Eagle Brands says earlier this year, at the request of Anheuser-Busch, it sought to negotiate with Gold Coast for the rights to distribute the InBev beers. Gold Coast said no, but countered with an offer for Eagle Brands itself. Eagle Brands accepted and presented the offer to Anheuser-Busch for its approval on Feb. 16.

Anheuser-Busch had 30 days to approve or disapprove, according to Roberto Martinez, a Miami lawyer representing Eagle Brands, with a lack of response signalling automatic approval. Anheuser-Busch disapproved the sale on June 4.

Eagle Brands also claims the law is on its side because, according to state statute, no manufacturer shall ''unreasonably withhold'' approval of a sale.

''Anheuser-Busch, the King of Beers, can't withhold its consent willy-nilly,'' Martinez says.

Eric Levin, Gold Coast's vice chairman, declined to comment. An article from Impact Newsletter, a trade publication for the beer industry posted on Gold Coast's website, projected the distributor would generate $445 million in sales last year -- up from an estimated $405 million in 2005.

Eagle Brands, by comparison, posted more than $100 million in sales last year, up from $60 million in 2005. In July, Eagle Brands acquired Silver Eagle, its Keys counterpart, expanding its distribution territory from Kendall south through the Keys.

As the beverage market gets more competitive, the wholesale-distribution business is consolidating. Analysts for Bear Stearns in March said Gold Coast's acquisition of Eagle Brands could spur more mergers and acquisitions among wholesalers and ultimately lead to a ''single-distributor model'' -- one wholesaler in an area that delivers for all the major brands. The analysts recommended Anheuser-Busch approve the sale.

Anheuser-Busch's objection is to being ''the smaller house merging into the larger Miller-Coors network in Southern Florida,'' the Bear Stearns analysts wrote. ``However, the deal represents the opportunity to gain market share in territories where market share is available to be had -- in other words, fishing where the fish are.''

Meanwhile, word is out that Eagle Brands is in play and other potential buyers have surfaced, Martinez said. Still, de la Cruz isn't happy.

''I feel mistreated after 23 years of loyal service,'' he says.

<http://www.miamiherald.com/416/story/138771.html>



**11.** **New Clear Vodka Goes Green**

William M. Dowd
*Falls Church News*Each year in the aftermath of Earth Day we see a spate of new initiatives designed to improve the ecology, save materials and do all sorts of other "green" things.

Now, an "Earth friendly" vodka -- colorless in appearance yet green in a sense -- has been introduced by McCormick Distillery, a Missouri facility thought to be the oldest U.S. distillery west of the Mississippi River.

McCormick was founded in 1856 by Ben Holladay, a big-idea entrepreneur who went on to also start the Pony Express and the Overland Stage Line.

The new product, called 360 Vodka, is described as "an All-American spirit" created to compete in the super premium category.

Ed Pechar, chairman of McCormick Distilling Co., located near Kansas City, says his company is crafting 360 Vodka through a unique, eco-friendly packaging program that will allow it to support environmentally friendly groups with a "360 Close the Loop Program."

In addition to using American grain, 360 will be offered in a bottle using 85 percent recycled glass and green-friendly packaging. Pechar said McCormick will set aside $1 for every one of the unusual bottle closures returned to the "360 Close the Loop Program" to recognized environmental organizations.

"We are proud to introduce a totally All-American product that will be distributed in a totally environmentally friendly package," Pechar said, "and we will be able to give back to the community. American consumers no longer have to go overseas to enjoy a super premium brand vodka."

He had me at "Earth friendly," but while that last statement may make for an interesting sales pitch it doesn't give credit to a variety of super premium American vodkas, such as Peconika (New York), Cirrus (Virginia), 44-degrees North (Idaho), Ocean (Hawaii) and Cold River (Maine), among others.

Meanwhile, Smirnoff, by most surveys the most recognized vodka name in the world, is turning its hand to malt beverages.

Its latest product is a low-alcohol drink called Smirnoff Source that utilizes pure spring water and a citrus touch to create a 3.5 percent alcohol by volume liquid. That makes it lower in both alcohol and calories than most domestic beers.

Smirnoff Source currently is available in New York, Michigan, Ohio, West Virginia, Pennsylvania, Maryland, Delaware, Washington (DC), Connecticut, Massachusetts, Rhode Island, Vermont, New Hampshire and Maine. It soon will be sold at high-end clubs in Miami, Los Angeles and Las Vegas.

The beer alternative comes in 16-ounce bottles and 16-ounce four-packs, the latter selling at a suggested retail price in the $10 range.

Smirnoff is owned by Diageo, which has a huge portfolio of such adult beverages as Johnnie Walker, Guinness, Cuervo and Captain Morgan.

Elsewhere, store shelves and vending machines may be chock full of all sorts of colorful liquids, but water is doing just fine, thank you.

Sales of bottled (canned, pouched, etc.) water in 2006 increased 9.5 percent over the previous year, according to statistics just released by the International Bottled Water Association (IBWA), in conjunction with Beverage Marketing Corp.(BMC).

"The latest upward trend was reflected in 2006 when total bottled water volume exceeded 8.25 billion gallons, a 9.5 percent increase over 2005, and the 2006 bottled water per capita consumption level of 27.6 gallons increased by over two gallons, from 25.4 gallons per capita the previous year," said the IBWA in a press release.

"Additionally, the wholesale dollar sales for bottled water exceeded $10.8 billion in 2006, an 8.5 percent increase over the $10 billion in 2005."

<http://www.fcnp.com/index.php?option=com_content&task=view&id=1301&Itemid=36>



**12.** **Boxed Wines Face the Six-Week Challenge**
**Boxes Battle Bottles For Young Drinkers; Letting the Air Out**

Dorothy J. Gaiter and John Brecher
*Wall Street Journal*
June 15, 2007

We were surprised to see an ad for wine "casks" during this year's Oscars. Boxed wines and the Academy Awards don't seem like a natural match, even in a year in which "Borat" was nominated. It turned out that the ads were just the beginning of an aggressive, $4.5 million television campaign by the makers of FishEye wine. Among their claims: that the wine stays fresh in its bag-in-box for six weeks. To us, that sounded like a challenge. Having slowly filled our refrigerator with partially emptied boxes of wines over the past month and a half, we're happy to say we survived the experiment and we're back with a full report.

Boxed wines have been around for some time now and are far more common in some countries than the U.S. Australians, for instance, drink about half their domestic wine from boxes, according to Australian statistics. The big player in the field is the Wine Group, based in San Francisco, which is the world's third-biggest wine company by volume because of its ubiquitous Franzia boxed wines. People ask us all the time if we've found a boxed wine we like and the answer is that, even though we've conducted broad blind tastings and there's certainly nothing inherently wrong with a boxed wine, we've found the wine inside the boxes generally to be unpleasant. Over the years, we've written positively about two boxed wines: Target's Australian Chardonnay Wine Cube (2005) and Carmenet Winery "Vintner's Collection" Cabernet Sauvignon (2002), which is no longer produced. Both were packaged in three-liter boxes.

**Pumping Up the Volume**

The most common size of wine in a box is five liters -- that's almost seven regular bottles of wine -- and we'd guess the demographic those wines attract are our parents. But with America's increasing interest in wine and more of a willingness among wine-drinkers to experiment -- consider the rise of screwcaps, for instance -- the people at the Wine Group clearly figured the time was right for something new, so they introduced FishEye in three-liter boxes with heavy promotion.

We first ran across FishEye, in regular bottles, as part of a tasting of the house brands of big chain stores last year. Back then, it was an exclusive offering at Harris Teeter grocery stores and we wrote that it was "consistently disappointing." Others must have disagreed, however, because the Wine Group says the brand sold so well that the company decided to put it in a box and roll it out nationally. (It is also still available in bottles.)

Why a three-liter size instead of five? "The smaller size is a signal that it's different. Consumers need a signal that something has changed," Laurie Jones, a Wine Group spokeswoman, told us. Clearly, the company's eye is on a younger, more-affluent demographic, too -- just look at where the ads are placed: "Desperate Housewives," "Lost," "Brothers and Sisters," "Boston Legal" and "Grey's Anatomy," although, really, we just can't imagine Dr. McDreamy offering Meredith a glass of wine from the box in his refrigerator. We can, however, see The Chief, still missing his wife, tapping the cask a glass at a time over a couple of weeks.

In any case, the target consumer, the Wine Group says, is "influential 25-40 year old wine drinkers." And Ms. Jones says sales are strong: Wine Group is expecting to sell about a million nine-liter cases of FishEye this year, including both boxes and bottles. "Everyday wine drinkers are using this as their house wine," she said. "It used to be a big magnum of Mondavi in the refrigerator door." Indeed, according to ACNielsen, sales of premium three-liter box wines, including brands such as Hardys, FishEye and Black Box, rose 43.4% by volume for the 52-week period ending April 7.

FishEye claims -- and other boxed wines make similar claims -- that its wines will keep well for six weeks after opening because the plastic bag inside the box collapses and therefore keeps out air. We decided to test the claim. We bought seven boxes of FishEye Chardonnay (vintage 2005, "best when consumed before Nov. 6, 2007"). They cost $16 each, or about $4 per regular bottle. Our idea was that we would open one every week for six weeks and empty about a sixth of the contents. Then we'd taste the six boxes against a newly opened box six weeks later. We opened the first box, found the pour spout and tapped the bag. Then we tasted the Chardonnay and it was OK, but harsh. We decided that we couldn't very well perform our test with this wine because it didn't taste that good to us to begin with, so then we tried FishEye's 2006 Pinot Grigio, which was fairly pleasant and not too sweet (though it smelled and tasted more like Sauvignon Blanc), and its Shiraz, which was tasty -- "soft and pleasant, with integrated acidity and nice fruit." The Shiraz seemed perfect for our experiment. (All of the boxes cost $16.) While FishEye doesn't say the boxes need to be refrigerated, we did this because these simple wines, even the Shiraz, are better with a chill.

Over the next six weeks, we opened one box of Shiraz every Friday and poured out about one-sixth of all of them that were open. (The Shiraz was vintage 2004, "best when consumed before Dec. 1, 2007.") Because we had the Chardonnay anyway, we went ahead and conducted the experiment with those boxes, too. Soon, our refrigerators were groaning under the weight of boxed wines.

**A Pleasant Surprise**

At the end of the experiment, first we tasted the box of Pinot Grigio we'd tried weeks earlier. It was still pleasant, with some lemon, peach and kiwi. It tasted somewhat watery, but not at all oxidized. It didn't taste like it had been open for six weeks.

Then we put all of the boxes of Chardonnay and Shiraz on a table. We had noted on the bottom of the box when each was opened. We asked a friend to serve them so we wouldn't be able to tell which boxes were lightest and which were heaviest, and therefore we were able to taste the seven wines blind: from one open for six weeks to one just opened fresh.

The Chardonnays, on the whole, continued to taste pleasant enough but a bit harsh. Three smelled and tasted notably sulfuric. All tasted of pineapple -- sometimes sweet pineapple and sometimes watery pineapple. One was clearly the best. It tasted riper, fresher and cleaner than the rest. This turned out to be the newest box, the one we had just opened. But our second favorite was the wine we'd opened the third week of the experiment, and our third favorite was the very first we'd opened, all those weeks before. Overall, the boxes we opened first and last were the best; the boxes opened in the middle weeks were the ones that tasted and smelled less fresh. But none of the boxes tasted oxidized or obviously off. We've tried some wines by the glass at tony wine bars that tasted far more over the hill.

We sampled the Shirazes next. Once again, none of them was obviously oxidized. The difference among them was that a couple tasted vibrant and alive -- these were wines we would take to a picnic ourselves -- while others had the same basic tastes, but they'd lost life and seemed somewhat dull and flat. In any event, none of them tasted as sweet, alcoholic and heavy as many jug wines on the market and even many under-$20 wines in bottles.

When we checked the bottom of the boxes, it turned out that our favorite Shiraz had been opened in week No. 4 and our second favorite had been the very first cask we opened. Our third favorite was the freshest box. Once again, it appeared that the boxes from the fifth and sixth weeks -- those open for one week and two weeks -- were the most problematic. Call it a dumb period.

So, the bottom line: It's true. The wine really does keep for six weeks. It has its ups and downs in your refrigerator, but it will keep fine. Would we keep a box of wine in our refrigerator for six weeks? Well, no. Today, there are so many interesting, affordable wines on the shelves that we'd rather taste several wines than one wine in a big box. That said, the FishEye Shiraz, at the equivalent of $4 a bottle, is a perfectly nice wine for a party this summer -- and, yes, if you have any left over, you can keep it around until the dog days of summer without it turning hairy.

<http://online.wsj.com/services/article/SB118185538546735815-search.html?KEYWORDS=mondavi&COLLECTION=wsjie/6month>

**II.** **INTERNATIONAL NEWS.**

**13. Ky. Bourbon may Pour into China**

Joe Biesk
*Associated Press*
June 11, 2007

Less than a year ago, China was essentially off-limits for Kentucky bourbon producers.

But after negotiations, the Chinese government last year relaxed a regulation allowing bourbon into its market. Now, China poses a potentially explosive market for the bourbon industry.

"The China potential is mind-boggling," said Ed O'Daniel Jr., president of the Kentucky Distillers' Association.

Gov. Ernie Fletcher is in China this week on a trade trip seeking to boost business prospects for Kentucky companies in a huge, largely untapped market.

After a visit to Japan last week, the governor was scheduled to spend the second leg of his trip in China to meet with government officials on topics that include animal nutrition and mine safety.

While there, Fletcher is scheduled to stop by the state's Beijing trade office.

"China is a rapidly developing market for Kentucky exporters," Fletcher said in a statement. "It has grown by more than 500 percent since 2001. We plan to capitalize on this trend and take full advantage of every opportunity."

Take bourbon, for instance.

Before 2006, the Chinese government had imposed a threshold on a compound called fusel oil, which is a byproduct of distillation. It was set at a level that effectively allowed Scotch whiskey into the market, but prohibited bourbon companies from directly competing.

Fletcher's first trip to China was in 2005, and while there he lobbied health officials to ease the restriction. It was eventually lifted after a Chinese government official came to Kentucky to view the bourbon-making process at local distilleries, said O'Daniel.

Full-blown expansion in the market is still probably years away, considering the time it takes to make bourbon, combined with the relatively late entry into the Chinese market, O'Daniel said.

Although Kentucky bourbon's presence there is negligible, that could change over time, he said. About 225,000 gallons of bourbon were shipped to China for the 12-month period ending last December, he said.

"The Chinese have a palate there for the kind of distilled spirit that bourbon is, but it's never been marketed there," O'Daniel said.

China, with rising affluence and an interest in consuming imported products, most likely poses a very good long-term market for bourbon and other spirits, said Max Shapira, president of Bardstown-based Heaven Hill Distilleries. For now, the market is still "relatively small at best" and needs time to develop, he said.

"There is an appetite and a taste profile, not only for imported products, but for products in the distilled spirits," Shapira said.

Brown-Forman Corp. and Beam Global Spirits & Wine Inc., two companies that produce various bourbon brands, are planning a reception in China while Fletcher is there.

China consumes about 25 percent of the world's distilled spirits and is one of the most important emerging markets, Keith Neumann, a spokesman for Jim Beam, said in a written statement.

Kentucky's prospects in China are not limited to just bourbon, said Ying Juan Rogers, trade services manager at the Kentucky World Trade Center in Lexington.

In 1997, Kentucky's exports to China totaled nearly $40 million, Rogers said. That increased to more than $317 million by 2004, she said.

China is also a ripe market for Kentucky's coal industry and there's a trade mission planned there later this year, Rogers said. Chinese companies are interested in new coal technologies and equipment, she said.

<http://www.kentucky.com/news/state/story/94314.html>



**14.** **EU Court Backs Anheuser-Busch on Budweiser Trademark**

*Reuters*
June 11, 2007

Beer giant Anheuser-Busch (NYSE:BUD - news) won its latest battle against Czech brewer Budejovicky over the use of trademarks such as Budweiser on Tuesday with a ruling in the European Union's second-highest court.

The EU's Court of First Instance ruled in favor of the largest brewer in U.S. -- best known for its Budweiser beer -- in a case taken by the state-owned brewer of Budweiser Budvar over various trademarks linked to the Budweiser brand.

"The Court of First Instance dismisses actions in proceedings taken by Budejovicky against Anheuser-Busch concerning the use of community trademarks," the Luxembourg-based Court of First Instance said in a statement.

Budejovicky has been involved in a bitter battle with its U.S. rival after the global giant was granted the right in 1996 to register terms such as Bud and AB Genuine Budweiser King of Beers as trademarks across the 27-nation bloc.

Anheuser-Busch, the largest U.S. brewer, sells beer under the "Budweiser" and "Bud Light" brands, competing with the "Budweiser Budvar" brand used by the Czech brewer. The Czech firm also sells a strong lager under the "Bud Super Strong" brand.

Successive Czech governments have in the past shunned the idea of privatization on concerns the company would be bought by Anheuser-Busch and lose the trademark, or its position in export markets, in favor of the American firm.

Budvar had sales of 2.5 billion crowns ($452.5 million) last year. Anheuser-Busch controls about half of the United States' beer market with its Bud Light the top-selling beer brand in the U.S.

<http://www.wistv.com/Global/story.asp?S=6644308>

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

**15. Tini's Offers 60 Martinis, and Counting**

Joanne Boeckman
*Des Moines Register*
June 14, 2007

Tini's Jazz Martini Bar is just the kind of place its owner, Ron Walker, said he envisioned when he thought about a jazz-martini bar.

It has walls of deep, rich colors, dim lighting and a sophisticated aura for those who enjoy a drink and place to talk.

Tini's is in Johnston, next door to Irwin's Bike and Sports shop.

Walker, 38, talked to us about it.

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| http://cmsimg.desmoinesregister.com/apps/pbcsi.dll/bilde?Site=D2&Date=20070614&Category=BUSINESS&ArtNo=706140323&Ref=V4&Profile=1001&maxw=490 |
| Ron Walker, owner of Tini’s, a jazz and martini bar in Johnston, said he is planning some jazz festivals that will take place just outside the bar in July. |

 **Q.** **How would you describe Tini's?**

A. Our targeted audience is the over-30 crowd. We have a one-of-a-kind atmosphere here. It's relaxing and very laid-back, comfortable and, of course, the martinis are excellent.

**Q. How many martinis do you have?**

A. Listed on my menus, about 20 - but there are about 60 I can make. I can make anything and I take special requests. This isn't just a martini bar, but a full-service bar. I also have a wine list and we sell bottle and draft beer.

**Q. What are your most popular martinis?**

A. The Hopeless Romantic (made with Stoli Razberi vodka, strawberry daiquiri mix and lemonade). The Make it Dirty (with Grey Goose vodka, dry vermouth and olive juice) is also popular.

**Q. What have you changed since you opened?**

A. I recently put in a pool table. In this business, you have to keep tweaking it until it works.

**Q. Have you owned a bar before?**

A. No. I've bartended the majority of my life in Des Moines and California. I felt the city was ready for this and the people of Johnston have been very supportive.

**Q. Do you allow smoking?**

A. We are smoke friendly. Quite often, I get a guy in here who wants a nice cigar.

 **Q. Do you sell cigars?**

A. No. I've thought about it, though.

**Q. What entertainment do you have?**

A. Janey Hooper every Thursday night. We also have bands on Fridays and Saturdays. I'm tied in with the Iowa Jazz Foundation and I book

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| --- |
| **Tini’s Martini Jazz Bar** |
| FIND IT AT: 5500 Merle Hay Road, Johnston; 278-2872HOURS: 4 p.m. to 2 a.m. Mondays through Saturdays; Happy Hour 4 to 7 p.m. weekdays.ON THE WEB: www.tinisjazzmartinibar.comSPECIALS: Check the Web site for coupons and nightly drink specials.Share your newsIs there an event, person or place in your community everyone should know about? Use our Get Published news and events features at DesMoinesRegister.com/Urbandale. |

a lot of people with the Jazz Foundation. I think the live entertainment we have here is the best of the best when it comes to bands.

 **Q. Who are your regulars?**

A. I've got quite a few. They're mostly from Johnston, but I've got some from Ankeny who absolutely love the place.

**Q. Any plans in the works?**

A. We've got some jazz festivals coming up. I'd like to set up tents out back. I'm looking at July for that.

**Q. Do you ever rent out your place?**

A. On Sundays, I close down and rent it for private parties. I just started doing that. I had a really large wedding party here. They booked it for a couple of hours between the wedding and the reception. They decorated it, too. I can also do that on Mondays. Saturdays, too, but people need to know the doors open to the public at 4 p.m.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20070614/BUSINESS/706140323/1001/NEWS>

**16.** **License Suspension For Sioux City Doctor**

*KTIV TV*
June 10, 2007

A Siouxland chiropractor has had his license to practice revoked indefinitely.

The Iowa Board of Chiropractic Examiners says Steven Larson is incompetent to practice with reasonable skill due to excessive alcohol use.

Larson has a long history of OWI convictions from 1996, to as recently as 2003.

The Board found that Larson failed to follow-through with the treatment required to keep his practice, like attending alcoholics anonymous.

He also failed a substance abuse report.

Because of this, the board suspended Larson's license for a minimum of six months.

He practices in Sioux City and South Sioux City, Nebraska.

<http://www.ktiv.com/News/index.php?ID=13889>

**17.** **Remsen teen Guilty in Vehicle Rollover Case**

*Sioux City Journal*
June 11, 2007

A Remsen, Iowa, teenager has been found guilty of charges stemming from a traffic accident more than a year ago in which five other teenagers were injured.

District Judge Michael S. Walsh ruled Melinda Juhl, 18, guilty of serious injury by motor vehicle and operating while intoxicated. Sentencing was set for June 25 in Plymouth County District Court.

According to Plymouth County Sheriff's reports, Juhl and her five passengers were heading to Sioux City for breakfast after the Remsen-Union High School prom on April 23, 2006, when the southbound vehicle, driven by Juhl, overturned and rolled in the median of U.S. Highway 75 south of Hinton, Iowa.

All six teens were thrown from the vehicle. One of the passengers' injuries resulted in the amputation of her right arm.

Evidence presented in a May 25 trial before Walsh showed that Juhl was driving at speeds in excess of 120 mph. Her blood-alcohol concentration was .122 percent, above Iowa's legal limit of .08 percent.

<http://www.siouxcityjournal.com/articles/2007/06/11/news/latest_news/b70179521c366d0f862572f70067e4e5.txt>

**18.** **Driver who hit Passenger is Charged with OWI**

*Des Moines Register*
June 12, 2007

A Des Moines man remained in critical condition Monday at Mercy Medical Center while his companion faced a drunken-driving charge.

Joshua Dean Patterson, 29, suffered head injuries Sunday night when he was struck by the four-door Jaguar he had been riding in. Police said he was run over on Pennsylvania Avenue near an Interstate Highway 235 entrance ramp.

Jeffrey Todd Lubeck, 41, who lives with Patterson, was arrested for allegedly operating while intoxicated. His blood-alcohol level was .116, according to a police report. The standard for intoxication in Iowa is .08.

Lubeck and Patterson were northbound on Penn, approaching a red light at the entrance ramp. Lubeck told police that when the light turned green, he accelerated - at which point Patterson opened the passenger-side door, jumped out and was struck.

Lubeck told police that the two were having an argument at the time over a domestic matter and that Patterson was angry when he jumped out.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20070612/NEWS/706120382/1001/NEWS>

**19.** **D.M. Leaders Ready to Kick Butts**

Melissa Walker
*Des Moines Register*June 12, 2007

Downtown smokers will have a new place for their butts.

A new cigarette litter prevention program that encourages smokers to “Walk their butt to the can” was launched today in downtown Des Moines.

Mayor Frank Cownie helped install the first of 20 trash receptacles that have cigarette urns. The receptacles will be placed throughout downtown in the next couple of weeks in areas where smokers tend to congregate and Operation Downtown workers have cleaned up the most cigarette butts.

Workers spend 6,000 hours a year, or 25 percent of their time, picking up cigarette butts, said Mary Lawyer, president of the Downtown Community Alliance. The time equals about $108,000 in employee pay each year.

Lawyer said there has been an increase in the number of cigarette butts on the ground since Des Moines officials this year banned smoking in the city’s public parking garages.

City leaders said they had received an increasing number of complaints from people about those who use parking structures to smoke.

A company that manages the garages for the city counted at least 1,500 cigarette butts in ashtrays during one day and 1,300 the next day. The numbers did not include cigarettes that were tossed on the ground.

The number of smokers in city garages was believed to have increased as companies have phased out their own smoking areas.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20070612/NEWS/70612013/1001/NEWS>

**20.** **County Panel Should Turn Away Strip Club**

*Globe Gazette Editorial*June 11, 2007

Juice bar, gentlemen’s club, nude dancing hall ... Call it what you want, but we say the strip joint proposed for a bar just outside the north city limits should be turned down.

Yeah, yeah, we know: No one has to go inside if they don’t like it; it would be something different to lure people to Mason City; let the free marketplace decide if it’s good or not.

The macho guy in us wants to say, “Yeah, let the good times roll!”

But is this what we really want for our community?

There are many reasons not to approve this use for the building.

But first, some background.

The Cerro Gordo County Planning and Zoning Board of Adjustment will consider a variance request this afternoon by Robert Berding, who wants to use the building that now houses Vibrations, 20847 Osprey Ave., for a club featuring nude dancers.

The building is owned by Berding’s brother, Jason, who operates Vibrations. After hearing testimony, members of the Board of Adjustment will decide whether to grant a variance to permit the strip club. County ordinances restrict sexually oriented establishments from operating within 1,000 feet of a residential area. Several homes are within 1,000 feet of the building.

Since totally nude dancing is prohibited in establishments that serve liquor, Robert Berding plans to operate the club as a juice bar. It would sell pop and juice and allow patrons to bring in beer.

Again, there are several reasons we recommend denial of the variance.

— It enables a type of behavior that most people in the community do not feel is OK. The reason we say “most people” is that Mason City was once home to several adult-oriented establishments. We had quite a reputation for them. Eventually they were driven out.

— It will create problems for police. Sheriff Kevin Pals said that while Jason Berding has been very good to work with, the proposed new format for the property has the “potential for too many problems.”

One that we are very concerned about is drunk driving. Those who come with their beer will likely start beforehand and continue drinking while there. The potential for drunk drivers emerging seems dangerously high.

— Another key county official has recommended against the variance. Zoning Administrator Tom Drzycimski recommended denial because the applicant has not met any of the variance criteria. They include showing proof that the property cannot yield a reasonable return if used for a purpose permitted in that zone; and showing that the intended use would not alter the essential character of the locality.

“An economic use, even if it is not the most profitable, is being made of the property” currently, Drzycimski wrote. “The applicant provided no justification that the property can’t be used for one of the other 50-plus permitted uses that would be allowed without a variance.”

That adds up to three strikes for the whatchamaycallit: Community standards, police and government.

We could probably keep counting, but don’t really think that’s needed.

<http://www.globegazette.com/articles/2007/06/12/opinion/doc466e23a302a08267575580.txt>

**21. Cancer Center Receives Wine Donation**

*Sioux City Journal*
June 13, 2007

A local wine collector and cancer survivor has donated wine from around the world to the June E. Nylen Cancer Center. The wine can be viewed and purchased on the cancer center’s Web site.

A local wine collector and cancer survivor has donated wine from around the world to the June E. Nylen Cancer Center. The wine can be viewed and purchased on the cancer center’s Web site.

Select wines can be purchased from the Web site list while others will be sold at a special live auction June 21 at the Sioux City Country Club.

Dennis Mahr, a local attorney, recently donated hundreds of bottles of wine to the cancer center out of gratitude for radiation treatment he received. The wine is from the Napa Valley, Yakima Valley, France, Australia, Spain and Chile.

Proceeds from the wine sale will benefit the Nylen Center’s patient assistance program, according to Karen Van De Steeg, center executive director. The program supports cancer patients with limited resources who need weeks of radiation therapy with funds for housing assistance, food, prescription medications and other necessities needed during their treatment.

"We are grateful for this very unique donation from Dennis Mahr," said Pat Hubbard, director of fund development for the cancer center. "While many people will attend the actual wine auction, our Web site information and photo images of each wine bottle enable people to support the cancer center in an easy and convenient way. Each person purchasing wine will benefit a Siouxland patient battling cancer."

The public can view the wine selections at {M3www.nylencancercenter.com. Tickets are still available for the live auction at $25 per person. Persons can make a reservation or learn more by calling 252-9302.

<http://www.siouxcityjournal.com/articles/2007/06/13/news_living/local/fac65848624f4209862572f90009f49d.txt>



**22.** **Three Arrested for Providing Minors with Alcohol**

Tom McMahon
*Nonpareil*
June 11, 2007

Council Bluffs police cited 17 young people for being minors in possession of alcohol and arrested three men in connection with incident over the weekend.

When police arrived at 140 Vine St. shortly before midnight Friday, they reportedly heard loud music and yelling and could see what appeared to be minors with beer, according to a police report.

Officers broke down the door when those inside refused to let them in, the report indicated.

Once inside, police located a keg of beer and found slips of yellow paper burning in a cup, the report stated. Officers were able to extinguish the flames and retrieve enough of the paper to determine it was a sales slip from Brewski's Beverage, according to the report. The report indicated the paper contained the driver's license number of Lonnie Brizendine, 22, of Crescent, who allegedly admitted purchasing the beer, but not for the young people.

He is charged with 17 counts of providing alcohol to minors and interference with official acts. Police similarly charged Allen Childers, 21, and Jacob Racine, 20, who lived in the house, the reported indicated.

The minors were 17 to 20 years old, according to the report.

<http://www.zwire.com/site/news.cfm?newsid=18458170&BRD=2703&PAG=461&dept_id=555106&rfi=6>

**23.** **North Liberty Bar Could Lose Liquor License**

Claire Kellett
*KCRG TV*
June 14, 2007

A North Liberty bar is in jeopardy of losing its liquor license. City leaders say if it can't follow local rules, it shouldn't have state alcohol privileges. The State Alcohol Board agreed with the City and didn't renew the liquor license at Bob's Place. Now the bar has a month to appeal the decision and get in line with city codes.

Bob’s Place has been serving drinks for more than two decades. Inside, regulars crowd the bar from sun up to hours past sun down. The owner, Bob O'Rear, says this isn't where the City has its biggest problem. The major concern is out back.

“This lot in this point of time has nothing to do with the tavern," said O’Rear.

City code says O'Rear has to get rid of the bleachers, hide the grease container from the public eye, and haul away the concrete mound.

“They're saying it's an eyesore. I don't think it's an eyesore," said O’Rear.

But the eyesores could cause the tavern to go dry. O’Rear was supposed to make the changes by the end of last year. Now, with his liquor license on the line, he's doing what the City wants.

“I'll still do it that way it makes them happy, but I think they're being way out of line," O’Rear said.

The City is also concerned about recent late night behavior at the bar.

“The police talked a lot about patrons being served well past the point of intoxication," said City Council Member James Wozniak.

The police chief reports a dozen arrests this spring alone.

“Yes, we did have a couple of wild weekends with problems, but we've curbed that since,” said O’Rear.

O’Rear said he'll clean up the yard and keep control of his customers so Bob's Place can survive another decade.

O’Rear also said he will appeal the decision, probably some time next week.

<http://www.kcrg.com/news/local/7988822.html>

**IV.** **OTHER STATE NEWS.**

**24. Driver Caught Illegally Transporting Wine (Alabama)**

*Clanton Advisor*
June 12, 2007

A driver who was apparently hauling wine out of state for resale is facing felony charges after Jemison Police found him hauling more than the legal limit of the beverage.

Thursday night about 9:45, Officer Robbie Autrey made a routine traffic stop on I-65 within Jemison City limits.

Upon being issued a warning citation, the driver of the vehicle, Ly Van Nguyen of Pensacola, Fla., gave consent to a search and the subsequent investigation netted 300 750ml bottles of Wild Irish Rose wine.

It is a felony to transport more than five gallons of alcohol within the State of Alabama.

The wine was confiscated and Alabama Alcohol Beverage Control (ABC) Agents were contacted to assist in the ensuing investigation. ABC agents took possession of the alcohol and have since made arrests in Birmingham and Florida resulting from the traffic stop.

The follow up investigation led agents to believe that the large quantity of wine was being purchased in Birmingham and then being transported to Florida for resale, which is a violation of Alabama law.

ABC agents told Jemison Police that they intend to file felony charges on the driver of the vehicle within the week.

<http://www.clantonadvertiser.com/articles/2007/06/12/news/a-news.txt>

******25. Arizona Thinks Twice on Ignition Interlocks for 1st Time DWI (Arizona)**

*Beverage News Daily*
June 13, 2007

The Arizona House signaled its support yesterday for repealing a new requirement that first-time drunken driving offenders install breath-testing ignition interlocks on their vehicles for at least a year after resuming driving.

State Rep. John Kavanagh (R) urged lawmakers to back out of the earlier decision, saying he has since reviewed studies that conclude the devices don't lead to a reduction in traffic accidents or repeat offenses by first-time offenders.

"All I am doing is allowing us to gracefully retreat from what appears to have been a mistake until we can get more data and then make a decision based on fact -- and not wishful thinking," said Kavanagh, who had previously voted for the bill containing the interlock requirement.

After clearing its first hurdle at the Legislature, the proposed repeal now moves to a formal vote by the House.

Supporters of the interlock requirement said it was an alternative to fines and penalties that don't do enough to change offenders' behavior. Opponents said the requirement unfairly burdens first-time offenders.

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26.** **Alcopops Labeling Bill Moves to Senate (California)**

*California Chronicle*
June 11, 2007

A bill requiring popular malt liquor beverages to include labels announcing their alcohol content has moved to the State Senate.

Assembly Bill 346, jointly authored by Assembly Members Lori Saldaña (D-San Diego) and Jim Beall, Jr. (D-San Jose) would require manufacturers to apply a clearly discernable label or sticker to these beverages marked “Warning: Contains Alcohol”, as well as information about the product’s alcoholic content.

“Many of these products are indistinguishable in color and packaging from sports or energy drinks,” Saldaña said “We believe they should be clearly marked so parents, retailers, underage consumers and law enforcement officials know that they are alcoholic beverages and amount of liquor they contain.”

Flavored malt beverages, also known as “Alcopops,” “Girlie Drinks,” “Cheerleader Beer” or “Gateway Drinks,” are concoctions of distilled liquor and fruity flavoring which come in vibrant colors and deceptive packaging attractive to younger consumers, particularly young women.

A survey conducted by the American Medical Association reported that a third of girls over 12 have tried alcopops, and 25 percent drove a car after drinking or rode with a driver who had been, and one in six reports being sexually active after drinking.

Anheuser-Busch’s recently removed its alcoholic energy drink “Spykes” from retail and internet availability after receiving a letter from 29 states attorneys general criticizing their marketing and advertising practices apparently aimed at the youth market.

Although they contain hard liquor, alcopops have been regulated by California’s Alcohol Beverage Control (ABC) as if they were beer and wine due to the industry’s creative formula of starting with a malt base and reducing it to nearly water before adding distilled flavoring.

The California Board of Equalization (BOE) is currently involved in the rule-making process to consider the option of taxing them at a rate more appropriate for distilled liquor. The BOE expects this item to come before their five-member Board in late July.

<http://www.californiachronicle.com/articles/viewArticle.asp?articleID=29347>

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**27. First U.S. Wine M.B.A. Program Launched (California)**

Steve Heimoff
*Wine Enthusiast*
June 12, 2007

Sonoma State officials say although there are similar programs in Europe and Australia, their new Master of Business Administration with an emphasis in wine business is the first in the nation.

“The wine industry has done a great job of building a high-quality product, but when it comes to actually learning how to manage in the marketplace, the industry has been relatively unsophisticated,” declares Mack Schwing, director of the Wine Business Program at the Santa Rosa-based state university.

Schwing says the wine industry should study the lesson plan of other consumer-oriented companies who have learned how to sell in a mass market. “The wine industry needs to have a far greater understanding of how to make their packaging more friendly, and get their product out in front of people in a way that appeals to them,” Schwing says, adding, “This is not just for big wineries. Small wineries also need expertise in things like how to sell direct to consumers, set up a Web site, market to restaurant chains.” He expects the program, set to begin this fall, to attract mid-level managers, such as marketing, finance and sales directors, who are already working in the wine industry, and are eager to increase their competitiveness against MBAs in other fields who have been imported from outside the industry.

The program will consist of 10 basic courses, which the typical student could complete in two years.

Funded through a unique public-private partnership, the program’s sponsors include Diageo, Korbel, Gallo, Girard and J. Lohr, as well as the Wine Institute.

<http://www.winemag.com/ME2/dirmod.asp?sid=&nm=&type=Publishing&mod=Publications%3A%3AArticle&mid=8F3A7027421841978F18BE895F87F791&tier=4&id=CEBCE9B5B1FD4295A7029CF616357B3D>

******28. Bar Cars Staying on Trains (Connecticut)**

Robin Walluck *Darien Times*
June 15, 2007

The bar cars will stay on Connecticut’s Metro-North trains.

After a six-month review of serving alcohol on trains, the Metropolitan Transit Authority Board’s Alcohol Policy Task Force said booze can still be served. MTA officials announced the decision recently.

“There was a concern with people being inebriated, when they did the research, they found that was not the case,” said Gene Colonese, rail administrator for the state Department of Transportation.

Alcohol policy board member Mitch Pally proposed banning alcohol due to concerns about passengers driving drunk after leaving the train. But the task force “found no connection between the sale and consumption of alcohol on trains and any safety issues whatsoever,” MTA spokesman Jeremy Soffin said.

In 2006, almost 1,000 Long Island and Metro-North railroad passengers appeared to be so drunk they needed medical attention, and about 300 people were ticketed for drinking alcohol and creating disturbances in trains or stations, the MTA said. It added that much of the drinking was done before the passengers boarded the trains.

The MTA said that represented a minuscule percentage of its total 2006 ridership, 82 million on the LIRR and 77 million on Metro-North.

Colonese said those who serve alcohol on the trains are just like any other bartender. They keep an eye on who’s had how much to drink, and if the passenger does become drunk.

According to Colonese, there are about 20 to 30 bar cars in state-owned trains.

“New York used to have bar cars, but they decided a long time ago to put seats in them,” Colonese said.

He said there was some talking to customers involved with coming to the decision.

“They did their research and talked to the various folks. The department [of transportation] and Metro-North and Long Island Railroad … found it did provide a valuable service to customers,” Mr. Colonese said.

This past year, the bar car and cart grossed about $5 million in sales, netting about $700,000.

<http://www.acorn-online.com/news/publish/darien/19288.shtml>

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29.** **District of Columbia to Reduce Number of Liquor Stores (District of Columbia)**

Valencia Mohammed
*Afro American Newspapers*
June 12, 2007

The 20-year revitalization strategy of the District of Columbia reveals plans to decrease the hundreds of licensed liquor, beer and wine establishments strewn throughout the city. Many longtime residents believe the plan has been designed to accommodate the wave of Whites who have recently settled in the District from areas not plagued by an overabundance of liquor stores.

Anthony Muhammad, longtime Southeast resident, has been elected as an advisory neighborhood commissioner 10 times. He said he believes the government decided to change its position based on potential lawsuits as it relates to the quality of life in certain areas of the District.

"With the health disparities studies coming out by groups such as the Obesity Collaborative, it shows that many health problems are related to the kinds of establishments the government has allowed to prosper in our communities, especially the liquor stores" said Muhammad.

In one subsection of the plan entitled, "Zoning Changes to Reduce Land Use Conflicts Zones" there will be a comprehensive rewriting of zoning regulations. The amendment will {"more effectively control the uses which are permitted as a matter-of-right in commercial zones; avoid the excessive concentration of particular uses with the potential for adverse effects such as convenience stores, fast food establishments, and licensed liquor establishments; and consider performance standards to reduce potential conflicts between incompatible uses."}

Big K Liquors has been in southeast Washington for decades. It has also been an eyesore. Some residents hope that it will be one of the liquor establishments targeted for closure.

"Not only has Big K been here for almost a century, it has gotten bigger. We will have less of anything that the new residents do not envision as being in a good neighborhood when many of us have been testifying, protesting and running campaigns against this for years," said Hannah Hawkins, founder of Children of Mine in southeast Washington.

The Home Rule Act requires the District government to develop a comprehensive plan, which provides overall guidance for future planning and development of the city. The first comprehensive plan was adopted in 1984 and 1985 and the plan is updated periodically.

"In higher echelon neighborhoods liquor stores are hidden, not allowed to run negative ads and not everywhere you look. The children and community are respected. But for years it seemed the government had so little respect for the majority of its residents, which were Black," said Muhammad. "Now that things are changing, finally the mindset of the government is changing along with it."

The Council adopted the recent 2006 revised comprehensive plan in December 2006 and has forwarded it to the National Capital Planning Commission and to the District Committee of the U.S. House of Representatives for their review. The revised plan becomes effective upon completion of federal review.

The number of current liquor establishments by ward are:

\* Ward 1 —— 21 liquor stores; 48 beer and wine = 69

\* Ward 2 ——45 liquor stores; 29 beer and wine = 74

\* Ward 3 ——19 liquor stores; 17 beer and wine = 36

\* Ward 4 ——25 liquor stores; 27 beer and wine = 52

\* Ward 5 ——34 liquor stores; 35 beer and wine = 69

\* Ward 6 ——28 liquor stores; 32 beer and wine = 60

\* Ward 7 ——20 liquor stores; 20 beer and wine = 40

\* Ward 8 ——14 liquor stores; 40 beer and wine = 54

D.C. residents have long been calling for better, cleaner neighborhoods. On June 6, the Council passed a controversial policy that allows no more than two strip clubs in each ward. The compromise was a result of residents of the Ward 5 community protesting the resituating of strip clubs displaced from the site of the new baseball stadium in their neighborhoods.

"Were only two clubs supposed to survive to make way for others later on? Are these two clubs supposed to be on good behavior until they can convince the community that they are all right while they make donations to civic and church groups from money from stripping?" asked Kathryn Pearson-West, a community activist in Ward 5.

While the debate continues regarding what longtime residents have sought for years versus what new residents want in the future, activists say they are determined to keep watch for any new developments.

"Ward 5, don't let your guard down. We appreciate what council members have done today, but the battle is not over. Nobody takes Ward 5 for granted," said Pearson-West.

<http://www.afro.com/content/templates/?a=7318&z=1>

******30. UF Awarded Grant to Study Underage Drinking (Florida)**

Jack Stripling *Gainesville Sun*
June 12, 2007

The University of Florida has been awarded a $3.2 million grant for continuing research on alcohol and fitness intervention for adolescents, officials announced Tuesday.

The grant, distributed over five years, will be provided by National Institute on Alcohol Abuse and Alcoholism. It will support the Addictive & Health Behaviors Research Institute, which is part of the UF's College of Health and Human Performance.

The grant will support a study of high schoolers who will be warned about the health risks of substance abuse and encouraged to take steps to live a healthy lifestyle, according to Chad Werch, director of the institute and principal investigator for the study. The intervention study, called Active!, aims to combat physical inactivity, alcohol and drug abuse, poor nutrition and lack of sleep.

"This project strives to reduce alcohol abuse and problems among high-risk older adolescents often ignored in prevention research and services," Werch said in a news release.

<http://www.gainesville.com/apps/pbcs.dll/article?AID=/20070612/LOCAL/70612008/-1/news>

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31.** **Drunk Judge Gets Arrested For DUI In Georgia (Georgia)**

OJ Fagbire
*DUI Daily*
June 10, 2007

Over the weekend in Walker County, Ga., a state judge was arrested on a DUI charge.

The judge, whose identity was revealed as Judge Donny Peppers was stopped between 12:30 and 1 a.m. Saturday on Cloud Springs Road after a Catoosa County deputy saw his car weaving, says Fort Oglethorpe Police Chief Larry Black.

 According to the Police Chief, the officer called two Fort Oglethorpe officers to the scene and Judge Peppers failed the field sobriety tests that were carried out by the police officers.

The judge’s alcohol level was found out to be .16 which is twice the legal limit in Georgia.

Judge Peppers was taken to the Catoosa County Jail and booked but he later made bond.

According to Chief Larry Black Judge Peppers conducted himself very well as "He was very compliant and very respectful."

<http://www.duidaily.com/news/latest/drunk-judge-gets-arrested-for-dui-in-georgia-20070611-172-33.html>

******32. Winfield Board Approves Policy for Alcohol Testing (Kansas)**

Donetta Godsey *Winfield Daily Courier*
June 13, 2007

Beginning with the 2007-2008 school year, students at Winfield High School and their guests at school events will be subject to preliminary breath tests administered by local law enforcement and school officials.

Board of Education members unanimously passed the new policy at their Monday evening meeting at the recommendation of WHS principal Greg Rinehart.

Rinehart has addressed the board several times over the last few months regarding the development of the policy.

School board member Lyle Weinert said of the new policy, "This is something that's been on the agenda for the last three to four meetings. It's not something we casually looked at and then threw together. The administration has taken this new policy very seriously and done lots of work on it."

He admitted that the policy will take some adjustment by the students.

According to Beth Wilke, school board president, board members and administration felt like this was a policy that had needed to be implemented for some time.

"We've had parents request that breath testing be done," said Wilke, "and when Rinehart presented the policy to WHS Student Council members for review, they seemed to be in favor of it."

The whole purpose of the breathalyzers, Wilke noted, is student safety and, hopefully, reduction in underage drinking.

Under the new policy, administrators may determine possible student alcohol use based on indicators such as slurred speech, unsteady gait, impaired motor control, smell of liquor, vomiting, or evidence of alcohol possession.

School officials may choose to test all students, some students according to a predetermined pattern, or any student identified by an indicator at school or school-sponsored events.

If a student is determined to have consumed alcohol, the police will be notified, parents will be notified, and disciplinary action will be taken as outlined in the student handbook.

If a student who is suspected of being under the influence of alcohol refuses the test, the police department and parents will be notified and the student will be subject to disciplinary action for refusing to comply with an administrative request.

Rinehart also shared results of a recent survey taken by WHS students. Responding to the survey were 577 WHS students in grades 9-12. According to the survey, 36 percent of the respondents say they drink sometimes, 56 percent say they do not drink at all and 31 percent say they think it is okay for students their age to drink.

Of those who drink, 30 percent reported typically drinking four or more drinks when partying. Forty-four percent of students responded that they had attended a party in the last month where alcohol was served.

Questions about drinking and driving brought these responses: 20 percent of students have ridden at least once in the last month with a driver who had been drinking, and 27 percent have stopped a friend from driving after drinking at least once in the last month.

About adult attitudes toward drinking, 76 percent believe their parents would punish them severely if they were caught driving after drinking, but 28 percent said their parents have knowingly allowed them to attend a party where alcohol was available.

"I thought the responses to the survey were very interesting," said school board member Scott Schoon, "but they really didn't sway my vote."

<http://winfieldcourier.com/main.asp?SectionID=1&SubSectionID=1&ArticleID=19084>

******33. House Panel Dumps tax on Alcoholic Drinks (Louisiana)**

Jordan Blum
*Advocate Capitol News Bureau*
June 8, 2007

Legislation to start an average 25-cent sales tax on alcoholic drinks failed Thursday partly because of the massive $2.74 billion in revenue the tax would draw in five years.

House Bill 135 was designed to start the Alcohol Care Tax Fund to build multiple mental-health and substance-abuse facilities to meet the state's vast unmet needs, according to the legislation.

"All I'm asking for is a quarter," said Dr. Rick Foster, the Tangipahoa Parish coroner, who led the support of the bill.

"But it's $2.7 billion," quickly replied Rep. Rick Farrar, D-Pineville.

After a lengthy debate, Rep. Tank Powell, R-Ponchatoula, opted to voluntarily withdraw his long-shot bill from the House Ways and Means Committee.

"I know the votes," Powell said, acknowledging his bill did not stand a chance of surviving.

Committee Chairman Rep. Taylor Townsend, D-Natchitoches, said he appreciated the bill's intent. But he noted $142 million in funding enhancements for the state Department of Health and Hospitals in the pending state budget, including $25 million more just for addictive disorders.

Foster spent much of the discussion decrying the lack of care for Louisiana residents who struggle with addictions and mental problems.

The state's emergency rooms are clogged with people struggling with addictions, who do not receive the treatments and counseling they need, Foster said.

"Most people who go out and drink will not even know it's happening," Foster said, referring to the proposed tax.

If people spent too much on the tax, Foster said, then they will probably need the addictive disorder care the tax would fund.

Despite not having the votes, some legislators did voice support for the bill.

Rep. Carla Dartez, D-Morgan City, said she vowed not to raise taxes, but could make an exception for legislation like HB135.

"I think that for 25 cents, it's worth it," said Rep. Israel Curtis, D-Alexandria. "What's a life worth?"

Roxanne Townsend, DHH deputy secretary, said the bill would bring in a lot of money, but it would cost more than $100,000 annually during the next five years to set up and collect the tax and fund.

The proposed tax was set up to be collected by wholesalers straight from the retailers.

The tax would charge $8.45 per liter of liquor, $1.69 per liter of wine and $82.67 per barrel of beer or other low-alcohol beverage.

The 25 cents was deemed the estimated tax charged for an "average alcoholic beverage."

<http://www.2theadvocate.com/news/7896557.html>

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34.** **Hotline Gives Police New Way to Keep Tabs on Underage Drinking (Maryland)**

*Frederick News Post*
June 9, 2007

The Frederick County Health Department is offering a new tool to combat underage drinking.

When residents suspect a party is taking place at which drugs or alcohol are being served to people younger than 21, they can call the Frederick County Underage Drinking Party Tip Hotline at 301-600-1318.

Callers have two options:

· For parties that are in progress, press "0." Callers provide an operator with the address of the underage drinking party. The operator then transfers the caller to the appropriate police agency for action.

· For future parties: Callers may leave a message with the date, time and address of the party as well as information about other underage drinking matters. All information is forwarded to the appropriate police agency unit for action.

In either case, callers are not required to provide their name and all information is kept confidential.

According to the National Youth Risk Behavior Survey taken in 2005, nearly 40 percent of high school students in Maryland reported having at least one drink of alcohol during the 30 days prior to the survey and more than 20 percent reported having five or more drinks of alcohol in a row -- that is, within a couple of hours, during the same 30-day period.

Those with questions about the hotline or underage drinking may call Jean Byrd, Underage Drinking & Drug Prevention Coordinator of the Frederick County Health Department, at 301-600-3289. Additional information can be found at: [www.stopalcoholabuse.gov](http://www.stopalcoholabuse.gov).

<http://www.fredericknewspost.com/sections/news/display.htm?StoryID=61168>

******35. Minn. State Fair will let Vendors sell Stronger Beer (Minnesota)**

*Associated Press*June 10, 2007

Coming this summer to the State Fair: More bang in your beer.

Fair officials announced Friday that they’ll ditch the long tradition of selling only weak 3.2-percent-alcohol beer, and let their vendors ply stronger beer to thirsty fairgoers when the Minnesota get-together opens in August.

Other kinds of stronger drinks will also be available. Bottled drinks like Mike’s Hard Lemonade and Smirnoff Ice will also be allowed at full-strength, as opposed to the 3.2 versions available in the past.

Wine drinkers will also get more options this year. Wine was available for the first time at the fair in 2003 at one site, but this year 17 participating wineries will sell wine by the glass at a Minnesota Wineries Exhibit in the Horticulture Hall.

The 3.2 tradition is a relic of Minnesota’s Prohibition past, and fair vendors said they welcome the change. “We think it’s great,” said Dave Theisen, owner of the Ball Park Cafe, near the food building.

Theisen said last summer, customers complained that they had to pay full-strength prices to get 3.2 beer. “They feel they paid too much for it,” he said.

Still, Theisen said he’s considering charging another quarter for the stronger beer. His price last year was $3.50 for 12 ounces. Higher taxes will add another 9 cents to the cost per glass.

Even the weaker stuff was a pretty big hit with fairgoers, who bought 91,000 gallons of beer in 2006.

Fair officials said they don’t expect greater problems with public drunkenness, and they don’t plan to add any new security.

In many popular beers, the stronger variety has only a fraction more alcohol than 3.2 beer. Miller Genuine Draft contains 3.3 percent alcohol, while Michelob Golden Light is at 3.4 percent. Most light beers have about 4.2 percent alcohol, while other beers including Budweiser, Miller and Samuel Adams are at about 5 percent. Some imported beers contain more alcohol.

Offering boozier beer puts the fair on the same playing field with other well-attended Minnesota gatherings, with strong beer available for years at the Taste of Minnesota, the Basilica Block Party, and sporting events at the Metrodome.

<http://www.lacrossetribune.com/articles/2007/06/10/mn/01min10.txt>

******36. Fake ID Cards, Excuses Won’t Aid Underaged (New Jersey)**

*Cape May County News*
June 13, 2007

According to Joe Vasil, of the state Department of Motor Vehicles Document Fraud Unit, information is the key to fighting underage drinking at the shore.

“Owners and employees have to know what legitimate driver’s licenses look like so they can tell when they see a fake one,” he said to the crowd of around 150 in the bar business and law enforcement at the county “We Check for 21” training session June 7.

Started in this county 15 years ago by then-sheriff James Plousis, the statewide underage-drinking-prevention program is a collaborative effort between authorities and business owners to counter youth drinking in area resort towns.

Plousis, now U.S. Marshal for New Jersey, said the “We Check for 21” program has grown from 40 participants at first to over 100 establishments this year.

Glad to see so much interest, Freeholder Gerald Thornton, who oversees the county’s alcohol and drug programs, told the packed meeting room that increasing attendance would force the county to run multiple sessions next year.

Thornton also mentioned statistics showing the program has been a success.

“In 1998 there were 665 liquor-related arrests in the county,” he said.

“That number dropped to 140 in 2005, which is the latest figures available.”

He also noted the number of underage people turned away from bars and liquor stores has steadily decreased over the years.

David Bregenzer, counsel to the director of the state Division of Alcohol Beverage Control (ABC), also spoke.

He followed Thornton with a rundown of his agency’s initiatives targeting different age groups including the Cops in Shops program, multimedia spots and billboard/poster contests.

“By informing young people of the consequences of underage drinking, we see a decrease in purchase attempts,” Bregenzer said.

Vasil’s demonstration, however, is what many of those at the session wanted to see.

“I hold these driver’s license training sessions all over the state,” Vasil said, “but Cape May County’s program is always my biggest turnout.”

Vasil, a fake I.D. guru, gave tips to the assembled on how to identify bogus licenses from the real ones, noting the latest hologram and black light technology.

In the aftermath of Sept. 11, getting fraudulent identification is more difficult than before, Vasil said, but admitted it’s still a problem.

“Prior to 2003, you would only get a ticket for having a fake license,” he said. “Now, it’s a second-degree crime punishable by fines and imprisonment, but they’re still out there.”

Attendees of the program received a gift bag from the freeholders that included a training DVD, a book published by Anheuser-Busch picturing the different licenses from across the country and a black light, which aids in identifying fake licenses, as well as additional information to aid in the prevention effort.

The seminar was sponsored by the county Municipal Alliances in cooperation with the freeholders and funded by a grant from the Governor’s Council Alcohol and Substance Abuse.

[http://www.capemaycountyherald.com/article/articles/3767/1/Fake-ID-Cards,-Excuses-Won%92t-Aid-Underaged](http://www.capemaycountyherald.com/article/articles/3767/1/Fake-ID-Cards%2C-Excuses-Won%EF%BF%BDt-Aid-Underaged)

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37.** **Free ride Program aims to cut DWI (New Mexico)
County will pick up cab tab Friday, Saturday evenings**

Phaedra Haywood
*New Mexican*
June 13, 2007

Santa Fe County wants to be your designated driver.

Starting Friday, the county will pay for residents to take cabs anywhere in the city from 5:30 p.m. to 2:30 a.m. Fridays and Saturdays. The Chauffeur and Designated Driver program, called CADDy and modeled after a similar one in Grant County, aims to reduce drinking and driving.

“As a former bartender, I know how hard it is to take people’s keys away from them and persuade them to leave their cars downtown,” said county DWI Coordinator Becky Beardsley. “It’s so much easier to get people to be responsible … when they don’t have a car sitting in the parking lot.”

Rides are only available Friday and Saturday evenings, but riders can call the CADDy hot line (995-9528) anytime to make a reservation for later in the week. One of the program’s stated goals is to promote responsible drinking and planning ahead.

During the week, the hot line will ring an answering machine where callers can leave information for a reservation. Beginning at 4:30 p.m. Fridays and Saturdays, the phone will be answered by a person who will dispatch the calls.

Once a rider arrives at his or her destination, arrangements can be made with the driver to pick up the person at a specified time or a call can be made later for a ride home.

The county has contracted with Capital City Cab to provide the rides. Beardsley said the county invited every shuttle, chauffeur and taxi service in town to a meeting to discuss the project, and Capital City was the only provider that showed up.

The county will pay the cab company whatever the metered fare would have been had the rider been a normal customer. Each ride will cost the county about $15, Beardsley said. The service is only available within city limits. The program is funded with money from the liquor excise tax.

Beardsley said Grant County saw a 30 percent reduction in DWI arrests the year after it implemented the program.

The program will run on a trial basis through Sept. 15. At that point, the county will evaluate its cost and effectiveness. People who use the program will be asked for a phone number so county staff can follow-up with a survey of the service.

If CADDy proves effective, the county may develop a long-term plan that would transfer some of the cost (about $2 to $3) to the riders.

<http://www.freenewmexican.com/news/63103.html>


**38. US Airways is denied license to sell alcohol on flights to, from New Mexico (New Mexico)**

Christia Gibbons
*Arizona Republic*
June 14, 2007

US Airways won't be allowed to serve alcohol after 11:59 p.m. Thursday on its flights in and out of New Mexico after the state's department of Regulation and Licensing refused to give the airline a 90-day extension of its temporary liquor license.

The Tempe-based airline has been operating on the license because it is in the midst of applying for a permanent one. The fact that the nation's airlines were flying without liquor licenses came to the attention of New Mexico authorities in November after an intoxicated passenger killed himself and five others in a highway collision near Santa Fe shortly after getting off a US Airways flight.

The airline was cited in that case, as well as in an incident in late spring when a passenger was arrested for drunken driving after getting off a US Airways flight.

The denial of the extension was unexpected, US Airways officials said Wednesday night.

"Frankly we're kind of surprised," airline spokeswoman Andrea Rader said. "We notified them this morning that we would be sending over material to show them what we planned to do."

In a document provided by the state of New Mexico on Wednesday, authorities said the temporary liquor license extension was denied primarily for two reasons.

First, US Airways has not resolved the citation that resulted from the fatal accident. Second, the state said the carrier delayed the implementation of a program for dispensing alcohol, created by the University of New Mexico, as part of a statewide crackdown on drunken driving.

As the denial of the temporary license was being hand-delivered to the airline's attorney, a letter from the carrier was sent to the state indicating the airline would distribute parts of the state's training program now to flight attendants instead of waiting for a regularly scheduled training this fall.

Robert Hagan, spokesman for the state's licensing department, said the airline's letter would be reviewed and added to its application for a permanent license. But, he said, the airline still needs to resolve the first citation, which carries a first-offense fine of $1,000 to $2,000 and suspension of serving alcohol for a day.

Rader said, "We think we did comply with what they were asking for."

<http://www.azcentral.com/news/articles/0614biz-usairways0614.html>

**** **39. Underage Drinking Must be Prevented (Ohio)**

*Advocate*
June 8, 2007

Graduation is an exciting time for both parents and their teens. As celebrations are being planned, it's the perfect time to remind parents to "think again" if they believe it's OK to host a "special event" party with alcohol or to buy it for teens and their friends. These parents might have good intentions, but hosting such parties or buying alcohol for minors -- even once -- is irresponsible, illegal and can create very serious consequences for the rest of their lives.

Prevent, Don't Provide is the message Matesich Distributing Co., convenience stores, grocery stores and other retailers are sending to parents and adults asking them to do their part in preventing underage drinking.

The good news is more than 27 million underage youth are doing the right thing by not drinking; 72 percent of 12- to 20-year-olds do not drink. Also, there were 2,800 fewer teen drunk-driving fatalities in 2005 than in 1982. We must all do our part to help this positive trend continue.

Matesich Distributing Co. is working diligently within the community to discourage underage sales and illegal underage drinking. By working together, we can all make graduation a true accomplishment for our teens by hosting an alcohol-free graduation event.

We want to see the problem of underage drinking solved and we urge parents and all adults to join us in this fight ... don't buy alcohol for minors or provide it to them at parties.

<http://www.newarkadvocate.com/apps/pbcs.dll/article?AID=/20070608/OPINION03/706080324/1014/OPINION>

**40.** **Governor To Sign Underage Drinking Bill (South Carolina)**

*Office of the Governor*June 14, 2007

Gov. Mark Sanford will join with legislators, law enforcement and members of MADD tomorrow morning (Friday, June 15, 2007) to sign S.213, a bill aimed at cracking down on youth access to alcohol products. During the bill signing, the governor will also be talking about the continuing need to pass tougher DUI laws as well.

Tomorrow's bill signing will take place on the South Steps of the S.C. Statehouse at 9:30 a.m. For more information or directions from your location, please contact Joel Sawyer in the Governor's Office at 803-734-2100.

**41. New Aberdeen Ordinance bans Sale of Beer Kegs Without ID Tag (South Dakota)**

Sametta M. Thompson
*Keyport Bureau*June 10, 2007

The township has joined its sister borough, Matawan, and other municipalities in curbing underage drinking.

The township adopted an ordinance at a meeting Monday that makes it illegal to sell beer kegs without an identification tag affixed at the time of sale. The ordinance was brought to the township's attention by Police Chief John T. Powers.

It requires licensed retailers to include on the label their name, address, telephone number, a beer keg number assigned by the retailer and a visible warning that intentional removal or defacement of the label is an offense punishable by fine and/or imprisonment.

The ordinance requires the purchaser of the keg to give the retailer the number of his or her driver's license or passport. Additionally, the purchaser's name, date of birth and address will be collected by the retailer.

The date and time of the purchase will be recorded. The person must also provide a signature.

A fine up to $2,000, jail sentence up to 90 days or community service will be imposed if the ordinance is violated. All of the information obtained is required to be kept on file by the retailer for 90 days.

<http://www.app.com/apps/pbcs.dll/article?AID=/20070610/NEWS01/706100363/1004/NEWS01>

**42.** **US Parents Locked up for Serving Beer (Washington)**

*AFP*
June 13, 2007

Two American parents have started a two-year prison sentence for serving 350 dollars worth of beer and other alcohol at their son's 16th birthday party, authorities have said.

Drinking age in the United States is 21, but Elisa Kelly, 42, and George Robinson, 52, decided to buy alcohol for their son Ryan's party, which was attended by about 30 people 12 and 18 years old, on August 16, 2002.

Concerned that the teenagers would drink without supervision, the parents said they had bought alcohol with the understanding that the teens would spend the night at their place and collected half a dozen car keys to prevent drunk driving.

After receiving three calls reporting possible under-aged drinking, police broke up the party near Charlottesville, Virginia, after arriving at around 11 pm and arrested Kelly and Robinson.

The parents, who have since divorced, were sentenced to four years and six months in prison -- six months for each of the nine teenagers who were found to have "measurable levels" of alcohol in their system. Half the sentence was suspended.

Robinson and Kelly, who were put in prison Monday, had appealed the sentence all the way up to the Supreme Court, which refused to hear their case on May 21.

<http://www.politicalgateway.com/news/read/84907>



**43.** **Former Olympia Brewery Sold for $45 Million (Washington)**

*Beverage News Daily*
June 15, 2007

An agreement has been reached for a Seattle company to buy the former Olympia brewery in Tumwater, Wash., for $45 million, according to court documents filed this week.

Purchaser of the 120-acre property would be the family owned Benaroya Co. The property, currently owned by All American Bottled Water Corp., is in bankruptcy proceedings.

Benaroya could still pull out of the deal if it finds problems with the property during an inspection period, The Olympian newspaper reported.

"There is no deal until a judge says there's a deal," a Benaroya executive, Joseph Alhadeff, told The Olympian. The agreement is subject to approval by U.S. Bankruptcy Judge Paul Snyder, who is scheduled to consider the motions July 5 in Tacoma.

Miller Brewing Co. closed the 111-year-old brewery in 2003, putting hundreds of people out of work. Miller sold the property for $14 million in 2004 to All American, a startup company led by L. Eric Whetstone, who planned to bottle water on the property.

But a bank that gave Whetstone a loan commitment of $125 million withdrew, and Barney Ng, a California-based lender, foreclosed on the property and moved to sell it to recoup $34.2 million he said he and his investors loaned Whetstone.

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44.** **Vancouver Moves Against Low-Cost, High-Alcohol Booze (Washington)**

*KOIN 6*
June 11, 2007

City leaders want to take fortified wines and high-alcohol malt liquors off the store shelves in the greater downtown area.

Planners call it a major step in curbing public drunkenness, and the crime that goes with it. Other city planners say that as a necessary step in cleaning up Vancouver's image. They've come up with a "hit list" of alcoholic products they want removed. They've also come up up with an "alcohol impact area" which stretches east from downtown out to Andresen Road.

The city council unanimously approved the measure Monday night. Although not binding on retailers, it might be effective anyway, because some store operators are already looking for reasons to stop selling the products. Baljinda Sandhuh, who runs the Day And Night Market in Vancouver, has already taken fortified wines off the shelves, and she'd have no problem doing the same with low cost, high alcohol beer as well. "A lot of drunk people come in here, and they steal the stuff", she complains.

Sandhuh, and some other retailers, say they will quickly comply with the city's request. Those who don't want to comply would not have to - immediately. However, city leaders say if they don't get an adequate voluntary response, they'll go to the Washington Liquor Control Board to make it mandatory.

