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

|  |  |
| --- | --- |
|  | e - NEWS |
| *October 1, 2004* | |

1. [Russian General Behind AK-47 Now Gives Name to Vodka with A Bang](#First)

2. [Drinkers Object to Jack Daniel's Watering Whiskey Down](#Second)

3. [Alcohol Tied to 75,000 Deaths a Year in U.S. – Study](#Third)

4. [Pernod First-Half Profit Climbs 4.7% on Asian Demand (Update2)](#Fourth)

5. [What Good is Alcohol?](#Fifth)

6. [AGs Argue to Open Wine Trade](#Sixth)

7. [Clos du Bois Launches U.S. Marketing Campaign: 'All the French You Need to Know'](#Seventh)

8. [The Bartender](#Eighth)

9. [Iowa City to Weigh Raising Age Limit in Bars](#Ninth)

**1. Russian General Behind AK-47 Now Gives Name to Vodka with A Bang**

*Canadian Press*

September 27, 2004

LONDON (AP) - A new product introduced in London brings together two of Russia's most famous exports: vodka and the AK-47 assault rifle.

What ties them together? Both are named after Gen. Mikhail Kalashnikov. Kalashnikov, 84, who invented the AK-47, was in London Monday for the official release of Kalashnikov vodka, which is distilled in St. Petersburg, Russia, and imported to England. The vodka retails for about $24 US for a 22.5-fluid ounce bottle. It is available at several clubs throughout London with a U.S. release planned for next year.

Lieutenant General Mikhail Kalashnikov, famous for his AK-47 gun design, raises a toast in London, Monday, to launch his Kalashnikov Vodka drink. (AP/John D McHugh)

"We're marketing this as a premium brand," said Kalashnikov vodka spokeswoman Sophy Geering.

It is the brainchild of entrepreneur John Florey, a graduate of London University, Cambridge University and London's Imperial College.

Florey found the Russian general in the town of Izhevsk in Siberia, where he works as a mechanical engineer at the Izhmash Mechanical Engineering Plant. Kalashnikov agreed to lend his name to the brand and was named honorary chairman of the new vodka company.

Though Kalashnikov vodka has yet to reach the United States, some U.S. anti-gun-violence organizations are wary of the vodka's association with the assault rifle, particularly at a time when the U.S. national assault weapon ban has expired.

"We'd hope the general would agree that his weapon was never intended for civilian use, just as he'd agree that his vodka should be consumed responsibly," said Peter Hamm, communications director for the Washington-based Brady Campaign to Prevent Gun Violence.

"And obviously, we'd hope he'd agree that the people enjoying his vodka should not have anything to do with his weapons."

Kalashnikov, a former tank commander, designed the AK-47 assault rifle after being wounded in the Second World War, out of fear that the Germans were better equipped than their Allied foes. The Red Army adopted his design in 1947, with the weapon's short name meaning "Automatic gun of Kalashnikov, 1947."

The weapon went on to become the weapon of choice for both communist armies and many criminal and guerrilla groups worldwide. Some estimates say there are now 100 million AK-47s in existence.



**2. Drinkers Object to Jack Daniel's Watering Whiskey Down**

Source: *Associated Press*

September 29, 2004

NASHVILLE, Tenn. - If you've noticed that your Jack Daniel's is carrying a little less kick these days, you're probably right.

The famed "sippin' whiskey," which advertises a recipe traced back to the nation's first registered distillery, has lowered the alcohol content of its flagship brand, Old No.7 Black Label.

The whiskey now registers 80 proof, instead of 86 (or 40 percent alcohol versus 43 percent), and some drinkers feel betrayed. advertisement

"You can't screw with a legend like that and get away with it," said Frank Kelly Rich, editor of Modern Drunkard magazine. "I'm sure Jack is spinning in his grave." <http://www.moderndrunkardmagazine.com/>

The company says the switch was made because most customers prefer the less potent mix, which was marketed first in a few states and some overseas markets. The transition was completed earlier this year.

Those who want a stiffer drink can buy specialty versions like Jack Daniel's Single Barrel at 94 proof, the company said.

"We were just doing what we think most of our friends and customers wanted," said Roger Brashears, who has worked at Jack Daniel's in Lynchburg since the 1960s. "Our quality control is very scientific. It comes down to how it tastes."

The company touts Old No. 7 as "a simple reminder that some things just never change. And shouldn't. This is the old-time whiskey made as our fathers made it."

The uproar was started by a few whiskey drinkers who think Jack should stick to that promise. An online petition asking the company to switch back has gathered about 700 signatures.

"If that's what the people wanted, they would have announced it in an ad - 'Look we lowered the proof for you,' " said Rich, who calls his magazine "the voice of the recreational drinker."

Rich said the company pushed the change through without any fanfare and whiskey drinkers are just now picking up on it, saying it tastes sweeter and doesn't pack the same punch.

Jack Daniel's gets to 80 proof by adding a little more water to the raw whiskey that comes out of barrels after four years at roughly 125 proof, Brashears said.

"I can't tell that difference," he said. "We haven't done anything to affect the quality that has made us so many friends over the years."

It is not the first time drinkers have felt burned by Jack. Roughly 17 years ago, the company lowered the proof of its famed whiskey from 90 to 86.

Enough is enough, says Rich.

"I've switched to Maker's Mark since," he said. "I used to drink a bottle a week. Some of our board members drink three bottles a week. Once this gets out, it will be like the New Coke thing - they'll have to bring it back."

Competitors also jumped on Jack Daniel's. Kentucky's Jim Beam noted they have no plans to lower the alcohol content of their 210-year-old recipe.

"I think it's interesting that our primary competitor says they've been true to their roots yet they've lowered their proof and altered their recipe," said Dave Racicot, senior director of global marketing for the Kentucky whiskey.

The whiskey recipe is still the same, including four years of aging in wood barrels. Old No. 7, which Jack Daniel's says is the country's most popular whiskey with 7 million cases shipped last year, continues to sell well.

It is closing in on Johnnie Walker Black Label scotch whisky as the world's No. 1 seller, said Phil Lynch, spokesman for Brown-Forman, the Louisville, Ky.-based company that owns Jack Daniel's.

Lynch said the company uses the same ingredients and time-honored process it always has - including the charcoal filtering that makes Tennessee whiskey different than Kentucky bourbon.

Rich said the company was saving money by adding more water, but Jack Daniel's said any savings were canceled by the expense of having to change its labels.

"We don't think it's appropriate to have a magazine called Modern Drunkard dictate how we make our whiskey," Lynch said.



**3. Alcohol Tied to 75,000 Deaths a Year in U.S. – Study**

By Paul Simao

September 23, 2004

ATLANTA (Reuters) - Alcohol abuse kills some 75,000 Americans each year and shortens the lives of these people by an average of 30 years, a U.S. government study suggested on Thursday.

Excessive alcohol consumption is the third leading cause of preventable death in the United States after tobacco use and poor eating and exercise habits.

The Centers for Disease Control and Prevention, which published the study, estimated that 34,833 people in 2001 died from cirrhosis of the liver, cancer and other diseases linked to drinking too much beer, wine and spirits.

Another 40,933 died from car crashes and other mishaps caused by excessive alcohol use.

Researchers considered any man who averaged more than two drinks per day or more than four drinks per occasion to be an excessive drinker. For women it was more than one drink per day or more than three drinks per occasion.

"These results emphasize the importance of adopting effective strategies to reduce excessive drinking, including increasing alcohol excise taxes and screening for alcohol misuse in clinical settings," the study said.

Men accounted for 72 percent of the excessive drinking deaths in 2001, and those 21 and younger made up 6 percent of the death toll.

Light or moderate drinking can benefit a person's health, but heavy drinking increases the risk of high blood pressure, heart disorders, certain cancers and liver disease.

Excessive drinkers are also more likely to die in car accidents.

The United States aims to cut the rate of alcohol-related driving fatalities to 4 deaths per 100,000 people by 2010, a 32 percent drop from 1998.



**4. Pernod First-Half Profit Climbs 4.7% on Asian Demand (Update2)**

September 23, 2004

(Bloomberg) -- Pernod Ricard SA, the world's third- largest liquor maker, said first-half profit rose 4.7 percent on growing Asian demand for Chivas Regal scotch and Martell cognac.

Net income climbed to 169 million euros ($208 million) from 161.5 million euros a year earlier, Chairman Patrick Ricard said in a presentation to analysts at Pernod's Paris headquarters. Analysts expected profit of 172 million euros, a Bloomberg survey showed. Sales advanced 5 percent to 1.57 billion euros.

Ricard has focused on reviving demand for Chivas and Martell since his company bought those brands two years ago, producing sales growth for both in the first half. The gains prompted the 59-year- old chairman to raise his forecast for annual growth in operating profit to between 8 percent and 10 percent, from 7 percent.

``The profitable brands preformed very well, particularly Chivas and the premium cognac category,'' Cyril Freu, an analyst at CDC Ixis in Paris with an ``add'' recommendation on the stock, wrote in a research note before the earnings were released.

Pernod shares fell 20 cents to 100 euros at 9:45 a.m. in Paris, giving the company a market value of about 7 billion euros. The stock has added 13 percent in 2004, heading for a ninth annual climb in a row.

Chivas shipments rose 11 percent in the first half, and Martell shipments climbed 8 percent. Operating profit slipped 0.6 percent to 282 million euros.

The company, created through the 1975 merger of two makers of aniseed-based liquors, owns brands such as Wild Turkey bourbon and Jacob's Creek wine. The acquisition of brands including Chivas and Martell from the former Seagram Co. also gave it drinks including Seagram gin and Glenlivet whiskey.

Diageo Plc is the world's largest liquor maker, followed by Allied Domecq Plc.



**5. What Good is Alcohol?**

By Liz Szabo – *USA Today*   
September 27, 2004

Any bartender can recite the recipe for a martini: a chilled glass, fine gin, a touch of vermouth, garnished with an olive. If only doctors could so precisely calculate alcohol's effects on the body.

In a report released this summer, researchers from the National Institute on Alcohol Abuse and Alcoholism conclude that, overall, a drink or two a day can be beneficial. But researchers note that alcohol affects people in different ways, based on age, sex, genes and other factors.

While wine may protect a 65-year-old man with high cholesterol, it may offer no help to a 22-year-old. The young have a low risk of heart disease, but a high chance of dying in accidents. And alcohol's benefits cannot be banked for the future.

"Whereas alcoholic drinks may be standardized," researchers concluded, "drinkers are not."

Alcohol's benefits for cardiovascular disease - the USA's leading killer - usually outweigh its negative effects. According to a study cited in the report, if all current drinkers went on the wagon, the country would suffer an additional 80,000 deaths a year.

But should alcohol get all the credit? Moderate drinkers tend to be more health-conscious, while abstainers tend to be poorer and eat fewer vegetables, says Lorraine Gunzerath, one of the study's authors. Some scientists question whether wine lovers are healthier because they drink Bordeaux or because they can afford to join a gym.

Scientists disagree, too, about why alcohol seems to promote health. Some credit antioxidants in red wine. Other experts, like Gunzerath, note that beer and spirits appear to offer just as much protection.

Research now suggests that drinking patterns are as important as total consumption.

Alcohol passes through the body relatively quickly, so drinking small amounts every day stretches out the benefits. Bingeing, on the other hand, poses a number of risks. People who want help weighing the odds should consult their doctors, Gunzerath says. And she notes that people can get just as much benefit - without the risks - from regular exercise.



6. AGs Argue to Open Wine Trade

*The Associated Press*

September 25, 2004

West Coast businesses should be able to ship wine to customers, attorneys general from Washington, Oregon and California are telling the U.S. Supreme Court.

In a friend-of-the-court brief, the state lawyers said the court should overturn a law that prohibits some winemakers from shipping their product directly to customers in all 50 states.

Most wineries welcome visitors with tasting rooms or winery tours. Winemakers typically try to sell visitors wine on the spot, but they also would like to guarantee that a visitor can get the same wine back home even if it isn't sold there by retailers.

That's where the conflict arises.

The Supreme Court case, to be heard in December, involves a Michigan law that prohibits the ordering of wine directly from producers outside the state. Instead, the wine must be shipped through state-licensed wholesalers.

That hurts many Washington winemakers, because wholesalers usually don't stock items from smaller wineries. Moreover, the Michigan law allows its in-state wineries to bypass the wholesaler and ship directly to customers.

David Adelsheim of Newberg, Ore., president of the Oregon Winegrowers Association, said out-of-state wineries should be on the same legal footing as in-state wineries.

"It is critical to Oregon's wine industry, especially the majority of wineries that are small and lack access to retail shelf space," Adelsheim said.

At least 20 states prohibit direct interstate shipment of wine to consumers; others allow it with some restrictions. Those states, including Michigan, say the system helps prevent fraud and underage drinking. They also collect millions of dollars from alcohol taxes.

The brief says the Michigan statute violates the commerce clause of the U.S. Constitution and amounts to "economic protectionism."



**7. Clos du Bois Launches U.S. Marketing Campaign: 'All the French You Need to Know'**

*Business Wire*

September 27, 200

**Radio & Print Advertisements, On-Premise Events and Off-Premise Merchandizing to Remind Consumers of Clos du Bois’ World-Class Quality**

HEALDSBURG, CA -- (BUSINESS WIRE) -- Sept. 27, 2004 -- Allied Domecq Wines USA (NYSE:AED), the American fine wine division of Allied Domecq PLC, and Clos du Bois(R), one of America's best-selling Sonoma County wines, announce today the launch of a $5M marketing campaign - "All The French You Need To Know." Complete with radio and print advertising, on-premise tour events and off-premise merchandizing, the year-long campaign is designed to remind consumers of Clos du Bois' world-class quality.

This campaign will specifically target Clos du Bois' desired demographic; appealing to adult consumers who are in the process of refining their lifestyle and making the transition to the next level of sophistication. "Research shows that the Clos du Bois brand signals quality, class and a hint of the French/European sophistication, hence the rationale behind the 'All the French You Need to Know' campaign," said Peter Heyworth, vice president of marketing, Clos du Bois, Allied Domecq Wines USA.

"Clos du Bois is enjoying a 40 percent increase in marketing spending over last year, signaling our heavy investment in the wines people want - for celebrating, for entertaining and for gift giving," said Bill Newlands, President of Allied Domecq Wines USA. "We've carefully crafted the 'All the French You Need to Know' campaign to ensure that we're reaching our target consumer and delivering our brand messages, ideally positioning Clos du Bois for continued momentum and brand awareness."

Created by Duncan Channon, Clos du Bois radio advertising will appear in three, sixty-second spots entitled "Customs," "Frenchman" and "En Francais," featuring a female heroine and a French man in comical situations. The radio ads will run during highly-rated programs in 15 cities, delivering more than 57 million overall impressions against Clos du Bois' target consumers.

Rounding out the "All the French You Need to Know" campaign, a print advertisement depicts an elegant presentation of a French meal where Clos du Bois are the only French Words a consumer needs to know. To ensure full integration, this same print design theme will also be used in off-premise merchandizing this spring to drive consumer purchase.

Clos du Bois was recently named "Established Growth Brand in 2004" by the Adams Beverage Media Group.



**8. The Bartender**

By Matthew Miller - *Forbes*

September 27, 2004

Just about every morning Sidney Frank, the 84-year-old liquor baron, climbs into his $400,000 Mercedes Maybach and is driven to one of four golf courses in upstate New York. He's not there to play the game; he's too frail to swing a club. Instead, at the wheel of a golf cart he leads a team of aspiring pros across an exclusive course where he plays vicariously. In his gruff, gravelly voice, Frank tells his players what clubs to use, where to hit the ball and how to play the angles on the green. In addition to their $50,000 salaries, Frank pays his pawns cash after every hole: $1,000 for a double eagle, $500 for an eagle, $100 for a birdie--plus $500 to the round's winner.

Frank can indulge his eccentricities. In June he sold Grey Goose vodka for a jaw-dropping $2 billion to Bacardi Ltd. The sale--the largest in liquor-business history for a single brand--solidified his spot in the booze business pantheon. It also landed him on The Forbes 400. His personal proceeds from the deal, plus a 75% stake in Sidney Frank Importing, make him worth at least $1.6 billion.

That's enough scratch to make your average octogenarian seriously consider retirement. But Frank wants more. He wants to create another fortune with premium tequilas, low-priced wines and energy drinks. "At my age, you either stay busy or die," says Frank, smoking a custom-made Davidoff cigar in his bedroom, where he spends most of his days watching World War II movies on a 72-inch television.

Frank has plenty of hurdles to overcome. While vodka is mixable with just about anything, tequila is typically seen as a shot product by boozehounds, making it harder to achieve the volume of Grey Goose.

His new line of Italian wines, sold under the label "Sidney Frank Selection," will encounter a market saturated with thousands of labels. Frank plans to undercut the competition by offering $10 bottles in stores where the average Italian bottle sells for $25. "To be a success in wine, you can't be in a niche," he explains. "You have to be all over the place." Accordingly, Frank is hoarding wines in Australia, Chile and France.

On the opposite end of the beverage business, Frank is trying his hand at the $1.1 billion U.S. energy drink market. In a joint venture with hip-hop entrepreneur Lil' Jon, Frank created Crunk, a pomegranate-flavored beverage designed to arouse and invigorate. So far it's been a hit. Crunk has sold 35,000 cases for $400,000 since April in urban markets like Atlanta and New York. "If I can get 10% of Red Bull's market, I'll make a lot of money," he says.

The more to give away perhaps. Each of his 200 employees will benefit from the Grey Goose sale; workers who have been with the company ten years will receive two year's salary as a bonus. Frank also donated $100 million to Brown (which he attended for a year), providing scholarships for students who can't afford the $31,000-a-year tuition. The gift is tax deductible, and he receives about $17 million a year in annuity payments (it pays for itself in just four years).

Just another savvy move from Sidney Frank.



**9. Iowa City to Weigh Raising Age Limit in Bars**

By Erin Jordan – *Register Iowa City Bureau*

September 29, 2004

**Council reviews year-old ordinance, will gauge support for 21-and-older policy**

|  |
| --- |
|  |

IOWA CITY, IA -- City leaders decided Tuesday to revive talks about moving to a 21-and-older ordinance for Iowa City's bars and nightclubs.

After listening to more than an hour of comments from students, bar owners, health officials and Iowa City residents, the council decided to discuss at a work session, as soon as next week, whether there is enough support for a 21 ordinance.

"I am willing to go 21 if we can't come up with some solutions to correct this problem," said Councilwoman Connie Champion.

Several other council members said a year-old ordinance prohibiting people under age 19 from being in bars after 10 p.m. has been effective in reducing problem drinking. The 19 ordinance was a compromise reached after the council threatened last year to put the age limit at 21.

"The 19 ordinance has really cut back on the 18-year-olds getting into the bars," said Katrina Sogaard, 20, a U of I student from Dyersville. She said going to 21 might clean up downtown and improve safety for students.

Leah Cohen, who owns Bo-James, a bar in downtown Iowa City, predicted a worse outcome.

"If it goes to 21, we will see penny drinks instead of quarter or dollar," she said.

About 100 people wedged into the City Council chambers to hear the discussion. Student leaders came armed with a 21-and-older opposition plan that includes starting a petition of student signatures and filming a documentary of Iowa City house parties.

"Our main issue is safety," said Lindsay Schutte, a U of I senior and student government president.

Students opposed to going to 21 argue that banning minors from bars will push underage drinking to unmonitored parties in houses and apartment complexes.

"House parties happen all the time and are continuing to get worse," Schutte said.

That is not what Iowa City police found during the first year of the 19 ordinance, Capt. Matt Johnson said. House party charges dropped 13 percent from Aug. 1, 2003, to July 31, he said. People under age 19 also made up a smaller percentage of those charged with underage possession of alcohol than they did in the previous year, police said.

Bar owners and students said there have been improvements since the 19 ordinance went into effect. Many bars now require minors to wear wristbands, and they train staff about how to avoid selling alcohol to minors.

More than 20 bars this summer faced discipline from the state because of violations for serving alcohol to minors, and three bars changed owners because their liquor licenses were suspended for the summer.

"Over the past year, I've seen those changes," said Nate Green, a U of I student. "One year isn't really enough time."

