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| *October 15, 2004* |

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1. Five Binge-Drinking Deaths 'Just the Tip of the Iceberg'

By Robert Davis, *USA TODAY*

October 7, 2004

**This month has been deadly for binge-drinking college students.**

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| http://images.usatoday.com/news/_photos/2004/10/06-binge-inside.jpg | http://images.usatoday.com/_common/_images/clear.gif | *Friends remember Samantha Spady, who was found dead at a Colorado State fraternity house in September.* | http://images.usatoday.com/_common/_images/clear.gif |
| *By Evan Semon, The Rocky Mountain News/AP* |

Five underclassmen in four states appear to have drunk themselves to death, police say, after friends sent their pals to bed assuming that they would "sleep it off."

Some college presidents are promising to crack down on underage drinking — four of the students were too young to drink legally. Others have shut down fraternity houses where bodies were found.

But one expert calls those moves too little, too late. "It's locking the barn door after the horse has been stolen," says Henry Wechsler, a Harvard University researcher who has studied campus drinking. He says schools with weak enforcement of drinking rules put students at greater risk.

"The schools that have the greatest problems take the easiest solutions," he says. "They have educational programs and re-motivation programs. But they don't try to change the system. These deaths are just the tip of the iceberg."

In some college towns, drink specials at bars and loose enforcement of liquor laws make it easier and cheaper for students to get drunk than to go to a movie, Wechsler says. The result, research suggests, is 1,400 student deaths a year, including alcohol-related falls and car crashes.

"Some schools enforce," he says. "But others have a 'don't ask, don't tell' policy. It's a wink."

Others say schools can't stop a young adult who chooses to drink.

Drinking problems start in high school and are simply let loose in college, says the American Council on Education, a Washington-based advocacy group that represents about 1,800 colleges and universities.

"Shouldn't colleges crack down on alcohol consumption?" asks Sheldon Steinbach, ACE's general counsel. "They could. But you would be turning the college into a quasi-police state and impairing their ability to grow up."

All of these students, last seen drinking heavily, were found dead:

• Samantha Spady, 19, of Beatrice, Neb., was found Sept. 5 in a Colorado State University fraternity.

• Lynn Gordon Bailey Jr., 18, of Dallas, was found Sept. 17 at a University of Colorado fraternity house.

• Thomas Ryan Hauser, 23, a junior from Springfield, Va., was found Sept. 19 in his apartment near Virginia Tech.

• Blake Adam Hammontree, 19, of Medford, Okla., was found Sept. 30 in a fraternity house at the University of Oklahoma.

• Bradley Barrett Kemp, 20, of McGehee, Ark., was found at home Saturday at the University of Arkansas.

The official cause of death has not been determined for the three most recent cases.

Colleges with large Greek systems and big, highly competitive intercollegiate athletic programs have the highest rates of student binge drinking, Wechsler says. "There is a culture of drinking on campuses that must change," says Patty Spady, Samantha's mother. "People put her in a room thinking that she would sleep it off."

But chug too many drinks — Samantha is said to have consumed up to 40 beers or shots of vodka the night she died — and the blood alcohol level continues to rise even after a person passes out. Alcohol kills when the person is too intoxicated to maintain his own airway. He then suffocates on his own vomit or on an otherwise harmless obstruction, such as a pillow.

"These kids don't know this," says Spady, who set up a foundation (SAMspadyfoundation.org) to find ways to prevent deaths on campus. "Drunks cannot take care of drunks." Spady urges students to "stay sober to take care of your friends."

**2. Battle Brews for Young Drinkers**

By Tom Daykin – *Journal Sentinel*
October 9, 2004

***Since 2000, beer's share of the overall alcohol beverage market has eroded, while the share held by wine and spirits has increased, particularly among younger consumers, industry observers say.***

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| http://graphics.jsonline.com/graphics/bym/img/oct04/aileen1010.jpg |
| *Photo/**Gary Porter* |
| Aileen Richardson serves up one of the specialty martini drinks that are gaining in popularity at Kenadee's, 725 N. Milwaukee St. Younger drinkers are less inclined to like beer, say industry observers, and makers of spirits have worked hard to attract a youthful clientele. |

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Just shy of her 22nd birthday, Kelly Bannen is the type of customer that big brewers such as Anheuser-Busch Inc. and Miller Brewing Co. pay dearly to reach.

Bannen's age group, people 21 to 24, account for 30% of the nation's beer consumption. Get 'em while they're young, and you could win a lifelong customer, marketing experts say.

There's just one problem: Bannen is among a growing number of young drinkers who don't like beer.

"I think it tastes really bitter," said Bannen, a Marquette University senior. "I like sweeter things to drink."

Since 2000, beer's share of the overall alcohol beverage market has eroded, while the share held by wine and spirits has gained ground, according to New York-based consulting firm Beverage Marketing Corp.

Much of beer's decline is tied to inroads that sellers of vodka, tequila and other spirits have made with consumers in their 20s. Propelled by aggressive marketing, a new generation of drinkers is showing a growing preference for sweeter drinks, such as martinis and other cocktails made with fruit-flavored spirits.

Some of those drinkers, including men, who account for over 80% of U.S. beer consumption, still imbibe a frosty brew. But they are less loyal to suds, and more willing to spend an evening at the clubs sampling a wide range of concoctions.

"They have a great thirst for variety," said Robert Lachky, Anheuser-Busch vice president of brand management.

St. Louis-based Anheuser-Busch last week launched a new beer - spiked with caffeine, ginseng and fruit flavors - to help broaden its appeal to young consumers. Other new drinks may follow, said executives at Anheuser-Busch, the nation's largest brewer.

Meanwhile, Golden, Colo.-based Adolph Coors Co. is touting two new fruit-flavored versions of its Zima flavored malt beverage.

Miller, for now, is largely avoiding such new products and remains focused on selling beer. Company executives believe they can grab more customers, including young ones, by continuing to focus on core brands such as Miller Lite. Miller also is ramping up its aggressive program of conducting sampling promotions at bars and clubs - something spirits distillers have also used during their recent growth spurt.

Miller executives say they are well aware of the threat beer sales face from the rising tide of vanilla vodkas, raspberry martinis and other sweet spirits. The stakes are high for brewers like Miller, which has around 1,800 employees in Milwaukee.

"Wine and spirits have done a great job of attacking us by creating consumer excitement," Miller president Norman Adami said in a speech last week to a group of Illinois beer distributors. "Let's not kid ourselves about that seriousness of that challenge."

**Something different**

Spirits consumption was declining for nearly 20 years until the late '90s, said Michael Bellas, Beverage Marketing chairman. Around that time brands such as Absolut Vodka and Bacardi Rum started test-marketing new flavors.

"They're different," Bellas said. "Kids always want something different and new."

The younger generation also shows less consumer loyalty than their parents, Lachky said.

"People used to say, 'I am a Bud drinker,' " Lachky said. "They don't say that anymore. People now switch around with what they try."

Along with traditional advertising, the distillers pushed their new drinks by cultivating relationships with bartenders and waiters, said Bellas and Eric Shepherd, editor of Beer Marketer's Insights, a trade publication.

"The distillers would train the waiters to ask if you want a cocktail," Shepherd said. "They wouldn't ask you if you want a *drink.*"

Promotions at bars and clubs have helped build demand, said Tom Wackman, who operates three downtown Milwaukee establishments on N. Milwaukee St.: Eve, Kenadee's and Tangerine. Those promotions often include free or reduced-cost samples, supplied by the distillers and their distributors, Wackman said.

As a result, the spirits' share of the alcoholic drink market rose from 27.3% in 2000 to 27.9% in 2003, according to Beverage Marketing. Beer's share declined, from 60% to 58.5%, while wine's share increased from 12.7% to 13.6%.

**Cultivation strategy**

Beer is still the most popular alcoholic drink in the United States. Industrywide, sales volume dropped slightly in 2003, by 0.9%, according to Beer Marketer's Insights.

"As a category, we must collectively convince retailers that we are worthy of more of their confidence," Miller's Adami said in a July speech at a beer industry summit, sponsored by online trade publication Beer Business Daily.

It won't be easy, said Tom Pirko, who operates BevMark LLC, a beverage industry consulting firm based in Santa Barbara, Calif.

"There's a whole flock of young people who have become absolutely bored with beer," Pirko said.

Part of Anheuser-Busch's strategy to cultivate young drinkers was seen with the debut of B-to-the-E, a caffeine-infused beer flavored with ginseng and guarana - a tropical berry that grows in the Amazon region of South America. It also will have aromas of blackberry, raspberry and cherry.

The new drink will be aimed at people ages 21 to 27, and will be packaged in a slim, 10-ounce can, instead of the traditional 12-ounce beer can. That has drawn comparisons to Red Bull, the sweet, caffeinated "energy drink," sold in slim, 8.3-ounce cans, that has become a popular mixer with vodka at trendy clubs.

Lachky said B-to-the-E will compete with "the distilled spirits experience" at clubs and bars. He also suggested that Anheuser-Busch might look at producing other drinks aimed at the younger crowd.

At Coors, the strategy includes a focus on consumers in their 20s featured in TV ads for Coors Light, the company's main brand, said Laura Sankey, vice president of corporate communications.

Also, the company has test-marketed an 8-ounce can for Coors Light in Texas, the nation's second-largest beer market. That slim package is now being rolled out in other parts of the country, Sankey said.

Coors also has launched new products, including its low-carb Aspen Edge, which follows in the shadow of Anheuser-Busch's low-carb Michelob Ultra. Coors also this year added orange and black cherry versions of its Zima flavored malt beverage.

"Those are flavors we found are currently popular in bars," Sankey said.

**Miller focuses on beer**

Miller's focus on beer has helped revive sales of its Lite brand after a decade-long slump, said Robert Mikulay, executive vice president of marketing. Miller Lite's sales are up 11.4% through Sept. 5, compared to the same period in 2003, according to Chicago-based data tracker Information Resources Inc.

Now, Miller is putting more resources into developing its other brands, such as Miller Genuine Draft and High Life, Mikulay said.

Miller this year launched Skyy Sport, a low-carb version of its Skyy Blue flavored malt beverage. Skyy Blue is one of just four flavored malt beverages, launched by Miller in 2002, that remains in the company's portfolio. The others were dropped because of slow sales as the flavored malt beverage fad began to fade.

Bannen and fellow Marquette senior Jill Johnson don't usually buy flavored malt beverages, or beer, when they hit the bars around campus.

Instead, Bannen prefers sweet cocktails, such as tequila sunrises or Long Island iced teas - the latter a potent mix that includes gin, rum, tequila and vodka. Johnson's favorites include a mix of Malibu rum and pineapple juice.

Beer, Johnson said, "has a very odd taste that I cannot get accustomed to, no matter how many times people tell me it's an acquired taste."

**3. Bar Owner Makes Rare Appeal Over License Denial**
By Charlotte Eby – *Quad City Times*

October 13, 2004

ANKENY, IA -- A Scott County bar owner made a plea keep his liquor license Monday, telling a judge he is in recovery for an alcohol problem that led to a string of incidents at his bar.

In July, the Scott County Board of Supervisors denied a request to renew the liquor license of Mike Brendel, owner of the Hoghouse Bar in rural Davenport.

It was the first time in more than 25 years the board had denied a liquor license. The board’s rationale was that Brendel didn’t possess a good moral character required of a license holder.

Both the Scott County Sheriff’s Department and the county attorney’s office recommended against renewing Brendel’s license. Brendel appealed the decision, and took his case before an administrative law judge with the Iowa Alcoholic Beverages Division on Monday.

Brendel said he developed a drinking problem after having neck surgery in 2003 while he was easing himself off prescription drugs. He said he’s now in treatment and hasn’t had a relapse in the past two weeks or been involved in an alcohol-related incident at the bar since June.

Brendel, who represented himself at the hearing, asked to have a probationary liquor license until he can sell the bar.

“I think I should be given a chance,” he said.

But Tom Fritzsche, an assistant Scott County attorney, detailed incidents where sheriff’s deputies were called to the bar, sometimes because of Brendel’s drunken behavior.

Fritzsche said it’s commendable Brendel is seeking treatment but said someone who has the potential to relapse shouldn’t be running a tavern.

“At a minimum, it just puts too much temptation in front of him,” Fritzsche said.

Brendel argued that he has minimal involvement in the tavern now, and his drinking relapses haven’t hurt the bar’s operation.

He said the bar is his only source of income, and that he’d be facing bankruptcy if he loses a liquor license before he is able to sell the establishment.

Authorities arrested Brendel in May for public intoxication, a charge to which pleaded guilty and was fined.

In June, he was arrested for operating while intoxicated, after officers found him driving a riding lawn mower near a public highway after being asked to leave his bar because he was intoxicated. The charge was dismissed.

Brendel argued to the judge Monday that he was simply mowing his mother’s lawn and never intended to drive on the highway. He was also charged with making two bogus phone calls to 911 that evening, which he pleaded guilty to.

In August 2003, prosecutors charged Brendel with assault domestic abuse, after his girlfriend reported that he grabbed her. She told police she suspected he was mixing alcohol and prescription drugs.

Prosecutors later dismissed the charge when the woman, Sue Tofanelli, did not appear for a court hearing.

To bolster his case that the license should not be renewed, Fritzsche pointed to a stack of reports compiled by the Scott County Sheriff’s Department detailing calls for service at the bar over the course of a year.

Brendel argued that some of the reports were from incidents that did not involve him or his bar. Other times, sheriff’s deputies were called because a customer would not leave after being refused service, and Brendel said he shouldn’t be penalized for the actions of his patrons. He said after Monday’s hearing he feels he’s been singled out by the authorities.

Administrative law judge Margaret LaMarche, who presided over Monday’s hearing, will issue a written ruling, likely within the next 30 days.

Either side can appeal her ruling to the Alcoholic Beverages Division administrator. The business can remain open while the decision is on appeal.



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| **4. C. L. Club Open but not Serving Liquor**Tom McMahon, Staff Writer – *The Daily Nonpariel*October 14, 2004 |
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| CARTER LAKE, IA -- South Beach Night Club is still open for business but no liquor is being served.

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The late-night establishment has been the site of several shooting incidents - five since May. The Iowa Attorney General's office pulled the club's license last Friday, Carter Lake City Attorney Joe Thornton said."The City Council denied their liquor license this past April, but South Beach appealed and was able to keep its license pending the appeal," Thornton said.But he said the attorney general's suspension sticks, even though South Beach owner Bob Weiderwalt is appealing it."The reason the attorney general suspended it is because the city lied," Weiderwalt said.He said one shooting took place a block away after patrons of the nearby White Horse Grill left that establishment and had a fight.Weiderwalt said another took place on Abbott Drive when shots were fired at the club after club patrons were thrown out for fighting.Thornton declined to comment on specifics of each case but said the police continue to investigate. He said the attorney general's decision was an independent one, made after they reviewed the case."We provided them with copies of the police reports as part of that," Thornton said.Weiderwalt said the shootings are a concern, but he blames the city for not allowing its off-duty officers to help patrol the facility. He said at one time off-duty officers did work at the club, but that practice was discontinued when Weiderwalt got an injunction against two ordinances passed by the City Council in March, 2003.One prohibited anyone under 21 in the facility after 11 p.m. The other barred public dancing after 2 a.m.Thornton said the city decided it was not a good idea to have city employees working at South Beach once the establishment filed a lawsuit against it. He said that suit is still pending.Weiderwalt said he has private security personnel on site, but since they live in Omaha and are not licensed to carry guns in Iowa, they are not armed and do not provide the same deterrent as the police. He said he put an ad in the paper for guards from Iowa but has not had much luck.Weiderwalt is appealing both the city's denial of his liquor license and the attorney general's suspension of it. He said the hearing on the suspension is Oct. 25.According to the Carter Lake Police Department, these are recent shooting incidents.Sept. 12: A bystander was shot in the shoulder when shots were fired at the building. The police said the shooters had just been removed from the club by security guards.Sept. 5: Israel Cruz-Calderon Diego, 21, of Omaha, was shot in the shoulder as he was attempting to leave South Beach about 2:30 a.m. Sept. 5. Police report she was an innocent bystander.Aug. 22: Daniel Cardona, 26, was shot in the leg after confronting a person in the parking lot who had allegedly scratched his car.July 2: Officers found a large amount of blood and an unfired 22-caliber bullet in the club's south parking lot following reports of a shooting.The victim was never found. Police were initially called to a nearby location, but found the evidence at the South Beach lot, the police said.May 2: Roseann Samuels, 21, of Omaha was hit in the chest while sitting in the club after it closed."They deny it (the license) every year," Weiderwalt said. "They don't like blacks and Hispanics," he said."That is totally incorrect," Thornton said. "We expect any establishment to abide by the laws."  |

**5. Jobs Pledge as LVMH Targets Glenmorangie**
By Iain Dey -*City Editor*

October 11, 2004

LUXURY goods giant LVMH may seize Glenmorangie from under the noses of Pernod Ricard and Bacardi after pledging to avoid cutting jobs at a Scottish bottling plant.

Final bids for the prestige Scotch malt whisky company were tabled on Thursday night and are believed to have ranged between £285m and £300m. A winner is expected to be unveiled this week.

The shortlist is believed to have dropped to four - Pernod Ricard, Bacardi, Brown-Forman and LVMH. Pernod Ricard is being tipped as favourite as it has the firepower to outgun the rest of the bidders.

But sources close to the bidding believe the Macdonald family, which has put the business up for sale, would accept a lower bid in exchange for promises from LVMH about the future of the 250-strong workforce at its Broxburn bottling plant in West Lothian.

One source close to the auction said: "The bids are very complicated and it’s not all about the headline price. Everyone is very keen to preserve jobs where possible - particularly the Macdonalds. The objectives are firstly to maximise value, then secondly to preserve jobs. If there were two bids at the same price but one was better for jobs, the second would win through."

Another insider close to the deal said: "LVMH doesn’t have any other whisky brands or any other bottling operations in the UK so they would have to take on the Broxburn plant. Bacardi and Pernod would both be looking for synergies with their existing plants. Although Brown-Forman are still on the list, they’re not expected to be willing to bid as high anyway.

Bacardi has a whisky portfolio which includes Dewars, Lawsons and the Glen Deveron single malt. But it would be expected to transfer bottling to its plant in Southampton if it won the auction.

Ricard already owns Glenlivet, the number two Scotch whisky in the UK market behind Glenmorangie, which could raise a competition commission inquiry and delay any bid being processed.

Pernod would also close the Broxburn plant to integrate it with its existing Chivas Brothers bottling operations in Glasgow and Speyside, according to industry sources.

LVMH has no other whiskies in its portfolio and would turn Glenmorangie into a luxury brand if it won the auction.

**6. Tequila Has Identity Crisis**

By Mark Stevenson in Mexico City

October 13, 2004

MEXICO wants to copy vodka's success by legalising flavored tequila, but it also wants to crack down on the "quasi-tequilas" that sprang up during a shortage of the agave plants the liquor is made from, when the national drink became too expensive for many Mexicans.

It is all part of a strange identity crisis for a drink that began as a poor man's liquor, but went on to earn status and domain protection - and now must fight to defend its niche in the fickle world of international bar hoppers.

Tequila's soaring popularity in the 1990s doubled consumption, creating a scarcity of agave - a cactus-like plant - between 2000 and 2003. Prices for agave soared by 1600 percent and tequila production dropped by about a quarter.

Sensing a lucrative opportunity, **Mexican farmers began planting agave by the millions.**

**But prices have begun to fall again, and when the new plants start maturing around 2007, industry officials predict a huge surplus.**

So Mexico's Tequila Regulatory Council has proposed allowing manufacturers to add flavors to mixed, 51-per-cent agave tequila - the less-expensive varieties, whose contents include 49-per-cent cane liquor - but not to pricier, 100-per-cent agave tequila.

The new rules are expected to be approved sometime next year, but flavoured versions are not expected to be a big hit in Mexico.

"The only ones who don't like it are the Mexicans," says Dave McQueen, whose Nevada-based Tukys company plans to start selling five flavours of tequila - watermelon, lime, coffee, strawberry and orange - in the United States in November. "It's like the Polish people, they don't like you flavouring their vodka."

Alberto Becharano of Mexico's Tequilas de La Donas agrees.

"The consumer here is very demanding and very traditionalist," he said.

While Mexican rules do not allow added flavouring, US producers can simply import bulk shipments of tequila, add flavours and bottle it in the US. McQueen says taste tests in the United States indicate the flavoured products are a hit among women aged 21 to 35, a key population that loves drinks like watermelon margaritas.

That has even mainline bottlers interested.

"We see this as a business opportunity," says Cristobal Mariscal, external affairs director for one of the largest tequila makers, Jose Cuervo. Mariscal, however, refused to confirm whether Cuervo was working on a flavour line.

While the flavoured tequilas may create new markets for tequila, there is a bigger problem: hundreds of thousands of agave farmers who grow the plant outside of approved tequila-growing regions and may have trouble selling their product if prices fall.

During the agave shortage, these out-of-region agave farmers began producing a series of new, often cheaper drinks. Because 1997 rules forbid them from calling their liquor tequila, they began using names like "distilled agave" or "elixir of agave."

The Tequila Regulatory Council has asked the government to crack down on the near-tequilas for using words like "reposado", a term which means "aged."

"They are using symbols and terms that refer to tequila, like '100 per cent agave' and 'reposado', and we feel they are deceiving the public," says Ramon Gonzalez, the council's director. "If you ask anybody about agave, they think tequila. But these drinks have nothing to do with tequila."

Becharano defends his company's elixir - a smooth, 100-per-cent agave liquor from plants grown outside the domain area - and a "destilado", a 51-per-cent agave drink.

"I can tell a lot of things about a tequila from tasting it," says Becharano, "but I can't distinguish where the agave was grown, and I don't think there are many people who can."

Most destilados stay in Mexico, where they are aimed at a market that can't afford tequila. Some are of dubious quality. One, appropriately named "Vertigo", appeared to be crudely distilled in large plastic basins in private homes, Gonzalez said. The company had no listed number and could not be reached for comment.

Becharano acknowledges the new products should be regulated, but says overprotection of tequila would hurt farmers.

Jose Cuervo's Mariscal suggests the new agave drinks be clearly identified as mescal - a sort of smoky, backwoods version of tequila - or aguardiente, a generic term for distilled liquor, usually made from sugarcane.

Becharano bridles at that suggestion, noting that mescal's overpowering taste has prevented it from gaining much popularity outside Mexico.

Whatever happens to them, destilados at $US4.50 a bottle filled an important niche for Mexican consumers when tequila prices spiked to $US20 or more.

And while they may disappear as tequila grows cheaper, producers promise they will never again ignore the Mexican market, which suffered during the shortage years.

"We're going to have products for every social class," pledges Gonzalez. "We're not going to abandon the common man here in Mexico, because that's where tequila's roots are." Mexican Academy of Tequila, facts about the drink:

