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|  | e - NEWS |
| *March 11, 2005* | |

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**1. Bill Would Ask N.C.A.A. to Forgo Alcohol Ads**

*The New York Times*

March 9, 2005

A resolution asking the National Collegiate Athletic Association to end alcohol advertising on radio and television broadcasts during college athletic events will be introduced today in the House of Representatives.

Representative Tom Osborne, Republican of Nebraska, the former football coach at the University of Nebraska, is the author of the resolution. He introduced a similar one last year, but it never came to a vote.

This year's resolution comes with the N.C.A.A. men's basketball tournament set to begin on March 15.

The four-page resolution said alcohol producers spent $52 million on radio and television advertising for college sports in 2003, including $21 million for the N.C.A.A. tournament.

That was down from 2002, when $58 million was spent on alcohol advertising on radio and television, including $27 million in the tournament, the resolution said.

The resolution points to a 2002 study by the National Institute on Alcohol Abuse and Alcoholism that says two in five college students are binge drinkers, 1,400 college students die each year of alcohol-related injuries and more than 70,000 college students are victims of alcohol-related sexual assault. The resolution has the American Medical Association's backing.

The N.C.A.A. did not return a phone call seeking a comment.

Osborne is a member of the national advisory council for the Campaign for Alcohol-Free Sports TV, according to the campaign's Web site. The campaign is part of the Center for Science in the Public Interest, which calls itself an advocate for nutrition and health, food safety, alcohol policy and sound science.

The Web site said that 227 N.C.A.A. institutions had committed to banning radio and television advertising for alcohol at their athletic events.



**2. Panel Considers Bumping up PAULA Fines**

By Jane Slusark *- The Daily Iowan*

[March 4, 2005](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20050304.html)

Iowa City police slapped UI sophomore Peter Christensen with two underage drinking tickets in a little over a month - more than $400 in fines and court fees - but that hasn't stopped him from crawling the bars.

The 20-year-old just picked up more hours at work to pay his tickets. However, if Iowa legislators pass a proposed bill that more than doubles the fine for minors caught with alcohol, he may be looking for a second job to fund his underage drinking.

Earlier this week, Sen. Joe Bolkcom, D-Iowa City, introduced legislation to raise the penalty for underage drinking to $250 for the first offense, up from the current state fine of $100. The bill was proposed in response to the Iowa City City Council asking the senator to establish a more severe punishment. Second-time offenders would pay $350.

"There needs to be a significant fine for people that drink underage," said City Councilor Bob Elliott. "It appears the level of fine wasn't high enough before to discourage it."

But Christensen said upping the punishment by $150 wouldn't stop him from drinking at the bars.

"I would just be more aware of hiding it," he said.

The fine for possession of alcohol under the legal age is $100, but the amount paid is closer to $147 once court fees and a 30 percent surcharge are added.

Iowa City police Sgt. Doug Hart said the department handed out an average of 110 PAULA tickets per month in 2004. Money generated from the fines is funneled back into the city's budget.

"We would support any steps the Legislature will take to curb underage drinking," Hart said. "I don't think raising the fine in and of itself will have any effect."

Leah Cohen, the owner of Bo-James, 118 E. Washington St., said, "It didn't do anything when they raised it last time, and I don't think it will stop underage drinking."

The bill is another step in the struggle to curb the underage over-consumption of liquor, a problem recently spotlighted with the reconsideration of a 21-only bar entry ordinance and a proposed alcohol-education initiative.

Lynn Walding, the administrator of the Iowa Alcoholic Beverages Division, said a study last year by the Pacific Institute for Research and Evaluation found that minors had imbibed 26 percent of alcohol consumed in Iowa.

"This is well above the national average of around 16 percent," he said.

In addition to placing a heavier fine for minors who get caught consuming alcohol, the bill would classify a PAULA as a scheduled violation. This would mean those who receive tickets would no longer have to appear in court to plead guilty to the offense.

Bolkcom said there is a problem with defendants not showing up for their court date, so if they are picked up for a second offense, they have to be taken into jail.

"This was jamming up the system," Bolkcom said. If passed, the bill would allow people to send in PAULA tickets with a signature admitting guilt and the proper fine, similar to a parking citation.

The bill is working its way through the Senate Judiciary Committee, and Bolkcom said he has received support for changing a PAULA charge to a scheduled violation but some opposition on a fine increase.



**3. GM Under Fire for Backing MADD**

By Jeffrey McCracken, *Knight Ridder Newspapers*

March 6, 2005

DETROIT, MI – General Motors Corp., which is a lightning rod for criticism on everything from air pollution to auto quality, has now become a target for, of all things, one of its charitable efforts – it’s financial and political push to combat drunken driving.

A national campaign – MADDatGM – has been launched with the backing of 17,000 bars, taverns and liquor stores to attack the automaker and Mothers Against Drunk Driving, mostly for their efforts to lower legal blood-alcohol levels. The effort has so far been low-key, but GM officials say the Washington-based trade group behind it is threatening that its members will quit buying GM vehicles for corporate fleet use – which could cost millions of dollars.

The campaign, which will distribute posters and coasters at various stores and bars, argues that MADD is no longer just trying to halt drunken driving, but has become a “prohibitionist group” that wants to criminalize all drinking. The campaign argues that GM, with its long-running support of MADD, supports prohibition and that tavern or liquor store owners should think twice about buying GM cars or trucks.

MADD denies it is trying to halt social drinking, saying its mission is focused on preventing drunken driving, helping victims of drunken driving and halting underage drinking. MADD notes the MADDatGM push is from businesses that make money off alcohol sales and are angry MADD successfully lobbied for national blood-alcohol levels for drunken driving.

GM is one of MADD’s top corporate sponsors, donating more than $3 million over the last five years and placing executives on MADD boards. GM spokesman Alan Adler says the automaker supports MADD because “our focus is on drunk driving and the 17,000 people killed each year by drunk driving on the highways.”

GM made a commitment in 2000, in honor of MADD’s 20-year anniversary, to donate at least $2.5 million over five years to MADD. That commitment expired at the end of 2004 and GM hasn’t decided how much it will donate to MADD in 2005 and beyond, said Adler.

Outsiders say GM seems caught between its support of MADD, its desire for the positive publicity that comes with supporting MADD and the threat of losing millions of dollars in business from personal or commercial sales to bar owners, liquor stores and beer, wine and liquor distributors.

The MADDatGM campaign seems, in part, timed to the fact that GM’s five-year commitment has wound down.

“We want to stop GM from contributing to MADD. We have a problem with GM money going to criminalize social drinkers. GM needs to recognize it is attacking legitimate businesses,” said Rick Berman, the high-powered Washington, D.C., lobbyist running the MADDatGM campaign.



**4. Beer Chaser: August Busch IV Tells Analysts Spirits Acquisition May be in Brewery's Future**

By Rick Desloge - *St. Louis Business Journal*

March 6, 2005

Anheuser-Busch Cos. Inc. may try a new strategy -- buying a spirits company.

August Busch IV, president of the company's brewery division and son of Anheuser-Busch Chairman August Busch III, told analysts at the Beer Business Daily Summit in Chicago Feb. 28 that a spirits acquisition could be a possibility down the road.

Busch IV told the group that in the near term, Anheuser-Busch will focus on beer, but with several beer and spirit wholesalers merging, it proves both products can be sold by the same wholesaler.

Busch's remarks come as the fizz fades from beer sales and more drinkers pour wine and spirits. During the last five years, spirits sales grew by 2.5 percent a year and wine sales surged by 4.5 percent annually, while beer grew by about 1 percent a year, said Patrick Schumann, an analyst with Edward Jones who follows Anheuser-Busch.

Busch's remarks also prompted speculation within the industry as to what company might be a good fit.

One of the most likely deals would be with Bacardi, a company with which Anheuser-Busch already has a relationship, according to a March 1 report by New York-based Citigroup/Smith Barney analysts Bonnie Herzog and Kate McShane. Anheuser-Busch manufactures Barcardi's Silver line, a group of flavored malt beverages.

But buying an international beer brand, such as Diageo's Guinness, might make more business sense, their report said.

"Import beer is one of the growing categories in the beer industry, and import brands are in the highest-price category," according to the report. Guinness is growing at an annual rate of 8.5 percent, but it is still a small brand, with 810,000 barrels sold in 2003. Corona, Mexico's No. 1 selling beer, was the largest-selling import with 7 million barrels sold in 2003. Anheuser-Busch owns a majority stake in Corona's parent company, Grupo Modelo.

Anheuser-Busch also has a relationship with Guinness, which distributes Anheuser-Busch brands in Ireland. In addition, Guinness has distribution in Africa and Malaysia, two areas where Anheuser-Busch does not have significant operations. A combination with Guinness would give Anheuser-Busch an opportunity to distribute some of its own brands in those regions, according to the report.

"If a merger with a spirits company were to occur, we think it will be quite some time before A-B pursues this kind of acquisition, whether it is Bacardi or another player. We believe that A-B is committed to the beer business and will focus its acquisitions on the international market, particularly in China," the Citigroup report said.

Bermuda-based Bacardi, known for its rum, is a privately held business that made its own recent acquisitions, said Christopher Growe, an Anheuser-Busch analyst with A.G. Edwards & Sons. Last year, Bacardi bought Grey Goose Vodka brand for more than $2 billion and paid $1.8 billion for Dewar's Scotch Whisky and Bombay Gin brands.

"Five to 10 years from now, Bacardi would be a good fit, assuming its family owners would be willing to sell out," he said, but there would be many steps Anheuser-Busch would take before making a spirit company acquisition.

Growe agreed with Citigroup's assessment: Anheuser-Busch is more likely to form a marketing alliance with Guinness, InBev's Bass or another international beer brand to extend its international reach.

"I think (Busch's) statement was more hedging his bets than pointing to a company strategy," Growe said.

Schumann said he hasn't crunched any numbers on possible Anheuser-Busch spirit company purchases, but said Anheuser-Busch would look at such a deal as a growth avenue. Anheuser-Busch's beer market share would give it a position to negotiate from strength, and any company Anheuser-Busch might buy would be able to tap into the company's distribution network of roughly 600 wholesalers, Schumann said.

Anheuser-Busch dominates the U.S. beer market with 49.6 percent of U.S. beer shipments in 2004, essentially flat from 49.7 percent in 2003, said A.G. Edwards' Growe.

While a 10th of a point might not seem like much, Growe said it is the first year-to-year drop for Anheuser-Busch in recent history, and an indication that faster-growing wine and spirit sales are siphoning off Anheuser-Busch customers.

Anheuser- Busch's vulnerability to wine and beer "is probably the leading source of weakness," Growe said. The spirit industry put on a full-court press in marketing to raise its image, and spirits, which have zero carbohydrates, are friendlier to people on low-carbohydrate diets than even low-carbohydrate beers.

"Vodka has no carbs," Growe said. "The cool people are now seen drinking a martini instead of a beer."

In the short term, Anheuser-Busch beefed up its 2005 marketing budget with new product packaging and promotions geared to younger beer consumers to try to regain market share.



**5. Work Remains, but a Good Start With Good Ideas**

*By DI Editorial Board – Daily Iowans*

[March 8, 2005](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20050308.html)

The DI Editorial Board met with Leah Cohen and Brian Flynn, co-heads of the Iowa City Alcohol Advisory Board, to discuss feasible alternatives to 21-only for combating underage drinking.

The Daily Iowan Editorial Board was fortunate enough to have a meeting last weekend with Leah Cohen and Brian Flynn, the co-heads of the Iowa City Alcohol Advisory Board and owners of Bo-James, 118 E. Washington St., and Joe's Place, 115 Iowa Ave., respectively. In previous editorials we've criticized the group for being ineffective; by that we meant that we hadn't seen much tangible evidence of the ways in which the panel had worked to improve downtown's image and prevent a 21-ordinance. Indeed, it still has work to do, but we were impressed with the information and ideas Cohen and Flynn presented us, and we offer our full support to the one organization that may ultimately scrap talk of 21-only for good.

For example, one proposal advanced by Cohen and Flynn was employing bar monitors at each downtown establishment. These monitors, employees of the bars, would be assigned several tasks, including prevention of excessive consumption and underage drinking, as well as averting fights between intoxicated patrons. Many bars do this already - the monitors are the employees who wear the highly identifiable shirts with bright colors or neon letters. It's a good idea, but more needs to be done: Not every bar is cooperating with the proposal, and as Cohen pointed out, these monitors should be visible to patrons at all times in case trouble arises unexpectedly. That's not always the case.

They also pointed out their campaign to place signs in Iowa City bars that provide customers with cab numbers and warn them about the dangers of date-rape drugs. This, coupled with guidelines that deter bars from advertising specials promoting excessive drinking and messages that remind patrons they must be "19 to socialize, 21 to drink," is all part of a proactive approach to improve Iowa City's image and provide alternatives to going 21.

These are all good steps toward addressing the long-standing problem of alcohol abuse, but we maintain that much more needs to be done. As Cohen pointed out, "We're dealing with 100 years of drinking in Iowa City," and she added that the group is facing an uphill battle because of the Stepping Up Project's negative publicity about downtown. That's a statement with which we agree wholeheartedly; it's time to stop being negative about this problem and acknowledge that there are options better than banning all minors from the bars.

The best ideas we heard from the alcohol-board representatives are ones that have been implemented in other college towns and should be considered here. For instance, an ordinance in Champaign, Ill., requires establishments to obtain a license for serving food before obtaining a liquor license. This obviously cuts back on the number of bars that spring up. Another policy in that town requires bars to stop serving alcohol at 1:30 a.m., but in some cases, those same establishments stay open until 3 a.m. This ensures that bar patrons don't all spill out onto the streets at the same time and allows revelers to stay at the bars and sober up rather than trying to walk (or worse, drive) home while still drunk.

These are the types of changes we think would make the most difference in downtown Iowa City's atmosphere. They go beyond posting signs and regulating advertisements, which are a good start but don't effect change in policy to quiet talk of 21-only. We appreciate that the alcohol board has begun to make progress, and the well-prepared presentation we received last weekend shows this organization may finally be the one that will succeed in reforming downtown's ubiquitous culture of excessive drinking.



**6. US Alcohol Industry Begins Releasing Complaint Report on Ads**

*Dow Jones Newswires*

March 8, 2005

WASHINGTON (AP)--Responding to growing concerns about underage drinking, an alcohol industry trade group said Monday it was making public for the first time the complaints it receives about its advertising practices.

The first report released by the Distilled Spirits Council discusses 15 complaints received last year, all of which involved print advertising. Most of the complaints came from other companies contending that their competitors' advertising practices violated the industry's voluntary guidelines.

Eight of the complaints involved accusations that the advertising of alcoholic beverages was being done in publications that had more than 30% youth readership in violation of the marketing code.

The other complaints involved the use of sexually suggestive photos and advertising copy that allegedly violated the trade group's voluntary prohibition against using "sexual prowess or sexual success as a selling point" for alcoholic beverages.

In all but four of the cases, the companies involved agreed to take corrective action such as halting the offensive advertising or moving the advertising to publications that met the requirement of a readership level that was composed of at least 70% adults.

Peter Cressey, president of the Washington-based Distilled Spirits Council, said his group planned to follow the initial report with updates every six months.

"The issuance of public reports will make the spirits industry's self-regulatory process more visible, transparent and understandable to the public," Cressey said. He said the industry hoped by publicizing the complaint process more members of the public would contact the industry's internal review board with potential violations.

The Center on Alcohol Marketing and Youth, based at Georgetown University, applauded the decision to make the complaint process public but said much more was needed to deal with the problem of underage drinking, especially in the area of television ads.

Jim O'Hara, executive director of the center, said the report should serve as a reminder "that the alcohol industry can do more to reduce underage youth exposure to alcohol advertising."

O'Hara said the center released a report last fall that found 90,000 more alcohol ads had been aired on television in 2003 than two years earlier with much of that growth spurred by a surge in distilled spirits ads on cable television.



**7. Distillers Find Self-Policing of Advertising Can Be Potent**

Frank Ahrens - *Washington Post*

March 9, 2005

Many of the liquor makers that crafted overtly sexual advertisements or pitched their products in youth-oriented magazines during the past year pulled those ads when confronted by peers, according to a liquor industry report released Monday.

The industry's chief trade group -- the Distilled Spirits Council of the United States (DISCUS) -- reported on its efforts to self-police the ads produced by distillers, based on an advertising code that has voluntary guidelines for content and placement. The report covered all of 2004 and cited 14 ads.

The council represents about 85 percent of all distillers; all members complied with the code after being targeted with complaints. Most nonmembers did as well, but some -- whose ads are among the most sexual -- did not.

For instance, a Hennessy ad in Vibe magazine violated the code because at least 70 percent of the hip-hop magazine's audience is estimated to be under 21. In response, Hennessy, owned by LVMH Moet Hennessy Louis Vuitton SA, complied by saying future ads will be placed only in subscription copies of Vibe, whose readers are older than newsstand buyers of the magazine.

On the other hand, ads for the small but fast-growing Swedish vodka brand Svedka, distributed by Spirits Marque One LLC, continue to violate the code.

The DISCUS nonmember has cultivated a hip image by hosting celebrity-rich parties. And Svedka ads, which have run in magazines such as Interview, have featured a bottle of vodka being poured on a naked male abdomen accompanied by racy text; a woman on all fours in fishnet stockings with a tray holding drinks balanced on her back with the slogan, "Always a pleasure to serve you"; and vodka being poured into a glass wedged into a woman's cleavage.

The council cited the Svedka ads for violating several industry codes, including one warning against "overt sexual activity" and "promiscuity" and another saying liquor ads should not "degrade the image, form, or status of women."

The report said there had been "no response from the advertiser" for appeals to pull the ads. DISCUS President Peter H. Cressy said his group can only continue to apply "peer pressure" on the vodka-maker to alter its campaign. Svedka's distributor did not return calls for comment.

Some of the liquor industry's tougher critics said yesterday's report is a step in the right direction.

"The fabulous thing about self-regulation is that they can address things that couldn't be touched by a government agency because of the First Amendment," said Janet Evans, a lawyer at the Federal Trade Commission, which monitors advertising. "This is a far step above and beyond what other companies are doing."

Yesterday's report "shows DISCUS has heard the need for more transparency, as recommended by the Federal Trade Commission in 1999," James A. O'Hara III, executive director of the Center on Alcohol Marketing and Youth at Georgetown University, said in a statement. "At the same time, it is a reminder that the alcohol industry can do more to reduce underage youth exposure to alcohol advertising, and we hope DISCUS will be a leader in such efforts."



**8. Restaurants Lose Liquor License**

By Dave Franzman - *KCRG-TV9 News*

March 8, 2005

(Cedar Rapids – KCRG) -- Four popular Mexican restaurants in Cedar Rapids and Waterloo were forced to go "dry" Monday night. The Iowa Alcoholic Beverage Division pulled liquor licenses for all the Hacienda, or Casa, Las Glorias Restaurants in the two cities.

One co-owner of the restaurants was convicted of federal immigration charges in January. Another owner pleaded guilty to tax charges earlier.

State liquor law does not allow anyone convicted of a felony to hold a liquor license.

State Alcoholic Beverage director Lynn Walding says it's not unusual for a restaurant's liquor license to be subject to an emergency suspension. But four restaurants subject to such an order at the same time is a bit unique.

Restaurant workers told TV9 that officers served the suspension order just before closing time Monday night. Officers even confiscated a few drinks from customers at tables.

Co-owner Jesus Ibarra-Castaneda was not available for comment. Workers told TV9 that the restaurants were open as normal except for not being able to serve alcohol.

A license suspension order can be appealed, but the restaurants will not be able to serve liquor will the appeal is ongoing.



**9. Ames, County Differ on Keg Idea**

By Lynn Campbell – *Register Ames Bureau*

March 10, 2005

Ames, Ia. - The controversy over whether to require registration of beer kegs to curb underage drinking in Story County now threatens to pit Ames city officials against county officials.

Ames Mayor Ted Tedesco and some members of the Ames City Council indicated Wednesday that the city should take a stand against the proposed county ordinance, which would help police track the origin of beer kegs.

"One of the issues that we have - it only involves Story County," Tedesco said. "Since we sit on the Boone County line, it would be very easy for the commercial establishments to simply go over the line and set up a shop and it doesn't apply to them. I believe legislation of this type should be state legislation."

A bill to require keg registration statewide has been introduced in the Iowa House this year, but chances appear slim that it will become state law.

Jane Halliburton, chairwoman of the Story County Board of Supervisors, maintained her support Wednesday for a county ordinance.

"I think when you have consistency and clarity across the state, that's a very good thing, and I support that," Halliburton said. "That doesn't mean that we necessarily have to sit back and wait."

Supervisors unanimously approved the first two readings of the keg ordinance last month before opposition surfaced from Iowa State University students, who said that although the measure would mainly affect students, they weren't consulted about it.

The Ames City Council will decide March 22 whether to take an official position on the ordinance. At least one city councilman, Matthew Goodman, said he doesn't believe the city should enter the fray.

"What we're going to do is we have staff spend time and resources on an issue that isn't really part of our legislative responsibility," Goodman said.

Ames city officials and ISU students are engaged in an effort to improve relations, which have sometimes been tense. City opposition to the keg ordinance would put city officials on the side of students.

"The discussion has not been as inclusive of university students as we believe it should be," said City Councilman Russ Cross. "Some of the students believe that it's us (the city) doing this."



**10. SWA Prepares to Give the Dram More Definition**

Ben Griffiths – *The Herald*

March 11, 2005

The Scotch Whisky Association is preparing the most radical shake-up of spirit definitions for a century and wants legislative protection to ensure distillers and distributors stick to its new labeling protocols.

Designed to prevent consumer confusion or deception, the definitions are also intended to improve public understanding of whisky categories as well as protecting Scotch whisky from illegal traders at home and abroad.

Catalyst for the wide-ranging plan was a recent high-profile row between the SWA and spirits giant Diageo which saw the maker of whiskies including Johnnie Walker and J&B forced to stop labeling its Cardhu as a "pure" malt. The brand, which had originally described a single malt brand, had been applied to a blend of malts from more than one distillery. Diageo has since returned to using Cardhu to describe the single malt from one distillery.

In the wake of the dispute, the SWA set up a working party to develop wide-ranging proposals for defining categories of Scotch whisky. The group included representatives of Diageo, Allied Domecq, Chivas Brothers, Edrington, William Grant, Glenmorangie and Whyte & Mackay. The proposals were accepted by the SWA council last December.

Gavin Hewitt, chief executive of the SWA, said: "It will mean changes for everyone but these are endorsed by the council and we had a very good reception from the industry when we briefed them last week."

In future whisky will fit into two basic categories – single and blended. Single will then be sub-divided into single malt and single grain definitions. Blended will be split into blended grain, blended malt or blended (a combination of malt and grain).

Additionally, regional or local names such as Highland, Lowland, Speyside and Islay will be protected for the first time. At present, only the term Scotch whisky is enshrined in law.

Following the Cardhu row, the SWA's working group was unanimous in deciding that the description "pure malt" should be scrapped. Hewitt said the decision had been made because few consumers realized that pure malt was actually a blended whisky. The SWA argues that "blend" is a better description because it is more widely understood.

Distillers will also be subject to compulsory labeling rules including that definitions must appear prominently on the face of bottles and on display cartons.

The SWA is now putting its proposals out to public consultation with its members and other stakeholders. Discussions have already begun with the Scottish Executive and Westminster government.

Glen Barclay, the SWA's legal affairs director, said: "A lot of work lies ahead for us but with the industry behind us and with political support we would hope to achieve implementation by the end of 2006 or, if not, by 2007."

