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|  | e - NEWS |
| *August 4, 2006* | |

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**I. NATIONAL NEWS.**

**1. Bars Morph Into Stylish Multitaskers**

By Barbara DeLollis, *USA Today*

August 1, 2006

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Percentage change from1994 to 2005:** | | | http://images.usatoday.com/_common/_images/ipr/grey.gif | | | Food | 4.2% | | http://images.usatoday.com/_common/_images/ipr/grey.gif | | | Total food & beverage | 3.9% | | http://images.usatoday.com/_common/_images/ipr/grey.gif | | | Rooms | 3.7% | | http://images.usatoday.com/_common/_images/ipr/grey.gif | | | Beverage | 2.7% | | http://images.usatoday.com/_common/_images/ipr/grey.gif | | | **Total hotel revenue** | **3.7%** | | http://images.usatoday.com/_common/_images/ipr/grey.gif | | | From sample of full-service hotels, 1994-2005 Source: PKF Consulting | | | http://images.usatoday.com/_common/_images/ipr/grey.gif | | | | | http://images.usatoday.com/_common/_images/clear.gif | | |   OldNew  WASHINGTON — More hotel chains are transforming their bars from generic, night-time watering holes into all-purpose, anytime hangouts to please younger customers and boost profits.  "People's lifestyles have changed," says Michel Morauw, general manager of the newly refurbished Park Hyatt in Washington. "Not everybody wants to have a scotch and cigar at 11 p.m. in the bar."  **PHOTO GALLERY:** [Hotel bars, before and after](http://www.usatoday.com/travel/gallery/tr060731_hotelbars/flash.htm)  Lodging consultant Bjorn Hanson of PricewaterhouseCoopers says many hotels are recognizing customers' changing tastes and responding. Compared with baby boomers, the under-40 set tends to spend less time in guest rooms and wants to do things in groups, Hanson says. And their tastes in drinks are more apt to include the exotic — a pear and elderflower martini, for example.  Morauw's Park Hyatt re-opened in June after a yearlong renovation with an airy, sunny bar just off the lobby. It had been in a dark corner. Designer Tony Chi included just eight bar stools. Most customers sit in overstuffed swivel chairs or on handcrafted Windsor benches.  Hyatt also added an adjoining tea room that sells pots of tea for $5 to $300. Tea "sommeliers" help customers select teas as they would vintage bottles of wine.  The area looked so inviting to hotel guests George and Patty Meillarec of Fort Lauderdale that they took their 8- and 10-year-old children there for snacks last week. Seated next to a window providing a bright garden view, the family munched on crab cakes, chicken wings and hamburgers.  "It looked very comfortable. The menu looked good. We wanted a cocktail after a long day of travel," George Meillarec says.  **Bars' purpose changing**  The big chains didn't discover the idea of upgrading bars. Smaller, independent hotel chains caught on to the bar's potential over the last decade. Small hotel chains Ian Schrager and Kimpton were among the earliest chains to offer a sophisticated, moody environment in hotel bars.  Upstart company Nylo Hotels believes a sleek bar-lounge will help keep customers coming back. The first Nylo is set to open in Warwick, R.I., next year.  The company hired a nightclub designer to create what it calls "The Loft," says Michael Mueller, Nylo's president. The space will include a bar, sofas, library, business center, restaurant and wireless Internet. Mueller sees it as "a 24-hour meeting place."  Hoteliers have noticed that younger travelers use hotel bars differently than in the 1990s. They like to eat a light breakfast, hold small business meetings or work alone on laptops in the afternoon.  "In the past, the bar was a place where people went to drink and socialize," says Omni's Stephen Rosenstock. "Today, it's also to conduct business and also to be entertained."  The changes come when more hotels are going smoke-free. In years past, smoky bars forced designers to pick dark carpets and walls to hide stains and cigarette burns.  Now, they have more freedom in choosing colors and materials. Smoke-free bars are also prompting more to linger for meals, Rosenstock says.  Changes guests are seeing:  •**Drinks.** More hotel bars are mimicking trendy nightclubs in mixing cocktails in the $12 to $20 range. They're also hiring professional bar consultants that view bartending as entertainment. Omni bars now stock a wider array of glassware to present their drinks more dramatically. And Marriott is devising a national program that executive Matthew Von Ertfelda promises will be "a sea change in how we approach cocktails." The program emphasizes premium juices, garnishes and other ingredients.  •**Food.** Scrap the old peanut bowls. Hyatt hotels are serving sushi, oysters, crab cakes and hamburgers. The introduction of food helped double Hyatt's average bar tab in the last five years, executive Frank Ansel says.  •**Music.** Don't expect elevator music anymore. Music selections are getting more adventurous. Last year, Omni created "Omni sound," modern selections that change during certain times of the day to adjust the mood. Hyatt installed high-end Bang & Olufsen stereo gear and hired its own music stylist who has "changed the atmosphere," Ansel says.  At the JW Marriott in Orlando, you'll hear current pop tunes from Jack Johnson, John Legend and Natasha Bedingfield. At the Santa Clara Marriott's restaurant and bar you'll hear a more eclectic mix of international remixes, lounge and acid jazz from artists such as Massive Attack, Blue Six and DJ Seoan.  **Better bar, bigger sales**  A successful bar can mean the difference between ho-hum and awesome sales.  Food and beverage sales last year provided established, full-service hotels with about 30% of their revenue, according to Robert Mandelbaum at PKF Consulting.  The three bars at the 300-room Hollywood Roosevelt in Los Angeles are so packed nightly that its owners expect it to generate $10 million in beverage revenue this year, says Stephen Brandman, partner of Thompson Hotels. The company bought and renovated the hotel a year and a half ago, and it quickly attracted A-list stars.  By contrast, a typical full-service chain hotel of a similar size and location might generate about $2 million in beverage revenue, Hanson says.  But Brandman cautions the big chains from thinking that they can easily mimic the independent hotel formula.  "It's not as simple as hiring a mixologist and putting on some music and having lights and dim candles," Brandman says. "There's a certain balance that is created between music, crowd, celebrity, drinks and mood." |

<http://www.usatoday.com/money/biztravel/2006-07-31-hotel-bars2-usat_x.htm>



**2. Bigger Beam Booms With Gains in Liquor**

By John Schmeltzer – *Chicago Tribune*  
July 30, 2006

**Once-sleepy company cashing in on market growth, acquisitions**

It's been quite a year for Beam Global Spirits & Wine Inc., formerly Jim Beam Brands.

Once a sleepy little U.S. liquor company with one global brand, it has seen its sales double, catapulting it to the world's No. 4 liquormaker, with six global brands. In the United States, it is No. 2, behind London-based Diageo PLC, the world's largest liquor and beer company. Diageo has about a 25 percent market share in the U.S. compared to Beam's 15 percent.

Last July, Jim Beam's corporate parent, Lincolnshire-based conglomerate Fortune Brands Inc., bought more than 20 brands from Allied Domecq, the British purveyor of spirits that put itself up for sale. French rival Pernod Ricard SA bought the remaining stake.

In addition to top-100 brands Jim Beam bourbon, DeKuyper cordials and Windsor Canadian whiskey that it already owned, Beam added six more: Sauza tequila, Courvoisier cognac, Canadian Club whiskey, DYC whiskey (Spain), Larios gin and Teacher's Scotch.

Beam also acquired Maker's Mark bourbon and several highly-rated Sonoma and Napa Valley wines such as Clos du Bois, William Hill and Buena Vista.  
  
"This has been a transforming event for our company," said Thomas Flocco, president and chief executive of the new Beam. "This doubled us in the most important measures."

Sales volume has doubled, to more than 37 million cases per year; revenues have more than doubled, to $637.8 million in the first six months of this year; operating income has doubled, to $158.5 million in the same six months; and the number of employees has nearly doubled.

The results helped propel Fortune Brands past analysts' second-quarter earnings estimates. Fortune last week reported earnings, excluding special items, of $1.55 per share, compared to the $1.51 predicted by analysts surveyed by Thomson Financial, a market research company. Its shares rose $3.15 last week, to close at $73.84.

"Every brand sold by Beam was up except for Canadian Club," said Alexander Paris, president of Chicago-based Barrington Research Associates, noting that Beam is focusing its efforts on the really premium and ultra-premium wines and spirits. "They are looking for a 70 percent increase in the operating income from the spirits division, and I think they are gong to get it."

To achieve those results, Beam and Fortune Brands are banking on the liquor industry continuing to take market share from beer. Liquor sales last year rose 7.5 percent, to $16.3 billion, driven by 25-to-35-year-olds who formerly got into drinking with beer. Now those same people are more likely to be seen sitting in a bar holding a martini or mixed drink, according to the Distilled Spirits Council, an industry trade group.

As a result, St. Louis-based Anheuser-Busch Cos. is testing fruit-flavored liqueurs that could be sold with its top-selling brands of Budweiser, Bud Light and Michelob. Company executive August Busch IV told an industry meeting recently that America's largest brewer might have to reconsider its business model if the flight from beer to liquor and wine continues.

Flocco said he believes Anheuser-Busch will have a difficult time breaking into the liquor industry because it takes much longer to develop a liquor brand than a brand of beer. But Beam can't assume that Busch will stumble. Nor can Beam slow its marketing and innovation efforts.

The marketing segment of the puzzle became complicated last week when Beam's chief marketing officer appeared to be forced out. Beth Bronner joined Beam nearly three years ago after a career in promoting the sales of consumer goods, but not liquor. Beam declined to comment other than to say that she left "to pursue other interests."

Norman Wesley, chairman and chief executive of Fortune Brands, in a conference call with analysts last week said that while marketing spending by Allied Domecq was adequate, the way the money is to be spent is changing. "We will shift some of the brand building from promotional pricing and much more to an approach we think makes more sense, which is to spend behind the brands for the longer term," he said.

Innovation will also have to accelerate. Flocco said the company is working with "liquor chefs" to develop new mixed-drink ideas. Flocco said they are the ones with the imagination to develop new ideas to serve with meals. Among some of the new ideas that have been developed during the past few years are an appletini (a vodka martini with apple juice and DeKuyper Apple Pucker); a Seattle Manhattan, which mixes bourbon with Starbucks Liqueur; and the Washington Apple, a mixture of Maker's Mark bourbon with DeKuyper Apple Pucker.

As a result of the continuing good outlook for liquor and wine, Fortune Brands and Beam appear to be well on their way to achieving the added earnings projected at the time of the purchase. A year ago Fortune said the deal should add 25 cents to 35 cents to 2006 per-share earnings, and may lead to other acquisitions.

Last week, the first of those new deals was announced. Beam Wine Estates Inc., the wine arm of Beam Global Spirits & Wine, announced a deal in which it would market the premium and superpremium wines sold by Lion Nathan Wine Group, an Australian winery that bottles some of Australia's and New Zealand's finest wines.

"On the wine side, our strategy is to play in the superpremium $10 and up category," said Bill Newlands, president of Beam Wine, which markets wine only in the U.S. "This puts us in all the right places."

Under the deal, Beam Wines, which is expected to sell 3 million cases of wine this year, will take over marketing and distribution of Nathan's Wither Hills, Stonier and Petaluma wines.

<http://www.chicagotribune.com/business/chi-0607300066jul30,1,7210956.story?coll=chi-business-hed&ctrack=1&cset=true>



**3. US Brewers Left to Cry Into Their Beers**

By Andrew Ward - *Financial Times*

July 31 2006 03:00

At Meehan's Irish theme pub in Brookhaven, a suburb of Atlanta, the choice of beer stretches from the Emerald Isle (Guinness, Harp and Smithwick's) to the Czech Republic (Pilsner Urquell) with 11 other European brands in between.

Of the 10 beers on tap, only one - Flying Dog, made by an independent Colorado brewery - is American.

The scene encapsulates the challenge facing Anheuser-Busch, the largest US brewer, as domestic consumers shift away from bland mass-market lager towards fashionable imported brands and local speciality brews.

Others are abandoning beer altogether and switching to wine, spirits and non-alcoholic drinks.

But just as some analysts were preparing to condemn "Big Beer" to terminal decline in the US, Anheuser delivered surprisingly strong second-quarter results last week that suggested the maker of Budweiser and Michelob was stabilising.

Net profits rose by 7.4 per cent and there was solid improvement in both volume and revenues per barrel. Shares in the company rallied on the news but many analysts question whether the recovery is sustainable.

"Anheuser-Busch's major structural issues in its domestic portfolio and global geographic footprint have yet to be resolved," warned Carlos Laboy at Bear Stearns, in a report.

Unlike other large international brewers, such as InBev and SABMiller, Anheuser has taken a cautious approach to global expansion, with more than 80 per cent of its business concentrated in the US. This makes it heavily dependent on the sluggish domestic market for growth and exposed to mounting competition from foreign brewers. Sales of imported beer were up 13 per cent in the first half of this year.

Bill Pecoriello, analyst at Morgan Stanley, believes the US beer market will expand at an annual rate of 0.5 per cent for the foreseeable future but expects all the growth to come from imports and speciality "craft" beers. Mainstream domestic brewers face a struggle simply to hold their current share, he warns.

Anheuser has been gaining share this year from SABMiller, which owns Miller, the second-largest US brewer. But North America accounts for less than a third of the UK-listed group's revenues, allowing it turn to other parts of the world for growth. SABMiller also has the advantage of owning international brands that can compete in the US import market.

Anheuser has taken some tentative steps outside the US; it bought Harbin Brewery, China's fourth largest beer company, and owns 50 per cent of Mexico's Grupo Modelo, maker of Corona.

But Mr Laboy says these investments are not enough to match the global scale of InBev and SABMiller and with many of the best international assets already taken it will be difficult for Anheuser to catch up. "A-B may have missed its opportunity over the last decade to become a truly global player," he says. "The erosion of international scale relative to competition presents a major hurdle to the company's growth."

Randy Baker, chief financial officer, says Anheuser is interested in international acquisitions and alliances but does not feel under pressure to rush into deals. "We need investments to enhance our growth profile," he told investors last week. "We do not need to acquire just for scale."

In the US, the company is considering a more radical change in strategy - diversification into wine and spirits. "We're looking to expand our product portfolio," said Mr Baker. "We now view products without restrictions concerning percentage of alcohol, source of alcohol or flavour."

Anheuser already produces some malt liquors in an alliance with Bacardi and earlier this year forged a distribution deal with Hansen, an energy drink maker. Bonnie Herzog, analyst at Citigroup, says the company should look for merger opportunities with wine and spirit producers. "As our population continues to age, we expect the shift from domestic beer to spirits, wine and imported beer to continue," she says.

Anheuser's improved performance this year has been driven by surging income from its stake in Grupo Modelo and higher revenues following the end of a bloody price war with Miller.

But to prove the durability of its recovery, the company must maintain its momentum into 2007, when the year-over-year comparisons will be more challenging. "A-B is by no means out of the woods," says Mr Laboy.



**4. SABMiller Shrugs Off US Woes**

Source: *just-drinks*

July 28, 2006

SABMiller has given a trading update for the three months to the end of June.

The global brewer said today (28 July) that it is in line with forecasts it made two months ago. Organic lager volume in the quarter - which did not include South America's performance - was up by 7% on the year.

In North America, however, the company took a hammering, with domestic sales to retailers sliding by 2.4%. Miller Lite brand volumes were level in the period. "The trading environment remains highly competitive," said company chief executive Graham Mackay.

In spite of this, volumes in South Africa were up in the quarter by 3%, while soft drinks volumes grew by 4%. Europe also performed well, bringing in organic lager growth of 6%, with Poland and Russia performing strongly. China was also noted for recording robust growth.

"In South America, the integration and investment programmes are proceeding as planned," Mackay noted. "Buoyant trading conditions were experienced across the region and excellent volume performances were recorded by all of our operations, leading to a 9% growth in lager volumes over the prior year on a pro forma basis.

"Both soft drink and beer volumes in Central America were up by 9%, reflecting effective sales and marketing activities," he added.



# 5. U.S. Drinkers Consuming Alcohol More Regularly

By Jeffrey M. Jones - *Gallup News Service*

July 31, 2006

PRINCETON, NJ -- Gallup's annual update on Americans' alcohol drinking habits shows the percentage of Americans who consume alcohol holding steady. However, compared with a decade ago, U.S. drinkers are drinking more frequently and drinking more drinks each week. Drinkers are now slightly more likely to report that beer is their beverage of choice rather than wine or liquor, a return to the typical pattern of recent years after last year's update showed beer and wine in a statistical tie. Despite the increased amount of drinking, drinkers are no more likely to report drinking to excess than they were in the past.

According to Gallup's July 6-9 Consumption Habits poll, 64% of adult Americans aged 18 and older say they drink alcoholic beverages, consistent with data from recent years. In fact, the percentage of Americans who drink has changed little over time. Gallup has asked Americans about their drinking habits since 1939, and over the course of those 60+ years, an average of 63% of Americans have said they drink alcohol.

Though the results have been remarkably stable, Gallup did measure a slightly higher incidence of drinking among the American public in the 1970s (69%) and a slightly lower incidence in the 1950s (59%).

<http://poll.gallup.com/content/Default.aspx?ci=23935&VERSION=p>



**6. Miller Strikes Third Union Deal**

Source: *just-drinks*

July 31, 2006

Workers at Miller Brewing's plant in California have secured new contacts that will see their pay increase and a cut in employee healthcare contributions.

Members of the Teamster union at the site in Irwindale, California, voted to accept the deal yesterday (30 July). The agreement follows similar deals between Miller and its employees at breweries in Texas and North Carolina earlier this month.

"We won two good contracts earlier this month, and now we have the third and final one," said Jack Cipriani, Teamsters Brewery and Soft Drink Workers Conference director.

"All of our members at SABMiller will have secure jobs and access to affordable healthcare for the next three years."

Workers for Miller had been locked in a dispute with the brewer over healthcare with employees threatening strike action if their demands were not met.



**7. WSWA Welcomes New Vice President of Government Affairs**

Source: *WSWA*

August 1, 2006

Washington, DC -- The Wine & Spirits Wholesalers of America, Inc. (WSWA) announced that Jimmy Williams joins the team today as the organization's new Vice President of Government Affairs.

"We are thrilled to have Jimmy join us at such an important time," said President and CEO Juanita D. Duggan. "His wealth of knowledge and experience both on the Hill and with trade associations will be valuable assets to WSWA as it continues to advance the interests of the wine and spirits wholesalers at the national level."

Williams's background includes federal lobbying for the National Association of Realtors (NAR), as well as the Financial Services Roundtable. His Capitol Hill experience includes working as senior policy advisor to Senator Joseph Biden (D-Del.), floor advisor for

Sen. Richard Durbin (D-Ill.) and staff director to the majority for the U.S. Senate Committee on Banking, Housing & Urban Affairs, Subcommittee on Economic Policy.

Williams received a B.A. in English from The Citadel.



**8. Budweiser Tops Alcohol Brand Ranking**

*St. Louis Business Journal*

August 1, 2006

Anheuser-Busch Cos. Inc.'s Budweiser brand was recently ranked No. 27 on a list of the 100 Best Global Brands of 2006, published by BusinessWeek magazine and consulting firm Interbrand.

The ranking appears in the publication's Aug. 7 issue.

In the alcohol category, Budweiser ranked the highest, with a total 2006 brand value of $11.66 billion. Hennessy, with a total 2006 brand value of $3.58 billion, came in at No. 83; Moet & Chandon, with a total 2006 brand value of $3.26 billion, came in at No. 87; and Smirnoff, with a total 2006 brand value of $3.03 billion, came in at No. 93.

St. Louis-based Anheuser-Busch Cos. Inc. (NYSE: BUD), the largest domestic brewer, manufactures and recycles aluminum cans and operates theme parks.

Topping the list was Coca-Cola, with a total 2006 brand value of $67 billion. Rounding out the top five along with total 2006 brand value were: Microsoft, $56.9 billion; IBM, $56.2 billion; GE, $48.9 billion; and Intel, $32.3 billion.

Overall, Burberry and Levi's ended the list at No. 99 and No. 100 with a total 2006 brand value of $2.692 billion and $2.689 billion, respectively.

In the automotive sector, Toyota ranked the highest at No. 7 overall, followed closely by Mercedes at No. 10.

McDonald's held the highest ranking among the restaurant industry at No. 9, followed by KFC at No. 60 and Pizza Hut at No. 66.

Interbrand's valuation approach for the list is a derivative of the way businesses and financial assets are valued, according to a release. Interbrand looked at three key elements: financial forecasting, role of brand and brand strength.

Interbrand operates 34 offices in more than 20 countries around the world. It is a subsidiary of New York-based Omnicom Group (NYSE: OMC), an international holding company that also owns St. Louis-based public relations firm Fleishman-Hillard Inc.



**9. Targeting Youth? Alcohol Advertising in Magazines**

Trevor Butterworth and Rebecca Goldin Ph.D.

August 1, 2006

The media likes one side of a complicated story; ignores new study challenging widely believed claim that alcohol industry targets teens

Do alcohol manufacturers target advertising at youth? This question has plagued parents, advocacy groups, social researchers and even the government for years. Organizations such as the Center for Alcohol Marketing and Youth (CAMY) have steadfastly claimed that they do, and that these ads contribute to the problem of underage drinking. In April 2005, after tabulating the number and type of ads found in magazines and other media, CAMY analyzed the data and appeared to come up with a definitive empirically-grounded answer: As the New York Times reported,

"56 percent of spending on beer and liquor ads that ran from 2001 through 2003 appeared in publications with a disproportionate readership among those ages 12 to 20."

CAMY's research was and is widely cited, for example the Boston Globe reported in August 2005 that "girls are specific targets of marketing. [and] get a heavier exposure to alcohol marketing than girls of legal age, and see 95 percent more alcohol advertising than the typical 35-year old. Much of it is in the magazines girls read, especially, Cosmopolitan, In Style, Vibe, Entertainment Weekly and Vogue."

Or as the Oregonian reported in November of the same year, "Alcohol is the No. 1 drug problem among teenagers, says researcher David Jernigan, who runs the Washington, D.C.-based Center on Alcohol Marketing and Youth.

'It is so critical that parents be aware of what our kids are facing and speak up about it,' he says, "because what the advertising industry says is: It's all the parents' responsibility.'"

But in the July issue of Contemporary Economic Policy, Jon Nelson, professor emeritus of economics at Penn State challenged the conventional wisdom by finding with research that found that alcohol advertisers did not, in fact, target youth. According to Nelson, the most influential factors for where ads are placed in magazines are cost and size of circulation and not the percentage of young readers.

Apart from a United Press International wire story, no media organization reported the study in the United States, despite deep concern about under-age drinking, its causes and remedies. Are the media at fault for ignoring this study? The question can only be answered by comparing CAMY's approach with Nelson's.

Targeting - so who's right?

In part, the answer to whether the alcohol industry targets teens depends on what you mean by "targeting." According to CAMY, targeting occurs whenever alcohol companies advertise in magazines with a youth readership over 15 percent - "youth" in this case being defined as being between the ages of 12 and 20 (for some reason CAMY doesn't think 11-year olds read popular magazines). The percentage of youth in this age group in the population is about 14 percent, so, CAMY reasons, a magazine that appeals to more youth than the population average is one that alcohol companies would avoid if they weren't "targeting" youth.

Magazines that fall into this category include Sports Illustrated, Popular Mechanics, Rolling Stone, Vogue, and others. From a statistical point of view, these magazines "oversample" youth, meaning that they have a disproportionately high youth readership compared to the general population. For CAMY, any advertisement for alcohol in such a magazine is automatically targeting youth.

CAMY's argument is bolstered by a per capita exposure rate: underage youth see more adds for beer, wine, distilled spirits, and alcopops than those over age 21 (though the amount of additional exposure is decreasing).

But this measurement is controversial: while most of us are worried about very young kids becoming turned on to alcohol, the per capita exposure rates mixes in young adults between the ages of 18 to 20. For the alcohol companies, these underage drinkers are difficult to avoid when "intentionally" targeting people agae 21 and over. And these are not typically the kind of "young" people whose parents are rallying behind cries to limit alcohol advertising.

Implicit in CAMY's language is that alcohol companies are purposefully looking for youth in order to advertise to them. But CAMY neglects to mention that alcohol companies do not advertise in magazines whose main audience is youth; for example, Seventeen and YM do not accept alcohol ads. Magazines that target youth are generally alcohol-ad free.

Furthermore, the magazines that CAMY refers to are not primarily written for (or sold to) underage youth. In most cases, more than 80 percent of their readership is of legal drinking age. So is "targeting" a fair word for alcohol advertisements in these magazines? Are the alcohol companies really after underage drinkers?

Penn State's study evaluates whether companies are actually motivated by higher rates of young readers. Nelson identifies several factors that might affect an advertising decision - the size of the readership, the cost of the advertisement, the percentage of youth readers, sales outlets, demographics such as race and income, and magazine topic. The question is which factor actually influences how companies make marketing decisions?

According to Nelson's research, the proportion of young readers among the readership did not make much difference. The influential factors were the size of the audience (not just how many people bought the magazine, but how many actually read it), and how much an ad costs per 1,000 copies in circulation.

Unlike CAMY's method which defines targeting to be an adolescent readership over 15 percent, Nelson's work suggests economic models for how alcohol companies make their marketing decisions, with a testable hypothesis as to whether marketing decisions are influenced by larger proportions of adolescent readers. In none of the models was adolescent readership an influential factor.

This study suggests that we should move away from accusing the advertising industry of plotting to get kids involved with alcohol before they're 21. However, if we view it not as a matter of evil-alcohol-company intent, but as a moral issue, we can't just dismiss the fact that kids are indeed exposed to alcohol advertising through magazine ads, and more than adults.

Whether this exposure affects how much those under 21 drink is an entirely different, and much more controversial, question. Some studies find that kids who report drinking more also report seeing more ads; but is it because the advertising causes them to drink - or is it because those already disposed to drinking are more attuned to alcohol advertising? Culture is also a powerful influence: Something legal and popular with adults (for millennia) is going to be perceived in a positive way by teenagers; the desire to appear grown-up and sophisticated, and to enjoy the good life is not something that was created by advertising or alcohol companies, it is imbibed from real life.

At the same time, research data shows that kids are drinking less. According to Monitoring the Future, "The longer-term trend data available for 12th graders show that alcohol usage rates, and binge drinking in particular, are substantially below where they were at the beginning of the 1980s." After an uptick in the first half of the 1990s, the downward trend has resumed.

But here's a thought: If we could prove that ads unduly influence behavior of adolescents, why not propose a ban on alcohol advertising entirely (as does the American Medical Association)? Or why not legislate that magazines such as Sports Illustrated and Vogue should only be sold to people over 21? Of course, that might raise some eyebrows, considering pornographic magazines are available to those aged 18.

Either way, we cannot have an informed, rational, and productive conversation about underage drinking if the media only cover one side of the story. It's a cliché in this kind of discussion to use the word "sober" in some wry way; but without sober evaluation of the social science data by reporters, how are we ever going to arrive at public policies that will actually work?

<http://www.stats.org/stories/targeting_youth_aug1_06.htm>



**10. Beer Vendor Gets a New Trial**

***Free Press News Services***

August 4, 2006

TRENTON, N.J. -- An appeals court on Thursday overturned a landmark $105 million verdict against a Giants Stadium vendor that sold beer to a drunken fan who later paralyzed a girl in an auto wreck.

Ordering a new trial, the three-judge state appeals panel said the trial court improperly allowed testimony about the "drinking environment" at the 1999 football game.

The family claimed that vendors for Aramark Corp. continued to sell beer to Daniel Lanzaro during a Giants game even though he was clearly drunk.

Hours later, Lanzaro, then 34, caused the wreck that paralyzed then-2-year-old Antonia Verni from the neck down.

Lanzaro is serving a five-year prison term after pleading guilty to vehicular assault.

Lanzaro -- who had a blood-alcohol level of .226 -- testified he bought six beers at halftime even though he said he had already drunk at least six during the first half.

<http://www.freep.com/apps/pbcs.dll/article?AID=/20060804/SPORTS18/608040469/1066/SPORTS18>



**11. Heavy.com Creates Online Dating Game for Fosters**

By Gavin O’Malley – *AdAge.com*

August 2, 2006

**Drafts 10 'Sheilas' to Help Reposition Aussie Beer in U.S.**

NEW YORK (AdAge.com) -- "American women beware, as the sheilas have come to take away your men!" That's the battle cry Heavy.com and Miller Brewing Co.'s Foster's Lager are issuing later this month to kick off an online dating game the site is casting as a model for other marketer partnerships.

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**Heavy.com and Foster's Lager have partnered to create an online dating game.**

**Product** **positioning**

The customized deal is a direct result of an "upfront" conducted by Heavy for the first time this year, and the game is being used to launch a new positioning for the Australian beer in the U.S. with the tagline "Crack open a friendly."

"We generated huge interest in product placement and other sponsorship deals [via the upfront]," said Heavy co-CEO Simon Assaad, who worked with Foster's agencies, WPP Group's Ogilvy & Mather and Publicis Groupe's Starcom, to create the mating game for the beer brand.

**Ten sheilas**

"A partnership like this isn't about impressions," said co-CEO David Carson. "We take time to get to know a brand and then incorporate their message into the production process, which raises awareness dramatically."

Heavy scoured the Outback in search of 10 "sheilas," Aussie slang for unattached females, to take part in its "massive mating game" that mirrors the TV classic "Dating Game," but on a grander scale. Beginning Aug. 16, for three weeks visitors to Heavy.com can watch pre-produced videos of the 10 sheilas talking about themselves in a "Dating Game" style. Viewers can vote to determine which women they like best.

Then, for an additional two weeks, viewers will be sent personal questions via text message, ostensibly from the women. Finally, one lucky lad will be awarded a trip to Las Vegas to meet the most popular women.

**'Teriyaki' spinoff**

About a quarter of Heavy's revenue comes from such customized content, Mr. Assaad said, while the loud graphic ad that dominates a good portion of the site accounts for about two-thirds of all advertising revenue.

This year Heavy will increase its production of original programming tenfold, to 600 segments, the chief executives said. Along with the dating game, Heavy is spinning off its popular channel, "Teriyaki Strips," which features Asian animation, into a separate site. Additionally, Virgin Mobile has already attached itself to another original Heavy creation, "Behind the Music That Sucks."

Heavy is also using the dating game to launch MyHeavy -- a community for sharing user-generated and commercial video along with personal information. Like many web portals and publishers today, Messrs. Carson and Assaad are betting on MyHeavy to mimic the massive traffic-generating magic of MySpace and YouTube.

<http://adage.com/article?article_id=110864>



**II. IOWA NEWS.**

**12. Hargadine Quells Concerns About New Guidelines**

By [Hieu Pham](http://www.press-citizen.com/apps/pbcs.dll/personalia?ID=242) - *Iowa City Press-Citizen*

July 28, 2006

Responding to concerns about the fairness of Iowa City's new guidelines for liquor licenses, Police Chief Sam Hargadine said bars will have a one-year grace period before violations are taken into account.

"We want to let (bar owners) know that we will be judicious when applying the new guidelines," said Hargadine, the city's administrator of liquor licenses.

However, his "liberal" application of the new policy for new and renewal licenses will not include over-occupancy violations or other violations of state laws set by the Iowa Alcoholic Beverages Division.

It also doesn't preclude the police department from filing violations with the City Council to establish the history of compliance or non-compliance among Iowa City's 98 establishments with liquor licenses. The City Council will give final approval of licenses.

Hargadine said he also has written a letter to establishments -- bars, restaurants, liquor stores and gas stations -- to clear up some concerns about the guidelines.

The concerns surfaced after the city established a more stringent criterion for "good moral character," -- which was a vaguely defined requirement under Iowa code to regulate liquor licenses, Hargadine said.

But with the new provisions -- which include keeping track of violations such as selling alcohol to people under the legal age, over-occupancy and reports of frequent fighting or other incidents to the police -- establishing "good moral character" is much more specific.

Leah Cohen, co-chairwoman of the Iowa City Alcohol Advisory Board, said bar owners are worried about how calls to police for service and PAULA tickets will affect their applications for renewal.

"There's no question that the bars are getting more than their share of attention in regards to enforcement," Cohen said.

The decision to deny a liquor license won't be arbitrary, but rather a detailed look at the bar's history of non-compliance, Hargadine said.

"If I were to refuse a license, I would have within five days to explain to City Council," he said. "I would have to demonstrate a clear history of non-compliance. One or two isn't enough. But, if they fail every month, for instance, that demonstrates non-compliance and warrants a refusal."

In addition, he said the police and fire departments finally are partnering in their shared goal of eliminating underage drinking and other alcohol-related problems.

For example, over occupancy violations written by fire officials -- who also plan on increasing random spot checks of bars along with other initiative for stricter enforcement of fire codes -- now will be shared with the police department and be reported to the Iowa Alcoholic Beverages Division.

"One hand didn't know what the other was doing, so we all had a piece of the license pie but no real communication," Hargadine said.

With better communication and a real filing system, he said the city hopefully can eliminate "loopholes" in the system and single out "problem bars" within the city.

<http://www.press-citizen.com/apps/pbcs.dll/article?AID=/20060728/NEWS01/607280306/1079>



13. Parks Wins One Battle With Okoboji

By Russ Oechslin Journal correspondent - Sioux City Journal

August 3, 2006

OKOBOJI, Iowa -- After finding himself on the losing end of an Iowa Supreme Court decision that is costing him his liquor license for the Okoboji Boatworks, Okoboji businessman Butch Parks has won one battle in his continuing war with the city of Okoboji.

An administrative ruling issued Monday by the Iowa Alcoholic Beverages Division gives Parks the right to continue to sell carry-out beer from his Okoboji Boatworks convenience store. "It's something they've always done there," Parks explained Monday afternoon.

And the decision might allow for a continued "bar" operation, according to its author, Jeffrey D. Farrell, who notes that Parks "would not actually serve beer or wine outside the convenience store. However, patrons could buy beer and wine at the convenience store, and walk to the tavern area to drink. Parks' Marina's proposal is not very different than a bar that has no (or a poor) wait staff.

"The proposal is troubling. If Parks' Marina is correct, a convenience store with a class C beer permit could set up a beer garden in its parking lot, and supply the patrons via a store window. This could seemingly circumvent the legislative intent to require businesses who sell for on-premises consumption to obtain an on-premises permit," Farrell said.

The city "will always have the option to seek out disciplinary action if the facts show the operation has violated the law," Farrell concludes.

The Okoboji City Council had denied Parks' request for a carry-out license following the May Supreme Court decision that he would have to cease liquor sales at the bar. That decision was also lost on appeal. But the court orders have not been executed.

Neither Okoboji Mayor Mary Vander Woude nor City Attorney Mike Chozen were available for comment Monday.

When the Supreme Court decision was issued, Chozen said it was the hope of the adjacent property owners and the city that they could now "find a mutually satisfactory solution to the use of the (Okoboji Boats) property," on Smith's Bay, at West Lake Okoboji.

The Iowa Supreme Court decision overturned a lower court ruling, issued by District Court Judge John Duffy in 2004, that allowed Okoboji Boats to operate a bar, a non-conforming use of the property, which is in a residential area.

The dispute centers on the historic use of the property as a marina, dating back to the 1890s. In 1972, the city enacted new zoning that made the area residential, but allowed continued operation of two marinas that eventually became one business.

It is Parks' contention that the bar filled "the piece of the puzzle to make a modern day marina complete," much like Parks' Marina, operated by Parks on East Lake Okoboji.

Parks says he will continue to do everything he can "to keep Okoboji Boats alive and be a family entertainment center, without liquor being a part of the formula, if need be. "We want to keep Okoboji Boatworks public so those who don't have a home on the lakes can still have access to the water. But this is definitely a setback," Parks explained in mid July.

Parks says he already has one excursion boat on the lakes and soon expects to have two more 40-passenger glass-bottom boats in the water. He predicts that in the next two or three years there may be no marinas left on the East or West Lake Okoboji. "You can't buy gas now on Big Spirit Lake," he says. Land is so high priced with condo development going on that I could sell my business for condos at twice what the businesses are worth.

<http://www.siouxcityjournal.com/articles/2006/08/01/news/local/b0f5e6e3e2b25215862571bd000a0be1.txt>



### 14. Businesses Fined for Underage Alcohol Sales

*Des Moines Register*

August 4, 2006

Seven businesses have received fines from $500 to $1,500 for selling alcohol to someone younger than 21.

Hampton Inn, 7060 Lake Drive; Git-N-Go, 1325 Grand Ave.; Hy-Vee, 1990 Grand Ave.; the Longest Yard, 122 Fifth St.; and Third Base Sports Bar, 1720 25th St., have all been fined $500 for a first violation of the alcohol sales law.

Chuck E Cheese's, 1431 22nd St.; and Tienda La Michoacana, 433 Fifth St.; have both been fined $1,500 and will have their liquor licenses suspended for 30 days for a second violation.



**III. OTHER STATE NEWS.**

**15. Maine Magistrate Judge Recommends Upholding Alcohol Regulatory Controls (Maine)**

*PR Newswire*

July 28, 2006

**WSWA Applauds Decision and Concern to Keep Alcohol Out of the Hands of Minors**

Washington D.C. (July 28, 2006)-U.S. Magistrate Judge Margaret J. Kravchuk yesterday submitted a recommendation to Maine's U.S. District Court to uphold the state's farm winery statutes in a lawsuit filed by an Oregon winery seeking to legalize unaccountable Internet, mail and phone sales.

Kravchuk wrote that Maine's current law "simply does not impose any cognizable burden on interstate commerce that could possibly outweigh the putative local benefit of regulating minors' access to alcohol." She added, "But here the patently obvious circumstances are that the subject matter of the statutory scheme is wine, wine is an alcoholic beverage that is contraband when placed in certain minors' hands, and the State has concluded that mail order transactions cannot reliably be policed in order to protect certain minors from themselves."

The Wine and Spirits Wholesalers of America Inc. supports this recommended decision, as it exemplifies how a state can comply with last year's Granholm v. Heald Supreme Court ruling and continue to uphold the safeguards that prevent unaccountable alcohol sales.

"Governor Baldacci, Attorney General Rowe, and the Maine Liquor Licensing and Inspections Unit officials should be applauded for taking a stand to keep alcohol regulations in place in Maine, requiring that alcohol be sold through a face-to-face transaction," President and CEO Juanita D. Duggan said. "Magistrate Judge Kravchuk clearly understands the risks that Internet, phone and mail order alcohol sales pose to the health of our communities and that wine is alcohol.

"This decision ought to encourage other state officials to resist attempts by wineries who are demanding to opt out of the regulated system of alcohol safeguards through direct sales, and all those seeking to undermine a state's broad authority to regulate alcohol."

For a full copy of the recommended decision, please visit <www.wswa.org>.

<http://www.interactivebrokers.com/en/main.php>



**16. Bootlegged Wine Seized From Home (Maryland)**

**By Kate Leckie – *News-Post***

**July 28, 2006**

FREDERICK, MD -- State agents raided a downtown Frederick home last Friday and seized more than $150,000 worth of champagne and wine, the state comptroller's office said Thursday.

Agents searched the residence of Steven Tluszcz, at 127 W. Fourth St., after getting a tip that he was illegally selling alcohol there and elsewhere, said Kevin P. Kane, a spokesman for the office.

Mr. Kane said the search was conducted after Mr. Tluszcz sold alcohol to an undercover state agent.

Mr. Tluszcz, 36, cooperated with agents, Mr. Kane said. He has not been charged.

"No doubt he will be," Mr. Kane said. "It's just a matter of compiling all the evidence. Agents are still doing inventory É a seizure of this magnitude takes time."

At a minimum, Mr. Tluszcz could be charged with two misdemeanors -- the sale of alcoholic beverages without a license and possession of alcoholic beverages for the purpose of sale, Mr. Kane said.

Both charges carry penalties of as much as two years in prison and a $1,000 fine.

Mr. Tluszcz was at one time a part-owner and regional sales manager of the Frederick Brewing Co., authorities said.

He did not return a phone call seeking comment.

The raid was conducted at about 1:25 p.m. July 21.

Agents seized 1,029 bottles of wine, champagne and other alcoholic beverages during the search.

"The search took quite awhile, a number of hours," Mr. Kane said. "Agents realized they needed to handle the bottles and crates with great care É immediately recognizing the value of much of the wine."

Mr. Kane said one of the bottles is worth $800.

"Others may be worth more," he said.

Eventually, the wine will be auctioned off, with the proceeds going to the state's general fund, Mr. Kane said.

Once agents finish their investigation, Mr. Tluszcz may face additional charges, he said.

"How he acquired the wine, who he was selling it to, all of that should unfold," Mr. Kane said.

Agents aren't concerned Mr. Tluszcz will flee.

"They're keeping tabs on him; it'd be far worse if he runs," Mr. Kane said. "At this point, he's only facing misdemeanors."

The comptroller's office works to ensure that only alcoholic beverages on which taxes have been paid are sold and that all applicable licenses have been obtained, Mr. Kane said.

That creates "a level playing field for Maryland alcohol retailers and wholesalers," Mr. Kane said.

Comptroller William Donald Schaefer said, "We're vigilant. We make it a priority to protect legitimate business in Maryland. If you're a tax cheat, we'll catch you."



**17. Sunday AM Beer Sales Now Legal (New York)**

*The Associated Press*

July 30, 2006

ALBANY, NY -- New Yorkers won't have to wait until noon to buy beer anymore.

Starting today, a new law goes into effect that lets stores sell beer starting at 8 o-clock on Sunday mornings instead of having to wait until noon.

Governor Pataki signed the law Thursday.

The old rule was part of the blue laws that were originally designed to restrict certain activities on Sunday to appease the church. Lawmakers say the new law will make it easier on those who are traveling or just prefer to shop early.

<http://abclocal.go.com/wabc/story?section=local&id=4414388>



**18. Grocery Wine Sales on Nov. Ballot (Massachusetts)**

**By Dan Ring – *Mass Live***

**July 31, 2006**

BOSTON - A bitter battle is brewing over a Nov. 7 ballot question that would allow grocery stores and supermarkets to sell wine in Massachusetts.

The question pits package store owners against supermarket and convenience store chains. If approved by a majority of voters, the measure would authorize a new class of "wine-at-food-store" licenses for grocers and supermarkets to sell wine. Hard liquor and beer sales would not be affected.

Two other statewide questions on the ballot for the general election would become state law if passed.

One would allow licensed and other authorized providers of state-subsidized child care in private homes to enter into collective bargaining with the state about terms and conditions of services.

Another question would allow minor political parties to use the ballot to endorse nominees of major parties.

The Massachusetts Package Stores Association, based in West Springfield, says approval of the "wine-at-food-store" question would introduce competition that could seriously hurt its members' sales and profits and drive some stores out of business. The association says big corporations are attempting to beat up on local businesses via the ballot question.

Michael D. Cimini, 36, owner of Yankee Spirits in Sturbridge, a package store with 10,000 different types of wine and among about 2,500 package stores in the state, said the supermarket chains are turning to the ballot after failing to persuade state lawmakers to change state law. He said approval of the question would be unfair and would destroy the "level playing field" that now exists when businesses seek liquor licenses.

"You can't just flip a switch and allow national and foreign big companies to come in and grab up hundreds of licenses and still have local business people constrained to three licenses," Cimini said.

Under current law, a store needs a liquor license to sell wine. But a 1934 state law limits any individual or corporation to holding no more than three licenses. That means a supermarket chain such as Stop & Shop can only possess three liquor licenses statewide, meaning most of their stores don't sell wine.

If the question is approved, the new wine licenses wouldn't be restricted by the 1934 law. Every supermarket in the state could potentially sell wine.



**19. Mass. Tip Law Finds Restaurant Liable for $2.5 million (Massachusetts)**

**July 31, 2006**

SALEM, Mass. -- An Essex County Superior Court jury here awarded $2.5 million in damages and penalties to workers in a finding that Hilltop Steak House in Saugus, Mass., had illegally funneled a portion of their tips to managers.

Most of the amount would go to four waitresses whom the jury found had been wrongfully terminated after they complained about apparent infractions of a state law enacted four years ago that prohibits mandatory tip sharing with supervisors or kitchen workers, and $160,000 of the total would be paid to a 42-worker class of plaintiffs, according to a Boston Globe report. It said the case was the first of 19 pending tip complaints to go to trial in Massachusetts.



**20. Waitress Asks for ID, Gets Stolen License Back (Ohio)**

*Associated Press*

July 31, 2006

## Bar server checking patron’s age is handed very familiar driver’s license

WESTLAKE, Ohio - A bar waitress checking to see if a woman was legally old enough to drink was handed her own stolen driver's license, which was reported missing weeks earlier, police said.

"The odds of this waitress recovering her own license defy calculation," police Capt. Guy Turner said Monday.

Maria Bergan, 23, of Lakewood, was charged Sunday night with identity theft and receiving stolen property. She was arrested at her home in suburban Cleveland and was jailed in Westlake to await a court appearance.

The 22-year-old waitress, whose name was not released, called police last week and said she had been handed her own stolen driver's license by a woman trying to prove she was 21. The woman, who became suspicious of the delay as the waitress went to call police, fled the Moosehead Saloon, but her companion provided her name.

The waitress said she had lost her wallet July 9 at a bar in Lakewood.

The victim also had a credit card stolen. The stolen card has been used to make $1,000 in purchases, Turner said.



# 21. Audit Finds Lax Law Enforcement by State Liquor Authority (New York)

*The Associated Press*

August 2, 2006

ALBANY - The State Liquor Authority has failed to monitor liquor wholesalers' distribution and pricing practices, allowing some businesses to skirt the law and favor some retailers over others, according to an audit released Tuesday by Comptroller Alan Hevesi's office.

Hevesi's audit concluded the SLA has failed to record and track liquor store complaints about wholesalers and to follow up on those complaints. The SLA, auditors said, took a “passive approach to enforcement,” simply waiting to receive complaints instead of taking the initiative to look for problems.

Auditors looked at 185 cases filed against wholesalers from January 1, 2003 to June 21, 2005. They found that 78, or 42 percent, were closed without any action.

In four of those cases, there were apparent violations, but no action was taken and investigators failed to document why they made the decision not to impose penalties.

The SLA's approach “means that there is little or nor accountability for liquor wholesalers who violate the law,” Hevesi said in a statement. “That lack of accountability opens the door for wholesalers to favor some retailers over others.”

State Liquor Authority Chairman Edward Kelly resigned from his post in November after Attorney General Eliot Spitzer began an investigation of allegations that favored retailers were given discounts, cash and trips by wholesalers in violation of state law.

Spitzer's investigation is continuing, spokesman Marc Violette said.

Albany lawyer Joshua Toas, a former assistant secretary of state and assistant counsel to the governor, was named last year to the new job of chief executive at the authority.

In one case uncovered by auditors, a wine wholesaler was accused of requiring retailers to purchase certain wines before they were allowed to order other, more desirable brands. The wholesaler had previously been fined $30,000 for a similar violation. According to a report, the investigator was not able to visit the licensee due to “travel constraints” and noted the activities were “typical of the industry.” No action was taken against the wholesaler.

Hevesi's office found another four cases of wholesalers giving gifts to retailers, but escaping without any apparent investigation or penalty.

Authority Chairman Daniel Boyle, in a response to the audit, said the SLA oversees up to 70,000 establishments and makes it a priority to go after more serious violations such as nuisance bars and liquor stores and repeat violators.

With a limited budget and staff to work with, the authority has to rely on complaints to start investigations rather than actively pursuing them, he said.

Boyle said the authority would try to take up recommendations made by auditors to improve oversight.

The state Senate Investigations Committee is holding a public hearing on the SLA in New York City on Sept. 7.

“It's clear that we need to take a look at and tighten up policies and procedures in regard to the enforcement of liquor laws in this state,” said state Sen. Nicholas Spano, a Westchester Republican.

<http://www.auburnpub.com/articles/2006/08/02/news/state/state03.txt>



**22. Political Battle in Illinois Over Direct Wine Shipping (Illinois)**

By Kevin McDermott – *Post-Dispatch Springfield Bureau*

July 31, 2006

SPRINGFIELD, ILL. -- Even as Illinois' powerful beer-distribution industry was lobbying the Legislature to stop Internet wine sales this year, it was topping off lawmakers' campaign coffers with record political donations.

Newly released campaign finance data show the Associated Beer Distributors of Illinois spent more than $335,000 in the first half of this year. That's significantly more than the well-heeled lobbying organization has spent in any other six-month period in at least the past 10 years, according to a Post-Dispatch analysis of the records.

Most of that money went directly to state legislators as they were considering a proposal by beer distributors to crack down on a small but growing competitive threat: direct shipping of wine from winemakers to customers connected via the Internet.

The state's nascent wine industry says outlawing that practice would kill it.

"We have to be able to ship directly to consumers" to survive, said David Stricklin, a lobbyist for the industry, which comprises about 60 wineries and 200 vineyards that produce about a half-million gallons of wine a year. (California produces about 500 million gallons.)

Stricklin noted that the beer distributors' threat forced the state's wine industry to enter negotiations on limiting the quantity of its own shipments, essentially ensuring that it never becomes a threat to the much larger alcohol market served by beer and wine distributors.

He stopped short of accusing the beer distributors group of increasing its political donations to produce the threat of legislation. "They don't talk to me when they make these decisions" about political contributions, Stricklin said.

Among the biggest recipients of the group's contributions, records show, were lawmakers who co-sponsored legislation to stop those wine sales. They received contributions ranging from $1,000 to $10,000 each.

"We've been watching the history of their donations. It does bother me," said Mike Boegler, an owner of a vineyard in Ava, Ill., and a member of the Illinois Grape Growers & Vintners Association.

In Illinois, there are no restrictions on the amount of money any donor can give to any politician as long as the donation isn't made in exchange for official action. Donations must be reported every six months.

According to state campaign finance records released Monday, the beer distributors group $335,570 from Jan. 1 to June 30, with most of that money donated directly to state legislators' campaign committees. The newspaper's analysis found that that was the largest expenditure the group posted for any six-month period since at least 1996.

"We support candidates based on their records, and their support in the past, and whether they're willing to learn about our industry," said the group's vice president William Olson. "We do not ever talk about campaign support and any particular legislation in the same breath. We never link any campaign support with any specific piece of legislation. We've cut off conversations when they started to go there."

Among the top recipients of the beer distributors' money this year was state Rep. Lou Lang, D-Skokie, who sponsored the original legislation that would have ended direct shipping of wine. Lang received two donations of $5,000 each in the first six months of this year. He said his sponsorship of the legislation wasn't tied to those donations.

"I've accepted contributions from the beer distributors for many years," Lang noted. "I don't think the step-up in dollars (spent by the beer distributors) has any meaning other than they're doing a good job of raising money."

The group's money is raised from distributors of beer - generally major national brands - throughout Illinois. Distributors are part of a three-tier system of alcohol distribution in place since the end of Prohibition, designed to control alcohol by putting a middleman between manufacturers and consumers. An exception to that system was later established for Illinois wineries, to try to help nurture that small industry.

The original beer distributors' proposal, filed as legislation in January, would have required those wineries that sell their wine directly to consumers to first have face-to-face meetings with each buyer, as opposed to phone or Internet contact. Local wineries too small to use distributors say it would have in effect ended their ability to ship their own wine.

Faced with that threat, the state's wine industry has tentatively agreed to limitations on the quantity of its shipments, and the beer distributors group has backed off its original proposal. Negotiations are continuing.

The proposal to stop direct-mail wine was prompted by a U.S. Supreme Court ruling last year that said states could not set up separate regulations for out-of-state and in-state alcohol manufacturers, but rather had to have one uniform set of rules. Major beer and wine distributors said they didn't have a problem with small Illinois wineries' shipping direct, but wanted to prevent major California and foreign producers from doing the same.

<http://www.stltoday.com/stltoday/news/stories.nsf/metroeast/story/845958823A4351F6862571BD00169893?OpenDocument>



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# 23. OLCC to Launch In-Depth Study of Liquor Agents’ Compensation (Oregon)

*The Oregon Liquor Control Commission*

August 3, 2006

The Oregon Liquor Control Commission will be seeking a contractor for an independent review of liquor agents’ compensation and other income to determine if it covers their cost of doing business and upgrading facilities. The Oregon Legislature’s Emergency Board recently granted the OLCC additional funds for the budgeted study and a report is due back by year’s end.

Liquor agents are independent business people who operate the state’s 243 liquor stores under contract with the OLCC. Agents are compensated at a rate set by the legislatively adopted budget, 8.88 percent of sales on average statewide.

OLCC compensates each agent based on a formula driven by the store’s sales volume. From this compensation, agents manage the store, including store rent, employee salaries and benefits, store fixtures and utilities, and other business expenses. The remainder becomes the agent’s salary.

The state owns the liquor inventory, saving agents from a major potential investment.

The review will include interviews with agents and comparison of sales and costs in various geographical areas. The researchers will track income and profit from distilled spirits and related products such as mixers, tobacco, glassware, lottery, and other non-consumable items which are allowed by the OLCC.

A group of agents has assisted the OLCC in preparing for the study.

Absolut citrus-flavored vodka tops category over last year: OLCC

Absolut Citron has been the best-selling flavored vodka in the state, with 65,520 bottles sold in the 12-month period ending May 1, according to the Oregon Liquor Control Commission.

The citrus-flavored vodka outpaced the second best seller – Burnett’s vanilla flavored vodka -- by 20,616 bottles. Agents sold 44,904 bottles of Burnett’s vanilla.

Other top flavored vodka sellers include: Absolut Mandarin, 39,140 bottles; Stolichnaya Vanilla, 37,428;  Burnett’s Citrus, 34,954; Smirnoff Twist of Vanilla, 33,565; Smirnoff Twist of Raspberry, $32,592; Burnett’s Raspberry, 32,592; Smirnoff’s Twist of Citrus, 25,795; Stolichnaya Razberi, 21,919; Gordon’s Citrus, 18,198; Burnett’s orange, 17,757; Smirnoff’s Twist of Apple, 17,242; and Burnett’s Sour Apple, 16,537.

Other flavors include peach, watermelon, strawberry, mango, cherry, wildberry, pepper, cranberry, cocoanut, currant, ginger, black cherry, lime, hazelnut and grape.

Right way of ID-checking helps put damper on teen booze drinkers

Oregon’s liquor store agents and licensees are helping to discourage the flow of alcohol to underage drinkers by taking a good look at their identification, according to the Oregon Liquor Control Commission.

Oregon law requires liquor sellers to check the ID of anyone who looks 26 or younger before ringing up a sale, and some store policies stretch that upper limit to age 40. If licensees or their employees sell to a minor, the licensee can be fined from $990 to $1,650 for a first offense. Clerks are fined at least $350.

Here are the basic ID-checking guidelines for Oregon’s liquor sellers:

-- Don’t rely on a customer’s appearance…if in doubt, ask for proper ID.

-- Don't rely on behavior…some minors act very confident when attempting to purchase alcohol.

-- Check ID closely…for signs of alteration or tampering.

-- Compare the ID with the person who presented it…ask specific questions that can be answered quickly and easily by the true owner of the ID.

-- Insure that the ID is valid…current driver license, state-issued ID card, U.S. military ID card, and passport. Expired ID is unacceptable.

Trend continues up for businesses getting OLCC liquor licenses

The Oregon Liquor Control Commission is issuing 60 percent more licenses to sell beer, wine and distilled spirits than 14 years ago.  There were 7,310 licensed issued in 1992 and 11,763 in 2005 with 9,600 of them retail outlets.

In that same period, the state recorded a 23 percent increase in population – to 3.63 million.



# 24. Alcohol Division: Don’t Card Obviously Older People (New Mexico)

*The Associated Press*

August 3, 2006

SANTA FE (AP) - Some people who sell alcoholic beverages are taking the state’s requirements for proof of age too seriously.

Regulation and Licensing Superintendent Ed Lopez says the state commends people for taking the legal age for drinking seriously.

He says it’s sometimes difficult to tell someone who is 20 from someone who is slightly older, but he says that it’s clear when people are 50 -- or even 80.

The head of the department’s Alcohol and Gaming Division has sent a memo to about 1,000 holders of liquor licenses.

The memo says they should feel confident that the state won’t go after the license-holder for failing to card someone who is clearly over 50 and isn’t intoxicated.

<http://www.kobtv.com/index.cfm?viewer=storyviewer&id=27126&cat=NMTOPSTORIES>



# 25. More Teens Shopping For Alcohol Online, Very Few Safeguards In Place (Wisconsin)

*Channel 3000*

August 3, 2006

MADISON, Wis. -- The ease of buying alcohol online hasn't changed over the years, but now more teens know about the practice.

With an Internet search engine, teens have access to arguably the largest liquor store, WISC-TV reported.

"It's a significant problem," said Attorney General Peg Lautenschlager. "We're not sure to the degree of the problem."

A 2003 National Academy of Sciences Report showed 10 percent of teens are buying their alcohol online, and the number continues to grow.

"Some places they're used to, like MySpace.com -- word travels fast through sites like that," said Mary Beth Manning from Aro Counseling.

A Web site named pointclickdrink.com shows how easy it is for teens to buy alcohol online. In a video on the site, an underage teen is seen ordering a bottle of liquor online, and it arrives days later without any questions asked.

"Our students, our young people are very computer-wise, so they know how to get at this and word travels fast," Manning said.

Lautenschlager said that hopefully Congress will recognize the importance of the issue and tackle it.

Lautenschlager, along with 34 other attorneys general across the country, have tried to ban these purchases. But a recent Supreme Court ruling found it violates the Dormant Commerce Clause.

"The bottom line is still unless we have the tools to limit, we really have an enforcement nightmare on our hands," Lautenschlager said.

Twenty-one states currently have laws on the books banning online sales of alcohol, but Lautenschlager said those likely would be tossed out in court due to the Dormant Commerce Clause.

Experts advised concerned parents to keep a watch on what their kids are doing online. They also suggested parents look at credit and debit cards statements and watch for a change in behavior, which can be a sign of drug abuse.

<http://www.channel3000.com/news/9626983/detail.html>



## 26. Campaign Donations Flow From Beer Distribution Industry (Illinois)

By Kevin McDermott, *St. Louis Post Dispatch*

August 04, 2006

SPRINGFIELD — Even as Illinois’ powerful beer-distribution industry was lobbying the Legislature to stop Internet wine sales earlier this year, it was topping off lawmakers’ campaign coffers with record political donations.

Newly released campaign finance data show the Associated Beer Distributors of Illinois, or ABDI, spent more than $335,000 in the first half of 2006. That’s significantly more than the well-heeled lobbying organization has spent in any other six-month period in at least the past 10 years, according to a Post-Dispatch analysis of the records.

Most of that money went directly to state legislators as they were considering an ABDI proposal to crack down on a small but growing competitive threat: direct-shipping of wine from winemakers to customers connected via the Internet.

The state’s nascent wine industry says outlawing that practice would kill it.

“We have to be able to ship directly to consumers” to survive, said David Stricklin, a lobbyist for the industry, which is comprised of about 60 wineries and 200 vineyards that produce about a half-million gallons of wine a year. (California produces about 500 million gallons.)

Stricklin noted that the ABDI threat forced the state’s wine industry to enter negotiations on limiting the quantity of its own shipments, essentially ensuring it never becomes a threat to the much larger alcohol market served by beer and wine distributors. He stopped short of accusing ABDI of increasing its political donations to create the threat of legislation. “They don’t talk to me when they make these decisions” about political contributions, Stricklin said.

Among the biggest recipients of ABDI’s contributions, records show, were lawmakers who co-sponsored legislation to stop those wine sales. They received ABDI contributions ranging from $1,000 to $10,000 each. “We’ve been watching the history of their donations. It does bother me,” said Mike Boegler, an Ava, Ill., vineyard owner and member of the Illinois Grape Growers & Vintner’s Association.

In Illinois, there are no restrictions on the amount of money any donor can give to any politician as long as the donation isn’t made in exchange for official action. Donations must be reported every six months.

According to state campaign finance records released Monday, ABDI spent $335,570 from Jan. 1 to June 30, with most of that money donated directly to state legislators’ campaign committees. The newspaper’s analysis found that was the largest expenditure the group posted for any six-month period since at least 1996.

“We support candidates based on their records, and their support in the past, and whether they’re willing to learn about our industry. We do not ever talk about campaign support and any particular legislation in the same breath,” said ABDI vice-president William Olson. “We never link any campaign support with any specific piece of legislation. We’ve cut off conversations when they started to go there.”

Among the top recipients of ABDI money this year was Rep. Lou Lang, D-Skokie, who sponsored the original legislation that would have ended direct-shipping of wine. Lang received two ABDI donations of $5,000 each during the first six months of this year. He said his sponsorship of the legislation wasn’t tied to those donations.

“I’ve accepted contributions from the beer distributors for many years,” Lang said. “I don’t think the step-up in dollars (spent by ABDI) has any meaning other than, they’re doing a good job of raising money.”

ABDI’s money is raised from distributors of beer — generally major national brands — throughout Illinois. Distributors are part of a three-tier system of alcohol distribution in place since the end of Prohibition, designed to control alcohol by putting a middleman between manufacturers and consumers. An exception to that system was later created for Illinois wineries in an attempt to help nurture that small industry.

The original ABDI proposal, filed as legislation in January, would have required those wineries that sell their wine directly to consumers to first have face-to-face meetings with each buyer, as opposed to phone or Internet contact. Local wineries too small to use distributors say it would have effectively ended their ability to ship their own wine.

Faced with that threat, the state’s wine industry has tentatively agreed to limitations on the quantity of its shipments, and ABDI has backed off its original proposal. Negotiations are continuing.

The proposal to stop direct-mail wine was prompted by a U.S. Supreme Court ruling last year that said states could not set up separate regulations for out-of-state and in-state alcohol manufactures, but rather had to have one uniform set of rules. Major beer and wine distributors said they didn’t have a problem with small Illinois wineries shipping direct, but wanted to prevent major California and foreign producers from doing the same.

<http://www.qctimes.com/articles/2006/08/04/news/state/doc44d2ce2e4895e992627613.txt>

