

TENNESSEE ALCOHOLIC BEVERAGE COMMISSION

**MINUTES
August 27, 2013
1:30 pm**

The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Tuesday, August 27, 2013 in Nashville, Tennessee at 1:30 p.m. Although Commissioner Brian Kaegi was not present, a quorum was present with Chairperson McDaniel and Commissioner John Jones therefore the meeting was conducted. Executive Director, E. Keith Bell, Assistant Director and Ginna Winfree were present.

1. The Minutes for July 23, 2013 Commission Meeting were approved

2. RETAIL

A. NEW BUSINESS

**1. UNICOI WINE & SPIRITS
UNICOI, TENNESSEE (UNICOI COUNTY)**

Applicant: Unicoi Wine & Spirits, LLC
Member(s): Stacy Collins (100%)

Before the Commission is a request for a new retail store located at 100 Rocky Bottom Rd., Suite 5, Unicoi, Tennessee. Stacy Collins will be investing two hundred eighty-five thousand; one hundred seventy-nine dollars (\$285,179) to operate the store based a line of credit with First Tennessee Bank and personal funds with the Bank of Tennessee as verified by the TABC staff. Unicoi Wine & Spirits, LLC will be leasing the property from Franklin Commercial Properties, LLC for a term of five (5) years with an option of two (2) successive five (5) year periods. The rent will be \$1,573.33 a month for the initial term (years 1-5). During the first renewal period (years 6-10), the rent will increase to \$1,730.67/mo. and then during the second renewal period (years 11-15) the rent will increase to \$1,903.73/mo. All documentation and agency requirements have been submitted.

The TABC staff recommends approval of this application.

Discussion/Action Taken:

Director Bell reviewed the matter to the Commission and recommended approval.

Commissioner Jones made a motion to approve. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: A Retailer license was issued to Unicoi Wine & Spirits, LLC on 8/28/13

**2. THE CELLAR WINE AND SPIRITS, LLC
CHARLOTTE, TENNESSEE (DICKSON COUNTY)**

Applicant: The Cellar Wine and Spirits, LLC
Member(s): Brandon Chad Murphy (50% Co-Owner)
Todd Edwin Murphy (50% Co-Owner)

Before the Commission is a request for a new retail store located at 3426 Hwy 48 N, Charlotte, Tennessee. Brandon Chad Murphy and his brother, Todd Edwin Murphy will be investing approximately \$140,000.00 to operate the business based on an Inventory Loan for up to \$100,000.00 and an Equipment Loan up to \$40,000.00 from Bank of Dickson as verified by the TABC staff. Doyle (father of Brandon and Todd) and Connie Murphy will be leasing the property to The Cellar Wine and Spirits, LLC ("Applicant") for a term of five (5) years commencing on the 1st day of October, 2013, and terminating on the 30th day of September, 2018, at rental rate of \$1200.00/month. Applicant shall have three options to extend the lease for an additional five (5) year term. The monthly rental rate for the first option period, years 6-10 will be \$1,320.00/month; second option period, years 11-15, \$1,452.00/month; and for the third option period, years 16-20, \$1,597.00/month. All documentation and agency requirements have been submitted with the exception of the following:

- a. Certificate of Occupancy
- b. TABC Inspection
- c. Acknowledgment of TABC Rules & Regs
- d. \$850.00 License Fee

The TABC staff recommends approval of this application upon receipt of license fee and missing documentation.

Discussion/Action Taken:

Director Bell reviewed the matter to the Commission and recommended approval.

Commissioner Jones made a motion to approve. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The Cellar Wine and Spirits is in the process of remodeling the building, they will contact the TABC when the building is complete.

**3. 182 WINE AND SPIRITS
FAIRVIEW, TENNESSEE (WILLIAMSON COUNTY)**

Applicant: D & D Enterprises
Partnership: Don R. Vincent (50%)
Dean R Trathen (50%)

Before the Commission is a request for a transfer of ownership of the retail store located at 1518 Highway 96N, Fairview, Tennessee. Mr. Trathan and Mr. Vincent, d/b/a D & D Enterprises will be purchasing the store from John F. Porch, III d/b/a 182 Wine and Spirits for a sum of \$4,000.00, plus a sum equal to the cost of the store's liquor inventory on the closing date. Mr. Vincent will be investing \$11,000.00 to operate the store based on the sale of an asset; the personal funds are with First Bank as verified by the TABC staff. Mr. Trathen will be investing \$20,000.00 based on earnings from a separate business venture; the personal funds are with First Bank, as verified by the TABC staff. D & D Enterprises will be leasing the property from Peery Enterprises, LP for a period of one (1) year at \$800.00/mo. All terms and conditions of any extension of the lease shall be negotiated by the parties upon written notice of D & D Enterprise's intention to extend the lease. All documentation has been provided with the exception of the following:

- a. \$850.00 License Fee - **received**

The TABC staff recommends approval of this application upon receipt of license fee.

Discussion/Action Taken:

Mr. Don R. Vincent was in attendance. Director Bell reviewed the matter to the Commission and recommended approval upon receipt of the license fee.

Commissioner Jones made a motion to approve upon receipt of the license fee. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The change of ownership was approved and recorded. The Retailer license was issued to 182 Wine and Spirits 8/28/13.

**4. AMERICAN WINE & SPIRITS
COOKEVILLE, TENNESSEE (PUTNAM COUNTY)**

Applicant: American Wine & Spirits, LLC
Member(s) Danny N. Brooks (100%)

Before the Commission is a request for a change membership interest in the LLC which currently owns the retail store located at 932 E. 10th Street, Suite C, Cookeville, Tennessee. Danny Brooks purchased Stacy Winningham's (50%) interest in the business for \$79,000.00. This transaction was completed prior to the approval from the commission due to a time restriction on the purchase. Mr. Brooks now owns 100% interest in American Wine & Spirits, LLC. The property where the store is located is owned by Danny Brooks and his wife, Karen Brooks; they will be leasing the property to the applicant, American Wine & Spirits, LLC for a term of four (4) years at \$2,500.00/month. The applicant may extend the original terms by five (5) successive one (1) year periods. All documentation has been provided with the exception of the following:

- a. Acknowledgment of TABC Rules & Regs - **received**
- b. Inspection - **received**
- c. \$ 850.00 License Fee - **received**

The TABC staff recommends approval of this application upon receipt of the missing documents and the license fee.

Discussion/Action Taken:

Mr. Danny N. Brooks was in attendance. Director Bell reviewed the matter to the Commission and recommended approval.

Commissioner Jones made a motion to approve. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: Director Bell recommended that a citation be issued for failure to come before the commission prior to changing the membership interest in the LLC. The changes in the membership interest have been recorded.

**5. LIQUOR BARN
JOHNSON CITY, TENNESSEE (WASHINGTON COUNTY)**

Applicant: Boones Creek Beverage, Inc.
Stockholders(s) Mickii Carter

Before the Commission is a request to use the upstairs level for storage in the retail store located at 2926 Boones Creek Road, Johnson City, Tennessee. The current location has a second floor, originally allotted for office space and storage of non-alcoholic items; they wish to use the upstairs space for storage of alcoholic beverages. The applicant plans to install an elevator or dumb waiter at a later date to move the product from the ground floor to upper floor storage. The applicant appeared before the commission in June and was

approved for a change of location and d/b/a name change. The applicant quickly realized the need for additional storage for alcohol. All documentation has been provided; the TABC staff recommends approval of this application.

Discussion/Action Taken:

Director Bell reviewed the matter to the Commission and recommended approval.

Commissioner Jones made a motion to approve. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The approved request to utilize the second floor for additional storage has been recorded.

**6. CAESER'S WINE & LIQUOR
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Applicant: Scary Gary 2 Inc.
Stockholder(s) Gary Gordin, President (1.79%)
Ramona Gordin, Secretary (1.79%)
Scary Gary 2 401K Plan (96.42%)

Before the Commission is a request for a change in ownership in the retail store located at 9959 Highway 64, Memphis, Tennessee. Gary & Ramona Gordin are purchasing Caesar's Wine & Liquor from Kardoush, LLC, and the Real Estate from Charles Kardoush and Michael Kardoush for \$3,071,403.00 based on a small business loan from First Partners Bank for \$2,485,000.00. In addition, Gary & Romona Gordin has a Promissory Note for \$300,000.00 to be paid to Kardoush, LLC for the purchase of the business. They also have a \$250,000.00 line of credit with the Bank of Bartlett and \$393,672.17 in their Regions Bank Business Money Market Account that will be used to operate the business as verified by the TABC staff. All documentation has been provided with the exception of the following:

- a. \$850.00 License Fee

The TABC staff recommends approval of this application upon receipt of the license fee.

Discussion/Action Taken:

Mr. Gary Gordin was in attendance. Director Bell reviewed the matter to the Commission and recommended approval upon receipt of the license fee.

Commissioner Jones made a motion to approve upon receipt of the license fee. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The approved change in ownership for Caesars Wine & Liquor was recorded; the Retailer license was issued 8/27/13.

**7. CHEERS WINES & SPIRITS
COLLIERVILLE, TENNESSEE (SHELBY COUNTY)**

Applicant: William L. Hays, Jr.
Sole Proprietorship

Before the Commission is a request to expand the retail store located at 366 New Byhalia Road, Collierville, Tennessee. Mr. Hays is wishing to lease the adjoining 850 square foot office space to be used for storage & office use, but no increase in retail area. The proposed area will be accessed by installing a door through a common wall in our wine room. The existing external door will only be used for unloading trucks a will not be an access door to the store. Upon approval from the commission, the adjoining space will be leased for an undisclosed term (copy of lease pending). – **copy of lease received**

Discussion/Action Taken:

Director Bell reviewed the matter to the Commission and recommended approval upon receipt of the lease.

Commissioner Jones made a motion to approve upon receipt of the lease. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The approved request to expand the retail store was recorded.

**8. FRUGAL MACDOOGAL WINE & LIQUOR WAREHOUSE
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Applicant: Al's Liquor Store, Inc.
Stockholder(s): Charles Sonnenberg (100%)

Before the Commission is a request for a transfer of stock of Al's Liquor Store, Inc. d/b/a Frugal MacDoogal Wine & Liquor Warehouse located at 1701 Division Street, Nashville, Tennessee. On or about September 30, 2013, the Shareholder intends to transfer 100% of the shares of the Licensee to a newly formed Tennessee corporation, Al's Liquor Store Holdings, Inc. ("Holdings"). Also on such date, the Shareholder will transfer to

Holding all the stock of two other corporations & the “SC Entities”) that own and operate retail liquor stores in South Carolina. In exchange for transferring all of the shares of the Licensee and of the SC Entities to Holdings, the Shareholder will receive 100% of the stock of Holdings. After receiving all of the shares of Holdings, the Shareholder will immediately sell all of such shares to an employee stock ownership trust which has been created pursuant to the adoption by Holdings of an employee stock ownership plan (“ESOP”). An ESOP is a qualified retirement plan established to create retirement benefits for the employees of the sponsoring corporation pursuant to Sections §401 of the Internal Revenue Code.

Immediately after the transaction is effective, the trustee of the ESOP will own all the shares of Holdings, the trustee of the ESOP will be Charles Sonnenberg, and Holdings will be the sole shareholder of the Licensee. As a result of his acting as trustee of the ESOP trust and through this power to determine a majority of the board of directors of Holdings, after the transactions are effective, the current shareholder of the Licensee, Charles Sonnenberg, will remain in total control of Holdings and its wholly owned subsidiary, the Licensee. The sole beneficiaries of the trust will be the individual employees of Holdings. Despite being the sole beneficiaries of the ESOP trust, the employees will never actually receive the shares of stock of Holdings but under the ESOP the economic benefits associated with such shares will be allocated to employees over time so long as they continue to be employed by the Licensee. No persons other than employees will have any economic benefits under the ESOP.

In summary, there is no change of control or day to day decision making authority of the Licensee as a result of the transactions described above. Currently, Charles Sonnenberg is the controlling party of the Licensee and after the transaction he will remain controlling party. The only material difference resulting from the transactions described above is that Charles Sonnenberg will permit his employees to participate in the economic value and future growth of his retail operations.

None of the Shareholder, Holding, Licensee, or any of their respective affiliates will be involved in the manufacture of liquor, wine or beer products. The Licensee and its affiliates will have only one store in Tennessee. The Licensee will have no other assets other than its ownership of the one Tennessee store.

All documentation has been provided. The TABC staff recommends approval of this application.

Discussion/Action Taken:

Director Bell reviewed the matter to the Commission and recommended approval.

Commissioner Jones made a motion to approve. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The approved request for a transfer of stock of Al's Liquor Store was recorded.

3. **WINERIES** – There were not any winery matters to appear in front of the commission.
4. **WHOLESALEERS** – There were not any wholesaler matters to appear in front of the commission.
5. **FARM WINERIES**
- A. **NEW BUSINESS**

1. **TSALI NOTCH VINEYARD
MADISONVILLE, TENNESSEE (MONROE COUNTY)**

Applicant: Tsali Notch, LLC
Member(s) Cary L. Cox (100%)

Before the Commission is a request for a new farm winery located at 140 Harrison Road, Madisonville, Tennessee. Mr. Cary L. Cox will be investing \$50,000.00 based on personal funds with Citizens National Bank as verified by the TABC staff. There is a commercial lease agreement by and between, CWC Partners, LLC and the applicant, Tsali Notch, LLC, for a term of one (1) year at \$10,000.00 per year. There is a renewal option for an additional year at the same rental rate. Cary L. Cox is 100% managing member of CWC Partners, LLC and Tsali Notch, LLC. All documentation has been provided with the exception of the following:

- a. \$150.00 License Fee - received

The TABC staff recommends approval of this application upon receipt of the license fee.

Discussion/Action Taken:

Director Bell reviewed the matter to the Commission and recommended approval upon receipt of the license fee.

Commissioner Jones made a motion to approve upon receipt of the license fee. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The license fee was received and the Winery license was issued to Tsali Notch Vineyard on 8/28/13.

**2. WHITE SQUIRREL WINERY
KENTON, TENNESSEE (OBION COUNTY)**

**Applicant: Charles W. Sanderson (“Bill”)
Sole Proprietorship**

Before the Commission is a request for a new farm winery located at 3804 Concord Road, Kenton, Tennessee. Mr. Charles Sanderson will be investing \$200,000.00 based on personal funds with First State Bank as verified by the TABC staff. There is a land lease agreement by and between, Diane F. Sanderson and the applicant, Bill Sanderson, for a term of fifty (50) years at \$1.00 per year. All documentation has been provided with the exception of the following:

- a. Acknowledgment of TABC Rules & Regs
- b. TABC Agent Report

The TABC staff recommends approval of tis application upon receipt of the missing documentation.

Discussion/Action Taken:

Director Bell reviewed the matter to the Commission and recommended approval upon receipt of the missing documentation.

Commissioner Jones made a motion to approve upon receipt of the missing documentation. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: As of today, the building is not completed. Mr. Charles W. Sanderson will advise the TABC upon completion.

6. SERVER PERMIT DENIALS

A. David Leonard Raddatz

David Leonard Raddatz was denied a server permit on June 17, 2013. Mr. Raddatz answered “yes” to question number one (1) on the Tennessee Alcoholic Beverage Commission’s Application for Employee’s On Premise Permit:

1. *Have you ever been convicted of any criminal offense? _____ If answer is yes, furnish complete details including DATE, PLACE, CHARGE and RESULT (probation, jail time, fines, community service, etc.)*

Mr. Raddatz was denied based on his convictions in July, 2008, of three (3) counts of Solicitation of Minor (E Felony) and three (3) counts of Exploitation by Electronic Means (Minor) (E Felony).

This denial is in pursuant to T.C.A. § 57-3-704: "...An applicant...must meet[s] the following requirements:...(2) The applicant has not been convicted of any crime relating to the sale of alcoholic beverages, beer, schedules 1 and 2 controlled substances or any sex-related crime or embezzlement within the previous eight (8) years;..."

The TABC staff recommends upholding the decision to deny Mr. Raddatz's server permit.

Discussion/Action Taken:

Mr. David Raddatz and Attorney, Jason Hollowman, were in attendance. Assistant Director Winfree reviewed the matter to the Commission and recommended that the Tennessee Alcoholic Beverage Commission's ruling to deny Mr. Raddatz's server permit be upheld.

Commissioner Jones made a motion to uphold the Tennessee Alcoholic Beverage Commission's ruling. Chairperson Mary McDaniel seconded the motion and it passed with 2 ayes.

UPDATE: The ruling to deny the server permit for Mr. David Raddatz was upheld by the commission. Mr. Raddatz will be eligible to reapply in July of 2016.

6. **ADMINISTRATIVE HEARINGS** – There were not any administrative hearing matters to appear before the commission.
7. **DISTILLERY** – There were not any distillery matters to appear before the commission.
8. **PRIVATE CLUB** – There were not any private club matters to appear before the commission.
9. **BUDGET** - There were not any budget matters to appear before the commission.

10. PENDING MATTERS LIST

A. Commission Meeting Dates for the 2013 calendar year

11. PERSONNEL

12. MISCELLANEOUS

A. Discussion and Vote to Adopt Proposed Rules:

Rule 0100-10-.01 Applications for Direct Shipper

Rule 100-01-.03(15) Happy Hour Restrictions

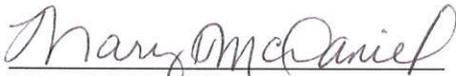
Substance of Rules – Chapter 0100-04 Rules of procedure for hearing contested cases.

UPDATE: This matter has been continued to the September 24, 2013 commission meeting.

B. Discussion:

Questions were posed to the Commission by an audience member and an ensuing discussion was conducted advising the commenter if further questions were forthcoming to please ask them of the Director.

- 13. DATE OF NEXT MEETING** - The date of the next commission meeting is set for Tuesday, September 24, 2013 at 1:30 p.m., the deadline for submitting commission matters is Friday, September 13, 2013. The October commission meeting will be held Tuesday, October 22, 2013 at 1:30 p.m., the deadline for submitting commission matters is Friday, October 11, 2013. The November commission meeting will be held Tuesday, November 19, 2013 at 1:30 p.m., the deadline for submitting commission matters is Friday, November 8, 2013. The December commission meeting will be held Tuesday, December 17, 2013 at 1:30 p.m., the deadline for submitting commission matters is Friday, December 6, 2013.


Mary McDaniel
Chairperson


E. Keith Bell
Executive Director