

TENNESSEE ALCOHOLIC BEVERAGE COMMISSION

MINUTES
February 26, 2013
1:30 pm

The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Tuesday, February 26, 2013 in Nashville, Tennessee at 1:30 p.m. Although Commissioner John Jones was not present, a quorum was present with Chairperson Mary McDaniel and Commissioner Bryan Kaegi and therefore the meeting was conducted. Interim Director Keith Bell and Attorney Ginna Winfree were present.

1. **The Minutes for January 22, 2013 Commission Meeting were approved.**
2. **Commissioner Kaegi made a motion to approve the addendum for the February 26, 2013 Commission Meeting, Chairperson McDaniel seconded the motion and it passed with 2 ayes.**
3. **RETAIL**

A. **NEW BUSINESS**

1. **EAST SIDE LIQUOR AND WINES, INC.
ELIZABETHTON, TENNESSEE (CARTER COUNTY)**

Applicant: EAST SIDE LIQUOR AND WINES, INC.
Stockholder: William B. Armstrong

Before the Commission is a request for a new retail store located at 1201 E Bypass, Elizabethton, Tennessee. The sole stockholder, William B. Armstrong, is investing an adequate sum of monies to operate the store based on self financing as verified by the TABC staff. The applicant will be leasing the property from Daniel Lewis for an initial period of three years at an Annual rate of \$23,400. The lease provides for a five year renewal period. All documentation and agency requirements have been submitted. The TABC staff recommends approval of this application.

Discussion/Action Taken:

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

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

**2. DOE RIVER WINE & SPIRITS, LLC
ELIZABHTON, TENNESSEE (CARTER COUNTY)**

Applicant: Doe River Wine & Spirits, LLC
Members: Carl R. Nidiffer
Charles G. Bridges

Before the Commission is a request for a new retail store located at 630 Broad Street, Elizabethton, Tennessee. Mr. Nidiffer is investing an adequate sum of monies and equity in real estate to operate the store based on self financing as verified by the TABC staff. Mr. Bridges owns the property on which the liquor store will be located. The term of lease is for five years. The rent for the first year will be zero dollars with an option to negotiate rent either monthly or when real property taxes are due. All documentation and agency requirements have been submitted. The TABC staff recommends approval of this application.

Discussion/Action Taken:

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

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

**3. CLINTON HIGHWAY WINE & SPIRITS
KNOXVILLE, TENNESSEE (KNOX COUNTY)**

Applicant: A to Z Inc.
d/b/a Clinton Highway Wine & Spirits
Stockholders: Puja Bhalodia

Before the Commission is the request of licensee to store alcoholic beverages in the 1000 sq ft storage area of its licensed premises, basement. Said request is being made pursuant to TABC Rule 0100-03-.13(5). Storage limited to ground floor of licensed premises. No wholesaler or retailer shall store alcoholic beverages at any place other than the ground floor constituting his licensed premises without written permission of the Commission. All documentation and agency requirements have been submitted. The TABC staff recommends approval of this application.

Discussion/Action Taken:

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

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

**4. D & F HILLTOP LIQUOR
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

**Applicant: Darnell Stitts and Frank Martin
d/b/a D & F Hilltop Liquor**

Partners: Darnell Stitts; Frank Martin

Before the Commission is the request for a new retail store to be located at 3277 Kirby Parkway, Memphis, Tennessee. The partners listed above are investing an adequate sum of monies to operate the store based on self financing as verified by the TABC staff. The applicants will be leasing the property from STAR-SM Properties, LLC for an initial period of three years at an annual rate of \$18,000. The lease provides for one, three year renewal term under the same terms and conditions of the initial term. All documentation and agency requirements have been submitted with the exception of the following listed items. The TABC staff recommends approval of this application upon receipt of the missing documentation.

- a. TBC Inspection
- b. Acknowledgement of Rules & Regulations
- c. \$850.00 License Fee

Discussion/Action Taken:

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

- a. TBC Inspection - **received**
- b. Acknowledgement of Rules & Regulations – **rec'd**
- c. \$850.00 License Fee – **received – license pending**

Commissioner Kaegi made a motion to approve pending missing documentation. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

**5. B & B LIQUORS
WINCHESTER, TENNESSEE (FRANKLIN COUNTY)**

**Applicant: Jay Maadi, Inc.
d/b/a B & B Liquors**
Sole Stockholder: Bhupendra M. Patel

Before the Commission is the request for a new retail store to be located at 824 Dinah Shore Blvd., Winchester, Tennessee. Mr. Patel is investing an adequate sum of monies to operate the store based on self financing, a personal loan from New York Life, and a personal loan from a relative as verified by the TABC staff. The applicants will be leasing the property from S&T Rentals for an initial period of five years at an annual rate of \$9,600. The lease provides for a five year renewal term at a subsequent annual rate of \$10,800. All documentation and agency requirements have been submitted with the exception of the following listed items. The TABC staff recommends approval of this application upon receipt of the license fee.

- a. \$850.00 License Fee

Discussion/Action Taken:

Interim Director Bell reviewed the matter to the Commission and recommended approval upon receipt of Licensee Fee. – **rec'd, license issued 2/27/13**

Commissioner Kaegi made a motion to approve upon receipt of the License Fee. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

**6. LIGHTHOUSE WINE AND LIQUOR
ELIZABETHTON, TENNESSEE (CARTER COUNTY)**

**Applicant: BILLY B. CHAPPELL II
d/b/a Lighthouse Wine and Liquor**
Sole Proprietor: Billy Chappell

Before the Commission is the request for a new retail store to be located at 1933 West Elk Avenue, Elizabethton, Tennessee. The sole proprietor, Billy B. Chappell II, is investing an adequate sum of monies to operate the store based on a loan obtained from BB&T Bank, Johnson City, TN as verified by the TABC staff. There will be no lease as Mr. Chappell and his wife, Terri Chappell, own the property where the licensee will be

located. Terri Chappell has submitted documentation indicating that she will have no interest in the licensee although she is co-owner of the real property. All documentation and agency requirements have been submitted, the TABC staff recommends approval of this application.

Discussion/Action Taken:

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

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

**7. TSBB II, LLC
LOOKOUT MOUNTAIN, TENNESSEE (HAMILTON COUNTY)**

Applicant: TSBB II, LLC

d/b/a Spirits on the Mountain

Stockholder(s): Alexis Tarumianz (“Lex”); Ewing C. Stang (“Ewing”); Gregory D. Brown (“Greg”); Huxley C. Brown (“Huxley”)

Before the Commission is the request for a transfer of ownership of TSBB II, LLC d/b/a Spirits on the Mountain located at 124 N. Watauga Lane, Lookout Mountain, Tennessee. Prior to the Commission's approval effective January 1, 2013, the four members of the LLC/licensee closed the ownership transfer. Prior to said closing, each member owned 25% interest in licensee. If approved by the Commission the resulting ownership interest of TSBB II, LLC will be as follows: Alexis Tarumianz (“Lex”) will have 100% ownership. All documentation and agency requirements have been submitted, the TABC staff recommends approval of this application upon payment of outstanding citation for transferring ownership without prior Commission approval.

Discussion/Action Taken:

A correction was made to the county; Spirits on the Mountain is located in Hamilton County, not Franklin County as previously referenced on the Agenda. Interim Director Bell reviewed the matter to the Commission and recommended approval upon receipt of payment for citation to be issued for transferring ownership without prior Commission approval.

Commissioner Kaegi made a motion to approve upon receipt of payment for citation to be issued. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

**8. HILLBILLY LIQUORS AND WINES
HOHENWALD, TENNESSEE (LEWIS COUNTY)**

**Applicant: Paul Alan Rawdon
d/b/a Hillbilly Liquors and Wines
Sole Proprietor: Paul Alan Rawdon**

Before the Commission is the request for a new retail store to be located at 680 East Main Street, Hohenwald, Tennessee. The sole proprietor, Paul Alan Rawdon, is investing an adequate sum of monies to operate the store based on a loan obtained from The Bank of Lewis County, Hohenwald, TN as verified by the TABC staff. The applicant will be leasing the property from Larry C. Rawdon and wife, Rita J. Rawdon for an initial period of five years at an annual rate of \$12,000. The lease provides for an automatic five year renewal period at the same annual rate. All documentation and agency requirements have been submitted with the exception of the item(s) listed below; the TABC staff recommends approval of this application upon receipt of the missing documentation.

- a. Final Inspection by TABC staff
- b. \$850 license fee
- c. Verification of financials by TABC staff

Discussion/Action Taken:

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

- a. Final Inspection by TABC staff
- b. \$850 license fee
- c. Verification of financials by TABC staff
All items received, license issued 3/13/13

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

4. WINERIES

A. NEW BUSINESS

1. ARRINGTON VINEYARDS, LLC
ARRINGTON, TENNESSEE (WILLIAMSON COUNTY)

Applicant: Arrington Vineyards

LLC Ownership: Leon E. Brooks; John C. Russell;
Richard K. Summers; Fred J.
Minderminds

Before the Commission is a request for a transfer of ownership of Arlington Vineyards located at 6211 Patton Road, Arrington, Tennessee. The four member Arrington Vineyards, LLC is a licensed Tennessee winery and is changing its membership structure by purchasing LLC member, Fred J. Mindermind's, 7.5% interest and redistributing it to the remaining three LLC members. If approved by the Commission, the resulting ownership interest of Arrington Vineyards, LLC will be as follows:

Leon E. Brooks: 54.0541%
John C. Russell: 37.8378%
Richard K. Summers: 8.1081%

All documentation and agency requirements have been submitted, the TABC staff recommends approval of this application.

Discussion/Action Taken:

A correction was made to the county; Arrington Vineyards is located in Williamson County, not Sullivan County as previously referenced on the Agenda. Interim Director Bell reviewed the matter to the Commission and recommended approval.

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

5. **WHOLESALEERS**

A. **NEW BUSINESS**

1. **STAR DISTRIBUTING INC.
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Applicant: Star Distributing
Stockholders: Al LaRocca; Carol LaRocca

Before the Commission is a request for a transfer of stock ownership. Currently Al LaRocca owns 50% and Carol LaRocca owns 50% of the voting stock of the corporation. David Benson, a long-time employee of Star Distributing desires to purchase Mr. & Mrs. LaRocca's stock ownership in the corporation. Mr. Benson has agreed to purchase the stock over a period of time, financed by a bank loan and by seller financing. The parties did close this transfer of the stock, without commission approval, prior to the conclusion of the 2012 calendar year in order to avoid potential tax consequences that would have resulted in delay in the transfer. Upon closing of this transfer Mr. Benson became the 99% owner in the stock of Star Distributing. All documentation and agency requirements have been submitted, the TABC staff recommends approval of this application upon payment of outstanding citation for transferring ownership without prior Commission approval.

Discussion/Action Taken:

Henry Hildebrand, Attorney, was in attendance on behalf of the applicant. Interim Director Bell reviewed the matter to the Commission and recommended approval upon payment of outstanding citation issued for transferring ownership without prior Commission approval.
Violation Report in Process – Citation Pending

Commissioner Kaegi made a motion to approve upon receipt of payment of citation. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

2. **ATHENS DISTRIBUTING CO. OF CHATTANOOGA
CHATANOOGA, TENNESSEE (HAMILTON COUNTY)**

Applicant: Athens Distributing Co. of Chattanooga
LLC Ownership: Don J. White; Judy Speed; Richard L. Speed; T.H. White, Jr.; T.H. White, III;

**John H. Aaron, Sr.; Michael E. Aaron;
John P. Donnelly, Sr.**

Before the Commission is a request for a partial transfer of ownership of Athens Distributing Company of Chattanooga, LLC. On December 31, 2012, John P. Donnelly, Sr. transferred all of his interest in the licensee to his son, John P. “Jay” Donnelly, Jr. without prior approval of the Commission. This is the only ownership interest Jay Donnelly has in the licensee and currently serves as the Vice President of Sales. Jay Donnelly Jr. will now also be considered a 2.777% owner as a result of this transfer. All other ownership interests remain the same. All documentation and agency requirements have been submitted, the TABC staff recommends approval of this application upon payment of outstanding citation for transferring ownership without prior Commission approval.

Discussion/Action Taken:

Henry Hildebrand, Attorney, was in attendance on behalf of the applicant. There was a correction made to the way Athens Distributing Co. of Chattanooga was referenced in the Agenda. Athens Distributing is operating as a General Partnership, not an LLC; this information was verified in our database. Athens is listed as a General Partnership. Interim Director Bell reviewed the matter to the Commission and recommended approval. Violation Report in Process – Citation Paid

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

**3. TCD COMPANY (UNITED)
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Licensee: TCD, Company

Stockholder: Georgia Crown Distributing Company

- a. Before the Commission is a new request for a transfer of location of the wholesale business currently located at 4009 Air Park Cove in Memphis, Tennessee to 7625 Appling Center Drive in Memphis, Tennessee. The Commission in its September meeting previously approved this transfer and subsequently in the Commissions January meeting allowed an additional period of time through March 1, 2013 in which to complete the transfer of location. The company has been unable to resolve its computer problems prior to the March 1st deadline and therefore submitted this new

application for a transfer of its location (with the fee associated with the new application). Counsel for the licensee has indicated that the transfer will be concluded on or before March 30, 2013. All documentation and agency requirements have been submitted, the TABC staff recommends approval of this application.

Discussion/Action Taken - Section a:

Henry Hildebrand, Attorney, was in attendance on behalf of the applicant. Interim Director Bell reviewed the matter to the Commission and recommended approval.

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

- b. At its September meeting, the Commission approved the acquisition, by TCD Co., d/b/a United Liquors Corporation, of 100% of the outstanding stock of Southwestern Distributing Company. That approval was consummated and accordingly, Southwestern Distributing Company is currently a wholly owned subsidiary of TCD, Co. TCD Co., d/b/a United Liquors, is a subsidiary of Georgia Crown Distributing Co. For purposes of consolidating its operations, the common ownership of Southwestern Distributing and TCD Co. jointly requests the Alcoholic Beverage Commissions approval of a “downstream” merger whereby TCD Co. and Southwestern Distributing would be merged into a single entity, pursuant to Tenn. Code Ann. 48-21-105(a)(2), thus allowing the surviving legal entity to be Southwestern Distributing. All documentation and agency requirements (including the fee associated with the new application) have been submitted, the TABC staff recommends approval of this merger.

Discussion/Action Taken - Section b:

Henry Hildebrand, Attorney, was in attendance on behalf of the applicant. Interim Director Bell reviewed the matter to the Commission and recommended approval.

Commissioner Kaegi made a motion to approve section b. Chairperson McDaniel seconded the motion and it passed with 2 ayes

- c. Before the Commission, and in connection with the merger noted in section b above, Southwestern Distributing, the

surviving corporation, makes request to the Commission to change its name to, West Tennessee Crown Distributing Company and will operate as the single surviving corporation, retaining TABC permit number 19. As a result of the merger, the single enterprise, West Tennessee Crown Distributing Company, will be the wholly owned subsidiary of Georgia Crown Distributing Company. All documentation and agency requirements (including the fee associated with the new application) have been submitted, the TABC staff recommends approval of this application.

Discussion/Action Taken – Section c:

Henry Hildebrand, Attorney, was in attendance on behalf of the applicant. Interim Director Bell reviewed the matter to the Commission and recommended approval.

Commissioner Kaegi made a motion to approve section c. Chairperson McDaniel seconded the motion and it passed with 2 ayes

7. DISTILLERY

A. NEW BUSINESS

**1. POPCORN SUTTON DISTILLING, LLC
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

**Applicant: POPCORN SUTTON DISTILLING, LLC
d/b/a POPCORN SUTTON**

Before the Commission is a request for a transfer of ownership of Popcorn Sutton Distilling, LLC that is located at 1200 Clinton Street, Suite 100, Nashville, Tennessee. Auspicious Systems, LLC previously was an indirect owner of licensee through J & M Concepts, LLC. As of September 24, 2012, Auspicious became a 5.95% direct owner of licensee. Pending approval of the Commission J&M Concepts will be purchasing 5% of direct owner, TeeTot, LLC's ownership interest. The September 2012 unapproved transfer and this requested transfer will not add or delete any current members. If the latest requested ownership change is approved by the Commission, J&M Concepts, LLC will have an 88.55% interest and TeeTot, LLC will have a 2% interest in the licensee. All documentation and agency requirements have been submitted, the TABC staff recommends approval of this application.

Discussion/Action Taken:

Interim Director Bell reviewed the matter to the Commission and recommended approval upon receipt of payment for citation to be issued for transferring ownership without prior Commission approval. **Violation Report in Process – Citation Pending.**

Commissioner Kaegi made a motion to approve upon receipt of payment for citation to be issued. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

**2. COOL SPRINGS BREWERY
FRANKLIN, TENNESSEE (WILLIAMSON COUNTY)**

**Applicant: Viking Enterprises, LLC
d/b/a Cool Springs Brewery**
Members: Christopher Charles Hartland; Jane Hartland

Before the Commission is a request for a new distillery to be located at 600A Frazier Drive, #135, Franklin, Tennessee. The two members of the LLC/licensee are Jane Hartland and Christopher Charles Hartland. Christopher and Jane Hartland are investing an adequate sum of monies to operate the distillery based on self financing as verified by the TABC staff. The applicant will be leasing the premises. All documentation and agency requirements have been submitted with the exception of the following listed items. The TABC staff recommends approval of this application upon receipt of the license fee.

- a. \$850.00 License Fee – **rec'd, license issued 3/1/13**

Discussion/Action Taken:

Interim Director Bell reviewed the matter to the Commission and recommended approval upon receipt of Licensee Fee.

Commissioner Kaegi made a motion to approve upon receipt of the License Fee. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

7. BUDGET

8. PENDING MATTERS LIST

- A. **Commission Meeting Dates for the 2013 calendar year** – It was announced that during the Commissions April meeting, in Chairperson McDaniel's absence, Commissioner Bryan Kaegi will act as Chair.

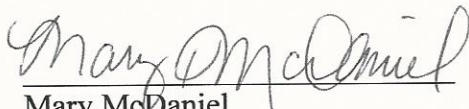
9. **PERSONNEL**

- A. **Report by CLEO, Mark Hutchens, regarding the hiring of new special agents.** CLEO, Mark Hutchens announced 5 new agents throughout the state and a new account clerk in Nashville. There are new positions to be posted for 3 agent positions, Nashville, Chattanooga, and Memphis.

10. **MISCELLANEOUS**

- A. **Monthly Summary of TABC Activity**

DATE OF NEXT MEETING The date of the next commission meeting is set for Tuesday, March 26, 2013 at 1:30 p.m., the deadline for submitting commission matters is Friday, March 15, 2013, and the April commission meeting will be held, Tuesday, April 23, 2013 at 1:30 p.m., the deadline for submitting commission matters is April 12, 2013.


Mary McDaniel
Chairperson


E. Keith Bell
Interim Director

TENNESSEE ALCOHOLIC BEVERAGE COMMISSION

ADDENDUM MINUTES FEBRUARY 26, 2013 COMMISSION MEETING 1:30 p.m.

1. DISTILLERY

A. NEW BUSINESS

1. **SPEAKEASY SPIRITS LLC – cont. from January 22, 2013 NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Applicant: SPEAKEASY SPIRITS
Members: Jeff Pennington
Jenny Pennington
Laurie Pennington
Frank Walton
Sharon DeBolt
Cream Share, LLC
Nancy Inman

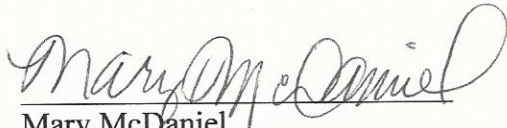
Proposed Additional Members: Michael Collins
Karen Collins
James Murphy, Jr.
Elizabeth Schenk
Lisa Renneke
James Weathers
Race Paquette
Michael Kuzma
Gail Kuzma
James Murphy, Sr.
Elizabeth Murphy
Jennifer Khazanov


Before the Commission is a request to continue this matter to the March 26, 2013 commission meeting. This matter was originally set for the January 22, 2013 commission meeting and was continued to the February 26, 2013 meeting due to lack of required documentation and other concerns. The applicant submitted the additional documentation requested by the February 15th deadline, however there was not ample time for our TABC Special Agent to conclude his full financial investigation prior to this meeting. We respectfully request to continue this matter to the March meeting so the financial investigation can be completed.

Discussion/Action Taken:

Interim Director Bell reviewed the matter to the Commission and recommended to continue this matter to the February 26, 2013 commission meeting. Mike Dolan, attorney, was in attendance on behalf of the applicant.

Chairperson McDaniel had concerns pertaining to this matter, to date this applicant has not submitted sufficient documentation to TABC SA Gomez as requested in order for Agent Gomez to conduct his investigation. Commissioner Kaegi made a motion to continue this matter. Chairperson McDaniel seconded the motion and it passed with 2 ayes.


Mary McDaniel
Chairperson


E. Keith Bell
Interim Director