#### TENNESSEE ALCOHOLIC BEVERAGE COMMISSION

# Minutes December 16, 2010 1:30 pm

The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Thursday, November 18, 2010 in Nashville, Tennessee at 1:30 p.m. Chairman Jones, Commissioner Mathews and Commissioner Cynthia Bond were present. Executive Director Danielle Elks, Assistant Director Carolyn Smith, Melinda Arrington, Attorney, CLEO Mark Hutchens and SAC Al Watson were present.

- 1. The Minutes for November 18, 2010 Commission Meeting were approved.
- 2. NEW BUSINESS--RETAIL
  - A. SOUTHERN SPIRITS DISCOUNT LIQUOR AND WINE LEBANON, TENNESSEE (WILSON COUNTY)

# **Applicant:** George Bashour

Before the Commission is a request for a new retail store to be located at 1150 Sparta Pike, Suite B and C in Lebanon, Tennessee. Mr. Bashour will initially invest \$50,000 to operate the business—all of which is obtained through personal funds. Mr. Bashour is leasing the property from GA Bashour, LLC for a period of five years at \$4767/month. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Use and Occupancy permit;
- c. Acknowledgement of the rules and regulations;
- d. Written acknowledgement that the convenient store and the retail store will be maintained and operated separately;
- e. Account statements verifying sufficient personal funds for initial investment

## **Discussion/Action Taken:**

George Bashour was present at the meeting. Director Elks stated that Mr. Bashour can verbally advise the Commission that he realizes he cannot operate the two businesses together and that the employees cannot work at the locations. Mr. Bashour stated that he was aware of these issues and he agreed to these matters. Director Elks reviewed the application to the Commissioners and recommended approval upon the verification of the account statements showing sufficient personal funds for the initial investment.

Commissioner Mathews made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it passed with 3 ayes.

# B. SPIRITS OF NISSAN DRIVE SMYRNA, TENNESSEE (RUTHERFORD COUNTY)

**Applicant:** Spirits of Nissan Drive, General Partnership

Partners: Jerry Onks and Thomas Tolleson

Before the Commission is a request for a new retail store to be located at 830 Nissan Drive, Suites 150, 160 and 170, in Smyna, Tennessee. Jerry Onks and Thomas Tolleson wish to initially invest \$375,000 and \$125,000, respectively, with Mr. Onks owning 75% of the partnership, and Mr. Tolleson, 25%. Financing is based upon existing personal funds and a line of credit with Pinnacle Bank for Mr. Onks. The partnership will be leasing the property from Smyrna Commons Gallery Partners for a period of four years with the first year rent free, and the remaining years at \$6475/month. All documentation has been submitted with the exception of the following:

- a. Explanation of tax debt;
- b. Amendment of the Certificate of Compliance to reflect individuals' names;
- c. TABC Inspection;
- d. Acknowledgement of the rules/regulations;
- e. Verification of funds in Mr. Onks and Mr. Tolleson's accounts for financing;
- f. Partnership agreement.

## **Discussion/Action Taken:**

Director Elks stated that the applicants had not submitted any of the financial documentation to the staff; therefore she could not recommend approval at this time. She requested the matter be continued until next month

Commissioner Mathews made a motion to defer the matter to the January, 2011 Commission meeting. Commissioner Bond seconded the motion and it passed with 3 ayes.

# C. GD LIQUOR

MEMPHIS, TENNESSEE (SHELBY COUNTY)

**Applicant:** G.D. Liquor, LLC **Member:** Gerald Dillard

Before the Commission is a request for a new retail store to be located at 3633 Hickory Hill Road in Memphis, Tennessee. Mr. Dillard wishes to initially invest \$50,000, which is obtained from his 401(k) and a loan with Presta Funding. The applicant LLC is leasing the property from Fletcher Bright for a period of five years, with monthly rent beginning at \$1600/month and increasing to \$2100/month over the term of the lease. All documentation has been submitted with the exception of the following:

- a. Newspaper affidavit;
- b. TABC Inspection;
- c. Use and Occupancy permit.

#### **Discussion/Action Taken:**

Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the TABC Inspection and the Use and Occupancy permit.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 3 ayes.

# D. TIDWELL'S CITY LIQUORS DYERSBURG, TENNESSEE (DYER COUNTY)

Licensee/Seller: Phillip and Kathy Tidwell

Applicant/Buyer: City Liquors, Inc. Stockholders: Burton Chandler

Before the Commission is a request for a transfer of ownership of the retail store located at 2450 Lake Road, Suite H in Dyersburg, Tennessee. Mr. Burton Chandler wishes to purchase the business and the property for \$350,000. Financing is based upon two loans: one with Riverstone Investments, LLC for \$70,000, and one with First Citizens National Bank. The applicant also requests to change the business name from Tidwell's City Liquors to City Liquors. All documentation has been submitted with the exception of the following:

- a. Either lease between Dyersburg Center, GP and City Liquors, Inc. or deed to City Liquors, Inc.;
- b. Loan with First Citizens National Bank;
- c. TABC Inspection;
- d. Signature page on Bill of Sale;

#### **Discussion/Action Taken:**

Burton Chandler was present at the meeting. Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the TABC Inspection. Director Elks also stated that if approved, the retail store has requested a name change.

Commissioner Bond made a motion to approve the transfer of ownership. Commissioner Mathews seconded the motion and it passed with 3 ayes.

Commissioner Bond made a motion to approve the name change. Commissioner Mathews seconded the motion and it passed with 3 ayes.

# E. VESCOVO'S ARLINGTON LIQUORS ARLINGTON, TENNESSEE (SHELBY COUNTY)

Licensee/Seller: Steve Vescovo

Applicant/Buyer: Vescovo's Arlington Liquors, LLC

Member: Steve Vescovo

Before the Commission is a request for a transfer of ownership of the retail store located at 11949 Highway 70, in Arlington, Tennessee. A review of the licensee's file indicates Mr. Vescovo is the sole proprietor of this business, and he now wishes to incorporate and operate at Vescovo's Arlington Liquors, LLC, with himself as the sole member. Mr. Vescovo also owns the property, and will be leasing the property to the LLC for a period of ten years, with rent beginning at \$1500/month and increasing to \$3000/month. All documentation related to this transfer, with the exception of the following has been submitted. However, in conjunction with the transfer documentation, a bill of sale has been provided indicating that a Mr. Remy Johnson is transferring his 25% interest in the business to Mr. Vescovo. As evidenced below, information has been requested regarding this transaction.

- a. TABC Inspection;
- b. Use and Occupancy permit;
- c. Sales tax Number
- d. Information regarding Mr. Remy Johnson's 25% interest in Arlington Liquors (When obtained, amount invested, residence, etc.)

#### **Discussion/Action Taken:**

Director Elks reviewed the matter to the Commissioners and stated that in conjunction with the documents submitted for this transfer to Vescovo's Arlington Liquors, LLC, there is a Bill of Sale indicating that Remy Johnson is transferring 25% of his interest to Mr. Vescovo. Director Elks stated that the staff had no record of Remy Johnson owning 25% of the business. Further, because the staff has not received any explanation regarding Mr. Johnson's 25% interest in the business, she cannot recommend at this time the approval for the transfer to the LLC until the staff can determine out the origins of Mr. Johnson's interest in this business. She requested the matter be continued until next month's Commission meeting.

Commissioner Bond made a motion to defer the matter to the January meeting. Commissioner Mathews seconded the motion and it passed with 3 ayes.

# F. DIXIE LEE LIQUORS FARRAGUT, TENNESSEE (KNOX COUNTY)

Licensee: Dixie Lee Wines and Liquors, Inc. Stockholders: Samuel and Linda Taylor

Before the Commission is a request for a partial transfer of ownership of the retail store located at 13044 Kingston Pike in Farragut, Tennessee. A review of the licensee's file indicates that Samuel Taylor owns 26% and Linda Taylor owns 74% of the business. Mr. Taylor has requested to transfer his interest in the business to his wife without a fee for estate purposes. All documentation associated with this transfer has been submitted. However, additional documents submitted with the transfer indicate that 2.8% has been given to each of their three children, Elle Jones, Melanie Brown and Samuel Taylor, III in 2009. No documentation of this transfer had previously been submitted, and certificate of compliances for each of the children will be requested. Accordingly, Ms. Taylor would own 91.6% of the stock.

#### **Discussion/Action Taken:**

Director Elks stated that Samuel Taylor is giving Linda Taylor all of his stock which will have her owning 91.6% of the stock. Director Elks stated that in 2009 that 2.8% of the stock was given to each of their 3 children, Elle Jones, Melanie Brown and Samuel Taylor, III. Director Elks stated that no documentation had previously been submitted giving the 2.8% given to their children. Also no Certificate of Compliances for their children had been submitted. Director Elks stated that the Certificate of Compliances needs to be issued at a later date.

Director Elks requested that a citation be issued for failure to notify the staff of stock transfer to their 3 children.

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Director Elks stated that the Certificate of Compliances needs to be issued at a later date.

Commissioner Bond made a motion to approve the transfer of stock from Samuel Taylor to Linda Taylor. Commissioner Mathews seconded the motion and it passed with 3 ayes.

# G. FRANKLIN PACKAGE STORE JOHNSON CITY, TENNESSEE (SULLIVAN COUNTY)

Licensee/Seller: REH, Inc. Stockholder: Robert Heath

Applicant/Buyer: Universal Wine & Spirits, LLC Members: Shane and James Abraham

Before the Commission is a request for a transfer of ownership of the retail store located at 1736 W. State of Franklin Road in Johnson City, Tennessee. Shane and James Abraham wishes to purchase the business for \$150,000, (which includes inventory). Financing is based upon a promissory note with the current owner, Robert Heath. The applicant LLC will be leasing the property from Mary Hill Trust for a period of two years at \$2326.88/month. All documentation has been submitted.

### **Discussion/Action Taken:**

Director Elks reviewed the matter to the Commissioners and recommended approval.

Chairman Jones made a motion to approve. Commissioner Mathews seconded the motion and it passed with 3 ayes.

## 3. WHOLESALE MATTERS

# A. EAGLE BEVERAGES KNOXVILLE, TENNESSEE (KNOX COUNTY)

**Applicant:** Eagle Beverages, Inc.

Stockholders: Eagle Distributing Company, Inc.

Before the Commission is a request for a new wholesale business to be located at 310 Radford Place in Knoxville, Tennessee. Lucy and Raymond Hand wish to initially invest \$40,000 to operate the business Eagle Beverages, Inc. is leasing space from Eagle Distributing Company, Inc. on a month-to-month lease at \$1000/month. All documentation has been submitted with the exception of the following:

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- a. Verification of nature of business for Eagle Distributing;
- b. Written acknowledgment that Eagle Distributing Company, Inc. and Eagle Beverages, Inc. must be maintained separately for all purposes;
- c. Charter for Eagle Distributing Company, Inc.
- d. List of stockholders and officers with questionnaires for Eagle Distributing.

#### **Discussion/Action Taken:**

Rob Pinson, attorney, was present at the meeting. Mr. Pinson stated that Eagle Beverages, Inc. is solely owned by Eagle Distributing Company, Inc. Mr. Pinson stated that all of the voting shares of Eagle Distributing Company, Inc. are owned by Mr. Raymond D. Hand. Mr. Hand also owns approximately 40% of the Class B shares which is more the financial rights and is non-voting shares. Mrs. Lucy Hand is the trustee for three irrevocable trusts for their children. Mr. Pinson stated that in that capacity she owns the remaining 60%, split 3 ways of those non-voting Class B shares. Mr. Pinson stated that Mr. Hand has all the voting power control of Eagle Distributing Company, Inc. Mr. Hank Hildebrand questioned whether the corporate applicant complied with the provisions of T.C.A. §57-3-203(f) and (g) and/or (h). Mr. Pinson requested a continuance to the January meeting to further review and possibly modify the application.

Chairman Jones made a motion to defer the matter to the January Commission meeting. Commissioner Mathews seconded the motion and it passed with 3 ayes.

- 5. BUDGET
- 6. CONSENT ORDERS
- 7. PENDING MATTERS LIST
- 8. MISCELLANEOUS
  - A. Monthly Summary of TABC Activity
- **9. DATE OF NEXT MEETING-** Thursday, January 20, 2011 at 1:30 p.m.

John A. Jones	Shari Danielle Elks
Chairman	Executive Director