

TENNESSEE ALCOHOLIC BEVERAGE COMMISSION

**MINUTES
September 22, 2015
1:30 pm**

Commissioner Kaegi was not in attendance, but the presence of Chairperson McDaniel and Commissioner Jones constituted a quorum, and the meeting was conducted. Director E. Keith Bell, Assistant Director, Ginna Winfree, Staff Attorney Joshua Stepp and CLEO Mark Hutchens were present.

1. APPROVAL OF THE AUGUST 25, 2015 COMMISSION MEETING MINUTES –

Discussion/Action Taken: Commissioner Jones motioned for approval and Chairperson McDaniel seconded the motion; it passed with 2 ayes.

2. RETAIL MATTERS

A. NEW BUSINESS

**1. LIQUOR AND WINE DEPOT
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Applicant: Cross Brothers, LLC

Member(s): Gregory Cross 50 %
Bradley Cross 50 %

Current: Gregory Cross (Sole Proprietor), d/b/a Liquor and Wine Depot
(License No. 3563)

Proposed: Cross Brothers, LLC, d/b/a Liquor and Wine Depot

Before the Commission is a request for a transfer of ownership in the retail store located at 756 Mt. Moriah Rd., Memphis, Tennessee 38117.¹ Current licensee, Gregory Cross, has formed an LLC and given brother, Bradley Cross, 50% ownership in the LLC. No additional funds are planned to be invested at this time. Pursuant to a commercial lease signed by MMIC, Inc. (agent for landlord, H & H Samuels Properties, LLC), the applicant is leasing the premises for an initial term of ninety-five (95) months at a monthly rental rate of approximately \$4,000. The TABC staff recommends conditional approval of this request, subject to receipt of the following item:

- a. License Fee

¹ In accordance with Tennessee law, Sellers are to transfer title and possession of the liquor inventory to the applicant via TABC licensed wholesalers' involvement.

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License #4040 issued 10.6.15**

**2. RIVERSIDE LIQUORS
SHELBYVILLE, TENNESSEE (BEDFORD COUNTY)**

Applicant: Riverside Liquors, LLC

Member(s): Kelly S. Reed 100 %

Before the Commission is a request for licensing of a new retail business to be located at 314 S. Cannon Blvd., Shelbyville, Tennessee 37160. Ms. Reed is investing approximately \$110k into the business (personal funds and a \$100k line of credit from People's Bank and Trust Co.). The applicant will lease the premises from JDSP, LLC for a term of two years at a monthly rental rate of \$1,000. The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. ~~Questionnaire for Jerry Dwayne Sullivan~~ **received 9.22.15**
- b. ~~TABC Agent Financial Report~~ **received 9.23.15**

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License no. 4035 issued/effective 9.25.15**

**3. DUDE'S WINE AND SPIRITS
KINGSTON SPRINGS, TENNESSEE (CHEATHAM COUNTY)**

Applicant: Dude's Wine and Spirits, LLC

Member(s): Mark W. Willoughby 100 %

Current: Jackson Wine and Spirits, LLC², d/b/a Jackson Wine & Spirits (License No. 3737)

Proposed: Dude's Wine and Spirits, LLC, d/b/a Dude's Wine and Spirits

Before the Commission is a request for a transfer of ownership regarding the retail store located at 174 Luyben Hills Rd., Kingston Springs, TN 37082.³ Mr. Willoughby is investing \$200k into the business, and if approved, the applicant will purchase the business from the seller for \$150k (the sale price may be adjusted based on an inventory count).⁴ The LLC will lease the premises from Greer & Petty, a Tennessee General Partnership, for an initial term of five years

² Jackson Wine and Spirits, LLC (Debbie Jackson, 50% and Gary Jackson, 50%)

³ In accordance with Tennessee law, Sellers are to transfer title and possession of the liquor inventory to the applicant via TABC licensed wholesalers' involvement.

⁴ The purchaser also deposited with the seller \$5k as earnest money.

(with an option to renew) at a monthly rental rate of approximately \$2,000.⁵ The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. Closing statement indicating sale
- b. TABC Agent Financial Report
- c. TABC Inspection
- d. Acknowledgement of TABC Rules & Regulations
- e. License Fee

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License no. 4036 issued 9.24.15**

**4. SHAMROCK SPIRITS (LICENSE NO. 3990)
ERIN, TENNESSEE (HOUSTON COUNTY)**

Applicant: Shamrock Spirits, LLC

Member(s): William R. Paxton 100 %

Current: Shamrock Spirits, LLC (William R. Paxton, 50%; Elizabeth Luffman, 25%; Justin D. Luffman, 25%)

Proposed: Shamrock Spirits, LLC (William R. Paxton, 100%)

Before the Commission is a request for a change in members and member interest regarding the ownership of the retail store located at 5927 East Main St., Erin, Tennessee 37061. William Paxton currently holds 50% of the ownership interest in the LLC, and if approved, will acquire the 50% ownership interest currently held by Elizabeth and Justin Luffman. There is no cash consideration for this transfer. All requirements have been provided and the TABC staff recommends approval of this request.

Discussion/Action Taken: Commissioner Jones motioned for approval, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Database updated 9.24.15**

**5. ALL AMERICAN WINE & SPIRIT
LEBANON, TENNESSEE (WILSON COUNTY)**

Applicant: Dharmi-2 Inc.

Shareholder(s): Upendrakumar D. Patel⁶ 100 %

⁵ Monthly rent will increase to approximately \$2,400 by year five of the lease.

⁶ Upendrakumar Patel is also the sole shareholder in Dharmi, Inc., d/b/a Bordeaux Liquors (License No. 3699) located at 3711 Clarksville Pike, Nashville, TN 37218.

Current: All-American Wine & Spirits, LLC (Edwin James, 50%; Susan James, 50%), d/b/a All-American Wine & Spirits, LLC (License No. 3818)

Proposed: Dharmi-2 Inc., d/b/a All American Wine & Spirits

Before the Commission is a request for a transfer of ownership regarding the retail store located at 703 S. Cumberland, Suite C, Lebanon, Tennessee 37087. Mr. Patel is investing \$45,000 of personal funds into business, and if approved, the applicant will purchase the business from the seller for \$45k (plus inventory – estimated to be worth approximately \$100k).⁷ The applicant will lease the premises from Barry-Bobo Family Investments, LLC for an initial term of three years at a monthly rental rate of \$2,000.⁸ The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. Closing statement confirming sale
- b. TABC Inspection
- c. Acknowledgement of TABC Rules & Regulations

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License no. 4041 effective 10.15.15**

**6. HAMILTON LIQUOR STORE (LICENSE NO. 2033)
CHATTANOOGA, TENNESSEE (HAMILTON COUNTY)**

Applicant: Om Corporation of TN

Shareholder(s):	<u>Current</u>	<u>%</u>	<u>Proposed</u>	<u>%</u>
	Mukesh Modi	100	Mukesh Modi	96
			Primesh Modi	2
			Divyesh Modi	1
			Chandresh Modi	1

Before the Commission is a request for a change in shareholders and shareholder interest in the licensee located at 2288 Gunbarrel Rd., suite 146, Chattanooga, TN 37421. Mukesh Modi currently holds 100% ownership interest in the corporation but wishes to gift his three sons a combined total of 4% of the corporate shares. The TABC staff recommends approval of this request.

Discussion/Action Taken: Commissioner Jones motioned for approval, Chairperson McDaniel seconded the motion and it passed with 2 ayes.

⁷ In accordance with Tennessee law, Sellers are to transfer title and possession of the liquor inventory to the applicant via TABC licensed wholesalers' involvement.

⁸ The lease includes an option to renew for (2) additional years. The lease commenced on June 1, 2015.

7. **THREE STAR LIQUOR STORE
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Applicant: Three Star Investments, LLC

Member(s): John M. Shikhule⁹ 100%

Current: Francis X. McFadden, Jr., d/b/a Three Star Liquor Store (License No. 0341)

Proposed: Three Star Investments, LLC, d/b/a Three Star Liquor Store

Before the Commission is a request for a transfer of ownership regarding the retail store located at 3305 S. 3rd St., Memphis, Tennessee 38109. As verified by TABC staff, Mr. Shikhule is investing \$152k into the business (\$90k bank loan, loan from 401k and personal funds). If approved, the applicant will purchase the business from the current owner for \$140k (including inventory estimated to be valued at \$40k).¹⁰ The LLC will lease the premises from Doris Ryan for an initial term of five years at a monthly rental rate of \$1,225.¹¹ The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. TABC Inspection
- b. Acknowledgement of TABC Rules & Regulations
- c. License Fee

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License no. 4039 issued 10.6.15**

8. **DISCOUNT LIQUORS & WINES
COVINGTON, TENNESSEE (TIPTON COUNTY)**

Applicant: Kalol, Inc.

Shareholder(s): Rakesh Patel 50 %
Jitendrakumar Patel 50 %

Current: Patricia Butler, d/b/a Discount Liquor & Wine (license no. 3629)

⁹ Mr. Shikhule is the sole member of Tana Investments, LLC, d/b/a Tana Liquors (license no. 3613) located at 798 Poplar in Memphis, TN 38106. Mr. Shikhule has provided a letter stating that he will not own more than 50% of the retail liquor stores within the Memphis municipality.

¹⁰ In accordance with Tennessee law, Sellers are to transfer title and possession of the liquor inventory to the applicant via TABC licensed wholesalers' involvement.

¹¹ The lease includes an option to renew for one (1) additional five (5) year period.

Proposed: Kalol, Inc., d/b/a Discount Liquors & Wines

Before the Commission is a request for a transfer of ownership regarding the retail store located at 309 Highway 51 N., Covington, Tennessee 38019. The shareholders are investing a combined total of approximately \$700k into the business, as verified by TABC staff.¹² If approved, the applicant will purchase the business from the current owner for \$640k (including inventory).¹³ Landlord, Gloria Johnson, will lease the premises to the applicant for an initial term of 180 months at a monthly rental rate of \$2,700.¹⁴ The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. TABC Inspection
- b. License Fee
- c. Acknowledgment of TABC Rules & Regulations

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License no. 4037 effective 10.1.15**

**9. BERRY FARMS WINE & SPIRITS
FRANKLIN, TENNESSEE (WILLIAMSON COUNTY)**

Applicant: Berry Farms Wine and Spirits, Inc.

Shareholder(s): Satish Kumar Patel, President 100 %

Before the Commission is a request for licensing of a new retail store to be located at 4000 Hughes Crossing, Suite 160, Franklin, Tennessee 37064. Mr. Patel plans to invest \$75,000 of personal funds into the business, and will lease the premises from Hughes Crossing Investment I, LLC for an initial term of ten (10) years at a monthly rental rate of approximately \$6,000.¹⁵ The TABC recommends conditional approval of this request, subject to receipt of the following items:

- a. Certificate of Occupancy (after build-out)
- b. TABC Inspection
- c. Acknowledgement of TABC Rules & Regulations
- d. License Fee

¹² Financing is coming from the following: \$300k line of credit from Bank of Bartlett, personal loans totaling \$215k (Jitendrakumar Patel) and Mr. Rakesh Patel has five personal loans from relatives totaling \$200k.

¹³ In accordance with Tennessee law, Sellers are to transfer title and possession of the liquor inventory to the applicant via TABC licensed wholesalers' involvement.

¹⁴ Monthly rent will increase to \$3,300 by the 121st month.

¹⁵ The landlord agreed for Satish Patel to assign his lease to the corporation. Monthly rent will increase to approximately \$7,000 by year ten (10) of the lease.

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes

**10. VILLAGE WINE & SPIRITS
MONTEAGLE, TENNESSEE (GRUNDY COUNTY)**

Applicant: AB DJ Inc.

Shareholder(s): Satishkumar Patel 50 %
Sharmishta Patel 50 %

Current: Village Wines and Spirits, Inc. (Michael Gifford, 100%) d/b/a Village Wines and Spirits (License No. 3620)

Proposed: AB DJ, Inc., d/b/a Village Wine & Spirits

Before the Commission is a request for a transfer of ownership regarding the retail store located at 831 West Main St., Monteagle, Tennessee 37356. The applicant is investing approximately \$725k into the business,¹⁶ and if approved, will purchase the business (including inventory) and real property from the current owner for \$727,000 (\$477k for inventory, equipment, fixtures, and goodwill, plus \$250k for the real property).¹⁷ The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. Proof of possession of premises (deed/lease)/**copy of closing of sale**
- b. ~~TABC Inspection~~**received 9.14.15**
- c. ~~License Fee~~**received 9.17.15**

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License no. 4038 effective 10.5.15**

**11. PRIEST POINT WINE & SPIRITS (LICENSE NO. 2006)
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Applicant: Priest Point Wine & Spirits, Inc.

Shareholder(s): Charles McTorry II 50 %
Chase McTorry 50 %

Current: Priest Point Wine & Spirits, Inc. (Charles L.D. McTorry, 100%)

¹⁶ The applicant has secured a \$527k line of credit from Citizen Tri-County Bank, Mr. Satishkumar Patel has a \$150k line of credit from Citizens Tri-County Bank, and the shareholders are investing \$50k of personal funds each.

¹⁷ In accordance with Tennessee law, Sellers are to transfer title and possession of the liquor inventory to the applicant via TABC licensed wholesalers' involvement.

Proposed: Priest Point Wine & Spirits, Inc. (Charles McTorry II, 50%; Chase McTorry, 50%)

Before the Commission is a request for a change in shareholders and shareholder interest regarding the retail licensee located at 3688 Bell Rd., Nashville, Tennessee 37214. Ms. Cleatrice McTorry, conservator to husband, Charles L.D. McTorry, has agreed to sell 100% of the shares currently held by her husband to their sons, Charles and Chase McTorry for \$300,000 (at 7% per annum) via seller financing.¹⁸ The TABC staff recommends approval of this request.

Discussion/Action Taken: Commissioner Jones motioned for approval, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Database updated.**

3. WINERY MATTERS - None

4. FARM WINERY MATTERS - None

5. WHOLESALE MATTERS

A. NEW BUSINESS

**1. CARTER DISTRIBUTING CO.
CHATTANOOGA, TENNESSEE (HAMILTON COUNTY)**

Applicant: Carter Distributing Co., Inc.

Shareholder(s): Blair Carter, President 100 %

Before the Commission is a request for licensing of a wholesale business located at 1305 Broad St., Chattanooga, TN 37402. As verified by TABC staff, Mr. Carter is investing \$50k into the business. The applicant is already established as a beer distributor and Mr. Carter is also a shareholder in Premium Brands Inc., d/b/a Premium Brands (permit no. 68).¹⁹ The applicant will lease the premises from Carter Family Partnership, LLC on a month-to-month basis at a monthly rental rate of \$16k. The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. TTB Permit (indicating the inclusion of spirits)
- b. ~~TABC Inspection~~ **received 9.9.15**
- c. ~~Acknowledgement of TABC Rules & Regulations~~ **received 9.9.15**

¹⁸ The agreement included a \$7,500 down payment. The promissory note in the amount of \$292,500 will be payable over a term of sixty months in equal installments of \$6,000.

¹⁹ Premium Brands is located at 1307 Broad Street, Chattanooga, TN 37402. Mr. Carter holds 51% of the ownership interest in Premium Brands Inc., and has indicated that he will close out license no. 68 in the near future.

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing item, Chairperson McDaniel seconded the motion and it passed with 2 ayes.

**2. HAND FAMILY WINE & SPIRITS
COOKEVILLE, TENNESSEE (PUTNAM COUNTY)**

Applicant: Hand Family Wine & Spirits, LLC

Member(s): Charles W. Hand, Sr., Chief Manager 50 %
 Charles W. Hand, Jr., President 50 %
 William Moseley, Treasurer & CFO 0 %

Before the Commission is a request for licensing of a wholesale business to be located at 3353 Williams Enterprise Dr., Ste. A., Cookeville, Tennessee 38506. The applicant is currently licensed by the TABC for two other wholesale locations (license no. 53 in Soddy Daisy, TN and license no. 72 in Clarksville, TN).²⁰ The LLC will lease the premises from landlord, CWHFP, LLC, for a term of 10 (ten) years at a monthly rental rate of \$1,000. The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. TABC Inspection
- b. Acknowledgement of TABC Rules & Regulations
- c. Certificate of Occupancy (after build-out)
- d. License Fee

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes.

6. DISTILLERY/BREWERY

A. NEW BUSINESS

**1. TURTLE ANARCHY BREWING COMPANY
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Applicant: Turtle Anarchy Beverage Company, LLC

Member(s): Mark S. Kamp, Secretary 100 %
 Mark S. Kamp, Jr., President 0 %

Before the Commission is a request for licensing of a brewery to be located at 5901 California Avenue, Suite 105, Nashville, TN 37209. Mark Kamp is investing approximately one million dollars into the business (\$670k bank loan and personal

²⁰ Hand Family Wine & Spirits, LLC is currently licensed by the TABC for two other wholesale locations: Hand Family Wine & Spirits, LLC (license no. 53) d/b/a Hand Family Wine & Spirits, LLC) located at 200 Shearer Street, Soddy Daisy, Tennessee, and Hand Family Wine & Spirits, LLC (license no. 72) located at 2069 Wilma Rudolph Blvd., Clarksville, TN 37040.

funds). Landlord, Skylight L.P., a Missouri limited partnership, has consented to the sublease of the premises by Turtle Anarchy Brewing Company, LLC (tenant) to the applicant, Turtle Anarchy Beverage Company, LLC (subtenant), for an initial term of five and a half years at a monthly rental rate of approximately \$8,500.²¹ The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. TABC Inspection
- b. Acknowledgement of TABC Rules & Regulations
- c. Certificate of Occupancy (after build-out)
- d. License Fee

Discussion/Action Taken: Commissioner Jones motioned for conditional approval, subject to receipt of missing items, Chairperson McDaniel seconded the motion and it passed with 2 ayes.

2. JAKES CREEK ~~DISTILLERY~~ DISTILLERY (corrected for spelling) SEVIERVILLE, TENNESSEE (SEVIER COUNTY)

Applicant:	Jakes Creek Distillery, LLC	
Member(s):	Charles McGinnis, President	20 %
	Larry Sorrell, V.P.	20 %
	Jake McGinnis, Secretary	20 %
	Teddy Jones	20 %
	W.C. Mills	20 %

Before the Commission is a request for licensing of a new distillery to be located at 3303 Wears Valley Rd., Sevierville, TN 37862. As verified by TABC staff, the combined total investment is \$300k.²² The applicant will lease the premises from Custom Crafted Properties, Inc., for an initial term of three years at a monthly rental rate of approximately \$2,500.²³ The TABC staff recommends conditional approval of this request, subject to receipt of the following items:

- a. ~~Certificate of Occupancy~~ received 9.18.15
- b. License Fee received 9.18.15

Discussion/Action Taken: Items a. & b. were received prior to the meeting. Commissioner Jones motioned for approval, Chairperson McDaniel seconded the motion and it passed with 2 ayes. **Update: License no. 126 effective 9.22.15**

7. PRIVATE CLUBS - None

8. INITIAL ORDERS TO BE REVIEWED BY THE COMMISSION – None

²¹ Monthly rent will increase to approximately \$9,500 by 2020. The lease includes one, five year option to renew.

²² L. Sorrell, T. Jones, and W.C. Mills are each investing \$100k of personal funds into the business.

²³ The lease includes options to renew for up to four (4) consecutive additional three (3) year terms.

9. SERVER APPEALS - None

10. MISC –

11. NEXT MEETING – Tuesday, October 20, 2015 at 1:30 p.m.

12. UPCOMING MEETINGS

- October: Tuesday, October 20, 2015
- November: Tuesday, November 17, 2015
- December: Tuesday, December 15, 2015

The November and December dates were set at the September 22, 2015 meeting.

13. AUDIT AND BUDGET PRESENTATION

Mark Donner presented an overview of the budget and TABC Internal Auditor, Kilolo Dunmore gave a presentation.

**APPROVED FOR ENTRY UPON THE MINUTE BOOKS OF THE TENNESSEE
ALCOHOLIC BEVERAGE COMMISSION THIS THE 20th DAY OF OCTOBER, 2015.**



Mary McDaniel
Chairperson



Keith Bell
Executive Director

