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STATE OF MICHIGAN
LIQUOR CONTROL COMMISSION
PUBLIC HEARING ON RULE CHANGES

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Proceedings had in the above-entitled case before Chairman Andy Deloney and Commissioners Dennis Olshove and Teri Quimby, held at the Michigan Liquor Control Commission, 525 W. Allegan Street, Jacquelyn A. Stewart Hearing Room, Lansing, Michigan, on Tuesday, January 27, 2015.

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SPEAKER

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Spencer Nevins, MI Beer & Wine Wholesalers

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G. Christopher Bernard, Attorney, Bodman PLC

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Mike Tobias, MCRUD

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Rev. Bill Amundsen, Treasurer, MICAP

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Leigh Jameson-Heise, Lenawee Substance Abuse
Prevention Coalition

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Monique Stanton, CARE of Southeastern MI

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Michael J. Brown, Attorney, Carlin Edwards Brown

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IN ATTENDANCE:

10

Joe Cekola, Imperial Beverage

Scott Ellis, MLBA

11

Patrick Gagliardi, Gagliardi Associates

Nick Goebel, GLWAS

12

Scott Graham, Michigan Brewers Guild

Mike Kiryakoza, Attorney

13

Janine Kravetz, Bay County Prevention Network

E.J. McAndrew, MCRUD, C.A.S.S. Community Coalition

14

Stephanie McGuire, Kelley Cawthorne

Brian Pizzuti, NWS of Michigan/Republic National Dist

15

Brendan Ringlever, MI Spirits Association

Justin Winslow, VP Gov't Affairs, MI Restaurant Assoc.

16

Jamie Zaniewski, Policy Advisor, SMPO

Gus Zetouna, Allied Liquor Stores of Michigan

17

18

STAFF IN ATTENDANCE:

19

Jean Allison, Server Training Coordinator

Bonnie Czaika, Data Management Supervisor, Finance Division

20

Lori DeClercq, Court Reporter

Mary Anne Donley, Regional Manager, Enforcement Division

21

Anita Fawcett, Secretary to Chairman

Jason Geissler, AAG, Attorney General's Office

22

Tom Hagan, Director, Enforcement Division

Pamela Hamilton, Deputy Director, Finance Division

23

Dale Hull, Receptionist

Timothy Kovacik, Deputy Director, Executive Services Division

24

Kerry Krone, Business Manager

Don McGehee, AAG, Attorney General's Office

25

Barb Subastian, Regional Supervisor, Enforcement Division

Julie Wendt, Director, Executive Services Division

1 Lansing, Michigan

2 Tuesday, January 27, 2015 - 2:07 p.m.

3 CHAIRMAN DELONEY: This is a public hearing of the
4 Michigan Liquor Control Commission. It is called to order at
5 2:07 p.m., January 27, 2015, in the offices of the Michigan
6 Liquor Control Commission in Lansing, Michigan. To my left
7 is Commissioner Olshove; to my right is Commissioner Quimby.
8 I am Commissioner Deloney.

9 Good morning. This hearing is called in compliance
10 with Sections 41 and 42 of Act No. 369 of the Public Acts of
11 1969, as amended, and under the authority of Section 215 of
12 Act No. 58 of the Public Acts of 1998, as amended which
13 authorize the Commission to adopt rules governing the
14 carrying out of this Act and the duties and responsibilities
15 of licensees in the proper conduct of their licensed
16 businesses.

17 The Commission submitted a request for rule making
18 to the Department of Licensing & Regulatory Affairs on
19 September 17, 2013 for review. This request was submitted to
20 the Office of Regulatory Reinvention on October 2, 2013 and
21 approved on October 3, 2013.

22 Notice of Public Hearing was published in the
23 Detroit News and Detroit Free Press, Traverse City
24 Record-Eagle and the Marquette Mining Journal on January 9,
25 2015. A notice was also published in the Michigan Register

1 on January 15 of 2015. In addition, the Notice was posted on
2 the Commission website on December 29, 2014.

3 The purpose of this hearing is to obtain the input
4 and views of the general public and interested parties
5 concerning the proposed revisions to Liquor Control
6 Commission general rules.

7 If you wish to speak, please make sure that you
8 have signed in and indicated your willingness to speak. If
9 you have not submitted a card -- Anita, where are you? Where
10 are the cards? The cards are over there on that table over
11 there so just fill out a card and bring it up to Anita
12 Fawcett over here and we can get that in if you have not done
13 so already. There is a court reporter present today to make
14 a record of the hearing. Therefore, please state your name
15 and the organization you represent, if any, before giving
16 your presentation. If you have any additional comments to
17 submit in writing, you may leave them with Julie Wendt.
18 Julie, raise your hand. Or submit them to the Commission no
19 later than 5:00 p.m. today. We have a number of individuals
20 who indicated a desire to speak so comments will be limited
21 to three minutes.

22 First card we will call for a speaker, Spencer
23 Nevins, Michigan Beer & Wine Wholesalers Association.

24 MR. NEVINS: Thank you, Chairman Deloney. Spencer
25 Nevins, Vice-President, Michigan Beer & Wine Wholesalers

1 Association. I don't have a lot of comments. We have gone
2 through this list of rules. We think there is a lot of
3 really good changes in here; a lot of efficiencies that are
4 coming out in them. The only one I would make a comment on
5 -- and we are not opposing -- but we had a few questions on
6 the dispensing machine -- proposed rule to allow the
7 dispensing machine. I think it was right after you and
8 Commissioner Quimby were first appointed, this was a part of
9 a declaratory ruling request that came before the Commission.
10 At that time, we weighed in and we opposed these, but for two
11 basic reasons. One, we were worried about the way it worked
12 in other states. Distributors were often times asked to
13 sponsor these machines in order to get their brands out. So
14 we were worried about the aide and assistance issue. That
15 issue now, after 505 went through last year, we are not
16 concerned about anymore. We think it is pretty clear that we
17 wouldn't be involved in that.

18 The other reason we were worried about them,
19 though, was from the public health perspective. How do you
20 monitor how much consumption is taking place and things like
21 that? So we still have some questions about that and I read,
22 you know, dispensing machine, 96 ounces, located on premises,
23 but to visualize exactly what it is is kind of difficult. Is
24 it like a pop machine that you walk up to and you get your
25 drink like you do at a fast food? Is it something that is

1 located at a table type of draft system which is how we
2 understood it before. So those are the type of questions.
3 Where are they located at? What do they look like? Where is
4 the continued interaction between the server and the person
5 who orders, say, up to 96 ounces to ensure that a guy who
6 walked in -- we know we have great licensees and the vast
7 majority do a wonderful job making sure their patrons aren't
8 intoxicated and they are not over serving, but you have a
9 guy, say, walks in and he's had three beers across the
10 street. Now he rolls in. Your server does a great job
11 checking him out. He is good to go. He does not look overly
12 intoxicated; he orders, maybe, not even 96 ounces; maybe he
13 orders 30 some ounces. Is there some way that that continual
14 check is going to go? Maybe the retail community just says
15 we will handle that. We are little worried about how the
16 continued moderating occurs. And really other than that, we
17 just, you know, these machines make us a little nervous on
18 the public health side, especially when it seems to be pretty
19 wide open on what could qualify underneath here. If there is
20 a way to, maybe, define it a little bit more; might not even
21 need to be able to be done through the rule. It could be
22 done through a bulletin or an Order, just so communication --
23 so we know what to expect out there. Other than that, you
24 know, we really think there is a lot of good changes in here.

25 CHAIRMAN DELONEY: Thank you, Spence. The purpose

1 of this hearing, of course, is to allow the public to give
2 input, but I would just very briefly address this. As you
3 pointed out, there was a declaratory ruling of the Commission
4 that stated very clearly, unambiguously, that the rule in
5 response to the request for the declaratory ruling, the
6 Commission ruled that the rule is clear and unambiguous; that
7 these types of machines or devices would not be allowed. And
8 during that -- during the discussion with the people who
9 requested the declaratory ruling, our Director of
10 Enforcement, Tom Hagan, and I sat down and began considering
11 the idea with the people who were requesting it. And we had
12 a number of the -- I am sure Tom recalls the meeting the same
13 as I do -- but when we first began considering that -- public
14 health -- asked a lot of the same questions that you and your
15 organization may have been asking and thinking about this
16 issue. One thing I can tell you is that the retailer's
17 obligation to ensure that there is safe and legal sale,
18 service and consumption of alcohol does not in any way, shape
19 or form diminish and, of course, even if I wanted to do that
20 in the rules, it does not trump a retailer's obligations
21 under statute.

22 Having said that, we understand that this is a new
23 concept and that we certainly will be monitoring this.
24 Should these rule changes be adopted, we certainly would be
25 monitoring this to see how it is -- how it is going out there

1 in licensing land, so to speak. Thank you for your comments.

2 Next, Chris Bernard with the Bodman Law Firm.

3 MR. BERNARD: Thank you, Mr. Chairman. May I
4 approach?

5 CHAIRMAN DELONEY: Yes, please.

6 MR. BERNARD: Thank you, Mr. Chairman and Members
7 of the Commission. I am Christopher Bernard of the Bodman
8 Law Firm. I am here representing no particular client but a
9 class of clients -- secured creditors, lenders to licensed
10 premises -- licensed businesses. And what I am here today is
11 to propose an addition to the new proposed Rule 436.1048
12 regarding renewals. And what I have asked the Commission to
13 consider is a rule that will allow a more formal setting --
14 what has been going on in an ad hoc basis for several years
15 -- and this is the opportunity for a secured creditor or
16 secured lender to provide evidence of its security interest
17 in order to proceed with renewing a license when the licensee
18 has not, or in some cases, cannot.

19 We propose, also, that because the State does know
20 about that security interest through the filing of UCC-1
21 financing statements, that the Commission also check the
22 system and determine if it is going to take adverse action
23 against a license, like, cancel it for non-renewal and
24 provide notice to those secured creditors so they have the
25 opportunity to either cure or take some kind of action that

1 will keep that valuable collateral alive. One of the reasons
2 we want to do this, I think, is to promote the economic
3 activity in this state, particularly in the hospitality
4 industry. It is difficult -- has been difficult in the
5 recent past for lenders to loan to restaurants, bars, hotels,
6 and now things are starting to get a little bit better, but
7 we think that with this type of rule in place, that will
8 further provide confidence for secured creditors, it will
9 provide even more confidence in the lending process and
10 perhaps, provide more working capital out there for these
11 businesses to expand on what is already a very viable and
12 important aspect of Michigan's economy.

13 Now what I have also included in this packet I've
14 given you -- I've given you my proposed additions to the
15 rule, the comparison between my additions and what you have
16 already done and I thank you for putting in 1048. It is
17 amazing to me that it has gone so long without such a rule.
18 But I've also shown you with some other screen shots, just
19 how easy it is to go and check the Michigan State -- the
20 Department of State's UCC-1 filing system. You simply plug
21 in a name in the window of a website; click a couple of
22 buttons and all of a sudden what you will end up with, in
23 less than an hour or so, is the result of any secured
24 interests, registered with the State, with a UCC-1 filing,
25 for a licensee. All you have to do is find the licensee's

1 name; put it in the window; click a button. It gives you the
2 options. It does a quick search, first, to determine whether
3 there are any filings at all and if there are, you go through
4 a couple more clicks of a button and you can have a search
5 result sent to you in less than an hour that tells you who
6 the secured creditors are; what their addresses are and you
7 can even get a copy of the financing statement itself. Now,
8 I know that there may be some concern about costs. There may
9 be some concern about extra work. I understand from talking
10 to folks in the Department of Treasury, that the cost to
11 another department in the State is none or if there is, it is
12 going to be minimal. For John Q Public, like myself, it cost
13 me all of \$6 to do a single search; \$2 for every page of a
14 statement that I may obtain. In this particular example --
15 and I blacked out the names. They are public filings, but
16 just so nobody gets upset, I maintained complete confidence
17 of who the identified debtor is. In very short order, you
18 can find all that information. You can look at the statement
19 and yeah, there is a lot of different types of verbiage in
20 these types of statements. You may not know exactly what is
21 covered. My recommendation is if there is a secured creditor
22 that has a secured interest in the property of that license
23 holder, send them all a notice. It may be a couple more
24 cents in postage, but you might have an opportunity to get
25 somebody in there that will maintain that license in the

1 stream of commerce; get it sold; maintain the integrity of
2 the lending process; realize the value of that collateral for
3 these lenders that are providing capital that is helping to
4 move this economy along. So it does not take a lot of
5 effort; does not take a lot of money and it would just be
6 another process, yes, but I think in the long run you would
7 have a better opportunity to keep licenses going and to
8 maintain what I think is a very important part of the
9 economy, here, in Michigan. Any questions?

10 CHAIRMAN DELONEY: Questions? Thank you very much.

11 MR. BERNARD: Thank you very much.

12 CHAIRMAN DELONEY: Next, Mike Tobias, Michigan
13 Coalition to Reduce Underage Drinking.

14 MR. TOBIAS: Good afternoon -- excuse me. Good
15 afternoon, Chairman Deloney and Commissioners. I appreciate
16 the opportunity to talk today. Rule 45 is the one that, kind
17 of, troubles me a little bit or concerns me. It deals with
18 the in-room bar devices and dispensing machines. I have a
19 difficult time, I guess, visualizing also what that would
20 look like or what that is, but seems like it is, maybe, not
21 necessary; make it little bit more convenient or easier for
22 people to drink alcohol. So we know that alcohol regulations
23 work and enforcement works to reduce underage drinking and
24 other alcohol related problems and I just don't understand
25 why we need this change in Michigan. So I guess I would urge

1 you to carefully study -- continue to carefully study this
2 issue but look at it from all sides -- public health sides
3 and other things. So and I am hoping -- I imagine you will
4 outline, kind of, the process of the next steps. I am not
5 real familiar with how this rule-making goes. But maybe you
6 will be able to speak to that at the end of the hearing,
7 perhaps.

8 CHAIRMAN DELONEY: Certainly. I can tell you that
9 the Administrative Procedures Act governs the process -- the
10 rule-making process -- the rule promulgation process. Also,
11 the Office of Regulatory Reinvention, they have kind of
12 boiled it down to a handy -- sort of a flow chart that they
13 have. Unfortunately, I don't have it with me and I am by far
14 from being an expert on that process. However, I can assure
15 you that this Commission will follow the process for
16 rule-making as laid out in the Administrative Procedures Act
17 and as governed by the Office of Regulatory Reinvention.
18 While you are, here, in the hearing room, perhaps, Julie
19 Wendt can answer some of your specific questions before you
20 leave.

21 MR. TOBIAS: Thank you.

22 CHAIRMAN DELONEY: Thank you very much. Next,
23 Reverend Bill Amundsen, Michigan Council on Alcohol Problems.

24 REVEREND AMUNDSEN: Mr. Chairman and Commissioners,
25 and ladies and gentlemen, I am Bill Amundsen from the

1 Michigan Council on Alcohol Problems. We are a temperance
2 organization. We are not a prohibition organization. And we
3 publish a journal on alcohol and drug education; that is a
4 peer review journal that goes out internationally and we also
5 publish MICAP Recap that goes out to the churches and persons
6 in the State of Michigan, here.

7 I am concerned about 43 and don't know if I need to
8 be concerned or not and we had a Rule 43 there that before
9 things were sold in the state, it seems to me, having read
10 this, that you know, it was analyzed first or at least looked
11 over and the piece that comes in underneath there indicates
12 that, you know, we can order a random analysis after the
13 horse is out of the barn kind of thing. So I just want you
14 to be aware of that. There is some -- I have some concern
15 about that and we have some concern about that in MICAP.

16 The other piece is on the dispensing equipment, the
17 Rule 45, I am concerned especially about underage youth and
18 the abusive drinker which has already been mentioned, here,
19 but you need to know there are others that are also concerned
20 about that, too. I had this image in my mind that this
21 little portable thing like this, that had a keg in the
22 bottom, would be wheeled into a room of a hotel and you know,
23 if they just pushed the button, there would be the 96 ounces
24 that they wanted. If that isn't what we are talking about
25 and if there is some protections around for the underage and

1 the abusive drinker that was mentioned here earlier by two
2 other people, you know, we will watch what goes on with the
3 Commission and all of that. So, those are our concerns and I
4 appreciate the time. Thank you.

5 CHAIRMAN DELONEY: To your first point regarding
6 the liquor analysis rule, generally, it is -- you would have
7 to be duplicative in that the Federal TTB Agency essentially
8 does that for us. If you are either a spirits or beer or
9 wine supplier, you want to get approval in the State of
10 Michigan, you first have to have that approval from the
11 federal government first. So we do not have a chemical lab
12 of any sort. We certainly are not experts or educated or
13 skilled in doing that type of chemical analysis, but again,
14 we view that to be duplicative in that the federal
15 government, essentially, has to approve that product first
16 before it can be offered for sale in the State of Michigan.

17 REVEREND AMUNDSEN: I appreciate that. One of the
18 problems we run into was with decaffeinated alcohol beverages
19 and they scaled that back after we had some problems on the
20 west coast and we appreciate that, as well.

21 CHAIRMAN DELONEY: Thank you.

22 REVEREND AMUNDSEN: Thank you.

23 CHAIRMAN DELONEY: Next, Leigh Jameson-Heise,
24 Lenawee Substance Abuse Prevention Coalition.

25 MS. JAMESON-HEISE: Good afternoon. Thank you for

1 allowing me to speak. My name is Leigh Jameson-Heise. I am
2 here on behalf of Lenawee Substance Abuse Prevention
3 Coalition. We have some concerns with the proposed Rule 45
4 (a) and (b). This is what we are thinking: We invest quite
5 a bit in the responsible alcohol server training. We think
6 that it is a really effective way to make sure that the hand
7 that serves the drink is really responsible to the public.
8 So with a liquor license comes certain privileges and certain
9 duties. The privilege of serving alcohol also carries the
10 duty to not over serve adults and also to make sure minors
11 aren't being served. When we delegate this duty to a person
12 who is either behind a closed door in a hotel room or at a
13 table, we are concerned that you are creating an agent so
14 that the retailer now is responsible -- still has their
15 privilege, still has their duty -- they are extending the
16 privilege to their customer -- the privilege to pour their
17 own drink. Also goes with the duty. You can't serve a minor
18 and you can't over serve. These people are -- first of all,
19 they may be drinking themselves, unlike a wait staff or a
20 server and they aren't professionally trained like a wait
21 staff or server so we are concerned that the person
22 dispensing his own liquor has that privilege. He also takes
23 the duty -- the customer takes the duty to not over serve and
24 not serve a minor and if an event happens after the patron
25 leaves the restaurant and there is a liability event, we want

1 to be clear that the person who served the drink was a patron
2 himself as an agent of the liquor licensee. The retailers
3 are giving their privilege to the patron. They are also
4 giving their duty to the patron and I don't think they are
5 trained to do that.

6 And behind closed doors of a hotel, we are worried
7 that the privacy concern, we can't monitor for minors and for
8 over consumption. We propose two things: The hotel
9 dispensing machine have the provision right in -- right --
10 repeated right there that they cannot oppose a Liquor Control
11 Commission or law enforcement inspection in the hotel room so
12 they are kind of giving up their expectation of privacy.
13 They need to know when they are dispensing liquor, they have
14 a duty and we need to be able to monitor that.

15 For the 96 ounces dispensing, we need a trained
16 wait staff at the table in between drinks to monitor for over
17 serving and to monitor whether minors have come to the table.
18 So we ask you to consider adding those two provisions -- that
19 the server still has to come to the table to monitor in her
20 trained capacity and also, that reminding folks who are
21 ordering alcohol to their private hotel rooms, that they have
22 an obligation to allow inspection. Thank you.

23 CHAIRMAN DELONEY: Thank you. Next, Monique
24 Stanton, CARE of Southeastern Michigan.

25 MS. STANTON: Good afternoon, Chairman and

1 Commissioners. Thank you for the opportunity to speak today.
2 My name is Monique Stanton. I am the President and CEO of
3 CARE of Southeastern Michigan. We are a non-profit
4 organization based in Fraser. We primarily serve Macomb and
5 Wayne Counties and we impact the lives of about 25,000 people
6 a year in the region. A lot of our work does revolve around
7 substance use disorders, including prevention-based
8 activities and I am here, as well as many of my fellow
9 colleagues, about concerns regarding the dispensing machines.
10 And in Michigan, while we have done a good job with alcohol
11 awareness and information in the schools, there is still a
12 high risk for binge drinking and I see these dispensing
13 machines as an opportunity to increase binge drinking, rather
14 than decrease it. Binge drinking is typically defined as
15 five or more drinks in one setting. A recent Michigan
16 profile for healthy youth survey indicated that approximately
17 25 to 27 percent of Macomb County youth did not indicate that
18 five or more drinks once or twice a weekend -- five or more
19 drinks meaning five or more drinks in a row -- once or twice
20 a weekend, did not pose a moderate or very great risk. And
21 that is a decent size number when you are talking about an
22 entire survey pool of individuals that are underage. I see
23 that with whatever type of regulation that you put in place
24 for hotel rooms, it is very likely that minors will be
25 drinking, whether they are high schoolers or middle schoolers

1 or individuals that are in college between the ages of 18 and
2 21. I think that it is very likely whatever you try to do.
3 Kids have all kinds of great ways to try to get alcohol. I
4 also see these machines at tables increasing the liability of
5 servers; taking away -- adding extra risk associated, again,
6 with high levels of risk drinking. I do urge caution. If
7 you do implement these, I do think you are going to see some
8 negative impacts. Thank you.

9 CHAIRMAN DELONEY: Thank you. Next, Mike Brown,
10 Attorney; Carlin Edwards & Brown.

11 MR. BROWN: Good afternoon, Commissioners. Thank
12 you for the opportunity to speak today. I would like to
13 address several of the rules that you have proposed today. I
14 also congratulate you on starting this process. I hope this
15 is simply the first batch of what we hope to see on a number
16 of rule changes. So I am hoping this is just the start of
17 things to come because I think there are many other rules in
18 the Commission's current packet of rules that could also use
19 some re-evaluation going forward.

20 With that said, with respect to the ones that are
21 proposed for discussion today, I would like to just point out
22 a few areas of concern or add some comments to your record.
23 First, with respect to Rule -- the proposed new Rule 12 that
24 involves dissolved or terminated, expired business entities
25 and the fact they shall not offer or sell alcohol while they

1 are dissolved or terminated, I think it would help to clarify
2 whether or not a violation of that particular rule would be
3 one violation in total or a violation for each day that they
4 make sales for which they were terminated or expired. I am
5 sure that issue will come up once -- if the rule is adopted
6 and violations are issued relative to that matter.

7 Second of all, looking at your proposed Rule 23, on
8 Page 6, with respect to the various aspects of re-defining
9 the licensed premises, I think it would help to clarify sub
10 rule roman numeral five or (v) where it says:

11 "The redefined space is operated as an
12 extension of the licensed premises and not
13 for a separate business use or purpose."

14 To me, that language is confusing to try and figure
15 out what the Commission means by not for a separate business
16 use or purpose. And particularly, because we see this aspect
17 of re-defining the licensed premises come up often in dealing
18 with resort properties or university properties, large scale
19 type operations, golf courses and so to try and decipher
20 exactly what is meant by something being a separate business
21 use or purpose is a little bit confusing and I think it would
22 help to further clarify that particular provision.

23 Moving on further, in particular, now on Page 9,
24 under Rule 48, the renewal of licenses, let me first indicate
25 that I support what I believe to be the rule change proposed

1 by Attorney Bernard earlier today. I have not seen the
2 language that he has given you, but based on his description
3 and based on my own experience in that issue, I think it
4 would be helpful to, perhaps, do something of what
5 Mr. Bernard was speaking of earlier today.

6 My additional comment on that particular Rule 48,
7 would be to add a fourth provision indicating that at the
8 time of renewal, the licensee shall indicate an intent to
9 sell the license or not. And you may recall, I brought this
10 issue to the Commission's attention previously. Because it
11 really comes into play when we are required to make contact
12 with all escrowed licensees when applying for a resort
13 license or a redevelopment district license and in many
14 cases, the information is not there to let us know whether or
15 not the person who has escrowed their license, has it in
16 escrow simply because they are doing a repair or maybe it is
17 a seasonal closing, a fire, some other particular reason. So
18 I think it would really help to narrow down that work if
19 there was a designation made that they had to provide, when
20 escrowing a license, whether or not they have the intent to
21 sell. If they don't, then I don't believe we should be
22 required to contact them because all that does is waste a lot
23 of time and effort because a lot of those people, knowing
24 that they are not going to sell the license, don't even
25 bother to respond back to us. We have to wait around for,

1 sometimes, weeks to see if we are going to get an answer
2 before we can file an application for one of those type of
3 licenses. So I think adding a fourth sub-part there where
4 they have to designate an intent to sell would be helpful in
5 that process.

6 Additionally, under your proposed Rule 53, on
7 Page 10, that indicates that in filing a written statement,
8 we are supposed to provide a detailed description of the
9 circumstances concerning the loss or destruction of a
10 license. Again, that is a little bit confusing in terms of
11 trying to figure out how much detail would be necessary or
12 what is really meant by the word detailed description there,
13 because in my experience in many of these cases, there is
14 simply no information about why the license is lost. Nobody
15 can seem to recall what happened to it. It is just lost.
16 And so I am concerned that if we have to provide detail, that
17 may not be possible and if so, I wouldn't know exactly what
18 level of detail would satisfy you in showing that the license
19 has, in fact, been lost.

20 Lastly, although this is not part of the proposed
21 changes to your rules, one additional one that I would submit
22 is under your Rule 11, on Page 4, this has to go to (6) of
23 the rule, about specific matters that the licensee, clerk,
24 servant, agent or employee shall not do any of the following
25 and then there are subparts (a) through (e) to that rule.

1 Subparts (a), (b), (c) -- I am sorry -- (a), (c), (d) and (e)
2 all reference the word allow as something that the licensee
3 or its employees should not do and I submit that that
4 standard is ambiguous and difficult for licensees to deal
5 with and is often subject to a strange interpretation when
6 these matters come before the Commission for violation
7 hearings. So I submit that the word knowingly should be
8 inserted there with respect to each of those provisions or
9 each one of those should be, in some way, further developed
10 so that licensees can be put on notice of exactly what kind
11 of conduct causes a violation.

12 And although I would love to discuss that in
13 greater detail, I know you are trying to limit the comments
14 to three minutes, and I am probably well over that by now, so
15 perhaps, I will submit written comments on that later. But I
16 would hope that as part of this rule package moving forward,
17 there is some discussion on that issue because it is a major
18 issue for licensees. Thank you.

19 CHAIRMAN DELONEY: Thank you. Next, Brian Pizzuti,
20 National Wine & Spirits.

21 MR. PIZZUTI: Brian Pizzuti, National Wine &
22 Spirits of Michigan, Vice-President of Sales. Thank you,
23 Commissioners, for giving me a chance to speak today. I am
24 speaking to Rule 1, Page 3, (t), which is not among your rule
25 change statements. It relates to the size allowed of a

1 sample container in the State of Michigan. Currently, it
2 states that a liter size is the largest size that should be
3 used unless certain requirements of -- you know, the size not
4 being available. I would like you to consider the
5 possibility of allowing 175 size to be an allowable container
6 to be used as samples. For one, usually, these are in a
7 plastic bottle which allows it to be easier to transport,
8 lighter in weight and less likely to break causing damage in
9 a retail account or in a parking lot or in a vehicle. It
10 also allows a licensed sales rep to sample more license
11 retailers both on and off in an attempt to drive more sales
12 and more revenue to the State of Michigan and from a
13 marketing standpoint, a 175 size bottle is -- you know, it is
14 kind of a grand package. It is a nicer appearance. It is
15 more stately in size and often having that size in place will
16 allow a retailer to make the decision to purchase more than
17 one size, therefore, again, driving more State of Michigan
18 revenue on the item.

19 So I would love for you to consider that as you go
20 forward. Thank you.

21 CHAIRMAN DELONEY: Thank you. That was the last
22 card of any individuals indicating a desire to speak. We do
23 have several other cards -- individuals who are present, not
24 wishing a desire to speak; E. J. McAndrew, Michigan Coalition
25 to Reduce Underage Drinking.

1 MS. McANDREW: I checked I didn't plan on speaking.

2 CHAIRMAN DELONEY: I'm sorry?

3 MS. McANDREW: I checked I didn't plan on speaking.

4 CHAIRMAN DELONEY: It says: Do you wish to give an
5 oral presentation? The no box is checked. Do you wish to
6 speak?

7 MS. McANDREW: No. They said it all. I agree
8 with --

9 CHAIRMAN DELONEY: So associate your comments with
10 your colleagues who spoke previously?

11 MS. McANDREW: Yes.

12 CHAIRMAN DELONEY: Thank you. Janine Kravetz, Bay
13 County Prevention Network; Mike Kiryakoza, Attorney; Jamie
14 Zaniwski, Senate Majority Policy Office; Brendan Ringlever,
15 Michigan Spirits Association; Pat Gagliardi, Gagliardi
16 Associates; Scott Ellis, Michigan Licensed Beverage
17 Association; Scott Graham, Michigan Brewers Guild; Justin
18 Winslow, Michigan Restaurant Association; Stephanie McGuire,
19 Kelley Cawthorne and Nick Goebel, Great Lakes Wine & Spirits.
20 These are the cards that we have received. Thank you very
21 much for participating. Again, as I stated earlier, if you
22 have any comments you wish to provide in writing, please
23 provide those to us directly at the Commission or to Julie
24 Wendt. Again, raise your hand for anyone who may not have
25 seen it. If you wish to provide any written comments, either

1 hand those to her or send those via e-mail. We look forward
2 to seeing anything you may have.

3 With no other comments to be submitted to the
4 Commission at this time, we will entertain a Motion to
5 Adjourn.

6 COMMISSIONER OLSHOVE: So moved.

7 CHAIRMAN DELONEY: Commissioner Olshove moves to
8 adjourn; supported by Commissioner Quimby. Any other
9 discussion? Hearing none, all in favor will indicate by
10 saying aye.

11 COMMISSIONER OLSHOVE: Aye.

12 COMMISSIONER QUIMBY: Aye.

13 CHAIRMAN DELONEY: Aye. The ayes have it. We are
14 adjourned.

15 (Hearing concluded at about 2:42 p.m.)

16 * * *

17 I HEREBY CERTIFY that I reported stenographically,
18 the foregoing testimony and proceedings on the date and place
19 hereinbefore set forth; that the same was later reduced to
20 typewritten form, and that the foregoing is a true, full and
21 correct transcript of my stenographic notes so taken.

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Lori K. DeClercq, CSR-3053
Dated: January 30, 2015