



ALCOHOL BEVERAGE LICENSE CONTROL COMMITTEE

Beloit City Hall –The Forum

100 State Street, Beloit, WI

August 11, 2015 – 4:00 p.m.

Present: Betty Barnett, Dennis Baskin, Ralph Berkley, Malissa Cronin, John Metter,
Ron Tilley, Joseph Vickerman, Councilor Ana Kelly (Non-Voting)

Absent: None

Advisory: Captain Dan Risse, City Attorney Elizabeth Krueger, interim Chief Zibolski joined via
conference phone.

1. The meeting was called to order at 4:00 p.m. by President Berkley with a quorum present. President Berkley removed the second item of agenda (election of officers) as that was placed on the agenda in error and was completed in July, 2015.
2. Consideration of the minutes of the regular meeting of July 14, 2015. Ms. Cronin and Mr. Metter moved the approval of minutes as presented. Motion carried, voice vote.
3. Consideration of a Change of Agent for Speedway LLC, d/b/a Speedway #4087, located at 148 Liberty Avenue, to Jennifer Hill. Proposed Agent, Jennifer Hil, appeared.

Captain Risse stated municipal and state records were checked and the Police Department has no objection to the appointment of this Agent. Attorney Krueger asked Ms. Hill if she understood that as Agent she would be ultimately responsible for the compliance of alcohol laws whether she is at the business or not. Ms. Hill responded that she understood.

Mr. Metter and Mr. Tilley moved the approval of change of agent. Motion carried, voice vote. President Berkley reminded Ms. Hill to appear before the Council on August 17th when this goes to them for approval.

4. Application for a Class “A” Beer License by David C. Huyck, for Dave’s Bait & Tackle located at 901 Bayliss Avenue. David Huyck appeared before the committee.

Captain Risse stated municipal and state records were checked, the application was reviewed, and the Police Department has no objection in the approval of this license based on this information. Attorney Krueger reminded Mr. Huyck, as the individual license holder, that he is responsible for the activities at the premise and will be held ultimately responsible for the compliance of alcohol laws whether he is at the business or not. Mr. Huyck responded that he understood.

Mr. Metter and Mr. Baskin moved the approval for the Class “A” Beer License to David Huyck. Motion carried, voice vote. President Berkley reminded Mr. Huyck to appear before the Council on

August 17th when this goes to them for approval.

5. Application for Amendment of “Class B” Fermented Malt Beverage & Intoxicating Liquor License Outside Premises Extension for Kyotai Corp. d/b/a Zen Sushi & Grill and located at 430 East Grand Avenue, Suite 101. Mr. Tai K. Park appeared before the committee.

Captain Risse stated municipal and state records were checked, the application was reviewed, and the Police Department has no objection to the amendment of this license based on this information. Attorney Krueger stated that the application for a conditional use permit for the patio was recently approved by the Plan Commission and the City Council. She asked Mr. Park to confirm that he did not wish to seek an extension of the licensed premises to include the public sidewalk in front of his business. Mr. Park indicated that he was only seeking an extension of the licensed premises for the outdoor patio area on private property and not the public area for a sidewalk café. Attorney Krueger asked the record to reflect that Mr. Park agreed to strike the line listing a sidewalk café on the original application. Attorney Krueger asked Mr. Park if he understood that as Agent he would be ultimately responsible for the compliance of alcohol laws whether he is at the business or not. Mr. Park responded that he understood.

President Berkley asked when their license was originally approved and stated that there is a six month window for the license so they need to be looking to open within that time. Mr. Park stated they hoped to open September 18. Attorney Krueger noted that the license was originally granted on April 20, 2015 and the licensee has six months (or until October 20) to begin using the license or the licensee will need to appear before this committee for further action. Mr. Park said he would keep that in mind and address the matter if they don't open as expected.

Mr. Metter and Ms. Barnett moved the approval for Class “A” Beer License. Motion carried, voice vote. President Berkley reminded Mr. Park to appear before the council on August 17th when this goes to them for approval.

6. Consideration of Class “B” Fermented Malt Beverage and “Class B” Intoxicating Liquor licenses for HRNS V Entertainment, Inc., d/b/a Adiktion, 1310 Cranston Road, Edgardo Garrido, Agent.

Alfredo Arteaga appeared before the committee identifying himself as the General Manager for Adiktion. Attorney Krueger asked him if he knew the whereabouts of agent, Edgardo Garrido. He responded that he was going to be here today but has not arrived yet. Attorney Krueger asked him if he was an officer for HRNS V Entertainment, Inc. and he responded that he was not and that he was the General Manager of Adiktion. Attorney Krueger asked him if he had the corporate officer's authorization to appear on their behalf today. Mr. Arteaga responded he did have their permission and that one of the officers was with him today and introduced Efrain Valencia as an officer. Attorney Krueger asked the record to reflect that Mr. Arteaga is translating for Mr. Efrain Valencia and further acknowledged that he is an officer with HRNS V Entertainment, Inc.

Captain Risse presented a summary of the detailed report provided to all committee members. He explained that we are here today as a direct result of an incident that occurred on July 25, 2015. Captain Risse asked Mr. Arteaga if he was aware of the incident and Mr. Arteaga responded that he

did. Captain Risse further explained that this shooting resulted in three gunshot victims that occurred in the parking lot of Adiktion and that evidence recovered at that scene included at least thirty shell casings. Captain Risse further indicated there was a shooting occurring a few blocks away on Calumet as a direct result of a vehicle crash that occurred in Adiktion's parking lot. He stated that this appears to be a vehicle chase involving two vehicles, and as a result, numerous houses were struck with gunfire, but no individuals were struck. Captain Risse indicated that there was also a shooting in Rockford as a result of this event. Captain Risse explained that a vehicle and its occupants had traveled to Rockford and dropped off one of the original shooting victims at Rockford Memorial Hospital before traveling to a residence in Rockford. He further explained that at this residence another vehicle pulled up and shot striking the vehicle eighteen times with an occupant receiving a single gunshot wound to the shoulder. Captain Risse indicated that there were an unknown number of vehicles struck by gunfire during this incident and people were reporting damages up to three days afterwards. Captain Risse reported that some damages were due to untold accidents between vehicles within the parking lot as they attempted to flee when the shooting erupted.

Captain Risse further indicated that as Adiktion closed around 2:00 a.m., security was directing people outside and there was an estimated 300 people in attendance that evening when the shooting erupted in the parking lot. Captain Risse stated that shootings occurred as far west as Park Avenue and as far away to the South as Calumet. During the week following, multiple attempts were made by police detectives to contact representatives of Adiktion and multiple messages were left. Captain Risse advised that upon making contact, the best they could provide were first names, nicknames and cell phone numbers of the various parties the police wanted to speak to which involved various promoters, entertainers and the representatives from the various security companies that they had contracted with for the event.

Captain Risse advised that the police department had great difficulty gaining cooperation from any of the companies providing security on July 25. Contact was eventually made with security companies after several days of phone calls and messages, however, neither of the security companies was able to provide the Police Department a list of personnel who were scheduled to work on the 25th and, at best, more first names and cell phone numbers were given. One of them promised a list, but it has not been provided to date.

Captain Risse advised that at the crime scene, numerous pamphlets were found announcing an upcoming event for the 31st of July. This flyer is advertised as the "hottest event of the summer" to be held at Adiktion and advertised the event to individuals who were 18 and over. The Police Department believed a plan of action to monitor this event in addition to continuing the current investigation from July 25th was necessary. Captain Risse indicated that when the police arrived at Adiktion on July 31st that Adiktion did not have appropriate personnel, nor was the business following the state law regarding minors being allowed on a licensed premises. Additionally an inspection of Adiktion on July 31st found that the posted licenses had expired on June 30, 2015 and that no current licenses were posted. It did not appear to officers that there were any licensed bartenders on site before the event; however, one individual arrived after the event started who provided her current license.

Due to the prior issues of the purchase of unauthorized alcohol by Adiktion, officers inspected the alcohol that was in stock and compared the product to the invoices that were provided, however, it was determined that it would be beneficial to request Department of Revenue Agent Lee to return to the facility for an audit at the State level.

Officers spoke to staff at Adiktion and confirmed with Mr. Arteaga that he was aware that the event was in conflict with state and local laws to allow individuals under the age of 21 into the event, but Mr. Arteaga had not yet had the chance to relay this information to his staff. They asked Mr. Arteaga about not having enough licensed bartenders on staff and he responded that the City Clerk was behind on issuing renewal licenses. The office confirmed that they were not aware of any pending licenses for employees at Adiktion and one license application for J Valencia was denied because he attempted to use the business address as his home address. Discussion with Mr. Arteaga regarding contracts and leases with promoters, entertainers and security companies also occurred and emphasized the importance of having these for these events that detailed full contact information instead of just first names and cell phone numbers as this would have been invaluable to this investigation.

There was another security company on premise on the July 31st who identified themselves as Top Tier Safety and identified themselves by providing business cards. A representative identified as Chris Willis then claimed to be the promoter for the entertainment. The Police Department learned through calling the owner of Top Tier in Chicago that they were not under contract for the event and if Mr. Willis was there representing the entertainment, he was there on his own accord.

Upon making contact with the State Department of Professional and Safety Services, the Police Department learned that none of the three security agencies were in compliance with Chapter 440 of Wisconsin State Statutes which requires licenses or permits to provide security in the State of Wisconsin. Captain Risse is in the process of filing complaints with the State of Wisconsin on all three companies.

Captain Risse asked Mr. Arteaga to explain in his own words why he believed the company was called before the Alcohol Beverage License Control Committee. Mr. Arteaga answered that he believed it was a result of the situation that occurred in the parking lot on the 25th of July during a time where the business was closed. Captain Risse asked Mr. Arteaga to affirm that they did contract for security inside and outside for the event on July 25th and he replied that was true. Captain Risse explained that when he contacted to two agencies named as the security, they both stated they were only on security detail inside the facility. Mr. Arteaga stated that his brother-in-law, Julian Valencia, sets up security at Adiktion and he is certain that Julian contracts for both inside and outside the business.

Captain Risse asked Mr. Arteaga to explain why there were no licensed bartenders on site at the time the event was scheduled to begin. Mr. Arteaga stated that the event was delayed due to issues that arose from the investigation and they were working that out and there was a licensed bartender who arrived later. Captain Risse asked if there were licensed bartenders on site for the event on July 25th. Mr. Arteaga said he thought licenses expired on the 31st of July and said that his license was pending and he received it in the mail August 3rd. He said that himself, Miriam

Castro and a man named Michael (he couldn't remember Michael's last name) were all on staff on the 25th and they all had valid operator's licenses. Mr. Arteaga stated that as long as there is one licensed bartender to oversee others bartending for supervision they would be in compliance. He stated there was just one bar and he supervises the bartenders from that bar. Attorney Krueger asked if he watched them card all individuals. Mr. Arteaga stated that carding is done at the door for those over 21 years of age are given bracelets so they know everyone coming into the bar is of age. Attorney Krueger asked why they need bracelets if individuals need to be 21 to enter. Mr. Arteaga said it is because of this specific event or when they have family events, but for hip hop events, everyone is carded at the door and they are not carded at the bar unless someone is questionable. Attorney Krueger asked Mr. Arteaga if he was aware that it was illegal for anyone under the age of 21 to enter their establishment unless they were accompanied by a parent or guardian. Mr. Arteaga stated he is aware of that now, but was not aware before. Attorney Krueger asked Mr. Arteaga if he remembers the conversation with her in 2013 when they discussed underage individuals being on the premise and he responded that unfortunately, he did not remember that conversation.

Attorney Krueger asked if there might be someone on premise at Adiktion that is more knowledgeable about alcohol laws and he responded that there is not anyone else. Captain Risse asked if they knew who the entertainment contracts were with for the event on July 25th. After consulting with Mr. Valencia, he said the only way they know him is by the initials P.S. Captain Risse asked if that was for a person who goes by the name "Pretty Sweet" and Mr. Arteaga stated that it must be because he only has him programmed in his phone as P.S. Captain Risse asked about the contract for entertainment for the event on July 31st and he replied that he couldn't recall who was contracted for the event. After Captain Risse suggested someone named "Blaze", he stated that sometimes P.S. and Blaze do events together. Captain Risse asked that on the night of July 25th, was the contract that was signed by Chris Willis, the legal contract or was it with "P.S.". Mr. Arteaga responded he believes the one presented with Chris Willis was the correct one.

Attorney Krueger asked Mr. Arteaga who was responsible for the contracts between Adiktion and the promoters, entertainers and security. He replied that Efraim Valencia and Julian Valencia were responsible. Attorney Krueger directed the question to Mr. Efraim Valencia asking what steps they take to ensure that the people renting the establishment are legitimate and will comply with all the laws that go with renting the facility. Mr. Arteaga translated for Mr. Valencia and responded that when a person contacts them, they take their name and ask for references of previous events. Attorney Krueger asked if they get the full name and contact information and he replied that they do. She asked if they had written contract and he replied that they did. She asked if they could provide her a copy of the written contracts for July 25 and July 31. Mr. Arteaga said he can try but they didn't bring the contracts with them. Attorney Krueger asked if there was a reason why they didn't supply the contracts to the investigators when they were asked to do so. Mr. Arteaga translated the question to Mr. Valencia and responded that they do an initial contract with a down payment and then they do them over the day of the event showing the paid amount. Mr. Arteaga asked who law enforcement asked for the contracts, and Captain Risse responded that they asked Mr. Arteaga, Julian Valencia and a niece who was on site interpreting that day. Law enforcement has yet to be provided with those contracts. Mr. Valencia told Mr. Arteaga that the contracts are located at Adiktion and he does have them.

Attorney Krueger asked about written contracts with security firms they hire, and he responded that they are verbal agreements. Attorney Krueger asked whether they verified that the security they hire is licensed in the State of Wisconsin. Mr. Arteaga asked Mr. Valencia and translated his answer to say that Julian is the one that contracts security and he believes one of the companies is licensed. Attorney Krueger asked how often security is hired and he stated that it is for every event. Attorney Krueger asked Mr. Arteaga to confirm that they don't maintain any agreements with expectations and payment terms and making sure they are licensed and Mr. Arteaga responded that they did not. She asked them why they hire security and he stated they were hired to maintain order.

Captain Risse stated the Police Department is recommending a license revocation. Attorney Krueger stated that her review of the property and the calls for services inside and outside the bar indicate a trend of disturbances. The bar has made calls seeking additional enforcement from law enforcement that should be handled by their security. Attorney Krueger stated that she was troubled that the business failed to cooperate with law enforcement during the investigation and was further troubled that they were prepared to open the facility one week later with an event full of compliance issues surrounding underage patrons, lack of supervision, licensing concerns and inadequate security. Attorney Krueger stated that she fully supports law enforcement's recommendation at this time.

Committee members asked about the capacity of the business and they were told it was around 900. They asked about whether or not wholesale invoices were provided for alcohol on hand. The Committee recommended that the Wisconsin Department of Revenue perform an audit of this establishment. They asked if security was written or verbal and the representatives indicated it was verbal, however, Captain Risse stated that the security firms indicated otherwise and said they had written contracts. The committee asked if the individuals injured by gunshot outside the bar were also patrons and Mr. Arteaga indicated that they were. They asked about the patrons who attend their events and where they actually live. Mr. Arteaga stated it depends on the actual event but mostly from Beloit and Rockford. Captain Risse indicated that the majority of the attendees on the night of the July 25th were from Rockford. They asked if the person named "Blaze", referenced earlier, is the well-known artist from Rockford and Mr. Arteaga stated that he is.

Interim Chief Zibolski agreed with comments from the City Attorney and said the owners of the establishment have failed to cooperate with law enforcement in a number of areas, and, in fact, has gone out of their way to interfere with the investigation by failing to provide evidence, refusing to make witnesses available and appearing to have shady business practices. Chief Zibolski believes there is a disregard for the law by their willingness to hold an event one week later that violates multiple laws and he concurs with the recommendation to move for revocation of their liquor license.

Mr. Metter and Mr. Baskin made a motion to forward a recommendation to the City Council for revocation of the license issued to HRNS V Entertainment, Inc., doing business as Adiktion, 1310 Cranston Road, because of lack of cooperation with law enforcement, shady business practices, disregard for the law with wide-ranging violations, and the violence brought to Beloit. Motion

carried unanimously by voice vote of 7-0.

Attorney Krueger explained that by way of procedure that a Complaint will now be drafted and presented to the City Council and is likely to be within the next two meetings of the Council. Upon receipt of this complaint the City Council must thereafter hold a hearing no sooner than three days and no longer than ten days from receiving the complaint. Attorney Krueger told Mr. Arteaga that she needs up-to-date and accurate contact information of an officer of the establishment. Edgardo Garrido is the Agent and was not here today. Mr. Arteaga suggested that Attorney Krueger use his contact information for the filing of the complaint, appearances required and subpoenas that will be forthcoming. He gave his address as: 320 Farmhill Circle in Wauconda, IL 60084.

Ms. Cronin asked about upcoming events and the status of those events. Attorney Krueger and Captain Risse confirmed that they are aware of upcoming events as early as August 14th and until City Council takes action, they are allowed. Attorney Krueger informed Mr. Valenica and Mr. Arteaga that all events held at the establishment need to be in compliance with all laws and regulations. Mr. Arteaga stated that there are events planned for August 15, 22, 29 and September 5, 2015 and that none of these events are hip hop events, and that two of the events are cotillions or sweet 16 parties that are family events. Attorney Krueger encouraged Mr. Arteaga to reach out to someone more informed about alcohol laws. City Clerk Stottler provided Mr. Arteaga with an updated copy of Publication 302 from the DOR for his review. Councilor Kelly asked if their license was revoked, how long that would last. Attorney Krueger explained that the City Council could suspend the license for between 10-90 days or revoke the license for one year. She also stated that until due process has taken place, and the City Council has ruled on the hearing, they have every right to lawfully conduct business.

7. Citizen Comments – None
8. Committee Comments – None
9. Police Department Comments – Captain Risse shared information on two separate reports: One report resulted in an arrest from an incident at the Pitcher’s Mound. Captain Risse stated he will have a couple more reports to share next month.
10. Attorney Comments – None
11. Mr. Baskin and Mr. Metter made a motion to adjourn at 4:50 p.m. Motion carried, voice vote.

Lorena Rae Stottler
City Clerk