

# Department of Commerce, Community, and Economic Development

ALCOHOL AND MARIJUANA CONTROL OFFICE

550 West 7th Ave, Suite 1600 Anchorage, AK 99501 Main: 907.269.0350

### **MEMORANDUM**

TO: Bob Klein, Chair, and Members of the

DATE: November 13, 2017

Alcoholic Beverages Control Board

FROM: Erika McConnell, Director

RE: Notices of Violation

Between the September board meeting and this one, 11 NOVs have been issued and/or responded to, as summarized below:

• AB17-0149 to Tito's Gyros (#4062), a restaurant or eating place in Anchorage, for allowing another person/business to operate the license, including having control of the licensed premises. These are violations of AS 04.11.580(b), 3 AAC 304.195, 3 AAC 304.105, 3 AAC 304.185, AS 04.11.450, and AS 04.11.040.

A notice of violation for the same problems was issued in 2015 and the licensee promised to come into compliance. He has not come into compliance, and he has not responded to this NOV. An accusation will be forthcoming.

• AB17-0278 to Canton Asian Bistro (#5422), a restaurant or eating place in Juneau, for serving alcohol without a license due to failing to renew.

This license has been expired for failure to renew.

- AB17-0299 to Gaslight Lounge (#437), a beverage dispensary in Anchorage, for allowing a drunken person on the premises in violation of AS 04.16.030.
- AB17-0363 to the Klawock Liquor Store (#3442), a package store in Klawock, for three employees without server education cards, which is a violation of AS 04.21.025.
- AB17-0378 to Amalga Distillery (#5506), a distillery in Juneau, for entertainment on the premises in violation of AS 04.11.170(e)(1).
- AB17-0381 to Shelter Cove Lodge (#4263), a seasonal beverage dispensary tourism license in Craig, for allowing removal of an alcoholic beverage from the licensed premises (AS 04.16.120) and for a server without a server education card (AS 04.21.025).

Alcohol Notices of Violation Summary ABC Board November 13, 2017 Page 2

 AB17-0406 to Sled Dog Liquor (#4838), a package store in McKinley Park, for maintaining an unlicensed location where members of the public bring alcoholic beverages for consumption (AS 04.16.090).

Investigator Chiesa, on at least two visits to the site, purchased alcohol from the package store and after asking where he could consume it, was directed to a nearby deck, that may or may not be controlled by the licensee. He also purchased food from an adjacent food truck owned by the licensee. He observed many people purchasing food from the food truck and alcohol from the package store and consuming both on the deck.

The licensee denies that the deck is a part of his lease or that he has any control over the deck. The lease is difficult to interpret with regard to the deck, but it makes the licensee responsible for maintenance of the parking lot, approaches, and sidewalks. Additionally, the licensee's employees are directing customers to the deck to consume alcohol and were observed on one occasion maintaining the deck by picking up trash.

Not only does this appear to be a violation of As 04.16.090 which states, "A person may not maintain a place in which alcohol beverages are received or kept, or to which alcoholic beverages are brought, for consumption by members of the public or by members of a club, corporation, or association, unless the person is authorized to do so under this title," but the licensee's multiple businesses on the site function as a restaurant or eating place with a full bar, since the employees are directing customers to consume on the site if desired.

Additionally the board should take note of multiple complaints of this package store selling to minors, although this could not be substantiated by Investigator Chiesa.

• AB17-0423 to the Alaska State Fair (#39), a recreational site in Palmer, for allowing unlicensed and unpermitted sale and service of alcohol on their grounds.

The licensee has requested a meeting, to take place in early December, to clarify what is permitted under the license.

• AB17-0423 to WineStyles (#4732), a package store in Anchorage, who sold and served alcohol and promoted their wine club at the state fair without a license or permit in violation of AS 04.11.010, AS 04.11.150, and 3 AAC 304.415.

The attachments show some issues that were identified regarding WineStyles, and some correspondence between the licensee and AMCO. WineStyles met with me, Chief Investigator James Hoelscher, and Program Coordinator Sarah Oates on October 10. We clarified the requirements for special events permits, and particularly discussed concerns with a package store giving the appearance of serving alcohol for consumption, which is not permitted by the license type. The licensees felt they had been advised by former AMCO staff that their activities were within the scope of Title 4 and Chapter 304. I was concerned that the letter sent by former director Franklin approximately a year ago had been ignored. The licensees related efforts to meet with the AMCO director, although no efforts reached me between March and October.

After our meeting, I am optimistic that WineStyles has a clearer understanding of what is allowed for a package store under Title 4.

Alcohol Notices of Violation Summary ABC Board November 13, 2017 Page 3

• AB17-0450 to Mug Shot Saloon (#2924), a beverage dispensary in Wasilla, for increasing its occupancy without approval from the local fire department in violation of AS 04.21.030.

The licensee's response indicates that this matter will be addressed by the end of the year.

• AB17-0472 to Quake! Brewing Company (#5587), a brewery in Wasilla, for selling beer that was not brewed on the licensed premises.

(3AAC 304,525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 9-6-17

License #/Type: 4062 / Restaurant Eating Place

+

Licensee: Hector Romo

Address: 120 E. 6th Ave, 3409 N. Star, 99503

DBA: Tito's Gyros

AMCO Case #: AB17-0149

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

In April of 2017, an anonymous person reported Licensee Hector Romo was leasing his license to Roscoe Wyche, owner of Roscoe's Soul Food LLC. The same complaint was investigated in May of 2015. See attached original NOV and response. In checking the license file, none of 2015 violations were addressed by the licensee. Looking in the database, all contact information has been changed from Romo's to that of Wyche. During this current investigation it was learned that Wyche has a business license for Roscoe's Soul Food with an address at Tito's Gyro's. In a phone conversation with Hector Romo on 8-29-17, Romo admitted for the past two and half years he has leased the property to Wyche and that the lease expires in Dec of 2017. In looking at the menu, there is only one item that appears to be from Tito's Gyros and that is a gyro. The sign over the entrance to the establishment reads Roscoe's Catfish & Barbeque. There is a placard on the patio that when they are open it reads, "Come On In...Rosco's is Open!" The sign on a pole reads, "Rosco's Soul Food" and below that it reads, "Tito's Gyro's", a phone number is also listed. These are violations of Title IV.

Your attention is referred to AS04.11.580: Surrender or destruction of license, 3AAC204.195: Surrender of license, 3AAC304.105: Application generally, 3AAC304.185: Licensed premises, AS04.11.450: Prohibited financial interest

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

3 AAC 304.525 (B) provides that upon receipt of a Notice of Violation, a licensee may request to appear before the Director and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice and the Director must grant an appearance within ten days after receipt of a request. A Licensee shall respond, either orally or in writing, to the Notice.

Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton

Received by:

SIGNATURE:

SIGNATURE:

Delivered VIA: Mail

Date:



Alcoholic Beverage Control Board 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, AK 99501

Date: 6-1-15 Number AB15-0436 Page 1 of 2 Page

### **Notice of Violation**

(3AAC 304.525)

Licensee	License Number	Type of License
Hector Romo	4062	Restaurant/Eating Place
D.B.A.	How Delivered [X] Mail Receipt on file.	Law Enforcement Agency
Tito's Gyros	[ ] In Person	Anchorage Police Department
Street or P.O. Box	City, State	Zip
120 E. 6th Avenue	Anchorage, AK	99501

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will received an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

VIOLATION: On 5-26-15, it was discovered that you have leased your licensed premises to Roscoe Wyche and no longer have right, title or interest in the property. It was also discovered that Roscoe Wyche is operating your license under a verbal manager's agreement. The name of the establishment is now being called Tito's Gyros featuring Roscoe's Catfish and Barbeque. These are violations of Title 04.

Your attention is directed to AS04.11.580(b): Surrender or destruction of license.

The licensee shall surrender a current license to the board within 10 days after the loss or vacation of the licensed premises.

Your attention is directed to 3AAC304.195: Surrender of license.

Within 10 days after the loss or surrender of the licensed premises, or if a licensee ceases to conduct business upon the licensed premises for a period expected to continue for one month or more, the licensee shall inform the director and surrender the license to the director. The license will be reissued upon request when the conduct of business is resumed or upon transfer of the license.

Your attention is directed to 3AAC304.105(b)(6): Application generally.

An application for a new license or for renewal, relocation, or transfer of an existing license, must contain the information required by AS04.11.260-04-11.290. In addition as appropriate, the application must contain the following: (6) copies of deeds, lease agreements, or other documents that show right or title to, or interest in, land and buildings at the location of the business to be licensed;

Your attention is directed to 3AAC304.185(c).

A licensee may not alter the functional floor plan, reduce or expand the area, or change the business name of the licensed premises without the prior written approval of the director.

You are directed to respond to the Director of the Alcohol Beverage Control Board in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a reoccurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD OF DIRECTORS AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please include your Alcohol License Number in your response.

Cynthia Franklin, Director Alcoholic Beverage Control Board 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501

A Response is Required

3 AAC 304.525 (B) provides that upon receipt of a Notice of Violation, a licensee may request to appear before the Director and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice and the Director must grant an appearance within ten days after receipt of a request. A Licensee shall respond, either orally or in writing, to the Notice.

Receipt: Hano belianed To Hearon	Violation Observed By: F.R. Hamilton
Filed By: The Hamilton 6-1-W 1230 Lrs	Title: Investigator III

MANY

June 17, 2015

To whom it may concern,

Ylestor Romo.

My name is Hector Romo and I regret that I did not know I was out of compliance with the ABC Board Regulations. Whatever it takes for me to get things in compliance is what we will do. Moving forward I will apply for a transfer of the license to Mr. Roscoe Wyche. Sorry for any inconvenience I have caused.

Thank you,

**Hector Romo** 

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 06/28/2017

License #/Type: 5422

Licensee: Canton Asian Bistro, LLC

Address: 8585 Old Dairy Road, Ste 105, Juneau

DBA: Canton Asian Bistro

AMCO Case #: AB17000278

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

While conducting a licensed premises inspection of Canton Asian Bistro #5422, as well as checking the AMCO database, it was found the license had been marked expired since 03/24/2017 for failure to complete renewal application. I spoke with the owner who informed me he thought he had sent in the information but was waiting fro a response. He also informed me they were and have been selling beer, wine, and sake. This is a violation. See below.

I instructed the owner to cease all sales of alcoholic beverages immediately and to remove any alcohol for sale from the premises.

Sec. 04.11.010. License or permit required; presumption concerning possession for sale. (a) Except as provided in AS 04.11.020, a person may not knowingly manufacture, sell, offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage unless under license or permit issued under this title.

Sec. 04.11.540. License renewal and expiration.

Notwithstanding AS 04.11.680, an application for renewal of a license issued for the two calendar years ending December 31 or of a seasonal license issued for parts of those calendar years may be submitted up until the next February 28. If a complete application for renewal has not been filed by

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

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Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7th Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: S. Johnson

Received by:

SIGNATURE:

SIGNATURE:

Delivered VIA: In-Person

They didn'T Renew Their Locense. No Longer Serve

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 9-6-17

License #/Type: Beverage Dispensary #437

Licensee: Gaslight Lounge, Inc.

Address: 721 W. 4th Ave, 99501

DBA: Gaslight Lounge

AMCO Case #: AB17-0299

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

This is a re-issued notice of violation due to a typo in the first issued notice of violation.

This office received APD report #19-019838. The report indicates that on 5-19-17, at 0139 hours, Officers arrested a drunken person on your premises. The drunken person was issued a summons and released. This is a violation of Title IV.

Your attention is directed to AS04.16.030: Prohibited conducted relating to drunken persons

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

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Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton

Received by:

SIGNATURE:

SIGNATURE:

Delivered VIA: Mail

Date:

Gaslight Lounge Inc. John G. Pattee 721 W. 4<sup>th</sup> Avenue Anchorage AK 99501 907-748-3437

Alcohol & Marijuana Control Office Attn: enforcement 550 W. 7<sup>th</sup> Avenue Suite 1600 Anchorage AK 99501

Re: Notice of Violation #AB17-0299. Liquor License #437

Dear AMCO Board:

I'm in receipt of the notice of violation and the following is my response.

It appears the officers had knowledge of these two women before they entered the Gaslight. In fact it looks like the women were followed into the bar by police immediately after the two women entered. To my staff, the officers stated they were looking for them. As my video evidence proves the girls were never served a drink and were on the premises for one minute before APD pulled up looking for them. If they had the time to observe them elsewhere as being drunken they should have informed us. We did not observe them as drunken during the less than two minutes they were in the bar before entering restroom. What they did in restroom we do not know but they were in there for 2.5 minutes.

The video also shows the Female officer making a phone call before she could make the arrest. Immediately after she hangs up the phone she makes a "handcuff" signal to her partner to arrest the woman. I'm curious as to why she sought permission and by whom she sought it? It brings up a lot of questions. Also, the officers ever engaged or spoke to the women at any time before the one girl was arrested and my staff was talking with and escorting the officers for nearly the whole time they were in the bar.

In conclusion I don't think we did anything wrong. We do our best to operate within the laws and of course we don't purposely allow drunken persons to enter or remain on the premises. We must have the opportunity to do our jobs and make our own observations. We were not given that opportunity here as the officers knew of these girls from somewhere else and followed them to the Gaslight. I believe the officers made their conclusions of the women being drunk somewhere else. The observations were not made at the Gaslight and the Gaslight employees can only make their decisions on what they observe. My staff did not observe the girls as being drunk at the time. Therefore, we respectfully request that the Notice of Violation be rescinded or, please provide information that the officers made their observations of the girls drunken behavior happening on the Gaslight premises after my staff became aware of it. If neither of these can be done then the Gaslight will formally request a hearing and will also request a copy of the police report. A response is requested. Thank you.

Respectfully:

John G. Pattee
President, Gaslight Lounge Inc.

(3AAC 306.805)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 8-15-17

License #/Type: Package Store

Licensee: City of Klawock

Address: PO Box 469, Klawock, AK 99925-0469

DBA: Klawock Liquor Store

AMCO Case #: AB17-0363

This is a notice to you as licensee that an alleged violation has occurred. If the Marijuana Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

On 8-10-17, an inspection was coducted at your establishment. Thee employee's were present, David Clark, Joshua Sudduth and James Mills. They have been working from 4 months to 1 year and all admit they have been selling alcoholic beverages. A short time later, Rebecca Sutherland entered the establishment and provided a valid server education card. Not having server education is a violation of Title IV.

Your attention is referred to AS04.21.025: Alcohol server education course, AS04.16.150: Licensee responsible for violations and AS04.21.030: Responsibility of licensees, agents, and employees

3 AAC 306.805 provides that upon receipt of a Notice of Violation, a licensee may request to appear before the board and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice. A licensee may respond, either orally or in writing, to the Notice. 3 AAC 306.810(3)(A)(B)(C) failed, within a reasonable time after receiving a notice of violation from the director, to correct any defect that is the subject of the notice of violation of AS 17.38 or this chapter, a condition or restriction imposed by the board or other applicable law.

IT IS RECOMMENDED THAT YOU RESPOND IN WRITING TO DOCUMENT YOUR RESPONSE FOR THE MARIJUANA CONTROL BOARD.

\*Please send your response to the address below and include your Marijuana Establishment License Number in your response.

Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton

Received by:

SIGNATURE

SIGNATURE:

Delivered VIA: Mail

Date:

7013 2250 0000 9617 5910

Dear Sirs/Madams,

I am writing this letter to address the N.O.V. (AMCO Case # AB17-0363) that the City of Klawock d.b.a. Klawock Liquor Store received on 8/15/2017.

The delay in getting our store clerks the proper alcohol server course was due to the fact that we had reached out to the Alaska CHARR organization who indicated that we needed to use the trainer out of Ketchikan. We were working on coordinating training with other alcohol establishments to help share the costs involved in having the trainer come to our community from Ketchikan. We hadn't finalized that training when Investigator Hamilton arrived at our establishment and informed myself that our store clerks could take the online training.

I called the number on their website and told them what the investigator had shared with me. They set up the accounts and the entire store personnel took and passed the test. I believe we had one employee that had to take the test several times but within a week had passed.

Now that we know we can utilize the online testing our future store clerks will be taking the test in a timely manner.

Respectfully,

Leslie Isaacs

City Administrator

City of Klawock

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 08-29-2017 License #/Type: 5506 / Distillery

Licensee: Amalga Distillery Address: 134 N. Franklin St., Juneau 99801

DBA: Baranof Island Brewing Company AMCO Case #: AB17000378

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

On August 25, 2017 Amalga Distillery had a live band playing on its licensed premises. It has been brought to staff's attention this has been occurring on a regular basis. This is a violation of the distillery license.

Sec. 04.11.170. Distillery license.

- (e) Unless prohibited by AS 04.16.030, a holder of a distillery license may sell not more than three ounces a day of the distillery's product to a person for consumption on the premises if
- (1) the distillery does not allow live entertainment, televisions, pool tables, dart games, dancing, electronic or other games, game tables, or other recreational or gaming opportunities on the premises where the consumption occurs;

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

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Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: S. Johnson Received by:

SIGNATURE: SIGNATURE:

Delivered VIA: Mail Date:





From: brandon howard

To: <u>CED AMCO Enforcement (CED sponsored)</u>

Subject: AMCO Case #: AB17000378

Date: Wednesday, September 13, 2017 9:34:08 AM

### AMCO enforcement,

We would first like to address an error in the Notice of Violation, as it was addressed to Amalga Distillery doing business as Baranof Island Brewing Company. We are Amalga Distillery LLC doing business as Amalga Distillery.

As for the live band playing on August 25th, it was not a band that we had solicited or payed for performance. We did not know that they would begin playing music in our distillery, and when they began playing, we asked them to stop playing as soon as appropriate (it was a busy Friday night and we were in the middle of focusing on customers, but we addressed the issue within 10 minutes or less). This is not the first time that we have had this issue, and in every instance we have asked the musicians to stop playing and informed them of state regulations.

We have ample signage letting people know that no entertainment is allowed. Since the NOV, we have increased the number of signs as well as the visibility of signs. Previously, three signs were at the point of service. We now have also put signs at our front door.

Addressing the accusation that music "has been occurring on a regular basis" is a complete fallacy. During business hours, WE DO NOT ALLOW FOR LIVE MUSIC EVER.

Regards,

--

**Brandon Howard** 



C:907-209-7974

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 8-30-17

License #/Type: BDT - Seasonal #4263

Licensee: Shelter Cove Enterprises, LLC

Address: 703 Hamilton Dr, POB 798, Craig, AK

DBA: Shelter Cove Lodge

AMCO Case #: AB17-0381

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

On 8-10-17, at about 1555 hours, Inv. Johnson and I were conducting an inspection at your establishment. We were talking with a person whom I asked if they were the manager to which he replied yes. While explaining our intent, a male walked out of the bar area carrying a beer which he took to his room. I asked the manager what the licensed premises area was to which he did describe, but it didn't include the lobby or hallway. I then asked him for server education to which he departed the area. I then went into the bar and spoke to Jacob J. Ausman, and asked if he was the bartender. He replied yes and he was asked to provide proof of server education which he could not. About this time Owner Linda L. Lewis arrived and provided a current copy of her valid server education. The male I originally spoke with was with the owner and he then said he was the dock manager. Later on, the owner admitted her son was being trained regarding all duties at the lodge. It was suggested to her that he receive server education.

These are violations of AS04.21.025: Server education; AS04.16.120: Removal or introduction of alcoholic beverages, AS04.16.150: License responsible for violations, AS04.21.030: Responsibility of licensees, agents and employee

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

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Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton

Received by:

SIGNATURE:

SIGNATURE:

Delivered VIA: Mail

Date:

7013 2250 0000 9617 5972

## Re: Liquor Violation

### Linda Lewis-Creighton

Mon 9/11/2017 11:29 AM

To:amco.enfocement@alaska.gov <amco.enfocement@alaska.gov>;

cc:Shelter Cove Lodge <dave@sheltercovelodge.com>;

1 attachments (362 KB)

Violation Liquor.pdf;

SHELTER COVE LODGE
Box 798
CRAIG, ALASKA 99921
Alcohol License #/Type BDT - Seasonal #4263
AMCO Case #. AB17-0381

The inspector is confused about the ownership of the lodge. I, Linda Lewis, am the sole owner of the lodge and the named holder on the liquor license. I showed the inspector my current server education card. David Creighton, my son, is the manager of the lodge but usually does not work the restaurant. The restaurant is my field of expertise and usually does not require his participation. He manages the rest of the operation. He did, however, get his valid server card that very evening via the internet.

The inspectors questions were initially authoritative if not hostile and confused our servers. Jacob J. Ausman is not "the bartender." All of our servers are trained to both serve meals and mix the occasional drinks. We are a small, seasonal establishment and only serve alcohol in conjunction with our meals. FYI, all servers, even the ones not on duty that night, went on line and took and passed their valid server education course that night with the exception of one who took the test the next day. We historically have accomplished this once per summer with the aide of Debbie Kaes, but she, unfortunately, passed away recently. We have been unable to find a replacement instructor. I was allowed to instruct last summer, but the rules changed, I guess, and was told by CHAR that I could not instruct this summer. The confusion about how to get this done resulted in a lapse of performance that was virtually instantly corrected via the internet. We will now use that method in the future, however I found the personal instruction to be a better method because it allowed for questions and feedback.

Regarding the male exiting with a beer, we were not aware that he could not do that. To get from one area of licensed premises to another requires an exit into the hallway from the dining room and then an entrance into the lounge area. The only other way to make that transfer is to exit on to the deck and enter the lounge area from the deck. It is all a bit confusing and I will be seeking clarification on this prior to our next summer season.

The inspector promised to send us additional signing so we could post them in the areas he suggested. Could we get a follow up on that offer? We value the opportunity to run a restaurant business that includes the serving of alcohol. It is not the main profit center but an opportunity to better serve our fishing guests. It is our intent to follow our state's liquor laws to the fullest extent.

Please contact me via this email address if you have further questions.

Sincerely

Linda L. Lewis da Leurs

Proprietor

From: David Creighton <dave@sheltercovelodge.com>

Sent: Monday, September 11, 2017 10:31 AM

To: Richard Creighton
Subject: Liquor Violation

See attached.

Dave Creighton Shelter Cove Lodge 907-401-0686



(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 09/08/2017

License #/Type: 4838 / Package Store - Seasonal

Licensee: Sled Dog Liquor Inc.

Address: Mile 238.4 Parks Highway, Denali, AK

DBA: Sled Dog Liquor

AMCO Case #: AB17-0406

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

On 05-30-2017 I received an anonymous complaint that Sled Dog Liquor, license 4838, a package store licensee in Denali was selling alcohol to customers, including minors, allowing them to consume alcohol and dine on a wooden deck built adjacent to the package store in front of an adjacent gift shop. The complainant stated the licensee owns a food trailer in front of the package store where members of the public purchase the food to eat on the deck.

During my investigation I visited the location in June, July and September 2017. I purchased alcohol in the package store and ordered/purchased food at the grocery store (in same building as package store.) I picked up the food at the food trailer (parked in front of the grocery and package stores and adjacent to the deck and gift store.) An employee of the package store directed me to the deck to consume alcohol and eat the food. I saw members of the public consuming alcohol on the deck, purchase alcohol in the package store, pick up food at the food trailer and walk to the deck to consume the alcohol and eat their food. Employees of the package store and adjacent gift shop told me the deck belongs to the package store and they allow people to consume alcohol on the deck. During my September visit I ordered and purchased food from the package store counter/cash register after purchasing alcohol, then picked up the food at the food trailer. Business licensing records reveal the licensee owns the package store, the food trailer parked in front of the package store and the grocery store. ABC licensing records further reveal the licensee leases the building and land around the building from the owner of the adjacent gift store.

This is a violation of A.S. 04.16.090: Prohibition of bottle clubs-

(a) A person may not maintain a place in which alcohol beverages are received or kept, or to which alcoholic beverages are brought, for consumption by members of the public or by members of a club, corporation, or association, unless the person is authorized to do so under this title.

You are hereby ordered to cease and desist this activity and take immediate measures to prevent further violations which could result in criminal prosecution.

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

3 AAC 304.525 (B) provides that upon receipt of a Notice of Violation, a licensee may request to appear before the Director and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice and the Director must grant an appearance within ten days after receipt of a request. A Licensee shall respond, either orally or in writing, to the Notice.

Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: M. Chiesa

Received by:

SIGNATURE:

SIGNATURE:

Delivered VIA: Email

Date:

# CSG, Inc.

Barbara L. Schuhmann - of Counsel Robert B. Groseclose Jo A. Kuchle Zane D. Wilson Craig B. Partyka Danielle M. Gardner Ehren D. Lohse Kristina M. Miller

## Attorneys at Law

Telephone 907.452.1855 • Facsimile 907.452.8154 • Toll Free 800.550.1855 714 Fourth Avenue, Suite 200 • Fairbanks, Alaska 99701-4470 www.alaskalaw.com • csg@alaskalaw.com



September 18, 2017

Sender's email address: bob@alaskalaw.com

Alcohol & Marijuana Control Office Attention: Enforcement 550 W. 7th Avenue, Suite 1600 Anchorage, AK 99501

Re:

Notice of Violation dated 9/8/17-License 4838/Package Store-Seasonal at Mile 238.4 Parks Highway, Denali, Alaska

Dear Sir/Madam:

CSG Inc. represents Sled Dog Liquor, Inc., the respondent to the above-referenced "notice of violation." This letter serves as Sled Dog Liquor's response as requested in the Notice of Violation ("the Notice"). This letter follows up a phone message I placed with AMCB Investigator Chiesa's office on September 8.

The Notice recites that it is "not an accusation or a criminal complaint." It states as background that the Alaska & Marijuana Control Board ("AMCB") received "[o]n 05-30-2017" an "anonymous complaint that Sled Dog Liquor Inc., license 4838, package store licensee in Denali was selling alcohol to customers, including minors, allowing them to consume alcohol and dine on a wooden deck built adjacent to the package store in front of an adjacent gift shop."

Sled Dog Liquor, Inc. admits that it is a package licensee operating at 238.4 Parks Highway. Sled Dog Liquor, Inc. denies making sales to minors, and affirmatively states that all sales are made only after the customer presents identification showing the customer to be of age and eligibility to acquire alcoholic beverages. Sled Dog further denies that it is "permitting" consumption of the purchased beverages upon its property or that within its control. The "adjacent wooden deck" is not owned by or leased to Sled Dog Liquor, Inc. It is the property of the adjoining gift shop.

Sled Dog Liquor submits the attached photographs in support of the following:

Photo 1 – This recent photo depicts Sled Dog Liquors place of operation at 238.4 Parks Highway. Sled Dog Liquor leases the red building appearing in the right. Sled Dog Liquor does not lease, own, or control the gift shop located in the white structure to the left.

Photo 2 - This photo is a closer view of the gift shop that is owned and operated by Kevin Helwig (or by an entity controlled by him). Consistent with the same gift shop's other branch locations in the area, there is a deck in the front (in this case, in a location on the opposite end from Sled Dog Liquors.

Photos 3, 4, and 5 - These recent photos all depict signage placed upon Sled Dog Liquor's store entrance emphasizing that it is unlawful to consume alcoholic beverages on Sled Dog's property.

Attached as Exhibit 1 is a copy of the Commercial Lease Sled Dog Liquor has with its landlord, Denali Gift Companies, Inc. This lease was signed by email on February 27, 2016 (see Exhibit 2).

### In summary:

- Sled Dog Liquor is not enabling its customers to consume alcoholic beverages on its property.
- Sled Dog Liquor admonishes its customers to NOT CONSUME alcoholic beverages on its property.
- Sled Dog Liquor does not own nor control the gift shop and gift shop customer activities.

For the reasons noted, Sled Dog Liquor requests that the "notice of violation" be rescinded and be of no effect. Alternatively, Sled Dog Liquor requests that the notice be deemed an advisory notice issued under 3 AAC 304.525(a)(2), not a notice of violation under 3 AAC 304.525(a)(1).

Please advise should you have questions or if Sled Dog Liquors can provide additional information.

Sincerely,

CSG, INC,

Robert B. Groseclose

Enclosures (as stated)

Cc: Sled Dog Liquor, Inc. (attention: David Coleman, president)

RBG/tse



# Department of Commerce, Community, and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE 550 West 7th Avenue, Suite 1600

> Anchorage, AK 99501 Main: 907.269.0350

### **MEMORANDUM**

TO: James Hoelscher, Enforcement Supervisor

FROM: Michael Chiesa, Special Investigator I

DATE: August 3, 2017

RE: 4838- Sled Dog Liquor Complaint Investigation

On 05-30-2017, at approximately 2200 hrs. I received an anonymous complaint that licensee number 4838, Sled Dog Liquor, a package store licensee in Denali was selling alcohol to customers, including minors and allowing them to consume the alcohol on a wooden deck built adjacent to the package store. The complainant stated the deck has turned into a hangout location with minors consuming alcohol and people urinating in public in the vicinity. The complainant stated locals and seasonal workers congregate on the deck after work to hang out and consume alcohol. The complainant alleged the package store licensee was using the deck, his package store and the food trailer in concert to operate as a beverage dispensary or restaurant/eating place without the proper license.

On 06-06-2017 I went to Denali to investigate the complaint. Sled Dog liquor is located at the south end of town off on the east side of the Parks Highway, just south of the intersection of Crow's Nest Drive and Parks Highway. Sled Dog Liquor is located in the same building as Great 1 Grad-N-Go Grocery. Parked immediately in front of the Grab-N-Go Grocery/Sled Dog Liquor is a red food trailer that was open when I was there. The trailer was doing business as DenaliTakeOut.com and was running utilities from the grocery store/liquor store building.

Immediately adjacent to the grocery store/liquor store/food trailer is a Quonset hut-type building with a sign on it reading "McKinley Gifts" Built in front of the gift shop, adjacent to the grocery store/liquor store/food trailer is a wooden deck with a railing, picnic tables and benches. The entrance to the deck area faces towards the grocery store/liquor store/food trailer.

On the south side of the gift shop building is an electronic message sign which has "McKinley Gifts" printed on it. It was advertising the liquor and food on the sign in addition to other items. Various advertisements are displayed on the sign board as it scrolls through the various postings.

While I was in front of the businesses I saw people sitting on the deck consuming alcohol. I walked into Sled Dog Liquor and purchased a 550 ml bottle of alcoholic apricot fruit ale. I asked the female clerk where I could drink the alcohol and she directed me to the deck in front of the gift shop. I ordered food from the food trailer and sat on the picnic tables on the deck. I watched customers walk into Sled Dog Liquor, walk out with alcohol then walk out to the deck and consume the alcohol purchased in the package store.

4838- Sled Dog Liquor Complaint Investigation August 3, 2017 Page 2

On 07-27-2017 I returned to Denali to conduct a follow-up investigation on the complaint relating to Sled Dog Liquor. All businesses appeared to be operating as they were when I was in Denali on 06-06-2017. Liquor was still being advertised on the electronic message board on McKinley Gifts. Additionally, I saw the sign advertised "CANNABIDIOL TINCTURES, EDIBLES, LOTIONS AND DOG TREATS." In addition to the cannabidiol products and liquor the sign advertised "The Last Affordable Food For Miles."

I parked in front of the deck. I saw people on the deck consuming alcohol from the liquor store and enjoying food from the food trailer and the grocery store.

I went into McKinley Gifts to see if they were selling Cannabidiol products. I spoke with the clerk, identified myself as an AMCO Investigator. The clerk, Kim, who showed me the CBD products they had in stock. She said they recently started carrying them and had not sold any yet. I asked her about the liquor store next door. Kim told me the owner of the gift shop and the liquor store owner had some sort of arrangement, she was not sure what it was. I asked her who the deck belonged to and she told me the liquor store. I asked her if people were allowed to drink alcohol on the deck and she said they were.

I left and McKinley Gifts and walked into Sled Dog Liquor and conducted an inspection. I identified myself to the on-duty clerk, Lyubomir Mladenov, as an AMCO Investigator. I asked MLADENOV if the deck belonged to the liquor store. He told me it did. I asked him if people were allowed to drink on the deck and he said they were. He said people like coming to the deck after work to hang out and drink.

My digital audio recorder was recording during my contact in McKinley Gifts and Sled Dog Liquor.

I researched the business licenses for the involved businesses. Sled Dog Liquor, DenaliTakeOut.com and Great 1 Grab-N-Go Grocery store are all owned by Sled Dog Liquor, Inc. Sled Dog Liquor, Inc. is owned by David COLEMAN.

All three businesses share a web site and Facebook page. The hours on the web site list the grocery store as open from 0600-0130 hrs., the liquor store as open from 0800-0130 hrs. and the food truck open from 1200-0100 hrs. daily. The "About" section of the Facebook page for Great 1 Grocery & Sled Dog Liquor reads, "We have the best selection of craft beers, sandwiches, salad, pizza slices, fresh fruit, groceries & snacks to satisfy your needs at an affordable price."

The business license for McKinley Gifts is owned by the Denali Gift Companies, Inc. and has been expired since 12-31-2010. Denali Gift Companies, Inc. is owned by Kevin HELWIG.

COLEMAN does not own the building or land where his businesses are located. A search of our licensing files revealed COLEMAN is leasing the buildings and land from Denali Gift Companies, Inc. COLEMAN's wife, DENISE COLEMAN is also listed as a Lessee for the property. According to the lease COLEMAN is leasing a 4,000 square foot commercial building consisting of the grocery store/package store and the land which together constitutes the premises. The lease refers to providing adequate parking for the package store/grocery store building and the Denali Outlet Store and right of access from the package store/grocery store to the Parks Highway. To access the package store/grocery store by vehicle one needs to turn off the Parks Highway at Crow's Nest Road then drive several yard south down a dirt road/driveway past McKinley Gifts and the large electronic advertisement sign before reaching the package store/grocery store/food trailer.

The lease also seems to allow the lessor to reserve for its own use an apartment, office and store room in the premise COLEMAN is leasing. The lease language is somewhat confusing and I find it unclear exactly which area COLEMAN may be leasing beyond the building where the package store and grocery store are located.

4838- Sled Dog Liquor Complaint Investigation August 3, 2017 Page 3

Since the commercial lease references Denali Outlet Store and not McKinley Gifts I searched for a business license for the Denali Outlet Store. The business license for this store is also owned by the Denali Gift Companies. The license for the Denali Outlet Store is listed as expired since 12-31-2011. The lease agreement additionally makes COLEMAN responsible for keeping the premises and all approaches and sidewalks clean, sightly and free of snow and rubbish during the time period of May 1 through September 30. Additionally, the lease requires COLEMAN to be responsible for general parking lot maintenance and seasonal snow removable during the same time period.

Clause 19 of the lease titled "USE OF THE PREMISES" states the lessee (COLEMAN) may use the premises "for any purpose reasonably related to the package sale of alcoholic beverages (including products ancillary thereto), and a full service grocery store which may include (but is not limited to) the onsite preparation of meals, the same of prepared meals, and a *full service café (including the dispensing and sale of alcoholic beverages).*"

Additionally, the lease requires COLEMAN to not sell, dispense, give or otherwise provide souvenirs, gifts and/or apparel unless approved by the Lessor. COLEMAN has Denali Cannabis Cache decals for sale in the liquor store in a humidor by the cash register with cigars. There appears to be other items in the humidor with the decals but the decals are obscuring the view.

COLEMAN's lease agreement further has a clause, #34, relating to signs and advertisement which reads" All signs or advertisements shall be approved by Lessor. No sign or other advertisement can be displayed or placed without first obtaining Lessor's consent."

Attached to the lease agreement is "Exhibit A" which lists the legal description the location being leased. A surveyor may be able to delineate on a map exactly which area COLEMAN is leasing.

There is no ordinance against public consumption of alcohol in the Denali Borough but the deck where the consumption is occurring appears to be private property, apparently managed and maintained by Sled Dog Liquors, LLC.

I did not witness any minors consuming alcohol, minors purchasing alcohol or minors on the licensed premise while I was in Denali. The complainant did state however that the minor consuming activity and minors purchasing tended to occur later in the evening.

Based on my investigation, it appears as if the three businesses owned by Sled Dog Liquor, LLC are intertwined and being managed in concert to form a de facto restaurant/eating place. Customers are able to and seem to be encouraged to purchase food and alcohol from the Sled Dog Liquor LLC businesses then consume the products on the deck which appears to at least be managed by Sled Dog Liquor, LLC based on statements of employees of the businesses working near the deck. Sled Dog Liquor, LLC currently holds only a seasonal packages store liquor license.

#### ATTACHMENTS:

Photos Lease Agreement Audio Recording From: <u>Chiesa, Michael R (CED)</u>
To: <u>Hoelscher, James C (CED)</u>

Subject: Sled Dog Liquor

**Date:** Tuesday, August 15, 2017 4:15:44 PM

Attachments: image001.png

### Good Afternoon,

I received a call from Trp. John Williamson from the Denali/Cantwell/Healy area this afternoon. He was calling about Sled Dog liquor and was calling to pass on complaint he has received from community members about Sled Dog liquor acting as a restaurant/eating place or beverage dispensary between the liquor store, the food trailer and the deck. He also passed on observations from himself and the other troopers relating to people purchasing alcohol at the liquor store and consuming on the deck. He believes the liquor store licensee is leasing the deck from the gift shop owner where the CBD's are being sold.

I explained to him I currently had an open investigation into the very same issue relating to the premises. I asked him to send any documentation he could of the problem and to pass any complaints he could on to me.

I wanted to pass this new information to you since it relates to my memo to you dated 08/03/2017.

I will share any additional information I receive relating to complaints about this premises.

Thank you kindly.

Respectfully,

Mike Chiesa



Michael Chiesa Special Investigator I Enforcement Unit Alcohol & Marijuana Control Office

1648 S. Cushman St., Suite 203 Fairbanks, AK 99701 Office (907) 451-2030 Cell (907) 328-8335 michael.chiesa@alaska.gov



# Department of Commerce, Community, and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE 550 West 7<sup>th</sup> Avenue, Suite 1600 Anchorage, AK 99501 Main: 907.269.0350

### **MEMORANDUM**

TO: James Hoelscher, Enforcement Supervisor

FROM: Michael Chiesa, Special Investigator I

DATE: September 11, 2017

RE: 4838- Sled Dog Liquor Follow-up

On 08-15-2017 I received a call from Trp. John Williamson, with the Alaska State Troopers assigned to the Denali/Cantwell/Healy area. He called to pass on complaints he has received from community members about Sled Dog liquor acting as a restaurant/eating place or beverage dispensary between the liquor store, the food trailer and the deck. He also passed on observations from himself and the other troopers relating to people purchasing alcohol at the package store and consuming it on the deck adjacent to the package store. He believes the liquor store licensee is leasing the deck from the owner of the gift shop adjacent to the package store and is allowing members of the public to gather on the deck and consume alcohol.

On 09-01-2017 I conducted an undercover follow-up investigation at Sled Dog Liquor. I walked into the package store and purchased two bottles of alcoholic beverages from the female clerk on-duty at the package store. I asked the clerk where I could order food from the food trailer parked in front of the package store. The clerk told me I could order my food right there at the package store cash register. I then placed an order for food from the food trailer from the clerk at the package store cash register and paid for my food from the food trailer in the package store.

After purchasing alcohol and food inside of the package store I went out to the food trailer and waited for my food order to be prepared. After picking up my food order I remained in the area for approximately one hour and watched the activity in front of the package store between the food trailer and the deck. I saw several people consuming alcoholic beverages on the deck adjacent to the package store. I saw several people walk into the package store, walk out with alcohol then go to the deck, sit down and consume the alcohol. I saw people pick up food from the food trailer bring it to the deck to eat their food and consume alcoholic beverages. The gift store was open at the time but I did not see anybody come from the gift store to loiter on the deck. I did see a male employee from the package store walk the deck area and appear to be picking up trash from the deck.

I issued the licensee of Sled Dog Liquor a Notice of Violation on 09-08-2017 for violation of A.S. 04.16.090: Prohibition of bottle clubs.

### COMMERCIAL LEASE

"Confidential" This LEASE is made this 2 day of FEB, 2016, by and between DENALI GIFT COMPANIES, INC., an Alaskan corporation ("Lessor") (dba Denali Gift Co., Canyon Gift Co., and Denali Outlet Stores) and SLED DOG LIQUOR INC., DAVID S. COLEMAN and DENISE MARIE COLEMAN, jointly, severally and collectively known as "Lessee".

### WITNESSETH:

WHEREAS, Lessor is the owner of certain real property, together with the buildings and improvements, located at Mile 238.4 Parks Highway, Denali National Park, Alaska, (the "Property"), as more particularly described in Exhibit A and by this reference incorporated;

WHEREAS, Lessor intends is the owner of a certain commercial building, commonly referred to a the "Denali Package and Grocery Store", (the "Premises") which consists of an approximately 4,000 square foot commercial building, on the Property; and

WHEREAS, Lessor has agreed to lease the Premises (as hereinafter defined) to Lessee and Lessee has agreed to lease the Premises from Lessor on the terms stated herein.

WHEREAS, Lessee intends to obtain a package liquor license in order to operate a package liquor and grocery store. Lessee conditions its lease agreement upon receipt of that liquor license, which Lessee anticipates receiving in the near term.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, Lessor and Lessee hereby covenant and agree as follows:

PREMISES: Lessor leases the Premises (as hereinafter defined) 1. to Lessee, and Lessee leases the Premises from Lessor, "As-Is/Where-Is", without any warranty whatsoever including, by way of description and not limitation, as to its suitability for Lessee's intended use. The Lessee further acknowledges that Lessor reserves for its own use, commonly referred to as the Owner's Quarters (including an apartment, office and store room together

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with access, free of interference, maintenance, repair, or use charges) to the Premise's common sewer, water and electrical connections, together with the land consisting of an area a minimum of a 100 foot radius measured from the center of both the Liquor Store and the Grocery Store, so as to provide ample parking for patrons and employees of the Denali Outlet Store, the Premises (grocery and package store) and, and for ingress and egress from the Parks Highway (the "Land"). The Liquor Store, the Grocery Store, and the Land shall constitute the Premises. Lessee acknowledges that they totally familiar with the layout of the Premises, its prior use as a grocery and package store; its common utility access for sewer and its lack of flowing water supply and they have had ample opportunity to thoroughly inspect the Premises for the Lessee's purposes. Lessee acknowledges that the Premises is free and clear of any patent defect and they have had ample opportunity to inspect the property for any latent defects. Accordingly, the Lessee accepts the Premises from Lessor, "As-Is/Where-Is", without any warranty as to its suitability for Lessee's intended use; or any other warranty whosoever, either expressed or implied.

2. RENT: Lessee agrees to pay as Rent for the Premises, a base rent equal to the higher of of any kind whatsoever, generated from the Premises, ("the Base Rent"). However, in the event the gross sales attributable to the Premises exceed the amount of as computed as of October 1 of each year of the Lease Term, the Rent for the Premises shall be equal to the Premises, whichever is greater, for that year of the Lease Term. That portion of the Base Rent, as applicable, or the Percentage Rent, if any, is due and payable on October 1 of each year of the Lease Term.

2.1 INSPECTION AND EXAMINATION OF LESSEE'S BOOKS AND RECORDS: Lessee grants Lessor the right to examine its books and records in order to determine whether Lessee is properly accounting for all transactions to be included in the calculation of the Percentage Rent. If Lessor desires to examine Lessee's books and records, Lessor shall notify Lessee, pursuant to the notice provisions of this Lease, of its intent to do so, and Lessee shall make such books and records available to Lessor within five (5) business days of its receipt of such notice from Lessor. Lessor may with reference to monitoring Point of Sale transactions, and without regard to other notice provisions, have unannounced access to all POS devices for the

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 2 of 20 purpose of assuring compliance with reporting of revenue requirements.

2.2 PAYMENT OF RENT INSTALLMENTS: Lessee shall make payment of the lease in installments as follows:

May 1: July 20:

August 20: October 31:



\* For 2016 only, rent which would be due on May 1 is due on June 20, 2016.

Any installment not paid within five calendar days from the date due shall incur a late payment fee of \$1,000.00. Any payment not paid within ten calendar days from the date due shall be an act of default.

- 2.3 CCTV SURVEILLANCE: Lessee also grants Lessor the right to install at Lessor's expense, close circuit surveillance cameras to monitor point of sale (POS) cash register activities to assure Lessee, its agents, employees or others are properly accounting and collecting for all sales including cash sales.
- SECURITY DEPOSIT: Lessee shall not be required to pay a Security Deposit in relation to this Lease.
- 4. TERM: The Lease Term shall be for an approximate ten (10) year period commencing April 1, 2016 12:01 AM and ending at midnight on December 31, 2026. This term is subject to termination in the event Lessee failures to obtain or loses its package liquor license.
- 9. UTILITIES: Lessee agrees to pay, directly to the appropriate supplier, all costs of utilities for the Premises including but not limited to: electricity, heat, sewer, sewer collection and lift station maintenance, water, water distribution system maintenance telephone, garbage services, during the term of this agreement. Lessee has actual acknowledge of pending litigation referred to as Coleman v. McCarthy, Motyka, et.al., 4FA-13-1487 CI, ("Coleman Litigation") in which litigation David Coleman is a named party.

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 3 of 20 Confidential and definition and the right to charge for he was for he was for the right to charge for he was for he

9.1 Utilities to Lessor's Quarters (Premises, Office & Warehouse). Lessee agrees to provide, at Lessee's sole cost and expense, sewer and water to the Lessor's Quarters (the storage room, apartment, and office) attached to or appurtenant to the Premises. The expenses associated with any other utilities (heat, electrical, cable but not sewer or water) supplied Lessor's Quarters shall be the sole responsibility of Lessor, and shall be separately metered, at Lessor's sole cost and expense, and charged directly to Lessor.

- 10. LICENSING AND FEES: Lessee shall obtain all necessary licensing and registrations for the use and operation of the Premises, and shall pay when due all license and registration fees.
- 11. TAXES: Lessee shall timely pay or cause to be paid when due all personal property, sales, use and other taxes or assessments, general or special, now or hereafter imposed by any federal, state, or local government on the Premises or on the ownership, lease, sale, possession or use of the Premises assessed against Lessee. If any such tax is assessed against Lessor, Lessor shall provide Lessee with written notice of the assessment. Upon reasonable

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 4 of 20

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demand, Lessee shall provide Lessor with proof of all required payments.

- 12. INSURANCE: At its sole cost and expense, Lessee shall purchase and maintain fire insurance with extended coverage (to include compliance with current code requirements) naming Lessor as loss payee, in an amount of not less than Eight Hundred Fifty Thousand Dollars (\$850,000.00)
- 13. OTHER COVERAGES. In addition to the foregoing fire insurance with extended coverage, Lessee, at its expense shall also procure:

### 13.1 COMMERCIAL GENERAL/PRODUCT

**LIABILITY**: Lessee shall obtain and maintain at all times, insurance policies on the Premises including liquor liability coverage, insuring against liability for injury to persons or property occurring on or about the Premises or arising out of the ownership, maintenance, use or occupancy of the Premises;

- 13.2 LIMITS OF COVERAGES: The insurance coverages shall be in policy limit amounts of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence, and a general policy aggregate of not less than Two Million Dollars (\$2,000,000.00) if such aggregate applies to this policy.
- 13.3 CANCELLATION NOTICE: All policies of insurance obtained now or at any future time by Lessee, shall provide that Lessor be given at least thirty (30) days notice before any cancellation or material modification of the policy. All such policies shall contain a waiver of subrogated interests as against the Lessor as to all claims.
- furnish annually (and prior to initial delivery and possession in the first year of the term) on or before January 15 of each subsequent year, to Lessor, Certificates of Insurance evidencing the insurance coverage required by these provisions. Upon reasonable request, Lessee shall furnish Lessor with a copy of the premium bill and evidence of payment. Lessor's receipt of the Certificates of Insurance, and failure to object to the same with fifteen (15) calendar days, shall be deemed to satisfy Lessee's obligations under the Lease for that year.
- 14. LIENS AND ENCUMBRANCES: This Lease shall be subject and subordinate to any present or future mortgages, deeds of trust, and other liens or encumbrances executed or consented to by Lessor. The holder of any

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 5 of 20

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such mortgage, deed of trust, lien or encumbrance may notify Lessee in writing of its interest, and in such event Lessee shall send copies of all notices or communications regarding this Lease to the holder of the mortgage, deed of trust, lien or encumbrance. Such holder shall be entitled to take any action or exercise any rights reserved to Lessor under this Lease. Lessee shall, within ten (10) days after receipt of a request therefore, execute and deliver to Lessor and the holder of such a mortgage, deed of trust, lien or other encumbrance, an estoppel certificate and/or agreement evidencing the subordination of this Lease as described above, which estoppel certificate and/or agreement shall be in form satisfactory to Lessor and such holder.

- 15. NO LIENS OR ENCUMBRANCES: Lessee shall not encumber or permit the encumbrance of the Premises or this leasehold estate, by any mortgage, deed of trust, assignment, security interest, trade suppliers including liquor vendors, lien or other charge, without Lessor's prior written consent, which shall not be unreasonably withheld.
- 16. NO IMPROVEMENTS: This Lease does not require Lessee to improve the Premises or construct any improvements or additions on the Premises. Any improvements or additions to the Premises which Lessee might make or be permitted to make are for the sole use of Lessee and will not benefit Lessor's reversion except that all such improvements shall, upon termination of this agreement, belong to Lessor. Lessee is not, and shall not be deemed to be, the agent of Lessor in contracting or arranging for any improvements to the Premises or any construction on the Premises. Lessee is exclusively liable for the cost of any interior improvements it elects to make, if any.
- maintain the exterior walls and foundation of any structures located on the Premises. Lessor shall be further responsible for maintaining all other roofing surfaces in good repair during the term of this Lease. Except for the apartment retained by Lessor (repair and upkeep of which shall be Lessor's responsibility), Lessee shall be responsible for keeping the Premises and every part thereof, in good condition and repair and shall make all repairs or replacements to the heating, air conditioning, water distribution and electrical.
- 18. ANCILLARY OBLIGATIONS. Lessee shall have these additional obligations:

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 6 of 20

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- 18.1 WATER PIPES: Lessee shall protect water pipes, heating and air conditioning equipment, plumbing, fixtures, appliances, and sewage systems to Crows Nest road from becoming frozen.
- 18.2 EQUIPMENT: Lessee shall maintain and keep in good working order all equipment, fixtures, and systems on the Premises.
- 18.3 CLEAN: Lessee shall keep the Premises and all approaches, sidewalks, clean, sightly, and free of snow and rubbish, during the time period of May 1 through September 30, of each year.
- 18.4 SEPTIC PUMPING: Lessee, in coordination with other sewer system users, shall be responsible for the Lessee's proportional cost of pumping the septic tank on or about July 1 and before October 1 of each year. Because of the unique design of the septic system, Lessee shall contract with a qualified contractor to provide these services. It is understood and agreed that the maintenance cost of the sewer collection system is a matter of continued negotiation. While Lessee's obligations under this provision may change, Lessee is nonetheless obliged to pay for such expense.
- 18.5 PARKING LOT MAINTENANCE AND SEASONAL SNOW REMOVAL: Lessee shall be responsible for general parking lot maintenance and seasonal snow removal during the time period of May 1 through September 30, of each year.
- 18.6 WINDOW GLASS REPLACEMENT: Lessee shall be responsible for all window glass replacement, for maintenance of light fixtures and lamps throughout the Premises.
- 18.7 WATER SYSTEM: Lessec shall maintain in good working condition the water system that is a part of the Premises, including but not limited to distribution and collection pipes, pumps, and fixtures. It is the responsibility of the Lessee to promptly repair any damage which may be suffered by the system within the Premises. Lessee shall winterize all systems for each year of the term of this Lease.
- 18.8 NOISE ABATEMENT: Lessee is permitted to play music provided that they will be limited to two speakers located no further than twelve (12) feet from the front of the building. Decibel level may not exceed

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 7 of 20

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- 19. USE OF PREMISES: Lessee may use the Premises for any purpose reasonably related to the package sale of alcoholic beverages (including products ancillary thereto), and a full service grocery store, which may include (but is not limited to) the onsite preparation of meals, the sale of prepared meals, and a full service café (including the dispensing and sale of alcoholic beverages).
- 19.1 LIMITATION OF SALES OR DISPENSING OF SOUVENIRS, GIFTS, APPAREL: Lessee may not sell dispense, give or otherwise provide souvenirs, gifts, and/or apparel. Lessee may, after first obtaining Lessor's written approval of each item proposed for sale, sell logoed tee shirts hats, jackets, and/or sweatshirts, and similar items. As used here, "logoed" means bearing the specific name of the Lessee's business. Generic descriptions or other decoration such as "Mt. McKinley" or "a moose" without a specific reference to Lessee's business shall not be allowed. Generic items such as non-Alaskan-logoed glassware, pens, pencils, stationery, corkscrews and the like may also be sold. Lessor reserves the right to inspect and approve all other merchandise, and Lessor shall have absolute discretion in making judgments as to whether any such merchandise may be sold by Lessee from the Premises.
- 20. WASTE: Lessee shall not commit or allow any waste, nuisance, or other such act or omission to occur on the Premises, and shall not do any act or allow on the Premises any condition which may disturb the quiet enjoyment of those occupying surrounding properties, including without limitation any other tenants or occupants in the Building or on the Premises.
- 21. NOTICE OF CHANGE OF PROPOSED USE: Lessee must advise Lessor in writing of any proposed change in the nature of Lessee's use of the Premises and obtain Lessor's written consent to any such change of use.
- 22. PUBLIC REQUIREMENTS: Lessee shall comply with all laws, orders, regulations, ordinances, and other public requirements at any time affecting the Premises, or the use of the Premises, or Lessor's interest.
- 23. ASSIGNMENT OR SUBLEASE: Lessee may not assign this Lease, nor sublease the Premises, or allow anyone else to use or occupy any part of the Premises, without first obtaining the consent of the Lessor.

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 8 of 20

- 19. USE OF PREMISES: Lessee may use the Premises for any purpose reasonably related to the package sale of alcoholic beverages (including products ancillary thereto), and a full service grocery store, which may include (but is not limited to) the onsite preparation of meals, the sale of prepared meals, and a full service café (including the dispensing and sale of alcoholic beverages).
- 19.1 LIMITATION OF SALES OR DISPENSING OF SOUVENIRS, GIFTS, APPAREL: Lessee may not sell dispense, give or otherwise provide souvenirs, gifts, and/or apparel. Lessee may, after first obtaining Lessor's written approval of each item proposed for salc, sell logoed tee shirts hats, jackets, and/or sweatshirts, and similar items. As used here, "logoed" means bearing the specific name of the Lessee's business. Generic descriptions or other decoration such as "Mt. McKinley" or "a moose" without a specific reference to Lessee's business shall not be allowed. Generic items such as non-Alaskan-logoed glassware, pens, pencils, stationery, corkscrews and the like may also be sold. Lessor reserves the right to inspect and approve all other merchandise, and Lessor shall have absolute discretion in making judgments as to whether any such merchandise may be sold by Lessee from the Premises.
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- 23. ASSIGNMENT OR SUBLEASE: Lessee may not assign this Lease, nor sublease the Premises, or allow anyone else to use or occupy any part of the Premises, without first obtaining the consent of the Lessor.

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 8 of 20

- 24. INSPECTION OF PREMISES: Lessor and its agents may enter the Premises at reasonable hours to examine the same and do anything required of Lessor by this Lease including for the purpose of installing surveillance equipment as provided in Paragraph 2.2. In the final year of this Lease, Lessor may show the Premises to prospective tenants or purchasers provided Lessee is given a minimum of Forty Eight (48) hours advance notice by Lessor by telephone or fax, of its intent to show the Premises to prospective tenants or purchasers. In any event, Lessee's use and occupancy of the Premises shall not be materially inconvenienced.
- 25. LESSEE'S PERSONALTY: Lessor shall not be liable for any loss or damage to any of Lessee's merchandise, personality or other property on or about the Premises, or for any lost profits of or consequential damage to Lessee, regardless of the cause of the loss or damage.
- Premises shall be taken for any public or quasi-public use under any statute, by right of eminent domain or by private purchase in lieu thereof by a public body vested with the power of eminent domain, then, when possession shall be taken thereunder of the leased Premises or a declaration of taking issued, this Lease shall terminate, and the Rent shall be abated during the unexpired Term of this Lease, effective as of the date of the taking of the Premises by the condemning authority. In the event of the condemnation or taking of the leased Premises, Lessee shall be entitled to pursue any and all claims available to Lessee including relocation expenses. All compensation awarded for the taking under the power of eminent domain, whether for the whole or a portion of the Premises, shall be the property of the Lessor, except any compensation for the Lessee's moving expense and such damages awarded as compensation for diminution in the value of or the Lessee's loss of the leasehold.
- 27. DAMAGE BY CASUALTY: If a substantial part of the Premises is so damaged by fire, casualty, deterioration, or other cause (collectively "Casualty") such that the Premises are totally or partially untenantable, this Lease will not terminate, but the Rent shall abate during the period of untenantability. If Lessee gives written notice of its intention to repair, rebuild or rehabilitate the affected Premises, Lessee shall rebuild, repair or otherwise rehabilitate the damaged Premises as soon as practical but not later than twelve (12) months from the occurrence. If no notice of intention to rebuild, repair or otherwise rehabilitate the damage Premises, then this Lease

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 9 of 20

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shall be null, void and of no further affect, with any prepaid Rent refunded in full to the Lessee.

- 27.1 PLAN APPROVAL. Lessor reserves the right to approve all plans and specifications to be used in any rebuild, repair or otherwise rehabilitate the damaged Premises. Construction activities shall not be unreasonably delayed on account of such approvals.
- 28. DEFAULT BY LESSOR: Lessee shall give Lessor written notice of any default by Lessor. If (a) the default is not cured within thirty (30) days after Lessor receives the written notice, or (b) Lessor does not within that thirty (30) day time period take actions which, if continued with reasonable diligence, will cure the default, then Lessee at its election may declare this Lease terminated after an additional period of thirty (30) days, and may pursue any legal remedics available to it including incidental and consequential damages and reasonable attorneys fees. If this Lease is rightfully terminated in accordance with this section, Rent shall be paid only to the end of the second thirty (30) day period.
- 29. DEFAULT BY LESSEE: The following provisions shall govern default by the Lessee:
- 29.1 Failure of Lessee to make any Rent payment when due or fully and timely perform any obligation contained in this Lease;
- 29.2 Any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee for the purpose of inducing the execution of this Lease or any other agreement between the parties proves to have been false in any material respect when made or furnished;
  - 29.3 Lessee is dissolved or its existence terminated;
- 29.4 Lessee becomes insolvent, its business fails, or a receiver is appointed for any of Lessee's property;
- 29.5 Lessee is generally not paying its debts as they become due; or Lessee makes an assignment for the benefit of its creditors or is the subject of any voluntary or involuntary bankruptcy or insolvency proceeding;
  - 29.6 Any of the occurrences set forth above occurs with respect

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 10 of 20 to any guarantor or surety of Lessee's obligations;

29.7 Lessee abandons the Premises, or the Premises or Lessee's leasehold interest in the Premises are attached or taken under any court order or writ of execution, or, if Lessee attempts to sublease or assign the Premises without first obtaining Lessor's consent.;

29.8 If Lessee defaults in any obligation to pay lease payments; payments due under a Loan Agreement and Promissory Note between Lessee and Lessor. It is the intention that all agreements, including those standing in the name of any affiliated entity including closely held corporations, limited liability company or partnerships in which Kevin Helwig, David Coleman; and/or Denise Marie Coleman have a named interest) between Lessor and Lessee are cross-collateralized meaning that if Lessee defaults in the performance of any agreement, inter alia, such default shall constitute a default in any and all other agreements, whether currently existing or hereafter made between Lessor and Lessee.

29.9 If Lessee defaults, Lessor may enforce its action for rent and possession, unlawful detainer, or other legal remedy, provided for in this agreement or any of the other agreements with affiliated entities;

29.10 Lessee agrees that, notwithstanding Lessor's possession of the Premises, Lessee shall remain liable for and shall pay Lessor an amount equal to the Rent payable to the end of the Lease Term of this Lease. This amount may either (a) be accelerated and become payable at once, or (b) become due and be payable monthly, at the sole option of Lessor. In addition, Lessee shall be liable for and shall pay to Lessor any loss or deficiency sustained by Lessor because of Lessee's default. Notwithstanding Lessor's re-entry and possession of the Premises, Lessor, upon Lessee's default, shall have the right, without notice to Lessee, and without terminating this Lease, to make alterations and repairs for the purpose of reletting the Premises. Lessor may relet or attempt to relet the Premises or any part of the Premises for the remainder of the then-applicable Lease term or for any longer or shorter period as opportunity may offer, to such persons and at such rent as may be obtained. Nothing in this Lease shall require Lessor to relet or make any attempt to relet the Premises, and any reletting shall be done by Lessor as agent for Lessee. In case the Premises are relet, Lessee shall pay the difference between the amount of Rent payable during the remainder of the annual Term and the net Rent

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 11 of 20

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actually received by Lessor during the annual Term after deducting all expenses for repairs, alterations, recovering possession and reletting the same, which difference shall either (a) accrue and be payable monthly, or (b) be accelerated and become payable at once, at Lessor's sole option. No actions taken by Lessor after Lessee's default shall be construed as indicating a termination of this Lease. This Lease shall remain in full force and effect and shall not be terminated unless Lessor so elects in writing. At Lessor's election, Lessor may cure any default of Lessee by expending money, contracting for the making of repairs, purchasing insurance, or by any other actions. If Lessor takes any such actions, Lessee will promptly, upon demand, reimburse Lessor for all of Lessor's expenses. Lessor shall be entitled to recover from Lessee all of Lessor's expenses in exercising any of its rights under this Lease, including without limitation Lessor's reasonable attorney's fees. All of Lessor's remedies are cumulative, and may be exercised successively or concurrently, at Lessor's election.

- 30 WAIVERS: Any waiver, consent or approval on the part of Lessor must be in writing, and shall be effective only to the extent specifically set forth in the writing. No delay or omission by Lessor in the exercise of any right or remedy with respect to any one occasion shall impair Lessor's ability to exercise the right or remedy in the same or on another occasion.
- 31 NOTICES: All notices or other communications shall be in writing signed by the sender, and shall be mailed by certified mail and sent by facsimile, to the following addresses:

### LESSOR:

Kevin Helwig P.O. Box 90 Denali, Alaska 99755 Email: Facsimile: (907) 683-6886

#### And

William F. Brattain Baker Brattain, LLC N Street Plaza 821 N Street Suite 101 Anchorage AK 99501

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 12 of 20

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Email: brattain@bakerbrattain.com Facsimile: (907) 279-2323

### LESSEE:

David Coleman, P.O. Box 2350 Crested Butte, CO 81224 Email: 970/729-0101

#### And

CSG, Inc. (attention: Robert Groseclose) 714 4th Avenue, suite 200 Fairbanks, AK 99701 Email: bob@alaskalaw.com

- 31.1 Certified Mail: The party claiming delivery of any notice must present the return receipt card duly executed by the addressee in order to comply with the terms of this paragraph.
- 31.2 Change of Address: Either party may change the address by written notice to the other. Notices shall be effective upon actual delivery (if mailed by certified mail) as determined by the duplicate facsimile transmission date and the green return receipt card.
- RETURN OF THE PREMISES: At the termination of this Lease, Lessee agrees to deliver to Lessor the Premises in good working order and condition. Should Lessee fail to vacate the Premises at the termination of this Lease, Lessee shall pay for each day of the holdover period twice the thenapplicable rent. All the terms and provisions of this Lease shall continue to apply. Lessee will be a tenant at will during the holdover period. Nothing in this section shall be a waiver of or preclude the exercise of Lessor's remedies for Lessee's default. Should Lessee's holdover prevent Lessor from fulfilling the terms of another lease, Lessee shall defend and indemnify Lessor from all direct and consequential damages for which Lessor may be liable, or which Lessor may suffer, as a result thereof.
- 33 QUIET ENJOYMENT: Neither Lessor nor Lessor's successors or assigns will disturb Lessee in its quiet enjoyment of the Premises. Lessee, on paying the Rent and observing and keeping the covenants,

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 13 of 20

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agreements, conditions and obligations of this Lease on Lessee's part to be observed and kept, shall lawfully, peaceably and quietly hold, occupy and enjoy the Premises during the Term of this Lease without hindrance, molestation or interruption by the Lessor.

- 34 SIGNS & NAME: All signs or advertisements shall be approved by Lessor. No signor other advertisement can be displayed or placed without first obtaining Lessor's consent.
- 35 INDEMNITY: Lessee shall indemnify, defend and hold harmless Lessor from and against any and all claims, damage, expense, claim, liability or loss, including reasonable attorneys' fees, arising out of or in any way connected to any condition, occurrence or event occurring on, near or away from and/or on the Premises or arising out of any use of the Premises during the term of this Lease including all claims even if the Lessor's own negligence is alleged to have been a factor. This duty to indemnify and defend shall include but shall not be limited to damages, costs, liability, loss and expense including professional consultant, engineering or attorneys' fees incurred in responding to federal, state, or local laws, strict liability, or common law.
- 36 WAIVER OF SUBROGATION: Lessor and Lessee each respectively waive all rights of recovery against the other and the other's agents, employees, permitted licensees and assignees, for any loss or damage to property or injury to or death of persons, to the extent the same is covered or indemnified by proceeds of any insurance, or for which reimbursement is otherwise received. This agreement, however, shall apply only so long as the parties' respective insurance companies expressly concur in this agreement and waive all subrogation rights. Each party shall have a continuing obligation to notify the other party if these waivers are not granted. Nothing in this section shall impose any greater liability upon the Lessor or Lessee than would have existed in the absence of this section.
- 37 BANKRUPTCY: The following covenants are a part of this agreement:
- 37.1 The parties agree that this Lease has been entered into partly because of Lessor's judgment that Lessee will be particularly able to perform the Lease covenants.
  - 37.2 Lessee has substantial duties of performance under this

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 14 of 20 Lease, apart from its mere financial obligations. This Lease is a personal contract between the parties, which cannot be assumed by any trustee, or other party in bankruptcy.

- 37.3 In the event any proceedings in bankruptcy are brought against Lessee or affect Lessee, and should an assumption of this Lease be attempted by the trustee or other party in violation of the above agreement, Lessor will not have adequate assurance of performance, within the meaning of Section 365 of the Bankruptcy Code of 1978, as amended, unless the trustee or other party can demonstrate that itself or a substitute Lessee will have the particular capacity to fulfill the nonmonetary covenants of this Lease;
- 37.4 In the event any proceedings in bankruptcy are brought against Lessee or affect Lessee, the trustee or other party shall not be permitted to use, sell or lease any of the Premises, whether or not in the ordinary course of business, without providing adequate protection to Lessor.
- 37.5 The parties agree that the language in Section 361 of the Bankruptcy Code of 1978, as amended, shall be the exclusive definition of the term "adequate protection" in connection with any use, sale or lease of the Premises.
- 37.6 The cash payment referred to in that section shall mean the full payments required under this Lease, plus payment representing the value of Lessor's lost ability to use or lease the Premises; and
- 37.7 The then "indubitable equivalent" as used in that section shall mean protection afforded by either grants of administrative expense priority, grants to Lessor of ownership interests in a continuing business surviving the bankruptcy, or grants to Lessor of protected securities issued by a continuing business surviving the bankruptcy, which completely compensate Lessor for the loss of the present value (computed at the then market rate of interest for commercial loans) of Lessor's ability to use or lease the Premises.
- 38 SUCCESSORS AND ASSIGNS: This Lease shall inure to the benefit of and be binding upon the heirs, estates, executors, administrators, receivers, custodians, successors and (in the case of Lessee, permitted) assigns of the respective parties.
  - 39 HOLD OVER: Any holding over after the expiration of the

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 15 of 20 term of the Lease shall be construed to be a month-to-month tenancy but at an agreed twenty percent (20%) increase in monthly rent computed by multiplying the then monthly installment and multiplying such amount by 1.20.

- 40 AMENDMENTS: This Lease contains the entire agreement of the parties. No amendments may be made to this Lease except by an agreement in writing executed by all the parties.
- 41. CHOICE OF LAW; VENUE; ARBITRATION: The parties to this Agreement expressly agree that the laws of the State of Alaska shall govern the validity, construction, interpretation, and effect of this Lease. In the event that an unresolvable question, dispute or requirement for interpretation or construction should arise with respect to this Agreement, the jurisdiction and venue therefore shall lie exclusively with a three (3) person panel of arbitrators, subject to the rules found in Alaska's Revised Uniform Arbitration Act. 09.43.300 et. seq., with Lessor and Lessee both selecting an arbitrator, and those two arbitrators then selecting the third or 'neutral' arbitrator. The arbitration panel's decision shall be binding on the parties, with the only appeal rights as found in Alaska Revised Uniform Arbitration Act. Venue shall lie exclusively in Anchorage, Alaska. The parties mutually designate the Superior Court, Third Judicial District, at Anchorage as venue for any litigation arising under this agreement.
- 42. INVALID PROVISIONS. If any provision of this Lease is found to be invalid or prohibited by law, such invalidity shall not affect the remaining provisions of this Lease and the remaining provisions shall continue in full force and effect.
- 43. TIME IS OF THE ESSENCE. Time is of the essence of each and every term, condition, provision and covenant of this Lease.
- 44. ENTIRE AGREEMENT; MODIFICATION. This Lease contains the entire agreement between Lessee and Lessor and supersedes all and any other prior agreements and understandings between the parties, and any executory agreement hereafter made shall not be effective to change, modify or discharge any part of this agreement unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought.

Intending to be fully bound, the parties have executed this Lease the day

Denali Gift Companies, Inc/David Coleman. Commercial Lease Page 16 of 20

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and year first above written.

### LESSOR:

DENALI GIFT COMPANIES, INC.,
D/B/A Denali Gift Co., Canyon Gift Co., and Denali Outlet Store

By: The West President

Date: 2/27/2016

LESSEE:

SLED DOG LIQUOR, INC.

David S. Coleman, its President

Date: 2-29-16

David S. Coleman, Individually

Date: 2-29-16

By: Denise Marie Coleman, Individually

Date: 2/29/16

**ACKNOWLEDGMENTS** 

STATE OF NEVADA

Densii Gift Companies, Inc/David Coleman. Commercial Lease Dana 17 of 20 THIS IS TO CERTIFY that on this 27 day of Vereily, 2016, before me, the undersigned, a Notary Public in and for the State of Nevada, duly commissioned and sworn as such, personally appeared KEVIN HELWIG, President, DENALI GIFT COMPANIES, Inc., dba, Denali Gift Co., Canyon Gift Co., and Denali Outlet Store known to me and to me known to be the individual described in and who executed the foregoing instrument, as the free and voluntary act of said corporation. Being duly authorized to do so and they acknowledged to me that they signed and scaled the same freely and voluntarily, in behalf of the corporation, for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day, month, and year in this certificate first above mentioned.

Notary Public in and for Nevada

My Commission Expires: Ct.+12 lo16

STATE OF COLORADO

) ss.

GUNNISON COUNTY

NOTARY PUBLIC
STATE OF NEVADA

MICHAEL TURNER

Denali Gift Companies, Inc/David Coleman. Commercial Lesse LAURA A H BRODIE
Notary Public
State of Colerado
Notary ID 19974011276
My Commission Expires Jun 24, 2017

### **EXHIBIT A**

### LEGAL DESCRIPTION:

A portion of Tract 3, Subdivision of Lot, U.S. Survey 5545, according to the plat filed June 4th, 1979, as Plat Number 79-23; Records of the Nenana Recording District, Fourth Judicial District, State of Alaska, more particularly described as follows:

BEGINNING at the Southwest corner of said Tract 3; THENCE South 86°33'00" West along the Southerly boundary of said Tract 3 a distance of 245.50 feet to the Southwest corner of said Tract 3; THENCE North 36°41'59" West along the Southwesterly boundary of said Tract 3 a distance of 186.52 fee to a point; THENCE North 65°26'59" East a distance of 312.13 feet to a point on the Northeasterly boundary of said Tract 3; THENCE South 15°21'03" East along said Northeasterly boundary a distance of 274.25 feet to the POINT OF BEGINNING.

## Denali Gift Companies, Inc

"Shop 'Til Dark"



### Canyon Gift Co. Denali Gift Co. McKinley Gifts

We are Denali National Park's largest independent gift retailer with almost 9000 square feet in three locations.

The Canyon Gift Co. is located in the Rainbow Village Shopping Center directly across the street from the Denali Princess Wilderness Lodge and just South of the McKinley Chalets. The largest gift shop at the Park -- don't miss this shopping experience!

The Denali Gift Company is located adjacent to the world famous Denali Park Salmon Bake and across the Park's Highway from the Denali Princess Canyon Station lodge. This store carries some very nice clothing articles along with a nice selection of souvenirs.

The McKinley Gifts Store is located on the South end of the business district across from the new Denali Princess Canyon Station Lodge between the World Famous Denali Park Salmon Bake and the Denali Park Grocery and Liquor Store. We have a large selection of T-shirts and other clothing and souvenirs. Check out the Alaskan T-shirt cabin inside the gift shop and take your picture standing next to the large life-like Polar Bear inside!

We have the largest inventory of Denali and Alaska branded merchandise at the Park. We offer the best prices on gifts, clothing and souvenirs -- GUARANTEED!!

Shop everywhere in the Park then visit our stores. You will be pleasantly surprised.

Open seasonally May 1 to September 19 - 8am to 10pm daily

Canyon Gift Company (907) 683-7200 Denali Gift Company (907) 683-3300 Denali Outlet Store (907) 683-6888

Kevin Helwig P.O. Box 90 Denali National Park, AK 99755

Corporate Office: (907) 683-2732 (year-round number) FAX (907) 683-6886 - (summer only)

More information about where to stay, eat, shop and things to do is at <a href="https://www.denslivisitorcenter.com">www.denslivisitorcenter.com</a>





We have the largest inventory of Denali and Alaska branded merchandise at the Park. We offer the best prices on gifts, clothing and souvenirs -- GUARANTEED!!

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(907) 683-7200 (907) 683-3300 (907) 683-6888 Canyon Gift Company Denali Gift Company Denali Outlet Store

Kevin Helwig P.O. Box 90 Denali National Park, AK 99755

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More information about where to stay, eat, shop and things to do is at www.denalivisitorcenter.com



SEASONAL EMPLOYMENT OPPORTUNITIES

May to September

Visit our neighbors:

The Denali Park Grocery and Liquor

THE WORLD FAMOUS DENALI PARK SALMON BAKE



AccuWeather.com\*



Weather Forecast | Weather Maps

Denali National Park, Alaska. Established in 1917. Home of a large variety of wildlife including Grizzly Bears, Moose, Caribou, Dall Sheep, Wolves, Fox, Eagles, Owls and dozens of other species. Home of Mt. McKinley rising 23,230 feet tall making it the highest point in North America. Hundreds of thousands of visitors come each summer to see the wildlife and Mt. McKinley. Staying at local lodges, visiting gift shops and restaurants. Local activities include hiking, riverboat trips, river rafting, flightseeing, horseback riding, golf, ATV and Jeep adventures. Denali National Park is a must see if you visit Alaska!! enter.com/









### LICENSE DETAILS

License #: 911290

Business Name: DENALI OUTLET STORE

Status: ACTIVE

Business Type: CORPORATION

Issue Date: 02/11/2008

Expiration Date: 12/31/2011

Primary Line Of Business: 42 - Trade

Primary NAICS: 453220 - GIFT, NOVELTY, AND SOUVENIR STORES

Secondary Line Of Business:

Secondary NAICS:

Mailing Address: P.O. BOX 90, DENALI PARK, AK 99755-0090

Physical Address: MILE 238 1/2 PARKS HIWAY, DENALI PARK, AK 99755

### **OWNERS**

DENALI GIFT COMPANIES, INC.

### TOBACCO ENDORSEMENTS

rations, Business, & Professional Licensing > Search & Database Download > Bus. Lic. > License Details

### LICENSE DETAILS

License #: 1050693

Print Business License

Business Name: DENALITAKEOUT.COM

Status: ACTIVE

Business Type: CORPORATION

Issue Date: 03/13/2017

Expiration Date: 12/31/2017

Primary Line Of Business: 72 - Accommodation and Food Services

Primary NAICS: 722330 - MOBILE FOOD SERVICES

Secondary Line Of Business:

Secondary NAICS:

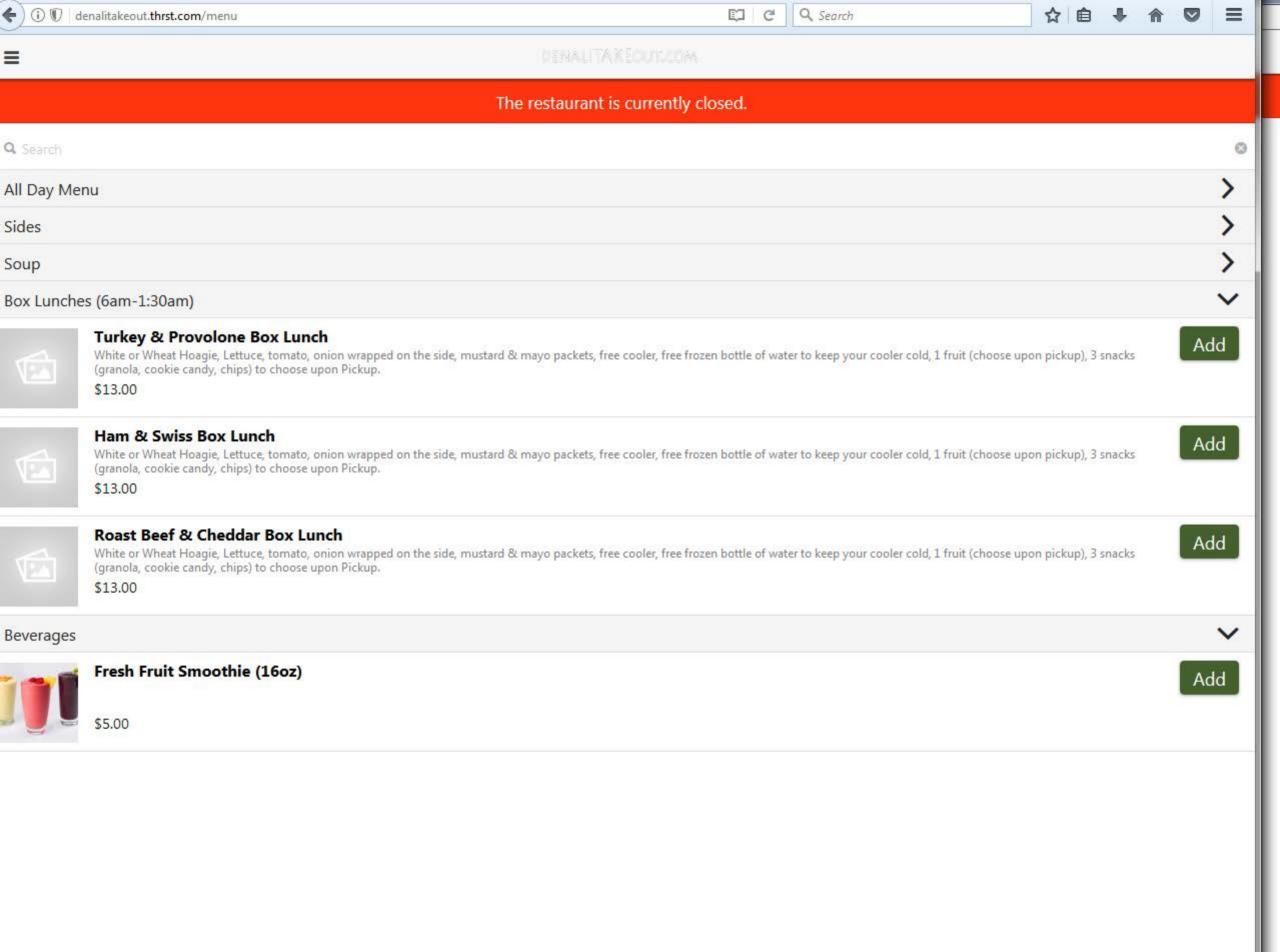
Mailing Address: PO BOX 154, HEALY, AK 99743-0154

Physical Address: MILE 238.4 PARKS HWY, DENALI, AK 99755-0000

### **OWNERS**

SLED DOG LIQUOR INC.

### TOBACCO ENDORSEMENTS



# Locals get a 5% discount on everything in the store! Come join our rewards program.

### Thank you for your support!

### 4th OF JULY SPECIALS!!

Buy 2 Crown Royal 750 ml for \$62 save \$8!

Buy 2 Jim Beam Travelers 750 ml for \$34 save \$6!

Buy 2 Jameson 750 ml for \$57 save \$6!

Buy 2 Smirnoff PET 750 ml for \$37 save \$3!

### PBR!!!

Buy 2-24 packs of PBR cans for \$50 save \$4!

Buy 2-18 packs of PBR cans for \$39 save \$2.50!

Buy 2-12 packs of PBR cans for \$24 save \$2!





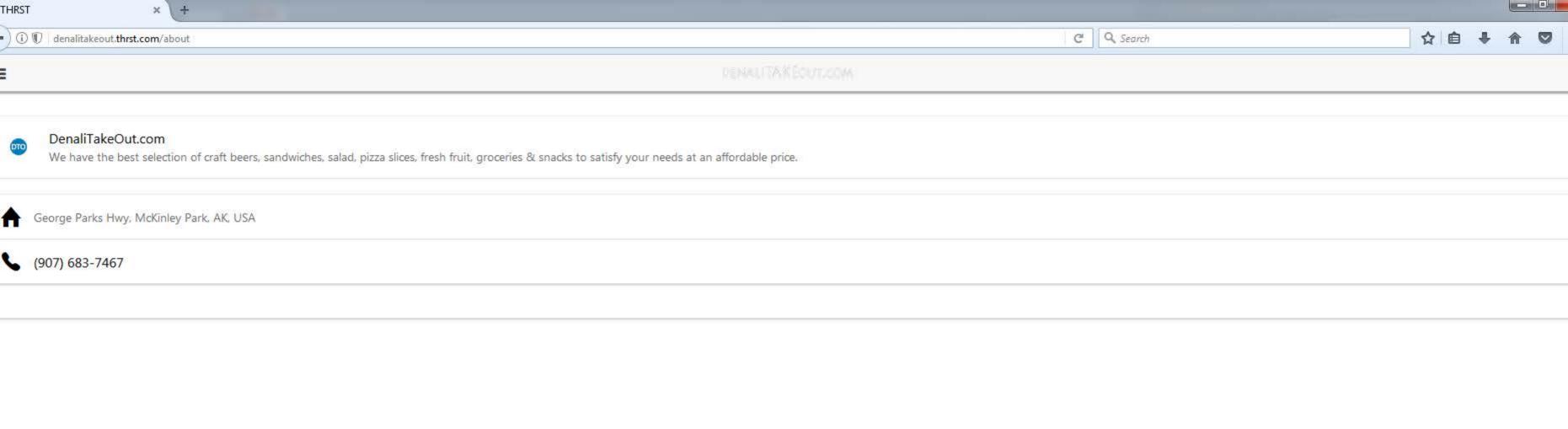
"The Last Affordable Food for Miles"

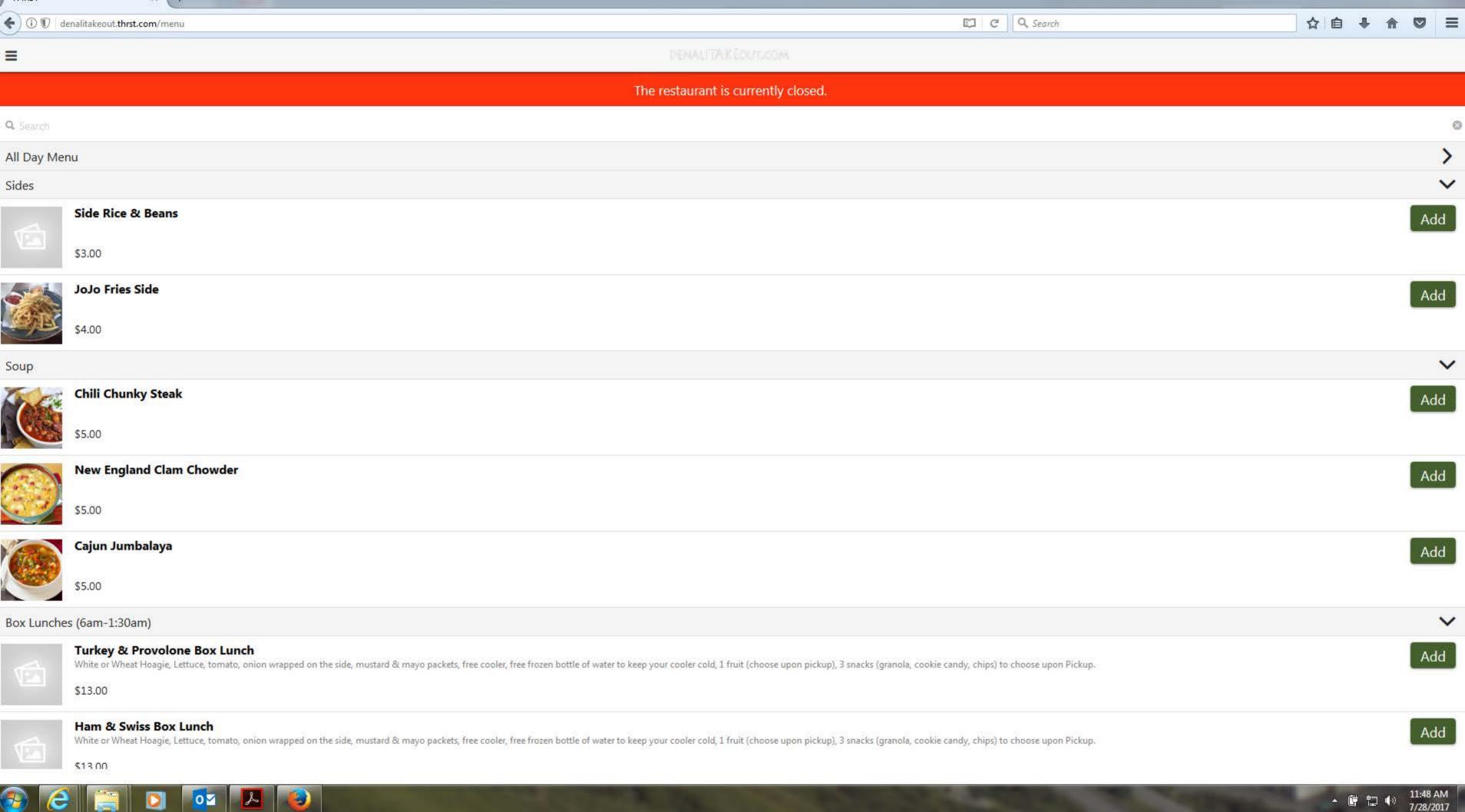
Hours:

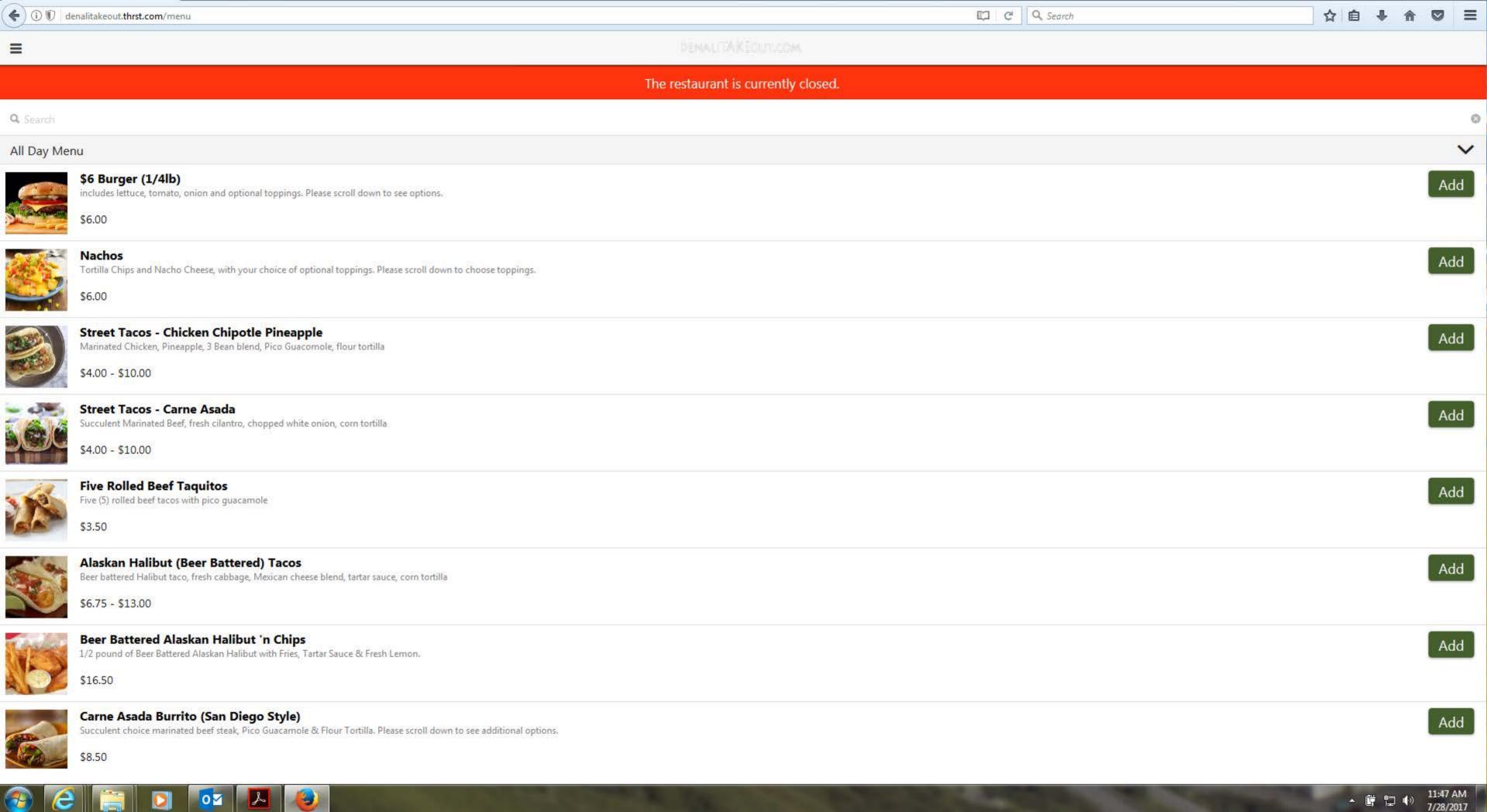
Grocery Store 6am-1:30am

Liquor Store 8am-1:30am

Food Truck noon-1am







> Commerce > Corporations, Business, & Professional Licensing > Search & Database Download > Bus. Lic. > License Details on LICENSE DETAILS atabase Download License #: 1050693 Print Business License Business Name: DENALITAKEOUT.COM Status: ACTIVE cense Data Business Type: CORPORATION Issue Date: 03/13/2017 Expiration Date: 12/31/2017 Primary Line Of Business: 72 - Accommodation and Food Services Primary NAICS: 722330 - MOBILE FOOD SERVICES nses Secondary Line Of Business: orsements Secondary NAICS: icenses Mailing Address: PO BOX 154, HEALY, AK 99743-0154 nloads Physical Address: MILE 238.4 PARKS HWY, DENALI, AK 99755-0000 Download ownload OWNERS wnload nse Download SLED DOG LIQUOR INC. Endorsement icense Download TOBACCO ENDORSEMENTS Area Download ections nsina icensina ck Links

# DenaliTAKEOUT.com

Thanks for the great reviews on our Carne Asada! Now come try our new Alaskan Halibut Tacos and Fried Halibut & Chips!

You don't have to wait! Order online at www.denaliTAKEOUT.com and have it ready when you arrive!

Click Here to Order Online



Locals get a 5% discount on everything in the store!

Come join our rewards program.

Thank you for your support!

### 4th OF JULY SPECIALS!!

Buy 2 Crown Royal 750 ml for \$62 save \$8!

Buy 2 Jim Beam Travelers 750 ml for \$34 save \$6!

Buy 2 Jameson 750 ml for \$57 save \$6!

Buy 2 Smirnoff PET 750 ml for \$37 save \$3!

### PBRIII

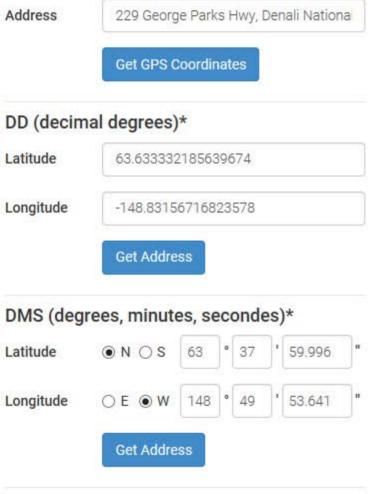
Buy 2-24 packs of PBR cans for \$50 save \$4!

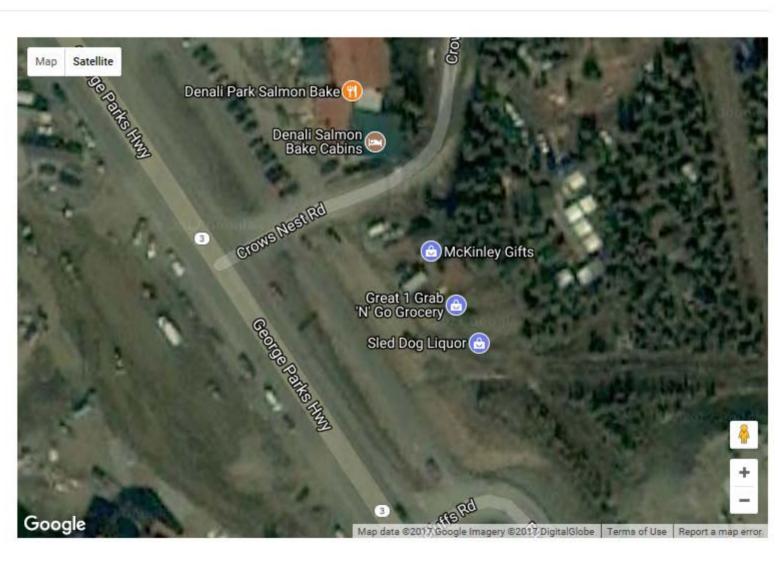
Buy 2-18 packs of PBR cans for \$39 save \$2.50!

# Map of Alaska

Alaska is a state of the USA and its code is AK.

Population: 660,633





\* World Geodetic System 84 (WGS 84)

### LICENSE DETAILS

License #: 1035915

Print Business License

Business Name: GREAT 1 GRAB'N'GO GROCERY

Status: ACTIVE

Business Type: CORPORATION

Issue Date: 04/21/2016

Expiration Date: 12/31/2017

Primary Line Of Business: 42 - Trade

Primary NAICS: 445120 - CONVENIENCE STORES

Secondary Line Of Business:

Secondary NAICS:

Mailing Address: PO BOX 154, HEALY, AK 99743

Physical Address: MILE 238.4 PARKS HWY, DENALI PARK, AK 99755

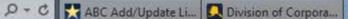
### OWNERS

SLED DOG LIQUOR INC.

### TOBACCO ENDORSEMENTS







Great 1 Grocery & S... @ new home page ×

a. Amazon.com: pape...





Click link above for menu and online ordering

"The last affordable food for miles."





Located on The Parks Highway at Mile 238.4, Just North of the Park Entrance Phone 907-683-SHOP (7467)

# The largest Grocery & Liquor Store in Denali!

Home of the \$13 BOX LUNCH

Grocery Store 6am-1:30am

Liquor Store 8am-1:30am

Food Truck 12pm-1am

daily





Located on The Parks Highway at Mile 238.4, Just North of the Park Entrance Phone 907-683-SHOP (7467)

# The largest Grocery & Liquor Store in Denali!

Home of the \$13 BOX LUNCH

Grocery Store 6am-1:30am

Liquor Store 8am-1:30am

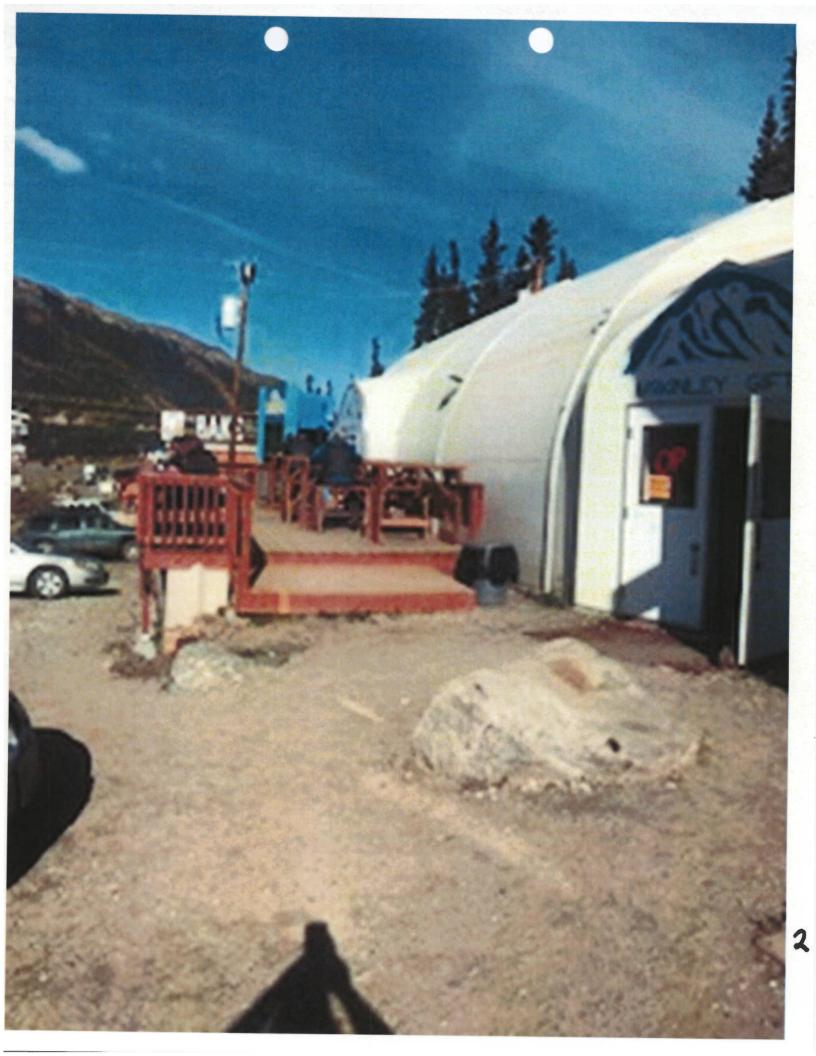
Food Truck 12pm-1am

daily











IT IS
UNLAWFUL TO
CONSUME
ALCOHOLIC
BEVERAGES ON
THIS
PROPERTY.



















































Mach Flank

Fresh Onio Com

Fresh Veggie min lemon sou

## Alaskan Halibut & Chips \$16.50

¼ LB Beer Battered Chunks JOJO Wedge Fries Fresh Lemon, Tartar Sauce Best Deal in Alaska!!!

## VEGGIE BURRITO

Fresh Veggie mix, rice, beans, cheese, salsa, and lemon sour cream, on a flour tortilla \$8

HO

\$3

ADD BACON WR.
ADD (

ORDER PICK
IN UP
STORE HERE
Thanks!

# HOT SOUP 1602

CHILI CHUNKY STEAK

NEW ENGLAND CLAM CHOWDER

CAJUN JAMBALAYA \$5 JOJ0 FRI

ADD NACHO





State of Alaska > Commerce > Corporations, Business, & Professional Licensing > Search & Database Download > Bus. Lic. > License Details

#### Information

- Search and Database Download
- Privacy Policy
- Refund Policy

#### Search License Data

- Corporations
  - Entities
  - Officials
  - Agents
- Business Licenses
- Tobacco Endorsements
- Professional Licenses

#### Data Downloads

- Corporations Download
  - Officials Download
  - Agents Download
- Business License Download
  - Tobacco Endorsement Download
- Professional License Download
  - Guide Use Area Download

#### Division Sections

- Corporations
- Business Licensing
- Professional Licensing

CRPL Quick Links

Investigations

## Information

# LICENSE DETAILS

License #: 932105

Business Name: MCKINLEY GIFTS

Status: INACTIVE

Business Type: CORPORATION

Issue Date: 07/23/2009

Expiration Date: 12/31/2010

Primary Line Of Business: 42 - Trade

Primary NAICS: 453220 - GIFT, NOVELTY, AND SOUVENIR STORES

Secondary Line Of Business: Secondary NAICS:

Mailing Address: BOX 90, MILE 238 1/2 PARKS HIGHWAY, DENALI PARK, AK 99755-

0090

Physical Address: MILE 238 1/2 P{ARKS HIGHWAY, DENALI PARK, AK 99755

### OWNERS

DENALI GIFT COMPANIES, INC

## TOBACCO ENDORSEMENTS





Highway from the Denali Princess Canyon Station lodge. This store carries some very nice clothing articles along with a nice selection of souvenirs.

The McKinley Gifts Store is located on the South end of the business district across from the new Denali Princess Canyon Station Lodge between the World Famous Denali Park Salmon Bake and the Denali Park Grocery and Liquor Store. We have a large selection of T-shirts and other clothing and souvenirs. Check out the Alaskan T-shirt cabin inside the gift shop and take your picture standing next to the large life-like Polar Bear inside!

We have the largest inventory of Denali and Alaska branded merchandise at the Park. We offer the best prices on gifts, clothing and souvenirs -- GUARANTEED!!

Shop everywhere in the Park then visit our stores. You will be pleasantly surprised.

Open seasonally May 1 to September 19 - 8am to 10pm daily

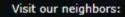
Canyon Gift Company (907) 683-7200 Denali Gift Company (907) 683-3300 Denali Outlet Store (907) 683-6888

Kevin Helwig P.O. Box 90 Denali National Park, AK 99755

Corporate Office: (907) 683-2732 (year-round number) FAX (907) 683-6886 - (summer only)

More information about where to stay, eat, shop and things to do is at <a href="https://www.denslivisitorcenter.com">www.denslivisitorcenter.com</a>





The Denali Park Grocery and Liquor

THE WORLD FAMOUS DENALI PARK SALMON BAKE



AccuWeather.com\*

Denail National Park, AK



69°F

Weather Forecast | Weather Maps





## Great 1 Grocery & Sled Dog Liquor

Home

#### About

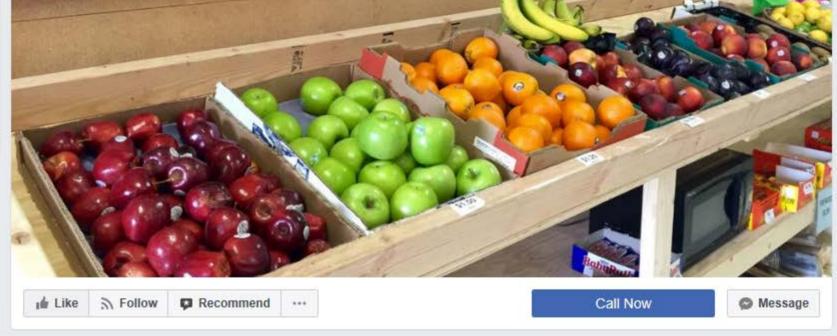
**Photos** 

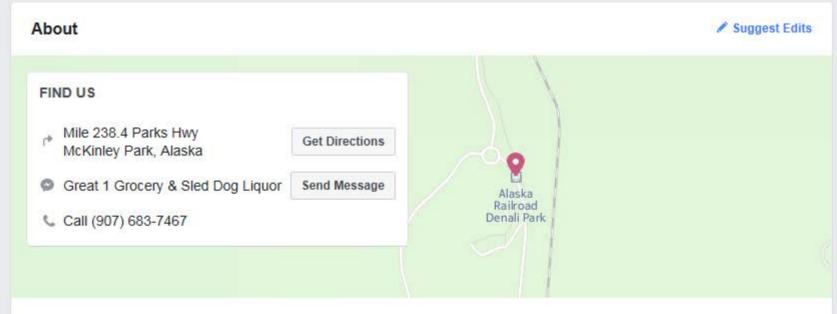
Reviews

Likes

Posts

Create a Page





#### MORE INFO

About

We have the best selection of craft beers, sandwiches, salad, pizza slices, fresh fruit, groceries & snacks to satisfy your needs at an affordable price.

Grocery Store · Wine, Beer & Spirits Store · Deli



### LICENSE DETAILS

License #: 1035333

Print Business License

Business Name: SLED DOG LIQUOR INC

Status: ACTIVE

Business Type: CORPORATION

Issue Date: 04/11/2016

Expiration Date: 12/31/2017

Primary Line Of Business: 42 - Trade

Primary NAICS: 445120 - CONVENIENCE STORES

Secondary Line Of Business: 42 - Trade

Secondary NAICS: 445310 - BEER, WINE, AND LIQUOR STORES

Mailing Address: PO BOX 154, HEALY, AK 99743

Physical Address: MILE 238.4 PARKS HWY, DENALI PARK, AK 99743

### **OWNERS**

SLED DOG LIQUOR INC.

### TOBACCO ENDORSEMENTS

Endorsement #	Location	Issue Date	<b>Expiration Date</b>
1	MILE 238.4 PARKS HWY, DENALI PARK, AK 99755	12/28/2016	12/31/2017

nerce > Corporations, Business, & Professional Licensing > Search & Database Download > Bus. Lic. > License Details

Download

Data

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## LICENSE DETAILS

License #: 932105

Business Name: MCKINLEY GIFTS

Status: INACTIVE

Business Type: CORPORATION

Issue Date: 07/23/2009

Expiration Date: 12/31/2010

Primary Line Of Business: 42 - Trade

Primary NAICS: 453220 - GIFT, NOVELTY, AND SOUVENIR STORES

Secondary Line Of Business:

Secondary NAICS:

Mailing Address: BOX 90, MILE 238 1/2 PARKS HIGHWAY, DENALI PARK, AK 99755-

0090

Physical Address: MILE 238 1/2 P{ARKS HIGHWAY, DENALI PARK, AK 99755

## **OWNERS**

DENALI GIFT COMPANIES, INC

## TOBACCO ENDORSEMENTS

----- Original Message -----

Subject: Execution of Lease and Promissory Note

From: <dave@denalinightly.com>
Date: Sat, February 27, 2016 8:38 am

To: "Kevin Helwig" < kevin@denalipark.com>

Cc: "Bob Groseclose" < bob@alaskalaw.com > , "Mamie Davis"

<mamied@alaskalaw.com>, "William Brattain" <brattain@bakerbrattain.com>

Kevin,

Sled Dog Liquor Inc, Denise & I agree to the attached Lease and Promissory Note received yesterday.

We signed and have attached a copy of the promissory note. As we discussed we will mail you the original.

As far as the Lease can you please sign, notarize and scan me the signature page? I will do the same once I receive your copy and plan to submit the lease as part of the ABC package on Monday. As we discussed we will mail you the original.

Time is of the essence.

Thanks for everything.

Dave 970-729-0101

Exhibit 2

## **Notice of Violation**

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 9-20-17 License #/Type: Recreational Site, license #39

Licensee: Alaska State Fair, Inc. Address: 2075 Glenn Hwy, Palmer, AK

DBA: Alaska State Fair AMCO Case #: AB17-0423

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

It came to the attention of AMCO Enforcement that WineStyles was selling alcoholic beverages; three tastings for \$10.00, on the Fair Grounds during the 2017 State Fair. It was learned that they were displaying a license issued to the Alaska State Fair. This is a violation of Title IV.

Your attention is directed to: AS04.11.430: Persons and location and 3AAC304.185, Licensed premises

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

3 AAC 304.525 (B) provides that upon receipt of a Notice of Violation, a licensee may request to appear before the Director and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice and the Director must grant an appearance within ten days after receipt of a request. A Licensee shall respond, either orally or in writing, to the Notice.

Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton Received by:

SIGNATURE: SIGNATURE:

Delivered VIA: Mail Date:

September 25, 2017

Mr. Joe Hamilton Enforcement / AMCO 550 W 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501

RE: AMCO Case Number AB16-0423

Dear Mr. Hamilton:





This letter is in response to your communication dated September 20, 2017 alleging a violation of Title 4, Statute AS04.11.430. The notice alleges Alaska State Fair, Inc was in violation by allowing WineStyles to sell alcoholic beverages, using our Recreational License #39, on the fairgrounds during the 2017 Alaska State Fair. We have been working with WineStyles for the past five years and have always complied with the direction provided by ABC/AMCO. We request the notice of alleged violation be withdrawn and AMCO provide clear directions regarding what is required for WineStyles to operate during the Alaska State Fair. We will comply with the direction provided by AMCO. We would appreciate your consideration of the history provided below.

WineStyles organizes benefits for non-profit organizations on a regular basis. During the years of 2013 and 2014, they obtained a Catering Permit each year to do benefits for the Alaska State Fair. We were inspected by ABC/AMCO enforcement every year and no violations were issued.

Title 4 has been subjective to interpretation by each individual employee or officer of ABC/AMCO. In 2015 WineStyles was advised by staff of the ABC office they were duplicating efforts in obtaining a Catering Permit and they should operate under our Recreational License. WineStyles operated during the fair, under our license, in 2015 and 2016 with full knowledge of the ABC/AMCO office. Again, we were inspected by ABC/AMCO enforcement and no violations were issued.

The Alaska State Fair was inspected during the 2017 fair and was not informed of the alleged violation until almost four weeks after the inspection. If Alaska State Fair had been advised of this alleged violation at any time, we could have explained the directions we received back in 2015, from ABC/AMCO, and avoided an alleged violation notice.

In the eight years I have been Beverage Manager, Alaska State Fair has not had a violation. In fact, we went back thirty years in our records and could not locate a violation. We have always striven to be a model of how an alcoholic establishment should be managed.

For your review, I have attached an email exchange between Kim Fifer of WineStyles and Maxine Andrews of AMCO.

Sincerely,

sheri musgrave

Beverage and Facilities Manager

Alaska State Fair

2075 Glenn Highway, Palmer, Alaska 99645

(907) 746-7173

#### Begin forwarded message:

From: "WineStylesAlaska" <a href="mailto:anchorage@winestyles.net">anchorage@winestyles.net</a>

**Date:** September 19, 2017 at 11:08:22 AM MST **To:** "WineStyles" <anchorage@winestyles.net>

Subject: FW: Palmer Fair- Recreational Site License #39

From: Andrews, Maxine R (CED) [mailto:maxine.andrews@alaska.gov]

Sent: Wednesday, August 12, 2015 7:31 AM

To: WineStylesAlaska <anchorage@winestyles.net>
Subject: RE: Palmer Fair- Recreational Site License #39

#### Maxine Andrews

Business Registration Examiner | Dept. of Commerce and Economic Development | Alcoholic Beverage & Marijuana Control Boards

550 W. 7th Ave. Ste. 1600 Anchorage, AK 99501 | 907.269.0358 | fax 907.334.2285

P Please consider the environment before printing this e-mail.

Less paper is better for us and our environment.

From: WineStylesAlaska [mailto:anchorage@winestyles.net]

Sent: Tuesday, August 11, 2015 7:33 PM

To: Andrews, Maxine R (CED)

Subject: Palmer Fair

Hi Maxine,

Would you be able to send me a copy of the Recreational Site Permit/License we are pouring under for the Alaska State Fair? I told them I had spoken with you and Sarah about the permitting but I just wanted to be able to send them a copy to let them know we are covered.

Thank you and hope you are out enjoying the sunshine!

Kim

No virus found in this message. Checked by AVG - www.avg.com <a href="http://www.avg.com">www.avg.com</a>>

Version: 2015.0.6086 / Virus Database: 4392/10422 - Release Date: 08/12/15

## **Notice of Violation**

(3AAC 304.525)

This form, all Information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 9-20-17

License #/Type: Recreational Site, license #39

Licensee: Alaska State Fair, Inc.

Address: 2075 Glenn Hwy, Palmer, AK

DBA: Alaska State Fair

AMCO Case #: AB17-0423

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

It came to the attention of AMCO Enforcement that WineStyles was selling alcoholic beverages; three tastings for \$10.00, on the Fair Grounds during the 2017 State Fair. It was learned that they were displaying a license issued to the Alaska State Fair. This is a violation of Title IV.

Your attention is directed to: AS04.11.430: Persons and location and 3AAC304.185, Licensed premises

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

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Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7th Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton

SIGNATURE:

Received by: Sheri musgrowe SIGNATURE: Smulghowl
Date: 9-23-17

Delivered-VIA: Mail-----

## **Notice of Violation**

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 9-20-17

License #/Type: Package Store, Lic #4732

Licensee: Fifer LLC

Address: 11109 Old Seward Hwy, Ste 2, Anchorage

DBA: WineStyles

AMCO Case #: AB17-0423

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

AMCO received information that during the 2017 State Fair, you had your custom motor home parked on the fairgrounds and were selling alcoholic beverages and promoting your wine club. In talking with Sheri Musgrave, fair representative, the arrangement made for the past few years was they would give you a copy of their license and allow you to sell. At the end of the fair, after your expenses, you gave the profit to the Alaska State Fair. On 10-13-16, then director Cynthia Franklin wrote you a letter telling you that your business model does not work with the type of license you have and to stop this practice. These are violations of Title IV.

Your attention is referred to: AS04.11.010: Selling w/out a license, AS04.11.150: Package store license. AS04.11.370: Suspension and revocation of licenses and permits, 3AAC304.415: Storing, warehousing and transporting and AS04.21.030: Responsibility of licensees, agents, and employees

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

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Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton

Received by:

SIGNATURE:

SIGNATURE:

Delivered VIA: Mail

Date:



## Department of Commerce, Community, and Economic Development

ALCOHOLIC BEVERAGE CONTROL BOARD

550 W. 7th Avenue, Ste 1600 Anchorage, Alaska 99501 Main: 907.269.035

October 13, 2016

Fifer, LLC dba WineStyles 11109 Old Seward Highway, Suite 2 Anchorage, AK 99515

Re: Permitted Events and License #4732

Dear Fifer, LLC,

We received a call today from Alaska, USA, stating that you had instructed them to obtain a permit so that you could host a wine tasting at one of their Eagle River Locations. As you know, you have a package store license. Your license does not allow you to cater events or serve alcohol off of your licensed premises. Alaska USA is not a 10.20 non-profit corporation.

If you donate wine to a AS 10.20 non-profit organization, or even if they buy wine from you, they can obtain a Special Events Permit from AMCO to serve that wine at their event. You cannot solicit other organizations so that you can sell your wine in a location other than your licensed premises. This is a blatant violation of Title 4.

If a non-profit serves Winestyles donated or store-bought wine at their event, Alaska law requires that 100% of the profit from those sales must go to the non-profit. You cannot twist the Special Events Permit statute to create some mechanism for you to cater events with your package store license, whether you profit or not.

We have suspected for some time that you are abusing your license in this respect. This was confirmed today because Alaska USA could not figure out your instructions. You cannot solicit non-profits to hold wine tasting events in order to serve or sell your wine off of your licensed premises. AMCO is opening an investigation into your conduct today. You can expect a visit from our enforcement team in the next 30 days to speak with you about this. In the meantime, if we have any evidence that anyone is applying for a permit upon your instructions, we will issue a Notice of Violation. Thank you for ceasing this illegal activity immediately.

Sincerely,

Cynthia Franklin Director, ABC Board

cc: License File

#### October 6, 2017

Ms. Erika McConnell, Director Alcoholic Beverage Control Board 550 W. 7<sup>th</sup> Avenue Suite 1600 Anchorage, Alaska 99501 VIA EMAIL AND REGULAR MAIL

> Re: Package Store, License #4732 Notice of Violation, Number AB17-0423

#### Dear Erika:

This letter is in response to the Notice of Violation we received on September 22, 2017, alleging a violation of Title 4, Statutes AS04.11.010: Selling w/out a license, AS04.11.150: Package Store License, AS04.11.370: Suspension and revocation of licenses and permits, 3AAC304.415: Storing, warehousing and transporting and AS 04.21.030: Responsibility of licensees, agents, and employees.

We believe that there is a fundamental misunderstanding as to how we participate in fundraising events for charitable organizations. We do not sell or give away alcohol off premise. We do not transport the alcohol to events. The charity/volunteer is required to pick up the wine. All profits derived go only to the charity. We volunteer our time at these events. AMCO has approved every event that we have participated in. Enforcement investigators have checked permits, signage and TAP cards at many events.

In regards to the Notice of Violation we feel it necessary to offer some historical context based on contacts, emails, and discussions with AMCO. Winestyles opened in 2007. At the start of our business, we were contacted by many charities asking about wine tastings. We contacted the ABC Board at that time and met with Chief Investigator Robert Beasley. The sole intention of the meeting was to make certain that we were in compliance with regulations relating to Title 4, specifically wine tastings.

Mr. Beasley explained that charities were required to obtain a Special Events Permit and that 100% of the profits must go to them. He also mentioned that several package stores other than WineStyles had done similar events. He



noted that alcohol could not be sold off premise, however, we were free to promote ourselves. Mr. Beasley advised that an owner/employee of WineStyles could not transport the wine to the event. We have been following these guidelines for each and every event that we participate in. We have, over the past ten years, been proactive with contacting AMCO with any questions or concerns.

In October of 2016, we received a letter in e-mail form, from former Director Cynthia Franklin. She outlined multiple issues that were of concern to her. We immediately responded to the concerns and explained that the information that she received was incorrect. We offered to forward emails that would demonstrate this. Additionally, we asked to speak via phone or attend a meeting to quell any perceived issues of our business but we did not receive a response to these requests. Director Franklin stated that we could expect a visit from AMCO enforcement team in the next 30 days. We were never contacted. At this point we contacted legal counsel, Sherman Ernouf, to assist in contacting AMCO. Due to a recent Director change a meeting could not be facilitated. We requested and received a copy of our license file. This did not show anything relating to the above issues or concerns.

On September 9, 2017, we were contacted by Investigator Hamilton. He advised us that AMCO had received a complaint stating we were pouring wine in the Alaska State Fair parking lot. We assured him that this was not the case, and added that an enforcement officer with AMCO had checked the license, signage, and TAP cards on Friday, August 25, 2017 during the Alaska State Fair Fundraising Event. At that time, we were told we were compliant. We have volunteered for The Alaska State Fair for 5 years now. In 2013 and 2014, the Fair applied and were approved by the ABC Board for a Special Events Permit. In 2015, at the direction of AMCO, we were told that the Alaska State Fair Recreational Site License would be sufficient for the tasting event and no Special Events Permit would be necessary, since the fundraiser benefited the fair. As such, the Alaska State Fair did not continue obtaining Special Event Permits.

WineStyles has been in business almost 10 years and we have never received a violation. We have gone to great lengths to ensure we are following all Title 4 guidelines.

The Notice of Violation is at least partially based on Ms. Franklin's e-mail letter of 10-13-16, accusing us of embracing a business model not legally permitted by the type of license we possess. Ms. Franklin never issued an NOV. Further, we asked repeatedly for a meeting in person or via teleconference so we would have the ability to explain how we had been operating for the previous 8 years. We were never afforded that opportunity. It is our position that we have been operating within Title 4 for the entire duration of our license and we request the notice of alleged violation be dismissed.

WineStyles is committed to working with AMCO and would like clarification of how you would like us to proceed with any future events. We take pride in being able to give back to our community and would like to continue to do so. We will comply with any guidance you provide us.

We would respectfully request a meeting with the Director as soon as is possible to address the above concerns. Thank you for your time and consideration in this regard.

Sincerely,

Doug & Kim Fifer WineStyles

cc. Sherman Ernouf, Ernouf & Coffey, P.C.



#### Hamilton, Joe (CED)

From: Oates, Sarah D (CED)

Sent: Wednesday, September 20, 2017 3:23 PM

To: Hamilton, Joe (CED)

Subject: FW: WineStyles Off Premises Operation of Package Store License

#### Sarah Daulton Oates

Program Coordinator
Alcohol & Marijuana Control Office
Phone: 907.269.0350
alcohol.licensing@alaska.gov
marijuana.licensing@alaska.gov



Please consider the environment before printing this e-mail.

From: Franklin, Cynthia A (CED)

Sent: Friday, October 14, 2016 10:10 AM

To: WineStylesAlaska <anchorage@winestyles.net>

Cc: Hoelscher, James C (CED) < james.hoelscher@alaska.gov >; CED AMCO Enforcement (CED sponsored)

<amco.enforcement@alaska.gov>; Oates, Sarah D (CED) <sarah.oates@alaska.gov>

Subject: WineStyles Off Premises Operation of Package Store License

#### Doug,

Thanks for replying. There are many reasons that we are concerned that WineStyles is soliciting and illegally using the Special Events permits to use your license for catering events is due to your history with our applications. First, you attempted to file an application yourself, and when you were told that your license does not permit you to sell or serve off premises, Bob got with you and helped you "figure out" how to do what you want. We also received a board resolution from a Non-Profit which stated that the proceeds from the wine sales would be split 50/50 between the organization and WineStyles. When we pointed out that was against the law, the organization "figured out" how to get you what you needed and changed the resolution.

The fact that in your email you say you told AlaskaUSA to get a Special Events Permit indicates a fundamental misunderstanding of Title 4.

Here is the Special Events Permit statute, AS 04.11.240

#### Sec. 04.11.240. Special events permit.

- (a) A special events permit authorizes the holder to sell or dispense beer or wine for consumption at designated premises for a specific occasion and limited period of time. Only nonprofit fraternal, civic, or patriotic organizations active for a period of at least two years before application and incorporated under <u>AS 10.20</u> are eligible for a special events permit, and only if all profits derived from the sale of beer or wine are paid to the organization and not to an individual.
- (b) An application for a special events permit must be received in the main office of the board at least 10 days before the date for which the permit is requested. The application must be signed by both the president and secretary of the organization applying for the permit. A sworn affidavit showing the length of time the organization has been in existence must accompany the application, together with a certified copy of the resolution of the board of directors authorizing

the application. The written approval of the law enforcement agency having jurisdiction over the designated premises of the occasion for which the permit is sought must also be obtained and accompany the application.

- (c) The special events permit must be surrendered to the board, its agent, or the law enforcement agency approving the permit, within 48 hours of its expiration time. Failure to surrender the permit is cause, in the discretion of the board, for denial of applications for permits made in the future by the organization. No more than five special events permits may be granted to an organization, including its auxiliary, in any one calendar year.
  - (d) A special events permit may not be transferred or renewed.
  - (e) The fee for a special events permit is \$50 a day.

As you can see, there is no way that AlaskaUSA, or any for profit business, could obtain a Special Events permit. That permit is for AS 10.20 non-profits only.

The normal reaction of a package store licensee when approached by a non-profit is to donate alcohol, as I stated in my letter. It is not to have the non-profit get a permit for an "event" that is an opportunity for you to market your store and sell your wine license off of your premises. It is for weddings, ball games, etc.

You cannot have yourself or your agents operating your license at their event. In order to protect their license, most package stores donate the alcohol, claim the write-off and that is the end of it. Offering to be at the event and serve the wine and having arrangements not reflected in the board resolution with the non-profit puts your license in jeopardy. You are marketing your business on the back of a Special Events permit with the event being a wine tasting. You are clearly operating your license at their event. And again, this is completely illegal.

It appears to us that you have embraced a business model not legally permitted by the type of license you possess. We have seen your advertisements to "find your bus" and get a free bottle of wine (or two). Giving alcohol away off of your premises is illegal. A wine tasting is operating your license off of your premises if you and your staff take the wine there, serve the wine, accept money for the wine, or have individuals order the wine at the event and pick them up at the store later. You are selling the wine at the event, by virtue of your license, and that is completely out of bounds.



I am directing you stop sending anyone who asks you to do a wine tasting our way for a permit, to stop selling and serving your wine in any place other than your licensed premises and to stop playing games with your wine like "find the bus". Please do not take the fact that I am sending you this letter to mean that we will not be filing NOV's. Finally, Bob

Beasley retired in October of 2015. His interpretations of statute were mistaken in many instances. Nothing that Bob told you binds me to ignore illegal conduct, and I will not ignore it.

Cynthia Franklin, Director Alcohol & Marijuana Control Office 907-269-0351

From: WineStylesAlaska [mailto:anchorage@winestyles.net]

Sent: Thursday, October 13, 2016 6:42 PM

To: Franklin, Cynthia A (CED)

Cc: WineStyles

Subject: RE: Letter with Corrected Date

Hi Cynthia:

Wow, lots to cover here. I certainly follow all provisions set forth in Title 4. We are approaching our 9<sup>th</sup> year in business and have worked well with AMCO. Although I did not personally talk with Alaska USA, we follow all permitting requirements. We are contacted quite often about tasting events. WineStyles supports many events involving charitable organizations. They all obtain a Special Events Permit from AMCO. Typically, tickets are sold for the event in advance. All profits, 100%, go to the charity. In fact, we are proud to have raised substantial amounts of money for these charities. We do not twist the law nor attempt to cater events. We do not solicit organizations to sell our wine in another location.

I have asked my manager, who did speak to Alaska USA, about what was said. We received an email on Friday, September 23<sup>rd</sup>, asking about a wine tasting. I can forward the email if you request. Again, we did not solicit Alaska USA. Appropriately, my employee said that we could not simply come pour at an event. He explained that a Special Events Permit would be required and to contact the AMCO with questions regarding that. We are contacted constantly from charities and other organizations about wine tastings. At the start of our business I was in contact with the ABC Board, now AMCO, reference what were the requirements for a package store to participate in wine tastings. These included emails, phone calls, and personal visits. Former Chief Enforcement Officer Bob Beasley would remember me well. I am extremely cautious in following Title 4 guidelines.

I am not sure why AMCO would suspect issues concerning our license. If you look back on our tasting events, they are all permitted. I would note that we cannot control what someone asks or says when contacting AMCO. The mere fact that they contacted your organization should lend credence that we follow Title 4. If I am missing something, or you have more specific information, please let me know.

I would like to follow this email with a telephone conversation or meeting. WineStyles is committed to being an excellent community member. I would like to discuss our wine tasting requirements, as previously done and approved by the ABC Board, so that any perceived issues are guelled.

Respectfully,

Doug Fifer

From: Franklin, Cynthia A (CED) [mailto:cynthia.franklin@alaska.gov]

Sent: Thursday, October 13, 2016 4:35 PM

To: anchorage@winestyles.net

Cc: CED AMCO Enforcement (CED sponsored) <a href="mailto:amco.enforcement@alaska.gov">amco.enforcement@alaska.gov</a>; Alcohol Licensing, CED ABC (CED

sponsored) <a href="mailto:sponsored">alcohol.licensing@alaska.gov</a>>

Subject: Letter with Corrected Date

Dear WineStyles,

Please find the same letter I sent earlier with a correct date of today.

Thank you,

Cynthia Franklin, Director Alcohol & Marijuana Control Office 907-269-0351

#### Hamilton, Joe (CED)

From:

Bailey, Mark E (CED)

Sent:

Tuesday, September 19, 2017 10:12 AM

To: Cc:

Hamilton, Joe (CED)

Subject:

McConnell, Erika B (CED) RE: Wine Styles

Attachments:

Winestyles.jpg; winestyles2.jpg; 2017-09-19 10h10 54.png

#### Photos from their Facebook.

#### -Mark

From: Bailey, Mark E (CED)

Sent: Tuesday, September 19, 2017 9:31 AM

To: Hamilton, Joe (CED) < joe.hamilton@alaska.gov>

Cc: McConnell, Erika B (CED) <erika.mcconnell@alaska.gov>

Subject: RE: Wine Styles

#### Good morning Joe,

At approximately 20:00 on Saturday the 26th we arrived to the area the motorhome was located. It was located at Pioneer Plaza, at the confluence of Purple, Yellow, and Red trail just adjacent to the Borealis theatre bathrooms. According to the diagram for License 39 - Alaska State Fair, that area is not designated.

They had the area roped off with the proper warning signs but no permits or licenses in sight. On their table they had all of their wine for 'sampling'. There was roughly a dozen types, with 1-3 bottles of each kind. On the table was also wine tasting spit buckets, but from my experience nobody including myself was using them. They served wine in small roughly 8oz plastic cups, and filled them half way.

There was a sign on the table stating that wine tasting was \$10 for three tickets and all proceeds would go to the Alaska State Fair. They accept cash and credit cards. It seemed their main effort was to gain subscribers to their wine club, as they got one of my friends to sign up.

The people working the table was one man and two women. The man and one of the women were somewhat younger and were a couple. From what our conversations gathered It appeared that the remaining woman was the owners wife, the owner was at home because the McGregor - Mayweather fight was underway.

If you have any specific questions of the situation feel free to let me know.

#### Best,



### Mark Bailey

Occupational Licensing Examiner Alcohol & Marijuana Control Office 550 West 7th Avenue, Suite 1600 Anchorage, Alaska 99501

A Please consider the environment before printing this e-mail. Less paper is better for us and our environment.

Business Registration Examiner | Dept. of Commerce and Economic Development | Alcoholic Beverage & Marijuana Control Boards

550 W. 7th Ave. Ste. 1600 Anchorage, AK 99501 | 907.269.0358 | fax 907.334.2285

P Please consider the environment before printing this e-mail.

Less paper is better for us and our environment.

From: WineStylesAlaska [mailto:anchorage@winestyles.net]

Sent: Tuesday, August 11, 2015 7:33 PM

To: Andrews, Maxine R (CED)

Subject: Palmer Fair

Hi Maxine,

Would you be able to send me a copy of the Recreational Site Permit/License we are pouring under for the Alaska State Fair? I told them I had spoken with you and Sarah about the permitting but I just wanted to be able to send them a copy to let them know we are covered.

Thank you and hope you are out enjoying the sunshine!

Kim

No virus found in this message.

Checked by AVG - www.avg.com < http://www.avg.com>

Version: 2015.0.6086 / Virus Database: 4392/10422 - Release Date: 08/12/15

From: Hamilton, Joe (CED)

Sent: Tuesday, September 19, 2017 8:51 AM

To: Bailey, Mark E (CED) <mark.bailey@alaska.gov>

Cc: McConnell, Erika B (CED) <erika.mcconnell@alaska.gov>

Subject: Wine Styles

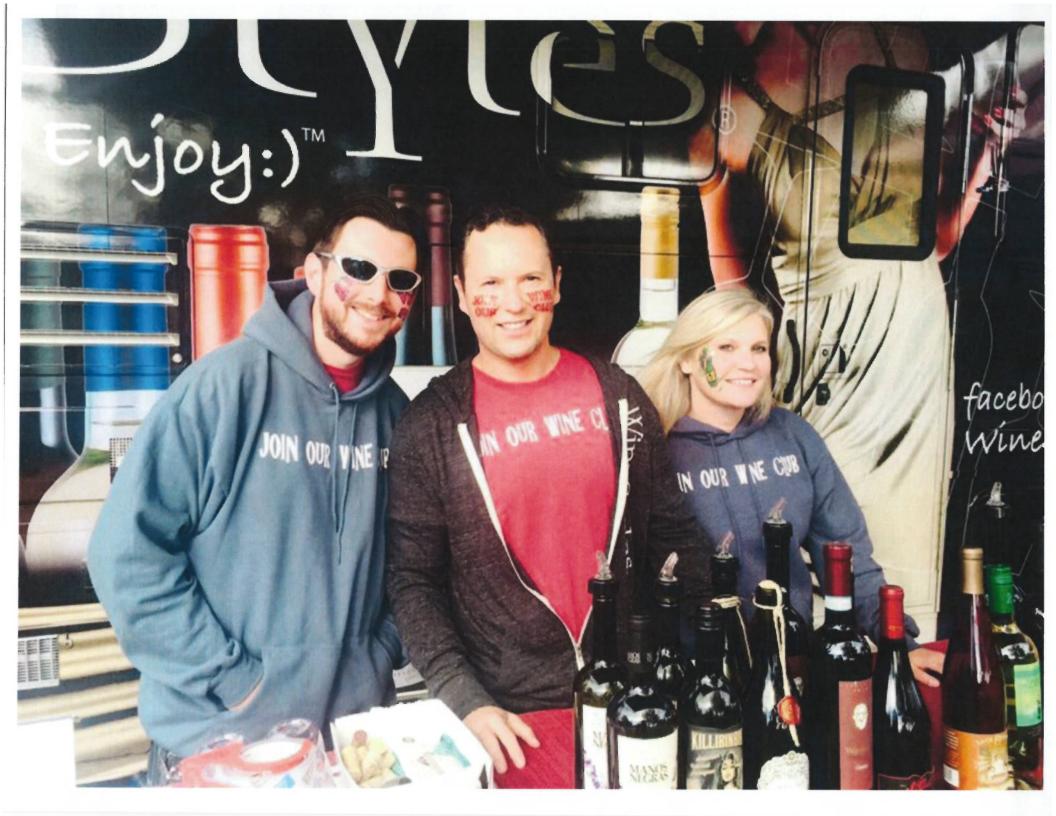
Mark,

It's my understanding that you saw Wine Styles on 10-27-17 at the fairgrounds serving wine out of their motor home. Could you provide me with a little more detail of what you saw, time, were they accepting money? Do you know any people in the motorhome etc.

Joe



Joe Hamilton
Special Investigator 1
Enforcement Unit
Alcohol & Marijuana Control Office
550 W. 7th Ave, Suite 1600
Anchorage, AK 99501
Office (907) 269-0063
Cell (907) 441-2534
joe.hamilton@alaska.gov





WineStyles at the Alaska State Fair! \$10 WINE TASTING

Special appearance by VinoMan!

We're at the FAIR, miss out, don't you DARE! We'll be pouring some scrumptious VINO, so find the WineStyles BUS, taste some wine, 12-8 is the timel

When: "Opening Weekend" This Thursday-Sunday

Where: Pioneer Plaza (Find the WineStyles RV, it's easy to SEE!)

Why: Proceeds benefit the FAIR

AND: Wine Club Members get a 4th sample FREE! "











#### Hamilton, Joe (CED)

From:

WineStyles <anchorage@winestyles.net>

Sent:

Tuesday, September 19, 2017 3:59 PM

To:

Hamilton, Joe (CED)

Cc:

WineStyles

Subject:

Fwd: Palmer Fair- Recreational Site License #39

Attachments:

winmail.dat

# Mr. Hamilton:

I've attached an email sent to Maxine in 2015. I had also called the AMOC office and discussed the recreational pour permit prior to the email exchange. The first few years we obtained a special events permit. We were then told to use the recreational license since it was essentially duplicating efforts.

We are provided a spot on the actual fairgrounds yearly. (near purple trail by the concert venue) This is entirely within the fairgrounds covered by their recreational permit. I believe that it was Friday the 25th of August that a representative from AMOC checked our signs, permit, and TAP cards. He left his business card, however, it is likely in our motorhome and we are out of state. The representative was tall, thinner, and short dark hair if that helps. Possibly Jeff Rukes but I can't be certain. I would estimate that it was around 2-3pm that he visited. He requested that

one sign be made more visible and that everything else was ok.

Are you at liberty to tell us who reported us pouring in the parking lot? This never happened, nor could anything be misconstrued to suggest it. We have been at the same spot yearly. Feel free to call me on my cell 907-884-1757.

Respectfully,

Kim Fifer

#### Begin forwarded message:

From: "WineStylesAlaska" < anchorage@winestyles.net>

**Date:** September 19, 2017 at 11:08:22 AM MST **To:** "WineStyles" <a href="mailto:snetyles.nety

Subject: FW: Palmer Fair- Recreational Site License #39

From: Andrews, Maxine R (CED) [mailto:maxine.andrews@alaska.gov]

Sent: Wednesday, August 12, 2015 7:31 AM

To: WineStylesAlaska <anchorage@winestyles.net>
Subject: RE: Palmer Fair- Recreational Site License #39

#### October 4, 2017

Ms. Erika McConnell, Director Alcoholic Beverage Control Board 550 W. 7<sup>th</sup> Avenue Suite 1600 Anchorage, Alaska 99501 VIA EMAIL AND REGULAR MAIL

> Re: Package Store, License #4732 Notice of Violation, Number AB17-0423

#### Dear Erika:

This letter is in response to the Notice of Violation we received on September 22, 2017, alleging a violation of Title 4, Statutes AS04.11.010: Selling w/out a license, AS04.11.150: Package Store License, AS04.11.370: Suspension and revocation of licenses and permits, 3AAC304.415: Storing, warehousing and transporting and AS 04.21.030: Responsibility of licensees, agents, and employees.

We believe that there is a fundamental misunderstanding as to how we participate in fundraising events for charitable organizations. We do not sell or give away alcohol off premise. We do not transport the alcohol to events. The charity/volunteer is required to pick up the wine. All profits derived go only to the charity. We volunteer our time at these events. AMCO has approved every event that we have participated in. Enforcement investigators have checked permits, signage and TAP cards at many events.

In regards to the Notice of Violation we feel it necessary to offer some historical context based on contacts, emails, and discussions with AMCO. Winestyles opened in 2007. At the start of our business, we were contacted by many charities asking about wine tastings. We contacted the ABC Board at that time and met with Chief Investigator Robert Beasley. The sole intention of the meeting was to make certain that we were in compliance with regulations relating to Title 4, specifically wine tastings.

Mr. Beasley explained that charities were required to obtain a Special Events Permit and that 100% of the profits must go to them. He also mentioned that several package stores other than WineStyles had done similar events. He noted that alcohol could not be sold off premise, however, we were free to promote ourselves. Mr. Beasley advised that an owner/employee of WineStyles could not transport the wine to the event. We have been following these guidelines for each and every event that we participate in. We have, over the past ten years, been proactive with contacting AMCO with any questions or concerns.

In October of 2016, we received a letter in e-mail form, from former Director Cynthia Franklin. She outlined multiple issues that were of concern to her. We immediately responded to the concerns and explained that the information that she received was incorrect. We offered to forward emails that would demonstrate this. Additionally, we asked to speak via phone or attend a meeting to quell any perceived issues of our business but we did not receive a response to these requests. Director Franklin stated that we could expect a visit from AMCO enforcement team in the next 30 days. We were never contacted. At this point we contacted legal counsel, Sherman Ernouf, to assist in contacting AMCO. Due to a recent Director change a meeting could not be facilitated. We requested and received a copy of our license file. This did not show anything relating to the above issues or concerns.

On September 9, 2017, we were contacted by Investigator Hamilton. He advised us that AMCO had received a complaint stating we were pouring wine in the Alaska State Fair parking lot. We assured him that this was not the case, and added that an enforcement officer with AMCO had checked the license, signage, and TAP cards on Friday, August 25, 2017 during the Alaska State Fair Fundraising Event. At that time, we were told we were compliant. We have volunteered for The Alaska State Fair for 5 years now. In 2013 and 2014, the Fair applied and were approved by the ABC Board for a Special Events Permit. In 2015, at the direction of AMCO, we were told that the Alaska State Fair Recreational Site License would be sufficient for the tasting event and no Special Events Permit would be necessary, since the fundraiser benefited the fair. As such, the Alaska State Fair did not continue obtaining Special Event Permits.

WineStyles has been in business almost 10 years and we have never received a violation. We have gone to great lengths to ensure we are following all Title 4 guidelines.

The Notice of Violation is at least partially based on Ms. Franklin's e-mail letter of 10-13-16, accusing us of embracing a business model not legally permitted by the type of license we possess. Ms. Franklin never issued an NOV. Further, we asked repeatedly for a meeting in person or via teleconference so we would have the ability to explain how we had been operating for the previous 8 years. We were never afforded that opportunity. It is our position that we have been operating within Title 4 for the entire duration of our license and we request the notice of alleged violation be dismissed.

WineStyles is committed to working with AMCO and would like clarification of how you would like us to proceed with any future events. We take pride in being able to give back to our community and would like to continue to do so. We will comply with any guidance you provide us.

We would respectfully request a meeting with the Director as soon as is possible to address the above concerns. Thank you for your time and consideration in this regard.

Sincerely,

Doug & Kim Fifer WineStyles

cc. Sherman Ernouf, Ernouf & Coffey, P.C.

From: Andrews, Maxine R (CED) [mailto:maxine.andrews@alaska.gov]

Sent: Wednesday, August 12, 2015 7:31 AM

To: WineStylesAlaska <anchorage@winestyles.net>
Subject: RE: Palmer Fair- Recreational Site License #39

STATE OF ALASKA - ALCOHOLIC BEVE FORM CONTROL	RAGE CONTROL BOARD LICENSE NUMBER
	OR LICENSE 39 15 - 2016
	THIS LICENSE EXPIRES MIDNIGHT DECEMBER 31 UNLESS DATED BELOW
TYPE OF LICENSE: Recreational Site	
LICENSE FEE. \$800.00	
FILING FEE: \$200.00	CTTY / BOROUGH Palmer Materialise Borough
	This itemse cannot be transferred without permission of the Alcoholic Beverage Control Board
D/B/A	Special restriction - see reverse side
Alaska State Fair	ISSUED BY ORDER OF THE
1 Mile South of Palmer	ALCOHOLIC BEVERAGE CONTROL BOARD
Alaska State Fair Inc	(C(0) 2)\Y
2075 Glenn Hwy	DiRECTOR
Palmer, AK 99645	THIS LICENSE MUST BE POSTED IN A VISIBLE PLACE ON THE PREMINE- 04-900 GREV MINE

#### **Maxine Andrews**

Business Registration Examiner | Dept. of Commerce and Economic Development | Alcoholic Beverage & Marijuana Control Boards 550 W. 7th Ave. Ste. 1600 Anchorage, AK 99501 | 907.269.0358 | fax 907.334.2285



Please consider the environment before printing this e-mail.

Less paper is better for us and our environment.

From: WineStylesAlaska [mailto:anchorage@winestyles.net]

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To: Andrews, Maxine R (CED)

Subject: Palmer Fair

Hi Maxine,

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Thank you and hope you are out enjoying the sunshine!

Kim

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2015.0.6086 / Virus Database: 4392/10422 - Release Date: 08/12/15

## **Notice of Violation**

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 10-6-17 License #/Type: #2924 / Beverage Dispensary

Licensee: MTM, Inc. Address: 251 W. Parks Hwy, Wasilla, AK

DBA: Mug Shot - Saloon AMCO Case #: AB17-0450

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

AMCO investigators received information that you enclosed your deck area on your establishment without prior approval from the Mat-Su Fire Department. Enclosing this deck increased your occupancy level to a point that the establishment is required to have a sprinkler system. Attempts by fire department personnel to contact Mug Shot representatives have met with negative results.

Your attention is referred to AS04.16.150: Licensee responsible for violations and AS04.21.030: Responsibility of licensees, agents, and employees.

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

3 AAC 304.525 (B) provides that upon receipt of a Notice of Violation, a licensee may request to appear before the Director and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice and the Director must grant an appearance within ten days after receipt of a request. A Licensee shall respond, either orally or in writing, to the Notice.

Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7<sup>th</sup> Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton Received by:

SIGNATURE: SIGNATURE:

Delivered VIA: Mail Date:

#### MTM, INC.

November 2, 2017

RE: Notice of Violation Response

License #: 2924

AMCO Case #: AB17-0450

#### Dear Mr. Hamilton:

Please review the following information pertaining to the steps we have taken, and our action plan to continually address, the concerns brought forth by Fire Code Officials and the AMCO office. A summary of the steps we have taken and our current action plan for compliance is as follows:

- 1. Our organization received an email from Mat-Su Borough Fire Code Official Don Cuthburt on 9/15/17 notifying us of our need to stop any construction on our new back deck enclosure.
- 2. After multiple communications with Fire Code Officials, we met on-site at the Mug-Shot Saloon (251 W. Parks Hwy, Wasilla) for a Fire and Life Safety meeting to discuss the concerns and identify an action plan to address the enclosure and subsequent building occupant load.
- 3. As requested by Fire Code Officials, we submitted a written plan/request for action on Monday, October 23<sup>rd</sup>. (Attached).
- 4. On 10/26/2017, Mr. Don Cuthbert met with our maintenance staff and agreed to allow our occupant load to be increased from their proposed 100 to 200 during regular business operation, with an increased occupant load of 240 for special events (i.e. Halloween & New Year's), under the following conditions:
  - a. We provide a signed and stamped engineer drawing by close of business December 27, 2017.
  - b. We provide a signed commitment and installation time frame for automatic sprinkler system by close of business December 27, 2017.
  - c. The deck may not be used as a serving space.
  - d. During special events mentioned above, all exit doors must be able to open by pushing.
  - e. The plan we submitted to control our occupancy (attached) remains in place.

On 10/27/2017 we instructed all staff to cease any service on our back deck. All employees have been notified of this policy and it is currently being enforced.

We received a quote today for an automatic sprinkler system installation; we will continue to request quotes and will proceed swiftly to retain services for installation to meet the deadline of 12/27/2017 as required by Fire Code Officials, as well as a signed and stamped engineer drawing.

Thank you for your patience and understanding; we are committed to maintaining compliance with all State and Borough officials, and are working diligently to rectify this matter. Please let my office know if you require any further information in response to our Notice of Violation.

Sincerely,

Ted Anderson Owner/Operator

MTM, Inc. dba Mug-Shot Saloon

Tedwill

Attachements:

1. MSB Action Plan.



1911 S. terrace court

# MUG-SHOT SALOON 251 W. PARKS HWY.

Central Mat-Su Fire Department

Palmer Alaska

Dear Mr. Cuthbert

Regarding your e-mail dated October 18, 2017 We propose as follows, with explanation.

We will designate a fire watch scheduled 24 hours a day, 7 days a week year around. We will be diligent as to proceeding with a whole building sprinkler system as required for the added seating capacity. We will continue to monitor our capacity by furnishing our door men with counters and walkie talkies for communication amongst the staff on busy nights.

If we have to limit our capacity to under 100 we will not be able to afford to stay open. This provision would place a financial hardship on the business, especially in this economic climate. We always have the safety of our employees, patrons and community, as a whole, at the top of our concerns in all we do. Whether it be fire safety, general hazard safety, providing rides or designated drivers to keep all safe. We have always had an excellent working relationship with law enforcement to help them perform their duties. We appreciate your consideration and hope we can all work together to come to a solution that will work for all.

Sincerely,

Ted W. Anderson Jr.

President MTM Inc.

# **Notice of Violation**

(3AAC 304.525)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 10-25-17

License #/Type: #5587 / Brewery

Licensee: Quake! Brewing Company, LLC

Address: 1540 N. Shoreline Drive, Wasilla, AK

DBA: Quake! Brewing Company

AMCO Case #: AB17-0472

This is a notice to you as licensee that an alleged violation has occurred. If the Alcoholic Beverage Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

On October 22, 2017, AMCO Enforcement located an advertisement from Quake! Brewing Company on Facebook. The advertisement stated they have a beer that was just released and that it had been brewing for approximately 1.5 years. Quake Brewing had a location in Eagle River in 2016 where the licensee started brewing the Belgian beer. There was a dispute with the landlord which ended by Quake Brewing losing that location. In February of 2017, the ABC Board denied Quake a permanent license because they had lost their location. Quake then found a new location in Wasilla, re-applied for a new license and was granted a brewery license on August 3, 2017. Quake Brewing admitted that he sold beer that was brewed at a different location other than his current approved premises. He stated that he started brewing the beer at his previous licensed premises in Eagle River. The Licensee was informed that this was not permitted and instructed to remove all beer that had not been brewed at his new facility. This is a violation of Title IV.

Your attention is directed to AS04.11.130: Brewery license

You are directed to respond in writing to this Notice of Violation within 10 days of receipt to explain what action you have taken to prevent a re-occurrence of this violation. FAILURE TO RESPOND TO THIS NOTICE OF VIOLATION WITHIN 10 DAYS WILL RESULT IN YOUR APPREARANCE, EITHER IN PERSON OR TELEPHONICALLY, BEFORE THE ABC BOARD AT THEIR NEXT REGULARLY SCHEDULED BOARD MEETING.

\*Please send your response to the address below and include your alcohol license number in your response.

3 AAC 304.525 (B) provides that upon receipt of a Notice of Violation, a licensee may request to appear before the Director and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice and the Director must grant an appearance within ten days after receipt of a request. A Licensee shall respond, either orally or in writing, to the Notice.

Alcohol & Marijuana Control Office ATTN: Enforcement 550 W. 7th Ave, Suite 1600 Anchorage, Alaska 99501 amco.enforcement@alaska.gov

Issuing Investigator: J. Hamilton

Received by:

SIGNATURE:

SIGNATURE:

Delivered VIA: Mail

Date:

7013 2250 0000 9617 5774

### 12:52 PM a facebook.com



# QUAKE Brewing Company is at QUAKE Brewing Company.

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#### **NEW BEER ALERT:**

Foreshock (11% ABV) now available!!!

We had our first snowfall last night and, to celebrate, we are releasing Foreshock.

Foreshock is an 11% ABV Belgian Golden Strong Ale that has been aged for approximately 1.5 years. It will get you warmed up for the winter to come.

Foreshock is brewed with Alaskan Honey, and dry-hopped with Fuji Apples. Only one (1) keg remains, so come in and enjoy a glass while it is still available.

Regular open hours are Mon-Thur, 5-8 pm and Fri-Sun, 12-8 pm.

1540 N. Shoreline Drive, Wasilla, AK 99654.

See you soon. Cheers!





1 Comment 1 Share







From: Danyelle D. Kimp

To: McConnell, Erika B (CED)

Cc: Hamilton, Joe (CED); CED AMCO Enforcement (CED sponsored)

Subject: Re: Foreshock

**Date:** Tuesday, October 31, 2017 11:55:02 AM

Hello Director McConnell,

The former version of Foreshock (aged Belgian Golden Strong Ale) is no longer located on the licensed premises, per your request.

All future batches of this recipe shall be brewed and maintained on the licensed premises.

Thank you for your consideration and understanding in this matter. I truly appreciate it.

I have attached the signed notice to this email.

If you have any questions, please don't hesitate to contact me.

Respectfully,

Danyelle D. Kimp Founder & Real Beer Geek QUAKE! Brewing Company www.quakebrewingcompany.com 404-834-0997

DISCLAIMER: The information contained in this communication is intended for the sole use of the named addressees/recipients to whom it is addressed. This communication may contain information that is exempt from disclosure under the Freedom of Information Act, 5 U.S.C. 552 and the Privacy Act, 5 U.S.C.552a. Addressees/recipients are not to disseminate this communication to individuals other than those who have an official need to know. If you received this communication in error, please do not examine, review, print, copy, forward, disseminate, or otherwise use the information. Please immediately notify the sender and delete the copy received.

On Oct 25, 2017 9:25 AM, "Danyelle D. Kimp" < danyelle.d.kimp@gmail.com> wrote: Hello Director McConnell,

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