

# Notice of Violation

(3AAC 306.805)

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

Date: 12-11-17

License #/Type: Wholesale #3964

Licensee: K & L Beverage Company, LLC

Address: 6307 Arctic Spur Road, Anchorage, AK

DBA: K & L Distributors Alaska

AMCO Case #: AB17-0707

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 11-21-17, AMCO Investigators learned of five sales of alcoholic beverages made to Klutina Lodge which has an Outdoor Recreation Lodge - Seasonal from May 1st to Oct 31st, 2017/18. These sales were initially denied because the sale was after October 31, effectively making Klutina Lodge a non-licensee. The sales were later approved by the Sale's Manager and the President of the Company. This is a violation of Title IV.

Your attention is directed to AS 04.11.160: Wholesale licenses, AS 04.16.150: Licensee responsible for violations and AS 04.21.030: 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](mailto:amco.enforcement@alaska.gov)

Issuing Investigator: J. Hamilton

Received by:

SIGNATURE: 

SIGNATURE: 

Delivered VIA: Mail

Date: 

DEC 27 2018

Article #



DISTRIBUTORS  
6307 Arctic Spur Road • Anchorage, AK 99518  
(907) 563-3030 • (800) 478-3031 • FAX: (907) 786-0270

**December 20, 2017**

Alcohol & Marijuana Control Board  
Attn.: Enforcement  
550 West 7<sup>th</sup> Ave., Suite 1600  
Anchorage, AK 99501

As requested, I am responding in writing to the Notice of Violation that we received on December 11, 2017. We received the request for records of sales to Klutina Lodge from your office on December 4, and immediately forwarded the invoices to your attention on December 7. As you can see, we did sell items to the account (18 total bottles of liquor; 7 on November 6, and 11 on November 14), but these sales were not approved by the sales manager or the President of the company as indicated in the complaint.

Our system of invoicing has the ability to open and close accounts based on seasonality, inability to pay, etc. This account was not closed in our system on October 31, as it should have been.

As a result, the account made some purchases in November to take advantage of some highly allocated bourbons and whiskeys that we had made available to our customers in November. Reviewing this issue, I have found some procedure areas in our company that need to be addressed so that seasonal accounts get properly closed at the conclusion of their season as listed on their license, so that we can not physically invoice or sell to them. I have since addressed these areas in our organization to insure that our route accounting system is updated and in compliance with the accounts' license (see attached procedure).

The complaint indicates that these sales were initially denied and then approved by the sales manager and the President of the company. This is not true, and is clearly an assumption that was made by one of our employees. We sell a large amount of spirits legally to our licensed customers in the State of Alaska and we would not risk our ability to do that over 18 bottles of whiskey. I can assure you that I did not approve this sale nor did the sales manager.

Our organization has some areas of clarification on seasonal accounts that I wanted to explore with the Alcohol & Marijuana Control Office to insure that we understand our responsibilities with our license:

*"Can we sell to seasonal accounts prior to their opening date, if they do not plan on re-selling the product to the public prior to their opening and what period of time would be allowed?"*

*"If you can sell to a seasonal account prior to the opening date, can we sell to a seasonal account after their closing date if there is no intent to re-sell?"*

*"Finally, at one time, the Alcohol & Marijuana Control Office provided the seasonal opened and closing dates of the license on its website, is this data possible in the future?"*

With these new procedures in place, we feel confident that this type of incident will not occur in the future at our company.

Sincerely,

Donald A. Grasse  
President, Alaska  
Email: [dgrasse@kldistributor.com](mailto:dgrasse@kldistributor.com)  
Phone: (907) 786-0218



6307 Arctic Spur Road • Anchorage, AK 99518  
(907) 563-3030 • (800) 478-3031 • FAX: (907) 786-0270

**To:** Diane Guintu (Credit Manager), Linda Olson (Fairbanks Office Manager), Lexus Jaramillo (Southeast and Fairbanks Collections Administrator)  
**From:** Don Grasse  
**Date:** Wednesday, December 20, 2017  
**RE:** Account Maintenance Procedure

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It has come to my attention that our account profile in our VIP system has not been properly maintained and as a result, we have sold product to a customer with an expired seasonal license. This is a violation of our license under Title IV. In reviewing our systems and communications, it has become apparent through time that the roles and the responsibility of account maintenance has become unclear in our organization.

This memo will serve to clarify those roles and to institute new procedures to ensure that sales to non-licensed or seasonal accounts does not happen in the future.

#### New Procedure

The responsibility and duty for opening and closing accounts in our system is the sole responsibility of the Credit Manager for the Anchorage Market and the Fairbanks Office Manager for Southeast and Fairbanks accounts. A reminder system needs to be put in place to make sure seasonal accounts are unchecked as open and checked as closed in our system based on the dates on their issued license. This responsibility extends to managing account expiration dates and renewals. No one in the organization has the authority or ability to manage this process in our system.

The responsibility of opening new accounts is also the sole responsibility of the individuals listed above. New account license setup in our system needs to be verified by personnel listed above with direct contact to the Alcohol and Marijuana Control Office or a photo of the license obtained through the field.

A thorough review of our account files needs to be conducted in each market immediately to ensure that correct coding, license dates, license types and license numbers are properly entered in our system. This review needs to be conducted annually in February to ensure that our processes and procedures are being correctly implemented. This review can be assisted and managed by other administrators, but the above listed personnel need to be included.

If you have any questions, please me a call.

Thanks,

Don Grasse



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

**Alaska Alcoholic Beverage Control Board**

**Wholesale License**

**Form AB-17e: 2019/2020 Renewal License Application**

**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing wholesale liquor license that will expire on December 31, 2018. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

**This form must be completed correctly and submitted to the Alcohol & Marijuana Control Office (AMCO)'s main office, along with all other required documents and fees, before any renewal license application will be considered complete. Receipt and/or processing of renewal payments by AMCO staff neither indicates nor guarantees that an application will be considered complete, or that a license will be renewed.**

**Section 1 – Establishment and Contact Information**

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

Licensee:	K & L Beverage Company, LLC	License #:	3964
License Type:	Wholesale - General	Statute:	AS 04.11.160(a)
Doing Business As:	K & L Beverage Company		
Premises Address:	6307 Arctic Spur Road		
Local Governing Body:	Municipality of Anchorage		
Community Council:	Taku/Campbell		

Mailing Address:	PO Box 9300				
City:	Renton	State:	WA	ZIP:	98057

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual **must be a licensee** who is required to be listed in and authorized to sign this application.

Contact Licensee:	Brian O'Neill	Contact Phone:	714-665-1003
Contact Email:	brianoneill@youngsholdings.com		

**Optional:** If you wish for AMCO staff to communicate with individual who is not a licensee named on this form (eg: legal counsel) about this application and other matters pertaining to the license, please provide that person's contact information in the fields below.

Name of Contact:	Tonda LaKous	Contact Phone:	206-454-8814
Contact Email:	tondalakous@kldistributor.com		





Alaska Alcoholic Beverage Control Board

Form AB-17e: 2019/2020 Wholesale Renewal License Application

Section 2 - Entity or Community Ownership Information

This top subsection must be completed by any licensee that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). This number is neither your EIN/tax ID number, nor your business license number. You may view your entity's status or find your CBPL entity number by using the following site: https://www.commerce.alaska.gov/cbp/main/search/entities

Alaska CBPL Entity #: 66360F

You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL.



This subsection must be completed by any community or entity, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

- If the applicant is a corporation, the following information must be completed for each stockholder who owns 10% or more of the stock in the corporation, and for each president, vice-president, secretary, and managing officer.
If the applicant is a limited liability organization, the following information must be completed for each member with an ownership interest of 10% or more, and for each manager.
If the applicant is a partnership, including a limited partnership, the following information must be completed for each partner with an interest of 10% or more, and for each general partner.

Important Note: The information provided in the below fields (including spelling of names, specific titles, and percentages held) must match that which is listed with CBPL. If one individual holds multiple titles mentioned in the bullets above, all titles must be listed for that individual on this application and with CBPL. Failure to list all required titles constitutes an incomplete application.

Table with 6 columns: Name of Official, Title(s), Phone, % Owned, Mailing Address, City, State, ZIP. Entry for Snowbelt Beverage Co LLC, Member, 714-665-1000, 100% owned, 14402 Franklin Avenue, Tustin, CA, 92780.

Table with 6 columns: Name of Official, Title(s), Phone, % Owned, Mailing Address, City, State, ZIP. Entry for Chris Underwood, Affiliate, 714-665-1000, 0% owned, 14402 Franklin Avenue, Tustin, CA, 92780.

Table with 6 columns: Name of Official, Title(s), Phone, % Owned, Mailing Address, City, State, ZIP. Entry for Brian O'Neill, Affiliate, 714-665-1003, 0% owned, 14402 Franklin Ave, Tustin, CA, 92780.



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**Officials for K&L Beverage Company, LLC**

Name of Official:	Vernon O. Underwood
Title:	Chairman and Treasurer
Phone:	714.368.4615
% Owned:	0
Mailing Address:	14402 Franklin Avenue Tustin CA 92780
Name of Official:	Christopher C. Underwood
Title:	CEO
Phone:	714.368.4615
% Owned:	0
Mailing Address:	14402 Franklin Avenue Tustin CA 92780
Name of Official:	Donald M. Robbins
Title:	Secretary
Phone:	714.368.4615
% Owned:	0
Mailing Address:	14402 Franklin Avenue Tustin CA 92780
Name of Official:	David Soloman
Title:	Executive Vice President / Chief Financial Officer/ Assistant Secretary
Phone:	714.368.4615
% Owned:	0
Mailing Address:	14402 Franklin Avenue Tustin CA 92780
Name of Official:	Harold McGovern
Title:	Executive Vice President General Manager NW
Phone:	425.251.9300 X 26527
% Owned:	0
Mailing Address:	20301 59 <sup>th</sup> Pl So Kent WA 98032
Name of Official:	Brian O'Neill
Title:	Executive Vice President / General Counsel / Assistant Secretary
Phone:	714.368.4615
% Owned:	0
Mailing Address:	14402 Franklin Avenue Tustin CA 92780
Name of Official:	Drew Bauer
Title:	Senior Vice President – Finance / Treasurer
Phone:	714.368.4615
% Owned:	0
Mailing Address:	14402 Franklin Avenue Tustin CA 92780

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Alaska Alcoholic Beverage Control Board  
**Form AB-17e: 2019/2020 Wholesale Renewal License Application**

**Section 3 – Sole Proprietor Ownership Information**

This section must be completed by any licensee who directly holds the license as an individual or multiple individuals and is applying for license renewal. If more space is needed, please attach a separate sheet that includes all of the required information. Entities should skip to Section 4. The following information must be completed for each licensee and each affiliate (spouse).

This individual is an:  applicant  affiliate (spouse)

Name:				Contact Phone:	
Mailing Address:					
City:		State:		ZIP:	
Email:					

This individual is an:  applicant  affiliate (spouse)

Name:				Contact Phone:	
Mailing Address:					
City:		State:		ZIP:	
Email:					

**Section 4 – License Operation**

Check a single box for each calendar year that best describes how this liquor license was operated:

	2017	2018
The license was regularly operated continuously throughout each year.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
The license was regularly operated during a specific season each year.	<input type="checkbox"/>	<input type="checkbox"/>
The license was only operated to meet the minimum requirement of 240 total hours each calendar year. <i>If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.</i>	<input type="checkbox"/>	<input type="checkbox"/>
The license was not operated at all or was not operated for at least the minimum requirement of 240 total hours each year, during one or both of the calendar years. <i>If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement, unless a complete copy of the form (including fees) has already been submitted for that year.</i>	<input type="checkbox"/>	<input type="checkbox"/>

**Section 5 – Violations and Convictions**

Applicant violations and convictions in calendar years 2017 and 2018:

	Yes	No
Have any notices of violation (NOVs) been issued to this licensee in the calendar years 2017 or 2018?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2017 or 2018?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.



Alaska Alcoholic Beverage Control Board

Form AB-17e: 2019/2020 Wholesale Renewal License Application

Section 6 - Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application, and that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

[Handwritten initials]

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently approved and on file with the Alcoholic Beverage Control (ABC) Board.

[Handwritten initials]

I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

[Handwritten initials]

I am submitting as part of this application a completed copy of Form AB-25: Supplier Certification for each distiller, brewer, vintner, or importer of each product line of alcoholic beverages that I have purchased or intend to purchase, offer for sale, or sell. Additionally, I have submitted as part of this application the required supplier fee, following the attached Supplier Fee Schedule.

[Handwritten initials]

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board or AMCO staff in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

Brian O'Neill

Signature of licensee

Signature of Notary Public

Printed name of licensee

Notary Public in and for the State of

My commission expires:

Subscribed and sworn to before me this \_\_\_ day of \_\_\_, 20\_\_.

Seasonal License? Yes [ ] No [X]

If "Yes", write your six-month operating period: \_\_\_\_\_

License Fee:	\$ 2000.00	Application Fee:	\$ 300.00	TOTAL:	\$ 2300.00
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					

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A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Orange

Subscribed and sworn to (or affirmed) before me on this 27<sup>th</sup>  
day of December, 2018, by Brian O'Neill

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Seal)

Signature Kim Jensen

AMCO

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