

**NORTH CAROLINA ALCOHOLIC BEVERAGE CONTROL  
COMMISSION MINUTES  
AUGUST 9, 2017**

The following narrative summarizes the North Carolina Alcoholic Beverage Control Commission meeting held at 400 East Tryon Road in Raleigh, North Carolina on August 9, 2017, beginning at 10:00 AM. The meeting was recorded and the disc is on file at the NC ABC Commission within the Legal Division.

**ROLL CALL**

Chairman A.D. Zander Guy, Jr. and Commissioner Michael C. Herring were present. Chairman Guy introduced himself and Commissioner Mike Herring. Chairman Guy welcomed all to the August meeting and called the meeting to order.

Chairman Guy recognized the employees of the NC ABC Commission and stated he appreciated them. Chairman Guy also introduced Walker Reagan, an attorney working as a contractor to assist the ABC Commission with the rules process.

Chairman Guy stated he had recently attended the summer meeting in Greensboro of the NC Spirits Association and the NC ABC Boards. Chairman Guy thanked Laurie Lee for her presentation, as well as, Moniqua McLean and Agnes Stevens for their contributions. Chairman Guy also recognized Barry Lee and Graham Thompson, of LB&B Associates, the contractor managing the NC ABC Warehouse and also thanked them.

**MINUTES OF JULY 19, 2017**

Chairman Guy asked for a motion to waive the reading of the minutes of the July 19, 2017 meeting into the record. Commissioner Herring made a motion to waive the reading of the minutes. Chairman Guy seconded the motion. Motion Passed. Chairman Guy asked for a motion to approve the minutes of the July 19, 2017 meeting. Commissioner Herring made a motion to approve the minutes. Chairman Guy seconded the motion. Motion Passed.

**CONFLICTS OF INTEREST**

As required by N.C.G.S. § 138A-35, Chairman Guy asked if there were any conflicts of interest or any conditions or facts which might create the appearance of a conflict of interest with respect to any matters on the agenda. Commissioner Herring stated he found no conflicts of interest. Chairman Guy stated he found no conflicts of interest.

**I. CONTESTED CASES AND OFFERS IN COMPROMISE – 62**

Chief Counsel Renee C. Metz stated add-on case number 62, Residence Inn by Marriott Chapel Hill, was a contested case. Mrs. Metz explained the Administrative Law Judge had found the sale to underage had occurred. However, as the draft order had been prepared by the Respondent's attorney and much of the

first part was a diatribe, the Judge requested it be addressed with the Attorney General's office before proceeding. In the Final Decision, the Judge gave the Respondent the authority to select the dates for the three consecutive days it would take its suspension, as well as a \$5,000.00 penalty. Mrs. Metz stated they were comfortable with the advice of the Attorney General's office and Mr. Lassiter stated they would like to begin the suspension on Friday, August 25, 2017 and continue it through August 26 and 27, 2017. Mrs. Metz stated the penalty payment was due by August 18, 2017. Mrs. Metz asked the Commission to approve August 18, 2017 as the date for payment and August 25, 2017 as the beginning date of the suspension.

Commissioner Herring made a motion to approve the requested dates. Chairman Guy seconded the motion. Motion Passed.

Mrs. Metz requested case numbers 40 and 43 be removed from the Agenda, as the permits had been cancelled due to failure to pay the registration and renewal fees.

Mrs. Metz stated Ben Edwards was present on behalf of his business, hearing case number 53. Mr. Edwards stated he is the owner of Buccaneer Music Hall in Greenville, North Carolina. He stated they had received two infractions within one and one-half months. Mr. Edwards explained he was not present to question the infractions, but regarding the penalty of \$2,900.00 and a 3-day suspension. Mr. Edwards stated Greenville is a football town and the September suspension dates would fall on a weekend during football season. He asked if they could pay a higher penalty rather than serve the 3-day suspension.

After conferring with Chairman Guy, Commissioner Herring made a motion to change the penalty to a \$4,000.00 penalty without an active suspension. Chairman Guy seconded the motion. Motion Passed.

Mrs. Metz asked the Commission to ratify the remaining Offers in Compromise. Chairman Guy made a motion to ratify the remaining offers. Commissioner Herring inquired about the penalty in case number 32 which was a violation for failure to submit a Manager Change Application. Commissioner Herring stated he believed the penalty was too harsh and suggested a Written Warning and made a motion. Chairman Guy seconded the motion. Motion Passed. Assistant Counsel Missy Welch added she agrees with the Written Warning, but added the permittee had previously been warned by ALE about the manager change resulting in the violation when it was not corrected.

Mrs. Metz asked the Commission to ratify the Offers in Compromise with the exclusion of those previously addressed. Commission Herring made a motion to ratify the Offers in Compromise. Chairman Guy seconded the motion. Motion Passed.

## **II. EXEMPTION REQUEST – G.S. § 18B-1116(b) – THREE STACKS DISTILLING CO., LLC; SOCIAL HOUSE VODKA, LLC AND MATTHEW CARD KENNER**

Mrs. Metz stated Jennifer Morgan was present on behalf of her client regarding the exemption request. Mrs. Morgan stated Matthew Kenner has partial ownership in three retail businesses. Mrs. Morgan added Mr. Kenner has a 1% ownership of the parent company of Social House Vodka, a wholesaler, and Three Stacks Distilling, a distillery. Mrs. Morgan explained each of the retail establishments has a general manager who handles the day to day operations, including the ordering of alcohol. Mrs. Morgan added Mr. Kenner has no role in the operations of the distillery other than as a silent investor.

Commission Herring asked if exemptions had been recently requested for the same businesses. Mrs. Morgan stated Mr. Patel had requested an exemption as he has ownership in other unrelated restaurants. Commissioner Herring inquired if anyone else had requested an exemption. Mrs. Morgan stated Mr. Mullens had requested an exemption as he works as a broker.

Mrs. Metz stated staff recommends approval of the exemption. Commissioner Herring made a motion to approve the exemption request. Chairman Guy seconded the motion. Motion Passed.

**III. EXEMPTION REQUEST – G.S. § 18B-1116(b) – LAZY HIKER, LLC T/A LAZY HIKER BREWING COMPANY; PITT STREET, LLC T/A PITT STREET BREWING COMPANY; FRANK (“LENNY”) JORDAN**

Mrs. Metz stated no one was present regarding the exemption request for Lazy Hiker Brewing Company and Pitt Street Brewing Company. Mrs. Metz explained Frank “Lenny” Jordan started Lazy Hiker in Franklin, North Carolina and based on his expertise, was asked to be a partial owner of a new brewery, Pitt Street Brewing. Mrs. Metz added Mr. Jordan will be providing his expertise and have a small partial ownership and not be involved in the management of Pitt Street Brewing.

Commissioner Herring made a motion to approve the exemption request. Chairman Guy seconded the motion. Motion Passed.

**IV. EXEMPTION REQUEST – G.S. § 18B-1116(b) – DALTON DISTILLERY, LLC T/A DALTON DISTILLERY; ADAM DALTON DISTILLERY, LLC**

Mrs. Metz stated this distillery came before the Commission for an exemption request in 2012, but under a different scenario. Mrs. Metz explained Adam Dalton Distillery is a retail business. Joan Dalton is the mother of Adam Dalton and is starting a distillery as the owner of Dalton Distillery. As of 2015, Ms. Dalton became the sole member of Adam Dalton Distillery. Joan Dalton is requesting the exemption to allow this concurring ownership. Mrs. Metz added Ms. Dalton will not be involved in the day to day management of the businesses. Adam Dalton is the manager of the retail business and a general manager will be hired for the distillery. Mrs. Metz stated staff recommends granting the exemption request.

Chairman Guy made a motion to approve the exemption request. Commissioner Herring seconded the motion. Motion Passed.

**V. OTHER BUSINESS**

Mrs. Metz stated to move rules through the process, approval was necessary for the rules to be published to allow a public hearing and comment period. Reagan Walker stated in 2015, the General Assembly authorized the sale of antique spirituous liquor. Mr. Walker added the rules before them were to be adopted as the permanent rules regarding the sale of Antique Spirituous Liquor. Commissioner Herring asked if the antique spirituous liquor would be processed through the ABC Warehouse. Mr. Walker stated it would be sold through the local ABC Boards, but the ABC Commission would be involved in the permitting process for both the seller and the purchaser. Mr. Walker added the mixed beverage permittees would be able to purchase the antique spirituous liquor at the ABC Store.

Administrator Robert A. Hamilton stated each of the rules before the Commission was related to antique spirituous liquor. Mr. Hamilton explained changes must be made to numerous rules to allow for the sale of antique spirituous liquor. Mr. Hamilton added, for example, the direct shipping rule allows for the seller to go directly to the ABC Board rather than through the ABC Warehouse. He stated it is not logical to take the products to the ABC Warehouse to be delivered to the ABC Boards. Mr. Hamilton explained, the approval requested would simply allow the submission of the changes to the Rules Committee for posting to start the rule making process.

Commissioner Herring made a motion to proceed with the rules. Chairman Guy seconded the motion. Motion Passed.

Mrs. Metz stated Walt Tuttle had been serving as an intern within the Legal Division and the next day would be his last day at the Commission. Mrs. Metz thanked him for his research assistance. Chairman Guy thanked him as well.

Chairman Guy asked if anyone else was present who wished to address the Commission. As no one responded, Commissioner Herring made a motion to adjourn. Chairman Guy seconded the motion. Motion Passed. With no further business, the meeting adjourned.

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A.D. "Zander" Jr., Chairman  
N.C. Alcoholic Beverage Control Commission

Respectfully submitted by,

**[SIGNED]**

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Caroline Y. Washburn for the Legal Division