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# 2013-2014 Annual Report

Governor Andrew M. Cuomo  
Chairman Dennis Rosen

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## **Historical**

On December 5, 1933, President Franklin Delano Roosevelt signed Presidential Proclamation 2,065, officially declaring the 18th Amendment to the U.S. Constitution replaced by the 21st Amendment. The 21st Amendment repealed Prohibition and gave each state the power to regulate the trafficking of alcoholic beverages within its borders. Chapter 180 of the Laws of 1933 provided for the manufacture of malt beverages and wine not exceeding 3.2 percent alcohol content under the guidance of an Alcoholic Beverage Control Board.

In May 1934, New York State enacted Chapter 478, known as the Alcoholic Beverage Control Law, creating the State Liquor Authority and the Division of Alcoholic Beverage Control effective July 1, 1934. The State Liquor Authority's first Annual Report noted that Chapter 478 was enacted by the Legislature to provide for "the protection, health, welfare and safety of the people of the State."

## **Authority Operations / Responsibilities**

The State Liquor Authority is part of the executive department of New York State with a Board consisting of three (3) Commissioners, appointed to three-year terms, one of whom is the Chairman. The Chairman serves as the day-to-day administrator and has a salary set by statute; the other two (2) Commissioners are compensated on a per diem basis. Current Authority responsibilities include, but are not limited to:

- Reviewing applications and investigating applicants to determine eligibility;
- Issuing licenses and permits for the manufacture, wholesale distribution and retail sale of all alcoholic beverages;
- Regulating trade and credit practices related to the sale and distribution of alcoholic beverages at wholesale and retail;
- Limiting, in the Authority's discretion, the number and type of licenses issued as determined by the public interest;
- Working with local law enforcement agencies to ensure compliance with the Alcoholic Beverage Control Law;
- Investigating licensees for alleged violations of the Alcoholic Beverage Control Law; and
- Bringing disciplinary charges, conducting disciplinary proceedings, revoking, canceling or suspending for cause any license or permit, and/or imposing monetary penalties where appropriate.

## Mission Statement

The State Liquor Authority has two (2) main functions: 1) issuing licenses and permits; and 2) ensuring compliance with the Alcoholic Beverage Control Law. The Authority's licensing activities focus on the timely processing of permits and licenses. The Authority's enforcement activities focus on the protection of the public by working with local law enforcement agencies and local communities to bring administrative actions against licensees who violate the law.

The Authority currently operates three (3) offices: New York City (Zone 1); Albany, which serves as the headquarters (Zone 2); and Buffalo (Zone 3).



## Types Of Licenses

There are 96 license types and 91 permit types, which allow for various means of trafficking in alcoholic beverages, with approximately 50 of these constituting the majority of application categories. During 2013, the State Liquor Authority was responsible for the regulation of over 53,000 active licensees and 35,000 permittees.

Licenses are issued for durations that range from one (1) to three (3) years, depending on license type, after which licensees may apply for renewal. Licenses fall into three major categories: manufacturer, wholesaler and retailer.

**Manufacturer Licenses** include several classes of distiller, winery, brewery and cidery licenses. To encourage the creation and growth of New York based industries, within each category there are provisions allowing for licenses to be issued at a lower cost for businesses with limited production capabilities, as well as provisions for businesses that manufacture alcoholic beverages made primarily from New York agricultural products. In addition to selling their goods to wholesalers and retailers, certain small manufacturers, are also allowed to sell directly to consumers.

**Wholesaler Licenses** allow licensees to purchase alcoholic beverages from manufacturers, importers and other wholesalers and to sell those products to retailers. There are separate licenses for liquor, wine and beer wholesalers. In limited situations, wholesalers can sell directly to consumers.

**Retailer Licenses** Are available for both on-premises and off-premises sales. Specifically:

**On-premises** licenses issued to businesses such as restaurants and taverns that serve alcoholic beverages to be consumed at the establishment. These licenses may allow for the sale and consumption of all types of alcoholic beverages, or may be limited to the sale of wine and beer, or beer only. Off-premises licenses allow alcoholic beverages to be sold “to go.”

**Off-premises** beer licenses are issued to grocery and drug stores, while package stores are authorized to sell spirits and wine, or wine only.

Applications to modify the conditions upon which a retail license was originally granted are required to be filed and approved in many instances before any changes may be made. Examples include moving to a new location; altering the layout of an establishment; changing principals, officers, or LLC members of a licensee; upgrading the type of license currently held; or changing the method of operation originally approved by the Authority.

## Disciplinary Process

The State Liquor Authority Counsel's Office prosecutes licensees in administrative proceedings for violations of the Alcoholic Beverage Control Law and Rules of the Authority. An investigation into a disciplinary matter typically begins with one (1) or more of the following:

- **An on-site, announced inspection of a licensed establishment;**
- **An on-site, undisclosed investigation by Authority investigators;**
- **A review of reports or investigations by other law enforcement and regulatory agencies; and/or**
- **Interviewing witnesses and collecting evidence.**

Disciplinary proceedings are commenced by the issuance of a Notice of Pleading setting forth the alleged violations. The licensee may enter one (1) of the following pleas:

- **Not Guilty;**
- **No Contest; or**
- **Conditional No Contest.**

If a licensee pleads "not guilty," a hearing date is scheduled with an Administrative Law Judge ("ALJ"). At the hearing, the Authority and the licensee may produce witnesses, which are subject to cross-examination, and submit documentary evidence. Findings are made by the ALJ and presented to the State Liquor Authority's Board for final approval. If the licensee admits to committing the violation with a "no contest" plea, the Board imposes an appropriate penalty. If the licensee submits a "conditional no contest" plea, the licensee's offer of settlement is forwarded to the Board for consideration. If the offer is rejected by the Board, the matter is returned to Counsel's Office to schedule an administrative hearing. Each case brought to the Board is examined on its individual merits. If a disciplinary charge is sustained, the Board may impose one or more of the following:

**Letter of Warning** A letter sent which notes that, although the licensee may have committed a violation, only a warning is warranted under the circumstances.

**Civil Fine** A monetary penalty.

**Bond Claim** A claim for payment is made against the surety bond that was filed with the license application.

**Suspension** The license is seized for a specified number of days.

**Cancellation** The license is terminated, but there are no time restrictions on reapplying for another license.

**Revocation** The license is terminated, and the licensee cannot apply for a license for two (2) years.

**Proscription** A two-year ban on the issuance of a license to any part of the building containing the revoked licensed premises.

### **2013 and 2014 Calendar Year Highlights**

#### **Viticulture 2013**

Following Governor Cuomo's October 2012 first ever Beer, Wine and Spirits Summit, in February 2013, SLA Chairman Dennis Rosen addressed the Viticulture 2013 conference regarding regulatory and legislative changes benefiting New York winemakers. The triennial trade symposium, focused on the growing, processing and marketing of wine, met in Rochester and was attended by hundreds of industry representatives and experts from the Northeast.

#### **Regional Beer, Wine & Spirits Summit**

In October 2013, the Hudson Valley Economic Development Corporation ("HVEDC"), in partnership with Taste NY, held the first regional Beer, Wine & Spirits Summit at the Culinary Institute of America. SLA Chairman Dennis Rosen spoke at the event, which drew more than 200 industry representatives from throughout the Hudson Valley region. Industry leaders engaged in discussions with key administration officials on the challenges and growth opportunities facing the industry.

#### **Open Data**

In 2013, New York State launched a comprehensive state data transparency website that provided for the first time - user-friendly, one-stop access to data from New York State agencies, localities and the federal government. The website featured economic, health, recreation and public services information. The SLA worked with Open Data to publish multiple datasets related to active licenses for wineries, breweries and distilleries throughout the state.

#### **Project Sunlight**

On January 1, 2013, Project Sunlight, part of the Public Integrity Reform Act of 2011, took effect. Under this law, executive agencies and public authorities were required to enter all individuals, firms or other entities (other than state or local governmental

agencies or lawmakers, lawmakers for the federal government and from tribal governments, and members/employees of the judiciary), that appear before them for various specified purposes, into a database. SLA staff was trained and implemented the provisions of Project Sunlight. The Project Sunlight database is available to provide the public with an opportunity to see who is playing a role in government decisions.

### **Code of Conduct**

In 2013, the SLA adopted its own agency specific Code of Conduct. A Code of Conduct is a reference for employees that define a set of guidelines which outline acceptable standards of behavior and conduct. It is meant to be used in day-to-day decision making and to clarify an organization's mission, values and principles. Every SLA employee was required to read and sign an attestation to formalize their acceptance of the Code of Conduct.

### **Second Governor's Wine, Beer and Spirits Summit**

On April 8, 2014 Governor Cuomo held the State's second Beer, Wine Spirits, and Cider Summit; industry participants discussed specific legislative and regulatory issues facing the industry. Two days following the Summit, the SLA Full Board adopted changes to eliminate unnecessary paperwork and clarify standards on brand label registrations, authorized the sale of growlers for beer and cider, eliminated a \$1,000 bond requirement for farm wineries, reduced costs for manufacturers and wholesalers with multiple licenses by allowing them to deliver all their products in one shipment, and provide guidance to the industry concerning the new roadside farm market law.

SLA adopted industry advisories on April 10, 2014 to:

- Simplify the brand label registration process and eliminate paperwork for manufacturers. The advisory provides clear and concise requirements for brand label approvals, simplifying the process by reducing the amount of information that must be submitted and reviewed for changes. The advisory also clarifies exemptions from brand label registration fees for small batches of beer, cider and spirits.
- Authorize the sale of beer and cider in refillable growlers. Both beer and cider producers cited industry confusion regarding the legality of selling growlers for off premises consumption.
- Eliminate the requirement for farm winery licensees to obtain a \$1,000 surety bond. Summit participants pointed out that all "farm" licensees, with the exception of farm wineries, are exempt posting a bond with the SLA.
- Reduce costs to farm wineries by adopting a new interpretation of the law to allow farm wineries to transport other wine products to tasting and sales events. Prior to the adoption of today's advisory, farm wineries traveling to the same

venues, such as farmers markets, were prohibited from transporting products from neighboring wineries to conduct tastings and sales.

- Reduce costs to manufacturers and wholesalers with multiple licenses by allowing the delivery of all of their products in one shipment. Previously, businesses with multiple licenses, for instance a farm winery with a farm brewery license on the same premises, were prohibited from delivering beer and wine in one delivery.
- The SLA provided guidance to the industry on the new roadside farm market law. In September 2013, Governor Cuomo signed legislation to create new venues for New York wineries to sell their products by allowing roadside farm markets to sell wine manufactured and produced by up to two licensed farm wineries located within 20 miles of the roadside farm market. Because of confusion raised by participants at the 2014 Summit, the SLA issued guidance to the industry on how to obtain a license for these new venues.
- Relax restrictions imposed on manufacturers and wholesalers conducting business meetings, private events and promotional events where manufacturers and wholesalers purchase product from retail licenses. Summit participants noted the Alcoholic Beverage Control Laws prohibition of gifts and services from manufacturers or wholesalers to retailers are overly constrictive and confusing.

### **Liquor Authority Mapping Project (“LAMP”) Enhancements**

In 2012, the SLA released LAMP, an application available on its website that maps and indicates key information for 54,000 active and pending licenses using standard Geographic Information Systems techniques. LAMP assists the industry with application requirements and improves community board oversight without the need to contact the SLA for information previously available only through a Freedom of Information Law (“FOIL”) request. LAMP endows the licensing process and decisions with greater transparency. In 2014, LAMP was enhanced to update school/church information, add a record search status button, and add longitude/latitude coordinates. LAMP is under continuous improvement as the SLA identifies additional useful functionalities.

### **NYC Underage Compliance Grant**

The NYC Department of Health and Mental Hygiene (“NYCDOHMH”) received a grant from the Centers for Disease Control (“CDC”) to enhance underage alcohol compliance through stings and education in NYC. Because enforcing the laws prohibiting sales to minors is part of SLA's mission, in 2013 the agency entered discussions with NYCDOHMH to make the SLA the recipient of these funds in 2014.

To implement, the SLA hired part-time investigators, part-time underage decoys, and a part-time prosecutor to form a unit to exclusively investigate licensees throughout the NYC metropolitan area. The SLA also distributed educational material to licensees about the Alcoholic Beverage Control Laws. In all, through the use of the grant funding, the

SLA visited over 1,000 establishments; over 60% of the visited locations had positive sales to underage minors.

### **Elimination of Licensing Backlog**

As noted in the SLA's 2009-2010 Annual Report, the SLA significantly addressed the licensing application backlog; it went from over 3,100 to 750 in January of 2011. By the end of 2014, this trend continued, with the backlog under 100 by end-of year.

### **Underage Compliance Stings**

Tackling underage sales continued to be a priority for the SLA in 2013 and 2014, including using volunteer underage decoys as first implemented by the agency in 2011. Successful prosecutions of violations for sales to minors went from 1,311 charges in 2011, to 1,425 charges in 2012, to 1,953 charges in 2013, to 2,045 charges in 2014. This represented a 56% increase over a four (4) year period of time.

### **Alcohol Training Awareness Program Participation ("ATAP")**

The SLA oversees the certification and monitoring of the Alcohol Training Awareness Program ("ATAP") in which licensees and servers are properly trained in the appropriate and lawful sales of alcoholic beverages. Educating licensees regarding their responsibilities has proven to be an effective tool to reduce underage drinking and sales to intoxicated persons. The agency continued to authorize additional online schools and courses offering a more convenient means for students to obtain the ATAP training certification. In-person and online trained individuals went from 5,803 in 2011, to 8,940 in 2012, to 9,573 in 2013, to 11,499 in 2014. This represented a 98% increase over a four (4) year period of time.

### **Lean Management**

Lean is a process improvement tool made popular in manufacturing industries to streamline processes, reduce wait times, and better align their operations with their customers' priorities. In February 2013, it was recommended in the Spending and Government Efficiency ("SAGE") Commission final report that Lean Management become part of state agency operations. In August 2013, the SLA was one of four (4) agencies who initially had staff trained in Lean. In September 2013, the SLA conducted the first official state Lean event with Xerox to review the alcohol licensure process and cycle times. During 2013 and 2014, the SLA participated in five (5) Lean events which touched upon licensing, new business formation, brand labels, legal operations and alcohol tax registration.

## **Enterprise E-Licensing System**

The SLA is part of the Enterprise “E-Licensing” System for six (6) state agencies: the Office for Technology Services, the Department of Agriculture and Markets, the Department of Environmental Conservation, the Department of State, the State Education Department and the SLA. Preliminary work was accomplished throughout 2012. In the fall of 2013, the SLA went live with the first online permits/licenses – i.e., special event permits. Future development phases, will address the SLA’s retail licensing, wholesale and manufacturing licensing, and the Alcohol Training and Awareness Program (“ATAP”).

## **Legislative Changes**

### **Governor’s Craft Act**

On November 13, 2014, Governor signed the NY Craft Act, effective December 13, 2014. The legislation was a direct result of discussions between administrative officials and industry members during and following the Governor’s Summits. The new law continues the State’s support of the growing craft beverage industry by cutting requirements placed on producers and rolling back restrictions regarding the marketing of craft products. The new law provides New York manufacturers with greater opportunities to market their products, including allowing producers to serve “by the bottle” and “by the glass” as well as permitting farm distilleries to increase the retail outlets where they can sell and offer samples of their products. In addition, this bill reduces costs for small manufacturers by permitting them to produce more of their product at the same fees. The new law includes measures to:

- Increase the production cap on small producers. The annual production cap for Farm Breweries and Micro-Breweries increases from 60,000 barrels to 75,000; the production limit for Farm Cideries increases from 150,000 gallons annually to 250,000; the cap for Farm Distilleries increases from 35,000 gallons annually to 75,000; and the production cap for Farm Wineries increases from 150,000 gallons to 250,000;
- Allow Farm Distilleries to obtain a permit to operate a branch office. This provision eliminates the need for Farm Distilleries to obtain an entirely separate license to operate a second location to manufacture and/or sell their products;
- Allow all manufacturers to conduct tastings and sell, by the bottle or glass, the alcoholic beverages they manufacture without a separate license; and
- Lower the food requirement that must be met by manufacturers to obtain a license to sell other alcoholic beverages by the glass.

## **Farm Cidery License**

On October 17, 2013, Governor Cuomo signed legislation to create a Farm Cidery license with privileges similar to the other farm manufacturing licenses. Farm Cideries will be allowed to offer tastings of, and sell not only cider, but also beer, wine, and spirits made from New York products. In order to obtain a farm cidery license, the hard cider must be made exclusively from apples and other pome fruits grown in New York State, with production of up to 150,000 gallons annually. The legislation also responded to the needs of the cider producer industry by changing the statutory definition of hard cider in order to permit greater flexibility in the manufacturing process. Hard cider may now be made from pome fruits other than apples, for example, pears. In addition, the limit on the alcohol content has been raised from 7 percent to 8.5 percent, thereby addressing the vagaries of the fermentation process. Most significantly, if a cider producer's product meets the definition of both hard cider and wine, the law affords the producer the choice of whether the product will be marketed and sold as wine or cider, based on their individual business and marketing needs. The new law goes into effect on January 15, 2014.

## **Policy of the State Liquor Authority**

On October 21, 2014, Governor signed legislation to amend the primary policy of the State Liquor Authority to include supporting economic development growth, job creation, tourism and the enhancement of agricultural. This is the first major change in the overall policy goal of the Alcoholic Beverage Control law since its adoption in 1933.

## **Small Batch Brand Label Registration Fee Exemption**

On September 27, 2013, Governor Cuomo signed legislation to provide clear, concise and understandable requirements for the labeling of alcoholic beverages produced in New York. The legislation simplifies the brand labeling process by reducing the amount of information that must be submitted and reviewed for changes. The bill also provides a business-friendly exemption from brand labeling fees for ciders produced in small batches of 1,500 barrels or less and for distilled spirits produced in small batches of 1,000 gallons or less. This exemption is significant to New York's craft producers, many of whom produce several small-batch artisanal brands each year. The bill also clarifies the SLA's power to disapprove brand labels that are false or likely to mislead the consumer. The new law goes into effect on March 26, 2014.

## **Roadside Farmers Market License**

On October 1, 2013, Governor Cuomo signed legislation creating a new venue for New York wineries to sell their wines to consumers. Under the new law, farmers' market stands may apply for a new "roadside farm market license" to sell New York State labeled wine that is produced by no more than two licensed farm wineries, micro-wineries or special wineries located within 20 miles of the roadside farmers' market. The new law goes into effect on March 26, 2014.

## **Increased Community Service for Minors Purchasing Alcohol**

On July 31, 2013, Governor Cuomo signed legislation to increase the community service requirement for minors who are found guilty of repeat violations of purchasing alcoholic beverages with fraudulent identification. Under the new law, a fine of \$50 to \$350 would be imposed for a second violation with community service of up to 60 hours. For a third offence, the court can impose a fine ranging from \$50 to \$750, and up to 90 hours of community service. The new law goes into effect on November 1, 2013.

## **Temporary Retail Licenses for New Applicants**

In 2010, the ABC Law was amended to establish Temporary Retail Permits for new applicants outside of New York City, while their license applications are being reviewed. These permits are typically issued within seven (7) business days of the filing of an application. The new permit section of the statute was set to “sunset” after one (1) year. The provision, extended for an additional year in 2011, 2012, 2013 and 2014 will be in effect until October 12, 2015.

## **Notification Requirements for Adult Entertainment Venues**

The new law amends sections 109 and 110 of the ABC Law to add a new item that must be included in all applications, including renewals applications. Applications must now include a statement indicating the type of establishment to be operated at the premises. Such statement shall indicate the occurrence of topless entertainment and/or exotic dancing whether topless or otherwise, including, but not limited to, pole dancing and lap dancing, at the establishment. The new law goes into effect on September 29, 2013.

## **Definition of Adulterated Beverages**

The provision related to the sale of adulterated beverages has been amended to require that the adulteration be intentional, by adding the word “intentionally” to the language regarding contaminated bottles. The purpose of the amendment, as stated in the sponsor’s memo, is to prevent the prosecution of licensees for bottles contaminated with fruit flies and similar substances when there is no evidence that the licensee intentionally contaminated the bottles. The new law goes into effect on July 31, 2014.

### **Appropriations And Revenue**

Calendar Year 2013 & 2014 covers parts of two (2) State Fiscal Years (SFY): SFY 2012-13 and SFY 2013-14. All finance and human resource activities are hosted by the New York State Office of General Services (“OGS”).

State Fiscal Year	Appropriation	Budgeted FTEs
2012-13	\$17,001,000	132
2013-14	\$18, 893,000	127

Total Revenues for 2013 were \$64,800,000.

Total Revenues for 2014 were \$68,400,000.

### **Office of the Chairman and Executive**

The Office of the Chairman and Executive includes Deputy Commissioners and an Administrative Support Team.

The Office coordinates the daily operations of the agency, providing external support to a wide variety of public and licensed interests, as well as internal support to all agency program areas (e.g. supply and equipment acquisition, maintenance and inventory control, internal controls, telecommunications and tenancy, etc.). The Administrative Support Team provides direct support to the Chairman and functions as program liaisons with our host partner, OGS, on all finance and human resource activities.

### **Office Of Public Affairs**

The Office of Public Affairs (“OPA”): fosters positive working relationships with federal, state and local legislators, community groups and their staffs; engages in discussions in support of the State Liquor Authority’s annual legislative program and, where appropriate, Governor’s Program Bills bearing on alcoholic beverage control policy; responds to media requests, distributes press releases, and coordinates press-related events; assists in the management of the content of the agency’s website; and responds to requests for agency records as provided for in New York’s Freedom of Information Law

(“FOIL”). The OPA is committed to keeping the media, licensees and the public up to date on news, policies and current events concerning the Authority.

### **Licensing Bureau**

The Licensing Bureau coordinates statewide licensing policies, standards and initiatives, and ensures that all applicants meet the statutory requirements to obtain a license or permit. Staff reviews all license and permit applications, and prepares detailed reports to ensure that either the Licensing Board or the Members of the Authority are able to make a proper determination on each application. Specific units, within the Licensing Bureau, are as follows.

**Intake Unit** The intake and data entry of applications is the first step in the licensing process. This function was centralized in Albany in 2012 to reduce the backlog and redirect staff resources in New York City and Buffalo. This Unit reviewed and processed 6,812 applications in 2013 and 7,227 in 2014.

**Licensing Unit** After intake is completed, new and change applications are distributed to staff in all three (3) zones for appropriate review and analysis. Applications include those for manufacturing, retail and wholesale. This activity generated \$61,011,662.00 million in revenue in 2013. Moreover in 2014, 52,697,084.00 million was generated in revenue.

**Renewal Unit** Centered in Albany, it was merged with the Licensing Unit in 2011 to better cross-train and utilize staff where needed. The Authority, on average, processes 37,255 license and permit renewals per year. Renewals generated \$45,082,451 million in revenue in 2013. Moreover, in 2014 the Renewal Unit processed 29,150 license and permit renewals as well as generated \$35,307,451.

**Permit Unit** Processes all permits, including Temporary Beer and Wine Permits (“TPAs”) [e.g., special time limited events such as family gatherings, concerts, New Years Eve parties], Caterer’s Permits [e.g., allows catering at locations other than licensed premises], Transportation Permits, Solicitor’s Permits and other miscellaneous permits [e.g. allow permittees to sell alcoholic beverages that come into their possession]. This function was centralized in Albany in 2011 to reduce backlog and redirect staff resources in New York City and Buffalo. This Unit processed 18,079 TPA’s, 14,057 Catering Permits, and 2,605 other miscellaneous permits in 2013. This activity generated \$5,283,530 million in revenue in 2013. In 2014, the permit unit processed \$18,851 TPA’s, 14,447 Catering Permits, and 10,088 miscellaneous permits. This activity generated \$5,299,368 million in revenue in 2014.

**Phone Unit** (aka Call Center) The Authority made significant changes to its customer service approach by implementing a Voice Over Internet Protocol (“VOIP”) call tree and call center. The call center reduced interruptions to

licensing staff, strengthened internal controls and provided callers with immediate, consistent answers. The call center responded to nearly 100,000 calls in 2013. In 2013, the call center was merged into the call center operated by Department of Taxation and Finance, resulting in greater efficiency.

### Licensing Bureau

Overall in 2013, the Licensing Bureau issued over 49,000 licenses, license change requests and permits and issued 37,259 license renewals. By instituting changes to business processes, updating technology, centralizing functions and reorganizing the Licensing Bureau, not only has the backlog been reduced but application review and processing time have been reduced to an average of 45 days.

<b>2013 Licensing Statistics</b>					
<b>Licenses</b>		On	Off		
		<u>Premises</u>	<u>Premises</u>	<u>Wholesale</u>	<u>Sub-Totals</u>
<b>Zone 1</b>	Received	2,611	1,840	114	4,565
	Approved	2,612	1,697	95	4,404
<b>Zone 2</b>	Received	872	370	262	1,504
	Approved	838	368	252	1,458
<b>Zone 3</b>	Received	457	235	51	743
	Approved	457	204	45	706
			<b>Statewide Total</b>	Received	6,812
				Approved	6,568
<b>Permits</b>		<u>Brand Label</u>	<u>ST Permits</u>	<u>Other</u>	<u>Total</u>
Statewide	Processed	4,334	3,250	2,605	10,189
<b>Renewals</b>		<b>Statewide Total</b>			
		37,259			
<b>Special Event Permits</b>			<u>TPA's</u>	<u>Caterer's</u>	<u>Totals</u>
			18,079	14,057	32,136
<b>License Changes</b>			<b>Zone 1</b>	Processed	3,525
			<b>Zone 2</b>	Processed	1,236
			<b>Zone 3</b>	Processed	851
			<b>Statewide Total</b>		5,612

<b>2014 Licensing Statistics</b>					
<b>Licenses</b>		<b>On</b>	<b>Off</b>		
		<u>Premises</u>	<u>Premises</u>	<u>Wholesale</u>	<u>Sub-Totals</u>
<b>Zone 1</b>	<b>Received</b>	2,717	1,825	122	4,664
	<b>Approved</b>	2,272	1,509	111	3,892
<b>Zone 2</b>	<b>Received</b>	962	468	254	1,684
	<b>Approved</b>	795	388	234	1,417
<b>Zone 3</b>	<b>Received</b>	585	239	55	879
	<b>Approved</b>	500	192	47	739
			<b>Statewide Total</b>	<b>Received</b>	7,227
				<b>Approved</b>	6,048
<b>Permits</b>		<u>Brand Label</u>	<u>ST Permits</u>	<u>Other</u>	<u>Totals</u>
		<b>Statewide</b>	<b>Processed</b>	5,148	2,658
<b>Renewals</b>		<b>Statewide Total</b>			
		29,148			
<b>Special Event Permits</b>			<u>TPA's</u>	<u>Caterer's</u>	<u>Totals</u>
			18,851	14,447	33,298
<b>License Changes</b>			<b>Zone 1</b>	<b>Processed</b>	3,722
			<b>Zone 2</b>	<b>Processed</b>	1,256
			<b>Zone 3</b>	<b>Processed</b>	836
			<b>Statewide Total</b>		5,814

### Wholesale Bureau

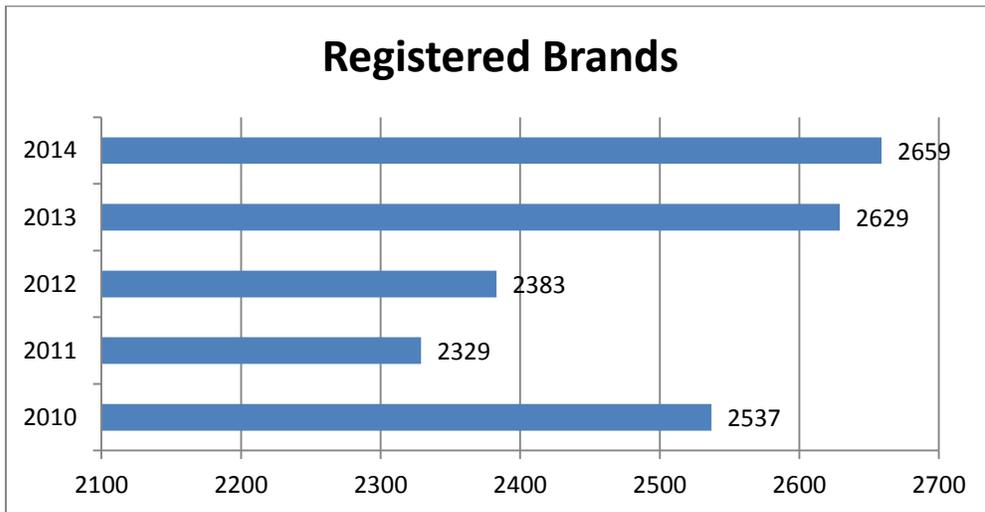
The State Liquor Authority regulates the distribution and sale of alcoholic beverages through a tiered system of three (3) independent components: manufacturers, wholesalers and retailers. The Wholesale Bureau provides on-going assistance and guidance to the industry on trade practices and policy issues. The Wholesale Bureau specifically handles the following:

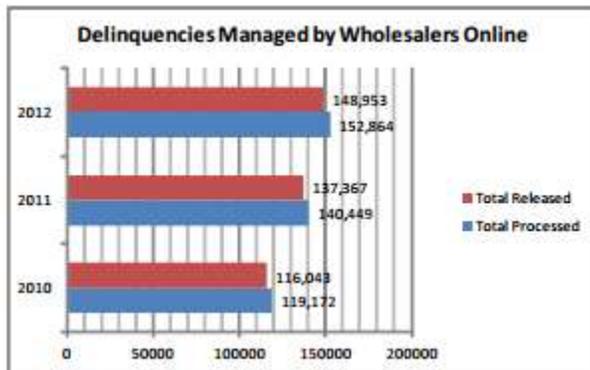
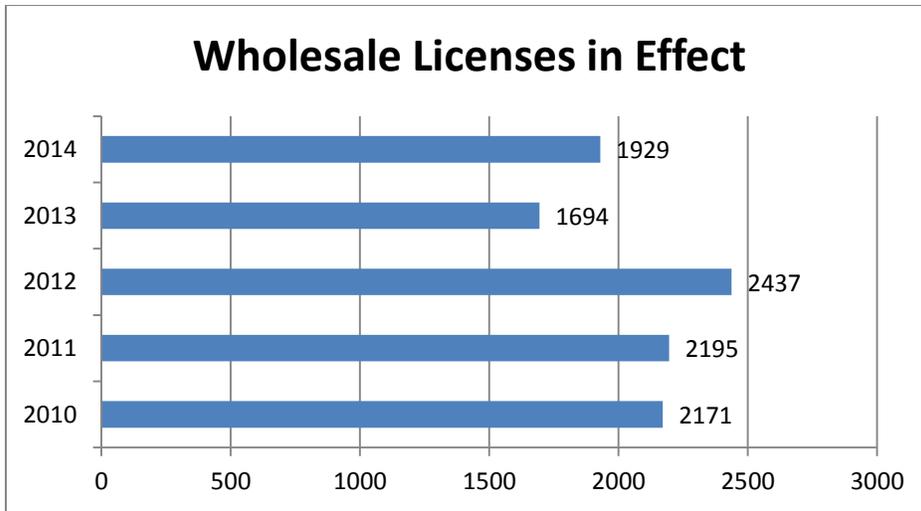
**WHOLESALE PRICE POSTING** The Alcoholic Beverage Control Law requires wholesalers of wine and spirits to post their prices monthly with the Authority to enable it

to detect patterns that might indicate collusive practices or tied houses (i.e., the control of a licensee at one level of the three-tier system by a licensee at another level). These statutory provisions were enacted to eliminate predatory pricing schemes that encouraged irresponsible sales practices and forced many licensees out of business. Wholesalers provide this information to the Authority through an electronic price filing system.

**BRAND LABEL REGISTRATION** The Alcoholic Beverage Control Law requires that all brand labels for beer, low-alcohol wine, liquor, hard cider and wine products be registered and approved by the Authority before they are sold in New York State.

**CASH ON DELIVERY (“COD”) LISTING** The Alcoholic Beverage Control Law requires the monitoring of delinquent retail accounts. The Wholesale Bureau tracks these accounts via the COD List and delinquent retail accounts must pay cash for their purchases from wholesalers. The intent of the statute is to avoid a wholesaler illegally favoring one retailer over another, or controlling a retailer by providing unlimited credit. If this protection were not in place, one consequence would likely be the creation of tied houses and retailers being forced to purchase all or most of their products from one wholesaler.





### Enforcement Bureau

The Enforcement Bureau is responsible for investigating possible violations of the Alcoholic Beverage Control Law, rules and regulations relating to the manufacturing, wholesale, retail, transportation, and storage of alcoholic beverages. The Enforcement Bureau works with law enforcement agencies and community groups across the state, performs undisclosed investigations, and conducts trainings for police departments, licensees, and servers.

In 2013, cracking down on underage sales continued to be a top priority for the State Liquor Authority. Enforcement investigators conducted 136 Underage Compliance Details, including joint efforts with law enforcement entities. These details visited 1,947 licensed premises and resulted in 512 sales to minor violations. In addition to charges originating from State Liquor Authority Enforcement, an additional 799 charges were brought based on referrals received from local police departments.

In 2014, underage sales continued to be a top priority for the State Liquor Authority. Enforcement investigators conducted 198 Underage Compliance Details, including joint efforts with law enforcement entities. These details visited 2,370 licensed premises and resulted in 869 sales to minor violations. In addition to charges originating from State Liquor Authority Enforcement, an additional 650 charges were brought based on referrals received from local police departments.

The Authority continued to foster its relationships with law enforcement agencies and licensees throughout the state. These activities included:

**Integrated Municipal Police Action Community Teams (“IMPACT”)** The Authority collaborated with multiple police agencies designed to support strategic crime-fighting and violence reduction initiatives at 17 sites across the state. Staff also attended statewide IMPACT meetings in which agencies shared criminal intelligence. This enhanced the Authority’s efforts to aggressively investigate and prosecute violations that jeopardize the public health and safety.

**Multi-Agency Response to Community Hotspots (“MARCH”) Program** The Authority worked closely with the New York City Police Department (“NYPD”) through the MARCH program to monitor potentially problematic licensed premises. The MARCH program is directed by the New York City Criminal Justice Coordinator’s office, coordinated by the NYPD, and includes investigators from the Authority, the Fire Department of the City of New York, the New York City Department of Buildings and the New York City Department of Health. In 2013, The Authority participated in 77 MARCH details; making visits to 234 licensed premises, resulting in 153 Alcoholic Beverage Control Law violations.

## **ALCOHOL TRAINING AWARENESS PROGRAM PARTICIPATION (“ATAP”)**

The Enforcement Bureau oversees the certification and monitoring of the Alcohol Training Awareness Program (“ATAP”) in which licensees and servers are trained in the appropriate and lawful sales of alcoholic beverages. Educating licensees regarding their responsibilities has proven to be an effective tool to reduce underage drinking and sales to intoxicated persons. There are currently 20 approved ATAP classroom programs, and five (5) approved online programs. During 2013, the 20 State Liquor Authority Certified ATAP Training Programs held 4,272 classroom training sessions and 5,301 on-line sessions which resulted in 9,573 students certified. During 2014, the 21 State Liquor Authority Certified ATAP Training Programs held 4,228 classroom training sessions and 7,272 on-line sessions which resulted in 11,499 students certified.

<b>SLA Underage Details 2013</b>	
SLA Underage Compliance Initiatives 2013:	136
Licensed Premises Visited during SLA details:	1,947
Sales to Minor Violations during SLA details	512

<b>SLA Underage Details 2014</b>	
SLA Underage Compliance Initiatives 2014:	198
Licensed Premises Visited during SLA details:	2,370
Sales to Minor Violations during SLA details	869

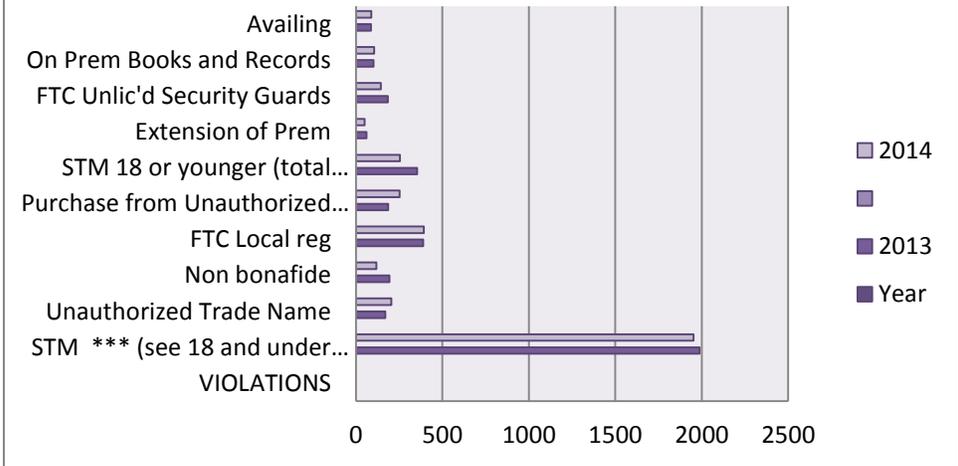
### **Counsel's Office**

The Counsel's Office is responsible for providing a full range of legal services to the State Liquor Authority.

Specific Duties include:

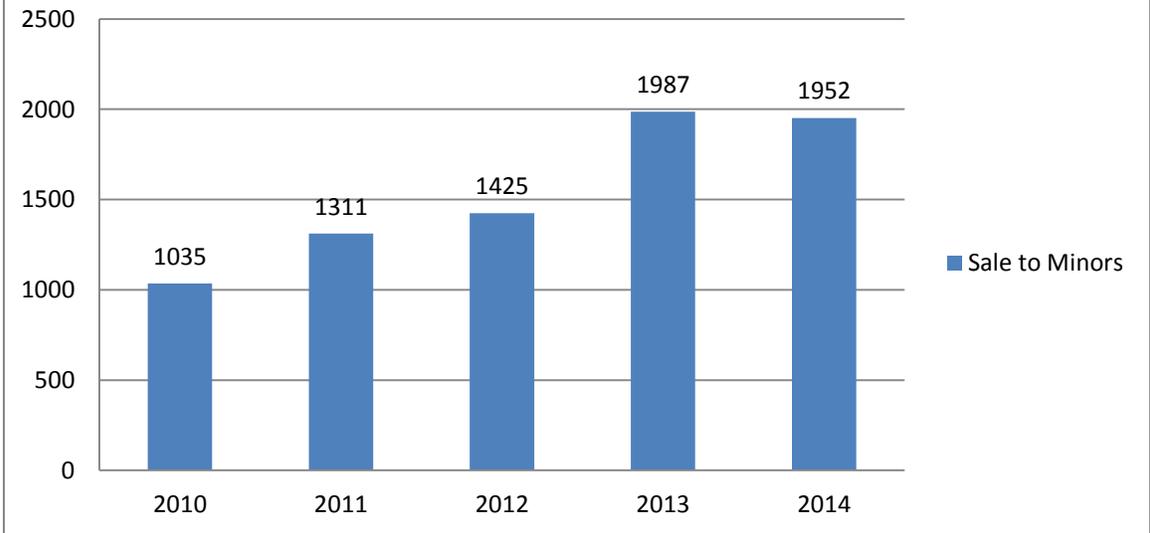
- Prosecuting licensees in administrative proceedings for violations; representing the Authority in administrative review proceedings; and defending the Authority in litigation.
- Responding to requests regarding interpretations and applications of the law, and reviewing information from the Enforcement Bureau, and other law enforcement agencies for rapid enforcement action, including emergency orders of summary suspension where there is an imminent threat to the public health, safety or welfare.
- Advising Authority staff/units on legal and compliance issues; developing rules, regulations and policy directives; and preparing and commenting on legislation.
- Attending meetings of the Full Board; acting as legal advisor to, and advising the Members of the Authority on requests for declaratory rulings.

## Violations 2013-2014



## Adjudicated Sales to Minor Violations

Includes SLA Enforcement and Police Referrals



## **Hearing Bureau**

The Hearing Bureau is comprised of part-time Administrative Law Judges (“ALJs”). Licensees charged with violations, such as sales of alcoholic beverages to underage purchasers, have the right to fair and impartial hearings. The Hearing Bureau conducts all such disciplinary proceedings. All cases are prosecuted by the Counsel’s Office. Additionally, the Hearing Bureau holds hearings: 1) which review Licensing Board decisions denying licenses; and 2) pertaining to license applications when such hearings are mandated by statute, primarily “500 Foot Rule Hearings” which afford a forum for public comments regarding applications for bar, restaurant or cabaret licenses in municipalities of 20,000 or more people where there are already three (3) or more “on-premises” liquor licenses within 500 feet of the applied for premises.

Hearings are formal, “of record” adjudicatory proceedings of the Authority. Hearings are governed by the State Administrative Procedures Act (“SAPA”) and by Executive Order 131, which require that they be conducted in a manner that is impartial, efficient, timely, expert and fair. After a hearing is held, the ALJ makes findings of fact and renders a written determination. The hearing record, including a transcript (or an audio recording) of testimony taken at a hearing, constitutes the basis upon which all succeeding reviews, including reviews by the Members of the Authority, or on appeal to the courts of the State of New York, are heard.

In 2013, the Hearing Bureau held 525 disciplinary hearings – 442 in New York City (Zone 1), 50 in Albany (Zone 2), and 33 in Buffalo (Zone 3). In addition, the Hearing Bureau held 782 500-Foot Hearings – 705 in New York City (Zone 1), 43 in Albany (Zone 2), and 34 in Buffalo (Zone 3).

In 2014, the Hearing Bureau held 503 disciplinary hearings – 418 in New York City (Zone 1), 125 in Albany (Zone 2), and 46 in Buffalo (Zone 3). In addition, the Hearing Bureau held 791 500-Foot Hearings – 695 in New York City (Zone 1), 56 in Albany (Zone 2), and 40 in Buffalo (Zone 3).

## **Secretary’s Office**

The Secretary’s Office oversees the preparation of the agendas for the “Full Board” meetings of the Members of the State Liquor Authority. The Office receives matters from the Licensing Bureau, Counsel’s Office and Hearing Bureau, as well as miscellaneous matters presented by other units within the Authority.

In 2013, there were 26 regular Full Board Meetings and 7 special meetings in New York City. Members of the public who wished to attend or participate could do so in person in the NYC office or from the Authority’s offices in Albany and Buffalo through video conferencing. All Full Board meetings were also webcast live and archived on the Authority’s website. In all, there were a total of 3,632 items scheduled for the Full Board

to review; of those, 3,342 were new submissions while the remaining 290 had been re-scheduled from previous meetings.

In 2014, there were 26 regular Full Board Meetings and 10 special meetings in New York City. Members of the public who wished to attend or participate could do so in person in the NYC office or from the Authority's offices in Albany and Buffalo through video conferencing. All Full Board meetings were also webcast live and archived on the Authority's website. In all, there were a total of 3,512 items scheduled for the Full Board to review; of those, 3,254 were new submissions while the remaining 258 had been re-scheduled from previous meetings.

The Secretary's Office is also responsible for implementing all disciplinary determinations made by the Board and processing/collecting returned checks. Specifically:

### **Disciplinary Determinations**

In 2013, Secretary's Office collected a total of \$9,270,206.00 in payments consisting of civil penalties and bond claims. In 2013, individual Members of the Authority, on a rotating basis, were delegated to make final determinations on routine disciplinary matters meeting certain prescribed criteria. These matters are referred to as "non-agenda items," as an individual Member of the Authority makes a determination on the appropriate penalty. The Secretary's Office processed 890 such determinations. In addition to monetary penalties the Members imposed 104 revocations, 422 cancellations, issued 90 suspensions for a total of 1,736 days and 48 Letters of Warning.

In 2014, Secretary's Office collected a total of \$11,526,231.00 in payments consisting of civil penalties and bond claims. In 2014, individual Members of the Authority, on a rotating basis, were delegated to make final determinations on routine disciplinary matters meeting certain prescribed criteria. These matters are referred to as "non-agenda items," as an individual Member of the Authority makes a determination on the appropriate penalty. The Secretary's Office processed 1104 such determinations. In addition to monetary penalties the Members imposed 106 revocations, 368 cancellations, issued 81 suspensions for a total of 1,602 days and 77 Letters of Warning.

### **Collecting/Processing Returned Checks**

Notifications are immediately sent to applicants and licensees for prompt payment on all returned checks. Applications for licensees who fail to remit payment are forwarded to the License Bureau for disapproval, and licensees who fail to remit payment are forwarded to Counsel's Office for the commencement of disciplinary proceedings. In 2013, the total amount of returned checks was \$541,696.00. In 2014, the total amount of returned checks was \$528,738.00

The amount of refunds statewide due to applicants for disapproved applications and licensees, and unused portions of their license periods in 2013 was over \$ \$3,895.094.05 million dollars paid through the Office of the State Comptroller (“OSC”) and Statewide Financial System (“SFS”). In 2014, refunds statewide totaled \$4,744,177.00 million.

**Secretary’s Office**

**Disciplinary Penalties Imposed By The Sla Board**  
**(By Penalty Due Date)**

LEGAL MATTERS SUBMITTED TO THE SLA BOARD			
Year	Calendared Items	Non-Calendared Items	Total
2010	2,729	920	3,649
2011	3,298	927	4,225
2012	3,284	789	4,073
2013	3,632	890	4,522
2014	3,512	1,107	4,073

Year	Civil Penalties	Revocations & Cancellations	Suspensions	Number of Days (Suspensions)
2010	\$6,831,475	495	167	2,474
2011	\$7,456,449	524	117	2,065
2012	\$7,217,560	387	94	1,925
2013	\$8,769,881	526	90	1,736
2014	\$11,059,281	474	81	1,602



## HOW TO CONTACT THE LIQUOR AUTHORITY

<p><b>ENFORCEMENT</b> If you would like to make a complaint or have questions on enforcement issues, please call (518) 474-3114 and select option 2 or send an email to: <a href="mailto:Enforcement@sla.ny.gov">Enforcement@sla.ny.gov</a></p>	<p><b>OFFICE OF THE SECRETARY</b> If you have questions regarding the Full Board Calendar or questions regarding fines or penalties imposed by the Board, please call (518) 474-3114 and select option 4 or send an email to: <a href="mailto:Secretarys.Office@sla.ny.gov">Secretarys.Office@sla.ny.gov</a></p>
<p><b>LICENSING</b> If you have questions concerning how to obtain a license or permit, please call (518) 474-3114 and select option 1 or send an email to: <a href="mailto:Licensing.Information@sla.ny.gov">Licensing.Information@sla.ny.gov</a></p>	<p><b>TECHNOLOGY</b> If you have questions or suggestions regarding the Agency's use of technology, please call (518) 474-3114 and select option 5 or send an email to: <a href="mailto:Web.Master@sla.ny.gov">Web.Master@sla.ny.gov</a></p>
<p><b>WHOLESALE</b> If you are a manufacturer, wholesaler, retailer or other interested party with questions concerning trade practice, price schedules, brand label registrations or delinquent/credit statutes, please call (518) 474-3114 and select option 1 or send an email to: <a href="mailto:Wholesale.Bureau@sla.ny.gov">Wholesale.Bureau@sla.ny.gov</a></p>	<p><b>PUBLIC AND LEGISLATIVE AFFAIRS</b> If you are a member of the media with questions regarding the State Liquor Authority, please call (518) 474-3114 and select option 3 or send an email to: <a href="mailto:Press.Office@sla.ny.gov">Press.Office@sla.ny.gov</a></p>
<p><b>FOIL</b> If you would like to make a Freedom of Information request, please call (518) 474-3114 and select option 3 or send an email to: <a href="mailto:FOIL@sla.ny.gov">FOIL@sla.ny.gov</a></p>	<p><b>LEGAL</b> If you have a legal question, please call (518) 474-3114 and select option 4 or send an email to: <a href="mailto:Legal@sla.ny.gov">Legal@sla.ny.gov</a></p>

Zone Offices And Their Designated Counties

<b>ZONE 1</b> 317 Lenox Ave. New York, NY 10027	<b>ZONE 2</b> 80 S. Swan St. Albany, NY 12210-8002	<b>ZONE 3</b> 535 Washington St. Buffalo, NY 14203
Bronx Kings Nassau New York Queens Richmond Suffolk Westchester	Albany Broome Cayuga Chenango Clinton Columbia Cortland Delaware Dutchess Essex Franklin Fulton Greene Hamilton Herkimer Jefferson Lewis Madison Montgomery Oneida Onondaga Orange Oswego Otsego Putnam Rensselaer Rockland St. Lawrence Saratoga Schenectady Schoharie Sullivan Ulster Washington Warren	Allegany Cattaraugus Chautauqua Chemung Erie Genesee Livingston Monroe Niagara Ontario Orleans Schuyler Seneca Steuben Tioga Tompkins Wayne Wyoming Yates