# BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS ON REFERRAL FROM THE ALCHOLIC BEVERAGE CONTROL BOARD

In the Matter of:	)
ELIZABETH ROLLINS, d/b/a Alaska 1910,	) )
Respondent.	)

OAH No. 10-0262-ABC Agency No. 10-12

### DECISION

### I. Introduction

Alaska law requires that a liquor license must be operated at least 30 days each year, unless the licensee obtains a waiver of that requirement. Elizabeth Rollins submitted an application for waiver of the operational requirement in 2009 for her liquor license. The Alcoholic Beverage Control Board took the matter up at its meeting on May 4, 2010, and denied the application for a waiver. Ms. Rollins appeals.

Because Ms. Rollins did not establish that the license was not operated in 2009 through no fault of her own, the application for a waiver is denied.

# II. Facts

## A. <u>Licensing History</u>

Ms. Rollins initially obtained a liquor license in 1991.<sup>1</sup> Ms. Rollins applied for and was granted waivers for the operating years 1991-1994, but her application for waiver of the 1995 operating requirement was denied, resulting in the denial of license renewal.<sup>2</sup> Ms. Rollins appealed, and in 1999 the Alaska Supreme Court issued a decision affirming the denial of the waiver request, but remanding the case to the superior court and allowing Ms. Rollins to seek relief under Civil Rule 60(b)(3).<sup>3</sup> On remand, in 2003 the superior court granted relief from its earlier judgment and issued a decision reversing the Board's denial of the waiver application.<sup>4</sup>

The Board elected not to appeal the superior court decision, and in 2003 it approved an agreement with Ms. Rollins under which the license was renewed for the 2003/2004 licensing

<sup>&</sup>lt;sup>1</sup> <u>Rollins v. State, Department of Revenue, Alcoholic Beverage Control Board</u>, 991 P.2d 202, 205 (Alaska 1999) (hereinafter, "<u>Rollins</u>").

 $<sup>^2</sup>$  Id.

<sup>&</sup>lt;sup>3</sup> <u>Rollins</u>, 991 P.2d at 13.

<sup>&</sup>lt;sup>4</sup> Exhibit 12 at 10 (<u>Rollins v. State, Department of Revenue, Alcoholic Beverage Control Board</u>, No. 4FA-02-0592 CI at 10 (Memorandum Decision, August 3, 2003)).

cycle.<sup>5</sup> Ms. Rollins operated the license in 2004, as required by the 2003 agreement.<sup>6</sup> In 2005, Ms. Rollins sold the license and related property to Thresa Hester, who operated the license until mid-2006, when she fell into default on the license sale contract.<sup>7</sup> Ms. Rollins applied to re-transfer the license back to her name, and in July, 2007, the Board provisionally approved re-transfer.<sup>8</sup> The license was re-transferred to Ms. Rollins, and she operated the license from the third quarter of 2007 until May or June, 2008.<sup>9</sup>

In August, 2009, Ms. Rollins applied to transfer the license from its existing location to no premises.<sup>10</sup> On August 19, 2009, Board staff wrote to Ms. Rollins and reminded her of the 30-day operating requirement for 2009 and of the 2003 settlement agreement.<sup>11</sup> Staff advised Ms. Rollins that "[i]f an application for transfer of location has not been received in this office, and a temporary approval cannot be issued for operation prior to December 1, 2009, this license will go to the Board for denial at its January/February 2010 Board meeting."<sup>12</sup>

In a letter dated September 15, 2009, Ms. Rollins informed staff that she did not view the 2003 agreement as barring a waiver of operation in 2009, because the license had been operated in 2004-2008.<sup>13</sup> Subsequently, Ms. Rollins submitted an application for waiver of the operational requirement for 2009.<sup>14</sup> The Board deferred action on the request at its meeting on November 19, 2009.<sup>15</sup> The Board took the matter up again at its meeting on May 4, 2010, and denied the application for a waiver.<sup>16</sup>

### B. <u>Material Facts</u>

# *1. Operating History, 1991-2003*<sup>17</sup>

Ms. Rollins purchased a beverage dispensary license and in late 1990 she applied to transfer the license to herself, with no premises. In September, 1991, the Board approved the transfer and in December, 1991, it granted a waiver from the 1991 operating requirement. In October, 1992, Ms. Rollins applied to transfer the license from no premises to a location at 1403

- <sup>10</sup> R. 18. <sup>11</sup> R. 18.
- <sup>12</sup> R. 19.
- <sup>13</sup> R. 14.
- <sup>14</sup> R. 12.
- <sup>15</sup> R. 6.
- <sup>16</sup> R. 4.

17

<sup>&</sup>lt;sup>5</sup> R. 18, 21-24.

<sup>&</sup>lt;sup>6</sup> *Infra*, note 19.

<sup>&</sup>lt;sup>7</sup> *Infra*, notes 21, 24, 25.

<sup>&</sup>lt;sup>8</sup> *Infra*, notes 27, 29.

<sup>&</sup>lt;sup>9</sup> Infra, notes 31, 32. <sup>10</sup>  $P_{-18}$ 

Except as otherwise stated, the facts in this section are taken from <u>Rollins</u>, 991 P.2d at 205-206.

Old Richardson Highway, in North Pole. In March, 1993, the Board approved the transfer and granted a waiver from the 1992 operating requirement. In May, 1993, Ms. Rollins began renovations at the 1403 Old Richardson Highway location to prepare it for operation as a bar. In order to operate at that location, Ms. Rollins needed authorization from the Department of Environmental Conservation, and in November, 1993, Ms. Rollins submitted a request for waiver of the 1993 operating requirement, on the ground that she had not yet received the necessary authorization. The Board granted the waiver. In December, 1994, Ms. Rollins applied for a waiver of the operating requirement for 1994, on the ground that a planned purchase of another location had fallen through, and that due to vandalism at the 1403 Old Richardson Highway location she was unable to open that location; the Board granted the waiver.

In December, 1995, Ms. Rollins submitted an application for a waiver of the 1995 operating requirement, again on the ground that an intended sale of the license had fallen through, and that the 1403 Old Richardson Highway location had been burglarized, resulting in damage to the heat and water systems, which she had been unable to repair in time to obtain authorization from the Department of Environmental Conservation. The Board denied a waiver of the 1995 operating requirement and denied the renewal of the license; the license was inoperable as a result of that decision until the superior court decision, issued in 2003, which "reverse[d] the Board's earlier denial of Rollins' license."<sup>18</sup>

### 2. Operating History, 2004-2009

Ms. Rollins operated the license under the name Alaska 1910 beginning in August, 2004, on premises at 4625 Old Airport Way in Fairbanks, owned by Terry Stahlman.<sup>19</sup> In addition to Alaska 1910, the building housed a non-alcohol club, Showboat, owned by Terry Stahlman and managed by Jim Goad.<sup>20</sup>

On May 17, 2005, Ms. Rollins sold her interest in the license and related property to Thresa Hester, Mr. Goad's girlfriend, for \$65,000, with \$15,000 in cash and the remainder payable in installments.<sup>21</sup> Ms. Rollins retained a security interest under which she could compel re-transfer of the license back to herself in the event of default.<sup>22</sup> The transfer to Ms. Hester was approved by the Board at its meeting in November, 2005.<sup>23</sup> Ms. Hester operated the license

<sup>&</sup>lt;sup>18</sup> Ex. 12 at 15, note 10.

<sup>&</sup>lt;sup>19</sup> Ex. 3, pp. 19-23, 56, 59.

<sup>&</sup>lt;sup>20</sup> *See* Ex. 3, pp. 19-23.

<sup>&</sup>lt;sup>21</sup> See Ex. 3, p. 39, pp. 66-71.

<sup>&</sup>lt;sup>22</sup> Ex. 3, pp. 72-78. *See* AS 04.11.360(1)(B); AS 04.11.670; 13 AAC 104.107.

<sup>&</sup>lt;sup>23</sup> Ex. 3, p. 39.

from then until mid-2006.<sup>24</sup> By mid-September, 2006, Ms. Hester appeared to be no longer living in Fairbanks or managing the license, and she was in default under her contract with Ms. Rollins,<sup>25</sup> with a principal balance due to Ms. Rollins of \$37,488.08.<sup>26</sup> In December, 2006, and February, 2007, Ms. Rollins submitted applications to renew the license and to re-transfer it back into her name.<sup>27</sup> At that time, Ms. Rollins was concerned that persons associated with Showboat were actually operating the license, and that her retained interest in the license was in jeopardy due to their activities.<sup>28</sup>

The application to re-transfer the license was provisionally approved by the Board at its July 11, 2007, meeting.<sup>29</sup> In October, 2007, Ms. Rollins foreclosed on the sales agreement,<sup>30</sup> and beginning in the third quarter of 2007, she operated the license under the name Alaska 1910 at the same location, the building at 4625 Old Airport Way.<sup>31</sup> Ms. Rollins operated the license at that location from the third quarter of 2007 until May or June, 2008.<sup>32</sup>

In May or June, 2008, Ms. Rollins vacated that property and ceased operating the license.<sup>33</sup> She vacated the property and stopped operating the license because since around Christmas, 2007, she had noticed losses of inventory, and she had received several reports that Mr. Stahlman had been opening the bar after hours.<sup>34</sup> Personnel from the Showboat had access to her liquor storage area because the Showboat's non-alcoholic beverages were stored in the same storage area as her liquor, and she had continuing concerns that the actions of Showboat personnel, and in particular of Mr. Stahlman, were placing the license in jeopardy.<sup>35</sup>

After vacating the property, Ms. Rollins had a half-dozen or so conversations with Mr. Goad concerning the possibility of Mr. Goad (possibly with Ms. Hester) purchasing the

<sup>&</sup>lt;sup>24</sup> Ex. 5, p. 1 (Email, <u>wayfarer@mosquitonet.com</u> to R. Finney, 7/26/2006 @ 11:02 p.m.).

<sup>&</sup>lt;sup>25</sup> See Ex. 3, pp. 34, 39-42.

<sup>&</sup>lt;sup>26</sup> Ex. 3, p. 47.

<sup>&</sup>lt;sup>27</sup> Ex. 3, pp. 4-5. *See also*, Ex. 8 (Letter, E. Rollins to D. Griffin, 12/21/2006); Ex. 3, pp. 2, 9-11.

<sup>&</sup>lt;sup>28</sup> Ms. Rollins has asserted that Mr. Stahlman offered to make the payments due on her agreement with Ms. Hester, but that she refused to accept payments from him on the ground that it would be illegal to accept payments from a person other than the license owner. *See* Ex. 3, pp. 24-28, 31; 13 AAC 104.990(4) ("affiliate" includes "persons determined by the board to have significant influence or control over a person").

Ex. 3, p.1 (Letter, D. Holland-Williams to E. Rollins, 8/16/2006 [sic]).

<sup>&</sup>lt;sup>30</sup> R. 13, 14; Ex. 7, p. 1 (Email, <u>wayfarer@mosquitonet.com</u> to D. Holland-Williams, 10/27/2007 @ 10:59 p.m.). <sup>31</sup> Polling Pro Hearing Margary 1. Ma Polling to still the table of the transmission of the table of table o

<sup>&</sup>lt;sup>31</sup> Rollins Pre Hearing Memo, p. 1. Ms. Rollins testified that she operated the license beginning in July, 2007. Elizabeth Rollins Testimony at 1:51 (hereinafter ER).

<sup>&</sup>lt;sup>32</sup> R. 14, 20; ER 1:53.

<sup>&</sup>lt;sup>33</sup> R. 13.

<sup>&</sup>lt;sup>34</sup> See, e.g., ER 1:55-1:56.

<sup>&</sup>lt;sup>35</sup> ER 2:08.

license.<sup>36</sup> Ms. Rollins insisted on a cash deal.<sup>37</sup> Ms. Rollins' last discussion with Mr. Goad about a sale to him was in May, 2009, at which time she told him that he should "think about it."<sup>38</sup> She never heard back from him, and in June she saw an ad in the paper for transfer of another license, the 49er Club, from its existing location to the Old Airport Way location.<sup>39</sup> In August, 2009, Ms. Rollin filed an application to transfer the license from the Old Airport Way location to no premises.<sup>40</sup> By the end of the summer the 49er Club was operating at the Old Airport Way location.<sup>41</sup>

On October 21, 2009, Ms. Rollins submitted an application for a waiver of the 2009 operating requirement.<sup>42</sup> At that time, she explained that she planned to operate the license in 2010 on premises located at 1403 Old Richardson Highway (the same location that was the subject of the 1992-1995 waivers) pending any necessary improvements and approval from the Department of Environmental Conservation.<sup>43</sup> Ms. Rollins spoke with Mt. McKinley Bank about obtaining a loan to establish a facility where she could operate the licensed premises, and she prepared a business plan to support her loan request, but the bank declined to make a loan to her.<sup>44</sup> Ms. Rollins inquired about leasing the premises formerly occupied by the 49er Club. The owner of that property offered to lease the location to her with a restaurant being in adjoining premises, but because of her prior experience with a shared location at the Old Airport Road location Ms. Rollins did not accept the offer and the owner leased the location to another party.<sup>45</sup> Ms. Rollins spoke with a real estate agent about other possible locations and put an ad in the paper offering the license for sale.<sup>46</sup> The license was not operated at all in 2009.

#### III. Discussion

### A. <u>Burden of Proof</u>

At the hearing, Ms. Rollins was assigned the burden of proof. She objected that the burden of proof should be placed on the executive director.

<sup>39</sup> ER 1:59.

- <sup>40</sup> R. 18.
- <sup>41</sup> **R**. 13, 14.
- <sup>42</sup> R. 12-13.
- <sup>43</sup> R. 13.
- <sup>44</sup> ER 2:02. <sup>45</sup> ER 2:02

<sup>&</sup>lt;sup>36</sup> R. 13, 14; ER 1:57.

<sup>&</sup>lt;sup>37</sup> R. 14; ER 1:54.

<sup>&</sup>lt;sup>38</sup> R. 13, 14. Ms. Rollins testified that she was concerned that Mr. Goad might not be an appropriate person to operate a liquor license. ER 1:58.

<sup>&</sup>lt;sup>45</sup> ER 2:03-2:04.

<sup>&</sup>lt;sup>46</sup> ER 2:05, 2:13.

In general, the burden of proof is on the person seeking a change to the *status quo*.<sup>47</sup> At the time of the Board meeting in 2010, Ms. Rollins' license was subject to the operational requirement for 2009. She sought a change in the *status quo* by requesting a waiver from the operating requirement for 2009. Under the Administrative Procedure Act, the burden of proof was on Ms. Rollins pursuant to AS 44.62.460(e)(2), because her request for a waiver was initially denied.<sup>48</sup> Similarly, under the regulations governing hearings before the Office of Administrative Hearings, the burden of proof is on Ms. Rollins pursuant to 2 AAC 64.290(e).<sup>49</sup>

B. <u>Issue</u>

The executive director filed a statement of issues, identifying the issue to be heard as:

Should the Alcoholic Beverage Control Board grant Alaska 1910's request, dated October 21, 2009, for waiver of the AS 04.11.330 requirement to operate its alcoholic beverage dispensary license whether the requested waiver be viewed as a fist or sixth request for the license?

C. <u>Applicable Law</u>

AS 04.11.330(a)(3) states:

An application requesting renewal of a license shall be denied if...the applicant has not operated the licensed premises for at least 30 eight-hour days during each of the two preceding calendar years, unless the board determines that the licensed premises are under construction or cannot be operated through no fault of the applicant[.]

The Board has implemented this provision by adopting a regulation, 13 AAC 104.170, which states 13 AAC 140.170(b), which states:

(b) A licensee may apply to the board, requesting that the board waive the operating requirement of AS 04.11.330(a)(3).... Under AS 04.11.330(a)(3), the board will determine whether, through no fault of the licensee or because the premises are under construction, the licensed premises could not be operated for the required time during the preceding calendar year.

D. <u>Analysis</u>

1. The Board Has Authority To Deny Ms. Rollins' Application For Waiver

The executive director argued that under the terms of the 2003 agreement, Ms. Rollins lost the right to any future waiver of the operating requirement. Ms. Rollins argues that under the terms of that agreement, she retained the right to apply for a waiver if the license was re-

<sup>&</sup>lt;sup>47</sup> <u>State, Alcoholic Beverage Control Board v. Decker</u>, 700 P.2d 483, 485 (Alaska 1985).

<sup>&</sup>lt;sup>48</sup> AS 44.62.460(e)(2) states that the "respondent has the burden of proof...if a right, authority, license or privilege has been initially denied or not issued.").

<sup>&</sup>lt;sup>49</sup> 2 AAC 64.290(e) states that "[u]nless otherwise provided by applicable statute or regulation, the burden of proof and of going forward with the evidence is on the party who requested the hearing...".

transferred to her after having been operated by another licensee, as occurred. Assuming that Ms. Rollins' interpretation of the agreement is correct, however, she has not argued that agreement by its own terms compels the Board to <u>grant</u> her a waiver. Rather, Ms. Rollins argues that under the terms of the agreement her application must be treated as if it were her first application (disregarding the applications she filed in 1991-1995), and that because the Board has never before denied a first application for a waiver, that the Board should grant her application.

That the Board has never before denied a first application for a waiver (an assertion that the executive director did not deny) does not mean that the Board lacks authority to do so. To the contrary, under AS 04.11.330(a)(3) and 13 AAC 104.107, the Board has express authority to deny even a first application for a waiver, and indeed it <u>must</u> deny a first application for waiver unless it determines that the licensee is not at fault or the premises are under construction. 13 AAC 104.107(e) indicates that the Board will not grant a third consecutive application for waiver on the same grounds that it would grant a first application or a second consecutive application, but that does not mean that first or second requests must be granted automatically.

Ms. Rollins suggests that because the Board has never before denied a first application for waiver, it would be arbitrary or discriminatory to do so in this case. However, the fact that an action has never been taken before does not mean that the action is arbitrary or discriminatory, absent a showing that the relevant circumstances are substantially similar to the circumstances in at least one prior case in which that action was not taken. There has been no such showing in this case.<sup>50</sup> Accordingly, as stated in AS 04.11.330(a)(3), the Board must deny Ms. Rollins' application for a waiver unless it makes a determination that the license was not operated in 2009 through no fault of her own (since premises were not under construction).

# 2. Ms. Rollins Did Not Establish An Absence Of Fault

In determining whether the non-operation of the license in 2009 occurred through no fault of Ms. Rollins, the Board should keep in mind the purpose for which AS 04.11.330(a)(3) was enacted:

[T]he legislature intended to prevent a licensee from holding onto one of a limited number of licenses without operating it, at least beyond a reasonable time necessary to construct or otherwise establish premises. This objective maintains the character of the license as a license to conduct business rather than a financial

<sup>&</sup>lt;sup>50</sup> Mr. Griffin, the executive director from 1996-2008, testified that there was no prior case substantially similar to Ms. Rollins. DG 0:36.

asset; and...maintains a certain number of facilities in the community where people can purchase alcohol.<sup>[51]</sup>

The Board should make its determination in light of its prior decisions on waiver applications.<sup>52</sup> The record regarding the circumstances that the Board has considered in connection with prior applications for a waiver is limited. Ms. Rollins' first application for a waiver was for 1991; the license had been transferred to her at no premises in September, 1991, at which time Ms. Rollins was attempting to find "the right location" for a planned "early era" restaurant" and the Board granted a waiver in December.<sup>53</sup> Subsequent waivers for 1992-1993 were granted based on placement of the license on the 1403 Old Richardson Highway premises, with a showing of ongoing renovations and approval by the Department of Environmental Conservation.<sup>54</sup> Her fourth waiver was granted based on a representation that the purchase of another property had fallen through, and that the 1403 Old Richardson Highway premises had been damaged and could not timely be made suitable for operation.<sup>55</sup> Thus the first waiver reflects inability to find a suitable location within three months after license acquisition in September, 1991, the second two waivers reflect ongoing construction and permitting issues at the selected location, and the fourth reflects damage to that property by third parties.

The record also includes evidence regarding the reasons for a waiver of the Appleby's license.<sup>56</sup> In that case, there had apparently been a fuel oil spill at the existing location, and the license holder was granted several waivers to accommodate permitting and construction of new premises in another jurisdiction. In addition, the record includes evidence regarding the reasons for a waiver regarding License No. 4101 (Bonanza Grill).<sup>57</sup> That license was operated in 1994-1996; the license was transferred and waivers were granted (for unstated reasons) to the new license holder 1997-2000; it was operated again in 2001, but pending transfer to another licensee, waivers were granted for 2004-2006, due to an unsatisfied lien that was removed by a court judgment in October, 2006. Finally, the record includes evidence regarding the reasons for a

<sup>&</sup>lt;sup>51</sup> <u>Rollins</u>, 991 P.2d at 209.

<sup>&</sup>lt;sup>52</sup> AS 04.11.537 states: "In determining whether issuance, renewal, transfer, relocation, suspension, or revocation of a license is in the best interests of the public, the board need not conform to or distinguish its decision from any action it has taken in the past on applications presenting similar facts, but may instead base its decision only on the particular facts before it." This case does not directly involve license renewal, but rather denial of an application for waiver of the operating requirement, and the executive director did not argue that the case should be decided without reference to the Board's actions in prior cases.

<sup>&</sup>lt;sup>53</sup> <u>Rollins</u>, 991 P.2d at 205.

<sup>&</sup>lt;sup>54</sup> <u>Rollins</u>, 991 P.2d at 205.

<sup>&</sup>lt;sup>55</sup> Rollins, 991 P.2d at 205.

<sup>&</sup>lt;sup>56</sup> Ex. 1.

<sup>&</sup>lt;sup>57</sup> Ex. 2.

waiver regarding License No. 419 (Boston's).<sup>58</sup> In that case, which involved two waivers, followed by a transfer, and subsequent waivers, the stated reasons for a waiver were "good faith effort put forth, closing deal fell apart; replat completed; financing took time; closing complete; foundations constructed; now winter setting in."<sup>59</sup>

The picture that emerges from these cases suggests that when considering a first application for a waiver, the Board will determine that the licensee is not at fault when the license was not being operated at the time of transfer to that licensee and the licensee was taking reasonable steps under all the circumstances to place the license in operation within a reasonable time,<sup>60</sup> and that will also determine that the licensee was not at fault when the circumstances that prevented operation were the result of conduct by a third party<sup>61</sup> or accident.<sup>62</sup> However, it appears that the Board has not previously considered a case in which an application for waiver was submitted by a prior licensee upon re-transfer, where the license had been operated for a number of years prior to re-transfer but the prior licensee had a history of multiple waivers. In that regard, this is, so far as it appears, a case of first impression for the Board.

### (a) Notice

Ms. Rollins argues that she is not at fault for non-operation in 2009 because she did not have adequate notice that if she did not operate the license in 2009, it would be subject to denial of a request for a waiver. By this, she does not mean that she was unaware of the requirement to operate the license in 2009. Rather, what she means is that she was not aware that the Board might decline to grant her application for a waiver even if it was treated as a first application for waiver, because the Board had never done any such thing before. However, the Board was under no obligation to notify Ms. Rollins that a first application could be denied. The possibility that a first application will be denied is simply a function of what AS 04.11.330(a)(3) provides. In any event, the Board did provide notice, in its August 19 letter, that the license must be operated in 2009. Ms. Rollins interpreted the notice as limited to mandatory denial under the terms of the 2003 agreement, but she plainly was on notice that a failure to operate would create a risk to her license.

<sup>&</sup>lt;sup>58</sup> Ex. 9, p. 2.

<sup>&</sup>lt;sup>59</sup> Ex. 9, p. 2.

<sup>&</sup>lt;sup>60</sup> *E.g.*, Ms. Rollins' initial application for a waiver in 1991.

E.g., placement of a lien by a third party.

E.g. a fuel spill on licensed premises.

#### (b) Ms. Rollins Chose Not To Operate The License

Ms. Rollins also argues that she is not at fault, because she could not have continued to operate the license at the 4625 Old Airport Way location or at the alternative location previously occupied by the 49er Club. She testified that she was offered the opportunity to transfer her license to the 49er Club's prior premises, but that she declined to do so because she did not want to operate at a shared location, in view of her past experience with a shared location at 4625 Old Airport Way. However, Ms. Rollins did not provide evidence or testimony that the management of the adjoining restaurant at the 49er Club's former location would have caused the same kinds of problems as had occurred at 4625 Old Airport Way. Moreover, to a large degree the problems that had occurred at 4625 Old Airport Way were within Ms. Rollins' control, and could reasonably have been averted either at that location or at the 49er Club location. In particular, Ms. Rollins did not show that she took any steps at the 4625 Old Airport Way location to secure her liquor inventory and prevent unauthorized after hours access by third parties, such as refusing to store Showboat's supplies in her liquor storage area, changing the locks to the prevent unauthorized access to the storage area or the premises generally, installing cameras or alarms, or arranging for regular after-hours inspection of the premises by a responsible manager or other third party. In view of her failure to take reasonable steps to eliminate the problems that had occurred at Old Airport Way, and the absence of any evidence that it was reasonable to anticipate similar problems at the 49er Club's former location, Ms. Rollins bears fault for nonoperation at one or the other of these locations in 2009.

(c) Ms. Rollins Did Not Take Reasonable Steps To Operate In 2009 Finally, Ms. Rollins argues that she is not at fault for non-operation in 2009, because she took reasonable steps to secure an alternative location or to sell the license, but despite her best efforts the license could not be transferred to another location or owner before the end of the year.

Ms. Rollins operated the license at the Old Airport Way location until May or June, 2008. At that time she ceased operating the license, Ms. Rollins had made no attempt to provide for continued operation, either by herself or by transfer to another party, even though she had been aware of problems for about six months, since Christmas, 2007. In her October, 2009, application for a waiver, Ms. Rollins stated that she intended to place the license back in operation in 2010 at 1403 Richardson Highway.<sup>63</sup> However, this was the same location that she had spend several years trying to get up and running in 1992-1995, without any success, and the premises still lacked the necessary approval from the Department of Environmental Conservation. Ms. Rollins has not shown that her stated plan to place the license in operation at that location was feasible at all, much less that it could be accomplished in a reasonable time, in light of her prior problems at that same site.

As for transfer to another party, Ms. Rollins asserted that she placed an advertisement in the newspaper in October, 2009, for sale of the license, but received no offers. However, placing a single advertisement in the newspaper a scant three months before the end of 2009, after having taken the license out of operation in May or June of 2008, does not constitute a reasonable effort to market the license. Ms. Rollins' sporadic discussions with Mr. Goad in 2008 and 2009 about selling the license to him never turned serious: she testified that she felt that he would not be a good candidate to operate the license, and there is no evidence that he had the capacity to meet her demand for a cash sale.

Ms. Rollins had more than 18 months in which to find an alternative location or to sell the license, not just a few of months (as was the case in 1991, when she acquired the license in September and the Board granted her a waiver for the 1991 operating year in December). In light of the time she had available to establish premises, the absence of a showing that Mr. Goad could meet her terms, and her limited marketing efforts, and considering that the purpose of the operating requirement is to "prevent a licensee from holding onto one of a limited number of licenses without operating it…beyond a reasonable time necessary to construct or otherwise establish premises,"<sup>64</sup> Ms. Rollins' efforts to place the license in operation in 2009 may succinctly be characterized as too little, too late.

### IV. Conclusion

Ms. Rollins did not establish that non-operation of the license in 2009 occurred through no fault of her own. Therefore, Ms. Rollins' application for waiver is denied.

DATED: March 10, 2011

Signed

Andrew M. Hemenway Administrative Law Judge

OAH No. 10-0262-ABC

<sup>&</sup>lt;sup>63</sup> R. 13

<sup>&</sup>lt;sup>64</sup> <u>Rollins</u>, 991 P.2d at 209.

# Adoption

The undersigned, on behalf of the Alcoholic Beverage Control Board, adopts this decision as final under the authority of AS 44.64.060(e)(1). Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with AS 44.62.560 and Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 24<sup>th</sup> day of March, 2011.

By: <u>Signed</u>	
Signature	
Robert Klein	
Name	
Board Chair	
Title	

[This document has been modified to conform to the technical standards for publication.]