Resp to Costco RFP
8278

DEFENDANT'S EXHIBIT

CASE NO. C04-0360P

EXHIBIT NO. 446

Disciplinary action was taken against 40 clubs during the fiscal year, such action in most cases involving the serving of liquor to persons other than members, bona fide guests, or visitors. One club license was canceled and after an extended period of time was reissued, 31 licenses were suspended, there were seven warning letters, and one case of dismissal.

HEARING DIVISION

For many years it has been the practice of the Board to hold a formal hearing when a licensee is alleged to have committed a violation of the Washington State Liquor Act and/or the Revised Rules and Regulations of the Board. However, in many cases an informal hearing or examiner's investigation is ordered and in some instances, until June, 1963, show cause proceedings were held directly before the Board.

After a formal hearing is ordered by the Board, all facts and information concerning the alleged violation is forwarded to the legal division for the preparation of a complaint. After the complaint has been prepared, it is submitted to a Board member for signature and is thereafter forwarded to the examiner who sends it, together with the subpoenas to be served on witnesses requested to be present by the legal division, to the proper field inspection office for service on the licensee. Accompanying the complaint to be served on the licensee is a notice of hearing informing the licensee of the date, time and place to appear and show cause why a suspension or cancellation should not be imposed. When the complaint and notice of hearing is served on the licensee, he also receives for his information an instruction sheet which fully explains the procedure of a formal hearing, and wherein he is advised that he may have an attorney to represent him at the hearing, if he so desires, or he may appear and represent himself. Formal hearings are always held at the city hall or courthouse nearest to the licensee's place of business.

The examiners appointed by the Board conduct all formal hearings and may issue subpoenas as requested by the legal division, by the licensee, or by the licensee's attorney, or the examiners may issue subpoenas on their own motion. At formal hearings the Board's case is presented by an assistant attorney general. All testimony is sworn testimony and is recorded by a court reporter. In a case where the licensee appears without an attorney, it is the examiner's responsibility to see that the licensee's rights are fully protected and further to see that he is assisted in presenting his defense.

When an infraction is readily admitted by the licensee, the examiner upon written instructions from the Board, may be requested to conduct an examiner's investigation. In such instances the examiner prepares the proper waiver form and personally or by letter, with complete instructions, presents it to the licensee, who may elect to waive formal hearing, admit the charge or charges and attach to the waiver any statement he wishes to make concerning the matter, which statement is presented to the Board for its consideration. No inducement or coercion is employed by the examiner to obtain admission that the charge or charges are true, and the licensee is fully advised of his option to request a formal hearing. If the licensee elects to waive formal hearing and admit the charge or charges, he may request to be present when the Board meets to arrive at a final decision on the waiver.

The Board will not permit a licensee to waive formal hearing on any alleged violation that, if proven, would probably result in cancellation of the license, but will always order a formal hearing in such cases.

On June 12, 1963, the Washington State Liquor Control Board by virtue of authority vested in it under Chapter 66.08 RCW, after due notice and public hearing held in Olympia, Washington on June 6, 1963, as provided by Chapter 42.32 Revised Code of Washington, adopted a resolution relating to practice and procedure before the Washington State Liquor Control Board, being Title XIV of the Regulations of the Board. As a consequence, changes in procedures of formal hearings have resulted, which changes are set forth in detail under aforementioned Title XIV.

During the twelvemonth period ended June 30, 1963, there were 103 formal, 122 informal, and 43 show cause hearings. There were 10 decisions rendered without hearings because of justice court convictions, which resulted in mandatory withdrawal of the license privileges, as required by law. Also, two informal, one formal, and two show cause hearings involving wholesale licensees were held during the period covered by this report.

BREWERS, BEER WHOLESALERS AND WINERY DIVISION

Out-of-state visitors, attracted by the Century 21 Exposition, apparently provided an expanded market for the brewing industry in the State of Washington during the fiscal year ended June 30, 1963, when beer sales climbed to a record high figure. Substantiating this conclusion is the fact that nearly two-thirds of the year's increase was recorded in the first four months of this twelvemonth report, coincident to the final operating period of the exposition. Export sales of beer also increased over the previous year.

Paradoxically, during a period when beer sales were increasing in the state, two breweries discontinued operations. Both were located in Spokane, and represented the last remaining brewing plants in Eastern Washington.

Domestic wineries also seem to have benefited from the large influx of tourists during the 1963 fiscal year, compiling substantially higher state sales than for the previous year. However, export sales of wine declined in comparison to the 1961-1962 fiscal period.

The Divison of Brewers, Beer Wholesalers and Wineries has continued to devote much attention to the enforcement of laws and regulations governing trade practices by licensees in the sale and distribution of beer and wine. A violation by one licensee of a measure involving ethical business conduct usually leads to retaliatory acts by his competitors and compounds problems disruptive to orderly liquor control. Further, such violations have a deleterious effect on the economic and the moral structure of the beer and wine industry itself. A majority of the licensees have given excellent cooperation in the effort to eliminate illegal activities, and it is felt that noticeable progress has been made in this area during the past year.

BREWERS AND BEER WHOLESALERS

Production and Sales: For the period from July 1, 1962, through June 30, 1963, total beer sales in the state, including out-of-state breweries, amounted to 1,442,270.93 barrels, an increase of 2.4 percent over the 1,408-620.57 barrels sold the previous year. Based on a state tax of $1.00 on each

Resp to Costco RFP
8279
TX446-002