

DISTRICT OF COLUMBIA
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ALCOHOLIC BEVERAGE CONTROL BOARD
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MEETING

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IN THE MATTER OF: :
 :
David Sakai t/a :
International House of Pong : Fact-
1010 Wisconsin Ave., NW : Finding
Retailer CR - ANC-2E : Hearing
License No. 84905 :
 :
 :
(New Application) :
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January 30, 2013
The Alcoholic Beverage Control Board met in the Alcoholic Beverage Control Hearing Room, 2000 14th Street, N.W., Suite 400S Washington, D.C. 20009, Chairperson Ruthanne Miller, presiding.

- PRESENT:
RUTHANNE MILLER, Chairperson
NICK ALBERTI, Member
HERMAN JONES, Member
DONALD BROOKS, Member

MIKE SILVERSTEIN, Member

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P-R-O-C-E-E-D-I-N-G-S

(4:06 p.m.)

CHAIRPERSON MILLER: Okay. We have another Fact-Finding Hearing, International House of Pong located at 1010 Wisconsin Avenue, N.W., License No. 84905 in ANC-2E.

Okay. All right. When you are ready, would you introduce yourself for the record?

MR. KLINE: Sure. Good afternoon. Andrew Kline on behalf of the licensee. Seated to my left is David Sakai. He is the principal or the applicant. I should say more accurately.

CHAIRPERSON MILLER: Okay. So we called this Fact-Finding Hearing because I guess the Board had conditionally approved an application of yours for a license and with pending submittal of certain documents that have never been submitted.

MR. KLINE: Yes.

1 CHAIRPERSON MILLER: Okay.

2 MR. KLINE: Madam Chair, Members
3 of the Board, I want to give you a little
4 background first.

5 Mr. Sakai is an international ping
6 pong champion.

7 CHAIRPERSON MILLER: Oh.

8 MR. KLINE: And the concept here
9 was for -- the reason why this is called House
10 of Pong is a very interesting concept that
11 would combine ping pong and food and drink, an
12 entertainment and eating and drinking
13 establishment.

14 And had thought he had located a
15 location at 1010 Wisconsin Avenue, which is
16 where we applied for the license.
17 Unfortunately, the reason why the documents
18 related to the issuance of the license have
19 never been produced is he was unable to
20 finalize the business deal with the landlord.

21 Since then, he has been doing two
22 things. One is looking for another location

1 for this very interesting concept, which may
2 or may not be in Georgetown. If it is in
3 Georgetown, then, obviously, we would want to
4 apply to move that license there.

5 And he has also been exploring
6 having someone else take over the license and
7 transferring it to them.

8 In fact, to that end, he had
9 actually entered into a contract to transfer
10 his rights under the license to a third-party
11 in November of 2012, but unfortunately they
12 have not gone forward and have indicated they
13 are unwillingness to go forward.

14 So it's our intention with the
15 Board's consent to continue to seek either of
16 those alternatives and we would ask the
17 Board's indulgence to do so and we are happy
18 to come back and check back in with the Board
19 and, obviously, we are happy to answer any of
20 the Board's questions that the Board might
21 have today.

22 CHAIRPERSON MILLER: Are there

1 Board questions? Yes, Mr. Alberti?

2 MEMBER ALBERTI: I would like to
3 get a better understanding of what has
4 transpired.

5 MR. KLINE: Sure.

6 MEMBER ALBERTI: When Mr. Pong --

7 MR. KLINE: Mr. Sakai.

8 MEMBER ALBERTI: Mr. Sakai, I'm
9 sorry.

10 MR. SAKAI: That's okay.

11 MEMBER ALBERTI: Excuse me. I'm
12 sorry. Mr. Sakai, you have -- when you
13 applied for this license, did you have a lease
14 agreement?

15 MR. KLINE: No, we had a Letter of
16 Intent.

17 MR. SAKAI: A Letter of Intent.

18 MEMBER ALBERTI: A Letter of
19 Intent.

20 MR. KLINE: Correct.

21 MEMBER ALBERTI: Okay. And then
22 that agreement fell through? Is that what

1 happened?

2 MR. SAKAI: Well, it was because
3 of venting. Okay. We wanted a full kitchen
4 and this location does not allow you to have
5 a full kitchen, unless a full vent was put in.

6 MEMBER ALBERTI: Oh, okay.

7 MR. SAKAI: So that changed the
8 concept of what we could offer for food on the
9 menu. So that kind of made us -- it was a lot
10 of money that the landlord wanted us to expend
11 to go ahead and make it into a full kitchen.

12 MEMBER ALBERTI: Okay. So since
13 then, you have been looking for another --

14 MR. SAKAI: Another location.

15 MEMBER ALBERTI: -- location,
16 either in Georgetown or somewhere else?

17 MR. SAKAI: Yes.

18 MEMBER ALBERTI: Okay. Okay. And
19 you have also been shopping the license to a
20 new owner? Is that --

21 MR. SAKAI: Someone came --

22 MR. KLINE: Yes.

1 MR. SAKAI: -- forward to us and I
2 had agreed, at this point, to go ahead and
3 enter into an agreement which we signed and
4 then just very -- not very long ago, they
5 were, I believe, a catering company and they
6 decided they didn't want the license.

7 MEMBER ALBERTI: And I just find
8 this very curious, because I mean, we recently
9 increased the number of licenses in Georgetown
10 by two from what it was.

11 CHAIRPERSON MILLER: Glover Park,
12 you mean, Glover Park?

13 MEMBER ALBERTI: Wasn't it in
14 Georgetown or was it Glover Park?

15 MR. KLINE: I think it was Glover
16 Park.

17 CHAIRPERSON MILLER: Georgetown?

18 MEMBER ALBERTI: No, it was
19 Georgetown.

20 MR. KLINE: My recollection is the
21 last thing --

22 CHAIRPERSON MILLER: I know we did

1 it in Glover Park.

2 MR. KLINE: -- increase was seven
3 licenses. I'll defer to the Board.

4 MEMBER ALBERTI: We did both. We
5 increased --

6 MEMBER BROOKS: I thought we did
7 both.

8 MEMBER ALBERTI: -- we --

9 MEMBER BROOKS: Both locations.
10 Georgetown and Glover Park.

11 MEMBER ALBERTI: Yes. And those
12 two licenses were applied for very quickly.
13 I'm pretty sure it was Georgetown. Yes, I'm
14 positive it was.

15 So I'm just curious as to -- given
16 the demand we were seeing a year or a year and
17 a half ago, I guess you can't answer that.

18 MR. KLINE: I don't understand the
19 question, so I definitely can't answer it.

20 MEMBER ALBERTI: Well, I don't
21 know if you have any insight as to why there
22 is no demand for licenses now? I mean, we

1 were seeing it two years ago. I mean, we were
2 told that there is this great demand and so we
3 increased the moratorium by two licensees and
4 the community was not in favor of that.

5 I mean, it was my understanding
6 that there was some demand for them.

7 MR. KLINE: We are not before you
8 saying there is no demand for licenses. Let
9 me be clear. That's not what we are saying at
10 all. We are saying we had an agreement where
11 someone was going to take over this license
12 and they have now backed out of the agreement.

13 MEMBER ALBERTI: Okay. So what
14 are the prospects of selling it to someone
15 else in Georgetown?

16 MR. KLINE: I think they are good.
17 I mean, we think the prospects are good and we
18 intend to pursue that at the same time that
19 Mr. Sakai intends to pursue another location.

20 MEMBER ALBERTI: Okay.

21 MR. KLINE: So we think the
22 prospects are good. We are not saying that

1 there is no market out there. Let me be
2 clear.

3 MEMBER ALBERTI: All right. All
4 right.

5 MR. KLINE: I never said that. We
6 had a deal. We learned very recently that the
7 buyer, the contract purchaser does not intend
8 to go forward. No decision has been made as
9 to how that will be dealt with, but certainly
10 in the meantime, Mr. Sakai intends to, in good
11 faith, pursue a purchaser at the same time he
12 does also pursue a location for this very
13 interesting concept.

14 MEMBER ALBERTI: Okay.

15 MR. KLINE: That's where we are.

16 MEMBER ALBERTI: Thank you for
17 that.

18 MR. KLINE: Sure.

19 CHAIRPERSON MILLER: Other
20 questions? Okay. That sounds pretty
21 interesting. I hope you do the ping pong
22 thing. So I would say we ought to do a, you

1 know, six month status and see if this is --
2 maybe this will be resolved beforehand.

3 MR. KLINE: We expect that it will
4 be, but we are certainly happy to come back if
5 it's not.

6 CHAIRPERSON MILLER: Okay. And if
7 it is resolved beforehand, we will hear about
8 it, because you will move forward one way or
9 the other.

10 MR. KLINE: We'll withdraw the
11 license.

12 CHAIRPERSON MILLER: Right. Okay.
13 All right.

14 MR. KLINE: We'll take all future
15 transfers, unless we were somehow able to make
16 a deal at this location.

17 CHAIRPERSON MILLER: Okay.

18 MEMBER ALBERTI: I think we have a
19 comment.

20 CHAIRPERSON MILLER: Oh, Mr.
21 Jones?

22 MEMBER JONES: Thank you. Just to

1 be consistent, similar to the previous case,
2 is there anything that you could offer to
3 provide to us or are willing to provide to us
4 as indication of the seriousness with which
5 you are taking this process at the time six
6 months from now?

7 MR. KLINE: At that time?

8 MEMBER JONES: Six months from
9 now.

10 MR. KLINE: Oh, sure. Absolutely,
11 we will be happy to come in at that point and
12 share with the Board --

13 MEMBER JONES: If not before.

14 MR. KLINE: -- you know, hopefully
15 before the Board will know because we either
16 have a transfer application for this applicant
17 to another location or we have a transfer
18 application along with a change of ownership
19 to another location.

20 MEMBER ALBERTI: Right.

21 MR. KLINE: So the Board would
22 know at that point. If for some reason in six

1 months that's not done, which we do not
2 anticipate, then we certainly would be happy
3 to come back before you and share with you
4 what efforts have been made to pursue another
5 location and/or another operator to make use
6 of this license.

7 MEMBER JONES: Okay. So if I am
8 hearing correctly what you are -- so similar
9 to the case before, I was asking what you
10 would be willing to provide to us as a
11 demonstration of that. So what I'm hearing is
12 we would see ABRA-related documentation either
13 for a transfer to a new location or a transfer
14 with transfer of ownership to another entity
15 within six months.

16 MR. KLINE: Yes.

17 MEMBER JONES: And if we don't see
18 that, then there is nothing that you are
19 willing to sign up for today that you would be
20 willing to show us at that six month point
21 when we brought you back in for a Fact-Finding
22 to find out the status, at that point in time,

1 whether it would be LOI, a lease agreement
2 somewhere else, whatever the case may be?

3 MR. KLINE: There is nothing that
4 we are willing to sign up for? We are willing
5 to come in at that time and share with you all
6 documents that we have as evidence of the
7 efforts that have been made to either transfer
8 to a third-party or find a new location for
9 this particular business concept.

10 MEMBER JONES: Okay. Thank you.

11 MR. KLINE: Absolutely. We have
12 no problem doing that at all.

13 MEMBER JONES: Thank you. Thank
14 you, Madam Chair.

15 CHAIRPERSON MILLER: So if it
16 comes to that, it would probably be best if
17 you could do that in advance of the hearing
18 though.

19 MR. KLINE: Sure.

20 CHAIRPERSON MILLER: Okay. So we
21 could absorb it.

22 MR. KLINE: I mean, if it -- if we

1 get to that and nothing has been filed with
2 the Board --

3 CHAIRPERSON MILLER: Right.

4 MR. KLINE: -- just give us say 21
5 days notice of the Fact-Finding, then we will
6 make sure that you have it before the Fact-
7 Finding.

8 MEMBER JONES: Fair enough. Thank
9 you.

10 CHAIRPERSON MILLER: Okay. Good.

11 MR. KLINE: Thank you.

12 CHAIRPERSON MILLER: Thank you
13 very much.

14 MR. SAKAI: Thank you very much.

15 (Whereupon, the Fact-Finding
16 Hearing in the above-entitled matter was
17 concluded at 4:16 p.m.)

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