DISTRICT OF COLUMBIA

ALCOHOLIC BEVERAGE CONTROL BOARD

MEETING

IN THE MATTER OF:

Rhino Investments, LLC,
t/a To Be Determined:
Retailer CT:
License No. 94467:
(Request to Extend Safekeeping):

Wednesday
August 19, 2020

The Alcoholic Beverage Control Board met via WebEx video teleconference, Chairperson Donovan W. Anderson presiding.

PRESENT:

DONOVAN W. ANDERSON, Chairperson
BOBBY CATO, JR., Member
RAFI ALIYA CROCKETT, Member
EDWARD S. GRANDIS, Member
JENI HANSEN, Member
JAMES SHORT, JR., Member
REMA WAHABZADAHA, Member

ALSO PRESENT:

STEPHEN O'BRIEN, Applicant's Counsel
JUSTIN HICKS, Applicant
CHAIRPERSON ANDERSON: Good morning, everyone. I'd like to welcome you to the regular scheduled meeting of the District of Columbia Alcohol and Beverage Control Board. Today is Wednesday, August 19th, 2020, and the time is approximately 10:44 a.m.

This meeting has been conducted pursuant to guidance made available by the District of Columbia Office of Open Government regarding electronic meetings held by public bodies during the public health emergency.

Pursuant to this guidance, notice of today's meetings was provided 48 hours in advance of the meeting on ABRA's website and on the District's central meeting calendar. The notice includes the time, date, agenda, and call-in or login information for public participation. This electronic meeting has been hosted by a WebEx account provided by the District of Columbia government. Please address any questions or complaints to the OOG at OpenGovOffice@DC.gov.

My name is Donovan Anderson and I'm Chairman of the Board. I would like to introduce
the other members of the Board who are also
participating electronically pursuant to Mayor's
Order 2020-054.

Please respond when I announce your
name. Mr. James Short? Mr. Short, please turn -
- I cannot hear you. Turn your microphone on.
Mr. Short, please open -- please un-mute your --
yes. Go ahead, Mr. Short?

MEMBER SHORT: Yes, Mr. James Short
present.

CHAIRPERSON ANDERSON: Thank you, Mr.
Short. Mr. Bobby Cato?

MEMBER CATO: Bobby Cato, present.

CHAIRPERSON ANDERSON: Ms. Rema
Wahabzadah?

MEMBER WAHABZADAH: Rema Wahabzadah,
present.

CHAIRPERSON ANDERSON: Ms. Rafi
Crockett?

MEMBER CROCKETT: Rafi Crockett,
present.

CHAIRPERSON ANDERSON: Ms. Jeni
Hansen?

MEMBER HANSEN: Jeni Hansen, present.

CHAIRPERSON ANDERSON: The Board has
six members in attendance today for the conduct
of business, and that constitute a quorum. Our
first order of business is today is our calendar,
and it's a Fact Finding Hearing by Rhino
Investments, LLC, to be determined license no.
99467.

The request has been made from Rhino
for a request to extend their safekeeping. And
can we have the representatives from Rhino
introduce themselves for the record starting with
their attorney?

MR. O'BRIEN: Stephen O'Brien.

CHAIRPERSON ANDERSON: Mr. O'Brien,
good morning.

MR. O'BRIEN: Good morning. And I
think Justin Hicks representing Rhino is on the
call also.

CHAIRPERSON ANDERSON: Yeah. Good
morning, Mr. Hicks. Mr. Hicks, you need to open
your -- we can't hear you, Mr. Hicks, so you need
to open your -- we can't hear you. Mr. Hicks, we
can't hear -- I don't know what it is you did
before, but we heard you before but we can't hear
you now.

We can't hear you, Mr. Hicks. We
still can't hear you. What I suggest that you
do, Mr. Hicks, why don't you sign off then sign
back in please.

And Board Member Grandis has joined
us. Mr. Grandis, can you introduce yourself for
the record, please?

MEMBER GRANDIS: Yes. Good afternoon,
my name is Edward Grandis.

CHAIRPERSON ANDERSON: And good
morning again, Mr. Grandis. So the Board now has
seven members. All seven members are here to
participate in this meeting today. We're waiting
for Mr. Hicks to come back on because he was
having some technical issues. So as soon as Mr.
Hicks comes back on, we will resume the hearing.

MR. HICKS: Can you hear me now?

CHAIRPERSON ANDERSON: Yes. We can
hear you, Mr. Hicks.

MR. HICKS: Perfect.

CHAIRPERSON ANDERSON: Thank you. And
while you were away, Mr. Hicks, Mr. Grandis has
joined us so we now have -- all seven board
members are participating.

So you know, Mr. O'Brien, we had -- a
request was made I think in November for a Fact
Finding Hearing. We had a Fact Finding Hearing in November and assurances were made to us by both Mr. Hicks and yourself in November basically telling us that if the Board approve the safekeeping request, if we grant the safekeeping request from March 31st, 2020, that the licensee would not come back to the Board and request another -- no, the licensee basically says that, "If by March 31st, 2020, if we don't have any license in transfer at that point, I will not seek another extension." That was a court that was provided to us by Mr. Hicks at our last hearing in November of 2019.

Another request is now being made for another safekeeping request. So maybe, Mr. O'Brien, you can update us where we are and why it's another -- whether or not has that condition been met. And if it has not been met, why another safekeeping request has been made out.

MR. O'BRIEN: The answer is doesn't get often met.

CHAIRPERSON ANDERSON: It's that it has or has not?

MR. O'BRIEN: Has not.

CHAIRPERSON ANDERSON: Okay. Go
ahead. So why was --

MR. O'BRIEN: There is no transfer application to a specific location on file. That was the condition, it has not been met. I'll let Mr. Hicks speak to this more particularly, but the long and short is that the health emergency has upset all apple carts. And that is the, generally speaking, the reason why but I'll let Mr. Hicks elaborate.

MR. HICKS: Sure. Thank you for your kindness --

CHAIRPERSON ANDERSON: Mr. Hicks?

MR. HICKS: -- Chairman and Chairwomen of the Board. Yeah, we were -- early in the year, we were close with many properties and we were absolutely planning on being successful in this endeavor.

As you know, the health emergency with COVID came along and upset everything. Since that time, we had to put everything on hold as that business model, at least in our opinion, is not a viable one until there is some clarity and some stability in the market.

And then it, you know, there's a path forward to how we can operate -- open and
operate, you know, a tavern both safely and
profitably in Georgetown. We think that there's
opportunity ahead as we get closer towards a
vaccine and we get some clarity and the how these
businesses will operate.

As you well know, you know, not just
DC but around the country the bar and restaurant
industries been pretty much guesstimated. And,
you know, while there may be people opening bars,
I don't know, I -- you know, we are not in a
position where we feel it's the right time to
open one, but we do feel we're in the position
that we have got the capital.

We still maintain the determination
and the will to open one. We think there'll be a
rebuilding in Georgetown and in other places
around the country. Of course the individual
that I work for, the owner of Rhino Investments,
is a Georgetown resident. He's got access to
lots of capital and looks forward to rebuilding
in that area.

So I think an extensionable amount to,
you know, seize upon an opportunity to open a
business at the appropriate time as there's, you
know, a little more clarity and stability and be
part of that rebuilding effort.

CHAIRPERSON ANDERSON: Did you have anything that you want to say on this case, sir, Mr. O'Brien --

MR. O'BRIEN: Yes.

CHAIRPERSON ANDERSON: -- before the Board asks questions?

MR. O'BRIEN: Yes. The issue I think at this point is whether any business that opens with any prospect of success -- now I don't have any statistics but I'm very confident, I know at least from a workflow in our office, that the number of new applications for new licenses for on premises consumption received by ABRA since the emergency began is greatly diminished.

I'm not saying there hasn't been any, but they are much fewer and far between. No on premise business is making money now, everyone is losing money. The only issue is how much is one losing. And in that climate, opening a business just doesn't make any sense.

One of the points I'd like to make, at the last Fact Finding Hearing, the Chair observed that someone else ought to be given a chance to open a business if Rhino is not going to proceed.
But I can assure you what's going to happen is if this license is made available, and ABRA makes a public announcement there's now one tavern license available in Georgetown, a new business I can assure you is not going to come in and say, "Yes, we want it."

What's going to happen is an existing CR business that perhaps is marginal with food service, or doesn't want to fool with the quarterly reports anymore, will come in and snatch it up. So there won't be new business opening in Georgetown, just an existing business will convert its ask.

At this point, I suggest that the most prudent course of action is for us to await how the COVID-19 shakes out. Anything other than that at this point is I don't think ultimately going to be productive from the Board's point-of-view.

CHAIRPERSON ANDERSON: Anything else any of the -- prior to the Board asking questions, anything else you want to say?

MR. O'BRIEN: No, I'd be glad to respond to Board questions.

CHAIRPERSON ANDERSON: All right. The
first question that I have is that the representation was made in November. The representation that was made in November. It was that all this will -- certain events will occur by March 31st.

Yes, we're all aware that the pandemic but the pandemic did not -- the public health emergency didn't occur until the latter part of March. So my position is that you had November, December, January, February, and March, and if you're told March.

And if you came to the Board and basically stated that, "We found a property, we signed a contract, however based on the pandemic we have to revisit our business model. So because we have to revisit our business model, we're not able to move forward."

But you're not telling us that you have even signed a contract. You're basically bootstrapping by saying, you know, "The pandemic, we now need to revisit our business model." And I understand that. Based on the pandemic, yes, everyone is revisiting this business model.

But the presentation that was made today, you have not stated to me that we were at
the juncture to sign a contract to sign a lease. And that we were -- this is what we were doing, and then the pandemic occurred, so therefore we have to pull back and revisit.

I have not heard that, so I'm not quite sure -- it doesn't appear to me that anything has changed from the last time you were in front of the Board. And when you respond, the person's who's responding please identify yourself for the record.

MR. O'BRIEN: Yes. This is Steve O'Brien responding, Mr. Chair. I would say two things. Number one, I would ask the Board what the Mr. Hicks just stated, that earlier this year he was getting very close on location. The second thing I would say is although the health emergency got declared in the District until middle of March. In fact, everyone has in the industry has known there was big trouble since at least mid-February.

CHAIRPERSON ANDERSON: Hold on before you respond, could I ask all Board members if you're not speaking to put your phone on mute. If you're not speaking, please put your phone on mute. And then once you're allowed to speak, un-
mute yourself.

Go ahead, respond whoever needs to respond. Please go ahead. Were you done, Mr. O'Brien?

MR. O'BRIEN: Yes, I had finished.

CHAIRPERSON ANDERSON: Do you have anything you want to ask, Mr. Hicks?

MR. HICKS: No, just to -- yes. Up until into March, we were actively negotiating properties we had. While we did not have a contract executed, we had lots of LOIs out. We were actively negotiating what we thought would be successful acquisitions of the property at that time.

So we were and I was leading that effort. I'm very active with our real estate brokers in trying to find a good location. And several properties, both one in and Wisconsin, we were in price negotiations with and the LOI stage. A later LOI stage, I should say.

MEMBER GRANDIS: Mr. O'Brien?

CHAIRPERSON ANDERSON: Oh, no that -- that's Mr. Grandis asking a question. Go ahead, Mr. Grandis.

MEMBER GRANDIS: Mr. O'Brien, it's
good to see you. Would your client be willing to
provide the Board any of these LOIs that had been
alleged to help us in understanding what exactly
was happening regarding trying to find a location
in Georgetown for a CT?

MR. O'BRIEN: My concern there would
be a maintenance of confidentiality. I would not
have a problem I think in camera for those non-
lawyer -- Mr. Grandis knows what it means, Mr.
Anderson knows, for the non-lawyers meaning for
the Board to look at them but they not be shared
with the public. It's good business negotiation.

MEMBER GRANDIS: Yeah, thank you.

Thank you, Mr. O'Brien.

CHAIRPERSON ANDERSON: All right. Do
we have any other questions by any Board members?
Go ahead, Ms. Crockett. I see you, go ahead.

MEMBER CROCKETT: Mr. Hicks, you said
that you were in active negotiations as late as
March. Did you decide to cut off those
negotiations because of your concern that, you
know, opening a restaurant or a tavern during
this time would not be profitable? I mean, why
did those negotiations stop? Was that on your
end, was that at the other party's end? Why did
those negotiations come to an end?

MR. HICKS: It was our end. And, I mean, that was driven from a -- I represent, you know, the person that owns Rhino. I work for him for another company called MC Dean. We're a government contractor, and I do all the investment for them as well. So it's not only just random investments but MC Dean behind it, you know, who saw this, let's say, economic impact coming.

So, you know, cash investments and investments across the Board were put on hold company-wide and that slowed down to these. And we decided that we needed to wait and see how this was going to impact the market. And since that, the pandemic, while we keep an eye on the market and look at -- see what's out there, we don't feel as we mentioned before it's the right time to open a tavern despite the fact that we want to and we want to participate, you know, going forward once there's an ability.

But we were the initiator. To answer your question, we were the initiator of pulling out of those LOIs with the exception of one that got sold in March despite we had a higher offer
on them.

CHAIRPERSON ANDERSON: Any other questions by any other Board members?

MEMBER SHORT: Mr. Chairman, Mr. Short.

CHAIRPERSON ANDERSON: Yes. Go ahead, Mr. Short.

MEMBER SHORT: Yes. Mr. Chairman, I would really like to enter on the record that because of this COVID-19 pandemic, nationwide trends have been to wait. I would like to also go on the record stating that our executives in the most high places in the United States of America try to press things on as they're normal. This is not our normal. This is our new normal.

I would like to think that this Board would consider that this COVID-19 has caused a lot of businesses to make decisions that work for the public safety and work for their own pocket safety in that this isn't the end of the line. And I would like to think that we make decisions based on this COVID-19 pandemic now and just be reasonable.

There's not a lot of businesses opening up now. In fact, there are a lot of
businesses closing down now. And I would like to think that once the COVID is gone, we would reconsider a lot of things that we cannot consider possibly now during the pandemic. Thank you, Mr. Chair. That's all I have to say.

CHAIRPERSON ANDERSON: Thank you, Mr. Short. Do we have any questions by any other Board members?

All right. Hearing none, either Mr. Hicks or Mr. O'Brien, do you want to make any closing statements please?

MR. O'BRIEN: No, sir. This is O'Brien speaking. I'd simply be repeating what I already said.

CHAIRPERSON ANDERSON: Thank you, Mr. O'Brien. Mr. Hicks?

MR. HICKS: I as well. I just wanted to show you of our, you know, continued determination to do this. We do have an interest and we certainly thank you for all the time in the past that you've given us, and the members of the Board.

CHAIRPERSON ANDERSON: All right. Thank you, Mr. O'Brien. Thank you, Mr. Hicks. We'll bring this hearing to a close. The Board
will take this matter under advisement and we will get back to you regarding our final determination. Thank you very much and have a great day.

MR. HICKS: Thank you.

MR. O'BRIEN: Thank you.

CHAIRPERSON ANDERSON: All right, thanks.

(Whereupon, the above-entitled matter went off the record at 11:06 a.m.)
CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: Rhino Investments

Before: DCABRA

Date: 08-19-20

Place: teleconference

was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings.

[Signature]

Court Reporter