

**THE DISTRICT OF COLUMBIA  
ALCOHOLIC BEVERAGE CONTROL BOARD**

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Aalemu Investments, LLC	)	Case No.:	14-CMP-00280
t/a Signature Lounge	)	License No.:	095535
<i>Applicant</i>	)	Board Order No.:	2015-071
	)		
Application for a New	)		
Retailer's Class CT License	)		
	)		
at premises	)		
1920 9th Street, N.W.	)		
Washington, D.C. 20001	)		

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**BEFORE:** Ruthanne Miller, Chairperson  
Nick Alberti, Member  
Donald Brooks, Member  
Herman Jones, Member  
Mike Silverstein, Member  
Hector Rodriguez, Member  
James Short, Member

**ALSO PRESENT:** Aalemu Investments, LLC, t/a Signature Lounge  
  
Martha Jenkins, General Counsel  
Alcoholic Beverage Regulation Administration

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**ORDER DENYING APPLICATION**

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**INTRODUCTION**

The Alcoholic Beverage Control Board (Board) denies the Application for a New Retailer's Class CT License (Application) at premises 1920 9th Street, N.W., filed by Aalemu Investments, LLC, t/a Signature Lounge (hereinafter "Respondent" or "Signature Lounge") based on the violations that occurred at the establishment on June 11, 2014, while the Application was under review by the Board. The Board further finds the Applicant unfit for licensure pursuant to District of Columbia (D.C.) Official Code § 25-301(a)(1).

### ***Procedural Background***

The Board held a Fact Finding Hearing on Case Report No. 14-CMP-00280 on September 24, 2014. On October 29, 2014, the Board notified the Respondent that it was required to demonstrate to the satisfaction of the Board that it qualified for licensure and otherwise did not commit violations that require denial of the Application. *In re Alemu Investments, LLC, t/a Signature Lounge*, Case No. 14-CMP-00280, Board Order No. 2014-476, 2 (D.C.A.B.C.B. Oct. 29, 2014) (Order Requiring Applicant to Demonstrate Fitness for Licensure Under § 25-301).

As provided in the notice, the issues under consideration were the following:

- Count I: Amare Alemu and Tsion Alemu lack good character and are generally unfit for the responsibilities of licensure in accordance with D.C. Official Code § 25-301(a)(1) based on the violations of Title 25 of the D.C. Official Code and Title 23 of the D.C. Municipal Regulations. The Board is further authorized to deny the Application pursuant to 23 DCMR § 401.1 . . . .
1. [The Applicant] participated in, permitted, or allowed a licensed caterer to violate D.C. Official Code § 25-113(i)(2) and 23 DCMR § 2000.1 on or about June 11, 2014 . . . .
  2. [The Applicant] participated in, permitted or allowed a licensed caterer to violate D.C. Official Code § 25-754 . . . .
  3. [The Applicant] participated in, permitted, or allowed a licensed caterer to violate D.C. Official Code § 25-113(i)(2) and 23 DCMR § 2000.1 on or about June 11, 2014 . . . .
  4. [The Applicant] participated in, permitted, or allowed a licensed caterer to violate D.C. Official Code § 25-113(i)(2) and 23 DCMR § 2000.1 on or about June 11, 2014.

*Id.* at 2-3. The hearing for this matter was held on February 4, 2014.

### **FINDINGS OF FACT**

The Board having considered the evidence contained in the record, the testimony of witnesses, and the documents comprising the Board's official file, makes the following findings:

1. Signature Lounge applied for a Retailer's Class CT License at premises 1920 9th Street, N.W. *Application File No. 095535*. The Board reviewed Case Report No. 14-CMP-00280, written by Alcoholic Beverage Regulation Administration (ABRA) Investigator Shawn Townsend. *Case Report 14-CMP-00280*, 1 (Jun. 11, 2014).

2. On June 11, 2014, around 10:05 p.m., Investigator Townsend went to the establishment and observed the establishment in operation. *Id.* at 1. He observed that the event offered hookah and alcoholic drink specials, including six dollar mojitos. *Id.* Bartenders were serving drinks to customers and the establishment had a full bar. *Id.*

3. Amare Alemu identified himself as the manager of the event. *Id.* Mr. Alemu is the owner of Signature Lounge, which is applying for a Retailer's Class CT License. *Supra*, at ¶ 1. When asked to provide an alcohol license, Dmazana Lumukanda presented a Retailer's Class C Caterer's License. *Id.* at 2.

4. Investigator Townsend asked Mr. Alemu and Mr. Lumukanda to describe the food available at the event. *Id.* According to Mr. Lumukanda, no food was being provided because the deep fryer was "out of service." *Id.*

5. Mr. Lumukanda stated that he ". . . was well-aware that the kitchen was inoperable . . . so we just suggested that patrons order from next door." *Transcript (Tr.)*, September 24, 2014 at 18, *see also* 62-63. Mr. Lumukanda further admitted that alcohol was provided without food. *Id.* at 63, 78-79. Mr. Alemu agreed with this statement. *Id.* at 66. He further noted that they were aware of the problem sometime around 9:00 p.m., yet they did not immediately shut down or cancel the event. *Tr.*, February 4, 2015 at 18, 43, 45-46. Instead, the event was only shut down when the ABRA investigator intervened around 10:20 p.m. *Id.*; *supra*, at ¶ 2.

6. ABRA's records shows that B Café, holding ABRA Caterer's License No. 86793, located at premises 3740 12th Street, N.E., never obtained an off-site storage permit from the Board. *See ABRA Licensing File No. 86793*. Nevertheless, Mr. Lumukanda admitted that he stored and kept alcohol for sale on Signature Lounge's premises when not in use. *Id.* at 24. He also admitted that his beer, wine, and liquor were stored in Signature Lounge's bar area. *Id.*; *see also Tr.*, 2/4/15 at 57.

7. Mr. Lumukanda admitted that the bartender and security staff working the event were under Signature Lounge's employ and control at the event occurring on June 11, 2014. *Tr.* at 105-06. Mr. Alemu confirmed that he employed the bartenders, servers and security staff. *Tr.*, 2/4/15 at 36-37. Mr. Alemu further stated that he split the costs of labor with the caterer. *Id.* at 37.

8. Mr. Lumukanda and Mr. Alemu admitted that Signature Lounge shared in the profits from the sale of alcohol at the event occurring on June 11, 2014. *Tr.*, 9/24/14 at 28, 46, 51-52, 56; *Tr.*, 2/4/15 at 38-39.

9. Signature Lounge provided the following relevant evidence:

- a. A job invoice issued by Electrical Creations, located at 4305 Kathland Avenue, Gwynn Oak, MD 21207. *Job Invoice*. The invoice states that the job performed by the company involved a minor repair to the stove, and that the pilot light was working. *Id.*

- b. A catering contract between Signature Lounge and the Brookland Café dated June 10, 2014. *Catering Contract*, 1 (Jun. 10, 2014). The contract describes the event on June 11, 2014 as the “The Signature 2014 MLB Series” as lasting from 3 p.m. to the close of business. *Id.* at ¶ A. The contract states that the “. . . Client will pay Caterer to provide Labor, License, Food, Beverage, Bar and Event Management services . . .” *Id.* at ¶ 1. The contract states that the Brookland Café will receive a payment of \$1,000 or 50 percent of gross revenue. *Id.* at ¶ 2.
- c. Signature Lounge also submitted guest checks reports and pictures of food.

10. The Board received the following information from the counsel of the landlord of 1920 9th Street, N.W., by letter dated December 9, 2014. *Letter from Richard Bianco, Bianco Law Office, PLLC, to Ruthanne Miller, Chairperson, Alcoholic Beverage Control Board* (Dec. 9, 2014). According to the landlord’s counsel, “. . . A. Alemu Investments, LLC, is not a lawful occupant of the Premises and therefore does not meet the eligibility criteria for licensure.” *Id.* at 2. The reasoning for this statement includes the fact that Mr. Alemu’s counsel in a legal proceeding stated that no assignment or sublease of the premises occurred. *Id.* Further, the landlord did not execute the Landlord Affidavit submitted in support of the application; instead, the Landlord Affidavit was executed by Tsion Alemu. *Id.*; *see also Tr.*, 2/4/15 at 30-33.

11. On January 26, 2015, the landlord’s counsel reported that the parties had resolved a dispute over occupation of the premises; therefore, the landlord ceased attempting to have Signature Lounge evicted. *Letter from Richard Bianco, Counsel, to Ruthanne Miller, Chairperson, Alcoholic Beverage Control Board* (Jan. 26, 2015). According to the landlord’s counsel, Signature Lounge has obtained lawful possession of the premises. *Id.*

12. Mr. Alemu indicated that Tsion Alemu knew that he was hosting catering events at the establishment. *Tr.*, 2/4/15 at 34.

### **CONCLUSIONS OF LAW**

13. The Board concludes that the Application merits denial pursuant to § 400.1. Furthermore, based on the Applicant’s violations of Title 25 of the D.C. Official Code and Title 23 of the D.C. Municipal Regulations, the Board finds the Applicant unfit for licensure.

#### **I. THE APPLICANT COMMITTED VIOLATIONS AT THE ESTABLISHMENT DURING THE APPLICATION PROCESS WHICH MERITS DENIAL OF THE APPLICATION.**

14. The record shows that the Applicant allowed various violations to occur on the premises on June 11, 2014, which merits denial of the license application.

15. Section 401.1 of Title 23 states, “[t]he Board may deny a license to an applicant if evidence shows that the applicant has permitted at the establishment conduct which is in violation of this title.” 23 DCMR § 401.1 (West Supp. 2014). Under § 401.1, it does not have to be shown that a licensee committed a violation directly; instead, it merely has to be shown that

the licensee permitted a violation to occur. Thus, a licensee may be held responsible for the actions of a third party, so long as it is shown that the licensee permitted, allowed, or encouraged the illegal behavior.

**1. The Applicant permitted or allowed a licensed caterer to violate D.C. Official Code § 25-113(i)(2) and 23 DCMR § 2000.1 on June 11, 2014.**

16. On June 11, 2014, the Applicant permitted a caterer to serve alcohol without offering food prepared by the caterer to patrons in violation of D.C. Official Code §§ 25-113(i)(2) and 23 DCMR § 2000.1.

17. Section 25-113(i)(2) states, “. . . a caterer’s license . . . authorize[s] the licensee to sell, deliver, and serve alcoholic beverages for consumption on the premises of a catered event at which the licensee is also serving prepared food.” D.C. Official Code § 25-113(i)(2). A caterer is further defined in § 2000.1 as “a business entity engaged principally in the processing, preparation, and service of food products which it has prepared especially for the customer for an event, and the service of alcoholic beverages is incidental to the food preparation and service.” 23 DCMR § 2000.1 (West Supp. 2015).

18. There is a demonstrable connection between the Applicant and the illegal activity that occurred on June 11, 2014. In this case, the caterer and the Applicant entered into a contract for the purposes of hosting an event at the establishment. *Supra*, at ¶ 9. Furthermore, Mr. Alemu identified himself as a manager of the event and Signature Lounge provided various employees. *Supra*, at ¶¶ 3, 7. Therefore, the record shows that the caterer was acting at the behest of the Applicant on June 11, 2014.

19. There is further no dispute that food was not served on June 11, 2014, in violation of § 25-113. Mr. Lumukanda stated that he “. . . was well-aware that the kitchen was inoperable . . . so we just suggested that patrons order from next door.” *Transcript*, September 24, 2014 at 18, *see also* 62-63. Mr. Lumukanda further admitted that alcohol was provided without food. *Id.* at 63, 78-79.

20. The Applicant attempts to excuse the violation by saying that they were in the process of discussing whether the event should be shut down when the investigator arrived. *Tr.*, February 4, 2015 at 10-11. The Board does not credit this excuse, because it appears that the event had been ongoing for a significant amount of time before the Investigator came; therefore, there is sufficient evidence to demonstrate that the Applicant acted with knowledge. *Supra*, at ¶ 5. Further, the excuse that the caterer and the Applicant were going to obtain food from the nearby restaurant is irrelevant. *Tr.*, 2/4/15 at 18. Under the catering law, the caterer must prepare the food itself, not merely act as a mobile bartending service for another food provider. *See* § 2000.1 (“which it has prepared”). Consequently, this excuse does not protect the Applicant and the caterer from liability or otherwise merit leniency.

21. It is further emphasized that this violation is quite serious. Caterers are not subject to the minimum security requirements imposed on nightclubs and taverns under the law. Further, unlike taverns and nightclubs, the city has no notice that a large number of people may be

drinking in a specific location, which leaves the Metropolitan Police Department and ABRA unable to anticipate the minimum service and staffing levels required to ensure the safety of the neighborhood. As a result, this type of violation has a direct impact on public safety.

**2. The Applicant participated in, permitted or allowed a licensed caterer to violate D.C. Official Code § 25-754.**

22. The record further shows that the Applicant permitted a caterer to use its premises to violate D.C. Official Code § 25-754(a).

23. Section 25-754(a) provides, “[a]lcoholic beverages shall not be manufactured, kept for sale, or sold by any licensee other than at the licensed establishment; provided, that the Board may permit the storing of beverages upon premises other than the licensed establishment under . . . a . . . [c]aterer’s license.” D.C. Official Code § 25-754(a), (a)(5).

24. ABRA’s records shows that B Café, holding ABRA Caterer’s License No. 86793, located at premises 3740 12th Street, N.E., never obtained an off-site storage permit from the Board. Nevertheless, Mr. Lumukanda admitted to providing alcohol for the establishment, which was stored and kept for sale on Signature Lounge’s premises when not in use. *Supra*, at ¶ 6. He also admitted that beer, wine, and liquor were stored in Signature Lounge’s bar area. *Id.* Finally, the Board concludes that the violation can be imputed to Signature Lounge, because it had ultimate control over the premises and permitted the illegal storage to occur.

**3. The Applicant participated in or permitted a violation of § 25-797 at the establishment by employing or controlling the bartending and security staff at a catered event on June 11, 2014.**

25. The Board further concludes that the Applicant contributed to a violation of § 25-797 on June 11, 2014, by providing bartenders, servers, and security for the event.

26. Under § 25-797, “[t]he holder of an on-premises retailer's license may rent out or provide the licensed establishment for use by a third party or promoter for a specific event; provided, that the licensee maintains ownership and control of the licensed establishment for the duration of the event, including modes of ingress or egress, and the staff of the establishment, including bar and security staff.” D.C. Official Code § 25-797(a). Further, under part (b), “[u]nder no circumstances shall a licensee permit the third party or promoter to be responsible for providing security or maintain control over the establishment's existing security personnel. D.C. Official Code § 25-797(b). A caterer is defined as an on-premise retailer pursuant to § 25-113. D.C. Official Code § 25-113(i).

27. In this case, Mr. Alemu admitted that he provided the servers, bartenders, and security for the event on June 11, 2014. *Supra*, at ¶ 7. Furthermore, because Mr. Alemu was acting as a manager of the event, it is clear that the caterer had either partially or wholly divested control of the event to Mr. Alemu. *Supra*, at ¶ 3. Therefore, it is clear that the Applicant participated in the violation of § 25-797(a) by controlling the establishment’s staff.

28. The Board notes that this violation represents a threat to public safety. When a third party has direct or indirect control over an establishment's staff, this puts critical decisions, such as cutting off alcohol service, ejecting patrons, and calling for emergency services, into the hands of untrained and potentially unqualified individuals. For this reason, the Board views this as a serious violation that prevents the Board from entrusting the Applicant with a license.

**4. The Applicant obtained an unlawful interest in a caterer's license in violation of D.C. Official Code §§ 25-301.**

29. Under § 25-301,

[b]efore issuing, transferring to a new owner, or renewing a license, the Board shall determine that the applicant meets all of the following criteria: . . . Except in the case of an application for a solicitor's license, the applicant is the true and actual owner of the establishment for which the license is sought, and he or she intends to carry on the business for himself or herself and not as the agent of any other individual, partnership, association, limited liability company, or corporation not identified in the application.

D.C. Official Code § 25-301(a), (a)(5). Under § 25-101(26), the term interest means “. . . the ownership or other share of the operation, management, or profits of a licensed establishment. The term “interest” shall not include an agreement for the lease of real property.” D.C. Official Code § 25-101(26).

30. In this case, the Applicant obtained an unlawful interest in the catering license of another. Specifically, Mr. Lumukanda and Mr. Alemu admitted that the Applicant shared in the profits from the sale of alcohol at the event occurring on June 11, 2014. *Supra*, at ¶ 8. Therefore, the Applicant knowingly attempted to obtain the benefits of licensure before being authorized by the Board.

**II. THE VIOLATIONS THAT OCCURRED AT THE ESTABLISHMENT DEMONSTRATE THAT THE APPLICANT LACKS FITNESS FOR LICENSURE.**

31. Based on the Board's determination in Section I, the Applicant cannot be deemed qualified for licensure.

32. The Applicant bears the burden of showing it qualifies for licensure under § 25-301(a)(1) through substantial evidence. *Citizens Ass'n of Georgetown, Inc. v. D.C. Alcoholic Beverage Control Bd.*, 288 A.2d 666, 666-69, 671 (D.C. 1972); 23 DCMR § 1718.3 (West Supp. 2014). Furthermore, “[t]his obligation is not dependent upon whether or not anyone makes a character challenge . . .” *Craig v. D.C. Alcoholic Beverage Control Bd.*, 721 A.2d 584, 590 (D.C. 1998). Therefore, when the Board has doubts regarding an applicant's character and fitness, “it may call for evidence to remove that doubt.” *Citizens Ass'n of Georgetown, Inc. v. D.C. Alcoholic Beverage Control Bd.*, 288 A.2d at 672 (Hood, Chief Judge, concurring).

33. “Before the Board may issue a license, it must determine that . . . [t]he applicant is of good character and generally fit for the responsibilities of licensure.” D.C. Official Code § 25-301(a)(1). The Board “must . . . evaluate each applicant individually, on a case-by-case basis” because “the character of the applicant . . . will necessarily differ from one application to the next . . . .” *Gerber v. D.C. Alcoholic Beverage Control Bd.*, 499 A.2d 1193, 1195 (D.C. 1985). At the very least, in order to satisfy the requirements of § 25-301(a)(1), the Board must examine “records, covering the last 10 years from the date of application, maintained by ABRA regarding prior violations of the District's alcohol laws and regulations by the applicant or establishments owned or controlled by the applicant.” D.C. Official Code § 25-301(a-1).

34. The term “Applicant” as it appears in Title 25 of the D.C. Official Code “means, as the context requires, the individual applicant, each member of an applicant partnership or limited liability company, or each of the principal officers, directors, and shareholders of an applicant corporation, or, if other than an individual, the applicant entity.” D.C. Official Code § 25-101(6). In this case, because Signature Lounge is a limited liability company, the term “applicant” in § 25-301(a) refers to “each member of an applicant partnership or limited liability company . . . .” *Id.* Therefore, the Board is entitled to look at the character and fitness of each individual member of the LLC.

**a. The Applicant’s participation in the violations that occurred on June 11, 2014 render it unfit for licensure.**

35. The Board may weigh illegal conduct when considering whether an applicant is fit for licensure. *Minkoff v. Payne*, 210 F.2d 689, 690-91 (D.C. Cir. 1953); *Haight v. District of Columbia Alcoholic Beverage Control Bd.*, 439 A.2d 487, 489, 493 (D.C. 1981) (upholding Board’s determination that illegal activity is relevant evidence of character and fitness). In this case, the record shows that the Applicant violated D.C. Official Code §§ 25-113(i)(2), 25-301(a)(5), 25-754(a), 25-797 and 23 DCMR § 2000.1. *Supra*, at ¶¶ 14-30. These findings provide sufficient evidence to find that the applicant fails to meet its burden of proof under § 25-301(a)(1).

**b. The violations that occurred on June 11, 2014 demonstrate that the Applicant lacks sufficient knowledge of the District’s alcohol laws.**

36. In determining whether a licensee is fit for licensure under § 25-301(a)(1) the Board may also consider an applicant’s knowledge and familiarity with the District’s alcoholic beverage control laws. *In re Shaw’s Tavern, LLC t/a Shaw’s Tavern*, Case No. 11-CMP-00314, Board Order No. 2012-018, 5 (D.C.A.B.C.B. Jan. 25, 2012) *citing Gerber v. District of Columbia Alcoholic Beverage Control Bd.*, 499 A.2d 1193, 1194-1196 (D.C. 1985). This factor is important because sufficient knowledge and familiarity with the law ensures that the establishment is properly superintended. *See* D.C. Official Code §§ 25-120 (licensed manager training requirement); 25-301(a)(6) (proper supervision requirement); 25-701(a) (licensed manager requirement); *id* at 6. Nevertheless, when the Board finds that a licensee has violated the alcoholic beverage control laws during the application process, this finding constitutes strong evidence that the applicant lacks sufficient knowledge and familiarity with the laws to properly operate the establishment. Therefore, the Board further finds that its conclusions regarding the



occurrence of illegal activity on the premises on June 11, 2015, render the Applicant unable to demonstrate that it satisfies D.C. Official Code § 25-301(a)(1). *Supra*, at ¶¶ 14-30.

### **ORDER**

Therefore, the Board, on this 4th day of March 2015, hereby **DENIES** the Application filed by Aalemu Investments, LLC, pursuant to 23 DCMR § 400.1.

**IT IS FURTHER ORDERED** that Amare Alemu, Tsion Alemu, and Aalemu Investments, LLC, are deemed unfit for licensure pursuant to D.C. Official Code § 25-301(a)(1).

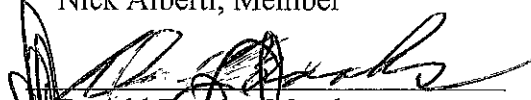
**IT IS FURTHER ORDERED** that the Board's findings of fact and conclusions of law contained in this Order shall be deemed severable. If any part of this determination is deemed invalid, the Board intends that its ruling remain in effect so long as sufficient facts and authority support the decision.

Copies of this Order shall be delivered to the Applicant.

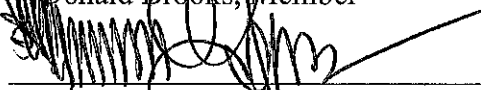
District of Columbia  
Alcoholic Beverage Control Board



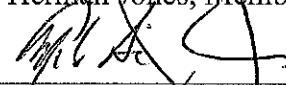
Nick Alberti, Member



Donald Brooks, Member



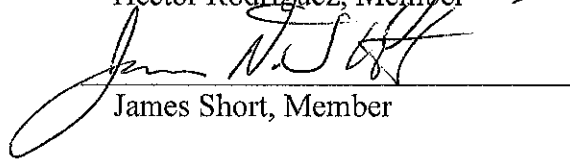
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Mike Silverstein, Member

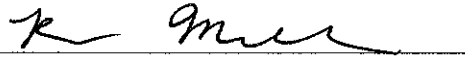


Hector Rodriguez, Member



James Short, Member

I concur with denying the Application for all of the reasons set forth above except for the reason set forth in Conclusions of Law I.4.



Ruthanne Miller, Chair

Pursuant to 23 DCMR § 1719.1, any party adversely affected may file a Motion for Reconsideration of this decision within ten (10) days of service of this Order with the Alcoholic Beverage Regulation Administration, Reeves Center, 2000 14th Street, NW, 400S, Washington, D.C. 20009.

Also, pursuant to section 11 of the District of Columbia Administrative Procedure Act, Pub. L. 90-614, 82 Stat. 1209, D.C. Official Code § 2-510 (2001), and Rule 15 of the District of Columbia Court of Appeals, any party adversely affected has the right to appeal this Order by filing a petition for review, within thirty (30) days of the date of service of this Order, with the District of Columbia Court of Appeals, 430 E Street, N.W., Washington, D.C. 20001; (202/879-1010). However, the timely filing of a Motion for Reconsideration pursuant to 23 DCMR § 1719.1 stays the time for filing a petition for review in the District of Columbia Court of Appeals until the Board rules on the motion. *See* D.C. App. Rule 15(b) (2004).