



New Prague Police Department

City of New Prague In the Counties of Scott & Le Sueur

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Tim Applen, Chief of Police

MEMORANDUM

To: Honorable Mayor, Duane Jirik; Members of the City Council, Shawn Ryan, Maggie Bass, Bruce Wolf, Rik Seiler and City Administrator, Joshua Tetzlaff

From: Tim Applen Chief of Police / Emergency Manager

Date: Wednesday May 29, 2024

Subject: Liquor License with Sunday Sales Application for Don't be Lion LLC – DBA: The Rusty Spoke

The New Prague Police Department conducted a background check pursuant to City Ordinance 110.16(B) on the licensee(s), Pauline Rachel Baldazo for Don't be Lion LLC – DBA: The Rusty Spoke provided to staff on May 24th, 2024.

Listed below is additional background and previous information provided by city staff to the council.

In December 2021, a background investigation was completed by Police Chief Gareis (Ret.) after receiving liquor license application from Pauline Baldazo for Don't be Lion LLC – DBA: The Rusty Spoke located at 329 W Main St. In reviewing that memorandum from Chief Gareis to the council, two disqualifiers were identified. The council denied the permit request based upon those disqualifiers.

The two disqualifiers in the application from December 2021 are listed below:

B. The applicant shall have good moral character and reputation. An applicant does not have good moral character and reputation if, based on past activities or criminal record, the applicant poses a threat to the public interest or to the effective regulation and control of alcohol or creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods and activities in the manufacture, sale, distribution, or possession for sale or distribution of alcohol or the carrying on of the business and financial arrangements incidental to the manufacture, sale, distribution, or possession for sale or distribution of alcohol.

D. Neither the licensee nor anyone with business interests in the entity pursuing licensure shall have had an interest in a license which was revoked within the last five years for a willful violation of any laws or ordinances, or any felony.

In both articles B and D Ricardo Manual Baldazo was identified as an interested party in the business. Pauline and Ricardo were in a marital relationship at the time of application. Ricardo was involved as business partners with Lisa Monet Zarza in the Alibi Drinkery in Lakeville. The Alibi Drinkery was subject of liquor violations and liquor license revocation by the state. Additionally, Ricardo Baldazo's criminal record displayed poor moral character and would be a disqualifier for a liquor license application.

A second application for liquor license with Sunday sale was made in November 2023 by Pauline Baldazo for Don't be Lion LLC – DBA: The Rusty Spoke located at 329 W Main Street. I along with city staff spoke with Pauline Baldazo about open building permits and unpaid property tax for the property located at 329 W Main St. These items would prevent the liquor license from being issued per New Prague Policy 110.19 Ineligibility. Pauline agreed that the city

would hold the license application until the permits were completed and taxes paid as she didn't have a desired date of opening. On April 15th, 2024, I was notified by city staff that all building/construction permits were closed, and that final inspection was completed. On April 23rd, 2024, I spoke with Pauline again, we discussed proceeding with the liquor license application. Pauline wished to proceed with the application and indicated everything was still active and correct on the application paperwork she had submitted. A check of property tax payment was current. I called to verify the liquor liability insurance was still current and active. I learned from the insurance carrier that the liquor liability insurance was cancelled in February 2024. Liquor liability is required to hold a liquor license in the state of Minnesota in accordance with MN Statute 340A.409. The New Prague city policy 110.01 Provisions of State Law Adopted follows MN Statute 340A for alcohol licensing, and therefore would also need liquor liability insurance for a liquor license to be issued. At the May 6th 2024 Council Meeting the liquor license application was denied by the council for lack of current liquor liability insurance.

Current Liquor License Application

Minnesota Criminal History: None

Minnesota Driver's License Check: Valid MN Driver's License

Business Organization Inquiry, MN Secretary of State: Member Active in Good Standing

After reviewing Minnesota Administrative Rule 7515.0410 Eligibility Requirements, the background check did not reveal any disqualifiers.

A. The applicant shall be over 21 years of age.

B. The applicant shall have a good moral character and reputation. An applicant does not have good moral character and reputation if, based on past activities or criminal record, the applicant poses a threat to the public interest or to the effective regulation and control of alcohol or creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods and activities in the manufacture, sale, distribution, or possession for sale or distribution of alcohol or the carrying on of the business and financial arrangements incidental to the manufacture, sale, distribution, or possession for sale or distribution of alcohol.

C. The applicant shall not have been convicted within five years prior to the application of such license of any willful violation of law relating to the manufacture, sale, or possession for sale of alcoholic beverages or any felony.

D. Neither the licensee nor anyone with business interests in the entity pursuing licensure shall have had an interest in a license which was revoked within the last five years for a willful violation of any laws or ordinances, or any felony.

E. The off-sale licensee and anyone with an interest in the business shall not have any interest, direct or indirect, in another off-sale retail liquor store in the same municipality neither as proprietor, partner, or corporate stockholder.

F. The licensee cannot lease the business premises from anyone to whom no license could be issued, such as someone convicted of a willful violation of the Liquor Control Act.

G. No applicant shall refuse to serve alcoholic beverages to any person because of race, color, or national origin, and no applicant shall discriminate in the selection of its membership on the basis of race, color, or national origin.

There were no disqualifiers in articles A-G in the current application.

I spoke with Pauline about the current liquor license application in person and by email. I expressed my concern for the involvement of Ricardo Baldazo in the business and liquor license. Pauline told me that Ricardo was hired to complete the construction and remodel of the building. Pauline said that upon the business opening, Ricardo will not be employed by Don't be Lion LLC - DBA: The Rusty Spoke, and that she and Ricardo are now divorced. I was able to verify the divorce decree. Pauline has identified a family member to manage the business and will continue to hire bar and wait staff. The disqualifiers in previous background investigations have been resolved to date. Pauline indicated that she has no experience in bar/restaurant management or ownership and has invested a substantial amount of money into the renovations of the property. Pauline is the sole owner of the building with no other business partners or interests.

Recommendation: Approve On-Sale intoxicating Liquor License and Sunday Liquor License application to Don't be Lion LLC, dba – The Rusty Spoke.