



# New Prague Police Department

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

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Tim Applen, Chief of Police

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## 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, Police Chief / Emergency Manager

**Date:** Tuesday August 28, 2024

**Subject:** Schultzy's Restaurant Group LLC – DBA: 1319 Woodfire Tavern  
Tetrahydrocannabinol Products Violation

On August 26<sup>th</sup>, 2024, city staff learned that 1319 Woodfire Tavern was offering THC beverages for on- sale purchase. The Police Department began an investigation into the sales of THC products. It was discovered that Schultzy's Restaurant Group LLC – DBA 1319 Woodfire Tavern did not make application with the City of New Prague for a THC license, nor had they registered with the state as a retailer. On August 26, 2024, at approximately 5:15 p.m. I went to 1319 Woodfire Tavern and spoke with staff and was able to confirm THC was being offered for sale but had been pulled from the cooler and sales after speaking with city staff on Monday (8/26/24). I asked and was provided three cans of THC beverage to inspect. The cans were labeled properly and would be legal for sale, upon successful approval of a City THC permit and registration with the State of Minnesota Low Potency Hemp Derived Product sales. After speaking with staff, I contacted Mona Schultz and spoke with her by phone. I explained the circumstances and that the city code requires THC retailers to obtain a license through the city and registration with State of Minnesota Low Potency Hemp Derived Product sales. I explained the process for both obtaining a city license and completing registration with the state. I contacted the State of Minnesota Office of Cannabis Management and explained the current investigation. The information was provided to a State of Minnesota compliance Inspector for additional follow up.

Ordinance 121, like the City of New Prague Alcohol and Tobacco Ordinances issue administrative penalties for violations, defined within the Ordinance and outlined below.

The City of New Prague adopted Ordinance 121: Tetrahydrocannabinol Products. The ordinance addresses, licensing and administrative penalties for violations.

### 121.03 LICENSE REQUIRED

- (A) No person shall sell or offer to sell any licensed product without having obtained a license to do so from the city.
- (1) No license shall be issued to a movable place of business as per § [121.06](#). Only fixed location businesses shall be eligible to be licensed under this chapter.
- (2) No license shall be issued to an exclusive liquor store as defined in M.S. § 340A.101(10).
- (B) (1) An application for a license to sell licensed products shall be made on a form provided by the city. The application shall include, at a minimum, the full name of the applicant, the applicant's residential and business address and telephone numbers, the name of the proposed license holder, the business location for which the license is sought, and any additional information the city deems necessary. The completed application along with the license fee shall be submitted to the City Administrator who shall forward the application to the City Council for action at its next regularly scheduled City Council meeting. If the City Administrator or their designee determines that an application is incomplete, they shall return the application to the applicant with notice of deficiencies.
- (2) A business applicant, at the time of application, shall furnish the city with a list of all persons that have an interest of 5% or more in the business. The list shall name all owners and show the interest held by each, either individually or beneficially for others. It is the duty of each business licensee to notify the City Administrator in writing of any change in ownership in the business. Any change in the ownership or control of the business shall be deemed equivalent to a transfer of the license, and any such license shall be revoked 30 days after any such change in ownership or control unless the licensee has notified the City Council of the change in ownership by submitting a new license application for the new owners, and the City Council has approved the transfer of the license by appropriate action. Any time an additional investigation is required because of a change in ownership or control of a business, the licensee shall pay an additional investigation fee to be determined by the city. The city may at any reasonable time examine the transfer records and minute books of any business licensee to verify and identify the owners, and the city may examine the business records of any other licensee to the extent necessary to disclose the interest which persons other than the licensee have in the licensed business. The City Council may revoke any license issued upon its determination that a change of ownership of a licensee has actually resulted in the change of control of the licensed business so as materially to affect the integrity and character of its management and its operation, but no such action shall be taken until after a hearing by the City Council on notice to the licensee.
- (C) The City Council may either approve or deny the license or may delay action for a reasonable period of time as is required to permit the city to complete any investigation of the application or the applicant deemed necessary. If approved, a license shall be issued to the applicant. If denied, a notice of denial shall be issued to the applicant at the business address provided on the application along with the reasons for the denial. The notice shall also inform the applicant of their right to appeal the City Council's decision. If a license is mistakenly issued or renewed to an applicant or license holder, it shall be revoked by the City Council upon the discovery that the person, applicant or license holder was ineligible for the license under this section. If a license application is denied, the earliest an applicant may reapply is 12 months from the date the license is denied.
- (D) All licenses are issued for a period of one year. The license period is from January 1 to December 31. The initial license term will expire at the end of the calendar year during which the license was issued.
- (E) Any license issued under this section may be revoked or suspended, as provided in § [121.09](#), or as specifically provided elsewhere in this chapter.
- (F) All licenses issued under this section shall be valid only on the business premises for which the license was issued and only for the person to whom the license was issued. No transfer of any license to another location or person shall be valid without the prior approval of the City Council.

(G) Every license shall be conspicuously posted at the place of business for which the license is issued and shall be exhibited to any person upon request.

(H) The renewal of a license under this section shall be handled in the same manner as the original application. The request for renewal shall be made at least 30 but not more than 60 days before the expiration of the current license. The issuance of a license under this chapter shall be considered a privilege and not an absolute right of the applicant and shall not entitle the holder to an automatic renewal of the license.

(J) The following shall be grounds for denying the issuance or renewal of a license under this section. The following is not exhaustive or exclusive:

(1) The applicant is under the age of 21.

(2) The applicant has been convicted within the past five years of a violation of any provisions of this chapter or a violation of a federal, state, or local law, ordinance provision, or other regulation relating to licensed products, but not including possession or sale of license products.

(3) The applicant has had a license to sell licensed products suspended or revoked during the 12 months preceding the date of application, or the applicant has or had an interest in another premises, authorized to sell licensed products, whether in the city or in another jurisdiction, that has had a license to sell products suspended or revoked during the same time period, provided the applicant had an interest in the premises at the time of the revocation or suspension, or at the time of the violation that led to the revocation or suspension.

(4) The applicant is a business that does not have an operating officer or manager who is eligible pursuant to the provisions of this chapter.

(5) The applicant is the spouse of a person ineligible for a license pursuant to the provisions of divisions (J)(2) and (3) of this section or who, in the judgement of the Council, is not the real party in interest or beneficial owner of the business to be operated, under the license.

(6) The applicant fails to provide any information required on the city license application, or provides false or misleading information.

(7) The applicant or license holder has outstanding fines, penalties or property taxes owed to the city.

(8) The location of the business is not within a commercial or industrial district where retail is allowed.

(K) The city shall conduct a background investigation on all new applications and applications to transfer a license. The city may conduct a background and financial check on an application for a renewal of a license if it is in the public interest to do so. If a license is mistakenly issued or renewed to a person, it shall be revoked upon the discovery that the person was ineligible for the license under this article and the city shall provide the person with a notice of revocation, along with information on the right to appeal.

(Ord. 331, passed 11-7-22)

### **121.09 ADMINISTRATIVE PENALTIES.**

(A) If a licensee or employee of a licensee sells, gives, or otherwise furnishes licensed products to a person under the age of 21 years, or violates any other provision of this chapter, the licensee shall be charged an administrative penalty of \$300. An administrative penalty of \$600 shall be imposed for a second violation at the same location within 36 months after the initial violation. For a third or any subsequent violation at the same location within 36 months after the initial violation, an administrative penalty of \$1,000 shall be imposed and the licensee shall lose the licensee's authorization to sell licensed products for a period of not less than 30 days nor more than one year. The loss of authorization shall be accomplished by a combination, if necessary, of a suspension of the licensee's then existing authorization and an order prohibiting renewal of the licensee's license for the prescribed period. No suspension, revocation or other penalty may take effect until the licensee has received notice, served personally or by mail, of the alleged violation

and an opportunity for a hearing before the City Council. A decision that a violation has occurred must be in writing.

(B) An individual who sells, gives, or otherwise furnishes licensed products to a person under the age of 21 years shall be charged an administrative penalty of \$50. No penalty may be imposed until the individual has received notice, served personally or by mail, of the alleged violation and an opportunity for a hearing before the City Council. A decision that a violation has occurred must be in writing.

**Action recommended:** Issuance of administrative penalty of \$300 to Schultzy's Restaurant Group LLC dba: 1319 Woodfire Tavern for violation of Ordinance 121.03 License Required.