

Police Department Liquor License Disapproval Recommendation

Application Information

Business Name	CENTERFOLDS CABARET	District	3
Business Location	2031 West Peoria Avenue		
Applicant Name	Patrick Zanzucchi – Agent for Peoria Ave, LLC	Series Type	6

Patrick Zanzucchi through Peoria Ave, LLC has applied for a person and location transfer of a Series #6 liquor license to the Centerfolds Cabaret located at 2031 West Peoria Avenue.

- **Peoria Ave, LLC Organizational Structure:**

"Peoria Ave, LLC" divides its ownership of the company amongst its "members". The operating agreement shows the following: Arizona Entertainment Solutions, LLC (Jeffrey. Oursland - as a sole member) owns 41% of the LLC, 9% Fredmar1 Enterprises, LLC (Fred Martori, - as a sole member) and each of the following "members" owning 7.14%; Patrick Zanzucchi, Robert Zanzucchi, Timothy Zanzucchi, Frank Zanzucchi, James Zanzucchi, William Zanzucchi, and Michael Pavon.

The operating agreement further stipulates the affairs of the Peoria Ave, LLC shall be managed exclusively by its designated 'manager'. The manager shall direct, manage, and control the business of Peoria Ave, LLC with full authority, power, and discretion to make any and all decisions on behalf of the Peoria Ave, LLC. The currently designated co-managers, each holding equal responsibility, have been identified as Patrick Zanzucchi and Jeffrey Oursland.

The Police Department recommends disapproval of this liquor license application for the following reasons:

A.R.S. 4-203.A states "*A spirituous liquor license shall be issued only after satisfactory showing of the capability, qualification and reliability of the applicant...*"

Currently, several of the Zanzucchi family members listed as having ownership interests in the Centerfolds Cabaret liquor application under Peoria Ave, LLC also hold ownership in one or more adult entertainment establishments in the State. Many of these locations have either past or pending violations of liquor laws which include repeated violations of prohibited sex acts.

In August 2015, the Hi Liter Gentlemen's Club (Hi Liter), owned by four Zanzucchi family members, each of which has ownership in the Peoria Ave, LLC was the focus of an undercover operation by Phoenix Police Department VICE Unit. In addition to the individual charges against the dancers filed by the Phoenix Police Department, the Department of Liquor Compliance Unit charged the business administratively with (13) counts of prohibited sex acts and (1) count of solicitation of prostitution on the premises. The result was a \$4000 fine.

In March 2016 and October 2016, due to ongoing complaints of misconduct, investigators from the Department of Liquor conducted separate undercover operations at the Hi Liter Gentlemen's Club. At the conclusion of the investigations, charges were submitted to the Department of Liquor Compliance Unit for (36) counts of prohibited sex acts and (1) count for the licensee's failure to maintain capability, qualification and reliability. These charges are currently pending administrative action from the Department of Liquor Compliance Unit.

Based on the multiple past and pending charges of prohibited sex acts occurring on the premises the owners, managers, and employees should have reasonably known this was happening. These continuing violations suggest the dancers have minimal supervision and/or oversight, both of which are the responsibility of the owner/s and speaks to their reliability, capability and qualifications.

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Patrick Zanzucchi has identified himself as a past and current consultant to a number of topless establishments owned by his family. Specifically, Patrick Zanzucchi consulted for his family who own the Hi Liter during the period when the repeated violations listed above occurred. When describing his role as consultant, Patrick Zanzucchi said he visits the businesses quite often, spends time there, observes the operations and handles matters the owners have no time to do. As a consultant doing all these things, Patrick Zanzucchi should have been reasonably aware of the repeated violations occurring at the Hi Liter and therefore advise the owners to take corrective action. His inability to do so calls into question his reliability, capability, and qualifications.

Patrick Zanzucchi, who is listed in this application as a designated co-manager in the Peoria Ave, LLC was granted a separate liquor license as a co-owner of the Pink Rhino Cabaret in December 2016. In January 2017, he provided false and misleading information to the Department of Liquor reference the current status of the Pink Rhino liquor license in the annual renewal documents. Charges are currently pending administrative action from the Department of Liquor Compliance Unit. This violation speaks to Patrick Zanzucchi's own reliability, capability, and qualifications.

- Location concerns:**

Under A.R.S. 4-201... "The applicant bears the burden of proof showing that the public convenience requires and that the best interest of the community will be substantially served by the issuance of a license".

The Centerfolds Cabaret is located within a challenged community that is currently in transition. Historically, the surrounding neighborhood has been plagued by high crime rates, poverty, and transient issues. Currently, the rate of both violent crimes and property crimes for this area are nearly three times the city's average.

The previous liquor license held at this location was recently revoked by the Department of Liquor following a homicide which occurred at the Centerfolds Cabaret in January 2017.

Based on concerns of ownership, location, and repeated violations of prohibited sex acts at other establishments, the members of Peoria Ave, LLC have failed to demonstrate a satisfactory showing of reliability, capability and qualifications to responsibly hold another liquor license. Therefore, the granting of a liquor license for this establishment would not be in the best interest of the community.

This recommendation for disapproval is submitted by: Det. Eric Breindl #6135

SIGNATURES	
Investigating Detective	E. Breindl #6135
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