

Police Department Liquor License Disapproval Recommendation

Application Information

Business Name	EL PUEBLO RESTAURANT	District	7
Business Location	2270 N. 75th Avenue, Suite 101		
Applicant Name	Amanda Elena Arriaza	Series Type	12

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

There are possible hidden ownership concerns:

The State application and City of Phoenix Questionnaire indicate that Amanda Arriaza is the sole owner of El Pueblo Restaurant LLC. This is also supported by research and documentation filed with the Arizona Corporation Commission. Ms. Arriaza listed no other persons as having ownership or financial interest in the business. In a recorded interview on Jan. 15, 2021, Mr. & Mrs. Arriaza were asked what Mr. Arriaza's role would be in the operation of El Pueblo Restaurant. Ms. Arriaza responded saying Mr. Arriaza would be responsible for "everything". Both stated that Mr. Arriaza intends to act as an owner of the restaurant and make business and financial decisions related to El Pueblo Restaurant. Officer James Rodriguez provided Spanish to English translation during this interview and is a certified translator for the City of Phoenix.

During their interview on Jan. 15, 2021, it was discovered that funds from a Small Business Association (SBA) loan obtained by Mr. Arriaza for his trucking company, Tahuapa Express DBA, were used to cover building renovation costs, application fees, and other start-up costs associated with El Pueblo Restaurant.

In an amendment of her Liquor License Application Questionnaire filed with the City of Phoenix on Jan. 18, 2021, Ms. Arriaza listed herself as having sole ownership interest in the business. She also indicated for a second time that there is no outstanding debt associated with the business, but made a hand-written note stating that her spouse, Mr. Arriaza, is "financing everything" for her business because he "owns a business".

The application was falsified in the following manner:

The applicant stated on the City Questionnaire and State application that she paid \$25,000 from her personal savings for the business. This statement is false. Ms. Arriaza stated in a recorded interview on Jan. 15, 2021, that this was merely her contribution to the start-up costs. The remainder of the start-up costs derived from an SBA loan (COVID relief) in the amount of \$150,000 obtained by her husband, Enrique Arriaza Esquivel, to offset losses incurred by his trucking business, Tahuapa Express DBA. This was not indicated on the State application, the City of Phoenix Questionnaire or any amendments.

The applicant stated on the State application and City of Phoenix Questionnaire that she owes \$0 in outstanding debt associated with the "purchase or start-up" of the business. This is also a false statement. Ms. Arriaza's actual start-up costs were approximated by her and her husband Mr. Arriaza to be over \$100,000 as

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stated in a recorded interview with Detective Falcone on Jan. 15, 2021. The misused funds were provided by the US SBA in the form of an EIDL loan (COVID relief) that were intended to relieve losses incurred by Mr. Arriaza's trucking company.

The applicant indicated on the State Application that the licensed premises was not closed due to "construction, renovation or redesign or rebuild". Detective Falcone met the applicant and her husband at the restaurant and noted that the proposed licensed premises was in fact under renovation. This was also acknowledged by the applicant and her husband when Mr. Arriaza indicated that he used his SBA loan to pay for "all of this" as he physically gestured to the surroundings.

There is possible fraud associated with the financing of the business:

As part of the administrative investigation process the applicant, Amanda Arriza, was asked to provide documentation of any loans associated with her business, El Pueblo Restaurant. She provided an SBA Loan Authorization and Agreement for SBA EDIL (COVID relief) loan number 17322688100 in the amount of \$150,000 naming her husband Enrique Arriaza Esquivel as the borrower dated 07/10/2020. When asked where they acquired the funds to renovate the restaurant in a recorded interview with Detective Falcone 9549 on Jan. 15, 2021 Mr. & Mrs. Arriaza stated that the funds provided by the SBA loan were used to cover start-up and operational costs of establishing El Pueblo Restaurant including building renovations and application fees. Mr. Arriaza stated that he understood that the loan was intended to cover operating costs associated with his trucking company, Tahuapa Express DBA but stated he changed his mind once the funds were received and decided to use the funds to help his wife establish El Pueblo Restaurant.

The above stated use of this SBA loan is fraudulent due to the following: Within the Loan Authorization and Agreement document provided by Ms. Arriaza it states in the "Use of Loan Proceeds" section that the borrower, Mr. Arriaza, "will use all the proceeds of this Loan solely as working capital to alleviate economic injury caused by disaster...". The document also states in section titled "Limits on Distribution of Assets" that the borrower, Mr. Arriaza, will not "without the prior written consent of SBA, make any distribution of Borrower's assets, or give any preferential treatment, make any advance, directly or indirectly, by way of loan, gift, bonus, or otherwise, to any owner or partner or any of its employees, or to any company directly or indirectly controlling or affiliated with or controlled by Borrower, or any other company". These sections clearly indicate that the funds provided are to be used solely to cover capital needed for the borrowers business and not to establish new businesses. The proceeds provided to Mr. Arriaza associated with this loan were misused and the loan was possibly obtained under fraudulent pretext.

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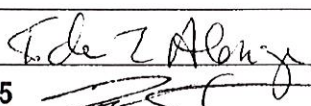
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The applicant did not exhibit an understanding of basic business practices and therefore does not meet the Capable, Qualified, and Reliable standard for the following reasons:

1. The applicant did not have an established business plan and furthermore did not know what liquor beverages she intended to serve at her restaurant
2. The applicant's husband answered many of the questions during an interview with Detective Falcone on Jan. 15, 2021. At one-point Detective Falcone had to ask Mr. Arriaza to allow Ms. Arriaza to answer questions at which point it was apparent that Ms. Arriaza did not know what her expectation were for her business.
3. Ms. Arriaza indicated in an interview that she would need only ten employees to run her restaurant seven days a week for thirteen hours a day. Ms. Arriaza took several minutes to answer this question and did not seems to know how many employees were necessary to run her restaurant. She indicated on her State application that twenty-five employees were necessary.
4. When asked if they would have a bar area in the restaurant the couple looked around the restaurant as Mr. Arriaza stated "yes" after several seconds and pointed to the corner area that looked to be set up as a serving line.
5. When asked about a discrepancy regarding the documented rent amount of \$9,500 and the graduated amounts indicated on their lease agreement the couple stated that the landlord had told them \$9,500. It appeared that they were unfamiliar with the lease and they were unable to show or explain the graduated table indicated rent amount increases over time.
6. The applicant had no plan for accounting associated with the restaurant.

This recommendation for disapproval is submitted by: **Det. Leonard Falcone 9549**

SIGNATURES	
Administrative Licensing Investigator	I. Alonge A4289 
Liquor Enforcement Detail Supervisor	Sgt. M. Doty 5785 