

*Report*

# The Timeless Importance of Alcohol Background Checks

Prepared by:

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*Background checks, like all aspects of alcohol regulation seek to keep the public safe. They assist in keeping criminal elements out of the industry, preserve the ability of governments to collect important tax revenue, provide transparency to regulators, prevent cross-tier ownership and vertical integration of the industry, thereby ensuring compliance with laws designed to moderate the overstimulation of alcohol sales.*

2022

Request for  
Background Check

Criminal Background Check, I certify that this application is true and accurate and contains no falsifications, representations, or omissions. I understand that falsifications, representations, or omissions on this position. I hereby authorize responsible party for verification, conduct a background investigation.

First

## EXECUTIVE SUMMARY

Background checks, like all aspects of alcohol regulation, seek to keep the public safe. Background checks keep criminal elements out of the industry, preserve the ability of governments to collect important tax revenue, provide transparency to regulators, prevent cross-tier ownership, and vertical integration of the industry, thereby ensuring compliance with laws designed to moderate the overstimulation of alcohol sales.

Excessive alcohol consumption remains a very serious health and societal problem in the United States. The rich yet unique history of alcohol in the United States and its regulation highlight the critical need to ensure that alcohol is properly regulated, including ensuring that criminal elements do not engage in the industry. This paper will examine the practical impacts and policies of background checks.

## INTRODUCTION

For centuries, alcohol has been a beverage of choice for many people, but it comes with its own problems. In the United States, the abuse of alcohol was one of the main reasons for the 1919 ratification of the Volstead Act (Prohibition), which prohibited the production, sale, and transport of intoxicating liquors<sup>1</sup> By 1933, public opposition to Prohibition intensified and eventually led to the repeal of the 18<sup>th</sup> Amendment, via the ratification of the 21<sup>st</sup> Amendment. During Prohibition, organized crime ran rampant, mostly due to the illegal trade of alcohol. After Prohibition, alcohol once again became a legal choice of beverage for many people.

Fast forward to the present day, you will find that between 2015 and 2019, excessive alcohol use was attributed to 140,000 deaths in the United States annually.<sup>2</sup> Equating to an average of 380 deaths per day. This staggering statistic points to one of the main reasons why alcohol should be closely regulated – to preserve public health and safety.

In order to effectively enforce alcohol regulations, it is essential to conduct background checks. One way to prevent, monitor, and respond to negative incidents involving alcohol licenses is conducting a background check on owners, investors, and managers; those who will comply with existing laws and thereby minimize the negative incidents arising from overservice and sale to minors. It is also important to conduct background checks to determine if the applicants own any cross-tier interests that would violate three-tier and tied-house laws, which prevent vertical integration and monopolization of the industry.

Background checks are an essential part of the liquor license application process. Information found during the process could reveal facts that may disqualify the applicant for a variety of reasons. This report will highlight the history of background checks, their importance, how other industries use background checks, and the necessity for them to

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<sup>1</sup> <https://www.archives.gov/education/lessons/volstead-act>

<sup>2</sup> <https://www.cdc.gov/alcohol/features/excessive-alcohol-deaths.html>

continue. This report will also discuss what information could be obtained in a background check and how it could affect the ability to hold a liquor license.

## THE BACKGROUND ON BACKGROUND CHECKS

Background checks for employment started over 100 years ago due to the negligence of a business owner.<sup>3</sup> In this 1908 case in Kentucky, an apprentice played a prank on another employee who died from their injuries. The business owner witnessed the event and continued to employ the apprentice. The court held the business owner liable under those circumstances. This case demonstrated the need for due diligence during the hiring process to ensure that responsible individuals were hired. Background checks started as a result and have been utilized to this day.

Little more than ten years after this case, Prohibition gave rise to a criminal element called “organized crime,” which was more prevalent in the early to mid-1800s but waned until Prohibition created an avenue for a fervent comeback and gained traction in this new “dry” environment.<sup>4</sup> While criminal gangs had run amok in American cities since the late 19th-century, they generally lacked large-scale organization and were mostly opportunistic bands running small-time extortion and loansharking rackets.<sup>5</sup>

Prohibition presented criminal elements with unprecedented opportunities to benefit their lawless enterprises. The rise of names such as Al Capone, George “Bugs” Moran, Bugsy Siegel, and others all came to be known due to the ruthless nature of criminal activities involved in the illegal sale of alcohol.<sup>6</sup>

Wherever organized crime existed, it sought protection from interference by the police and the courts. The large sums of money earned from the liquor trade were expended by syndicate bosses to gain political influence on both local and national levels of government. Furthermore, profits from various illegal enterprises were thereafter invested in legitimate businesses.<sup>7</sup>

When Prohibition was repealed, the need to ensure organized crime was not involved in the now-legal sale of alcohol was paramount. The leading book that studied the failure of Prohibition and the need to get new alcohol regulation right, *Toward Liquor Control*, noted that the first item of business after the repeal of Prohibition was the elimination of crime:

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<sup>3</sup> <https://scholarship.kentlaw.iit.edu/cgi/viewcontent.cgi?article=2272&context=cclawreview>

<sup>4</sup> Crime Museum (2021). Origins of Organized Crime. <https://www.crimemuseum.org/crime-library/organized-crime/origins-of-organized-crime/>

<sup>5</sup> <https://www.history.com/news/prohibition-organized-crime-al-capone>

<sup>6</sup> The FBI and the American Gangster, 1934-1938. <https://www.fbi.gov/history/brief-history/the-fbi-and-the-american-gangster>

<sup>7</sup> Britannica. Organized Crime. <https://www.britannica.com/topic/organized-crime>

*“At all costs- even if it means a temporary increase in consumption of alcohol- bootlegging, racketeering, and the whole wretched nexus of crime that developed while the Eighteenth Amendment was in force must be wiped out. The defiance of law that has grown up in the last fourteen years, the hypocrisy, the break-down of governmental machinery, the demoralization in public and private life, is a stain on America that can no longer be tolerated. The American people are definitely aroused in a determination to clean up this source of corruption and to reestablish the integrity and dignity of law.”<sup>8</sup>*

To accomplish this goal, states passed laws prohibiting a person of immoral character from holding a liquor license. Evaluating the character of an applicant is an essential part of the liquor license application process. And, with the ability to access public records using the internet and other services, conducting a quick background check is easier than ever before. However, examination by local state officials of physical records, alcohol business locations, cross-tier ownership record requests, fingerprints, etc. are important to conduct in person.

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## **ELEMENTS OF A BACKGROUND INVESTIGATION**

State and local alcohol enforcement authorities are responsible for conducting the background investigations of liquor license applicants. The background investigation includes a review of several items: (1) criminal history check, (2) ownership in other businesses, (3) tax check, and (4) financial documents.

- ✓ **Criminal History Check**
- ✓ **Ownership In Other Businesses**
- ✓ **Tax Check**
- ✓ **Financial Documents Review**

### **Criminal History Check**

*Towards Liquor Control* addresses the need for regulations to limit licenses to those “responsible persons who have not been convicted of a crime.”<sup>9</sup> This effort would lead to a more successful means of finding efficient, reliable, and loyal employees. Background checks are conducted at both the federal and state level.

The federal government requires information on the criminal activity of business applicants. The Federal Alcohol Administration Act (FAAA) requires businesses to secure a federal basic permit in order to engage in distilling, winemaking, wholesaling or

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<sup>8</sup> *Toward Liquor Control*, p. 9

<sup>9</sup> *Toward Liquor Control*, p. 54

importing alcohol.<sup>10</sup> The goal of these permits is set out in 27 USC 203 which outlines the need for permits:

*“In order effectively to regulate interstate and foreign commerce in distilled spirits, wine, and malt beverages, to enforce the twenty-first amendment, and to protect the revenue and enforce the postal laws with respect to distilled spirits, wine, and.” malt beverages.”*

The federal statute bars permits for entities with ownership having felonies within the previous five years or alcohol law violations within the past three years.<sup>11</sup> Moreover, providing incomplete or untruthful information is grounds for canceling a federal alcohol permit under 27 USC 204.

Most, if not all, states have laws prohibiting a person with a criminal history from obtaining a liquor license. Several factors are weighed as to whether or not the criminal history of an applicant should be a disqualifier. One factor is whether or not the person applying for the liquor license is of good moral character.

This report will look at several states and how they evaluate an applicant’s criminal history:

➤ **Texas law states (in part)<sup>12</sup>:**

The commission may deny an application for an original or renewal permit if it has reasonable grounds to believe and finds that any of the following circumstances exist:

- (1) the applicant has been convicted in a court of competent jurisdiction of the violation of any provision of this code during the two years immediately preceding the filing of the application;
- (2) five years have not elapsed since the termination, by pardon or otherwise, of a sentence imposed on the applicant for the conviction of a felony;
- (3) within the six-month period immediately preceding the application the applicant violated or caused to be violated a provision of this code or

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<sup>10</sup> See questions 10 and 11 on application for federal basic permit.

<https://www.ttb.gov/images/pdfs/forms/f510024.pdf>

<sup>11</sup> 27 USC 204 (b) The following persons shall, on application therefore, be entitled to a basic permit: **(2)** Any other person unless the Secretary of the Treasury finds (A) that such person (or in case of a corporation, any of its officers, directors, or principal stockholders) has, within five years prior to the date of application, been convicted of a felony under Federal or State law or has, within three years prior to date of application, been convicted of a misdemeanor under any Federal law relating to liquor, including the taxation thereof;

<sup>12</sup>Texas Alcoholic Beverage Code, Title 3, Section 11.46

a rule or regulation of the commission which involves moral turpitude, as distinguished from a technical violation of this code or of the rule;

➤ **Colorado rules state (in part)<sup>13</sup>:**

When a licensing authority is required to make a determination as to the character, record, and reputation of existing licensees or applicants for new licenses, including transfers of ownership of existing licenses, the authority may consider the following factors, which may include but not be limited to the following:

1. Subject to 24-5-101, C.R.S., the applicant or licensee has knowingly submitted false applications, made willful misrepresentations and/or knowingly committed fraudulent acts;
2. The applicant or licensee has a criminal history of crimes of moral turpitude. By way of example, crimes of moral turpitude shall include but not be limited to, fraud, forgery, murder, burglary, robbery, arson, kidnapping, sexual assault, illegal drugs or narcotics convictions;

➤ **Virginia law states (in part)<sup>14</sup>:**

The Board may refuse to grant any license if it has reasonable cause to believe that:

The applicant, or if the applicant is a partnership, any general partner thereof, or if the applicant is an association, any member thereof, or limited partner of 10 percent or more with voting rights, or if the applicant is a corporation, any officer, director, or shareholder owning 10 percent or more of its capital stock, or if the applicant is a limited liability company, any member-manager or any member owning 10 percent or more of the membership interest of the limited liability company:

- b. Has been convicted in any court of a felony or any crime or offense involving moral turpitude under the laws of any state, or of the United States;
- c. Has been convicted, within the five years immediately preceding the date of the application for such license, of a violation of any law applicable to the manufacture, transportation, possession, use or sale of alcoholic beverages;
- d. Is not a person of good moral character and repute;

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<sup>13</sup> Colorado Liquor Rule 47-310

<sup>14</sup> Code of Virginia §4.1-222

➤ **Missouri law states (in part):**<sup>15</sup>

No person shall be granted a license hereunder unless such person is of good moral character.... nor shall any corporation be granted a license hereunder unless the managing officer of such corporation is of good moral character... and, except as otherwise provided under subsection 7 of this section, no person shall be granted a license or permit hereunder whose license as such dealer has been revoked, or who has been convicted, since the ratification of the twenty-first amendment to the Constitution of the United States, of a violation of the provisions of any law applicable to the manufacture or sale of intoxicating liquor, or who employs in his or her business as such dealer any person whose license has been revoked unless five years have passed since the revocation as provided under subsection 6 of this section, or who has been convicted of violating such law since the date aforesaid; provided...

The requirement of proving good moral character has withstood challenges in the Missouri State Supreme Court. That this decision was handed down in 1973 does not negate the relevancy to liquor license applicants today. The Court noted the following:

*“In eyes of law the liquor business stands on different footing from other pursuits and is separated or removed from natural rights, privileges and immunities of ordinary citizen.”*<sup>16</sup>

*“It is neither unreasonable nor unlawful for state to require individual applicants for liquor Licenses to be persons of good moral character or to require that persons holding more than 10% of stock of corporate applicants be persons of good moral character.”*<sup>17</sup>

Conducting criminal background checks for license holders is vital for many reasons, particularly to protect public health and the safety of patrons and nearby businesses.

Licenses across the country have been suspended or revoked due to violations of alcohol laws and attracting violent behavior. In March 2022, the Boston Liquor Licensing Board decided to indefinitely suspend the Sons of Boston's liquor license after a fatal stabbing on St. Patrick's Day weekend. <sup>18</sup>

Just a few months later, the New York state licensing authority suspended a license (Gaffney's) in Saratoga Springs over a “continued pattern of violence and disorder.” <sup>19</sup> The most recent incident occurred on May 1, 2022, when police said one person was stabbed

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<sup>15</sup> Revised Statutes of Missouri, Title XX Alcoholic Beverage 311.060

<sup>16</sup> *Peppermint Lounge, Inc. v. Wright*, 498 S.W.2d 749 (1973)

<sup>17</sup> *Ibid*

<sup>18</sup> Staff Reports (2022, April 7). Sons of Boston Liquor License Suspended Indefinitely After Fatal Stabbing. <https://www.nbcboston.com/news/local/officials-to-decide-whether-to-pull-sons-of-boston-liquor-license-after-fatal-stabbing/2687870/>

<sup>19</sup> Ward, C. (2022, May 4). Gaffney's to comply with liquor license suspension.

<https://www.news10.com/news/saratoga-county/gaffneys-responds-to-liquor-license-suspension/>

during a fight that started inside the bar and continued into the street. This was the third stabbing at Gaffney’s since October 2021 and the fourth seriously violent incident at the bar since the fall of 2021, according to the state licensing authority.

Some liquor licenses can also be an attraction for illegal drug activity. In 2021, a Pennsylvania bar owner and restaurant owner were both convicted of selling drugs and using their businesses to conceal their illicit activity.<sup>20</sup>

This year in Denver, the Department of Excise and Licenses is looking to revoke liquor and cabaret licenses of two businesses due to illegal drug sales in addition to alcohol sales to minors.<sup>21</sup> The complaints made against both establishments say employees at both bars served underage and undercover cadets alcohol while either not checking their identification or ignoring they were underage. Some employees were also selling cocaine, MDMA, and DMT out of one of the businesses to patrons at the bar.

If gone unchecked, criminal elements, in addition to illegal drug sales, could weave their way into liquor-licensed establishments. In June 2022 in New Jersey, after a year-long investigation and the execution of multiple search warrants, several Club XXXV employees were charged with crimes in connection to prostitution and money laundering.<sup>22</sup>

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Businesses that sell alcohol can be an attraction for illegal activities. For example, in 2019, federal prosecutors alleged that two Denver-area restaurants were linked to a vast money-laundering scheme with ties to the Sinaloa drug cartel in Mexico.<sup>23</sup>

Conducting a thorough background check is vital to safeguard against criminal elements being introduced by a liquor license. Licensing authorities should consider making criminal convictions for illegal drug distribution, prostitution, or illegal gambling cause for automatic denial or revocation for liquor licenses.

Public health and safety are a great concern in regard to liquor licenses and the proper operation of the business. Both local and state licensing authorities should continue to

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<sup>20</sup> United States Department of Justice (2021, November 19). Jury Convicts Harrisburg Bar Owner And A Restaurant Owner For Drug Trafficking And Weapons Offenses. <https://www.justice.gov/usao-mdpa/pr/jury-convicts-harrisburg-bar-owner-and-restaurant-owner-drug-trafficking-and-weapons>

<sup>21</sup> Miller, B. (2022, May 23). Denver seeks to revoke licenses for Sancho’s Broken Arrow, So Many Roads Brewery. <https://www.thedenverchannel.com/news/local-news/denver-seeks-to-revoke-licenses-for-sanchos-broken-arrow-so-many-roads-brewery>

<sup>22</sup> MidJersey.News (2022, June 22). Five Employees Arrested at Club XXXV On Prostitution Charges And Money Laundering <https://midjersey.news/2022/06/22/five-employees-arrested-at-club-xxxv-on-prostitution-charges-and-money-laundering/>

<sup>23</sup> Mitchell, K. (2019, March 1). Two Denver-area Mexican restaurants tied to drug lord Joaquin “El Chapo” Guzman’s money-laundering enterprise, federal suit says <https://www.denverpost.com/2019/03/01/el-chapo-denver-mexican-restaurants/>



conduct thorough criminal background checks on owners and managers to minimize the possibility of attracting criminal behavior to licensed establishments.

## Ownership in Other Companies

During the application process, applicants must disclose the ownership structure of the business and the source of finances to be utilized in applying for and operating the liquor license. This information is necessary so that people who are not eligible for a liquor license do not “back door” the system and, in essence, use a “straw man” to operate a liquor license.

Understanding the financial structure of a liquor license also reveals who is financially benefiting from the sale of alcohol to ensure their suitability to hold such a license. In what is known as hidden ownership investigations, the applicant has to prove 100% ownership of the license to ensure suitability for each owner and eliminate any financial interest of prohibited cross-tier ownership of another license.

The prohibition of cross-tier ownership, also known as “tied house” is presented in *Toward Liquor Control* as fundamental for alcohol laws success.

*The “tied house,” and every device calculated to place the retail establishment under obligation to a particular distiller or brewer, should be prevented by all available means..... The “tied house” system had all the vices of absentee ownership. The manufacturer knew nothing and cared nothing about the community. All he wanted was increased sales. He saw none of the abuses, and as a non-resident he was beyond local social influence.* <sup>24</sup>

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For example, in Virginia, the Board shall refuse to grant any wholesale beer license or wholesale wine license to any entity that is owned, in whole or in part, by any manufacturer of alcoholic beverages, any subsidiary or affiliate of such manufacturer or any person under common control with such manufacturer.<sup>25</sup>

In Colorado, it is unlawful for any person licensed as a manufacturer, limited winery, wholesaler, or importer, or any person, partnership, association, organization, or corporation interested financially in or with any of said licensees, to furnish, supply, or loan, in any manner, directly or indirectly, to any person licensed to sell at retail.<sup>26</sup>

Several states also prohibit ownership in different licenses, even within the same tier. For example, Colorado does not allow ownership in both on and off-premises licenses within

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<sup>24</sup> *Toward Liquor Control*. Page 29

<sup>25</sup> Code of Virginia, § 4.1-223

<sup>26</sup> Colorado Revised Statute §44-3-308

the retail tier. One specific law applies to the owner of a hotel and restaurant who cannot have a financial interest in a retail liquor store.<sup>27</sup>

These are several examples of laws that prohibit financial interest in cross-tier and same-tier type licenses. A comprehensive background check into the liquor license applicant's business ownership and history is the best method to evaluate ownership across all tiers. To properly evaluate documents submitted during an application, states should also have strict laws concerning providing false documentation and statements during a license application, which leads to an automatic denial under most circumstances.

## **Tax Check**

Another government aspect of alcohol sales is the collection of excise and sales tax. A liquor license applicant should be current on all taxes, and the disclosure of other businesses (alcohol-related or not) should be mandated, so a tax audit may also be completed on those businesses.

In Virginia, the Liquor Board may refuse to grant a license if the person has defrauded or attempted to defraud the Board, or any federal, state or local government or governmental agency or authority, by making or filing any report, document or tax return required by statute or regulation which is fraudulent or contains a false representation of a material fact; or has willfully deceived or attempted to deceive the Board, or any federal, state or local government, or governmental agency or authority, by making or maintaining business records required by statute or regulation which are false and fraudulent.<sup>28</sup> The Board may also suspend or revoke a license as delinquent for a period of 90 days or more in the payment of any taxes.<sup>29</sup>

In Colorado, during the application process, the licensing authority may consider factors such as whether the applicant is currently delinquent in the payment of any state or local taxes related to a business.<sup>30</sup>

Tax evasion has been an issue with several different businesses, including those selling alcohol. For example, in 2014, a Las Vegas owner of Super Liquors pleaded guilty to tax fraud for hiding \$4 million in gross receipts from the Internal Revenue Service.

In 2018, a liquor store owner in Tennessee pleaded guilty to theft, money laundering and tax fraud.<sup>31</sup>

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<sup>27</sup> Colorado Revised Statute §44-3-409

<sup>28</sup> Code of Virginia § 4.1-222

<sup>29</sup> Code of Virginia § 4.1-225

<sup>30</sup> Colorado Liquor Rule 47-310

<sup>31</sup> Shelton, C. (2018, September 11). Murfreesboro liquor store owner pleads guilty to theft, money laundering and tax fraud. <https://fox17.com/news/local/murfreesboro-liquor-store-owner-pleads-guilty-to-theft-money-laundering-and-tax-fraud>

In 2021, a Lake Worth Beach California liquor store owner pleaded guilty to tax evasion from an investigation of the owner's 2017 tax records.<sup>32</sup> The liquor store owner underreported the sales from the liquor store by \$557,268.

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***Ensuring taxes are collected and paid is an important aspect of the liquor industry, especially in maintaining funding for governmental agencies responsible for the proper licensing and enforcement of state and federal alcohol laws.***

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These cases are a few of several examples where tax fraud occurs in businesses that sell alcohol. Ensuring taxes are collected and paid is an important aspect of the liquor industry, especially in maintaining funding for governmental agencies responsible for the proper licensing and enforcement of state and federal alcohol laws. Conducting background checks that include tax history can provide details of a person's character and ability to operate a successful business involving alcohol.

## **Financial Document Review**

A fourth aspect of background checks includes reviewing financial documents for the funding of the liquor license. This paper has reviewed the need to ensure that cross-tier interests or ineligible licenses are not approved, but a secondary review of financial documents is also needed to ensure the financial stability of the applicant. Without sufficient documentation of transparent finances, a licensee may resort to illegal activities to fund the business.

For example, in Virginia, the Board may refuse a license if the applicant has not demonstrated financial responsibility sufficient to meet the requirements of the business proposed to be licensed.<sup>33</sup>

Evaluating the financial stability of individuals and companies holding a liquor license is important since underfunded entities may cut corners or pursue illegal activity in order to compete with other businesses or to fund their operations.

## **IMPORTANCE OF CONDUCTING A THOROUGH BACKGROUND CHECK**

The information found during a background check must be evaluated to ensure proper licensing of alcohol businesses. Not conducting a thorough background investigation may lead to permittee violations of state and federal "tied house" laws and could allow a person to own or manage a liquor business in a way that would be harmful to the public.

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<sup>32</sup> Whigham II, J. (2021, August 20). Lake Worth-area liquor store owner pleads guilty to tax evasion; Feds say he hid \$550K in sales <https://www.palmbeachpost.com/story/news/crime/2021/08/20/liquor-store-owner-pleads-guilty-tax-evasion/8201518002/>

<sup>33</sup> Code of Virginia § 4.1-222

As mentioned above, there are several factors to evaluate during a background investigation:

- ✓ **Who is financially benefitting from the sale of alcohol**
- ✓ **What are the requirements for a liquor license – suitability**
- ✓ **Hidden owners**
- ✓ **Three-tier violations**

The most important aspect of why background checks are conducted is to minimize the harmful effects of allowing criminal elements to gain entry into the alcohol industry and create a danger to the public.

## **BACKGROUND CHECKS – NOT JUST FOR ALCOHOL LICENSES**

In addition to liquor licenses, many other industries with government oversight require a background check for either employment or ownership of businesses within those industries. The businesses below generally undergo a rigorous background check to ensure proper licensure of each entity and, in some cases, the individual involved. These industries include:

- Gambling venues/casinos
- Racetracks
- Marijuana businesses
- Lottery companies

In addition to government employment, there are several different industries that have minimal standards for employment entry, which are usually evaluated through a license and background check. These professions include<sup>34</sup>:

- Daycare employees
- Real estate agents
- Education professionals/teachers
- Healthcare workers
- Information technology and computer-related employees
- Financial industry employees

There are also employers in non-licensed entities that use background checks to ensure suitable employment, such as:

- Nonprofit entities

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<sup>34</sup> Accurate Information Systems - <https://accinfosys.com/positions-requiring-employee-background-checks-law/>

- Landlord/tenant relationships
- Transportation industry
- Volunteer organizations
- Retail industry
- Private companies

Background checks are used in a variety of government, private, and volunteer sectors and are a useful tool to evaluate character to hire professional, skilled, and loyal employees.

## **FUTURE OF BACKGROUND CHECKS IN THE ALCOHOL INDUSTRY**

Given the current situation where many states have lessened criminal sanctions and decriminalized several crimes, where does the background check for a liquor license fit in? The necessity of conducting background checks are more important today than ever. Society is increasingly mobile (both domestically and internationally), and setting up businesses is much simpler in the world of technology, especially if governments allow direct-to-consumer shipments of alcohol across state lines by retailers. In this case, establishing a business is as simple as acquiring a business license on the internet.

Background checks ought to be thorough, detailed, and comprehensive to ensure the players involved meet statutory requirements and that government administrations should support those requirements to ensure the safety of the citizens.

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***Background checks ought to be thorough, detailed, and comprehensive***

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Conducting background checks has never been as simple as it is today. If the state alcohol agency lacks physical resources to conduct the background check, there are several private companies that conduct excellent investigations and provide a detailed report of their findings. The background check cost should be incorporated into the application fee so that the state/local government does not bear the financial burden of the background investigation.

## **SUMMARY**

Public health concerns related to the abuse of alcohol are serious and well-known. These problems are only exacerbated when those without regard for the law engage in this industry. The public health concerns about alcohol are furthered by strong attention to various public safety proposals.

Background checks ensure that only legitimate and appropriate people are engaged in the transparent and accountable alcohol regulatory system of the United States. By learning

from the history of Prohibition and the need to eliminate criminal elements from using the alcohol industry, public policy officials can concentrate their regulatory efforts on the use and abuse of alcohol to ameliorate its harms.

## **ABOUT THE AUTHOR**

Patrick Maroney is the President of Maroney Consulting Services LLC, and provides consulting related to liquor laws, rules, liability, training and compliance for liquor licensees and stakeholders. Patrick has over 33 years of experience in law enforcement and regulatory compliance. In June 2019, Patrick retired from the state of Colorado where he served as the Director for the Colorado Liquor Enforcement Division (LED) since 2013. For over two years previously, Patrick served as the Chief of Investigations for the LED. He has also worked for other government agencies including the Colorado Lottery, Colorado Bureau of Investigations, Arapahoe County Coroner's Office and the Larimer County Sheriff's Office. Patrick has conducted numerous background checks during criminal investigations involving complex criminal schemes including investigations of violations of the Colorado Organized Crime Control Act.

Patrick is a former board member of the National Conference of State Liquor Administrators (NCSLA) and has served on several panels during NCSLA conferences as well as hosted the 2017 National Conference in Denver.

During his tenure as Director of the Colorado LED, Patrick saw several changes in liquor law, policy, rules and industry practices. He worked closely with liquor stakeholders in 2016 and 2018 to implement two bills passed by the Colorado legislature that brought about the most significant changes to Colorado's liquor laws since Prohibition. He understands the importance of strengthening America's strong alcohol regulatory system and its relevancy to protecting public health and safety.

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