

STATE OF ILLINOIS
LIQUOR CONTROL COMMISSION

ROUTE 34 PUB & GRUB, LLC
1201 E. Church Street, Unit C
Sandwich, Illinois

Appellant,

vs.

SANDWICH LIQUOR CONTROL
COMMISSION

Appellee.

Case No.: 21 APP 14

State License Number: 1A-1131792

ORDER

THIS MATTER having come to be heard before the Liquor Control Commission of the State of Illinois (hereinafter “State Commission”) upon the appeal of Route 34 Pub & Grub, LLC, Appellant, (hereinafter “Route 34”) the Commission being otherwise fully informed and a majority of its members do hereby state the following:

Procedural History

Route 34 is the holder of a City of Sandwich retail liquor license (License No. A-17). The Sandwich Liquor Control Commission (hereinafter “Sandwich Commission”) provided a “Notice of Hearing Before Liquor Commissioner” to Route 34 for a disciplinary hearing on September 8, 2021, September 16, 2021, and September 20, 2021, at the Sandwich City Hall. After each of these scheduled hearing dates resulted in continuances, a substantive hearing was held before the Sandwich Liquor Control Commissioner Todd Latham on October 4, 2021. As a result of the hearing, the Sandwich Commissioner issued “Findings of Fact and Order” on October 7, 2021, resulting in the revocation of the Route 34 Class A liquor license. On October 12, 2021, Route 34 appealed the Sandwich Commission revocation order to the State Commission. On April 6, 2022,

before Commissioner Thomas Gibbons, the State Commission held a *de novo* hearing pursuant to 235 ILCS 5/7-9. On May 18, 2022, the State Commission as a whole deliberated on the entire record of the *de novo* hearing.

Decision

After consideration of the evidence presented at the *de novo* hearing and a review of the legal issues presented, the State Commission AFFIRMS the order of the Sandwich Commission to revoke the Route 34 Class A liquor license.

Findings of Fact

1. The Sandwich Commission issued a Class A Sandwich retail liquor license expiring on April 30, 2022. *Exhibit 1A.*
2. The Sandwich Commission provided Route 34 with a Notice of Hearing Before Liquor Commissioner alleging Route 34 “has failed or refused to comply with the terms of the Sandwich Municipal Code and the Statutes of the State of Illinois concerning an incident taking place on September 18, 2019.” *Exhibits 2, 3, 4.*
3. The Sandwich Commission continued the hearing originally scheduled to be held on September 8, 2021, September 16, 2021, and September 20, 2021. *Id.*
4. The Sandwich Commission held an evidentiary hearing on October 4, 2021, related to the “Suspension or Revocation of the City of Sandwich Liquor License Held by Route 34 Pub & Grub, LLC – Liquor Violation Hearing.” *Exhibit 5*
5. The City of Sandwich has not enacted an ordinance pursuant to 235 ILCS 5/7-9 requiring the State Commission to hear appeals of all local commission liquor license related actions “on the record.” *Exhibit 6.*

6. James Bianchi (“Bianchi”) has been a police officer for 37 years and is Chief of Police in Sandwich. *Transcript at p. 30.*
7. Bianchi testified that he met with Ryan Sargis at Route 34 related to the issuance of an outdoor event permit for Route 34. *Id. at p. 36.*
8. Bianchi testified the meeting with Ryan Sargis occurred at the Route 34 licensed establishment. *Id. at p. 37.*
9. Bianchi testified that, at the bar, he received an envelope containing \$500 in \$20 bill denominations. *Id. at pp. 37-38.*
10. Bianchi testified that Ryan Sargis pointed at the envelope and told Bianchi the envelope was for Bianchi. *Id. at p. 58.*
11. Bianchi testified that Ray Sargis, the owner of Route 34, was not present when Bianchi received the envelope with \$500.00. *Id. at p. 59.*
12. Both parties stipulated that Ray Sargis “was not aware that his son was engaging or was going to engage in” the payment of Bianchi at Route 34. *Id.*
13. Both parties stipulated that Ray Sargis is the father of Ryan Sargis. *Id. at p. 147.*
14. Route 34 stipulated Ryan Sargis was arrested and initially charged with criminal bribery. *Id. at p. 40.*
15. Per “Synopsis of Felony Arrest,” Ryan Sargis was arrested for Class 2 Felony of Bribery on September 18, 2019. *Exhibit 10.*
16. Per Synopsis of Felony Arrest,

On 09/18/19 Ryan F. Sargis tendered a bribe of \$500.00 United States Currency (USC) to James Bianchi, Chief of Police in Sandwich, IL. The \$500.00 USC was tendered to James Bianchi by Sargis inside of Route 34 Pub & Grub, located at 1201 E. Church St., Sandwich, DeKalb County, Illinois with the intent to have James Bianchi influence the performance of Richard Robinson, Mayor of

Sandwich, to have Robinson issue a special use permit to Route 34 Pub & Grub which is a bar that Sargis runs the day to day operations.

Exhibit 10.

17. On August 31, 2021, Ryan Sargis pled guilty to Attempted Bribery [720 ILCS 5/33-1(c)], a Class 3 Felony, and Driving under a Revoked/Suspended Driver's License [625 ILCS 5/6-303(a), (d-3) (1)], a Class 4 Felony. *Exhibits 13-14.*
18. On August 31, 2021, Ryan Sargis was sentenced to three years of incarceration in the Illinois Department of Corrections system. *Exhibit 14.*
19. Bianchi testified that Ryan Sargis worked at Route 34 as a cook between 2013 and 2018 under prior ownership. *Transcript at p. 55.*
20. Bianchi testified that Ryan Sargis was the representative and business manager for Route 34. *Id. at p. 31; 53, 75-76.*
21. Route 34 stipulated that Ray Sargis "did hire his son, Ryan Sargis, to work at the establishment, and eventually, his son was promoted to manager." *Id. at p. 147.*
22. Bianchi testified "Ryan Sargis is known to be a convicted drug dealer." *Id. at p. 52.*
23. Bianchi testified he "learned through several of my own sources and officer sources and the Illinois State Police units that Ryan Sargis deals extensively in [] cocaine and other drug trafficking in the Sandwich area." *Id. at p. 52.*
24. Bianchi testified that Route 34 is "a place where a lot of known drug dealers frequented, a lot of people, a lot of fights, a lot of issues in the parking lot. A lot of people leaving the premises highly intoxicated and after-hours activities." *Id. at p. 53.*
25. Bianchi testified there are "two pending drug investigations with patrons from Route 34 Pub & Grub" being conducted by the Illinois State Police. *Id. at p. 73.*

26. Bianchi testified: “Ray Sargis is a very nice man. He’s very well respected....I have never heard a bad thing about Ray Sargis.” *Transcript at p. 52.*
27. Bianchi testified he had conducted a prior investigation of Ryan Sargis in which Ryan Sargis purchased numerous large bottles of Crown Royal, Jack Daniels, []several other bottles of alcohol and proceeded to drive that towards Route 34 Pub & Grub.” *Id. at p. 50.*
28. Bianchi testified that the result of the investigation was that Route 34 paid an \$850 fine to the Illinois Liquor Control Commission and served license suspension issued by the Sandwich Commission. *Id.*
29. Bianchi testified that the result of the investigation also resulted in Ryan Sargis’ arrest for driving on a suspended driver’s license. *Id. at p. 49.*
30. Bianchi testified that he spoke to Route 34 owner Ray Sargis when the Sandwich Commission issued a license suspension to Route 34. *Id. at p. 53.*
31. Bianchi’s testimony was credible.
32. Todd K. Latham (“Latham”), Mayor of Sandwich testified he revoked the Route 34 liquor license because Ryan Sargis had been convicted of a felony and that he understood Ryan Sargis to be the manager of Route 34. *Id. at p. 106.*
33. Latham testified that the basis of the decision to revoke the Route 34 license was in part due to Illinois Liquor Control Act section 235 ILCS 5/10-5 which states:
- Whenever any officer, director, manager or other employee in a position of authority of any licensee under this Act shall be convicted of any violation of this Act while engaged in the course of his employment or while upon the premises described by said license, said license shall be revoked
- Id. at p. 111-112, 140; Exhibit 8.*
34. Latham testified that he revoked the Route 34 license because a prior suspension issued to Route 34 “didn’t seem to maybe deter conduct out there.” *Transcript at p. 107..*

35. Latham testified that he “received a file ... from 2019 that a number of times the police had been called to that location.” *Id.*
36. Latham testified Route 34 is “not a family-oriented place” and “that it’s not the most favorable bar, eating establishment in town.” *Id. at p. 108.*
37. Latham’s testimony was credible.
38. Route 34 stipulated Ryan Sargis “ceased to be employed by Route 34 Pub & Grub” after “pleading guilty and being convicted” of Attempted Bribery on August 31, 2021. *Id. at p. 148.*
39. Parties stipulated that Ray Sargis would testify that he “previously held two liquor licenses during his lifetime ...and those licenses were never suspended or revoked.” *Id. at p. 149.*
40. Route 34 stipulated that Ray Sargis is the president of Route 34 and that “he should be aware of what occurs in his business.” *Id. at p. 150.*
41. Lisa Segard (“Segard”) is the general manager of Route 34 and was hired in that capacity on August 31, 2021. *Id. at p. 151.*
42. Segard replaced Ryan Sargis as manager of Route 34 after Ryan Sargis was incarcerated for Attempted Bribery. *Id.*
43. Segard testified she had previously been a patron of Route 34 prior to August 2021. *Id. at p. 155.*
44. Segard testified that she has made improvements to the bar since becoming manager including ensuring that all employees have “BASSET” certifications and creating an employee handbook. *Transcript at p. 157.*

45. Segard testified she was not aware of Route 34's negative reputation in the community before she become employed as manager because she "wasn't looking for it." *Id. at p. 167-168.*
46. Segard testified the "clientele in there now is much different, and its taken probably at least till mid-January for our numbers to change" and "we've gotten a totally different type of people in there, which is better for us" and "we're seeing a lot more families coming there now." *Id. at p. 168.*
47. Segard's testimony was credible.

Conclusions of Law

Section 7-9 of the Liquor Control Act of 1934 places the statutory responsibility to hear appeals from final orders entered by local liquor commissioners on the Commission. 235 ILCS 5/7-9. If the local municipality "has adopted a resolution requiring that such review be on the record" then the "only evidence which may be considered in the review, shall be the evidence found in the certified official record of the proceedings of the local liquor control commissioner." *Id.* If the local municipality has not adopted an "on the record" resolution, then the State Commission shall review the decision of the local commission *de novo*. Section 7-9 further states:

In any trial *de novo* hearing before the State Commission ...the local liquor control commissioner shall be entitled to 10 days notice and to be heard. All such trial *de novo* hearings shall be open to the public and the Illinois Liquor Control Commission ...shall reduce all evidence offered thereto to writing.

If after trial *de novo* hearing or review as provided herein, the State Commission ... shall decide that the license has been improperly issued, denied, revoked, suspended or refused to be revoked or suspended or a hearing to revoke or suspend has been improperly refused or that the licensee has been improperly fined or not fined, it shall enter an order in conformity with such findings, which order shall be in writing. A certified copy of the order shall be transmitted to the particular local liquor control commissioner and it shall be the duty of the local liquor control commissioner to take such action as may be necessary to conform with the order.

235 ILCS 5/7-9.

In consideration of the evidence presented at the *de novo* hearing held at the State Commission on April 6, 2022, and, considered by the State Commission as a whole on May 18, 2022, the State Commission AFFIRMS the decision of the Sandwich Commission to revoke the Route 34 Class A retail license having determined the Sandwich Commission did not “improperly ...revoke” such license.

In reviewing the propriety of the local revocation order, the State Commission analyzes whether the findings contained within the order constitute grounds to revoke the license. The Illinois Appellate Court has ruled: “It is well established that the violation of any statute, ordinance, or regulation related fairly to the control of liquor, upon liquor-licensed premises, generally constitutes cause for revocation of a license. (*Hanson v. Illinois Liquor Control Comm'n* (1990), 201 Ill. App. 3d 974, 983, 559 N.E.2d 1092, 1097, 147 Ill. Dec. 752, citing *Leong v. Village of Schaumburg* (1990), 194 Ill. App. 3d 60, 550 N.E.2d 1073, 141 Ill. Dec. 27, and *Lopez v. Illinois Liquor Control Comm'n* (1983), 120 Ill. App. 3d 756, 458 N.E.2d 599, 76 Ill. Dec. 199.) “The issue is not whether the reviewing court would decide upon a more lenient penalty were it initially to determine the appropriate discipline, but rather, in view of the circumstances, whether this court can say that the commission, in opting for a particular penalty, acted unreasonably or arbitrarily or selected a type of discipline unrelated to the needs of the commission or statute. *Jacquelyn's Lounge, Inc. v. License Appeal Comm'n of City of Chicago*, 277 Ill. App. 3d 959, 966, (1st Dist. 1996). “A reviewing court, however, may overturn sanctions imposed by an agency which have been determined to be overly harsh in view of mitigating circumstances.”(*Feliciano v. Illinois Racing Board* (1982), 110 Ill. App. 3d 997, 443 N.E.2d 261, 66 Ill. Dec. 578.) Based on the evidence in the record, the Sandwich Commission did not act “unreasonably or arbitrarily” to

revoke the Route 34 liquor license and the sanction of license revocation was not “overly harsh in view of mitigating circumstances”¹

The State Commission analyzed the facts to determine if: 1) An agent of Route 34 committed a violation reasonably related to the sale of alcoholic liquor during the agent’s scope of employment; and 2) if mitigating circumstances justified a reduction or modification of license revocation to a lesser offense of a suspension or fine. As to the first question, the State Commission has found sufficient evidence to demonstrate the agent of Route 34, manager Ryan Sargis, committed the crime of Attempted Bribery at the Route 34 premises and related to the operation of the Route 34 business. Such an act formed the basis of the liability against Route 34. As to the second question, Route 34 did not provide sufficient evidence to prove in mitigation that the ownership/management of Route 34 lacked accountability for the actions resulting in the license violation and revocation. The Route 34 license should be revoked because Ryan Sargis committed Attempted Bribery as the approved manager of Route 34; the Attempted Bribery was a business-related act; and, the person committing the act has history of criminal behavior and operating a business with a poor reputation and negative license history.

Liability Determination

Route 34 is liable for the acts of its agents and for actions committed on the licensed premises. Pursuant to the Illinois Liquor Control Act,

Whenever any officer, director, manager or other employee in a position of authority of any licensee under this Act shall be convicted of any violation of this Act **while engaged in the course of his employment or while upon the premises described by said license**, said license shall be revoked

235 ILCS 5/10-5 (emphasis added). The evidence in the record is clear that Route 34 manager, Ryan Sargis, committed the act of Attempted Bribery during the scope of his employment at the

¹ The State Commission’s decision herein does not include a review of the Local Commission basis for summary closure issued pursuant to 235 ILCS 5/7-5.

Route 34 licensed premises. Sandwich Chief of Police James Bianchi testified that on September 18, 2019, he met with Ryan Sargis about the issuance of an outdoor event permit for Route 34. *Transcript at p. 36.* The meeting between Bianchi and Ryan Sargis occurred at the Route 34 licensed establishment. *Id. at p. 37.* Bianchi testified that, at the bar, he received an envelope containing \$500 in \$20 bill denominations. *Id. at pp. 37-38.* Bianchi testified that Ryan Sargis pointed at the envelope and told Bianchi the envelope was for Bianchi. *Id. at p. 58.*

Ryan Sargis' actions at Route 34 and related to Route 34 business resulted in the criminal incarceration of Ryan Sargis. Route 34 stipulated that Ryan Sargis was arrested and initially charged with criminal bribery. *Transcript at p. 40.* Per "Synopsis of Felony Arrest," Ryan Sargis was arrested for Class 2 Felony of Bribery on September 18, 2019:

On 09/18/19 Ryan F. Sargis tendered a bribe of \$500.00 United States Currency (USC) to James Bianchi, Chief of Police in Sandwich, IL. The \$500.00 USC was tendered to James Bianchi by Sargis inside of Route 34 Pub & Grub, located at 1201 E. Church St., Sandwich, DeKalb County, Illinois with the intent to have James Bianchi influence the performance of Richard Robinson, Mayor of Sandwich, to have Robinson issue a special use permit to Route 34 Pub & Grub which is a bar that Sargis runs the day to day operations.

Exhibit 10. On August 31, 2021, Ryan Sargis pled guilty to Attempted Bribery [720 ILCS 5/33-1(c)], a Class 3 Felony, and Driving under a Revoked/Suspended Driver's License [625 ILCS 5/6-303(a), (d-3) (1)], a Class 4 Felony. *Exhibits 13-14.* On August 31, 2021, Ryan Sargis was sentenced to three years incarceration in the Illinois Department of Corrections system. *Exhibit 14.*

The evidence in the record clearly demonstrates that, while serving as an agent for Route 34 and in an attempt to obtain a special license for Route 34, Ryan Sargis attempted to bribe Sandwich Chief of Police James Bianchi. Because such an action was conducted during the scope of employment and on the licensed premises, the Sandwich Commission provided substantial evidence of a violation against the Route 34 retail liquor license.

Revocation Penalty

Notwithstanding substantial evidence of a license violation, Route 34 attempted to provide mitigating evidence arguing the penalty of revocation was overly harsh. Evidence in the record demonstrates that the sole owner of Route 34, Ray Sargis, was not present at Route 34 when his son and manager, Ryan Sargis, attempted to bribe Chief of Police James Bianchi. Bianchi testified: “Ray Sargis is a very nice man. He’s very well respected.... I have never heard a bad thing about Ray Sargis.” *Transcript at p. 52*. Bianchi testified that Ray Sargis, the owner of Route 34, was not present when Bianchi received the envelope with \$500.00. *Id. at p. 59*. Both parties stipulated that Ray Sargis “was not aware that his son was engaging or was going to engage in” the payment of Bianchi at Route 34. *Id.*

Further evidence in mitigation was provided by the testimony of current Route 34 manager Lisa Segard who testified to the changes and improvements she has made to the Route 34 business since she was hired to replace Ryan Sargis. Segard testified that she has made improvements to the bar since becoming manager including ensuring that all employees have “BASSET” certifications and that she has created an employee handbook. *Id. at p. 157*. Segard further testified the “clientele in there now is much different, and its taken probably at least till mid-January for our numbers to change” and “we’ve gotten a totally different type of people in there, which is better for us” and “we’re seeing a lot more families coming there now.” *Id. at p. 168*.

The mitigating evidence provided by Route 34, however, is not sufficient to demonstrate the Sandwich Commission revocation penalty was overly harsh. Ryan Sargis was the manager of the business; committed a felony in an attempt to advance business interests; and generally ran a business with a bad reputation and negative license history even after his arrest in 2019.

When Ryan Sargis attempted to bribe a public official to obtain a special use license for Route 34, he did this in his capacity as manager of Route 34. *Transcript at pp 31; 53, 75-76.* While it may be true that the owner Ray Sargis is a respected member of his community and did not know anything about his son Ryan's illegal behavior, there is no prerequisite that Ray Sargis know of Ryan Sargis' behavior prior to the imposition of a revocation penalty. Ryan Sargis was not a random bartender, waitstaff, or kitchen employee of Route 34. He was the manager of the business. The Illinois Liquor Control Act identifies the manager as a substitute for the officers or owners of the business. The Act requires that a business manager be eligible to receive a liquor license in the same manner that an owner/officer is eligible. *235 ILCS 5/6-2(a)(11)*. From this requirement, a reasonable inference can be drawn that the actions of the manager are the actions of the owner/officers of the business. If not, then an absentee owner/officer can have plausible deniability of any illegal behavior occurring at the business without the consequence of a license revocation.

Furthermore, Ryan's illegal act of attempted bribery was not the random act occurring within the business premises but rather one in pursuit of a license that would benefit the business. As case law would suggest, a revocation could be an overly harsh penalty if random employees committed acts like selling drugs from the business without the knowledge of the business owner. The revocation calculus changes, however, when the illegal act is committed by the business manager in pursuit of a license that will benefit the business. Per the Synopsis of Felony Arrest, Ryan Sargis committed Attempted Bribery "with the intent to have James Bianchi influence the performance of Richard Robinson, Mayor of Sandwich, to have Robinson issue a special use permit to Route 34 Pub & Grub which is a bar that Sargis runs the day to day operations." *Exhibit*

10. Clearly, the intent to bribe Chief of Police Bianchi was for the purpose of influencing the liquor control commissioner to issue a permit. Such an action clearly justifies the penalty of revocation.

Even if Ray Sargis did not have actual knowledge of his son's attempt to bribe a public official, he could also be held accountable for exercising poor judgment in hiring his son with a prior criminal history and failing to monitor a business with prior violations and a bad local reputation. In hiring his son to run the Route 34 business, Ray Sargis presumably hoped that his son would not commit illegal acts while running the business. This was a bad risk because, per the testimony of Chief Bianchi, "Ryan Sargis is known to be a convicted drug dealer" and "deals extensively in [] cocaine and other drug trafficking in the Sandwich area." *Transcript at p. 52.* Bianchi further testified that Route 34 is "a place where a lot of known drug dealers frequented, a lot of people, a lot of fights, a lot of issues in the parking lot. A lot of people leaving the premises highly intoxicated and after-hours activities." *Id. at p. 53.* Mayor Todd Latham testified that he "received a file ... from 2019 that a number of times the police had been called to that location." *Id. at p. 107.* Latham testified Route 34 is "not a family-oriented place" and "that it's not the most favorable bar, eating establishment in town." *Id. at p. 108.*

Even after the 2019 arrest, Ray Sargis allowed Ryan to continue to run the business with a bad reputation. Lisa Segard, hired as manager upon Ryan's incarceration in 2021, testified that the "clientele in there now is much different, and its taken probably at least till mid-January for our numbers to change" and "we've gotten a totally different type of people in there, which is better for us" and "we're seeing a lot more families coming there now." *Id. at p. 168.*

Furthermore, Ray Sargis knew Ryan Sargis had been responsible for Route 34 prior license violations. Chief Bianchi spoke with Ray Sargis at the time Route 34 license was previously fined and suspended for various license violations. *Transcript at p. 53.* Ryan Sargis was found

purchasing “numerous large bottles of Crown Royal, Jack Daniels, []several other bottles of alcohol” resulting in a prior fine and suspension of the Route 34 license. *Id. at p. 50.* Mayor Latham testified that he revoked the Route 34 license because a prior suspension issued to Route 34 “didn’t seem to maybe deter conduct out there.” *Id. at p. 107.* Ray Sargis knew about the prior suspension and should have known that future violations could lead to the revocation of the liquor license. Notwithstanding the prior negative license history, Ray Sargis allowed his son to continue to manage the business both before and after his arrest for Attempted Bribery and, thus, jeopardized his license.

Based on the evidence in the record, the revocation order is not arbitrary, unreasonable, or overly harsh.

IT IS HEREBY ORDERED:

For the reasons stated herein, the Sandwich Commission decision to revoke the Route 34 Class A liquor license is AFFIRMED.

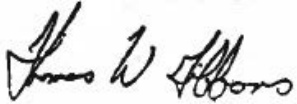
ENTERED before the Illinois Liquor Control Commission at Chicago, Illinois, on May 18, 2022.



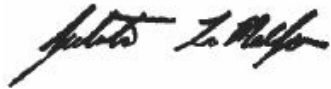
Cynthia Berg, Chair



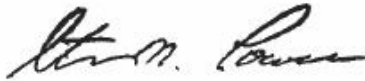
Melody Spann Cooper, Commissioner



Thomas Gibbons, Commissioner



Julieta LaMalfa, Commissioner



Steven Powell, Commissioner



Brian Sullivan, Commissioner

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UNDER PENALTY OF PERJURY, as provided by law, section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that I caused copies of the foregoing ORDER to be e-mailed by agreement of the parties prior to 5:00 p.m. on the following date: June 13, 2022.

/s/ Richard R. Haymaker

Richard R. Haymaker

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