

City of Northfield, Minnesota  
New Liquor License Background Check

Mark Elliott  
City of Northfield, Police Chief

RE: Lisa Monet Zarza

Lisa Monet Zarza (“Zarza”) has applied to the City of Northfield for a license to sell on-sale liquor at Froggy Bottoms, 307 Water Street South (the “Premises”). I have completed a background check and investigation on Zarza and Froggy Bottoms pursuant to the application from Zarza, the results of which are outlined below. This investigation report is submitted to the City Council pursuant to Minnesota Statutes, Section 340A.412 and Northfield City Code, Chapter 6, Section 6-63.

**Background**

Froggy Bottoms was first licensed in 2019 under the ownership of Heart of the Lion LLP, a Limited Liability Partnership with co-owners Zarza and Ricardo Baldazo. License renewals for Heart of the Lion LLP were submitted in 2020 and 2021. The 2021 renewal application contained a note that Zarza was the sole owner. I checked with the Minnesota Secretary of State office and verified this information. There had not been any update to the status of Heart of the Lion LLP. The Secretary of State’s office also stated a Limited Liability Partnership must be a partnership and a sole owner could not have this legal structure.

This information was shared with Zarza on February 25, 2021 and she said she would provide proper documentation to clear this up. As of March 8, 2021, Zarza had not supplied any information and the city clerk reached out to her again. Zarza said she would provide information by the end of day. On March 9, 2021, Zarza supplied information on a different company, Braveheart LLC, as the applicant for a liquor license at the Froggy Bottoms location. Zarza was told she needed to submit a new application if she was seeking a liquor license for Braveheart LLC, as the initial application sought a liquor license for Heart of the Lion LLP.

Zarza submitted a liquor license application for Braveheart LLC, listing Zarza as the sole owner, on the evening of March 9, 2021. The articles of organization for Braveheart LLC also list Lisa Zarza as the sole organizer. The application lists a lease with David Hvistendahl (“Hvistendahl”) as owner of the Premises on which Froggy Bottoms operates. I spoke with Hvistendahl on March 10, 2021 and he had been contacted by Zarza about a new company name. However, pursuant to the current lease, Hvistendahl is leasing the Premises to Heart of the Lion LLP, and Braveheart LLC did not have a lease for the Premises at Froggy Bottoms at that time.

Also, at this time the insurance verification provided in the initial application from Zarza is a policy from Midwest insurance with Heart of the Lion LLP and Lionheart L.L.C. listed, but not Braveheart LLC. The City of Northfield is also not listed as an additional insured as required for the Temporary Expansion Permit.

**Criminal History**

No history or listings found for Zarza

**Civil Court**

Lisa Zarza Civil court filing defendant in property damage case filed in 2019 in Dakota county court file 19HA-CV-19-1844. There is no disposition on this case yet.

**Law Enforcement Data Base**

Contacts

The business entity, Braveheart LLC, is not listed in any law enforcement contacts, and it was filed as an LLC on November 5, 2020 with the Secretary of State office.

Zarza is an owner of record of Lionheart L.L.C. Lionheart L.L.C. is the corporate owner of Alibi Drinkery in Lakeville, Minnesota. Alibi Drinkery in Lakeville has been the subject of widely reported violations of the Governor's Executive Orders and court orders surrounding operating in violation of the executive orders and orders issued by the court in the First Judicial District, including a finding of contempt by the court for operating in violation of a court order. These incidents are described more fully below.

**Statewide Supervision**

No history of concern for Lisa Zarza.

**CLEAR Database**

No entries of concern.

**MN DPS Alcohol & Gambling Enforcement – Liquor License Violations and Revocation Actions**

As mentioned above, Zarza is a listed owner of Lionheart L.L.C., the corporate owner of Alibi Drinkery in Lakeville, Minnesota. The instances outlined below involve Lionheart L.L.C. d/b/a Alibi Drinkery in Lakeville, Minnesota, and Zarza's ownership and active operation of that business since at least December 2020.

On December 16, 2020, the Minnesota Department of Public Safety – Alcohol and Gambling Enforcement Division, notified Alibi Drinkery of its intention to suspend Alibi Drinkery's liquor license for continued violations of Executive Order (EO) 20-99, requiring all restaurants and bars to cease selling alcohol for on-premises consumption.

On December 17, 2020, the Minnesota Attorney General's Office ("AGO") filed a temporary restraining order against Lionheart L.L.C. d/b/a Alibi Drinkery in Dakota County District Court for illegally operating on-premises dining. A temporary restraining order enjoining Alibi Drinkery from remaining open to ingress, egress, use and occupancy to members of the public in violation of Executive Order 20-99, was granted on December 18, 2020. See **Exhibit A**, attached hereto and incorporated herein by reference.

On December 22, 2020, Zarza filed an affidavit with the district court in which she swore, among other things, that “Starting as of today, we have closed our doors.” See **Exhibit B**, attached hereto and incorporated herein by reference.

On December 29, 2020, the district court granted a motion by the AGO to convert the December 17, 2020 temporary restraining order into a temporary injunction, citing Lionheart L.L.C. d/b/a/ Alibi Drinkery’s “blatant and intentional defiance of the law.” See **Exhibit C**, attached hereto and incorporated herein by reference.

On December 31, 2020, an AGO investigator filed an affidavit with district court containing photographs of several individuals eating and drinking in Alibi Drinkery on December 31, 2020. The affiant swore that while taking the photographs she was approached by a woman she recognized to be Zarza, who told the affiant to leave. The affidavit also contained a screen shot of Alibi Drinkery’s Facebook page, from December 30, 2020, on which Alibi Drinkery stated it would be open at 11:00 AM on December 31, 2020, in violation of the district court’s temporary injunction. Additionally, the affidavit contained a screen shot of Zarza’s personal Facebook page, from December 30, 2020, which contained an image reading “Open our state” and “Well ok, Thursday 11AM!” See **Exhibit D**, attached hereto and incorporated herein by reference.

On December 31, 2020, Lakeville Police filed a report stating that officers witnessed several people eating and drinking in Alibi Drinkery. See **Exhibit E**, attached hereto and incorporated herein by reference.

On January 4, 2021, two affidavits were filed by AGO investigators swearing that on January 1, 2, 3, and 4, multiple people were seen eating and drinking in Alibi Drinkery. See **Exhibits E** and **F**, attached hereto and incorporated herein by reference.

On January 7, 2021, the district court issued an order for contempt of court against Lionheart L.L.C. d/b/a Alibi Drinkery. The court specifically cited the affidavit filed by Zarza on December 22, 2020, in which Zarza swore, “Starting as of today, we have closed our doors.” The court noted that those statements “were and are false, inconsistent with Defendant’s Facebook posts, what media reports showed, Plaintiff observed, and law enforcement determined.” See **Exhibit G**, attached hereto and incorporated herein by reference.

On February 4, 2021, Zarza appeared before an administrative law judge (ALJ) on a revocation hearing regarding the State issued liquor license for Alibi Drinkery in Lakeville. The DPS Department of Alcohol and Gambling Enforcement (AGE) had on December 31, 2020 issued an Amended Notice of Agency Action – Five-Year Liquor License Revocation (“Notice of Revocation”) to Lionheart L.L.C. See **Exhibit H**, attached hereto and incorporated herein by reference. Pursuant to state law, Zarza, as the owner of Lionheart L.L.C. is entitled to a hearing before an administrative law judge before the license revocation can become effective. The judge issued a ruling on March 26, 2021 upholding this five-year liquor license revocation, subject to a final decision of the Commissioner of DPS, which has yet to be issued.

Over the past few months, Zarza has participated in several interviews regarding her opposition to and/or violations of the district court’s order and/or state executive orders. Alibi Drinkery in

Lakeville repeatedly advertised on Facebook that it was open and operating. On January 19, 2021, it posted, "Happy hour is back at Alibi! Not kidding! Monday thru Friday 11am to 1pm and Sunday thru Thursday 8pm to 10pm. \$1 off all drinks and beers!" See <https://www.kare11.com/article/news/local/minnesota-department-of-health-files-lawsuit-against-alibi-drinkery/89-5fa0ba56-ef50-4143-ba10-cb02bf11d301>.

In an interview on January 25, 2021, regarding Alibi Drinkery's defiance of the district court's order and/or state executive orders, Zarza stated that she "knew what was at stake" when she decided to take the actions she did. <https://www.foxnews.com/lifestyle/minnesota-bar-owner-explains-decision-to-defy-unconstitutional-covid-19-restrictions>.

### **MN Department of Health – Food License**

The Minnesota Department of Health (MDH) issued a 60 day suspension of the food service license for Alibi Drinkery in Lakeville in December 2020 based on violations of the executive orders. The MDH declined to issue a food service license for 2021 for Alibi Drinkery in Lakeville based on violations of the executive orders, and Alibi Drinkery in Lakeville has been serving food without a food service license in 2021. Legal actions on this violation are being handled by the Attorney General's office.

The Minnesota Department of Health did issue a food service license for 2021 to Heart of the Lion LLP as the corporate owner of Alibi at Froggy Bottoms in Northfield. Heart of the Lion LLP, as the past corporate owner of Alibi at Froggy Bottoms, was also the entity to which the past 2020 Northfield liquor license was granted for the Premises at Froggy Bottoms. However, Braveheart LLC is now the entity that submitted the current 2021 liquor license application for the Premises at Froggy Bottoms. As of the application date, the Minnesota Department of Health did not have a food service license for Braveheart LLC. This has since been corrected and there is now a MDH food license that has been issued to Braveheart LLC.

### **Current Zarza Application to City of Northfield for Issuance of a Liquor License for Braveheart LLC at Froggy Bottoms Location**

City staff through the Police Chief and City Clerk have contacted Zarza on a couple occasions regarding her applications for a liquor license from the City of Northfield for Braveheart LLC at the Froggy Bottoms location. The present application was initially both untimely and deficient in providing the information required by state law and City Code for City staff to process the liquor license application.

The current license application was not submitted timely. City Code provides in part that:

Sec. 6-61 (c) Application for renewal of an existing license shall be made at least 90 days prior to the date of expiration of the license and shall contain such information as required by the state, the city council and any additional information the city deems necessary. This time requirement may be waived by the city council for good and sufficient cause.

The current application was submitted on March 9, 2021. The current liquor license at the Premises expires on March 31, 2021.

I verbally spoke to the applicant, Zarza, about the deficiencies in the application and the City Clerk notified the applicant of the deficiencies in a letter dated March 12, 2021, which was three days after Zarza submitted this new application on March 9 for Braveheart LLC. See **Exhibit I**, attached hereto and incorporated herein by reference. The City Clerk's letter specifically notified Zarza of the following:

“The information you have provided has changed several times and the most recent submission, of a new business ownership on March 9, 2021, has some significant discrepancies including the following:

- No lease agreement between Braveheart LLC and the property owner
- No current food service license from MDH for Braveheart LLC
- No insurance certificate for Braveheart LLC”

The letter further stated:

“For these reasons, the City of Northfield cannot process your application at this time. Please submit the required documents to the City Clerk by 4pm on Wednesday March 25, 2021 for consideration at the April 6, 2021 City Council Meeting. If all information is submitted by that deadline, a Public Hearing regarding the issuance of a new liquor license for Braveheart LLC will be held at the April 6, 2021 meeting and you will have an opportunity to provide information if you choose.

In the meantime the Liquor License for Heart of the Lion LLP expires on March 31, 2021 and the premises Alibi at Foggy Bottoms, at 307 Water Street will no longer be licensed to serve liquor until a new liquor license is approved by the City Council and the State of Minnesota.

As of March 24, 2021, Zarza has now provided a copy of the lease of the Premises in the name of Braveheart, LLC at Froggy Bottoms and has also provided a certificate of insurance for Braveheart LLC, and proof of a current MDH food service license for the Premises.

#### **Findings Regarding Zarza/Braveheart LLC Liquor License Application and Applicable City Code and State Law**

The following findings have been made in my capacity as Chief of Police and in accordance with applicable State law and City Code. Each finding references the relevant provisions of State law and City Code (described below) as applicable based upon the above recitation of the relevant facts pertaining to the application by Zarza to the City of Northfield for issuance of a liquor license for Braveheart LLC to sell on-sale liquor at the Premises at Froggy Bottoms, located at 307 Water Street South, Northfield Minnesota:

- **Ineligible to Receive a Liquor License**

Zarza, as the owner of Braveheart LLC, must be an eligible person under state law in order for the City to issue a liquor license to the applicant. See below:

Minnesota Statutes, Section 340A.402. PERSONS ELIGIBLE. Subdivision 1. Disqualifiers.

No retail license may be issued to: ...

(2) a person who has had an intoxicating liquor or 3.2 percent malt liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(3) a person not of good moral character and repute; or ...

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage. ...

340A.412 LICENSE RESTRICTIONS; INTOXICATING LIQUOR LICENSES.  
Subd. 2. Investigation of on-sale licenses.

(b) No license may be issued, transferred, or renewed if the results of the investigation show, to the satisfaction of the governing body, that issuance, transfer, or renewal would not be in the public interest.

The above description of the facts associated with Zarza's recent actions with respect to her operations of and as a listed owner of Lionheart L.L.C. d/b/a Alibi Drinkery in Lakeville, Minnesota, demonstrate a clear intent to violate State and local imposed liquor licensing regulations, state issued executive orders, and orders issued by the district court. The instances outlined above involve Lionheart L.L.C. d/b/a Alibi Drinkery and Zarza's ownership and active operation of that business in such actions since at least December 2020. The willful and intentional violations described above are documented in the exhibits attached hereto and made a part hereof and demonstrate that issuance of a liquor license to Zarza, as the applicant for and owner of Braveheart LLC, for the Premises located at Froggy Bottoms, would not be in compliance with state law or City Code.

Specifically and in summary, Zarza is not an eligible person to receive a liquor license under applicable law since she is not a person of good moral character and repute. Further, this investigation has revealed that it is not in the public interest to issue the requested liquor license to a person who has willfully and intentionally violated State and local liquor licensing

regulations, state executive orders, and district court orders, and was not truthful in a sworn affidavit submitted to a reviewing court.

Finally, the State Alcohol, Gambling and Enforcement Division has issued a notice of revocation of Zarza's liquor license for her location in Lakeville for a period of five years, which decision was upheld by an administrative law judge in a decision issued on March 26, 2021. See **Exhibit J**, attached hereto and incorporated herein by reference. The ALJ's attached decision is not final until either approved by the Commissioner of DPS or 90 days, whichever comes first. A final decision by the Commissioner is not expected prior to the April 6<sup>th</sup> City Council meeting. In the event that the DPS Commissioner issues a final decision for a five-year revocation of Zarza's Lakeville liquor license or the ALJ's attached decision upholding the State agency's decision to revoke otherwise becomes effective after 90 days, Zarza will effective immediately thereafter be statutorily ineligible and disqualified from being issued a liquor license in the State of Minnesota for a period of five years pursuant to Minnesota Statutes, Section 340A.402, subd. 1. In such event, the City is prohibited from issuing a liquor license to Zarza pursuant to Minnesota Statutes, Section 340A.402, subd. 1 and Northfield City Code, Chapter 6, Section 6-64<sup>1</sup>.

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<sup>1</sup> Sec. 6-64. - Criteria for issuance. (b) No license shall be granted to or held by any person who is ineligible under the laws or regulations of the state.

**EXHIBIT A**

**Temporary Restraining Order against Lionheart L.L.C. d/b/a Alibi Drinkery**

**EXHIBIT B**

**Zarza Affidavit of Dec. 22, 2020**

**EXHIBIT C**

**Temporary Injunction Against Lionheart L.L.C. d/b/a Alibi Drinkery**

**EXHIBIT D**

**Investigator Siliciano Affidavit of Dec. 31, 2020**

**EXHIBIT E**

**Investigator Siliciano Second Affidavit of Jan. 4, 2021**

**EXHIBIT F**

**Investigator Ellis Affidavit of Jan. 4, 2021**

**EXHIBIT G**

**Order for Contempt of Court Against Lionheart L.L.C. d/b/a Alibi Drinkery**

**EXHIBIT H**

**Amended Notice of Agency Action – Five-Year Liquor License Revocation Against  
Lionheart L.L.C. d/b/a Alibi Drinkery, Dated December 31, 2020**

**EXHIBIT I**

**Letter from City Clerk Requiring Addition Information, Dated March 12, 2021**

**EXHIBIT J**

**March 26, 2021 ALJ Decision In the Matter of the Enforcement Action Against Liquor  
License No. 67512, Issued to Lionheart, LLC d/b/a Alibi Drinkery**