



**DECISION OF THE
GENERAL MANAGER
LIQUOR CONTROL AND LICENSING BRANCH**

IN THE MATTER OF

A hearing pursuant to Section 20 of

The Liquor Control and Licensing Act, R.S.B.C. 1996, c. 267

Licensee:	The Cambie Malone's Corporation dba The Cambie Hotel 4 th Fl, 525 Seymour Street Vancouver, BC V6B 3H7
Case:	EH07-115
For the Licensee:	Brandon Smith
For the Branch:	Sonja Okada
Enforcement Hearing Adjudicator:	Sheldon M. Seigel
Date of Hearing:	January 17 & 18, 2008
Place of Hearing:	Vancouver, BC
Date of Decision:	March 12, 2008

INTRODUCTION

The licensee operates a facility with both Liquor Primary and Food Primary licences. This decision relates to the Liquor Primary Licence No. 024168.

The liquor primary establishment is located in the premises known as The Cambie Hotel in Vancouver. It is adjacent to the food primary establishment. The two licensed areas are separated on one side by a short picket fence with a gate between the two licensed areas.

On February 21, 2007, two liquor inspectors attended at the establishment to conduct a covert inspection. They observed what they believed to be drug dealing in the foyer of the establishment. The alleged drug dealer was a patron who in between deals occupied a seat in the establishment. The inspectors left the establishment and contacted the police.

The police reacted to the information by doing a covert inspection of their own on March 21, 2007.

As a result of the covert inspections, a police team attended at the establishment on March 22, 2007, and made a drug-related arrest. Two charges were made against a patron of the establishment (trafficking, and possession for the purpose of trafficking).

On the same date, two inspectors attended the establishment and noted liquor being removed from the red-lined area without intervention by members of the establishment's staff.

As a result of the events of March 22, 2007, the establishment was served with a contravention notice.

The licensee appeared at the hearing by way of counsel. The branch attended by means of an advocate.

ALLEGED CONTRAVENTIONS

The branch's allegations and recommended enforcement action are set out in the Notice of Enforcement Action dated August 28, 2007. The branch alleges that on March 22, 2007, the licensee permitted liquor to be removed from a red-lined area contrary to s. 12 of the *Act* and permitted an unlawful activity in contravention of s. 36(2)(b) of the *Act*.

PRELIMINARY MATTERS

At the commencement of the hearing, the licensee objected on procedural grounds to a change that the branch made to the enforcement action.

The branch had previously withdrawn an enforcement action against the licensee. The alleged contravention was set out in a separate enforcement action that was scheduled concurrently with the remaining matter.

The licensee indicated that the withdrawn action was based on a Notice of Enforcement Action document dated July 31, 2007. The action was withdrawn the afternoon before the commencement of this hearing.

The licensee argued that this represented an abuse of process. It sought costs in recognition of the additional expense associated with preparing to defend the action that was abandoned late in the process.

The licensee also sought the severance of the two remaining allegations into independent enforcement hearings. It submitted that the alleged contravention of s. 36(2)(b) included allegations of complicity with respect to criminal activity, and

the adjudicator would therefore be inclined to find against the licensee on the lesser allegation as a result of the evidence submitted on the greater allegation.

I ruled (orally) as follows:

With respect to the late withdrawing of the described enforcement action, I have no authority to make an award. It is a term of my appointment that I sit as the general manager for the limited purpose of adjudicating matters that are brought before me. As the matter in issue was withdrawn prior to the hearing, I have no authority to adjudicate it.

The licensee has requested that the multiple allegations be addressed in independent hearings, on separate occasions. The licensee argues that the allegations are diverse, and one is significantly more serious in terms of penalty than the other. One of the allegations is that liquor was carried between two licences contrary to the *Act* and one allegation involves what the licensee calls “complicity with respect to criminal activity.” The licensee submits that if the adjudicator finds that the more serious contravention has occurred, it might taint his view of the licensee with respect to the other allegation.

I find that both allegations may be heard together. The test for a last minute adjournment of one of the issues (which is the effective result of splitting the hearing) is prejudice to the licensee. The licensee has not persuaded me that proceeding on these allegations in a single proceeding would prejudice it. The licensee does not argue that it was denied proper or adequate notice of the allegations.

An adjudicator is charged with analyzing the evidence and making a reasoned decision based on that evidence. It is a requirement of administrative law and natural justice that the decision be free from bias, and that the decision on each allegation be made based on the evidence relating to that allegation.

The mere possibility of bias, which may arise as a result of evidence presented in the hearing, is not reason enough to adjourn the hearing of one of the matters. While issues of bias and the appearance of bias are proper subject matter for judicial review, it is not required that the adjudicator modify the process in anticipation of the mere possibility of issues of bias arising during the hearing.

The hearing will proceed as scheduled.

RELEVANT STATUTORY PROVISIONS

See Appendix A.

ISSUES

1. Did the licensee contravene a condition of the liquor primary licence by permitting alcohol to be removed from the red-lined area?
2. If so, is a penalty warranted and what is the appropriate penalty?
3. Did the licensee permit unlawful activities/conduct in the licensed establishment contrary to the Act?
4. If so, is a penalty warranted and what is the appropriate penalty?

EXHIBITS

Exhibit No. 1: The branch's book of documents

Exhibit No. 2: An excerpt from the *Controlled Drugs and Substances Act*, S.C. 1996, c.19. Section 5, and Schedule II

Exhibit No. 3: The licensee's book of documents entitled "Licensee's *Factum*"

Exhibit No. 4: Compliance and Enforcement Desk Reference

EVIDENCE and DISCUSSION

The branch called four liquor inspectors and five Vancouver Police Department constables. Each of these witnesses provided *viva voce* evidence and was cross-examined by counsel for the licensee.

The licensee did not call any witnesses. All of its evidence was submitted by way of documents contained in Exhibit No. 3: the Licensee's *Factum*.

The relevant testimony of the branch witnesses was uncontroverted as to the facts relating to the contraventions.

The licensee's relevant evidence consists of a police fax indicating the results of the criminal trial disposition as against a patron (also uncontroverted), two statements relating to the licensee's defence of due diligence, and an excerpt of the licensee's newsletter system (also relating to the defence of due diligence).

The uncontroverted oral evidence relating to the section 36(2)(b) allegation is:

On February 21, 2007, two liquor inspectors attended at the establishment for a covert inspection. They observed a male patron in the licensed establishment get up from his seat and walk to the foyer. There he met with a person coming into the establishment from the street. The patron reached up and secured a rolling paper package from above the doorframe. He exchanged items with the incoming person. He withdrew something from his fanny pack and gave it to the person and accepted something from the person and put it in his fanny pack. Then he returned the rolling paper package to the place above the doorframe.

The inspectors observed this activity in almost identical sequence approximately six or seven times in less than one hour. In each occasion the incoming person was a different individual. On some occasions the incoming person continued into the establishment after the exchange, and on some occasions the person left the foyer through the door to the street after the exchange.

There was a doorman on staff, identified by his staff shirt and nametag. The constables noted that the doorman observed most, if not all of the transactions. The doorman chatted with the patron who was conducting the transactions and on one occasion protected the patron's usual seat when another patron tried to occupy it. The doorman acted in a cordial and familiar manner toward the patron. Sometimes the patron answered a call on a cell phone before getting out of his seat and walking to the foyer. Sometimes a person who entered the establishment from the street waved to the patron to come to the foyer to meet him.

The inspectors left the establishment through the foyer door. On the way out they observed the rolling paper packet above the doorframe and noted a smell of marijuana in the foyer.

On March 21, 2007, two VPD constables attended at the establishment in plain-clothes. They observed "blatant drug transactions" taking place. The dealer was seen to recover items from his pant pocket and put the items received back in another pant pocket. The constables witnessed at least five such transactions in approximately ten minutes.

They also testified that both a doorman and a bartender watched as some of the transactions occurred, but no staff member intervened. The constables said that throughout this visit, there was a staff member at the dealer's table or within a few feet of the dealer for the entire time that he was sitting, in between

transactions. One constable testified that at one point there were two doormen sitting and chatting while the transactions were going on in plain sight of them.

On March 22, 2007, Vancouver police set up a "buy and bust" operation at the Cambie Hotel in the liquor primary establishment. One constable observed at least ten hand-to-hand transactions occur in the foyer of the establishment, each conducted by a patron who returned to a single seat in the establishment between transactions. Another testified that he witnessed seven such transactions on that occasion. To facilitate the transactions, the patron took items out of and returned items to a fanny pack around his waist.

At times there was a line-up of persons waiting outside the foyer to deal with the patron. The patron sometimes went from one transaction to the next person in line without interruption, and sometimes retired to his seat and waited to be waved up by the next person in line.

On one occasion, a second patron approached the seated patron inside the establishment. The second patron handed the first a guitar. The first patron reached into his fanny pack and removed something and handed it to the second patron. The second patron then left the establishment. The first patron retained the guitar.

During the transactions on March 22, 2007, the VPD officers noted that the bartender in the LP establishment was watching the transactions and could clearly see the 'target' patron when he was seated between transactions and when he walked into the foyer where the transactions were occurring. The constables agreed that the bartender also would have had a clear line-of-sight into the foyer.

A plain-clothes member of the VPD team left the establishment and re-entered through the foyer door. She approached the patron and was able to buy \$40.00 worth of marijuana from him. He took the marijuana from his fanny pack and put the cash into his fanny pack.

The patron was arrested and multiple charges were laid related to controlled substances. Several bags of marijuana, a quantity of cash and a cell-phone were found on his person. The police fax confirms that the patron was later convicted of possession of a controlled substance (marijuana) for the purposes of trafficking.

After the arrest, persons continued to arrive at the establishment apparently looking for the arrested patron. A member of the establishment's staff met them and talked to them. On one occasion a staff member was seen to shake his head as if to say "no". In each case the incoming person left the establishment after talking with the staff member.

One of the constables testified that both the possession and sale of marijuana is illegal.

The uncontroverted evidence relating to the s. 12 allegation is:

On February 1, 2007, the inspectors each purchased a bottle of beer in the adjacent food primary establishment and walked through the open gate between the licences into the liquor primary area, thereby taking liquor from a red-lined area. There were no staff members watching the transition area between the two red-lined areas. One of the inspectors reported seeing a sign advising against taking liquor from one area to another. Another inspector did not see any sign.

On February 22, 2007, two inspectors each purchased a bottle of beer in the liquor primary establishment. They carried those bottles in and out of the LP red-lined area numerous times without being stopped or noticed by staff members.

They carried the beer bottles in an open and obvious manner. On one occasion, one of the inspectors waved the beer bottle at a staff member as he transited out of the FP licensed area and into the LP licensed red-lined area. The staff member waved back.

On that same occasion, a third liquor inspector met with the floor manager and identified herself. Shortly after that, a staff member was posted at the gate between the red-lined areas. One of the inspectors attempted to pass through with a beer and was told it was not permitted. A short time after the identified inspector left the establishment, the staff member at the gate abandoned his post and the inspectors once again were able to walk in and out of the red-lined area of the LP establishment without restriction, and with alcohol in clear sight of anyone who cared to watch.

One or another of the inspectors identified each of the branch documents in Exhibit 1, and in particular those relating to previous allegations, compliance meetings, and the licensee's history.

The licensee's general manager provided a written statement that indicates that during his employment "we attempted to implement several policies and procedures which would ensure that we were meeting or exceeding our obligations to the authorities." According to this statement, new employees are required to read the licensee's policies online and click on a window that says "I agree." The statement also indicates that at periodic staff meetings, it was stressed that their staff "mandate was to sell only what was available to be processed through the Squirrel system or our front desk computer - and nothing else." The statement also indicates that patrons have been barred from the establishment for participating in illegal activities and staff were trained to "identify any overt or suspected drug activity and were informed of their obligation to report any such instances to the manager on duty." It concludes that "every so often and despite our best attempts...we did have staff members in our employ

who broke or ignored these and other rules which, once identified, resulted in disciplinary action, including dismissal.”

SUBMISSIONS and FINDINGS

The licensee and the branch produced written submissions. The licensee’s counsel provided a considerable volume of material characterized as submissions, much of which I was obliged to disregard as in fact it consisted of new information which should have been adduced as evidence (but was not) including both statements and photographs.

The licensee’s counsel argued that the licensee was subjected to procedural irregularities and “sharp practice” on the part of the branch while administering this enforcement action. I find there is no evidence to support these allegations.

The licensee’s counsel argued that branch witnesses had been coached. He said: “Coaching is extremely problematic to the principles of natural law and administrative justice...this tactic alone ought to have resulted in the total annulment of the branch’s case.” This submission leaves me uncertain as to what counsel is referring. If he objects to the preparation of witnesses before testimony, his objection is misguided. This practice is universal and desirable. If he objects on the basis that a witness was directed in a contextual manner as to how to answer questions, or that a witness was coached during a break in that witness’s testimony, I find no evidence to support that argument.

With respect to the alleged contravention of s. 12 of the *Act*, the licensee argued that the problem is caused by “the fact that the fence and gate were created by the LCLB as a solution to divide the two licences.” I find that compliance with the *Act* and the licence terms and conditions are the responsibility of the licensee. Further, I find that the physical existence of the gate and fence does not prohibit

the licensee from implementing reasonable measures to monitor and control that entrance/exit.

The licensee pointed to signage on the gate, and the “separate doorman” that is “often...given the responsibility of enforcing [ingress and egress through the gate]” as an indication of due diligence. There is no evidence of the extent and nature of the signage before me, no evidence of the effectiveness of the signage, and consistent evidence of enforcement by the establishment’s staff only when a liquor inspector was present and identified

With respect to the alleged contravention of s. 36(2)(b) of the *Act*, the licensee argued that the drug dealing took place outside the red-lined area and is therefore outside of the jurisdiction of the branch. I disagree. The language of s. 36(2)(b) reads: “...in the licensed establishment”. This is distinct from other sections of the *Act* that refer to “the area in which liquor is normally sold or served”. I find that the language of s. 36(2)(b) specifically relates to the whole of the establishment as distinct from the red-lined area referred to elsewhere in the *Act* by description. I find therefore, that the drug dealing occurred within the establishment, and is an illegal activity as described by s. 36(2)(b).

The licensee argued that management of the establishment has a policy prohibiting illegal activity in the establishment and enforces that policy by dismissing employees who are found to have contravened it. I find there is insufficient evidence to support the existence of a set of rules relating to this issue that could be called *policy*, and even less evidence of enforcement by dismissal of employees. I also find there is no evidence of ongoing training, supervision, or scrutiny of employees with respect to monitoring the establishment for illegal activities. I find that such effort would be reasonable in the circumstances to ensure compliance with s. 36(2)(b) of the *Act* and is notably absent in management of the liquor primary establishment.

In arguing due diligence, the licensee quoted from *Ed Bulley Ventures Ltd v. British Columbia*, June 28, 2001, LAB L-9905 at paragraph 61:

The interpretation approved by the courts is as follows: a licensee may be said to permit something where the licensee does not exercise as high a degree of diligence as it should have in the circumstances, or where the licensee shuts its eyes to the obvious or allows something to go on, not caring whether an offence is committed or not.

The licensee used this quote to argue that the licensee's management cannot be seen to have permitted the illegal activity described in the evidence. I find however, that the quote is quite applicable in this case as it does describe the circumstances as I believe them to have occurred. The licensee argues the intent and ideas of management, but does not provide any significant evidence of action to prevent the type of illegal activity that has occurred. Management has an obligation to train, supervise, monitor and control its employees. The actions of at least one doorman and one bartender indicate at the very least, a passive acquiescence with the sale of drugs in the establishment. I find this is permitting an illegal activity - the possession of drugs for the purpose of trafficking, or the sale of drugs in the establishment - in contravention of the *Act*. I find that the licensee did not present evidence to establish that it exercised reasonable diligence under the circumstances.

The evidence presented by written statement of the licensee and the establishment's general manager was not tested by cross-examination or the same level of scrutiny that is available for witnesses testifying in person. I found the oral testimony of all witnesses presented to be credible. To the extent that anything contained in the written statements is inconsistent with evidence presented by the oral testimony of witnesses, I find the oral testimony more reliable.

With respect to the general manager's statement, I find that on its face, the statement does not persuade me of due diligence with respect to the allegation of the contravention of s. 36(2)(b) of the *Act* on the part of the licensee. The statement confirms that the licensee knew about illegal activities occurring in the establishment - in particular drug related activities, and that occasionally staff members broke or ignored rules that were in place to deal with those activities. The nature of the training, implementation of any policies, and updating or checking on the effectiveness of the implementation is not addressed in the statement.

The licensee's statement (signed by the president of the licensee) acknowledges the issue of patrons removing liquor from the red-lined area and states: "I have been struggling to find a workable solution to this difficulty for many years." I find this to be a hollow statement in light of the fact that when the liquor inspector identified herself on the premises, a staff member was posted at the gate between the licensed premises and that staff member effectively prevented any liquor from leaving the red-lined area. Once the inspector left, the staff member abandoned his post. I find this confirms the licensee's knowledge of the problem, knowledge of the obvious solution, and preparedness to walk away from diligently controlling the situation.

With respect to the drug activity, I find the licensee's statement offers general indices of cooperation with police, zero tolerance, and good intentions, but insufficient evidence of any detail pertaining to actions taken to put these sentiments to work. Further, the licensee asserts that the "doorman was acting outside of our clearly established rules, if he indeed turned a blind eye and would have been immediately terminated. However, [he] quit immediately afterward." I note there is no evidence that the doorman that allegedly quit is one of the doormen that was allegedly complicit in the illegal activity.

The licensee's submission of the documentary "terms and conditions" available to establishment employees' addresses illegal activity only by setting out that engaging in illegal activities is grounds for immediate dismissal. There is no reference to steps to be taken in the event of observing illegal activities in the establishment.

I find that at least two of the licensee's employees (one doorman and one bartender) either knew about or participated in illegal activities in the liquor primary licensed establishment on March 22, 2007. I find that other staff members including the floor manager either knew or ought to have known that illegal activities were occurring in the LP licensed establishment on that occasion.

CONCLUSION

Section 12(2) of the *Act* sets out that the general manager may impose terms and conditions on a licensee.

Liquor Primary Licence No. 3024168 sets out terms and conditions on its face including: "the terms and conditions contained in the publication *A guide for Liquor Licensees in British Columbia...*"

Page 8 of the Guide states in part: "You may not permit customers to take liquor from the red-lined area to other parts of your establishment..."

I find that the licensee contravened s. 12(2) of the *Act* by permitting customers to take liquor from the red-lined area.

Section 36(2)(b) of the *Act* states in part: "a person holding a licence, or the person's employee must not authorize or permit in the licensed establishment any unlawful activities or conduct."

Section 1 of the *Act* defines “establishment” as a place or premise that may comply with the requirements of this Act and the regulations prescribing the qualifications of a place or premises for which licences may be issued, and includes within such a place or premises any area where liquor is manufactured, stored or served” (emphasis mine).

The unlawful activity in this instance is possession of, or trafficking in marijuana. Section 5 of the *Controlled Drugs and Substances Act* states:

- 5 (1) No person shall traffic in a substance included in Schedule I, II, III, or IV or in any substance represented or held out by that person to be such a substance.
- (2) No person shall for the purpose of trafficking, possess a substance included in Schedule I, II, III, or IV.”

Schedule II of the *Controlled Drugs and Substances Act* states:

1. Cannabis, its preparations, derivatives, and similar synthetic preparations including
...
(2) Cannabis (marijuana)
...

The evidence discloses that at least one patron did conduct such illegal activity in the licensed premises on March 22, 2007. I find that the transactions occurred in the foyer of the establishment and that the foyer is inside the establishment as contemplated by s. 36(2)(b) of the *Act*.

By failing to take reasonable steps to prevent what could be readily seen to be occurring, and by failing to train, monitor, supervise, and control at least two employees to a reasonable standard or by knowingly allowing the activity to occur, the licensee has permitted this activity to occur.

I find the licensee contravened s. 36(2)(b) by permitting an illegal activity to occur in the licensed establishment.

I find that the licensee fails in its effort to establish due diligence. The licensee either knew or ought to have known that each of the contraventions was occurring. It failed to implement adequate employee training or other systems to prevent the contravention from occurring and failed to take reasonable steps to monitor the performance of its employees and systems to ensure compliance with the *Act* and *Regulation*.

PENALTY

Pursuant to section 20(2) of the *Act*, having found that the licensee has contravened the *Act*, the *Regulation* and/or the terms and conditions of the licence, I have the discretion to order one or more of the following enforcement actions:

- Impose a suspension of the liquor licence for a period of time
- Cancel a liquor licence
- Impose terms and conditions to a licence or rescind or amend existing terms and conditions
- Impose a monetary penalty
- Order a licensee to transfer a licence

I am not bound to order the penalty proposed in the Notice of Enforcement Action.

For the contravention of s. 12 of the *Act*, the branch recommended a three (3) day suspension of the licence.

In considering the appropriate penalty for this contravention, I have reviewed the establishment and the licensee's histories with the branch. To date, the licensee

has met or corresponded with officials on at least nine occasions to discuss access between the food primary and liquor primary licensed areas. It is clear from this history that the licensee is well aware of patrons taking liquor out of the red-lined area of the liquor primary establishment. To date the licensee has not adequately addressed the situation.

A three-day suspension is within the range of penalties set out in the *Regulation* for a first offence of this nature. I find that a three-day suspension is reasonable under the circumstances.

For the contravention of s. 36(2)(b) of the *Act*, the branch recommended a twelve (12) day suspension of the licence.

The licensee's history includes at least one previous allegation of permitting unlawful activities in the licensed establishment (Contravention No. A013867).

The evidence indicates that multiple staff members appeared to be involved or have knowledge of the unlawful activity. Further, the evidence indicates that the unlawful activity was observed on all three of the dates at which the witnesses attended the establishment, which leads me to the conclusion that the sale of drugs from the licensed establishment may have been a regular activity.

The licensee has been present at two prior compliance meetings related to the sale of illicit drugs in the licensed establishment (Feb 6, 2003 & Jan 24, 2006). Despite the licensee's stated commitment to enforce a zero tolerance policy toward illegal activities in the establishment, it appears that little or no change has resulted.

The sale of illicit drugs is illegal conduct and a serious public safety issue. The licensee must take positive actions to ensure that unlawful activities do not occur in their establishment. The recommended penalty is in the middle of the penalty range for a first contravention of this offence as set out in item 8 of Schedule 4.

I find that a twelve-day suspension for this contravention is reasonable under the circumstances.

ORDER

Pursuant to section 20(2) of the *Act*, I order a suspension of the Liquor Primary Licence No. 024168 for a period of fifteen (15) days to commence at the close of business on Wednesday, April 9, 2008, and to continue each succeeding business day until the suspension is completed. "Business day" means a day on which the licensee's establishment would normally be open for business (section 67 of the *Regulations*).

Original signed by

Sheldon M. Seigel
Enforcement Hearing Adjudicator

Date: March 12, 2008

cc: Cst. Peter Ryan, Vancouver Police Department

Liquor Control and Licensing Branch, Vancouver Regional office
Attn: Donna Lister, Regional Manager

Liquor Control and Licensing Branch, Vancouver Regional office
Attn: Sonja Okada, Branch Advocate

APPENDIX A

LIQUOR CONTROL AND LICENSING ACT

[RSBC 1996] CHAPTER 267

Licences

12 (1) The general manager, having regard for the public interest, may, on application, issue a licence for the sale of liquor.

(2) The general manager may, in respect of any licence that is being or has been issued, impose, in the public interest, terms and conditions

(a) that vary the terms and conditions to which the licence is subject under the regulations, or

(b) that are in addition to those referred to in paragraph (a).

(3) Without limiting subsection (2), the terms and conditions referred to in that subsection may

(a) limit the type of liquor to be offered for sale,

(b) designate the areas of an establishment, both indoor and outdoor, where liquor may be sold and served,

(c) limit the days and hours that an establishment is permitted to be open for the sale of liquor,

(d) designate the areas within an establishment where minors are permitted,

(e) approve, prohibit or restrict games and entertainment in an establishment,

(f) exempt a class or category of licensee from requirements with respect to serving food and non-alcoholic beverages in an establishment,

(g) vary seating requirements in the dining area of an establishment,

(h) vary requirements with respect to the location of an establishment,

(i) exempt a class of licensee from requirements with respect to

marine facilities where liquor is sold,

(j) specify the manner in which sponsorship by a liquor manufacturer or an agent under section 52 may be conducted and place restrictions on the types of events, activities or organizations that may be sponsored,

(k) specify requirements for reporting and record keeping, and

(l) control signs used in or for an establishment.

(4) Nothing in subsection (2) or (3) authorizes the general manager to impose terms and conditions that are inconsistent with this Act or the regulations.

(5) A licence expires on the date specified on it as the expiry date.

(6) The general manager may, on application by a licensee, amend the terms of, renew or transfer a licence.

(7) If the general manager, following application, refuses to issue, amend the terms of, renew or transfer a licence, the general manager must give to the applicant or licensee written reasons for the decision.

36 (2) A person holding a licence or the person's employee must not authorize or permit in the licensed establishment

(b) any unlawful activities or conduct, or