

**Minutes of the Durham ABC Board's Board Meeting  
January 20th, 2026**

The Durham County ABC Board held their monthly meeting at their administrative office, located at 3620 Shannon Road, Suite 200, on the 20th day of January 2026.

Chairman Daniel Edwards opened the meeting and called the meeting to order at 5:30 p.m.

**Conflict of Interest Review and Declaration**

Chairman Edwards read the Board's Conflict of Interest Review and Declaration statement and asked Board members if they have an actual conflict or appearance of a conflict of interest with any items coming before the Board and, if so, does the Board member wish to recuse him or herself from deliberating and voting on the matter. All Board members verbalized that they have reviewed the agenda and do not have any conflicts.

In attendance were Board Chairman Daniel Edwards, Board Members Donald Lebkes, Gale Adland, Frachele Scott, and Board Attorney George Miller III. General Manager Lou Sordel, Assistant General Manager Deborah Warren, Operations Manager Michael Mitchell, Fiscal Service Director Rachel Wadsworth, Human Resource Director Tristin Coleman, Digital Strategist Ikzuri Garcia-Banda were all in attendance. Special Agent Bryana Williams from ABC Law Enforcement joined via Zoom. Also, NCABC Board Auditor Edwin Strickland was in attendance. There was no one from the public in attendance.

**Consent Item**

Board Member Frachele Scott made a motion to approve December 16th, 2025, Board minutes and Donald Lebkes seconded the motion, and all Board members unanimously approved of the December 16<sup>th</sup> Board meeting minutes. There was no public comment.

**Public Comment**

Board Chairman Daniel Edwards addressed the public and asked if anyone was present and if they had any comments. No one from the public was in attendance in person or via zoom.

**Special Agent Bryana Williams**

The ALE Special Agent, Bryana Williams, reviewed the monthly permit checks and activities that happened during the month of December with the Board. The summary of activities is as follows:

**North Carolina Alcohol Law Enforcement**

**Summary of Activities**

**December 2025**

Checks at ABC Stores: 8

ABC Outlet Inspections MBX: 12

ABC Outlet Inspections Other: 0

Alcohol Education: 1

ABC Violations submitted to ABCC: 5

Total Arrests: 3

Total Charges at Permitted Outlets: 4

Total Charges at Non- Permitted Outlets: 3

Total Misdemeanor Charges: 3

Total Felony Charges: 0

On Wednesday, December 4, 2025, District IV Special Agents conducted an ABC inspection at Del Rancho Mexican Grill, located at 5279 Roxboro Road, Durham. During the course of the inspection the business was found to be in possession spirituous liquor without the tax stamp. An ABC violation report was subsequently submitted.

On Thursday, December 5, 2025, District IV Special Agents conducted an ABC inspection at Proximity Brewing, located at 491 S Driver Street, Durham. During the course of the inspection the business was found to be in possession spirituous liquor without the tax stamp. An ABC violation report was subsequently submitted.

On Friday, December 6, 2025, District IV Special Agents conducted an ABC inspection at 21C Museum Hotel, located at 111 N Cocoran Street, Durham. During the course of the inspection the business was found to be in violation of Happy hour rules. As a result, an ABC violation report was subsequently submitted.

On Thursday, December 11, 2025, District IV Special Agents conducted an ABC inspection at Discount Mart, located at 3011 Fayetteville Street, Durham. During the course of the inspection the business was found to be selling alcoholic beverages while under suspension. As a result of the investigation, the manager and clerk were charged with selling without ABC permits, and an ABC violation report was subsequently submitted.

On Monday, December 29, 2025, District IV Special Agents conducted an ABC inspection at Urban Turban, located at 1125 NC-54, Durham. During the course of the inspection the business was found to be in possession spirituous liquor without the tax stamp. An ABC violation report was subsequently submitted.

**Edwin Strickland, ABC Board Auditor/Program Analyst Boards and Pricing Section**

*Mr. Strickland conducted an audit on the Durham County ABC Board, and he praised the entire Board on their great business practices and mentioned that we are doing a fantastic job with running our business and that we are an enterprising board with a lot of foresight to our future. He also commented on how great we are at training our employees and giving them the tools to succeed.*

*The last performance audit for Durham County concluded in 2016. Mr. Strickland's audit focused on two main parts, performance standards, and compliance standards. Your performance standards, which include fiscal accounting information, analysis, and your most recent CPA audit look great. He mentioned that our performance standards are of the highest level. Upon reviewing Durham County's performance standards, Mr. Strickland was extremely impressed with our fiscal accounting standards. Durham County ABC Board has continued to achieve a high standard for the past five years. Durham County ABC has also done an excellent job with distributing money back to Durham County and the City of Durham. They also continue to have healthy distributions to their grant program, which includes alcohol education. Mr. Strickland was also impressed with the partnership we have with your ALE department and other ABC Boards. Mr. Strickland was also impressed with our overall net worth position, which has grown over 50 percent over the past five years. He mentioned that we should watch our working capital threshold if it increases a couple thousand dollars more. The Durham County ABC Board had a working capital balance of \$10,033,745, which is more than the minimum and less than the maximum Commission requirement for this section. Under G.S. 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.*

*Mr. Strickland noted that we check all the boxes on the compliance side of the audit. He mentioned that our stores are in compliance with state laws, their stores look great, and the oversight of the board, management team, and accounting team are making a great difference.*

*Mr. Strickland reviewed the required actions and recommendations with the Board.*

**Item #1:** While quality controls on purchases likely exceed the spirit of the statute, the board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on purchase orders “This instrument has been preaudited in the manner required by GS 18B-702”. This could most reasonably be accomplished by stamping and signing the order edit list for liquor or other purchase orders and contracts in conjunction with this action item and other provisions of G.S. 18B-702, the board should verify current applicable members of the Fiscal Service Director’s team are “properly” designated deputy finance officers.

**Item #2:** In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then need to be emailed to Commission personnel office for recordkeeping and to be included in the appendix of the report.

**Other recommendations:**

- Update your code of ethics policy.
- Forward a copy of their updated credit card usage policy to the Commission.
- Board personnel should consider having a written shelf management plan available for reference by their store’s team members. Rule 15A. 1708 covers administrative codes associated with shelf management, which are

being followed in almost all instances witnessed during Commission audit visit, but does specify a plan should be available for management and employees to review.

- Per discussion with the general manager, board personnel are currently working to craft an updated credit card usage policy to follow current procedures and will forward an updated copy to the Commission. *The board currently has an approved policy in Commission records retention but has made some provisions of the policy associated with who is able to use the credit card(s). The updated policy will be submitted to the NCABC Commission.*

*Mr. Strickland noted that Durham County ABC is doing a fantastic job and that we are excellent partners to the NCABC Commission.*

***Lou Sordel, General Manager***

*Mr. Sordel spoke on behalf of Paul Young for new store updates.*

*Mr. Sordel stated we have a few items pending with the completion of the new store 4 location. The gate is up around the AC unit but metaling sheeting needs to be added to the roof that leads to the AC unit. We are also working on an issue with the emergency exit by the tasting bar. The floor is sloping by the emergency exit door and every time it rains a small puddle of water forms.*

*We are still waiting for the gas lines to be completed at store 4 for the generator installation and for Duke Power to complete installation of the streetlights.*

*Mr. Sordel is working with Paul Young and Gary Cartwright on the new site plans for the Ellis Road project. We are waiting for the approval from Sheets gas station and Publix Grocery Store, which are adjacent to this site. After we gain these approvals, Mr. Young will get the site plans approved by Duke Power, Spectrum and Dominion Gas Company.*

*Mr. Sordel mentions that the generator at store 10 has broken down. The engine is not repairable. It is under warranty so it will be replaced. Unfortunately, it will not be replaced before the snow and ice hits this weekend.*

*We are preparing for the inclement weather coming for this weekend by salting and making certain stores a priority to opening. Stores 4, 10 and 11 are part of our inclement team. We also have general services maintaining our parking lots with store 10 parking lot being priority.*

**Deborah Warren, Assistant General Manager**

Ms. Warren talked about “Enlarging our tent”, which is the new theme for 2026. In 2026 we will be expanding our plans for the Durham County ABC Board.

Ms. Warren stated we had six allocated Bourbon drops during the month of December and during the month of January we have 20 tastings scheduled.

Ms. Warren made note that we opened three stores on New Year’s Day and Martin Luther King Day this year. She also gave a special shoutout to all of our great employees that work on these holidays. Stores 4, 10 and 11 were open on both holidays.

**Digital Strategist, Ikzuri Garcia-Banda**

In January, we held our allocated bourbon lottery for retail customers and mixed beverage accounts. We had approximately 1,600 qualified residents for the retail lottery and 33 for Mixed Beverage lottery this year. The winners were contacted and they will be able to pick up their bottle after January 21<sup>st</sup> at store 5. All of the retail customers and mixed beverage accounts winners must reside in Durham County to participate in the lottery and show proper ID to purchase a bottle in the lottery program. Ms. Garcia-Banda talked about the rules and the transparency measures we take to make this a completely fair program.

We had a smaller number of Mixed Beverage accounts sign up for the lottery this year due to corporate parameters on what they can bring in and employee

turnover rates. We simply had a hard time getting in touch with mixed beverage accounts. We will be changing our process for mixed beverage accounts next year to make it more informative and create more excitement about the program.

Board Member, Donald Lebkes asked Ms. Garcia-Banda about having trouble getting in touch with Sally Wilson at Project Access. The Board members and Board Attorney, Miller, suggested sending them a certified letter telling them we are trying to get in touch with them and we will hold their grant funds until we hear from them. We must get in touch with Project Access before releasing funds.

### **MXB Operations Manager, Michael Mitchell**

Mr. Mitchell stated we received two new mixed beverage accounts during December. Mr. Mitchell also reviewed our YTD budgeted sales versus actual sales and compared the MTD sales from December 2024 and December 2025. He stated that our budgeted sales were \$ 6,935,442 and the actual sales were \$6,688,137, which was short by \$74,595. Also, our retail liquor sales were \$5,575,966 and Mixed beverage sales were \$1,112,171. Retail sales show a decrease of \$111,791 and there was an increase of \$37,196 in Mixed Beverage sales. The total sales during December are \$6,688,137. Wine sales added \$3,609.10 in sales during the month of December.

Mr. Mitchell also reviewed the sales from the first two weeks of December and compared them to the previous year's December sales and said that we are running a little behind in sales so far. Mr. Mitchell also discussed the sale numbers for New Years Day and Martin Luther King Day. We opened three stores (4,10, and 11) on these two holidays. During these two holidays we generated an additional \$48,849.75 in sales.

General Manager, Lou Sordel stated that our New Year's Day sales was not as good as we would have liked, so next year we will rethink opening on New Years Day. It may be more beneficial for us to stay open until 9:00 pm on New Years Eve instead of closing early at 6:00pm. There are many factors as to why we did not make budgeted sales this month. The economy is not as good as we had hoped, national companies have sold off major brands, and some companies have or will

probably close their doors, and customers are drinking less and they are watching their money.

**Fiscal Services Director, Rachel Wadsworth**

Mrs. Wadsworth talked about what happened with the ransomware attack that affected our accounting department and our whole business. We are currently recreating the documentation and historical data that we have lost because of the ransomware attack. She stated that she will give you a more up-to-date status next month.

General Manager, Lou Sordel explained to the Board what happened with the ransomware attack on our company. It was an email that we received from Mutual of Omaha, which is a company we do business with. There was a virus attached to an Excel spreadsheet that infected our computers. The excel spreadsheet runs on macros, which escalated the ransomware in the background, and it spread fast. It attacked the server and backup servers as well. It also attacked Navision, which is our operating system that houses everything and it affected our Sage software which holds our depreciation documentation for our accounting department. Accountant, Darby Dietrick, noticed something strange and contacted Dalcom. She immediately started contacting all our accounts to have them locked. We have totally revamped our financial groups and accounts so no one can get into them. Dalcom has been able to restore some historical data and emails prior to our 365 switch over. We have lost files from 2025 and part of 2024 due to ransomware attack. We are working hard to fully restore and recreate what we have lost. We reached out to a remediation company to see if they could decrypt it, but they were not able to because it was new and very advanced ransomware. We are currently working on other ways to back up our server and cloud, because this ransomware affected our back server as well.

Board Member Frachele Scott asked, what measures are you taking to document this entire process? Mr. Sordel stated we are working with Dalcom to update our cyber security plans and add more back-up servers. We are keeping a detailed list of what and when things occurred with the ransomware attack. Hopefully, this will help other Boards if they encounter this situation. We are changing and

updating many of our processes and security measures. ALE has been contacted to investigate this ransom ware attack. We will also focus on employee cyber education and training.

ALE also caught the personnel at the Post Office that committed check fraud on our company. Hopefully, they will find out more information about this ransomware attack.

Mrs. Wadsworth discussed an overview of sales for the month of December. For the month of December, we were up 3% in Mixed Beverage sales and down 2 % in retail sales, which put us in the # 2 spot compared to other Boards on our comparison list. Currently, Mixed Beverage sales are up 6% and retail sales are up 3 % for the year. The whole state is down almost 2%.

Mrs. Wadsworth reviewed our cash management fund with the Board and stated we are sitting in a good position.

**Human Resources Director, Tristin Coleman**

Mrs. Coleman said that the HR department was affected by this Ransomware attack, but she was able to retrieve a lot of her training modules from previously sent emails.

She also talked about the manager's meeting that will be held on January 22<sup>nd</sup>. We will discuss cutting labor costs with the managers. Store managers will be asked to cut part-time labor costs during the slower months. We are also cutting labor costs by not allowing any overtime for full-time employees unless it is approved by the store operations management team. Board Member, Frachele Scott asked how much you are looking to decrease labor cost to. Lou Sordel stated, we would like to decrease our labor cost by about 10%.

We also have a meeting set up on January 22<sup>nd</sup> with the security team at Sua Sponte and our ALE team to discuss proper deescalation tactics and effective communication skills with the security guards that work in our stores. Board

Member, Mrs. Scott asked the team to set the expectations for the security guards and monitor the progress, like a performance evaluation.

Mrs. Coleman stated that we have a follow-up meeting scheduled to go over the outline of what is expected of the security team and another meeting that involves the store managers and the security guards.

**General Manager, Lou Sordel**

Mr. Sordel updated the Board with the inventory levels in stores and warehouse. He noted that you will see our inventory levels start to drop now that the major retail holidays have passed. Malon is working hard to balance the inventory levels to match the current sales. He has cut the cost of inventory by \$330,000 without affecting store inventory outages.

Mr. Sordel mentioned that he has drafted an agenda for the annual Board meeting set for February 28<sup>th</sup>. Mrs. Wadsworth will be talking about the forecast of sales for the rest of the year, and she will discuss the budget outline for next year. The Store Operations management team will be talking about labor cost and what they can do to savings money. Malon Chase will talk about our inventory turnover and where the NCABC wants us to be with inventory turnover. He will also talk about an aggressive pricing strategy that we tested last year. Ikzuri will talk about marketing ideas and creative ways to advertise our stores, not liquor. Lou Sordel will present the annual report to the Board and then present it to the county.

Mr. Sordel discussed changing the store hours for stores 5 and 7 to help cut labor cost. He showed the Board an analysis report showing what the average hourly sales are by store. Stores 5, 7 and 8 were the bottom three stores in sales between the hours of 9:00 am and 11:00 am. Between the hours of 9:00 am and 11:00 am store 5's hourly average sales are \$680.00, Store 7's hourly average sales are \$556.00 and Store 8's hourly average sales are \$979.00. Upon reviewing this analysis report and information from other Boards surrounding our county, we would like to test a new schedule for stores 5 and 7 only now through the end of the fiscal year. We would like to change the hours of stores #5 and #7 to 11:00

am to 9:00 pm Monday through Thursday, and 10:00 am to 9:00 pm on Friday and Saturday. This will lower our labor cost during the slow periods and can potentially save about \$200,000.

**Adjournment**

Chairman Edwards, moved to adjourn the meeting and Donald Lebkes seconded that motion. The meeting was adjourned at 7:20

All Board members and Lou Sordel went into closed session.

Approved by:  \_\_\_\_\_

Daniel Edwards, Chairman