

STATE OF ILLINOIS
LIQUOR CONTROL COMMISSION

In the Matter of the Appeal of:

Knotty Luxe, Inc

Premises located at:
3442 W. 159th Street
Markham, IL 60428

v.
City of Markham Local Liquor Control
Commissioner

Case No.: 25 APP 05

ORDER

THIS MATTER having come to be heard before the Liquor Control Commission of the State of Illinois (“State Commission” or “Commission”) upon the appeal of KNOTTY LUXE, INC. d/b/a KNOTTY LUXE JAZZ BISTRO, Appellant, (“Knotty Luxe”) the State Commission being otherwise fully informed a majority of its members do hereby state the following:

Procedural History

Knotty Luxe is the holder of Markham Class A retail liquor license. On March 18, 2025, the Markham Liquor Control Commissioner (“Markham Commissioner” or “Markham Commission”) filed charges against Knotty Luxe and provided it with a Notice of Hearing for a hearing to be held on March 25, 2025. On the same date, the Markham Commissioner, pursuant to his authority under Section 7-5 of the Illinois Liquor Control Act ordered the immediate suspension of the Knotty Luxe retail liquor license because Knotty Luxe failed to renew its State retail liquor license which had expired August 31, 2024. The Markham Commissioner held the hearing on March 25, 2025. In a March 27, 2025, Markham Commissioner order (served on Knotty Luxe on

March 28, 2025), the Markham Commissioner found sufficient evidence to support the charges concluding Knotty Luxe had committed violations of the Illinois Liquor Control Act and the Markham Municipal Code and issued a fine of \$1,000. On April 14, 2025, Knotty Luxe filed a Notice of Appeal with the State Commission which received the administrative record and held an “on the record” hearing on July 22, 2025. The State Commission, as a whole, deliberated on the matter on August 20, 2025.

Decision

Upon review of the entire certified record, the State Commission AFFIRMS the order of the Markham Commissioner fining Knotty Luxe \$1,000.

Discussion

Section 7-9 of the Liquor Control Act of 1934 (“the Act”) places the statutory responsibility to hear appeals from final orders entered by Local Liquor Commissioners on the State Commission. *235 ILCS 5/7-9*. If the county board, city council, or board of trustees of the associated jurisdiction has adopted a resolution requiring the review of an order to be conducted on the record, the Commission will conduct an “On the Record” review of the official record of proceedings before the Local Liquor Commission. *Id.* The Commission may only review the evidence found in the official record. *Id.* Markham has adopted an ordinance which requires any appeal from an order of the Local Liquor Commissioner to be a review of the official record. *Markham Municipal Code, Section 112.005*. Accordingly, the Commission will only review the evidence as found in the official record.

In reviewing the propriety of the order or action of the local liquor control commissioner, the Illinois Liquor Control Commission shall consider the following questions:

- (a) Whether the local liquor control commissioner has proceeded in the manner provided by law;
- (b) Whether the order is supported by the findings;
- (c) Whether the findings are supported by substantial evidence in the light of the whole record.

235 ILCS 5/7-9.

The Illinois Appellate Court has provided guidance that the State Commission's duty is to determine whether the local agency abused its discretion. *Koehler v. Illinois Liquor Control Comm'n*, 405 Ill. App. 3d 1071, 1080, (2nd District 2010). "Such review mandated assessment of the discretion used by the local authority, stating that '[t]he functions of the State commission, then, in conducting a review on the record of license suspension proceedings before a local liquor control commissioner is to consider whether the local commissioner committed an abuse of discretion.'" *Id.*

A. Whether the local liquor control commissioner has proceeded in the manner provided by law.

The Markham Commission proceeded according to law by meeting the statutory notice provisions required for a hearing and by giving Knotty Luxe an opportunity to prepare a defense. In determining if the Markham Commission gave Knotty Luxe the opportunity to prepare a defense, the State Commission examines the timing and substance of the notice of the charges. As to timing, the Illinois Liquor Control Act requires a local liquor control commissioner to provide no less than three days written notice of the charges prior to a hearing. 235 ILCS 5/7-5. Here, the Markham Commission Notice of Hearing was dated March 18, 2025, for a hearing on March 25, 2025, which met the technical 3-day notice requirement of Section 7-5 of the Liquor Control Act. *ILCC pp. 011-012*. As to substance, the Notice of Hearing specified Markham ordinances alleging Knotty Luxe: 1) Sold alcoholic beverages without a State of Illinois retail liquor license; 2) Failed

to pay property taxes at the licensed location; 3) Failed to file and pay State of Illinois Retailer Occupation Taxes (Sales and Use); 4) Permitted another entity to engage in business at the liquor licensed location without obtaining a Business License. *ILCC pp. 011-012*. The Markham Commission also provided Knotty Luxe with an opportunity to produce books and records to demonstrate Knotty Luxe had complied with ordinances by the hearing date of March 25, 2025. *Id.* The record, therefore, demonstrates that the Markham Commission met the basic notice and hearing requirements in prosecuting the case.

For the above stated reasons, the Markham Commissioner proceeded according to law.

B. Whether the findings are supported by substantial evidence in the light of the whole record.

The Markham Commissioner issued findings and conclusions supported by substantial evidence in light of the whole record. The Markham Commissioner found Knotty Luxe: 1) Sold alcoholic beverages without a valid State or local Markham retail license; 2) Failed to adequately pay property taxes for the licensed location; 3) Failed to pay Sales and Use Taxes to the Illinois Department of Revenue. *ILCC pp. 440-441*. The Markham Commissioner findings did not include a violation for permitting the operation of another business entity at the licensed location without a Business License.¹ The Markham Commission also stated:

The violations, while serious, were not the result of willful neglect, but rather financial difficulties experienced by the business as testified to by Ms. Mack.

ILCC p. 441.

Upon review, an agency's findings of fact are held to be prima facie true and correct, and they must be affirmed unless the court concludes that they are against the manifest weight of the

¹ The Markham prosecutor struck this charge during the hearing. *ILCC p. 277.*

evidence.” *Daley v. El Flanboyan Corp.*, 321 Ill. App. 3d 68, 71, (1st Dist. 2001). A finding is “against the manifest weight of the evidence only if an opposite conclusion is clearly evident from the record.” *Vino Fino Liquors, Inc v. License Appeal Comm’n of the City of Chicago*, 394 Ill.App.3d 516, 522 (1st Dist. 2009).

A review of the record demonstrates that there is more than sufficient evidence to support the Markham Commissioner’s findings and conclusions. In fact, there does not appear to be much of a debate by the licensee that she failed to timely renew her State of Illinois liquor license and failed to pay property and sales taxes. As to the State liquor license charge, the licensee, Pamela Mack admitted under oath that she sold alcoholic beverages without a State liquor license. The record states:

Q: So despite not having a State of Illinois liquor license, you began selling liquor, you testified, on January 21, 2025, after the – Markham renewed your [local] liquor license, correct?

A: Yes.

ILCC p. 266. Also, even though operating without a local Markham license was not part of the formal charges, the evidence suggests that the licensee continued to purchase alcohol after the local license had expired on April 30, 2024, and, despite the licensee’s lack of memory, Knotty Luxe likely sold alcohol after the local license had expired. *See liquor distributor May 2024-July 2024 invoices, ILCC pp. 358-359; 364.* In relation to the failure to pay property taxes, again, Ms. Mack could not remember if she paid the taxes late but a tax record filed as Exhibit 4 in the record shows that the taxes were due in March and in August of 2024 but had not been paid as of January 2025. *ILCC p. 388.* As for the failure to timely pay sales taxes, Ms. Mack admitted that she received a collection notice from the Illinois Department of Revenue and entered a payment plan to pay State of Illinois sales taxes in November or December of 2024. *ILCC pp 262-265.* Such a

tax delinquency timeline is corroborated by the fact that the State Commission did not renew the State of Illinois liquor license which expired on August 31, 2024, because the State Commission does not renew liquor licenses if the license holder owes sales and use taxes.

For the above stated reasons, there is ample evidence in the record to support the Markham Commissioner's findings that Knotty Luxe sold alcoholic beverages without a State liquor license and failed to timely pay State sales taxes and County property taxes.

C. Whether the order is supported by the findings

The Markham Commissioner's issuance of a \$1,000 fine for the multiple violations of the Markham Municipal Code falls well within the authority of the Markham Commissioner to assess a penalty for license violations. The Illinois Appellate Court has held "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" but the reviewing body must still determine whether a "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).

It is difficult to argue that the Markham Commissioner acted unreasonably or arbitrarily in assessing a \$1,000 fine against Knotty Luxe for selling alcoholic beverages without a State of Illinois liquor license and failing to timely pay property and sales taxes. In fact, it would not have been unreasonable for the Markham Commissioner to have issued a higher fine or even a suspension for *each* of the three offenses. Knotty Luxe argues that the Markham Commissioner failed to account for mitigating circumstances in assessing the \$1,000 fine but such a conclusion is not supported by the record. The Markham Commissioner concluded that the Knotty Luxe

violations “were not the result of willful neglect, but rather financial difficulties experienced by the business as testified to by Ms. Mack.” *ILCC p. 441*. In consideration of the evidence related to the three violations, the Markham Commissioner issued an extremely reasonable penalty. In fact, compared to the penalties regularly reviewed by the State Commission on local license appeals, the Markham Commissioner’s \$1,000 penalty for three license violations, including selling alcoholic beverages without a license, reads more like a stern warning rather than a punitive license penalty.

The Markham Commissioner’s assessment of a \$1,000 fine against the Knotty Luxe license is reasonable, not arbitrary, and is supported by the findings.

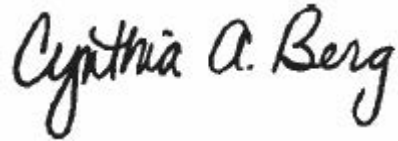
IT IS HEREBY ORDERED:

For the reasons stated herein, the decision of the Markham Liquor Control Commissioner assessment of a \$1,000 fine against the Knotty Luxe Class A retail liquor license is **AFFIRMED**.

THIS IS A FINAL ORDER

Pursuant to 235 ILCS 5/7-10 of the Illinois Liquor Control Act, a Petition for Rehearing may be filed with this Commission within twenty (20) days from the service of this Order. The date of mailing is deemed to be the date of service. If the parties wish to pursue an Administrative Review action in the Circuit Court, the Petition for Rehearing must be filed within twenty (20) days after service of this Order as such Petition is a jurisdictional prerequisite to the Administrative Review.

ENTERED before the Illinois Liquor Control Commission at Chicago, Illinois, on June 18, 2025.



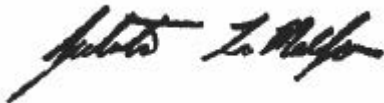
Cynthia Berg, Chairman



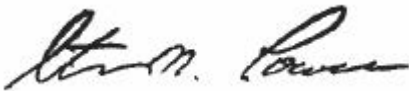
Melody Spann Cooper, Commissioner



Thomas Gibbons, Commissioner



Julieta LaMalfa, Commissioner



Steven Powell, Commissioner



Patricia Pulido Sanchez, 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: September 10, 2025.

/s/ Richard Haymaker

Richard Haymaker

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Markham Liquor Control Commission
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