



DEPARTMENT OF
**LEGAL AND
ADMINISTRATIVE
SERVICES**

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TO: Common Council, Safety and Licensing Committee

From: ACA Zak Buruin

Date: 6/20/24

RE: Alcohol Beverage License Application of Jechu LLC.,
DBA Mr. Frog's Appleton: Julia Nino Gomez (Owner), Alejandro Morales
(partner, shareholder, or investor)

Legal Standard:

Issuance of alcohol beverage licenses is governed by §125.12(3m). This says that "If a municipal governing body or duly authorized committee of a city council decides not to issue a new license under this chapter, it shall notify the applicant for the new license of the decision not to issue the license. The notice shall be in writing and state the reasons for the decision."

Issuance of a new alcohol beverage license is not limited by the same statutory constraints that restrict a municipality's ability to suspend, revoke, or refuse to reissue an existing alcohol beverage license. Per §125.51(1)(a), municipalities may grant alcohol beverage license as they deem "proper." Such a decision is subject to review only to determine if the municipality acted capriciously and abused its discretion by treating similarly situated individuals differently.

Through the power granted by the state, municipalities are charged with reasonable regulation the distribution of alcohol in the interests of public health, safety, peace, comfort, and the happiness of society. Examples of such concerns could include the impact upon traffic, impact upon the peace, quiet and cleanliness of the area, lack of parking, proximity to similar establishments, residential areas, schools, churches, or hospitals, and the ability of the police to always provide sufficient services to the balance of the community.

It is the committee and council's obligation to consider the information available rationally and fairly in light of the legitimate concerns that may exist with respect to public health and safety. As long as four criteria are met, a court should not disturb a municipality's licensing decision:

1. The municipality kept within its jurisdiction.
2. The municipality acted according to law.
3. The municipality's decision was not arbitrary, oppressive, or unreasonable, AND it represented the municipality's will rather than its judgement.
4. The evidence was such that the municipality could reasonably make the decision it did.

In practical terms, items three and four are questions of whether similarly situated individuals or businesses are treated differently, and whether the evidence provides a reasonable basis for the decision made. It is important that the licensing decision be based upon the information available and upon reasonable judgement in evaluating such information. If a decision is made and then a justification for that decision is sought, a municipality is exercising its will and not its judgment. Such a decision would be unlawful.

Factual Background:

The Lake Winnebago Metro Enforcement Group (LWAM) conducted an investigation that reached a peak in 2020 and 2021. This investigation resulted in the discovery and federal prosecution of an extensive cocaine trafficking operation occurring out of the Mr. Taco location in Kimberly, Wisconsin. The operation was undertaken by a group of individuals with familial and purportedly legitimate business ties who also operated other ostensibly legitimate businesses in the Fox Valley area, including Mr. Taco in downtown Appleton.

The following information has been obtained from the limited access provided to the City of Appleton by the Lake Winnebago Metro Enforcement Group (LWAM). It summarizes approximately 264 pages of investigative reports with redactions. Additional information has been denied to the City in its entirety by Federal law enforcement. (Note: Several references to redactions are made in the following summary. These references are intended only to show where there is information that is not available. It is not intended to insinuate or invite any speculation regarding additional facts not available to the City. Conclusions should be drawn from information available, not from speculation about information not provided to the City.)

- Julia Nino Gomez (Morales) was among those present at the Mr. Taco location in Kimberly on 12/2/20 when a search warrant for the establishment was executed. The warrant was related to the suspected cocaine distribution of her son, Luis Morales. Luis was the proprietor of the restaurant. Julia was an employee. According to the investigative reports, multiple containers of suspected cocaine were located during the subsequent search of the restaurant and a neighboring restaurant also owned by Luis.
- Search warrants were simultaneously executed at other locations associated with the suspect and his co-conspirators, including another restaurant in Kimberly mentioned above, and the residence of his sister, Sandra Munoz. Sandra Munoz was also detained at the scene of the Mr. Taco search warrant.

- In a subsequent interview with law enforcement, Luis admitted to procuring cocaine for sale. Large portions of this interview were redacted before being provided to the City. Among non-redacted statements, Luis indicated he originally procured cocaine at the behest of his employees. He indicated that he and a contact named "Carlos" would deliver the cocaine to the Appleton area from Chicago. Luis further indicated that his brother, Alejandro Morales, would have been only other person to see "Carlos" during this activity.
- In this same interview, Luis was asked about his sister, Sandra Munoz, selling cocaine to an informant. Luis indicated he had no knowledge of the transaction. He indicated that his sister's cocaine selling activity was not associated with his own, but rather with their brother, Alejandro Morales. He indicated that they did not mix their cocaine businesses and that they had not even spoken since 2013. He indicated that their cousin was an employee of Mr. Taco and was typically supplied with cocaine by Alejandro, but Luis admitted that he did "help him out" on at least one occasion.
- Luis admitted that Sandra was aware of his cocaine business but that she was not involved in it other than picking up a payment on one occasion. He indicated he was aware she sold cocaine, but their businesses were not mixed.
- On 12/21/20, an interview was conducted with an employee of Luis Morales, Laura Saint Geours. (I have located no record of Ms. Saint Geours being charged with any offense stemming from this investigation.) Saint Geours was a bookkeeper for Luis Morales' businesses. This interview report is also heavily redacted.
- She indicated she was aware of at least one occasion where Sandra Munoz delivered a satchel containing \$230,000 in cash to one of Luis's businesses while she was there. She indicated that she was aware of Sandra working at another business location owned by Luis Morales. She indicated that she was aware that Julia Nino Gomez (Morales) also worked at that location. She indicated that she had not heard anything about Julia being a drug dealer.
- Saint Geours additionally indicated that she was aware of three rental properties owned by Luis Morales, but that the rest of the rental properties were in the name of his ex-wife and his mother, Julia.
- Saint Geours indicated that on 12/7/20, Julia had come to her house and indicated that she should not be worried because Luis had confessed to being guilty of everything. Saint Geours referred to money seized by police during the previous search warrant. Julia asked if the police could prove where the money came from, and again advised her not to worry.
- On 12/28/20, Javier Guzman Becerra was interviewed by law enforcement. He was also an employee of Luis Morales. This interview is heavily redacted, but Javier was able to provide additional information about Luis Morales' business(es). He provided information about Sandra's participation in cocaine

distribution. He reported on at least on occasion being directed by Luis to deliver cocaine to Sandra's residence, as well as the fact that she was unhappy with the weight of what was supplied.

- Javier indicated he was aware that Sandra and Julia had been working in Mr. Taco restaurants after their restaurant in Omro closed. This would have been after the specific instance of cocaine delivery Javier had referenced previously. He indicated that in the fall of 2020, he was instructed to train Sandra and Julia as managers of the restaurant (Mr. Taco in Kimberly).
- When asked if he had ever delivered cocaine disguised as food, Javier admitted that on one occasion, he had delivered cocaine to Sandra's residence by placing it in a to-go food box.
- On 12/23/20 Jennifer Almeida-Sandoval gave an interview with law enforcement. The report of this interview was also heavily redacted before being provided to the City. Jennifer Almeida-Sandoval is the former spouse of Luis Morales and former daughter-in-law Julia Nino Gomez. Law enforcement asked her if she was aware of Luis putting rental properties into other peoples' names on his behalf. She indicated a particular address in Menasha was in Julia's name but indicated that Julia was not in a financial position to purchase such a property.
- Jennifer denied knowledge of Sandra being involved with Luis's cocaine business because Sandra was close with Alejandro, and she could not see her involved in drug activity with Luis and have as strong of a relationship with Alejandro.
- Jennifer indicated that Julia was aware of Luis being involved in the distribution of cocaine but did not believe that she was engaged in selling on his behalf.
- Jennifer further indicated she had heard information about Alejandro dealing cocaine, but she had not personally observed it and does not communicate with Alejandro.
- On 4/12/21, LWAM and Wisconsin DOJ-Division of Criminal Investigation conducted a search of an address in Hilbert, Wisconsin. Officers became interested in this address following an interview with Sandra Munoz. The City has been denied access to the report of this interview in its entirety. As referenced in the report of the search, Sandra indicated during the interview that Julia Nino Gomez (Morales) knew the location of a large quantity of marijuana that investigators were aware belonged to Luis Morales. Officers had not been able to locate the marijuana up to that point.
- Julia Nino Gomez (Morales) provided officers with consent to enter the residence. Inside, officers located five large black garbage bags containing individually packed pounds of marijuana. They were packaged in shrink wrap and dryer sheets to make the odor more difficult to detect. In total, the marijuana weighed 78.6 pounds.

- Officers learned that the residence was jointly owned by Julia Nino Gomez (Morales) and Jennifer Almeida Sandoval. There were also identifiers in the bags for Jennifer and for Luis Morales.
- On 11/29/21, Eduardo Morales gave an interview to law enforcement regarding the above-described drug trafficking activity. Eduardo is the nephew of both Sandra and Alejandro. Eduardo indicated that “we got started in the area” when Luis was fronted cocaine from a source in Minnesota, and that the distribution began with Alejandro and Sandra selling cocaine.
- Eduardo described instances where Luis, Sandra, and Alejandro all ended up fighting with each other because Luis would steal cocaine customers from Sandra and Alejandro. Others had provided additional and / or alternative explanations for the division(s) that did not necessarily involve cocaine trafficking disputes.
- As a result of the investigation, Eduardo Morales, Frank DiMateo, Cory Ulrich Jennifer Almeida-Sandoval, Jennifer Guzman Becerra, Sandra Munoz, and Luis Morales were all charged with federal offenses related to cocaine distribution, resulting in convictions against all but one defendant for which no clear case resolution is readily available through public records.

Julia Nino Gomez and Alejandro Morales were not charged criminally based on the investigation.

Conclusion:

It does not appear that any specific decision on the requirement of this application is required by Wisconsin law. Information uncovered through the investigation potentially sheds light on the applicant’s ability and / or willingness to meet supervisory and accountability standards associated with the granting of an alcohol beverage license.

As long as the Committee and Council act reasonably (as explained more extensively above) in the interests of public health, safety, peace, comfort and happiness of the community, they are empowered to grant or deny the license as they deem proper.