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Pilloried After a National Scandal, Four Loko's Frat-Boy Founders Fire Back!

Before it was banned nationwide, Four Loko, the popular energy beer denounced by the White House as "liquid cocaine," was blamed for a surge in underage binge drinking, scores of date rapes, and a vicious gay bashing. Stunned by the criticism, the company's young founders dodged the press for almost a year. But last month *The Fix* convinced them to tell their story for the first time. And they're not apologizing for anything.

Rapper Snoop Dogg found a novel way to launch his new album this spring: with a star-studded release party in Hollywood that doubled as a showcase for a new fruit-flavored malt beverage, Blast. Conceived by the makers of Colt 45, Blast is the first serious competitor to Four Loko, the notorious high-caffeine, high-alcohol



Jeff Wright, Jaisen Freeman and Chris Hunter turned Four Loko into a phenomenon.

concoction that was banned after a nationwide scandal last fall. Like its controversial predecessor, Snoop Dogg's favorite new refreshment looks as innocuous as soda in its neon-bright supersize cans—but the bubblegum-sweet liquid inside packs a whopping 12% alcohol punch.

To promote the new beverage, the rapper hosted Blast parties across southern California and shot a video with a trio of bodacious costars, generating plenty of viral buzz for the drink. But he has also inspired a bubbling backlash. "They are trying to blast the minds of our young people," fumed hip-hop activist Paul Scott, the so-called "Truth Minista," echoing charges levied last year against Four Loko. Today, the attorney generals of 20 states called for a ban on the new beverage, marketed by Pabst. Critics say that this billion-dollar niche product—one of what the industry refers to as Progressive Adult Beverages, or P.A.B.s—not only targets underage drinkers with its colorful packaging but is also built for binge drinking, with its combustible combination of sugar, alcohol and, until recently, caffeine. The alcohol companies have their own name for P.A.B.s: alcopops. A single can of the original Four Loko contained the equivalent of two Red Bulls and four beers.

By Jay Cheshes

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Blast's sensational debut suggests that, with or without caffeine, these convenience-store potables are still fighting it out for the addled minds and pumped stomachs of America's youth. But before the political and media firestorm that erupted last fall, Phusion Projects—the young company behind Four Loko that was started by three former college buddies—was alone at the top of this burgeoning field. Their fruity drink—then the strongest on the market—was not just a bestseller but also a full-fledged pop-culture icon.

The site of many historic protests, New York's Union Square had never witnessed a candlelight vigil quite as surreal as the one that convened there last November. Aggrieved by the news that New York City had banned Four Loko, a few dozen enthusiasts of the drink had gathered to mourn its extinction. Chanting slogans like "What do we want? Four Loko. When do we want it? Forever," the young consumers registered their outrage—only partly tongue-in-cheek—at the recriminations that had rained down on this new symbol of bleary-eyed youth rebellion. Four Loko fans had even coined a pet name for the drink: liquid cocaine.

Their elders were not amused. After a wave of alcohol poisonings tied to Four Loko consumption, the F.D.A. demanded the immediate withdrawal of all alcoholic energy drinks. Even President Obama's Drug Czar, Gil Kerlikowske, blasted the beverages, slamming them as "designed, branded and promoted to encourage binge drinking."

By mid-November, Phusion Projects had moved to replace the original Four Loko with a caffeine-free version. But before they could launch the new product, the old formula would have to be completely destroyed. "We were looking at \$25 million in inventory," recalls Jaisen Freeman, who founded the company in 2005 with his college buddies Chris Hunter and Jeff Wright. "That was pretty much game over for us."

Instead of pulling the plug on the business, however, Freeman and his pals decided to take a big gamble on their project. "We all had this big sit-down," he says. "And we discussed the situation. We thought, 'Hey, do we just walk away?' We're not rich, but we made a little bit of money here. Do we just screw our customers and our employees? That conversation lasted about two seconds. We all agreed to keep going on. Everything we made, we're all in again."

But the financial hurdles faced by the partners are just the tip of the iceberg. For over a year, Four Loko's young founders have been demonized in the press. Their product has been blamed not only for teen alcohol bingeing but also for its occasionally violent consequences, including gay bashing and date rape. The company's three founders have been hounded by local politicians, from New York to Tacoma, and parodied mercilessly on late-night TV. They've been forced to take Four Loko off store shelves by one statewide ban after another. And they are fighting off a barrage of crippling lawsuits that may cost them millions of dollars in the next few months.

But that's not all. During the height of the Four Loko scandal last year, a flock of reporters and cameramen stalked the company's founders day and night. "I had news stations showing up at my condo, telling my doorman that they were my friends," recalls Freeman. "Everyone was out there just looking for a juicy story. We wanted to be sure the message was controlled." Though they hardly managed to avoid the spotlight, for a long time the partners kept the press at arm's length, turning down requests for interviews from the national morning shows among other high-profile outlets. But in March, finally ready to talk, they agreed to meet with *The Fix* to recount their side of the story for the first time.

Freeman, a hulking athlete with a Vin Diesel crew cut, opened up over a three-hour dinner in downtown Chicago (he had a Caribbean wedding to catch the next day). His partners picked up their part of the story the following morning, on the top floor of a glass-and-steel skyscraper—their high-powered corporate lawyer on call in his office just up the hallway. Wright, a barrel-chested redhead with piercing blue eyes, sat stiff and nervous like a court-martialed corporal. But Hunter, a smooth-talking charmer with a Tom Cruise grin, was as cool as a party host, which he in fact used to be.

At the time of those interviews, their company's future still seemed pretty bright. The undrinkable Loko—the one with enough caffeine to keep you wired all night—had been turned into ethanol and recycled as fuel in California and Virginia. The new decaf Four Loko, meanwhile, was already selling



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remarkably well. With a 12% alcohol content, it's still the country's most potent convenience-store drink—sharing that distinction with the new Colt 45 Blast—its 24-oz. can packing the punch of four normal beers. The lightning-rod name is still the same, as are the big cans in psychedelic shades of purple, green, orange and red—the packaging susceptible as ever to the charge that it's aimed to please **underage appetites**.

Ironically, the very notoriety that nearly killed off the business appears only to have amped up the product's bad-boy quotient, keeping sales strong even without the caffeine. Though the drink still dominates the convenience-store sector in the 47 states where it's sold, as Phusion struggles to burnish its image in the wake of all the class-action and personal-injury suits—with the original formula blamed for suicide, heart arrhythmia, even a car accident that cost a Florida woman her hand—Four Loko's momentum might start to fizzle. It certainly took a long time to build in the first place.

Creating a drink designed to keep the party going all night would seem a vocation straight out of *Animal House*. So it's no surprise that Four Loko began with an idea first hatched by these three former college buds when they were still in their 20s. Long before they imagined launching their own brand, Wright, Freeman and Hunter had in fact been serious consumers of caffeine mixed with alcohol—at frat parties and club nights at Ohio State University. “We were our own target market,” Freeman says.

In the late '90s, when they were still in college, Red Bull and vodka was the hot new concoction on campus. But before the distinctive silver-and-blue can's ubiquity, Hunter and Wright, who lived together at the Kappa Sigma house, tried to sell an original Thai version of bottled caffeine to other guys in the house. “We told everyone we were importing the stuff from abroad,” recalls Wright, still amused by the deceit. “But we were buying it at the Asian grocery store down the street and selling it to our fraternity brothers at five dollars a pop.”

In 2005, four years out of school, the ruse came full circle when Hunter approached his old buddy Freeman with an entrepreneurial scheme. “What do you think?” he asked one evening, as they sat around downing cans of Sparks—a blend of brew and caffeine. Launched by a tiny San Francisco brewery in 2002, Sparks was America's first alcoholic energy drink. Despite scant promotion, the concoction proved to be a big hit on college campuses across the country. The beer was quickly acquired by Miller Brewing Company a few years later. By then, Hunter, a successful club promoter at O.S.U., had landed a plum job in the booze business—working for a Chicago startup that produced Blavod and Players Club vodkas. He came across Sparks for the first time during a California sales blitz. If people enjoy Red Bull and vodka, he wondered, why wouldn't they enjoy this, too? “This is a great idea,” he said, sounding like a Mark Zuckerberg mixologist. “This is the evolution—but we can do it better.”

That simple realization encouraged him to build a legitimate business, recruiting his friends for their particular skills. When Hunter called, Freeman, a star hockey player at O.S.U., was working in the Chicago office of the international banking firm A.B.N. Amro. Wright, who'd been the vice president of their frat, had settled in Scottsdale, where he was selling industrial gases to aerospace and food-and-beverage clients. But eager for independence, they each agreed to take a role in the business, devoting evenings, weekends, and vacations to the new venture. Freeman would handle finance, Wright manufacturing, Hunter marketing and sales. But what, exactly, did they intend to produce?

Like Sparks, the drink would capitalize on the nationwide mania for energy drinks, driven by Red Bull and a flurry of new competitors—a business then worth an estimated \$2.5 billion. They agreed on a name—the new drink would be simply called Four—and on a concept, adding a fourth ingredient to the Sparks recipe. Along with taurine, guarana and caffeine, their new drink would also contain wormwood—the supposed psychoactive ingredient in absinthe, which was just making a comeback on the American market. While these “energy beers,” were already coming under attack for targeting entry-level drinkers, Four's founders were undaunted. Where public health advocates saw trouble, Hunter, Freeman, and Wright saw a potential goldmine. “We couldn't go wrong with this thing,” Freeman recalls. “This was our billion-dollar idea.”

They incorporated their company as Phusion Projects—the name Hunter had used for his club promotions on campus—and set up a virtual office out of a U.P.S. mailbox near Freeman's Chicago apartment. At the time, cherry-flavored vodkas were hot, so the boys decided to go with a cherry-berry flavor profile—ordering up samples from a flavor house in southern California. “It was awful,” Wright says. “We all lied to each other, and said it tasted good. We just wanted to get something on the shelf.”

Production of their new caffeinated malt beverage was outsourced to the same contract brewery that makes Mike's Hard Lemonade. The initial run was financed in part by a \$100,000 investment from parents and friends, and by \$50,000 in credit card debt.

The crew hired a freelance designer to help them come up with the brand's design—simple, classy, and white (“so it would pop off the shelf”)—not exactly a package aimed at the color-crazed teenage eye. But the product remained essentially a Sparks rip-off: a 16-oz. package with 6% alcohol, the only difference being the wormwood inside. “We called it a *premium* malt beverage,” says Wright. “While Sparks was charging \$1.49 to the consumer, we were going to sell our drink for \$1.99.”

Before they had an actual can to show off, however, the new company needed to line up distributors to get its new drink into stores. By then, Hunter had quit his job with the booze company. He joined Wright, who took a week off from his day job, to begin canvassing Ohio distributors. The duo crisscrossed the state in a Scion XV with a giant can of their new beer strapped to the roof. After journeying for ten days, they found only one taker, a grocery store owner who ordered 70 cases of the product. While it was far from the reception they expected, the commitment was enough to kick off production. Soon all three men had quit their jobs to devote themselves full-time to getting Four into stores. But while they managed to get their cans on the shelves, they weren't selling. “Unfortunately,” Wright says, “the product just starting rusting.”

By the end of their first year in business, the partners had blown through most of their initial investment. They'd wasted money on hiring promotional girls to hand out samples and swag at bars in Ohio, on building a flashy new website and on custom-wrapping that Scion. “Nobody wanted this thing,” Freeman recalls. “Nobody cared about wormwood. They didn't even know what wormwood was.”

Giving it one last shot, in 2007 they decided to reformulate, ditching the wormwood and focusing instead on the flavor of their beer—and on its alcohol content. Grape vodkas were now in vogue, and so the team came out with a new grape-flavored drink, amped up the alcohol to 10% and tweaked the name to Four Maxed. “We had increased the alcohol, and we had increased the flavor profile,” Hunter explains. “It was maxed in many ways.”

Even though the drink “tasted like Robutussin,” Wright admits, the new product struck an immediate chord with consumers. For the first time, sales started to surge; the company added new states to its network every month. A young Dutchman who had lived in Chicago asked for a license to sell Four Maxed in Europe. But the sales surge that took off so quickly soon started to stall. Desperate for cash flow, the partners wired \$15,000 to a New York beverage consultant who promptly disappeared with their money. The future of the company was once again in serious jeopardy.

At the start of 2008, ever-watchful of industry trends, the Phusion folks noted that stores were expanding their shelf space to accommodate a glut of new supersize 24-oz. beers, which were already outselling the traditional 16-oz. tallboys. They decided to repackage their beer in bigger cans, along with a shot of new flavor and more dynamic design.

Sitting in Freeman's kitchen one evening, the three pals began tossing around ideas for a new kind of beer and a new name to go with it. Freeman suggested fruit punch, which was one of the most popular flavors of Smirnoff Ice. “Let's call it Four Loko,” he said. “It's a *loko* blend of fruit flavors.” And as long as they were pushing the envelope, why not raise the alcohol content, too? Everyone agreed that was a fine idea. Four Loko debuted that August, in a 24-oz. bright red can—with an alcohol content of 12%—uncomfortably close to the legal limit in most states.

In a Hail Mary pass, the desperate company doubled down its wager and, unexpectedly, scored. Much to their surprise, the drink was an instant sensation. “I actually didn't think it would sell,”

Hunter admits. "I thought it was too big of a package, but that's what the distributors and retailers were asking for."

Within months, the trio began hiring a sales staff and repaying their parents for their early investments. And instead of hunting for distributors, they were suddenly fending them off. While they'd struggled early on to unload just 30,000 cases of Four just months before, sales of Four Loko jumped overnight to more than 300,000 per year—and went up from there. "[We were up] thousands of percentages per month," says Freeman. "You can't forecast that kind of thing. On top of that there was an aluminum shortage for cans. It was suddenly, boom, and everybody was out of stock. We could never even fathom this much demand for our product."

The jumbo neon-hued cans were flying off shelves not just in college towns, but in cities, suburbs and rural areas too. The company had a hard time keeping up with demand. As a result, marketing efforts fell by the wayside. In contrast to the multimedia ad campaigns bankrolled by major beer companies, Four Loko's promotions were largely limited to stickers on deli cases and posters on convenience store walls. "None of our posters featured actual people," says Hunter, "because we didn't want consumers to decide who liked the product."

By 2008 the company had started to rake in real money. Nonetheless the year ended on an ominous note. Furiously lobbied by consumer watchdog groups, local politicians began to express serious concerns about the pre-packaged mixing of booze and caffeine. That December, prompted by the threat of a class-action lawsuit, Sparks and its competitor, Tilt, from Anheuser Busch, agreed to voluntarily remove caffeine from their products. At tiny Phusion Projects, however, it was full steam ahead.

Facing a wide-open field, Four Loko quickly dominated the caffeinated malt-beverage category. But being no. 1 made Four Loko a target for critics who portrayed the product as cynically exploiting vulnerable teens, designed to promote underage binge drinking. Now that they were making profits hand over fist, Wright, Freeman and Hunter may have been too giddy or too greedy or, as they claim, too naive and unsuspecting to read the writing on the wall.

"If you set out to engineer a booze delivery system that is as cloying, deceptive and divorced from the usual smells, tastes and presentation of alcohol as possible, you'd be hard pressed to come up with something more impressive than Four Loko," **wrote** former *New York Times* restaurant critic Frank Bruni in the midst of the flap last fall. "It's a malt liquor in confectionary drag... Four Loko cans—I paid \$3.50 apiece for mine—are something to see, each sporting a few ultrabright, childlike hues in a kind of rippling weave that evokes a camouflage pattern. Fatigues like these are what an army of Teletubbies would wear into battle."

Dr. Michael Reihart, an emergency room doctor in Pennsylvania, told *The Times*, "I've talked to parents who were shocked because the can was in their refrigerator and they didn't realize it was an alcoholic beverage. It looks like every other energy drink."

Like Big Tobacco, the liquor industry has often been slammed for marketing directly to teens. To many critics, "alcopops" like Four Loko seemed like bigger villains than most. A recent poll of legal drinkers by market research firm Mintel found that the drinks are most popular among those 21 to 24, with 73% approving. The popularity of the drink rapidly declines among older drinkers.

Although Wright, Freeman and Hunter knew that their drinks were surging on campuses, they insist that targeting college (or younger) students was never their intention. "We never had a conversation where we said we want people under 21 to drink our product," Freeman. "We don't win in those scenarios." Nonetheless, all across the country, students wasted on Four Loko were getting increasingly out of control.

"It's bad enough to be drunk, but to be an awake drunk? Now you're really in trouble," Dr. Mary Claire O'Brien, the author of a 2007 study on university drinking, told *Reason* magazine. "There's a reason why we pass out when we drink too much." In a study published in *Addictive Behavior*, researchers at the University of Florida College of Public Health found that **college-age drinkers**

who had an energy beverage mixed with alcohol stayed in the bars later and thought they were capable of driving more often than those who consumed alcohol alone.

By then, the public-health ramifications of underage drinking had reached critical mass. “Scientific evidence shows that the earlier children start drinking, the more likely they are to develop serious alcohol problems later on,” says Dr. Enoch Gordis, Director of the National Institute of Alcohol Abuse and Alcoholism. “Put simply, our nation can no longer ignore alcohol use by children.” All the statistics indicate that America’s youth are drinking both earlier and more than ever before. One-quarter of all eighth-graders say they have used alcohol in the past month, while 40% of kids who begin drinking before the age of 15 will become alcoholics at some point in their lives.

Whatever their intention, it's undeniable that before they found success with Four Loko, the partners had in fact done what they could to sell their drink's party potential. The company's earliest website invited consumers to send in their own party pics. An **unofficial Facebook page**, meanwhile, touted Four as the “Original Body Buzz Beverage.” But none of these marketing tactics did much to help sales, and by the time Four Loko launched, those tactics had largely been shelved. “We wanted to focus on selling points of the product as opposed to any particular type of person,” says Hunter. “We didn’t want to be male or female driven, economically driven, race driven.” And in fact the popularity of the product grew mainly through viral videos and customer blogs.

An example from **the Urban Dictionary site**: “Four Loko got its name because it sends the person who consumed it into FOUR STAGES OF CRAZY: Stage 1: Tipsy (loud, might stumble, laugh); Stage 2: Drunk (embarrassing, stumbling, slight slur); Stage 3: Wasted (heavy slur, falling, hitting on fat girls); Stage 4: Black Out (no ability to speak, vomiting, waking up next to a fat girl, memory loss.) Thank you to our ‘South of the Border’ friends for inspiring such an amazing drink.”

Still, it’s clear that the partners foresaw possible trouble. All of the formulas, going back to the first can of Four, had been filed in two versions with the proper authorities—one with caffeine and one without. “You look at what the potential threats are,” Freeman says. “Obviously the big breweries had problems, and they reformulated. We just wanted to be prepared. We were playing by the rules and the rules just changed.”

But when the situation they had long feared finally developed, events snowballed so quickly that Phusion was caught completely flat-footed.

By fall 2009, when the F.D.A. sent a letter notifying 30 manufacturers of caffeinated alcoholic beverages that it intended to look into the “safety and legality of their products,” Four Loko was already a pop culture sensation—inspiring rap songs, music videos and hundreds of internet fan pages.

Initially, the F.D.A. letter struck Phusion as more of a nuisance than a serious threat. In response, the partners commissioned a G.R.A.S. (Generally Recognized as Safe) study that would, they hoped, prove their product fit for consumption. “Historically the data was there,” says Freeman. “Just look at the history: Irish coffee, Jack and Coke, Red Bull and vodka. You pull all the data, compile it into a nice big report, and get four independent scientists to say, ‘We agree.’”

But unforeseen tragedy intervened. Late last October, while they were still awaiting an official reply from the federal agency, police responding to a raucous house party at Central Washington State University discovered dozens of young men and women—most of them under 21—so visibly intoxicated that they needed hospitalization. Early evidence suggested roofies had been slipped into drinks, although one young girl said she had just one drink that night. That drink, the reporting officer later scrawled in his report, “was called a Four Loko.”

Soon after, charges began flying in the local press that Four Loko had put nine students in the hospital. **“High Alcohol Drink Sickened Students,”** read the headline weeks later in *The New York Times*, which picked up the story—as did the *Washington Post*, *USA Today*, and all of the national news broadcasts. Almost overnight, a flood of similar reports began surfacing of young drinkers at college parties sickened after downing Four Loko.

Yet even before the Washington incident had become a big national story, Four Loko had earned some seriously disturbing press in New York City. In early October a gay man was assaulted by a

half dozen teenagers calling themselves the Latin King Goonies, abducted to an abandoned apartment and forced to down 10 cans of Loko—a near fatal dose—before he was brutally raped and beaten. The story shocked even jaded New Yorkers, most of whom had never heard of Four Loko. Though the drink was already a sensation with the under-25 set, their parents began hearing about it for the first time.

“Unfortunately we were pegged the bad guys,” says Wright. “We tried to keep a low profile, but we couldn’t stay out of the news. You’ve spent five years of your life, you’ve got 70 employees, selling a perfectly legal product, and all of a sudden you’re under all this scrutiny. It’s extremely stressful.”

While these were, as Freeman puts it, “terrible things” they were “getting associated with,” the three partners took the view that their product wasn’t to blame—an untenable position in the long run that, nonetheless, still hasn’t changed more than six months later. “We drank our product, we know it’s like any other alcohol,” says Hunter. “If you consume something responsibly you’re fine, if you don’t you’re not fine, and I don’t care if that’s Bud Light, Smirnoff vodka or Four Loko.”

Under pressure from local politicians, Michigan became the first state to ban the drink in early November, followed a week later by Washington state. And then others started falling like dominoes. Lobbied by 18 attorney generals, the F.D.A. announced that it was reviewing Four Loko and similar caffeinated alcohol products—the implication being that a withdrawal was in the offing. In the media maelstrom that followed news of the sickened teens—and of the near-murdered New Yorker—Four Loko became public enemy no. 1.

“The drinks are spreading like a plague across the country,” said Sen. Charles Schumer, who spearheaded the ban in New York, asking the Federal Trade Commission to investigate whether these fruit-flavored drinks were “explicitly designed to attract under-age drinkers.”

Though Four Loko had been doing well before all hell broke loose, it was still a niche product. After all the adverse publicity it had become famous—a big national story for all the wrong reasons. Hunter, the most charismatic of the three partners, became the public face for their embattled brand. “This isn’t an energy drink—it’s a caffeinated alcoholic beverage,” he told *Fast Company* last fall. But he had said quite the opposite years earlier, quoted in a **promotional flyer** proclaiming the original Four “the ideal drink for social, young adults looking for a great-tasting energy boost.”

When *Fast Company* asked him how he felt about the fact that his product had sent countless kids to the hospital, Hunter became increasingly defensive. “It’s really unfair to say our drink was the cause of this,” he said, stressing the importance of “consumer education,” and spreading the word about drinking the product “responsibly.” “Everyone is different as far as size, weight, and how frequently they consume alcohol,” he told *The Fix* four months later, still working the same vein of denial. “There are plenty of people who take the can and pour it over ice and split it with people, and there are probably people who drink it by themselves.”

Hunter’s deflection of blame only pushed the company further into a corner. Though he stopped talking to the press, the damage was done. A few weeks later, Jason Sudeikis picked up his tone from that story when he portrayed a slacker Chris Hunter, in an O.S.U. sweatshirt, on *Saturday Night Live*’s “Weekend Update” segment. Host Seth Meyers asked the fictional Hunter about college kids “hospitalized after using your product.” “After misusing the product, Seth,” he corrected him. “These college kids are drinking the entire can. What are they thinking? It’s called servings, kids. You’ve got to look on the side of the can.” “Well, how many servings are in a can?” asked Meyers. “120.”

On the week of that broadcast, Phusion Projects announced its intention to remove all the caffeine from its products. “We figured that caffeine and alcohol have been around for hundreds of years,” says Freeman. “It’s still around. There are craft brews with coffee, with chocolate, Kahlua, Bailey’s, all the vodkas, Patron XO with coffee in it. If caffeine and alcohol were the issue, we figured all of caffeine and alcohol would go away.”

The partners concluded nonetheless that caffeine wasn’t key to keeping Four Loko alive. “We’ve got a great business, great brand, great awareness,” Hunter argued toward the end of the year, as they

considered the possibility of shutting down altogether. "Let's take the caffeine out."

And by this spring they were well into their relaunch. "We were off the shelves in a lot of markets for two months," says Wright, "lost 30,000 points of distribution and the competition came in and took that distribution. But we're getting back on our feet again. We didn't let go of a single employee." And the drink that had started off as a near clone of another had inspired its first full-fledged knockoff—just as potent and colorful but with real star power behind it.

"We haven't promoted the brand with celebrities, characters, scantily clad women," says Freeman. "When you start using celebrities you push yourself in a corner—only people who like that kind of celebrity."

Colt 45's Blast, which hit store shelves April 5 with Snoop Dogg on board, comes not just in big 24-oz. cans but also in somewhat less daunting 12-oz. bottles as well. Not to be outdone, Four Loko recently launched its own small-bottle package, lowering the alcohol to 8%. "It allows us to get into grocery stores, into bars," Freeman says. And the partners are already working on their next big idea. "We've got lot of things in the pipeline we think are even bigger than Loko," he says. "We want to be a beverage company, not a Four Loko company." In a sign that it is turning over a new PR leaf, the company has also launched a new website, **Phusion Projects Responsibility**, to address alcohol abuse on college campuses, underage drinking and drunk driving.

Beyond the black market for alcoholic energy drinks—in January three New Jersey women were arrested for trying to sell the original caffeinated Loko at \$110 a case—the category seems to be dead and buried for good. The neutered replacements, however, will still lay you out—and the federal government might soon be going after them too.

Jay Cheshes is an investigative reporter and food and travel writer based in New York. His work has appeared in Fortune, W, New York magazine, Radar and The New York Times among other publications. He also writes a weekly column on New York restaurants for Time Out New York.

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