

Welcome

Supplier / Producer TRAINING



Objectives

**Learn to
stay out of
TROUBLE**



Navigate the Minefield



Rules vs. Laws

Rules

- Administrative violations
- Goes against the License
- Fines up to \$3000.00 per count
- Suspend the ability to conduct business in Arizona
- Can get license REVOKED

Laws

- All violations are CRIMINAL
- You can be arrested
- Also has Administrative violations against the license
- Will stay on your permanent record



It's Time for the

2015

Job Hunting Season

Job Hunting Season





Promotional Items

- Only Wholesaler (series 4 license)
 - \$500.00 per Wholesaler
 - Equipment, Novelties and Advertising Specialties that are branded
 - Used in Front of House
 - Coasters, Trays, Menus, Glasses, Cups, Mats, etc...
 - **Does not include signs**



Start with RULES



Rules (Supplier / Wholesaler)

Producer

- Supplier
- Producer
- Brewery
- Winery
- Distillery
- Farm Winery
- Craft Distillery
- Microbrewery
- **And there employees**

Wholesaler

- Wholesaler
 - **and employees**



Special Events

Just because they say they are a non-profit does not mean it is **open season** to break the law.



SPECIAL EVENTS

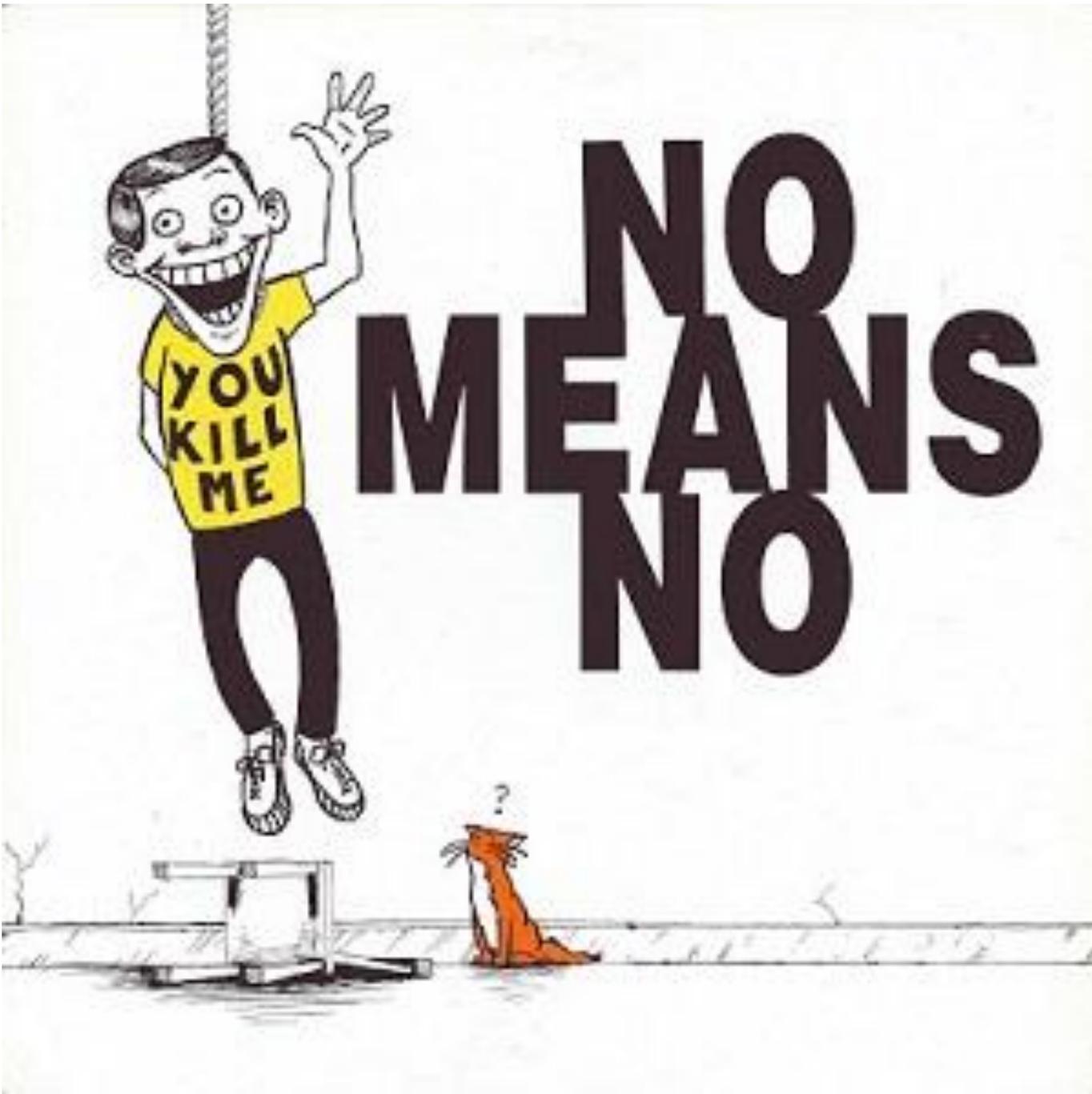
- Must confirm they have a series 15 License
- Advertising, Sponsorships, Services and things of Value
- Charity, Civic, Religious, or Fraternal
- Nothing of value to a retailer
- Can only pay the non-profit group
 - **Not a third party**



SPECIAL EVENTS

- Can donate product unless it is campaign related
- Can pour at event if it is donated liquor
 - If you pour you don't drink
- Can loan signs outside of sign requirements
- Can loan them equipment





**NO
MEANS
NO**



Stop

- Tying special event sponsorships to future business
- Leaving extra product after the event
- Paying Third Party Groups
- Giving to Special Events without series 15 license



Rules (Supplier / Wholesaler)

- Providing items to customers
 - given directly to the customer
 - if under \$5, unlimited number
 - if over \$5, limited to \$100 per day
- **NOTE: Do not leave additional items with retailer or employees!**
- **Promo employee is your employee!**



Consumer Sweepstakes

- Consumer contest (mail or text to win)
- Department reviews each contest
- Do not bring items into retail establishments
- Purchase of alcohol cannot be requirement
- Facsimile of item okay and posters are acceptable



Sporting Event Sponsorship

- Permanent occupancy over 1000
- Primarily used for Sporting Events
- Governed by rules and pre-sold tickets
- Sign packages and Advertising Support



Golf Tournaments

- Must be regulated by golf association
- Held for benefit of unlicensed organization
- Cannot pay a retailer only the unlicensed organization can receive **Sponsorship Dollars**
- Nothing of value given to retailer

NOTE: Let's discuss of golf tournaments you play in



Concert Sponsorship

- Permanent occupancy over 1000
- Primarily used for Concert or Live Sporting Event
- Pre-sold tickets
- Musical, Vocal, Theatrical, or Comedic Performance
- **Sign packages and Advertising Support**



Tradeshows & Conventions

- 5 or more retailers with no common ownership
- Sampling, Advertising, and Event Sponsorship are allowed
- Signs can be loaned and must be removed one day after event



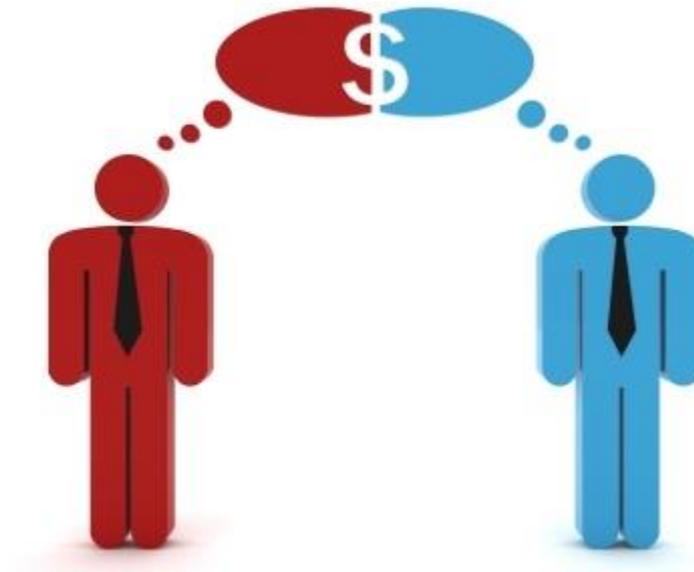
Educational Seminar

- Held at licensed premises
- Content is about your product
- Lodging and Transportation cannot be paid by you
- Retailers expenses are not paid or reimbursed by you
- Nothing of value left with retailer
- You can provide a meal and snacks
 - Nominal Value



Menu

- Producers / Suppliers must run through Wholesaler to ensure there is not a conflict
- It is part of the \$500.00 Promotional Items discussed earlier



Coupons and IRC's

- Off-Sale only
- Cannot be specific to retailer or size
- 1 coupon per qualifying item
- Stick to package is possible
- If retailer is abusing (stop giving them)
- If you see abuse report it
- Consumer Fraud (will be arrested)



Holidays are approaching

MERRY CHRISTMAS

HAPPY HOLIDAYS



Providing Decorations

- Can only lend decorations
 - Bear advertising about the Brand, Supplier, or Wholesaler
 - Must be substantial, conspicuous and permanently inscribed or securely affixed
 - Cannot be utilitarian other than as a decoration



Sampling the Consumer



Off-Sale Locations Series 9 and 10

Even the locations with Permanent Sampling

- Producer or Wholesaler brings the product
- 12 samplings per Wholesaler every year at each qualifying location
- 12 samplings per Producer every year at each qualifying location
- Must notify DLLC 10 days prior to event
- Only one Wholesaler or Producer each day
- Limited to 3oz beer, 1 1/2oz wine or 1oz distilled per person per day
- Limited to 3 hours
- Product must come from Wholesaler
- Designate area and secure it
- No benefits for retailer



A.R.S. § 4-243

Commercial Coercion & Bribery

- sampling to 72 oz. of beer and 2 oz. of distilled spirituous per person, per day for consumption off premises (not wine)



Talk to Store



Go on-line request
sampling 10 days
prior



If approved for day
and location then
print off approval
form



Take approval letter
to sampling event



Keep records of
samplings for 2
years

**Cannot be done at
locations under
5000 sq ft unless
75% is designated
for spirituous liquor**

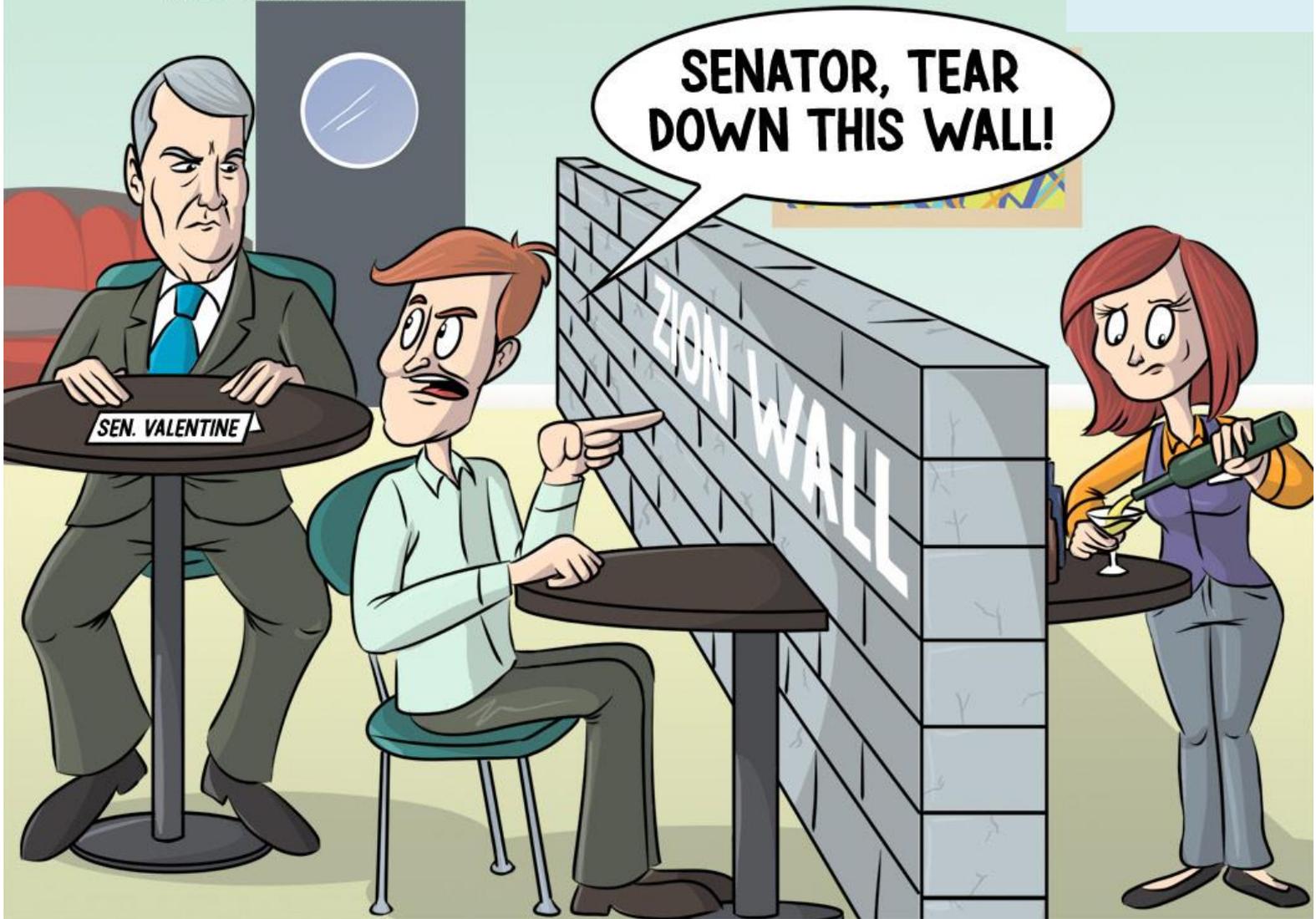


Grocery Store

Sample
area

Liquor area





9 and 10 vs. 9S and 10S

9 and 10

- Product comes from Wholesaler
- Can only have 12 per Wholesaler and Producer each calendar year
- Wholesaler or Producer must request and receive permission from DLLC 10 days early

9S and 10S

- Product comes from store stock
- Can have sampling anytime they want from their stock
- Producer / Wholesaler can be present
- Can still have 12 free from Producers and Wholesalers



Store with 9 or 10 with a **7 “stacked”**

Sampling for 9

- Product comes from Wholesaler
- DLLC notified 10 days prior
- Limited to 3oz beer, 1 1/2oz wine or 1oz distilled per person per day

Sampling for 7

- DLLC not notified
- Consumer present
- Conducted by Wholesaler or Producer
- 12oz beer, 6oz wine or 2oz spirits (per person per brand)
- No benefits to retailer



Grocery Store with Series 9 or 10

**Beer
and
Wine
Bar**

Liquor area



Sampling @ bars and restaurants

- Done under supervision of Producer or Wholesaler
- 12oz beer or cooler product, 6oz wine or 2oz spirits
- Per person, Per brand
- Do not buy employees drinks
- Do not give alcohol to retailer



A.R.S. §4-243(B)(2)

Title 4 wholesaler provisions for on-premise sampling:

- a) Conducted under supervision of an employee of producer or wholesaler
- b) Limited to 12oz of beer or cooler product, 6oz of wine or 2oz distilled
- c) If retailer prepares drink. It must be paid for
- d) Can't buy drinks for employees
- e) Can't give
 - a) Keg of beer
 - b) Any spirituous liquor
 - c) Or any gifts or benefits to the on-sale retailer



Sampling Retail Employee

- For on-premise accounts
- Cannot be serving customers
- May taste Beer, Wine and Spirits
- 4oz beer & wine
- 2oz spirits

Do not pour samples for employees or owners of off-sale locations



Samples to Retailers

- Cannot give a sample if it was purchased in the last 12 months
- Need to be marked as SAMPLE not for sale
- Need to leave an invoice with retailer
- **You need to check with the Wholesaler**
 - Wine = 3 liters
 - Beer = 3 gallons
 - Distilled = 3 liters



Transporting Spirituous Liquors

- Open Containers in a vehicle are prohibited
 - Passenger Compartment (illegal)
 - Trunk (legal)
 - Behind rear most passenger seat (legal)
 - Locked Compartment (legal)
- No traveling around with open bottles laying in the seat or on the floor



Entertaining Retailers

- Must accompany the retailer
- Must be there while meals and beverages are consumed
- Must accompany during ground transportation
- Must be deductible as business expense

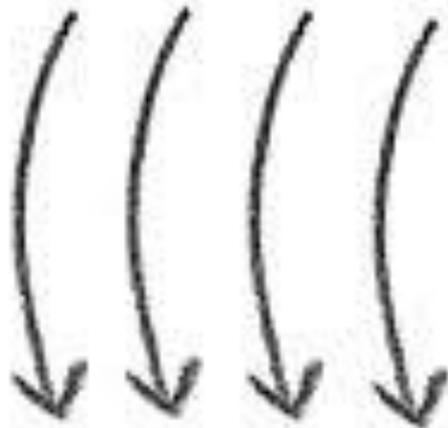


Issues

- To give bonus, premium, or compensation
- Pay to play
- Slot fees
- Gift card exchange for carrying product
- Marketing \$
- Reimbursement
- Entertainment
- Sponsorships
- Samplings
- Quid Pro Quo
- Exclusion
- Donations
- Concerts
- Paying for DJs
- Promotional funds or support
- Up-front spends
- Travel
- Furniture
- CQDs
- Back end



Ask Me A Question



It's Free



R19-1-319. Commercial Coercion or Bribery Prohibited

A. A distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler shall not directly or indirectly or through an affiliate engage in any of the following activities unless specifically authorized under A.R.S. Title 4 or this Chapter:



R19-1-319. Commercial Coercion or Bribery Prohibited

- 1. Furnishing, giving, renting, lending, or selling to a licensed retailer an article of primary utilitarian value in the conduct of the business;**
- 2. Selling food or food products to a licensed retailer at less than the cost that the producer or wholesaler paid for the food or food products;**
- 3. Selling non-alcoholic malt beverage, non-alcoholic wine, or other non-alcoholic beverage or cocktail mixer to a licensed retailer at less than the cost that the producer or wholesaler paid for the non-alcoholic malt beverage, non-alcoholic wine, or cocktail mixer.**
- 4. Extending credit or furnishing financing to a licensed retailer through the licensed retailer's purchase of spirituous liquor or other products;**
- 5. Providing a service to a licensed retailer, including stocking, resetting, or pricing merchandise;**



R19-1-319. Commercial Coercion or Bribery Prohibited

6. Paying or crediting a licensed retailer for a promotion, advertising, display, public relations effort, or distribution service;

7. Sharing with a licensed retailer the cost of a promotion or advertising through any medium;



Let us discuss advertising



A.R.S. §4-243(A)(5)

Current industry practices of “pay or credit”:

- 3rd party reimbursements
 - Billboards deals
 - Radio spots
 - Print media (ads, flyers)
 - Vehicle wraps
 - *national chain accounts*



R19-1-319. Commercial Coercion or Bribery Prohibited

- A. Guaranteeing a loan to or repayment of a financial obligation of a licensed retailer;
- B. Providing financial assistance to a licensed retailer;
- C. Engaging in a practice that requires a licensed retailer to take and dispose of a quota of spirituous liquor;**
- D. Offering or giving a meal, local ground transportation, or event ticket to a licensed retailer unless the item is deductible as a business entertainment expense under the Internal Revenue Code;
- E. Offering a product to an on-sale licensee at a price not available to all on-sale licensees. A price based on the volume delivered within a 24-hour period is permitted if the volume-based price is available to all on-sale licensees; or**
- F. Offering a product to an off-sale licensee at a price not available to all off-sale licensees. A price based on the volume delivered within a 24-hour period is permitted if the volume-based price is available to all off-sale licensees.**



**What can the
Wholesaler do
That you can't
Supplier**



Wholesalers

- Stocking Services
- Resetting Services
- Tapping equipment (Beer, Wine & Spirits)
- Driver Sales
- Quantity purchases
- Returns
- Promotional Items
- Shelving, Bins and Racks
- Product Display Enhancers



Stocking Services

- Stock only their product
- Cannot touch another's product
- Point of sale, cold box, delivery area and storage
- Rotate, Clean and Prepare only in Point of Sale
- Point of Sale material



Tapping equipment (Beer, Wine & Spirits)



A wholesaler may only sell the following items to a licensed retailer for cash at the market value for the items:

- 1.CO2 or other dispensing gas;
- 2.CO2 or other dispensing gas regulator;
- 3.CO2 or other dispensing gas filter;
- 4.Faucet or complete faucet standard;
- 5.Shank or bent tube;
- 6.Air distributor;
- 7.Blower assembly;
- 8.Switch;
- 9.Drip pan;
- 10.P.V.C. pipe;
- 11.Sanitizing materials,
- 12.Backflow device,
- 13.Coupling gasket,
- 14.Beer pump,
- 15.Tower,
- 16.Trunk line, and
- 17.Another item necessary to prepare and maintain a tapping-equipment system in proper operating condition.



Only thing for free is replacement

1. Bonnet washer,
2. Friction ring,
3. Valve stem,
4. Hardware, unions, clamps, air tees, and screws;
5. Tapping devices, including tower heads; and
6. Single air and beer lines.



Returns

1. Consignment sales are illegal –

2. No Buy Backs

a. If the retailer doesn't want that item any more then they can discount it to the consumer

b. A Wholesaler or Producer may replace corked wine after the Wholesaler examines the product and determines that it is deemed unfit for consumption. In addition a wholesaler may also pick up product discontinued by supplier

c. Items damaged by consumers or employees of the retailer is the responsibility of the retailer



Shelving, Bins and Racks

- Loaned only
- Off-sale retailers only
- Cost no more than \$300.00
- Must have conspicuous / substantial information about product, wholesaler or supplier
- Hold only liquor advertised (small exception)



A.R.S. § 4-243

Commercial Coercion & Bribery

- holds a retailer responsible for “requesting”
OR “receiving” something of value



A.R.S. § 4-244(3)(4) & (6)

(3)

Title 4, unlawful acts:

- For distiller, vintner, brewer or wholesaler to knowingly sell, dispose or give liquor to any person other than a licensee
 - Except in sampling wares as may be necessary in the ordinary course of business
 - Except in donated liquor to a non-profit organization which has obtained a special event license



A.R.S. §4-244(3)(4) & (6)

(4)

Title 4, unlawful acts:

- For distiller, vintner, brewer to require a wholesaler to offer or grant a discount to a retailer unless the offer has been offered or granted to the wholesaler by the distiller, vintner, brewer.



A.R.S. §4-244(3)(4) & (6)

(6)

Title 4, unlawful acts:

- For a person to take or solicit orders for liquor unless the person is a salesperson or solicitor of a licensed wholesaler or a distiller, vintner, brewer, importer or brokers or a registered retail agent.



Final Discussion

- Lose your card
- Future Registration
- Can be revoked
- Tracking Activity
- Monitor and Audit Special Events
- Review
- Check with your Wholesale contact person
- Confirm they have a Special Event License
- Don't trust that the Retailer is telling the truth



Signs

1.The sign must bear conspicuous and substantial advertising matter about a product of the manufacturer, distiller, brewer, vintner, or wholesaler.

2.The cost of the sign may not exceed \$400.

3.A sign may not be utilitarian except as to its advertising or information content.

4.No such signs shall be offered or furnished by any manufacturer, distiller, brewer, vintner or wholesaler or by any officer, director, agent, or employee thereof, or by any other person as an inducement to the retailer to purchase or use the products of such manufacturer, distiller, brewer, vintner or wholesaler to the exclusion in whole or in part of the product of any competitor.





Arizona Department of Liquor Licenses and Control



Craig Miller

Office: (602) 542-9041

Cell: (928) 200-0702

Craig.miller@azliquor.gov

www.azliquor.gov

